



**Trag Foundation**

**Serbia**

**Communication on Engagement**

**to the**

**UN Global Compact**

**Reporting period:**

**2019 – 2020**

**Part I:**

**Statement of Continued Support to UNGC**

**To UN Global Compact Board Members and our stakeholders,**

I am pleased to confirm that the Trag Foundation, registered in Serbia, reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact, for the period 2019-2020. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact and its Principles as suggested for non-business organisation like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Biljana Dakić Đorđević

Executive Director

Belgrade, 31 October 2021

## Part II

### OVERVIEW OF KEY PRINCIPLES, POLICIES AND STRATEGIC PRIORITIES

**Trag Foundation** (hereinafter referred to as Trag), registered and based in Belgrade, Serbia, has been a member of the UN Global Compact Network since 2008, as one of the first civil society organizations in Serbia and the region committed to supporting its leading 10 principles.

Trag **mission** is to contribute in building active and open local communities by providing assistance to joint initiatives of citizens in these communities. Trag does this by providing financial support, promoting philanthropy and providing other types of support needed. Trag has a vision of Serbia as a just and open society, whose citizens actively and responsibly take initiatives in order to improve their communities. Such a society is based on principles of respecting human rights, tolerance and solidarity.

Our **ethical code** is based on our values. Therefore, we try our best to:

- Respect local communities, associations, organizations and the people we work and cooperate with,
- Be independent and open-minded in making our decisions, always according to our values and goals,
- Treat donation receivers fairly, responsibly and with respect,
- Respect the rights of our employees and associates,
- Avoid possible conflicts of interest, and react accordingly if they exist,
- Use the funds allocated to us responsibly, effectively and efficiently, according to the standards appropriate for nonprofit sector,
- Be transparent when it comes to financial operations, and regularly publish annual reports of independent auditors.

Trag Foundation is dedicated to **continued development** and revision of its own politics, practices, approach and programs in order to contribute, in the best way possible, to the development of Serbia as an open society whose citizens start initiatives for their community improvement in an active and responsible manner. Transparency stands out as one of the most important principles and Trag serves as a role model and initiator of the creation of the framework for transparent action and reporting.

We continue to cooperate with important stakeholders, such as the business sector – companies, small and medium enterprises, business associations - as well as the state authorities, media, international organizations, other civil society organizations and networks.

## Part III

### REPORT ON TRAG FOUNDATION ACTIVITIES

#### 2019 - 2020 (2 years report)

#### 1. ENGAGEMENT WITH GLOBAL COMPACT LOCAL NETWORKS

Trag (formerly known as BCIF – Balkan Community Initiatives Fund) joined UNGC Network in May 2008, as one of its first civil society members in Serbia. Former ED of Trag was chairing the Board of Directors of UNGC Local Network Serbia in 2013-2014, and current ED has been a Board member 2015-2020. Since 2018, Trag Foundation has been responsible for the Secretariat of the UNGC Local Network Serbia. During that period, the Trag Foundation organized two annual assembly meetings of the, chaired monthly meetings of the Working Group on Sustainable Development Goals, and facilitated overall activities of the LN, including the Working Group for Finance and Banking. The past period was marked with increased participation of LN Serbia in UNGC global programs - in 2019 Serbia joined the *Ring the Bell for Gender Equality* initiative, and since 2020 has been active in *SDG Ambition* and *Target Gender Equality* initiatives, also engaging in increased regional cooperation opportunities. Trag continues to provide ongoing support to LN members in reporting progress and engagement.

Trag remains recognized as one of leading civil society organizations working with businesses and government institutions to promote human rights protection, labor opportunities, transparency of its activities and environmental protection. Wider Trag staff also take active participation in activities of UNGC Local Network and those of member companies and organizations.

#### 2. ENGAGE COMPANIES IN GLOBAL COMPACT RELATED ISSUES

Trag is one of pioneer civil society organizations in Serbia to engage with companies on their CSR activities, particularly in the field of corporate philanthropy, engagement in local communities and social entrepreneurship development.

