



National Bank of Serbia

SOCIAL RESPONSIBILITY

2012

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INTRODUCTORY WORD BY GOVERNOR

The National Bank of Serbia and its employees work every day on the achievement of our principal, legally defined objectives. Committed to these objectives – the achievement and maintenance of a stable dinar, keeping inflation within the projected band, strengthening of financial stability, we always have in mind our citizens, never forgetting that the National Bank of Serbia exists for them and that we are accountable to them for our work.

Therefore, we aim to make the National Bank of Serbia, which represents the bank of all banks and its citizens, also an open door house. We demonstrate our openness through long years of working in the area of social responsibility for various target groups in our society. In house, we do this through our relationship with employees, by developing their responsibility in preserving the reputation of the National Bank of Serbia. In the wider community, apart from the legally defined goals, we are active in the fields of fight against corruption, protection and education of consumers of financial services, children and the young.

In the field of fight against corruption, we continually work on the education of employees in commercial banks in terms of money processing, the most important part of which is the detection of counterfeits. Furthermore, in the fight against money laundering and financing terrorism, the National Bank of Serbia has a double role – of a regulator and a supervisor.

At the international level, the National Bank of Serbia, through its representative, actively participates in the work of the Moneyval, one of the Council of Europe committees that gathers experts on the issue of preventing money laundering and which operates on the principle of mutual evaluations by member states.

In regard to financial services consumers, through the work of the Centre for Financial Consumer Protection and Education, we strive to provide assistance to citizens in exercising their rights, as well as assistance in understanding and using services of the financial sector. During last year, there were a great

number of educational forums throughout Serbia, in which citizens could get further information on financial products and services.

With the aim of establishing more active two-way communication with the corporate sector, corporate liaisons offices were opened in the National Bank of Serbia branches. One year after they were opened, entrepreneurs evaluated the work of these offices highly appreciatively, satisfied with the fact that they are able to communicate with representatives of the National Bank of Serbia directly and to exchange views on the situation in the economy, current economic and macro-economic trends, the effects of economic and monetary policies and the like.

During 2012, more than 34,000 children, young people and citizens saw exhibitions, participated in educational programmes and cultural and educational activities of the National Bank of Serbia. With its participation in traditional cultural events such as the "Francophonie Day", the "Night of Museums" and many other, and ceding the space of its exhibition hall in the Slavija building for events with various cultural and social activities, the National Bank of Serbia is recognised by the public as an active partner in projects of broader community significance.

In line with its strategic decision to expand the number of partner institutions with which we cooperate in the field of financial education of children and youth, in cooperation with libraries, the National Bank of Serbia implemented educational activities in Kraljevo, Bor, Dimitrovgrad, Čačak and Požega.

We are especially proud that in the first Child and Youth Finance International Summit, organised by the

Child and Youth Finance International, the National Bank of Serbia received an award for its extraordinary efforts, visionary and innovative approach which it has in the field of financial education of the youth in its country.

During 2012, we implemented numerous humanitarian activities. Our employees are happy to participate in traditional activities such as Christmas and Easter sales exhibitions, collecting food for vulnerable categories and other. Also, we organised a voluntary activity in which employees tidied the Red Cross boarding house in Vršac.

As one of the founders and active members of the United Nations "Global Compact" in Serbia, the National Bank of Serbia fully supports the ten "Global Compact" principles relating to the protection of human and labour rights, environmental protection and fight against corruption. The existence of such an initiative not only allows for the recognition and development of the concept of social responsibility, but also gives business entities an opportunity to learn from the experiences of others and share good practices. It is within this very initiative that the National Bank of Serbia has entered into many partnerships in the community and implemented joint projects.

In the following years, we will continue to work with maximum dedication and professionalism, being responsible towards ourselves, our 129-year tradition, and of course towards citizens, always bearing in mind the effect of our measures on them.

Governor

Jorgovanka Tabaković, PhD

ON THE REPORT AND SOCIAL RESPONSIBILITY OF THE NATIONAL BANK OF SERBIA

The Report on Social Responsibility of the National Bank of Serbia for 2012 is the sixth report published by our institution. The report includes activities carried out in the field of social responsibility and explains the approach that our institution has in terms of social responsibility. At the same time, it follows the tendencies of modern corporate management according to which social responsibility becomes an integral part of every institution, company or organisation. Also, publication of this report commits to continuous work on improving this field.

By regular reporting on social responsibility we:

- identify new solutions and continuously set new directions for the development;
- demonstrate our commitment to understanding current challenges posed by modern business, especially in the financial sector;
- contribute to the establishment of open dialogue with stakeholders.

The decades of existence and tradition of the National Bank of Serbia oblige us to measure social responsibility through the impact it has on expanding and promoting social values. With its professionalism, by preserving the credibility of the institution, through its relationship with citizens and its employees, the National Bank of Serbia wishes to give a positive example and influence other institutions, companies and organisations.

ABOUT THE NATIONAL BANK OF SERBIA

The position, organisation, mandate and functions of the National Bank of Serbia, as well as the relationship between the National Bank of Serbia and other bodies of the Republic of Serbia and international organisations and institutions are regulated by the Constitution of the Republic of Serbia and the Law on the National Bank of Serbia.

The National Bank of Serbia is independent and autonomous in executing its functions as regulated by the Law on the National Bank of Serbia and other legislation, and is accountable for its work to the National Assembly of the Republic of Serbia.

Basic objective of the National Bank of Serbia is to achieve and maintain price stability. Apart from that, without compromising the fulfilment of this primary objective, the National Bank of Serbia contributes to the maintenance and strengthening of the stability of the financial system.

The National Bank of Serbia has the following functions:

- determining and implementing monetary and foreign exchange policies;

- managing foreign exchange reserves;

- establishing and implementing activities and measures coming under its remit, relating to the maintaining and strengthening of financial stability;

- granting and revoking operating licences, supervising bank solvency and legality of operations, and performing other activities in accordance with the law governing banks;

- granting and revoking operating licenses and/or authorisations to insurance companies, supervising these companies and performing other activities in accordance with the law governing insurance;

- granting and revoking operating licenses to voluntary pension fund management companies, supervising these companies and performing other activities in accordance with the law governing voluntary pension funds;

- granting and revoking operating licenses to financial leasing companies, supervising these companies and performing other activities in accordance with the law governing leasing operations;

- providing protection of the rights and interests of consumers of services rendered by banks, financial

- leasing providers, insurance companies and voluntary pension fund management companies, in accordance with the law;

- issuing banknotes and coins and managing cash flows;

- regulating, overseeing and promoting uninterrupted functioning of domestic and international payment operations, in accordance with law;

- performing statutory tasks for the Republic of Serbia or tasks established by treaties, without jeopardising its autonomy and independence.

The bodies of the National Bank of Serbia include:

- the Executive Board,

- the Governor, and

- the Council of the Governor.

The Executive Board is in charge of determining monetary and foreign exchange policies, as well as the activities related to maintaining and strengthening stability of the financial system, and in particular, it determines:

- monetary policy programme of the National Bank of Serbia;

- manner of setting the interest rate of the National Bank of Serbia and the manner of calculation, collection and payment of interest on loans and other receivables of the National Bank of Serbia, and on the funds the National Bank of Serbia pays interest on;

- the terms and conditions of issuing securities of the National Bank of Serbia;

- the terms and conditions under which the National Bank of Serbia conducts open market operations and performs discount activities;

- the short-term loan policy;

- the dinar exchange rate policy;

- the base for calculating required reserves and the reserve requirement ratio, and the manner, terms and timeframe for allocation and use of banks' required reserve balances;

- the foreign exchange reserves policy, and guidelines for foreign exchange reserves management;

- other instruments and measures of monetary and foreign exchange policies;

- the measures for maintaining banks' liquidity;

- the measures and activities coming under the remit of the National Bank of Serbia, relating to the maintaining and strengthening of financial stability.

The Executive Board sets the key policy rate and other rates applied by the National Bank of Serbia in the conduct of monetary policy. Furthermore, upon the proposal of the Administration for Supervision of Financial Institutions, the Executive Board issues regulations relating to supervisory functions of the National Bank of Serbia, in accordance with laws governing the discharge of this function. It also decides on granting of preliminary approvals, as well as on granting and revocation of

operating licenses to/from financial institutions (banks, insurance companies, financial leasing companies, voluntary pension fund management companies).

The Executive Board makes decisions by the majority vote of its members, and in case of a tie, the Governor's vote is decisive. The members of the Executive Board are: Governor Jorgovanka Tabaković, Vice-Governors Veselin Pješčić, Diana Dragutinović and Ana Gligorijević, as well as Đorđe Jevtić, General Manager of the Administration for Supervision of Financial Institutions.

The National Bank of Serbia is headed by the Governor, who represents and acts on behalf the National Bank of Serbia. Governor of the National Bank of Serbia is elected by the National Assembly of the Republic of Serbia for a term of six years, with the right of re-election.

The Governor:

manages operations of the National Bank of Serbia and organises its work;

implements decisions of the Executive Board and of the Council of the Governor;

enacts regulations, general and individual acts under the remit of the National Bank of Serbia, which are not assigned by law to the authority of the Executive Board and the Council of the Governor;

proposes regulations, general and individual acts to be adopted by the Executive Board and the Council of Governor, unless provided otherwise by the Law on the National Bank of Serbia;

regulates the internal organisation of the National Bank of Serbia and job classification in the National bank of Serbia, as well as labour relations of employees in the National Bank of Serbia;

appoints and dismisses employees who manage organisational units in the National Bank of Serbia and performs other tasks defined by the Law on the National Bank of Serbia and other law in manner that does not conflict with the objectives stipulated in the Law on the National Bank of Serbia;

as the Chairperson of the Executive Board, signs the decisions issued by the Executive Board.

The Council of the Governor comprises five members including the President, elected by the National Assembly at the proposal of the National Assembly's committee responsible for financing. Members of the Council are elected for the period of five years with the possibility of re-election.

