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AmCham Serbia Conference

# CORPORATE RESPONSIBILITY DURING ECONOMIC DOWNTURN

Belgrade, Serbia  
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Hyatt Regency Belgrade



## CORPORATE SOCIAL RESPONSIBILITY AND THE ECONOMIC CRISIS

American Chamber of Commerce in Serbia (AmCham Serbia) organized a conference entitled "Corporate Social Responsibility during Economic Downturn" on September 18, 2009, at the Belgrade Hyatt Hotel. The participants of the conference were representatives of state institutions, companies and banks, and the special guest was Stephen Jordan, a representative of U.S. Chamber of Commerce from Washington, DC, who presented models of the world's best practices in this area. The conference was also addressed by Radovan Jelašić, Governor of the National Bank of Serbia, Svetlana Vukajlović, Director of the Health Insurance Fund of the

Republic of Serbia, Tomislav Stantić, State Secretary in the Ministry of Health and Aleksandar Vesić, Assistant Minister of Environment and Spatial Planning.

Participants of the conference attempted to determine how major companies managed the crisis and how the current situation affects investment in non-profit projects. Also presented were the best practices of AmCham member companies in the corporate responsibility area. The unanimous conclusion of participants was that the business community continues to significantly support individuals, groups and







communities through corporate social responsibility projects despite the economic downturn.

As Bojana Ristić, Director of Executive Office of AmCham Serbia pointed out: "Due to the global connection of the markets, the present crisis affects the world economy in a negative way more than ever and, consequently, the social responsibility activities of companies. Therefore, we were focused on relations among big companies and consumers, suppliers, employees, the social community and the environment during the recession."

By hosting the conference, "Corporate Social Responsibility and the Economic Crisis," AmCham Serbia once again proved that it recognizes the importance of corporate social responsibility as a topic increasingly attracting public attention. It is well known that AmCham Serbia through its activities seeks to bring students and graduates of the University of Belgrade closer to the business sector through cooperation with the Career Development Center. Also, AmCham is involved in activities of the UNDP Global Compact and supports projects that are of great importance to the community and environment.



## OPENING SESSION

**Bojana Ristić**

Executive Director of AmCham Serbia

## Response to the Crisis

The modern understanding of corporate social responsibility now involves all aspects of company operations: treatment of employees, investment in training programs aimed at work safety, performance of all activities in accordance with business ethics, concern for environmental protection, investment in local community development priorities, transparency in operations and many other aspects of business life.

According to AmCham research, in the United States there are currently over 200 corporate social responsibility projects valued at over three billion dollars that aim to alleviate the effects of the economic recession and participate actively in recovery.



**Miloš Đurković**, AmCham Serbia First Vice President and Director of IBM for Serbia, Montenegro and Macedonia

## Promoting the Best Business Practices

'There are many definitions of corporate social responsibility. I'll take one from the EU Green Book 2001 which states that being socially responsible does not require fulfilling only statutory obligations and regulations but going further and investing in people, environment and relations with stakeholders.'

The modern concept of corporate social responsibility in the United States and Britain in the beginning was the result of many bitter experiences that companies experienced under pressure from consumers and the media. But owing to that, in the past 30 years many companies have accomplished a lot, anticipating such pressure. The current attitudes of consumers are more critical and sophisticated. Consumers do not want to buy products from companies that pollute the environment, employ underage children or use animals for testing. All the issues related to corporate social responsibility, progressive business philosophy and best practices are at the top of the Serbian AmCham agenda. We want to be leaders in promoting corporate social responsibility in Serbia.

With this conference we primarily want, through examples of best practices of our members, not only to bring this concept closer to our community, but also to analyze the

impact of the current crisis on the responsible behavior of companies. Behaving responsibly is not just a question of additional investment but also an integral part of the business activities of each successful company, directly linked to its primary operations.'