##### 2.a. Development and promotion of corporate philanthropy

##### 2.a.1 VIRTUS AWARD

[VIRTUS annual philanthropy award](#) is the longest-standing award of this kind to be organized in Serbia (since 2006). It is a major national landmark celebrating business community commitment to giving for the public good, celebrating its 15th anniversary in 2021. Trag continues to award and acknowledge the exemplary companies and those who significantly contributed to the development of philanthropy in their local communities. Decisions are made by consensus among members of the independent jury representing various stakeholders, such as the economic media group, national business managers' association, public opinion agency, government ministry, University of Belgrade – School of Economy, publishing company, creative industry, etc.

Due to the COVID-19 virus pandemic, awards ceremonies for 2019 (scheduled for March 2020) and 2020 (scheduled for Spring 2021) needed to adjust the format to facilitate social distancing and respect for pandemic measures. Therefore, Trag launched an integrated communication campaign and invested considerable efforts to promote the contributions of award winners on the social media accounts of the Trag Foundation, as well as in local and national media. This has considerably increased media and



public outreach - the campaign for #VIRTUS13 awards (winners for 2019) reached 180,000 individual users and produced as many as 164 media contents.



The campaign for #VIRTUS14 (winners for 2020) included intensive PR and digital campaigns, billboards and digital activation events, video production, etc. - the outreach was to 307,000 individual users, media published 183 media contents, and the mailing campaign reached several thousand individual inboxes.



**Each year Trag awards 4 major corporate philanthropy awards:**

❖ **Main Award for contribution at the national level (winners respectively):**

2019 - Mastercard Europe SA Beograd; 2020 – MK Group;



◆ Award for contribution to the local community in which the company operates

2019 - Eurobank a.d. Beograd; 2020 - eFront d.o.o.



◆ Award for small and medium size enterprises

2019 - Inter-mehanika d.o.o; 2020 - CCS Solutions d.o.o



◆ Award for partnership between profit and non-profit sector

2019 - Telenor d.o.o.; 2020 - Raiffeisen banka a.d. Beograd





Special awards also include those for corporate volunteering, best innovative practices, etc.

Many of the awarded companies are also very active members of UNGC Local Network Serbia (KPMG, Delta Holding, Hemofarm a.d, Telekom Serbia, Telenor d.o.o, Banka Intesa, ERSTE Bank, etc).

Both in 2019 and in 2020, Trag Foundation organized **meetings with small and medium businesses** in Serbia to promote the importance of socially responsible business and to encourage them not only to incorporate social responsibility principles into their operations, but also to speak publicly about their activities, in order to motivate and inspire others, who remain very active in their local communities.



## 2.a.2 COALITION FOR GIVING

Moreover, since mid-2018, Trag Foundation is a member of the so-called **Coalition for the Giving**, consisting of key philanthropic foundations and umbrella organizations, business associations, as well as the Serbian Chamber of Commerce. It is focused on the implementation of a comprehensive initiative *Framework for Giving*, aimed at building philanthropic infrastructure which also facilitates sustainable business engagement, enabling legal and fiscal environment for giving as well as promoting the concept of public good and giving among companies and wider public. Some of early successes of the Coalition include:

❖ **Establishment of the government Council on Philanthropy** in September 2018, chaired by the Prime Minister of Serbia and bringing together key representatives of national government, business sector and business associations, as well as civil society – 4 Working Groups have been active since late 2018, focusing on the following issues:

(1) *Improvement of food donations regime* - This is important for a number of socially responsible companies, who donate their goods in food and beverages to Food Bank and soup kitchens around the country, including the initiative to introduce VAT exemption on food donations close to expiration date;

(2) *Improvement of corporate giving tax regulations and implementation* - Trag has successfully advocated with the Tax Authority to publish official information - [Manual on the Implementation of Tax Relief Mechanisms for Donors](#), which provides concrete instructions for donor companies on how best to use existing tax incentives regime, as per Law on Corporate Income Tax. The importance of this instruction is the fact that in this way the practice of local tax offices has been unified and made more transparent.