The Council of the Governor:

adopts the By-Law of the National Bank of Serbia, on proposal of the Executive Board;

determines the dinar exchange rate regime, on proposal of the Executive Board and with the consent of the Government;

adopts the strategy for foreign exchange reserve management, on proposal of the Executive Board;

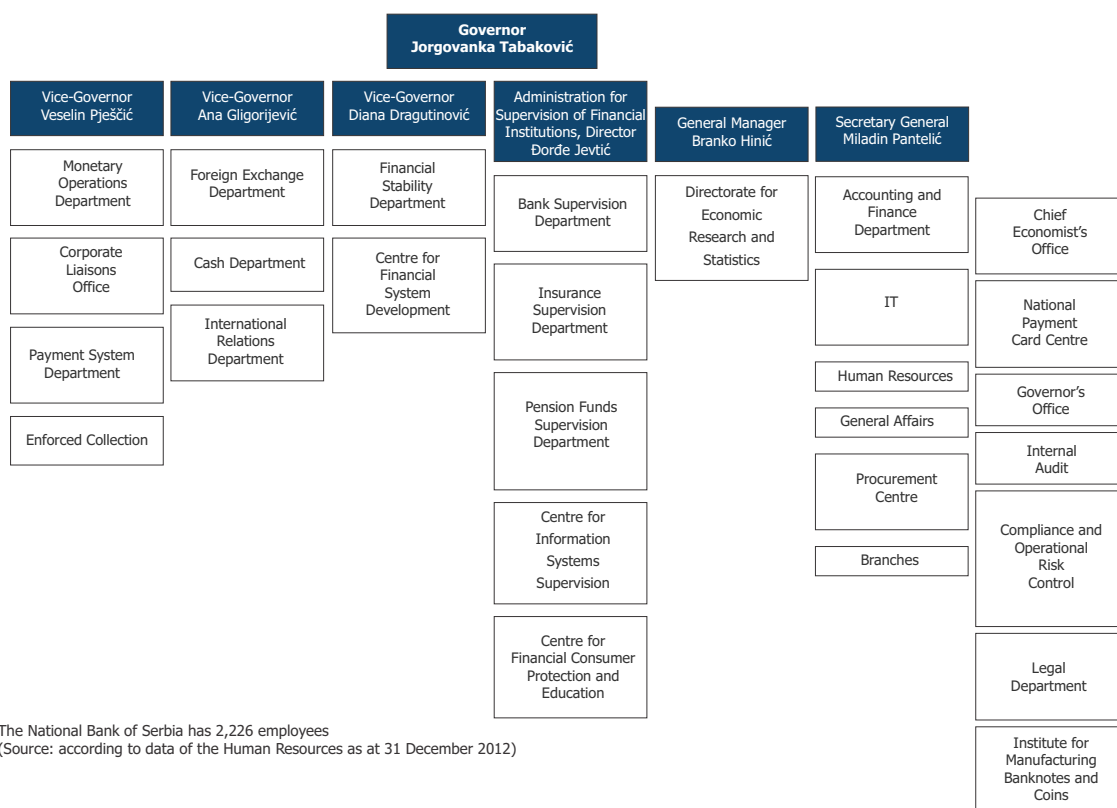
decides on membership in international organisations and institutions;

adopts the financial plan of the National Bank of Serbia;

adopts annual financial statements of the National Bank of Serbia;

appoints the internal audit manager at the National Bank of Serbia;

appoints the external auditor;



The National Bank of Serbia has 2,226 employees
(Source: according to data of the Human Resources as at 31 December 2012)

considers the external auditor's report and monitors the implementation of audit recommendations at the National Bank of Serbia;

oversees the systems of financial reporting, risk management, and internal control at the National Bank of Serbia;

assesses the adequacy of accounting policies and procedures adopted at the National Bank of Serbia;

adopts the annual plan of internal audit at the National Bank of Serbia and periodically considers internal audit reports;

oversees the performance of internal audit and compliance at the National Bank of Serbia;

adopts the development strategy of the National Bank of Serbia, proposed by the Executive Board, and monitors its implementation.

As part of the National Bank of Serbia, in accordance with the Law on the National Bank of Serbia and the By-Law of the National Bank of Serbia, the Administration for Supervision of Financial Institutions is established. The Administration for Supervision of Financial Institutions executes the following tasks:

supervision of banks;

supervision of insurance companies;

supervision of voluntary pension fund management companies;

supervision of financial leasing companies;

protection of financial services consumers;

oversight of domestic and international payment operations;

research in the field of supervisory functions of the National Bank of Serbia;

cooperation with financial supervision international and domestic institutions.

The National Bank of Serbia is a legal entity headquartered in Belgrade. It may set up branch offices which do not have a legal entities status. The internal organisation, scope of operation and responsibilities of branches are defined by the By-Law of the National Bank of Serbia.

An integral part of the National Bank of Serbia is one specialised organisational unit, the Institute for Manufacturing Banknotes and Coins – Topčider, whose duties and responsibilities are regulated by the Law on the National Bank of Serbia and the By-Law of the National Bank of Serbia.

History

After the liberation from the Turks, the Serbian state began its modern times existence by establishing the most important government and cultural institutions – the National Library (1832), the Lyceum – a predecessor of a professional higher education institution (1838), the Society of Serbian Letters – later the Academy of Sciences (1841), the National Museum (1844) and the National Theatre (1868).

At the time of the formation of national pillars, the financial system of Serbia was characterised by the absence of national money and the use of as many as 43 currencies of other countries.

The necessity to establish a central bank became ever more apparent. In the "Srpske novine" in the article "The Current Monetary Crisis", published in 1854, we find the first written reference of the necessity of establishing such an institution. However, three decades passed between the first initiative on this and its realisation. It was as late as in 1884 that such an institution came to life under the name of the Privileged National Bank of the Kingdom of Serbia.

The Bank was organised on the model of the Belgian National Bank, which, at the time, served as the model of contemporary organisation of a banking institution. The Shareholders' Committee, the Principal Council, the Governing Council, the Supervisory Council and the Discount Council were formed, and the function of the Governor (the first Governor was Aleksa Spasić, previously Minister without portfolio) and of the Vice-Governor were established.

Initially, the Privileged National Bank of the Kingdom of Serbia was situated in the very centre of the city, in Knez Mihailova street, and after that in a representative, purpose-built building in Kralja Petra street, where it is still located. The project was made by a famous architect from Vienna Konstantin Jovanović, the son of Anastas Jovanović, the first Serbian lithographer and a majordomo of Prince Mihailo Obrenović. For his work styled after neo-renaissance academism, which could, as reported by Felix Kaniz, "be a true ornament of any big city", he was awarded in 1890, when the building was first occupied.

After World War I and the unification of the South Slavs, in accordance with the law, on 26 January 1920, the Privileged National Bank of the Kingdom of Serbia was transformed into the National Bank of the Kingdom of Serbs, Croats and Slovenes, under which name it took over the operations throughout the territory of the Kingdom. Due to the needs arising from the increased volume of its operation, the building of the Bank was craftily expanded (between 1923 and 1925), in accordance with its original author's design, so that an exceptionally successful whole was obtained.

Although established as the first privileged shareholder institution, the operations of the Bank were constantly monitored by the state. Until 1920, when the territory it was responsible for was expanded, the legislator thought of the Bank only as a credit institution, and from 1931, its primary function became – monetary policy, and the secondary one – credit policy. The first and most important task of the Bank, which, from 1929, in accordance with the name of the state, operated under the name of the National Bank of the Kingdom of Yugoslavia, became governing money and maintaining its stability.

During World War II (from April 1941 until October 1944), it operated from its representative office in London. In September 1946, the Bank was nationalised and started operating under the name of the National Bank of Yugoslavia.

In accordance with the Law on Implementation of the Constitutional Charter of the State Union of Serbia and Montenegro, which came into force on 4 February 2003, the National Bank of Yugoslavia continued to work as a body of the Serbian state. The Law on the National Bank of Serbia, which came into force on 19 July 2003, stipulates the position, organisation, powers and functions of the National Bank of Serbia.

Cultural Heritage – Archives of the National bank of Serbia;

During 2012, the Archives of the National bank of Serbia continued its activities with the aim of popularising the archive material related to the history of the National Bank and promoting values, which was described in the publication "Georg Weifert – Visionary and Enthusiast (1850–1937); the Illustrated Personal and Professional Illustrated Biography". This book, which was published by the National Bank of Serbia in 2010 to mark the 160th anniversary of birth of the famous Governor Georg Weifert, was presented in Kostolac as part of the "Kostolac Cultural Summer" manifestation.

Confirming in practice that the documentation of the National Bank of Serbia can serve the widest variety of purposes, including those that make up cultural activities, with its choice of photos, videos and documentary records, as well as its participation in the recording and submission of objections and suggestions, the Archives of the National Bank of Serbia had an important role in the implementation of the feature-documentary about Georg Weifert.

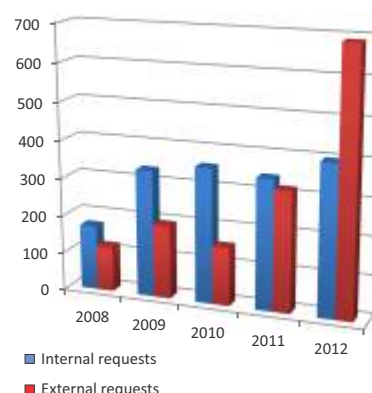
As part of the activities related to the presentation of archive material of the National Bank of Serbia, the Archives prepared an exhibition catalogue for the exhibition of central banks of Serbia and France during the First World War. The exhibition "Belgrade–Paris: History of a Cooperation (1886–2012)" was displayed in the marble hall of the Bank of France.

Based on previous activities aimed at digitalisation of "Srpske novine", the official journal of the Kingdom of Serbia in the period of 1883–1919, as well as the exchange of digital archives with the National Library of Serbia to complete this journal (1834–1919), the Archives of the National Bank of Serbia took part in the national programme of digitising all Serbian official journals for the period of 1813–2013, managed by the "Official Gazette" of the Republic of Serbia. In this regard, a protocol on cooperation was signed, scanned copies of the journal were provided, and the support in the form of the required archives was provided.

In connection with the topical issue of restitution of property confiscated after the Second World War, the Archives presented their original material that is related to this topic in the media, primarily the material created in the process of expropriation of property in accordance with the so-called First Law on Expropriation (1947–1958).

Intending to complete its sources base as much as possible through research in foreign archives, the Archives of the National Bank of Serbia made more than 2,500 pages of documents of the Archives of the Banque de France relating to the past of the Serbian/Yugoslav

Internal and external requests for research in the period of 2008–2012



central bank and the state in period of 1883–1970 and offered these images to the public in the reading room of the Archives "Marko Stojanović."

During the event of "European Heritage Days", which was organised in collaboration with the Communications Division, there were several lectures for visitors on donations and endowments cherished by the Serbian financial elite in the 19th and early 20th century.

128 Years Since Foundation

Each year on 2 July, an event is organised for Bank employees, called the "Bank's Day" in memory of the day the Privileged National Bank of the Kingdom of Serbia first opened its counters.

In addition to celebrating 128 years of operation, the aim of this event, which in 2012 was held under the slogan "... because we foster good tradition of our institution," was to promote communication among employees through a pleasant socialising event. The fact that this form of commemoration of the Bank's Day has positive response among employees is reflected in the fact that the number of employees present increases each year.

Some of the comments of the employees are:

"Despite economic hardships our country is experiencing, the National Bank of Serbia has remained faithful to its tradition of respecting its employees through various forms of social life occasions: professional, sports and cultural. These occasions offer great hope for and reassurance about a much better present and the future".

"First and foremost, I wish to convey to you the beautiful impressions and the wonderful feeling of positive energy my colleagues from the branch office in Užice who were present at the celebration of 128 years of the National Bank of Serbia had. Given the fact that we are the furthest branch office, it took us more time and effort to participate in the common celebration. However, it did not prevent us from joining other colleagues from the National Bank of Serbia in this special occasion."

"Thank you all for a wonderful evening we have spent and the extraordinary atmosphere in Topčider, with an exceptionally well-planned programme where employees of the National Bank of Serbia could socialise."



MEMBERSHIP IN THE UNITED NATIONS “GLOBAL COMPACT”

After the establishment of the “Global Compact”, on 6 December 2007, the National Bank of Serbia, as one of the founders and an active member of this initiative, continued with its commitment to promote and affirm this most massive voluntary association in the world (with over 10,000 members from more than 130 countries), dedicated to promoting corporate social responsibility. “Global Compact” requires from its members to adopt, support and promote the ten universal principles in the protection of human and labour rights, environmental protection and the fight against corruption. During the five years of work in Serbia, the number of members increased to 90. Apart from large companies, members also include representatives of small and medium-sized enterprises, non-governmental organisations (NGOs), business associations, academic institutions, cities and trade unions.

In 2012, the National Bank of Serbia actively participated in the work of the Working Groups for Corporate Social Responsibility in Banking and Finance, Social Inclusion, Education and Development of Corporate Social Responsibility, Environment and Support in Emergency Situations.

