

COMMUNICATION ON PROGRESS REPORT 2011  
SOCIETE GENERALE SRBIJA



BUILDING TEAM SPIRIT TOGETHER



**SOCIETE GENERALE  
SRBIJA**

## STATEMENT OF THE CONTINUED SUPPORT FOR THE GLOBAL COMPACT




Despite an unfavorable and challenging business environment in 2011, Societe Generale Srbija demonstrated its stability and resilience. Bearing in mind our long presence in Serbia, we are strongly committed to continue improving existing and introducing new responsible practices.

I believe that we can only achieve our aim of long-term value-creation for all by applying a policy favorable to social development and the environment.

We see sustainable development as a continuous improvement process, constantly drawing on the best practices of this and other economic sectors, to better identify and better manage our direct and indirect impact on society and the environment. This approach is notably based on the ten principles of the United Nations' Global Compact which we joined in 2007. Incorporation of these principles into our daily business activities created sustainable value for our clients, employees and local community.

This report presents our approach to corporate social responsibility and the main initiatives implemented in 2011.



Frederic Coin  
President of the Executive Board  
Societe Generale Srbija



## **GLOBAL COMPACT 10 PRINCIPLES**

In its activities and initiatives, Societe Generale Srbija is bound to support and promote ten principles of the Global Compact.

Human rights:

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

Labour standards:

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right of collective bargaining
- Principle 4: eliminate of all forms of forced and compulsory labour
- Principle 5: effectively abolish child labour
- Principle 6: eliminate discrimination in respect of employment and occupations

Environmental protection:

- Principle 7: Business should support a precautionary approach to environmental challenges
- Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility
- Principle 9: Businesses should 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.



## ABOUT SOCIETE GENERALE SRBIJA

Societe Generale is present in Serbia since 1977, as a representative office of Societe Generale Paris while since 1991 it became the first bank in Serbia with majority of foreign capital on the local market.

In 2012 the bank marks 35 years of constant business activities and operations in Serbia, time frame during which it never withdrew from the local market. In line with the strategy of it's banking group, Societe Generale Srbija always puts clients in focus of it's business activities, aiming to maintain long term partnerships with its employees, clients, partners and stakeholders.

Bank's activities have been directed towards Corporate clients until 2001, when the bank made a strategic decision to extend its activities to the Retail segment and opened it's first branch in Kralja Petra street in Belgrade. In 2006, in Zorana Đinđića Boulevard, New Belgrade, the Bank built it's headquarter building, continuing to demonstrate its long term commitment to business operations in Serbia. The Bank entered 2012 with a network of 102 branches, opened 15 more as well as expanded its team by an additional 100 employees in the same year.

Societe Generale Bank in Serbia activities are divided between 4 main sectors: Corporate, Retail, Finance and Resources.

Associated companies, members of Societe Generale Group are present on the Serbian market. Leasing company Sogelease started to work in 2006, and a year after ALD, offering operational leasing services. Voluntary Pension Fund Management Company Societe Generale Penzije was founded in 2008, and Societe Generale Insurance in 2009.





## SOCIETE GENERALE GROUP

Societe Generale is one of the largest European financial services groups. Based on a diversified universal banking model, the Group combines financial stability with a strategy of sustainable growth. Societe Generale strives to be the top reference bank in terms of relationships with clients, close to customers, to be recognized on the market and chosen for quality and commitment of its teams.

Around 160,000 employees, based in 85 countries, services more than 33 million clients throughout the world on a daily basis. Societe Generale team offers advice and financial services to individual, corporate and institutional customers in three core businesses:

- Retail banking in France with the Societe Generale branch network, Credit du Nord and Boursorama;
- International Retail Banking, with a presence in Central and Eastern Europe and Russia, in the Mediterranean basin, in Sub-Saharan Africa, in Asia and in the French Overseas Territories;
- Corporate and Investment Banking with a global expertise in investment banking, financing and global markets.

Societe Generale is also a significant player in specialised financing and insurance, private banking, asset management and securities services.

Societe Generale is included in the main international socially-responsible investment indices: FTSE4Good, ASPI, DJSI World and DJSI





## CSR APPROACH

The activities of Societe Generale Srbija are not linked exclusively with making a profit. Our business activities and the way they perform affect employees, customers, suppliers, local communities and other stakeholders. Corporate social responsibility is about understanding the impact that our business has on the wider community and considering how we can use this impact for the community causes.

