



Social Responsibility Report



Zagreb, 2011.

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Introductory note by the President of the Management Board

In 2010, Dalekovod d.d. was in many ways included in the making of a socially responsible atmosphere with respect to the environment and society. Due to recession that has swept both the country's economy and our company, in 2010 we tried hard to keep good co-operation with the local community, but to offer its employees better education and extracurricular activities like sports and culture. We are proud to say that, despite all the difficulties, we had managed to support sport clubs, culture institutions and events.

Bad economic situation in Croatia demanded that we adjust to new expectations regarding business results which in 2010 were rather modest compared to previous years. Decreased investments in the local market forced us to turn to foreign markets, more specifically to the markets of Norway, Albania, Kazakhstan, Montenegro, Great Britain, France and the countries of the Middle East and so on, while we're still co-operating with the countries where our products are being imported.

In this report we included the indicators for the most significant activities in the field of socially responsible business for 2008 and 2009. By doing this, we wanted to be included in the group of companies who do not only recognise the need for serious business in the social responsibility domain, but who also, by reporting according to principles recognised by the entire world, open the possibility of further development responsibility to be shared between Dalekovod and all our business partners, associates, institutions and other parties.

Respectfully yours,

President of the Management Board of Dalekovod d.d.
M. Sc. Luka Miličić, B. Sc. (Civil Eng.)

PRINCIPLE 1

Companies must support and comply with protection of international and human rights within its range of responsibilities

- The Collective Agreement and other bylaws specify the rights beyond legal rights, freedom of associations and collective negotiations for all employees of the Dalekovod Group.
- Dalekovod d.d. complies with applicable regulations, collective and individual agreements and protects human and civil rights, dignity and reputation of every employee.
- Dalekovod d.d. allows in no way discrimination or harassment of employees due to sex, religion, national and political orientation, physical defects, age, family status, personal characteristics or convictions.
- The equal payroll for equal work value principle is applied in the whole organization. Following its development strategy as a socially responsible company, Dalekovod d.d. Zagreb has for many years been active in the area of sponsorship of humanitarian activities, science and education, culture and art, sport, sustainable development and health. Our goal is to create the society of knowledge and perspectives for young people. In this sense in relation with local community, it additionally focuses on investments in different projects. In the given context, working with the local community provides an additional dimension to investments in various projects: 1) Supporting HAVK 'Mladost' water-polo players, 2) Sponsoring World Water-polo Tournament 'Euroliga' and so on.

PRINCIPLE 2

Companies must make sure that they do not participate in violating human rights

Dalekovod d.d. Zagreb has signed the statement of accepting the Business Ethic Code, thereby accepting the obligation of operating in compliance with principles of responsibility, integrity, effectiveness, transparency, quality, acting in good faith and compliance with good principles of operation towards business partners, business and social environment and its own employees.

- While conducting its operation, Dalekovod d.d. complies with the Constitution and legal regulations that prohibit forced and compulsory work.

PRINCIPLE 3

Companies need to support freedom of association and actual recognition of right to collective negotiations

- The freedom of association and collective negotiations is accessible to every employee working for Dalekovod d.d.
- Employees working for Dalekovod d.d. are the members of the Labor Union, namely: Construction Labor Union: 87 employees
Croatian Metalworkers' Labor Union 279 employees

PRINCIPLE 4

Companies need to root out all kinds of forced and non-free work

- Dalekovod d.d. conducts its operation thereby complying with Constitution and applicable legal regulations that prohibit forced and compulsory work.
- Dalekovod d.d. promotes the ability and expertise of every individual during his/her work, providing every employee with training, evaluation of his/her work and promotion as it contributes to satisfaction of every employee and the whole company as a whole.

PRINCIPLE 5

Companies must abolish children's work

- Dalekovod d.d. conducts its operation thereby complying with applicable legal regulations that prohibit children's work and employs no children in any business activities.

PRINCIPLE 6

Companies must eliminate discrimination when employing new staff and at work

- Dalekovod d.d. promotes a fair relationship towards all people when employing new staff irrespective of gender, religion, race, national or political orientation, age, family status, personal characteristics, conviction and disability.
- Basic pays for men and women in all categories of employees are identical.
- When managing human resources and making some other relevant business decisions, the principles of equality and standardization of criteria are complied with.

PRINCIPLE 7

Companies must carefully and sensibly treat environmental issues

- Dalekovod d.d. as an economically successful and socially responsible company pays special attention to protection of natural resources. Dalekovod d.d. has a defined Environmental Management Policy that all the employees are familiar with and manages all environmental aspects, thereby reducing negative effects of their activities and permanently improving their results achieved in the area of environmental protection.

PRINCIPLE 8

Companies must stimulate promotion of greater responsibility towards environment

- Policies and aims of environmental protection are implemented through established systems of environmental management, their certification and permanent improvement of norms according to quality management system (ISO 9001), environmental management system (ISO 14001) and health and occupational safety protection management system (OHSAS 18001).
- Dalekovod d.d. belongs to producers whose equipment efficiently operates in different climatic and natural environments with no harmful consequences for the environment and continuously affects the product development contributing thus to this goal.

PRINCIPLE 9

Companies need to stimulate the development and dissemination of technologies which are not harmful for the environment

Energetic efficiency as a principle is to be applied wherever this is technologically and economically feasible. When initiatives that Dalekovod d.d. has undertaken, are concerned, it is naturally worth mentioning that Dalekovod Cinčaonica d.o.o. (member of the Dalekovod Group) uses technologies selected as the one that will least affect the environment in the production process, that is, the process of galvanization.

We also continuously invest in new technologies and develop new products in compliance with the principles of energetic efficiency and use of renewable energy sources (wind power plants).

PRINCIPLE 10

Companies should fight all kinds of corruption, including extortion and bribery.

- In Dalekovod d.d. corruption is treated as unacceptable, irrespective of a motive, cause, the manner or consequences of corruptive acting.
- The Company's articles of association and statements of incorporation stipulate that all materially important contracts must be considered and approved by supervisory boards.
- Dalekovod d.d. neither grants donations to political parties, sponsors nor donates any other political activities in the local country or abroad.

Company profile

Dalekovod is a modern organization which offers services including engineering, manufacturing and construction. The company has specialized in carrying out contract works based on turn-key solutions in the following areas:

- Electrical power utility especially the 0.4 to 1000kV transmission line
- Sub-stations of all types and voltage levels up to 500kV
- Air, underground and marine cables rated up to 110kV
- Telecommunications utilities
- All types of networks and antennas
- Production of suspension and jointing equipment for all types of transmission lines and substations between 0.4 and 500kV
- Development and construction of all metal parts for roadways, especially for: road lighting, protective fencing and traffic signalization
- Tunnel lighting and traffic management
- Electrification of railway and tramway lines in cities

1993 the company became a joint stock company.

Today Dalekovod Group has cca 1994 employees.

Dalekovod d.d. has many years of experience in testing and quality control of its products, taking consideration of environmental protection and other ecological requirements. Special attention is given to work safety practices, fire protection, chemical protection and other protective measures on the work place.

Mission, Vision and Goals

Value the knowledge, Invest in development, Stand for excellence, Incorporate new technologies, Occupy a strong market position, Nurture the reputation of our profession – this is our VISION of a successful company.

Mission: Our Company offers full service to important infrastructural activities – electroenergetics, telecommunications and road and railway traffic – and the creation of added value is always based on the synergy of manufacturing, construction, assembly and engineering. We are a reliable partner to our clients on Croatian, European, Asian and African markets, and their satisfaction concerning our business excellence and the top quality of our service favours our reputation. The personnel possessing expertise and special skills are regarded as the fundamental asset of our Company, which is undergoing a continuous process of learning, and is capable of quick adaptation to turbulent market changes. A substantial number of our Company's shares is in the ownership of current and former employees, which guarantees a high level of their business motivation and loyalty. We are a socially responsible company which makes sure that our development complies with the interests of the wider community and the principles of environmental protection.

Goals:

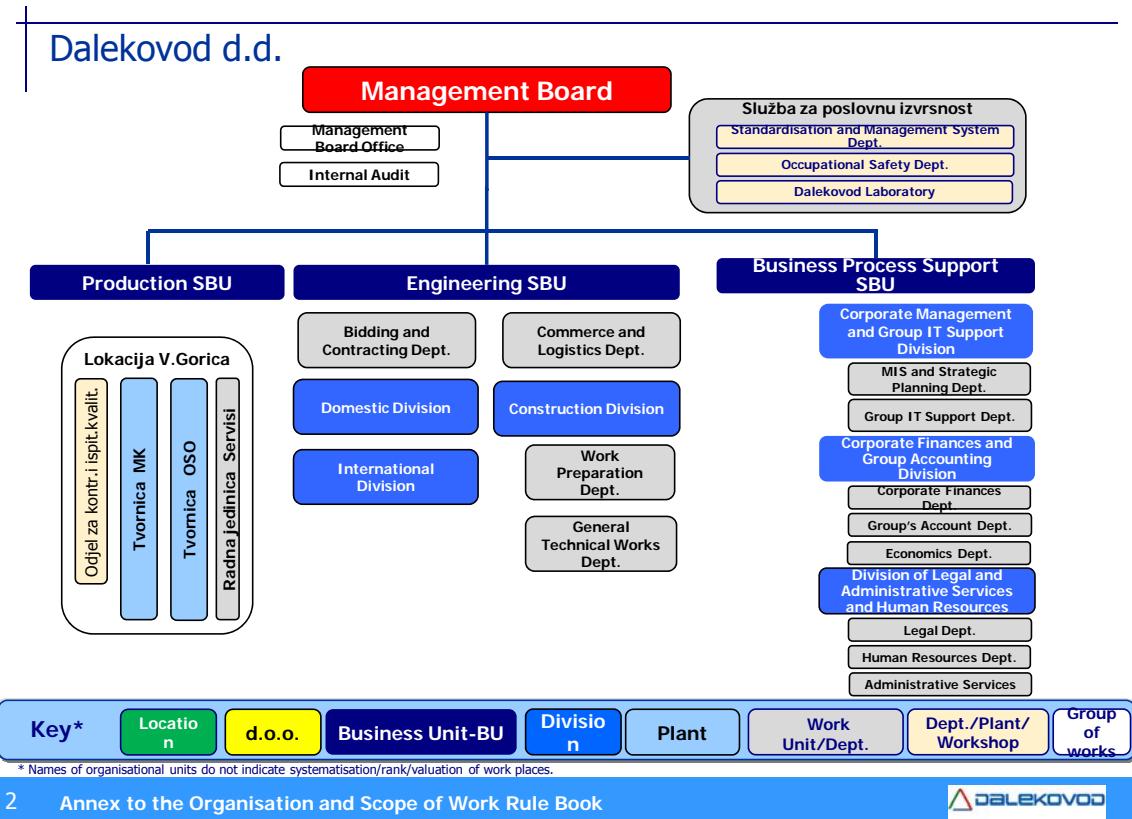
- Increase market share in the region of Europe thereby keeping the leading position on the local market by using different ways of joining, mergers or takeovers.
- Be the first option by our client due to our competitive advantages, mostly owing to quality of our products and services as well as complying with deadlines.
- Ensure the rise in revenues from sale thereby increasing the production volume.
- Reduce the production and maintenance costs by improving operational technologies and reducing the number of locations.
- Increase the gross profit rate.
- Permanently satisfy tastes and wishes of clients, employees and management, create the collectivity spirit of belonging to the company and develop teambuilding, thereby insisting on high level of responsibility and simultaneously considerably investing in professional training and education as well as motivation.

Dalekovod d.d. Zagreb is organized in several business units:

- The Engineering business unit (at the same time and profit center while the other business units are budget centers)
- The Production business unit
- The Construction business unit
- The Business processes support business unit

Table 1.

