

КОМЕРЦИЈАЛНА БАНКА АД

**REPORT ON PROGRESS OF  
THE UNITED NATIONS GLOBAL COMPACT  
2008**

КОМЕРЦИЈАЛНА БАНКА АД



**KOMERCIJALNA BANKA AD BEOGRAD**





## About Us:

Komercijalna Banka has been operating in the Republic of Serbia for 39 years. In time, it spread its operation to Montenegro (Komercijalna Banka ad Budva) and Bosnia and Herzegovina (Komercijalna Banka ad Banja Luka). In its system, it has a business unit in Germany (Frankfurt) and representative office in Croatia (Zagreb).

Komercijalna Banka offers large variety of banking products and services, in both retail and corporate sector. It has over 1.2 million active accounts in 273 branch offices.

## Our Vision:

We are a leading bank both in the country and in the region, which considerably contributes to economic development, higher quality of life of the people and overall prosperity, creation and acceptance of progressive values in all areas of business and creativity.

## Our Mission:

We are strong and reliable financial institution, respected financial brand with leading position in the most important business segments.

We offer our clients support through modern, innovative banking products adjusted to their needs, with the highest quality of service.

We look up to the highest international standards and values in providing financial products and services.

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



# TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

The UN Global Compact asks companies to embrace, support and enact within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

## **Human rights protection, wherein businesses should:**

- Principle 1:** and respect the protection of internationally proclaimed human rights and
- Principle 2:** make sure that they are not complicit in human rights abuses

## **Labour rights protection, wherein businesses should:**

- Principle 3:** uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** support elimination of all forms of forced and compulsory labour;
- Principle 5:** effectively abolish all forms of child labour; and
- Principle 6:** support elimination of discrimination in respect of employment and occupation.

## **Protection of environment, wherein businesses should:**

- Principle 7:** responsibly 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.



## Introduction of Komercijalna Banka AD Beograd Executive Board President for the Global Compact Report

Komercijalna Banka forms a part of the first generation of the Global Compact signatories in Serbia. Corporate social responsibility projects have long had a prominent place in Komercijalna Banka's activities. Not only the projects involving staff of Komercijalna Banka but more than that - projects resulting in benefits for the members of social environment and all other environments in which the Bank operates.

Through socially responsible projects, Komercijalna Banka found the best way to express its position and understanding that its clients, partners and everyone else from the social background in which the Bank is working, form a part of the same family, family of Komercijalna Banka. It is a natural outcome and reaction to perception of our environment, which extends outmost confidence to Komercijalna Banka, feeling it as its own, with all those values that are the priorities in the system of values of all socially responsible individuals and companies.

By ratification of the Global Compact and acceptance of its ten principles, Komercijalna Banka gained new, qualitative direction in further development of the socially responsible behaviour and selection of partners who think and act in the same way. Authority of Serbian Central Bank – the National Bank of Serbia, which initiated rallying around this exceptional project, was also one of significant additional stimulations for our activities within the Global Compact, particularly with respect to human rights, labour rights, environment, support to the handicapped, or in any way threatened individuals/institutions, anti-corruption and so forth, which all became much more important in the conditions of the global economic crisis and long-term problems of Serbian economy and society.

Activities within the Global Compact are already showing results and additionally raise and enrich the quality of socially responsible engagement of Komercijalna Banka. We are going to continue to attend and develop these activities.

December 2009

Ivica Smolić  
President of the Bank's  
Executive Board

# Komercijalna Banka Appraised with Highest Evaluation of the BSI British Standards in terms of ISO 9001:2000 Standard



BSI British Standards highly appraised application and functioning of the quality management system in Komercijalna Banka a.d. Beograd. The Institute carried out control of the quality management system functioning in the last three years and concluded that Komercijalna Banka has consistently, and efficiently implemented quality management system ISO 9001:2000, which will continue to be implemented in the following three years.

Komercijalna Banka is the largest bank in the region, which conducted certification of its operation.

Since Komercijalna Bank obtained the certificate in October 2005, it has committed to operate in accordance with the international standards and requirements on a daily basis, which it has done successfully for the past three years. The Bank has precisely regulated its internal processes and client servicing with the quality system documents: Quality Rulebook, Quality Policy, procedures, instructions and records.

Introduction of the quality management system enables the Bank to timely, promptly and efficiently solve requests of its customers. It makes it possible for the Bank not only to identify the requests but also to anticipate the clients' needs. Thus, the Bank can offer adequate products to the customers, with precisely defined characteristics.

