



**Ericsson Nikola Tesla Group**  
Social Report



## ERICSSON NIKOLA TESLA - SOCIALLY RESPONSIBLE COMPANY

The concept of Corporate Social Responsibility (CRS) implies the integration of responsibility for the society and environment into the business development strategy. By doing so, prerequisites for sustainable development of all societal factors have been created. As a part of global Ericsson Corporation, Ericsson Nikola Tesla Group conducts business in line with the highest global standards in business and contemporary way of working. The principles of social responsibility have been incorporated in the long-term development strategy: in all business segments and in relation to all stakeholders.

Ericsson Nikola Tesla Group is aware that communication is a basic human need, and that ICT industry is a powerful generator of transformation and positive changes in the society, improving people's lives, business and society. For years now, our innovative experts have been developing and offering a wide range of state-of-the-art products, solutions and services intended to be used in the Networked Society, where, in the future, all that can benefit from being connected will be connected. With regard to the complex transformation process, our experts keep bearing in mind that technology should primarily be in the service of people and help the development of business and the progress of society at large (Technology for Good).

The area of social responsibility is defined in Corporate and Company rules, which are an integral part of the management system and refer to the Way of Working and conduct of employees, as well as of all other stakeholders. In the Company, each activity and process is executed transparently, and its management and supervision are pursuant to the principles of corporate governance. The public is informed timely and objectively of important business deals, activities and business results.

Over the years, Ericsson Nikola Tesla Group has received numerous awards and recognitions in the field of Corporate Social Responsibility for its achievements and positive practice with regard to all stakeholders.

This report describes the most significant realized projects and implemented activities in the year 2015.

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### Our triple bottom line



#### SOCIAL EQUITY

Communication is a basic human need



#### ECONOMIC PROSPERITY

Contribute to social and economic development



#### ENVIRONMENTAL IMPACT

Minimizing CO<sub>2</sub> footprint globally



## KEY STAKEHOLDERS

Ericsson Nikola Tesla Group has established a two-way partnership with all stakeholders in the society: customers, employees, shareholders and investors, suppliers and partners, unions, business and professional associations, government bodies, educational institutions, and the wider community.

KEY STAKEHOLDERS	OUR WAY OF WORKING
CUSTOMERS	<ul style="list-style-type: none"> <li>o Professionalism</li> <li>o Partnership in finding the best solutions</li> <li>o Innovativeness in providing comprehensive ICT solutions, with positive impact on business, people's lives and the environment, including the climate as well</li> <li>o Measuring Customer satisfaction</li> </ul>
EMPLOYEES	<ul style="list-style-type: none"> <li>o Lifelong learning and training</li> <li>o Attractive jobs in the ICT sector</li> <li>o Equal development and work opportunities for all employees</li> <li>o Performance-based salary system</li> <li>o Motivating work environment</li> <li>o High-quality equipped workplace; occupational health and safety</li> </ul>
SHAREHOLDERS AND INVESTORS	<ul style="list-style-type: none"> <li>o Application of corporate governance principle</li> <li>o Timely and objectively informing on the most significant activities and achieved business results</li> </ul>
SUPPLIERS AND PARTNERS	<ul style="list-style-type: none"> <li>o Joint improvement and enhancement of the supplier chain</li> <li>o Knowledge transfer</li> <li>o Regular inspection of Quality and Environmental Management Systems</li> </ul>
UNIONS	<ul style="list-style-type: none"> <li>o Partnership</li> <li>o Consulting and involving in the decision-making process</li> <li>o Support to union work, including care for the interests of its members</li> </ul>
BUSINESS AND PROFESSIONAL ASSOCIATIONS	<ul style="list-style-type: none"> <li>o Involvement in activities</li> </ul>
GOVERNMENT BODIES	<ul style="list-style-type: none"> <li>o Participating in passing of legislation</li> <li>o Exchange of ideas</li> <li>o Encouraging favorable business environment</li> </ul>
EDUCATIONAL INSTITUTIONS	<ul style="list-style-type: none"> <li>o Support to educational institutions</li> <li>o Transfer of knowledge about the latest technologies</li> <li>o Financial aid</li> </ul>
COMMUNITY	<ul style="list-style-type: none"> <li>o Exchange of knowledge</li> <li>o Support and collaboration in socially responsible activities</li> <li>o Financial aid</li> </ul>



## SOCIALLY RESPONSIBLE OPERATIONS

The global process of creating the Networked Society, where all that can benefit from being connected will be connected, has gained a great momentum. Society transformation process has been thoroughly changing every industrial sector, the way of conducting business and its conditions, as well as people's lives and habits. ICT gives leverage to a more rapid achievement of nearly all 17 United Nation's Sustainable Development Goals, aimed at eradicating poverty, safeguarding the planet, and ensuring progress for all by 2030. Entire Ericsson Corporation, whose President and CEO Hans Vestberg, who is also a Commissioner of Broadband Commission for Digital Development, a member of the Board of Directors of the UN Foundation, and a member of Leadership Council of the Sustainable Development Solution Network organization, strongly supports the global #TellEveryone awareness-raising campaign on the Sustainable Development Goals. It is estimated that by 2020, 90 percent of the world's population will have access to mobile communications. This will ensure the achievement of almost each and every UN's Sustainable Development Goal. Therefore, Ericsson Corporation strongly encourages its employees across the world to raise awareness of new global objectives, as well as of the impact ICT has on the transformation of the world we live in. Accordingly, Ericsson Nikola Tesla Group, as a member of the Ericsson family, plays an important role in the process of implementing positive changes in society

through the development and use of ICT. The pace of establishing new connections is unprecedented, which offers new opportunities and provides benefits for all segments of society. The effects this important process has, have become visible and available to an ever-growing number of people worldwide, including optimized and high-quality services in the field of health, education, transport, government, utilities, smart cities, etc. The Networked Society, where ICT plays a leading role, is crucial for the creation of smart, sustainable, low-carbon economy with a high level of employment, productivity and inclusiveness. According to Europe 2020 strategy, that is the goal of future European Union development.

Pursuant to Europe 2020 objectives, the Group bases its business growth on the following three priorities that complement each other:

- o **Smart growth:** We base our business on knowledge and innovations.
- o **Sustainable growth:** We encourage "green" economy based on resource-efficiency.
- o **Inclusive growth:** We engage young experts on a regular basis, invest in our employees' knowledge and skills, and encourage them to embark on the process of lifelong learning, which will help them remain competitive on the labor market throughout their working life.

### Key areas of sustainability and social responsibility

#### BUSINESS ETHICS

- o Doing business with a high level of integrity and ethics 
- o Anti-corruption program
- o Respecting human rights
- o Responsible sourcing
- o Occupational health and safety
- o ICT role in IT safety and privacy protection.

#### EMPLOYEE ENGAGEMENT

- o Employee engagement in sustainability and social responsibility integration process in all business segments
- o Employee engagement in initiatives - Technology for Good
- o Enabling employees to clearly understand policies and directives. 

#### ENERGY AND ENVIRONMENT

- o Ensure products, solutions and services that have a positive impact on energy efficiency, consumption of materials and the environment 
- o Optimize the impact of our activities on the environment (business trips, transport, facilities management, etc.)
- o Ensure delivery of transformed ICT solutions for smart and sustainable cities.

#### CLIMATE CHANGE AND URBANIZATION

- o Climate change, challenges and urbanization possibilities
- o ICT has an important role in delivering transformed solutions for sustainable cities. 



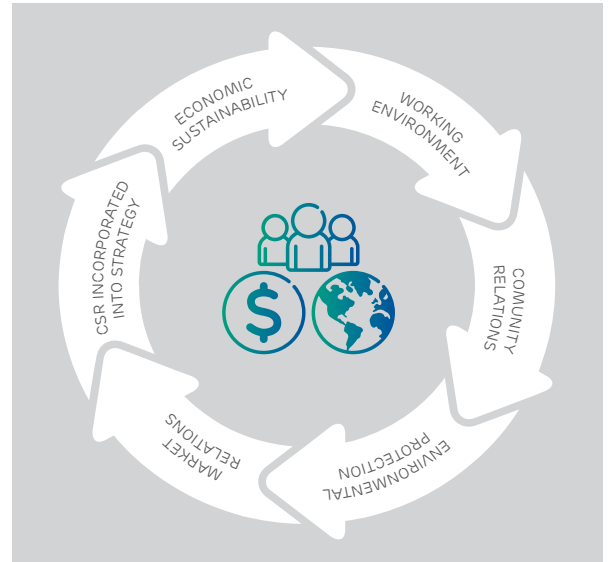
Ericsson Nikola Tesla Group, as a member of global Ericsson, recognizes the following key areas of impact:

- o Globally important projects and programs (sustainability, energy, security, education, healthcare)
- o Leading and managing changes in telecommunications, together with customers, partners and suppliers
- o Using innovative solutions as well as experts' competence and skills to improve business operations in ICT sector and to open new possibilities in other sectors, such as energy industry, security, traffic and healthcare.