(3) *introduction of individual giving tax incentives* - As more companies' employees engage in voluntary activities and demonstrate responsibility and willingness to engage in their local communities, it would

be important to pave the way for incentives for individual giving as well. Serbia remains one of the few countries in Europe with no tax incentives for individual giving. However, prior to introducing these positive measures, there needs to be a thorough tax reform and transfer from the existing cedular income tax system to the synthetic one.

(4) *VAT compensation fund* - For many years, companies have been advocating to receive some incentives related to their donations in goods and services, namely to have the VAT costs removed in the transaction. However, this request has no comparative European practice to support direct waiving of VAT costs to companies. Trag participated in preparation of a comprehensive alternative proposal, based on positive comparative experiences of Ireland and Denmark, which would enable those CSOs receiving donations from companies to compensate VAT costs from a budgetary state fund, thus creating an added value to company donations and investing these funds in additional programmatic activities. It also provides incentive for companies to establish their corporate foundations, thus building a philanthropic infrastructure for public good.

❖ **The Philanthropy Agenda** (the White Book on Philanthropy) - The [Philanthropy Agenda](#) was conceptualized to present regional and European best practices in correlation with pertinent provisions in the Serbia laws related to philanthropy advancement. The comparative analysis should serve as foundation for proposed reforms in key laws affecting philanthropy such as Corporate Income Tax Law, Personal Income Tax Law, Gift and Inheritance Tax Law and VAT Law. In the reporting period, Trag involved the Foreign Investors Council in the consultations process, among other stakeholders.

Trag initially presented the first edition of this periodical publication (meant to be published every 2-3 years) on November 5, 2019, during the National Conference on Philanthropy. Representatives of government, companies, small and medium enterprises and civil society organization had a chance to be informed about the most important facts regarding six key Laws affecting philanthropy development at the moment - Corporate Income Tax Law, Property tax law, Personal Income Tax Law, VAT Law, Volunteering Law and Law on contributions to compulsory social security.

Philanthropy Agenda has also been presented during the follow-up meetings in November and December 2019 to members of the Serbian Philanthropy Forum, participants of the annual CSR Forum in Serbia organized by the Responsible Business Forum association, raising interest from many stakeholders in business community and civil society.



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DAN DA♥ANJA

**SRBIJA**  
**B=Z BARIJERA**

Pristupačnost svuda, ravnopravnost za svakog.

9. oktobar



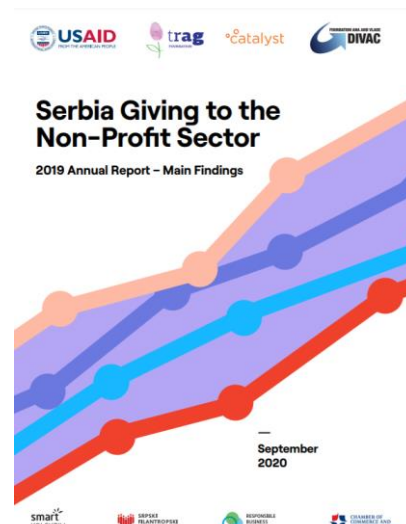
❖ **Establishment of the National Giving Day (October 9)** – the NGD has been celebrated since 2018. In 2019, under the title “The School of Good People”, the NGD campaign brought together many responsible business-oriented companies who took part in raising funds for the improvement of primary



education in schools throughout Serbia, for the benefit of more than 10,000 students. The 2020 campaign was named "Serbia With No Barriers", expressing solidarity with people with disabilities. On that occasion, a key donation has been secured by the Serbian Philanthropy Forum (Trag is a member of the Board of Directors) to establish a Center for Sign Language in Belgrade.

### ❖ Annual Report on Giving to Non-Profits 2018 and 2019

Together with Catalyst Balkans, Trag did a deeper analysis of Catalyst data on giving in Serbia for 2018 and published a [report](#) on giving to non-profits in September 2019. Aim was to select and analyze data on giving towards the nonprofit organizations, and have a better insight about who donates to nonprofits, what they donate and to what purposes. Data shows that 49,1% of donors to CSOs are citizens, 22,3% are companies and 18,4% are mixed donors which refer to donations from the corporate sector, citizens and other donors.



