

Communication  
On Progress

2015



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## EACH YEAR COUNTS

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Year by year we have been reinventing ourselves ever since we committed ourselves to implementation of the UN Global Compact principles.

Some years our progress was moderate, another years we would make big leaps forward in our sustainability drive.

Yet, through all ups and downs two things remained steadily unchanged: increasingly challenging environment and our urge to make positive contribution to business, society and environment.

Here is our 2015 Communication on Progress which portrays key highlights of our performance and progress in certain areas.

Leo Hauska

CEO Hauska & Partner Group

## OUR REPORTING PRACTICES

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Our Communication on Progress report provides an overview of Hauska & Partner Group companies in Austria, Croatia and Latvia performance and progress.

It is our third stand-alone COP. In addition to stand-alone COPs we also regularly prepare two-year sustainability reports based on GRI sustainability reporting guidelines (G4), which we complement with the UN GC principles.

In our COP 2015 we provide key highlights of our practices and efforts we expect to be of interest to our employees, clients, fellow colleagues in professional associations and other communication consultancies.

Our 2015 report encompasses the following:

- An overview of our business environment and key material issues
- Key highlights and value creation
- An overview of key environment features influencing our operations
- Key highlights of our achievements in 2015

## TRANSFORMATION ON THE WAY

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Hauska & Partner Group operates in very different markets and environments, resulting in each country having its own particularities which add to complexities.

Some of these complexities are reflected in the Brunswick and the European Association of Communications Directors 2015 report on The Future of Corporate Communications. According to the report, broad and deep transformations are taking place in business that will redefine the communications function. The biggest challenges organizations currently face relate to managing reputation, external perceptions, rebuilding trust, effective storytelling, targeting message and achieving cut-through. In information saturated, digitalized, and increasingly regulated and changing environment organizations are looking for consolidation (coordination and integration) of all communications in order to be able to tell their story in a more consistent and compelling way. As a result the major focus for communication professionals is to become more strategic and ensure consistent messaging across the business.

*For more than 25 years, Hauska & Partner has been providing consulting services based on its own interdisciplinary approach to communication management and business governance merged under the label Corporate Relations. The consultancy specializes in strategic communications consulting, covering various areas, from stakeholder relations and reputation management, risks and crisis management, CSR management and reporting, environmental issues communications, traditional and digital media communications, public affairs and lobbying.*

European Communication Monitor 2015 (ECM 2015) results indicate that communication professionals surveyed also believe that there is overall need to integrate communication activities which affect all functions. Yet, when compared to 2011 results, there was hardly any progress made. Consistently over years “linking communication and business strategy” remains the biggest strategic challenge for communication professionals, and it is followed by coping with digital revolution and the social web, building and maintaining trust and matching the need to address more audiences with limited resources. However, these challenges were differently ranked in Austria and Croatia. Unlike Austria, where matching the needs and building trust were identified as the most important challenges, the most pressing issue identified by Croatian communication professionals was coping with digital revolution, while building trust scored relatively low, although public relations industry in Croatia has ongoing reputation problems.

Results of ECM 2015 also reveal an interesting difference in views between organizations and agencies why organizations employ agencies, consistently in all countries. While close in a view on the need to integrate creativity and use additional “arms and legs”, organizations give a far less importance to reasons for employment such as strategic insight, objective and independent counsel, explaining communication trends and new instruments or providing a support in explaining communication strategies to top executives than agencies.