The challenge is to concretely integrate the notion of CSR into the strategies of our different businesses in order to create value for the Bank and its stakeholders

Strategic guidelines for social responsibility in Societe Generale are deeply rooted in core values of the bank based on the following priorities:

1. integration of CSR principles in business activities
2. responsible management of staff
3. reduction of the negative impact of our business to the environment
4. contribution to civil society

In terms of our CSR policy we comply with the following commitments:

- 10 principles of the UN Global Compact
- CSR policy of the Societe Generale Group
- Code of Ethical Conduct
- Other internal policies





## **OUR BUSINESS**

Societe Generale bank has integrated principles of social responsibility into everyday business activities by creating socially responsible products and services and building responsible relations towards customers.

### **Energy Efficiency Loans**

As an effort to contribute towards global trend of saving energy, Societe Generale Srbija together with international finance institutions, developed credit line for financing energy efficiency and renewable energy projects which enable its beneficiaries to substantially improve their business operations. The loans are approved to facilitate investments in achieving better energy efficiency and promoting the use of renewable energy.

### **Environmental and Social Risk**

Environment and social risk assessment is included in the credit appraisal policy in order to determine the impact of environmental pollution risk and negative impact of the social environment that are related to financing activities.

This procedure comprises a set of guidelines we follow in the process of granting loans, namely upon the assessment of the potential risk of the client's activities. It is aimed at enabling the bank to survey and manage the social and environmental risks related to all credit applications for financing in any sector. It presents a backbone of Social and Environmental Management System (SEMS) of the bank.

### **Relations with clients**

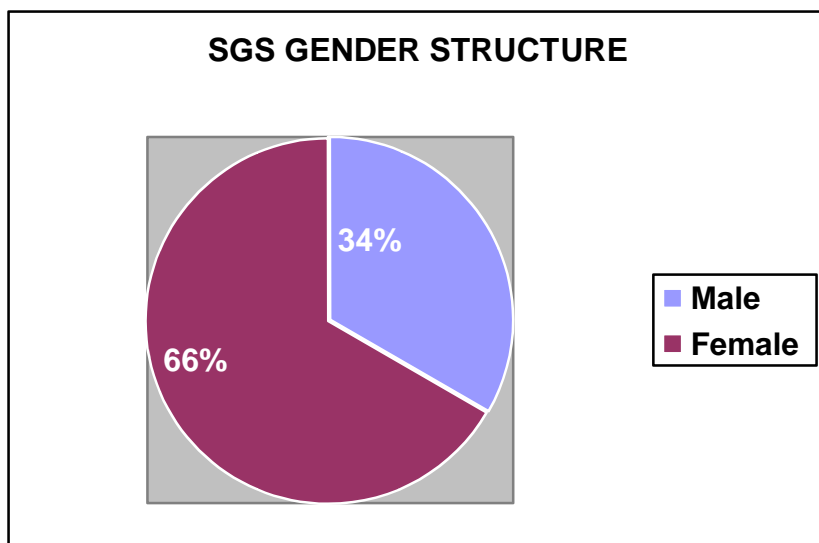
The Bank has been recognized for its transparent and fair relations with clients, which includes a clear definition of all contractual rights and building long-term relationship. We instigated a number of measures to improve the transparency and clarity of commitments between bank and our customers. The main objectives are to: establish lasting relations with customers by adapted to their individual needs and constantly improve the quality of our services.



## OUR EMPLOYEES

Societe Generale Srbija employs 1,369 people in 103 branches across the country. Priorities in the responsible HR policy are motivation and professional development, professional education, improvement of skills and competencies as well as creating a clear and transparent policy of compensation and benefits for all employees.

Total number of employees at Societe Generale Srbija is 1369. Of that number, 97% of staff are employed with permanent contract, and 3% for a limited time. Women account 66% (904) of total employees while 34% (465) of staff are men.





## STAFF COMPOSITION BY AGE

Age	Number of employees
Under 30	345
31 - 40	721
41-50	183
51-60	111
61 +	9
<b>TOTAL</b>	<b>1369</b>

Regarding the **educational structure**, around 70% of SGS employees have college or university degree.

## ACTIVITIES

### Compensation and benefits

- Transparent salary policy that provides internal fairness and external competitiveness
- Quarterly and annual awards for the employees performance and commercial results
- Annual performance bonus
- 25 vacation days
- Bank's contributions for voluntary pension fund in the name of the employee
- More favorable conditions for the use of banking products and services
- Paid sick leave to 30 days (20% more than the legal obligation)
- New Year gifts for children of employees
- Gift packages for newborn children of our employees
- Gift cards for weddings
- Awards for 15 years in the SGS and retirement
- "Discount Club" - provides employees with the company staff discounts on goods or services



## **Training and professional development**

In 2011, Societe Generale Srbija organized 58.373 hours of training of which 47.296 internal and 11.070 external trainings.