### New Technological Standards

*'How does corporate responsibility manifest itself in Information technology in the example of IBM?*

*Under the auspices of the European American Business Council association, IBM is involved in an initiative called e-Accessibility. The mission of this activity is to establish a unified and open joint transatlantic technological standard. Within this project, IBM helped to establish the Mozilla Firefox web browser to facilitate the use of Internet for people with disabilities. This is just one of the projects at the world level implemented by my company within the area of corporate social responsibility.'*





**William Infante**, Chief of the UNDP Mission in Serbia

## With Us Partnership Brings Knowledge

'The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. This is one of the biggest voluntary organi-

tal management and of course, in commitment to the fight against corruption.

We want to be sure that companies successfully operate and prosper. For if the corporations are not profitable, they cannot return part of the profit to the community through

### Youth Employment Program

*'Recently we launched a highly significant program of youth employment in South and Southwest Serbia. We included a large number of UN agencies, which gives us great strength, efficient distribution of funds and training for entrepreneurs in rural regions. Training will cover finance accounting. It would be very good if you could help us in that training or if representatives from your companies could get involved in this youth program by providing cutting-edge education and knowledge to students and young entrepreneurs. This can help us to better educate a work force that meets your future needs.'*

zations, bringing together more than 5,000 corporations in 100 countries, including Serbia. I would like to express great gratitude to Governor Radovan Jelašić, without whose support the Global Compact would not have progressed to the current level that currently includes about 50 Serbian companies. By following these principles, Global Compact members are acting according to certain standards in the labor market, specific standards in promoting human rights, in environmen-

corporate social responsibility. If the corporations do not grow, do not create jobs, do not create demand for domestic commodities, what is their value? Therefore the United Nations will continue to promote corporate growth by applying models of social responsibility. In this case, partnership with governments, NGOs and civil societies is important to us as well, but it all starts at the moment the corporations open their doors.'



## OPENING SESSION



**Svetlana Vukajlović**, Director of Serbian Health Insurance Fund

## Responsibility For Health And Society

'Concern for the health of the individual cannot be a concern only of the Ministry of Health and the Health Insurance Fund. It must be the concern of every company operating in Serbia and every individual in those companies. Without a healthy workforce there is less economic development and profit for the company. Concern about the health of the individual can not be fulfilled just with the payment of contributions for health insurance, nor can it begin at the Health Center. If we are aware of the fact that 80 per cent of chronic non-infectious diseases may be prevented or minimized by elimination of risks such as smoking, lack of physical activity, obesity or by ensuring a healthy environment, clean water and air, then we know that health care begins with the individual, in the workplace and within the realm of corporate social responsibility. This concern has measurable effects. If care and corporate social responsibility are missing, we will have the increased costs of health care and absenteeism. All this increases the costs of health care. Given that corporate social responsibility involves not just health care but creation

### Cooperation Between the Public And the Private Sector

*As an example of positive cooperation between the public and private sectors, I would emphasize a project where at the beginning of the year the Republic Institute for Social and Health Insurance proposed that all pharmaceutical companies direct part of their marketing budget to promotional campaigns: "Let's change diabetes" and "Serbia against cancer - Tell the one you love." These actions are media supported, and I believe that their effects are great. This is a good example of how companies that have profits from the sale of medicine may return the part of the profit through preventive education.*

of a better social environment impact, the application of the Code of Ethics is of importance, and foreign experiences in this area are welcome.



**Veran Matic**  
Director of RTV B92

## Lack of State Encouraging Measures

### Tax Policy as a Problem

*I am proud of the initiative that we started along with another 125 companies for the purchase of a mobile digital mammogram apparatus for preventive detection of breast cancer. It now works perfectly. In this context it is important that breast cancer is no longer considered taboo and that the importance of prevention and education is understood. This is one model that can work in other areas.'*

'Serbia lacks a serious legal and social framework that enables companies to offer more in the area of social responsibility. At B92 we have had several socially responsible initiatives. Every time I feel satisfaction and eagerness to help someone, at the same time I experience feelings of fury, anger, and rage because of emerging problems. I always give as an example the construction of safe houses which we launched for victims of domestic violence. And I'll keep mentioning it until the problem is solved.

We built two shelters in Belgrade and one in Zrenjanin, and from money we gave to the state in taxes, another safe house could have been built. We can easily conclude that the state is the main beneficiary in this project, since domestic violence is as problem that the state should solve by building safe houses. A facility that social work centers will use is provided, and on the top of that the state also gains 8 to 18 per cent in taxes on donations that we took from the companies that invested in safe houses! That says plenty about the framework in which the state operates, about how the state behaves.

