



JANKOVIĆ POPOVIĆ MITIĆ

**POLICY ON PREVENTION
OF BRIBERY AND CORRUPTION**

IMPLEMENTATION OF LAWS & RISKS ASSOCIATED

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I INTRODUCTION

JPM proudly emphasizes its commitment to ethical behavior and the delivery of first rate services to its clients. These values have distinguished our firm since its establishment in 1991, and constitute some of our most important core values.

In order to highlight such commitment and to express JPM's zero tolerance attitude vis-à-vis bribery and corruption, the partners of JPM have decided to establish the following policy.

JPM is completely aware of the harmful consequences that bribery and corruption may induce. Apart from the fact that they result with an adverse impact on communities wherever they occur, the bribery and corruption violate laws and international commitments, interfere with democratic processes and basic human freedoms, cause the impoverishment of states and distort free trade and competition.

Additionally, the level and efficacy of investment in an affected state caused by bribery and corruption can be significantly reduced, particularly within economically disadvantaged societies.

Therefore, JPM does not tolerate any kind of bribery and corruption and intends to prevent such form of illegal deed within its domain of influence by applying suitable methods prescribed in this policy. Since the reputation of JPM for lawful, ethical and honest business behavior is one of our the assets of the firm, the purpose of this policy is to set out the responsibilities of JPM's partners, attorneys and employees in observing and upholding our policy on bribery and corruption.

II APPEARANCE OF BRIBERY AND CORRUPTION

In order to preserve and secure the appropriate appliance of this policy and in order to provide every reader with suitable explanation of the major concepts of bribery and corruption, JPM hereby clarifies both general and specific features of the bribery and corruption as well as the essence of the compliance procedures.

1. IN GENERAL

The thin line between lobbying and bribing and between business conducting and corruption acting could be crossed very easily since the bribery and corruption are contemporary challenge and very delicate matter in Serbia. They start out in small ways and affect many other aspects of social life than just politics, which is widely accepted as the main field of the impact of the bribery and corruption.

Measures against bribery and corruption nowadays are extended to “takers” as much as “givers”, with both sides becoming liable to prosecution. Such regime will be spanning not just the public and semi- public sector but the entire business community as much as private parties so the business companies and entrepreneurs now should take comprehensive compliance measures in order to be sure that they are not accused of fostering of bribery and corruption.

Bribery and corruption have several practical manifestations:

- Baiting

Baiting, as granting benefits to influence the beneficiary, is performed when subject offers, promises or grants an improper benefit to a public official with the intention of influencing him/her in his/her function. The object is not to get such a person to take or refrain from taking a specific activity, but to influence his/her future activities, i.e. to make the public official amenable for the future.

- Bribing and granting of benefits

Bribing and granting of benefits is the offering, promising and granting of a benefit (whether improper or not) to an public official or a third party, if it is done with the intention of getting to take or refrain from a concrete official action contrary to his/her duty.

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- Prohibited intervention (lobbying)

Lobbying also could be manifested in a form of corruption if someone offers, promises or grants another person (lobbyist) an advantage in the form of influence on a public official in order to take or refrain from an official action against his/her duty or grants him/her an improper benefit. Naturally, the lobbyist him/herself acts unlawful in this case, as well.

2. BRIBERY AND CORRUPTION AS A CRIMINAL OFFENCE

Most important practical manifestations of the bribery and corruption are visible through the provisions of the Criminal Code of Republic of Serbia. Any kind of measure against bribery and corruption is almost unusable without its felonious aspect since the coercion of the state is the major weapon in the battle against bribery and corruption.

- Direct active bribing

The direct active bribing is committed by offering or making a gift or other benefit to a public official in order to (i) perform an official act within his/her official competences that should not be performed or (ii) not to perform an official act that should be performed. This variation of bribery is occurred when the official performs an activity (e.g. issuing a permit, not giving an approval), which is illegal (e.g. the conditions for issuing the permit are not fulfilled, or all conditions for the approval are satisfied, however the approval is not issued). The benefit which is offered or made to the official could be any material as well as immaterial benefit. The act is perfected by offering such benefit and it is not necessary that the benefit is provided or transferred. Furthermore, it has no relevance if the bribe was requested by the official (or by a third party) or if it was offered/ made on the initiative of the perpetrator. Finally, it is not required that the official actually performs the action which has been sought by the offender.

- Indirect active bribing

The indirect active bribing is defined by the same terms as the direct active bribing with the sole distinction that the bribe is offered or made to an official within his/her official competences in order to perform an official act that such official is obliged to perform (or not to perform an official act that he/she may also not perform).

