



KOMERCIJALNA BANKA

Meni najbliža

UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS

2018



UN GLOBAL COMPACT
COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

ABOUT US

Komercijalna Banka AD Beograd is one of the leading banks in the Republic of Serbia. In addition to Komercijalna Banka AD Beograd, the Group also includes Komercijalna Banka AD Budva (Montenegro) and Komercijalna Banka AD Banja Luka (Bosnia and Herzegovina).

Komercijalna Banka offers a full range of banking products and services to retail and corporate clients, providing support through modern, innovative and personalised banking products.

OUR VISION

We are a leading Serbian and regional bank and a major contributor to economic development, a higher standard of living, overall prosperity and fostering and acceptance of progressive values across all areas of business and creative work.

OUR MISSION

We are a sound and reliable financial institution, a recognised financial brand, positioned as a leader in key business segments.

We support our clients through modern, innovative and personalised banking products, with the highest quality service.

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

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



Foreword by Vladimir Medan

Chief Executive Officer of the Executive Board of Komercijalna Banka AD Beograd, to the 2018 UN Global Compact Communication on Progress

Development of digitization in the financial market continued in the past year, as well as attracting new clients with more favourable credit conditions. The Bank monitored these events and successfully adapted to the conditions and changes in the market.

In its strategy for improving client relations, in the previous year it was decided to purchase CRM software, the essence of which is that each client is identified and differentiated according to its needs and the values it creates for the Bank. In this way, effective interaction with a client will be achieved by offering products and services intended exclusively for its needs and abilities.

Our company is committed to behaving responsibly towards employees, clients, business partners and all members of society. And this is the reason why the Bank has kept one of the leading positions in the public eye for a long time, measured by recognition criteria for brand, quality and satisfaction with the products and services that clients use.

The Bank will continue striving to maintain stable business operation, growth and profitability. We want to use new opportunities for further development, but still supporting the principles of the Global Compact. The Bank will continue developing its human rights, labour, environment and anti-corruption activities.

The Ten Principles of the UN Global Compact

The UN Global Compact aims to promote ten universally accepted principles of human rights, labour, environmental and anti-corruption.

Human rights

Businesses should:

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

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

Labour

Businesses should:

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

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

Principle 5: effectively abolish all forms of child labour, and

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

Environment

Businesses should:

Principle 7: support a precautionary approach to environmental challenges,

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

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

Anti-corruption

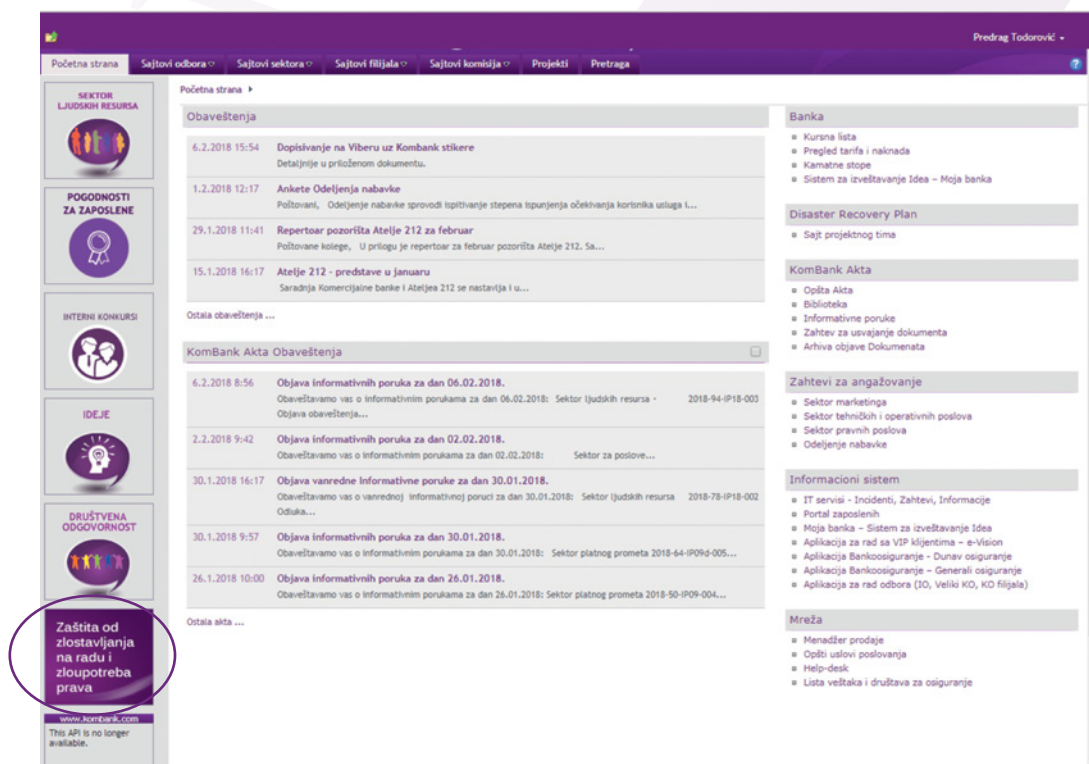
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

