

**Oikon d.o.o. - Institut za primijenjenu ekologiju/
Oikon - Institute for Applied Ecology**

Global Compact Annual Communication on Progress for 2008-2010

Basic information

Company: Oikon d.o.o. - Institut za primijenjenu ekologiju / Oikon - Institute for Applied Ecology
Country: Croatia
Membership date: 13th December, 2007
Organization type: SME
Number of employees: 41
Sector: Support services
Date of submission of COP: 13th December, 2010

Contact information

Address: Avenija Dubrovnik 6-8, 10 020 Zagreb
Phone: +385 1 5507 100
Fax: +385 1 5507 101
Contact person: Dalibor Hatić, General Director (dhatic@oikon.hr)
E-mail: oikon@oikon.hr
web: www.oikon.hr

Brief description of nature of business

Oikon Ltd, Institute for Applied Ecology is environmental consultancy/research institute (research based SME¹), focused on identifying and assessing environmental risks, performing environmental impact assessments, environmental monitoring and preparing reports and studies. It was founded in 1997 in Zagreb (Croatia), by a group of natural scientists who shared a vision of creating a multidisciplinary think-tank capable of providing effective and efficient solutions to increasingly important challenges in the areas of nature and environment protection, and sustainable management of natural resources. Since its foundation Oikon has emerged as a leading licensed and accredited environmental consultancy/research institute in Croatia, a valuable and reliable partner, an innovative provider of high quality solutions in multi- and inter-disciplinal areas of nature and environment protection, physical and landscape planning, application of GIS, RS & IT.

Statement of continued support

Oikon Ltd. - Institute for applied ecology hereby confirms its continued support of the Global Compact initiative. As a socially responsible company, Oikon understands the importance of continuous development and implementation of sustainability principles and practices in its business activities.
Since becoming part of Global compact initiative in 2007. a number of important programs were undertaken by Oikon in order to improve its CSR² performance. In the spring of 2009

¹ SME – small and medium enterprise

² CSR - Corporate Social Responsibility

Swiss accreditation company **SGS**³ certified Oikon's internally developed **IMS**⁴ and checked its compliance with the international standards:

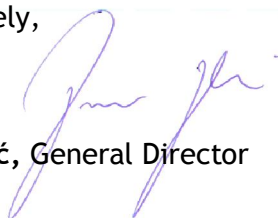
- **ISO 9001:2008** (Quality Management Systems),
- **ISO 14001:2004** (Environmental Management Systems) and
- **OHSAS 18001:2007** (Health and Safety Systems).

Received certificates that are being improved and audited continuously demonstrate our commitment to responsible behavior towards our work, clients, environment, employees and community at large.

Our effort did not go unnoticed. In 2009 Oikon was rewarded with a **Croatian award for CSR Practice** (DOP⁵ reward) in small company category. This reward was received within the project „Indeks DOP-a“⁶ that was implemented by **Croatian chamber of commerce and Croatian business council for sustainable development**⁷ with support from **UNDP**⁸ and **AED**⁹. We were very proud to receive that recognition, particularly because that was received in otherwise very hard business year and with the burden of global economic crisis on our back. In those conditions we did not put aside our corporate responsibility towards economy, ecology and society and we kept our promise to ourselves that we will be socially responsible company.

We believe that Global Compact's extensive knowledge and experience with sustainability and development issues will be of great help in improving our socially responsible practices in the future as it was a guide to us in the past.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Dalibor Hatic", written over a light blue horizontal line.

Dalibor Hatić, General Director

³ SGS - Société Général de Surveillance SA

⁴ IMS - Integrated Management System

⁵ DOP – društveno odgovorno poslovanje

⁶ Indeks DOP-a – CSR index

⁷ Croatian business council for sustainable development – Hrvatski poslovni savjet za održivi razvoj (HRPSOR)

⁸ UNDP – United nations Development Program

⁹ AED - Academy for Educational Development

I. HUMAN RIGHTS

PRINCIPLE 1. - BUSINESS SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS WITHIN THEIR SPHERE OF INFLUENCE

PRINCIPLE 2. - MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Our Commitment or Policy

Oikon fully respects contemporary understanding and approach to questions of social and societal responsibility. We are aware that respect towards protection of human rights is fundamental prerequisite for the development of society in which all individuals have equal rights and possibilities and where individuals without the threat to personal freedoms can develop their potentials and participate in creation of new social values.

Our documentation related to protection of human rights

Oikon is carrying out its business activities in line with national laws and regulations. In addition to the above mentioned legal requirements we have developed and/or adopted a number of other internal/external rules and practices relevant to protection of human rights.

