

UN GLOBAL COMPACT PROGRESS REPORT

2013



About us:

In 2013 Komercijalna banka AD Beograd continued to successfully operate in the Republic of Serbia and in the region. Apart from 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 both retail and corporate clients with 1.3 million active accounts and over 900,000 satisfied customers.

Our vision:

We are a leading bank in the country and in the region and we make a considerable contribution to the development of the economy, better quality of life and overall prosperity, creation and acceptance of progressive values in all areas of work and creativity.

Our mission:

We are a strong and reliable financial institution, a respectable financial brand with a leading position in all major types of banking activities.

We provide support for our clients by offering top quality service and modern, innovative banking products adjusted to the clients' needs.

We apply 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



President of the
Executive Board
Ivica Smolić

A stylized, handwritten signature in black ink, consisting of a large 'I' and 'S' followed by a flourish.

Introductory statement by Ivica Smolić, President of the Executive Board of Komercijalna banka AD Beograd in the Global Compact Report for 2013

Since signing the UN Global Compact in 2007 Komercijalna banka has been supporting the principles of this agreement by developing its activities in the areas of human rights, labor, environment and anti-corruption.

In 2013 we continued to promote greater responsibility for the environment by implementing socially responsible projects, and we also increased the number of trained employees through professional training, skills development and technical training.

This is the best possible manner of expressing our belief and understanding that our clients, partners and all other stakeholders from the social milieu we come in contact with are part of the same family, the family of Komercijalna banka.

As a model family, in 2013 we continued to foster, develop and promote in our activities all the ten principles of UN Global Compact. In doing so, we have become a better company and we believe that other companies will follow in our footsteps and in the footsteps of other members of the Global Compact.

UN Global Compact strives to improve the ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

Protection of human rights, where 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.

Labor, where businesses should:

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

Principle 4: eliminate all forms of forced and compulsory labor,

Principle 5: effectively abolish child labor and

Principle 6: eliminate discrimination in respect of employment and occupation.

Environment, where 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, where businesses should:

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

Protection of human rights

In 2013 Committee for Occupational Health and Safety continued with its activities and considered various issues from the area of occupational health and safety. Main activities in 2013 included the correction of deficiencies that were identified in the new Risk Assessment Act applicable to all the Bank's buildings.

The Bank continued to assess working conditions in summer and winter months in those buildings where measurements had not been performed in the previous year. Results show that the working conditions in the Bank are in compliance with the standards.

The employees were educated about occupational health and safety, according to the training program, and in cooperation with the licensed employees of the "Securitas Services" company.

Occupational injuries were recorded and required steps were taken in connection with them.

Protective equipment was provided for employees, in accordance with the Risk Assessment Act.

Contact for ethical issues and grievances

Employees at the HR Division responded to the grievances, objections and questions that the employees had made about the application and interpretation of provisions of the Labor Law, Gender Equality Law, Anti-Discrimination Law, Anti Workplace Harassment Law, Law on Professional Rehabilitation and Employment of Disabled People...

Protection of employee rights

In enforcing employee rights, Komercijalna banka bases its activities on the Labor Law of the Republic of Serbia. The Labor Law has been brought into compliance with the conventions and recommendations of the International Labor Organization, ratified by our country, and the law contains all the standards and norms that guarantee the rights, protection and working environment for employees as prescribed in such conventions and recommendations. The Labor Law also incorporates the European Union directives which create conditions for the employees to exercise their rights in accordance with international standards.

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

The Bank upholds the freedom of association and the effective recognition of the right to collective bargaining (Principle 3) through the activities of the Independent Union of Komercijalna banka AD Beograd. Collective rights of employees include the right to association, unionization, collective bargaining, collective agreement, information and also the right to express their opinion on important issues in the field of employment, consulting, participation, amicable resolution of collective and individual labor disputes and the right to collective action.

Elimination of all forms of forced and compulsory labor

Komercijalna banka remains committed to principle 4, not to apply any form of forced or compulsory labor. The Bank has never been sued, charged with or punished for forced and compulsory labor.

According to the Anti Workplace Harassment Law it is forbidden and punishable to harass, sexually harass and abuse the right to protection from harassment. Each employee has been informed of their own and the Bank's rights, obligations and responsibilities. All the required information is constantly available on the Bank's Internet portal and each employee has also received this notification in writing.