HUMAN RIGHTS

Komercijalna Banka fully respects the principles of human rights protection, i.e. it supports and respects to the letter the protection of internationally proclaimed human rights (principle 1) and makes sure that it is not complicit in human rights abuses (principle 2).

With the aim of implementing the provisions of the Anti-Mobbing Law and the Rulebook on the code of conduct of the employer and employees regarding the prevention of and protection from mobbing, the Bank has published on its internal Portal:

- Person for support - a person who an employee who suspects that he/she is subjected to mobbing may address to in order to present the problem, provide advice and support with the aim of preventing and recognizing mobbing;
- Person authorised for initiating a process for protection from mobbing.



Contact for Ethical Issues and Complaints

All questions raised by employees with regard to application and interpretation of provisions of the Labour Law, the Law on Gender Equality, the Law on Prohibition of Discrimination, the Law on Prevention of Harassment at the Workplace, the Law on Professional Rehabilitation and Employment of Persons with Disabilities..., as well as any grievances and complaints, were properly answered by the Labour Law Department and the Human Resources Department of the Legal Affairs Division.

PROTECTION OF EMPLOYEES' LABOUR RIGHTS

Komercijalna Banka fully upholds the freedom of association and the effective recognition of the right to collective bargaining (principle 3), the elimination of all forms of forced and compulsory labour (principle 4), effective abolishment of child labour (principle 5) and the elimination of discrimination in respect of employment and occupation (principle 6).

Komercijalna Banka upholds labour rights as they are set out in the Labour Law of the Republic of Serbia. The Labour Law is harmonised with the conventions and recommendations of the International Labour Organisation ratified by Serbia and incorporates all standards and norms which provide for the rights, protection and working conditions of workers in accordance with those conventions and recommendations.

Furthermore, the Labour Law also transposes relevant EU Directives, thus enabling workers to exercise their rights in accordance with the international standards.

The Bank upholds its employees' freedom of association and the effective recognition of the right to collective bargaining through the operation of the Independent Trade Union of Komercijalna Banka AD Beograd.

Employees' collective rights include freedom of association, the right to unionise, the right to collective bargaining, the right to sign a collective agreement and the right to information. They also include the right to express one's views on important labour matters, the right to consultation, the right to participate, the right to amicable settlement of collective and individual labour disputes and the right to take collective action.

Komercijalna Banka remains fully committed to principle 4 and strictly avoids all forms of forced and compulsory labour. The Bank has never been sued, indicted or penalised for forced and compulsory labour.

In accordance with the Law on Prevention of Harassment at the Workplace, any harassment, sexual harassment or abuse of the right to protection from harassment is prohibited and punishable.

Every employee has been made fully aware of his/her rights, duties and responsibilities and those of the Bank. All required information is permanently accessible on the Bank's internal portal; in addition, each employee has received written notice of this.

Furthermore, Komercijalna banka fully supports effective abolishment of all forms of child labour and does not employ persons under 18 years of age (although the Labour Law permits the hiring of persons younger than 18 in certain specific cases) and has no commercial relations with any economic entities that hire persons under 18 years of age.

AGE STRUCTURE OF EMPLOYEES OF KOMERCIJALNA BANKA IN 2018

Overview of employees of Komercijalna banka by age structure						
Age interval	Under 30	31 - 40	41 - 50	51 - 60	Above 60	Total
31 Dec 2018	76	907	845	814	124	2,766

Komercijalna Banka also combats discrimination in respect of employment and occupation by complying with the provisions of the Labour Law, the Law on Gender Equality and the Law on Prohibition of Discrimination.