ISO 9001:2000 Certificate represents a guarantee of the quality management system functioning. It resulted from regulated business system and capabilities to respond to the requirements of present and future customers adequately. Established system enables safety in business relations and long-term qualitative cooperation both to the customers and to the Bank.

There is a decisiveness of the Bank's management incorporated in the process of quality system control, which makes quality management the foundation of our business philosophy.



Komercijalna Banka recognized corporate responsibility as its strategic role. Based on the Global Compact principles, it continued to engage in socially responsible projects in 2008. Such activities included the following:

## Care for Employees

- protection of labour rights
- elimination of discrimination in terms of hiring
- staff improvement

## Care for Social Community

- responsibility towards handicapped
- responsibility towards minors
- responsibility towards all members of the community through humanitarian and donation actions

## Fight Against Corruption

- support to combating all forms of corruption, including giving and receiving the bribe

# CARE FOR EMPLOYEES

- **Protection of labour rights**

In implementation of labour rights, Komercijalna Banka complies with the Labour Law of the Republic of Serbia. Labour Law has been harmonized with the conventions and recommendations of the International Labour Organisation, ratified by our country. The law contains all standards and norms guaranteeing rights, protection and working conditions stipulated by these conventions and recommendations. Likewise, directives of the European Union have been incorporated in the Labour Law, whereby conditions have been created to realize rights in accordance with the international standards.

Pursuant to the provisions of the Labour Law, only a 18-year old person (legally adult) can be hired. If certain conditions are met, a person having less than 18 but more than 15 years of age can be hired: with written consent of the parents, adoptive parents or guardians, and if such employment does not threaten his/her health, moral or education, i.e. if such employment is not prohibited by law, as well as on the basis of findings of the competent health-care body which determines that such person is capable for performing duties involved with the job in question that will not harm his/her health. Working life terminates with the age of 65 and at least 15 years of service, unless employer and employee come to a different understanding.

In spite of the fact that the Labour Law allows hiring of persons under 18-years of age in certain cases, there are no employees in that particular age group in Komercijalna Banka. Likewise, we do not cooperate with businesses, which hire workers less than 18 years of age, and we fully support abolishment of all forms of child labour (principle 5).

The following chart specifies the age structure of Komercijalna Banka's employees in the period 2006 – 2008:

Overview of KB Employees – Age Structure												
Date	18-30		30-40		40-50		50-60		60-65		Total	
31.12.2006.	630	21,11%	719	24,10%	1077	36,09%	545	18,26%	13	0,44%	2984	100,00%
31.12.2007.	542	17,75%	814	26,66%	1023	33,51%	645	21,13%	29	0,95%	3053	100,00%
31.12.2008.	713	22,22%	858	26,74%	1018	31,72%	597	18,60%	23	0,72%	3209	100,00%



Komercijalna Banka remains dedicated to the fourth principle that anticipates prohibition of any form of forced labour. The Bank has neither been sued nor accused for any act of forced labour.

- **Elimination of discrimination in hiring**

Komercijalna Banka is fighting against discrimination in hiring and selection of profession (principle 6) by acting in accordance with the provision of the Labour Law, which prohibit discrimination in the hiring process or in service. These provisions are harmonized with the international standards on dignity at work, i.e. discrimination in the hiring process and in service.

The following chart specifies the structure of Komercijalna Banka according to gender in the period 2006 – 2008:

Overview of KB Employees – According to Gender						
Date	Female		Male		Total	
31.12.2006.	2235	74,90%	749	25,10%	2984	100,00%
31.12.2007.	2258	73,96%	795	26,04%	3053	100,00%
31.12.2008.	2359	73,51%	850	26,49%	3209	100,00%

- **Improvement of Employees**

Komercijalna Banka considers that training and professional improvement of employees represent very important strategy in the Bank's development and the best investment. In this way, we increase the quality of work, employees are highly motivated, while the corporate image and the Bank's reputation get better.

In 2008, our employees had a chance to attend seminars and training courses both in the country and abroad.

