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2015
SUSTAINABILITY
REPORT

LIFE IS FOR SHARING.



Key events in 2015

MARCH



HT launched a new service based on the Pan-European IP network – Cloud VPN.



COMBIS launched a model of promoting startup culture within the company – Neostartup.

JUNE



Hrvatski Telekom supports uniGluko, a ground-breaking system offering a solution for analysis of diabetes data.

SEPTEMBER



Hrvatski Telekom presented new innovative services – HT BusinessConnect, HT WebConnect, Cloud Backup, and Cloud Disaster Recovery.



Hrvatski Telekom certified the IaaS (Infrastructure as a Service) Cloud Server as Cisco Powered Cloud Service.



COMBIS opened the Zen room for its employees.



COMBIS Conference Feel Digital. Live Digital.

NOVEMBER



Hrvatski Telekom donated HRK 720,000 for 12 socially valuable projects.

FEBRUARY



Hrvatski Telekom doubled 4G network speed from 75 to 150 Mbit/s.

MAY



In Dubrovnik, Hrvatski Telekom implemented the “smart lamp” as part of the “smart city” infrastructure.

JULY



Hrvatski Telekom is “Best in Test” – testing was conducted by P3 Communications.



COMBIS developed a unique Big Data platform – Husky, enabling customers to monetize large quantities of data.

OCTOBER



HT and PhotoMath jointly popularize mathematics among young people.

DECEMBER



Hrvatski Telekom migrated its fixed network to the All-IP environment.



Hrvatski Telekom was awarded the Mamforce Company Standard Certificate.



COMBIS is the only one in the Region to achieve the top status – Citrix Platinum Partner

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Letter of the President of the Management Board



Dear Reader,

You have in front of you our new Sustainability Report, a comprehensive overview of activities conducted on HT Group level in order to achieve the strategic goals of our operations. These goals include the reinforcement of corporate responsibility and long-term sustainability of business operation.

From the very beginning, we are contributing to the community we operate in, primarily by setting goals that are not related to business results only.

By our activities we want to make our contribution as a technology leader, the largest investor, and as an important driver of digital society. A part of such contribution is certainly transparent business operation presented to the overall community through this Report as a clear overview of what we do and what we plan to do.

After six years of recession, in 2015 we are beginning to see first signs of economic recovery, albeit still weak and insufficient. However, we are optimists and believe that better times lie ahead of us. But, to make the optimistic expectations come true, a high level of determination is required in the realization of an entire range of measures aimed at improvement in the business climate.

In 2015, Hrvatski Telekom made its contribution by investing HRK 1.47 billion into infrastructure development, mostly into the new network, but also into fixed and mobile broadband Internet and into All-IP transformation. We are the third telecommunications operator in the European Union to have migrated all of its customers and services to All-IP network architecture. This step has just confirmed the leading position of Hrvatski Telekom on the Croatian market and created prerequisites for the provision of better-quality services to the customers, development of advanced future services, as well as a true convergence of fixed and mobile telephone and data services.

In 2015, we implemented many transformation measures that made us a more efficient and better organized company. We have also made

and put into effect some tough decisions, convinced that in overcoming short-term difficulties, we were building the foundations for our long-term progress and sustainable business operations.

We are convinced that the experience gained by internal transformation would be, to a large extent, applicable to the overall Croatian economy which in the last couple of years, unfortunately, unsuccessfully endeavored to make significant progress in terms of global competitiveness. This is why it is even more important to put even more effort into high technology sectors, such as ICT, as only such efforts can make us competitive. A lot of success has been achieved already in this field; in some of the projects, HT has played a leading role, while some other ongoing projects are going to affirm the globally high position of the Croatian telecom industry. We hope that other sectors will join us in this position, first of all the state administration, as without its support and efficiency, our operations would be made considerably more difficult.

The prepared Report is part of our commitment to the principles of the UN Global Compact initiative, which we signed in 2007 and which is based on transparent reporting on all our activities. We believe that sustainability is possible only if we persistently and consistently review the impact our decisions have on the well-being of the society.

We trust that this Report also reflects a substantial part of our commitment to participation in the development of society, and particularly the importance of investing in new technologies and operation driven by innovation, vision and creativity for growth and development.

We plan to pursue this way of operation in the future.

Davor Tomašković,
President of the Management Board of HT-a and CEO

A handwritten signature in blue ink, appearing to read 'Davor Tomašković', written in a cursive style.

Company profile

The core business of the company Hrvatski Telekom d.d. (HT d.d. or Company) and its subsidiaries is the provision of electronic communications services and the design and construction of electronic communications networks in the territory of the Republic of Croatia. In addition to the provision of fixed telephony services, HT Group also provides Internet, IPTV and ICT services, data transmission services, and GSM, UMTS, and LTE mobile services.

HT Group is the leading telecommunications company in Croatia, providing services of fixed and mobile telephony, wholesale, Internet, as well as data services.

Incorporation and History

Hrvatski Telekom d.d. is a joint-stock company majority owned by Deutsche Telekom Europe B.V. It was incorporated on 28 December 1998 in the Republic of Croatia, pursuant to the provisions of the Act on the Separation of Croatian Post and Telecommunications into Croatian Post and Croatian Telecom. The Company commenced operations on 1 January 1999.

In 2002, HT mobilne komunikacije d.o.o. (HTmobile) was established as a separate legal entity and subsidiary wholly owned by HT d.d. for the provision of mobile telecommunications services. HTmobile commenced its commercial activities on 1 January 2003, and in October 2004, the company name was officially changed to T-Mobile Croatia d.o.o. (T-Mobile).

On 1 October 2004, the Company was re-branded as T-HT, thus becoming a part of the global "T" family of Deutsche Telekom. The change of corporate identity was accompanied by the creation of trade marks for the two separate segments of HT Group: the fixed network operations business unit, T-Com, which provides wholesale, Internet, and data services, and the mobile operations business unit, T-Mobile.

On 17 February 2005, the Government of the Republic of Croatia transferred 7% of its shares in HT d.d. to the Fund for Croatian Homeland War Veterans and Their Families, pursuant to the Privatization Act.

In May 2006, the Company acquired 100% of shares of Iskon Internet d.d., one of the leading alternative telecom providers in Croatia.

Carrying on with privatization of HT d.d., on 5 October 2007, the Republic of Croatia sold 32.5% of HT ordinary shares by Initial Public Offering (IPO), of which 25% were sold to Croatian retail investors, while 7.5% were acquired by Croatian and international institutional investors.

Following the sale of shares to current and former employees of Hrvatski Telekom and Croatian Post in June 2008, the Government of the Republic of Croatia reduced its holding from 9.5% to 3.5%, while private and institutional investors hold 38.5% in total.

In October 2009, T-Mobile Croatia was merged into HT d.d. The

merger came into effect on 1 January 2010, following which the HT Group was restructured into Residential and Business units.

On 21 May 2010, the Company's registered name was officially changed from HT – Hrvatske telekomunikacije d.d. to Hrvatski Telekom d.d.

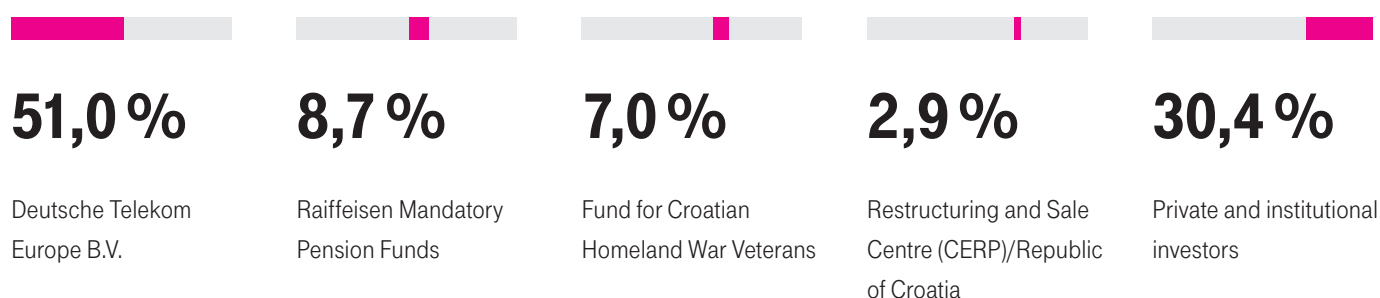
On 17 May 2010, HT d.d. completed the acquisition of IT services company Combis d.o.o., extending its reach into the provision of IT software and services for a client base that ranges from small businesses to government institutions.

In December of 2010, according to records held at the Central Depository and Clearing Company, the Republic of Croatia transferred 3.5% of Company shares to the Pensioners' Fund. Following this transfer, on 12 December 2013, the Pensioners' Fund transferred 3.5% of Company shares to the owner account of the Restructuring and Sale Centre – CERP. CERP was founded by the Republic of Croatia in July 2013 as legal successor to the Government Asset Management Agency. As a result of this transfer, the Government of the Republic of Croatia is again present in the ownership structure of Hrvatski Telekom d.d. In December 2015, following the public auction, CERP sold 500,000 of its shares in the Company (0.6% of HT d.d. share capital) via Zagreb Stock Exchange trading system. Following this sale of shares CERP reduced its holding from 3.5% to 2.9%.

In June 2014, HT took over management of OT-Optima telekom ("OT"), following the completion of the pre-bankruptcy settlement procedure. By the conversion of claims into share capital, and following the realization of a Mandatory Convertible Loan instrument in July 2014, HT acquired total of 19.1% of Optima's share capital.

Zagrebačka banka, as the largest creditor of Optima Telekom, transferred controlling rights acquired in the pre-bankruptcy settlement procedure to HT. AZTN has determined a set of measures defining the rules of conduct for HT with regard to management and control over Optima Telekom. The duration of the concentration of HT and Optima Telekom shall be limited to a period of four years, starting from HT's acquisition of control over Optima Telekom.

Shareholder structure as at 31 December 2015



Total number of shares issued:

81 888 535

Deutsche Telekom Europe B.V. is the majority shareholder in HT with a 51% holding (Deutsche Telekom Europe B.V. is 100% owned by Deutsche Telekom Europe Holding B.V., whose 100% owner is Deutsche Telekom Europe Holding GmbH (former name was T-Mobile Global Holding Nr.2 GmbH)). Deutsche Telekom Europe Holding GmbH is 100% owned by Deutsche Telekom AG.