Organizational structure – Dalekovod d.d. Zagreb



2 Annex to the Organisation and Scope of Work Rule Book



Ownership structure

Dalekovod is a joint-stock company that is entirely a private company. The company share capital amounts to HRK 229,381,200.00 and is divided in 2,293,812 A series common stocks, the nominal value of which is HRK 100 per share.

Two Employees Stock Ownership Plans have been implemented so far at Dalekovod - ESOP 2000 and ESOP 2001 in the year 2000 with 53 % employees and in 2001 with 37% employees, in such a way that total of 37% share capital of the Company was sold to the employees. The effects of successful implementation of the ESOP program are also evidenced by excellent operating indicators, to which motivation of all employees of Dalekovod d.d. has significantly contributed.

Table 2.

The position of securities as at: 12.5.2011.

Owner/Account holder	Amount	[%]	Account type	Location
1. CTG D.O.O.	352,474	15.37	General account	ZAGREB, CROATIA
2. HRVATSKA POŠTANSKA BANKA D.D./KAPITALNI FOND D.D.	44,071	1.92	Custodial account	ZAGREB, CROATIA
3. DALEKOVOD D.D. (1/1)	43,934	1.92	General account	ZAGREB, CROATIA
4. PBZ D.D.	36,341	1.58	Custodial account	ZAGREB, CROATIA
5. ERSTE & STEIERMARKISCHE BANK D.D.	31,061	1.35	Custodial account	RIJEKA, CROATIA
6. SOCIETE GENERALE-SPLITSKA BANKA D.D./AZ OBVEZNI MIROVINSKI FOND (Mandatory Pension Fund)	26,348	1.15	Custodial account	SPLIT, CROATIA
7. RAIFFEISENBANK AUSTRIA D.D.	25,381	1.11	Custodial account	ZAGREB, CROATIA
8. ZAGREBAČKA BANKA D.D.	23,627	1.03	Custodial account	ZAGREB, CROATIA
9. MILIĆIĆ LUKA	22,469	0.98	General account	ZAGREB, CROATIA
10. Group of accounts where the same amount of shares is registered	19,463	0.85	-	
Total:		27.25		

The position of securities of the first ten accounts with the largest quantity of securities for the security DLKV-R-A can be seen at www.sda.hr

The indicators of the size of the organization

Business activities

The Dalekovod Group consists of the following companies:

The Dalekovod Group

Dalekovod Group includes the following companies:

In the Republic of Croatia:

- Dalekovod d.d. for engineering, manufacturing and construction
- Dalekovod Projekt d.o.o. for design, supervision, consulting and engineering
- Dalekovod Cinčaonica d.o.o. for galvanizing activities
- Dalekovod TIM d.d. – Expanded Metals Factory
- Unidal d.o.o. for manufacturing of forged steel
- Dalekovod Eko d.o.o. for energy industry
- Dalekovod Ulaganja d.o.o. for business services
- Dalekovod EMU d.o.o. for production, trade and services
- Velika Popina d.o.o. for services
- Dalekovod Adria d.o.o. for business services

In the world:

- Dalekovod d.o.o. Mostar, Bosnia and Herzegovina
- Dalekovod TKS Doboj a.d., Tvornica konstrukcija i stubova a.d. (Structures and Poles Factory) Doboj, Bosnia and Herzegovina
- Dalekovod Inženjering in trgovina d.o.o., Ljubljana, Republic of Slovenia
- Dalcom GmbH, Freilassing, Republic of Germany
- Dalekovod Polska Spolka Akcyja, Warshaw, Republic of Poland
- Dalekovod Namibia, Dalekovod Engineering and construction company Namibia, Proprietary Limited, Windhoek, Republic of Namibia
- Cindal d.o.o. for galvanizing services, Doboj, Bosnia and Herzegovina
- Dalekovod O.I.E., Skopje, Macedonia
- Dalekovod Kosovo, Priština, Republic of Kosovo
- Dalekovod Ukrajina d.o.o., Kiev, Ukraine

Subsidiaries:

- Dalekovod NUF, Tonsberg, Kingdom of Norway
- Dalekovod AG Zweigniederlassung Freilassing, Republic of Germany
- Dalekovod Albanija, Tirana, Republic of Albania
- Dalekovod Skopje, Skopje, Republic of Macedonia
- Dalekovod Kazakhstan, Astana, Kazakhstan
- Dalekovod Kosovo, Priština, Republic of Kosovo
- Dalekovod utib a Islandi, Keflavik, Iceland

Branch-office:

- Dalekovod Ukrajina, Kiev, Republic of Ukraine

ISO systems

Dalekovod d.d. has the following management systems established and applied

- Quality management system
- Environmental management system
- Health management and occupational safety management system

Dalekovod d.d. is the holder of the certificate issued by Lloyd's Register Quality Assurance for the quality management system ISO 9001:2000 and welding activity in compliance with the requirements EN 729-2 and environmental management system ISO 14001:2004, the certificate issued by RWTÜV for the health and occupational safety management system OHSAS 18001 and the certificate for metal structures DIN 18800-7:2002 issued by SLV München.

Dalekovod Laboratorij (Dalekovod-Laboratory) for electro-mechanic and chemical researches is accredited in compliance with the norm requirements HRN EN ISO/IEC 17025:2006 recognized by the Croatian Accreditation Agency.

> Fundamental business activities

According to Article 37, paragraph 3.4 of the Building Act (Official Gazette, no. 175/03 and 100/04) in connection with Article 353, paragraph 2, sub-paragraph 2 of the Town Planning and Building Act (Official Gazette, no. 76/07) and Article 3, paragraph 2 of the Regulation of conditions and standards for giving consent for initiation of construction (Official Gazette, no. 89/06 and 139/06), a consent has been obtained from the Ministry of Protection, Town Planning and Construction for carrying out construction works and performing some individual works on structures which may be checked at <http://www.mzopu.hr/>.

This report is to point out the activities that Dalekovod d.d. has obtained consent for:

1. Building structures of the first group of complexity (construction of buildings, engineering structures, low-rise construction and infrastructure)
2. Carrying out of some individual construction works on the structures of I, II, III , IV complexity group (construction of facilities, structures of engineering construction, low-rise construction and infrastructure, construction of roads, construction of railways, tunnels and underground structures, hydro-works, drainage and pipelines, demolition, earth works, geotechnic works, environmental development, development

of sporting venues and playgrounds, interim construction works that require a special performance and equipment, electric installations and installations rated up to 1 kV, electric installations and installations between 1 kV and 36 kV, electric installations over 36kV)

3. Carrying out less complex construction works on the structures I, II, III, IV complexity group (final construction works on the buildings internal and external as well, installation and insulation works)
4. Carrying out specialist works on the structures of the I, II, III, IV complexity group (construction works)

The above consent is in compliance with the activities entered in the Articles of Association of the company Dalekovod d.d.

[Management, obligations and involvement](#)

[> Management](#)

Dalekovod d.d. is the mother-company of the Dalekovod Group, which includes another 22 companies, 7 subsidiaries and one branch-office (authorised to perform commercial activities abroad).

The major activity of the parent company is the management of the operation of the dependent companies through supervisory boards of the dependent companies in compliance with the Companies' Act, Articles of Association of Dalekovod d.d. and Articles of Association of the companies and management of a part of the assets that have not been invested in the company.

The Management Board of the Company consists of Luka Miličić (President of the Management Board) and members of the Management Board Krešo Kraljević and Tomislav Belamarić.

According to the provision of the Companies' Act and Articles of Association of Dalekovod d.d., the General Meeting reaches decisions on election and revocation of the members of the Supervisory Board of the Company. The Supervisory Board of the Company has seven members and consists of: Marijan Pavlović (President), Željko Poljak (Deputy President) and Velimir Đurđević, Ivan Radotić, Dinko Markoljević, Alda Zaninović and Andra Bošković (members). According to the authorizations provided by the Companies' Act, Articles of Association and Standing Orders of the operation of the Supervisory Board of Dalekovod d.d., the Supervisory Board supervises the process of conducting business of the Company. The sessions of the Supervisory Board are held at least four times a year (even more often, if required); the members of the Supervisory Board often discuss the strategy and operational plan of the Company at such sessions. The Supervisory Board exclusively acts as a uniform body for management and supervisory; sub-committees (commissions) with special responsibilities have been defined.

Dalekovod d.d. is in company supervisory boards represented by the representatives appointed by the Company. In compliance with Labor Act, even the employees have their representative in the Supervisory Board. Regarding the general shareholders' influencing the management processes, it is specified by the Companies' Act.

The fees payable to the members of the Supervisory Board are fixed and are not subject to their presence at meetings. The qualification and expertise of the members of the Supervisory Board for strategic management of the organization in terms of economic, environmental and social issues are not evaluated separately. However, the members of the Supervisory are expected to have expertise and abilities to recognize risks and circumstances arising from the operation of Dalekovod d.d. and from its surrounding (which also includes the issues relating to social responsibility in the business operation). For this purpose, additional training courses are scheduled for members of the Supervisory Board. It is necessary to additionally advance the Supervisory Board's procedures for supervising the management of economic, environmental and social effects, including some significant risks and circumstances and adherence to or compliance with internationally agreed standards, codes of conduct and principles.

The Supervisory Board has its sub-committees that make the work of the Supervisory Board easier through their actions, thereby discussing the issues within its scope of competence and contributing to giving proposals for decisions accompanied by reasons for and against acceptance thereof.

The Supervisory Board may form the following subcommittees:

- Subcommittee for strategy and relations with interest and influential groups
- Subcommittee for audit;
- Subcommittee for appointment and rewarding.

Charters, principles and standards signed and supported by the organization

Dalekovod d.d. has signed the Statement of acceptance of the Business Ethics Code which was in May 2005 confirmed by the Assembly of the Croatian Economic Chamber.

In 2007 its own Corporate Governance Code was passed.

The Business Ethics Code is applied in business operation of the company Dalekovod d.d., however, it is necessary to additionally work on communicating their provisions to the employees to the Dalekovod Group and its business partners.

The majority of the members of the Dalekovod Group have quality, environment, health and occupational safety management systems established and certified.

> Memberships in associations and professional organizations

Dalekovod d.d. is a member of the association of the Croatian exporters that is active in the field of promotion and representation of the Croatian export interests. Dalekovod d.d. is also actively participating in the work of the Croatian Economic Chamber.

Dalekovod d.d. is also as a group, a single company or an individual, a member of the following organizations in the local country and abroad: CIGRE (International Council on Large Electric Systems), MIPRO (Croatian association for information and communication technology, electronics and microelectronics), Croatian Institute for Norms, Croatian Society for welding techniques and Croatian Society for Quality, Croatian Chamber for public relations (HUOJ), Croatian employers' society, Croatian chamber of architects and engineers in construction.

Dalekovod d.d. is a member of the Croatian Economic Chamber, namely, in the industry sector: Association of production of metals and metal products, Association of production of electric and optic equipment, Association of power supply - Community of renewable energy sources.

Owing to such memberships, the experts working for Dalekovod d.d. participate in professional meetings in the local country and abroad with their papers prepared every year, where they present their work, solutions and products of Dalekovod d.d. Owing to sponsorships and active participation in the preparation and holding of meetings that are held in Croatia, Dalekovod d.d. directly helps the work of professional organizations, considering them important places of promotion of their knowledge and exchange of experience with other experts.

› Involvement of participants

Considering the production program and business strategy, the most companies within the Dalekovod Group is focused on business market and/or public sector, and less on the market of individual end users.

The Group companies often act within the consortium organized for an individual project, which additionally may result in reduction of establishing a direct contact of the Group company with customer and/or community. Therefore, besides customers, employees may be recognized as key participants (including labor unions in which they are associated), suppliers and public sector (acting double role of a person ordering a product and business conditions regulator).

