



Trag Foundation, Serbia

**Communication on Engagement
to the
UN Global Compact**

Period covered by this Communication on Engagement:

2021 - 2022

Part I:

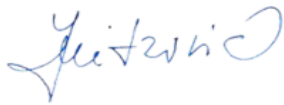
Statement of Continued Support to UNGC

To UN Global Compact Board Members and our stakeholders,

I am pleased to confirm that the Trag Foundation, registered in Serbia, reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact, for the period 2021 – 2022. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for non-business organisation like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Marija Mitrović
Acting Executive Director

Part II

OVERVIEW OF KEY PRINCIPLES, POLICIES AND STRATEGIC PRIORITIES

Trag Foundation (hereinafter referred to as Trag), registered and based in Belgrade, Serbia, has been a member of the UN Global Compact Network since 2008, as one of the first civil society organizations in Serbia and the region committed to supporting its leading Ten principles.

Trag **mission** is to contribute in building active and open local communities by providing assistance to joint initiatives of citizens in these communities. Trag does this by providing financial support, promoting philanthropy and providing other types of support needed. Trag has a vision of Serbia as a just and open society, whose citizens actively and responsibly take initiatives in order to improve their communities. Such a society is based on principles of respecting human rights, tolerance and solidarity.

Our **ethical code** is based on our values. Therefore, we try our best to:

- Respect local communities, associations, organizations and the people we work and cooperate with,
- Be independent and open-minded in making our decisions, always according to our values and goals,
- Treat donation receivers fairly, responsibly and with respect,
- Respect the rights of our employees and associates,
- Avoid possible conflicts of interest, and react accordingly if they exist,
- Use the funds allocated to us responsibly, effectively and efficiently, according to the standards appropriate for nonprofit sector,
- Be transparent when it comes to financial operations, and regularly publish annual reports of independent auditors.

Trag Foundation is dedicated to **continued development** and revision of its own politics, practices, approach and programs in order to contribute, in the best way possible, to the development of Serbia as an open society whose citizens start initiatives for their community improvement in an active and responsible manner. Transparency stands out as one of the most important principles and Trag serves as a role model and initiator of the creation of the framework for transparent action and reporting.

We continue to cooperate with important stakeholders, such as the business sector – companies, small and medium enterprises, business associations - as well as the state authorities, media, international organizations, other civil society organizations and networks.

Part III

REPORT ON TRAG FOUNDATION ACTIVITIES

2021 - 2022 (2 year report)

1. ENGAGEMENT WITH GLOBAL COMPACT LOCAL NETWORKS

Trag (formerly known as BCIF – Balkan Community Initiatives Fund) joined the UNGC Network in May 2008, becoming one of its first civil society members in Serbia. In the previous two terms, the Executive Director of the Trag Foundation served as a member of the Board of Directors, and in the most recent term, held the position of Vice President.

Since 2018, Trag has served as the secretariat for the UN Global Compact Local Network Serbia and is responsible for all its activities. During this period, the Trag Foundation organized two Annual Assembly meetings of the LN, chaired monthly meetings of the Working Group on Sustainable Development Goals, and facilitated the overall activities of the LN. This period has seen increased participation of LN Serbia in UNGC global programs and initiatives.

We regularly participate in the Ring the Bell initiative, alongside partners such as IFC, UN Women, the Belgrade Stock Exchange, the UN Resident Coordinator, the Commissioner for the Protection of Equality, and member companies dedicated to SDG 5 – Gender Equality.

For two consecutive years, we coordinated the participation of the local network's representatives at the Leaders Summit. In 2021, a member of the Executive Board and CFO of Banca Intesa participated in the panel discussion titled "Capitalizing on Innovation to Fast-Track SDGs in Eastern Europe," alongside representatives from Turkey, Russia, Poland, Georgia, Bulgaria, and Ukraine. The following year, Dr. Ronald Seeliger, CEO of Hemofarm, participated in the panel discussion titled "Tackling the Triple Planetary Crisis: The Role of the Private Sector in Europe." This panel featured leading representatives from companies such as Cargotec from Finland, Kordsa from Turkey, and SSAB from Sweden.

