

Period covered by your Communication on Progress (COP)

From: January, 2015 To: December, 2015

Statement of continued support by the Chief Executive Officer (CEO)

As a member of UN Global Compact, AZRA continues to implement activities, strategies and projects that are oriented toward promoting the main tenants of the Global Compact and its ten principles, which focus on the improvement of human rights, labour, the environment and the prevention of corruption.

In 2015, AZRA has directly contributed to the successful implementation of 3 European social fond financed projects that focus on improvements in human rights, social inclusion and education. As well, our internal measures ensure that employees (no matter their status) have equal opportunities and rights within the agency and that all activities are transparent to the public.

Overall, implementing the main principles of the UN Global Compact is continuously guiding us towards more efficient and equitable management. These principles are also guiding as towards having a more positive impact on the lives of local citizens. We are carefully choosing projects we are helping to be implemented or we are going to implement ourselves, that promote human rights and provide care for environment. Furthermore, by working on these project we try to fight discrimination in respect of employment and occupation and anti-corruption.

Our agency continues to support the Global Impact as well as ensure that other similar agencies and public bodies in our region adopt its principles and measures.

Sincerely,

Krunoslav Lukačić
Director



Varaždin, Kratka 1

I. Human Rights Principles

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

Principle 2: Make sure that they are not complicit in human rights abuses

AZRA's commitment:

As a regional development agency, AZRA is fully aware that respect towards human rights is essential in ensuring that there is balanced regional development, and improved living standards and quality of life. AZRA's vision is to become the main agency implementing actions that improve the quality of life in the Varaždin County region.

AZRA's vision is to be achieved through the mission, which is to:

"Promote and support sustainable economic and social growth of the Varaždin region by providing technical assistance to stakeholders in the pursuit of development activities aimed at creating a highly educated, adaptable, effective, inclusive and competitive region".

Creating an inclusive society (i.e. where all residents have equal rights regardless of their race, religion, age, gender, sexual orientation, etc.) is considered a key element in ensuring that the region is competitive and has balanced growth. Therefore, human rights is an important theme in all of AZRA's activities, especially projects.

AZRA's actions in 2015

The following describes the actions that AZRA has taken related to human rights development:

- Preparation and implementation of the Varaždin County Development Strategy: In the current Varaždin County Development Strategy 2015 there are specific measures that are geared towards enhancing human rights for the residents of Varaždin County and people with disabilities, as well as measures to enhance the region's civil society development. The mentioned measures will be implemented in the new development strategy in order to continue the results of these measures that were also recognized as important in working groups which include a great number of experts and local stakeholders.
- Preparation of National Strategy for Regional Development of Republic of Croatia – AZRA as a regional coordinator is included in preparation of the national strategy for regional development as part of working groups.
- Preparation of Strategy for human resources development of Varaždin County – the preparation of the strategy is co-financed with the EU funds. AZRA is participated in the preparation of the strategy as part of working groups.
- EU projects promoting human rights: The projects financed from European social fund are focused on helping pupils with disabilities get appropriate help in schools. This helps them achieve the same level of education as other pupils and ensures fairer life opportunities for all.

- Also, AZRA was participated in debates, focus groups and seminars in the field human rights and social rights, Roma national minority and employment.

II. Labour Principles

Principle 3: Businesses should uphold the freedom of association and effective recognition of the rights to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation

AZRA's commitment:

AZRA operates in line with all applicable national laws. The laws clearly state that child labour and forced labour is strictly prohibited, as well as any form of discrimination in the work place. AZRA has adopted all of the labour policies within the UN Global Compact, and has implemented actions to uphold them. All of AZRA's employees are free to join unions or worker's associations and have the right to conduct collective bargaining. Regarding discrimination, the code of ethics and AZRA's operational workbook detail what is considered discrimination and inappropriate employee conduct, as well as the consequences for committing such actions.

Overall, AZRA firmly believes that every employee has the right to be treated equally and fairly.