The Group reports about its impact on the environment through economic, social and environmental dimension, in accordance with the guidelines of the Global Report Initiative, which represent the framework for reporting on sustainable and responsible business.

We show our social responsibility in the following areas:

- o Economic sustainability
- o Including socially responsible practices into the business strategy
- o Work environment
- o Market relations
- o Environmental protection
- o Community relations.



**EUROPE 2020**

Smart, sustainable and inclusive growth

United Nations Sustainable Development Goals





## ECONOMIC SUSTAINABILITY

### DIRECT AND INDIRECT CONTRIBUTION TO ECONOMIC PROSPERITY

Our business practice is based on facilitating our own business growth and development, as well as satisfying the needs of key stakeholders. This Way of Working and conducting business is in line with contemporary business models and the best business practice of social responsibility and sustainable development.

For years now, the Group has been monitoring and meeting all key strategic objectives, including economic sustainability, through a Balanced Scorecard (BSC) and Key Performance Indicators (KPI). Balanced Scoreboard monitors achieved results through four basic perspectives: customers, employees, shareholders and the society.

The Group monitors its contribution to national economy both through its direct and indirect impact. Direct impact is measured by traditional financial indicators, which are presented and explained in detail in the Financial Statements of this Annual Report. The added value realized from the Group's operations in 2015 increased by 22.9 percent year-over-year and amounts to MHRK 808.3.

### EMPLOYMENT

By the end of 2015, Ericsson Nikola Tesla Group had nearly 2800 employees; Ericsson Nikola Tesla d.d. employs the largest number of employees, more than 1900, while more than 800 employees are the employees of Ericsson Nikola Tesla Servisi d.o.o.

Due to the given new tasks and responsibilities in the R&D and service delivery, we have continued to employ a large number of people. Only in 2015, did we employ 434 new experts (out of which, 209 work at Ericsson Nikola Tesla d.d.). They are mostly young, highly educated people, who are instantly included in complex global ICT projects which are important for the future Networked Society. In the environment where we conduct our business, the Group has been recognized as a good employer as it provides motivating work environment, attractive jobs, promotion prospects, the opportunity of lifelong learning, and competitive earnings.

Group's cooperation with academia facilitates a two-way exchange of knowledge. Working on joint projects between their faculties and the Group, the best senior-year students are introduced to the latest trends in technology and contemporary ways of working as early as during their studies. On the one hand, in this way, we help young people to prepare for labor market the best they can; on the other hand, we choose the best students, who become the employees of Ericsson Nikola Tesla Group immediately after they graduate from college.

### TAXES AND CONTRIBUTIONS

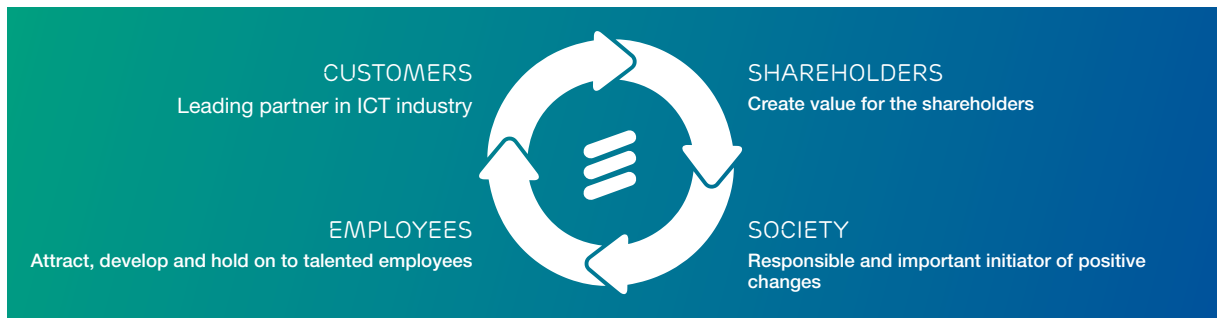
Ericsson Nikola Tesla Group regularly and transparently calculates and pays taxes, contributions and other fees pursuant to the regulations of the Republic of Croatia. In this way, the Group contributes substantially to the functioning and development of numerous activities important for everyday life of Croatian citizens.

#### Ericsson Nikola Tesla Group - value added from operations

	2015	2014
	HRK '000	HRK '000
Sales revenue	1,364,258	1,314,868
Other operating income	4,489	3,772
Financial income	1,761	6,903
<b>Total income</b>	<b>1,370,508</b>	<b>1,325,543</b>
Procurement and other operating expenses	-510,344	-621,540
Depreciation and amortization	-51,851	-46,280
<b>Value added distributed among:</b>	<b>808,313</b>	<b>657,723</b>
- Employees	716,765	570,365
- Government (income tax)	0	0
- Financial institutions	199	8
- Shareholders	91,349	87,350
Value added increase	+22.9%	



### Networked Society strategy - wanted position



### PROCUREMENT

The Group requires its suppliers and partners to meet high-quality standards and adhere to the Code of Conduct, which includes respecting basic human rights, work standards, environmental management, and anti-corruption. In addition, suppliers are familiarized with a list of harmful materials, as well as materials of banned or limited usage, and they must prove their products do not contain such materials. It should be noted that over the past few years, we have started to use eProcurement system in our business operations more frequently.

### IMPLEMENTATION OF NEW ICT

Communication is a basic human need, contributing to economic progress and social equality, and providing high-quality solutions for many issues of sustainable development. We aim to ensure that our technology is a force which does well on a global scale and has a positive impact on the environment. We strongly believe that ICT promotes greater transparency and improves a range of fundamental rights, such as the right to healthcare, education, mobility, freedom of expression, etc.

### STANDARDIZING OUR BUSINESS CHAIN

A key factor for sustainable development is trust of all stakeholders included in the business chain: from creating and using up to ecological disposal of products and solutions. Respecting high standards in all activities and processes, and towards all stakeholders is an imperative to which all Group employees adhere.

### EXCHANGE OF KNOWLEDGE

Exchanging knowledge on new ICTs, the latest business models and ways of working, as well as on using global standards in business are just a few of the relevant topics in which the Group experts participate. Many of them are renowned members of different professional

associations, lecturers of specialized courses in many educational institutions, and authors of numerous papers and articles, published in Croatia and abroad.

### DIALOG AND CONSULTING

In the community in which it operates, Ericsson Nikola Tesla Group initiates and shapes positive changes in the society through dialog, consulting and exchange of experts' opinions.

### MEMBERSHIPS

Ericsson Nikola Tesla is an active member of numerous professional associations and organizations, initiatives, and business and academic associations, which pool their knowledge, skills, innovativeness and responsibility with the aim of contributing to business success, social welfare and environment protection. Whether it regards the company level or a respected expert, memberships are united through the common denominator of commitment to meeting the association objectives. Along with being a regular member of Croatian Chamber of Economy and its bodies, such as Croatian International Chamber of Commerce (ICC), it is also a regular member of Croatian Employers' Association, Croatian Managers' and Entrepreneurs' Association (CROMA), Croatian Exporters, Lider's Club of Exporters, Nordic Chamber of Commerce, Council of the Faculty of Electrical Engineering and Computing in Zagreb, Council of the Faculty of Traffic and Transport Sciences in Zagreb, Croatian Standards Institute, IEEE, MIPRO, Croatian Information Technology Association, World PMI Association, PMI Croatia, Croatian Chamber of Electrical Engineers, Croatian Society for Medical Informatics, Agile Hrvatska Association, Croatian Java User Association, Croatian Association of Purchasing, Croatian Institute for Occupational Safety Improvement, Croatian Public Relations Association, Association of Corporate Lawyers, Croatian Journalists' Association, National Foundation for the Support of Student Living Standard, etc.





## CORPORATE SOCIAL RESPONSIBILITY AS INTEGRAL PART OF BUSINESS STRATEGY

### INTEGRATED APPROACH

In the process of creating the Networked Society, ICT has a positive impact on society both economically and socially, as well as in the context of safeguarding and preserving health and environment. Partnership with customers, business excellence, and technology leadership make a solid foundation for conducting business and sustainable development. In this way, the Group develops its vision of being a regional leader in ICT industry, encouraging and steering the development of communications.

The Group works on the transformation of industry and society on the markets it operates on, creates new added value, while at the same time constantly adapting and finding new business opportunities for long-term stability and business growth. We base our competitiveness on continuous business improvement and managing changes, primarily through the development of human resources, innovation culture and new integrated ways of working and management. In their daily activities, employees apply corporate principles and values, as well as contemporary methods and ways of working.