Key participants are identified through an analysis of business processes and circumstances and risks brought about by relationships with individual participants. There is a continuous communication conducted with key participants through meetings and while conducting business, their legitimate interests are to be appreciated. Within activities connected with social responsibility, a wide range of representatives of civil society and individuals are communicated with.

During the year 2009, we shall attempt to organize and make the internal web page accessible as a means of communication and exchange of information among the employees.

Communication with employees is conducted though e-mail svi@dalekovod.hr and through different notices and decisions by the Company.

Web pages are recognized as an important method of communicating with partners in the local country and abroad, but also the public in general. This is the reason why a new web page for Dalekovod d.d. at www.dalekovod.com and for other companies was set up last year: Dalekovod TIM d.d. at www.dalekovod.tim.com, for Dalekovod Cinčaonica d.o.o. at www.dalekovod-cincaonica.com, and for Dalekovod TKS a.d., Doboј, Bosnia and Herzegovina at www.dalekovod.tks.com.

This is the reason why this kind of communication is to be paid a great importance with an intention that information on the page should be timely, accurate and suitable to the media used. In compliance with market requirements and needs, the web site of Dalekovod d.d. and all above-mentioned companies within the Dalekovod Group is translated in the two languages (Croatian and English).

A special, internal web intended for employees, containing several directories with documents enabling information sharing, has been created.

The key topics arisen from the communication with participants include the future development of the company and safety of the employment, professional development of the employees, the manner and dynamics of the privatization of the parent company and dependent or affiliated companies and satisfaction of growing market, environmental and regulatory standards required for acting on (especially international) markets.

Approach to management and performance indicators

Economic dimension

Dalekovod d.d. is traditionally assigned a role of one of the key economic entities in the production sector in Croatia – not only owing to its size, but also its presence on the international markets, technological potential and multiplicative effects on other companies, participants and the entire society. Despite great changes in the surrounding and organization, during the period of transition, Dalekovod d.d. retained its stability in business operation and during the last few years it has strengthened its market position.

Its future development is based on the investments into new technologies, development of new products and ever greater presence on international markets. Besides, it is necessary to permanently develop operating systems that will enable optimum resource management and timely recognition and an answer to risks and circumstances in the organization and surrounding. This is the way how preconditions for increase in revenues and profitability are created.

The socially responsible operation is connected with donations and other types of investments in the community that also depend on the available resources. In the future, the system of processes relating to donation awards for the purpose of transparency and efficient connecting with business strategy, wherever possible, will be considered.

> Economic effect indicators

Direct, generated and distributed economic value, including revenues, operational expenses, fees to employees, donations and other investments in the community, retained profit and disbursements to those who introduced capital and other payables to the state.

Table /
Generated and distributed economic value
RDIG 2007-2009.

Table 3.

	2008	2009	2010
Revenues generated from sale	2.217.649	2.336.839	1.478.616
Other revenues	40.349	47.337	91.651
Total operating income	2.257.998	2.384.176	1.570.267
Operating expense			
Change to the value of stocks of non-finished production and finished products	349.798	-120.785	-114.293
Costs of sold goods	-250.318	-104.767	-114.480
Material and services expenses	-1.668.217	1.442.833	-868.489
Employees' expenses	-325.305	-304.387	-235.486
Depreciation	-44.028	-51.930	-51.498

Other operating expense	-152.094	-177.244	-125.105
Other (losses)/gains - net	-17.433	-88	1994
Profit generated by ordinary operation	150.401	182.142	62.910
Financial revenues/expenses	-45.417	-70.629	-57.498
Pre-tax profit	104.984	111.513	5.412
Income tax	-22.470	-22.578	-2.552
Net profit	82.514	88.935	2.860
Net profit for:			
Company shareholders	82.514	88.935	2.860
Minority interest	-	-	-
Net profit	82.514	88.935	2.860

Information taken from the auditor's report

During the last year, Dalekovod d.d. achieved some important results in business operation. The achieved results confirm the continuation of the continuous company growth trend throughout a longer period.

Table 4.
-000 HRK

Structure of revenues	2008	2009	2010
Revenues generated from sales of products and services in the local country	1.631.449	1.702.170	1.011.455
Revenues generated from sales of products and services abroad	566.465	609.458	467.161
Revenues generated from use of its own products and services for its own purposes	21.726	25.212	0
Revenues generated from sale of fixed assets	4.102	849	71.752
Revenues from rental	26.535	21.439	642
Revenues from financial investments	6.636	22.288	403
Other revenues	7.332	5.118	25.345
Total revenues from ordinary operation	2.264.244	2.386.533	1.576.758

Information taken from TFI an GFI forms

The largest revenues have been generated by sales of equipment and carried out construction works in the local country during this and during previous years. A large increase in foreign revenues is a result of new contracts on demanding markets (Island, Kazakhstan, Macedonia) and complex projects.

Table 5.

Operating expenses	2008	2009	2010
Costs of sold goods	250.318	104.767	114.480
Material and services expenses	1.668.216	1.442.833	868.489
Other operating expense	152.093	177.243	125.105
Other (losses)/gains - net	146	1.014	0

Table 6.

Payments to those introducing capital	2008	2009	2010
Interest-related expenses	49.572	70.691	60.430
Dividend distribution	0	0	0

Table 7.

Payrolls and employees' benefits	325.305	304.388	235.486
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Other fees to employees, including gifts, rewards and other fees

Table 8.

Payables to the state	2008	2009	2010
Income tax	22.440	22.578	2.552
Taxes and contributions on payrolls and from payrolls	132.556	116.145	82.087

Table 9.

Donations	4.870	9.083	2.642
Sponsorships	19.713	8.716	1.194

- › Financial consequences and other risks connected with climatic changes.

Dalekovod d.d. acts in power supply, road, railway, telecommunication industry, and the factors that affect the investments in such industries are not directly influenced by financial depression and depression on the real estate market. Just contrary, as a result of ever greater demand for energy and ever greater investment cycles in the region focused on the transport infrastructure, Dalekovod d.d. looks forward to long-term sustainable investment cycles in roads, railways and power supply infrastructure not only in the countries of the region, but even in the wider area.

- › Financial aid received by the government

Table 10.

in .000 HRK-

	2008	2009	2010
State subsidies	245	443	350

Dalekovod d.d. did not in 2007 receive any significant financial aid from the Government or central state authorities. Smaller subsidy amounts and support are related with support when exhibiting products at international fairs. Contracts entered into with public companies (or any other representatives of the public sector) referring to delivery of goods and/or providing services are in compliance with law, at public tenders and they are not aided by state subsidies.

- › Difference in ratio between typical beginners' payroll in comparison with local minimum payroll in important operational places

Table 11.

Comparison of Dalekovod average monthly net payrolls with average payrolls in the Republic of Croatia	2008	2009	2010
Dalekovod d.d.	7.242	6.999	6.093
Republic of Croatia	5.178	5.311	5.343
Construction	4.546	4.567	4.446
Processing industry	4.683	4.625	4.670
Production of metal-made products, except for machines and equipment	4.349	4.496	4.516
Citx of Zagreb	6.145	6.229	6.291

Payrolls on export markets are competitive and in the event of developing countries, they are even larger than local ones. At the same time all applicable legal regulations in a specific country and on a specific market are to be complied with.

Indirect economic effects

Owing to professional and efficient carrying out of projects for clients from the public sector in Croatia and abroad, Dalekovod d.d. directly affects the quality of infrastructure and provision of public services. The projects in the area of power supply, construction of transmission lines, equipment of roads and tunnels, projects in the area of railways etc are to be distinguished. Development of wind power plants contributes to the use of renewable energy sources which play a very important role for the community.

› Environmental dimension

The management of environmental impact is attached a special importance in the entire Dalekovod Group. Dalekovod d.d. has a defined environmental management policy which is publicly accessible at web page <http://www.dalekovod.com/> (under 'Social responsibility') and all employees are made familiar with it. Dalekovod d.d. manages all environmental aspects, reducing thus negative influences of its activities, permanently improving achieved results in the area of environmental management, completely complying with Croatian laws and regulations and applying international standards.

› Policy, practice and share of consumption on products and services of local suppliers in important business places

Dalekovod d.d. collects all necessary inputs required for performing its activities on the local and international supply market.

Regarding total supply, import participates with around 22%, which mainly relates to a supply of non-ferrous metals (iron metallurgy).

Table 12. Ratio of import in total supply

	total	100,00 %
Republic of Croatia		88,91 %
Other countries		11,09 %

Suppliers are mainly permanent and reliable. Major permanent suppliers from the local country and abroad are mentioned in the below text:

Table 13

Supplier	State	Ratio
		100,00 %
BEPRO GMBH&CO.KG	Germany	21,97 %
DALEKOVOD TVOR.KONSTR.I STUB.	Bosnia and Herzegovina	11,43 %
GLENCORE	Switzerland	8,44 %
SIEMENS AE	Greece	5,93 %
LANDIS+GYR D.O.O.	Slovenia	4,04 %
DRAKA COMTEQ GRMANY GMBH&CO.KG	Germany	3,55 %
SEVES SPA	Italy	3,34 %
DALEKOVOD d.o.o.	Bosnia and Herzegovina	2,65 %
SIEMENS AG	Austria	2,40 %
EXTERSTAHL GMBH	Austria	2,35 %
CADO GMBH STAHL IMETALLE	Germany	2,03 %
ENERGOINVEST DD SARAJEVO	Bosnia and Herzegovina	1,86 %
ORTECO SRL	Italy	1,54 %
UNIPROMET	Republic of Serbia	1,42 %
SALZGITTER STAHLHANDEL	Germany	1,36 %
DALEKOVOD D.O.O.LJUBLJANA	Slovenia	1,34 %
GIMECO S.P.A.	Italy	1,32 %
DALCOM	Germany	1,24 %
QUALU CONSULT - NFT	Belgium	1,15 %
LICHTGITTER CZ SPOL. S.R.O.	Czech Republic	1,04 %
SAPREM	Spain	1,02 %
OLIFER-ACP SPA	Italy	0,92 %
INVEC-REMACON D.O.O.	Slovenia	0,74 %
MAL MAGYAR ALUMINIUM AG	Hungary	0,73 %
MAAČ D.O.O.	Bosnia and Herzegovina	0,62 %
PFISTERER SEFAG AG	Switzerland	0,61 %
GOSTOL TST D.O.O.	Slovenia	0,61 %
GEEC CIL BLDG	Republic of Lebanon	0,60 %
INTEGRAL EXPORT-IMPORT D.O.O.	Republic of Serbia	0,59 %
	Others	13,15 %

The procedures for employment of local labor force and share of local citizens holding higher managerial positions in the places of important business activities

Business activities have been mainly performed in Croatia so far, however, the most recent business activity (in 2007) was characterized as stronger penetration into international markets, namely, with the „turn-key“project. A share of foreign suppliers meets the requirements of the construction site.

THE FOLLOWING IS TO BE INCLUDED IN THE GENERAL ENVIRONMENTAL MANAGEMENT OPERATIONAL DIMENSION AIMS:

ENVIRONMENTAL EFFECT INDICATORS

One of the products based on renewable energy is wind power plant project. Energetic efficiency as a principle is to be applied wherever it is technologically and economically feasible.

When initiatives undertaken by Dalekovod d.d. are concerned, we need to mention that Dalekovod-Cinčaonica d.o.o. (member of the Dalekovod Group) uses technologies selected as the one which will least impact the environment during the process of production, that is, galvanization.