As chair of the Working Group for Corporate Social Responsibility in Banking and Finance, the National Bank of Serbia, together with other members of the working group worked on the implementation of two projects in the field of financial education, which is the primary objective of this group.

Within the project of cooperation with secondary schools which have the educational profile “banking clerk”, schools were enabled:

- one-week/two-weeks practice for third/fourth grade students in branches of member banks;

- visit to the National Bank of Serbia’s Visitor Centre and the Institute for Manufacturing Banknotes and Coins – Topčider;

- thematic lectures for students and teachers; and

- attending professional seminars of the Academy of Banking and Finance for teachers of this educational profile.

The cooperation was formalised by signing a cooperation protocol between the Association of Schools of Economics, Law and Administration, Trade, and Hospitality and Tourism in the Republic of Serbia and the "Global Compact" in Serbia. This cooperation will be continued in 2013 as well.

Free workshops for citizens under the title "Managing Personal Finances" are the result of the cooperation between the "Global Compact" in Serbia and the Croatian Banking Association. Following the positive experiences of Croatia, members of the working group decided to organise and launch free interactive workshops for citizens on planning and managing personal finances in Serbia as well. Apart from financial education, great importance should be placed on mutual cooperation between member banks and business entities participating in the organisation and realisation of this project. The project puts the client and his education in the focus of its attention, and it was launched with the aim that, through training and counselling, citizens learn about financial services, strengthen their trust in the banking sector, as well as to help them manage their household finances more efficiently.

Total 36 workshops (31 in Belgrade, one in Niš, in Novi Sad and in Kraljevo, and two in Kopaonik) have been organised,

with the participation of more than 450 citizens. The participants graded the organisation (location, time, and venue), intelligibility and presentation, as well as the usefulness of the workshops, with highest grades.

The greatest benefit from workshops was a better overview of expenses and incomes in personal household budgets, a new look at planning and achieving goals, new insights into the possibilities of saving, a realistic understanding of financial opportunities, and future improvements in managing personal/household budgets.

In 2012, members of the working group made an e-learning application "Managing personal finances" which was uploaded to the project's website. A new cycle of workshops is planned for 2013, and the focus will be placed on organising workshops in smaller towns in cooperation with local organisations, as well as on developing the network of partners in the implementation of those workshops.

More information about all activities of the „Global Compact" in Serbia is available at the website www.unglobalcompact.rs.





Application of the Ten Principles in Practice

Ten "Global Compact" principles in the field of protection of human and labour rights, environmental protection and the fight against corruption are based on: The Universal Declaration of Human Rights, The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, The Declaration on Environment and Development, and The United Nations Convention against Corruption.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuse.

Application:

- the National Bank of Serbia with its participation and membership in the "Global Compact" acknowledges and affirms the values and human rights protection policy of the United Nations.

Planned Activities:

- support to projects of social inclusion and education of persons with disabilities.

Labour Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

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

Principle 5: the elimination of all forms of child labour;

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

Application:

- the Trade Union functions within the National Bank of Serbia as an independent, democratic and autonomous organisation of employees;
- 1,274 employees are union members;
- in 2012, the Trade Union became member of the Standing Committee of European Central Bank Unions;
- in terms of employment and legal, financial and socio-economic status of employees, a number of activities were implemented within the Union, 26 employees were returned to work by court order, four individual cases of employees were resolved, 17 meetings with the employer or persons authorised by him were held, 158 members used the possibility of cash loan in the total value of 4,470,000 dinars, 155 members used financial aid, in the total amount of 1,550,000 dinars;
- out of the total number of employees in the National Bank of Serbia, 54% are women, and 46% are men;
- out of the total number of employees in managerial positions, 52% are women, and 48% are men;
- under the Law on Professional Rehabilitation and Employment of Persons with Disabilities, the National Bank of Serbia covers the costs for the assessment of employees' working ability;
- 31 persons with a status of a person with disabilities are employed in the National Bank of Serbia;
- during 2012, seven employees got the status of persons with disabilities;
- a notice on the rights and obligations of employers and employees about the prevention and protection from abuse at work was received and communicated to the employees via web house.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Application:

- reducing the use, sorting and recycling of paper, PET packaging and stationery;
- the Slavija building of the National Bank of Serbia is one of the highly automated buildings so that considerable energy savings are made;
- checking the efficiency of the implementation of new technologies in the field of wastewater treatment, rationalising the consumption of resources (fresh water and energy) at the Institute for Manufacturing Banknotes and Coins;
- managing waste as secondary raw material, waste with special flow management and hazardous waste in accordance with the legislation – at the Institute for Manufacturing Banknotes and Coins;
- managing dangerous chemicals for safe handling and their consumption – the Institute for Manufacturing Banknotes and Coins;
- monitoring gas emissions in order to prevent pollution – the Institute -Manufacturing Banknotes and Coins.

Planned Activities:

- we continue to apply measures for efficient consumption of resources;
- launching an initiative for recycling paper towels;
- we continue applying rationalisation measures in the consumption of natural resources, waste management, in line with the regulations, and are making a waste management plan for the period of 2013–2013, rational consumption of dangerous chemicals, with possible substitution with less dangerous chemical;
- we continue to support, promote and apply all activities related to environmental protection.

Fight against Corruption

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

Application:

- the National Bank of Serbia publishes the Annual Report on Activities and Results of Work, approved by an accredited auditing company;
- in accordance with the Code of Professional Conduct in the National Bank of Serbia, nine presents were reported, eight of which were estimated not to be appropriate and were returned to the giver;
- in the past period, 16 positive opinions on the possibility that certain jobs an employee would be doing outside work hours could pose conflict of interest (writing articles, books, making presentations on certain topics, etc) were issued;
- four quarterly reports were submitted to the Anti Corruption Agency on the activities taken within the implementation of the National Strategy for Fight against Corruption and the Action Plan for the Implementation of the National Strategy for the Fight against Corruption;
- in the 40th regular meeting of the Moneyval, the Progress Report was successfully presented and adopted in the third round of evaluation of the measures and activities the Republic of Serbia is taking in the field of preventing money laundering and financing terrorism;
- in 2012, there were 41,000 visits to the web page of the National Bank of Serbia related to public procurement, and there were 460 procurement procedures, out of which 378 procedures were public, and in accordance with them, 216 agreements and 190 orders were concluded. The remaining 82 procedures were exempt from the public procurement procedures and 87 agreements were concluded in accordance with them.

Planned Activities:

- the National Bank of Serbia will continue to undertake activities directed towards the fulfilment of obligations arising from the Law on the Anti-Corruption Agency, the National Strategy for Fight Against Corruption, and the Action Plan for Implementation of the National Strategy for Fight Against Corruption, and the National Bank will submit quarterly reports on this to the Anti-Corruption Agency;
- during 2013, new activities will be organised to improve the education of employees in the field of ethics.

COMMUNITY

Protection and Education for Financial Services Consumers

During 2012, the Centre for Financial Consumer Protection and Education actively provided assistance to citizens in the exercise of their rights by acting upon complaints, through mediation in resolving disputes, and by informing and education of consumers of financial services.

Acting Upon Complaints

Throughout 2012, the Centre for Financial Consumer Protection and Education received a total of 2,617 complaints and early complaints against operations of financial institutions, which is 39% more than in 2011.

Total 1,777 complaints were received, or more by 58.4% than in 2011. Of these, most complaints, 85.1%, were related to the operation of banks, which is an increase of 77% compared to 2011.

Out of 1,513 complaints on the operation of banks, the largest number related to loans (61.1%), current accounts (17.3%), and payment cards (12.4%). Total 246 complaints on operations of insurance companies were

received, which is a slight increase compared to the previous year. The greatest number of complaints related to motor third party liability insurance (48%), life insurance (16.7%), and full coverage insurance (8.5%). A total of 18 complaints on the operations of other financial services providers were made, i.e. 1.1% of the total number of complaints.

Mediations

In 2012, 136 mediation procedures were scheduled, or less than in the previous year by 24.9%. Given the fact that the number of complaints rose in 2012 by about 60% when compared to 2011, it can be concluded that an increased number of complaints is resolved in the first stage upon receiving a client's complaint.

Of the total number of mediations for which the procedure was finalised, in 48% cases an agreement was reached between financial institutions and their clients. The largest number of mediations related to disputable relationships between banks and their clients, 37% of which related to loans, 14% current accounts, and 13% to payment cards. In terms of disputable relationships

Number of complaints by financial service providers in the period of 01/01 – 31/12/2012

Financial services providers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total	In %
Banks	127	160	134	127	127	100	104	132	115	138	118	131	1513	85.1%
Insurance companies	16	15	18	25	24	24	16	14	26	21	26	21	246	13.8%
Leasing companies	1	2	0	0	0	0	1	1	3	0	4	4	16	0.9%
VPF management companies	0	0	0	0	1	0	0	0	0	0	0	0	1	0.1%
Other	0	0	0	0	0	0	0	0	0	0	0	1	1	0.1%
TOTAL	144	177	152	152	152	124	121	147	144	159	148	157	1,777	100%

Source: National Bank of Serbia.

Number of mediations by financial service providers in the period of 01/01 – 31/12/2012

Financial services providers	In progress	Settlement	Suspension	Abandonment	Total
Banks	11	40	39	0	90
Insurance companies	5	18	23	0	46
TOTAL	16	58	62	0	136

Source: National Bank of Serbia.

between insurance companies and their clients, the largest number of mediations was related to motor third party liability insurance (12%).

Informing financial services consumers

Throughout 2012, the Centre for Financial Consumer Protection and Education received a total of 934 questions regarding financial services and consumer's rights arising from using such services, which is 34% more than in 2011.

Consumers made 19,546 calls. Excluding questions related to service information, the majority of questions were related to banking services, exchange operations and insurance. Total 1,171 enquiries were received through email with questions about the procedure for submitting complaints on the work of financial institutions, exchange rate, replacement of banknotes, enforced collection, payment transactions, etc. All enquiries were answered within the prescribed deadline.

Financial Education of Citizens

In order to provide comprehensive and understandable information about the financial market and products available to consumers in this market, develop new and advanced multimedia and interactive educational materials, continuously improve online content dedicated to financial education, organise workshops and forums around the country (to ensure financial literacy of citizens, businesses and the general public), the Executive Board of the National Bank of Serbia adopted the Financial Education Strategy of the National Bank of Serbia for the period 2012–2015.

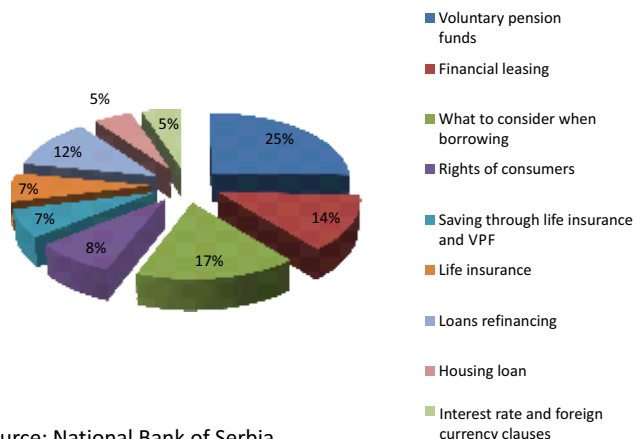
In line with the recommendations of the Organisation for Economic Cooperation and Development, in 2012 there was the first public survey to measure financial literacy of Serbian citizens.

