02 Non-financial report

Highlights

- we are a relevant and responsible driver of positive change in the society
- we base sustainability on partnership with all stakeholders, excellence in business and technology leadership
- we include our stakeholders in a wide range of topics and define the material ones in dialog with them

About the non-financial report

This non-financial report provides concise descriptions of Ericsson Nikola Tesla Group's CSR activities in 2018. The report and additional information are available on the website of the mother company and its affiliated companies. Ericsson Nikola Tesla Group has been reporting on its corporate social responsibility for 20 years.

Sustainability and social responsibility are an integral part of all our activities and processes. They reinforce our commitment to the implementation of the triple bottom line of responsibility: financial, environmental and social. We aim to create positive impacts on our business and all our stakeholders, striving at the same time to manage environmental, social and ethical risks in an appropriate manner. Our priority is to conduct responsible and transparent business, taking into consideration the full perspective of the overall business value chain.

Our experience suggests that such an approach brings new business possibilities and an increased effectiveness, reduces risks, increases brand value and strengthens market position, strengthens the Group's position as the employer of choice and finally encourages long-term competitiveness.

Report boundaries

Unless stated otherwise, all the information and data, which are mentioned in this report, relate to the activities undertaken from 1 January 2018 to 31 December 2018. The report encompasses the activities undertaken by Ericsson Nikola Tesla d.d. as the mother company and by all its affiliated companies. The 2018 Annual Report gives information about the structure, the nature of ownership, legal form, affiliated companies, as well as changes in the size, structure and financial results.

70 years of successful business of Ericsson Nikola Tesla

1949 – The building at Zagreb city centre, 82 Palmotićeva Street, where "Nikola Tesla" factory launched its business

1953 – The factory was moved to its present location in Krapinska Street

1955 – The first license agreement with Ericsson signed for the production of "crossbar" phone systems

1958 – The start of series production of Ericsson's coordinate switch-based systems

1963 – The first export contract

1974 – The opening of the company's own Research & Development Center

1977 – The production of semi-electronic SPC exchanges

1981 – The second license agreement with Ericsson was signed for the production of digital AXE exchanges

The beginning of AXE systems production

Reporting principles

In all segments of our business, we apply sustainability and social responsibility principles. The Group reports on its sustainability and the effect of corporate responsibility in line with globally recognized standards and principles in order to provide the stakeholders with the required information about the Group's activities in this area. This report has been prepared in line with Global Reporting Initiative (GRI) standards – Core option. The Group also reports on its progress in the field of human rights, environment and anti-corruption in line with UN Global Compact principles. The principle of stakeholder inclusiveness, sustainability context, materiality and completeness, as well as response and impact, help the Group to define the content of the sustainability and social responsibility report. In order to ensure the quality of reports, the Group applies principles of accuracy, balance, clarity and timeliness in its reporting.

Additional information about the Group and its social responsibility is available on www.ericsson.hr/en/homepage. Moreover, the entire Annual Report is publicly available on Ericsson Nikola Tesla's website.

Statements about the future

Certain topics that are explored in this report and include statements relating to the future are subject to risks and uncertainty. Those who read this content should be warned that such statements have no guarantee and that future actions and developments may fundamentally differ from the described or implied ones. We expressly deny the responsibility to update the statements relating to the future after publishing the report.

The first commercial mobile call in Croatia was made via NMT network

The first agreement for GSM was signed

The first UMTS call via Ericsson's equipment made from Zagreb

The first LTE network in Croatia implemented on Ericsson's equipment

1990 1995 1998 2001 2003 2007 2012 2017 2018

The joint-stock company Ericsson Nikola Tesla was founded

The first UMTS demo call in Croatia was made (3G Roadshow)

Launching of the Integrated Primary Healthcare Information System

Joint Information System of Land Registry and Cadaster (JIS)

The first demonstration of 5G technology in Croatia

Statement by the President

Gordana Kovačević
President of Ericsson Nikola Tesla d.d.

Information and communications technology has a positive impact on the society from an economic, social and environmental point of view. Ericsson Nikola Tesla Group's partnership with its customers as well as its business excellence and technological leadership provide a solid foundation for sustainable development and overall business, by which we fulfill our vision of creating an advanced, sustainable and connected world.

Ericsson Nikola Tesla drives positive changes in the society in which it operates. We continuously encourage the creation of new added value to business, transforming at the same time our business and finding new opportunities for stable business and growth in the long term. Our competitiveness is based on continuous improvement of business performance and change management, primarily through human resources development, innovation culture and new ways of working and management.

Our way of working implies the application of corporate principles and values in our day-to-day work which represents the foundation for achieving our vision and mission. By creating and offering sustainable solutions that have a positive impact on the environment, we create high-quality prerequisites for the development of all members of the society. In doing so, we hold onto key corporate values, namely professionalism, perseverance and respect, as fundamental values of our way of working and doing business.

Our messages and results reach citizens, whom we wish to additionally empower in making use of the advantages offered to them by modern technologies. By generating added value for our customers and end users, we wish to be recognized as an innovative partner that positively impacts people, business and society through its products, solutions and services.

We are proud that our experts, together with their colleagues from global Ericsson, create technologies which provide the possibility of personal growth and development, as well as open new business opportunities for industry and the society in a highly competitive global economy. At a global level, Ericsson collaborates with key partners to define the requirements of the fifth generation of mobile networks that will offer faster data transfer speeds to end users, enabling services and solutions based on augmented and virtual reality. For various industry segments, this means decreasing costs through automation, remote control and artificial intelligence in cloud as a result of low network latency and faster data transfer speeds.

We, at Ericsson Nikola Tesla, are fully in line with global technological trends. The achievements listed on the pages of this report are evidence of this. Whether it is about leadership in technology through the activities related to 5G or our responsibility related to balanced regional development of Croatia through the opening of our office of Research and Development Center in Osijek. The opening of this office is a good example of our strategic impact on achieving sustainable development goals in the Republic of Croatia.

I am also proud that we participated in preparation and implementation of the European LIFE Clim'Foot project. In doing so, we became the first Croatian company which calculated its environmental impact and made an improvement plan. In addition to this project, in our report we inform about our project which will improve energy efficiency of buildings at our location at Krapinska 45 in Zagreb by the end of 2020.

I am pleased with our achievements in the field of sustainability and social responsibility in 2018; however, I am also confident that with joint efforts in the future we can do even more to benefit people, business, and society at large. I will, therefore, continue to encourage all the employees to participate even more actively in achieving sustainable development and social responsibility goals as strategic directions of our business.

Statement by Director of Marketing, Communications and Corporate Social Responsibility

Snježana Bahtijari
Director of Marketing, Communications and Corporate Social Responsibility

For Ericsson Nikola Tesla Group, corporate social responsibility does not only imply the need to meet legal obligations and economic sustainability, but also goes beyond that. It implies permanent investment in people and relations with all stakeholders, having a positive impact on the environment as well as developing partnerships. As an associated member of Ericsson corporation, Ericsson Nikola Tesla is the leader of global digital transformation process which aims to make communication available to all. ICT solutions, products and services that we offer on the market are recognized as "green technology", which has a positive impact on business, people's lives and the environment, including climate change.

All our employees have a strong sense of purpose which is connected to our commitment to sustainability and social responsibility. In our business, we particularly take account of our employees, who are – due to our leading role in digital transformation – empowered to personally bring positive change in the society. Working on the development of one's own, individual responsibility and raising one's awareness of the role and importance of every individual in the society in a sustainable manner is a part of our daily activities as well as our lifestyle and way of living.

ICT, the industry in which we do our business, is still dominated by men. Therefore, at Ericsson Nikola Tesla, we continuously encourage girls and women to enroll in STEM college programs and become experts in their respective field or pursue a career in management. We promote our company culture of appreciating diversity. In short, this means mutual understanding and appreciation as well as equal possibilities for all employees, regardless of their sex, race, religion, political beliefs or any other personal determinant. The appointment of Gordana Kovačević, president of Ericsson Nikola Tesla, as diversity ambassador proves that we are on the right track. The Group plays an active role in the HR PSOR Croatia Diversity Charter project as well as in the activities undertaken by the CSR Association of the Croatian Chamber of Economy, which places a special focus on the contribution made by the economy and individuals to the sustainable development goals.

The Group does business with a high level of ethics, transparency and integrity, which implies a permanent two-way communication with all stakeholders and a well-established practice of timely and accurately informing the public of all our important activities, projects and achieved business results. We have been publishing business reports for 20 years. For many years, in addition to financial reports, we have also published social reports, which was readily accepted by all our stakeholders and is an example of our positive practice.

As Croatia's leader in ICT, the Group wishes to maintain its strategic direction on technology and to rely on Ericcson's strong brand as well as its own development, its employees and their knowledge and skills in the future as well.

We contribute to the achievement of global goals

United Nations Sustainable Development Goals (SDGs) call for global action by 2030 in three important areas: eradicating poverty, fighting climate change, and fighting injustice and inequality. We believe ICT is a key area for achieving all 17 goals. Even though there are big challenges in achieving such ambitious goals, these examples of the way our products, services and solutions are implemented with our customers worldwide, along with business impacts, show ICT's significant opportunity to accelerate the achievement of SDGs. Moreover, all our business activities contain elements that are important for the achievement of SDGs.

No poverty

Regular and transparent payment of all taxes and contributions to the state budget and local government, ensuring thereby the functioning and development of all activities which are important to the community, including taking care of socially most vulnerable groups.

Zero hunger

Our employees volunteered to collect food for the needs of the users of soup kitchen. The company financed the supply of food for the most vulnerable groups in the society in Zagreb, Split and Vukovar.

Good health and well-being

The latest solution for the modernization of the healthcare system in Kazakhstan was delivered. The company continued the successful cooperation with the Ministry of Health of the Republic of Croatia by providing a series of solutions which will enable a more efficient management of the healthcare system.

Quality education

Ericsson Nikola Tesla Summer Camp where not only STEM students, but students from other fields as well, work in a real business environment on real R&D projects. With the company's open-door program, we show the students the benefits of choosing STEM study programs.

Gender equality

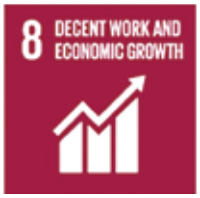
We undertake activities in all segments of the society with the aim of eliminating prejudice and stereotypes, encouraging interest in STEM jobs, promoting at the same time the importance of equal participation of women in the ICT sector.

Clean water and sanitation

The company designed the WaterQ project, which promotes the availability of drinking water and the protection of natural resources and their sustainable development.

Affordable and clean energy

In our business operations, we use ZelEn (green) energy from renewable energy sources.



Decent work and economic growth

We provide the employees with a pleasant working environment, we encourage them to engage in lifelong learning and pay them fair, regular and competitive salaries. In Osijek, we opened an R&D office where more than 30 experts are employed. Further employment of young educated people from Slavonia is planned.

Industry, innovation and infrastructure

The company modernizes mobile networks of its customers with the latest Ericsson solutions which enable an even better coverage, increased speed rates and network capacity which in the end improves customer experience.

Reduced inequalities

Ericsson Nikola Tesla's app EVA, which enables voice management of touch-screen devices in Croatian language, is available free of charge to all persons with visual and motor activity impairments. The work environment is adapted to persons with reduced mobility as well as blind persons. As a part of the adaptation, tactile strips were installed in the company. Also, the family house of one of our employees was equipped with a lift platform.

THE GLOBAL GOALS
For Sustainable Development

Sustainable cities and communities

By implementing a series of solutions based on the Internet of Things, the company actively sets the foundation for smart and sustainable cities.

Responsible consumption and production

A considerable part of our services is delivered remotely, primarily in the segment of network design and optimization, network integration and software upgrade and we continuously work on their development.

Climate action

We initiated a large project "Improvement in energy efficiency and use of renewable energy sources in Ericsson Nikola Tesla d.d." co-financed by the European Union from European Structural and Investment Funds under the operational program "Competitiveness and Cohesion" 2014-2020 with the aim to reduce CO_2 emissions and energy consumption.

Life below water

We educate our employees to reduce the use of single-use plastics. We also ensure that plastic waste is carefully sorted thus contributing to the reduction of river and sea pollution.

Life on land

Ericsson Nikola Tesla is the first, and according to Croatian national report from the European project LIFE Clim'Foot, the only private company in Croatia that calculated its carbon footprint, and based on this analysis, created a corresponding action plan to reduce its impact on the environment.

Peace, justice and strong institutions

By implementing Joint Information System for Land Registry and Cadaster in all cadastral offices and land registry departments in the Republic of Croatia, prerequisites were made for the development of new e-services and empowering institutions as well as providing a faster high-quality and safer service to the citizens.

Partnership for the goals

We play one of the leading roles and actively participate in national umbrella institutions that encourage corporate social responsibility – Croatian Business Council for Sustainable Development (HRPSOR), Croatian Employers' Association (HUP), Croatian Chamber of Economy (HGK), etc.

THE GLOBAL GOALS
For Sustainable Development

Our approach to corporate social responsibility

We believe that communication is a basic human need and that technology is the key to improving people's lives. The Group's main ambition is to be a responsible and relevant driver of positive change in the society. The Group's purpose and vision, which is "to enable the creation of an advanced, sustainable and connected world", epitomize the depth of what the Group wishes to do and how it wishes to contribute to United Nations Sustainable Development Goals (SDGs).

Our Sustainability and Corporate Social Responsibility Strategy is a key part of our business strategy. It is implemented in both the mother company and the Group's affiliated companies. United Nations Sustainable Development Goals are a framework that we use to define and measure our impact.

Our Sustainability and Corporate Social Responsibility Strategy implies the following:

- Use the trust we built with our stakeholders as a business advantage
- Assume leadership in energy efficiency
- Establish circular economy in all elements of our business
- Develop and deliver solutions that have a positive impact on climate change.

Strategy implementation and adjustment

ICT can significantly contribute to the realization of changes that are necessary for the implementation of UN Sustainable Development Goals and meeting the obligations foreseen by the Paris Agreement on climate change. As a responsible and relevant initiator of positive change in the society, we use UN Sustainable Development Goals to set our own vision of the way in which we can contribute to positive change in the society using our technology, knowledge and people's competences.

Doing business responsibly

Being a reliable partner is the center of our Strategy. The determined rules and guidelines are applied in the entire Group, and every day all our employees work actively on their implementation. We form partnerships and do business with integrity and transparency on all the markets where we operate.

Energy, the environment and climate

ICT has a transforming role in helping other economy sectors by harmonizing business growth with a rational use of resources; ICT can greatly contribute to the reduction of

The foundation of our sustainability and social responsibility strategy

THE GLOBAL GOALS
For Sustainable Development

doing business responsibly

To be the leader in the implementation of legal compliance and proactive projects, enabling the Group to maintain the position of a reliable partner.

energy, the environment and climate impact

Through a circular economy enable solutions and services that will contribute to the creation of a new value in business and positioning of the Group on the market.

Internet for All

To implement innovative solutions that enhance the availability of mobile broadband to everyone.

carbon dioxide emissions as well as to the preservation of clean air, drinking water and other natural resources.

Commitment to circular economy

In order to increase the positive impact, we are dedicated to circular economy, bringing three key areas into focus:

1. Leadership in energy efficiency and environmental characteristics of products
2. Ecologically responsible use of materials, waste and water
3. Reduction of carbon footprint in our activities.

Performance evaluation: Internet for All

The key part of our Strategy is to enable every person to use the Internet and mobile communications anywhere and anytime. Along with providing connection on a global scale, we apply our technology every day; we play the leading role and introduce innovations in the field of information and communications technology, which is the key area of our business activities.

Setting goals

Adjusting our goals to the UN Sustainable Development Goals is more necessary than ever before because it is an integral part of a high-quality transformation of the society. We use a framework and methodology for evaluating and describing the positive impact we have on the society, for setting further goals and for monitoring progress.

Impact and risk assessment

In order to support the sustainability of business and social responsibility strategy, we measure yearly and long-term goals of positive impacts and risk management. Currently, there are two main ways in which we measure our positive impact:

- The number of people on which our technology and business have had a positive impact
- Reduction of greenhouse gas emissions in the society.

We measure the mitigation of risks in the following areas:

- Responsible sourcing
- Anti-corruption
- Trade compliance
- Occupational health and safety.

The way in which we implement our strategy is described in three sections of the report: business responsibility, environmental responsibility and social responsibility.

Business integration

Sustainability and social responsibility are integrated into the implementation of our business strategy, goal setting and managing business risks. Sustainability and social responsibility policy as well as our Code of Business Ethics and Code of Conduct are part of our management system and are applied in the entire Group.

Monitoring the performance

Every year, we report from the perspective of achieving progress in key activities of the business chain and in meeting the most important goals and achievements related to the most important material issues in our business. We will continue to be the leader in sustainable development both in the society and on the markets where we operate. We will also continue to strengthen the impact of our technology in accelerating activities for achieving global sustainable development goals.

5G open for business

Previous generations of mobile networks addressed users' needs predominantly for voice and SMS in 2G, web browsing in 3G, and higher-speed data and video streaming in 4G. The transition to the fifth generation of mobile networks (5G) will bring new communication capabilities to the users, such as 4K/8K video streaming, augmented and virtual reality, as well as numerous benefits to various industries, fundamentally changing many industrial processes.

It is estimated that the number of 5G network users will reach one billion by 2023, while global mobile data traffic is expected to surge by eight times. This requires a more efficient technology, higher data rates and better spectrum utilization.

This is a state-of-the-art technology working in microwave area. An essential 5G feature is low latency in the network, which enables new applications of wireless technology. This is especially important in the Internet of Skills domain in cases of remote utilization as well as for placing real-time applications in the cloud. Some of the examples are: communication between vehicles and transport infrastructure, message exchange between vehicles in the smart traffic concept, remote surgeries in healthcare, industrial production in which automation and control play a major role, and remote control of robots or another type of device.

5G will simultaneously provide a larger number of users, even in rural areas or, for example, on islands, with mobile communication capacities which are nowadays available only through optical infrastructure in urban areas.

The first 5G networks and devices based on 3GPP standards are expected as early as this year. Wider use in Europe is predicted after 2020, in the second wave of 5G implementations.