Dalekovod d.d. tracks the consumption of strategic raw materials (steel, aluminum alloys, bronze, brass) and their rational consumption is taken care of. In the event of generation of faulty products during the casting process, they are re-used in the production in ratio strictly prescribed by the procedure. Strategic materials (raw materials) are produced during the process that uses waste metal and are partially recycled at the same time.

Consumption of electricity is more important owing to a great number of machines in production which are used. A growth in air-conditioners – devices that affect the consumption growth is great. Rationalization of the consumption is implemented in production by automatic monitoring and elimination of excess energy-using devices.

In compliance with energetic strategy of the Republic of Croatia that defines a share of renewable of energy sources of 5.8% until 2020, a program relating to construction of wind power plants has been elaborated and the elaboration of conceptual design project for site permit is being drawn up.

The annual water consumption is monitored by sites. At the moment there are measures undertaken for the purpose of water consumption at the Žitnjak location through recording and reconstruction of worn out water pipelines. Water is used in production process to minimum quantities for Dalekovod d.d., so there is no need for its recycling and re-use.

BIOLOGIC VARIETIES

One of the main activities of Dalekovod d.d. is the construction of power supply transmission lines. The construction of utilities is carried out in natural environment. The construction is carried out following obtaining of all required permits and in compliance with all prescribed conditions that were met during the stage of project design. In this way, any negative impact on protected areas, even including biological varieties, is avoided.

With its products, Dalekovod d.d. meets the highest safety standards for equipment, it delivers, exerting minimum environmental impact. To date, in that area there have been no objections and incidents recorded.

PRODUCTS AND SERVICES

Within the scope of researches and product development, we attempt to reduce environmental impact on products by using state-of-the-art technologies which are more efficient in terms of energy supply, require reduced consumption of resources, emit fewer waste substances and generally have less impact on the environment during its use.

Products produced in Dalekovod d.d. do not negatively impact the environment. Packaging of delivered products is returned and re-used.

COMPLIANCE WITH ENVIRONMENTAL PROTECTION REGULATIONS

Monitoring legal regulations is systematically performed and no significant fines or non-monetary sanction as a consequence of non-compliance with laws and environmental protection regulations have been recorded.

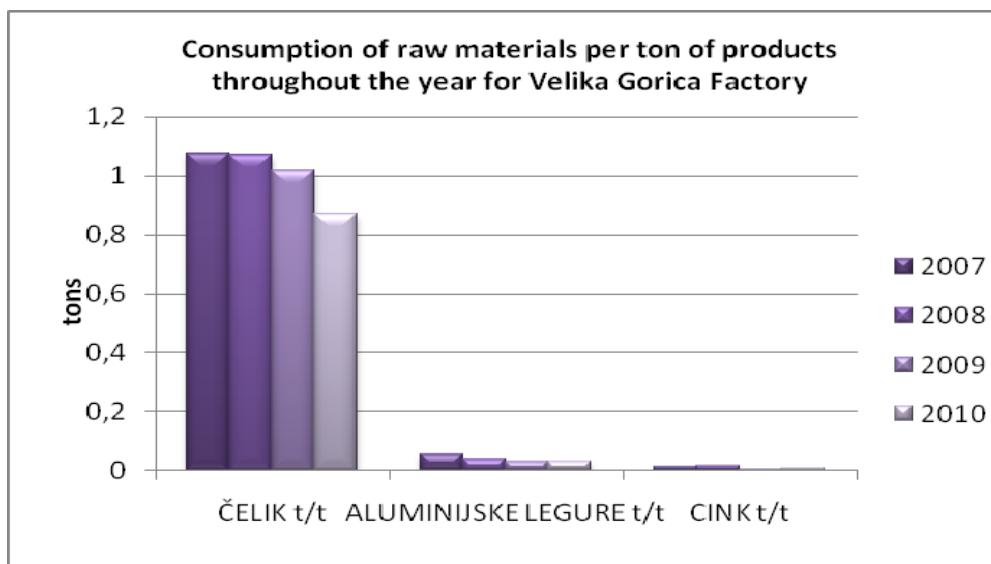
ENVIRONMENTAL EFFECT INDICATORS

ASPECT: MATERIAL

EN 1/ EN 2

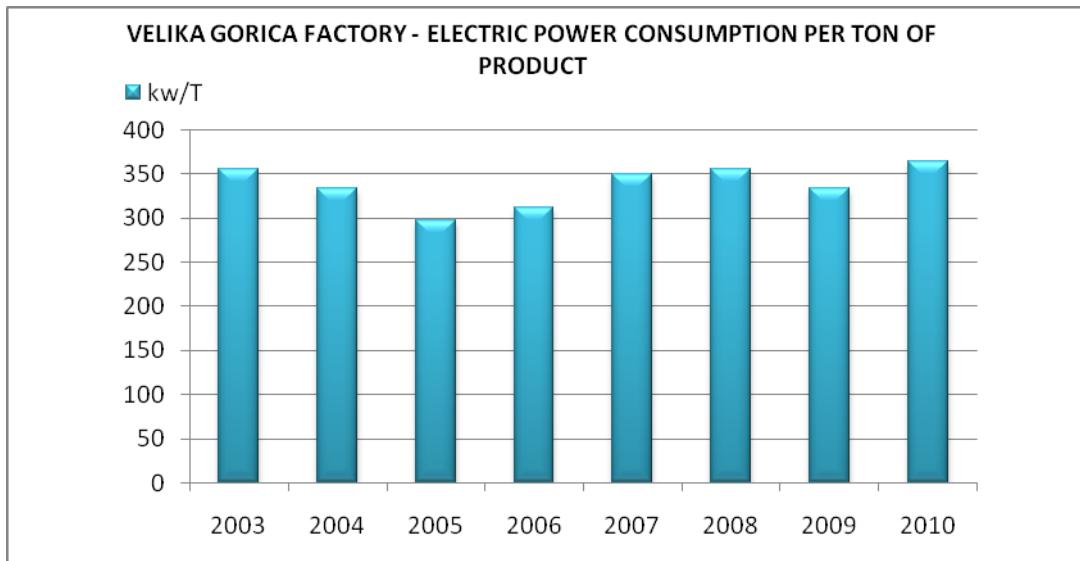
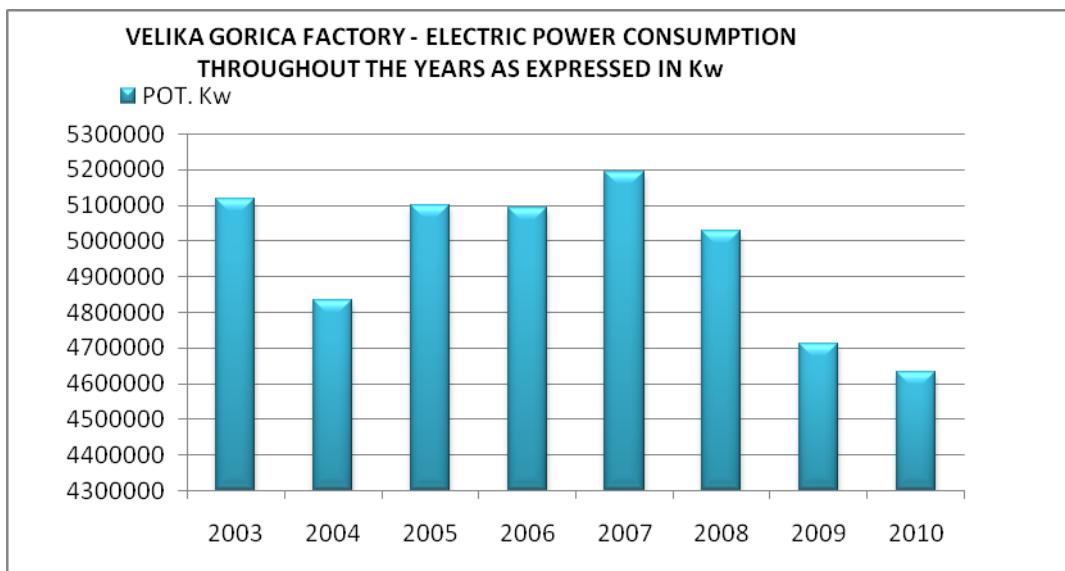
In Dalekovod we monitor strategic raw material consumption (steel, aluminium alloys and zinc), and we take care of their rational use. In case of generation of a faulty product during the casting process, this product is then re-used in the production in a ratio that is strictly prescribed by the procedure. Strategic materials (raw materials) are produced during a process in which waste metal is used, and are also partially recycled. Strategic raw material consumption shown (per ton of production achieved) indicates a rational use of input material.

YEARLY STRATEGIC RAW MATERIAL CONSUMPTION PER TON OF PRODUCT



ASPECT: ENERGY
EN 3 /EN4

Electricity consumption is significant because of a great number of machines in production that use it. What is also significant is the increase of air-conditioning devices that affect the consumption increase. Consumption rationalisation is implemented by automatic monitoring and elimination of excess energy-using devices. Last year we tried to influence our employees' awareness by distributing educational leaflets on efficient energy use. We wanted for them to become personally involved and engaged in economising electricity use. From the charts below it is evident that the educational material has had a positive effect.



EN 6

The programme of projecting and constructing wind power plants, of which the goal is to increase the overall percentage of renewable energy sources, is underway. The programme's results are as follows:

Dalekovod d.d. is developing wind power plant projects in Croatia through Dalekovod EKO d.o.o. company (a member of the Dalekovod Group).

The projects are in different stages of development, as shown in the table below.

Dalekovod EKO is developing projects on Orlovac, Strabežnica, Orljača, Pliš and Konavle locations in collaboration with HEP-OIE company, which is regulated by the Agreement on collaboration on renewable energy sources projects from November 2007.

	Name of wind power plant	Wind monitoring power installed	PEO procured (MINGORP)	SUO developed (MZOPU)	Decision on intervention acceptability procured (MZOPU)	Location permit procured (MZOPU)	Building permit procured (MZOPU)	Comercial operation
1	ZD 6	+	+	+	+	+	+	+
1 a	ZD 2 i ZD 3	+	+	+	+	+	+	-
2	Pađene	+	+	+	+	+	Underway	-
3	Mazin 2	+	+	+	+	Underway	-	-
4	Otrić	+	+	+	+	Underway	-	-
5	Voštane	+	+	+	+	Underway	-	-
6	Breze	+	+	+	Underway	Underway	-	-
7	Lipa	+	+	-	-	-	-	-
8	Gornje Jelenje	+	+	-	-	-	-	-
9	Proložac	+	+	-	-	-	-	-
1 0	Baranja	Underway	+	-	-	-	-	-
1 1	Zlobin	Underway	+	-	-	-	-	-
1 2	Orlovac	+	+	-	-	-	-	-
1 3	Stražbenica	+	+	-	-	-	-	-
1 4	Orljača	Underway	+	-	-	-	-	-
1 5	Pliš	+	+	-	-	-	-	-
1 6	Konavle	Underway	+	-	-	-	-	-

* MINGORP: Ministry of Economy, Labour and Entrepreneurship

* MZOPU: Ministry of Environmental Protection, Physical Planning and Construction

* PEO: Preliminary Power Supply Approval

* SUO: Environmental Impact Assessment

A new power strategy of the Republic of Croatia defines a minimum share in electric power of which the production is encouraged in the overall immediate electric power consumption by December 31st 2020, the production being derived from:

- 1) industrial plants using renewable energy sources 13.6 %
- 2) CHP plants, of which the production of electric power is delivered to transmission, that is to say electricity distribution network 4%...

In accordance with the above mentioned, we have set our goals aimed at using solar energy:

1. Constructing solar photovoltaic power plants in conformity with the energetic strategy of the Republic of Croatia, which prescribes a 13,6 % share of renewable energy sources by 2020.
2. Using solar energy for street lighting purposes.
3. Redesigning existing products and using photovoltaic power supply system.