Our cooperation with the Office of the UN Resident Coordinator in Serbia, as well as with UN entities such as UN Women and UNHCR, has intensified to promote topics related to climate change, sustainable development goals, gender equality, and the economic inclusion of refugees. The local network has facilitated the participation of Serbian companies in accelerator programs related to gender equality, sustainable development goals, climate issues, and business and human rights. As the host of the Local Network, Trag Foundation continues to coordinate the involvement of companies in these initiatives and provide ongoing support to LN members in reporting progress and engagement opportunities.

Trag remains recognized as one of the leading civil society organizations working with businesses and government institutions to promote the protection of human rights, labor opportunities, transparency in its activities, and environmental protection. The wider Trag staff also actively participate in the activities of the UNGC Local Network and those of member companies and organizations.

2. ENGAGE COMPANIES IN GLOBAL COMPACT RELATED ISSUES

Trag is one of pioneer civil society organizations in Serbia to engage with companies on their CSR activities, particularly in the field of corporate philanthropy, engagement in local communities and social entrepreneurship development.

2.a. Development and promotion of corporate philanthropy

VIRTUS AWARD

VIRTUS annual philanthropy award is the longest-standing award of this kind to be organized in Serbia (since 2006). It is a major national landmark celebrating business community commitment to giving for the public good, celebrating its 15th anniversary in 2021. Trag continues to award and acknowledge the exemplary companies and those who significantly contributed to the development of philanthropy in their local communities. Decisions are made by consensus among members of the independent jury representing various stakeholders, such as the economic media group, national business managers' association, public opinion agency, government ministry, University of Belgrade – School of Economy, publishing company, creative industry, etc.

Due to the COVID-19 virus pandemic, award ceremony for 2021 (held in March 2022) needed to adjust the format to facilitate social distancing and respect for pandemic measures. Therefore, Trag launched an integrated communication campaign and invested considerable efforts to promote the contributions of award winners on the social media accounts of the Trag Foundation, as well as in local and national media. Award ceremony for 2022 was held in person in March 2023.

Each year Trag awards 4 major corporate philanthropy awards:

❖ Main Award for contribution at the national level (winners respectively):

2021 - Schneider Electric; 2022 – Vega IT;



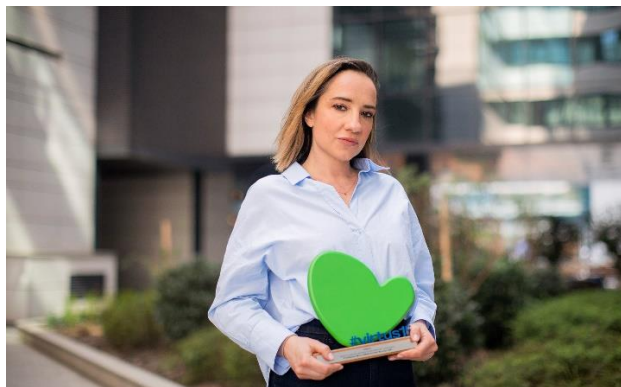
❖ Award for small and medium size enterprises

2021 – Fast Food Smerdov; 2022 – Bosis d.o.o. Valjevo



❖ **Award for partnership between profit and non-profit sector**

2019 - Predstavništvo Mastercard Europe SA Beograd; 2022 - Generali Osiguranje a.d. Srbija



Special awards also include those for promotion of gender equality, best innovative practices, etc.

Many of the awarded companies are also very active members of UNGC Local Network Serbia (Delta Holding, Hemofarm a.d, Telekom Serbia, Banca Intesa, ERSTE Bank, etc).

In 2021, Trag Foundation organized meeting with small and medium businesses in Serbia to promote the importance of socially responsible business and to encourage them not only to incorporate social responsibility principles into their operations, but also to speak publicly about their activities, in order to motivate and inspire others, who remain very active in their local communities.

In addition to this, in 2022 Trag marked the fifteenth anniversary of the award with a series of posts entitled **"15 good years"**, presenting interesting information and statistics on the nominations received and the winners announced throughout the years. Overall, the 15th VIRTUS promotional campaign had excellent visibility, outreach and results. During the competition, Trag recorded 20 TV and radio appearances, 32 press reports and 82 online articles about the VIRTUS Award, while the digital campaign reached approx. 700,000 people via Trag's social media.