Industrial applications

According to key people in large companies in 10 most significant industries, main 5G applications are the following:

- In energy industry, it can be used to connect and monitor remote sites, distribute energy and for smart metering.
- In public safety, it is possible to transfer and analyze in real time much more higher resolution imagery and video content, as well as to use virtual and augmented reality.
- In manufacturing, it facilitates predictive maintenance of machines and robots on the factory floor; it offers cloud robotics, identification and tracking of goods in the manufacturing process, remote quality inspection and advanced diagnostics, 3D video with haptic feedback, thermal and other sensors.
- In healthcare, it enables delivery and analysis of rich medical data sets, augmented and virtual reality that is used for remote surgeries and smart objects, such as syringes, cabinets and beds.
- In media and entertainment, it will enable broadband to the home, high-quality streaming to mobile devices, live personal 3D broadcast from mobile services, 4K streaming to mobile devices.
- In retail, augmented and virtual reality will enable shopping from anywhere, visualization of a product in a specific setting, better customer care with access to graphic-rich product information, and automated warehouses.
- In public transport, it will enable high speed Internet access, connected traffic cloud – aggregate and analyze real-time data from connected vehicles, infrastructure, and devices to assist operational decision making, real-time high-resolution vehicle video surveillance, AR wayfinding applications.
- In financial services, it will bring next-generation user-based insurance (sensors in connected cars, for example), high-security cloud-based services, real-time mobile trading, secure, remote sessions with financial advisors.
- In automotive, it will enable better customer experience during the sales process, such as a mobile app with 4K, 360-degree images of vehicles, VR/AR to assist or train service technicians, infotainment, AR dashboards.
- In agriculture, autonomous vehicles will be able to perform tasks in the field, such as harvesting; it will enable predictive maintenance for farming equipment based on analysis of data from sensors; in-field AR support for e-learning and expert advice in remote areas; it will optimize agriculture logistics chains with sensors, tracking, and analytics.

Ericsson collaborates with many participants of the future 5G ecosystem with the aim of creating different services that will enable 5G. In addition to the typical collaboration with operators, Ericsson also collaborates with representatives from industries interested in 5G and universities on the development of new services and applications. Experts from Ericsson Nikola Tesla have a prominent place in Ericsson's 5G project across the world. It should also be noted that it is Croatia where the biggest number of the company's experts work on 5G development.

Towards a 5G consumer future: Six calls to action from consumers

Engagement of all our stakeholders

Through a continuous two-way communication with our stakeholders we wish to create a meaningful dialog and build relationships that can contribute to the achievement of our joint goals which are important for the progress of society.

By including our stakeholders and engaging in a dialog with them about the topics of common interest, we build mutual trust and gain an insight into topics that are key to our business, we encourage innovativeness and build relationships that improve our vision of the digital society.

Our stakeholders are divided into four main categories: customers, shareholders, employees, and the society. The society comprises suppliers, public administration, civil society, non-governmental organizations (NGOs), industry partners, media, academia and the public.

Being at all times in regular contact with our stakeholders, we are continuously involved in discussions and agree on numerous joint topics in various ways. The communication includes numerous activities undertaken by our employees, joint projects and initiatives, meetings with customers, meetings with investors, surveys, participation at industry meetings, activities in decision-making bodies, as well as academic research. Moreover, we also gain insight into our stakeholders' opinions in other ways, such as individual meetings, consultations, collaboration in the field of research with the academia, institutions, associations' members and others.

In order to increase the contact and dialog with the public, the Company uses social media.

We include our stakeholders in a wide range of topics, including the management of supply chain, energy efficiency, assessment of human rights impact, impact of our technology on the quality of life, access to health care, education, state administration and discussions on other sustainable development goals. Our committed approach helps us to determine the stakeholders, topics and the way of inclusion with the aim of obtaining feedback, which is important for the current and future development of both us and the society as a whole.

Open dialog

We include different stakeholders, such as non-governmental organizations and the government authorities, in the consultation about human rights. We are aware that we can address the challenges and complex issues regarding human rights in a better and more successful manner if we identify the topics and start a constructive and inclusive dialog on time.

As an associated member of Ericsson Corporation, we respect all internationally proclaimed human rights, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

Our approach to stakeholder engagement

We engage our stakeholders, carefully consider all the topics that are important to them, based on the information obtained from them, and during every step in the process we aim to create a positive impact and reduce the risk.

Our key stakeholders

Key stakeholders	Our way of working
Customers	– Professionalism – Partnership in finding the best solutions – Innovativeness in providing comprehensive ICT solutions that have a positive impact on business, peoples' lives and the environment, including climate change – Measuring customer satisfaction
Employees	– Lifelong learning and training – Attractive jobs in ICT sector – Equal development and work opportunities for all employees – Performance-based salary system – Motivating work environment – High-quality equipped workplace and care for occupational health and safety
Shareholders and investors	– Applying the principles of corporate governance – Timely and objectively informing on the most significant activities and achieved business results
Suppliers and partners	– Jointly improving and enhancing the supplier chain – Knowledge transfer – Regular inspection of Quality and Environmental Management Systems
Unions	– Partnership – Consulting and involving in the decision-making process – Support to union work, including care for the interests of the union's members
Business and professional associations	– Participating in activities
Government bodies	– Participating in the passing of legislation – Exchanging ideas – Encouraging business-friendly environment
Educational institutions	– Support to educational initiatives – Transfer of knowledge about the latest technologies – Financial aid
Community	– Knowledge exchange – Support and collaboration in local initiatives – Financial aid

Our material topics

Ericsson Nikola Tesla Group regularly evaluates its important economic, ecological and social topics in order to ensure a solid foundation for a sustainable corporate social responsibility. This is the central component of the situation analysis which is necessary for the strategy development, goal setting, risk management and reporting.

The evaluation is carried out at an annual level and has the following purposes:

- To determine the Group's impact on economic, ecological and social topics
- To examine stakeholders' feedback which significantly affects views and decisions.

In 2018, Ericsson Nikola Tesla Group continued with the development of evaluation process by focusing on determining important topics that have a long-term significance for the business.

Setting the right priorities

When assessing materiality, we strive to focus on our most significant material topics. Some of the topics, such as privacy and security, will be of a long-term interest in business, while other ones may be relevant in the short and medium term.

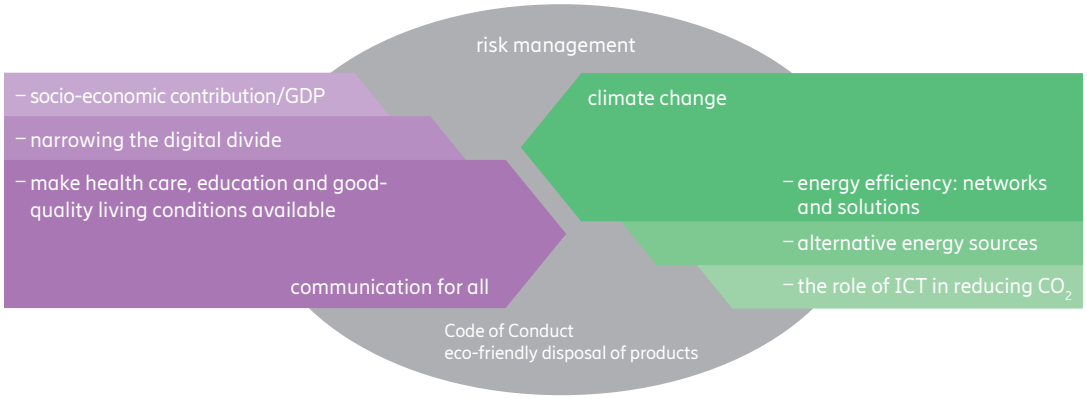
We assess the lifecycle of our products in order to identify and measure our impact on the environment as well as to define the possibilities for increasing positive impacts throughout the whole value chain. Every material topic as well as its limits, i.e. where in the value chain the impact appears, are described in this report.

Our approach

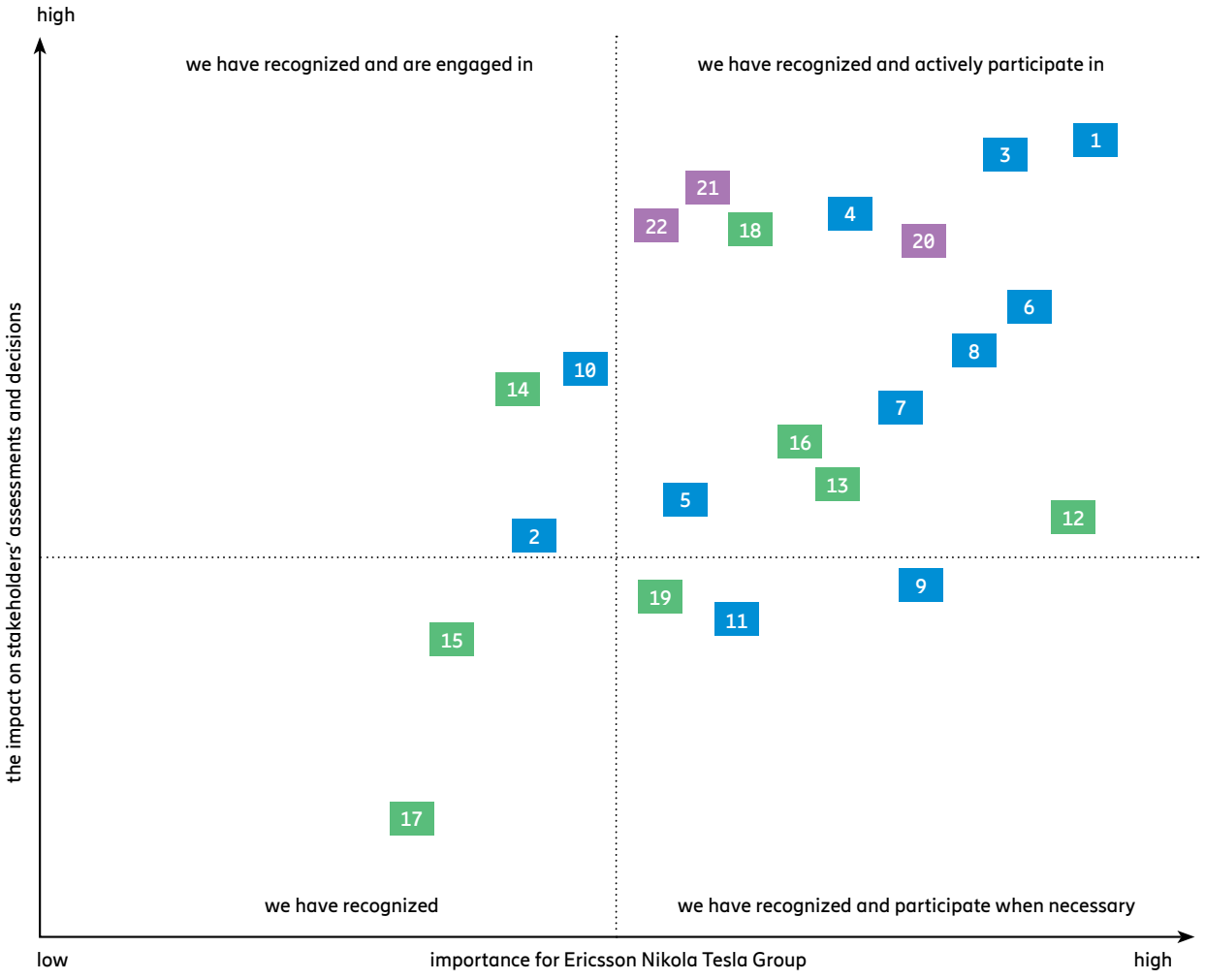
Our material topics matrix consists of the following quadrants:

- **We have recognized and actively participate in:** These are the topics that are identified as the most significant for the Group and our stakeholders, so we actively participate in them. Where necessary, we look into and adapt ourselves and/or apply new management procedures to ensure business sustainability and responsibility. We actively engage stakeholders into these topics to discuss through dialog and mitigate possible risks as well as to optimize the positive socio-economic and environmental impacts of mobility, broadband Internet access and cloud computing.
- **We have assessed and are engaged in:** These are the topics in which our stakeholders have a certain interest. We monitor these topics, report on our results in these areas and continue with the dialog when necessary.
- **We have assessed/recognized and participate when necessary**: These are the areas which we work on with selected stakeholders when necessary, but we do not necessarily report on them. We have established procedures to ensure that, in relation to particular topics, we operate in accordance with our stakeholders' expectations.

Key activity areas



Material topics matrix



Material topics

business responsibility*

1 anti-corruption
2 radio waves and public health
3 IT security and the right to privacy
4 respecting human rights
5 labor standards
6 responsible sourcing
7 diversity and inclusion
8 looking after health and OHS
9 employee engagement
10 tax transparency
11 risk management

environmental responsibility*

12 energy consumption
13 impact on the environment and climate change
14 energy efficiency of a product
15 efficiency in the use of materials
16 electronic waste management
17 water consumption
18 ICT contribution to low-carbon economy
19 supplier environmental responsibility

social responsibility*

20 partnerships for socioeconomic development
21 access to health via technology
22 responsibility towards the community

* the number next to the material topic does not match the importance of the topic

Business responsibility

Highlights

- doing business responsibly is the foundation of our strategy and organization culture
- we are a responsible and relevant driver of positive change in the society
- we have zero tolerance for jeopardizing any human rights
- we systematically take care of our employees' health and working conditions

Doing business responsibly

Ericsson Nikola Tesla Group and all its employees, together with their colleagues from global Ericsson, share responsibility and commitment to the highest level of integrity and ethics in doing business. Integrity and ethics are an integral part of the company's culture and an essential characteristic of our everyday way of working and doing business. Operating with a strong sense of honesty is crucial to maintain credibility and preserve the trust of our customers, partners, employees, shareholders and all other stakeholders.

All stakeholders that have a contractual relationship with the Group, as well as all employees, are required to adhere to the Code of Conduct and Code of Business Ethics in their daily operations www.ericsson.hr/en/sustainability-and-corporate-responsibility.

Our management system is the foundation of our way of working. We approach responsibly our business activities at the highest levels in the company, starting with the Supervisory Board, Management Board and all the members of executive management.

Our Compliance Board is responsible for the overall compliance management in the Group. The Supervisory Board, the Management Board and the executive management are regularly notified on sustainability and social and corporate responsibility issues.

Our way of working

Ericsson Nikola Tesla Group's policies, directives and processes include responsible sourcing, occupational health and safety (OHS), environmental management, anti-corruption, human rights, trade and sales compliance. Code of Business Ethics, Code of Conduct, Trade Compliance Policy, Occupational Health and Safety Policy and Sustainability Policy are part of Ericsson Nikola Tesla Group's Management System. In this way, we ensure the integration of sustainability and corporate responsibility in every aspect of our business activities, wherever we do business.

External certification companies and Ericsson Nikola Tesla Group's team for operational excellence and quality regularly verify the way in which we implement policies and directives, manage risks and achieve our goals.

Code of Business Ethics

Creating a transparent environment in managing business is a top priority for the Group. With our Code of Business Ethics, we show our commitment to acting honestly and truthfully in our business operations and our communication with the market. We expect the company to be managed in line with the principles outlined in this Code. Everyone is responsible for the compliance with said standards: the members of the Supervisory Board, the Management Board and executive management as well as every individual working for Ericsson Nikola Tesla Group.

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

- the commitments we have as responsible citizens
- respecting human rights in all segments of our business
- taking care of health and safety
- promoting sustainable development
- the support to the United Nations Global Initiative, as stated in the Code of Conduct.

Code of Business Ethics also lays down rules for all individuals working at Ericsson Nikola Tesla and for Ericsson Nikola Tesla, including:

- ensuring absolute compliance with all valid laws, rules and regulations
- promoting a complete, fair, accurate, timely and comprehensible disclosure of data in financial reports and other public statements
- resolving potential conflicts of interests appropriately
- protecting and using assets properly.

The Code emphasizes our zero tolerance towards all types of corruption. All employees are obliged to read and sign the Code at the moment when they become employees of the Company and occasionally during the time spent working in the Company.

Code of Conduct

Our Code of Conduct was drawn up with the purpose of protecting human rights and promoting fair employment conditions, safe working conditions, responsible environmental management and

high ethical standards. Code of Conduct applies to our employees, contractors and suppliers. Our suppliers and their subcontractors are also required to comply with the Code of Conduct or similar standards, as well as to confirm such compliance.

The Code is based on ten principles set out in the United Nations Global Compact on human rights, labor, environment and anti-corruption. Furthermore, it emphasizes our intention to apply the United Nations Guiding Principles in our business activities.

The Code of Conduct was updated primarily to strengthen the responsibility related to anti-corruption, the use of conflict minerals and forced labor.

Education for employees and suppliers

We organize various types of education courses to ensure that our employees and business partners comply with all aspects of our Code of Business Ethics and Code of Conduct.

- **Anti-corruption**
  In 2018, all Ericsson Nikola Tesla Group's active employees completed a new anti-corruption course via e-learning app. The purpose of such continuous education is to raise awareness of risks, solve possible dilemmas and encourage corresponding actions of the participants. We carried out additional anti-corruption courses for key personnel in sales and other relevant units with the purpose of raising awareness of risks, dilemmas and corresponding actions.
- **Human rights**
  As of December 2015, we have been providing e-learning education courses about human rights and business for all our employees.
- **Compliance**
  Our compliance course is focused on anti-corruption, competition and trade compliance.
- **Education for suppliers**
  We regularly organize free online courses for all suppliers and other stakeholders in four key areas: Code of Conduct, anti-corruption, occupational health and safety, and conflict minerals.

Compliance Officer

In order to monitor compliance on the Group level more closely, especially when it comes to anti-corruption and applying principles related to effective competition, we have established a new function – Compliance Officer, who presents reports and participates in the work of the Compliance Board.

Reporting non-compliance

Employees, suppliers, customers and other partners associated with Ericsson Nikola Tesla, can report a suspected breach of a law or the Code of Conduct to the local executive manager. A special compliance office has been established, where any irregularities can be reported directly via e-mail: compliance.etk@ericsson.com, or anonymously by using the Compliance Line on the web page: www.ericsson.hr/en/company-governance.

The Compliance Line is operated by a third party and is available 24/7/365. It is possible to communicate in the following languages: Croatian, Bosnian, Serbian, Montenegrin, English and Russian. Reports can be made via a reporting system, which is easy to use. After a report has been made, it will be provided by the third party to Ericsson Nikola Tesla Group, which will not have access to the IP address of the sender.