Nonprofit organizations receive the largest number of donations for the following four key themes: healthcare (34%), support to marginalized groups (28,1%), poverty relief (9,8%) and education (5,6%). The corporate sector and citizens often participate in seasonal giving in partnership with the nonprofit sector, and this offers a way for nonprofits to direct their support to people in need. 52,7% of donations given to nonprofits are one-off while 32,6% are given as long-term donations which usually takes the form of donations of equipment and support for social services. The corporate sector followed in providing donations of equipment and support for educational services. The research findings were presented on numerous occasions including the National Conference on Philanthropy in November 2019, media brunches and media appearances.

Similar [report](#) has been prepared for 2019 and promoted in 2020, demonstrating a steady increase in giving to non-profits both from companies (28.8% of all actions, and as many as 37.8% of funding comes directly from the business sector, not including the mixed giving of 8.9% actions (8.4% funds).

### 2.b. Development and promotion of social entrepreneurship

Trag has also engaged in activities to engage companies in promoting social entrepreneurship, through its active work in civil-society led [Coalition for Development of Solidarity Economy](#) (KoRSE, formerly known as the Coalition for Development of Social Entrepreneurship), together with other local partners (European Movement in Serbia, Smart Kolektiv and IDC – Initiative for Development and Cooperation). Previously operating as an informal network of six member organizations (since 2010.)

and then four organizations (since 2018), Coalition for the Development of Solidarity Economy was officially registered as an association based on membership on December 31, 2019.

The Coalition remains true to its original mission of creating a more enabling environment for development of solidarity economy and social entrepreneurship through information, advocacy and raising awareness of different stakeholders. The Coalition remains most active in the advocacy field, with a lot of efforts dedicated to providing inputs to the **Draft Law on Social Entrepreneurship**, proposed by the Ministry of Labour, Employment, Veteran and Social Policy. Following several iterations of previous draft laws which absolutely neglected best European practices and did not take into account local practices the Coalition took an active role in the newly formed Working Group and acts in coordination with the Ministry, Prime Minister's Cabinet and other CSO allies (Civic Initiatives (Građanske), National Coalition for Local Economic Development (NALED) to finally adopt a positive legislative framework in late 2021.

Trag remains committed to cooperation through KoRSE and individually with other Coalition members. Members of the Coalition continue to engage in joint projects, as well as newly launched blog on redesigned KoRSE website and social media. Strategic planning of the KoRSE is planned for 2021.



UČIMO O SOCIJALNOM PREDUZETNIŠTVU

ZAŠTO JE VAŽNO DA  
DRŽAVA PODRŽI  
SOCIJALNA PREDUZEĆA?

## 2.c. Corporate Partnerships Built

### 2.c.1 PHILANTHROPY FOR GREEN IDEAS / BALKAN GREEN IDEAS (green start- ups)

Trag is a national partner in Serbia working on implementation of the regional program formerly known as the Philanthropy for Green ideas (renamed to [Balkan Green Ideas](#) in 2019), simultaneously held in 7 countries of the region (Albania, Bosnia and Herzegovina, Greece, Kosovo, Montenegro, North Macedonia, Serbia). Purpose of the program is to stimulate and encourage innovation for green business ideas at the local level to generate green business ideas that utilize local resources and revitalize community-based markets. By supporting innovative, local sustainable economic development initiatives, Balkan Green Ideas program aims to substantially contribute to building a peaceful, competitive, and prosperous Western Balkans. During 2019 and 2020, Trag continued successful partnership with Erste Bank a.d. Novi Sad, and in 2020, additional support was provided by Lidl Serbia. National level Forum for Green Ideas competition was organized for 10-12 best annual entries (average application rate c. 80-100 applicants), top three national candidates were each awarded with 5,000 USD (individuals, family companies, CSOs) and prepared through business mentorship program (provided by ERSTE Bank staff) for the regional level competition.