GENDER STRUCTURE OF EMPLOYEES OF KOMERCIJALNA BANKA IN 2018

Overview of employees of Komercijalna banka by gender					
Gender	Women		Men		Total
31 Dec 2018	2,028	73.32%	738	26.68%	2,766

Staff Professional Development

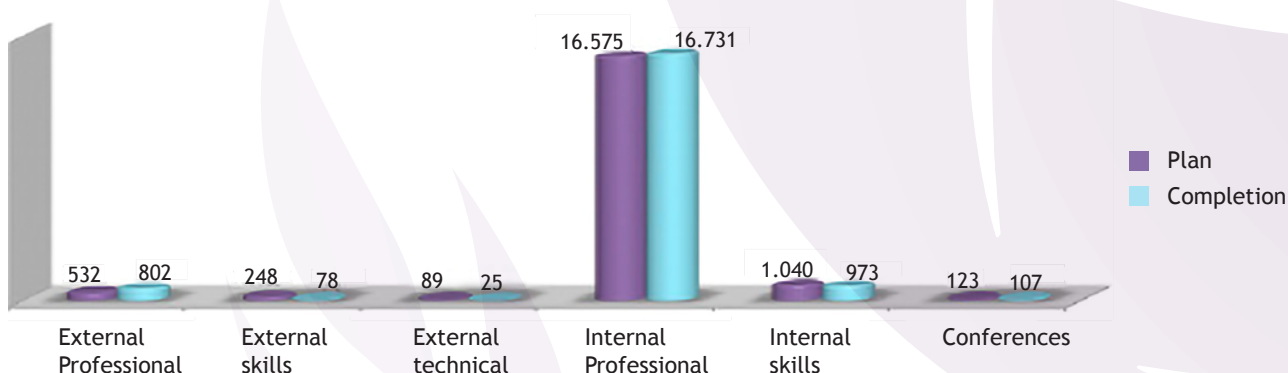
The Bank continuously invests in employee training and development taking into account the developmental needs of employees for improving knowledge and skills.

Continuing education is an imperative for further development and progress of the Bank, as well as the investment that contributes to the development of individuals, increase employee productivity and overall business success. The participation of the Bank's employees in conferences allows for additional linking and exchange of experience with experts in the field of banking, following new trends and achieving potential business cooperation.

Development activities in 2018 indicate the continuation of qualitative improvement and proactive approach in the field of employee development and training realisation. This approach is primarily based on precise identification of employees' development needs, defining and adapting training contents, ensuring the completion of a large number of internal professional training, as well as measuring and improving the quality of training and training process. All completed training sessions have a precisely determined organisational goal (what is desirable to achieve by training), connected to the Bank's strategic and business goals.

For the year 2018, a total of 18,484 trainees are planned for different training sessions, while 123 participants are planned for participation in the conferences. By the term "Trainee" it is understood that some employees may attend several different training sessions.

The graph below shows a comparative overview of the planned number of trainees for the year 2018 compared to the number of trainees who attended the training sessions completed in 2018.



Observed by a trainer, the internal training sessions completed by employees from the organisational parts of the Bank in cooperation with the Human Resources Division were attended by 17,704 trainees (one employee attended several training sessions during the year), while the training sessions for which the external trainers were hired were attended by 1,012 trainees. Also, nine internal on-line training sessions were organised.

In addition to organising professional training sessions, the emphasis during 2018 and special attention were given to skills training, which was aimed at defining and developing the skills of employees that they need for successful work.

Considering the business needs of the Bank by the Retail Business Analytics Division, from March 2018 three new internal skills training sessions were launched, which were attended by a total of 269 employees:

- Unique approach of sales managers in work and communication with clients
- Simulation of sales interview
- Cooperation of the micro and agro business coordinators with the managers of the sub-branches in order to improve sales

The aim of the above training sessions is as follows:

- Identification of all products and services of the Bank from the segment of natural persons
- Unifying the approach in communicating with clients
- Active listening during sales
- Product sales techniques
- Improving sales activities in order to achieve results

During 2018, the Human Resources Division continued with the initiative it launched in the previous year, which refers to conducting internal skills training. In addition to the training Efficient Management, Assertive Communication, Stress Management, Time Management, we designed and delivered training Flexibility in Communication that was attended by 53 employees.

Accordingly, at the beginning of 2018 a series of workshops were organised with employees in the Retail Function, where job profiles and competencies were created, which were necessary for the performance of tasks within a sub-branch. Based on defined job profiles, a two-day workshop was held in January 2018 with managers of the Retail Function and the managers of the Business Centers. The workshop was divided into several thematic units: an introductory workshop that dealt with the topic of the organisational culture and values of the company, the presentation of the results achieved through creating job profiles and an interactive workshop through which participants could practically find out and learn how to adequately assess the competencies of their employees.