Compliance Officer receives the reports and notifies the Compliance Board and the Audit Board.

In 2018, there were no confirmed corruption incidents.

Corporate governance

Corporate governance describes the way in which rights and responsibilities are shared between the management bodies in accordance with applicable laws, rules and internal procedures. Corporate governance also describes the system of reaching decisions and the structure through which the shareholders can directly or indirectly control management of the company. Its long-term purpose is to continuously create economic value for shareholders.

Management Board and Supervisory Board of Ericsson Nikola Tesla d.d. encourage the respect of corporate governance main principles by striving to ensure transparent business, protection of rights and equal treatment of all shareholders, as well as to strengthen the responsibility towards all stakeholders.

The Company's experts continuously, timely and objectively inform the public about all important business activities and results, strengthening the public perception of a company that fully implements the Code of Business Ethics.

Good governance of the Company strengthens trust of all stakeholders, credibility towards customers, partners, employees, shareholders and others; it also represents a significant factor in attracting investments into the Company.

Regulation and compliance

Ericsson Nikola Tesla is a joint-stock company with shares listed on the Regular Market of the Zagreb Stock Exchange, and accordingly is subject to various laws and regulations affecting the management of the Company. The most significant external regulations which affect us are:

- the Companies Act
- the Capital Market Act
- Zagreb Stock Exchange rules
- Croatian Corporate Governance Code
- applicable rulebooks of the Croatian Financial Services Supervisory Agency (HANFA)
- EU regulations.

Internal regulations

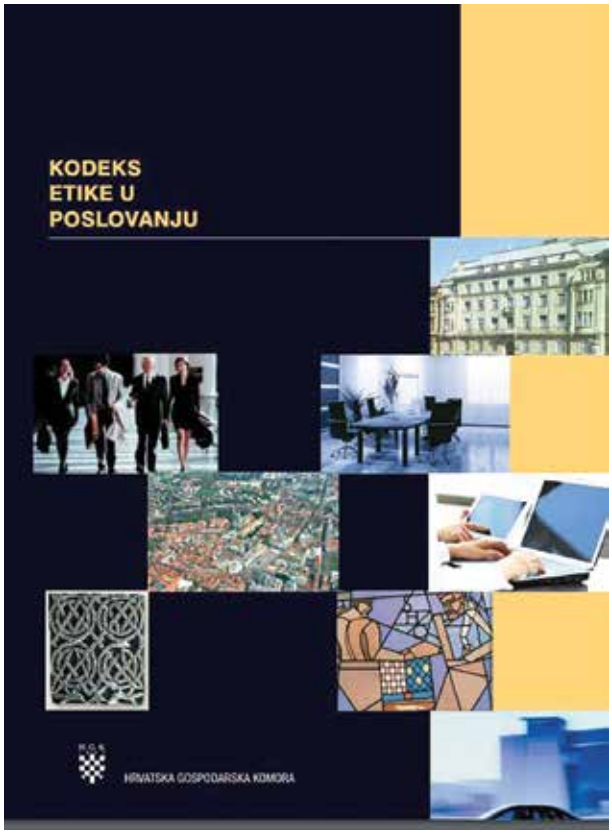
Furthermore, with an aim to ensure compliance with legal and regulatory requirements and the high standards we have set, Ericsson Nikola Tesla Group has adopted internal rules, including:

- Code of Business Ethics
- the Group's steering documents, including the Group's rules and directives, instructions and business processes for control and risk management
- Code of Conduct referring to product development, manufacturing, supply and support of Ericsson products and services worldwide
- Corporate Governance Principles of Ericsson Nikola Tesla
- Articles of Association and work procedures of the management bodies.

Code of Business Ethics

Our Code of Business Ethics summarizes basic Group policies and directives and contains rules which ensure that business is done with a strong sense of integrity. This is of key importance for maintaining trust and credibility towards our customers, partners, employees, shareholders and all other stakeholders. Everyone working for Ericsson Nikola Tesla has an individual responsibility to ensure that business activities are performed in accordance with the Code of Business Ethics.

After they are employed, the employees confirm their awareness of the Code of Business Ethics. This procedure is periodically repeated during their employment.



In addition to the above, Ericsson Nikola Tesla is a signatory of the Code of Ethics in Business, initiated by the Croatian Chamber of Economy. The above-mentioned Code defines the guidelines on ethical behavior of business entities in the Croatian economy.

Management structure

The Annual General Meeting is a place where shareholders exercise their legally established rights.

In addition to the Supervisory Board members, elected by the shareholders, the Supervisory Board has an employees' representative, elected by the Company's employees. The Supervisory Board supervises management of business activities in the Company. The Management Board of the Company consists of one member, appointed by the Supervisory Board. The Management Board is responsible for management of the Company's business with the support of Ericsson Nikola Tesla's executive management. Annual General Meeting elects Ericsson Nikola Tesla's external auditors.

The person in charge of operational excellence and quality and the person in charge of compliance regularly report on their work to the Audit Committee of the Supervisory Board.

Annual General Meeting

Annual General Meeting decides on the election and recall of the Supervisory Board members, profit allocation, discharge from liability of the Management Board and the Supervisory Board, appointment of an independent auditor of annual financial statements, amendments to the Company's Articles of Association as well as other issues explicitly defined in the Companies Act and the Company's Articles of Association.

At the Annual General Meeting, the decisions are reached by majority of votes cast (simple majority), unless otherwise prescribed by the law or the Articles of Association. For example, the Companies Act defines that the decisions reached at the Annual General Meeting related to changes of the Articles of Association and increase or reduction of the share capital are to be reached by the votes which represent at least three quarters of the share capital represented at the Annual General Meeting.

Ericsson Nikola Tesla's Annual General Meeting is held in Zagreb at the Company's headquarters. The date, time and place of the Annual General Meeting, together with the respective agenda, is published on Ericsson Nikola Tesla's web page at the latest one month before the Annual General Meeting is going to be held, with the extension for the days defined for the application for participation.

The shareholders who cannot participate in the Annual General Meeting in person can exercise their right to vote by proxies. All documentation related to the Annual General Meeting is available in Croatian and English.

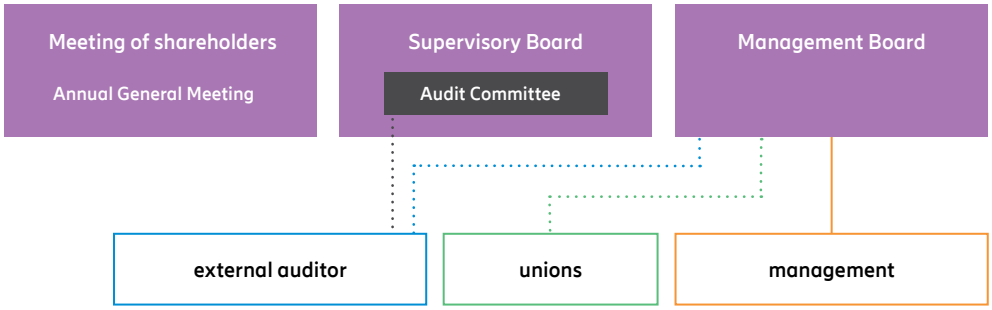
The shareholders attending the Annual General Meeting are entitled to ask questions regarding the Group's business performance. Normally, the majority of the Supervisory Board, Management Board and executive management members is present at the Annual General Meeting to answer such questions.

External auditor attends the Annual General Meeting.

Ericsson Nikola Tesla's Annual General Meeting in 2018

The Annual General Meeting of Ericsson Nikola Tesla joint-stock company was held on 20 June 2018. Share capital was represented in the amount of HRK 88,071,000.00, which accounts for 66.15 percent of the Company's total share capital.

Management structure



The Annual General Meeting was presided by Snježana Bahtijari, Director of Marketing, Communications and Corporate Social Responsibility. The largest single shareholder, LM Ericsson, was represented by Mats Andrén.

- At the Annual General Meeting, a decision was adopted to allocate the Company's net income for the financial year 2017, amounting to HRK 64,283,337.59, into retained earnings.
  A decision was adopted on dividend payment to Company's shareholders, amounting to HRK 32,5 per share, from retained earnings from 2016 and 2017. The dividend payment was made on 10 July 2018 to the Company's shareholders who had the Company's shares registered on their securities account in the Central Depository & Clearing Company on 28 June 2018.
- Supervisory Board's report on the supervision performed in 2017 was adopted.
- The Company's Managing Director Gordana Kovačević, as well as the Chairman and the members of the Supervisory Board were discharged from liability for exercising their duties in the year 2017.
- A decision was reached on the election of Franck Pierre Roland Bouétard as a member of the Supervisory Board instead of Arun Bansal, the previous member and Chairman of the Supervisory Board.
- Dubravko Radošević, a member of the Supervisory Board, was re-elected for another term.
- It was decided that PricewaterhouseCoopers d.o.o. is reappointed as the auditor for the Company's business performance in 2018.

As announced, Ericsson Nikola Tesla's Annual General Meeting will be held on 13 June 2019 at 4 p.m. at the Company's headquarters, Krapinska 45, Zagreb. Additional information is available on Ericsson Nikola Tesla's web page.

Supervisory Board of the Company

The main task of the Supervisory Board is to supervise the Management Board in managing business. Ericsson Nikola Tesla's Supervisory Board consists of five members, appointed for a four-year term with the possibility of re-election. In its work, the Supervisory Board is obliged to apply high ethical standards and consider the interests of the Company and its shareholders.

Ericsson Nikola Tesla d.d. Annual General Meeting

The Company's Management Board regularly informs the Supervisory Board on all important business events and the course of business operations.

The Supervisory Board reports to the Annual General Meeting on the supervision of business operations, presents its opinion on the Management Board proposal for profit allocation and proposes the appointment of the Company's Auditor to the Annual General Meeting.

In line with the decision of the Annual General Meeting, members of the Supervisory Board receive a monthly remuneration amounting to half of the average monthly gross salary of the Company's employees. Representatives of the largest shareholder Ericsson do not receive remuneration in accordance with the corporate policy. Additional information on remuneration is available in the Note 28.b. "Key management compensation".

Work of the Supervisory Board in 2018

Pursuant to provisions of the Companies Act and Ericsson Nikola Tesla d.d. Articles of Association, the Supervisory Board of Ericsson Nikola Tesla d.d. monitored the Company's business operations, reaching decisions and conclusions at four regular and two extraordinary meetings in 2018.

In 2018, members of the Supervisory Board were:

- Franck Pierre Roland Bouétard (Chairman since 20 June 2018)
- Arun Bansal (Chairman until 20 June 2018)
- Ignac Lovrek (Vice-Chairman)
- Vidar Mohammar (Member)
- Dubravko Radošević (Member)
- Vladimir Filipović (Member and Employees' Representative since 29 November 2018)
- Zvonimir Jelić (Member and Employees' Representative until 8 July 2018).

The meetings focused on business financial results, business situation on domestic and export markets and ICT industry trends. In addition, the Supervisory Board continuously monitored business development and responsibilities of the Research and Development Center, Digital Services & Customer Operations Center, Networks Center and Unit for IT&TE services. Further topics of discussions encompassed business plans and strategic projects, business risks, investments, innovation management, compliance issues and issues regarding human resources and shareholders.

The Supervisory Board reviewed Ericsson Nikola Tesla Group's Business Strategy 2018-2023, as well as financial plans, including sales ambition and strategic priorities for every business segment.

Furthermore, the Supervisory Board gave special attention to compliance issues in order to ensure that Ericsson Nikola Tesla Group continuously implements measures to strengthen its ethics and compliance.

At extraordinary Supervisory Board meetings, the members discussed approving 2017 annual financial statements, 2017 dividend payment and defining 2018 targets.

Work of the Audit Committee

The Audit Committee is a specialized subcommittee of the Supervisory Board. In 2018, members of the Audit Committee were: Ignac Lovrek (Chairman), Vidar Mohammar (Member) and Vesna Vašiček (Member).

Audit Committee held four meetings in 2018. The topics of discussion included annual financial performance, annual financial statements, 2018 audit plan, audit findings, control and risk management systems, security and compliance issues. The Audit Committee held regular meetings with external auditors to discuss the audit plan and audit report on annual financial statements. In addition, the Committee had regular meetings with members of the team for operational excellence and quality to discuss internal audit plan and reports as well as risk and safety management system.

The Committee monitored Ericsson Nikola Tesla Group's implementation of suppliers screening process and tools, the implementation of compliance line, as well as the process and handling of reported compliance concerns.

In 2018, Audit Committee was involved in overseeing the election of Ericsson Nikola Tesla's new external auditor.

The Audit Committee regularly presented its conclusions and recommendations to the Supervisory Board.

Management Board of the Company

The role of the Management Board in the management of the Company's business is defined by the Companies Act, Articles of Association and Ericsson Nikola Tesla's internal rule books. The Management Board is obliged to consciously perform its duties, taking into account the Company's and shareholders' interests. Ericsson Nikola Tesla has a one-member Management Board, the Managing Director appointed by the Supervisory Board for a five-year term, with the possibility of re-election. Gordana Kovačević has been the Managing Director since 1 January 2005, and it is now her third term of office.

The Management Board has the following non-transferrable rights and obligations:

- to develop, discuss and approve the Company's strategy and business plan, and to ensure their application;
- to regularly inform the Supervisory Board on financial and business results, strategy and business plans performance,

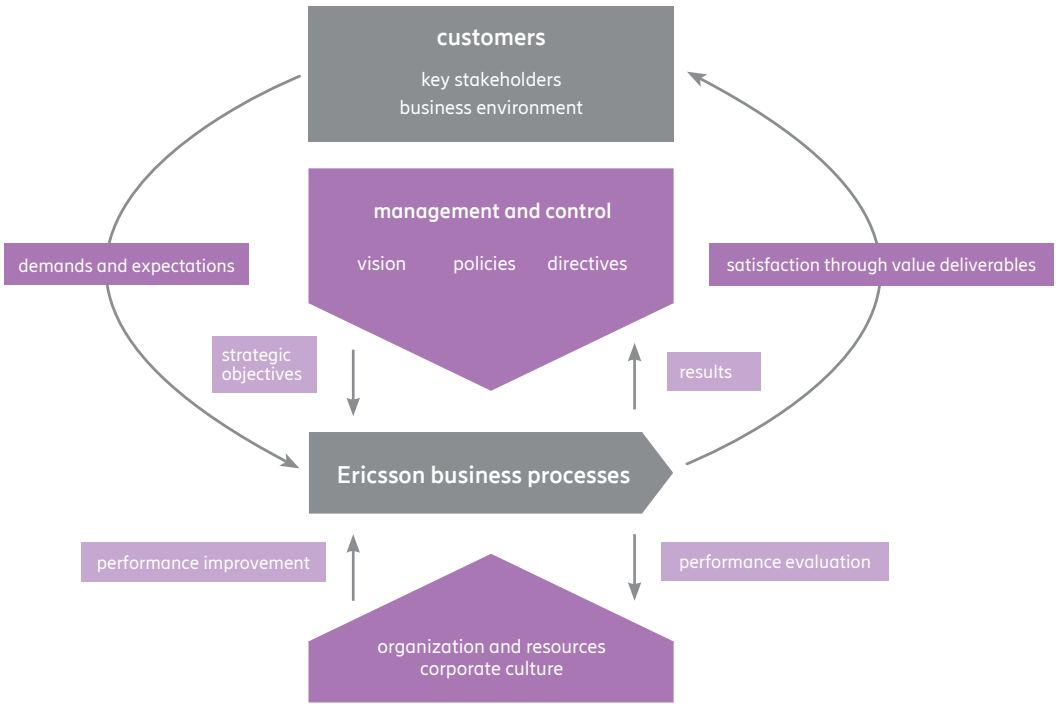
as well as other issues which are important for the Company's business

- to ensure foundation for Ericsson Nikola Tesla business management, and adopt appropriate acts and standard business procedures for that purpose
- to organize consistent accounting and financial control in accordance with applicable regulations and financial planning
- to define business organization, appoint and recall the management to establish an effective organizational structure, as well as to define principles for remuneration to management
- to monitor whether the work of the management is in accordance with the current laws, Ericsson Nikola Tesla's Articles of Association, decisions and acts of general application of the Management Board, as well as the business plan
- to evaluate first-line managers and ensure succession and development plan
- to prepare, in accordance with the Croatian Companies Act as well as other current regulations, the report on business performance and to warn of deviations in the actual business development compared to previously defined plans and goals and to state the reasons for this
- to organize the Annual General Meeting of Ericsson Nikola Tesla joint-stock company and implement the adopted decisions.

The Management Board is obliged to take into account the best interest of the Company and may not, while making decisions, be driven by personal interests or use the Company's business opportunities for itself. The Management Board is obliged to immediately inform the Supervisory Board on the conflict of interest.

The salary and other compensations of the Management Board are defined by the Supervisory Board and they depend on the Company's business results. Additional information on remuneration is available in the Note 28.b. "Key management compensation."

Management system



Executive management

Ericsson Nikola Tesla's executive management consists of the Managing Director and directors of the main organizational units.

The Managing Director is responsible for managing daily business operations and is supported by other members of the executive management in her work.

Executive management's role is to:

- define the Group's strategy and policy and establish a strong corporate culture
- define goals for operational units, allocate resources and monitor the performance of individual units
- ensure operational excellence and achieve synergy through an efficient organization of the Group.

Additional information on the members of the executive management and their remunerations can be found in the chapter Profile of the parent company and its subsidiaries and Note 28.b. "Key management compensation".

Ericsson Nikola Tesla Group – management system

Ericsson Nikola Tesla Group's management system encourages corporate culture and ensures the management of business operations:

- to meet the goals of Ericsson Nikola Tesla's main stakeholders (customers, shareholders, employees);
- within defined risk limits and with reliable internal control;
- in accordance with relevant laws, Code of Corporate Governance and stock exchange rules.

Ericsson Nikola Tesla Group's management system is a framework consisting of rules and requirements for the Group's business performance, defined by described processes and organization, policies, guidelines and instructions. The management system is based on ISO 9001:2015 (international standard for quality management), ISO 14001:2015 (international environmental management standard), OHSAS 18001:2007 (international occupational health and safety management standard) and ISO 27001:2013 (international information security management standard), but it is designed as a dynamic system which enables the Group to adapt the system to varying requirements and expectations, including the new legislation as well as customers' and other stakeholders' requirements.