The Croatian War Veterans' Fund owns 7%, with the Restructuring

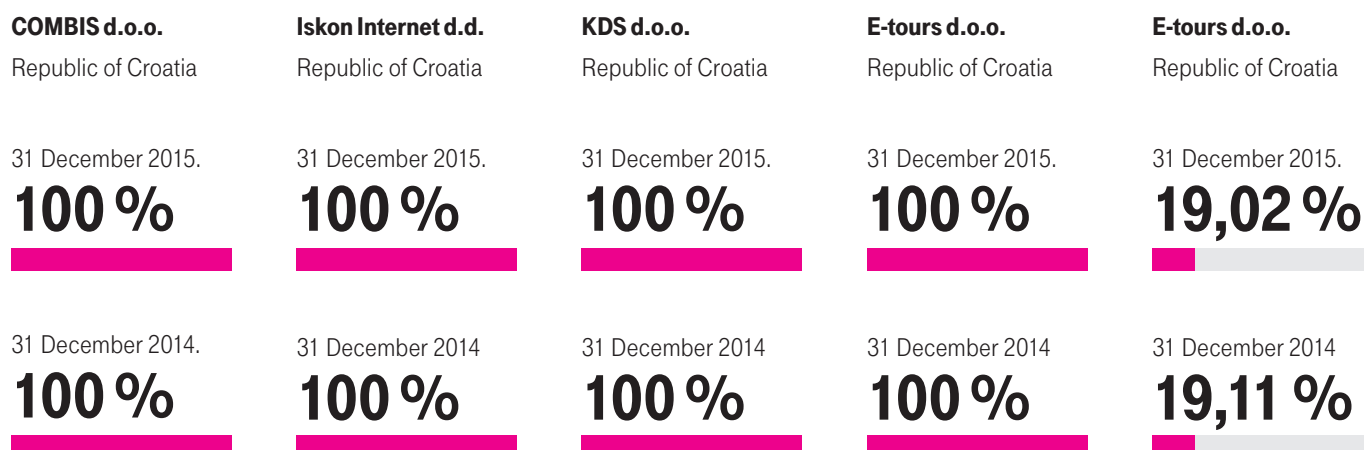
and Sale Centre (CERP)/Republic of Croatia holding 2.9%.

The remaining 39.1% are owned by Croatian citizens and other domestic and foreign institutional investors. The company Raiffeisen obvezni mirovinski fondovi (Raiffeisen Mandatory Pension Funds) is the investor with the largest shareholding among private and institutional investors. As at 31 December 2015, Raiffeisen obvezni mirovinski fondovi had 8.7% of shares of the Company.

HT Group

HT Group is comprised of Hrvatski Telekom d.d. and the following subsidiaries:

Ownership share



COMBIS D.O.O.

COMBIS, a regional systems integrator, is a member of the HT Group and wholly owned by Hrvatski Telekom since 2010. The company is focused on the development of application, communication, security, and system solutions and the provision of development and integration of ICT solutions, management of ICT infrastructure and support, and with the integration of advanced technology it provides complete business solutions, tailored to the specific requirements of customers, according to the "turnkey" principle.

In Croatia, it is present with eight service locations, and for years it has been active in the region, with three service locations in Bosnia and Herzegovina and in Serbia. With the adoption of contemporary trends of European and international business, and continually improving the quality of work and working environment, COMBIS is today among the leading ICT companies in the region in the segment of service provision, and is the leading provider of IT services in Croatia.

ISKON INTERNET D.D.

Iskon is a modern telecom company recognized for its dynamic and entrepreneurial business culture and service quality, and developed relationships with private and business customers who are provided broadband Internet access based services.

In addition to the Internet, it provides telephony service and digital television (IPTV) services, as well as viewing TV content via mobile devices.

The company operates as an independent company, and since 2006 it is a member of HT Group and wholly owned by Hrvatski Telekom.

Through its own infrastructure, Iskon provides services in the area of Zagreb, Split, Dubrovnik, Rijeka, Pula, Osijek, Velika Gorica, Samobor, Opatija, and Solin, while its association with the HT Group provides availability in the whole of Croatia.

KDS D.O.O.

KDS – Kabelsko distributivni sustav (Cable Distribution System) – is a limited liability company for telecommunications services.

E-TOURS D.O.O.

e-Tours d.o.o., travel agency, is a member of the HT Group and wholly owned by Hrvatski Telekom since 2013.

The Company provides services of flight ticketing, accommodation, packaged travel, and car and boat rental.

OT – OPTIMA TELEKOM D.D.

Optima Telekom (OT) is a fixed telecommunications operator whose IP-technology based network, which provides greater networking through the dominance of broadband connections, is present in more than 100 Croatian towns. By using the latest technology and global telecommunications solutions, Optima creates added value in the fixed market in Croatia. Citizens are given the option to choose and upgrade voice services, data transmission, Internet, and video content.

After the pre-bankruptcy proceedings and with the strict requirements of the Croatian Competition Agency (AZTN), in 2014 Hrvatski Telekom

took over the management of Optima Telekom. The aim is to improve the market position of OT and stabilize its financial results for the purpose of protecting the interests of customers, employees, shareholders and other stakeholders of OT and the telecommunications market in general.

Each of the member companies of the HT Group, (Iskon, COMBIS, KDS, E-tours, and OT-Optima Telekom) has its own Management Board responsible for managing the business operations of the respective company.

This Report covers activities of HT and COMBIS.

Awards and recognitions

Hrvatski Telekom is continuously working on improving the quality of services and products offered, which is being recognized every day by the wider community, the professional world, institutions, and partners.

In 2015, Hrvatski Telekom was the recipient of many awards, including, particularly worth mentioning being the award for the second place in “Best Investor Relations” according to the choice of Poslovi dnevnika magazine and the Zagreb Stock Exchange. Candidates for the award were companies whose shares were included in the calculation of the CROBEX 10 Index and companies listed in the Regular Market of the Zagreb Stock Exchange. The winners were determined on the basis of statistical criteria related to compliance by the issuers with the Exchange Rules and results of a survey conducted among capital market participants.

Furthermore, at the 5th Regional Investor Conference held in Belgrade, Hrvatski Telekom won the second prize in the category for Best Investor Relations. The rating was conducted based on around 20 selected criteria, of which the most significant were those concerning the quality of announcements for the investor community, transparency in relations with analysts and investors, participation at investor conferences, and, in general, the overall appearance on the capital market. Hrvatski Telekom can also boast to be the winner of the “Share with Highest Turnover” prize awarded by the Zagreb Stock Exchange for 2015, as well as to be the holder of the Employer Partner certificate, awarded to companies with a highly developed human resources management system.



Certificates

Since 2002, HT has been the holder of the ISO 14001 certificate and the certificate under the OHSAS 18001 standard.

In October 2015, the renowned international certification organization DEKRA conducted an external audit of HT's Integrated Environmental, Health, and Safety at Work Management System as part of the Integrated Management System of Deutsche Telekom Aktiengesellschaft. The audit findings were affirmative and confirmed that environmental care had been integrated in all work processes and that employees were highly aware of the importance of environmental protection.

HT also has the ISO 27001 certificate for information security.

Furthermore, the management systems have also been certified to the ISO 9001 standard in HT's organizational units related to human resources and corporate strategy and business development.

In 2008, oekom research AG included HT in the PRIME category of companies as a result of its corporate responsibility standards and sustainable development policy. In 2014, this category was confirmed for the next period.

Hrvatski Telekom provides the fastest mobile Internet and the best mobile voice service among all networks in Croatia, as confirmed by tests conducted by the company P3 Communications. HT was therefore awarded a P3 "Best in Test" certificate, an internationally accepted proof of network quality.

For the third year in a row, Hrvatski Telekom was awarded the prestigious Employer Partner Certificate for excellence in human resources management and thus reaffirmed its position among companies with the best business practice in the area of development, monitoring, motivating, and rewarding of its employees.

Particularly in the area of rewarding employees based on achievement of strategic targets, HT achieved the best possible result.

In 2014, HT is the sixth consecutive year has been included in the CEERIUS Sustainability Index for 2015, the sustainability index of the Vienna Stock Exchange for the region of Central and Eastern Europe, which evaluates the leading companies in this region in terms of social and environmental quality, as and economic effect.

In 2015, Hrvatski Telekom was also awarded the prestigious Mamforce Company Standard. An independent assessment was conducted of HT's current practices, as well as of new responsible policies and practice to be implemented during the following year besides the existing positive policies in the segment of family responsibility and gender equality.

COMBIS has a defined Quality Policy that has been presented to all employees. The COMBIS Quality Management System has been certified to the ISO 9001:2009 standard.

Moreover, COMBIS has also met the safety standard confirming its responsible conduct with regard to its own and other parties' information. This certification confirms that COMBIS has implemented an Information Security Management System that meets the requirements of the ISO 27001 standard.

This standard calls for a systematic approach to conducting controls in order to make information available only to those who need to have access to it, and to allow information to be changed only by those who have permission to make changes; it also sets forth that documents must have security classifications. Furthermore, ISO 27001 establishes a firm and formalized responsibility system, guarantees reliable software infrastructure, and confirms implemented control by means of the "Log & Audit" policy.

Best in Test
CEERIUS Sustainability Index
oekom Prime category of companies



Memberships

The cooperation of HT with business and interest organizations is focusing on exchange of information and development of good practice in business operation as well as on mutual and public exchange of views.

Thus, in addition to acting independently through public appearances in the media and participation in round tables and conferences, HT, as an operator of electronic communications services, also acts on the national level through participation in the work of the Mobile Communications Association of Croatia and in the Telecommunications Association with the Croatian Chamber of Commerce, publicly representing the joint interests of the member operators. Moreover, HT is a member of the European Telecommunications Network Operators' Association (ETNO) and of the GSM Association, which advocate the promotion of operators' interests within the electronic communications sector on the EU level.

Since 2007, HT has been a member of the United Nations Global Compact initiative that connects the business sector with UN agencies, governments, and the civil society in supporting the basic social values in the areas of human rights, workers' rights, environmental protection, and fight against corruption.

HT is also a signatory to the Environmental Protection Charter, the Sustainable Development Charter, and the Corporate Responsibility Charter.

Hrvatski Telekom has been a member of the ABC Croatia organization for many years.

ABC Croatia is a tripartite organization of publishers, event organizers, advertisers, and marketing agencies, whose goal is to use certified data to enable publishers and event organizers to successfully sell advertising or exhibition space and sponsor coverage. On the other hand, it aims to offer advertisers and agencies accurate and relevant data for efficient investment in advertising in print media and events, which is very helpful in the planning and distribution of funds earmar-

ked for advertising HT offers to customers. ABC Croatia is a full member of the International Audit Bureau of Certifications – IFABC.

HT has been actively participating in the work of the Energy Association with the Croatian Employers' Association since its inception in 2013. The goal of the Energy Association is to provide a better and more sustainable economic environment by including energy production in the national strategic plan.

HT is a member of the Croatian Business Council for Sustainable Development (HR PSOR), a non-profit institution established in 1997 that caters primarily to the private sector, promotes sustainable development in the economy, and represents the economy in sustainable development. Its members – representatives of the Croatian economy, public institutions, and non-governmental organizations – are pooling know-how, innovative capacity, and responsibility in the search for development paths that will balance business success, social well-being, and environmental protection.

COMBIS is a member of the Information and Communication Business Association at the Croatian Employers' Association (CEA), of the Association for Information and Communication Business at the Croatian Chamber of Commerce, of the Croatian Association of Net Technology Distributors (HUDNT), and of the Global Compact Network Croatia.

Due to the excellent results achieved in the field of Citrix business operations and due to meeting a number of strict conditions, COMBIS has become a Citrix Platinum Partner – the first one in the region to hold the highest status a Citrix partner can achieve.

Previous COMBIS' experience with Citrix is really rich – COMBIS has been a Citrix partner for 15 years, and during that period COMBIS has achieved by far the largest market share of Citrix technology in Croatia, with a significant role in the regional market.