1. Book of work regulations

In 2007 the Board of directors brought the Book of regulations, based on the Labor law, with the goal that all employees can be effectively introduced to their rights and obligations while working in Oikon. Book of work regulations is available on information panel (intranet forum) and intranet document repository and is available to all employees at all times. Among the other topics, in this Book we have underlined and stipulated that all direct or indirect discrimination of employees based on race, color of their skin, sex, sexual orientation, marital status, family obligations, age, language, religion, political or other inclination, nationality, social origin, individual wealth, birth, social rating, membership or non-membership in political party, membership or non-membership in unions, and physical or psychological disability is strictly prohibited. It is also emphasized that oikon, as an employer has an obligation to protect dignity of employees while ensuring appropriate working conditions and introducing the measures that can prevent any personal abuse.

2. Statement about the human rights

In 2007 our Board of directors issued a “Statement about the human rights” that became the guiding principle mandatory in our business behavior. Within this Statement we clearly stated that Oikon will in any aspect of its work use, support or stimulate child work and forced work, and that we will not participate in any kind of discrimination. Oikon will respect rights of employees to join membership in unions of their choice, their right for collective negotiations, and will take care that worker representatives are not discriminated in any way. We have clearly stipulated the disagreement with physical punishment, physiological and physical maltreatment and verbal abuse.

Working hours and financial remuneration are in line with national laws and the company takes care about the health of employees while maintaining safe and healthy working conditions and actively taking steps to prevent accidents and injuries. “Statement about the human rights” is available on information panel and intranet to all employees at all times. This Statement is also available on WEB page (www.oikon.hr) of the company so

that its content can be seen by our clients, partners and public. In its decision making process Oikon management takes care that each decision is in line with “Statement about the human rights”, legislation and that it has positive impact on employees and the company.

3. Business culture

In 2007 our Board of directors brought document under the name „Business culture“ which reflects attitude of Company founders, Board of directors and all employees towards work and communication between people. Main elements of this document relate to professional and business ethics, mutual respect and non-discriminatory human relationships and non-violent management methods. This document is also available to all employees on information panel and intranet at all times.

Relationship towards our Clients, Suppliers and Competition

Protection of Client rights is reflected in availability of all necessary information about Oikon’s services in our promotional materials and web page. Also, in our marketing activities we implement information policy based on true and provable facts. In line with Business ethics practice Oikon does not belittle competing companies and their products. Our correct behavior on the market is reflected in the fact that we have never had any kind of legal action against us from clients, suppliers, competition or regulatory bodies. In relation with the suppliers Oikon holds to non-written policy about on-time payment to the best of its ability and our employees that work with the suppliers are trained in ethical communication with them.

Actions implemented

Business code of ethics

On 8th of February 2010 Oikon signed the “Business code of ethics” as articulated by the Croatian chamber of commerce. The signature makes adherence to all articles mandatory. Within that business code, a guidance for ethical business behavior within the Croatian economy is provided. A large number of articles are directly related to protection of human rights.

II. LABOUR STANDARDS

PRINCIPLE 3. - BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4. - THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

PRINCIPLE 5. - THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6. - ELIMINATE DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Our Commitment or Policy

Oikon carries its business in line with national laws which explicitly prohibit child labor and forced labor, as well as, discrimination on any base. These principles are also implemented in our internal regulating documentation: “Book of work regulations” and “Statement about the human rights”. In this documents we clearly stated that Oikon will respect

employee right to join unions of their choice, right to collective negotiations, and that care is being taken that workers representatives in are not discriminated in any way.

While performing its work Oikon applies Integrated management system for quality, environment, occupational health and safety harmonized with international standards ISO 9001:2008, ISO 14001:2004* and OHSAS 18001:2007. That policy is reflected in Oikon's honest, open and transparent relationships with its clients, business partners and employees, as well as in Oikon's permanent care of employees' health, safety and content. In Oikon's working environment, the work is done with diligence and joy, in a team spirit and with focus on results.

Relationship towards employees

Ratio between Oikon's female and male employees is 50:50. Range of employee age goes from 24 to 62. Oikon does not employ minors and children and is opposed to any kind of use of child work.

