

UNITED NATIONS GLOBAL COMPACT: COMMUNICATION ON PROGRESS

2015



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:

In 2015 Komercijalna banka AD Beograd celebrated its 45th anniversary of its business operations in the Republic of Serbia. In addition to Komercijalna banka AD Beograd, the Group 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, both to retail and corporate customers.

Our vision:

We are the leading bank in the country and the region, which largely contributes to the economic development and better quality of life; we are strongly committed to supporting the overall prosperity, and also to creating and accepting the progressive values in all areas of work and creativity.

Our mission:

We are a strong and reliable financial institution, reputable financial brand that holds a leading position in key business segments.

We provide support to our customers through leading-edge, innovative and tailor-made banking products, which are supported by the highest quality service.

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

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

The introductory note of Mr Alexander Picker, the President of the Executive Board of Komercijalna banka AD Beograd, in UN Global Compact-Communication on Progress for the year 2015



Mr Alexander Picker

Komercijalna banka marked 45 years of operations and 8 years of its membership within the UN Global Compact. In supporting the principles of the UN Global Compact, the Bank continues to develop its activities in the field of human and labour rights and the environmental protection and anti-corruption activities.

In the course of 2015 we continued to promote and develop greater environmental responsibility, mainly by further paper saving and by reduced consumption of harmful toner and other rationalizations related to required huge volume of printed material. We continued to participate in socially responsible projects, which are acknowledged by the prestigious 'Business Planet' award for the most successful program of corporate social responsibility in the country, in 2015, presented by the magazine Business and Econometer.

We believe that the value of a company is not only measured with business success, but also with its responsible behavior towards employees, customers, business partners and all members of society. All of us together should be aware, capable and willing to adjust our behaviour to the principles of the Global Compact. Therefore, we continue to show and prove by our example that this is possible.

The ten principles of the United Nations Global Compact

United Nations Global Compact seeks to promote the ten universally accepted principles in the areas pertaining to protection of human and labour rights and the environment and also to anti-corruption efforts.

The protection of human rights, where business should:

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

Principle 2: make sure that, by conducting their business operations, they are not complicit in human rights abuses.

Protection of labour rights, where the business should:

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

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

Principle 5: support the effective abolition of child labour, and

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

Environmental protection, where the business should:

Principle 7: support 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.

The fight against corruption:

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

Protection of human rights

Komercijalna banka fully complies with the principle of human rights protection, and/or it supports and utterly respects the protection of the internationally recognized human rights (principle 1), and it is not involved in any kind of human rights abuses (principle 2).

The Committee on Safety and Health at Work continued in 2015 the implementation of staff training in the field of safety and health at work, according to the training program; the training is carried out successively in the course of four years.

Injuries inflicted at work were properly recorded and the required measures in relation to such injuries were promptly taken.

Personal protective equipment was purchased for vault jobs in the Branch Offices and the Administrative Buildings.

In compliance with the Rules and Regulations on risk assessment for job positions in the vault, which are designated as increased-risk jobs, the Bank organized periodical medical examinations on annual basis.

Contact for ethical issues and complaints

To all the questions of the employees regarding the implementation and interpretation of the provisions of the Labour Law, the Law on Gender Equality, Law on Prevention of Discrimination, the Law on the Prevention of Harassment at Work - the Anti-Mobbing Law, the Law on Vocational Rehabilitation and Employment of Persons with Disabilities, as well as any complaints and objections, the adequate responses were provided by the Division of Legal Affairs - the Department of Legal and Labour Affairs and the Department of Human Resources.

Protection of the employees' labour rights

Komercijalna banka fully supports 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), the effective abolition of child labour (principle 5) and elimination of discrimination in respect of employment and occupation (principle 6).

In enforcing the labour rights, Komercijalna banka refers to the Labour Law of the Republic of Serbia. The Labour law is consistent with the conventions and the recommendations of the International Labour Organization, which were ratified by our country, and it contains all of the standards and norms that guarantee the rights, protection and working conditions of employees, as established by such conventions and recommendations.

Also, the Labour Law incorporates the directives of the European Union, thereby creating the conditions in which employees can exercise their rights in accordance with the international standards.