Members of the operational excellence/development and quality team perform an internal control of processes and activities. The focus is on improving the integrated management system, executing the strategy, managing business processes, reporting and managing performance.

In implementing its strategy and achieving business goals, the Company is faced with various risks on a daily basis. The management system takes these risks into consideration and enables their timely identification, analysis and assessment, as well as taking appropriate preventive measures to eliminate or mitigate them. Risk management is incorporated into all business segments and all operative processes through the management system, with the aim to ensure:

- responsibility
- effectiveness
- efficiency
- uninterrupted business
- compliance with corporate governance, legal and other requirements.

Managers of all the Group's organizational units, together with the employees, actively participate in the risk management process.

Ericsson Nikola Tesla d.d. regularly certifies its management system through independent certification companies, and holds the following certificates:

- ISO 9001:2015 - Certificate for Quality Management System, including Marketing, Sales and Delivery of ICT Solutions, Products and Services (EY CertifyPoint, The Netherlands)
- ISO 9001:2015 - Certificate for Quality Management System, including Research and Development in ICT Software (SIQ, Slovenia)
- ISO 14001:2015 - Certificate for Environmental Management Systems, including Marketing, Sales and Delivery of ICT Solutions, Products and Services (EY CertifyPoint, The Netherlands)
- OHSAS 18001:2007 - Certificate for Occupational Health and Safety Management System, including Marketing, Sales and Delivery of ICT Solutions, Products and Services (EY CertifyPoint, The Netherlands)
- ISO 27001:2013 - Certificate for Information Security Management Systems, including Marketing, Sales, Development and Delivery of ICT Products, Solutions and Services (EY CertifyPoint, The Netherlands).

External auditors

External independent auditors, appointed by the Annual General Meeting, perform an annual audit of the financial statements and business reports to ensure an independent, objective view on the way the financial statements are prepared and presented. The independent auditor's report to the Annual General Meeting is an integral part of the Annual Report.

PricewaterhouseCoopers d.o.o. was chosen as the Company's auditor for 2018.

Ericsson Nikola Tesla's Supervisory Board, with the recommendation of the Audit Committee, proposed to Annual General Meeting to appoint KPMG Croatia as the Company's auditor for 2019.

We respect human rights

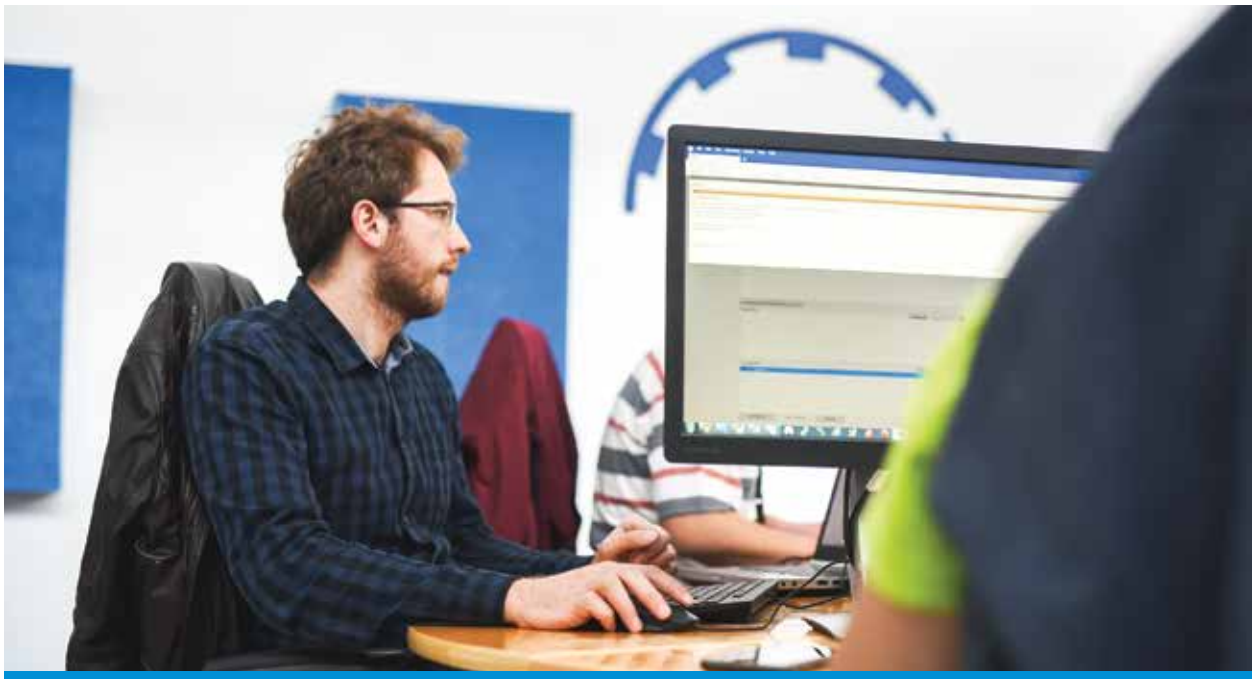
In 2000, Ericsson Corporation signed the UN Global Compact declaration. In 2012, Ericsson additionally committed itself by signing the UN Guiding Principles on Business and Human Rights (UNGPs). As an associated company of Ericsson corporation, Ericsson Nikola Tesla Group also follows these principles, and has developed a specific high-quality practice.

Compliance with the Code of Business Ethics is mandatory for everyone working for the Group, under the guidance of the company's management team or on its premises, whether they are employees, subcontractors or private contractors. The Code represents a framework for action which tries to ensure the protection of human rights and a dignified life for every person.

Every couple of years the Code is readopted, particularly if some areas were revised in the meantime. The employees are provided with regular education courses on the protection of human rights via an e-learning app on Ericsson Academy web page. Moreover, all the concerned policies and directives are available on the company's intranet and Internet pages.

Activities in 2018

We operate in a country which is one of the low-risk countries according to criteria for gross human rights abuses. However, violation of the so-called silent human rights should be monitored. There are three main areas of these rights: freedom of speech, right to privacy, right to work. In 2018, this was continuously monitored; however, no violation of human rights was recorded.



Education as a tool for a more effective protection

Ericsson Nikola Tesla's employees have at their disposal a wide range of online education courses in the field of human rights. Various types of courses provide the latest information and a better identification of different challenges as well as give helpful advice and recommendations when it comes to handling risky situations. Although ICT provides the right to freedom of expression and the right to security and privacy, there is always a risk of this technology being misused, which should be minimized.

The right to privacy

The right to privacy is one of basic human rights, as stated in Article 12 of the UN's Universal Declaration of Human Rights. Ericsson Nikola Tesla is therefore fully devoted to ensuring the right to privacy. This is of special importance as we participate and/or lead digital transformation of industries and society in the most various segments.

Privacy is very important to us as it is also the foundation for building trust in the networked society. ICT has an enormous potential to transform all aspects of life, work and communication among people, but only if networks and services keep information secure and protect the right to privacy.

The nature of our business gives us an additional responsibility to efficiently address privacy. For example, analysis of the enormous amount of data generated by today's communication networks can create permanent benefits for the society. The most efficient way to realize this potential is to combine the freedom of innovation and the creation of positive effects with strong principles of privacy, which ensure transparency, integrity and corresponding levels of data anonymization. The result brings benefits for all stakeholders.

Our business ethics is focused on strictly complying with the right to privacy of every individual we communicate with in any way and on any ground. At Ericsson Nikola Tesla personal data is available to a strictly limited number of employees who gather, process and distribute information to the public, customers and shareholders. The same applies to personal data of the readers of the Company's magazine "Komunikacije" and to potential guests we occasionally invite to specific business events. Despite this long-term established practice, until 25 May 2018, prior to the obligation to directly apply the General Data Protection Regulation (GDPR), all previously gathered personal data was deleted. Since then, the company has been using a new database, consisting solely of the data gathered with the active owner's consent. The data was received with a clear note that every individual can withdraw his/her consent at any time, with a precise and simple explanation on how to do this. Furthermore, every person whose data we keep and use in the mentioned database, received a clear information that their data will be stored in the period during which the consent is active, and after the consent is revoked, all personal data will be permanently deleted. The notification also contained the instruction on how to revoke the consent.

All the Company's employees are taught on why it is necessary and important to respect the right to privacy which is included in our Code of Business Ethics. This is a basic document that defines behavior we expect from all our employees.

We encourage employees to report any kind of behavior for which they believe in good faith to constitute a breach of Code of Business Ethics. Those who report such behavior are guaranteed that their personal data will be protected, i.e. anonymity and confidentiality. This can be made via Compliance Line, which was specially established for this purpose.

In addition, a special team of IT experts and lawyers analyzed business processes by using the Privacy Impact Assessment (PIA) form. After the analysis, a corresponding solution was implemented in more than 150 working processes, some processes were abolished, and some were replaced by new ones. Control of entering and processing personal data in line with GDPR requirements is a mandatory part of the operating practice, and it is carried out via a special monitoring system which includes a strict protection of employees' data and specific audits of key processes.

Ericsson Nikola Tesla has a data protection officer. Any question or complaint regarding personal data handling can be sent to them by mail or e-mail at sluzbenik.za.zastitu.osobnih.podataka@ericsson.com.

As the company intensively communicates with the public via web pages, more detailed information on applying the right to privacy, in line with the good global practice, is available via link on every company's web page, regardless of its content, or directly at www.ericsson.hr/en/privacy.

Sales compliance guarantees ethics in international business

Being a large export company doing business in almost all markets, Ericsson Nikola Tesla is exposed to various risks. The best protection is to be well informed, apply legislation of every individual market and follow current situations in the concerned country.

The Group, i.e. its employees, has a deep understanding of the commitment to always respect the laws of the country in which it operates, regardless of whether it concerns import and export, transfer of technology or solutions, providing services in a foreign country, etc., and especially to take care of potential sanctions and/or embargo. As sanctions and embargo are often a result of human rights violations, threats to human safety and property, unethical practices, etc., the Group finds breaching the mentioned measures in any segment to be completely unacceptable.

Challenges are significant

In a demanding market environment and stiff competition like the one nowadays, business entities are more prone to tolerate breaches of the legislation framework to reach their goals. This kind of behavior is dangerous for multiple reasons and requires additional caution. Therefore, Ericsson Nikola Tesla has a comprehensive approach of implementing Sales Compliance principles: all aspects and relations are considered in order to protect the brand and stakeholders' interests as well as to ensure responsible behavior and particularly to safeguard human rights in countries where it operates. The approach is based on Sales Compliance policy and process, which regulates actions in all types of sales (direct or indirect) and business connections.

Sales Compliance process enables a high-quality assessment, prevention and mitigation or neutralization of potential negative effects in the field of human rights and brand, preventing in such manner any harmful, inappropriate or unauthorized use of our products, solutions, etc. by third parties.

The assessment is carried out according to the following criteria: portfolio (are these products, services or knowledge sensitive), the purpose of their use and the country (is it one of high-risk countries when it comes to limiting human rights, corruption, freedom of expression, the right to privacy based on global analyses).

A step further in protection

Complex geopolitical relations additionally increase risks and demand additional measures and regulations for protection against misuse. This is Trade Compliance, which consists of specific laws, rules and regulations, both on national and international level. Apart from being obliged to apply all the legal regulations as a legal entity in Croatia and the EU, we are also obliged to apply them as a member of a multinational corporation operating in an international business environment, especially when exporting and importing products and services to and from countries under trade embargo.

Ericsson Nikola Tesla's employees must be familiarized and are obliged to comply with all applicable national and foreign laws, rules and regulations, such as export and import regulations, anti-boycott provisions, trade embargo and sanctions that are in force. Employees having questions regarding this topic can address them to experts in charge of the processes and their implementation.

Activities in 2018

In 2018, 14 requests for the verification of sales compliance for our customers and partners were initiated. All 14 satisfied all the necessary criteria.

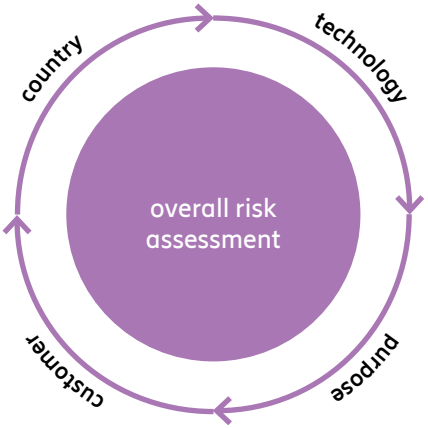
Sales compliance risk methodology

country classification

- Sales Compliance core team classifies every country according to the level of risk: low; medium; high.

customer classification

- Customers are classified as: civil customers or government and defense customers.
- Civil customers are connected to the country risk classification.



technology risk

- Sales Compliance core team classifies products and services risk level as: low; medium; high.

purpose of use

- Sales Compliance Board will evaluate the customer purpose with the project and make a decision: approved, approved with conditions or rejected.

Anti-corruption

Strengthening zero-tolerance culture

Ericsson Nikola Tesla Group has zero tolerance for bribery and corruption.

Corruption entails serious legal and reputation risks; it hinders business growth; it harms relationships with the employees, customers, shareholders, suppliers and the society as a whole; it also represents a significant obstacle to the economic and social development in countries across the world.

We have embedded zero tolerance for corruption as the leading principle on the highest levels of the Company. Throughout the entire organization, we implemented this principle and a comprehensive set of rules and processes, to which all employees must adhere. Our Compliance Board is responsible for the overall management of compliance in the Group.

Our approach

Even though we have made significant progress in the field of compliance and anti-corruption in the past years, we continue to strengthen the rules and processes which we use to set our expectations high and ensure the ability to meet strict anti-corruption rules on all our markets. Code of Business Ethics and Code of Conduct are two main policies that describe our commitment to anti-corruption.

We continuously encourage our approach to anti-corruption business, which is an important topic of our employee and executive management meetings. Compliance Officer also continuously carries out corruption risk assessments.

All the Group's employees regularly take education courses and pass knowledge tests in the field of anti-corruption. Following education courses and knowledge tests, new employees certify with their signature that they agree to follow the Company's Anti-Corruption Policy.

Anti-corruption is one of the important components of internal audits.

Ericsson Nikola Tesla Group operates in a responsible and legal way and requires its subcontractors and suppliers to do the same. We minimize corruption risks by expressly communicating our commitment to anti-corruption to our suppliers and other business partners through our Code of Conduct and anti-corruption e-learning courses.

Suppliers and business partners

We build long-term relationships with our suppliers and business partners, which imply dialog, knowledge sharing and application of modern working models. The suppliers and their subcontractors are required to comply with high quality standards, the Code of Conduct and the Code of Business Ethics. In 2018, we continued with introducing tools for anti-corruption, in order to carry out due diligence on our suppliers and business partners. Every year, the Company's assessors carry out an external assessment of major domestic suppliers' quality using a survey drawn up in line with standards.

At the beginning of December 2018, we started using a Suppliers Screening Tool – SST, to check their potential connection and involvement in corruption affairs or any kind of unethical behavior, operations, etc.

By continuously monitoring relevant databases and using weekly reports on the obtained information on suppliers according to established negative risks, the tool shows a potential connection of a certain business entity or individual connected to a business entity with some sort of a negative risk. The risk may be of financial nature, it may refer to political exposure of the management board members, directors or owners linked to a business entity, and can show whether the entity is put on any list of sanctions or a similar negative list.

Our anti-corruption tools

- Code of Business Ethics
- Code of Conduct
- Compliance Line
- anti-corruption program
- suppliers' and partners' screening tool
- education
- raising awareness

Key elements of the anti-corruption program

- leadership and culture
- policies and processes
- compliance organization
- risk assessment
- education and communication
- awards and sanctions
- third-party management
- claims and investigations
- monitoring and examination
- M&A due diligence

Key data for 2018

- all active employees passed the new e-learning anti-corruption course
- anti-corruption was brought to attention during the Group's main executive management meetings
- Compliance Line was introduced
- Business Partner Screening Tool was introduced
- Business Partner Review Board was established

Responsible sourcing

The responsible sourcing program ensures high standards in the supply chain in relation to Ericsson Nikola Tesla Group's requirements in areas, regarding labor, environment, human rights protection and anti-corruption, which are applied to all suppliers.

An approach based on risk assessment is used in the program to ensure efficient management of environmental and social impacts by conducting a risk assessment for the suppliers, regular supplier audits, evaluations, comparisons of performance and other activities which ensure compliance with the Code of Conduct and the Code of Business Ethics. The Code of Conduct itself is based on the United Nations Global Compact principles.

A clearly defined process ensures good practice

The Group's suppliers are familiar with the conditions for cooperation with the Group and accept regular verifications.

It must be noted that the requirements from the Supplier Code of Conduct are an integral part of all Ericsson Nikola Tesla's General Purchase Agreements. By signing the agreement, the suppliers fully accept the Code.

At the beginning of cooperation, and afterwards if necessary, Ericsson Nikola Tesla delivers to its suppliers a Self-Assessment Questionnaire which includes specific questions from the Supplier Code of Conduct, followed by risk assessment procedures. A general rule is in effect which regulates that during the entire business cooperation Ericsson Nikola Tesla Group monitors the effectiveness of key suppliers through the criteria contained in the Supplier Efficiency Monitoring Form.

New software tool – a valuable help for experts

At the beginning of December 2018, the entire Group started using the Suppliers Screening Tool – SST to check their possible connection and involvement in corruption affairs or any kind of unethical behavior, operations, etc.

By continuously monitoring relevant databases and through weekly reports on the obtained information on suppliers according to defined potential risks, the tool indicates a potential connection between a certain business entity or individuals with some sort of potential risk. The risk itself may be of financial nature, may refer to a political involvement of the management board members, directors and owners connected to a business entity, or may show whether the entity is listed on any sanctions list, black or a similar negative list.

In 2018, the screening list consisted of 1065 suppliers with which we engaged in an active business cooperation in the concerned period. Additionally, all persons connected to these legal entities were additionally screened (owners, directors and members of management boards), and the total number of performed verifications increased to 3508.

The tool uses information from various publicly available sources (media publications, reports, public administration official sites, etc.), cross references them with the list of our suppliers, which is in the tool's database, and links them to the discovered information that indicate potential risks. Ericsson Nikola Tesla's experts responsible for checking the credibility of this information then determine whether any information is important for the realization or continuation of business cooperation and determine further steps in line with valid procedures.