### Trainings for Employees

TYPE OF TRAINING	Number of employees attending the training	Average number of trainings per employee
External Trainings	1146	0.357
Internal Trainings	6881	2.144



## Trainings held abroad:

Name of Training	Organizer	Location
BRANDING IN FINANCIAL INSTITUTIONS – ADDED VALUE THROUGH BRAND	JACOB FLEMING CONFERENCES	BARCELONA
SEE REGIONAL CAPITAL MARKETS CONFERENCE	BELGRADE STOCK MARKET	VIENNA
SWIFT SIBOS	SWIFT	VIENNA
3RD GLOBAL CONFERENCE ON BANK GUARANTEES	INTERNATIONAL CHAMBER OF COMMERCE	VIENNA
FINTEL2008 BUSINESS SUMMIT	ENDEAVOUR EVENTS	BRUSSELS
FIGHTING CORPORATE FRAUD	JACOB FLEMING CONFERENCES	BRUSSELS
OPERATIONAL RISK MANAGEMENT & BASEL II COMPLIANCE	EUROMONEY TRAININGS	BUDAPEST
2ND INTERNATIONAL CONFERENCE	MONTENEGROBERZA	BUDVA
BANK CARD BUSINESS SCHOOL	VISA BUSINESS SCHOOL	CAMBRIDGE
VII INTERNATIONAL SEMINAR FOR BANKERS AND FINANCIAL EXPERT – BANKING MANAGEMENT	CISEF – ECONOMIC FACULTY IN LJUBLJANA	MILOCER
MILOCER ECONOMIC FORUM	ASSOCIATION OF ECONOMISTS OF SERBIA	MILOCER
CEMEA COMMERCIAL SOLUTIONS FORUM 2008	VISA ASSOCIATION	DUBAI
RELATIONSHIPS BANKING	SOUTH-EUROPEAN CENTER FOR CONTEMPORARY FINANCIES	DUBROVNIK
INTERNATIONAL BANKING SEMINAR	DEUTSCHE BANK	FRANKFURT
GLOBAL SOLUTION FOR A SUCCESSFUL PARTNERSHIP	WACHOVIA BANK	FRANKFURT
ANNUAL MASTERCARD CONFERENCE	MASTERCARD INTERNATIONAL	LISBOA
IMPLICATIONS AND CHALLENGES OF BASEL II FOR EBRD COUNTRIES OF OPERATION	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	LONDON
CONFERENCE – IMPACT OF THE LIQUIDITY SQUEEZE ON THE BANKING SECTOR	EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT	LONDON
RETAIL BRANCH NETWORKS 2008	MARCUS EVANS CONFERENCES	LONDON
RETAIL BANKING	FINANCIAL EUROMONEY TRAINING	LONDON
IT AUDIT SCHOOL	MIS TRAINING	LONDON
LJUBLJANA STOCK MARKET CONFERENCE	LJUBLJANA STOCK MARKET	PORTOROZ
QUALITY IN ENTERPRISE DEVELOPMENT PERSPECTIVES OF BANKING AND PAYMENT OPERATIONS SYSTEM IN MIDDLE AND SOUTHEAST EUROPE	CROZ	ROVINJ
GOLDEN DRUM – 15TH ADVERTISING FESTIVAL AND MEDIA MEETING	SLOVENIAN ADVERTISING CHAMBER – SOZ	SLOVENIA
PRESENTATION OF EUROPEAN CONVENTION DRAFT ON PROTECTION OF OLD AND TRADITIONAL CRAFTS	PERMANENT MISSION	STRASBOURG
IT CONTROL OBJECTIVES FOR BASEL II	ISACA	ZURICH
IT AUDIT MANAGEMENT FORUM	ISACA	ZURICH
HIGHT GROWTH EUROPEAN MARKETS CUSTOMER SUMMIT	MASTERCARD INTERNATIONAL	VENICE
VISIT TO PRIVREDNA BANKA ZAGREB	REPRESENTATIVE OFFICE OF KOMERCIJALNA BANKA LJUBLJANA	ZAGREB
ERM AND ICAAP – OVERALL APPROACH TO RISK MANAGEMENT IN BANKS	INSTITUTE FRANCO – AMERICAN DE MANAGEMENT	ZAGREB
ASSET LIABILITY MANAGEMENT	EUROMONEY TRAININGS	ZAGREB
WEBSHERE IMPACT COMES TO YOU	CROZ	ZAGREB

# CARE FOR SOCIAL COMMUNITY

Montessori programme in the Home for Children with Special Needs from Stannice



Komercijalna Banka recognized the significance of this project thus putting it among its most important corporate social responsibility projects striving to help this category of children in the best possible way. By supporting this programme, the Bank was engaged in the action of offering new opportunities for development by playing and learning, socializing these children in their own environment.

In cooperation with Komercijalna Banka, Humanitarian organisation Small-Big People opened new Small-Big People House within the Home for Children with Special Needs "Dr Nikola Sumenkovic" from Stannice. Children attending the home shall undergo Montessori program in the House. Program is intended for pre-school children with special needs; it will help them develop psychological and motor capabilities.