Effective abolition of child labor

Komercijalna banka fully upholds the abolition of all forms of child labor (principle 5) and does not employ persons younger than 18 (although the Labor Law allows persons under the age of 18 to be employed in certain cases), and does not maintain business relations with companies that employ persons younger than 18.

The following table shows the age structure of employees in Komercijalna banka in 2013:

Age structure of employees in Komercijalna banka						
Age range	under 30	31 - 40	41 - 50	51 - 60	over 60	Total
31.12.2013.	254	1143	729	803	37	2966

Elimination of discrimination in respect of employment and occupation

Komercijalna banka combats the discrimination in respect of employment and occupation (principle 6) by acting in accordance with the provisions of: Labor Law, Gender Equality Law and Anti-Discrimination Law.

The following table shows the gender structure of employees in Komercijalna banka in 2013:

Gender structure of employees in Komercijalna banka					
Gender	Women		Men		Total
31.12.2013.	2168	73,1%	798	26,9%	2966

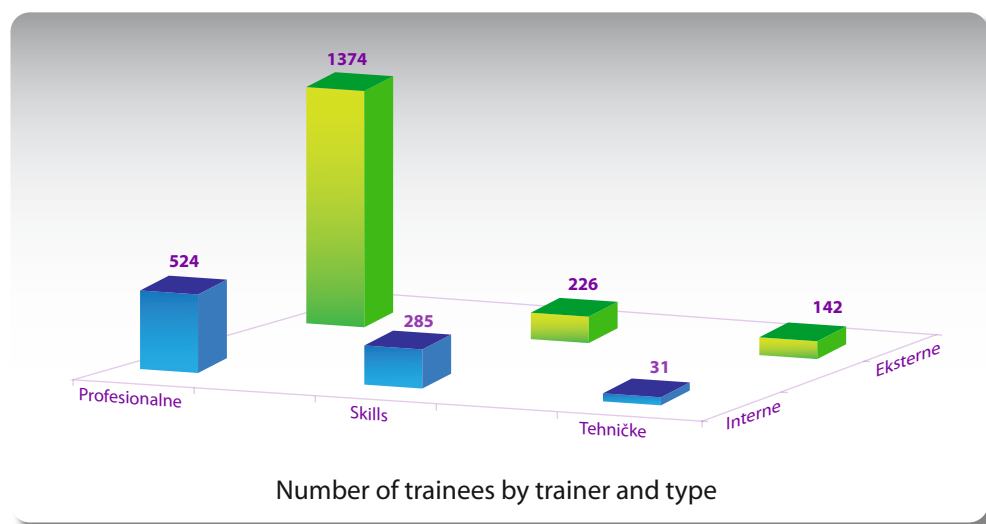
Professional development of employees

The Bank continuously invests in training and development of employees. Professional development activities in 2013 continued to feature a qualitative and proactive approach to training which is based, above all, on identification of training needs and adjustment of contents, design and deliverables of internal training, organization of internal and external training, measurement and improvement of the quality of training and training processes. In 2013 a total of 454 training sessions were held, attended by 2,582 people. Out of the total number of employees in the Bank, 1,671 employees underwent training (56%). An increase in the number of employees who attended training is obvious, compared to 51% in the previous year.

In 2013 there were 4,029 days of training in total, amounting to 2.5 days of training per each employee who attended any of the training sessions. When organizing training, emphasis was placed on qualitative improvement of contents and delivery, in accordance with certain business functions' targets. To that aim, a direct cooperation with the relevant employees/managers was established during the process of designing certain training sessions (internal and external) in order to adjust the contents, prepare specific examples and deliver "tailor made" training. Also, the presence of managers from business functions at certain sessions was of great importance as a way of raising awareness about the importance of training and the importance of building better relationships.

All sessions had a precisely set organizational target (what we wished to achieve with that session) linked to the Bank's strategic and business targets:

- Again in 2013, the largest number of trainees 1,898 or 73% of the total number, attended professional training sessions that were aimed at acquiring new and improving existing knowledge about the tasks that the employees perform in their respective organizational units.
- A total of 511 trainees, or 20% of the total number of trainees, attended the skills development sessions whose aim was to improve certain skills necessary for a successful execution of tasks.
- Technical training sessions, aimed at improving the employees' operational knowledge, were attended by 173 employees, which accounts for 7% of the total number of trainees.

