



**SOCIAL RESPONSIBILITY REPORT**

**2020**

**DALEKOVOD GROUP**

Dalekovod d.d.

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E-mail: [dalekovod@dalekovod.hr](mailto:dalekovod@dalekovod.hr)

Website: [www.dalekovod.com](http://www.dalekovod.com)



## Affiliates and subsidiaries

### REPUBLIC OF CROATIA

1. PROIZVODNJA MK d.o.o., Trnošćica 17, Dugo Selo 79970472123/ 080437239
2. PROIZVODNJA OSO d.o.o., Vukomerička 9, 10410 Velika Gorica 55411035652/ 081296773
3. DALEKOVOD EMU d.o.o., 43.ulica br. 36., Vela Luka 52516402606/ 090027780
4. DALEKOVOD-PROJEKT d.o.o., Marijana Čavića 4, Zagreb 30467839701/ 080445749
5. DALEKOVOD ADRIA d.o.o., Marijana Čavića 4, Zagreb 37315161677/ 080703108
6. EL-RA d.o.o., Vela Luka (Općina Vela Luka) 30113948970/ 060033055
7. CINČAONICA USLUGE d.o.o. - do 10.07.2020 90304389514/ 081231295

On March 1, 2020, there is a separation of economic unit related to the production of suspension and coupling equipment in company Proizvodnja MK i OSO d.o.o.. The stated economic unit continues its business as a separate business entity Proizvodnja OSO d.o.o., and the company Proizvodnja MK and OSO d.o.o. changes its name to Proizvodnja MK d.o.o.

### ABROAD

8. DALEKOVOD Plt, Namibia
9. DALEKOVOD POLSKA S.A., Poland, Płocka 15, 01-231 Warszawa, Poland, NIP: 9512112646
10. DALEKOVOD TKS a.d., Doboj, BiH (in liquidation)
11. CINDAL d.o.o. Doboj; BiH, Rudanka 27, 74000 Doboj, BIH JIB: 41028864540002
12. DALEKOVOD MOSTAR d.o.o., BiH, Ante Starčevića bb, Mostar, BIHJIB: 4227105910001
13. DALEKOVOD LJUBLJANA d.o.o., Zavetiška ul. 1, 10000 Ljubljana, SLO, Porezni broj: SI 28940024
14. DALEKOVOD UKRAJINA d.o.o., Ukraine, 4 Lunacharskogo str. 02002 Kiev, Ukraine, MBS: 36683014
15. DALEKOVOD LIBYA for engineering, joint company, Libya
16. DALEKOVOD NORGE AS, Norway, Sandviksveien 26, 1363 Høvik, Norway, MBS: 998628253

### BRANCH OFFICES

17. DALEKOVOD NUF, Norway, Sandviksveien 26, 1363 Høvik, Norway
18. DALEKOVOD Skopje, 50te Divizije br. 36, Skopje-Centar, Skopje, North Macedonia
19. DALEKOVOD CRNA GORA, Ul. IV Proleterske br. 34, Podgorica, Montenegro
20. DALEKOVOD UKRAJINA - branch in Ukraine, 4 Lunacharskogo str. 02002 Kiev, Ukraine
21. DALEKOVOD – Branch Of Kosova, Kosovo, St. Garibaldi 3/7, 10000 Prishtine, Kosovo
22. DALEKOVOD D.D. – branch in Sweden c/o Amesto Accounthouse AB, Roselundsgatan 54, 118 63 Stockholm, Sweden
23. DALEKOVOD DD Zagreb – podružnica Mostar, Ante Starčevića bb, 88000 Mostar

## Description of products and services

Over time, Dalekovod d.d. has become specialized in performing contracts on a “turn-key” basis in the following areas:

- electrical facilities, especially transmission lines between 0.4 and 750 kV
- transformer stations of all levels and voltages up to 500 kV
- air, underground and underwater cables up to 110 kV
- telecommunication facilities, all types of networks and antennas
- production of suspension and joining equipment for transmission lines and TS stations from 0.4 to 750 kV
- production and installation of all metal parts for roads, especially for road lighting, security barriers and traffic signals, tunnel lighting and traffic management
- electrification of railway tracks and tramways