In the course of 2018, coaching methodology was successfully implemented, through the application of individual and team coaching in working with employees.

In recent years, coaching has been the most current methodology used in dealing with individuals and teams, since it, in the most efficient way, liberates human potential, creativity, extends and raises the capacities of employees.

Such an integrative approach to the development of competencies and skills of employees influences the improvement of motivation, loyalty, interpersonal relationships and team spirit among employees working in different organisational units.

Professional practices

In cooperation with faculties and schools throughout Serbia, the Human Resources Division organised the professional practices of students and pupils at Komercijalna Banka. In 2018, 28 practitioners were trained in Belgrade and Novi Sad.

The practice is organised for up to 10 working days in small groups and results in excellent communication between the co-mentors in the Bank and practitioners. Students and pupils complete practice with positive impressions, because their practical work gives them the opportunity to improve their competencies to successfully apply professional knowledge and methods in given practical situations, as well as to contribute to more intensive linkage of theory and practice. As a feedback from contact with professional practice, incentives are expected to master the profession and the motivation for performing similar jobs after graduation.

ENVIRONMENT

Komercijalna Banka strives to responsibly support a precautionary approach to environmental challenges (principle 7), promote greater environmental responsibility (principle 8) and encourage the development and diffusion of environmentally friendly technologies (principle 9).

Komercijalna Banka continues observing the highest international standards and values in offering financial products and services, developing environmental protection activities and applying best practices in sustainable finance.

Recognising the importance of corporate social responsibility, Komercijalna Banka adopted its Environmental and Social Policies and Procedures and defined the standards for identifying and managing environment and social risks in the process of loan approval and monitoring. It also defined the procedure for resolving and responding to grievances/complaints arising from direct or indirect environmental and social impact of its operations. Complaints based on environmental and social impact can now be filed using a contact form available on the Bank's website.

The screenshot displays the Komercijalna Banka website with a contact form overlay. The website header includes navigation links: Stanovništvo, Mikro biznis, Poljoprivreda, Privreda, E servisi, and Kontakt. A sidebar on the left shows a 'Kursna lista' (Exchange rate list) with options for Euro, Dollar, Pound, and Franc. The main content area features a 'KONTAKT FORMA' (Contact Form) with the following fields: 'Ime i prezime' (Name and surname), 'E-mail', 'Telefon', 'Adresa', and 'Prigovor' (Complaint). A 'Vaša poruka' (Your message) text area is also present. Below the form, there is a link to 'Obaveštenja o podnošenju prigovora' (Notifications on filing a complaint) and a 'Pošaljite' (Send) button. The website footer includes a video player with a play button and a date of 01.03.2019.

The Rules of Conduct and Professional Ethics of Komercijalna Banka AD Beograd contain a Code of Conduct aimed at improving and regulating in detail the existing principles of business ethics and rules of conduct. A separate section within this Code deals with environmental protection and reads as follows:

- The Bank's commitment to operating in accordance with the principles of corporate social responsibility includes respect for environment protection principles.
- Managers and managing bodies are required, within their respective responsibilities, to raise awareness of the importance of environmental protection, to anticipate the environmental impact of the Bank's business activities, to promote the use and development of environmentally friendly technologies and undertaking of preventive measures and, through elimination of consequences of endangering the environment, to contribute to improvement of the Bank's environmental protection processes.
- Employees have a duty to apply and implement procedures and measures in order to improve operations through adherence to environmental protection standards.
- Clients and business partners are also expected to comply with the regulated environmental protection standards.

ANTI-CORRUPTION

Komercijalna Banka actively and successfully works against corruption in all its forms, i.e. it adheres to *principle 10 of the UN Global Compact*.

Komercijalna Banka bases its anti-corruption activities on the Code of Conduct/Rules of Conduct and Professional Ethics recommended by the EBRD, which explicitly prohibit any corruption and fraud.

In its fight against corruption, it strictly controls all processes and carefully selects employees, suppliers, partners and clients.

The issue of corruption is also regulated by the Procedure on Handling of Fraud, as bribery is identified as a form of fraud. These provisions govern the Bank's internal control in the part pertaining to detection and prosecution of fraud. The Procedure applies to all organisational forms and organisational units of the Bank and the subsidiaries, members of the Bank's Group.

During 2018 there were no reported cases qualified as corruption (bribe and extortion).