



JUBMES BANKA AD BEOGRAD

UNITED NATIONS GLOBAL COMPACT

**COMMUNICATION ON PROGRESS**

**March 2015.**

**Belgrade, March 11, 2015**

## **STATEMENT ON CONTINUOUS SUPPORT**

*By this Statement, being an integral part of our sixth Communication on Progress, we express, both symbolically and in concrete terms, a permanent strategic commitment of JUBMES banka a.d. Beograd to corporate social responsibility and sustainable development principles, confirming at the same time the nature of our business culture, philosophy and identity, encouraged by our joining the UN Global Compact as a leading global network engaged in promotion of responsible business principles.*

*In this Communication on Progress we emphasize the dialectic and synthetic connection between our business results and the results achieved in the field of leading socially responsible business and promotion of corporate sustainability. Companies are integral parts of the society, meaning that apart from the positive economic and financial results they also need to pay attention to the impact of their activities on the society and environment. In other words, companies have to organize their activities in a socially responsible manner.*

*Having in mind that the effects of the global economic/financial crisis have seriously jeopardized social cohesion at all levels, we are convinced that legal entities engaged in real and financial sectors should apply in practice the maxima: "Companies cannot be profitable and successful if they are not socially responsible at the same time". By expressing our social responsibility and voluntarism through our addiction to apply the principles and values of modern and responsible business, that are established above the level established by law, we strive to the improvement of standards of the social development, environment protection and human rights respect.*

*In this manner we are giving our contribution to the solid and transparent management and promotion of interests of various interested groups and individuals – stakeholders, on the way to achieving quality and sustainability.*

*Two new challenges have been opened to the companies due to dynamic environmental changes caused by the global economic crisis as well as to the new comprehension of the interior market: the new meaning of competition and the concept of the corporate social responsibility (CSR) and sustainable development. This means that social responsibility has to become one of the strategic and operative instruments to be implemented by the management when creating their company's competitive position on new basis: as a result of introduction of CSR principles in the company's business operations as well as of creation of the new*

products under the mentioned value principles. In our opinion, CSR leads the way towards more efficient implementation of the corporate management, as one of the most important segments of a business entity's social responsibility. Namely, socially responsible business, as one of the corporate management principles, fulfils the stakeholder's expectations. At the same time, corporate management, together with observation of CSR principles, is the modern society's imperative, which includes heterogeneous structure of business entities that cannot be isolated from the social reality and social development challenges. Global system crisis opened the way for promotion of CSR and corporate sustainability principles, encouraging mechanisms which mitigate the crisis' negative effects towards business environment and the society as a whole. Business sector has become a partner in the public segment of society, in creation of a response to global crisis, through various forms of responsible business. Responsible business means socially responsible and ethical attitude of the business community towards challenges produced by crisis, requiring new interpretations of competitiveness and management and reflecting balance of economic and social targets.

For JUBMES banka, being an active member of the UN Global Compact which implements 10 principles of this network, the socially responsible business strategy is not only reflected in implementation of CSR principles, related to human rights protection, labour standards, environmental protection and anti-corruption combat, but also is a source of innovations which should positively affect the total of business results and development of modern corporate identity. Keeping an evolutionary attitude towards implementation of all UN Global Compact principles, we are forming grounds for more vivid progress in realization of socially responsible business (SRB). We execute this task systematically and attentively, by paying respect to SRB internal (investing in human resources, rational energy consumption, observation of stake-holders' interests etc.) and external dimensions (local community development, human rights respect, environmental protection etc.). Our attitude is harmonized with the UN Global Compact targets and with EU institutions' goals and activities, which connect SRB with sustainable development, competitiveness encouragement, economic growth and new employment creation. Strategic attitude towards SRB is considered significant for achieving better competitiveness and sustainable development goals. SRB helps defining value systems, laying a foundation for leading modern ethical business, its standards are set even higher than the legal requirements and therefore it encourages progress of the social and economic cohesion, healthy social environment and cultural diversity.

All the aforesaid reflects paying respect to preconditions of the sustainable development as an integral, dynamic and synergic process in all of its components (economic, social and ecologic). Finding an optimal balance between the economic growth, natural resources preservation and the environment quality improvement is an essence of the sustainable development. Sustainable development becomes also the primary responsibility of the business sector. Synthetic connection of the SRB and sustainable development encourages interactive dialogue and partnership

*between various entities from the business and public sectors as well as from the civil society. Sustainable development is not possible to be realized in fragments, but only through long-term partnership and through cooperation (on both horizontal and vertical levels) among public and private sectors as well as non-governmental sector – civil society. Inter-sector dialogue among business community (corporate and financial sectors), civil society and public sector, is the fundamental instrument for achieving a sustainable development concept. Being satisfied with our cooperation with internal and external groups, we regularly inform all interested groups and initiate dialogue with employees on various issues related to corporate social responsibility principles. Corporate social responsibility is reflected in partnership of business sector, public sector, non-governmental sector and other groups, within the process of creating a socially responsible and prosperous society, based on sustainable economic and social foundations and environment protection i.e. management.*

*By the membership in UN Global Compact we are bound to progressively implement 10 fundamental Global Compact principles related to protection of human and labour rights, environment protection and anti-corruption combat. As an active member we are also bound to permanently improve our internal rules and corporate practice.*

*As a supporter of the evolutionary development business orientation based on CSR principles, we respond to negative global crisis effects by taking position of an important healthy business promoter and by supporting permanent progress in implementation of Global Compact principles in achievement of sustainable development goals.*

*JUBMES banka does not take partial approach to any of CSR segments, but the integral implementation of the principles is a “sine qua non” of the policy and system of integrated quality management, introduced in 2012 within the Bank. Thereby SRB is defined as management developmental and strategic component and the Bank is positioned within the group of business entities taking SRB as a brand reflecting success achieved on new foundations. In such manner, this group of business entities promotes progressive phase of CSR principles implementation. We are implementing the management quality system for standards ISO9001:2008 - Management Quality System, ISO 27001:2005 - Information Safety Standard and ISO 14001:2004 – Environmental Protection Standard in a successful continuous and evolutionary manner. By adoption in February 2015 of renewed Quality Policy, Safety Information Policy and Environmental Protection Policy we have assured prerequisites for gaining a 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 permanently evaluating our system implementation and undertaking initiatives towards its improvement. In the beginning of 2015 the certification company from the Great Britain executed*

*surveillance over standards implementation and currently the procedure for issue of the new certificate (to be valid in the forthcoming three years) is underway. Amendments to Standards ISO 27001 for information safety have been introduced as well as professional training of the employees, enabling successful implementation of the modern operation standards. Renewed policies and implementation of the referent international standards signify our quality progress made in the fields of corporate social responsibility and sustainable development concept, towards which we take evolutionary and dynamic approach, through cooperation with internal and external interest groups. By connecting various interest groups from the public and non-governmental sectors we are giving our contribution to implementation of the National Strategy for Sustainable Development, which is harmonized with the principal goals of European integrative process – through formation of competitive and “based on knowledge” economy and social cohesion society.*

*Simultaneously, new management model especially points out the significance of transparency and comprehensive reporting on social responsibility, implementation of the modern international standards and the corporate management code. Complementarity and connection of SRB and responsible corporate management sets the framework for the new valuation of the achieved business results, which includes indices of social development contributions, preservation of the national heritage and culture. SRB requires also ethical behaviour as an investment in the sustainable development. This aim is realized in developing/dynamic manner, through cooperation with various interested groups, by taking active engagements in the Managing Board of the Global Compact Serbia and in the working groups for anti-corruption combat and for promotion of CSR in banking and financial business, as well as in the team for extraordinary situations caused by natural disasters.*

*Our addiction to Global Compact principles is reflected also in our active support rendered to initiatives and program actions of the UN Global Compact national, regional and global networks, which are engaged in promotion of the principal universal values, sustainable development concept and the modern corporate sustainability concept founded on the Rio+20 Conference held in June 2012. With this aim we have regularly supported operations of the UN Global Compact Foundation, oriented at the Millennium Agenda goals and promotion of the corporate sustainability.*

*We are dedicated to innovative improvement of the implementation of corporate social responsibility fundamental principles and to development of various forms of cooperation with the non-profit sector entities (non-governmental humanitarian organizations, sport organizations, health institutions etc.).*

*Regarding our cooperation with non-profitable sector we would like to emphasize our support to activities of the “Child’s Hearth” Foundation which we established in 1992 as well as our significant support to respectable sport organizations and clubs from various fields of both amateur and professional sport in the Republic of Serbia, because we believe that sport may give a decisive contribution to promotion of*

*democratic, open and inclusive society, being one of the goals of the strategic European integrative processes.*

*We continually support education of employees with aim of improvement of knowledge on modern banking operations and responsible business principles and we give our support to their safety culture, by introducing modern technical and safety working conditions.*

*In the previous year the Bank improved its activities on human rights promotion, especially on inclusion of socially jeopardized groups. We would emphasize our cooperation with the Centre for Social Work, Arandelovac on realization of the project "House in the middle of the road" for furnishing one housing unity for young people lacking parental care, after they leave institutions established for children.*

*The Bank has continued to implement recommendations of the UN Global Compact on the business sector's support to corporate sustainability concept, which is founded on the creation of new values on long-term basis, by using business entity's current and development potentials, together with permanent improvement of the risk management system which follow economic, social and ecologic development. We have confirmed this attitude also by taking participation in rendering aid during the catastrophic floods which occurred in Republic of Serbia in May 2014. Disaster preservation, readiness of the community and rendering effective assistance and aid are the basic elements which contribute to successful implementation of the development policy of the society. These elements are closely connected with environmental preservation and sustainable development.*

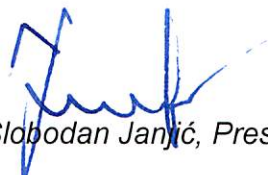
*We are hereby pointing out that JUBMES banka is a leader in promotion of the Global Compact's 10<sup>th</sup> principle – anti-corruption combat. We are integrally implementing Anticorruption Program, which was created upon signing of the Anti-Corruption Combat Declaration. JUBMES banka was the first signatory of the Declaration, the autonomous document created by the Working Group for Anti-Corruption Combat of the UN Global Compact Serbia, as well as the first to present the Report on implementation of the 10th principle within UN Global Compact Serbia. Both program and the report were positively acclaimed by experts at the occasion of a number of international meetings held in 2012, 2013 and 2014 under organization of the Central Office and UN Global Compact Serbia, i.e. National Working Group for Anti-Corruption Combat. Our unique anti-corruption platform has been appraised as an example of creative practice among Global Compact members in Serbian financial sector at the occasion of the meeting titled "Anti-Corruption Combat – done in our way" held in September 2014 under organization of the Serbian Chamber of Commerce. Modern companies are facing every day the corruption problem, as one of their major challenges. This issue requires intensive engagement on corruption prevention and adoption of clear regulations for prevention of any form of corruptive behaviour. Measures undertaken are based on prevention, on responsibility for corruptive behaviour and on adequate sanctions. Today, there is no modern business without anti-corruption culture being a key segment for the improvement of*

*the SRB and sustainable development concept. In this way we have become active participants in the implementation of the National Strategy for Anti-Corruption Combat in all fields, as well as for implementation of the Republic of Serbia's agenda for EU accession (chapters 23, 24).*

*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. We also permanently improve implementation of the ISO 14001:2004 standards, by adopting relevant internal enactments – guidelines for this standard application. In this manner, we are affirming the ecological sustainability as a component of the integral development and especially the principle of taking prevention actions. Without taking prevention actions it is not possible to integrate environmental protection policy into other kinds of sector policies. This is a universal method for implementation of all sustainable development principles related to environment protection.*

*JUBMES banka is strategically oriented towards promotion of principles of corporate social responsibility and sustainable development. For this aim it is necessary to establish the adequate business model which includes all CSR principles in order to create common values for interested groups and society in whole. External and internal support rendered to these principles lay foundation for our business culture and identity. By the progressive approach to integral implementation of UN Global Compact principles, we are giving our contribution to development of the healthy business culture, as the key element of the competitive and sustainable economic environment, ready to respond to all challenges caused by the global economic crisis as well as to acceleration of European integration process.*

*Sincerely yours,*

  
Slobodan Janjić, President

*“Term corporate social responsibility is defined as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis... not only fulfilling legal obligations, but doing more than just being complied with the law, investing more into human resources, environment protection, relations with stakeholders”. (European Union, Green Paper, 2006)*

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

### **I INTRODUCTORY REMARKS**

By the 6<sup>th</sup> Communication on Progress we confirm our progressive activity aimed at implementation of the UN Global Compact fundamental principles and also at gaining for JUBMES banka the position of a socially responsible entity, keeping SRB as an integral part of its business strategy and integrated quality management system.