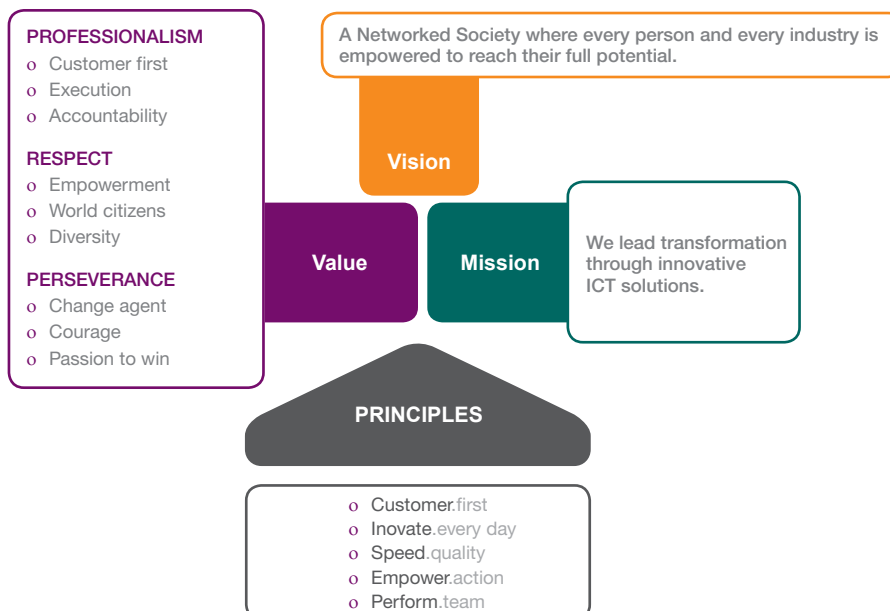
The implementation of vision and mission we share with Ericsson Corporation is based on the idea of applying unique work principles, as well as on absolute integrity

and business ethics in daily work. Our experts are the leaders of business development and continuously improve collaboration with customers, partners and other stakeholders. By creating and offering sustainable solutions, which have a positive impact on the environment, they create vital prerequisites for growth and the development of customers, partners and society at large. In doing so, they rely strongly on key corporate values, such as professionalism, perseverance and respect. On a daily basis, the Group's messages and results reach citizens, who are encouraged to enjoy every day the benefits that contemporary ICT provides. Owing to the ability to generate added value for customers and end users, the Group is recognized as an innovative partner on the market, who has a positive impact on people, business and society at large through its products, solutions and services.

### KEY AREAS

Ericsson Nikola Tesla Group has focused its development strategy on the development of innovative ICT products, solutions, and services, which improve people's lives, and thus create new value for business and social community. In addition, the strategy includes respecting high standards and applying the best practices of corporate

It begins with us







social responsibility. Wherever they work, our employees adhere to key corporation principles. These principles are integrated in each business segment and in relationships with all stakeholders.

With its business, Ericsson Nikola Tesla Group aims to:

- o Supply advanced ICT products, solutions and services
- o Apply efficient processes, in line with the vision and business strategy
- o Permanently improve products, solutions, services and business processes
- o Encourage employees' creativity
- o Increase customer satisfaction
- o Operate in compliance with market-set standards
- o Contribute to ICT infrastructure development
- o Have a positive impact on the environment by providing energy-efficient and high-tech products, solutions and services that are safe for health.

## RISK MANAGEMENT

The Group is faced with unfavorable market conditions and various risks in implementing its strategy and achieving business goals. The Group's Management System enables timely identification, analysis and assessment of all types of risk, and takes appropriate preventive measures where appropriate. Risk management is incorporated into all business segments and related operative processes throughout the Integrated Management System with the aim to ensure a high level of:

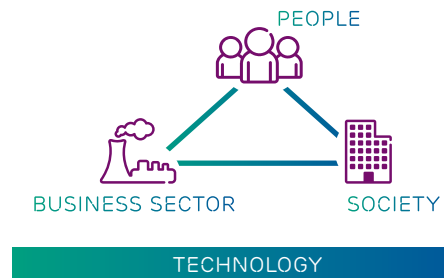
- o Responsibility
- o Effectiveness
- o Efficiency
- o Uninterrupted business
- o Compliance with corporate governance, legal and other requirements.

Managers of all organizational units actively participate in risk management process, and each employee is expected to personally contribute in order to prevent, overcome or mitigate the risk.

## TOTAL QUALITY MANAGEMENT

The Group ensures its excellent performance by applying the Total Quality Management (TQM) principle. In its every activity, the Group strives for operational/business excellence. This involves achieving a high level of organizational maturity and ability of applied processes. The objective is to achieve a high professional level of business in which all key processes are optimally

## The Networked Society pillars



applied and improved by surpassing the organizational unit "boxes". Thus, prerequisites have been made for achieving the major objective, which is to have satisfied customers.

Our motivational slogan is doing the right thing well, at the first attempt, and it is Total Quality Management system that enables achieving operational/business excellence.

## INTEGRATED MANAGEMENT SYSTEM

Integrated Management System is an effective tool helping the Group Management and managing business, as well as all the employees, who can, at any time, via intranet pages ask for support in doing their everyday activities. The system enables a simpler execution of set business objectives. Moreover, it facilitates visualization of all elements, used in the process of managing the Company, placing the focus on business "value streams", which are defined as business processes. The Management System also represents an interface towards partners and suppliers, which are in this way involved and motivated to comply and improve their way of working and doing business.

Ericsson Nikola Tesla Group Management System is in alignment with the Ericsson Group Management System (EGMS) and its integral part as well. It is primarily based on the ISO 9001 standard, containing requirements for Quality Management. However, nowadays, in an extremely complex telecommunication age, it is no longer possible to meet one single standard. A synergy between various standards, models, and methods should be established. Ericsson Nikola Tesla Group Integrated Management System meets the Environmental Management System (ISO 14001) standard requirements, the Occupational Health and Safety Management System (OHSAS 18001), the Information Security Management System (ISO 27001), Quality Management for Medical Devices (ISO 13485). The internal control system is an integral part of the Company's Integrated Management System. Risk management is based on the COSO model



(The Committee of Sponsoring Organizations of the Treadway Commission). Some of the globally applied improvement models and methods have been included in the Integrated Management System, such as CMMI (Capability Maturity Model Integration), EFQM (European Foundation for Quality Management) and Six Sigma. Ericsson Nikola Tesla Group, as well as Ericsson Corporation, successfully adopts and applies advanced approach for software development based on Lean principles and Agile methods - Lean & Agile.

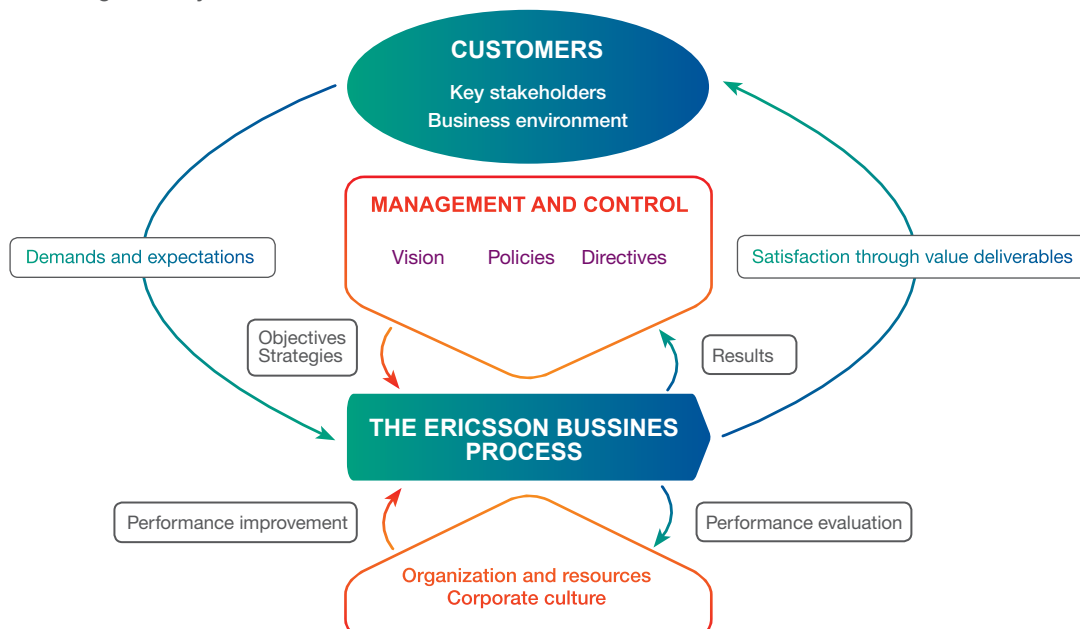
In addition, by means of the Integrated Management System, the Group defines functions and responsibilities, organization, processes, as well as other factors having an important role in ensuring operational/business excellence and achieving a high quality of products, solutions and services. The Management System is regularly updated and aligned with organizational and managerial changes.