Oikon's employees have transportation costs between home and work covered by the Company. Also, all our employees are equipped with mobile phones for work and safety reasons. Hot and cold beverages are available at the company premises free of charge, as well as, the use of tea kitchen with all its utensils for preparing and keeping food (refrigerators). Working environment on the company premises is equipped according to the technical standards for office work and in a way to ensure good quality and pleasant living space with sufficient lighting, heating and cooling equipment. A lot of effort went in generating and keeping high level of positive and friendly atmosphere among employees and we take this as absolute priority in our business. Among the employees we encourage understanding and mutual respect and well done job is being rewarded, as well as, other important events in the life of our employees (weddings, birth of children (since the establishment of Oikon our employees brought to this world 20 children), academic success, professional status improvements, etc.). Company pays all kinds of trainings and education, the fact to which we are very proud of. Additional family expenses in special situations of need are also paid by the company (i.e. death of family member). Employees have flexible working hours and the possibility to work from home if they wish to do so. Rules related to working hours, absence of leave, holidays and other events are all stated in the Book of work regulations, harmonized with the Law, transparent and accessible by all at all times.

New employment

Oikon has open approach to employment of new people. Anyone interested for work in Oikon can approach the company and express their interest in work in the company (Contacts menu on the company web site). Interested individuals can inform themselves about the nature of our business, services, references, and various other information on company Web page where we provided a facility for uploading curriculums and other information through the WEB questionnaire. Information entered into this questionnaire is transferred into our HR database and searched accordingly when the company has the need for new employees. In that way we have enabled equal access to information and chance for employment to all interested individuals.

Part of our Integrated management System includes a process of mutually agreed development plans (Personal Business Commitments) for each employee in respect to personal competency development and roles and responsibilities on projects and within company organizational structure.

Actions implemented

Employment

In the reporting period Oikon has employed nine new employees. Main criterions for employment were their professional qualification and dedication to high quality work. We

have employed five freshmen who have just finished their high education schooling and in such way provided help to part of the workforce that has limited access to the work market.

Education

Oikon firmly believes and supports the policy of lifetime education of its employees enabling them access to new professional knowledge and skills that make them better qualified and more competent. We finance various courses, seminars, academic education and doctoral studies. In addition we carry out regular internal training sessions on different self and work improvement practices (project management, computer literacy, specialist training courses (use of GIS tools,...),...).

Implementation of occupational health and safety targets

In 2009 the targets for occupational health and safety were set as part of yearly business planning process cycle (as defined by our ISU that complies with **OHSAS 18001:2007**) and implemented as follows:

1. An occupational health and safety person was designated.
2. The occupational safety awareness of all employees was raised by organizing safety and fire protection training sessions and drills. In addition, an evaluation emergency plan was developed and tested.
3. Two employees attended first aid training and received appropriate certifications. They were made coordinators of emergency planning process.
4. As assessment of employee satisfaction with working conditions was held and appropriate recommendations built in yearly Improvement programs.
5. Office working conditions were checked by specialized agency. A risk assessment was held and potential vulnerabilities identified and documented (using internationally accepted AUVA methodology). Based on those findings, health and safety goals were set and implementation plans developed.
One of the recommendations included a need for increased security in field work and the use and maintenance of company fleet cars. Appropriate guidelines were drafted and implemented.

The improvement program for 2010 includes:

1. Continuous improvement of IMS (car safety, car maintenance, car and equipment booking system)
2. Test the use of Fleet management guidelines
3. Dissemination of first aid knowledge through the internal education courses
4. Check the compliance of IMS with Labor Law and OHSAS 18001.

Implementation of quality targets

In 2009 the targets for quality were set as part of yearly business planning process cycle (as defined by our ISU that complies with **ISO 9001:2008**) and implemented as follows:

1. A transparent business planning was introduced as the cyclical process that is based on the analysis of results of previous planning cycle and the input from all employees.
2. All business plan activities for the next year are built in employees' Personal business commitment plans where individual roles and responsibilities are defined and agreed upon.
3. Quality related improvement programs were drafted based on management and employee inputs. The implementation is coordinated by IMS Advisor to the Board.

The improvement program for 2010 includes:

1. Continuous improvement of IMS (project management best practice assessment, project managers activity checklists development)
2. Resource planning and control tool development and testing

Antirecession measures

During 2009 the complete Croatian economy worked in exceptional circumstances that have so far been unknown to general public as well as to experts. The consequences of financial and economic crisis that have overtaken the world economy in 2008 continued in 2009 and Croatia was not an exception. GDP dropped significantly, life standard decreased, consumption declined and lot of people lost their jobs.

In light of these evens we have decided to take antirecession measures too so that we do not face critical income reduction and inability to service our own expenses. Main goal of our measures was to protect all employees from laybacks. Having in mind hard economic situation on the labor market, increase in unemployment figures and reduced possibility of finding new employment we have decided to protect our employees and their families. With increased work effort, measures for optimization of our expenses, harder work on the market in search for new business opportunities and with reduction of remuneration to all employees (including management) we have so far succeeded in reaching our goals and even enlarged our work force while keeping our ethical and work standards intact.