# SOCIAL RESPONSIBILITY REPORT

## GENERAL STANDARD INFORMATION

### Report profile

The Social Responsibility Report that Dalekovod d.d. prepares at the annual level has been prepared for the 1 January – 31 December 2020 reporting period. It was prepared by the Dalekovod Group and covers three companies within the Group, in which the parent company has the dominant influence. The last report was published in 2020 (for the 2019 calendar year). The person responsible for questions related to the report and its content is the Head of Corporate Communications. The Dalekovod Group selected the option of core compliance with G4 guidelines. The report has not been externally verified. Until the next report, the Dalekovod Group commits to continually improve current practices and to monitor the progress of all companies within the Group, as well as relations with stakeholders, and to notify the public of this in the subsequent report and to consider the option of external verification.

### Organization profile

The Social Responsibility Report was prepared by the Dalekovod Group, although such a form of the Group has not been legally registered. Nevertheless, given that Dalekovod d.d. is a signatory of the UN Global Compact, we believe that, concerning financial and environmental indicators, the companies Proizvodnja MK i OSO d.o.o. (from March 1 2020, Proizvodnja MK d.o.o. and Proizvodnja OSO d.o.o.) and Dalekovod Projekt d.o.o. must not be ignored, because, together, they form a whole, and this in the design, production and construction of transmission lines, and with their financial reports and environmental indicators have a significant impact on the sustainable operations of the Dalekovod Group.

Dalekovod Group is continuously working on improving current practices and monitors the work of its companies.

### Supply chain

Nearly all our vendors in the past year are located in Europe, which is understandable given that all our projects last year were carried out in Europe. During cooperation with vendors, particular care is taken to respect the following standards:

- ISO 9001 – continual improvement of quality of products and process management
- ISO 14001 – environmental management

- OHSAS 18001 – improvement of occupational health and safety.

Based on these standards, operating procedures for all business processes, as well as for the procurement process, are defined in the Dalekovod Group. As part of the implementation of these work procedures, vendor list is compiled. The method of forming the Vendor List is defined according to internal procedures; however, it essentially consists in verifying new vendors by means of questionnaires and visits to major new suppliers by our quality control department.

Permanent vendors on the Vendor List are evaluated at the end of each year in such a manner as to measure quality and delivery deadlines.

As Dalekovod Group is essentially a design, production and engineering company, the structure of vendors can vary significantly from one year to the next depending on the projects themselves, and the purchase process begins at the stage of offering projects, when potential suppliers and the conditions with which to enter the bidding process are defined, and often investors within the tender documents predefine a few vendors whose equipment must be used in the actual implementation of the project. The result of a job obtained through the tendering process is the signing of a contract with the best equipment vendors for each individual project.

Annual contracts with vendors are signed for numerous areas for anticipated purchases that are repeated regardless of the projects themselves. Other annual contracts are related to services and certain materials whose procurement is carried out independently of the projects themselves.

## Membership in associations

With the objective of achieving wider social objectives, Dalekovod is a member of:

- Global Compact
- Croatian Chamber of Economy's Corporate Social Responsibility Board
- American Chamber of Commerce in Croatia
- Nordic Chamber of Commerce in Croatia

Dalekovod, as a group, an individual company or employees, is a member of the following organizations at home and abroad:

- Croatian Exporters
- Croatian Chamber of Economy
- CIGRE (International Council on Large Electric Systems)
- HO CIRED (Croatian National Committee)
- MIPRO (Croatian Society for Information and Communication Technology, Electronics and Microelectronics)
- IEEE (Institute of Electrical and Electronics Engineers)
- PMI (project Management Institute)
- Croatian Standards Institute
- Croatian Welding Society
- Croatian Society for Quality, Croatian Public Relations Association (HUOJ)
- Croatian Employers' Association
- Croatian Chamber of Architects and Civil Engineers
- Association of Production of Metals and Metal Products
- Association of Production of Electric and Optic Equipment
- Association of Power Supply – Community of Renewable Energy Sources
- HED (Member of World Energy Council)

Owing to such memberships, experts working for Dalekovod d.d. participate in professional meetings at home and abroad, contributing with their papers every year, where they present the work, solutions and products of Dalekovod d.d. By sponsoring and actively participating in the preparation and organization of meetings that are held in Croatia, Dalekovod d.d. directly helps the activities of professional organizations, considering them important places for the promotion of their knowledge and for the exchange of experience with other experts.