Each of us engaged in socially responsible projects has to pay a visit to many institutions and administrations in order to accomplish them. It is clear that we lack efficiency and that there are many obstacles to be overcome at various levels. In our country we have excellent examples of corporate social responsibility by foreign companies, but it is necessary that the authorities assist us in this endeavor.



**Stephen Jordan, Executive Director and Senior Vice President  
of the Business Civic Leadership Center in Washington**

## Business Suitable to Society's Needs

'It could be argued that corporate social responsibility begins with the nature of the business. Corporate social responsibility and business ethics start with providing good products and services that meet the needs of society. Consider the following: 25 years ago there was no Internet in terms of commercial use; 50 years ago cars did not have safety belts and we didn't have color TV; 100 years ago the car had not yet been manufactured and 125 years ago Nikola Tesla had not yet invented the radio.

Each example of a successful business means that someone is sitting and thinking about the needs of society that can be successfully met over and over again. Basically, corporate social responsibility is the very concept of a business as a value – how to satisfy the needs of society as planned and with efficiency. That is why this conference is not just about corporate social responsibility, but also about social development, Where do we go, where should we go in the next 20 years, in the next 25 years, and how to continue improving the way society works.

When you consider all the aspects of economic crisis, one of the challenges is that companies need to balance many different interests. It is not easy to be business manager. For instance, if you consider people as your main value in busi-

ness, can you afford to lay off anybody even though demand for your products and services has decreased?

Corporate social responsibility is closely linked to sustainable development and long-term survival. For most people it is much easier to think about what happened in the past than to project where they want to be in three, five or ten years. But, if you are thinking about sustainable, long-term development of your company, you should begin to train yourself to think in such a way. What will the situation be, for instance, in the next 20 years.

When it comes to sustainable growth, the development of small businesses is very important. Many communities are mainly focusing on big business and want to get more foreign direct investments. But jobs are not provided only by large, successful companies. The growth in jobs takes place in the development of small and medium-sized businesses. Large companies have their own interest in this because they get new partners in business, thus expanding the base for consumption of their products.

Therefore, not only philanthropy is of importance but also the dialogue that will make us achieve greater cooperation between all communities in order to advance together.

### What Makes Us Special

*'One of the factors considered by many companies, which can be applied to Serbia, is what makes Belgrade special? What would make people want to come here?*

*There are companies investing in certain areas because they think this will be a reason for others to come to the their city. Universities, high schools and technical schools should develop students' skills that will be necessary in order to be competitive in the market.'*



## EDUCATIONAL PART



**Donald De Corte**, External Affairs, Director, Merck Sharp & Dohme, Central & Eastern Europe

## Profit, Philanthropy and Social Responsibility

'Merck Sharp and Dohme is a global company. We have a branch here in Serbia, but we define our corporate social responsibility on a global level. We make a difference between corporate social responsibility and philanthropy. We hold second place in philanthropic efforts with a focus mainly on medical donations and help within our activities.

Another aspect of this deals with high-quality products that add value to our clients and their patients. High quality means that our products are safe and promote health care.

Also, we take care that all our business operations are led ethically and transparently. In Nicaragua we have a vaccine against the diarrhea that causes the greatest number of deaths in early and later childhood. We cooperated with the government of Nicaragua to create a model for enabling access to this

vaccine that saves lives. Another well known program is the "Mectizan" donation project that has existed for more than 20 years. "Mectizan" is a product for the protection of animals, and accidentally we discovered that we can use it to prevent and treat one type of blindness that affects about five million people in central Africa each year. That is a commitment that we will continue to fulfill until that kind of blindness is eliminated, which is expected to happen about 2020. Then we have a project dedicated to fighting AIDS in Botswana that we started in 1999.

In the famous words of Mr. Merck, the founder of our company:

"Our mission is to develop new medicines that improve and save human lives, and benefit will come of itself if you do good."