Achieving this goal gives the below mentioned results:

1. Žitnjak Photovoltaic Model Park (Marijana Čavića 4, Zagreb)

Within Company's premises a model solar park has been built, which includes three self-supporting solar street lighting poles, which replaced old and worn ones, as well as a solar 1800W tracker, which is connected to power supply network and meets one portion of the demand of Dalekovod d.d. itself.

Solar lighting pole consists of a photovoltaic panel, an LED lamp, a charging regulator and a battery.

Old and inefficient mercury lamps have been replaced by modern LED lighting devices, which are characterised by lower energy consumption and higher longevity.

2. VIP Solar Photovoltaic Park – 30 kW

Complete documentation has been designed for VIP, a mobile network operating company, (concept design, main design and detailed/construction design) for a 30kW photovoltaic park to be installed on a rooftop above the company's car park.

3. Solar lighting poles

Solar lighting poles enable the illumination of streets, walks, parks and other utilities, according to users' needs. Lighting poles are designed for the installation of solar panels and low-consumption solar LED lightning.

They are easy to mount on any terrain type, no need to connect to a power supply network, and maintenance is also not required.

Their purpose is to be used in areas that are far away from energy infrastructure because they enable functioning of human activities during the night as well, and without any CO2 emissions, which reduces a negative impact on the environment.

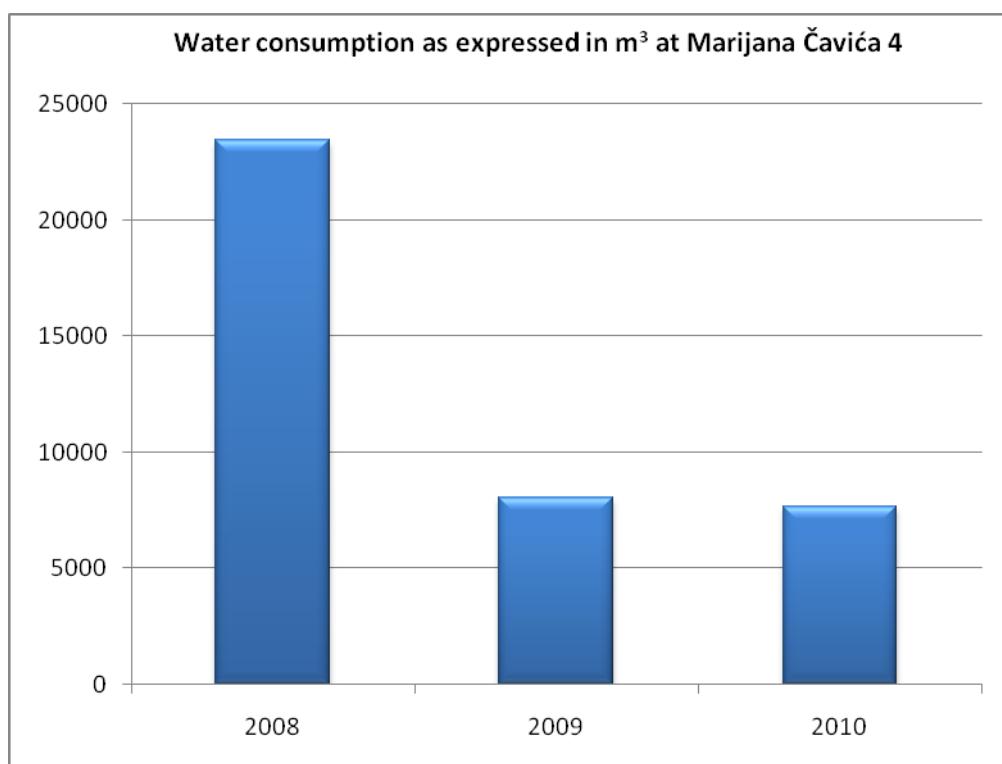
4. Solar parking guard

A prototype is to be designed for the solar parking guard.

ASPECT : WATER EN 8 /10

Water consumption is monitored at least once a week at all sites. Monitoring is used as an instrument for taking corrective measures in case of significant deviations from the planned weekly consumption. Undertaking measures through setting goals and programmes for decreasing water consumption has led to a significant decrease in water consumption, and by that to significant financial savings. Water is used minimally in the production process of Dalekovod d.d., so there is no need to recycle it, nor to reuse it.

Absolute rationalisation in water consumption is evident from the charts below.



ASPECT: BIODIVERSITY
EN 11 /12/13

One of the main activities of Dalekovod d.d. is the construction of power supply transmission lines. The construction of utilities is carried out in natural environment by obtaining all required permits, and in compliance with all the prescribed conditions, which were already met during the project design stage. In this way, any negative impact on protected areas, including biodiversity, is avoided

ASPECT : EMISSIONS, WASTEWATER, WASTE
EN16717/18

In Dalekovod factory in Velika Gorica there is a stationary source – boiler room, which emits CO₂. CO₂ is one of the most significant glasshouse gases, and it is necessary to calculate its yearly emission levels using emission factors calculations.

EN 19

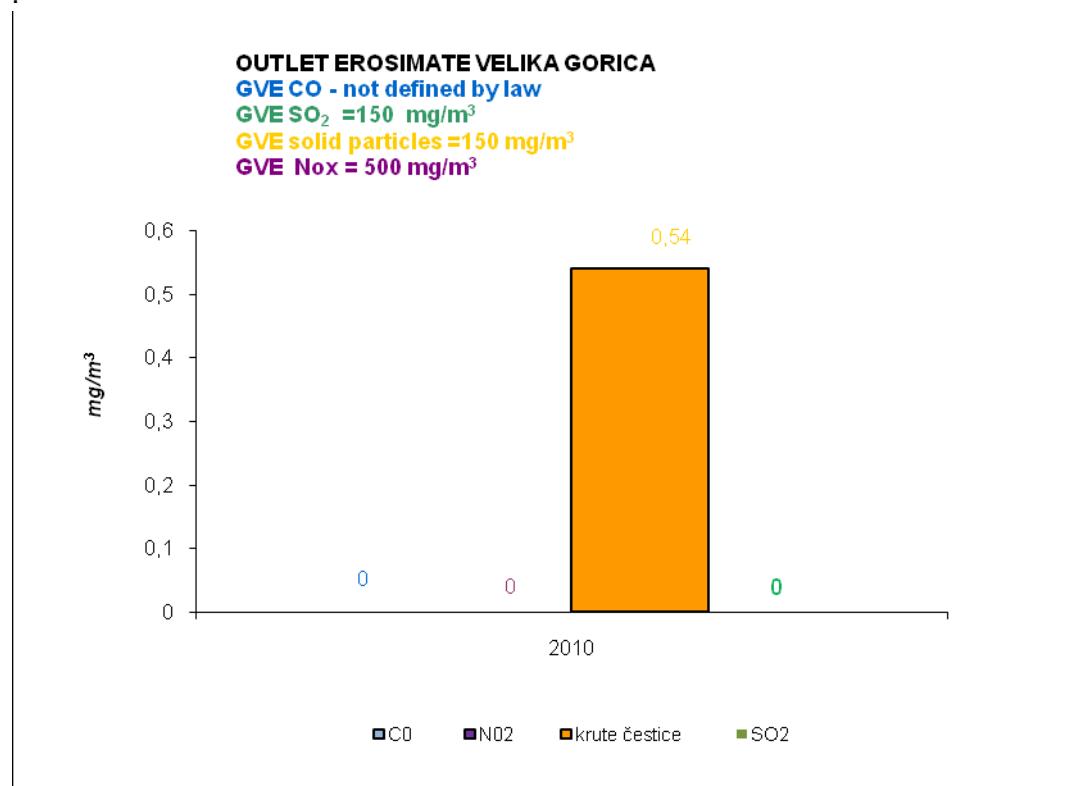
In Dalekovod d.d. there is no significant source of an ozone-damaging substance emission.

EN 20

During the last two years there have been some technological improvements related to implementing new devices or replacing old machines by new ones. Due to this reason there has been an increase in stationary sources in the Velika Gorica location. New stationary sources of emissions into the air are shown in the table below:

Emissions into the air for the stationary sources where emissions have been measured in the last two years are shown in the graph below:

EMISSION INTO THE AIR IN THE VELIKA GORICA FACTORY

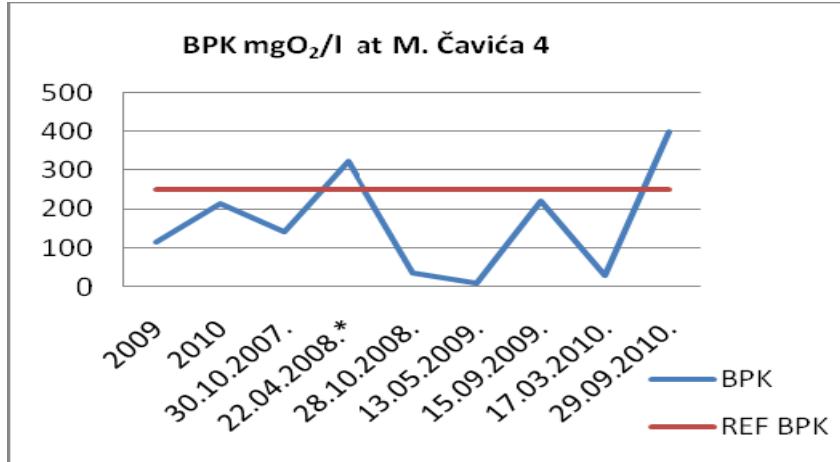
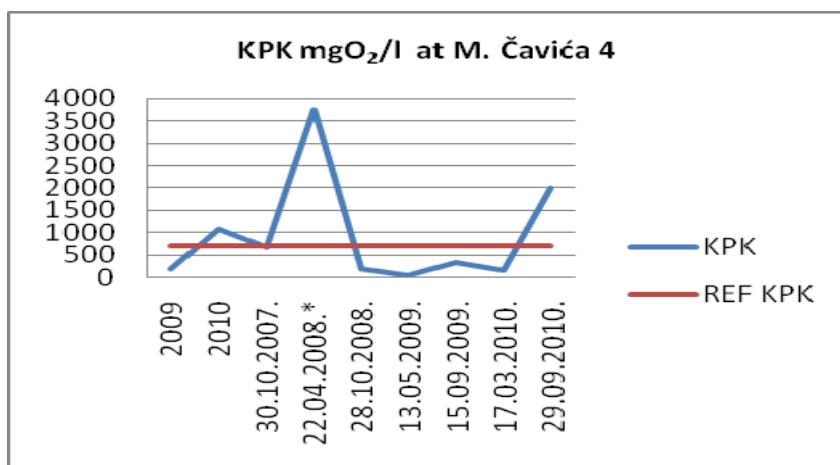


Wastewater from the Marijana Čavića 4 location are released in the Zagreb public drainage system. Potentially oily precipitation is purified in the built-in oil-water separator before the release. Canteen water is purified in the new oil trap.

Monitoring results at P1 control shaft for key pollutants (chemical oxygen consumption – KPK, biochemical oxygen consumption – BPK, iron and zinc) are shown in the graph below.