The aim of this survey was to measure and evaluate the level of financial literacy of the population in Serbia at the national level, as well as at the level of individual social groups. Based on these results, it was concluded that certain social groups need to be better educated, and that the National Bank of Serbia would direct its educational activities towards this aim. This survey on financial literacy in Serbia will be the basis for the next (follow up) surveys that will show the effects of implemented financial education activities.

In 2012, the National Bank of Serbia held 32 educational forums in 24 towns in Serbia, which were related to numerous financial topics and tailored to citizens and businesses. The aim of these forums was to disseminate information to citizens about financial products available in the market in Serbia, as well as on the opportunities and methods to protect financial service consumers. The forums were organised in cooperation with employees in charge of education of financial services consumers in the branches of the National Bank of Serbia in towns across Serbia (Belgrade, Kraljevo, Bor, Novi Sad, Valjevo, Užice, Kragujevac, Zaječar, Prokuplje, Bačka Topola, Čačak, Sremska Mitrovica, Kruševac, Leskovac, Vlasotince, Trstenik, Senta, Prijepolje, Sokobanja, Krnjevo, Jagodina, Arandjelovac, Priboj, Temerin, Bečej, and Pančevo).



The most common topics in forums



Source: National Bank of Serbia.





A total of 80 presentations were organised, and the topics were selected in accordance with the interests of participants in the forums. According to their frequency and the questions asked after the presentations, the most attractive were the topics of saving through voluntary pension funds, what matters should be considered when borrowing, as well as those about loan refinancing and financial leasing. In addition, there were also presentations on the following topics: life insurance, housing loan, buying a car – a loan or lease, savings, current accounts and payment cards, how to realise the rights of consumers of financial services, agricultural insurance and loans, motor third party liability insurance, and interest rates and foreign currency clauses.

Total 1,026 citizens attended the forums, and 12 local TV stations provided media coverage. About 360,000 leaflets with information on financial products were distributed, and there was also a survey on the activities that were implemented.

As part of its regular activities, the National Bank of Serbia continued providing information to citizens in its regional branch offices for financial education.

During 2012, 1,382 citizens visited regional branch offices. They mainly asked questions about banking services (54%), primarily about saving, loan refinancing, method of calculating annuity, warranty, early loan repayment, the procedure for closing an account, changes in interest rate, the procedure for lodging a complaint against the work of banks, activities from the scope of the National Bank of Serbia's jurisdiction, etc.

In the field of insurance, the largest number of citizens were interested in life insurance, motor third party liability insurance, and insurance related to loans.

In the previous period, ten new newspaper articles were prepared on various financial products. The topics discussed in these articles related to agricultural insurance, assignment of receivables, differences between operational and financial leasing, full coverage insurance, new method of cashless payment, financial frauds, closing inactive current accounts, steps to be taken before taking a loan, methods for calculating annuity, etc.

The "Tvoj novac" (Your Money) website, which is aimed at financial service consumers, is updated regularly with new contents, as well as with announcements on educational forums planned in towns across Serbia.

Planned Activities

In order to strengthen the trust of citizens in the financial sector, the Centre for Financial Consumer Protection and Education will continue to work on further improvement of the mechanism for protection of financial services consumers and increasing transparency of the terms and conditions under which financial institutions offer their services.

In addition, it will also work on harmonising and improving regulations relevant for the work of the Centre with regulations of the European Union related to the protection of financial service consumers.

We will continue the activities related to public opinion surveys related to the quality of the offer of financial services. In order to provide as comprehensive information and education for the citizens as possible, the Centre for Financial Consumer Protection and Education will continue with educational forums and workshops across Serbia.

Corporate Liaisons Office

In order to strengthen its institutional capacities and improve communication with business entities, and having in mind the experiences of a great number of countries and their central banks (Great Britain, the USA, Russia, France, Canada, Austria, Hungary, Norway, Switzerland, Poland, Belgium, Portugal, Spain, Turkey, Israel, Azerbaijan, Armenia, the Czech Republic, Slovakia, Australia, New Zealand, Montenegro etc.), in its plan of activities for 2011–2012, the National Bank of Serbia envisaged the establishment of the Corporate Liaisons Office.

The main objective is to establish and constantly improve two-way communication between the National Bank of Serbia and businesses so that, by monitoring and analysing economic trends, it is able to provide timely and accurate information about the state of the economy of the Republic of Serbia, notice early signals of expected changes in the most important trends in the economy that are important for the achievement of the objectives and implementation of monetary policy, as well as to continually report to the Executive Board of the National Bank of Serbia on the state of economy.

Evaluation of Experiences so far in Contacts and Communication with Businesses

The experience so far in contacts and communication with businesses can be evaluated as highly positive. The entrepreneurs, according to their own evaluations, are quite satisfied with the fact that they are able to communicate with the representatives of the National Bank of Serbia directly and to exchange views and attitudes on the situation in economy, current economic trends, current and expected macro-economic trends, the effects of the economic and monetary policies, as well as on the expectations regarding business and investment opportunities in the following period. Furthermore, they may approach advisors in order to solve problems, or obtain answers to questions related to daily life in business environment, which are, as a rule, related to banking operations, the implementation of laws and bylaws in the field of foreign currency operations, payment transactions, enforced collection etc. The Office strives at finding a solution for each problem, i.e. to give correct, good quality, clear and as fast as possible answers to each question – independently or in cooperation with competent organisational units of the National Bank of Serbia.

With this respect, by means of its overall activities in 2012, the Corporate Liaisons Office met the expectations set before it. At the same time, it made a significant contribution to the overall efforts of the National Bank of Serbia to improve communication with the public and realise the principles of social responsibility.





Chief Economist's Office

In June 2012, the Chief Economist's Office held its Second Annual Conference of Young Economists, with over 100 participants and exhibitors from leading European universities. Professor Charles Engel from the University of Wisconsin, one of the world's leading macroeconomists and Professor Boyan Jovanović from New York University, one of the world's leading economists, were the main panelists, which gave this conference global quality and importance.

The Bank continued to organise top research seminars, in which lecturers from leading universities in Europe and the USA took part, as well as other central banks, whose papers were published in major international journals in the fields of macroeconomics, finance and econometrics. Research seminars of this type are of paramount importance for raising the standard of economic surveys in Serbia and are unique not only in the country, but in the whole region as well. Their quality makes the National Bank of Serbia recognisable in Europe, which places it among the leading central banks in this respect.

Furthermore, the Chief Economist's Office organised additional activities in this direction. In order to promote and encourage empirical studies, it established the award, "Dr Dragoslav Avramović" for the best analytical/research paper in the field of macroeconomics and finance that uses data from the Serbian market. The award winners were Milica Travica from Belgrade for her paper Forward as a Possible Solution for Currency Induced Credit Risk Identified in Non-Performing Loans – Foreign Exchange Rate Regression Model and Igor Veličkovski from Skopje for his paper Assessing Independent Monetary Policy in Small, Open and Euroized Countries: Evidence from Western Balkan.



Education on Elements of Banknotes Protection and Familiarisation with Known Types of Counterfeits

In accordance with the Decision on Cash Flow Management of 14 June 2012, in October the National Bank of Serbia began conducting intensive training provided for all employees in banks for processing money, the most important part of which is the detection of counterfeits. The training was conducted by experts from the Department for national centres for the fight against counterfeiting and analysing banknotes and coins. During 2012, about 2,000 employees in banks were trained, and the plan is to train more than 7,000 employees until the beginning of July 2013.

Trainings last for one day and about four hours on average, executed on the premises of the National Bank of Serbia (head office and branch offices), as well as in the training centres of banks. During the trainings, the trainees learn about the regulations governing this field, the standards and criteria they need to adhere to when processing money, as well as with protective elements of cash. In the practical part of the training, employees receive current types of forgery and, with the help of experts from the National Bank of Serbia and the use of technology, they have the opportunity to identify the



faults of imitated protective features, paper quality and other characteristics of counterfeits.

The goal of the training is to acquire additional knowledge and skills based on which participants will be able to easily and reliably identify counterfeits and thus prevent their further circulation in payment transactions. In parallel with the completion of this cycle of training of employees in banks, we executed the planned activities on informing general public about the importance of being aware of the protective elements of banknotes in order to prevent receiving of counterfeits.

The overview of the number of counterfeit banknotes detected in the territory of the Republic of Serbia in 2012 shows that the most counterfeit banknotes are those in denominations of 500, 1000, and 5000 dinars. In terms of foreign currency, the most usually counterfeited are euro banknotes in denominations of 50, 100, and 200.

Financial Education of the Young

During the year, the programmes of financial education of young people, which have been taking place in the Visitor Centre since 2005, were attended by children from three pre-schools, students from 41 primary and 29 secondary schools and 16 higher education institutions from Belgrade and other parts of the country.

In the first Child and Youth Finance International Summit, held in Amsterdam in April, and organised by the international movement Child and Youth Finance International, the National Bank of Serbia received an award for its extraordinary efforts, visionary and innovative approach which it has in the field of financial education of the youth in our country. This award is an additional stimulus for the efforts that our institutions invest in financial education of young people, since Europe recognised us as leaders in this field in the region.

During the summit, a letter of support for the movement of financial education of young people came from the UN Secretary-General Ban Ki-moon, with a recommendation for the introduction of this kind of education as part of the global movement for maintaining financial stability in the world, reduction of poverty and the Millennium Development Goals proclaimed by the United Nations. For the first time, the Summit gathered the majority of participants in the field of education of young people worldwide – university professors, organisations, foundations, central banks, experts in economics, nongovernmental organisations, media, etc.

In cooperation with institutions of higher education, the exhibition space of the National Bank of Serbia was visited by students of the second, third and fourth years of the Faculty of Economics and the Law Faculty in Belgrade, the Faculty of Engineering, the Police Academy, the Faculty of Organisational Sciences, "Singidunum" Business School, and the College of Valjevo, the Faculty of Management from Sremski Karlovci, as well as and students of the Vienna University of Economics and Business and members of the European Association of Law Students. Apart from the exhibits, the students learned about the goals, function and role of the National Bank of Serbia.

Number of counterfeit banknotes in foreign currency

EFC			
CURRENCY	NOTE	PIECES	AMOUNT
BAM	50	1	50
BAM	100	3	300
CAD	100	2	200
CHF	1000	6	6,000
DEM	100	3	300
EUR	10	4	40
EUR	20	64	1,280
EUR	50	295	14,750
EUR	100	197	19,700
EUR	200	345	69,000
EUR	500	7	3,500
GBP	20	2	40
USD	50	2	100
USD	100	93	9,300
TOTAL EFC		1,024	

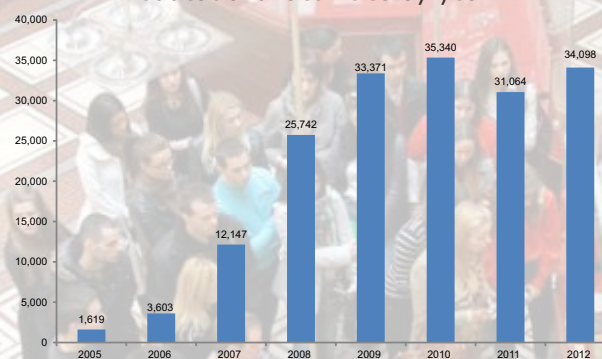
Source: National Bank of Serbia.

Number of counterfeit banknotes in dinars

RSD		
NOTE	PIECES	AMOUNT
10	1	10
20	7	140
50	12	600
100	315	31,500
200	52	10,400
500	1,561	780,500
1000	2,106	2,106,000
2000	725	1,450,000
5000	1,206	6,030,000
TOTAL		5,985

Source: National Bank of Serbia.