### CERTIFICATES

Ericsson Nikola Tesla d.d. regularly certifies its Management System by using independent certification authorities, and holds the following certificates:

- o **ISO 9001:2008** - Certificate for Quality Management System, including Regional Management, Marketing, Sales and Delivery of ICT Products, Solutions and Services, including Managed Services, Intertek, Sweden (as a part of the Ericsson Group certification)
- o **ISO 9001:2008** - Certificate for Quality Management System, including Research and Development in ICT Software, SIQ, Slovenia
- o **ISO 14001:2004** - Certificate for Environmental Management, including Regional Management, Marketing, Sales and Delivery of ICT Solutions, Products and Services, including Managed Services, Intertek, Sweden (as a part of the Ericsson Group certification)
- o **OHSAS 18001:2007** - Certificate for Occupational Health and Safety Management System, including Regional Management, Sales and Delivery of ICT Solutions, Products and Services, including Managed Services, Intertek, Sweden (as a part of the Ericsson Group certification)
- o **ISO 27001:2013** - Certificate for IT Security Management, including Marketing, Sales, Development and Delivery of ICT Solutions, Products and Services (all in accordance with the latest Statement of Applicability), Intertek, Sweden
- o **ISO 13485:2003** - Certificate for Quality Management, related to Development, Marketing, Sales and Delivery of Services and Production of ICT Healthcare Solutions; Intertek, Sweden.

### Integrated Management System





## WORK ENVIRONMENT

### OUR EMPLOYEES

Ericsson Nikola Tesla Group is a successful Croatian company within the Ericsson Corporation that operates in a global environment. Our most valuable asset are our employees, our intellectual capital, which makes us recognizable in the environment. It is on our people that depends how much faster, better and more successful than our competitors on the market we will be.

Our employees are highly educated and competent in their work. They are professional and highly responsible in pursuing the Group's strategic direction and goals. Moreover, they are capable of using their innovativeness and knowledge to create new products, solutions and services of high added quality, which is important for the realization of the Networked Society strategy.

One of the Group's strategic business objectives is to be the employer of choice in the country; therefore, we pay special attention to the development of people's potential, as well as attracting and keeping the experts that can carry out complex tasks in a dynamic and fast-growing ICT industry which we are a part of.

Core principles, governing the employees in their daily activities are the following:

- o Business ethics
- o Equal possibilities and work conditions for all employees
- o Equality and human rights protection.

Our company culture substantially contributes to the development of professional and motivated employees who foster a winning culture, and are focused on meeting objectives and achieving results.

Key values that our culture fosters are the following:

- o **Professionalism** in daily operations and task performance;
- o **Respecting people**, which is reflected in top work conditions and partnership with customers;
- o **Perseverance** in achieving goals.

#### Fundamental values



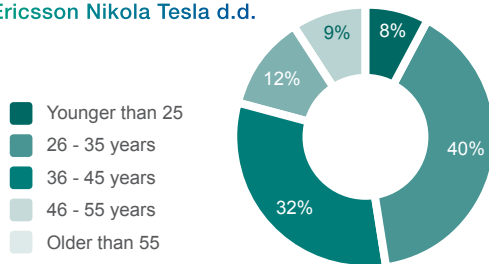
Employee structure:

- o **Number of employees (as at December 31, 2015)**  
**Ericsson Nikola Tesla Group - 2,789 employees**
  - o Ericsson Nikola Tesla d.d. - 1,933 employees
  - o Subsidiaries:
    - Ericsson Nikola Tesla Servisi d.o.o. - 812 employees
    - Libratel d.o.o. - 26 employees
    - Ericsson Nikola Tesla BH d.o.o. - 17 employees
    - Ericsson Nikola Tesla d.d. - our branch office in Kosovo - 1 employee
- o **University graduated experts (percentage)**  
**Ericsson Nikola Tesla Group - 70 percent**
  - o Ericsson Nikola Tesla d.d. - 88 percent
  - o Subsidiaries - 30 percent
- o **Doctors and Masters of Science (percentage)**  
**Ericsson Nikola Tesla Group - 6 percent**
  - o Ericsson Nikola Tesla d.d. - 8 percent
  - o Subsidiaries - 2 percent
- o **Average employee age**  
**Ericsson Nikola Tesla Group - 40 years**
  - o Ericsson Nikola Tesla d.d. - 38 years
  - o Subsidiaries - 44 years
- o **Employees younger than 32 (percentage)**  
**Ericsson Nikola Tesla Group - 28 percent**
  - o Ericsson Nikola Tesla d.d. - 32 percent
  - o Subsidiaries - 18 percent
- o **Average employment duration**  
**Ericsson Nikola Tesla Group - 13 years**
  - o Ericsson Nikola Tesla d.d. - 11 years
  - o Subsidiaries - 17 years
- o **Employees with up to two years of work experience (percentage)**  
**Ericsson Nikola Tesla Group - 21 percent**
  - o Ericsson Nikola Tesla d.d. - 25 percent
  - o Subsidiaries - 12 percent
- o **Gender ratio (Male vs. Female) (percentage)**  
**Ericsson Nikola Tesla Group - 78 percent : 22 percent**
  - o Ericsson Nikola Tesla d.d. - 73 percent : 27 percent
  - o Subsidiaries - 89 percent : 11 percent
- o **Average Manager age**  
**Ericsson Nikola Tesla Group - 44 years**
  - o Ericsson Nikola Tesla d.d. - 44 years
  - o Subsidiaries - 45 years
- o **Female Managers (percentage)**  
**Ericsson Nikola Tesla Group - 22 percent**
  - o Ericsson Nikola Tesla d.d. - 22 percent
  - o Subsidiaries - 28 percent

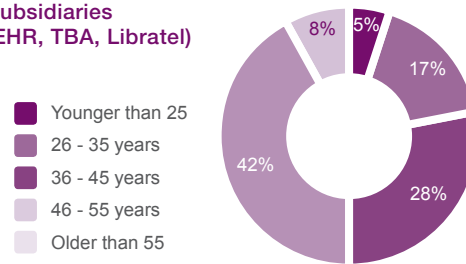


Employees according to age (as at December 31, 2015)

Ericsson Nikola Tesla d.d.



Subsidiaries  
(EHR, TBA, Libratel)



Ericsson Nikola Tesla Group, as a member of the Ericsson Corporation, respects all internationally proclaimed human rights, including the International Bill of Human Rights and Declaration on Fundamental Principles and Rights at Work, adopted by the International Labor Organization.

Governed by these charters, we aim to ensure that we are not complicit in human rights abuses. Each employee in Ericsson Nikola Tesla Group is entitled to exercise his/her basic human rights and should not be forced to suffer physically or mentally during their work. No Company employee shall be discriminated based on race, color, gender, sexual orientation, marital status, pregnancy, parental status, religion, political opinion, social origin, social status, disability, age, or union membership.

EMPLOYEE MOVEMENT

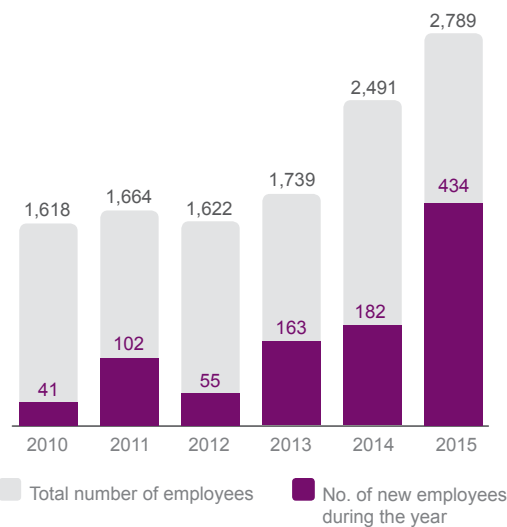
During the year, the Group employed 434 new employees. Due to received new tasks and responsibilities in the R&D and service delivery, Ericsson Nikola Tesla d.d. employed 209, while subsidiaries employed 225 new employees.