In this Report we shall present total activities of JUBMES banka which illustrate integral and progressive implementation of the UN Global Compact ten principles, which are dialectically connected with the new concept – integrated management system. Accepting this concept, the Bank's Executive Board decided to integrate SRB principles into all aspects of business, organization, strategy and operational/financial performance. Fundamental CSR principles are: involvement into community activities, sustainability, transparency and ethical behaviour. These principles have the following common characteristics: universality (related to all categories of business entities), realisation on voluntary basis; direction at cooperation with a heterogeneous structure of both external and internal stakeholders and contribution to sustainable development.

Socially responsible companies keep the “triple bottom line results” approach, paying attention to their company operations' impact to society, economy and environment. Companies' commitment to control their impact over the environment, employees and public sector requires the inclusion of public interest into their decision making process. Therefore, CSR exceeds much the compliance function, for it comprehends value creation through cooperation with stakeholders in order to create the business model promoting the sustainable development. Furthermore, changes in the public sector are necessary, for giving impetus to sustainable development through CSR. According to the National Agenda of the Republic of Serbia, socially responsible business is not only observation of the law, but much more: it includes mitigation of business negative impacts on society and risk management (human rights violation risk and environmental pollution risk) and encouraging of positive effects realization by creation of added value of innovations, investments and partnership focused at society or environment.

In this manner SRB gains character of an “intra-regulating mechanism” enabling business operations to be complied not only with the law, but also with the ethical standards – for the purpose of corporate sustainability promotion.

Both European integration processes and global economic crisis impact require very attentive approach to structural reforms in all areas of the economic system, as well as to creation of new business climate, favourable to sustainable development.

We believe that SRB is one of the adequate responses to crisis as well as that the set of anti-crisis measures and structural reforms could not be complete without implementation of the corporate social responsibility principles. This has been also harmonized by our strategic orientation and dedication to give an active contribution to the national agenda for EU accession process.

We point out that anti-crisis programs of aid to the member countries have also to be in conformity with the Lisbon Development Strategy goals. EU Strategy on company's socially responsible business is also one of the responses to the current economic crisis. Strategy's aim is making balance between two opposite targets: economic growth - meaning profit increase and social targets to be reached in the long run. SRB is an essential segment of the European social model which supports sustainable development. All countries which are currently under EU accession process need also to adopt CSR principles and the responsible business model, designed to raise the quality of business operations and to increase competitiveness of the business entities from Serbia.

Consequences of the world economic crisis deteriorated the general confidence in the business sector, drawing attention at the social and ethical performances of the leading companies in the world. Thereby, CSR became one of the priority concepts of EU, aiming to create conditions for sustainable development, business entity's responsible behaviour and permanent employment on mid and long term. Action Plan for implementation of the EU Strategy on SRB (2011-2014) defined company's social responsibility as a responsibility of a company for its impact to society.

Modern society requires contributions and responsibility. Only socially responsible companies may take actions, giving thereby their contributions to creation of the favourable and healthy business environment, with the aim of achieving healthy competitiveness. Namely, company's competitiveness is depending on environment and business conditions. Achieving high competitiveness in the globalized market is a very complex task. By investing in society, companies invest in creation of healthy business environment, which would in return enable better business success of companies. Since the irresponsible behaviour of big world companies contributed to the current economic crisis, the necessity for introduction of SRB naturally occurred as a need for negative crisis effects mitigation, provided such business development model is not implemented partially, but integrally. CSR is not a short-term plan of

business entities, but it has to their permanent dedication. Under such circumstances public sector needs to assure development of favourable business environment.

Institutions laying foundation for further development are of special importance for creation of environment favourable for CSR. The significant impetus to this concept is given by the National Strategy for SRB promotion and development for the period 2011-2015. It is based on the model of the EU strategy on SRB and it is in conformity with the Lisbon Development Strategy and other EU development documents, as well as with UN Millennium Development Goals. Thereby, an adequate institutional framework for implementation of SRB concept is established. It is the efficient mechanism for realisation of long-term strategy for sustainable development and improvement of the competitiveness of the national economy, being yet another condition in the UN accession process of the Republic of Serbia.

Serbia is currently preparing for initiation of negotiations for EU accession, which comprehend 35 chapters (EU *acquis communautaire*). For each chapter the process shall be implemented separately, and the candidate-states are expected to show ability to adopt EU *acquis communautaire*. However an additional "transitional" period may be given to the country enabling it to adopt all EU *acquis communautaire* after the accession is finished. Under the new EU negotiation position, the negotiations are specially focused at the Chapter 23 (jurisdiction and fundamental rights; jurisdiction reforms, anti-corruption combat, anti-corruption policy etc.) and the Chapter 24 (justice, freedom and safety). Anti-corruption policy includes institutional framework, corruption prevention and repression at all levels in the society and business environment. With respect to fundamental rights, human rights protection is especially analysed.

The Chapter 23 contains not only analyses of EU *acquis communautaire* related to the aforesaid issues, but also consideration of international-law documents, practice and standards which give support to EU fundamental values as: human rights, democracy, equality, reign of law including independence of jurisdiction, impartiality, responsibility, business ethics and anti-corruption culture. This Chapter is synthetically connected with many other chapters of the negotiation process, as with social policy and education, environment protection etc. This chapters contents reflect the essential significance of SRB concept, especially having in mind SRB principles impact on realisation of the targeted economic, social and ecological sustainability.

As an active member of the UN Global Compact, we have a duty to improve our attitude to this concept and to dedicate our strategy to sustainable development and the new value creation through innovations and partnerships having social and/or ecological dimension. In the contemporary international business community, corporate success cannot be considered any more without considering the development of society. International initiatives and frameworks for CSR promotion emphasize benefits gained from CSR principles implementation, that mark the

business climate improvement, as business entities are becoming more aware of CSR direct economic value and its positive effects to society and environment.

In this Report we are showing in details all activities undertaken by JUBMES banka in CSR domain, which are creatively and synergistically connected with the integrated quality management system. Quality system means changes in organisation, documentation, processes and motivation of employees, in all company's activities and units. Quality operating means management approach, i.e. quality operations management identified through observation of international quality standards. It is our decision to integrate SRB principles in all aspects of our activities as well as in our organization, strategy and business/financial performances, with the constant progress in implementation of the strategic management concept. In this manner we progressively and integrally realise CSR principles, as an integral segment of the strategic management. Hereby we show the essential elements and targets of the integrated quality management system:

By implementation of the integrated quality management system for three ISO standards (ISO 9001:2008, ISO 27001: 2005 and 14001:2004) we show our long-term dedication to pay respect to the fundamental principles of quality management, information safety and environment protection. Thereby, the Bank has posed several targets, among which:

- Maintaining in the long-term the high quality of banking products and services, thus meeting clients' expectations and strengthening Bank's deposit base;
- Providing continuous management over information and informational property, assuring their confidentiality, impartiality and accessibility – the Bank pays special attention to data protection and secrecy related to its clients and their property, and
- Taking care of Bank's impacts at environment, saving resources and energy, waste management in best manner and measuring and monitoring of Bank's environmental impact.

Through promotion of the CSR system in its connection with the new integrated quality management system, we are affirming our new strategy for establishment of the competitive advantage on the financial services market, through implementation in practice of the CSR principles and realisation of corporate sustainability concept. Our renewed policies concerning quality, information safety and environment protection especially underline the correlative and functional relation between integrated quality management system and socially responsible behaviour, aiming to assure competitiveness and recognisability of Bank's products and services, both in local and international markets. Bank's Quality Policy, adopted by the Bank's executive team at the end of February 2015 introduces the following priorities among Bank's main activities:

- Quality management system in conformity with the ISO Standard 9001 and the legal regulations in force;

- Strategic and value orientation towards socially responsible behaviour (the *essentio* of the SRB concept modern interpretation);
- Client's satisfaction is of primary value, as well as developing partnership relations with clients, through exchange of experience and knowledge and solvation of problems in cooperation);
- High level of relationship with suppliers and external service companies;
- Full competence of employees for activities they are engaged into, with permanent improvement of their skills and knowledge;
- Equipment and resources management in conformity with ISO 9001 Standard, which is currently in force;
- All activities planning adequately and in time;
- Constant development and improvement of products and services, as well as all business processes;
- Keeping evidence for all business processes, with permanent identification and inconsistency removal, in cooperation with all employees concerned;
- Establishment of good external and internal communication, aimed at knowledge, values and information transferring (promotion of internal and external dimension of CSR principles through integrated quality management system), and
- Regular control over the quality management system, collecting, booking and analysing data of importance for improvement of the business processes.

Apart from the aforesaid, by implementation of the new Corporate Management Code we have confirmed our addiction towards setting high standards in the corporate management domain, with aim of getting better confidence of shareholders and investors, which is a precondition for Bank's long-term, sustainable and stable development, having reputation of a successful financial institution. Process of implementation and monitoring of the highest standards in the domain of corporate quality management, as one of Bank's goals, is a permanent and continuous process of evolutionary character. For this reason principles expressed in the Code are subject of constant quality amendments and development.

These introductory remarks give picture of our business, development, values and target orientation towards CSR concept. In the following segment we shall present in details Bank's activities concerning human rights and labour standards observation, environment protection and anti-corruption combat.

As we are integrally focused at these domains, we are tending to strategically and functionally confirm our affirmative position towards SRB concept, based on the following prerequisites: legal obligations observation, mitigation of negative impact which business activities have at society, risk management related to human rights violation, environment endangering etc. as well as achieving positive effects in business activities by new values creation as a result of UN Global Compact principles implementation and our dedication for sustainable development.

## II IMPLEMENTATION OF UN GLOBAL COMPACT PRINCIPLES

### Human Rights

*“Human being is the central entity of the development process and therefore should be the member and the user of this process” (Declaration on the Right to Development UN, 1986)*

#### **Global Compact Principle I:**

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

1. The right to development belongs to the third generation of human rights – in the group of solidarity rights, together with the right to peace, right to international security, right to healthy environment and right to national resources management. The right to development was incorporated into the global legal system in 1986, when the Declaration was adopted by the UN General Assembly. This right was established as a universal and inalienable human right by the Vienna Declaration on Sustainable Development, with the Action Program adopted in 1993 and UN Millennium Declaration adopted in the year 2000.

By the Declaration on Sustainable Development human being was placed in the centre of development process. The right to development is defined as an inalienable right of every individual to take participation and to contribute to economic, political and cultural development.

General principles laying in the foundation of the right to development are as follows:

- Observation of civil, economic, social, political and cultural rights is in synergic connection with the right to development;
- Human being is in the centre of the integral-human development concept;
- Development policies at all levels should promote human being as a central member and user of the dynamic integral development;
- By placing the individual into the centre of the development activity the integral vision of all human rights is proclaimed;
- Universal declaration on human rights, as the principal international legal document, is an instrument for realisation of various categories of rights i.e. for improvement of all human rights protection, and
- Development based on human rights includes not only economic development, but also the inclusive development concept i.e. process of inclusion into society of the people to whom fundamental rights were denied.

The right to development is based on the values, standards and principles coming out of the UN Charter, Universal Declaration on Human Rights and other conventions and documents on human rights protection and freedoms of universal and regional character.

The complex system of United Nations with its agencies and networks of various profiles, including the UN Global Compact, encouraged the process of connecting human rights (normative aspect) to integrated sustainable development practice.

The right to development is not defined only as one of the new human rights in the normative sense, but also as a dynamic process, helping creation of integral human rights vision in both institutional and functional sense. The right to development became a necessary framework for human development realisation, encouraging all resources of the society for human rights realisation. These resources are developed on two levels: resources strengthening individuals' rights and freedoms or increasing their responsibilities concerning observation of human rights as universal and indivisible.

The right to development is not an abstract category any more, neither we can speak of uniform practice for realisation of this right on the national, regional and global levels, having in mind the economic, social and cultural diversity. Therefore, the right to development had to be incorporated into the country's normative and institutional framework, with observation of minimal common principles of the protection system and human rights promotion as: participation of all entities of the community, responsibility, non-discrimination, equality of rights, and specific status of the sensitive groups, strengthening all community's potentials for efficient realisation of the integral corpus of human rights, linking development with the observation of the standards and regulations related to human rights.