Our Bank collaborates with universities and colleges throughout country in order to provide internship programs for students. In 2011. we organized internship programs for 116 students who attended 14.058 hours of internship.

## **Diversity**

In the frame of HR strategy, Societe Generale Bank pays special attention to the principles of diversity that promotes gender equality, employment of people with disabilities and different national, religious or cultural orientation. It is important to stress that recruitment process is transparent and fair in accordance with the high standards of Societe Generale Group.

In 2011. we launched special training program “Inclusive Academy” aiming to improve professional skills and employment opportunities of people with disabilities in Serbia. SGS employees are giving the important contribution to this project, as volunteer trainers and internship mentors. This project demonstrates the successful cooperation between the civil and business sector as an example of good practice based on principles of social responsibility.

## **International Mobility**

Societe Generale pays special attention to the international career of its employees, as part of a global policy of professional development, which affirms the intention to support the development of employees at the same time contribute to the development of the company. Allowing the exchange of good practices, experiences and cultures, international mobility is program that allowed international career of Societe Generale’s employees from any country whose talents can be used outside their home countries.

## **Volunteering**

Societe Generale Bank supports community projects that encourage our employees to volunteer, because we believe this type of project brings together more stakeholders and gives results that are immediately visible.

Corporate volunteering program of Societe Generale Bank is further developed in 2011 by creating a Volunteers Club. This Club currently has 43 members who are actively involved in several projects including Inclusive Academy, Junior Achievement, Food Bank, etc.



## ENVIRONMENT

Societe Generale Bank is aware of the negative impact that business can have on the environment. Living in era when climate change, the critical level of pollution, and high energy consumption are discussed at almost every level, it is very important for companies to understand their role and actively work on solving these problems.

Considering our environmental policy, some important initiatives were launched in 2011:

### **Building Management System (BMS)**

In line with the environmental policy of the Societe Generale Group, Building Management System is applied in the Head Office Building and new branches, which significantly optimize consumption of resources. BMS enables remote control over temperature, time schedules, statuses and alarms. BMS allows optimization of electrical energy consumption by:

- Time scheduling of lightening switching on and off
- Programming of desired temperature
- Using part of used air for pre heating or pre cooling of fresh air
- Using rest of used air for heating/cooling of condensators
- Using energy from heating pumps for heating sanitary hot water

In addition, Head office building is constructed with:

- Aluminium windows
- Self-ventilated façade
- Neon light in the offices
- Saving lights on the corridors

### **Carbon Neutrality Program**

Bank is also involved in the Group's Carbon Neutrality Program which is related to the offsetting of the annual carbon emission by purchasing the green certificates. The main goal of the Societe Generale Group is to offset all CO<sub>2</sub> emissions and to define the carbon offset programme for the years to come. Societe Generale is the first bank in Serbia that will offset its annual carbon emission by purchasing green certificates.

All other activities aimed to reduce the negative impact of our business to the environment has been improved constantly. Considering our direct environmental impact, we are focusing on reducing the consumption of resources by introducing new measures such as electronic archiving of documents, electronic credit approval, e – mail statements, etc

Below are the Societe Generale Srbija environment data values for 2011 and 2010. Although Bank increase total energy consumption due to the opening of 15 new branches in 2011 and hiring more than 100 new employees, we remain on the same level of consumption per occupant. At the same time, we succeeded to significantly decreased the business trips costs and CO2 emissions related to the business trips.

### ENVIRONMENT DATA CHART

INDICATOR	2010	2011
Total number of buildings occupants	1,189	1,336
Number of occupied buildings	99	111
Surface area occupied by the entity (Société Générale Srbija) (m²)	26,462	28,850
Number of occupied buildings of which you are the owner	18	19
Surface area of occupied buildings of which you are the owner (m²)	10,726	10,806
Premises (offices) (m²)	8,550	9,005
Sales offices (agencies) (m²)	15,123	17,056
Warehouses (archives, supplies...) (m²)	2,317	2,317
Computer rooms (m²)	340	340
Company dining facilities (m²)	132	132
Number of certified or eco-designed m² (m²)	0	
Surface area per occupant (m²)	22.3	21.6
Water consumption (m3)	12,340	13,280
Water consumption per occupant (m3/occupant)	10.38	9.94
Overall cost of water consumption (EUR)	9,828	10,576
Electricity consumption from suppliers (KWh)	4,350,000	4,944,238
Net electricity consumption (KWh)	4,350,000	4,944,238
Electricity consumption per occupant (KWh)	3,659	3,701
CO2 emissions due to electricity consumption (T CO2)	2,918.85	3,362.08
Heating oil and diesel oil consumption (car consumption excluded) (KWh)	151,162.20	174,730.00
Fuel oil consumption (KWh)	168,895	174,730