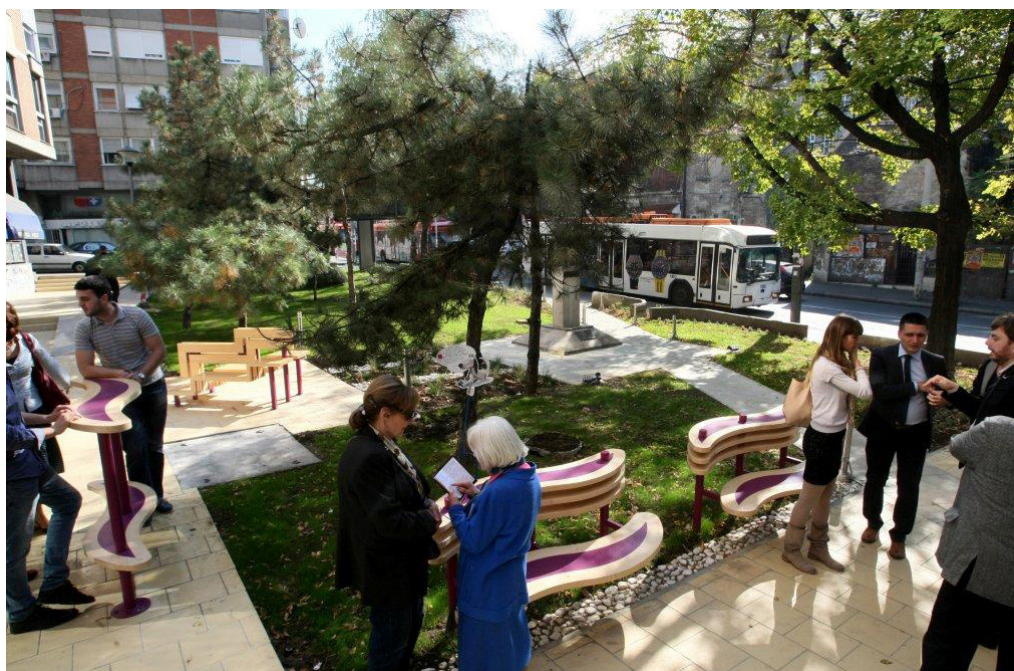


Observed by type of trainer, internal training, delivered by the employees from the Bank's organizational unit in cooperation with HR Division, was attended by 840 employees, while external training was attended by 1,743 employees.

Protection of the environment

- In the environmental segment, in cooperation with the Municipality of Vračar, a “Kombank plato“ project was initiated to lay out the green space in front of our branch in Makenzijeva street. This gave one of the busiest streets in Belgrade an “urban oasis” of a kind, a new small park where Belgraders and all visitors to Vračar may enjoy and take a break.

The park has been arranged in accordance with the Bank’s slogan “Closest to me” and this is one way of advancing the image of the Bank as a good neighbor with a different approach to space design that merges artistic expression with a concern for the environment. An area of 720 square meters was neatly laid out complete with a new lawn, lighting, pathways, flowers, stylish benches and is a new pleasant and original place for all the passers-by to stop and rest.



- In 2013 the printing optimization project continued. New printers were installed with the main advantages being:
 - Duplex printing, in order to reduce the consumption of paper;
 - Recyclable toner cartridges;
 - Conservation of energy.
- As a way of protecting the environment it has been planned to install recycling boxes for paper, plastic and glass. Boxes will be different color and will have an inscription and a picture of the material being recycled and the universal recycling symbol.



Anti-corruption

Komercijalna banka bases its anti-corruption activities (principle 10) on the new Code of Conduct - Rules of Behavior and Professional Etiquette recommended by the EBRD (adopted in 2010) which explicitly forbids corruption and fraud.

The issue of corruption is also regulated by the Procedure for Action against Fraudulent Activities, where giving and receiving bribes is termed a form of fraud. This Procedure regulates the internal control of the Bank in the part that concerns the identification and processing of fraudulent activities, and the Procedure applies to all organizational forms and units of the Bank and its subsidiaries, members of the banking group.

In 2013 there were no reported cases of corruption.