**Maja Kolar**  
Director of Corporate Communications, Banca Intesa

## Good Experience in Microfinancing

'In Serbia some problems are caused by poverty. There are groups that are marginalized and forced into self-employment and use of their own knowledge and skills to emerge from the survival phase and create a better future. Their biggest problem is lack of resources. Therefore, a mechanism is needed to enable these vulnerable social groups to access bank loans for self-employment projects.

Through traditional loan programs bank cannot finance the start-up of such businesses because of their uncertainty. Banca Intesa, on its arrival in the Serbian market and following the experiences of its parent group, developed in 2005 a program of microfinancing and integrated it into a program of corporate social responsibility. Thus, individuals were given a chance to escape from the vicious circle of poverty, to create new jobs, to contribute to the economic development of the environment and promote partnership of public and private sector. We created numerous partnerships. For example, since 2006, together with the Guarantee Fund of Vojvodina, we have granted loans to unemployed women in Vojvodina to start their own business and to other entrepreneurs in business for less than three years.

So far 140 million dinars has been placed through 115 credit lines. We have three examples of successful entrepreneurs from Banat.

### Banca Intesa and the Council of Europe Development Bank

*Last year we launched one of our programs focused on young entrepreneurs in order to give them a chance to preserve or to increase the number of jobs they provide. This microfinancing program was developed in cooperation with Council of Europe Development Bank and the non-government organization Alda, the Association of Local Democracy Agencies and their centers in Subotica and Niš. Banca Intesa, from its own funds, provides half the resources, while the other half comes from the Council of Europe Development Bank. Conditions for obtaining these loans are far more lenient than those of commercial loans, but this is often the case with entrepreneurs who managed to start their own business. Ivan from Kragujevac, aged 33, produces parts for trucks. With our help he bought a machine that allowed him an export to neighboring countries, while Goran (36 years old) from the vicinity of Paraćin manufactures building materials, and thanks to microfinancing he managed to expand the business.'*





**Andrea Brbaklić, Director of Communications, Erste Bank**

## Programs of Cultural Decentralization

‘Our “Centrifuge” project is a program of cultural decentralization that we developed together with the Balkan Community Initiatives Fund. The challenge: How to fight against drug abuse? We believed that children need activities and they should be provided with them. Belgrade, Novi Sad and Niš already have these kind of activities, so we included in our project smaller towns where we branch banks. Since we have around 50 branches in Serbia, we supported programs included in the project in these cities. We also decided ourselves to support the program without creating limits on the category of activities. The partnership is going well: we provide the resources, and the Balkan Community Initiatives Fund has a very significant role in providing local associates

in each city. Without them this project could not have been implemented. We wanted to create new activities while they provided partnership organizations that participated in the realization of funds.

Within the “Centrifuge” project we had 287 applications over the last three years. In supporting 20 organizations and informal groups in 17 cities, we have invested 84,000 euros, which is not much given what we achieved in these areas: from youth creativity, promotion of Roma culture, to inclusion of persons with special needs. The municipality of Temerin has supported an association for inclusion of persons with disabilities that previously received a “Centrifuge” donation, thus enabling them further activity.

### “Images From the Darkness”

*From the start Erste Bank did not establish how many projects we wanted to support, but we are satisfied with what has been achieved during a three year period. “Images from the darkness” is an example of how cooperation based on collective projects can continue. This was an exhibition in which blind people took photographs, and it showed that one can see with heart too, because the participants described what they wanted to photograph.*

*With the help of the National Bank of Serbia, we set this exhibition in their premises with further plans to set it in Niš and Kragujevac as well. We consider this an important step in cooperation between the profit and non-profit sectors because we believe that “culture does not come last.”*



**Neven Marinović, Director, Smart Kolektiv**

## Inter-Sector Partnerships Are Important

‘If you take a look at cooperation between the business and the civil sectors it is clear enough that neither can solve problems on their own. The vision of CSR that we are promoting is that of partnership and joint activities, since that aspect has the largest potential.

The most common form of the cooperation is when a company donates money and helps with issues not related to its core business activities. In terms of traditional philanthropy, partnership is very important but sometimes it is difficult to find a language common to the parties. Research shows that the world’s leading companies have successfully built partnerships with non-governmental organiza-

tions. Today, non-governmental organizations have a one trillion dollar budget at their disposal. Although there were earlier conflicts between non-profit organizations and businesses, that connection has now become a necessity.