Donations

Being socially aware and share the burden of civil society in terms of paying taxes, sponsoring NGOs and investing in knowledge and well being of our own employees and society at large is our credo. We walk our talk!

In the reporting period we have made the following donations:

- 2010 donation to “A step in life” initiative that provides scholarships and first employment opportunities to abandoned children from child care institutions and foster homes - Humanitarna akcija "Korak u život" - koncert Leo Nucci i Zagrebačka filharmonija
- 2010 UNICEF - help for the children of Haiti
- 2010 - donation to the “Noa’s Ark” society for animal protection
- 2010 Donation to the association of blood donors Plovput d.o.o.
- 2010 Sponsorship for the work of education and science-popular WEB portal www.Biologija.com.hr
- 2010 Sponsorship for the work of education and science-popular WEB portal Vjetroelektrane.com
- 2010 Sponsorship (Regional sponsor) of the 2nd Croatian NIPP and INSPIRE day and the 6th conference Cartography and geo-information organized by Croatian cartographic society
- 2010 Sponsorship (Bronze sponsor) of PMI forum 2010
- 2009 Donation for the organization of exhibition “Croatian rivers” (4.-21.6.2009, Zagreb), organized by authors Goran Šafarek and Tomislav Šolić within the national campaign for protection of Croatian rivers
- 2009 Donation for Croatian female alpinist expedition on Mont Everest (8850 m) organized by Croatian mountaineering association
- 2009 donation to “A step in life” initiative that provides scholarships and first employment opportunities to abandoned children from child care institutions and foster homes - Humanitarna akcija "Korak u život" - koncert Jose Carreras i gosti
- 2009 donation to the Institute for medical research and occupational medicine for the purchase of necessary research medical equipment and instruments

III. ENVIRONMENT

PRINCIPLE 7. - BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8. - UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9. - ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our Commitment or Policy

Oikon is a company with primary business activity in applied ecology so care for the environment is the main force that drives us and the leading thought in all our activities. Through our primary business activity we define measures that will reduce actual negative impacts on environment or we propose ways of optimizing use of natural resources in a way to achieve sustainable development. Of particular importance are our activities in proposing legal solutions that will result with better treatment of natural environment. Since Oikon's work is primarily consulting/design and applied research our environmental footprint is really small in relation to the companies that are engaged in industrial production activities. Even though, we pay attention to all our activities and continuously think about how to reduce our ecological footprint. We are working on waste mineralization, reduction of energy consumption, reduction on noise, etc. Our care for the environment and our continuous effort in reduction of our environmental impact is being planned and implemented based on compliance with ISO 14001:2004 standard.

Actions implemented

In 2009 the targets for environment protection were set as part of yearly business planning process cycle (as defined by our ISU¹⁰ that complies with ISO 14001:2004) and implemented as follows:

1. An environment protection person was designated.
2. Environment pollution reduction and resource management targets were set (car fuel reduction, el. energy reduction, paper reduction, waste reduction, car emission reduction, energy efficient equipment replacement) and implemented (10% reduction in el. energy consumption, 10% printing material reduction)
3. Project managers were made responsible for the implementation and monitoring of environment protection measures on all contracted projects taking into account all internal and external team members and other stakeholders (based on best practices as defined by the international PMI¹¹ association)

The improvement program for 2010 includes:

1. Continuous improvement of IMS ("green office" principles and practice)
2. Test the use of Fleet management guidelines (fuel reduction, emission reduction, better route planning)
3. Dissemination of best practice achieved on selected projects through the internal education courses

¹⁰ISU - Integrated Management System

¹¹ PMI – Project Management Institute

IV. ANTI-CORRUPTION

PRINCIPLE 10. - BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBERY

Our Commitment or Policy

In Oikon we strongly oppose corruptive practices of any kind and we consider it strictly not acceptable in our business practice.

Actions implemented

To further endorse and document our stand towards corruption we have accepted and signed on 8th of February 2010 Croatian chamber of commerce's "Business code of ethics" which clearly states that it is not allowed to use any political influence, influence on legal governance or pressure in business relationships that are aiming at achieving economic interest from certain subjects or groups of persons. Code of ethics also states that its signatories will hold to good business practice in local and international circumstances that are built around good faith, correct relationships, loyalty and punctuality.

Sharing the COP with the company's stakeholders

Communication on progress will be available on Oikon's website and intranet.