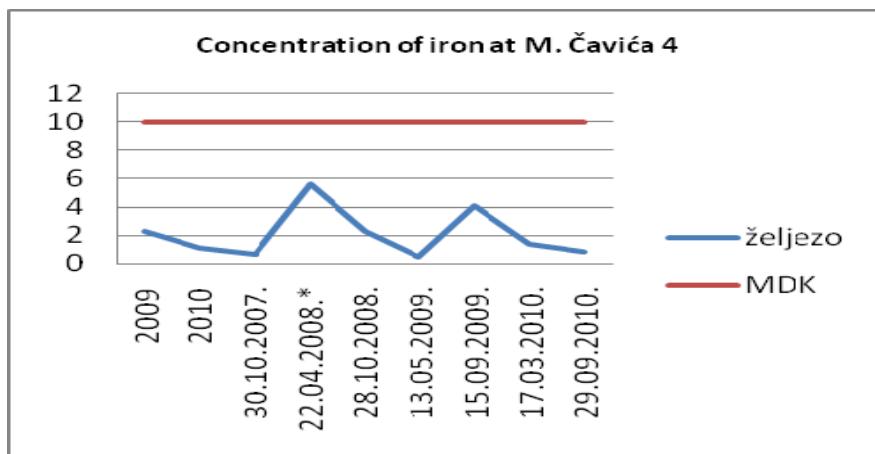
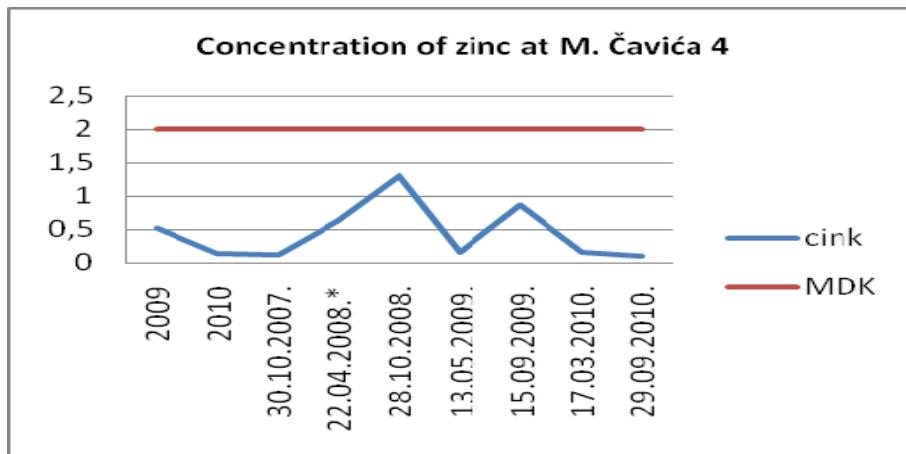
EMISSIONS INTO THE WATER FOR BPK AND KPK (mgO_2/l) – Location: Marijana Čavića, ZAGREB

2010



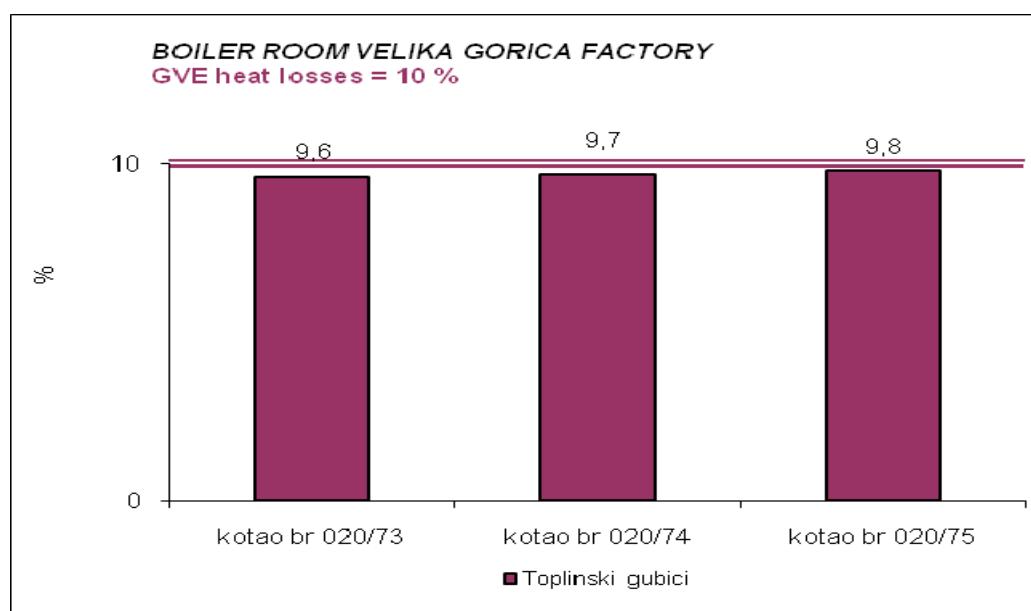
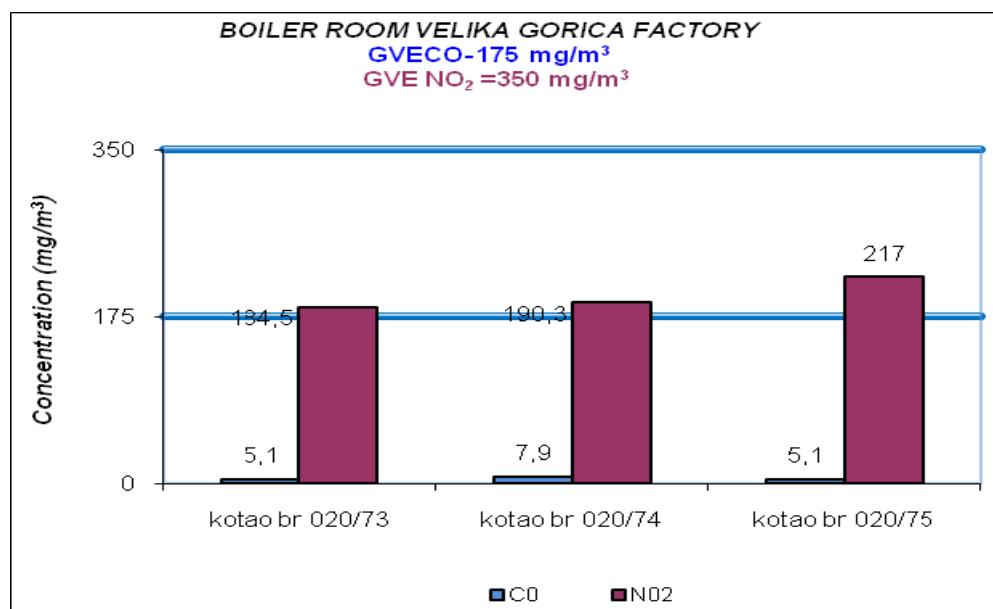
**Zn and iron EMISSIONS INTO THE WATER (mg/l) - Location: Marijana Čavića,
ZAGREB**

2010



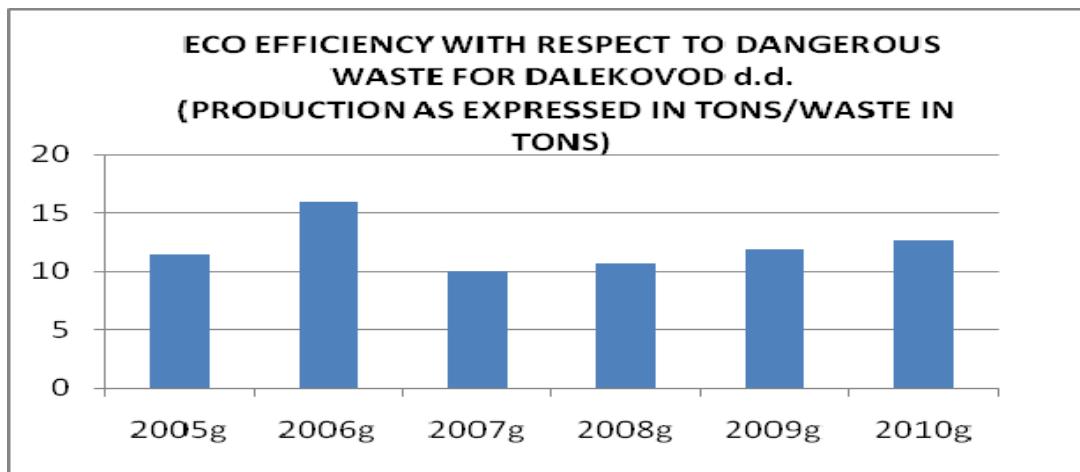
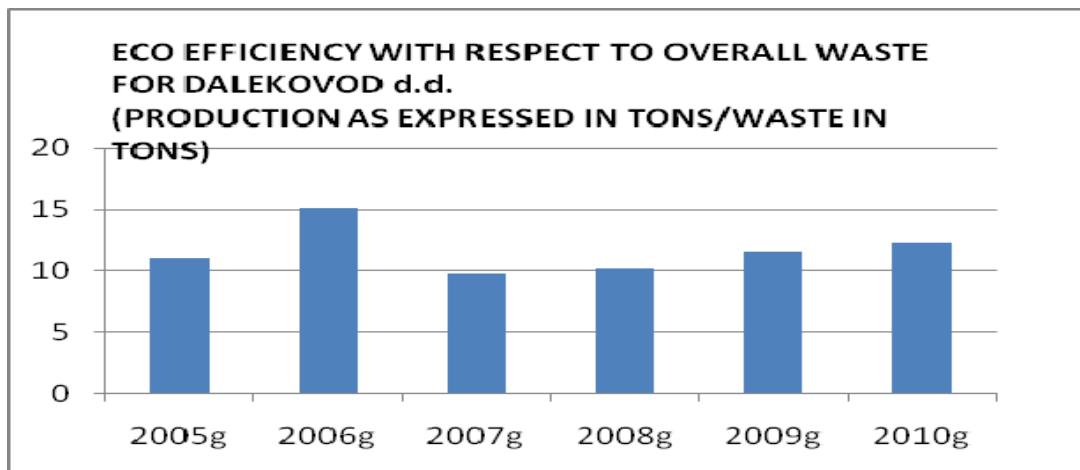
Wastewater from the Vukomerička b.b. Velika Gorica location are released in the Velika Gorica public drainage system through two connectors (KMO1 and KMO3), and in the public precipitation drainage through one connector (KMO2). Potentially oily precipitation is purified in the built-in oil-water separator. Canteen water is purified in the oil trap.

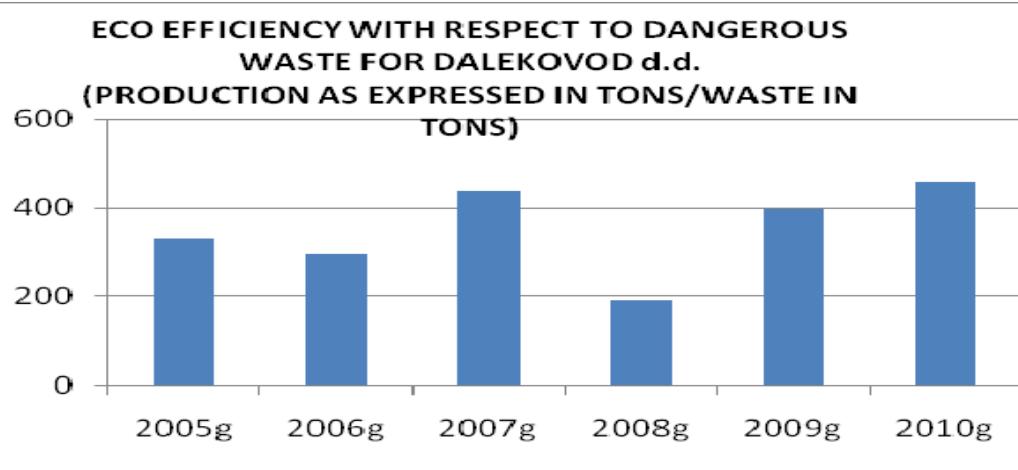
Main pollutants emissions are shown in the graphs below according to individual vents.