Number of participants in exhibition and educational activities by year



Source: National Bank of Serbia.



Also, as part of cooperation with GIZ, in schools that provide education for "banking clerks", we organised lectures for students and teachers, as well as visits to the Visitor Centre and the Institute for Manufacturing Banknotes and Coins – Topčider. As part of this programme, the Bank was also visited by students of a trade school from Germany.

Financial Education Programme Tours Across the Country

During this year, we held educational workshops "Dinar our Money", "Me and My Budget", "Money and the Five Senses", and "Distinguished Serbs" for elementary and secondary schools in the "Stefan Prvovenčani" library in Kraljevo, the National Library in Bor, the National Library "Datko Petrov" in Dimitrovgrad, the City Library "Vladislav Petković Dis" in Čačak, and the National Library in Požega.

Also, during the year, there were workshops for pupils and students of primary and secondary schools on the premises of the Exhibition and Education Unit in the building of the National Bank of Serbia at Kralja Petra Street no. 12.

Monetura

In order to present the domestic general public with basic methods of monetary policy making by means of the board game "Monetura", there were presentations and tournaments for students of the Faculty of Sciences – Department of Mathematics and Informatics from Novi Sad, the Faculty of Business from Valjevo, Belgrade Business School, the Faculty of Legal and Business Studies from Novi Sad, the Faculty of Economics in Subotica and the Faculty of Economics in Belgrade. The same activity was also organised for students of secondary schools: "Ruđer Bošković" grammar school, School of Economics from Zrenjanin and School of Economics "9 May" from Sremska Mitrovica.

Protocol on Cooperation with the Youth Office

The National Bank of Serbia and the Youth Office signed a protocol on cooperation for providing the conditions for financial education of younger people. The envisaged cooperation means that the Bank organises and implements the workshops so that service users of the Youth Office could learn about the functions and activities of the National Bank of Serbia, as well as with basic economic terms and financial products and become active consumers of these products. During 2012, we organised eight workshops for adults "Managing Personal Finances", three tournaments in the board game called "Monetura" and three forums with presentations on the following topics "Saving through voluntary pension funds and life insurance", "What to consider when borrowing", and "How to exercise your rights."

"Visa Young Leaders"

Representatives of the National Bank of Serbia participated in the Young Leaders Forum for the sixth time, in which topics such as financial literacy, promoting and encouraging entrepreneurial potential were discussed with young people. Also, in the round table called "Entrepreneurial spirit of the young in Serbia today", the media and professionals were presented with

results of the research done by the Visa company on the entrepreneurial spirit of young people.

Exhibition Activities

Exhibitions, educational programmes and other cultural and educational events, organised for the general public by the National Bank of Serbia in the course 2012, were attended by the total of 34,098 visitors, out of which 13,857 visitors attended the events organised in the building located at Kralja Petra Street and 20,241 visited the National Bank of Serbia building at Slavija Square.

Exhibition Space at Kralja Petra Street

In addition to individual visitors, the exhibition space of the Visitor Centre had group visitors from many pre-schools, primary and secondary schools and higher education institutions, apprentices at the National Bank of Serbia and trainees of the summer internship.

During the year, the Visitor Centre also hosted officials, delegations and guests of the Governor and Vice-Governors, as well as a number of official delegations from central banks of Montenegro, Hungary, Poland, the Czech Republic, Slovenia, Bosnia and Herzegovina, as well as journalists from electronic and print media, veteran journalists, participants of seminars at the National Bank of Serbia, and the Diplomatic Women's Club. On the occasion of the "Days of Belgrade", the exhibition space of the National Bank of Serbia was visited by a number of groups of local people and foreign nationals. For foreign nationals, the exhibition material was presented in English and in French.

Exhibition space at Slavija

The lobby of the office building in Slavija featured the following exhibitions and cultural events:

"100 women – 100 miniatures", and exhibition of handicrafts by EthnoNetwork of the National Alliance for Local Economic Development;

"Enjoy Smoke-Free Environment", an exhibition by the Ministry of Health and the Institute of Public Health "Batut";

"Harmony of Mosaic Letters", an exhibition of mosaics by the art group "Ametist";

"A Ship in a Bottle", an exhibition by Ivan Bata Šoškic;

"Threads of Light", an exhibition of paintings by Marko Mitić;

"Absolute Union", an exhibition by Peđa Gavrilović;

A concert by the choir "Belgrade Madrigalists";

"Memorial Concert" organised by the Serbian Medical Society;

The twenty first International Review of Composers;

An exhibition of paintings by Saša Montiljo;

A concert by "Ljubica Marić" chamber orchestra;

The sixth festival of science "Physics of recycling" and "Scientific Christmas Tree";

Life Balance, an exhibition of 120 photographs from





an international competition, in cooperation with the Photo Association of Serbia and the International Federation of Photographic Art.

Cooperation with other institutions, participation in cultural events

The National Bank of Serbia is a cultural institution that is adequately involved in the activities of the Tourist Organisation of Belgrade. This cooperation is reflected in the celebration of the "Days of Belgrade", organised between 16 and 19 of April.

As a result of cherished and successful cooperation with higher education institutions, in addition to the lecture on "Communication in the National Bank of Serbia", thirty students from Brazil, Russia, USA, Turkey, Bulgaria, Romania, Albania, Macedonia, Bosnia and Herzegovina, and Montenegro, the participants of the sixth annual International Student Week in Belgrade, had the opportunity to learn about the history of the National Bank of Serbia and see permanent and thematic exhibitions in the exhibition space.

Also, the Exhibition and Education Unit was visited by students from several member states of the European Union, participants of the international project called Changing the World under the auspices of the European Union. The guests learned about the National Bank of Serbia and its activities for the public.

In line with the strategy that we used in planning the contents for all social groups, we paid special attention to persons with disabilities. Taking care of the interests of all populations and adapting to their needs is the key motivation for working and planning in a museum. On the occasion of the International Day of Persons with Disabilities, we organised the round table "Open to All" on accessibility of the Visitor Centre of the National Bank of Serbia and museums, as well as the availability of educational and exhibition facilities for people with disabilities. The round table was attended by representatives of disability organisations, museums and employees of the Communications Division – the Exhibition and Education Unit.

The National Bank of Serbia is an active member of the International Council of Museums. At the annual conference of the International Committee for Money and Banking Museums in the Central Bank of Morocco, representatives of the National Bank of Serbia presented the exhibition and educational activities of the National Bank of Serbia.

Exhibition "Serbian Money from the 13th to the 21st Century"

The National Bank of Serbia and Matica Srpska presented to the domestic and international public the rich cultural and scientific heritage, which links the Serbian nation with other cultures and nations, and at the same time makes it unique and distinctive on the regional and international scene, through the exhibition "Serbian Money from the Thirteenth to the Twenty-First Century". With the support of the Ministry of Foreign Affairs of Serbia and the Provincial Department of Culture and Public Information of the Autonomous Province of Vojvodina, the exhibition was presented in the Mission of the Republic of Serbia to the European Union in Brussels in the end of May.

Innovated exhibition "Money in the Territory of Serbia"

In the end of April, in the exhibition space at Kralja Petra street, we set the innovated exhibition "Money in the Territory of Serbia", which was opened during the "Museum Night" in December and updated with new contents. In a simple and practical way, this exhibition chronologically illustrates the course of development and use of money from the earliest days of pre-monetary payments to the most recent use of electronic cash.

The exhibition "Belgrade-Paris: History of Cooperation (1886–2012)"

A joint exhibition by the National Bank of Serbia and the Banque de France titled "Belgrade-Paris: History of Cooperation (1886–2012)" opened at the Banque de France in Paris in mid-June. The exhibition is devoted to cooperation and rich historical ties between the two central banks. This cooperation dates back to the foundation of the National Bank of Serbia when the Banque de France provided advisory assistance to its Serbian counterpart in organising activities and personnel matters. An important part of this cooperation was also related to producing banknotes.

International Francophonie Day

As in previous years, in March this year, the National Bank of Serbia participated in the event the "International Francophonie Day", which on this occasion was held in the National Library "Stefan Prvovenčani" in Kraljevo. On this occasion there were also educational workshops "Dinar our Money", "Me and My Budget", "Distinguished Serbs" and "Draw a Banknote of your Choice" for elementary school children.

"Open Door Day"

Celebrating the event "Open Door Day", National Bank of Serbia called the citizens and its employees to visit the exhibition space of the National Bank of Serbia with their families and friends and in see the permanent exhibition, themed exhibitions, as well as video recordings of the

history of the Bank and the period of hyperinflation. At the end of the tour, each visitor got an original and unique present – an imitation banknote featuring their own portrait issued by the National Bank of Serbia. This event will become traditional and will take place once a year, on the first Saturday in April.

"Night of Museums"

For the sixth consecutive year, the National Bank of Serbia took part in the "Night of Museums". In the building at Kralja Petra 12, visitors had the opportunity to see the innovated exhibition "Money in the Territory of Serbia" and thematic exhibitions, with a short video on the activities. With the aid of the numismatic, archive and historical material, visitors learned more about the history of development and use of money in our country. There were also interesting interactive contents such as checking the weight of gold bars and authenticity of banknotes, as well as an old hand press for making coins from the 19th century. The visitors had a unique opportunity to go through underground rooms and treasury vaults, where they saw the exhibition "The National Bank of Serbia – a National and European Institution", and recreated images of the past by following the signs for time travel.

"European Heritage Day"

With the exhibition "Gifts and Endowments" we traditionally marked the "European Heritage Days". As in previous years, the National Bank of Serbia joined numerous cultural and public institutions and presented to the public a part of its cultural heritage and once again drew attention to the people who, with their acts and generosity, contributed to the wealth, diversity and cultural identity of Belgrade and Serbia.



Donations

In 2012, the National Bank of Serbia allocated RSD 3,970,988 in donations. The National Bank of Serbia does not award funds for sponsorship, given that the Decision on Terms and Conditions for Allocating Donations and Humanitarian Aid in the National Bank of Serbia does not provide for sponsoring legal entities and persons.