Even the very first results have given the justification for introducing such a way of supplier screening and monitoring. This enables Strategic sourcing, as the user of this tool, to recognize whether there is a potential risk in business cooperation with suppliers in one place and in a very short amount of time.

Work with this tool requires various decisions to be made; therefore, a team was formed under the name Sourcing Supplier Screening Tool Risk Evaluators (SSST). Members of this team include finance director, strategic sourcing manager and an expert for the field in question and a compliance officer as a consultant. The task of this team is to reach a decision whether additional actions at the Board for the assessment of the Group's business partner are necessary. This can ultimately result in ending the cooperation with the supplier.

The supplier is obliged to:

- ensure that its employees and subcontractors are notified of the Code of Conduct and that they adhere to it
- confirm, when requested, that both the supplier and its subcontractors are compliant with the Code of Conduct, by providing information to Ericsson Nikola Tesla or its representative and/or by enabling access to its premises
- notify Ericsson Nikola Tesla Group if the supplier detects that there has been a violation of the Code of Conduct in their business.

The Code of Conduct encompasses, when necessary, specific requirements for suppliers related to occupational health and safety as well as environmental protection. These requirements can be found in the following documents:

- Ericsson General Supplier Occupational Health and Safety Standards
- Ericsson Specific Supplier Occupational Health and Safety Standards
- Supplier Environmental Requirements.

Activities in 2018

A large number of new business responsibilities and demanding projects in 2018 affected the volume of performed risk assessments:

- at the suggestion of the expert team, risk assessment procedure was performed for 45 suppliers (17 in 2017)
- based on the assessment performed, a plan was prepared for the assessment of suppliers at their premises. The result was 14 performed audits during the year (10 in 2017)
- assessment results are 23 findings and 3 observations (3 findings and 10 observations in 2017), of which the suppliers were informed through reports, and most of them were resolved.

Strategic sourcing also participated in the carrying out of an educational workshop on occupational health and safety for business partners involved in the project of modernization of Hrvatski Telekom's network, which is one of the biggest projects in 2018.

Reporting non-compliance

Employees, suppliers, customers and other partners associated with Ericsson Nikola Tesla, can report suspected infringements of the law or the Code of Conduct to the local executive manager or in a manner in accordance with the locally established procedure.

The novelty in this area is the forming of a special compliance office to which any irregularities can be reported directly via e-mail: compliance.etk@ericsson.com or anonymously by using the compliance line at: www.ericsson.hr/en/company-governance. The compliance line is operated by a third party and is available 24/7/365. Reports can be made in the following languages: Croatian, Bosnian, Serbian, Montenegrin, English and Russian. Reports can be made via a reporting system, which is easy to use. After a report has been made, it will be provided by the third party to Ericsson Nikola Tesla Group, which will not have access to the IP address of the sender.

Impact on the development of the profession

Ericsson Nikola Tesla has been a member of Croatian Association of Purchasing (HUND) for many years. The association proactively promotes the sourcing profession in the Croatian market and through exchange of the best ethics practices in sourcing impacts its further development. Recently it has especially advocated the adoption of social responsibility and sustainability standards in this profession, particularly through lectures at conferences dedicated to this profession.

Ericsson Nikola Tesla's sourcing experts, members of HUND, make the biggest contribution in sharing the knowledge and they often hold lectures, particularly on topics such as the Supplier's Code of Conduct and various other standards related to social responsibility, sustainability and anti-corruption.

In 2018, at a traditional annual conference on purchasing "Technology-driven procurement transformation", the participation of our experts was well noted. Zoran Zorić, Strategic Sourcing Manager in Ericsson Nikola Tesla, expressed his positive opinion of this conference:

- More than 250 sourcing professionals from Croatia and neighboring countries as well as relevant foreign and domestic lecturers, experts in the field of sourcing, have been familiarized with the benefits brought by the use of modern technological solutions, which is close to Ericsson Nikola Tesla's purpose: "Innovating technology for good."

Occupational health and safety

Ericsson Nikola Tesla Group systematically takes care of its employees' health and working conditions.

In 2018 many activities were carried out, these are the most important.

Implementation of Occupational Health and Safety Management System – OHSAS Standard 18001

As an associated company of Ericsson corporation, Ericsson Nikola Tesla Group holds the OHSAS 18001 Certificate. Implementation of the Occupational Health and Safety Policy is our priority. Therefore, in 2018, we continued to conduct activities related to occupational health and safety.

In line with the Occupational Health and Safety Act, in 2018 we conducted an evacuation exercise at the location in Zagreb. The results of the exercise confirmed that it was well organized and that the employees had a high level of training in case of emergency situations.

At the end of March in Split, an internal audit was held by OHSAS 18001 and ISO 14001 standards. An external audit by Ernst&Young (EY), in line with the provisions of these standards, was held in May for our R&D Center in Split. The results of the audit were good, with one non-compliance and one observation, which were subsequently successfully resolved.

A team of our OHS audit experts performed audits of suppliers this year as well, and special attention was focused on compliance with OHS rules in high-risk projects. Situation on site showed that the suppliers perform their work in line with the rules.

Implementation of Occupational Health and Safety Management System

Risk assessment is the most important OHS document. It contains general information about the employer, description of the current situation, analysis and assessment of existing data, plan of measures for reducing the level of hazard. The assessment constantly changes and is updated in line with the changes in technological process. The last modification of the risk assessment was made in May 2018.

In 2018, in line with legal regulations, we carried out the training of all the employer's OHS representatives in the Company. By combining legal requirements and technology, our team of experts developed a remote learning system for the representatives, which is fully adjusted to our employees. The access to learning content and expert advice via a web app is available to the overall management structure in the Group. The system comprises lessons and materials which are to be studied and a knowledge test. This sort of learning enables the representatives to participate in the training when and where it suits them best. This flexible, remote learning tool does not require that employees are absent from work and can simultaneously educate a large number of participants, which significantly saves time and money. OHS experts are in charge of monitoring the progress and education results. After the education is successfully finished, the training records are filled out and the entire process is carried out in a simple way for all the participants, yet still in line with regulation requirements.

OHS intranet pages are regularly updated. In this way, all the necessary OHS information is available to all employees at any time.

In 2018, Occupational Health and Safety Committee meetings in Zagreb and Split were held four times, as legally prescribed. On 12 April 2018, Ericsson Nikola Tesla d.d., Ericsson Nikola Tesla Servisi d.o.o., Ericsson Services d.o.o. and Libratel d.o.o., in accordance with the Occupational Health and Safety Act, signed a new

Contract on the founding of a common OHS service. New amendments to the Labor Act stipulate that in the future two Occupational Health and Safety Committee meetings must be organized every year.

Employees' OHS commissioner is an employee who is elected in accordance with the Occupational Health and Safety Act to represent employees' OHS interests. In 2018, the employees of Ericsson Nikola Tesla d.d. elected 13 new OHS commissioners and 13 deputies. One representative of the employees' commissioners is a member of and participates in the work of the OHS Committee.

Inspections of the workplace

In 2018, a regular periodic inspection of workplace environment parameters on Ericsson Nikola Tesla Group's premises in Zagreb, Split and Osijek was initiated. The inspection was organized in cooperation with a company Institut za sigurnost d.d. from Zagreb.

Regular medical checkups

Since April 2018, all employees from Zagreb have their regular medical checkups in the clinic Sveti Rok. The clinic has state-of-the-art medical equipment for analysis and lab tests, complete ultrasound diagnostics and other medical-diagnostic capabilities. Employees younger than 35 have their regular medical checkups once every three years; employees aged 35-50 are entitled to have their checkups once every two years; and employees older than 50 can have their checkups every year. For employees traveling to countries at risk, the checkups are performed when necessary. For employees using optical appliances, eye examination is prescribed by the law and is performed in our occupational health physician's office. The results of the checkups are regularly presented and analyzed during OHS committee sessions. Corrective measures are adopted there as well.

Occupational physician

Just as so far, OHS Service and occupational physician have been continuously cooperating on a high level. The aim of the cooperation is a constant improvement of work conditions, which positively impacts the health and safety of our employees. This contributes to their motivation and a higher level of their satisfaction at work.

Recreational activities

For a number of years, our company has been participating in numerous activities which promote healthy habits and encourage every individual to take care of their health. Within the European Week of Sport, which was held in September, a module of this important project was carried out under the title "A workout at work." It was an excellent opportunity for our employees, who spend most of the time at work sitting, to see the benefits and various possibilities of participating in sport activities in accordance with their personal preferences and possibilities, all with the help and supervision from experts.

This workshop was an addition to the Company's support to numerous sport sections and programs that have been successfully carried out for many years. Various sports and recreational activities were organized on the Company's premises in accordance with the programs adjusted to the needs of our employees.

Education and training

Last year, a significant number of new employees was recruited. All the newly employed passed the introductory seminar and an OHS test, gaining theoretic knowledge and practical experience needed for them to work in a safe way. All students working with us on various projects also undergo trainings for them to be able to work in a safe way.

OHS workshops for suppliers and members of the project team who participate in HT RAN project were also organized. Our expert team educated the participants and worked on raising awareness of the importance of applying corresponding OHS rules. Special emphasis was put on performing work tasks with due attention and performing work safely. Numerous representatives of suppliers from 11 companies with which we cooperate participated in the workshop for suppliers.

Education of suppliers included in HT RAN project

Adaptation of the working environment to the capacities of people with disabilities

In looking after our employees, we continued to adapt the working environment to persons with lower limb disability as well as blind and visually impaired persons. Tactile strips were placed in the restaurant and the courtyard at Krapinska 45 in Zagreb. The family house of our employee with lower limb disability was equipped with a lift platform. The funds for installing tactile strips and architectural adaptation of the space for persons with disabilities were granted by the Institute for Disability Certification, Professional Rehabilitation, and Employment of Persons with Disability.

People are the key to our success

Ericsson Nikola Tesla Group, as an associated company of Ericsson corporation, successfully conducts business in Croatia, as well as in numerous foreign markets. The Group owes its business success and growth to its employees' innovativeness, knowledge and skills.

Fundamental values

We are focused on attracting top talents, providing support to their professional and career development, creating a work culture that includes and encourages diversity and enables achieving high work performance.

Our fundamental values – respect, professionalism and perseverance – define our organization culture and guide us in our everyday work and the way we do business. They encourage our commitment to our customers and their success. In their everyday work, our employees aim to be innovative, efficient and have a trusting relationship with all stakeholders with whom they come into contact.

Our business philosophy

To achieve a higher level of transparency and improve the implementation of strategy related to human resources, we have defined our business philosophy of human resources management.

We at Ericsson Nikola Tesla believe that:

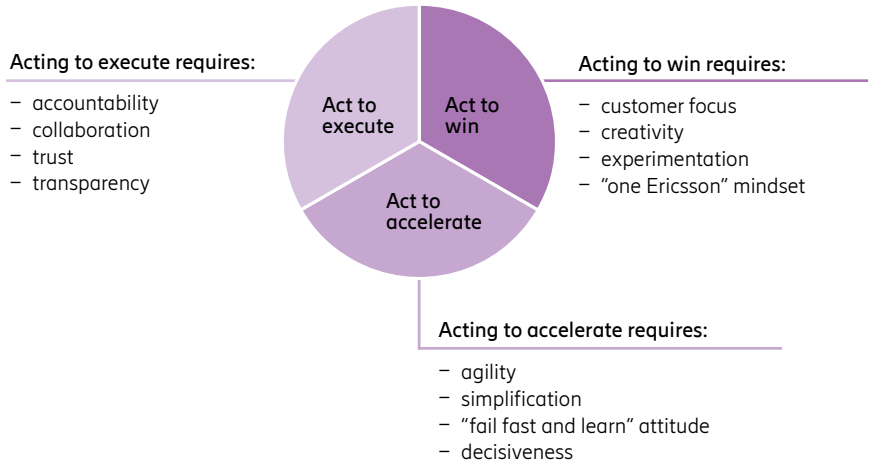
- Each individual is talented.
- In our work, we give our best when we know what to do and why this is important for the company's business success.
- We learn the most when we are motivated and receive continuous feedback on our contribution to the success of the team.
- Diverse, inclusive teams drive innovations, creating a greater business value.
- We are more engaged when we consider ourselves included, appreciated and when we see that our work has a positive impact on the business results.
- Our leaders are the driving force of business and the overall company culture.
- Our people should be paid in a fair way and be recognized and awarded for the results they achieve.

People management strategy

We base our strength on the synergy between youth and experience of four generations working together. Our people management strategy has three main elements:

- **culture**: great results, ensuring success on the market; inclusive environment, respecting diversity and our fundamental values that are the foundation of our culture: professionalism, respect and perseverance
- **collaboration**: digital business; sharing knowledge with the aim of strengthening innovations and being an Ericsson brand ambassador
- **possibilities**: build organization possibilities; top competences to design and deliver the best solutions and create changes that stimulate growth.

Our cultural sweet spot



Mentoring

A large number of recently employed young educated people without work experience has marked Ericsson Nikola Tesla's employee structure in the last few years. We want to introduce young employees into working processes as quickly as possible and in the best possible way, as well as to prepare them to be able to work independently; therefore, over the years we have trained a number of mentors who provide expert help and support to new employees. A good mentor relationship has its true value if it is based on connection, trust and focus on gaining new knowledge and developing new competences. A well-thought-out process enables the mentor to make an evaluation of the trainee during the traineeship period, for example, of their progress, development, necessary knowledge and skills as well as additional recommendations. Regularly, once a year, we conduct an employee satisfaction survey among newly hired employees. The aim is to hear their opinion on the organization, working conditions and the work environment, how informed they are about strategic objectives and tasks, opportunities for education and career advancement, mentoring, etc. The survey results are used to create corrective measures with the aim of improving this important process.

Work environment

Ericsson Nikola Tesla Group continuously works on creating and enhancing a motivating work environment, namely by:

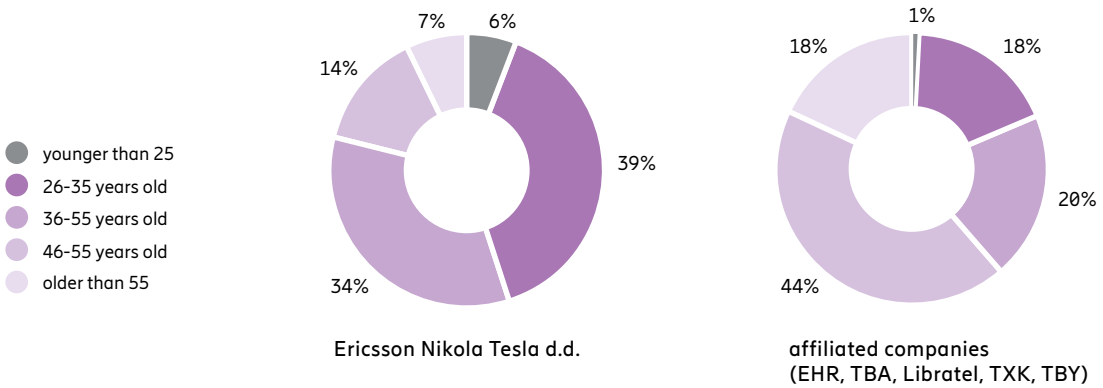
- ensuring attractive jobs and giving a clear role to every employee, in order to achieve common goals
- giving the possibility of lifelong learning and specialization, as well as career development
- ensuring equal conditions of work and development for all employees
- encouraging innovativeness in all work segments
- giving the possibility to work in global teams
- recognizing and visualizing individuals and teams who achieve the best results
- applying a reward system based on the principle of giving equal pay for equal work results achieved, consisting of the contracted salary, variable pay compensation, addition to the salary and benefits
- a modern workplace including all the tools necessary for work
- a motivating company culture
- flexible work hours
- taking care of the employees' health and providing a high level of occupational health care
- ensuring a high level of occupational safety
- giving the possibility of saving in Ericsson Nikola Tesla's closed voluntary pension fund
- offering the possibility of recreation and socializing in sport and culture groups
- using the benefits of the Bonus club.

Organization changes

We continuously work on harmonizing our organization with market requirements and demands, with the purpose of ensuring and strengthening competitiveness. In this light, we continued implementing our cost-efficiency program in 2018 as well. Sharing information and consulting with the Union regarding all important topics was performed in line with the law and when foreseen by the Collective Agreement. All the Collective Agreement provisions are applied to all the Group's employees.

Employee turnover

Employee structure by age (as at 31 December 2018)



Diversity and inclusion

At Ericsson Nikola Tesla Group, we believe that diversity represents an advantage that needs to be continuously nurtured and improved in the entire organization as it brings new value and makes us recognized on the market. Experience has taught us that by connecting people with different characteristics and giving every person a chance to contribute to business results with their knowledge, skills, experience and perspectives, we can offer the best solutions to our customers and all other stakeholders in our business.

Our way of working implies the implementation of Diversity and Inclusion Policy in all segments of our business and other activities. Furthermore, this policy is incorporated in other company policies, such as employment policy, managing human resources, etc. Implementation of diversity and inclusion is encouraged and supervised by the organization's highest management bodies. We have developed and constantly invest in the company culture, where managers act so as to set an example and have an active role in putting together teams and creating a stimulating working environment, where every individual feels included, appreciated and is ready to give his/her best. Such company culture is implemented in the entire organization and it includes each and every one of our employees who every day in their work show respect for the colleagues they work with, customers, partners and all other people they interact with. We have a big customer base and wherever we do business, we are devoted to the development of mutual and long-term relationships with different groups of stakeholders.

No individual in the organization should be discriminated based on race, color, sex, sexual orientation, gender, marital or parental status, pregnancy, religion, political opinion, nationality, ethnicity, social origin, social status, disability, age, union membership or any other characteristic protected by law.

Our strategic approach covers the achievement of five key objectives:

- creating an inclusive work environment which is internally and externally recognized as the best practice example
- enabling representation of different participants on all levels and in the entire organization
- empowering Ericsson's brand with the perception of the employer of choice (attracting top talents)
- creating a culture oriented on great results by attracting and retaining top talents
- integrating diversity and inclusion principles into all processes and activities and towards all stakeholders.

Ericsson Nikola Tesla Group encourages all its employees to point out and report any behavior which is not in accordance with our values and company culture.