## Hauska & Partner Group in 2015

### Our employees

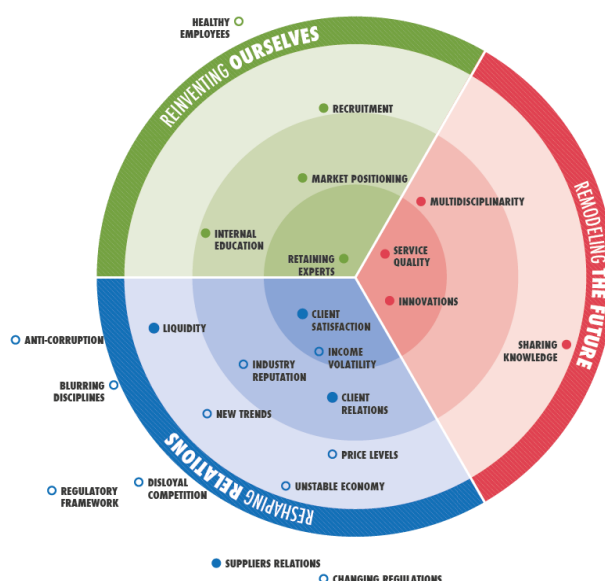


We employed 18 employees in 2015 (Full Time Equivalents, FTE). In comparison to 2014, when average rate of employment in H&P was 9.30 years, in 2015 it was 10.84 years (FTE). It means that we invest a lot of effort to foster and nurture professional and working environment in which our employees feel valued and respected. Results of the Workplace Assessment Survey for 2015 indicate that all our employees agree that they enjoy working for H&P. We are a gender neutral organization. None of our employees is employed, paid or promoted based on gender or age criteria. Instead, we have in place 360° evaluation and Personal Development Plans which are the basis for career development.

### Our management

H&P Group is managed by the seven-member Management Board: two members from Austria, one from Latvia and four from Croatia. The structure of the Board mirrors the practice of the H&P Group: local top managers are residents of the countries in which the companies operate. It is equally comprised of male and female members.

The Management Board regularly evaluates the issues of importance in key strategic areas, planned and actual performance, and makes decisions on the most appropriate course of action. In 2014, we organized the process in which we selected and examined our most important issues, the ones that influence H&P resilience and sustainability, so we manage them in our day-to-day practices. In the end of the process, we have selected 16 issues as the ones with the greatest influences, which are positioned closest to the centre of this visual presentation.



## Our business results

Our business results stabilized in 2015, following the turbulent years in which we experienced consequences of economic crisis and market shrinking (reduced budgets, still slow recovery of economies to the pre-2008 financial crisis levels).

During 2015, Hauska & Partner Group managed to maintain financial stability, realizing almost the same level of revenues as in the previous years, while not increasing operating costs.

Table 1: Economic values (H&P Group in EUR 1.000) realized

	2012	2013	2014	2015
Revenues	1.638	1.308	1.133	1.228
Operating costs	990	615	667	662
Employee wages	755	550	574	516
Payment to prov. of capital	32	125	19	14
Payment to government	10	4	21	22

We manage our economic viability through nurturing long-term trusted relationships with our clients. We continued to keep the loyalty of a relatively high percentage of our clients with the retention rate of 66% in comparison to 2014, when we managed to retain 68% of clients from previous years.

Table 2: Client retention

	2012	2013	2014	2015
Clients retained from previous year	37	25	32	27
New clients	19	22	9	17
Total number of clients	56	47	41	44
Retention rate	64%	45%	68%	66%

We were able to retain a relatively high percentage of our clients in comparison to overall market situation dominated by shift to project-based client cooperation. Our revenues were mostly realized from long-term cooperation with our clients.

## HUMAN RIGHTS

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

Principle 2: Business should make sure that it is not complicit in human rights abuses

### A general picture of the Group's human rights

By having signed UN Global Compact in 2006 Hauska & Partner Group supports and respects human rights in all its business relationships. With regard to human rights we are exerting our influence in the following spheres of influence identified in 2010, either directly when it comes to the field of work and freedom from discrimination or indirectly when in our consulting role we respect the freedom of expression and media or promote children rights.

### 2015 Highlights

#### Let's discuss human rights

At the end of 2015 we organized Human Rights Webinar for Latvian team and two new team members.



Mateja, our human rights expert, presented human rights in general, its foundations and key documents and declarations. Additionally, she also presented the latest result of Media Freedom survey and discussed economic, social and cultural rights relating to workplace, social security, family life, participation in cultural life. In the last part of the webinar issues like social media, privacy, rights of children (especially in terms of promotion and marketing) and ageism, which seems to be a growing issue in terms of human rights as well, were also tackled.



With the Human Rights Webinar we increased the percentage of employees being trained on human rights issues to 87 % on the H&P group level, in comparison to 2014 when we trained 69% of employees.