Overview of funds allocated for donations in 2012

Item no.	Amount in RSD	Beneficiary	Purpose
1.	248,000	Humanitarian citizen's organisation "Will Power to the Realisation", Belgrade	Financing a one day trip to Palić for children with disabilities, students at "Dragan Hercog" school and for purchasing tracksuits and trainers for children without parental care from "Drinka Pavlović" care centre.
2.	150,000	Association of the Blind of Serbia	Purchasing five pieces of speech software AntiRider for the needs of the association
3.	250,000	Association "Always with Children", Belgrade	Financing the purchase of 50 New Year gifts for children treated at the Institute for Oncology and Radiology of Serbia
4.	40,000	Association of pensioners of Serbia "Independence", Vladičin Han	The purchase of the most basic provisions for the most vulnerable pensioners in this association
5.	40,000	The Muscular Dystrophy Association of Šumadija district, Kragujevac	Purchasing food and hygiene packages for the most vulnerable members of the Association
6.	50,000	Association of Disabled Veterans of Belgrade, Belgrade	Purchasing gifts for children of the Disabled Veterans of Belgrade
7.	60,000	The Child Cerebral Palsy Association, Priboj	Purchasing gifts for fifteen children members of the Association
8.	50,000	Children Roma humanitarian centre "The Vlach Roma", Belgrade	Purchasing gifts for Roma children living in the territory of Zvezdara Municipality in Belgrade
9.	994,740	"Zvezdara" Medical Centre, Belgrade	Purchase of MoleMax system device that helps in early detection of precancerous, cancerous lesions and malignant melanoma, for the Department of Dermatovenereology
10.	120,000	Association of Paraplegics and Quadriplegics "Danube", Belgrade	Covering annual transport costs for the members of the Association

Item no.	Amount in RSD	Beneficiary	Purpose
11.	100,000	Regional Talent Centre Belgrade II, Belgrade	Covering part of the cost for the participation of five students who attended the Regional Centre at the International Conference of Young Scientists, which was held at the University of Nijmegen in the Netherlands in April
12.	80,000	Pensioners Association of the town of Jagodina, Jagodina	Covering part of the costs for purchasing 150 packages of foodstuffs for the socially and health-wise most vulnerable members of the Association
13.	500,000	The Faculty of Law, University in Belgrade	Covering part of costs for the participation of a team of students from the Faculty of Law in the international competition Willem C Vis International Commercial Arbitration Moot, held in Vienna, Austria, in March
14.	50,000	The Association for Persons with Disabilities Stari Grad "Let's Live Together", Belgrade	For covering costs for the drama section of the Association (purchasing costumes, equipment, travel expenses, education materials, rehearsal materials, materials for shows, etc)
15.	121,800	Kidney Patients Association, Sremska Mitrovica	Covering costs for the purchase of a total of 1,400 ampoules of Beviplex vitamin, prescribed to patients who undergo daily dialysis – the amount necessary for one month
16.	54,000	The Red Cross of Vršac, Vršac	Covering part of costs for a three day stay for 36 children aged five to ten (from the Education Support Programme for Roma Children) in the Red Cross House
17.	114,000	SASA Institute of Musicology, Belgrade	For hiring a tourist bus for transportation of the members and choir and the conductor at the Department of Musicology Institute of SASA in order to participate in the annual pilgrimage to Novi Pazar and Sopoćani, which was held in April
18.	310,785	Association "Milan Milanković", Belgrade	Printing 500 copies of the catalogue as part of the project "Milanković as Part of His and Our Own Time"
19.	500,000	The Red Cross of Serbia	To cover the cost of the ten-day recovery at sea for children from the most vulnerable groups from the poorest parts of Serbia
20.	137,663	The Faculty of Medicine, University in Belgrade	Covering the cost of providing products for a special diet used in studies of liver disease
TOTAL 3,970,988			

List of donated IT equipment (work stations, monitors, printers, scanners, laptops, photocopiers)

Item no.	Beneficiary	IT equipment (number of items)
1.	SOS telephone for women and children victims of violence, Belgrade	3
2.	National library "Bor", Bor	15
3.	Association of Persons with Disabilities "Phenix", Belgrade	7
4.	Centre for Education in Fine Arts, Belgrade	5
5.	The Cerebral Palsy Association, Priboj	10
6.	Primary school "Vuk Karadžić", Čuprija	24
7.	Secondary school "Branislav Nušić", Sokobanja	57
8.	National library "Stefan Prvovenčani", Kraljevo	10
9.	Secondary school "22 October", Žabalj	12
10.	Primary school "Dušan Popović", Belušić	26
11.	Primary school "Svetozar Marković", Belgrade	10
12.	School of mechanical engineering "Radoje Dakić", Belgrade	30
13.	The first primary school "Kralja Petra II", Užice	10
14.	Centre for Contemporary Society— Urban Initiative, Senta	6
15.	Medical school "Zrenjanin", Zrenjanin	9
16.	Primary school "Nikola Tesla", Novi Banovci	5
17.	School for primary and secondary education "Milan Petrović", Novi Sad	9
18.	Company for vocational rehabilitation and employment of persons with disabilities "DES", Belgrade	6
19.	Chess club "Belgrade", Belgrade	3
20.	Gerontology centre Zrenjanin, Zrenjanin	7
21.	Primary school "Svetozar Marković – Toza", Elemir – Taraš	12
22.	Primary and secondary school "9 May", Zrenjanin	10
23.	School of music "Josif Marinković", Zrenjanin	7
24.	Primary school "Ivo Lola Ribar", Sutjeska	10
25.	Sports Softball club WILD CATS, Belgrade	3
26.	Children Roma humanitarian centre "The Vlach Roma", Belgrade	3
27.	The school of electrical and civil engineering "9 May", Zrenjanin	10
28.	Educational and cultural community of the Roma "Romanipen", Kragujevac	2

List of other donated assets

Item number	Applicant	Name of the donated asset	Quantity	Donation value in RSD
1	School of graphic art Belgrade	Written off paint	441.30 litres	1, 250
2	Secondary school Lipljan Kosovo and Metohija	Books	889	95,750
3	Primary school "Knez Lazar" Donja Gušterica, Kosovo and Metohija	Books	222	26,000
4	Primary school "Braća Aksić", Staro Gacko Kosovo and Metohija	Books	195	20,800
5	Agricultural school Lipljan Kosovo and Metohija	Books	758	96,400
6	Primary school "Braća Aksić", Lipljan Kosovo and Metohija	Books	191	21,500
7	Primary school "Vuk Karadžić", Lepine Kosovo and Metohija	Books	201	21,200
TOTAL			2,456	281,650

Socially Responsible Activities of Employees

ACTIVITIES	RESULTS
HEAD OFFICE AND BRANCH OFFICE IN BELGRADE	
In cooperation with the humanitarian organisation "Mali veliki ljudi", we organised the traditional event "Gift for an Unknown Friend" – an activity for collecting toys, sweets and used clothes for beneficiaries of facilities for mentally challenged children in Kragujevac, Starnica, as well as in the Maternity Home in Belgrade	150 New Year gifts were collected and handed in
Inclusion event "Let's be Happy Together", which exhibited works of mentally challenged children from three towns and a number of institutions that provide care for mentally challenged persons	More than 200 children and parents took part. The children of the employees also attended the event
Volunteer activity "Inspired by the Power of Giving", in which, in cooperation with the Red Cross of Vršac, we cleaned the Red Cross Boarding House in Breg hill in Vršac	35 employees took part
Traditional Easter humanitarian sales exhibition in cooperation with the Centre for accommodation and day care for the mentally challenged children and young, the Association "Let's Live Together" and the Association for assistance MNRO New Belgrade	100,000 dinars were raised
Charity event for raising funds for the operation of a colleague's son	1,100,000.00 dinars were raised
In cooperation with humanitarian organisation "Food Bank", we organised an event where canned food was collected for the needs of beneficiaries of the Soup Kitchen in Belgrade	1,282 cans were raised
Traditional Christmas humanitarian sales exhibition in cooperation with the Centre for accommodation and day care for the mentally challenged children and young, the Association "Let's Live Together" and the Association for assistance MNRO New Belgrade	100,000 dinars were raised
An event for collecting sweets and school supplies for the children from Kosovo and Metohija. Representatives of the National Bank of Serbia visited schools in Lipljan and Staro Gracko and handed in the gifts	138 gifts were collected and handed in
In cooperation with the humanitarian organisation "Mali veliki ljudi", we organised traditional event "Gift for an Unknown Friend" – an activity for collecting toys, sweets and used clothes for beneficiaries of the "Veterinik" Home	50 gifts were collected and handed in
BRANCH OFFICE IN NOVI SAD	
In cooperation with humanitarian organisation "Food Bank", we organised an event where food was collected for the needs of the beneficiaries of the Association of the Disabled with Down Syndrome	100 kg sweets were collected
Traditional Easter sales exhibition in cooperation with the School for Primary and Secondary Education "Milan Petrović" from Novi Sad and the Centre for accommodation and day care for mentally challenged children and young	35,000 dinars were raised
Traditional New Year sales exhibition in cooperation with the School for Primary and Secondary Education "Milan Petrović" from Novi Sad and the Centre for accommodation and day care for mentally challenged children and young	15,000 dinars were raised
BRANCH OFFICE IN UŽICE	
In cooperation with the Centre for Social Work Užice, we organised an event where we distributed New Year's gifts from the National Bank of Serbia for children from economically disadvantaged families	15 gifts were handed in
BRANCH OFFICE IN NIŠ	
In cooperation with the humanitarian organisation "Food Bank", we organised an event where canned food was collected for the needs of beneficiaries of the Centre for mentally challenged children and young "Dušan Radović" Niš	137 kg of food were collected
BRANCH OFFICE IN KRAGUJEVAC	
On the occasion of the Universal Children's Day and in cooperation with the Shelter for street children and victims of violence, we organised a campaign to collect sweets and hygiene products	250 kg of sweets and hygiene items were collected



FIGHT AGAINST CORRUPTION

Role of the National Bank of Serbia in the Fight against Money Laundering and Financing Terrorism

Money laundering (the process of disguising the illegal origin of money or assets acquired through crime) and the financing of terrorism (a specific form of financial crime) are global issues that have a negative feedback effect on the economic, political, security and social spheres of the country. Money laundering and financing of terrorism have the following consequences: undermining the stability, transparency and efficiency of the financial system of the country, economic disturbances, endangering the reform programme, reducing investment and loss of reputation of the country.

In Serbia, fight against money laundering started in 2001 when the first Law on Prevention of Money Laundering was passed.

In the fight against money laundering and financing terrorism, the National Bank of Serbia has a double role – of a regulator and a supervisor.

The function of the National Bank of Serbia as the regulator in this field is to draw, or participate in drawing and implementing individual laws and bylaws which, among other things, are aimed at reducing the possibilities for money laundering and financing terrorism through financial institutions whose operations are controlled by the National Bank of Serbia. It also actively cooperates with domestic and foreign institutions working in this field.

At the international level, the National Bank of Serbia, through its representatives, has been taking an active part in the work of the Moneyval, one of the committees of the Council of Europe that gathers experts on the issue of preventing money laundering and which operates on the principle of mutual evaluations by member states. Moneyval reports are very detailed recommendations for improving the effectiveness of the measures and actions of individual states in fighting money laundering and financing of terrorism, as well as the capacity to cooperate internationally in these fields.

Reports adopted by Moneyval are public and are used in the assessment of financial stability and investment security in individual countries. The International Monetary Fund and the World Bank take these reports and integrate them in their analyses and reports. Experts from Moneyval performed the first round of evaluation of the system for fight against money laundering and financing of terrorism in the Republic of Serbia in 2003.

Recommendations of evaluators were incorporated in the Law on Prevention of Money Laundering in 2005, which expanded the number of taxpayers and further improved the national system for the prevention of money laundering. The current Law on Prevention of Money Laundering and Financing of Terrorism, which entered into force on 27 March 2009 included the fight against financing of terrorism and represents further harmonisation of national legislation with international standards in this field, primarily with regulations and standards of the European Union, in line with the efforts made in the process of accession to full membership in the European Union.

In May 2009, Moneyval conducted the third round of evaluations, and the recommendations of the Report on the performed evaluation were incorporated in the amendments to the Law on Prevention of Money Laundering and Financing of Terrorism of 2010. The first Progress Report on the measures and actions taken by Serbia to eliminate the identified deficiencies in the third round of evaluation was adopted on a regular Moneyval plenary session, in December 2010.

In the 40th regular meeting of the Moneyval, held between 3 and 7 December, the second Progress Report was successfully presented and adopted in the third round of evaluation of the measures and activities the Republic of Serbia is taking in the field of preventing money laundering and financing terrorism.

Representatives of the National Bank of Serbia, who participated in the plenary sessions as part of the delegation of the Republic of Serbia, contributed by answering questions from the jurisdiction of the National Bank of Serbia.