The aforesaid principles and targets of the right to development are closely connected with goals, principles and activities of the UN Global Compact, becoming *stricto sensu* a foundation of the modern corporate sustainability concept. Thereby, the right to development gets the new dimension, by encouraging realisation of the fundamental human rights defined in various international documents and standards. It also becomes a comprehensive concept, which joins practice and dialogue of various public sector's entities, business sector and non-governmental organizations - the new strategic partnership concept, focused at human development promotion. Various entities, whether they belong to government or to non-government sector or they are companies, are holders of duties and responsibilities and creators of program for creation of conditions for human rights protection and improvement. Considering the fact that they act in conformity with legal regulations and standards set under the key instruments, these subjects of law are authorized to initiate the legal procedure for their rights protection in accordance with the law and legal regulations.

UN member-states are legally obliged to observe, protect and implement human rights in practice. This includes also the human rights protection for possible violation by entities coming from public sector or business community. This duty of human rights protection is governed by Convention on Elimination of all forms of discrimination against women and Convention on Elimination of all forms of racial

discrimination. States legally bounded to protect human rights have the duty to prosecute corporations violating human rights.

On Rio+20 Corporate Sustainability Forum, held in June 2012 and Leader's Summit held in September 2013, integral approach in promotion and protection of human rights was promoted, especially in the corporate sphere. CSR principles established through Global Compact activities not only enable human rights integration into sustainable development and help improvement of the national legislation and human rights observation practice, but also creatively encourage new public-private partnerships with aim to affirm sustainable development based on human rights and support dialogue in domain of human rights policies at all levels.

Every corporate policy has to support basic human rights principles and to integrally implement them during operating in order to properly meet integral development requests. Right to development i.e. sustainable development encourages business entities to give their creative contributions to its implementation, by developing their mechanisms for maintaining ethical business process, which promotes principles of CSR and sustainable development based on human rights development.

In this sense we hereby present fundamental sustainable development principles defined in the national strategy of the Republic of Serbia, that is complied with modern interpretations of this term and with the key EU documents related to human integral development:

a) Inter-generation solidarity and solidarity within a generation (meaning to satisfy needs of the current generation, without jeopardizing the right of future generations to satisfy their needs);

b) Open and democratic society (meaning to assure observation of universal and indivisible rights, assure access to information and availability of justice, assure adequate consultations and citizens participation in decision making process, assure stability of democratic institutions based on peace, security and freedom);

c) Knowledge is in the foundation of development (meaning to promote fruitful, innovative, competitive and ecologically efficient economy based on knowledge, which provides high living standard and full and high quality employment, to promote education and development of public consciousness related to sustainable development), and

d) Inclusion into social processes (meaning to assure full integration of citizens into society, to encourage equal opportunities for everyone by human rights promotion, especially gender equality, by combat against all forms of discrimination, by taking affirmative measures in favour of marginalized groups, focused on poverty elimination, by combat against various forms of social exclusion).

Three pillars of the National Strategy on Sustainable Development (economy based on knowledge, social cohesion and protection of environment and natural resources) are linked by the mutual component related to interdependence between

development and observance of human rights. This is the source of the principal characteristics of human integral development:

- Improvement of inalienable human rights defined by principal international instruments;
- Elimination of all discrimination forms;
- Protection and preservation of environment and providing for ecologic sustainability;
- Observation of various cultures and universal values which connect them and
- Improvement of the reign of law, in order to assure observation of the aforesaid principles.

Sustainable development includes all human rights – economic, social, cultural, civil and political, which are realised as integrated.

We would specially point out the significance of knowledge as a key component of development and sustainable investment in knowledge and skills of individuals, through quality education, efficient and applicable in practice, and permanent improvement of participants of all social groups on principles of equal opportunities, with aim to form an open inclusive society. Social inclusiveness and measures for integration of marginalized groups into society reflect the essence of the development process, which holds human being as a central figure. Furthermore, human rights contain certain targets focused at improvement of the whole corpus of rights (for example right to health, right to education etc.). Strategy of the smart “sustainable inclusive development of Europe 2020” points out that equal access to knowledge is a key component of the modern development, enabling EU to become the most successful economy based on knowledge. EU responds to crisis' challenges by the “smart growth”, by lowering of social exclusion and by realisation of sustainable development. Only sustainable development based on knowledge and exchange of information can enable creation of open and democratic society offering equal opportunities for everyone. For this reason, structural changes have to be effected on all levels, in all EU members as well as in the countries under EU accession process. Such countries will be especially encouraged in their efforts by introduction of sustainable development strategic management, aiming to mitigate potential risks which jeopardize sustainable development process.

2. As an active member of the UN Global Compact Serbia network, which takes participation in various Network's bodies (in the Managing Board, in working groups etc.), JUBMES banka pays special attention to integral attitude at promotion and protection of human rights, particularly in the corporative sphere.

In conformity with its strategic orientations, JUBMES banka continues to provide 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 persons unable to include themselves completely into community's social life. With this aim we regularly organize

presentations of all UN Global Compact principles and sustainable development concept based on human rights integral promotion.

With aim to gain new knowledge and to exchange practical experience from the CSR domain, Bank's representatives have been engaged since 2014 to present programs organized by the UN Global Compact Serbia Network's Office (project entitled "Banking Officer") and exchange of practical experience in the anti-corruption domain).

3. New responsible business model, which includes principles of human rights respect, requires adequate management team dedicated to corporate social responsibility, i.e. optimal risk management in social (including risks jeopardizing human rights) and ecological sectors.

In March 2012 JUBMES banka received from the certification authority DAS SEE, Great Britain the Integrated management system (IMS) Certificate for all three standards, i.e. ISO 9001:2008 Quality Management System (QMS), ISO 27001: 2005 Information Security Standard (ISMS) and ISO 14001:2004 Environment Protection Standard. Certificate is valid for three years and expires in March 2015. Recertification of integrated management system is a comprehensive process for checking implementation of the all three standards in all Bank's operational processes, efficiency of implementation, implementation of continuous improvements and annual re-checking undertaken by the management team.

4. In conformity with adopted policies of quality, information safety and environment protection and standards, the Bank has also adopted adequate rules and guidelines for permanent improvement of integrated management, which includes social responsible business. In this respect, we would like only to mention that JUBMES banka 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 applies the By Law on rights, obligations and responsibilities in the field of safety and health 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 extraordinary needs of employees and their family members, especially in case of their illnesses or some other irregular events.

5. One of the most important segments of the socially responsible business is the human resources management policy. In conformity with Bank's business and development orientation, we continued to improve our employment policy and to encourage permanent education of employees, which help achievement of the strategic goals.

While integrally implementing CSR concept and Global Compact principles, JUBMES banka is not neglecting significance of education, being a development determinant. In this sense our policy for human resources management is prepared.

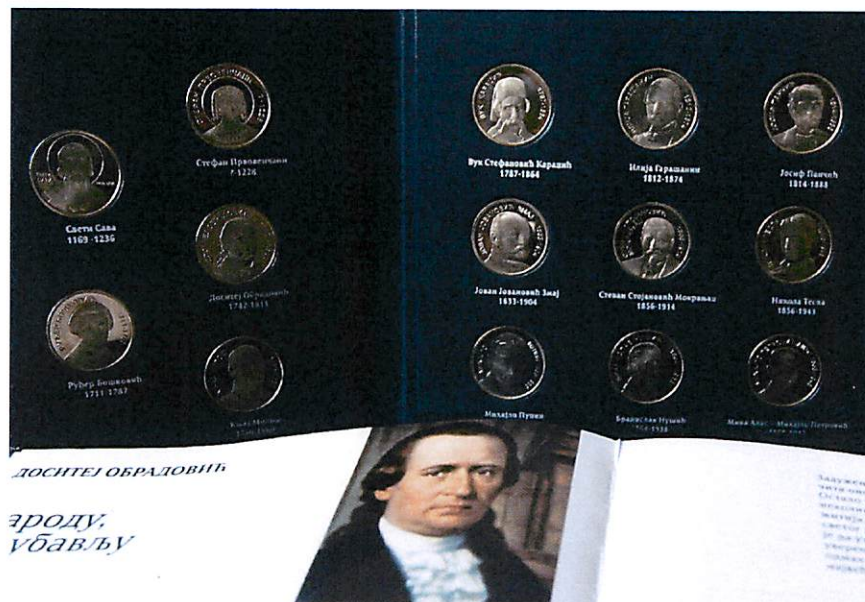
Together with regular evaluation of employees' working results in conformity with modern standards and strategy for human resources management, the Bank continued to improve employees' qualification structure, by employing young, highly educated persons, capable to apply new skills and offer innovative 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 financial meetings and forums dedicated to banking products and services development issues.

Employees improved knowledge related to international payment operations, security instruments, collection, corporate banking operations, European integrated processes (Agenda on EU accession process of the Republic of Serbia), innovative technologies and mobile banking, FATCA regulations, compliance function etc.

Special attention was dedicated to education of IT experts specialized for e-banking and IT safety. JUBMES banka constantly develops its information system, being the only way for following introduction of new products and services on financial market.

By human resources management policy, employees are encouraged to take additional trainings and professional education and skills related to prevention of money laundering and terrorism financing as well as to the anti-corruption combat. The purpose of the policy is raising consciousness on importance of ethic principle in business operations. In this way a favourable business environment will be created, which encourages implementation of this Global Compact principle and integral human development, having human rights in its core.

6. Last year the Bank took participation in rendering aid to mitigate the consequences of the catastrophic floods which occurred in Serbia in mid-2014, leaving tens of fatal casualties. The flood left total damage estimated at 1.7 billion euro which includes infrastructural damage (on both public and private objects), devastation of agricultural soil and other natural resources and economic losses. Within the national action of rendering aid to endangered population, apart from the paid in funds, the Bank decided to finance school tuition for a child of a fireman who lost his life while saving endangered people.



**“Serbian Famous Personalities” coinage album**

7. The Bank continued to promote improvement of knowledge and education, as important preconditions for sustainable development. In this sense we supported the action of “Politika” publishing company and Ministry of Education of the Republic of Serbia, for awarding the best students in elementary and high schools with coinage albums entitled “Serbian Famous Personalities”. In this way we will help the youth get acquainted with Serbian valuable cultural, artistic, scientific and spiritual heritage, promoting culture as an element important for the integration process. Cultural aspect of the integration process is directly related to the issue of identity. We believe that by promotion of the highest values of the national cultural heritage we shall encourage development of the cultural diversity of European nations and enrich the common values, laying in the foundation of the European cultural area and cultural identity.

#### **Global Compact Principle II:**

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

UN Global Compact’s Principles that are concerning human rights as a central issue of the integral development lie on three pillars. First pillar reflects the obligation of states to provide by their legal regulations the protection of human rights against third person’s violation including business entities. Second pillar is related to responsibility of business entities to pay respect to human rights. Business entities need to take responsible and attentive attitude at the human rights issue and especially to take prevention measures aiming to prevent violation of rights guaranteed by legal regulations and standards. Third pillar is consisted of judicial and off-judicial

protection in cases of rights violation. In this way each pillar is a necessary component of the dynamic system of preventive and corrective measures in the domain of human rights.

Every state has a duty to provide comprehensive human rights protection and to use all disposable instruments (normative or institutional) with aim of prevention from potential risks that could jeopardize the guaranteed regime of human rights protection. Collision between business interests and human rights protection needs to be removed by establishing practice and business standards focused at prevention measures for human rights protection undertaken by business entities and through promotion of CSR principles. Second UN Global Compact Principle requires from business entities to prevent potentially negative effects of their operations, which could cause human rights violation. Companies are encouraged to establish managing system which integrates the modern risk management model related to potential human rights violation in certain business segments.

Thus, *ratio* of SRB implementation and strategy gains new dimension, since the strategy includes actions aiming to prevent human rights violation. By taking prevention actions related to human rights, business entities become important factors encouraging and creating healthy business climate, as well as giving impetus to positive competition among socially responsible entities which do not neglect social and ethical dimension of business.

The Bank, being a modern, adaptable and dynamic financial institution as well as socially responsible entity, attentively considers projects impact to social environment. We encourage dialogue with corporate clients, carrying out complex infrastructural projects (both in Serbia and abroad) having influence on society and environment. These projects (especially hydro-power and hydro-energy projects) may have significant impact to society and environment, and for this reason we draw our client's attention to significance of taking prevention measures related to human rights violation, in conformity with the local law and legal regulations, ratified international legal documents and applicable international standards. We are encouraging them to develop a positive value profile in conformity with SRB principles and introduce the responsible business mode. Particular attention is paid to appraising projects' social components as well as to social and cultural characteristics of the project's environment and prevention of violation of guaranteed rights and freedoms.