In 2015, COMBIS raised its expertise in Oracle technologies to the next level and achieved Oracle Platinum Partner status. To achieve this status, COMBIS' experts had further improved their expertise in the field of Oracle technologies. Combis now owns five specializations: Oracle database specialization, Oracle Hyperion and Oracle Java platform specialization, and the specialization for the public and the financial sector.

Activities focused on the customer

Hrvatski Telekom is constantly focused on customer satisfaction and quality of its value added services related to broadband access. We trust that by such approach, by further growth, increase of HT's potential, by top infrastructure, and by keeping and developing our services, we will justify and reinforce our leadership on the market in the years to come.

Today we are rightfully called one of the most powerful economic entities in the country, and as such, we were and have remained one of the key drivers of the Croatian economic development, but also a respectable corporate citizen who, through its business and activities, keeps contributing to the society as a whole.

COMBIS builds integrated IT business solutions based on top-quality services and leading world technologies. In its 25 years of operation, COMBIS has developed a broad portfolio of solutions and

services for the growing needs and innovative requirements of its customers. COMBIS' mission is to enable the users of its solutions to improve their business results by concentrating on basic activities and efficient use of information technologies.

COMBIS' values are expertise, work, team spirit, customer care, reliability, responsibility, open and friendly communication, and winning spirit.

COMBIS' vision is to be a renowned regional IT company with market-recognized ICT solutions based on top-quality services and leading global technologies.



Activity areas of corporate social responsibility

In 2015, HT Group adopted the Corporate Social Responsibility Policy, which is designed as a basis to be used by the Group for definition, maintenance, monitoring, and further development of its responsibility with regard to corporate responsibility and related obligations, as well as of its work and coordination processes. The

Policy was also adopted by all other members of the HT Group.

The strategy of corporate social responsibility and sustainable business operation of Hrvatski Telekom defines three main areas which the activities are focused on:



Technology and Communication

Our business is predicated on enabling the best possible connection in private and professional life. Our goal is to develop innovative and top quality telecommunications solutions and to offer services that will improve everyday life through first-class communications and connectivity.



Education and Digitalization

Our goal is to provide access to telecommunications services to as many people as possible and to integrate them into a knowledge society. We wish to make advanced technology available to everyone and at any time.



Environmental Protection

One of our key objectives in the area of corporate responsibility is environmental protection, responsible use of resources, and reduction of greenhouse gas emissions.

During 2015, COMBIS was focusing on the following activities:



Development of high quality communication with customers and detection of their current and future needs.



Supporting new generations of the IT community and promoting the culture of internal startups.



Improving the quality of work and the workers' creativity and rest by opening of a relaxation area within COMBIS – the ComZen.



Organizational changes required to build the company are fully adjusted to the market and to operational needs in a fast evolving world.

Compliance

Compliance with laws and other regulations, along with the observance of internal rules and the Code of Conduct are the basis of responsible corporate governance or, respectively, an imperative prerequisite for business success and essential aspect of every business process. In order to prevent possible negative consequences and to ensure compliance of all business processes with relevant regulations, we are actively promoting the principles of ethical business by means of a compliance framework. The Compliance Officer function, the Business Compliance Department, and the Business Compliance Committee were formed by HT already in 2008. Furthermore, employees can ask questions pertaining to the interpretation of regulations, internal rules, and advice on how to proceed in specific business situations by means of Intranet and the "Ask Me!" portal, while detected irregularities can be reported anonymously via the "Tell Me!" portal. Furthermore, HT's Ethics Line represents a significant tool for our customers and other interest subjects, providing a channel for reporting detected irregularities and ensuring transparent business operations.

HT's Compliance Management System is fully integrated and coordinated in terms of methodology with the requirements of the Deutsche Telekom Group. The Compliance Management System's efficiency is tested on a regular basis by independent audit companies. Successful certification of the compliance function in 2010 was followed by certification of critical business processes in 2013. The results of the tests conducted by the audit company Ernst & Young showed high efficiency of the anti-corruption control environment as integral part of HT's business processes.

Trainings on business compliance are conducted by Hrvatski Telekom on a regular basis. In 2015, within this activity, the training conducted dealt with topics of anti-corruption and compliance with laws, regulations, and internal rules. The training covered more than 200 employees and managers in all regions, as well as 45 employees of external partners. In addition, the web site of the Business Compliance Department provides access to all important information and is available to all HT Group employees.



Anti-Corruption Policy

The Anti-Corruption Policy, binding for all employees and managerial staff of the HT Group, was adopted already in 2010.

As required, the existing policy was harmonized in 2012 within the entire Deutsche Telekom Group and served as a basis for the adoption of detailed internal rules, such as: Policy on Accepting and Granting Benefits, Policy on Avoiding Corruption Risks when Working with Consultants, and Guideline for Prevention of Conflicts of Interest. Such internal rules clearly define HT's position towards all possible negative occurrences in business operations and lay down a clear framework for the behavior of all its employees and managerial staff, providing practical provisions on permitted and prohibited conduct in business operation. The goal of such clearly defined and communicated anti-corruption rules is to guarantee a high level of ethical principles in our business dealings to our customers, business partners, and to the wider community.

The Anti-Corruption Policy, as well as all other related internal acts, are

also applied to the subsidiaries Iskon and COMBIS. Optima Telekom d.d. has also adopted the above mentioned policies and rules, taking into account the special status of this company within the HT Group.

Combis adjusted and adopted the Policy on Prevention of Corruption and Other Conflicts of Interest – Anti-Corruption Policy harmonized at a DT Group level, the Policy on Accepting and Granting Benefits, and the Event Policy in 2013, as well the Antitrust Policy and the Policy on Avoiding Corruption Risks when Working with Consultants in 2014.

COMBIS is also a signatory of the Code of Business Ethics at the Croatian Chamber of Commerce, which includes written clauses on obligations to respect human rights, and COMBIS is bound to observe such clauses.

Furthermore, in line with the initiatives aimed at raising awareness of corruption risks within the Deutsche Telekom Group, HT is observing the International Anti-Corruption Day (9 December), during which various activities of providing information to employees are conducted across the entire HT Group.

Code of Conduct

HT Group's Code of Conduct establishes clear guidelines and values that have to be observed by every employee of the Group. The Code was also adopted by COMBIS as a member of the HT Group.



Corporate Responsibility Policy

HT also has a HT Group Corporate Responsibility Policy. This Policy has been designed as a basis to be used by the Group for definition, maintenance, monitoring, and further development of its responsibility with regard to corporate responsibility and related obligations, as well as of its work and coordination processes.

In 2015, the HT Group Corporate Responsibility Policy was adopted by COMBIS as well.

There are many examples of quality work and connection within the Group, such as the very well received employee performance awarding scheme "Thank You!", which was applied in 2015 in COMBIS, too. Also, a good example is COMBIS' participation in the project of development of new Hrvatski Telekom services – HT BusinessConnect and HT WebConnect. The HT BusinessConnect and HT WebConnect services are part of a unified communications

platform based on the Unified Communications solution, and COMBIS was involved in this project by designing and implementing the new solution for Unified Communication (UC) functionalities and by implementing a high-level protection for the customers.

Being the best on the market involves special responsibility. This is why we are constantly revisiting our business orientation and discovering new ones. Namely, in 2015, a new strategic area was created for integrated IT solutions and services. In terms of organization, this new strategic area of COMBIS consolidated several areas focused on provision of IT services with business counselling, aimed at the creation of a new platform integrating complex IT services and solutions.

In addition, in the course of 2015, COMBIS consolidated the field of IT security and thus created differentiation of solutions and services and enabled the continued development of superior expertise. By consolidation of the security portfolio, Combis continues to develop security solutions for customers, but also improves specific services for customers – integrated safety assessments for determining the level of IT security, incident management in the form of recovery and prevention of damage, and there are also some new consulting services announced.



Corporate Social Responsibility

Responsibility towards the society

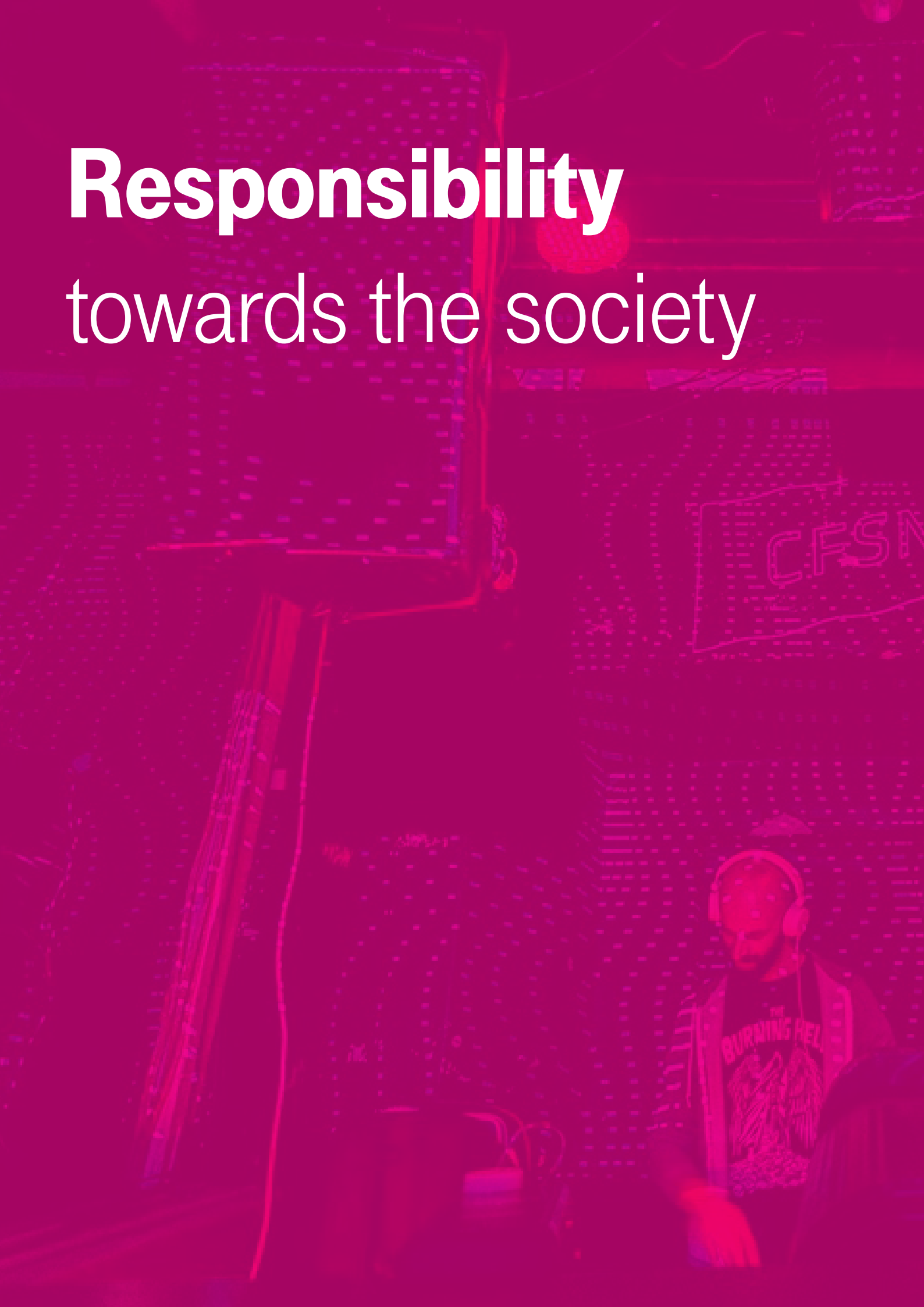
Responsibility towards employees

Responsibility towards customers

Responsibility towards suppliers

Responsibility towards the environment

Responsibility towards the society



Philanthropy and Voluntary Work

Hrvatski Telekom regularly collaborates with educational, cultural and scientific institutions, and non-governmental organizations caring for persons with special needs and the disadvantaged, as well as with organizations promoting civil society values.