TRAINEE INTRODUCTION INTO THE WORK PROCESS

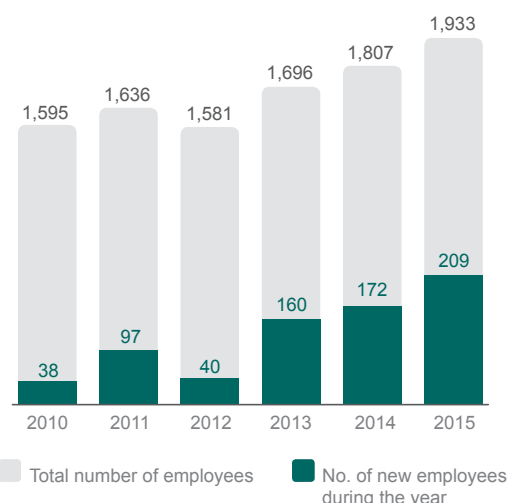
Over the last years, Ericsson Nikola Tesla Group has employed a large number of young experts with no previous work experience. In this regard, it is important to have a developed and smooth process of trainee introduction into the work process.

Therefore, a number of mentors has been qualified, providing professional support in daily activities, monitoring personal and professional development of young employees, and participating in the process of their career planning. Regularly, once a year, a survey is conducted to measure the satisfaction of the

Employee movement in Ericsson Nikola Tesla Group



Employee movement in Ericsson Nikola Tesla d.d.





employees who have only recently started working in the Group. The survey aims to examine their opinion on the organization and work conditions, as well as the work environment, the level of knowledge about strategic goals and tasks, the educational and career advancement possibilities, mentorship, etc. The survey results are used to create corrective measures with the aim of improving this important process.

### FOSTERING A CULTURE OF DIVERSITY

Even though information technologies are usually considered a male-dominated area, our Company encourages the employment of women, many of whom occupy managerial positions. The Group develops a culture that appreciates differences, which is manifested in mutual understanding and equal opportunities for all employees, regardless of sex, race, religion and beliefs, as well as political sympathies, or any other traits. Ericsson Nikola Tesla Group, as well as the entire Corporation, see differences as an advantage which brings added value to business. We employ people with different abilities, having different interests and personal aspirations. We aim to integrate their best assets into the process of achieving Company objectives.

Ericsson Nikola Tesla Group has established a Commission for receiving and tackling employee complaints on safeguarding their dignity. Any

instances of mobbing or sexual harassment should be reported by the employees to one of the Commissioners of their choice. The complaint should be submitted in writing. Within 8 days of submitting the complaint, the Commission shall examine the complaint and implement necessary measures adequate to the case in question, to prevent mobbing or sexual harassment from being perpetuated if it in fact has occurred. During 2015, there was only one complaint. In the process of tackling the issue, the Commission reached a conclusion that the employee had not been subjected to any form of harassment which would aim to threaten their dignity (or threaten it indeed), insulting them and causing fear or hostility, or a feeling of degradation.

### INVESTMENT IN LIFELONG LEARNING

In Ericsson Nikola Tesla Group, development of professional, business and personal competence of employees is an important part of the long-term development strategy. Coordination of employees' knowledge, skills and competences with the needs of the Networked Society, agile working in ICT and modern project management are the central focus. The Education center, as a part of Ericsson Nikola Tesla d.d., operates as a flexible organization focused on provision of educational services to employees, customers and partners.

#### Diversity & Inclusion Strategy





Ericsson Nikola Tesla Group – an organization that learns  
2015 facts and data

Percentage of employees included in some kind of education program

99%

Average number of hours spent in an education program per employee

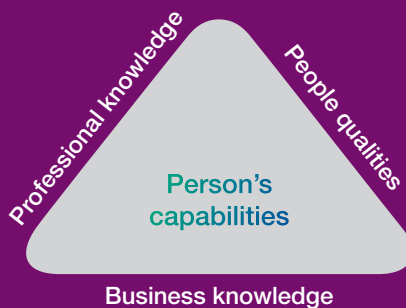
28

Total number of hours spent in education programs

99,220

Number of different types of courses

5,495



WE INVEST IN PEOPLE AND THEIR COMPETENCES

Education Center coordinates the work of internal trainers' network and collaborates with renowned educational institutions from Croatia and abroad, as well as with Ericsson Academy which provides a range of education possibilities to all employees in the Corporation. Moreover, the employees can develop their competences by taking e-courses, using internal corporation software tools for exchange of specialist knowledge, attending seminars, conferences, postgraduate studies, and during their work on regional and global projects.

The Group is a part of the Talent Management Program and the Innovation Program. These are Ericsson Corporation global programs where special attention is paid to experts with relevant knowledge and skills, and top intellectual potential.

WORK ENVIRONMENT

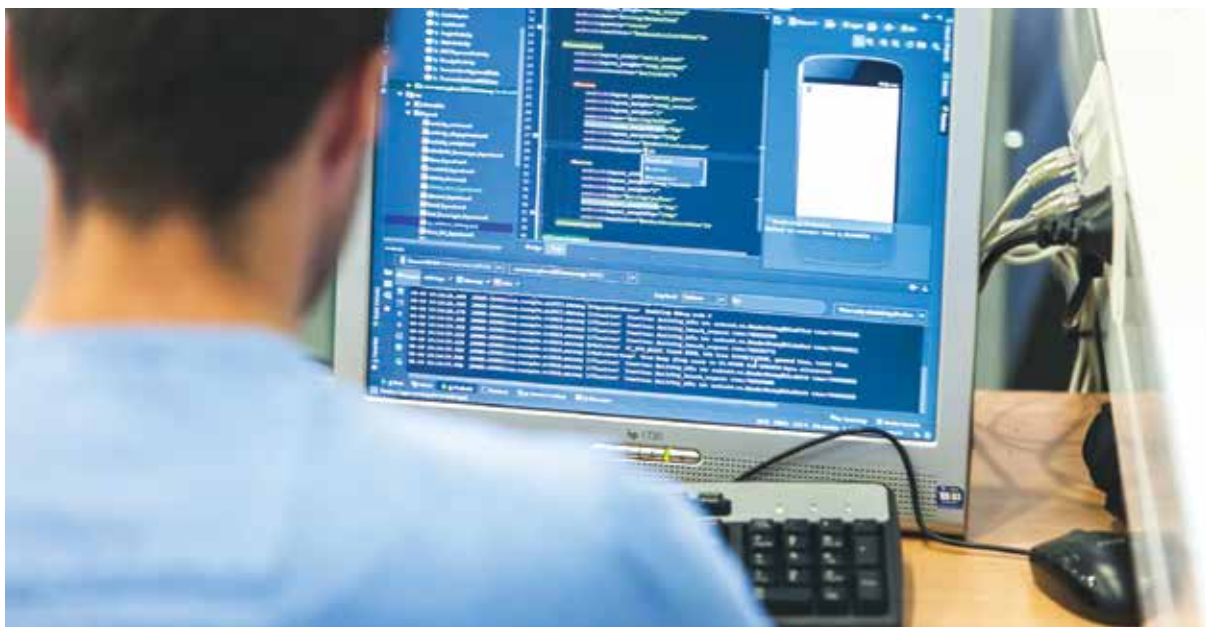
Ericsson Nikola Tesla Group continuously creates and enhances a motivating work environment by:

- o Ensuring attractive jobs and giving clear roles to each employee, in order to achieve the common goals
- o Giving the possibility of lifelong learning and improving, and of career development
- o Ensuring equal conditions for work and development to all employees
- o Encouraging innovativeness in all work segments
- o Giving the possibility to work in global teams
- o Recognizing and visualizing individuals and teams that achieve the best results
- o Performance-based salary system
- o Modern equipped work place with all tools necessary for work
- o Motivating Company culture
- o Flexible work hours
- o Providing high level of caring for the employees as well as of occupational health
- o Providing high level of occupational safety
- o Supporting parents with children of preschool age by organizing a daycare in kindergarten located in the immediate vicinity of the Company
- o Providing the possibility of recreation and socializing in sport and culture associations.

CLOSED VOLUNTARY PENSION FUND  
ERICSSON NIKOLA TESLA

In early 2005, in collaboration with Raiffeisen pension insurance company, Ericsson Nikola Tesla d.d. has established a closed voluntary pension fund. In this





way, Ericsson Nikola Tesla d.d., as the sponsor of the Fund, has offered its employees, primarily the younger ones, the chance to benefit from a long-term saving in a closed pension fund. The Fund has been in place for 12 years now, has over 619 members, whose net assets amount to more than MHRK 20 (as at December 31, 2015). In 2015, Ericsson Nikola Tesla Servisi employees invested their money in T-HT closed voluntary pension fund. It is a fund in which the employees had started investing before coming to Ericsson Nikola Tesla Group.

#### ERICSSON NIKOLA TESLA GALLERY

Ericsson Nikola Tesla gallery has a long tradition. It was open from 1974 to 2001. Following several years of break, in April 2006, it was once again opened for the public, in a renovated exhibition space. Over the years, the gallery has contributed to the diversity and richness of social life, providing employees and guests of the Company with the chance of enjoying artworks. In 2015, employees and guests had a chance to visit 12 exhibitions of various artists.