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 contribution to sustainable development in regions of our business exposure.

We believe that in order to realize sustainable development the Bank needs to give support to various projects of trans-sector character, which affirm healthy society,

human rights, solidarity, disabled persons' inclusion in society, intercultural dialogue, development of knowledge, skills and motivations, 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

Having in mind these values, the Bank supported project entitled "House in the middle of the road" launched by "Sava Ilić" Centre for Social Work, Aranđelovac. The Bank donated funds for housing of one flat, granted by the municipality to the Centre. The main project's target is to provide home for homeless young people, who lose their socially protected status (institutions for children without parental care or foster families) due to full age. Centre for Social Work monitor their development. During the period they use the flat, local government pays the housing expenses and the custodian authority provides the necessary funds for the young person until he/she gets employed, i.e. till they are able to cover their expenses.



**"Sava Ilić" Centre for Social Work Aranđelovac: "House in the middle of the road"**

By supporting this project we express our positive attitude to inclusive society concept, and point out the importance of enabling inclusion in society of persons from the specially jeopardized categories – young persons without parents care.

Sport can give significant support to economic and social cohesion and provide for better social integration. It promotes common sense of belonging to community, as an important instrument of social inclusion. Sport generates general values as team spirit, tolerance, solidarity, fair play and encourages personal development and fulfilling of noble Olympic ideals – promotion of peace and understanding among

nations and cultures. Social, educational and cultural functions of sport reflect its role in creating values of an open and inclusive society, lacking stereotypes and prejudices. Observation of ethical codex and solidarity are important components of sport which significantly contribute to the healthy, inclusive society.

In 2014 the Bank supported activities of various sport organizations of both professional and amateur profile. Elite sport organizations by achieving significant results on national and international contests promote our country and the positive values we are dedicated to. The Bank supports “Red Star” basketball club, one of the leaders in the national contest, which achieved significant sport results. Since establishment in 1945, the Club won 15 champion titles, 6 national cups and the European Cup Winners Cup, while many of sportsmen from this club won Olympic medals as well as medals on world and European championships.

We are addicted to support other Serbian clubs having long tradition and paying special attention to development of young gifted athletes, as basketball club “Mladost” Zemun.

We have also supported other elite clubs as:

- “Red Star” Athletic Club (active for 60 years), one of the major trophy winning track & field clubs in Serbia (Champion of Europe in 1989, generated 421 representatives at all contest levels);



AC “Red Star”, Beograd

- “Red Star” Tennis Club, having long tradition and significant results in affirmation of young and gifted persons;
- “Poštar” (“Postman”) Women’s Volleyball Club, Beograd. In conformity with the

National strategy the Bank supports this women's club, promoting the gender equality and the status of women. The strategy emphasizes the significance of creating equal conditions for trainings for men and women and equal treating of sport results achieved by both genders.

By such dedication we promote sport popularization, positive contesters' spirit, leading healthy life especially with the youth, who should channel energy to sport as an instrument of social cohesion and of social capital creation.

Appart from supporting elite sport organizations, 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 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 as well as to University of Kragujevac for development of sporting activities. We supported also realization of sporting activities of the association "Sokolovi", Zemun, Beograd. This association overtakes the tradition of the legendary "Soko" ("Falcon") movement tending to provide comprehensive moral formation of children and young people, using physical exercise and sport activities to achieve this aim. It strives to develop in youth respect for other people, politeness and humanism.

By implementation of the second UN Global Compact Principle, the Bank pays contribution to creation of an inclusive and social cohesion society with business sector as an active factor for promotion of human rights and freedoms and prevention acting focused at violation of guaranteed rights and freedoms. Corporate sector's role, in the course of transitional processes, is to help creation of the new values of the democratic open society, with the business sector giving active support to community's social and cultural development.

The Bank has been active in giving support to health institutions and humanitarian organizations taking care of children's health, since sustainable development goals can be achieved only with healthy population.

In 2014 the Bank has continued to support "Child's Heart" Humanitarian Foundation, which stands among earliest foundations of its kind. It was established in 1992 on initiative of the Paediatric Cardiothoracic Team of »Dr Vukan Čupić« Mother and Child Health Care Institute of the Republic of Serbia. Thereby we have expressed our addiction for development of long-term partnership with institutions of the non-profitable sector. During more than 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.

Owing to Foundation's activities funds were raised for procurement of various devices and equipment such as: monitors for invasive monitoring of the vital functions, respirators for ventilation support, cardiovascular supersonic diagnostics equipment, blood saving device etc. which are necessary for the activities of the Cardiothoracic Surgery Department.



**„Dr Vukan Čupić“ Institute – Children Cardiothoracic Surgery Department**

The funds raised in previous 5 years enabled purchasing of the EKG device, instruments for surgery interventions, medical magnifying glass etc. In separate actions the funds were raised for the purchase of *Electa-Dideco* device for intraoperative blood saving for the cardiothoracic surgery department as well as for the purchase of surgery instruments for open and close heart surgery. Upon initiative of the Cardiothoracic Surgery Department, nasal CPAP device was procured. This device is aimed to help children with congenital heart defects, by enabling their breathing acceleration and general rehabilitation after the surgery.

In 2014 the Bank continued to support individual actions for providing aid necessary for treatment of children with difficult health problems.

The Bank assisted in organization of the scientific meeting “Congenital Megacolon: Yesterday, Today, Tomorrow – Our Experience” held in »Dr Vukan Čupić« Institute.

We are aware that these activities help improvement of health protection system with children and youth population in the Republic of Serbia, who will give their support to development in perspective. Since the health sector has also been jeopardized by negative effects of the global economic crisis, giving support to initiatives and partnerships in this domain has the key significance for sustainability of the health-care system of Serbia.

These Bank's activities reflect our significant progress in realisation of the second UN Global Compact principle and our creation of the optimal framework for prevention of various forms of human rights violations.

## **Labour Standards**

Observation of labour standards is an essential component of the integral concept of socially responsible business. Positive ethical orientation of the business entities is based on the respect paid to labour rights guaranteed by the international and local legal instruments, but also on values of ethical business lifted above the legal regulations level.

By implementation of the SRB principles related to the labour standards, essential pre-requisites are created for business entity's ethical affirmation and for the company's business reputation growth in both business environment and social community.

It is important to develop consciousness on value of observation and protection of economic and social rights, especially rights in employment domain, labour and labour relationship, as well as emphasizing of their importance for democratic and sustainable social development.

Integral and progressive implementation of the UN Global Compact principles as freedom of association and recognition of the collective bargaining right, removal of all forms of compulsory labour, elimination of the child labour and elimination of employment discrimination (when choosing employment or profession), are very important prerequisites for creation of social cohesion society.

Trilateral social dialogue is an important framework which defines orientation for development and realization of social and economic rights, based in internal and international legal documents. In the hearth of this dialogue lays observation of the dignity of labour, introduced by the International Labour Organization (ILO) in 1999.

ILO's Dignity of Labour Agenda includes four strategic goals:

- Providing conditions for creating new jobs, formation of healthy economic environment attractive for investments and entrepreneurship, development of skills, job creation and leading sustainable descent life;
- Employee's guaranteed rights at work and related to work;
- Guaranteed social protection;
- Social dialogue improvement, through inclusion of strong and independent unions of workers and employers.

Social cohesion is defined as society's capability to assure welfare to all its members – by lowering inequality to the lowest possible level. This is a dynamic process and also the principal condition for development of social justice, democratic stability and

sustainable development. Social progress requires further identification of social and economic inequality. In the past term progress meant vision of prosperity, justice and freedom, but today it is sustainable development, i.e. creation of economic and social cohesion society and achievement of ecologic sustainability.

With respect to the current UN accession process of the Republic of Serbia, European integration process promotes the concept of the society of tolerance, justice, solidarity and non-discrimination i.e. sustainable development. Since sustainable development is based on balance of economic growth, social market economy, high competitiveness, full employment and social progress, it is necessary to strengthen capacities for social cohesion development.

European social model is a way for creation of the European social cohesion society. Social cohesion is in economic growth function and establishing social responsibility of business entities is the main instrument for realization of social stability and development. European social model includes improvement of social integration by continuous dialogue and experience exchange among member-states but also engagements of various bodies and entities with aim of social cohesion realization through raising financial means from structural funds. Social disintegration risk is minimized with societies based on knowledge. In such societies a framework providing permanent economic prosperity is established. European social model is integral part of the EU development strategy, which requires changes in economy and society. In order to develop healthy competitiveness, it is necessary to realize transition process towards society of knowledge and innovations as well as implementation of modern European social model. Since it provides full employment, this model guarantees social stability.

New European policy on company's social responsibility published by European Commission in 2011, underlines greater company's responsibility against social challenges and sustainable development. In the heart of SRB is company's responsibility for its social impact. It draws attention to the importance of observation of national legal regulations and collective bargains among social partners, which is a condition for company's social responsibility. For the purpose of full implementation of CSR principles, every business entity has to establish rules integrating human rights in their business operations and strategic documents, as well as social, ecological, ethical and consumers' issues. For the purpose of full implementation of CSR principles related to labour standards, better transparency needs to be reached in realization of national social dialogue including strong and independent organizations of workers and employers. Social dialogue and collective bargaining, being in the dialogue's centre, help social cohesion and democracy, i.e. realization of a development model based on economic and social sustainability.

For realization of sustainable development new jobs creation and unemployment rate lowering needs to be achieved, as well as diminishing gender inequality and social inequality of marginalized groups and encouraging new jobs creation for the young and disabled persons and other risky groups.

By observation of the right to work, as a fundamental right which has economic and social character, maintenance of social cohesion as sustainable development's important pillar is rendered possible. Social cohesion is a prerequisite for democratic, prosperous and stable society. Right to work enables social justice development, being an important factor of peace and security on national, regional and global levels.

### **Global Compact Principle III:**

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

Observation of the third UN Global Compact principle is in synergic manner linked with the human rights observation as an integral legal category.

Freedom of association and the basic employees' and employers' rights, establish the foundation for the labour relations development.

Progress in social dialogue is one of the key elements in the European social policy. Social dialogue includes collective bargaining and signing agreements between social partners. European social model is a permanent task of unions. Social partners need to achieve saturation of economic dynamic and social balance. Social balance means that social partners have to adequately participate in dialogue related to mutually achieved business results and it requires paying respect to labour law and standards.

Freedom of syndicate organization can be achieved only in a democratic system which provides observation of fundamental human rights. In the process of syndicate bargaining new ideas can emerge, aimed at improvement of legal and contractual solutions related to labour law.

Collective agreements are the most autonomous labour law sources expressing social partnership. In the market economy, they are the most suitable instrument for balancing the interests of labour and capital. Their value as a labour law source is recognized in international legal documents. Universal Declaration on Human Rights recognizes the right to union organizing as a fundamental human right. ILO's Declaration on Fundamental Principles and Labour Rights stipulates that "freedom of association and recognition of collective bargaining right" are principal workers' rights. Collective bargaining is an organized process, prior to signing of collective agreements between employers and employees led by representative union in the company. The constitution and laws and regulations governing labour relationship are the legal basis for collective bargaining and agreements.

JUBMES banka has always fully recognized the freedom of association and the right to collective bargaining. Constitutional and legal regulations related to freedom of

association as well as international documents ratified by the Republic of Serbia are also being observed. European social charter guarantees freedom of workers and the employer to establish local, national and international organizations for protection of their economic and social interests and to take memberships in these organizations. This document also guarantees the right to collective bargaining as a segment of social dialogue and instrument of social cohesion.

JUBMES banka union acts as an independent, autonomous and voluntary organization of all employees, responsible for their representation and protection of their professional, labour, economic and other rights. Thus, all Bank's employees are free to decide whether they would join the Bank's Union. This Union is incorporated in the Union of Financial Organizations of Serbia, which holds the representative status within the plural syndicate structure in Serbia. It was established in 1991 as the first independent union in Serbia. It is also a member of UNI-Global Union – the largest union's association in the world.

Bank's union members regularly take participation in various activities of the Union of Financial Organizations of Serbia, including attending seminars related to labour standards, syndicate organization issues, collective bargaining, professional assistance in the matter of collective agreements preparation etc.

Bank's union actively supports the activities of the Union of Financial Organizations of Serbia related to many social and labour issues which follow the changes occurring in the banking-financial system of Serbia.