Most of the projects are long term, ensuring their greater efficiency, and Company employees personally participate in many of them; this way, the Company and its employees participate directly in humanitarian projects.

In addition to financial support, they are also provided with services, expertise, and technical resources. In doing so, Hrvatski Telekom participates in numerous humanitarian projects; the Company also makes available humanitarian telephone lines to the associations that organize campaigns, fully waiving its earnings from such calls.

Since 2001, HT has been supporting a large number of initiatives by making available humanitarian hotlines, thus enabling the widest public to contribute and give its support. In 2015, we used this approach to help the “RTL Helps Children” Association, the Ana Rukavina Foundation, and the Union of Societies Our children Croatia to make their goals come true.

COMBIS always strives to spread its social responsibility towards the

community through all aspects of the socially responsible corporate behavior by putting the emphasis on the support to a human aspect of business. Therefore, we have strived for years to support the development of education, health, and culture.

In the course of 2015, by means of donations and sponsorships, COMBIS provided support to various projects ranging from humanitarian aid, improvement and development of education, to supporting urban culture and exchange of knowledge through Croatian and regional ICT conferences.

In 2015, financial donations were made to support the Zagreb Association of Physically Disabled People “Expeditus”, we supported the “Peraja” Swimming Club in the organization of a swimming competition and helped to organize the Mobile Challenge Cup of the Zagreb Polytechnic, a mobile application creation contest. Furthermore, we supported the “Professor Baltazar” Association by donating equipment for the organization of the fourth Science Picnic, a project that popularizes science and art.

In 2015, COMBIS celebrated 25 years of existence, and considering the fact that the company’s establishment was based on the positive energy of its employees, the celebration of its anniversary was focused on them and on a community work action. On that occasion, more than 200 employees of COMBIS cleaned beaches on several spots of the Jarun Lake. Jarun was chosen as one of the best-known Zagreb spots for recreation, fun, and relaxation, therefore we think, and there is no doubt about it, that we all together should and can improve it.



Relations with the Community

Annual Donation Competition “Together We Are Stronger”

By means of the “Together We Are Stronger” competition, Hrvatski Telekom is constantly turning its attention to local communities, supporting humanitarian and other valuable projects of local communities.

Since the inception of the competition 10 years ago, HT has donated more than HRK 8 million in supporting the realization of almost 240 valuable projects.

**ZAJEDNO
SMO
JAČI**

As in former years, the competition was open to non-profit associations seated in Croatia that were invited to submit projects in one of the three categories:



Technology and Communication

for projects using robotic or sensor systems and innovations in media and communications



Education and Digitalization

for projects using mLearning and eLearning, related to life-long learning, talents, children and youngsters, and equal opportunities for inclusion into the digital society



Environment and Sustainable Development

for projects that raise environmental standards and awareness of citizens by applying innovative information and communication solutions

The submitted projects had to apply at least one telecommunications technology and had to be of importance for the local and wider

social community. The project's total donation budget amounted to HRK 720,000.

Knowledge Society

Support to Expert Gatherings and Conferences

Hrvatski Telekom is playing a key role in the development of a knowledge society by supporting various gatherings of scientific experts, such as WinDays, the MIPRO Conference, the COMBIS Conference, the SEE Cloud Computing Forum, the Bug Future Show, the Idea Knockout, and other events related to the ICT and telecommunications sector and their communities. Thus, HT provided the infrastructure, technical support, and equipment to a wide range of local and international forums and conferences.

For many years in a row, Hrvatski Telekom has been supporting the “Days of Communication” Conference designed as a central place for the gathering of marketing professionals and communicators. In addition to the three-day education and entertainment program and a series of professional competitions, participants can also exchange experience and establish connections within the marketing industry. The key objectives of the Days of Communication are to further educate, inspire, award creativity and efficiency, connect marketing professional, and persist in creating awareness of the importance of marketing communication processes in a changing market environment.

Hrvatski Telekom is a long-standing partner of the Weekend Media Festival, the largest regional communications festival in Croatia that

gathers top leaders and experts in communication and business industries. Weekend presents new “game changers”, gives new viewpoints on business, offers new creative solutions for real business problems, introduces new trends, gathers necessary information from neighboring countries, but all that while having lots of fun. Representatives and experts of HT regularly participate in the specialist lectures. In line with the daily and incessant changes, this three-day festival brings together new visionaries and forward thinkers.

Traditionally, COMBIS encourages and supports exchange of knowledge at various ICT conferences, both in Croatia and abroad. In 2015, COMBIS sponsored Cisco Connect, Microsoft Windays, Oracle Day, the OMGcommerce Conference, the Telco Cloud Forum, and two IDC Conferences – in Ukraine and in Poland.

Moreover, high expectations were met by the 9th Combis Conference held this year under the main theme “Feel Digital. Live Digital” in Šibenik, where it gathered 400 participants from Croatia and the region. The Combis Conference gathered a record number of sponsors and media sponsors, which is a significant indicator of the quality and value of this traditional gathering, as well as of the increasingly prominent need to stimulate more positive economic development by means of ICT.



Collaboration with the Academic Community

In our Company, trainees are always welcome – we support young people who have a lot of positive energy and a thirst for knowledge, to let them gain initial experience that will help them to find their way on the labor market.

Hrvatski Telekom is responsibly accepting its role as a technology leader in the society and one of the leading Croatian companies. Investment in knowledge is our determinant: in 2015 once again, we awarded scholarships amounting to HRK 3000 per month to excellent students of the Faculty of Electric Engineering and Computing. Furthermore, we include scholarship recipients in the life of various companies already during their studies, not only assisting them in the preparation of their diploma thesis, but also providing them with an opportunity to acquire

practical knowledge that will raise their personal competitiveness.

We collaborate with student organizations by participation in competitions for preparation of business cases and participation in career fairs, but also by frequent appearances of our experts at faculties where students gain specific knowledge from practice.

We frequently use workshops to prepare students for selection interviews and writing of CVs, letting them know how they can appear at their best. We particularly point out the significance of their presence on the web and in social networks.

In the segment of education improvement and development, by sponsoring the eSTUDENT association, COMBIS supported the organization of the mobile application creation contest, the “App Start Contest”, as well as “Starter”, a project aimed at student employment.





Culture

For many years, Hrvatski Telekom has been supporting cultural events in Croatia. The focus was on big Croatian film festivals. The annual film-festival tour started with ZagrebDox – the International Documentary Film Festival, followed by the Pula Film Festival, the Motovun Film Festival, the Vukovar Film Festival, MAXtv Filmomanija, and, finally, the Zagreb Film Festival.



T-HTnagrada@msu.hr

The T-HTnagrada@msu.hr contest was held for the eighth year in a row. The T-HTnagrada@msu.hr is one of the most prestigious annual prizes in the field of contemporary art in Croatia. From 166 works submitted to 2015 contest, the expert jury selected 31 works, in addition to three invited artists, which makes a total of 34 works that were presented at the Museum of Contemporary Art. The majority of selected works used photographs as a medium, followed by film and video, while a smaller part of works was realized on the medium of painting, drawing, and sculpture.



Roman@tportal.hr Award

For the eighth consecutive year, tportal ran a competition for the roman@tportal.hr literary prize. The expert jury of the literary award roman@tportal.hr selected the best Croatian novel published in the previous calendar year by publishing houses registered in Croatia. The winner of HRK 50,000 was determined by a jury comprised of literary professionals, including the winner of the roman@tportal.hr award of 2014, Kristian Novak, the president of the jury, as well as the critics, writers, and editors Miroslav Mićanović and Jadranka Pintarić.

The jury of tportal's literary award selected the novel "Roki Raketa" by Zoran Malkoč as the best novel among 52 novels received for this year's contest.

As a traditional sponsor of urban culture, COMBIS, in its capacity as a



Sport

For more than 15 years, Hrvatski Telekom has been supporting Croatian football. Football is the most important side-line in the world; it has many fans and is able to convey the strongest human emotions. Hrvatski Telekom is a long-standing title sponsor of the Croatian National League, from time to time also a sponsor of the Croatian National Team. By sponsoring Croatian football, HT is ensuring top-notch sports content for users of MAXtv services.



Music

For several years in a row, Hrvatski Telekom has been supporting the Electronic Beats festival organized by Deutsche Telekom. The Electronic Beats festival of modern electronic music brings together national and international performers of electronic music, for instance DJ Koze, Young Fathers, Talisco, Ten Fe, and many others.

In 2015, HT supported Ultra Europe Music Festival for the first time – a spectacular music event with cult status – that took place from 7 to 15 July in Split. In cooperation with Samsung, HT prepared special offers of its products and services for visitors of the Ultra Festival, paying special attention to foreign tourists and festival visitors. In addition to the products and services offer, HT and Samsung prepared a fun adrenaline corner in the joint festival zone of the Poljud Stadium, where visitors were waiting for good fun and refreshment every day. The festival saw an attendance of over 140,000 visitors from all over the world, and visitors could enjoy the fun event on several locations in Split and on the islands of Hvar and Vis. The biggest spectacular electronic music event in the region took place in Split, at the Poljud Stadium, while at the locations of Hvar, Vis and other wonderful and attractive bays of the Croatian Adriatic coast, various parties were organized, such as the Ultra Beach Party, the Closing Party, and several other music events for smaller visitor groups. This spectacular event was kicked off by the Opening Party at the Hemingway Club in Split.

Responsibility towards employees

The image shows two women in an office setting. One woman is seated at a desk, smiling as she works on a laptop. Another woman is standing behind her, leaning over her shoulder to look at the laptop screen. The entire scene is overlaid with a semi-transparent pink filter. The text 'Responsibility towards employees' is written in white, bold, sans-serif font across the top left of the image.

Employee Satisfaction Survey

It is our wish to form the desired corporate culture on the basis of proposals and suggestions offered by our employees. Therefore, the opinions of our employees, their satisfaction, and standpoints with regard to all factors of corporate culture are extremely important to us. So, in May 2015, a comprehensive employee satisfaction survey was conducted that saw a participation of 75 per cent of employees.

In addition, the survey was supplemented by focus groups in order to obtain quality data on all areas that, as indicated by the results of

the survey, needed to be improved.

A comprehensive follow-up was conducted: results were communicated in teams, results were discussed in workshops, and improvement measures were defined, both at the company and team level.

In November 2015, a brief Pulse survey was conducted to measure the effectiveness of actions taken and of improvements resulting from such actions.