Table 3: Percentage of Employees trained (Human Rights)

	2012	2013	2014	2015
Austria	70%	74%	87%	97%
Croatia	100%	96%	92%	100%
Latvia	0%	0%	0%	56%
Group	56%	66%	69%	87%



#### For culturally sensitive and non-discriminatory environment

Results of the Workplace Assessment Survey (WAS) indicated that our employees in all Austria, Croatia and Latvia agree the most that the working environment in H&P is "culturally sensitive and non-discriminatory" as well as that their "privacy rights are always respected"

Table 4: Human Rights related WAS results

		Agree all	Rank	Agree AT	Rank	Agree HR	Rank	Agree LV	Rank
10	The work environment is culturally sensitive and non-discriminatory	3,89	1	4,00	1	3,90	1	3,80	4
16	My privacy rights are always respected in our company	3,78	5	4,00	1	3,70	5	3,80	4

This result is reflection of our continuous efforts in providing such an environment in which our employees can exercise and develop their opportunities, choices and capabilities, and feel free of insecurity with relation to age, equal pay and compensation, political or religious views or preferences, pregnancy, or gender. It is reflected in the fact that although we have in place mechanism for addressing any human rights related violation our Ethical Committee did not receive any complaints in 2015, as in 2014. In addition, our employees are always encouraged to discuss any dilemma through an open door policy.

## LABOUR SECTION

- Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Business should uphold the elimination of all forms of forced and compulsory labor
- Principle 5: Business should uphold the effective abolition of child labor
- Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation

### A general picture of the Group labour practices

The Group upholds freedom of association and the effective right to bargain collectively. Labor practices are managed and discussed in various ways, through well established mechanisms that we re-evaluate and improve in order to foster value driven working environment.

- An open door policy is one of the key features of our corporate culture. It is promoted in many different ways, from regular management-employees meetings or individual direct communication between employees and management. All our new employees are immediately encouraged to openly address any issue of their interest or concern.
- Second key feature is the continuous participation of our employees in decision-making processes. It is exercised not only through their participation in reshaping our consulting services or needed reinventions in our labour practices, but also in exploring new niches and shaping our strategies for innovation, consultancy development and competencies needed.
- We evaluate individual performance on annual basis. It consists of three parts – 360° evaluation, Personal Development Plans and One-on-One discussions with the local Managing Director or another Board Member responsible for human resources. The executive board members discuss their performance with the Chair. The performance review is value driven and based on multiple indicators.
- We also evaluate the quality of our working environment, on the annual basis, through Workplace Assessment Survey (WAS) that comprises the five categories: HR Management & Leadership Style, Career Perspectives, Corporate Culture, General Conditions and Health & Safety

### 2015 Highlights

#### Employee benefits

We continued providing additional health insurance in Croatia and Latvia. Most of the employees are provided with mobile phones, and partly they are granted compensation for cell phone costs. Croatia provides one additional day of vacation for every three years of service with the company.

We also offered flexible working arrangements so our employees can establish better balance between their professional and private lives, which can be quite challenging to achieve in our often stressful and demanding working environment.

### Satisfaction with working environment

WAS 2015 results<sup>1</sup> indicated that our employees enjoy working in H&P. They also trust H&P leadership and feel encouraged to take over responsibility for projects, teams and clients, as well as that their privacy rights are always respected in the company. On the other hand, they expect to be told that their contribution is valued and that we shall establish better alignment between their contribution and what they receive in return.

### Turnover rate

In Austria in Croatia no employee left the company, while in Latvia we recorded 44% employee turnover rate, where we face an ongoing challenge to attract and retain quality consultants due to market and cultural specifics. Our overall turnover rate in 2015 was 12%. However, we also had 74% employees who were staying more than 5 years in H&P.

Table 5: Employee turnover and retention by region

	2012	2013	2014	2015
Austria	0%	0%	10%	0%
Croatia	19%	0%	8%	0%
Latvia	82%	6%	0%	44%
Group	40%	2%	6%	12%

### Absenteeism

With 83 days of absenteeism, we kept almost the same number of days of absenteeism as in 2014, when we recorded 82 days, considerably lower than in previous years. In principle, over the years of tracking absenteeism, our records indicate that causes of absenteeism from work were primarily legitimate, due to personal illness or other outstanding reasons.

Table 6: Days of absenteeism per 100 employees (Groupwide)

	2012	2013	2014	2015
<b>Total</b>	838	816	467	460

As a small company, we do not report any further details on health issues due to privacy reasons. We had no work-related accidents, fatalities, injuries or occupational diseases.