Traditionally, the Bank's Union shows its solidarity with the Union members needing aid (for example for medical treatment), regularly requires free systematic medical examination for employees, organizes free visits to theatre and other cultural institutions as well as excursions etc. The Union is dedicated to corporate culture and ethics strengthening, which is tied to SRB principles implementation. Union develops friendship among employees, improving thereby corporate identity and the business culture in whole. 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, being an important social cohesion component.

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.

**Global Compact Principle IV:**

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

**Global Compact Principle V:**

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

UN Global Compact principles concerning elimination of all forms of forced and compulsory labour and effective abolition of child's labour are "*esentio*" of the ethic business concept.

Freedom of labour is one of fundamental freedoms of people and workers, laying thereby in the foundation of labour law and having importance equal to constitutional principles. It includes a freedom of choosing certain kind of work and employer as well as freedom of labour during the period of labour relationship. Freedom of labour at choosing employment is reflected in worker's right to choose his employer and to choose the way of working. Freedom of labour as a freedom of negotiating the labour conditions is in correlative relation with the freedom of association i.e. freedom of collective bargaining.

Compulsory labour is unacceptable from both moral and legal aspects, opposite to the principle of freedom of labour, which is one of the fundamental labour law principles. In governing this matter the key role has UN and International Labour Organisation, but the compulsory labour is also prohibited by Serbian law and legal regulations

Compulsory labour is contrary to freedom of labour and it is prohibited by local and international legal regulations (ILO Conventions No 29 and 105). ILO defines compulsory labour as any labour or service rendered under punishment threat or any labour or service done involuntary.

ILO (International Labour Organization) has the highest significance for the combat against compulsory labour, mostly due to the fact that ILO is an international organization, engaging all member states in resolving this problem. Concrete goals and plans are established by the program: "Special action combat to forced labour", which should eliminate compulsory labour until the year 2015. The goal of compulsory labour prevention is to promote freedom of labour, improving the labour conditions, rendering equal opportunities for all without any discrimination, maintenance of the achieved standards under conditions of freedom, equality, safety and human dignity respect, being the principal target of ILO and thereby, of all its member-states.

Having in mind this goal, ILO strongly supports all activities and initiatives in the sphere of companies' socially responsible business which are focused at respect of labour rights and elimination of compulsory labour. UN Global Compact is ILO's partner in achievement of this goal – elimination of compulsory labour.

Apart from elimination of all forms of compulsory labour, abolition of child's labour is also a precondition for execution of right to labour i.e. labour dignity. Child's labour results in child's damage, abuse and exploitation and prevents its education and development. The Republic of Serbia ratified ILO Convention on the worst forms of child's work dated June 17, 1999 and ILO Recommendation on abolition and urgent action for elimination of the worst forms of child's labour published on June 1, 1999.

Efficient elimination of the worst forms of child labour required a comprehensive action for prevention of such labour, provision of exploited children recovery and their social integration. Some of the worst forms of child labour are governed by the international legal instruments, such as ILO Forced Labour Convention and UN Additional Convention on elimination of forced labour. Every member-state which ratified the convention was obliged to undertake prompt and efficient measures in order to abolish and eliminate the worst forms of child labour. The Convention defines the worst forms of child labour as slavery and forms similar to slavery like child sale and smuggling, debt slavery, compulsory and forced labour, including compulsory recruiting of children for armed clashes and combats, using children for prostitution, pornography and other forbidden activities as narcotics production and smuggling, as well as any other labour which is dangerous for child's health, safety and moral.

Every member-state, after consultations with employers' associations and employees' unions, establishes adequate mechanisms for monitoring of implementation of regulations for realisation of this convention, recovery and social integration of children, resolving at the same time their families' needs. Activities of UN Global Compact Serbia help the Convention's target achievement in Serbia, through trans-sector partnership models and CSR fundamental principles implementation in all segments of business and management of the network members.

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 responsible business values.

With this aim the Bank's employees are being regularly informed on the significance of conducting ethical business which includes UN Global Compact principles related to international and national legal documents governing elimination of all forms of compulsory labour and child labour abolition, as a condition for child rights respect. JUBMES banka is addicted to promotion of human rights culture, including labour rights, creating its corporate identity through observation of SRB principles, healthy business and business ethics. It is an important segment of the corporate

management model which includes responsible attitude and wide cooperation with the social partners and civil society, which should help affirmation of international standards forbidding child labour (Convention on Child's Rights, ILO Convention on the worst forms of child labour and ILO Recommendation on abolition and urgent action elimination of the worst forms of child labour and abolition of the various forms of forced compulsory labour and slavery, Universal Declaration on Human Rights, EU Convention for the protection of human rights and fundamental freedoms etc.).

By paying attention to UN Global Compact principles, business entities realise their direct impact at the society, both in economic and social and ethical aspects. By their dedication to compulsory labour elimination, child labour abolition and promotion of policy and standards above the level reached by law and legal regulations, such business entities express their permanent value orientation towards responsible and ethical business.

### **Global Compact Principle VI:**

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

Discrimination is a state of un-equality, lacking equal treatment for all and equal opportunities for all. 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.

Responsible behaviour at employment, including prevention of minorities discrimination, older employees, women, people unemployed in longer period, disabled persons and others, should help combat against social exclusion and mitigation of unemployment. Constitution of the Republic of Serbia prohibits any kind of discrimination of the persons seeking employment whether direct or indirect, in concern with the gender, race, social origin, age, religion, political or other beliefs, material situation, culture, language, disability etc. Concrete legal regulations are governing this matter in details. We have the opportunity to point out hereby only some of them: The Law on labour, Law on prevention of discrimination, the Law on prevention of discrimination against persons with disabilities, the Law on prevention of rights and freedoms of national minorities etc. Discrimination and discriminatory treatment means making any unjustifiable difference or unequal treatment of certain persons or group or members of their families or their close persons in an open or latent manner, based on their race, skin colour, ancestors, nationality, ethnical origin, language, religious or political belief, sex, gender, property status, birth, genetic characteristics, health condition i.e. disability, matrimonial or family status, age, appearance, membership in unions, political or other organizations etc.

Discrimination is an introduction to marginalization and social disintegration. In order to execute social cohesion goals, it is very important to promote all instruments

necessary for integration of persons or groups into society i.e. assuring equal rights to employment, housing, health service etc. Discrimination abolition may be expressed as a general legal principle, as a separate right for any person – not to be subject of discrimination, or as an additional right which cannot be exercised separately from some other rights as discrimination abolition at employment or at educational opportunities etc.

By observing the legal regulations in force, its enactments and strategic orientation, JUBMES banka permanently implements this UN Global Compact 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, promotion etc. Regulations of the labour contract allowing discrimination under any of such basis shall be considered as null and void.

By developing dialogue with our stakeholders, we encourage our clients to promote this UN Global Compact principle, especially when they carry out complex works abroad including employment of local workers. This principle is directly connected with activities encouraging inclusion of disabled persons and also with activities encouraging employment of handicapped persons in various sectors through the positive discrimination measures. In traditional societies humanism is neglected, in spite of a widely acclaimed opinion that the man himself is the most significant motivator of the society progress. In this way the disabled persons are often marginalized and left without possibility to enjoy the fundamental human rights, Therefore, the value system in such societies needs to be changed.

We are completely informed on legal regulations enabling disabled persons to take equal participation in the labour market and their employment. Legal framework established in the Republic of Serbia is in conformity with the UN Convention governing rights of disabled persons as well as in conformity with Millennium development goals, EU Disability Strategy 2010-2012, ILO recommendations on professional rehabilitation and employment of persons with disabilities etc. Much importance has the Law on professional rehabilitation and employment of persons with disabilities adopted in 2009, governing support to employment of disabled persons and control over execution of employer's obligation to employ such persons, including paying respect to various alternative measures in case when companies are not able to employ disabled persons. JUBMES banka pays full respect to such measures, having in mind that they encourage social attitude towards disabled persons. With aim to create a society which assures every individual to have equal rights and opportunities, regardless individual particularities, social integration of disabled persons is an unavoidable issue. Necessary precondition for achieving this target is a change of attitude towards such persons. With this aim, the project of

social inclusion, as a final integration form, is developed. This model's main idea is that disability should not be denied, since it exists in reality. However we should be convinced that it does not diminish whatsoever the disabled person's value as a human being.

## **Environment**

Bank's second priority within the CSR activities is related to environment protection.

Healthy environment and rational natural resources utilization constitute an important prerequisite for promotion of responsible business, which should not divide economic competitiveness from ecologic standards observation. Business entities cannot act any more as "isolated islands", which don't pay attention to ecologic impacts of their business operations. Furthermore, they need to establish new procedures and practices in the domain of environment protection, as a result of implementation of international legal documents/standards, local legal regulations etc. related to the environment issue.

The essence of the sustainable development concept is interaction of environmental development and mutual harmony and complementarity of environmental protection policy and development policies which pay respect to ecologic systems. Sustainable development concept is focused at preservation of natural eco systems and environment as well as to rational utilization of natural resources. Special attention should be paid to the environment's response to the impact of business entities. Ecologic sustainability provides for development which is compatible to maintenance of ecologic processes, biodiversities and natural resources, while ecologic responsibility includes maintenance of the eco system integrity, care of its capacity and bio diversity.

If we accept ecologic sustainability as one of the development policy targets, measures can be successfully implemented only if accidental situations, jeopardizing ecosystems balance are avoided. At the same time, one of the environment's economy tasks is to identify economic activities favourable to sustainability and those which disturb it.

Ability for this component integration into strategic management is a characteristic which divides socially responsible companies from socially irresponsible ones. Due to introduction of this component in strategic management, companies are directed to manufacture certain kinds of products, to use certain resources and encouraged to save resources as much as possible.

Sustainable development means maintaining conditions for quality development, not only as material prerequisites for survival of our and future generations. Thus, sustainable development brings new vision of the global development, i.e. development for all people, pointing out new business strategies of companies as

promoters of the new business concept, having more rigorous ecological criteria, and providing more efficient utilization of natural resources and energy.

We have already pointed out the fundamental sustainable development principles – integrity principle, precaution principle, sustainability principle and principle of taking prevention actions.

From the aspect of environment protection we are specially emphasizing the implementation of the integrity principle on the social level. The integration principle is affirmed on this level in the public sphere, attracting the attention of the wider publicity. In order to encourage this process, it is necessary to develop the public sector's knowledge on certain aspects of environment protection. The principal elements of the ecologic consciousness are: ecologic knowledge, evaluation of ecologic situation and ecologic behaviour. Ecologic consciousness includes not only knowledge on relation between nature and society, on disturbance of ecologic balance and on the necessity of environmental protection, but also willingness of individuals and social groups to help promotion of environmental protection. For the development of the ecologic ethics it is very important to provide for adequate education for environmental protection, enabling redefinition of men's relation towards nature as well as change of his behaviour. Education in the environment protection domain should help creation of the men's new value system towards nature and environment.

With the respect to the normative aspect of the right to environment protection, it should be emphasized that this is one of the indivisible human rights, being in the human development centre. On the occasion of the UN Conference on Environment and Development, held in Brazil in 1992, few important documents were adopted, especially Rio Declaration, Convention on the Climate, Convention on Biodiversity and the Agenda for the 21<sup>st</sup> Century. On this conference the sustainable development, based on ecologic principles, was defined as “smart natural wealth management, bio diversity preservation and nature's self-reproduction, rational consumption and saving of energy and natural resources (especially non-renewable resources), recycling processing and so called pure technologies, undertaking measures for environment protection and all for the purpose of satisfaction of present and future generations' needs”. Prerequisite for the new relation towards nature, for the new life's philosophy and for the new development model is developing of the ecologic consciousness and ecologic behaviour i.e. development of ecologic ethics and ecologic culture.

The Declaration's target is establishment of global partnership among states and common activities in the environment protection domain. The main goal of the sustainable development is taking care of human beings, having right to lead healthy and productive life in harmony with the nature. According to the UN Declaration states have the sovereign right to utilize their resources in conformity with the development policy and environmental policy. States also have a responsibility

related to activities which could be harmful to other states' environment or to certain parts of the planet Earth which are situated out of their competences.

Declaration's provisions tie the development to the environment preservation. The right to development can be exercised only if the needs for environment of both present and future generations are equally satisfied. Therefore, environment should be an integral part of the development policy. The Declaration emphasized for the first time the significance of poverty elimination as a necessary precondition for the sustainable development. In this sense special attention is paid to developing countries' needs. State's obligation is also to mitigate or eliminate unsustainable patterns of production and consumption. With this aspect, their obligation is also to establish adequate legal framework governing the environment protection which would fix the states' duties in favour of persons harmed by pollution or environment jeopardizing activities.