## A SAFE HOUSE FOR BIRDS

Reaffirming its social responsibility, particularly in terms of children, in 2008, Komercijalna Banka sponsored the activities of an organization called "Vracar Children". This organisation uses its knowledge, work and engagement, with basic idea and aspiration to contribute to a better, healthier and more meaningful growing-up of the youngest.

Our bank supported the ecological project of this organisation called "A Safe House for Birds", which was intended for the children with special needs and toddlers under treatment in the Oncology and Radiology Institute. Children were given semi-finished houses and feeders for birds with the task to finish and paint them. The aim was for the children to be involved with the activities that integrate them with their peers and at the same time, to raise their awareness on importance of healthy environment.

Organisation "Vracar Children" enabled the staff of our bank to involve their children in the project "Child Eco-tourism in Kosmaj" during summer vacation, in July and August. Participation of children in this project was unique, because the youngest were promoting the new tourist destination of Belgrade City. Catalogue was printed, with enclosed CD titled "Children talk about Kosmaj..."

# Musical Instruments for Most Talented Children



In the capacity of general sponsor, Komercijalna Banka awarded musical instruments to the most talented and successful children who participated in the competitive selection of "Children for Children Fund". Owing to that donation, the funds were provided for purchase of musical instruments within the project of Belgrade Children's Philharmonic Orchestra. The most important criteria for the selection of children, who would be awarded with instruments, were their talent and exceptional individual accomplishment in music.

Komercijalna Banka supported the project in its initial phase; therefore, it became the general sponsor of Belgrade Children's Philharmonic Orchestra and "Children for Children" Fund, thus taking long-term orientation to give contributions and support the youngest talents and to use their affirmation to inspire cultural improvement in Serbia.



# Win by Saving – Education of Young People

Komercijalna Banka participated in the campaign “Win by Saving”, which was organised by the National Bank of Serbia. It represented long-term financial education of elementary school children. Within the scope of this action, a “Savings Caravan” visited 23 Serbian towns in 2008, and supported the elementary school students to get involved in the sporting and recreational manifestation “Olympiad of Saving”



**In addition to afore-mentioned projects, in 2008 Komercijalna Banka donated and supported the following institutions and manifestations:**

- Health Centre Gornji Milanovac (purchase of medical equipment)
- Clinical Centre of Novi Sad (purchase of medical equipment)
- Health Centre Dr Dragisa Misovic Cacak (purchase of medical equipment)
- ES "Svetozar Markovic" in Kraljevo (support in purchase of books for the school library)
- Red Cross of Kraljevo (donation for assistance in realization of red cross activities – collecting wardrobe for the poorest inhabitants of Kraljevo)
- United Nations Week (donation for organisation of UN Week celebration)
- GAC Narodni Front (donation in the scope of Savings Week)
- Red Cross of Novi Pazar (donation for assistance in collecting food for the poorest inhabitants of Novi Pazar)
- Health Centre of Studentica (purchase of medical equipment)
- Social Benefits Centre of Uzice (donation for purchase of food for children from poor families)
- Town of Kikinda – Day care centre for retarded children (purchase of furniture for Day Care Centre)
- Clinical Centre of Serbia (donation of PCs for the needs of Clinic for Gynaecology in Visegradska St)
- Social Benefits Centre of Subotica (donation for purchase of food for children from poor families)
- Cerebral Paralysis Society of Krusevac (purchase of disability products for children suffering from cerebral paralysis)
- Health Centre in Arandjelovac (purchase of medical equipment)
- Temple of St. Sava (assistance in building of St. Sava Temple in Vracar)
- Lazarica Church in Krusevac (assistance for completion of Church reconstruction)

# FIGHT AGAINST CORRUPTION

The Code of Conduct (Code of Conduct and Professional Ethics) is a document that regulates fight against corruption (principle 10) in Komercijalna Banka in the first place. The Code resulted from the good business practice of the bank, and it was preceded by the adoption of the Code of Professional Banking Conduct by the Serbian Association of Banks.

Problem of corruption is also regulated by the Procedure for Dealing with Fraudulent Matters, considering that giving and receiving of bribery was anticipated as one of the forms of fraud. In this way, the Bank's internal control is regulated in terms of detecting and prosecution of fraudulent matters, and the Procedure is implemented in all organisational units of the Bank and members of the banking group.

In 2008, there were no reported cases of corruption in Komercijalna Banka.