Companies increasingly realize that the non-profit sector possesses knowledge and the know-how in certain fields of expertise. Businesses often perceive non-profit organizations as too extreme and easy-going, while non-profit organizations see companies as greedy and without the honest desire to contribute to certain societal changes. Our goal is to meet real social needs by creating genuine synergy between these sectors using both resources and knowledge.’

## PANEL 1: SESSION ON HEALTH CARE



**Svetlana Vukajlović**  
Director of the Serbian Health Insurance Fund

## Legislation and Ethical Conduct

'It is a great responsibility to ensure the efficiency of the health care system for only 270 Euros per inhabitant, with the people always expecting the best health care. The pharmaceutical industry plays an important role in the health system.

There are obviously companies that apply their ethical businesses conduct in Serbia differently than in developed countries. This situation should be changed.

It is my wish to encourage pharmaceutical companies to initiate an ethical code of conduct, taking into account their knowledge and experiences from abroad, in order to regulate our relations that will be beneficial to patients.'

## Better Regulation Against Malpractice

'We should determine the real size of the private medical sector, but one that works according to the rules and respects ethical norms. It seems that we face a big challenge in reforms involving the private sector and the state system, but also to better regulate the private sector and exclusion of those who operate illegally. Perhaps only a minority gives us a bad impression of the private sector, but we have to deal with it for the sake of health and patients.'



**Jasmina Knežević**  
Co-founder and Director of the Bel Medic private general hospital

## The Necessity Of Public And Private Sector Partnership

'The private medical sector in Serbia existed until 1958 when private physicians were forbidden to practice. It has been allowed again since 1989. The public health system of Serbia has 28,300 physicians compared to 2 500 physicians in private sector. There are 1,690 health institutions in Serbia, half of which are in Belgrade. Small clinics make up the largest number of them, and large institutions are few. In Belgrade there are six general hospitals, four health centers and twenty laboratories. This is a small number and means that everything beyond them is reduced to modest private practices. The presence of private practices, according to data from 2006, shows that 30 percent of the Belgrade population is provided with health services from the private sector. United Kingdom research has calculated that money in private hands is 17 times better used than in state hands. In our country, the private sector is still treated as a competitor, not as a partner. The private sector is not sufficiently developed. It experiences development problems and certainly needs help.

Individuals in the private medical sector invest their money, employ people and provide a range of other activities and services throughout the system. Thus they significantly relieve the public sector and bigger private presence in the market can only provide a better service to patients.'



**Tomislav Stantić**  
State Secretary of the Health Ministry

## New values for All of Us

'I would like to appeal to the management of companies to make an extra effort to do more in the field of corporate social responsibility.

Good managers must think in this way. It is important to better educate the population in order to achieve more. Corporate social responsibility is not only the means to contribute, but whether the companies will work together to influence public awareness, to do something that will bring a better life for everybody. Therefore, the companies need to create a new set of values.'



**Jasmina Knežević**, Co-founder and Director of the Bel Medic private general hospital

## Legal Business Problems

‘There is no doubt that we work on a common task because the black market is a big obstacle for any legal business. This includes price dumping, so that an operator who pays all the fees is less competitive than another who works illegally. Corruption causes maximum damage to those of us who work legally and pay all the charges.’



**Jelena Malenović**, Avon Foundation

## The Advantages of Direct Donation

‘The AVON Company emphasizes the importance of prevention against breast cancer with both the Avon Foundation and its programs. As a socially responsible company we have a clear policy how and to whom we donate money.’