In 2020, due to COVID-19 pandemic circumstances, national and regional competitions were held online. Serbian competitor from Niš, with innovative application [#CityAndMe](#) won one of three regional awards of 10,000 USD for advanced business idea.

### 2.c.2 SUPERSTE DONATIONS PROGRAM (youth activism in culture, arts and education)

The partnership with Erste Bank a.d. Novi Sad on what was the predecessor of SUPERSTE program (program called Centrifuga („Whirlpool”)) was the first ever corporate partnership of Trag Foundation,



back in 2007-2013. Following the restructuring of the program, Trag again joined forces with Erste Bank a.d. in 2018, for the period 2018-2020. The program represents a successful model of cooperation and complementarity of non-profit and business sector in supporting vibrant and innovative local initiatives, providing them with mentorship support (Trag ED is one of 8 mentors on the program), as well as financial support and ongoing accompaniment.

In 2020, mentoring and financial support were provided to 10 teams each year, selected by an expert jury and one team that won the crowd award in the Centrifuge competition in 2019. In addition to assisting with the competition's implementation, the Trag Foundation also assists Erste Bank in the monitoring of the supported teams. Due to COVID-19 pandemic, teams were allowed to modify their projects to an online format if possible, or to extend their contracts with Erste Bank.



### 2.c.3 CCHBC VOLUNTEERS CLUB SERBIA AND MONTENEGRO (corporate volunteering)

Since 2017, Trag has been strategic civil society partner of Coca-Cola Hellenic, based in Serbia, as well as their branch office in Montenegro, in organizing various activities for the volunteering staff – selection and proposals of host CSOs, organization of volunteering events, reporting and follow-up. Each year, on average, Trag organized 5-6 local events, bringing together CCHBC employees to engage in CSR activities and support the work of local CSOs.

In 2019, six volunteer actions were held in different communities in Serbia, while in 2020, due to the COVID-19 pandemic, volunteer actions were not held, but Trag provided continuous support to Coca Cola when it comes to donations and communication with organizations. Also, the contract was extended until the mid-2021, allowing for the completion of the planned activities in the first half of the year.





## 2.d Trag Foundation Support to Local Communities - Solidarity Response to COVID-19

In order to respond to the problems of communities caused by the coronavirus pandemic, on April 10, the Trag Foundation announced a call for application for the **Active Communities: Solidarity Response to COVID-19 program**, intending to support actions aimed at reducing the spread of the virus and facilitating self-isolation, as well as actions focused on both recovery and resilience of communities from the economic and other social consequences of the pandemic.



After 24 initiatives in the [first round of the program](#) were supported in the total amount of 8.079.845,00 dinars, the Donation Team of the Trag Foundation, with the support of external advisors, selected 15 initiatives, out of 73 submitted project proposals in the [second round of the program](#), that have been supported by a total amount of 5.636.672,00 dinars.



### 3. PARTICIPATE IN GLOBAL COMPACT GLOBAL, AND LOCAL EVENTS

Since 2018, Trag has been responsible for the Secretariat of the Global Compact Local Network Serbia. Trag has actively and regularly participated in preparation of various joint UNGC events in Serbia such as annual thematic conferences, seminars and working group sessions, consultations with the UN relevant bodies on SDGs and Agenda 2030 promotion and implementation. In 2020, Trag supported UNGC Local Network Serbia to organize the Annual Assembly meeting and present the annual report for 2020 and working plan for 2019 to its members, and also organized new Board elections.

Local Network has joined global initiatives aimed at members of the Global Compact, such as **Ring the Bell for Gender Equality** (since 2019), **Target Gender Equality**, **SDG Ambition** (since 2020).

As the Secretariat of the Global Compact Serbia, Trag has prepared the second edition (the first was published in 2016) of publication [\*How our members contribute to the achievement of the Sustainable Development Goals\*](#), in which the CSR activities of the Local Network members in the period 2016 - 2020 were presented, with special reference to the support to the health system during the pandemic. Trag continues to seek opportunities to engage more strongly with the Global Compact 10 principles and the Agenda 2030, at regional, national and local levels.