EN 22

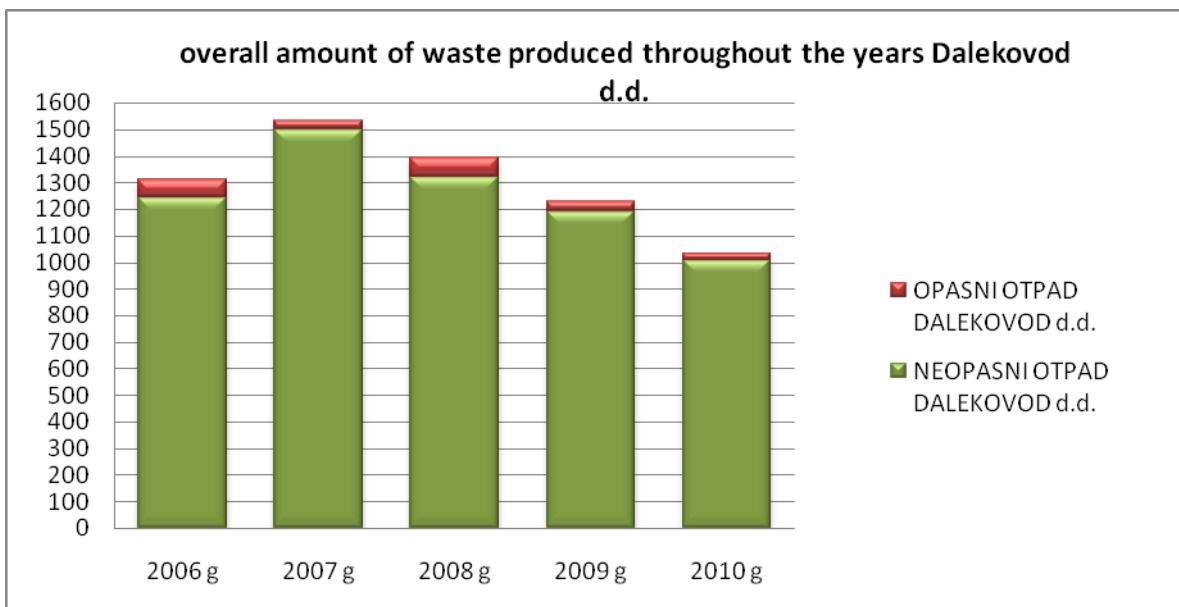
Overall eco-efficiency of Dalekovod d.d. (wbcsd manual) in the last two years for hazardous, non-hazardous and total waste is shown in the graphs below.





Total levels of waste produced in the period 2006-2010, as well as the data analysis based on 2008, 2009 and 2010 management method, are shown in the graphs below.

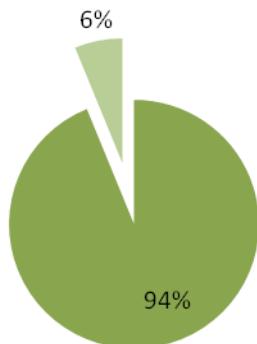
OVERALL QUANTITIES OF WASTE AT DALEKOVOD d.d.



Share of recycled and disposed waste at Dalekovod d.d. in 2010
 R= dangerous waste D=non-dangerous waste

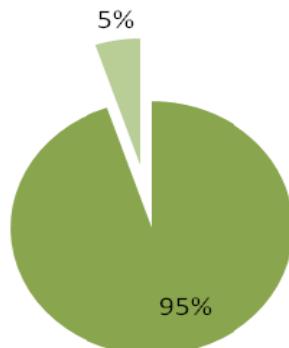
**RELATION OF RECYCLED AND TAKEN CARE OF
WASTE FOR DALEKOVOD d.d. IN 2009.**

■ oporaba otpada R ■ zbrinjavanje otpada D



**RELATION OF RECYCLED AND TAKEN CARE OF
WASTE FOR DALEKOVOD d.d. IN 2010.**

■ oporaba otpada R ■ zbrinjavanje otpada D



R-Recycling waste, D-Waste management

EN 23

There have been no extraordinary pollutions.

ASPECT: PRODUCTS AND SERVICES

EN 26/27

Products of Dalekovod d.d. do not impact the environment negatively. Delivered products packaging is taken back and re-used.

ASPECT: COMPLIANCE WITH REGULATIONS

EN 28

Monitoring legal regulations is performed systematically.

The procedure is the following:

Every day Narodne novine website (Official gazette) is checked (www.nn.hr) to see if a new number has been published. Its content is verified and legal regulation related to management systems extracted. Extracted document is then put on the Dalekovod internal server. All users are sent the information on new changes by e-mail.

Dalekovod created its own list of laws and bylaws related to environmental management, which are relevant for its activities. The list is upgraded by systematic monitoring.

Regular inspection visits (water supply inspection, environmental protection inspection) have not resulted in any fines or sanctions.

WORK RELATIONS AND RESPECTABLE WORK INDICATORS

ASPECT: HEALTH AND SAFETY AT WORK

EMPLOYMENT AND DIGNIFIED WORK INDICATORS

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

LA6

Occupational Health and Safety Committee has been established in the last three years, with all the Business Units' directors and workers' representatives being included in the Committee's work.

Occupational Health and Safety Central Committee enforces the following activities:

1. The Committee reaches health and safety goals, as well as plans and programmes for the realisation of the said goals implementing legal provisions from occupational safety and OHSAS 18001:2007 standard requirements.
2. The Committee defines activities measuring system efficacy and surveillance of control over the implementation of corrective and preventive actions which had been adopted at meetings of primary Occupational Health and Safety Committees.
3. The Committee defines priorities when taking necessary actions.
4. The Committee the actions needed for the realisation of unresolved issues from primary Occupational Health and Safety Committees' meetings.
5. The Committee improves co-operation between heads of work units in resolving issues spotted within the Occupational Health and Safety Management System.
6. The Committee recommends a way to continuously improve working conditions, taking preventive actions for the purpose of decreasing work related injuries and work related occupational diseases, as well as control over the implementation of the said activities.
7. The Committee reports on a quarterly basis to the Company's Management Board on the status of OHSMS, pursuant to the OHSAS 18001:2007 standard.

In addition to the Central Committee, four primary committees have been established. Every business unit has its own primary committee. The committees are comprised of authorised Company individuals, workers' representatives for every business unit, occupational health and safety experts and an occupational medicine doctor. The Committee meets at least once every three months.

The actions of Occupational Health and Safety Primary Committees seek to:

- a) by recommending preventive actions the Committees would hopefully influence the prevention of incidental situations arising, the disturbance of work processes and work related injuries and work related occupational diseases;
- b) by recommending actions the Committee would aspire towards a continuous improvement of work conditions and occupational health;
- c) encourage the decrease of risks in all work processes and work sites;
- d) contribute to the realisation of a continuous health protection of all of its employees;
- e) plan and oversee training of and informing workers about occupational health.

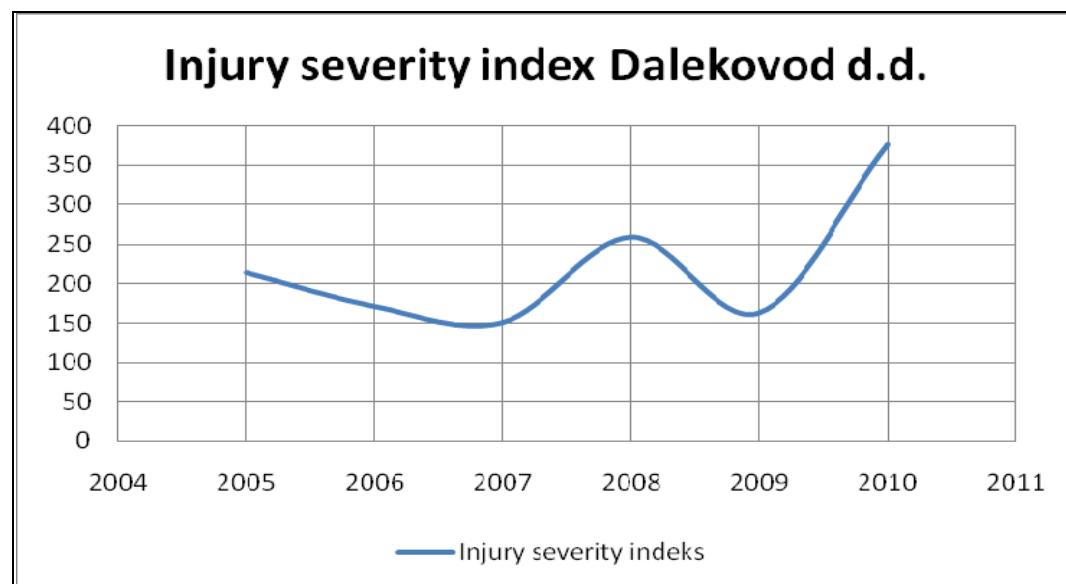
LA 7

Index of the seriousness of work related injuries at workplace during the last five years

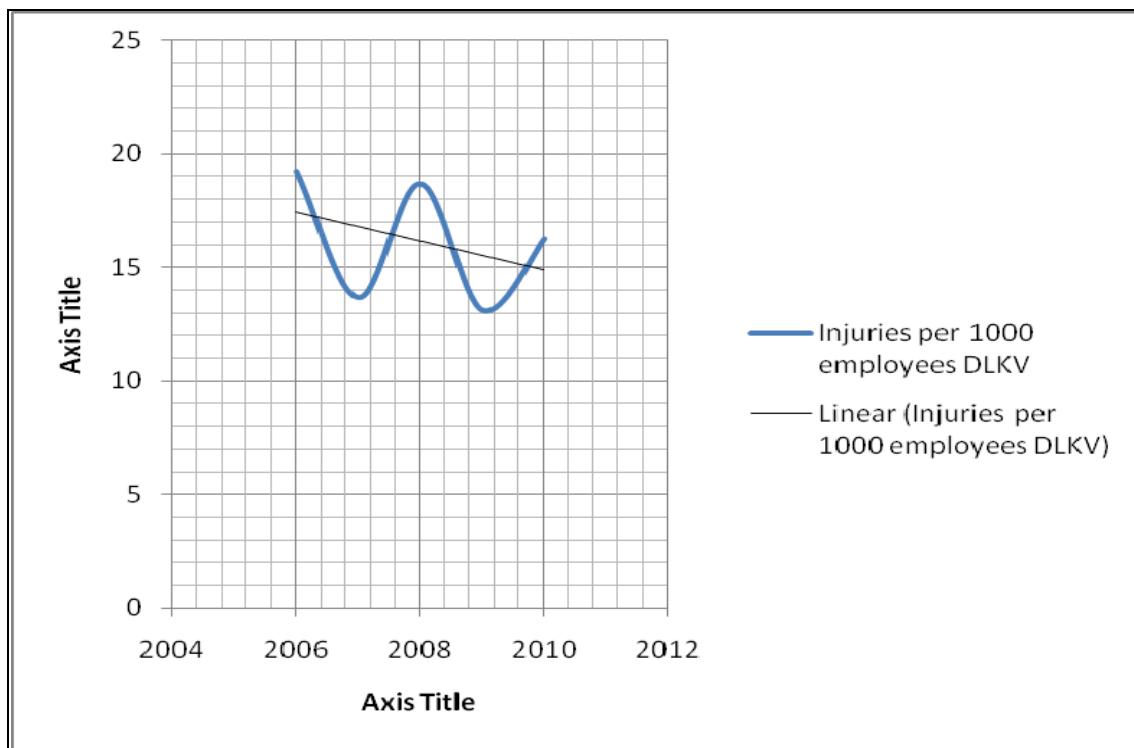
It = v.u. / total loss of working time /
b.o. / number of injuries /