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- Acting as an intermediary

This variant of the bribery is committed by acting as an intermediary in bribing an official. An intermediary will be punished as the offender of the direct and indirect active bribery.

- Influence Trading

Influence trading is manifested as usage of official or social position, existing or presumed influence for the purpose of intermediation in the process of performance or non – performance of some official duty. Additional element of the influence trading is the act of receiving or asking of the award or any other kind of benefit as a compensation for the intermediation and usage of official or social position, existing or presumed influence.

3. SIGNIFICANCE OF COMPLIANCE

Corruption and bribing may have considerable consequences on all aspects of business and social life and in addition to the direct consequences under Criminal Code, which include prison sentences as much as payable fines, there is the risk of damage claims and substantial loss of public reputation from negative reporting.

The compliance programs are very important for any kind of business entity. It is substantial to set up internal monitoring systems and to monitor their observance. This includes effective organizational measures to fight corruption. Targeted countermeasures through rules of conduct developed for a single company will reduce the risk and refute any claim of negligence. Examples of such compliance measures would be obligations to document and evidence payment transactions, in particular, cash payments, travel costs, expenses and consultant fees, strict rules regarding the approval of gifts, invitations, donations and sponsoring, organizational separation of sectors burdened by conflicts of interest or contractual rules governing additional occupation. Ultimately, it is necessary to make random checks and document all such measures on an ongoing basis.

III SCOPE

This policy applies to all JPM's partners, attorneys and employees (referred to as "Members") and our consultants and cooperators when they are acting on our behalf.

IV POLICY

As per JPM's intention to retain its business and structural integrity, the essential issue of bribery and corruption, as criminal offences, require uniform policy that determines certain requirements:

- Members are not allowed to offer or to make any bribe, facilitation payment, undue, unorthodox or unauthorized payment or inducement of any kind to anyone;
- Members are not allowed to participate in or facilitate, directly or indirectly, any bribe, facilitation payment, undue, unorthodox or unauthorized payment or inducement of any kind to anyone;
- Members are not allowed to solicit business by offering any bribe, undue, unorthodox or unofficial payment to clients or potential clients;
- Members are not allowed to except any kind of bribe, undue, unorthodox or unusual payment or inducement that would not be authorized by JPM in the ordinary course of business;
- Members are obliged to refuse any bribe, undue, or unorthodox payment and to do so in a manner that is not open to misunderstanding or giving rise to false expectation, and to report any such offers immediately to the partners;
- Members are obliged to report any breaches of this policy and any related principles or standards or of any applicable laws or regulations or bar rules.

V POLITICAL DONATIONS

In addition to above mentioned restrictions related to the Members, no political contributions or donations in cash or in kind shall be given by JPM. Fees for services rendered by third parties including agents, lobbyists or consultants must be for legitimate business purposes and be demonstrably commensurate with the service provided. All fees paid for lobbying must be proportionate and in compliance with applicable rules.

VI RISK ASSESMENT

In case of projects which are particularly exposed to the risk of bribery and corruption (e.g. country, sectorial, transaction, business opportunity and business partnership risks) JPM will carry out a proper risk assessment and develop specific procedures to avoid bribery and corruption in order to ensure effectiveness of this policy.

VII REPORTING AND PROTECTION

JPM encourages all its Members to report any act or suspicion of bribery or corruption directly to the partners. Reports may be made to the partners orally or in writing and they are allowed to be submitted in the form of anonymous report.

Any Member who reports any such act or suspicion of bribery or corruption can expect the full support of the firm's partners while the matter will be handled immediately with discretion and confidentiality to protect the Member from retribution or adverse consequences.



VIII TRAINING

JPM is of the opinion that only a continuous training of all Members can ensure the effectiveness of this policy. Training focuses, inter alia, on the anti-corruption policies and procedures described herein, the reporting system, projects which are typically exposed to the risk of bribery and corruption, and sanctions to be applied in case of any non-compliance.

General training is mandatory for all new Members as part of their induction process. Members exposed to higher risks of bribery or corruption are further given a profound training tailored to the specific risks associated with their respective positions.

Training is monitored and evaluated by the partners which also determines the period in which the training shall be refreshed.



IX ENSURING EFFECTIVENESS

As complementary measure for ensuring the effectiveness of this policy JPM, inter alia, maintains an adequate bookkeeping (including approval of extraordinary expenditures).

Sanctions for employed Members having breached this policy may range from warnings to suspension from the office and dismissal, depending on the severity of the breach.



X MONITORING AND REVIEW

Being aware that the bribery and corruption risks may change from time to time, JPM commits to monitor and evaluate this policy and adapt it where necessary on a recurring basis or, if necessary, in response to outer factors such as governmental changes or incidents of bribery.

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