The Bank supports the freedom of association and the effective recognition of the right to collective bargaining through the work of the Independent Trade Union of Komercijalna banka AD Beograd.

Collective rights of employees refer to the right of association, the right to form trade unions, the right to negotiate collectively, the right to legally conclude a collective agreement, the right to information. They also refer to the right to express their views on important issues related to labour, the right to consultation, the right to participation, the right to amicable resolution of collective and individual labour disputes and the right to collective action.

In January 2015, the new collective agreement with the Independent Trade Union of Komercijalna banka came into force.

Komercijalna banka remains committed to the principle 4, which means that it does not make use of any form of forced and compulsory labour. The Bank has never been indicted, convicted or penalized for forced and compulsory labour.

In accordance with the Law on the Prevention of Harassment at Work - the Anti-Mobbing Law, it is prohibited and punishable to exercise abuse, sexual harassment and abuse of the right to protection from abuse.

Each employee is acquainted with his/hers, as well as with the rights, obligations and responsibilities of the Bank. All necessary information is continuously available on the website of the Bank, and each employee has also received this notice in writing.

In addition, Komercijalna banka fully supports the prohibition of all forms of child labour and does not employ persons under 18 years of age (although the Labour Law in certain cases allows for employment of persons under 18 years of age), and it also does not cooperate with the companies that employ workers under the age of 18.

Overview of employees in Komercijalna banka by age

Age categories	Up to 30	31 - 40	41 - 50	51 - 60	Over 60	Total
31.12.2015.	111	1123	737	848	58	2877

Komercijalna banka is also fighting against discrimination in respect of employment and occupation by acting in accordance with the provisions of the Labour Law, the Law on Gender Equality and the Law on Prevention of Discrimination.

Overview of employees in Komercijalna banka by gender

Gender	Women		Men		Total
31.12.2015.	2.103	73,10%	774	26.90%	2.877

Training of employees

The Bank continually invests in training and professional development of employees, considering them as its most important resource. Development activities in 2015 indicate a continuation of qualitative and proactive approach to the implementation of training, based primarily on:

- Identification of the training needs and adapting the contents of trainings
- Design (adjustment of the contents) and realization of internal trainings
- Organisation of internal and external trainings
- Measuring the training quality
- Strengthening the relations with other organisational units of the Bank
- Improvement of the training quality and process.

During 2015, a total of 173 different trainings were organized, which were attended by 4.263 participants.

Out of the total number of employees of the Bank, 2.246 employees (78%) underwent trainings. There is a noticeable increase in the number of employees who underwent training compared to the last year (when such share was 58%).

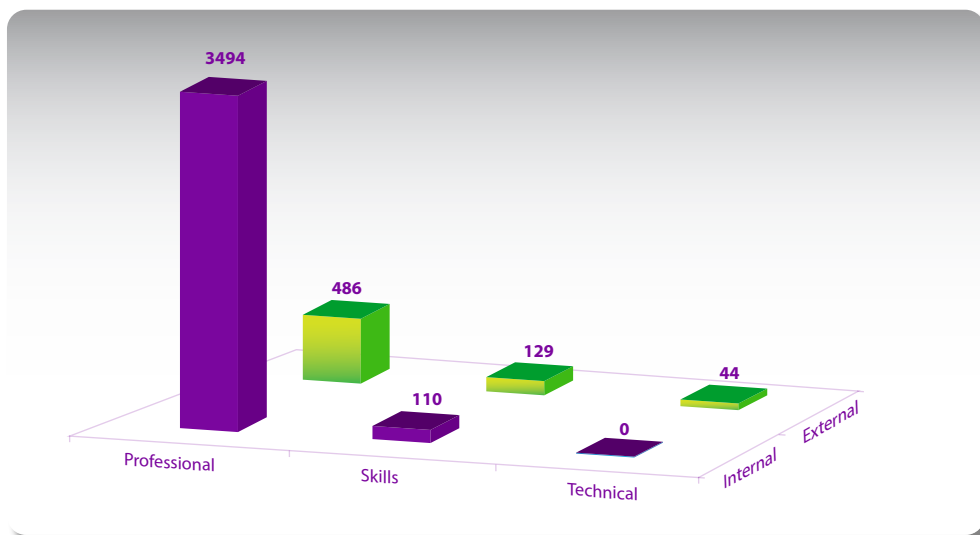
When implementing the trainings, the focus is on qualitative improvement of the training content and implementation methods, in accordance with the objectives of certain business functions. In this regard, a direct cooperation has been established with the competent employees / managers when designing specific trainings (internal and external) in order to adjust the content and prepare particular examples, aimed at having the "custom-made" realization of trainings. Also, the presence of managers from the business functions at specific trainings was of huge importance to raise awareness about the relevance of training, as well as building better relationships.