Zdravko – Healthy Life Program

Stress prevention and maintaining a balance between the employees' work and life – these are areas identified by our Company as extremely important for the preservation of employees' health and well-being.

Based on research results that indicated exposure to stress at work, which is typical for the dynamic telecom industry with frequent changes and the need to acquire new knowledge, we developed a program to prevent stress at work.

Although the Company is constantly working on stress prevention, measures additionally taken include the "Friday in Slippers" pilot project, which allows work at home, Yoga and Pilates for our employees, flexible working hours, and one day of paid leave for free of charge full medical check-ups for employees. Educational programs and trainings enabling employees to master stress management and time management and to acquire interpersonal skills prevent negative health impacts of stress.

Our "Healthy" ("Zdravko") Intranet portal intensively promotes employees' health care and disease prevention. Physical exercises at the workplace,

educational articles on health, but also free cinema and game tickets are just some of the activities covered by our "Healthy" program.

Supporting the balance of professional and private life, we endeavor to enable our employees to enjoy their free time with their families. This is even more important if we consider the fact that in our still traditional company, we have 43 per cent of female employees at managerial positions. Parents of first graders get one day of paid leave for the child's first day at elementary school, so that they can spend that special day with their children. "Christmas for Kids" has already become a standard get-together organized for our employees' children. During the festive season, our employees are pleased to receive their Christmas bonus, as well as the Easter voucher.

The result of our activities aimed at maintenance of the work-life balance is certainly the MAMFORCE Certificate awarded to us in 2015 – a recognized mark of quality, certifying employers' competencies in the implementation of human potential management policies that observe family responsibility and gender equality.

We are proud of our commitment to respect diversity and promote equal opportunities. A high proportion of female employees holding managerial positions, which by far exceeds the Croatian average, has been our tradition for many years.

HT World

HT World is a program created on the basis of employees' suggestions and expectations; it aims to provide employees with more mobility, more flexibility, and with numerous options in day to day business and personal communication.

The HT World program includes activation of our mobile tariff for all employees, use of our services and products, testing and participation in the creation of new products, inclusion of family members into this program, and better mobile phones for all employees.

In order to really be promoters of our services and of our vision of the digital society, we need to use the respective services ourselves. HT World offers the option of inclusion of our employees in development of our services, so that we obtain feedback from them, which will help us to improve the customer experience. Because we are not only employees, but also users of the services of our Company. And who would be better suited than us to test and evaluate HT services?



Leaving the Company

The Company has demonstrated high levels of sensitivity and responsibility towards all employees who have left the Company for business-related reasons. In addition to severance payments exceeding the amounts prescribed by law, during the notice period, employees can access contents and services from the Support Plus Program. Furthermore, in 2015, costs of re-qualification or outplacement of departing employees were borne by the Company in order to increase the employees' competitive capacity on the labor market. Hrvatski Telekom is a Signatory to the Charter Recognizing

Competences Acquired by Volunteering.

Hrvatski Telekom has recognized volunteering as a form of experience-based learning that lays the groundwork for development and improvement of competences that are required and useful for active participation in the society, for personal and professional development, and for social well-being. Recognition and valuation of competences acquired by volunteering is an expression of the employer's willingness to recognize and value personal and social responsibility for a mutual benefit.

Employee Development

Hrvatski Telekom is a knowledge company. Lifelong learning and continuous acquisition of new knowledge is a priority for each employee. To enable employees to cope with the changes brought about by dynamic development, strategically planned human resources prepare employees for achievement of the set company goals. In addition to professional education, certification, and traditional forms of training, we have developed an overall network of internal transfer of knowledge, as our competent experts, the T-trainers, have both the competences and the desire to transfer know-how to their colleagues.

Assuming responsibility for one's own development has also been achieved by Education of Your Own Choice, where employees decide for themselves which training courses they wish to attend.

Development programs resulting from business requirements, realized

through the Technical, Marketing, and Sales HT Academy, inform our employees about the latest trends and achievements in this segment.

Based on the set criteria, employees even have the opportunity to attend postgraduate studies and MBA or to receive education in a number of professional programs within the DT Group. Hrvatski Telekom is a digital company, and this is why the e-learning system is particularly well developed, enabling education at times and from locations at the employee's choice. The world of telecommunications, services, company processes, professional skills, and financial knowledge are just some of the topics covered by e-learning.

A specific form of employee development intensively practiced by HT is the very popular job rotation within the Deutsche Telekom Group, which offers the opportunity to work, for a defined period of time, in one of the DT Group member companies. This way, employees gain intercultural experience, as well as the opportunity to learn about the latest achievements in other companies.



Thank You for the Extra Mile

Hrvatski Telekom continues to reward, on a quarterly basis, those employees who have particularly excelled at their work, either by result, by working from the heart, by innovation, or by collaboration.

This way we wish to give those employees credit for their excellent performance, which is reinforced by communicating about the recipients of the reward on the Company's IntraNet.

Zen room

In September 2015, COMBIS opened the doors of the newly refurbished area for socializing and relaxation, the Zen Room, at an investment of HRK 100,000. This is a multifunctional room called ComZen, as proposed by the employees, offering, among other things, table tennis, table football, darts, massaging and relaxing chairs, and a pinball machine. By the end of the year, during the festive season, a PlayStation 4 was added to the ComZen.

Opening of the Zen room is just the beginning of investments in this direction, as COMBIS' management believe that, in addition to interesting and innovative projects, an encouraging and positive atmosphere in the business environment is set high on the priority list of young and satisfied employees.

COMBIS pays a lot of attention to quality communication with employees, which is continuous and aims to inform them about important events, initiatives, but also to engage employees for both business and other initiatives, such as organizing help for colleagues in need. Communication is realized through the internal herald, by announcements via e-mail, and via the internal social network.

Two-way communication with employees is also encouraged at all joint meetings of individual sectors or at the All Employee Meeting, and the employees are not afraid to ask questions.

A trade union branch office of the Croatian Union of Telecommunications is active in COMBIS. In 2015, 23 per cent of employees were members of this branch office.

In COMBIS, the employees are provided with the following benefits: health care, pension insurance, accident insurance, transportation allowance, allowance for the use of a private vehicle for business purposes, mobile subscription and costs approved in accordance with the job position, favorable crediting conditions provided by the company's bank partners, voluntary health insurance, one-time payment for the birth of a child, one-time payment for children's gifts, bonus pay-out to all employees if the revenue/profit plan has been realized, and one-time allowance in the case of the death of a close family member. All employees who have a company vehicle at their disposal are entitled to buy it after leasing expiry at a preferential price. After 10 or more years of uninterrupted work with COMBIS, employees are paid out a one-time jubilee bonus.

In the reporting period, COMBIS contracted one-year voluntary health insurance for all its employees. Such insurance covers one detailed medical check-up and other medical examinations depending on the medical indication.

Each company should be the incubator of competent and capable employees who are able to cope with their challenges in professional and private life. To achieve this, a whole lot of expertise and personal skills are required, and this is what makes a big difference between experts. COMBIS supports education of its employees and provides them with financial assistance, while the HR Department at COMBIS is open to all questions of employees, as well as prepared to offer advice to employees who plan to go into retirement.

At the end of 2015, COMBIS had a total of 385 employees, of which 358 were employed in Croatia, 22 in Bosnia and Herzegovina, and 5 in Serbia.

A woman with dark hair is lying on a bed, wearing large headphones. She is smiling and looking towards the camera. The background consists of a woven basket and a striped blanket. The entire image is overlaid with a semi-transparent pink color.

Responsibility towards customers

Customer Satisfaction Surveys

HT monitors customer satisfaction by means of two key forms of surveys: TRI*M and ICCA.

HT monitors customer loyalty using the TRI*M methodology. Customers are asked specific questions about products, prices, touch points, and processes. The results are monitored and reported to all levels from the Management Board to each individual employee.

2015 TRI*M results are positive, indicating that customers have recognized HT's efforts to provide excellent customer experience.

The ICCA (International Customer Contact Analysis) is used to monitor customer satisfaction with all of HT's touch points: call center, IVR self-service, T-Centers, field technicians, door-to-door service, and official HT website. The survey is conducted by a poll individually adjusted to the touch point, on a daily basis, upon completion of the last interaction with HT.

By completing the poll, customers have the opportunity to rate the competence and kindness of the agent or sales representative with whom they had the last interaction, as well as the duration and quality of realization of the interaction itself. The results are monitored and reported to all levels, from the Management Board level to the level of each individual agent or sales representative. Based on the supplied results, HT takes short-term and long-term measures to improve the quality of work of agents and sales representatives as well as processes.

2015 ICCA results exceeded the realization of the set customer satisfaction target at a total value of 188%. Customers considered the interaction with field technicians and T-Centers to be the best.

HT continues to employ the same method in 2016 as well, as the ratings and opinions of its customers are used as a basis for its proposals regarding improvement of its operations aimed at achievement of a higher level of customer satisfaction.



Communication with Customers

Customer Service

Customer care and customer satisfaction are in the focus of HT's call center activities.

The customer service unit answers customer calls, accepts complaints and fault reports, and resolves customer inquiries on a 24/7 basis, either by telephone, via e-mail, telefax, or social networks.

In order to facilitate communication with HT and make it more accessible for its customers, in 2015 an on-line template for inquiries and fault reports was created for the customers. Throughout 2016, HT continues to improve the services of the customer service unit according to the customers' needs.

Social networks are among the most effective and most direct communication channels. More than 230,000 fans on HT's Facebook

page and more than 15,000 fans on Twitter bear witness to the extremely positive customer response.

According to a survey by Quadrans agency about the activities of the 100 largest Croatian companies on social networks, Hrvatski Telekom is at the very top of the list.

Furthermore, according to analyses conducted by Socialbakers company on a global level, Hrvatski Telekom held a dominant position in 2015 as the number one brand in the Republic of Croatia in terms of commitment on social networks.

As to Facebook and on Twitter, HT's average response time is 23 minutes on Facebook and 14 minutes on Twitter. HT responds to 99% of inquiries on Facebook and to 82% of mentions on Twitter.

Customer Service:

24/7



more than 230 000 fans on Facebook.

Average response time: 23 min

99% responds to inquiries



more than 15 000 fans on Twitter.

Average response time: 14 min

82% responds to mentions

Responsible Communication

In marketing communication, advertising, sponsorship, and promotion, HT applies Deutsche Telekom brand guidelines and the HURA code of advertising.

COMBIS has well-developed relations with its customers; for communication with them and with other interested parts of the local and regional community, COMBIS uses a Customer Newsletter to publish information about the company's most important events and initiatives. In addition, a direct communications channel has been opened to all Members of the Management Board, Vaš kutak, ("Your corner") and, at last, profiles were opened on all relevant social networks. Furthermore, COMBIS is constantly improving its relations with the trade union, vendors, and the owner.

COMBIS has been present on Facebook, LinkedIn, Twitter, and YouTube for quite a while, where it has a large number of followers in comparison to the rest of the IT community in Croatia; COMBIS stands out by its creative, continuous, and cooperative communication, for which the company has earned a lot of praise.