Additionally, the National Bank of Serbia actively participated in projects funded by the European Union. In order to prepare the candidate states and potential candidates for membership in the European Union, the Council of Europe launched a new project of technical assistance for Serbia "MOLI Serbia" in mid-November 2010. The goal of this project is to strengthen the capacity of the Republic of Serbia in the field of fight against money laundering and financing of terrorism and related forms of economic and financial crime, considering primarily the legal framework, operational skills and capacities. The main partner of the Republic of Serbia is the Office for Money Laundering Prevention, and the National Bank of Serbia is also included as one of the beneficiaries/target groups.

As part of the project, Serbia was implementing national risk assessment according to the methodology of the World Bank, and the final report on the risks of money laundering and the recommendations for action was completed in the end of 2012. The Republic of Serbia was the first in the region to start the realisation of this complex endeavour. With the latest amendments to the international standards on money laundering, the development of national risk assessment has been introduced as a compulsory standard with the aim of investigating the possibilities for effective engagement of available financial, technical and human resources in the fight against financial crime.



A representative of the National Bank of Serbia led the working group that carried out the assessment of the vulnerability of the banking sector in relation to the risk of money laundering, while other representatives participated in the working group that evaluated the vulnerability of the life insurance sector, voluntary pension funds and financial leasing sectors.

In the Republic of Serbia, the National Bank of Serbia has been actively participating in the work of the Standing Coordination Group for monitoring the implementation of the National Strategy for Fight against Money Laundering and Financing of Terrorism, adopted by the Government of the Republic of Serbia established in order to monitor the activities and authorities proposed the necessary measures to prevent money laundering and financing of terrorism.

The role of the National Bank of Serbia as a supervisor is defined by the sectoral law and Article 82 of the Law on Prevention of Money Laundering and Financing of Terrorism and is reflected in the direct and indirect monitoring of the activities of financial institutions. In the process of direct supervision of financial institutions it is determined whether they comply with regulations and, among other things, whether the system for the prevention of money laundering and financing of terrorism is adequate for precluding financial institutions from carrying out such activities. If weaknesses in the way of the implementation of the measures to prevent money laundering and financing of terrorism are observed, the National Bank of Serbia takes corrective measures, or penalties in accordance with regulations in case of major irregularities.

The National Bank of Serbia has established the practice of indirect monitoring of the activities of banks and financial leasing companies in the field of risk of money laundering and financing of terrorism by obtaining information and data from submitted questionnaires, the analysis of which the National Bank of Serbia publishes on its website.

During 2012, as part of its regular activities, the National Bank of Serbia has performed direct control of risk management related to money laundering and financing of terrorism, in accordance with the approved plans for control, in banks, insurance companies and pension funds. The cooperation with the Prosecutor's Office for Organised Crime and the Crime Investigation Police Department regarding the tasks and duties for which the National Bank of Serbia is competent continued. Also, employees of the National Bank of Serbia actively participated in the activities of international and local seminars and workshops on fight against money laundering and financing of terrorism.

Code of Professional Conduct

Ethical and professional standards of behaviour for employees at the National Bank of Serbia are regulated by the Code of Professional Conduct for Employees at the National Bank of Serbia. In order to improve such standards, we have continually engaged in activities aimed at promoting these standards, and it is insisted that they are applied consistently.



In order to inform them about obligations arising from regulations of the Anti-Corruption Agency, the Governor, Vice-Governors, Director of the Administration for Supervision of Financial Institutions, and members of the Council of the Governor of the National Bank of Serbia were informed about amendments to these regulations – they received a guide for officials „How to act in accordance with the rules and regulations applied by the Anti-corruption Agency“, i.e. in case when they assume office, terminate office, or in cases when they receive a gift etc.

The employees who, prior to their employment at the National Bank of Serbia, gained some shares, which, according to the Law on the National Bank of Serbia, they are not allowed to possess, were given instructions on how to dispose of such shares.

Obligations of the National Bank of Serbia and its officials arising from the provisions of the Law on the Fight against Corruption and the regulations adopted under that law were timely met.

Planned Activities

The National Bank of Serbia will continue to undertake activities directed towards the fulfilment of obligations arising from the Law on the Anti-Corruption Agency, the National Strategy for Fight Against Corruption, and the Action Plan for Implementation of the National Strategy for Fight Against Corruption, and the National Bank will submit quarterly reports on this to the Anti-Corruption Agency. Since it was estimated that it is possible to further enhance the training of staff in the field of business ethics, we have developed a project whose goal is to develop and organise three types of training in 2013, based on the analysis of the current situation (survey data on how many employees know the rules of ethics, and what their experience regarding the application of these rules is):

for apprentices – a short general introductory note on the code of ethics in the National Bank of Serbia;

for apprentices – a workshop where they would be familiarised with all the rules interactively, through ethical problem solving activities (three months after the completion of the first training);

for all interested employees and/or "the exposed category of employees" – thematic workshops dedicated to specific ethical issues.

Public Procurement

In the area of public procurement, social responsibility of the National Bank of Serbia is based on maintaining and enhancing confidence of bidders and strengthening the capacity of the public procurement system, which has an impact on the society as a whole.

Improving the system and strengthening the capacity of public procurement in the National Bank of Serbia and its importance are recognised as such at all levels of decision making. Capacity building will primarily contribute to the increase of transparency, efficiency and effectiveness, it reduces corruption, increases professionalism and strengthens trust in public institutions and the rule of law. Consequently, we get better value for money, financial resources are being

saved, the safety of the society is strengthened, and it is also possible to improve environmental protection.

Strengthening effects are achieved if the legal and institutional framework, standards and practices are improved simultaneously. The work on building a functional and efficient system relies on numerous factors within the National Bank of Serbia, and beyond as well. It is an on-going process and the positive effects of this approach are reflected in a number of direct and indirect impacts, and the National Bank of Serbia itself has been recognised by relevant national institutions and international organisations and, most importantly, by the purchasing entities themselves, as a responsible and open participant in the public procurement system.

The largest contribution is observed in the application of the principles of transparency, resulting in the strengthening of competitiveness. Transparency of work in public procurement is reflected in the fact that the website of the National Bank of Serbia in a separate section, which is marked as "Tenders", publishes invitations to all public procurement procedures that are initiated, as well as all documents related to these procurements. In 2012, there were 41,000 visits to this web page, and there were 460 procurement procedures, out of which 378 procedures were public, and in accordance with them, 216 agreements and 190 orders were concluded. The remaining 82 procedures were exempt from public procurement procedures and 87 agreements were concluded in accordance with them.

EMPLOYEE CARE

Occupational Health and Safety – Head Office

The National Bank of Serbia started a review of risk assessment determined in the Act on risk assessment at the workplace and in the working environment. In addition to persons in charge of safety and health at work, this procedure also includes employees' representatives for safety and health at work, as well as representatives of the representative union.

We have developed a Programme for gradual elimination of deficiencies in the area of health and safety at work, the elimination of which requires significant investments, and where life and health of employees are not seriously compromised. Since the deficiencies were partly removed, we developed the Programme for 2013.

Upon recommendation of the National Bank of Serbia, the Pension and Disability Insurance Fund of the Republic of Serbia issued a record of workplaces where the duration of insurance is calculated at an accelerated rate.

We performed studies on the condition in work environment during the winter, as well as on the efficiency of central ventilation systems in buildings used by basic organisational units. In accordance with regulations, we performed inspection and testing of work equipment used by basic organisational units. Findings of competent authorities were posted on the web house, and the General Affairs were notified of these in order to remove the faults detected.

In accordance with the Plan for training the employees in safe and healthy operation at the National Bank of Serbia, 552 employees from basic organisational units were trained.

We performed additional purchase of protective apparel to be used by employees at the General Affairs and the Cash Department. For the purposes of basic organisational units, branch offices and the Institute for Manufacturing Banknotes and Coins – Topčider, we initiated the procedures for centralised procurement of goods (personal protective equipment and devices) and services (inspection and testing of personal protective equipment).

We prepared the Guidelines on the procedure in case of injury at workplace, occupational diseases and work related diseases, which were sent to employees in charge of safety and health at work in the Human Resources, branch offices and the Institute for Manufacturing Banknotes and Coins – Topčider for the purposes of uniformed treatment. The employees were notified of

those through web house.

For the identified and recognised faults in the field of safety and health at work, we developed a plan, within which the Information Technology performed the following activities:

a commission was formed, which reviewed all statements in the letters from other organisational units and performed activities to eliminate them, in which non-ergonomic mice and keyboards were replaced, as well as all CRT monitors in user environment;

network cables in all premises of the National Bank of Serbia were laid down in a manner that is consistent with the recommendations of the programme for gradual elimination of deficiencies in the field of safety and health at work.

Planned activities involve the purchasing of monitors, adjustable by inclination angle and height, as well as the purchase of ergonomic mice, keyboards and anatomic gel mouse pads.

Vocational rehabilitation and employment of persons with disabilities, i.e. legal protection of employees with disabilities or with impaired working capacity (health conditions)

Under the Law on Professional Rehabilitation and Employment of Persons with Disabilities, seven employees got the status of a person with disability at the expense of the National Bank of Serbia (two in basic organisational units and five in the Institute for Manufacturing Banknotes and Coins – Topčider). Their supervisors were informed of such status and health impairments so that they can take the necessary measures. In accordance with the decisions on the established status of persons with disabilities, employees may be transferred to other job positions that do not compromise their health, their work description may be adapted to their condition, and their supervisors may not ask from them to perform work that may compromise their health. Total 31 persons with the status of persons with disabilities are employed in the National Bank of Serbia. In accordance with the provisions of the Labour Law, we have carried out the procedure for the protection of one employee in General Affairs, who was allocated different work tasks the performance of which does not compromise his health.

Occupational Health and Safety – Institute for Manufacturing Banknotes and Coins

In accordance with regulations in the field of safety and health at work, the National Bank of Serbia developed a programme for gradual elimination of deficiencies in the area of health and safety at work, the elimination of which requires significant investments, and where life and health of employees are not seriously compromised. Based on this programme we took measures/activities to remove the deficiencies and the results for 2012 were reported in quarterly reports of the units in charge.

One part of uneven areas (dangerous areas), floors, holes, and bumps were repaired, shelves were fixed to the floor and the wall, buffers and fixations for vault doors were made and installed, and distribution elements for air infiltration were rotated. Because of noise, employees were transferred to other premises, and automatic door closers were installed in several places.

We adopted the decision on initiating the procedure of risk assessment at workplace and in the working environment in order to partially amend the act on risk assessment and the Implementation Plan for the process of making partial amendments to the Act on risk assessment. We implemented activities on amending the act on risk assessment.

In accordance with the Plan for training employees in safe and healthy operation at the National Bank of Serbia, employees were trained (in theory and practice) in cooperation with their supervisors.

We performed studies of work environment in the summer in the facilities of the Institute for Manufacturing Banknotes and Coins – for chemical and physical hazards (apart from ionizing radiation), microclimate and lighting conditions. Based on competent findings of the studies of work environment, we proposed and implemented measures to eliminate or reduce the risks and hazards to the health of employees.

We inspected and tested the work equipment. Based on findings, we proposed measures to eliminate or reduce the risks and hazards to the health of employees.

In accordance with current acts, we distributed personal protective devices and equipment (clothes, overcoats, shoes, gloves, masks, etc).

Employees at workplaces with an increased risk, and as necessary, are referred to periodic and follow-up medical examinations. In accordance with legislation, employees are sent to the National Employment Service in order to acquire the status of persons with disabilities.

In order to reduce possible injury to employees, and as a preventive measure, we performed alcotests on random samples of employees. The concentration of alcohol was not determined in any of employees.