An integrating organization

Our goal is to encourage a gender-integrated organization which recognizes and values the contribution made by persons with diverse personalities and characteristics. By 2020, we want to achieve our goal where women make 30% of all our employees. We are still not where we want to be, but we are satisfied as we are going in the right direction. One of the biggest obstacles on our way to achieving gender balance is the fact that at the moment there are not enough women on the labor market who are interested in working in the ICT industry.

We respect diversity

gender diversity

We offer equal possibilities for promotion and in performing leading functions, irrespective of sex.

age diversity

We encourage intergeneration understanding and complementing.

cultural diversity

We empower a multicultural environment where people feel included and can do their job in a successful way.

LGBT

We have ensured an inclusive work environment where every individual feels appreciated and welcome.

people with disabilities

We offer equal advancement opportunities to all our employees. In our company, people with disabilities feel equal and appreciated.

Our approach to learning

At Ericsson Nikola Tesla Group, we believe that our employees are key to our business value, as meeting the expectations of our customers and stakeholders depends on them.

We would like to highlight that our employees agree on the development of their competences and career in partnership with their managers. Along with other learning forms and possibilities, the employees can use the advantages of web education via Ericsson Academy on a daily basis. It grants all the employees of Ericsson corporation equal possibilities for personal growth and development, by offering a wide range of education courses throughout the year. Moreover, our employees develop their competences by taking e-courses, using an internal corporate software tool for exchanging specialist knowledge, attending seminars, conferences, postgraduate studies, and during their work on regional and global projects. At the same time, the Group is involved in global projects implemented by Ericsson corporation, such as Talent Management Program and Innovation Program.

Lifelong learning

Plan for the development of business and technical knowledge and competences, as well as social skills of our employees, is agreed with managers during the established process which is a part of the annual planning (Individual Performance Management – IPM), in accordance with the needs of the agreed business strategy and set goals. Our structured formal programs and training programs related to working in key areas covering sales, services and product development build our employees' competence in the ICT area. Every employee has clearly defined development goals and their fulfillment is continuously monitored throughout the year. In 2018, we carried out more than 97 percent of planned education courses which were considered necessary for our employees to perform daily work and tasks with high quality. We continuously employ young experts, invest in knowledge and skills of all our employees, and encourage them to engage in lifelong learning, which enables them to be competitive in the labor market throughout their entire career. For the employees who left the company during the year, we did not organize an education course for finding a new job more easily because there was no need for it. The largest part of those employees retired and the rest of them started working in another company.

Continuous investment in employees' knowledge and skills

We invest in our experts' knowledge and skills to ensure that we can follow trends and equally participate in their creation. The employees can choose between formal and informal education, such as various fora, exchange of video content, etc. The Education Center of Ericsson Nikola Tesla d.d. operates as a flexible organization focused on providing a wide range of educational services for the needs of employees, customers and partners. The Education Center coordinates the work of internal trainers' network and cooperates with renowned educational institutions in Croatia and abroad.

The employees are increasingly using Ericsson Play channel which enables them to learn through video which is available on their mobile phone screen. Virtual learning forms not only save money and time but are also ecologically acceptable. Being a pioneer of positive change in the society, we strongly support this.

Ericsson Nikola Tesla Group – a learning organization

Percentage of employees who participated in some form of education	97%
Average number of hours spent in education programs per employee	44
Total number of hours spent in education programs	80,476
The number of available courses	5,422

Facts and figures

* as at 31 December 2018

Number of employees in Ericsson Nikola Tesla Group

	2014	2015	2016	2017	2018
Ericsson Nikola Tesla (ETK)	1,807	1,933	2,148	2,268	2,402
Libratel	25	26	25	25	33
Ericsson Nikola Tesla BH (TBA)	18	17	17	16	18
Ericsson Nikola Tesla Servisi (EHR)	641	812	758	743	711
Ericsson Nikola Tesla - Branch office Kosovo (TXK)	-	1	1	1	1
Ericsson Nikola Tesla - Belarus (TBY)	-	-	-	7	9
Total Ericsson Nikola Tesla Group	2,491	2,789	2,949	3,060	3,174

Number of new employess hires in Ericsson Nikola Tesla Group

	2014	2015	2016	2017	2018
Ericsson Nikola Tesla (ETK)	172	209	300	282	310
Libratel	3	2	1	1	10
Ericsson Nikola Tesla BH (TBA)	2	0	0	0	4
Ericsson Nikola Tesla Servisi (EHR)	5	222	15	20	12
Ericsson Nikola Tesla - Branch office Kosovo (TXK)	-	1	0	0	0
Ericsson Nikola Tesla - Belarus (TBY)	-	-	-	1	2
Total Ericsson Nikola Tesla Group	182	434	316	304	338

Employee turnover in Ericsson Nikola Tesla Group

	2014	2015	2016	2017	2018
Total number of employees	2,491	2,789	2,949	3,060	3,173
The number of new employees per year	182	434	316	304	338
Total % of increase in the number of employees	43.2%	12.0%	5.7%	3.7%	3.6%
Employee turnover – ETK					
Total number of employees	1,807	1,933	2,148	2,268	2,402
The number of new employees per year	172	209	300	282	310
Total % of increase in the number of employees	6.5%	7.0%	11.1%	5.5%	5.9%

Number of Ericsson Nikola Tesla's employees by their work location*

Zagreb	1,825
Split	545
Osijek	32

* as at 31 December 2018

Ericsson Nikola Tesla Group employees – distribution by sex and age*

	mother company		affiliated companies							Ericsson Nikola Tesla Group	
employees	ETK	share (in %)	Libratel	TBA	EHR	TXK	TBY	total	share (in %)	total	share (in %)
younger than 25	147	6%	1	3	4	-	-	8	1%	155	5%
26-35 years old	931	39%	11	5	118	1	1	136	18%	1,067	34%
36-45 years old	822	34%	7	5	137	-	4	153	20%	975	31%
46-55 years old	327	14%	4	4	328	-	3	339	44%	666	21%
older than 55	175	7%	10	1	124	-	1	136	18%	311	10%
total	2,402	100%	33	18	711	1	9	772	100%	3,174	100%
- male	1,747	73%	29	9	632	1	5	676	88%	2,423	76%
- female	655	27%	4	9	79	-	4	96	12%	751	24%
average age	38	-	44	38	47	33	45	41	-	40	-
32 years old or younger than 32	831	35%	10	5	92	-	1	108	14%	939	30%
average employment duration	10	-	15	9	21	3	12	12	-	11	-
up to two years of work experience	764	32%	12	4	34	-	2	52	7%	816	26%

Qualification structure of Ericsson Nikola Tesla Group*

	mother company		affiliated companies							Ericsson Nikola Tesla Group	
Qualification	ETK	share (in %)	Libratel	TBA	EHR	TXK	TBY	total	share (in %)	total	share (in %)
University degree	2,101	87.5%	4	15	213	1	9	242	31.3%	2,343	73.8%
College degree and univ. bacc.	201	8.4%	5	1	142	-	-	148	19.2%	349	11.0%
Secondary education	95	4.0%	18	2	293	-	-	313	40.5%	408	12.9%
Highly-skilled workers	3	0.1%	-	-	53	-	-	53	6.9%	56	1.8%
Skilled workers	1	0.0%	6	-	7	-	-	13	1.7%	14	0.4%
other	1	0.0%	-	-	3	-	-	3	0.4%	4	0.1%
total	2,402	100.0%	33	18	711	1	9	772	100.0%	3,174	100.0%
PhD	33	-	-	0	2	-	-	2	-	35	-
MSc	143	-	-	9	14	-	1	24	-	167	-
total	176	7.3%	-	9	16	-	1	26	3.4%	202	6.4%

Managers*

	mother company		affiliated companies							Ericsson Nikola Tesla Group	
	ETK	share (in %)	Libratel	TBA	EHR	TXK	TBY	total	share (in %)	total	share (in %)
number of managers	164	-	3	1	39	0	1	44	-	208	-
managers - male	131	-	1	1	33	-	1	36	-	167	-
managers - female	33	20%	2	-	6	-	-	8	18%	41	20%
average manager age	45	-	55	55	48	33	45	47	-	46	-

Number of employees by the type of employment contract

employees	mother company	affiliated companies						Ericsson Nikola Tesla Group
	ETK	EHR	Libratel	TBA	TXK	TBY	total	
permanent employment contract	2,230	705	29	18	1	-	753	2,983
- male	1,613	628	27	9	1	-	665	2,278
- female	617	77	2	9	-	-	88	705
temporary employment contract	172	6	4	-	-	9	19	191
- male	134	4	2	-	-	5	11	145
- female	38	2	2	-	-	4	8	46
full-time employees	2,383	703	31	18	1	13	766	3,149
- male	1,744	627	29	9	1	4	670	2,414
- female	639	76	2	9	-	9	96	735
part-time employees	19	2	2	-	-	-	4	23
- male	3	1	2	-	-	-	3	6
- female	16	1	-	-	-	-	1	17

Note: During the employment time, all employees, regardless of their contract type, have the same rights and benefits.

Employees who left the organization during the reporting period

employees	mother company	affiliated companies						Ericsson Nikola Tesla Group
	ETK	EHR	Libratel	TBA	TXK	TBY	total	
younger than 25	17	2	-	-	-	-	2	19
- male	17	2	-	-	-	-	2	19
- female	-	-	-	-	-	-	0	0
26-35 years old	89	17	-	-	-	-	17	106
- male	72	13	-	-	-	-	13	85
- female	17	4	-	-	-	-	4	21
36-45 years old	34	12	-	-	-	-	12	46
- male	27	11	-	-	-	-	11	38
- female	7	1	-	-	-	-	1	8
46-55 years old	6	9	-	-	-	-	9	15
- male	6	9	-	-	-	-	9	15
- female	-	-	-	-	-	-	0	0
older than 56	22	7	-	-	-	-	7	29
- male	12	7	-	-	-	-	7	19
- female	10	-	-	-	-	-	0	10
total	168	47	-	-	-	-	47	215
- male	134	42	-	-	-	-	42	176
- female	34	5	-	-	-	-	5	39
employee movement rate	7%	7%	-	-	-	-	6%	7%

Occupational injuries and worktime lost

	Ericsson Nikola Tesla d.d.								Ericsson Nikola Tesla Servisi			
	2017				2018 [1]				2017 [2]		2018 [3]	
	Zagreb		Split		Zagreb		Split					
	M	F	M	F	M	F	M	F	M	F	M	F
total number of injuries	3	-	1	1	3	2	1	-	6	-	6	-
- injuries at work	-	-	-	-	-	-	-	-	4	-	6	-
- injuries during commuting to/from work	3	-	1	1	3	2	1	-	2	-	-	-
severe injuries	1	-	1	-	1	-	-	-	-	-	-	-
minor injuries	2	-	-	1	2	2	1	-	6	-	6	-
total worktime lost	547	-	64	328	1,186	172	-	-	926	-	1,136	-

Note: M – male; F – female

[1] 2018: six injuries occurred while commuting to/from work.

[2] 2017: 4 injuries in the process of working on site while rolling out telecommunication infrastructure (Makarska, Bilje, Našice, Žrnovnica), 2 injuries while commuting to/from work (Dicmo, Split).

[3] 2018: 6 injuries in the process of working on site while rolling out telecommunication infrastructure (Dicmo, Zagreb, Split), 1 injury while driving on site (Badrena).

Environmental responsibility

Highlights

- we encourage a "green economy" based on the efficient use of resources
- ICT industry is responsible for 2% of global carbon dioxide emissions, and the implementation of ICT solutions in other industry sectors can reduce carbon dioxide emissions by up to 20%
- all our activities and processes are in line with both international standards and applicable national legislation and have a positive impact on the environment

"Green" ICT solutions

According to global research, successful implementation of the solutions offered by ICT industry in various sectors can reduce CO_2 emissions by as much as 20 percent. ICT industry is responsible for merely 2 percent of global CO_2 emissions. Consequently, the solutions, products and services offered by Ericsson Nikola Tesla Group are rightfully recognized as "green technologies" which have a positive impact on business, people's lives and the environment.

This was also recognized at the international Bled Water Festival, where Ericsson Nikola Tesla d.d. was awarded for the WaterQ project that promotes the availability of drinking water and the protection of natural resources and their sustainable development. The project was prepared in collaboration with Andrija Štampar Teaching Institute of Public Health, the Faculty of Electrical Engineering and Computing (University of Zagreb), Telemetris company and Freewa start-up. It is based on an active integration of science and participation of the public using modern technologies of crowdmapping and a two-way communication in a unique way, with the aim of protecting the environment and water resources.

Since an important prerequisite for using any e-service is a high-quality infrastructure, we would particularly like to highlight the project of ensuring the infrastructure for broadband Internet access in the fixed network, which enables an increased availability of the already existing services to users. Experts from Ericsson Nikola Tesla Servisi participated in the implementation of this project, which was finished no less than five months before the agreed deadline. The project was realized by using various technologies and/or models, including different combinations of building home installations, optical network, the existing copper and optical installations on the networks of various operators, with corresponding levels of active equipment on locations such as the users' buildings, street cabinets or the customers' premises.

Simultaneously, Ericsson Nikola Tesla d.d. continues to work on the development of eHealth solutions, among which we would like to highlight the project of healthcare system informatization in Kazakhstan, where the latest eHealth solution for the modernization of healthcare sector was delivered.

The company continued its successful cooperation with the Ministry of Health of the Republic of Croatia, this time on a series of solutions for a more efficient management of the healthcare system.

The works concern the central management system for the management of healthcare system organizational structure, the central system for communication with hospitals, the system for daily automatic collection of all health indicators, data analysis, structured web publications from all hospitals in the Republic of Croatia as well as an upgrade of the hospital invoicing systems.

In 2018, together with the company IGEA d.o.o. we continued to cooperate with the State Geodetic Administration on developing an application solution and implementing infrastructure cadaster system and a One-Stop Shop. This will enable a more efficient handling of data on the existing physical infrastructure of the manager. Together with previously mentioned solutions, this will reduce the need to travel to a certain location merely to perform a service. All this will reduce the amount of greenhouse gases which would, without the use of mentioned systems and services, otherwise be emitted into the atmosphere.

As the solutions for smart cities significantly contribute to the sustainable development goals and environmental protection in the modern urban world, the Company's experts developed a special Smart City model. The model has many fully functional systems, including a network of adaptive and remotely adjustable traffic lights and changeable message signs, smart lighting, video surveillance system and a system for road weather monitoring which can detect and anticipate unfavorable situations. Furthermore, communication with other smart participants in traffic is also enabled. The model also includes smart parking with an automatic detection of parking spot occupancy and charging for parking, similar to the one we have, in collaboration with our partners, already successfully made commercially available in Split. As a result of innovations, the model was expanded with the system for charging city services based on NFC technology. Railway infrastructure was also added, as were the systems which address the issues of automated railway management in case of incidents, based on sensor network and machine learning.

Increasing energy efficiency

Through various activities, Ericsson Nikola Tesla sets an example by contributing to the initiative of socially responsible companies with a common goal to reduce greenhouse gas emissions and protect the environment. By setting annual and multi-year objectives to increase energy efficiency, we wish to reduce the consumption of resources and energy sources, reducing in this way the negative impact of our activities on the environment. We have already replaced many business trips with e-alternatives. Furthermore, along with our dedicated work in making improvements in this segment, we are also the first commercial company in Croatia with the European "cycle-friendly" certificate. Bicycle parking lots and bicycle parking racks are an integral part of our campus, located in it and on its outer edge, where more than 300 employees park their bikes during the cycling season. Through these activities, we directly impact the entire transport system, improve the quality of life of our employees, and reduce traffic-related carbon dioxide emissions.

Reducing the impact on the environment is an important part of Ericsson Nikola Tesla's business strategy. Therefore, the Company engages in numerous communication activities – such as publishing articles in the Company's magazine "Komunikacije" and on the Company's website, posts on social media, extensive non-financial chapters of annual report on the Company's business performance – trying to highlight its practices as a responsible entrepreneur and by example encourage other entrepreneurs and individuals in preserving the planet we "borrowed from the future generations".

In this field, the most significant project is a large and very complex project worth more than HRK 73 million. This will ultimately enable the reduction of yearly energy consumption by more than 4.6 million kWh and at the same time reduce CO_2 emissions by nearly 1400 tonnes. In accordance with the grant agreement, Ericsson Nikola Tesla's project is co-financed by the European Union with a maximum grant of HRK 20 million from European Structural and Investment Funds in the framework of the "Competitiveness and Cohesion" Operational Program 2014-2020. In June 2018, this agreement was signed between Ericsson Nikola Tesla's president Gordana Kovačević, MSc, the Minister of Environment and Energy Tomislav Ćorić, PhD, and the Director of Environmental Protection and Energy Efficiency Fund Dubravko Ponoš. This officially confirmed the decision on co-financing the Company's project proposal as per the call for proposals "Increasing Energy Efficiency and Renewable Energy Sources in Manufacturing Industries".

Following thorough preparations during 2018 and a procurement procedure, the works started in May 2019. By the end of 2020, energy consolidation of the production site will be carried out; the main heat exchange station with corresponding substations will be constructed, as will the main cooling station and outdoor connecting pipelines; building envelopes of the two largest buildings will be renewed; new heating, ventilation and air-conditioning systems will be set up; and a significantly more efficient lighting system will be installed. Although a large part of the described activities will not be visible at all from the outside, in the end it will additionally enhance the visual quality of the urban skyline in this part of the city.

Reducing carbon footprint – a part of business strategy

Ericsson Nikola Tesla is the first and, according to Croatian national report from the European LIFE Clim'Foot project, the only private company in Croatia that calculated its carbon footprint and based on this analysis created a corresponding action plan to reduce its impact on the environment.

LIFE Clim'Foot project, in which institutions from France, Croatia, Greece, Hungary and Italy participated, with the coordination of the French ADEME agency (Agence de l'Environnement et de la Maitrise de l'energie), was co-financed through the LIFE program and focused on consequently reducing the emission of greenhouse gases of business entities.

The LIFE program, which was initiated in 1992, is a European Union instrument aimed at financing activities in the field of protecting the environment, nature and climate. Through this program, the EU wants to contribute to the protection and improvement of quality of the environment. Moreover, the EU wants to reduce the impact of climate change by financing innovative projects that will contribute to the transition to a low-carbon economy in which resources are used efficiently, as well as by financing projects for stopping and reducing biodiversity loss and fighting against the disruption of ecosystem. Project holder in the Republic of Croatia is Energy Institute Hrvoje Požar (EIHP) and Ericsson Nikola Tesla joined the project as one of few business entities that volunteered to calculate their carbon footprint by autumn 2018, prepare a strategy for its reduction, and in this way support the development of a plan for replication and transferability to other business entities. The calculation is based on Bilan Carbone® model, which was prepared by ADEME agency and is based on the application of a life-cycle assessment (LCA) approach, which has been used for many years by all the members of Ericsson corporation in their business.