#### MONITORING EMPLOYEE ENGAGEMENT AND SATISFACTION

Employee engagement and satisfaction are monitored through the Dialog survey, which is conducted once a year in all Ericsson companies worldwide. This survey represents an important tool for monitoring

organizational environment and employees' opinion on various segments of the Company. In this way, employees together with managers, participate in suggesting changes and improvements in all work segments and business overall. In 2015, no less than 95 percent of the employees participated in the Dialog survey. On the basis of in-depth analysis of the survey, corrective measures in the fields where there is still room for improvement were implemented.

Key indicators of 2015 Dialog survey are the following:

- o **Engagement Index** is an index of the employees' personal willingness to contribute to the Company's business success. The results show that 88 percent of employees are ready to engage fully in order to personally contribute to Company's success.
- o **Performance Excellence Index** monitors employee opinions on product and service quality. The result is 85 percent and indicates highly efficient organization. Monitoring of this index is based on continuous improvement practice with a goal to achieve top results.
- o **Reliability and trust** - 82 percent of employees show strong loyalty towards the company they work in. 88 percent of employees believe in the future development of Ericsson. 94 percent of employees are proud to work for Ericsson Corporation, and 93 percent of them would recommend others to work for Ericsson.





## OCCUPATIONAL HEALTH AND SAFETY

Ericsson Nikola Tesla Group takes great care of its employees' health and work conditions. The most important activities which took place in 2015 are listed below:

- o **Implementation of the Occupational Health and Safety Management System OHSAS Standard 18001**  
In all of its companies across the world, Ericsson Corporation has in full established the implementation of the Occupational Health and Safety Management System pursuant to the OHSAS Standard 18001. In Ericsson Nikola Tesla Group, the certificate obtained is fully applied to occupational health and safety management system. Pursuant to Occupational Safety Act, a certified evaluator has made a risk assessment in the field of occupational health and safety in the Group. The results of the assessment show a high level of occupational health and safety in the Group. The Head of Occupational Safety Department in the Region Western and Central Europe has carried out a risk assessment in Ericsson Nikola Tesla d.d., and established a 98-percent adherence to all occupational health and safety standards defined in the Ericsson Region Western and Central Europe.
- o **Compliance with the Occupational Health and Safety Management System** - The Group regularly performs systematic activities of prevention and protection, as well as of improving occupational safety. With the incorporation of Ericsson Nikola Tesla Servi d.o.o. to the Group, the number of employees, working on jobs with special working conditions, has significantly increased. This requires regular supply of new, high-quality protective equipment, clothes and shoes. Ericsson Nikola Tesla Servi organizes special courses with certified lecturers for new employees, working on jobs with special working conditions. Occupational Health and Safety Committees have regular meetings, monitoring all relevant indicators, assessing danger, and proposing preventive and corrective measures. Pursuant to Occupational Safety Act, Ericsson Nikola Tesla d.d. and Ericsson Nikola Tesla Servi d.o.o. have signed an Agreement on establishing a joint service

for occupational safety, which has been operating since 1 January 2016. All important information and notices related to occupational health and safety are regularly published and updated on intranet pages, and are available to all employees. In 2015, there were 13 occupational injuries reported in the Group, seven of which were related to injuries during the employees' daily activities, while the remaining six happened during commuting to/from work.

- o **Regular medical checkups** - Regular medical checkups are organized for all Group employees. Employees younger than 40, have checkups once in 3 years, while the employees aged 40-50 can have their checkups once in 2 years; and once a year, checkups are organized for those older than 50. Where appropriate, the Group organizes examinations for employees travelling to high-risk countries. The results of regular checkups are analyzed in detail, and precautionary measures for health protection are suggested, in order to decrease the risk of disease and improve employees' health status.
- o **Occupational physician** - Occupational health and safety experts regularly cooperate with the occupational physician. In addition, occupational physician is a part of the process for hazard assessment and choosing activities aimed to improve health, work conditions and safety of our employees.
- o **Education and training of employees** - All new employees attend an introductory seminar, defined by the law, related to occupational health and safety and training for fire prevention. Where appropriate, other safety-at-work trainings can be organized. Special attention is paid to regular trainings for workers engaged under special conditions, such as work on heights. Special training courses for occupational health and safety are organized for all the new managers, i.e. employer's representatives for occupational health and safety, with an aim to understand the importance of applying the rules of occupational health and safety, and thus contributing to employees' health and safety, as well as success in daily activities and tasks.

### Occupational injuries in 2015

Ericsson Nikola Tesla Group						
	EMPLOYEES		WOMEN		MEN	
	Quantity	Working hours lost	Quantity	Working hours lost	Quantity	Working hours lost
Fatal injuries	0	0	0	0	0	0
Severe injuries at work	2	1,078	1	982	1	96
Minor injuries at work	5	968	0	0	5	968
Injuries outside the workplace (during commuting to/from work)	6	1,506	3	893	3	613
Occupational diseases	0	0	0	0	0	0
<b>TOTAL</b>	<b>13</b>	<b>3,552</b>	<b>4</b>	<b>1,875</b>	<b>9</b>	<b>1,677</b>



## MARKET RELATIONS

Ericsson Nikola Tesla Group and all its employees, together with their colleagues from Ericsson Corporation, share a joint responsibility and commitment to the highest level of integrity and ethics in managing business. Integrity and ethics are an integral part of the Company's culture and are an essential characteristic of our Way of Working and doing business. Operating with a strong sense of honesty is the key to maintain credibility and preserve trust of customers, partners, employees, shareholders and all other stakeholders. All Group employees consider creating a transparent environment in managing business a top priority.

All stakeholders, as well as all employees, that have a contractual relation with the Group, are required to operate in line with the Code of Conduct and Code of Business Ethics.

The management process is in accordance with the principles stated in the Code, and everyone, including the Management Board and Executive Management, as well as each individual employee, is obliged to comply with the standards. The purpose of the Code of Conduct is human rights protection, promotion of fair employment conditions, safety at work, responsible environmental management and high ethical standards. The Code of Business Ethics refers to individual responsibilities in relation to all stakeholders that participate in communication or doing business.

The Code of Business Ethics reflects Group's commitment to responsible business management, including:

- o The commitments we have as responsible corporate citizens;
- o Respecting human rights in all business segments;
- o Taking care of health and safety;
- o Promoting sustainable development;
- o Supporting the UN Global Initiative.

In all our business activities, we are committed to applying UN principles on business and human rights. We insist on the idea that our activities never result in breach of human rights. We are aware of specific challenges in certain areas of human rights in the

### The Code of Business Ethics

>>> The Code of Business Ethics is available at Ericsson's web page

Networked Society, such as freedom of expression, the right to privacy and the impact on other rights that arise from a potential misuse of technology. Therefore, we will increase our efforts to minimize these risks and challenges.

The Group promotes fair market competition as a foundation for business development and progress. In the open international market competition, employees of the Group must compete as strongly and as constructively as they can, working fully in line with the law of each country they operate in.

During 2015, 99 percent of Group employees have attended courses, successfully passed their tests, and signed the commitment to comply with Ericsson Corporation Anti-Corruption Policy.

The Group operates in line with strict accounting principles and standards, and reports full and correct financial data that are compliant with the law and other regulations and requirements for being listed on the stock exchange.

We foster long-term relations with our suppliers and business partners. These relations imply dialogue, knowledge sharing and applying contemporary working models. The suppliers and their subcontractors are required to comply with the high-quality standards, the Code of Conduct and the Code of Business Ethics.

Everyone who works for Ericsson is obliged to treat the corporate responsibility matters professionally, including issues related to human rights, health, safety and environment, and have in mind Corporation's commitment to responsible business in their daily work.

### We build trust through corporate responsibility





## CORPORATE GOVERNANCE

Corporate governance provides a framework for business operations and supervision in the Company with the long-term purpose to continuously create economic value for shareholders. Corporate governance also describes the way of reaching decisions and the structure with which shareholders can either directly or indirectly control the management of the Company.

Management Board and Supervisory Board of Ericsson Nikola Tesla d.d. encourage the respect of basic principles of corporate governance, striving to ensure transparent business and protection of rights and equal treatment of all shareholders, as well as to strengthen the responsibility towards all the stakeholders. Company's experts continuously, timely and objectively inform the public about all important business activities and achieved results. In this way, they strengthen the public perception of a Company that fully implements the Code of Business Ethics. Good governance of the Company impacts the strengthening of trust of all stakeholders, credibility towards customers, partners, employees, shareholders and others, and represents a significant factor for attracting investments in the Company.

Ericsson Nikola Tesla d.d. was among the first in Croatia to adopt its own Principles of Corporate Governance (in April 2005), based on the legislation of the Republic of Croatia and the recommendations published in OECD principles of corporate governance. The mentioned principles clearly describe and define the rights and obligations of Management Board, Supervisory Board and shareholders (<http://www.ericsson.hr/corporate-governance>).