AZRA's actions

The following actions have been taken to ensure that there are improved labour rights in AZRA:

- Code of ethics: In order to prevent cases of discrimination, conflicts of interest, and ensure that each employee is treated equally and fairly, AZRA implements a code of ethics document. The document details what is exactly meant by terms such as conflict of interest, discrimination, intimidation, etc. and how AZRA's management is to deal with any possible situation.
- AZRA's operational workbook: The workbook defines the responsibilities of each work position in AZRA as well as the pay grade of each position in the agency. This document also elaborated on the code of ethics by explaining additional situations considered to be unethical and the consequences for misconduct. Each employee was required to sign a form acknowledging that they understood the terms of reference for the workbook, and that they would abide by it.
- AZRA – an equal opportunity employer: One of AZRA's main policies is to hire persons based on their skills, knowledge and competencies. In AZRA, ability has never been based on one's race, gender, age, sexual orientation, religion,

ethnicity, or physical abilities. Furthermore, AZRA has a zero tolerance policy towards staff that commit actions of discrimination or intimidation towards fellow employees or job candidates. As a result of AZRA's policies, AZRA's workforce is gender balanced. Over half of the agency's employees are women; most of whom have been working in the agency for three years or longer. In Agency has been no case of violence.

- AZRA offers Accident insurance to their employees.

III. Environment Principles

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

AZRA's commitment:

It is recognized by AZRA that the protection of the environment via the conservation of resources, promotion of environmentally friendly behaviour, the use of green technologies, and other actions are essential in ensuring the enhancement of the quality of life and living standards in the Varazdin County region and for the rest of Croatia. As a regional development agency, AZRA takes actions internally and externally to ensure that the environment is protected and that resources are not misused. In 2015, AZRA has worked closely with government bodies, Environmental protection and energy efficiency Fund, NGOs, and other public entities in implementing projects and other actions that are geared toward enhancing environmental protection.

AZRA implements various projects that include the promotion of business opportunities in renewable energy and energy efficiency, and recycling.

Overall, AZRA believes that it is very important that citizens understand clearly what are the benefits and challenges related to environmental protection.

AZRA's actions

The following actions have been taken by AZRA in 2015, in order to contribute to the principles of the Global Compact:

- Operational programme "Transport 2007-2013": AZRA prepared a project for sustainable public transportation which besides other benefits also has a positive effect on reducing CO² emissions.
- European regional fund: AZRA prepared one project for restructuring a specialized hospital with emphasis on energy efficiency (EE), 5 projects were applied to the Environment Protection Fond and one for the local authority for building a purifier for sewage system.

- In the area of the environmental protection, employees are involved in the selection of waste, paper that used and recycled Centre for Upbringing and Education „Tomislav Špoljar“ Varaždin.

Through the implementation of these projects, AZRA has made progress in ensuring that the environmental principles of the Global Compact are upheld and achieved.

IV. Anti-corruption principles

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

AZRA's Commitment

AZRA receives about 30% of its annual funding from the Varazdin County government, and another 20-30% through EU funded projects. This indicates that 50% or more of the agency's activities are financed via public financial sources. Therefore, it is of the utmost importance to AZRA to uphold the highest ethical standards, and establish internal mechanisms to ensure that every cent is used in the public's interest.

AZRA's code of ethics and AZRA's operational workbook define exactly what is considered by the terms 'bribery', 'extortion', 'nepotism' and 'conflict of interest'. Also, the code of ethics provides the course of action that each employee should take when confronted with a situation that is deemed as corruption. AZRA regards corruption in any form as an obstacle to regional development and as a threat to efficient internal management. Apart from the agency's internal views and actions, the agency promotes corporate-social responsibility principles on its website in order to fight corruption and ensure that there is balanced and equitable regional development in Croatia.

AZRA's actions

Our agency has not been involved in any legal cases, rulings or other events related to corruption and bribery identifying any suspicious payments which could be related to bribery or corrupt behaviour. There has been no such incident reported in the period.

AZRA has taken the following specific actions to fight corruption in all its forms:

- Defining actions that are considered to be corruption in the code of ethics and the operational workbook: The code of ethics & operational workbook define what is nepotism, conflict of interest, bribery, extortion, and data protection. Also, the code of ethics states that any form of corruption is punishable by dismissal, and could be followed up by criminal investigation (depending on severity). This has contributed to deterring corruption in the workplace in AZRA.
- ** Please note that many of the actions taken to promote the labour principles as apply to this principle as well.*