CO2 emissions due to heating oil consumption (T CO2)	46.02	47.40
Natural gas consumption (KWh)	130,780.00	165,487.00
Gas consumption (KWh)	130,780.00	165,487.00
CO2 emissions due to natural gas consumption (T CO2)	26.37	33.36
Consumption of externally produced steam or superheated water (KWh)	1,502,000.00	1,637,637.00
CO2 emissions due to consumption of externally produced steam or superheated water (T CO2)	1,007.84	1,113.59
Total energy consumption (KWh)	6,151,675.20	6,922,092.00
CO2 emissions due to energy consumption (T CO2)	3,999.07	4,556.44
Total energy consumption per occupant (KWh)	5,174	5,181
Total energy consumption per occupied square meter (KWh)	232.47	239.93
Air-conditioned surface area (m²)	24,145.00	26,533.00
Percentage of air-conditioned surface area (%)	91.24	91.97
Overall cost of energy consumption (electricity, gas, fuel, etc.) (EUR)	480,000	566,000
Quantity of office paper (classic and recycled paper) bought (T)	94.97	107.47
Quantity of recycled office paper bought (T)	0.38	1.25
Quantity of office paper (classic and recycled paper) used per occupant (kg/occ)	80	80
CO2 emissions due office paper consumption (T CO2)	194.55	220.21
Part of consumption in recycled paper (%)	0.39	1.16
Quantity of paper used for customer statements of account and quantity of personalised envelopes (T)	19.10	33.00
Quantity of paper used for business documents, including letterhead (excluding printer paper which must be included in "office paper" data) (T)	11.50	41.00
Total Quantity of paper used (T)	126.57	181.47
Quantity of paper used per occupant (kg/occ) (kg/occ)	106	136
Total paper cost (EUR)	140,807	217,500
Distances covered for business trips by plane, SHORT-haul	7,000	13,026
Distances covered for business trips by plane, MEDIUM-haul (500 km < medium < 1600 km) (Km)	239,816	90,354
Distances covered for business trips by plane, LONG haul (1600 km	18,112	3,634
Distances covered for business trips by plane (Km)	264,928	107,014
Distances travelled per passenger for business trips by plane (Km)	223	80
CO2 emissions due to business trips by plane (T CO2)	29.19	12.20
Number of long term lease cars and cars belonging to the entity	84	81



Average CO2 emission rate for the fleet of cars under long-term lease or owned by the company (g CO2/ km)	193.33	129
Distances covered for business trips by cars (Km)	978,497	1,021,500
Distances travelled on business trips by car per occupant (Km)	823	765
CO2 emissions due to business travel by car (T CO2)	189	132
Global distances covered for business trips (Km)	1,243,425	1,128,514
Distance travelled for all business trips per occupant (Km)	1,046	845
Total transportation cost (EUR)	136,171	129,000
CO2 emissions due to business trips (T CO2)	218.36	144.20
Total CO2 emissions taking into account the CO2 emissions avoided thanks to green electricity (T CO2)	4,412.0	4,920.9
Total CO2 emissions per occupant (T CO2)	3.71	3.68
Distances travelled for business trips by cars on long-term lease or belonging to the company (Km)		1,021,500
CO2 emissions due to business travel using cars on long-term lease or belonging to the company (T CO2)		132
Total CO2 emissions (T eq. CO2 )		4,920.85

**Source: SG Planethic Reporting 2011**





## CITIZENSHIP COMMITMENTS

Societe Generale Srbija is actively contributing to the development of the society in which it operates by building the strong relationships with stakeholders. Through citizenship strategy we are trying to support values which are incorporated in our business.

Main Corporate Citizenship priorities:

- Professional integration through education
- Social Inclusion

When defining the priorities we took into account the analysis of the current situation in society, stakeholders expectations and opportunities to contribute to solving problems. If we consider that in Serbia, more than 690 000 people living below the poverty line, it is evident that such a serious social problem requires engagement of all social actors, including companies. Additionally, we believe that companies can make a contribution in the fight against unemployment, especially among young people. Educational system in Serbia mismatch with market needs and that is the main reason for increasing number of young people who can't find a suitable job, although they have university or college degree. We think that the Bank's support for various programs of education and vocational guidance could significantly contribute to greater integration of young people in the labor market.