Knowing the company's processes

A comprehensive and very complex calculation using the Bilan Carbone® model includes a precise gathering of data on numerous activities and impacts on the environment. In 2018, the previous year (2017) was selected as a starting point. This included parameters such as electricity consumption in all segments of the production process or quantification of energy used for steam heating from the heating plant. Furthermore, this included the impact on the environment due to the use of various office materials, IT equipment- and air conditioning-related emissions or business trips using various transport means to reach all the destinations during the period included in the analysis. The analysis also contains data about packaging, direct waste, employees commuting to/from work, as well as estimates regarding, for example, the impact of the meals prepared on site or the calculation of the footprint which the customers, business partners and guests leave when they visit the company. The described procedure for considering all the carbon footprint volumes was possible only with a good knowledge of the company's processes and portfolio, and with a significant additional engagement and quality cooperation between different organizational units.

Eco-friendly solutions

Following several months of work, we calculated that in the company's total annual CO_2 emissions, energy sources account for 47 percent, and all forms of passenger transport account for just 4 percent less than that. Therefore, to efficiently reduce carbon dioxide emissions, we primarily focused on improving physical characteristics of buildings and thermotechnical plants with their associated infrastructure, as well as on the optimization of business trips and raising the employees' ecological awareness by suggesting them to use more eco-friendly ways of commuting to work, such as public transport, bicycles, walking, carpooling, and similar practices.

The Company's management is determined to show in their everyday work, making a concrete contribution and by setting a good example, that participating in creating and consistently implementing public policies for calculation and reduction of carbon footprint is the only rational response to the challenge of sustainable life and business.

Energy and water consumption

Ericsson Nikola Tesla Group responsibly manages its business impact on the environment, including equipping new workplaces in an energy-efficient manner and avoiding all business travel when targeted objectives can be achieved by using solutions such as video conference, e-learning system, e-meeting, etc. By using solutions such as Skype for Business, we reduced the number of business travels and implemented business processes which daily, along with the fact that they save money, drastically reduce the emission of greenhouse gases. We achieve the same thing by improving our logistics-related processes, where services, shipping and distribution of products etc. are being optimized.

A considerable part of our services is delivered remotely, primarily in the segment of network design and optimization, network integration and software upgrade. Moreover, we use intelligent tools for collaboration, ensuring customer satisfaction with the services provided, regardless of the fact that they are provided remotely. As knowledge is the foundation of our portfolio, we use it daily and systematically to rationalize electricity consumption, as it represents one of the key resources. We have continuously been applying innovative measures of energy efficiency, precisely as high energy consumption is the prerequisite of our production in the center for communication equipment and networks, which has been gaining new market responsibilities. While gaining new business responsibilities, we would like to highlight the savings of electricity we are achieving owing to our experts' innovations, in our test systems, i.e. in test environment, which is the largest consumer of electricity. The production process which is primarily characterized by intellectual work of many experts and new hiring results in significant consumption of water and steam.

Therefore, the Company has been systematically working to optimize the consumption of all energy and natural resources, of which it regularly informs the public. The use of a central system for monitoring the overall energy consumption enables us to better manage and maintain energy systems. Moreover, in our business operations, we have been using for five years now ZelEn (green) energy from renewable energy sources. This allows us to additionally contribute to the realization of our strategic goals related to "green business" and sustainable development. The monitoring of the entire pipeline system for as fast as possible detection and repair works was significantly improved. Therefore, following losses caused by multiple ruptures in the water system, water consumption has been significantly dropping, despite an increasing number of employees. The attention we dedicate to sustainable development can also be seen in slight decrease of steam consumption, despite an increased number of work places and equipping of new work premises.

Systematic work on the optimization of consumption

Quantitative indicators of a three-year consumption for the Group's location at Krapinska 45, listed in the following table, show how using a central system for monitoring energy consumption creates prerequisites for a better management and maintenance of energy systems and installations, which resulted in the optimization of the consumption of steam for heating purposes. Therefore, despite capacity increase, over the last three years we have been reducing the consumption of steam for heating purposes and water, while the increase in electricity consumption was caused by the expansion of operations in the center for communication equipment and networks, along with the already mentioned newly employed experts.

year	water (m^3)	steam (tonnes)	electricity (MWh)
2016	33,904	9,137	19,098
2017	51,881	8,808	19,617
2018	42,847	8,613	21,132

Test environment is the largest consumer of electricity

Focused on circular economy

The main characteristic regarding the facts and data on the waste collected in Ericsson Nikola Tesla during 2018 is its significant increase, up to 2.3 times compared to 2017.

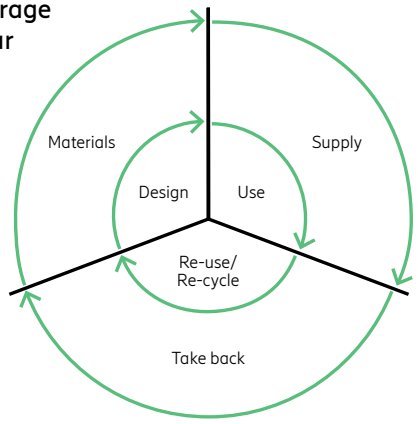
Last year we collected, sorted and sent for recycling, i.e. renewal, and only as an exception in the case of sludge which we sent to disposal, approximately 290 tonnes of waste. Along with municipal solid waste, 14 more types of waste were ecologically disposed: paper, glass, electronic, plastic and wooden waste, batteries, fluorescent tubes, toners, aluminum, iron and steel, non-hazardous insulation material as well as septic tank sludge.

Furthermore, we would like to highlight the increased amount of plastic, wood, paper and cardboard packaging, which is mainly due to increased on-site activities. This especially concerns those, which due to the nature of contracted operations and services towards the customer demand sorting and repacking of equipment before the delivery and installation at the final location. As we have continuously been making effort to raise awareness on the importance of responsible relationship towards the environment and have been improving knowledge on sustainability among employees and service providers, we believe that the part of an increased quantity of collected waste from the group 15 01 02 is, among other things, due to such business practice and education.

An increase in the amount of electronic waste and discarded equipment, as well as toners, is caused by getting rid of unnecessary storage of unusable and outdated equipment. The quantity of rock wool, iron and steel increased as a result of cleaning of storage space and reconstruction of one of its parts into energy-efficient new work space and due to replacing the climate chamber in one of the buildings.

We consistently manage waste in line with the Act on Sustainable Waste Management, Ordinance on waste management and corresponding regulations for special waste categories. This means we take comprehensive and systematic care of all types of waste produced on site. We have valid contracts signed with external service providers related to transport and disposal/recycling of waste and manage all the prescribed documentation on the way the waste is created and handled. The Company also meets all the obligations stipulated by the Ordinance on the management of waste of electrical and electronic appliances and equipment. We observe all the prescribed requirements regarding electronic waste disposal on our sites, and in line with certain customers' demands and/or Ericsson's Ecology Management and Product Take-Back directive, we take care of disposing their electric and electronic equipment.

We encourage the circular economy



Facts and figures

Waste generated at Ericsson Nikola Tesla in 2018

Key waste code	Waste name	Amount (in kg)
08 03 17*	Waste printing toner	1,655
15 01 01	Paper and cardboard packaging	88,260
20 01 01	Paper and cardboard (archive)	2,290
15 01 02	Plastic packaging	82,295
15 01 03	Wooden packaging	60,960
15 01 07	Glass packaging	550
16 02 13*	Discarded equipment - electronic waste	28,480
20 01 02	Glass	860
20 03 06	Septic tank sludge	4,985
17 04 05	Iron and steel	16,730
17 06 04	Rock wool	2,880
20 01 21*	Fluorescent tubes	494
17 04 02	Aluminum	100
16 06 05	Batteries - small	390
	Total	290,929

Annual report for Registry of packaging 2018 clearly shows the reasons of increase in the amount of waste:

Packaging without deposit refund, paper, cardboard, other	170,695 kg
Packaging without deposit refund, wood, other	150,595 kg
Packaging without deposit refund, metal Fe, other	22,591 kg
Packaging without deposit refund, plastics, other polymers	17,070 kg

Supplier environmental responsibility

To all our suppliers, we apply the relevant Ericsson's Code of Conduct, which, along with the requirements in the field of basic human rights, labor standards, and workplace anti-corruption, contains basic principles of responsible environmental management. We do this since we are aware that we can only control the impact on the environment if we monitor the entire supply chain.

Supplier environmental requirements include: environmental management system, product design which is environment- and production-friendly, product information and transport. Furthermore, before signing business contracts with the Group's members, the suppliers are also familiarized with the list of hazardous and banned or restricted substances, and their products should not contain such substances. We dedicate special attention to targeted audits of suppliers in line with the corresponding annual company's plans. In this way we actively check and evaluate the impacts of our supply chain on the environment, contributing to the overall quality of all participants. In line with the findings, whenever it is necessary, we educate and/or suggest improvements, and when necessary, we undertake more extreme corrective measures, including changing the supplier.

All our suppliers must be familiarized with the relevant legislation and strictly adhere to it, have all the necessary permits and documents related to the environment. We particularly insist on programs for improving the impact on the environment, which encompass plans and specific objectives. We try to transfer our knowledge and experience to our suppliers/contractors, business partners and the wider community.

Education for the responsibility towards the environment

We are aware that education is an important integral part of our responsibility towards the environment on the Group level, as well as on the individual level. Therefore, we continuously invest in this type of education of our employees and motivate them to positively impact on the environment daily, to rationally use natural resources, and in this way participate in preserving biodiversity.

Considering that healthy environment and human health are co-related topics, we carefully monitor the guidelines on the exposure to non-ionizing electromagnetic radiation, established by health organizations and governmental authorities. In our business we use Ericsson's products and solutions, the joint characteristics of which is the radiation level way beneath the set safety limitations. We also provide public information on radio waves and health and actively support independent research to additionally broaden knowledge in this field.

Recognizable view of aquatic ecosystem in Croatia

Through various internal systematic processes in the company we raise our employees' awareness on the need to act responsibly and participate in various activities with the aim to protect the environment. We foster high-quality cooperation with national authorities, specialized companies and institutions. Through consultations, dialog and exchanging ideas, we cooperate with them, and contribute to shaping positive changes. By means of articles published on intranet, social networks and in the "Komunikacije" magazine, we educate the wider public and initiate and support publications on environment protection and rational resource and energy management. We firmly believe that the networked society and the connected world create new possibilities for ICT solutions in order to accelerate the way towards a low-carbon economy.

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Social responsibility

Highlights

- in addition to being financially responsible, we are strongly responsible towards the community in which we operate
- we want to contribute to the creation of Croatia which is dominated by knowledge, democratic relations, an entrepreneurial culture, innovations and openness to new ideas

Social responsibility

Corporate social responsibility (CSR) is part of Ericsson Nikola Tesla Group's DNA; it is its foundation and strategic direction. Corporate social responsibility strongly correlates with our strategic commitment, which is "Innovating technology for good." This makes it clear that technology leadership and sustainability are intended to improve people's lives, society and the economy.

Our corporate social responsibility is aimed at all stakeholders and is based on our own economic responsibility. Unlike some other companies, the Group finds the selective application of CSR values unacceptable. Very often, certain components of corporate social responsibility, such as responsibility towards the employees, fiscal responsibility, etc. are disregarded and this goes against our fundamental values.

It is well known that only an economy relying on healthy economic entities is capable of encouraging all other stakeholders in the society in their sustainable growth and development. Through the development of innovative technological solutions that are competitive in a global market, we greatly contribute to the national economy, we develop our own economic sustainability and we have the strength to invest in development and promote positive practices in all business areas.

Positive impact of advanced technologies is, therefore, visible in the activities we undertake together with the community. Ericsson Nikola Tesla Group gives its maximum contribution to the society through socially responsible projects and practice related to the investment in new knowledge, competences, products and solutions, providing in this way prerequisites to strengthen the community. Through joint projects with the academia, we create new jobs and enable a two-way transfer of knowledge and technologies; through programs aimed at students, we encourage young experts to adopt more competitive skills in STEM and we advocate the improvement of citizens' quality of life, especially when it comes to sensitive groups, such as persons with disabilities.

In line with the above, we have steered our activities in three main directions:

- **Education**
- **Partnerships for socio-economic development**
- **Helping the community.**

We prepare the youth for a digital society

All the research and analysis of the use of advanced ICT technologies indicate that young generations are the generators of the largest part of traffic and the users of various apps and services. Nevertheless, their interest in STEM (science, technology, engineering and mathematics) careers is not in line with this trend. Croatia does not have the required number of specialists despite the fact that said professions provide excellent employment opportunities. This, naturally, negatively reflects on the industry itself.

In order to change this situation, Ericsson Nikola Tesla regularly participates in education and motivation programs for the youth. Moreover, the company implemented a large number of its own programs, such as:

Open doors program

For several years, we have been successfully conducting a program in which we organize students' visits to our company in order to motivate them to choose STEM professions. We believe that learning about attractive technologies, great professional opportunities as well as conditions offered by Croatia's leading technology company can make a difference in choosing technical faculties, faculties of mathematics or similar. Therefore, we invite students from schools across Croatia, as well as other countries, such as students participating in various Erasmus+ projects, to visit us. Our company is open to university students who wish to see how a large company lives and are interested in our business.

On an annual basis we receive well over 1500 young visitors. In 2018, we received visits from the students from Jelkovec High School, Technical School Požega, Faculty of Electrical Engineering, University of Tuzla, the Study of Marine Electrical Engineering and Communication Technologies, University of Dubrovnik, Agricola student association from Aachen, Germany, Davidson Management Honors Program, the University of Texas, Dallas, and many others.

Girls in ICT Day 2018

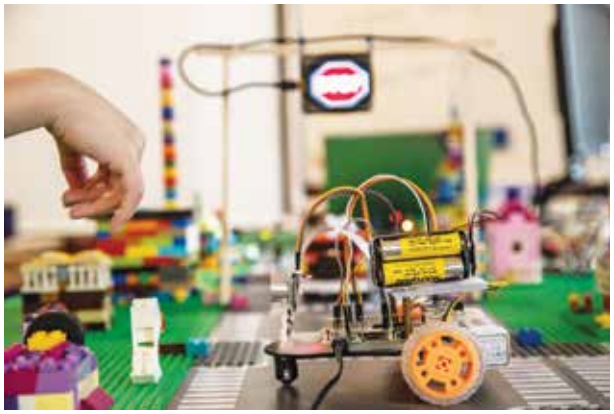
We supported once again the "Girls in ICT Day" initiative. This time, our representatives held motivational lectures at the Faculty of Electrical Engineering, Computer Science and Information Technology (FERIT) in Osijek.

We also presented our company to students at the promotion of the Communications and Informatics branch and the Department of Communications at FERIT, where the participants got acquainted with the branch program and employment possibilities after graduation. The business areas of our company were presented to the students, as were the ways they can participate in the work on projects and find an internship as early as during their study.

"Girls Who Innovate" workshops

We put in a great deal of effort in increasing the number of women in ICT industry. Every year, we participate in targeted initiatives, such as marking the International Girls in ICT Day. Furthermore, we develop and undertake our own initiatives and programs.

A team consisting of a great number of experts from various units in the company continued with our positive practice of holding workshops in high schools. On this occasion, they held a series of "Girls Who Innovate" workshops in three Zagreb high schools (9th, 15th and 16th high school). The workshops were a sort of an introduction for the participation of interested female students in Ericsson's global contest with the same name. The topic of the contest in 2018 was the future of education. How familiar the students were with the topic was evident from the innovative ideas they presented at the workshops, which were all results of group work.



Weekend workshops for children in Stara Sušica

In April 2018, a team of volunteer mentors from Ericsson Nikola Tesla held workshops for elementary school students within the creative and educational school project for young entrepreneurs, organized by the City of Rijeka.

Workshops on artificial intelligence and smart cities were held in Stara Sušica castle in Gorski kotar. Our volunteers presented the technology and how to work with it; furthermore, they highlighted the importance of team work and cooperation between various teams. Workshop participants had the opportunity to learn more about specific components of smart city (e.g. sensors) as well as how functional units are created by combining them. The experts demonstrated the process of training neuron networks and how the face recognition system works in practice. The children were particularly impressed by the way neuron network learns to drive in a driving simulator. They showed how a vehicle model can independently, assisted by computer vision, recognize signs and stop at a stop sign or the traffic lights. Furthermore, they presented the logic behind the operation of an automated parking lot receiving information via sensors, i.e. an automated parking lot recognizing car plates with the help of artificial intelligence.

At the workshop, the children built a city model and programmed the function of traffic lights; independently and in groups, they suggested ideas related to smart city issues with regard to citizens, traffic and ecology. The workshops ended with a presentation of final ideas and their incorporation in a functional smart city unit on a specific example of breakwater in Rijeka. In this way, the main goal was achieved, which was to show the importance of cooperation between multidisciplinary teams as a method for creating innovative and sustainable solutions.

Let's Talk Program – for students looking for a good workplace or internship

The Group has not only been intensively hiring over the past years, but also offering various types of cooperation with students from technical faculties, such as internships, part-time jobs, writing the master's thesis, etc. An excellent opportunity for interested students to meet the representatives of teams offering jobs is the LET'S TALK program. Every Friday, we organized a tour of the Company for senior year students, which was followed by a test for the candidates. Interested students can send their open applications for cooperation, regardless of the time of the organized meetings.

Essential at student gatherings

A good link between students and employers is established on various student events on faculties. Our company regularly uses this opportunity. Whether it is about student job fairs like the Job Fair of the Faculty of Electrical Engineering and Computing (FER), Open Doors Day and Career Day of the Faculty of Electrical Engineering, Computer Science and Information Technology (FERIT) in Osijek, Career Day of the Faculty of Science in Zagreb (PMF) etc., or specific technological student events, Ericsson Nikola Tesla attempts to provide additional value to young experts who attend them.