Moreover, the Company complies with Zagreb Stock Exchange - ZSE (Zagrebačka burza d.d.) Code of Corporate Governance (effective as of January 1, 2011), and meets all the obligations derived therefrom,

with the exception of provisions whose application is not practical at the moment. Adherence to ZSE principles of corporate governance, has been published on Company, ZSE and Croatian Financial Services Supervisory Agency (HANFA) webpages.

### MANAGEMENT BOARD

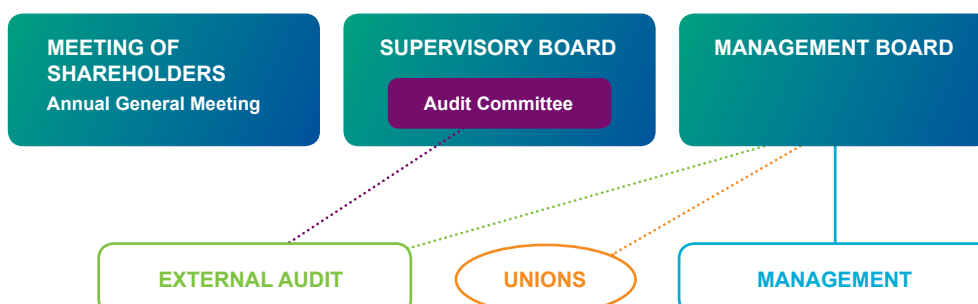
The Croatian Companies Act, the Statute and the internal bylaws of Ericsson Nikola Tesla d.d. define the role of the Management Board in managing the Company. The Management Board is obliged to consciously perform its duties, taking into account the Company's and shareholders' interests. Ericsson Nikola Tesla d.d. has a one member Management Board, appointed by the Supervisory Board for a five-year term, with the possibility of re-election. As of 1 January 2015, Gordana Kovačević obtained her third in a row five-year mandate at the Management Board. The Management Board is obliged to regularly inform the Supervisory Board on financial and business results, strategy and business plans. The Management Board also reports on its performance at the Annual General Meeting, and implements the decisions reached at the Annual General Meeting. The salary and other earnings of the Management Board are defined by the Supervisory Board and they depend on the Company's business results.

### SUPERVISORY BOARD

The main task of the Supervisory Board is to supervise the Management Board in business management. In doing so, Supervisory Board shall apply high ethical standards and take into account the interests of the Company and its shareholders. The Supervisory Board

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#### Management structure





consists of five members, appointed for a four-year term, with the possibility of re-election. The Supervisory Board reports to the Annual General Meeting on the supervision of Company's operations and presents the opinion on the Management Board proposal on the profit allocation and suggests the appointment of the Company Auditor. In accordance with the decision of the Annual General Meeting, the members of the Supervisory Boards receive a monthly remuneration amounting to the half of the average monthly gross salary of the Company employees. In accordance with the corporate policy, Ericsson representatives in the Supervisory Board waived their remuneration.

### Supervisory Board operation

Pursuant to the provisions of Croatian Companies Act and Ericsson Nikola Tesla d.d. Statute, Ericsson Nikola Tesla d.d. Supervisory Board has continuously monitored Company's business operations, taking respective decisions at four regular and three extraordinary meetings, which were held during 2015. In 2015, Supervisory Board members were: Roland Nordgren (Chairman), Ignac Lovrek (Vice-Chairman), Carita Annette Jönsson (Member until June 2, 2015), Vidar Mohammad (Member as of June 2, 2015), Dubravko Radošević (Member), Zvonimir Jelić (Member and Employees' Representative).

The Company Management regularly informed the Supervisory Board on important business activities and the course of business operations. At the meetings, the Supervisory Board discussed in detail the financial results, the situation on domestic and export markets, as well as trends in ICT industry. Further topics of discussions were as follows: business plans and strategic projects, business risks, investments and issues regarding human resources and shareholders. In addition, the Supervisory Board continuously monitored business development and responsibilities of R&D Center, Engagement Practices & Operations and IT & Test Environment Unit.

At extraordinary meetings, Supervisory Board discussed dividend payment, 2014 annual financial reports and risk management.

Supervisory Board analyzed and approved the Business Strategy 2015-2018, as well as strategic priorities and initiatives necessary for further business development. Company's Management defined key targets for 2015, with explicitly defined tasks and ways of measurement, approved by the Supervisory Board, respectively.

During 2015, there has been a change in the composition of Supervisory Board. At the Annual General Meeting held on June 2, Vidar Mohammad, Vice-President and Corporate Officer Finance, was elected as the new member of the Supervisory Board, instead of Carita Annette Jönsson. Furthermore, Ignac Lovrek was re-elected as the Supervisory Board member for another four-year term.

### Audit Committee operation

Audit Committee has two members, elected by the Supervisory Board members: Chairman Ignac Lovrek and Member Vidar Mohammad, who was elected Audit Committee member on 3 September 2015, instead of a longtime member, Carita Annette Jönsson.

During 2015, Audit Committee held four meetings, where it discussed financial performance during the year, annual financial statements, 2014 audit plan, audit findings, internal control and risk management system. It has also undertaken other tasks defined by the Audit Act. The Board has regularly presented its conclusions and recommendations to other members of the Supervisory Board.

## ANNUAL GENERAL MEETING

The Annual General Meeting is a place where the Company shareholders exercise their legally established rights. Annual General Meeting decides on profit allocation, amendments to the Company Statute, election and recall of the Supervisory Board members. Furthermore, it decides on discharge from liability of the Management Board and the Supervisory Board, appointment of an independent auditor of annual financial statements, as well as on other issues specifically defined in the Croatian Companies Act and the Company Statute.

### Annual General Meeting







## ENVIRONMENTAL PROTECTION

### ENVIRONMENT-SAVING PORTFOLIO

Solutions and products created by Ericsson Nikola Tesla experts, as well as Ericsson Corporation in general, save energy, improve business and the lives of people that use them, as well as transform modern industry and society, are environment-friendly, and prevent unwanted climate change. With their activities and way of working, Group members substantially reduce carbon dioxide emissions, produced by other industries. Relevant research has shown that ICT is able to reduce global carbon dioxide emissions by 20 percent, despite the fact that it produces only 2 percent of the emissions.

Ericsson Nikola Tesla portfolio has developed and/or contributes to the development and implementation of numerous e-/m-products and services, such as Central Healthcare Information System of the Republic of Croatia, ePrescriptions, and Joint Information System for Land Registry and Cadaster. In this way, we offer a high-quality alternative to transportation, i.e. travelling to a certain location, to be offered a service, saving thus hundreds of tonnes of carbon dioxide, which would otherwise be emitted into the atmosphere.

We systematically analyze and manage our impact on the environment, including reducing waste and water pollution. Moreover, Ericsson Life Cycle Approach (LCA) assessment confirms that the energy related to the use of products in operation still has the biggest impact on the environment. Therefore, all local companies, which are part of Ericsson Corporation, use Design for the Environment (DfE) to reduce undesirable impact of their products to a minimum. For more detail on how our services and solutions contribute to the improvement of numerous processes and save natural resources, read the chapter "Digital Transformation: the biggest modern driver of progress".

### RESPONSIBLE USE OF RESOURCES

Technology leadership and innovative approach enable us to use numerous and diverse applications in our own business process, whereby, together with enhancing efficiency, we protect the environment as well. Our main product is knowledge; therefore we use it in our daily activities to rationalize electricity, water and steam consumption, as they represent key resources in production processes, characterized by intellectual work. Using a central system for monitoring energy sources consumption, enables us to better manage and maintain energy systems, while monitoring the entire pipeline system results in timely repair works and avoidance of unnecessary leakages and water losses. Water and energy sources consumption has over the years increased less sharply than the number of employees. Owing to our expert's innovations, we are

able to point out up to 60 percent of electricity saving in our test models, i.e. in test environment, which is one of our main resources and our largest electricity consumer.

Moreover, since mid-2014, in our business operations, we use ZelEn (green energy) from renewable energy sources exclusively. In this way, the Company has joined a group of socially responsible and eco-aware entrepreneurs. Using 'green energy', they contribute to the reduction of carbon emission and protection of the environment. The production of energy we use is being controlled by the renowned German certification institute TÜV SÜD, while the resources collected by selling the ZelEn are exclusively used for the projects of financing renewable energy sources. In this way, we contribute to the objective of meeting Horizon 2020 national goals, and we completely meet one of the Corporation's strategic goals, related to "green business" and sustainable development.