In 2006 we donated a table for stereotactic breast biopsy, which is located at the Institute for Oncology and Radiology of Serbia. As far as we know this is the only device of its kind in Southeastern Europe. Last year we also donated one million dinars to help purchase a mobile mammogram machine in campaign organized by TVR B92, and we became known in Serbia through the campaign “We need each other” and by preventive free examination. In 2008 we started distribution of free mammogram vouchers and preventive examinations for women. Up to this time we have given out more than 4,000 vouchers, and more than 3,000 women took advantage of the examination offer. We financed these examinations by donation of over 10 mil-

### “We Need Each Other” Campaign

*When we launched the “We need each other” campaign, “ we had the full support of the broad community and the media, ministries of health and medical institutions. The AVON initiative, launched five years ago, is held throughout the world, from Japan to America, in more than 50 countries, and aims to raise awareness in the battle against breast cancer. We joined Serbia to this global event in 2005.’*

lion dinars. These services were offered in Belgrade and Niš, and from this year we will provide them in Novi Sad, too. We had 31 instances of women who were sent for further examination, and there were cases where some women’s lives were literally saved.



**Veran Matic**  
Director of RTV B92

## How to Create a Balance Between Profit and Morality?

‘Often people think that the goal of our campaign was the purchase of a mammogram facility, but we had to find a marketing angle for the campaign to avoid monotony. The campaign to raise funds for mammography was aimed at gathering as many companies and participants as possible. Finally, we gathered 120 participants from various levels, which means we’ve managed to expand health care and cancer prevention to various social groups, international insti-

tutions, municipalities, companies and banks. We wanted to strengthen existing institutions that successfully handle the protection of health in this area. The result is the wide-front, multi-dimensional function of the project and accomplished its initiative for involving as many people as possible. Persistence in this business is very important because we need to keep constant attention. It is difficult, but we should go further.’

## PANEL 2: CSR AND ENVIRONMENTAL PROTECTION



Radovan Jelašić, Governor of the National Bank of Serbia

## Both Savings and Environmental Protection

'At the National Bank of Serbia, nearly a year and a half ago, we started collecting and sorting waste paper and PET packaging in order to recycle them, and we made a contract with a factory for the purchase of our waste paper. This cooperation is alive today although that purchase price has been reduced three times, and it wouldn't be a surprise if we had to pay someone to take the paper from us.

A ton of paper delivered for recycling saves about 17 trees, which means that over a year we "saved" about 560 trees. Again we return to our example – in only one year, by recycling three tons of plastic, NBS saved enough energy to allow a 60-watt light bulb to shine continuously for 82 years, not to mention that we cleared out about 17 cubic meters of wasted space.

I can say from my own experience that is not easy to start, but every time you do something and see that everyone is against you, it means that you are doing it the best way. We are willing to share our experiences with everyone.

### Energy Saving Light Bulbs in the NBS

*It is best always to start from one's own home. The office building of the National Bank of Serbia at Slavija belongs to the category of so-called "smart buildings". An energy-saving system, through a central system for monitoring and control of heat, air conditioning and lighting, was implemented. The NBS facility in Kralja Petra 12 Street, Belgrade, also began the placement of economical light bulbs.*

### Problems Should Be Eliminated

*Based on registration activities, NBS found three companies registered for the processing of waste, and we demanded the approval of the Ministry of Environment and Spatial Planning for recycling electronic waste. We think that it would really be a good idea if on the website of the competent ministry there were clearly distinguished, updated lists of all recycling centers that are certified for handling certain categories of waste. This would facilitate the efforts of anyone who wants to get rid of waste, not only companies but also individuals.*

*Then, of course, we encountered payment problems – one company sought compensation per kilogram of waste, the second by piece, the third a combination of the two options, and delivery as always had to be at our expense. Let's not forget, if we want to stimulate this process, then the one who delivers waste should not take the burden of additional costs.'*





**Aleksandar Vesić**, Assistant Minister of Environment and Spatial Planning

## Serbia on the Way to Fulfilling Millennium Development Goals

'In 1992 the first world summit on environment and development was held at Rio de Janeiro and produced the famous Rio Declaration on Environment and Development and Agenda 21. The aim of both documents was to serve as a basis for balancing environmental, economic and social needs of each country, i.e. to establish sustainable development.

### Applying the Principle - "The Polluter Pays"

*The Serbian state through these laws includes the public and private sector. It introduces extended producer responsibility for their own products, restructuring and transformation of the service sector, and application of the principle - "The Polluter Pays." Cash flows which will ensure the development of recycling industries and employment, new jobs, are established. It is a green economy. Coincidentally, it is this legislation that we are in position to comply on time with the principles of the UN.*

Serbia's national strategy was adopted in 2008. The economy must be developed, poverty must be eradicated, the social aspect has to exist, natural resources must be preserved as much as possible for the needs of future generations. And this all depends on three main pillars that are the bearers of success: a strong political will, commitment of the Government and, finally and most importantly, public support.