The best business networking is created by the company's employees who, by their sharing, publication, and likes, spread relevant information and participate in the building of the image of COMBIS as a modern

company, focused on innovative projects, holding a prominent spot in the regional IT community, a company that adjusts to customers, market, and trends any time. One of the goals is to get closer to the student population, but also to the demanding generation of Millennials – by relaxed communication, encouraging dialogue, and development of new ideas.

According to the last year's customer satisfaction survey, 92 per cent of respondents would recommend COMBIS. The reasons for such strongly expressed satisfaction are to be found in COMBIS' reliability, quality, flexibility, promptness, and professional approach, as well as in the competent and qualified employees.

COMBIS is an extremely flexible company, able to quickly react to market impulses, but also a company applying high international corporate criteria, which makes it an ideal partner to large companies as well.

COMBIS has eight service locations, in Zagreb, Split, Rijeka, Osijek, Zadar, Pula, Varaždin, and Dubrovnik. More so, COMBIS is active in Bosnia and Herzegovina, with headquarters in Sarajevo and three more service units, in Banja Luka, Tuzla, and Mostar, as well as in Serbia, with headquarters in Belgrade.

According to a research conducted by IDC Adriatics[1], COMBIS is not only the leading provider of IT services in Croatia, it is also among the leading ICT companies in the Adriatic Region in the segment of service provision.



Special Services and Customer Protection

Cloud Backup is a professional backup data storage service enabling simple and automated storage of backup data (Backup as a Service – the so-called BaaS) which are located on different devices. The service is intended for business customers who need data backup on a continuous basis.

The **Maxi Fiscal Cash Register** expands HT's fiscalization solutions portfolio. The solution comprising everything on a touchscreen device is intended for smaller caterers, restaurants, and various mobile businesses, as in addition to the traditional fiscalization function, it also offers merchandise transactions.

ICT Network is a comprehensive service enabling the set-up of a local network at the customer's location based on wired and wireless technologies. It is intended for all business customers that are setting up a new local network or need a redesign, optimization, or upgrade of their current local network. The ICT Network service can be realized by means of three different services: ICT LAN, ICT WiFi, and Cloud WiFi. All services include counselling, construction, and maintenance of the network.

Pantheon ERP is an integrated online solution enabling small and medium enterprises to link business processes and to fully control them in a single system. The software covers all business processes, from procurement and invoicing, accounting and payroll management, to production and business analytics. Along with the Pantheon ERP Cloud application, the customer gets its own server space for data storage, so there is no need to invest in its own infrastructure. The application performs automatic upgrades to the latest software version and makes updates with regard to changes in legislation; therefore, the customer can be sure that business operations will observe the latest rules and regulations of the Republic of Croatia. The application is hosted on secure servers in HT's Data Centre. It is most suitable for small and medium enterprises and accounting companies. Full use of the Pantheon ERP Cloud application requires Internet access and a Pantheon license.

Olivebox is an integrated solution for business management, monitoring, and analysis and for marketing intended for small and medium enterprises that wish to organize their business processes in one place. The application enables a simple production of offers, invoices, order forms, approvals, dunning letters, cost management, fiscalized invoices, etc. All data are stored in HT's Data Centre; therefore they are always secure and available.

Cloud Disaster Recovery is a complete solution providing availability of key applications and data in the case of disaster, protecting customers against potentially large losses. This service enables companies to replicate crucial servers, data, and applications in the cloud, thus protecting them in the case of natural or human caused disasters. The solution potentially saves large amounts, enabling companies to operate without interruption and loss of data.

ICT Video Surveillance is an integrated solution, easy to maintain and use, therefore business customers need neither permanently employed IT experts nor IT infrastructure. The solution is easily integrated into existing security systems and increases their efficacy. ICT Video Surveillance is a scalable solution, which means that it will meet the requirements of locations of various sizes.

The Cloud Fax service replaces the traditional telefax service and enables sending, receiving, storage, and archiving of fax messages and documents on the computer, smartphone, or tablet. The main advantages of this service in comparison to traditional faxing are savings, as there is no need to purchase a fax machine, paper, or toner, and fax messages can be sent or received from any location.

Cloud Document Management is a solution enabling standardization of business processes related to the lifetime of all documents received or created in the company, from receipt to processing and dispatch. This intuitive solution provides efficient office operation with no need for physical circulation of papers, thus increasing the degree



of organization and productivity in day to day business operation. The solution can be combined with data processing solutions (scanners, OCR) and with the additional service of solution customization according to specific needs of business operation. The partner company with regard to this service is IT Sistemi – Nove tehnologije d.o.o.

The municipal waste disposal tracking service enables public utility companies with a simple method to generate records on waste disposal and to charge waste collection and disposal by volume and number of collections or weight of waste. At waste disposal, utilizing manual or truck-mounted readers, records are generated about the waste containers. Data are then transferred to the application in real time and can be accessed at any time from any location. The service was realized in cooperation with the partners EcoMobile and MikroGoran.

The Localis service, based on spatial relations and characteristics that are an integral part of all 11 modules, assists the national, local, and regional administration units in improved management and decision

making. Among other things, this service will substantially increase the efficiency and transparency of business processes, as it helps to externally monitor parts of expert decisions, so that citizens may participate in the decision making process, monitor the course of administrative processes, and initiate such processes themselves through Internet channels. Localis products are fully based on the "Geodatabase" geographic data base of the largest global producer of GIS software – Esri. HT's partner with regard to this service is GDi GISDATA.

Within the framework of support for startup companies, one of the examples certainly worth mentioning would be the support to the innovative **uniGluko** system that provides a solution for diabetes data analysis. This is an integrated solution for safe, accurate, and timely transfer and reading of blood sugar level measurement data and support of diabetes management that substantially increases the patient's quality of life, has an impact on the outcome of treatments, and reduces costs in the healthcare system. In addition, uniGluko provides support to both doctors and patients in the treatment of diabetes.

Continuous Investment in the Future

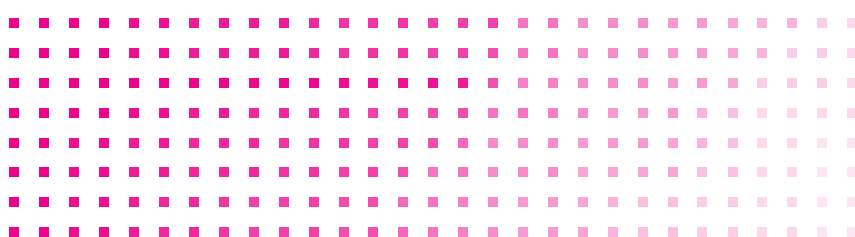
Hrvatski Telekom is among the first operators in Europe to have adopted the 4G LTE standard in mobile telecommunications, and today, HT operates a 4G network that is available to a major part of the Croatian population. By the end of 2014, HT also invested in the purchase of additional radio frequency spectrum at HAKOM's public auction, which allowed HT to double the mobile Internet access speed.

In 2015, the value of investments was significantly increased. Total of HRK 1.46 billion, i.e. 34,8 percent more than the year before, was directed into three key areas - in mobile and fixed infrastructure development, increase of capacities for broadband Internet access and All-IP transformation. HT is the third telco in the European Union that has migrated all of its customers and services to All-IP network

architecture, and the value of the projects in the past five years exceeds HRK 400 million. Making this step forward, HT has confirmed its leading position on the Croatian market and created prerequisites for the provision of better-quality services to the customers, development of advanced future services, and a true convergence of fixed and mobile telephone and data services.

HT is one of the biggest investors in technology and therefore has a crucial role in the development of the Croatian economy and in the arrival of new investors.

**CROATIA
ALL-IP
NETWORK OF THE FUTURE**





Responsibility towards suppliers

Responsibility towards suppliers

As one of the largest and most prominent companies in the Republic of Croatia, Hrvatski Telekom d.d. is constantly exposed to business and market risks. In its essential part, this applies to all processes of procurement of goods and services, as well as to relations with suppliers.

For this reason, HT tends to establish long-term and transparent relations in order to minimize the risk of unprofessional conduct and to establish relations based on trust, exchange of information, and insistence on the highest level of professionalism and expertise.

The Sustainable Procurement Program includes supply chain management for minimization of social and environmental risks, aimed at gaining a long-term benefit for the Company, along with selection of suppliers according to clearly defined minimum standards.

The business unit in charge of procurement of Hrvatski Telekom manages business relations with suppliers that have undertaken to uphold the principles of social responsibility and environmental protection and that are in compliance with the general Sustainable Procurement Strategy of the Deutsche Telekom Group, taking into account applicable legislation (e.g. EU regulations, local acts of law). Procurement must ensure that the principles of social responsibility and environmental protection of the Deutsche Telekom Group are made known to the suppliers and are harmonized by contract through the general terms and conditions of the contract, as well as other project-related agreements. The above mentioned principles are described in detail in the Code of Conduct, the Social Charter, and the Corporate Social Responsibility Clause – the so called CSR Clause.

Prior to, during, and after the procurement process, Hrvatski Telekom reminds its suppliers to adhere to the above mentioned acts and instructions. Although these are internal acts, suppliers become

subjects of the supply chain by participating in the supply process, and we proactively inform them on how best to comply with all the instructions and good business practice.

To this effect, as a mandatory part of each contract, a contract clause was introduced in 2015, defining the supplier's warranties with regard to anti-corruption regulations, as well as an excerpt from the anti-corruption rules as obligatory attachment to the contract signed by Procurement with the supplier, so that the supplier confirms by signature that it will comply with the above mentioned provisions.

The Company's internal acts prescribe that the procurement process shall be conducted in a fully transparent manner and shall not discriminate against or exercise preferential treatment of any bidder. The Procurement unit of Hrvatski Telekom operates ethically and fairly in all business relations with its suppliers and other legal entities with which HT conducts business. The persons involved in procurement processes on the Company side shall be unbiased and act in line with all applicable internal acts and instructions of the Company, particularly in line with the Company's Code of Conduct, the Social Charter, and all currently valid internal acts and decisions of the Company related, but not limited to anti-corruption activities, prevention of conflicts of interest, granting or acceptance of benefits, and the like.

By means of its internal documents, Hrvatski Telekom has strictly defined important ethical topics in business relations. After having introduced and implemented the Business Sustainability Questionnaire for suppliers in 2014 dealing with the observation of ethical principles and environmental protection in business, the practice of mandatory completion of a questionnaire continued in 2015 as well. Failure to complete the Questionnaire is an elimination criterion. Along with the invitation to tender, the Questionnaire is sent to all bidders participating in HT's procurement process, regardless of whether they are Croatian or foreign companies. In the overall valuation of bids received, the Business Sustainability Questionnaire is weighted at ten per cent. The completed Questionnaire is valid for one year after its completion; upon expiry of this period of time, the Questionnaire must be renewed.



In addition to the observation of ethical principles, the Business Sustainability Questionnaire for suppliers also deals with principles of environmental management. As a holder of the international certificate for environmental management according to ISO 14001 standard, Hrvatski Telekom is required to make the environmental protection principles known to every entity operating for and on behalf of Hrvatski Telekom, including suppliers of goods and services.

Therefore, while being involved in the procurement process on the Hrvatski Telekom side, and particularly while they are working at locations in ownership or under jurisdiction of Hrvatski Telekom, suppliers are expected to:

- Proceed in line with applicable laws and other regulations dealing with environmental protection
- Handle waste produced during performance of work in the manner as prescribed by law
- Upon completion of maintenance work, dispose of replaced consumables, parts, and material themselves
- Always proceed in line with the principles of best practice in environmental protection, regardless of whether they have their own certified environmental protection certificate in place or not.