### LAW, STANDARDS AND ISO 14001

A responsible approach towards the environment is an integral part of Ericsson Nikola Tesla Group business and culture, and in Ericsson Nikola Tesla d.d. the Environmental Management System is an integral part of the firmly defined Management System. Activities related to Environmental Management are executed and coordinated through a network for operational excellence, which is a component of processes related to business development and quality. Company's special team members regularly and systematically carry out internal and external audits of Environmental Management functionality systems, including controls in other Group members, as well as selected suppliers, in order to maintain the ISO 14001 certificate obtained at the corporate level. All these activities are in line with the current and relevant provisions of the Croatian law on environment protection, as well as with international standards in the field. Through corporation channels, Ericsson Nikola Tesla experts actively participate in global initiatives related to environmental protection, monitor the adoption of and regularly check the implementation of Croatian regulations in this field, thus making their full social contribution to the environmental protection.

#### Energy consumption

Year	Water (m3)	Steam (tonnes)	Electricity (MWh)
2011	34,353	8,889	15,802
2012	30,241	8,425	16,768
2013	28,447	9,418	17,787
2014	23,537	7,563	18,296
2015	32,329	8,833	19,013
2015/2014	+37%	+17%	+4%



## BUSINESS TRIPS, LOGISTICS, REMOTE SERVICES

The Group manages the impact its operations have on the environment, including its work premises, business trips, and logistics-related activities, where services, and shipping and distribution of products are being optimized. By using virtual solutions, such as videoconferences, e-learning system, online meetings, etc., we have reduced the number of business trips and implemented smart solutions that save money and time, as well as reduce carbon dioxide emissions.

A considerable part of our services is remotely delivered, primarily in the segment of network design and optimization, network integration and software upgrade. Moreover, we use intelligent tools, which increases customer satisfaction with the service provided, regardless of the fact that they are provided remotely.

## WASTE MANAGEMENT

We manage waste in line with the Act on Sustainable Waste Management and Ordinance on Waste Management, which implies that we take a comprehensive and systematic care of all types of waste produced on site, and manage all documentation required on waste origin and flow. In addition, the Company meets all the requirements set by the Ordinance on the Management of Waste Electrical and Electronic Appliances and Equipment, which stipulates that manufacturers and direct importers of electric and electronic devices have the obligation to regularly report to the Environmental Protection and Energy Efficiency Fund (EPEEF). We observe all the prescribed requirements regarding electronic waste disposal on our sites, and in line with Ericsson Ecology Management and Product Take-Back directive and certain customers' demands, we take care on disposing their electronic equipment as well.

Together with municipal solid waste, our Company collects, separates and ecologically manages glass,

metal, plastic and wooden waste, cables, batteries, toners, fluorescent tubes, paper and cardboard waste. In 2015, we have produced nearly 140 tonnes of waste, which is 10 tonnes less than two years before that, or almost 90 tonnes less than five years before 2015.

We never cease to rationalize paper consumption by raising awareness on avoidance of unnecessary printing, as well as using and introducing new applications for e-business. The fact that paper and cardboard waste collection has increased is due to awareness raising on waste sorting, which results in an ever-larger amount of paper collected and recycled.

## SUPPLIER ENVIRONMENTAL REQUIREMENTS

Company key documents, defining our attitude towards the environment, are Ericsson Sustainability Policy, Ericsson Lists of Banned and Restricted Substances, Ericsson Supplier Environmental Requirements, and Ericsson Supplier Code of Conduct. We are aware that we can manage the impact on the environment only if, in addition to "sweeping around our own doorstep", we review the entire supply chain. Therefore in our business we apply Ericsson Code of Conduct to all suppliers. The Code of Conduct contains guidelines in the field of basic human rights, work standards, anti-corruption at workplace, as well as fundamental postulates of responsible environment management. Supplier-related environment requirements cover environment management system, product design, which is environment-friendly, and requirements related to product information and responsible transport, aimed at reducing environment impact. The suppliers are familiarized with the list of hazardous substances, and banned and restricted substances, and they are required to prove the absence of such substances in their products. By assessing our suppliers in line with relevant Company plans, we continuously audit the impact of our supply chain on the environment, thus contributing to the total quality of everyone involved. In accordance with the findings, we take necessary corrective measures where appropriate.

## EDUCATION IN THE FIELD OF ENVIRONMENTAL PROTECTION

Environmental protection specialists, as members of the team in charge of business excellence, i.e. development and quality, contribute to the improvement of business processes within the organization. Through intranet, Internet and "Komunikacije" magazine, we provide continuous education, raising awareness and increasing motivation of both the employees and the wider community, to improve the environment protection situation.

In collaboration with stakeholders, such as relevant ministry, educational institutions, civil associations, and business partners, Ericsson Nikola Tesla experts share their know-how, and contribute to responsible approach of individuals, economy and society towards the environment.

### Waste produced (in tonnes)

Type of waste	2011	2013	2015
Disposable cartridges	0.57	0.36	0.7
Paper and cardboard	47.80	45.8	62.78
Wood	46.08	33.47	25.96
Electronic waste	46.58	5.77	15.57
Various storage batteries	3.05	0.0	0.0
Glass	3.77	0.5	0.5
Plastic	32.73	30.68	25.31
Aluminum	6.43	0.0	0.0
Iron and steel	41.45	30.47	8.37
Cable conductors	0.53	0.0	0.0
Fluorescent tubes	0.43	0.44	0.2
<b>Total</b>	<b>229.42</b>	<b>149.86</b>	<b>139.39</b>



## COMMUNITY RELATIONS

Ericsson Nikola Tesla Group rightly emphasizes that, in addition to its financial responsibility, it has a high level of awareness in terms of social responsibility towards the community in which it operates. Social responsibility projects, carried out by the Group, comply with the best global practice in the field of corporate social responsibility. Strategic definitions, rulebooks and policies define priorities and establish tools and methods for recognizing and carrying out high-quality projects that contribute to the society. Priority is always given to projects where technology, products, solutions and services, as well as knowledge and skills of our experts, play an important role.

Ericsson Nikola Tesla Group believes that our socially responsible projects improve the good image the Group has in the eyes of our customers and the society, ensure motivated and satisfied employees, as well as being accepted by a wider society, enhance competition and facilitate business development of the Company in the long run, and contribute to the sustainable development of the whole Company.

**Food donations to Saint Joseph Soup Kitchen in Zagreb by our employees**



In 2015, the Group invested considerable resources into the execution of certain humanitarian projects, as well as projects in the field of education, health, culture, sport, etc. We would like to highlight the most significant projects that benefited the society in 2015:

- o sponsoring and participating in a number of scientific and other professional conferences, workshops, and other meetings
- o collaboration with the Faculty of Electrical Engineering and Computing (Zagreb University) and the Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture (Split University) in the field of science and research, development and education
- o further providing of scholarship to a junior researcher, whose tuition fee is not funded by Ministry of Science, Education and Sports of the Republic of Croatia
- o financial donation to Saint Joseph Soup Kitchen in Zagreb on the occasion of Christmas holidays
- o food donations to Saint Joseph Soup Kitchen in Zagreb by our employees
- o donation to Civitas, an association for promotion of civil society and healthy life in media
- o donations to "Zaklada onkologija" Fund
- o voluntary community service by many of our employees
- o regular blood donation by our employees.

**Volunteer blood donors**







## AWARDS AND RECOGNITIONS



Gordana Kovačević named the most powerful woman in Croatian business by Lider business weekly and Bisnode company.

Development and Creativity Network (MRAK) awarded a group of Ericsson Nikola Tesla experts the highest grades for launching Rebuilding by Knowledge campaign, and presented the Company with the Best Creative and Innovative Sustainable Development Project Award.



On the occasion of ITU's 150th anniversary, this United Nations agency awarded key personalities in the socio-political, scientific, and economy fields, commended on the improvement of people's lives based on ICT innovations. ITU invited its members, including Croatia, to name meritorious persons from their respective countries. Ministry of Maritime Affairs, Transport and Infrastructure of the Republic of Croatia chose and nominated Gordana Kovačević, president of Ericsson Nikola Tesla, to be awarded the ITU award, as a person that has contributed strategically to ICT development and expansion. In the face of strong and intense competition, Gordana Kovačević has been awarded a Special ITU Acknowledgement.



European Business Awards organization put Ericsson Nikola Tesla on the list of Croatia's National Champions.



SNACK (Social Networks Application Coverage Kit) innovations and automated measurements performed by drones that were developed by Company experts was declared the best innovation at Ericsson level.



On the occasion of its 55th anniversary, the Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture in Split awarded a recognition letter upon Ericsson Nikola Tesla to celebrate their longtime strategic partnership.

Snježana Bahtijari, Marketing and Communications (incl. CSR) Director, received PRO.PR international conference Award for a high level of professionalism and activity in strategic communication and public relations.