Based on the analysis of the number of injuries and reports on temporary inability to work, it is possible to determine the number of injuries and days of absence from work (sickness leave). The safe and healthy work activities of employees aimed at reducing the number of injuries to the employees at work, and in the working environment, continue. We have made the Guidelines on the procedure in case of injury, occupational disease or work related illness arising from working at the National Bank of Serbia.

In order to prevent, eliminate or reduce risks and hazards to the health of employees, we regularly perform the analysis of measures taken and make plans for improving the conditions for safe and healthy work for employees.

We have good cooperation in terms of the implementation of safety and health at work measures with the companies and institutions with which the



Institute shares a common workspace, in accordance with Article 19 of the Law on Safety and Health at Work and the agreement signed.

The forms required by the Rulebook on the records in the field of safety and health at work, were filled in and signed.

In the previous period, no diseases or work related conditions were detected at the Institute for Manufacturing Banknotes and Coins.

Benefits

In 2012 as well, the National Bank of Serbia continued to expand cooperation with the central banks of European countries enabling bank employees to use the sporting and leisure resorts of those central banks. The National Bank of Serbia has this form of cooperation with nine countries (the Czech Republic, the Netherlands, Switzerland, Poland, Portugal, Russia, Cyprus, Finland, and Germany) and, thanks to that, employees of the National Bank of Serbia can use the benefit of staying under favourable conditions in the countries with which such cooperation was established. The plan for 2013 is to establish cooperation, i.e., exchange of the use of resorts, with the central banks of Latvia, Italy, Romania, and France.

During 2012, one employee of the Central Bank of Russian Federation and two employees of the Central Bank of Poland visited our resorts. During 2012, our employees visited the resorts of the central bank of the Czech Republic (two), Germany (one), and the Cyprus Union of Bank Employees (seven).

Furthermore, continuing the practice so far, the National Bank will pay a contribution in the amount of 3% of the employee's basic salary for those employees who opted for membership in a voluntary pension fund, and this contribution may not be below RSD 2,000 or above RSD 10,000. That amount is increased by the amount that the employee pays into the voluntary pension fund, up to the maximum amount determined by the law regulating citizens' income tax established as the non-taxable amount.

The National Bank of Serbia cooperates with 15 theatres in the city, including four children's theatres. This cooperation implies discounts for theatre tickets, which vary depending on the theatre and the play. The discounts range from 20% to 50%.

The employees are able to go for recreation in the Business Recreation Centre – Topčider. There they have courts for tennis, volleyball, football, and basketball at their disposal.

The list of benefits for the employees in the National Bank of Serbia includes continued cooperation with six tourist agencies. Due to this cooperation, the employees at the National Bank of Serbia are entitled to discounts and payments for travel arrangements via administrative salary garnishment.

Education, Training and Professional Development

Given the importance and the necessity of continuing to strengthen the institutional capacity, the National Bank of Serbia encourages professional development of employees and creates working conditions and environment that enable individual development of each employee.

Employees of the National Bank of Serbia have the opportunity to educate themselves and acquire the appropriate degrees and certificates, as well as to attend seminars, courses, study tours and workshops in the country and abroad. A total of 387 employees attended professional trainings abroad, while 184 attended seminars, conferences, courses and workshops in the country.

The National Bank of Serbia organises foreign language courses (English, German, Russian and French) for its employees. This programme segment is intended to provide easier communication with colleagues and experts from abroad, as well as the use of literature in foreign languages. A total of 262 employees attended foreign language courses in 2012.

In order to develop and improve personal characteristics and competencies of its employees, the National Bank organised in-house trainings with the following topics: teamwork, presentation skills and public appearances, communication skills and conflicts, and stress management.

In order to improve neighbourly cooperation, in 2012 the National Bank of Serbia was actively involved in the implementation of the protocol on business cooperation with the central banks of Bosnia and Herzegovina, Montenegro, Albania and Macedonia in the field of professional trainings of the employees. The cooperation was realised through the organisation of 18 mutual study visits, involving 55 employees working in partner institutions.

The National Bank of Serbia has good bilateral cooperation with many central banks from European Union member states. As part of this cooperation, employees at the National Bank of Serbia have the opportunity to exchange knowledge and experience with eight colleagues. In 2012, there were 13 study visits, with the participation of 48 employees, there were two international seminars organised in Belgrade, and one seminar for employees in the National Bank of Serbia.

Once a year, the National Bank of Serbia organises summer practice, thus enabling students to gain valuable experience and recommendations for further development of their careers. In July and August, 22 students of final years of faculties in Serbia, as well as four students who study abroad attended summer practice at the National Bank of Serbia.



Education, Training and Professional Development of Employees in 2012

No.	Type of education, training and professional development	Number of participants
Education		
1.	Second degree studies – Master Degree and Specialist Studies	6
2.	Third degree studies – Doctoral Academic Studies	5
3.	Professional training, licenses and certificates	32
Professional development		
4.	Seminars, workshops, counselling and conferences in the country	184
5.	Seminars, workshops, counselling, study visits, and conferences abroad	387
6.	Seminars in the NBS organised as part of bilateral cooperation with foreign central banks	57
7.	Foreign language courses	262
8.	In-house trainings	67
9.	Seminars in the NBS organised by engaging external lecturers	140
Vocational training		
10.	Internship	26
Summer practice		
11.	The practice of university students from the country and abroad in the period of July–August	26

ENVIRONMENTAL PROTECTION

Despite following global trends in the printing industry (replacing old technology with new, more modern), it is not possible to exclude and completely eliminate the associated by-products such as waste water and industrial waste. Activities of the Institute for Manufacturing Banknotes and Coins are focused on minimising their environmental impact.

Wastewater Treatment

The new technology for preparing the wiping solution and waste water treatment, purchased in the previous period, justified the investment in this year as well. The positive effects were achieved through the rationalisation of basic resources (fresh water and electricity) and reduced consumption of hazardous chemicals, and consequently, their impact on the environment.

The device in which, prior to being discharged into the city sewers, the already treated wastewater is treated once again, is highly efficient (99%). Also, the quality of the treated wastewater which is being discharged into city sewers is in line with the norms prescribed by law. Their quality is regularly controlled by licensed laboratories. In order to control the processing and recognise possible contingencies, and well as for the purposes of rapid response, we often perform internal on-site quality control of wastewater by means of mobile test analysis.

Technological Waste and Dangerous Chemicals Management

Waste and hazardous waste management involves the implementation of measures prescribed for the treatment of waste in order not to endanger human health and the environment. In this regard, the Commission for Developing a Waste Management Plan was formed. The Plan will comprehensively define all waste generated in the work processes, and the manner of its disposal.

Results of waste management activities

So far, place of origin of all types of waste in the processes has been recognised and defined. The majority of those were characterised, which ensured adequate disposal, i.e. destruction. Furthermore, a part of hazardous waste storage was adapted and adjusted for storing liquid waste.

A part of waste in the form of secondary raw materials (paper, metal, plastic, tonners) and waste which requires special management (tyres, batteries, waste oils, electronic equipment) is sold, which generates income (7.22 million dinars in 2012).

We performed testing and characterisation of liquid hazardous waste, which is ceded to companies licensed for waste management for a certain financial compensation. In this year, 27,110 kg of waste were

disposed of in this manner, and the costs amounted to 2,611,000 dinars.

Solid hazardous waste, which is collected and sorted at the headquarters, or at the source, was not adequately treated at the Institute for Manufacturing Banknotes and Coins, which is why we made plans to purchase equipment for the aggregate collection and to find companies to manage these forms of waste. In addition, there are plans to purchase equipment to annihilate waste from security printing, since it is subject to special measures of annihilation, in accordance with safety and legislation requirements.

Safe management of chemicals should be provided at all stages of the life cycle of such chemicals, especially in the part when they are used in the workplace, through risk control and the protection of workers in the work process. At the same time, it is necessary that chemicals are handled with care in order not to harm the environment.

Results of hazardous chemicals management activities

We regularly updated the inventory lists with all the characteristics of new chemicals for each change of the type of chemicals used, and in these cases, we also regularly updated material safety data sheets and their availability at the site of application. The chemicals are also stored in a safe manner, and their consumption on daily and monthly bases is monitored regularly in production directions, while competent state institutions are informed about their consumption on annual basis.

Gas Emissions Control

In order to preserve and protect the environment in compliance with relevant regulations, the boiler room was regularly controlled and maintained, which involves a series of activities aimed at regulating the operation of burners and adjusting burning parameters, as well as gas emission control from burning crude oil which reduces the amount of sulphur in the boiler room, which was performed in both boilers during the year. The results of these measurements have shown that the values obtained are within allowed limits. Halon fire extinguishers systems, which pose danger on global level, were replaced by those that do not use this harmful gas.

Within these activities and measures, we cooperated with the Ministry of Agriculture, Forestry and Water Management – The Water Management Department, the Ministry of Energy, Development and Environmental Protection, Belgrade city authorities and other organisations in the field of waste management and waste water management, in compliance with laws and regulations.

It should also be noted that the activities undertaken

in these areas were aimed at providing the prerequisites for obtaining the ISO 14001 certificate, which would complete commitment of the Institute for Manufacturing Banknotes and Coins to create conditions for a safe and secure work environment for its employees.

Although the nature of activities in the printing industry does not allow full elimination of dangerous technologies, through these activities, we are trying to minimise their impact on work and living environments. Staff training and raising awareness of risk factors is very important. In this way, we improve their motivation, which results in better organisation of work and lower chances for any adverse impacts.

Waste Sorting in the Head Office and Branches

At the level of the National Bank of Serbia head office, employees were sorting and collecting paper, PET packaging and mixed waste on their premises since April 2008. In 2011, employees in branch offices in Novi Sad, Kragujevac, Užice and Niš also started sorting waste.

Electrical energy in the National Bank of Serbia's buildings is consumed responsibly: regular bulbs are replaced with the energy saving ones. The building at the Slavija Square is among highly automated ones. All the rooms have presence detectors, which are activated automatically and regulate temperature. The system is

auto activated at about 6 a.m. and heats the premises to 19°C. Upon the arrival of employees, the temperature rises to optimal 22°C. When somebody opens a window, the heating or cooling system automatically stops operating.

Consumables, including toner cartridges, paper and PET packaging, are regularly recycled.

Below every employee's signature, there is a message – "Think, before you print" – suggesting that paper should be considered a resource used in everyday work. By using e-mail as a means of communication, we pointed to the importance of environmental protection.

Finally, let us say that the National Bank of Serbia's Social Responsibility Report is printed on a certified paper that is produced in accordance with the principle of controlled forest growth.

PAPER	2012	2011	2010	2009	2008
Head office and Branch office in Belgrade	43,230 kg	47,270 kg	59,490 kg	32,213 kg	13,404 kg
Branch office in Novi Sad	3,272 kg	1,500 kg	-	-	-
Branch office in Kragujevac	14,160 kg		-	-	-
Branch office in Niš	4,230 kg	477.50 kg	-	-	-
Branch office in Užice	3,020 kg		-	-	-

PET	2012	2011	2010	2009	2008
Head office and Branch offices in Belgrade and Novi Sad	4,130 kg	4,250 kg	3.640 kg	-	1.750 kg
Branch office in Kragujevac	PET is separated and taken by utility companies		-	-	-
Branch office in Niš			-	-	-
Branch office in Užice			-	-	-

TONER CARTRIDGES	2012	2011
Head office and Branch office in Belgrade	871 pcs	93 pcs.

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This is our Communication on Progress
in implementing the principles of the
United Nations Global Compact.

We welcome feedback on its contents.