Who Collaborates Wins publication



In May and June 2022, Trag Foundation conducted a study focused on analysis of long-term partnerships between business and civil sectors in Serbia, awarded with the VIRTUS Award for Philanthropy. Based on the data harvested, Trag prepared a publication entitled ["Who Collaborates Wins"](#). A methodology behind this publication combines desk research, focus group interview involving long-term members of the VIRTUS independent selection jury, surveys for awarded CSOs and businesses, and statistical and qualitative analysis of behavior of both partners, all on a quest for a key ingredient that makes a successful and long-lasting collaboration between these two sectors. The analytical strategy of this research was shaped by the available dataset, which was derived from practical work. The publication was prepared as part of the open call for research proposals to showcase CSO-private sector cooperation through examples of successful CSO-private sector

partnerships, with the financial support of the Balkan Civil Society Development Network - BCSDN and the CSO Partnership for Development Effectiveness.

This research paper was premiered at the regional online event *"CSO and Private Sector Cooperation: Regional Practices within the Global Trends and Threats"*, which was organized on November 17th by the BCSDN. The publication was presented by its author, Nevena Mijatović, Trag's Coordinator for monitoring and evaluation, while Nathan Koeshall, the Executive Director of Catalyst Balkans, delivered expert input towards the presented findings and practices acknowledged through the study. The publication was additionally presented to representatives of the civil and business sectors during the *meeting of the Working Group on Sustainable Development Goals within the UN Global Compact Network Serbia*, which was held in the premises of the Serbian Chamber of Commerce and Industry in Belgrade on November 25th. Along with the main findings and conclusions, the representatives of NURDOR and Nelt also shared an overview and their impressions on their inter-sectoral cooperation.

National Conference on Philanthropy - Trag Foundation organized a third cross-sectoral conference on philanthropy, National Conference on Philanthropy: New Reality – New Opportunity in the digital environment in early November 2021. The participants discussed various topics including the improvement of the environment conducive to philanthropy development, giving to the common good in times of humanitarian crises such as the COVID-19 pandemic, the initiative to remove VAT on donations of food before its sell-by date, the use of tools for digital promotion of philanthropic activities, the ways of inspiring companies and citizens to strategically contribute to the common building of the philanthropic infrastructure, as well as the use of models of alternative financing and securing financial sustainability of the CSOs through building an endowment or reserve fund. Citizens from 21 countries, within the civil, public and corporate sectors, as well as from media outlets, visited the streaming platform and attended the online conference.

In November 2022, Trag organized the fourth consecutive National Conference on Philanthropy, which was dedicated to community foundations and implemented within a scope of the *"Our local foundation - community has a say!"* program with financial support from the Charles Stewart Mott Foundation. The event gathered over 130 representatives of the civil, business and public sectors, as well as the media, who had an opportunity to discuss the process of establishing a community foundation from initial idea to registered organization, the ways of citizens contributing to the community development, how community foundations can inspire local people to take action, why even small funds play an important role in major

changes, investing and fundraising for women's organizations and women's empowerment nowadays, as well current and emerging philanthropy practices and trends.



The Philanthropic Agenda 2.0

In 2021, [Philanthropic Agenda 2.0](#) was completed and presented on various occasions. This time, the priority was given to indirect taxation, described before the policy analysis of the legal framework governing direct tax. The public campaign "Save Food, Save Humanity" was one of the most visible campaigns of this project and one of the most burning issues Trag advocated for. Therefore, Trag Foundation wanted to emphasize the legal difficulties for food donations, particularly the tax treatment of surplus food donations very early on in the Philanthropic Agenda 2.0. The laws analyzed in Agenda 2.0 were primarily Law on Corporate Income Tax, Law on Personal Income Tax, Law on Property Taxation, Law on Food Safety, Law on Volunteering and other relevant regulations.

The policy proposal related to VAT on food donations

In 2021, the Coalition for Giving (of which Trag is member) and the Chamber of Commerce and Industry of Serbia (CCIS) submitted a proposal on VAT exemptions on food donations to the Prime Minister's Office and worked on preparing the drafts of legal documents. Different stakeholders were involved - including the business sector representatives e.g., Lidl, Coca Cola and Nestle, member companies of CCIS, NALED and AmCham, as well as the major food donation intermediaries e.g., Food Bank, Red Cross and ADRA. Valuable comments were collected, reflecting different perspectives and views on the regulation but providing space to address all the possible issues and malfunctions. The document was finalized in September 2021. In November and December 2021, the Coalition for Giving and a tax expert reworked the proposal and created four different approaches to addressing the VAT or income tax.