HT reserves the right to check the supplier's operation in terms of environmental protection and observance of the above mentioned requirements from time to time, in agreement with the supplier, by an audit performed by a third party.

The final part of the Questionnaire is a Statement whereby the supplier, under criminal and material liability, by its own signature and stamp, confirms that it is familiar with all the above mentioned requirements of ethical business operation and environmental protection with regard to the activities performed for HT in the field of sustainable business operation. By the same Statement, the supplier undertakes to inform Hrvatski Telekom in writing if any changes should occur in the data presented in the respective Questionnaire.

Any conduct that contravenes the criteria of good business practices will be deemed unacceptable business conduct in the procurement process by the parties involved in the procurement process on the Hrvatski Telekom side, especially if such conduct leads to reasonable doubt that:

- Business operations contravene valid legal regulations re-

garding legality of business operations, such as regulations on corruption, corporate crime, etc

- Business operations contravene good business practices
- Business operations contravene the principle of conscientiousness and fairness in business
- Business operations contravene the business conduct and morality
- Business operations could result in dispute, substantial damage, and risk for the assets, reputation, and/or position of Hrvatski Telekom.

The persons involved in the procurement process may be exclusively persons whose private investments and professional side-line activities, if any, are not conflicting with the interests of the Company regarding the respective procurement process; they shall, in an unbiased and objective manner, assess the bidders' business offers.

The Procurement Regulations define the guidelines and business compliance framework for all procurement activities performed by Hrvatski Telekom d.d. for the needs of its business operations on the market, as well as the roles, duties, authorities, and responsibilities for all employees.

These Regulations are based on the Global Procurement Policies of Deutsche Telekom Group, however, the Company, as any other member of the Deutsche Telekom Group, shall independently create its processes in line with applicable Croatian regulations, its own internal acts, and its organization structure.

As for implementation of the above mentioned principles of cooperation with suppliers, it is important to point out that during business operation of Hrvatski Telekom Procurement in 2015, no confirmed cases of violation of statutory provisions or internal guidelines were found; neither were any violations found regarding any aspect of human rights whatsoever by the Company or our suppliers, be it with regard to child work, any form of forced labor, minority rights, or violation of regulations pertaining to environmental protection.

COMBIS has elaborated Supplier Selection Criteria that include preferential treatment of suppliers that have a quality policy, a social policy, and an environmental management policy in place. The same criteria were included into the ISO documents and made available to all employees of the Company.

Responsibility

towards the
environment



Responsibility towards the environment

The biggest contribution to reduction of CO2 emission and climate protection comes from reduced fuel consumption. Key savings initiatives in 2015 included modernization of telecommunications equipment, efficient air conditioning and power supply systems, optimization of the real estate portfolio and refurbishment of facilities owned by HT in compliance with the principles of energy efficiency, increased use of IT resources, and many other activities that contribute to a more economical energy consumption.

Within the scope of HT's Integrated Environmental, Health, and Safety at Work Management System, the Management Board of Hrvatski Telekom adopted the Environmental, Health and Safety at Work Policy in May 2014, which has been applied since then and which is in line with the DT and DT Group Policy.

HT accepts social responsibility for protecting its employees and the environment, and our thoughts and actions are geared towards a sustainable business model in the interest of future generations.

We attach a high priority to environmental protection, health, and safety at work. The Management Board is directly responsible for the establishment and implementation of the Company's EH&S Policy. We employ modern management systems to ensure efficiency in

We take a proactive approach to environmental, health, and safety at work issues. We deem the legal provisions to be minimum requirements we strive to exceed or improve wherever we can.

the implementation of our EH&S Policy.

We strive to find solutions for our products and services that are energy efficient, save natural resources, and do not impair the health of our employees and users of our services.

We actively involve our employees in our environmental protection, health, and safety at work measures. They, and our contractors and suppliers, are obliged to comply with respective regulations and to ensure they are implemented.

We inform the general public and interested parties of our engagement in environmental protection, health, and safety at work, and so promote a constructive dialogue.



Environment as a Valuable Resource

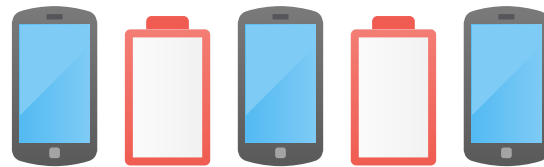
In its day to day work, HT protects environment in various ways, from continuously taking care of waste and its proper disposal, participating in eco-campaigns and eco-events, to promoting and using alternative energy sources. Old mobile phones are disposed of not only on account of demonstrating our awareness of the importance of environmental protection, but as a response to customers' demands. T-Mobile Hrvatska was the first company in Croatia that started organized collection and disposal of old mobile devices, long before such obligations were provided for by law, and so far more than 131,000 old mobile phones have been disposed

of in an environmentally friendly way. In addition to the collection of used devices at T-Centers, 2015 saw the continuation of the program of buying back used devices from customers called "Replace and Save", where customers can get a discount on purchase of a new device, while used and properly working mobile devices are made available via online sales.

So far, more than 131,000 used mobile devices, batteries, and other accessories have been collected and disposed of in an environmentally friendly way.

Collected and disposed more than

131 000



Education of the Youngest

The necessity of preservation of nature is acquired from a very young age; for this reason, training and education has to start at the earliest age. Therefore, HT supported the environmental and educational project "Litter Less Campaign" of the Jure Kaštelan Primary School from Zagreb. Within the scope of this campaign, more than 100 pupils collected approximately 300 mobile phones, chargers,

and other equipment and created works of art on the subject of disposal of mobile devices and preservation of the environment. HT made the pupils aware of old mobile devices and accessories for recycling and environmental preservation. As a reward, HT presented gifts to the pupils to mark the occasion, while all collected electronic waste was submitted to an authorized concessionaire.

Through Education to Improvement of Environmental Indicators

HT supports the raising of environmental awareness among its employees in numerous ways, for instance by obligatory separated collection of useful waste (paper, batteries, small electronic waste, spent toner cartridges, etc.). Most of the employees have completed a course on environmental protection, and new employees receive training in environmental protection during the process of

introduction to work.

Application of such knowledge and environmental principles is evident from the high rating of DEKRA, an external certification company that conducted an audit of the Integrated Environmental, Health, and Safety at Work Management System in October 2015.

A Step towards Smart and Energy Efficient Buildings

The real estate portfolio includes buildings of diverse age, construction, and energy efficiency status. HT is refurbishing its buildings by applying green building and energy efficiency technologies and solutions. Interventions to improve energy efficiency also include structural changes: improvement of the building's thermal insulation, facade renewal, installation of shading systems for sun protection, replacement of woodwork/ironwork by more efficient systems.

HT can boast smart buildings where the degree of energy parameter automation has been raised to the highest level. Wherever possible, remote control of a building's energy performance is used; systems have been installed that will automatically switch off air conditioning systems when windows are opened; light sensors, smart heating systems, and other solutions have been installed applying principles of green construction

in practice and reducing the environmental impact.

In 2015, HT continued to conduct energy audits and energy certifications of its buildings to assist with improving the energy efficiency of its real estate portfolio.

In total, 54 technology and office buildings were certified, with an average energy class D, which is satisfactory with respect to the year and type of construction, primarily due to the quality of regular maintenance, as well as materials and equipment installed.

Smart Solutions for Environmental Protection

In Dubrovnik, Hrvatski Telekom has implemented the first smart lighting solution as part of the smart city infrastructure. This is the first demo lamp in Europe to feature an integrated multi-functional sensor circuit. The lamp, which was switched on and tested in Dubrovnik, is different from all the lamps used in Europe because it includes movement sensors, air pollution sensors, temperature sensors, and sound sensors. In addition, a video camera can be connected to the sensor circuit. The entire sensor circuit is managed from one place, which provides for the opportunity to develop multiple smart city solutions without a need for re-installing sensors each time.

Any questions about HT and environmental protection can be sent to the e-mail address zastita.okolisa@t.ht.hr.

HT regularly and actively supports the global environmental movement to reduce the impact of climate changes, Earth Hour, by switching lights off at locations all over Croatia and by switching off illuminated advertising for the Company's products and services.

In Dubrovnik, Hrvatski Telekom has implemented the first smart lighting solution as part of the smart city infrastructure.



Optimizing Energy Consumption

Within the scope of the Integrated Environmental, Health, and Safety at Work Management System in line with the ISO 14001 and OHSAS 18001 standards, energy consumption and greenhouse gas emissions have been recognized as important aspects of HT's environmental impact. With a view to efficiently managing these impacts, HT has established an Energy Management procedure, while the introduction of general and individual objectives and related measures and programs has provided for constant improvements in the part relating to energy consumption and energy efficiency. In 2007, the Management Board of HT adopted an Energy Policy gearing HT's activities towards the energy management and energy efficiency segment.

In addition to the Energy Management procedure, individual business processes where the energy consumption aspect has been rated as very significant are also described in terms of relevant procedures of the Environmental Management System that refer to such processes:

- Environmental practice in offices
- Property maintenance
- Handling ozone-depleting substances
- Planning, preparing, and building of networks
- Managing customer terminal equipment
- Environmental practice in the use of company vehicles
- Relations with suppliers and external contractors
- Maintaining the energy engineering infrastructure of technology facilities and premises.

Mid-2011, HT launched an energy efficiency project covering all energy efficiency-related activities and providing for better consumption results through the synergy of various activities. The project of promoting energy efficiency at a corporate level continued in 2015. The absolute amount of electric power consumption in 2015 showed a decrease in comparison to 2014. The key savings initiatives in 2015 included modernization of telecommunications equipment, efficient air conditioning and power supply systems, optimization of the real estate portfolio and refurbishment of property owned by T-HT in line with energy efficiency principles, more extensive use of IT resources, and a range of other activities contributing to a more efficient energy consumption. Furthermore, 14 wind-solar systems produced electrici-

ty for T-HT's mobile network base stations in 2015. Moreover, it must be stressed that HT's car fleet is subject to constant renewal and modernization; it also includes 74 vehicles that can run on LPG fuel, which is considered to be the most environmentally friendly motor fuel.

HT has 14 installed renewable sources of electric power supply. With its products and services, HT often contributes to reducing electric power consumption. Business and residential customers can save energy and resources by using services such as audio and video conferences, Net Phone, and Office Fax and by enabling broadband Internet access. Cloud solutions reduce the necessary physical infrastructure in companies and their energy needs. Products and services based on Cloud solutions allow customers to use highly efficient IT infrastructure sharing, resulting in reduced energy consumption and CO2 emissions without any concessions on high safety level.