Inclusive Academy is the program launched in 2011 in partnership with Youth with Disabilities Forum aiming to improve professional skills and employment opportunities of people with disabilities in Serbia. Inclusive Academy provide its students with career guidance and professional development through participation in a specially designed training program and educational workshops. It is important to note that most of the trainers and lecturers are our employees who volunteer in this project. They are giving the additional value to the project as volunteers, holding a lectures and workshops on the topics from their field of interest.

The first group of 20 participants sucesfully finished the program, wich is split into three phases. In the first phase participants attended workshops for basic business skills such as foreign languages, computers, presentation skills, continued with specialised workshops on business, banking and finance. Finally, best participants performed intership in our bank. Program is organised twice a year, in each semester.



Societe Generale Bank is the main corporate partner of the program "Student Companies", run by Junior Achievement Serbia. This program helps students in their economic education and foster youth entrepreneurship through simulation of real business. Through the "Student Company" Societe Generale and Junior Achievement want to support young people in their professional development and enable them to acquire new business experience and knowledge in the field of entrepreneurship. In the frame of partnership with Junior Achievement Serbia our employees volunteer as business mentors of the student companies and jury members at student companies competitions.

Within this program several events were organized during the 2011 year, including business challenges, regional competitions of students companies, and most important – National Competition of Student Companies. The best national student company represented Serbia at the European Competition. Zdravko Kronic, member of the Executive Board of Societe Generale Srbija was a jury member at the European Competition of Students Companies, held in Norway in August 2011



Citizen Act is the global business student competition related to corporate social responsibility organized by Societe Generale Group. The game enables students to improve their knowledge in the field of CSR and to provide a useful and innovative solutions to improve CSR policy of Societe Generale Group. In the last season, 500 student teams from 58 countries took part in the competition. In partnership with student organizations and centers for career development Societe Generale Srbija is actively working to promote this contest in Serbia in order to include as many of our students. Local act, team of students from the Belgrade Faculty of Economics achieved great success last year winning the third place in the finals in Paris in a very tough competition which included teams from prestigious business schools and universities around the world.



### **Food Bank**

The Bank recognized poverty as one of the most important social problems in Serbia. Heaving that in mind, we have established a strategic partnership with the Food Bank Belgrade, humanitarian organization that distributes food for vulnerable groups. This partnership has been established since the foundation of the Food Bank in Serbia in 2006. and includes cross-sector cooperation, joint efforts and actions aimed to reduce poverty. For the cooperation with the Food Bank, Societe Generale Bank was awarded in 2009 with VIRTUS Corporate Philanthropy Award in the category of long-term partnership between profit and nonprofit sector

In 2011 we organized food donation for the refugees collective center in Krnjaca. Also we supported big humanitarian action "Grad pobedjuje grad"



Mali Veliki Ljudi is the humanitarian organisation that take care of children with disabilities. Societe Generale Serbia support this organisation since 2007. In 2011 we were the main partner of the two major actions: Humanitarian Bazaar and Santa's Sleigh.

In the frame of Humanitarian Bazaar, children with disabilities from 10 orphanages exhibited their art work in Holiday Inn hotel and Head Office of our bank. By purchasing these items, our employees and other guests donated the funds for orphanages

Santa's Sleigh is the largest New Year's action for children with disabilities, organised by charity Mali Veliki Ljudi. From 20.12.2011. to 16.01.2012. New Year's caravan visited orphanages across Serbia and deliver presents to more than 2000 children with disabilities. Societe Generale bank was the main partner of this action and bank's employees were involved in the action as volunteers.



In 2011, we donated funds for Radionica Integracije (Integration Workshop), unique cultural center in Belgrade for people with disabilities. So far, this cultural center has organized numerous art programs, theatre performances and workshops dedicated to blind and visually impaired people and other people with disabilities. Radionica Integracije connects commitment to social integration with culture, which is in line with our strategic orientation.

### **Women Day Donation**

On the occasion of the International Women's Day, since 2006, our bank traditionally donates funds on behalf of the women employed in our bank to the organizations involved in the protection of women's rights. So far, we have donated funds for SOS Women's Center, Safe Houses, women with disabilities, fight against domestic violence etc.

This action presents our commitment to gender equality and activities aimed to support fight against domestic violence. In 2011, we supported Regional Safe House in Nis in partnership with Municipality of Nis

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