<sup>1</sup> Other results of WAS 2015 are covered in other sections of this report

## Education

We define ourselves as learning organization, and with each year and each new client we look into and develop new knowledge and expertise. In 2015 we slightly increased the number of average training hours per employees, from 76 in 2014 to 92 in 2015, but our employees indicated in the last WAS that even better training and education opportunities are expected.

The biggest increase in number of training hours is recorded in the education of senior consultants, with doubling of hours from 50 in 2014 to 104 in 2015. The educational needs and preferences of our employees were discussed in One-on-One discussions, based on Personal Development Plans developed by each employee in which they articulated their interests. In 2015 we mostly focused on the following educational topics:

## Performance and career development

We reviewed performance and career development opportunities for 55% of our employees in 2015 (100% of employees in Croatia), similar as in 2014 when 56% of employees developed Personal Development Plans and discussed them in One-on-Ones.

## ENVIRONMENTAL SECTION

Principle 7: Business should support a precautionary approach to environmental challenges

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

### A general picture of the Group's environmental protection

We are primarily contributing to the field of environmental protection through our consulting and a number of expert papers on the different topics we encounter in our daily practices through our support to our clients. Confronted with challenging issues such as Not-In-My-Back-Yard attitude and general lack of interest for genuine dialogue on all sides, we started to feel urge to reflect on issues and practices of stakeholder engagement in environmental decision-making and contribute to the field with our expert knowledge, aiming at improving practice. Through our Green Office program we are managing our consumption of energy, office materials, and organize collection of paper for recycling purposes.

### 2015 Highlights

In 2015 we prepared and discussed with our colleagues from different expert areas the following expert and scientific papers on the various conferences:

- Pavlović, A. (2015) "Waste management plans and public participation" , in Proceedings of the 2nd Regional Conference on the Environmental Impact Assessment , Brkić. M., Mikulić, N. (ed.) Novi Vinodolski, 16-19 September 2015
- Pavlović, A. (2015) „Impact of public perception and attitudes on construction of the plants for the thermal waste treatment“, in Proceedings of International Congress Mechanical Engineers' Days", Vodice, 25-27 March 2015 (ISSN 1847-1714).
- Mateljak, D., Pavičić-Nišević, G. (2015) "Activist Rhetoric in Waste Management Projects", in Proceedings of International Scientific Symposium The role of communication in waste management, Zadar, 19-21 March 2015 (ISBN 978-953-8066-02-3).
- Kalambura, S., Pavlović, A. (2015) „The views of politicians on waste management and communication in the field of waste management“, in Proceedings of International Scientific Symposium The role of communication in waste management, Zadar, 19-21 March 2015 (ISBN 978-953-8066-02-3).
- Pavlović, A., Terek, M. (2015) „Impact of Environmental Activism on the Rijeka-Gorski KOTar County Waste Management Centre Mariščina project“, in Proceedings of International Scientific Symposium The role of communication in waste management, Zadar, 19-21 March 2015 (ISBN 978-953-8066-02-3).

## ANTI-CORRUPTION SECTION

Principle 10: Business should work against corruption in all its forms, including extortion and bribery

### A general picture of the Group's anti-corruption practices

We have in place our Anti-Corruption Policy since 2010. It is incorporated in our overall management system and it guides us in decision-making and daily operations.

### 2015 Highlights

Results of Workplace Assessment Survey (WAS) indicated that all our employees share a strong view that "nobody in our company is involved in any kind of corruption", which is an indication that we do live the basic principles defined in our Anti-Corruption Policy aiming at integrity, transparency and accountability.

In 2015, in addition to human rights we also organized anti-corruption training aiming at building capacities of our employees in Latvia and two newcomers in Croatia to recognize and address the issues important for implementation of anti-corruption behavior. The training was organized through an e-learning online tool with the interactive learning modules that provide an in-depth understanding of the UN Global Compact principle against corruption and UN Convention against Corruption.

With the completion of anti-corruption training percentage of employees trained in anti-corruption on H&P level was 87% at the end of 2015, comparing to 2014 when 69% were trained.

Table 7: Percentage of Employees trained (Anti-corruption)

	2012	2013	2014	2015
Austria	70%	74%	87%	97%
Croatia	100%	96%	92%	100%
Latvia	0%	0%	0%	56%
Group	56%	66%	69%	87%

## HAUSKA &amp; PARTNER GROUP IN 2015

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## CORRUPTION SECTION

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