According to the Declaration, one of the most important instruments which states apply with aim of sustainable development realization is evaluation of environmental impacts. The emphasize is on sharing mutual information and cooperation among states on the matter of natural catastrophes and cross border issues which could have negative environmental impact. Environmental issues are resolved best by enabling participation of all interested parties – entities from both public and private sectors as well as from the non-governmental sector. On the basis of this conclusion, trans-sector partnership for sustainable development is developed, as the UN Global Compact's principal method.

On foundations of the Declaration from 1992, in June 2012 the new UN Conference on sustainable development, so called Rio+20 Conference was held in Rio de Janeiro with the main topics: "How to build green economy and achieve at the same time sustainable development and elimination of poverty, including the support rendered by the developed countries?" and "How to improve international cooperation related to sustainable development, through creation of institutional framework?".

The Conference promoted corporate sustainability principle and emphasized the importance of business sector engagement in ecologic sustainability realization. UN Global Compact owing to its regional and national networks became an important institution for a comprehensive promotion of the green economy concept and responsible investing. Companies are encouraged to implement additional programs and activities, exceeding the regulatory framework, in order to realize and develop the green economy concept.

The Republic of Serbia, as a participant in Rio+20 Conference, actively supports realization of Conference's targets, which are in harmony with the tasks and targets overtaken within the EU accession process of the Republic of Serbia. The transition process into the "green economy" requires coordination of inter-sector policies, creation of adequate institutional environment, regional cross-border cooperation,

technologies transfer and development, additional financial resources especially related to support which public sector provides to the business sector. For this reason, the following issues are raised:

- a) Integration of the environment issue into other sector politics. It is important to promote integration of economic, social and ecologic attitudes and analyses and to support application of such instruments as strategic environmental estimation, to support social dialogue, socially responsible business and public-private partnership;
- b) Paying respect to precaution principle (obligation of preservation of natural balance). Every activity must be planned and implemented in the manner which affects the environment the least. If significant impacts are possible, prevention activities should be undertaken;
- c) Paying respect to sustainable production and consumption. It is necessary to establish balanced relations between natural resources exploitation and assuring high protection level and improvement of the life quality, lowering pollution level and sustainable production and consumption.

In the beginning of 2015 representatives of Serbian Government together with representatives of UN Development Program considered cooperation modalities on issue green economy concept implementation in Serbia within sustainable development concept. At this occasion the representatives of both parties analysed elements of the strategic and operative green economy framework, based on international documents and processes as UN Conference on sustainable development (Rio+20). Establishment of adequate modalities for implementation of the green economy concept will help harmonization of activities of Serbian government with the EU strategic framework. The aforesaid was initiated by the Study on results and perspectives on the route to green economy and sustainable growth for the Republic of Serbia. In this phase of negotiation preparations for EU accession process it is necessary to point out that that "screenings" related to Chapter 27 have been carried out and that special Government's team is preparing plans for implementation of EU regulations regarding environment as industrial pollution (Directive on industrial emissions, chemicals, biodiversity protection and waste management).

With respect to Bank's activities in this field, we would like to point out our active participation in important international meetings organized by the UN Global Compact which elaborated issue of ecologic dimension of sustainable development and contributions of the business sector to ecologic sustainability (Forum on corporate sustainability within the conference Rio+20 held in June 2012 and UN Global Compact's Leader's Summit in 2013). The common conclusion of all these meetings is that the green economy is one of the opportunities for potential engagements of the Serbian financial sector and its positioning as a socially and ecologically responsible sector, having sustainable development as a strategic and development target. Responsible investment requires implementation of ecologic and

social standards. Implementation of CSR principles within business operations of financial institutions produces change in their profiles, pointing them out as socially responsible entities, which include community development interest into their business goals. No business entity can individually assure conditions for sustainable development, but can actively participate in this process in cooperation and partnership with other entities from the business and public sectors and non-governmental sector. JUBMES banka insists that its clients observe Serbian legal regulations and international standards concerning environment protection, including European standards related to projects impact on the environment (especially projects carried financed by credit lines granted by international development institutions).

With respect to the current phase of promotion of CSR principles and sustainable development, related to the environment protection, JUBMES banka continues with its progressive and evolutionary 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 interest groups, without neglecting internal and external dimensions of the principles implementation. By implementation of ISO Standard 14001 on the society's and business entity's levels, environment performances have been constantly improved, by planning of requests, targets and programs and by providing continuous operation of all essential system elements.

Hereinafter we shall elaborate Bank's activities on implementation of UN Global Compact principles related to environment protection, which are at the same time integral part of the strategic management concept i.e. of the Integrated Management Quality System.

#### **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 the new Environment Protection Policy with aim to pay special attention to its business activities' environmental impact and to permanently improve its environmental protection management system in conformity with the current ISO Standard 14001:2008. Environment policy targets reflect essential progress made in implementation of the integrated quality management system. By our respect for ecologic dimension we have created our profile and business identity as the ecologically responsible institution, which does not neglect any of principles of UN

Global Compact and sustainable development related to protection and improvement of environment quality. By this attitude we are expressing our respect for ecological sustainability as a component of modern corporate sustainability concept, striving for Bank's engagement into implementation of international and national projects dedicated to ecological sustainability. Standards implementation provide for creation of an integral environment protection system which guarantees human right to life and making progress in the healthy environment as well as the balance between economic development and environment.

By the New Environment Protection Policy the Bank is striving to provide for:

- Monitoring and implementation of the legal regulations and good practice related to environmental protection;
- Identification of all environmental aspects with aim to prevent environmental pollution;
- Saving of natural resources and energy by using renewable and recycled resources;
- Development of adequate knowledge, with all employees, providers and external suppliers of services, on environmental impacts and regular procedure to be carried out with dangerous materials, and
- Prevention of ecological incidents and organized activities in case of extraordinary circumstances.

This Policy's segment reflects our value system towards the environmental protection issue in all dimensions, which lays in our business ethics (ecological ethics) and which is pro-actively carried out in cooperation with the various interested groups – stakeholders (who express their attitudes related to CSR principles).

The environmental protection policy general goals are as follows:

- Application of modern and ecologically clean technologies related to current maintenance;
- Natural resources and energy savings by reducing of harmful materials and harmful waste usage;
- Waste management through proper collection, storage and treatment of all kinds of waste;
- Permanent training with application of dangerous materials and temporary reaction to ecological catastrophes;
- Measuring and monitoring of environmental impacts, and
- More satisfied interested parties are, owing to SRB and mutual communication (integration of SRB principles into quality management system).

These goals prove that our SRB platform is strategically based in the long-term. The platform shall support the competitive sustainable position of JUBMES banka in the market for the long period of time.

It is specially pointed out that Bank's Executive Board is bound to pay respect to the Policy and provide for successful implementation of its strategies and goals.

Having in mind these environmental policy components and permanent monitoring of improvement of ISO Standard 14001 implementation, JUBMES banka has adopted a number of internal documents – rules and instructions, programs and plans in order to achieve goals of adopted policy and improve integrated quality management system related to ISO Standard 14001 implementation.

These activities include the following: 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 and prevention of transformer oil leaking; using of cars for official purposes, car maintenance and care, tires waste management; fire prevention, evacuation plan in the event of fire, earthquake etc.

By Procedures for waste management and EMS programs provisions related to waste management, the waste is divided into dangerous and non-dangerous waste.

Waste elimination procedure is as follows:

- Employees put office paper waste in special paper boxes situated in every office. Waste cans must not be filled with paper waste.
- Communal waste (all kinds of waste from households and plastic cups for coffee) will be put in waste cans situated in every office.
- Glass, PET (plastic) and aluminium packaging is left in offices for the cleaning person, who will collect this waste.

Dangerous waste occurs by changing of cartridge, fluorescent tubes or bulbs and batteries. Such waste shall be eliminated by especially skilled persons.

Employees are acquainted with the Rules and procedures, and they regularly pass adequate trainings and exercises related to ISO standards and UN Global Compact principles concerning environment and sustainable development.

Through dialogue and communication with employees, the Bank encourages their innovative attitude in initiation of measures for implementation of ISO standards and CSR principles.

**d) Global Compact Principle VIII:**

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

Within the activities focused at promotion of Global Compact principles, JUBMES banka in 2009, upon recommendation of the relevant Serbian Government department, 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.



**Griffon vulture (*Gyps Fulvus*)**

In the meantime, owing to efforts undertaken by volunteers and officers of "Uvac" - Special Nature Reserve as well as to assistance of various institutions and donors, Griffon vulture population has grown from 7 (in 1990) to 360 individual vultures or 85 nesting couples, meaning that the extinction threat has been significantly mitigated. This outstanding growth has helped "Uvac" - Special Nature Reserve to become the regional centre, enabling further re-colonisation and spreading of this species to other habitats in Serbia and Balkans.

Due to insufficient animal population (and animal corps as well) inhabiting the area, the vultures population feeding by slaughter house waste is still necessary. In previous years "Uvac" - Special Nature Reserve was supported by one European government's donation.

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 two other eagle species). However, for this action the



**Goosander (*Mergus Merganser*)**

cooperation with governments willing to export these rare species to Serbia is needed, as well as huge financial support since the funds offered by the Reserve's donors are not sufficient for procurement of these animals from the other countries.



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

*“Every empowered person is potentially inclined to abuse his powers”*  
(Charles Montesquieu – great French philosopher of 18<sup>th</sup> century)

### Compact Principle X:

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

1. Anti Corruption Program of JUBMES banka a.d. Beograd, being an active member of UN Global Compact Serbia, reflects not only declarative attitude for anti-corruption combat i.e. zero tolerance towards corruption. This program comprises the concrete measures/activities enabling efficient implementation of documents dedicated to anti-corruption combat.

Integrity and ethics, paying respect for normative framework, promotion of values over the normative framework being a result of implementation of the SRB principles, creation of the new products which implement those values and ethical standards - are our strategic and concrete orientation. The essence of Bank's business ethics is

preservation and improvement of bank profession integrity, dignity, objectivity, impartiality, responsibility, credibility, efficiency, transparency (openness) and producing individual example while rendering services and products. We believe that only by such attitude we can maintain our current competitive and respectable position in both local and regional banking markets as well as our recognizable reputation respected by our business partners and clients.

JUBMES banka is among leaders in implementation of the Global Compact 10<sup>th</sup> Principle, within the Serbia national network of this leading non-profit organization promoting corporate social responsibility and sustainable development. Our active status in UN Global Compact, including progressive improvement of practice and rules in CSR sphere as an integral part of modern ethical business, requires permanent support to activities and initiatives of this network on local, national (UN Global Compact network Serbia ), regional and global aspects. In this manner we support improvement of policies and corporate practice aiming to create sustainable institutional and normative anti-corruption environment.

2. Corruption is a social phenomenon opposed to the state of law. Therefore, it is a security problem endangering society's social stability and legal grounds of a state's system, as well as the foundations of the society's value system. As a result, citizens lose their confidence in state's authorities/institutions and finally in the state as a whole. Destabilization of all system's structures jeopardizes human principal rights, especially principle of legality and equality. Since corruption is a complex social phenomenon, various mechanisms are required for combat against it. International standard for anti-corruption combat provides a comprehensive and balanced attitude towards corruption. UN Convention Against Corruption appeals all member-states to prepare and implement a number of measures and prevention policies against corruption as well as to prepare a comprehensive strategic framework for anti-corruption combat. The Convention encourages the states to create anti-corruption policies to be implemented by diversified entities as business sector and the civil society.

For the purpose of creating efficient and comprehensive anti-corruption system, it is necessary to coordinate efforts and activities of the authorities, citizens and every sector from the public sphere, private sector and the civil society. Anti-corruption combat should become part of the general social plan and widely accepted system of measures and activities for its elimination. Success in this combat depends not only on public institutions, but on a number of factors – being a process of a permanent character. However, not only declarative attitude is acceptable in this context, but all interested entities from all society's segments need to observe regulations they adopted and carry out the adequate activities dedicated to anti-corruption combat. Developed, efficient and proactive anti-corruption combat system is a prerequisite for political cohesion, economic sustainability and European integration. All the aforesaid should help development of integrity of institutions, social groups, professions and citizens. Development of those integrities will give support to development of

society's integrity, by realization of the sustainable model of anti-corruption combat. Apart from the institutional/normative measures, anti-corruption combat comprises also creation of the social environment which minimizes the corruptive behaviour. According to the experts' opinion, the anti-corruption combat is being fought through three main components:

- Integrity (legally established institutions and citizen's ethical behaviour guarantee elimination of abuses related to corruption);
- Normative framework guarantee legality and legitimacy in anti-corruption measures implementation, and
- Impact of institutions and other entities dedicated to anti-corruption combat depends on their authority (including various non-profit networks, creating their own anti-corruption measures focused at the business sector).