Serbia currently chairs the highest international body that deals with environmental protection at the UN--the Governing Council/Global Ministerial Forum of the UN Environment Program. The main topics of the 25th session held in February this year were globalization and the environment, the

global economic crisis, a new global green deal and International environmental governance, as well as reform of the UN system regarding environmental protection programs. It was concluded that the reform of environmental protection governance is needed. The main conclusion went as a proposal to the Assembly--that the relationship of man to the environment and the previous development can no longer be acceptable from the aspect of environmental protection, and that economic crisis and climate change are a problem whose solution lies in the so-called "green economy", which is to be conducted in parallel with the process of sustainable development and meeting the Millennium Development Goals.

All countries in the process of harmonization with EU regulations were faced with three challenges: harmonization of regulations and their implementation, building of administrative and institutional capacities and, last but perhaps most important, economic instruments.

### Eco-Mark

*In adopting a strategy for introducing clean production, we adopted an eco-mark, which is in line with eco-labeling applicable in the European Union. The moment we become EU member, we have to adopt the EU mark, but we can also keep ours and have two marks. Our eco-mark is in full compliance with all current principles and criteria for awarding it in accordance with EU regulations in this area. Unfortunately, up to today none of our business entities have applied to obtain our eco-mark. The eco-mark assures legal competitiveness on the EU market, and economic entities have the advantage in exports and participation in the EU market.*

### Incentives and Penalties

*In accordance with the Law on environmental protection, we provided high financial incentives, but the penalty policy is also more rigorous than it was. If we look at the law on waste management and the law on packaging and packaging waste, within a year from its enforcement a license will be issued to all operators of waste management. The environmental policy of Serbia is to minimize waste and to respect the principle of hierarchy of waste management. This means waste reduction, reuse, recycling, and only then non-recyclable items and those without practical value can be used for energy purposes. And finally comes disposal of residues for which there is no possibility of use.*

## PANEL 2: CSR AND ENVIRONMENTAL PROTECTION



Aleksandar Radosavljević, CEO, Carlsberg Serbia

## No Profit Without Responsible Business

'As for the business postulates of the Carlsberg Serbia company, the first thing is innovation: new brands, new types of beer, new services for our customers and partners too. And then, there is the quality, not just of products but every element of the company, so environmental protection is one of the fundamental principles upon which we operate. First, all investments must get the green light within the company and meet internal standards of environmental protection before even considering any investment. Economic development, not only ours but also of the community in which we operate, cannot exist without our corporate social responsibility.

The word 'responsibility' must be the most important word in CSR, because we in our company believe that financial results should not be the only guiding parameter in our business. Therefore all activities related to environmental protection stand very high on our agenda. Activities we implement are directed at protection, but also to improvement of the environment in our surroundings, and to protect social and cultural values in the vicinity.

Since 2006 we have cooperated with the Balkan Ecological Association. This organization brings together about 350 research and academic institutions in the wider region of Southeastern

### Exchange of Experiences

*In 2007, we organized a round table in Belgrade, at which the issue was the quality and environmental protection with sustainable program within the European Union. It was attended by 100 participants from Serbia and abroad, aimed at exchanging experiences in the field of environment. I think it is one of the most important things that we in Serbia have to do, to recognize the positive and also the negative experiences of others.*

Europe--Turkey, Greece, Bulgaria, Serbia, the countries of former Yugoslavia, Albania, Romania and Ukraine. We cooperate with them by giving scholarships for projects in the field of ecology, both to students and scientific workers. Budgets for research in our country are quite limited, and this is certain help we can provide. Every year we call for papers, an expert commission selects the works that will be supported. Then the individuals who receive scholarships are obliged to complete these works and to offer them for public use in order to improve the environment conditions in these areas.