These are mostly specialized workshops which provide students with new practical knowledge as well as a clearer understanding of company's business and portfolio. For example, at Ericsson Nikola Tesla's workshop on FER, entitled "Smart Home", after the insight into the company's solutions, the student teams created their own solutions within the area and the best idea was rewarded.

The experience showed as well that the students especially value the possibility to test the technology. Bearing this in mind, at Dump Days on the Faculty of Electrical Engineering, Mechanical Engineering and Naval Architecture (FESB) and Shift conferences, held in Split, we put the focus on the demonstration of interesting projects, starting with telecom infrastructure projects, concentrating on 5G, up to IoT solutions.

Partnership for socio-economic development

Ericsson Nikola Tesla incorporated into its business strategy a strong responsibility for the growth and development of all stakeholders, including the wider community. With a proactive approach to perceiving needs, supporting and developing partnerships with the community, we try to adjust local and national programs to the best international practice. We use tools and methods for recognition and realization of the best projects which are also socially responsible.

An application and a handbook for improving the lives of persons with disabilities

At the end of 2018, while marking the International Day of Persons with Disabilities, two new specific tools were presented to the public on the company's premises. They improve present possibilities for the integration of persons with disabilities into the modern society. One of them is the Handbook with recommendations for a reasonable workplace adaptation, and the other one is EVA application (Ericsson Nikola Tesla Voice Assistant). The tools are the result of a joint work by experts from Ericsson Nikola Tesla and Institute for Expertise, Professional Rehabilitation and Employment of Persons with Disabilities (ZOSI).

Taking into account qualities, potential and value of persons with disabilities, a voice-controlled interface for persons with visual impairments, with additional motor activity impairments or difficulties in using modern technologies (EVA), was designed and developed in the Company. The aim of this project was to enable blind persons with additional motor activity impairments to manage touch-screen devices by their voice. Those persons include persons without one or both hands, disabled persons as well as elderly persons who are not able to manage touch screens. The application is aimed at persons who, due to a more difficult adaptation to new technologies, still do not use smart devices with touch screens. Such devices include smartphones, tablets, smart watches, etc. Intention of the experts included in the project was to bring new technologies closer to those who had not had the opportunity to use them before or to those whose use of new technologies was very limited. Moreover, the application is useful to drivers since it enables them to make phone calls, dictate and read SMS messages without looking at the phone screen and looking away from the road while driving.

Although nowadays there are many technologies for voice recognition, voice commanding and text dictation across the world, they unfortunately support a limited number of languages and are therefore unavailable to many people who do not speak English, German, Italian, Spanish or French. EVA is the first such application intended for users from the Croatian-speaking area. It is available to all citizens free of charge via Google Play Store.

President of Ericsson Nikola Tesla Gordana Kovačević:

"This project has been realized within the innovative employment of the persons with disabilities program of the Ministry of Labor and Pension System. By employing persons with disabilities who have the necessary knowledge and competences in ICT, we offer them equal development and advancement opportunities as to all other employees. When we develop such culture, we create prerequisites for persons with disabilities to feel equal and appreciated in our work environment."

Helping the community

There are situations in which every one of us, whether as an individual or an employee of the company, feels the need to do something more for those in need, such as victims of natural disasters, to help preserve the environment, or simply to make a positive impact on the community. For years, Ericsson Nikola Tesla has been fostering the practice of timely and concrete activities in the event of major disasters, such as floods, landslides, fires, etc. We have also undertaken numerous smaller actions with an equally positive ultimate goal: a better life for people.

When the Group undertakes any activity related to a universally useful project or task, the Group's employees give their selfless support and participate in these activities.

For citizens in need

Our company has developed a high level of awareness of the difficult conditions under which our vulnerable fellow citizens live. Regular activities are therefore conducted to help neglected and abandoned people in our community, who live in poverty.

Owing to such circumstances, Ericsson Nikola Tesla made financial donations for the needs of the users of soup kitchens in Zagreb, Split, Osijek and Vukovar. Ericsson Nikola Tesla Group employees from Zagreb joined the action and made their food and holiday gift donations to the users of Saint Joseph soup kitchen.

Better residence and work conditions

Just like previous years, we continued with the donations of high-quality used office furniture to institutions such as schools, kindergartens, libraries and children's homes as they proved to be useful. We equipped classrooms, technical laboratories, classrooms for practice, preschool classrooms, etc. This was the best possible way to show circular economy principle in action. So far, we have cooperated with more than 30 institutions across Croatia.

We supported UNICEF's Milky Way run

Humanitarian Milky Way run was initiated by UNICEF to improve living conditions for numerous children without adequate parental care. A life in a children's home, no matter how hard the caregivers try, cannot replace a warm and caring family. This is why UNICEF, in cooperation with the Ministry for Demography, Family, Youth and Social Policy, started a national campaign to promote child fostering.

To provide foster parents with financial assistance in their praiseworthy act, the funds collected at the 2018 humanitarian Milky Way run in Zagreb were used to buy baby furniture and equipment (strollers, car seats, cribs etc.). Many runners took part in the race, including runners from Ericsson Nikola Tesla Group, who were more than pleased to run in this race.

Receiving
Sending
HTTP

Objectives, achievements and indicators

Highlights

- taking care of our own business development as well as the needs and interests of our key stakeholders represents the foundation of our business practice and is also the indication of our social responsibility
- our competitiveness is based on continuous improvement of business performance and management of changes, primarily through human resources development, innovation culture and new ways of working and management
- we are the winners of numerous awards and recognitions for achievements and positive practice in the area of corporate social responsibility

Collaborate with us

This report and all important information about Ericsson Nikola Tesla can be found at www.ericsson.hr/en/homepage.

If you wish to find out more, give your comments or opinions, communicate with us:

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Awards and recognitions

2018

Gordana Kovačević, president of Ericsson Nikola Tesla, was named the most powerful woman in Croatian business for the fourth consecutive year.

The Ministry for Demography, Family, Youth and Social Policy presented Ericsson Nikola Tesla with the "Family-Friendly Employer" award in the category of large companies.

Croatian Chamber of Economy and Croatian Business Council for Sustainable Development gave Ericsson Nikola Tesla the CSR Index award for responsible policies and practices in the working environment.

Croatian Employers' Association presented Ericsson Nikola Tesla with the Grand Prix in the area of care for the employees in the category of large companies.

At the international Bled Water Festival, Ericsson Nikola Tesla received an award for the WaterQ project, which promotes the availability of drinking water and the protection of natural resources and their sustainable development.

Ericsson Nikola Tesla's experts play an important role in three out of 25 most promising projects related to the achieved effect and three European Commission strategic goals in this area (improved quality of life, improved efficiency of health and long-term care, market growth and EU industry expansion). Carewell enables multilayer integration for patients with complex care needs, eWALL provides an innovative home environment, and UNIVERSAAL provides support to an open platform for the so-called Ambient Assisted Living.

Objectives and achievements

In accordance with our wanted position to be a relevant and responsible driver of positive change, our goals and achievements reflect our effort to both mitigate risks and increase positive impacts.

Positive impact objectives	
Long-term objective by 2022	**2018 achievement**
Increase the female representation up to 30% in leadership team, line managers and the total workforce by 2020	Achieved: 100% Management Board, leadership team 27%, line managers 20%, total workforce 24%
Reduce CO_2 emissions by offering and implementing new solutions of the portfolio	We developed an ICT platform for eEnvironment. We started developing an application solution and implementing a system of infrastructure cadaster. We work on ensuring the functionalities of the State Geodetic Administration as a One Stop Shop
Reduce impact on ecology by reducing energy consumption per employee by 10% compared to 2016	Ongoing

Risk mitigation objectives	
Long-term objective	**Achievement**
To strengthen ethics and compliance program, focusing on anti-corruption	100% of Ericsson Nikola Tesla's employees completed the new version of the anti-corruption e-course (Anti-corruption 3.0)
Secure adherence of the business units to sales compliance process	100% of business is done in line with the sales compliance process.
The percentage of successful implementation of corrective measures related to audit findings, monitored on a monthly basis (two months following the audit) over a one-year period	78.6%
Reduce the number of severe occupational injuries and monitor the elimination of risks related to severe occupational injuries in OHS	100% of the employer's representatives completed the training via an internally developed e-znr (e-OHS) application.
Encourage the reduction of climate impact through the reduction of CO_2 emissions in business-related activities	A project of increasing energy efficiency is ongoing. Carbon footprint was calculated; action plan was made to reduce it.

Statement on the application of the Code of Corporate Governance

Ericsson Nikola Tesla d.d. was among the first companies 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 Corporate Governance Working Papers. Those working papers clearly describe and define the rights and obligations of the Management Board, Supervisory Board and shareholders (www.ericsson.hr/en/corporate-governance).

The Company also applies the Code of Corporate Governance of the Zagreb Stock Exchange and meets the obligations derived therefrom, with the exception of provisions whose application is not practical at a given moment.

Statement on the application of the Code of Corporate Governance is published on the Company's web page (www.ericsson.hr/en/corporate-governance), as well as on ZSE's (www.zse.hr) and the Croatian Financial Services Supervisory Agency's (HANFA) web pages (www.hanfa.hr/en).

Deviations from the Zagreb Stock Exchange Code of Corporate Governance are as follows:

– 2.6. Usage of modern communication technology
The shareholders and their proxies shall be allowed to vote at the Annual General Meeting using modern communication technology. However, for the time being, it is not possible to remotely participate at the Annual General Meeting using means of modern communication technology.

– 4.2. Composition of the Supervisory Board
The Supervisory Board of the Company does not include the majority of independent members. Out of the total of five members, two members are elected upon the proposal of the largest shareholder, one member is the representative of employees, and the remaining two members are independent.

– 4.7. Remunerations/compensations to Supervisory Board members

Members of the Supervisory Board receive a monthly remuneration amounting to half of the average monthly gross salary of the Company's employees. Representatives of the largest shareholder Ericsson do not receive the remuneration in accordance with the corporate policy.
The information on compensations and other emoluments from the Company or Company related persons to the members of the Supervisory Board are not published individually for each member, but in the total amount in the Annual Report.

– 4.12. Committees (Boards)

The Supervisory Board does not have an established appointment committee and remuneration committee. Other members of the Supervisory Board gave their consent to the Chairman of the Supervisory Board to determine the way of remuneration of the Company's Management Board and to take into account the appointment of new members and monitor the work of the Supervisory Board and Management Board of the Company.

– 6.3. Remuneration
Remuneration of the Management Board is regulated by an individual employment contract, agreed between the Management Board and the Supervisory Board. The remuneration for the work of the Supervisory Board is determined by the decision of the Annual General Meeting.
The statement on the remuneration policy for the Management and Supervisory Board was not published.

– 6.3.3. Publication
The information regarding emoluments and other ways of remuneration of the Company's executive leadership is published in the Annual Report, in total for all members.

The ten principles of the UN Global Compact

UN Global Compact is a United Nation's initiative for the introduction of corporate social responsibility. It was launched in 2000 and nowadays is the biggest initiative of such type which represents a unique example of collaboration between the business world and the international community.

Ericsson Nikola Tesla Group is committed to promoting and supporting UN Global Compact ten principles.

principle		page
	Human rights	
1.	Businesses should support and respect the protection of internationally proclaimed human rights.	52, 58, 60, 62
2.	Make sure that they are not complicit in human rights abuses.	52, 58, 60, 62
	Labor	
3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	58, 62
4.	Eliminate all forms of forced and compulsory labor.	52, 58, 60, 62
5.	Abolish child labor.	52, 58, 60, 62
6.	Eliminate discrimination in respect of employment and occupation.	52, 58, 60, 62
	Environment	
7.	Businesses should support a precautionary approach to environmental challenges.	78-83
8.	Undertake initiatives to promote greater environmental responsibility.	79, 80
9.	Encourage the development and diffusion of environmentally friendly technologies.	78, 80
	Anti-corruption	
10.	Businesses should work against corruption in all its forms, including extortion and bribery.	50, 61, 62

GRI index

note: N/A – not applicable; online – on the web page

GRI	Topic-specific disclosures	reference
	General disclosures (GRI 102)	
102-1	Name of the organization	8
102-2	Activities, brands, products, and services	16, 17
102-3	Location of headquarters	8, 9
102-4	Location of operations	8, 9
102-5	Ownership and legal form	8, 31
102-6	Markets served	18, 142
102-7	Scale of the organization	8, 9
102-8	Information on employees and other workers	67, 73
102-9	Supply chain	10, 62
102-10	Significant changes to the organization and its supply chain	62
102-11	Precautionary Principle of approach	51
102-12	External initiatives	24
102-13	Membership of associations	24
	Strategy	
102-14	Statement from senior decision-maker	13, 36, 37
	Ethics and integrity	
102-16	Values, principles, standards, and norms of behavior	10
102-17	Mechanisms for advice and concerns about ethics	50
	Governance	
102-18	Governance structure	52
	Stakeholder engagement	
102-40	List of stakeholder groups	43, 44
102-41	Collective barraging agreements	67
102-42	Identifying and selecting stakeholders	45
102-43	Approach to stakeholder engagement	44
102-44	Key topics and concerns raised	46
	Reporting practice	
102-45	Entities included in the consolidated financial statements	8, 107
102-46	Defining report content and topic boundaries	34
102-47	List of material topics	47
102-48	Restatements of information	34
102-49	Changes in reporting	34
102-50	Reporting period	34
102-51	Date of most recent report	34
102-52	Reporting cycle	34
102-53	Contact point for questions regarding the report	94
102-54	Claims of reporting in accordance with GRI Standards	34
102-55	GRI content index	99
102-56	External assurance	34
	Economic	
	Economic performance (GRI 201)	
201-1	Direct economic value generated and distributed	116
201-2	Financial implications and other risks and opportunities due to climate change	N/A
201-3	Defined benefit plan obligations and other retirement plans	143
201-4	Financial assistance received from government	130

note: N/A – not applicable; online – on the web page

GRI	Topic-specific disclosures	reference
	Market presence (GRI 202)	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	73
202-2	Proportion of senior management hired from the local community	73, 107, 108
	Indirect economic impacts (GRI 203)	
203-1	Infrastructure investment and services supported	86
203-2	Significant indirect economic impacts	86-91
	Procurement practices (GRI 204)	
204-1	Proportion on spending on local suppliers	158
	Anti-corruption	
205-1	Operations assessed for risks related to corruption	61
205-2	Communication and training about anti-corruption policies and procedures	61
205-3	Confirmed incidents of corruption and actions taken	61
	Anti-competitive behavior (GRI 206)	
206	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A
	Environment	
	Materials (GRI 301)	
301-1	Materials used by weight or volume	N/A
301-2	Recycled input materials used	82
301-3	Reclaimed products and their packaging materials	82
	Energy (GRI 302)	
302-1	Energy consumption within the organization	81
302-2	Energy consumption outside the organization	N/A
302-3	Energy intensity	N/A
302-4	Reduction of energy consumption	81
302-5	Reductions in energy requirements of products and services	78, 80
	Water (GRI 303)	
303-1	Water withdrawal by source	
303-2	Water sources significantly affected by withdrawal of water	N/A
303-3	Water recycled and reused	N/A
	Biodiversity (GRI 304)	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
304-2	Significant impacts of activities, products, and services on biodiversity	78, 83
304-3	Habitats protected or restored	N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
	Emissions (GRI 305)	
305-1	Direct (Scope 1) GHG emissions	online
305-2	Energy indirect (Scope 2) GHG emissions	online
305-3	Other indirect (Scope 3) GHG emissions	online
305-4	GHG emissions intensity	80
305-5	Reduction of GHG emissions	80
305-6	Emissions of ozone-depleting substances (ODS)	N/A
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	N/A
	Effluents and waste	
306-1	Water discharge by quality and destination	81

note: N/A – not applicable; online – on the web page

GRI	Topic-specific disclosures	reference
306-2	Waste by type and disposal method	82
306-3	Significant spills	82
306-4	Transport of hazardous waste	N/A
306-5	Water bodies affected by water discharges and/or runoff	N/A
	Environmental compliance	
307-1	Non-compliance with environmental laws and regulations	80
	Supplier environmental assessment	
308-1	New suppliers that were screened using environmental criteria	83
308-2	Negative environmental impacts in the supply chain and actions taken	83
	Social	
	Employment (GRI 401)	
401-1	New employee hires and employee turnover	72
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74
401-3	Parental leave	72
	Labor/management relations (GRI 402)	
402-1	Minimum notice periods regarding operational changes	67
	Occupational health and safety	
403-1	Workers representation in formal joint management – worker health and safety committees	64
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	75
403-3	Workers with high incidence or high risk of diseases related to their occupation	64
403-4	Health and safety topics covered in formal agreements with trade unions	64
	Training and education (GRI 404)	
404-1	Average hours of training per year per employee	71
404-2	Programs for upgrading employee skills and transition assistance programs	71
404-3	Percentage of employees receiving regular performance and career development reviews	71
	Diversity and equal opportunity	
405-1	Diversity of governance bodies and employees	70
405-2	Ratio of basic salary and remuneration of women to men	73
	Non-discrimination	
406-1	Incidents of discrimination and corrective actions taken	N/A
	Freedom of association and collective bargaining	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	62
	Child labor	
408-1	Operations and suppliers at significant risk for incidents of child labor	62
	Forced or compulsory labor	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	62
	Security practices	
410-1	Security personnel trained in human rights policies or procedures	51, 58
	Rights of indigenous peoples	
411-1	Incidents of violations involving rights of indigenous peoples	58
	Human rights assessment	
412-1	Operations that have been subject to human rights reviews or impact assessments	58

note: N/A – not applicable; online – on the web page

GRI	Topic-specific disclosures	reference
412-2	Employee training on human rights policies or procedures	51
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	50
	Local communities	
413-1	Operations with local community engagement, impact assessments, and development programs	86-91
	Supplier social assessment	
414-1	New suppliers that were screened using society criteria	62
414-2	Negative society impacts in the supply chain and actions taken	62
	Public policy	
415-1	Political contributions	N/A
	Customer health and safety	
416-1	Assessment of the health and safety impacts of product and services categories	78
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	78
	Marketing and labeling	
417-1	Requirements for product and service information and labeling	N/A
417-2	Incidents of non-compliance concerning product and service information and labeling	N/A
417-3	Incidents of non-compliance concerning marketing communications	N/A
	Customer privacy	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	60
	Socioeconomic compliance	
419-1	Non-compliance with laws and regulations in the social and economic area	N/A