New National Anti-Corruption Combat Strategy for the period 2013-2018 is a very comprehensive document including private sector and cooperation with the non-governmental organisations. The Action Plan precisely defines concrete activities and duties of various entities for the purpose of achieving Strategy's targets. All sectors are engaged and the significance of prevention measures and activities is specially pointed out with aim of corruption risks elimination in all society segments of the society. The incentive framework for creation of systemic preventive anti-corruption mechanisms for comprehensive anti-corruption combat has been defined by strategic principles of the "reign of law", zero tolerance for corruption, responsibility, comprehensive measures and cooperation of various entities, efficiency and transparency. One of the modalities for corruption prevention is creating conditions for more active private sector participation in anti-corruption combat. This document binds the state to create the framework for encouragement of the private sector to give support to the civil society's anti-corruption projects. The document encourages economic entities to undertake autonomous anti-corruption activities and to prepare integrity plans, to adopt codex of business ethics and corporate management. For the first time one national strategic document on anti-corruption combat refers to Declaration on Anti-Corruption Combat as a basic document of the UN Global Compact Network Serbia. This strategic document affirms the authority of the UN Global Compact Network in creation of sustainable anti-corruption strategy, especially having in mind that this network brings together various entities (creating innovative partnerships and special anti-corruption measures) in order to promote CSR principles.

Anti-corruption combat is multidisciplinary, inter-sector and long-term process, aimed to give support to realization of state's development goals (including structural reforms), well management and economic prosperity. Anti-corruption combat requires not only repressive, but also preventive measures. Wide range of preventive measures should result in elimination of causes and conditions favourable for corruption behaviour. Result of this process, which follows structural reforms, is

creation of adequate business environment which supports the sustainable development and zero tolerance against all forms of corruptive behaviour.

Anti-corruption combat is an important segment for initiation of the negotiation process of integration of the Republic of Serbia in European Union. Having in mind that harmonization of Serbian legislation in all fields is principal duty of the Republic of Serbia under the Stabilization Agreement, in this moment chapters 23 and 24 should be specially elaborated (Chapter 23 – Jurisdiction and fundamental rights and Chapter 24 – Justice, freedom and security). With the respect of the screening phase of the regulations, related to the mentioned chapters, European Commission has affirmatively appraised activities of Serbian Government related to anti-corruption combat (especially in normative sphere), which are focused on achieving zero tolerance against all corruption forms and synergic, comprehensive approach to anti-corruption combat, i.e. balance between repressive and prevention measures. Such approach requires monitoring and evaluation related to anti-corruption combat and includes the following aspects: monitoring of effects of anti-corruption combat, creation of prerequisites for sanctions and promotion of successful practices and rewarding of entities which give support to anti-corruption combat in the best manner. Sharing regular information and providing adequate education are important anti-corruption mechanisms. The Working Group of the UN Global Compact Network Serbia has an important role for implementation of these mechanisms, since it created its own Declaration on Anti-Corruption Combat.

3. All business entity striving to competitiveness and respectability in international business environment should incorporate in their business activities all CSR principles, pointing out the significance of the 10<sup>th</sup> principle – anti-corruption combat. Thereby they would be profiled as important factors supporting promotion of healthy business, anti-corruption culture and sustainable development on all levels. JUBMES banka actively promotes such platform, which is essentially related to all targets defined by European integrated process.

The Bank's integrated quality management policy is based on this platform and value system. It is based on synthetic application of the Quality Policy, Information Safety Policy and Environment Protection Policy (including amendments adopted in the beginning of 2015).

Integral implementation of the aforesaid Policies is of extreme importance for integral realisation of Bank's Anti-Corruption Program, since the policies lean on SRB principles and give us an impetus to improve our anti-corruption program, profiling us as a leader of good practice in the anti-corruption combat domain.

This position was reached due to Bank's pro-active engagements in giving support to activities of UN Global Compact Serbia Network and its special Working Group for Anti-Corruption on improvement of instruments for anti-corruption combat (UN Global Compact 10<sup>th</sup> principle) and promotion of ethical business code. Creative work of the Group resulted in the Declaration on Anti-Corruption Combat, which sets a

framework and guidelines for reaching the targeted goals i.e. for realisation of entire activities related to anti-corruption combat. This is the foundation of the modern, transparent and healthy business, being a "*conditio sine qua non*" of a competitive and successful economy.

Realisation dynamics of the Agenda for accession of the Republic of Serbia to EU is significantly determined by this concept's execution, since it incorporates business ethics components and excludes any form of corruption and bribery out of business environment which affirms healthy competitiveness of various business entities from the real and financial sectors.

Set of regulations governing anti-corruption combat matter on all levels, which is focused at achieving zero tolerance against corruption is an important regulatory framework for creation of the healthy business environment and competitiveness on ethical principles. For this reason all regulations are available to each Bank's employee. At the same time the Bank adopted (upon initiative of the Association of Banks of the Republic of Serbia, UN Global Compact Serbia or self-initiatively) a set of internal acts for prevention of corruptive behaviour, as a segment of Bank's Anti-Corruption Program.

Only by progressive implementation of the UN Global Compact 10<sup>th</sup> principle we may help establishment of the healthy business culture - as a key element of the competitive and sustainable economic development, able to respond to all challenges of global economic crisis and support acceleration of European integration processes.

By signing Declaration on Anti-Corruption Combat (as the first member of the UN Global Compact Serbia), JUBMES banka confirmed its policy and strategic orientation to permanently improve SRB principles, especially 10<sup>th</sup> principle implementation.

By accepting this document, the Bank expresses not only its declarative support for corruption elimination, but also develops anti-corruption combat in all its forms, including bribery and extortion, at the same time promoting publicity and transparency, cooperation of internal and external stakeholders, as well as pointing out the importance of cooperation-partnerships of various local and international institutions-association which are involved in many anti-corruption projects. In this sense, we are giving our support to improvement of practice and experience in anti-corruption combat in all society's segments.

We believe that the Declaration (by promoting dialogue between government and non-governmental sectors, inclusion of financial and real sectors in common anti-corruption combat) will help creation of favourable conditions for preparation of new regulations that would promote anti-corruption environment. This is because the Declaration incorporated guidelines on information related to anti-corruption combat especially information on non-financial indicators, thus promoting the general trend, proclaimed by the key international organizations including United Nations. Thereby,

the position of the business entity is not evaluated only through financial reports, but also through results achieved in the corporate social responsibility domain.

In conformity with the Declaration, JUBMES banka has adopted its internal acts and measures for corruptive behaviour elimination or reduction to the lowest possible level. Therefore it is important for Bank's promotion as a responsible business entity, which by implementation of the 10<sup>th</sup> principle, gives its contribution for bringing Global Compact activities to the higher level. Apart from the Declaration, JUBMES banka adopted the Guidelines for reporting on the 10<sup>th</sup> principle. Common statement made by all Global Compact members who signed the Declaration especially affirms necessity for improvements of internal systems for prevention and business control of Global Compact members in spirit of the global standards and activities undertaken by the leading global institutions in the anti-corruption combat domain.

By taking integral, pro-active, transparent approach to anti-corruption combat, which is complied with the new integrated management system, we are determined to take active participation in activities of many international forums, meetings dedicated to sustainable development and especially 10<sup>th</sup> principle implementation. It is our pleasure to emphasize that international experts evaluated our Anti-Corruption Program as Bank's creative and innovative contribution to 10<sup>th</sup> principle progressive promotion.

Bank's Anti-Corruption Program includes concrete measures/activities for the efficient implementation of documents dedicated to anti-corruption combat. We are strategically orientated at integrity and ethics, observation of the normative framework, promotion of values exceeding the framework, resulting from implementation of SRB principle as well as at creation of new products which include those values and ethical standards. This is the essence of our business ethics and improvement of the banker's professional integrity, dignity, objectivity, impartialness, responsibility, credibility, efficiency, transparency (openness) etc.

Important part of Bank's Anti-Corruption Program is the Code for combat against corruption and conflict of interest, which comprises measures and activities for efficient implementation of the Declaration on Anti-Corruption Combat. The Code requires implementation of the various measures and activities as: regular providing information and training to employees in relation with anti-corruption combat, closer establishing of authorities and responsibilities for execution of Anti-Corruption Program and regular reporting on Anti-Corruption Program realization. This document reflects our addiction to integrity culture and strict compliance with the relevant laws and regulations, including international and local anti-corruption regulations.

Internal documents set related to Bank's Anti-Corruption Program is completed by the Rule for reputation risk identification, measuring, mitigation and monitoring.

In the mid-2014 the Bank adopted the new Professional Conduct Code as a comprehensive document encircling the integral Anti-Corruption Program. It

synthesizes ethical principles and rules of professional banking behaviour with aim to achieve and maintain high standards in conduction of the banking business. The Code amends certain regulations of the local law related to principles of banking activities, aiming to preserve Bank's high reputation in the financial market, to achieve Bank's business goals with success and to enlarge its financial potential. The Code is obligatory for all Bank's employees.

The Code is consisted of several segments: Business Ethics (ethical norms governing employees' behaviour etc.), Professional Behaviour, and Corruption and Collision of Interests.

In the part concerning professional behaviour the Bank applies the Code of Professional Banking Conduct issued by the Association of Banks of the Republic of Serbia. This document defines general principles and norms of professional banking behaviour for Bank's employees and their business relationship with clients. It enables Bank's clients to get acquainted with the minimal standards of the good banking practice. The new Code of Professional Banking Conduct defines the following principles, binding Bank's employees:

- Bank's property and interests protection and client's property and interests protection are in employees' focus;
- Observation of legal regulations (paying respect to the legal provisions in force, implementation of Bank's business policy and internal rules);
- Responsibility in operations (operating within the authorizations' limits, operating in Bank's best interest, avoiding personal motifs' impact i.e. avoiding all situations that could provoke conflict of interests, using of insiders' information and any kind of benefits etc;
- Keeping banking and business secrets;
- Politeness, i.e. diligent and correct attitude towards clients, colleagues and higher officers;
- Equal treatment of all clients;
- Providing clients with accurate and timely information regarding: required services, relevant regulations of the Law on Banks, Law on Prevention of Money Laundering and Terrorism Financing, Bank's General Terms and Conditions, Rules on Bank's approved products, together with paying respect to the Financial Services Consumer Protection Law, and
- Healthy competition (in accordance with this principle the Bank is recognized in the market for its dedication to keep the healthy practice).

Bank's current enactments and rules define in details implementation of the principles.

The final segment of this paper is dedicated to corruption and interest collision.

The Law on Anti-Corruption Agency defines corruption as a relation based on abuse of authority or influence in public or in private sector, for the purpose of gaining individual benefit or benefit in favour of another person, being a serious criminal act.

The Code is related to all activities of the Bank, since the Bank, as the active Global Compact member, has taken obligation to pay respect to the highest anti-corruption standards. In order to give its contribution to mitigation and minimization of the strategic and reputation risk, the Bank has the duty to pay special attention to all forms of corruption behaviour, their identification and prevention.

According to the Code of Professional Banking Conduct issued by the Association of Banks of the Republic of Serbia and the Bank's Code on anti-corruption combat and interest collision, corruption risks in the Bank may occur for revealing of professional banking secret, collision of employees' interests and Bank's business interest, private arrangements concluding, privileged information disclosing, unauthorized goods and services procurement and property disposal. For the aim of the corruption and interest collision risks minimizing, the employees are required:

- To pay respect to business secrecy rules;
- To protect Bank's and its clients property. Using Bank's devices, equipment and intellectual property for private purposes is forbidden;
- Not to publish insider's information or to disclose them to persons who may gain benefits thereby;
- Not to request, receive or accept any benefits and presents except symbolic i.e. cheap gifts (as calendars etc.);
- Not to sign private arrangements with Bank's clients;
- To arrange procurement of goods and services as well as their selling in conformity with Bank's authorizations, enactments and rules, and
- To avoid situations possibly leading to collision of employees' interests and Bank's business interest.

All employees are subject to this regulation, especially members of the Managing Board and Executive Board. They have the duty to pay special respect to the following principles:

- Members of the Managing Board shall not be engaged in another private company being the Bank's competitor, except in case that they have been authorized by the Managing Board;
- Members of the Managing and the Executive Board have the duty to keep Bank's interests in "*bona fide*" and loyal manner as well as not to use Bank's property in their personal interest, not to use their high position and access to information for the purpose of their personal enrichment or associated persons enrichment;
- When approving loans, members of the Credit Committee and the Executive Board shall keep their personal interests separated from Bank's business interest, fully support realization of Bank's interests and observe legal provisions and rules in force.