Miloš Uzelac, Manager of Corporate and Regulatory Affairs, Ball Packaging Europe

## Recycling is a Profitable Business

'When speaking about the technology of production, we measure the impact on the environment and consumption of resources that we need to make the product. This measurement and reporting impels us to constantly innovate and improve technology.

As a primary raw material we use aluminum which is obtained in two ways: one is the virgin aluminum from bauxite ore and this process consumes very large amounts of electricity and then goes further into the production line. However, you can also get aluminum by recycling used cans and by doing so expend 95 per cent less energy. This clearly tells us that the whole system of recycling is very important. During our plant investment in 2005 we had already opened the recycling center with the prime task

to gather and return as many used cans as possible from the region to the recycling stream. We have developed a network of partners in Serbia, and we constantly promote recycling as a profitable business.

We are aware that success in recycling is primarily an attempt to improve the awareness of the public. This is the foundation of everything, and the target groups are primarily young people or children. So after coming to Serbia we established a Recan Fund intended to educate and promote the recycling of cans. The Fund supports the full range of activities and has a number of partners in the market, and is actually a non-governmental and non-profit organization.





**Jasmina Milošević, Manager of Environmental Protection, Holcim Serbia**

## Complete and Profitable Protection

'In 2007 Holcim was the first cement plant in Serbia to receive approval from the Ministry of Environmental Protection for the consignment of rubber waste. I'm talking about the rubber that can be used only for co-processing in the rotating kiln, respecting the pyramid waste. It is also a part of a Holcim policy. The license stands for 12 per cent, the rate of thermal energy replacement.

In the current year we are again the first cement plant to receive Ministry approval for co-processing solid waste. This is a solid, safe waste - industrial, municipal, or paper that cannot be used for any other purpose. The replacement rate goal is 18 per-

cent, and we have five years to reach that target. This means that a total of 30 per cent of the aggregate heat energy we produce will in five years originate from waste material. Holcim Group has its plants in over 70 countries, A cement plant in Belgium, relatively similar to this in ours in Popovac, works on 100 percent of TSR, meaning that the entire source of heat is from waste.

For us the quality of the environment is very important, and we are one of the few industries in Serbia that maintains a continuous measurement of emissions in production itself, which means that at any moment you can see the output of the sulfur dioxide emissions in real time.

### Inclusion of Local Communities

*Our business has an impact on the community, primarily the immediate community. In Popovac village, there is no household where some of the family members or relatives did not or do not work in the cement plant. For planning and communication with the community, our communication office developed a relations program with the local community and its implementation. Besides, the Holcim Group has prepared, in collaboration with the GTZ, a guide for the implementation of AFR, which contains explicitly enumerated principles of communication and social responsibility.'*



**Slavica Pavlović, a member of the Executive Board of Eurobank EFG**

## High Level of Responsibility to the Community

'Corporate social responsibility is not only responsibility to the community, but also responsibility to the customers, to 1,600 employees in Eurobank and related companies in Serbia and to the shareholders. From the moment Eurobank entered this market in 2003, we tried to combine the successful strategy of dynamic development with various actions aimed at improving the community. We formed a comprehensive program of social responsibility called 'Lets invest in European values.'

This program has so far invested about three million euros and is focused on four areas: education, through the project Eurobank EFG Scholarship, investment in ecology and environmental protection through the project Eurobank EFG Parks, a project seeking inclusion of people with disabilities in life and work through the project Eurobank EFG

Equity, and, finally, investment in health through the project Eurobank EFG Health.

From 2006, we awarded in the field of education 1,150 lump-sum scholarships for the best students of state universities in Serbia. Each scholarship is worth 1,000 Euros and the choice is made by an independent American institute for international education. The second project is reconstruction of parks. Up to the present, we reconstructed eight parks in six cities of Serbia, some of them unique in the region. For instance, the Rainbow Park in Bežanijska kosa which is adapted for persons with disabilities. For its contribution to ecology, Eurobank has been awarded the Gold Seal of the Association of Landscape Architects and the Golden Globe Award by Business Magazine.

## CORPORATE RESPONSIBILITY DURING ECONOMIC DOWNTURN



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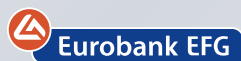
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