These proposals will represent the basis for future negotiations.

Banking fees on food donations

In early 2021, the Trag Foundation members participated in preparing the criteria for removing the banking fees on food donations, presented and discussed at the meeting with bank representatives in April 2021.

Keeping in mind that the banks use different technical systems and that there is a different understanding of humanitarian purposes/common good, the Coalition for Giving proposed a relatively simple solution - to establish a common harmonized register. This register would be offered to all banks for use. Updating thereof and annual evaluation would be handled by a committee composed of civil society organizations (Coalition for Giving) and commercial banks. It would operate on a similar principle: mobile operators unanimously agree that organizations can get an SMS number to collect donations without commission.

The model was tested on National Day of Giving 2021 when the five banks abolished fees for the fundraising campaign.

2.b. Engagement in local communities

In 2019 Trag Foundation, with the support of the Charles Stewart Mott Foundation, launched "Our local foundation – community has a say!" program with a long-term goal to encourage and support the establishment of community foundations and the community foundation movement in the Western Balkans region.

Since our establishment, Trag Foundation has been keenly following the community foundation movement around the world, concluding that it represents a good way to gather people around a positive change. In our opinion, community organizing in the smallest local units – be it buildings, neighborhoods or towns – is necessary for restoring trust in the ability of community members to change their environment and thrive. However, community organizing needs to have sufficient space and resources to make these changes possible and our practice shows that community foundations can be an agent of this change.

Since 2019, Trag has supported the establishment of three local foundations in Serbia (Niš, Pančevo, Stara Pazova) and three in Bosnia and Herzegovina (Sarajevo, Zenica, Bijeljina). Currently, it is providing support to three more groups that aim to establish local foundations in their communities in Serbia.



Throughout the duration of the program "Our local foundation - Community has a say!", community foundations in Stara Pazova, Pančevo and Niš raised 64,558.55 USD that Trag matched up to 46,500 USD and supported 72 initiatives in their communities with 81,414.79 USD, through 8 open calls. Upon their registration, Trag also provided an institutional grant of approximately 15,500 USD (15,000 EUR) to support their operations in the first year of independent work. Initiative groups from Zenica, Sarajevo and Bijeljina jointly raised 13,625 USD and supported 23 initiatives with 18,618.03 USD. Majority of these initiatives were implemented by the end of 2022.

During May and June 2022, Trag opened a second call for participation in the program "Our local foundation - Community has a say!". Open call resulted in 27 applications and 3 selected initiative groups from Smederevo, Zrenjanin and Rasina County. From September new initiative groups worked on the inception phase of program implementation, promoted the idea of community foundations in their social circles, enlarged the initiative team and created their work plans. With the support of the Trag team, initiative groups had a chance to meet with registered foundations team members and learn more about the process from their peers.

In 2022, In collaboration with European Community Foundations Initiative, Trag has prepared a publication titled "Connecting Community Foundations with the SDGs," highlighting the ways in which community foundations, through their work, contribute to the achievement of the Sustainable Development Goals and the Agenda 2030.

2.c. Development and promotion of social entrepreneurship

Trag has also engaged in activities to engage companies in promoting social entrepreneurship, through its active work in civil-society led Coalition for Development of Social Economy (KoRSE, formerly known as the Coalition for Development of Social Entrepreneurship), together with other local partners (European Movement in Serbia, Smart Kolektiv and IDC – Initiative for Development and Cooperation). In the reporting period, the Coalition for the Development of Solidarity Economy achieved mayor success in advocating for the policy change. After almost a decade of work on the Draft Law, the Law on Social Entrepreneurship was adopted on February 4, 2022. The law represents one of the most advanced legal solutions for the social entrepreneurship sector in Europe and, for the first time in Serbia, sets the legal framework for the sector in which around 500 companies operate. In the same year, the Coalition worked on the creation of the Program for Social Entrepreneurship for the period from 2023 until 2028 year. The Program is concentrated on the development of social entrepreneurship as a sustainable, innovative and inclusive business, aligned with wider social interests. Furthermore, the Program focuses on three main goals: development of stimulating institutional and regulatory framework for the development of social entrepreneurship; development of efficient and coordinated financial and non-financial support for the operations of social entrepreneurship entities and affirmation of social entrepreneurship, through informational and educational measures intended for the general public. It is expected for Program to be adopted in 2023. year. Furthermore, in the reporting period the Coalition realized 8 projects in total in order to support development of social entrepreneurship in Serbia.