Breach of the principles shall be, according to the Code, considered as violation of the labour duty and therefore sanctioned.

This document, which encircles Bank's Anti-Corruption Program (being in synthetic connection with the Corporate Management Code and Policy on Integrated Quality Management), sets the framework for the progressive implementation of the SRB principles.

We are also devoted to all forms of providing education and information related to anti-corruption combat, both internal and external – under organization of various institutions and networks promotion sustainable model of anti-corruption combat on all levels. Upon initiative of the UN Global Compact Serbia Working Group for Anti-Corruption we took participation in the round table: "Anti-corruption combat – the way we do it" organised by the Chamber of Commerce of the Republic of Serbia and held in September 2014. On this occasion it was pointed out that modern companies face the corruption issue in every-days business, as one of the biggest challenges. For this reason it is necessary to work intensively on prevention and adopt clear rules eliminating every form of corruptive behaviour. "Round table" organisation represents continuation of anti-corruption activities promotion by Global Compact members, with the special focus at presentation of anti-corruption internal rules of the business sector. In this sense, Anti-Corruption Program of JUBMES banka was particularly recognized due to its authenticity and comprehensiveness. In the spirit of modern interpretations of anti-corruption combat it is primarily focused at prevention.

Thereby, Bank's business and value orientation based on respect integrity and ethics, promotion of responsible business values exceeding the legal regulations framework, creation of new products implementing the values and ethical standards is affirmed. This is "*differentia specifica*" of our strategic orientation, based on progressive implementation of the 10<sup>th</sup> principle, openness to new innovative solutions encouraging cooperation of various groups and readiness to take an active participation in implementation of strategic documents and development goals of the Republic of Serbia, focused at creation of the healthy competitive anti-corruption business environment and anti-corruption culture promotion.

### **III EFFECTS OF ACTIVITIES FOCUSED AT CSR (MARCH 2014 - MARCH 2015)**

- Activities of JUBMES banka a.d. Beograd related to implementation of Global Compact principles reflect our long-term dedication to values of responsible business and sustainable development, being realized progressively, creatively and integrally within the integrated quality management framework. In this way the Bank earned the strategic position of a competitive, recognizable and socially responsible financial institution, on both national and regional level;

- CSR Principles are integrated into new quality policy, information safety policy and environment protection policy, supporting the complex process of implementation of ISO standards 9001, 27001 and 14001. Considering the Integrated Quality Management System dynamics a set of integral enactments was prepared (rules, guidelines, codes etc.) promoting corporate social responsibility and healthy business principles, transparent corporate management concept as well as improvement of all activities focused at responsible business promotion;
- JUBMES banka maintained its strategic position as a creative subject of CSR principles promotion, developing its progressive phase of SRB principles implementation, paying respect to observation of dialogue and cooperation with various internal and external stakeholders, encouraging their value orientation towards sustainable development – corporate sustainability. We respond to global crisis' challenges by application of pro-active and innovative models for implementation of CSR principles in our operations. Responsible business model is a response of a modern business community to direct and indirect crisis effects, having impact on economic stability and social cohesion. This model is also a presumption for creating Bank's competitive position on this basis;
- The Bank continued to give regular support to operations of the Foundation of the Global Compact focused at promotion of UN Global Compact network on local/national/regional/global levels, with aim to promote initiatives oriented at progress of CSR and sustainable development, through synergic actions undertaken by entities from the public, business and non-governmental sectors. Namely, all sustainable development segments (economic, social, cultural and ecologic) has to be executed by engagement of various subjects – institutions from the public, economic and non-governmental segments and promotion of the trans-sector partnership – dialogue. Current UN Global Compact activities are carried out with aim of achieving the UN Millennium development goals until 2015.
- The Bank joined the national action for rendering aid to the population jeopardized by floods, by providing financial means and paying regular tuition to a child of a fireman who lost his life while saving citizens.
- In accordance with potentials at our disposal, we continued to take engagements under the UN Global Compact Serbia. We would point out our participation in work of the Working Group for CSR in banking and financial sectors (Banking Officer Project), our engagements in the team for extraordinary situations and Working Group for Anti-Corruption Combat. Upon the initiative of the UN Global Compact Serbia – the Working group for Anti-Corruption Combat JUBMES banka took participation in the round table: "Anti-corruption combat – the way we do it" held in September 2014 under the

organization of Chamber of Commerce of the Republic of Serbia. On this occasion we comprehensively presented our unique anti-corruption program.

- Bank's dedication to SRB principles and sustainable development values on internal and external levels is affirmed by its engagement under realization of the international credit line for small and medium enterprises and local public utilities companies, in the matter of analyzing and interpretation of social and ecologic requirements which projects have to meet in order to be accepted as eligible for financing by the credit line funds. The Bank also encourages positive value profiles of mainly corporate clients, in conformity with the principles of SRB and sustainable development.
- Being a socially responsible company we continued to improve systems for support of human rights protection, especially system for protection of health and safety, through regular professional trainings for the employees in the domain of health protection at work, fire protection and knowledge evaluation in this matter.
- Human resources management is also an important SRB segment. We continued to improve our employment policy and to encourage processes for permanent employees' professional improvement, in order to reach the targeted strategic goals. With this aim the Bank continued to encourage employees to attend courses, seminars and studies related to modern banking operations, products and services development, new regulations application concerning banking activities, FATCA regulations etc. Special attention is paid to experts' education in the information technologies domain focused at e-banking and information safety. Human resources policy is focused at encouraging of employees to get additional education and professional training in the domain of money laundering prevention and anti-corruption combat. In this way our employees get acquainted with the importance of the ethical principle, which requires zero tolerance against violation of the guaranteed economic, social, civil and other rights at work. Special attention is also paid to education on SRB principles (human rights prevention, labour standards, safety at work, anti-corruption combat, ecologic standards), as well as to the key role of the compliance function for the bankers system, in conformity with the legal regulations framework in force.
- JUBMES banka has continued to provide to all Bank's employees free systematic medical examinations and medical experts service under preferable conditions for the employees and their family members.
- We continued to give donations and provide other forms of cooperation to leading non-profitable humanitarian organizations in Serbia, elite and amateur sport organizations from the various sport branches (athletics, basketball, football, tennis, volley ball). We also supported the renewal of the "Soko"

traditional movement in Serbia, which binds sporting activities with moral values promotion.

- Special attention is also paid to sustainable development cultural aspect and to education of young persons, promoting high values of our national cultural heritage. With this aim we supported the action of "Politika" publishing company and the Government of the Republic of Serbia, for awarding the best pupils in elementary and high schools with coinage albums entitled "Famous Serbian Personalities". In this way we will help the youth get acquainted with the exceptional values being a component of national and thereby European traditional heritage.
- The Bank has continued to give support to activities and projects dedicated to inclusive society affirmation, as well as to non-profit organizations taking care of children's health, since sustainable development goals can be achieved only with healthy population.
- The Bank traditionally gives support to "Child's Heart" Humanitarian Foundation, being one of its founders and donors, especially encouraging individual actions focused at medical treatment of children having aggravating diseases.
- In 2014 the Bank supported project entitled "House in the middle of the road" launched by "Sava Ilić" Social Work Centre, Aranđelovac. The Bank donated funds for housing of one flat, granted by the municipality to the Centre. The main project's target is to provide home for homeless young people, who lost their socially protected status due to full age or schooling finish.
- The Bank has continued to support activities of "Uvac" - Special Nature Reserve d.o.o. Nova Varoš by donating funds for the fuel necessary for Reserve's vehicles which carry the slaughter waste to the vulture's feeding places, for the security officers expenses and for the waste elimination action in the Reserve's area.
- The Bank has continued to improve implementation of ISO 14001 Standards, by adopting a number of rules and guidelines for environment protection and for the management advancement related to environment protection principles implementation as a key segment of the sustainable development synergic concept.
- In 2014 the Bank has continued to take proactive and creative steps aimed to improve activities on realisation of UN Global Compact 10<sup>th</sup> principle – Anti-Corruption Combat. Thereby we confirm our leading position in this CSR segment, by creation of the comprehensive and consistent Anti-Corruption Program focused at prevention and promotion of zero tolerance against corruption. JUBMES banka is the first member of the Global Compact Serbia which signed the Declaration on Anti-Corruption Combat and presented its Report on 10<sup>th</sup> Principle implementation, in accordance with the Guidelines on

Reporting. Thus the Bank initiated adoption of the number of documents contained in the unique Anti-Corruption Program, including the “roof” enactment – the new Code on professional behaviour dated July 2014. This Anti-Corruption Program was evaluated as authentic and innovative contribution by the business sector to anti-corruption combat focused on prevention of corruptive behaviour in the spirit of local legal regulations and strategic documents and international business standards.

JUBMES banka keeps on with promotion of its activities progressive phase dedicated to socially responsible business and sustainable development, paying respect to each dimension of this concept, which is integrally correlated to the integrated management system.

Bank’s business and development strategies are based on the creative connection between our profile of a successful and high ranked financial organisation and promotion of CSR and sustainable development concept. By taking development and evolutionary attitude in Global Compact principles implementation and by expanding of range of activities, we provide for the prerequisites necessary for achieving Bank’s sustainable and competitive position in the local and regional financial markets, but we also give our active contribution to realisation of all phases of EU accession process of the Republic of Serbia.



#### **IV FUTURE ORIENTATION AND PLANS WITH AIM OF FURTHER PROMOTION OF CSR PRINCIPLES**

- By supporting various activities in the domain of UN Global Compact principles implementation, the Bank proves its permanent dedication to socially responsible business, being our continuous business and strategic orientation. The permanent goals of JUBMES banka, as a respectable competitive subject in local and regional financial markets are: the competitive positioning in national and regional markets with expanding of range of products and services aimed to mainly corporate clients, paying respect to socially responsible business, spreading responsible business culture on internal and external plans, taking active role in the UN Global Compact network and implementation of modern international standards in synthesis with CSR principles.

- The Bank plans its activities focused at the principles implementation in conformity with the Integrated Management Policy which encourages permanent evaluation and improvement of procedures and practices related to strategic management and corporate social responsibility management, with aim of achieving integral sustainable development i.e. economic, social/cultural and ecologic sustainability. The aforesaid activities are in conformity with our strategic standpoint towards CSR/corporate sustainability as important determinants of our business philosophy and ethics as well as of our new business model requiring permanent business progress and increased company's social and ecological responsibility.
- Our integrated quality management system, accompanied by ISO standards 9001, 14001 and 27001 implementation, is the framework for Bank's further advanced positioning and adopting values in conformity with SRB principles and consequently for gaining leader position among entities from the financial/banking sector. The Bank will affirm its competitive and sustainable position in the market by widening of the range of products/services which include principles of CSR and sustainable development, thereby giving contribution to sustainable development in all segments.
- As determined to keep its strategic orientation towards development of all SRB principles, JUBMES banka will continue to implement these principles in perspective, striving permanently to improve its activities (of both internal and external character), rules and practices for implementation of the Global Compact principles, cooperation through trans-sector and inter-sector partnerships with subjects coming from various social and business spheres.
- Improvement of management in the SRB domain will encourage the progress in implementation of UN Global Compact fundamental principles related to human rights, labour standards, environment and anti-corruption combat, being a principal target of this leading global voluntary initiative for CSR promotion.
- In accordance with its potentials and business profile, the Bank will 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 especially of entities from non-profitable sector which give support to integral implementation of SRB principles. The Bank shall also support observation of the right to progress as an indivisible human right, human rights culture, improvement of knowledge and better conditions of medical treatment especially with younger population, paying respect to labour and social standards, safety at work and safety culture, ecologic sustainability, healthy ethic business and business ethics, anti-corruption culture, democratic society promoting social inclusion, healthy sport spirit, tolerance and solidarity, promotion of values of national cultural heritage as a determinants of our national cultural identity.

- By comprehensive implementation of all Global Compact principles and improvement of CSR policy in correlation with the integrated quality management system, JUBMES banka will give more significant support to execution of strategic development priorities of the Republic of Serbia and requirements posed within the negotiations for accession process of the Republic of Serbian to European Union, as well as to implementation of principles of sustainable development and responsible business values by local business entities.



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President of the Executive Board



Velibor Tatić,  
Vice-President of the Executive Board