Hrvatski Telekom also participates in the ENHEMS-Building project – Enhancement of Research, Development and Technology Transfer Capacities in Energy Management Systems for Buildings, co-financed by the European Union through the European Regional Development Fund. It is implemented by the Faculty of Electrical Engineering and Computing (FER) in collaboration with the Meteorological and Hydrological Service (DHMZ) and the companies Elma Kurtalji d.o.o. (ELMA) and Hrvatski Telekom d.d. (HT). The project demonstrates how savings in energy consumption can be achieved if the heating/cooling of a building is managed at a building zone level, using a building thermal model which is continuously monitored and identified during its operation, estimations and predictions of thermal distortions in the zone, as well as weather forecast for the location of the building, particularly solar irradiation. A highly automated procedure has been developed to synthesize such a system, which is demonstrated on the high-rise building of the Faculty of Electrical Engineering and Computing; such is offered as a Cloud computing service and non-invasively added to the existing automation system in the building by using open communications systems. The focus of further development aimed at upgrading the service is on the hierarchical connection of consumption management in the zone with the optimization of the central heating/cooling system and the optimization of energy flows in the building's micro-network with a view to achieving an economically optimal functioning of the building connected to an advanced energy grid.

14 installed renewable sources of electric power supply



Greenhouse Gas Reduction Initiatives

As part of the Integrated Environmental, Health, and Safety at Work Management System, several procedures have been established to monitor greenhouse gas emissions as well.

The Handling Ozone-Depleting Substances procedure establishes the monitoring and management of activities pertaining to the maintenance of various equipment that contains substances that could potentially affect the atmosphere. Operational objectives have been defined based on this procedure: replacement of air-conditioning devices that use HCFC (R-22), more efficient use of thermal technical systems, and replacement of heating systems in office buildings.

Air emissions from boiler rooms are regularly monitored, on which HT regularly prepares reports in compliance with the Croatian regulations. The weight of air emissions is either directly determined from measurements or indirectly calculated from fuel consumption. As a result of decreasing energy consumption,

the trend of air emissions was decreasing in the period under consideration. Boiler rooms are equipped with automated regulation of consumption parameters contributing to a more efficient use of resources and lower emissions in the environment.

Regular maintenance of boiler rooms is the basis for reducing emissions in the environment.

Furthermore, an upward trend in the use of audio and video conferencing as a replacement for physical meetings is an increasing trend in HT, resulting in a further reduction of the need for business trips, particularly over longer distances where airplanes are mainly used for transport. The audio conference has become a standard method for holding regular meetings and consultations at a DT Group level, especially when the presence of participants from several national companies is required, which has resulted in a considerable reduction in the number of trips in order to hold physical meetings, and thus in greenhouse gas emissions caused by such trips.

Responsible Water Consumption

The Integrated Environmental, Health, and Safety at Work Management System recognizes water consumption as an environmental aspect, and therefore it is described in detail in the Environmentally Friendly Practice in Office Operations. HT uses water from the water supply network for drinking, sanitary purposes, air conditioning systems, and firefighting systems. Where there is a risk of oil spills into the sewer, appropriate technical means are applied – the so called oil separators and grease

filters – thus providing for the separation of oils from liquids.

Also after the relocation of a large number of employees of Hrvatski Telekom to a considerably more efficient building in terms of energy in 2014, in 2015 we managed to reduce water consumption by an additional 4%, which is the result of a high level of the employees' awareness as well as of quick reactions to faults.

Reduced water consumption in 2015:

4%



Proper Waste Disposal

As part of the Integrated Environmental, Health, and Safety at Work Management System, a waste management procedure has been established with a view to reducing waste generation and disposing of waste in a proper way. With the establishment of our Green Office, guidelines for day to day office operations have been introduced, resulting in an increase in the efficient use of resources and, at the same time, in positive impacts on our business operations.

Moreover, HT has been continuously taking care of the proper sorting and collection of all types of waste, including paper, for the purpose of its further processing and reuse. In doing so, we preserve forests, reduce water and air pollution, and save the expensive landfill space. For each ton of collected paper, 20 tree saplings have been

saved. Within the objective to transform its operations through automation, digitalization, and simplification of business processes, the quantity of disposed and recycled paper waste in office operations is decreasing, and in 2015 it was reduced by 30% in comparison to 2014. Also, telephone directories are no longer published in printed form. At the Sales Department, we are continuously working on the digitalization of sales documents and processes. In 2015, in T-Centers we additionally reduced the quantity of printed documents and have thus arrived at just 12% of transactions generating paper documents for archiving. Reduced paper consumption is also evident from the quantities of disposed and recycled paper waste and paper and cardboard waste packaging which amounted to 114 tons in 2015, a drop by 11% in comparison to 2014.

Reducing Waste Quantities

Waste prevention by encouraging the reuse of unnecessary tangible assets, reducing wastage to a minimum, separate collection of waste containing useful components to enable its recycling, and proper disposal are the backbone of waste management-related activities in HT.

For the purpose of reuse of unnecessary tangible assets, we use a prescribed procedure to sell it to interested external customers and to our employees. In doing so, we considerably reduce the amount of waste produced, we expand the lifespan of sold assets, and we make savings on raw materials required in the production of new equipment and devices.

All waste generated in business processes is sorted according to the

place of its origin, collected in separate containers, and delivered for further disposal to authorized companies and concessionaires. The total weight of waste is determined by weighing. In 2015, a total of 595 tons of various types of waste was collected and disposed, which was 35% less as compared to 2014. The amount of hazardous waste also shows a slight decline in comparison to 2014, while the amount of non-hazardous waste dropped by 44% as a result of putting copper cables out of operation and selling them as secondary raw material.

In the product and service development process, we pay special attention to packaging. We use fully recyclable packaging materials, paper bags, and linen bags, and our pre-paid vouchers are made of fully recyclable materials.

35%

less waste collected and disposed in 2015.



Electromagnetic Emission in Mobile Networks

Care about the Environment and Employees' Health

Owing to the development of mobile communications, in particular the introduction of 4G mobile networks based on LTE technology, resulting in an increase in the number of mobile services and their users in the whole Croatian territory, the need for a bigger number of base stations and antennas has increased as well. A high number of mobile customers and base stations oblige HT to be committed to the optimum placement of stations, which will satisfy customers' needs for high-quality and available mobile communications services and at the same time minimize potential risks. To that end, HT applies in practice an Integrated Environmental, Health, and Safety at Work Management System in compliance with ISO 14001 and OHSAS 18001 standards.

Furthermore, when it comes to electromagnetic emission, in its activities HT fully complies with the valid Croatian regulations governing electromagnetic radiation that are up to 6.25 times stricter than the ones set forth by the European Union. Protection of health against electromagnetic fields is regulated by the Ordinance on the Protection against Electromagnetic Fields pursuant to the general provisions of the Non-Ionizing Radiation Protection Act. For reasons of precaution, i.e. for the purpose of applying the precaution principle, the respective Ordinance has introduced considerably stricter limits as compared to the Directive of the European Union and Guidelines of the International Commission on Non-Ionizing Radiation Protection, so that the ele-

ctric field exposure level for general population is stricter by 60% and the allowed level of radiated power by 84 % in relation to the limits laid down in the EU Directive and Commission's Guidelines. All research papers published up to now and the latest scientific findings show that the electromagnetic fields in the mobile communication systems have no harmful effects on human health, which has been also confirmed by the World Health Organization itself.

In the course of 2015, independent measurements of electromagnetic fields were conducted on more than 1300 base stations of HT's mobile networks, and the results were forwarded to the Ministry of Health. It must be pointed out that all base stations in HT's mobile networks have their approval for use issued by the Ministry of Health. Measurements of electromagnetic fields have been conducted on a regular basis for many years already, and all results so far indicate that the measured values are far lower than the permitted limits.

As the Ordinance sets considerably stricter limits compared to the EU recommendation, it is evident that HT's base stations do not engender any health risks for Croatian citizens.



Electric power consumption	
Electric power consumption (MWh)	127.381,39
Consumption of energy for heating	
Consumption of natural gas for heating (m3)	765.759
Consumption of energy for district central heating/ heating plants (MWh)	5048
Consumption of fuel oil for heating (liters)	505.617
Water consumption	
Water consumption (m3)	74.819
Waste disposal	
Total quantity of waste – household waste excluded (t)	595.170
Total quantity of non-hazardous waste (t)	416.511
Total quantity of hazardous waste (t)	178.659
Paper waste (t), non-hazardous	35.205
Technical waste (t), non-hazardous	131.506
Other waste (t), non-hazardous	249.800

Motor fuels and vehicles	
Total fuel consumption for vehicles (L)	1.429.553
Gasoline (l)	412.888
Diesel (l)	948.731
Gas (l)	67.934
Number of vehicles (pcs)	1034
Gasoline engine (pcs)	213
Diesel engine (pcs)	747
LPG engine (pcs)	74
Passenger vehicles (pcs)	553
Commercial vehicles (pcs)	481
Total mileage (km)	19.426.614
Gasoline engine (km)	4.135.645
Diesel engine (km)	14.090.655
Gas engine (km)	1.200.314
Paper consumption (kg)	
Hrvatski Telekom	2015 75.070

Combis 2015

As the first company in Croatia, COMBIS presented a collection and disposal program for Lexmark printer toner cartridges.

Even though there were no legal requirements, already in 2007 COMBIS joined a program launched as part of the Lexmark Cartridge Collection Program in cooperation with Lexmark Croatia, and continued the practice of collecting empty toner cartridges in the reporting period as well.

The Decision on the use of company vehicles clearly specifies the obligations of vehicle users with regard to car servicing and their optimal maintenance, which indirectly also affects environmental protection and reduction of harmful emissions from vehicles.

COMBIS uses the most favorable energy products for heating and

cooling – gas, and the heating is automatically switched off after 5 p.m. and at weekends in the company's headquarters. The employees take care of unnecessary energy consumption and potential savings at workplace.

COMBIS is focused, to a significant extent, towards technologies that protect the environment and increase the efficiency and mobility of other companies. COMBIS is primarily engaged in offering know-how, solutions, and services, and as such has now production facilities of its own, but despite this fact, COMBIS sets no limits to active participation in caring about the environment. In the performance of its business activities, COMBIS proactively thinks about and takes action to prevent production of hazardous substances of any kind that could have undesirable environmental impacts.

Electric power consumption	
Electric power consumption (MWh)	588
Consumption of energy for heating	
Consumption of natural gas for heating (m3)	19.446
Consumption of energy for district central heating/ heating plants (MWh)	93
Consumption of fuel oil for heating (liters)	0
Water consumption	
Water consumption (m3)	
Waste disposal	
Total quantity of waste – household waste excluded (t)	
Total quantity of hazardous waste (t)	
Paper waste (t), non-hazardous	
Technical waste (t), non-hazardous	
Other waste (t), non-hazardous	
Motor fuels and vehicles	

Motor fuels and vehicles	
Total fuel consumption for vehicles (L)	43.635
Gasoline (L)	0
Diesel (L)	43.635
Gas (L)	0
Number of vehicles (pcs)	30
Gasoline engine (pcs)	0
Diesel engine (pcs)	30
LPG engine (pcs)	0
Passenger vehicles (pcs)	27
Commercial vehicles (pcs)	3
Total mileage (km)	635.012
Gasoline engine (km)	0
Diesel engine (km)	635.012
Gas engine (km)	0
Paper consumption (kg)	

Implementation of global compact principles

Principle	Content	Report Chapter/page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	
Labor Rights		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor	
Principle 5	Businesses should uphold the effective abolition of child labor	
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation	
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility	
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	