All implemented trainings had a precisely defined organizational goal (what is the training objective?), associated with the strategic and business objectives of the Bank.

Observed by type of training, the Bank held:

- Professional trainings aimed at acquiring new knowledge and also at improving the existing knowledge of the employees in the field of work they are doing in their organizational units - in 2015 such trainings were attended by 3980 employees, thus accounting for 93% of the total number of participants.

- Trainings intended for development of skills, or the so called „skills trainings” that aim to improve certain skills required for successful performance were attended by 239 participants, or 6% of the total number of participants.
- Technical trainings, aimed at improving the operational expertise of the employees were attended by 44 employees, accounting for 1% of the total number of participants.



Number of participants in trainings by employee trainers and types of trainings

Observed by the employee trainer, the internal trainings that are conducted by the employees from the organizational units of the Bank, in cooperation with the Human Resources Division, were attended by 3.604 participants, while the trainings for which the external trainers were engaged were attended by 659 participants.

According to criteria of the relevance of the theme/topic and the scope of the training, in terms of the number of participants, the most important areas of training in 2015 comprised trainings whose topics pertained to credit analysis, sales skills, knowledge of procedures and products - retail operations, organization of teller operations, Law on Payment Services, information security, prevention of money laundering and terrorism financing.

Work Experience Internship in Komercijalna banka

Department of Human Resources Management, in cooperation with universities and schools across Serbia, organized student internship in Komercijalna banka.

In 2015, 285 students completed the work experience internship in Belgrade, Niš, Novi Sad, Subotica, Kragujevac, Kruševac, Užice, Loznica, Požarevac, Čačak and Vranje. The Work Experience Internship Agreements were concluded with 6 faculties and 9 high schools.

Internship lasted up to 10 working days in smaller groups, and resulted in an excellent communication between the Bank's mentors/co-mentors and interns. Students finished their internship with positive experience, since the practical work aims to improve their ability to successfully apply vocational knowledge and methods in given practical situations, and to contribute to the more intensive connection between the theory and practice.

Stimulus to master the profession and motivation to get engaged in similar jobs, after graduation, are expected as the retroactive effect of the contact with professional practice.

Komercijalna banka has also been active in the National Bank of Serbia Working Group for Corporate Social Responsibility in banking and finance, being involved in the project „Banking Officer“ that relates to education of students and professors and to professional practice for the students of suitable high schools.

Environment protection

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

Komercijalna banka respects the highest international standards and values in providing financial products and services; it develops activities in the field of environmental protection and applies the best practices of sustainable funding.

By adopting the Policy and Procedure on Environmental and Social Safeguards, the Bank defined the standards for identifying and managing the environmental and social risks in the process of approving and monitoring of loans.

By recognizing the importance of responsible business, the Bank has defined the procedure for addressing and responding to the complaints/objections arising from direct or indirect impact of business operations and activities of Komercijalna banka on the environment and society. The complaint that relates to impact on the environment and society can also be submitted through the contact form on the website of the Bank.

The screenshot shows the website interface for Komercijalna Banka. At the top, there is a navigation bar with links for 'About Us', 'Press', 'Jobs', 'Site map', 'Contact', 'Srpski', 'Crna Gora', and 'BiH'. The main header features the bank's logo and name 'KOMERCIJALNA BANKA' with the tagline 'Meni najbliža'. Below this is a secondary navigation bar with categories: 'RETAIL', 'CORPORATE', 'MICRO BUSINESS', and 'AGRICULTURE'. A search bar is also present.