Green Ideas

Green Ideas program aims to instigate united citizens to use and develop innovative entrepreneurial ideas and operate with business sector technologies and knowledge when resolving social problems within local communities while preserving natural resources and the environment in the function of the principles of sustainable development. After the call for proposals, best business ideas were pre-selected, and the participants attended an online training on solidarity entrepreneurship. Prior to the final competition, Trag provided consultations - detailed instructions, templates for their presentations, and feedback on how to pitch their ideas better. National Forum for Green Ideas was organized in June 2021, where ten finalists pitched their ideas in front of the Jury consisting of experts from both business and non-government sectors, as well as from social enterprises. The following ideas won national Green Idea prizes in 2021:

- Retex – Center for collecting and recycling textiles, Women's Centre Uzice, an innovative center for collecting and recycling fabric, which employs women from vulnerable groups, and is based on the principles of solidarity economy;
- NewPen DOO, Smederevska Palanka, which produces graphite pencils and crayons made of upcycled newspapers, aims to protect the environment in many ways.
- Step Up Biz App, Step Up, Belgrade, a pedometer app for mobile phones that companies will rent for their CSR campaigns to motivate employees to do good for themselves and the community.



In 2022 competition, the jury selected the 3 ideas to be awarded 5.000 USD each and to participate in the Balkan Green Ideas regional competition. The first place was shared equally by two companies:

- Organela d.o.o., from Belgrade, which is engaged in the production of organic food, with the aim of making it available to as many people as possible, and to make it free for those who need it most.
- MIXKON d.o.o. company for professional rehabilitation and employment of persons with disabilities, Banja-Arandelovac, which is engaged in the production of refractory materials. Their goal is to use 100% waste material from local landfills for raw materials, which they would recycle into products for making molds for foundries.
- The third place went to the company "Green Express" from Sremska Mitrovica. It is a newly established enterprise that will deal with transporting goods in road traffic in the most environmentally friendly way. The company's mission is to create a more beautiful, safer, healthier living environment by using electric delivery bikes (cargo bikes) with increased cargo capacity.

2.d. Corporate Partnerships Built

CCHBC Volunteers Club Serbia (corporate volunteering)



Since 2017, Trag has been strategic civil society partner of Coca-Cola Hellenic Serbia, in organizing various activities for the volunteering staff – selection and proposals of host CSOs, organization of volunteering events, reporting and follow-up. Each year, on average, Trag organized 5-6 local events, bringing together CCHBC employees to engage in CSR activities and support the work of local CSOs.

In 2021, three community cleaning actions were organized in the local communities where the company has factories and distribution centers - in Landscape Of Outstanding Features "Vlasina", Niš and Novi Sad. In 2022, Trag organized six volunteer actions for the employees of Coca-Cola HBC, which included tree planting at several locations, cleanup activity as well as creating Christmas gift packages for children in orphanages.

3. PARTICIPATE IN GLOBAL COMPACT GLOBAL AND LOCAL EVENTS



Since 2018, Trag has been responsible for the Secretariat of the Global Compact Local Network Serbia. Trag has actively and regularly participated in preparation of various joint UNGC events in Serbia such as annual thematic conferences, seminars and working group sessions, consultations with the UN relevant bodies on SDGs and Agenda 2030 promotion and implementation. In 2021 and 2022, Trag supported UNGC Local Network Serbia to organize the Annual Assembly meetings, present the annual reports and working plans for the following years. With Trag's support as the host, the Local Network has coordinated the participation of

companies in numerous global initiatives, including Ring the Bell for Gender Equality, SDG Ambition, Climate Ambition and Business & Human Rights accelerators, with the goal to promote the importance of the Ten Principles and their practical implementation. Trag has also coordinated the participation of member companies in the regional publication "The Future is Green and Inclusive" and the involvement of

representatives from member companies in international conferences such as Leaders Summit and Target Gender Equality LIVE. Trag continues to seek opportunities to engage more strongly with the Global Compact 10 principles and the Agenda 2030, at regional, national and local levels