2005	2006	2007	2008	2009
215.3	171.85	151.1	260.39	163.4

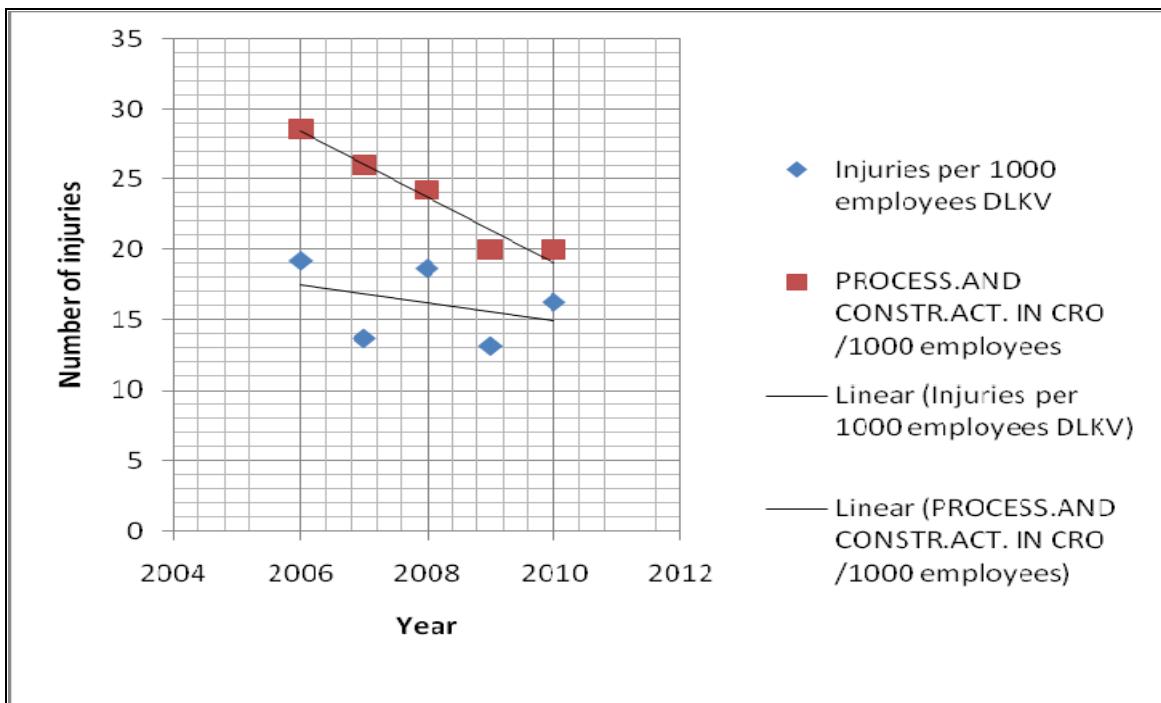
Index of serous injury in Dalekovod d.d.



Graph showing the number of injuries at workplace in the period 2002-2010 in Dalekovod d.d. / at workplace



Graph showing the number of injuries per 1000 employees in the period 2005-2009 / at workplace / for Dalekovod d.d. and the processing and the civil engineering industry in Croatia



General indicators

The social sustainability dimension concerns the impact of the organization on social systems within which it acts. In this report, it is divided into segments of employment, dignified work and human rights, society and responsibility for the product.

› Employment, dignified work and human rights

An important strategy guideline of Dalekovod d.d. is directing of the development of the Dalekovod Group towards creating a company of knowledge based on the quality of human resources and total intellectual capital. As a result of increased demand for competitiveness, professional development of employees and efficient management of human resources are considered the most important priorities of the organization. When determining labor relations and internal organization, the Dalekovod Group companies comply with applicable regulations, collective and individual agreements and protect human and civil rights, dignity and reputation of every employee. Neither discrimination nor harassment of employees due to their sex, race, religious, national or political orientation, physical defects, age, family status, personal characteristics or convictions is allowed. The equal payroll for equal work value principle is applied in the whole organization. Dalekovod d.d. ensures safe working conditions, which implies minimum differences in the area of health and safety and providing suitable training and insurance from consequences of such risks, where applicable. The freedom of association and collective negotiation is not limited, and rights specified by the Collective agreement are beyond legal rights and above average in the industrial sector. In the event of violating legal or contractual rights, an employee or an associate is entitled to seek resolution of a problem caused and the protection of his/her own rights. Persons with permanent or temporary specific requirements shall, at the time of employment or while performing their working obligations, be treated equally, however, their specific requirements shall be taken into consideration. Human resources department is on charge of the area of employment. A common policy compliant with the policy of Dalekovod d.d. is conducted (parent company).

› Employment and structure of employees

There are permanently employed persons abroad working in representative offices and subsidiaries depending on requirements.

Local labor force on construction sites subject to requirements of carrying out larger projects in distant areas is employed on a temporary basis.

The trends in the area of labor force indicate that the inflow is mainly related to recent employment of younger and highly educated staff, but also low educated employees as a result of working requirements on construction sites, while the outflow is mainly related with retirement of employees.

In Dalekovod d.d. employees work for indefinite period of time, full time, while employees hired for a definite period exercise, during the term of their employment agreement, all rights as those employees working for indefinite time in compliance with applicable collective agreement.

› Collective agreements and employees' rights

The first collective agreement was concluded on 14th June 1996 with the Croatian Metalworkers' Labor Union - Velika Gorica Subsidiary, Croatian Construction Labor Union – Dalekovod subsidiary, Croatian Labor Union Association, Vinkovci Democratic Protection Community and Dalekovod Labor Subsidiary and it is applied to all employees. The Collective Agreement has been revised for several times. The recent changes and amendments were adopted in January 2003. The notices that refer to the important changes in business operation are given in compliance with Labor Act and are not specially mentioned in the Collective Agreement. The notices about significant changes in business operation are given to the Workers' Council, that is, if it has not been organized in a particular company, to the principal labor union commissioner.

› Health and occupational safety

There are two Occupational Safety Boards in Dalekovod d.d. The boards consist of authorized persons of the company and employees' representatives for every business unit and two experts for occupational safety and occupational physician. The board session is convened minimum once in three months.

Index of seriousness of occupational injuries occurred at working place during the last three years

It = v.u. / total loss of working time/
n.i. / number of injuries /

Table 14.

2005	2006	2007	2008	2009
215.3	171.85	151.1	260.39	163.4

2010 - 389,66

› Training and education

According to needs, there is an increasing number of employees participating in different types of education and training courses, followed by an increase in total and average investments in education at the same time.

An average annual number of hours of training courses by employee according to a category amounts to approximately 10.70 hours.

› Lifetime learning programs

Dalekovod d.d. continuously takes care of professional development of employees from the moment of their employment to date. The trainees, who start their employment for the first time following their education, are introduced into the jobs and assignments for their posts by the companies that engage them.

Apart from the fundamental introduction to the organization, entire production program, references, market activities and promotion, social responsibility and other activities in Dalekovod d.d., the trainees paid a visit to the factories at locations Dugo Selo, Velika Gorica, Topusko and were introduced to their production processes. Studying and improving foreign languages is organized in accordance with requirements of their jobs, so frequently

apart from studying usual world languages, they learn the languages required by the needs of Dalekovod d.d. on specific markets and carrying out works in such countries.

Employees' education by types of their training

The educational system for the employees working for Dalekovod d.d. is regulated by general bylaws of the Company and is a result of its wish for continuous professional training of the employees.

Professional training of the labor force and employees' ability to permanently improve the quality and acquire new technologies is a key guideline in organizational development; it leads to increased competitiveness of the company on the market and efficient operation and finally it results in generation of a larger profit not only for the employees, but for the company as well.

PLANNING ON EDUCATION

The plan of educational requirements is an integral part of the plan in the Human Resources Department and accordingly of the general plan of the company development.

Every year, the educational program is aimed at adapting to the company requirements as much as possible and it is getting more complex every year, including the following:

- Requirements for training for a current job,
- Ability of knowledge improvement within the tasks to be performed – additional education,
- For progress of motivated and capable individuals.

The educational program adapted to the employees' requirements is divided in several types of training

- **Acquisition of IT skills,**
- **Acquisition of knowledge of foreign languages,**
- **Professional exams,**
- **Different training courses** (the mentioned type of training includes different professional seminars, program of managers' education, undergraduate studies, postgraduate studies and doctoral studies).

Since the requirements for education and employees' development are continuously growing thereby implying an obligation for the individuals to undergo permanent learning process, the teaching process is organized and adapted in the manner that the educational process attendees are enabled the harmonization of working and family obligations with educational obligations.

For that purpose different courses are organized (foreign languages: Russian, French and English) in the company premises during the working hours; paid leave for taking respective exams; settlement of the scholarship expenses.

› Percentage of employees who receive a regular rating for work performance and individual development

Work performance and individual development is monitored with 90% of employees.

› Diversity and equal possibilities

The composition of managerial bodies and structure of employees by categories according to gender, age groups, belonging to minority groups and other variety indicators.

In Dalekovod d.d. out of the total number of employees of 1491 (as at 31/12/2009), some 1367 of them are men and 124 of them are women. There are four women holding managerial positions.

› Ratio between basic payroll for men and women according to the employee category Basic payrolls for men and women in all employee categories are identical.

› Socializing and recreation

Dalekovod d.d. supports activities undertaken by employees and their guests in socializing through sports activities. Doing recreational activities on a regular basis, several sports events have become a tradition - they are held on a regular basis and attract ever greater number of people interested in it.

The Dalekovod Mountaineering Society was established in the 80-ies during the last century. Today, it is a reputable mountaineering society, that is, the Mountaineers' Association with an attractive working program and experienced and sociable members and ever greater number of young people joins the society.

The Association is believed to develop its program even more in the forthcoming years by activating new sections, primarily environmental, as well as alpinist and speleological, which represents a challenge to new, young association members.

The Dalekovod Chess Society was founded in 1968 as a part of employees' sports activities in DALEKOVOD as a chess section consisting of some ten chess players. They acted as Dalekovod chess players in employees' sports games, Zagreb chess leagues and Former stare Chess Cup.

› Human rights

No cases of discrimination based on gender, race, age, national orientation, political and religious convictions and other applicable criteria have been recorded. When managing human resources and making other relevant business decisions, the principles of equality and uniformed criteria are complied with.

› Freedom of association and collective negotiation

Within all companies of the Dalekovod Group and in all other business activities there is a freedom of association and collective negotiation. No cases of their restriction have been recorded. It applies to business activities outside Croatia as well.

Company

The operation of Dalekovod d.d. is based on the principles of social responsibility, including risk reduction and maximizing positive effects. It refers not only to fundamental business activities, but also relation with the social community where it is active. Owing to products that are developed and installed in different infrastructure systems by them, Dalekovod d.d. directly affects the functioning of many life aspects in the community with its business activities.

These impacts are complemented by the activities whose major goal is a direct support to individuals and groups for projects in the area of culture, sport, education, science, humanitarian activity etc. Due to a significant share of business operation with the public sector, the issue of transparency of the business operation, compliance with regulations, anti-corruption activity and participation in creating public policies are treated with a special attention. In compliance with signed and adopted Business Ethics Code, political impacts or impact on judicial authority are not allowed. Pleading for their own interests when defining public policies and passing or amending regulations is carried out transparently and through business associations and other institutional channels. The Dalekovod d.d. Management Board is in charge of the area of relations with the community.

› [Community](#)

The level of activities that the Dalekovod Group members are present at specific locations and specific communities is not sufficient to be able to systematically monitor the impact of business activities on the above communities.

› [Child's work, compulsory and forced work](#)

Dalekovod d.d. conducts its operation complying with applicable legal regulations that prohibit child's work. Dalekovod d.d. conducts its operation thereby complying with the Constitution and applicable legal regulations prohibiting forced and compulsory work.