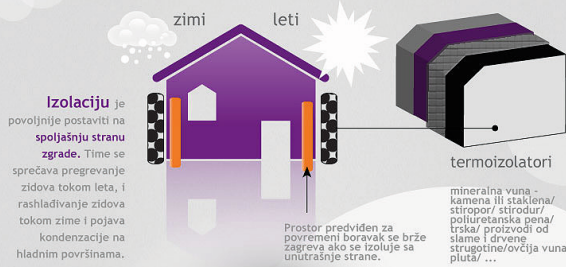
The main content area is titled 'ENVIRONMENTAL AND SOCIAL PROTECTION'. It includes a breadcrumb trail: 'Home > About Us > Environmental and social protection'. The page features a central image of two hands holding a heart made of green leaves. To the right of the image, there is text explaining the bank's commitment to high international standards and its focus on environmental protection and labor rights. Below the image, there is a section titled 'business activities of Komercijalna Banka on the environment and society' and a note that complaints can be submitted via a contact form.

At the bottom of the page, there are social media sharing buttons for Facebook, Google+, and Twitter. The footer contains the phone number '011/20 18 600 0700 800 900', social media icons, the email address 'email: posta@kombank.com', and copyright information: 'Copyright© 1998-2016 Komercijalna banka a.d. Beograd Terms of Use'.

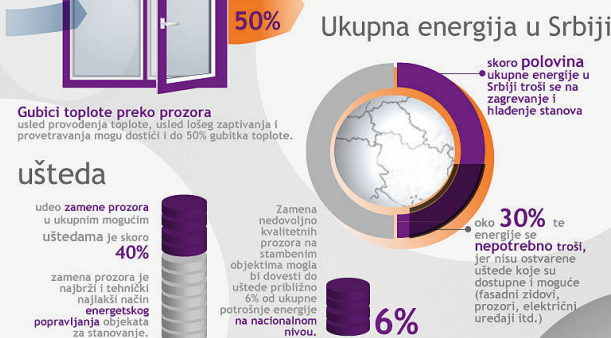
In 2015 we continued promoting the energy efficiency improvements loans, by expanding such offer on social networks (Facebook, Twitter, Google+).

ENERGETSKA EFIKASNOST

IZOLACIJA



PROZORI I VRATA



Ugradnja savremene PVC stolarije u trosobnom stanu koštaće vas između 900 i 1.500 €, u zavisnosti od kvaliteta i veličine staklenih površina u stanu. Ušteda se ostvaruje kroz mesečne račune, ukoliko se grejete na struju, gas ili čvrsto gorivo, ali ne i ako u stanu imate centralno grejanje, jer se ono plaća po kvadraturi, a ne po potrošnji. U tom slučaju će vam zamena prozora omogućiti toplije stanove, a na manje račune ćete sačekati sve do ugradnje kalorimetara.

GREJANJE



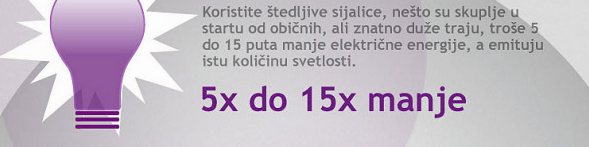
SOLARNA ENERGIJA



UREĐAJI



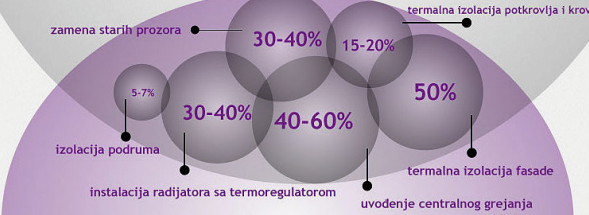
SIJALICE



SLAVINE



KOLIKO MOŽEMO UŠTEDITI NA GREJANJU:



ŽIVITE EFIKASNO, ŠTEDITE AKTIVNO

Ukoliko želite da živite efikasno i štedite aktivno, Komercijalna banka Vam nudi idealno rešenje - kredite za unapređenje energetske efikasnosti i uštedu energije, sa dinarskom ili deviznom klauzulom, na 60 ili 120 meseci

KREDITI ZA UNAPREĐENJE ENERGETSKE EFIKASNOSTI

www.kombank.com; kontakt: centar 011 20 18 600 i 0700 800 900; kontakt.centar@kombank.com

- Izvori:
- <http://www.stedimo-energiju.com/grejanje.php>
 - http://www.cedeforum.org/index.php?option=com_content&view=article&id=171&Itemid=92
 - http://www.gradjevinarstvo.rs/TekstDetaljiURL/Zamenom_stolarije_da_uCnc5%AA%teade_energije.aspx?ban=820&tekstid
 - <http://www.grujic.pondl.hr/Usteda.html>
 - <http://www.wickes.co.uk/help-advice/energy-saving-tips/pcat/energysavingtips/>
 - <http://zemljansky.com/infographics>

For the second year in a row Komercijalna banka has been a Friend to Project 'Young literally super talents', which publishes the literary works of exceptionally young talented authors, aged 12 to 18 years. The three best novels were published in the following circulation: the novel that won the first prize was published in 700 copies, novel that won the second prize in 500 copies and the third-prize novel in 300 copies. It is important to mention that the entire print run of these books was published on recycled paper of high quality, which is fully biodegradable. In this way, as well, the Bank promoted a greater environmental responsibility.

Ecological features of this paper:



The mark of
responsible forestry



ELEMENTAL
CHLORINE
FREE
GUARANTEED



New printers have been introduced in Komercijalna banka, within the project of printing optimization, which led to savings in electricity and paper. Printing is centralized and initially set to double-sided printing on all printers in branch offices and sub-branches. This resulted for double-sided printing to account for 73,95% in the overall sample in 2015. Toners for printers are sent to recycling after being used.

Social responsibility

During the last year Komercijalna banka again presented itself as socially responsible company by persistently providing support and assistance to events, organizations, institutions and associations throughout the country:

- Within the campaign for reconstruction of maternity wards in Serbia „Together for babies“, all the necessary equipment has been purchased for maternity wards in Kruševac, Gračanica in Kosovo and in Aleksinac;
- The aid is continued to non-commercial sports and athletes. In cooperation with the Athletics Federation of Serbia the Bank provided scholarships for two representative athletes;
- Assistance in preparations of taekwondo national team for the Olympic Games in Brazil;
- Sponsorship of the national project „School for Talents of Komercijalna banka“, which promotes the best, multi-talented high school students;
- The gallery space KomBank Art Hall, at 29, Makedonska Street, which is rented to artists free of charge, while the admission to the gallery is also free, last year held a record number of exhibitions - 21;
- On the occasion of the World Savings Day, which is celebrated on October 31st, for 10 years now the Bank has donated Cricket savings passbooks (with deposited EURO 50) to all babies born that day;
- The Branches of Komercijalna banka also participate in helping the local community in their cities.

Fighting corruption

Komercijalna banka has been active and successful in combating all forms of corruption, i.e. it abides by principle 10 of the UN Global Compact.

In fighting corruption, Komercijalna banka refers to Code of Conduct - Rules of Conduct and Professional Ethics, recommended by EBRD (adopted in 2010), which expressly prohibits corruption and fraud.

In its fight against corruption, the Bank applies strict control of all processes, careful selection of employees, suppliers, partners and customers.

The issue of corruption is also regulated by the Procedure on conduct in case of fraudulent activities; it also regulates the conduct in case of giving or accepting a bribe, since the latter has been recognized as a form of fraud. In this way we regulate the internal control of the Bank in terms of detecting and prosecuting the fraudulent activities, and the Procedure has been applied in all organizational units of the Bank, including the subsidiaries, the members of the banking group.

There were no reported cases that would qualify as bribe and corruption within the identified fraudulent activities in 2015, either. The Work Plan for 2016 anticipates for the Compliance Division to innovate in Q1 the internal document - Code of Conduct - Rules of Conduct and Professional Ethics.