## Identified material aspects and limits

Affiliated companies included in this report are Dalekovod d.d., Dalekovod Projekt d.o.o. and Proizvodnja MK i OSO d.o.o. (since March 1 2020, Proizvodnja MK d.o.o. and Proizvodnja OSO d.o.o.).

In the preparation of this report, taken into consideration was the representation of economic, environmental and social dimensions from an equal number of aspects because they are equally important to the business operations and functioning of the Group.

This report was written according to GRI4 guidelines and Global Compact principles. Given the nature of business operations – design, production and construction, the environmental dimension is extremely important. The aspects of water, energy, materials, biodiversity, compliance and dispute resolution mechanisms in relation to the environment must certainly be highlighted here, and they are described in detail in this report.

In accordance with the importance and specific characteristics related to business operations, these two companies follow those topics that are significant to their areas of activity.

## **Research & development activities**

Focus on investors and partners and ongoing innovation are the Group values governing its market research and new product development activities. We regularly undertake market research activities to better understand the market needs and provide services and products to meet any challenges. At the same time, we monitor trends and developments on highly developed markets with a focus on Scandinavia and potential expansion beyond Europe.

Within these activities numerous co-operations are being settled with various small and medium enterprises (SMEs) as well as local Universities and Institutes but also start-up community bringing new, innovative and advance technology into existing products and services of Dalekovod as a group.

## **Stakeholders**

Internal and external stakeholders were involved in the preparation of sections of the report. Internal: employees, other workers and their unions. External: customers, local communities (donations), shareholders and investors and vendors.

Group companies often act within a consortium organized for an individual project, which additionally may result in a reduction in the establishment of direct contact of a Group company with customers and/or communities. Therefore, besides customers, employees (including labor unions with which they are associated), suppliers and the public sector (acting in the double role as a party ordering a product and as business conditions regulator) may be recognized as key participants. Key participants are identified through an analysis of business processes and circumstances and risks brought about by relationships with individual participants. Communication is conducted on a continual basis with key participants through meetings, and while conducting business, where their legitimate interests are taken into consideration.

Within corporate social responsibility activities, communication with a wide range of representatives of civil society and individuals is maintained. To achieve full implementation of the organization and implementation of corporate social responsibility activities communication with the above stakeholders took place in several manners: communication in business relationships and regular meetings, special thematic discussions and meetings, trade shows and professional conferences.

Dalekovod's key stakeholders are customers, suppliers, employees and shareholders. Communication is conducted with all of them depending on key issues and interests. In addition to the usual reporting system, for all relevant business activities (mail newsletter, website, announcements on the Stock Exchange and in the media), communication is conducted in other ways as deemed necessary. The main topics over the course of the previous period were related to the restructuring of the Company, the impact of COVID-19 pandemic on business, key investment projects and business results, with shareholders, significant contracts at home and abroad.

Communication with employees is conducted by e-mail: svi@dalekovod.hr ; svi\_projekt@dalekovod.hr; svi\_mk@dalekovod.hr and svi\_oso@dalekovod.hr, and by means of different notices and decisions by the Company. Websites are recognized as an important method of communicating with partners at home and abroad, but also the public in general.

We have the following websites:

[www.dalekovod.com](http://www.dalekovod.com), [www.dalekovod-proizvodnja.com](http://www.dalekovod-proizvodnja.com), [www.dalekovod-projekt.com](http://www.dalekovod-projekt.com).

This is the reason why great importance is to be paid to this kind of communication with the intention of making information on the website timely, accurate and suitable to the media used. In compliance with market requirements and needs, the websites of Dalekovod d.d. and all the above-listed companies within the Dalekovod Group are translated into English. Our main page [www.dalekovod.com](http://www.dalekovod.com) has additional available versions in Norwegian and Swedish.

There is a special, internal web, intended for employees, containing several directories with documents enabling information sharing. Key topics that arise from communication with participants include the future development of the Company and safety of employment, professional development of employees and satisfaction of growing market, environmental and regulatory standards required for acting on (especially international) markets.

## **Business ethics**

On 4 July 2005, Dalekovod signed a Statement on Acceptance of the Code of Business Ethics, which was confirmed in May 2005 by the Assembly of the Croatian Chamber of Economy. The provisions of

the Business Code must be constantly conveyed to employees of the Dalekovod Group and partners.

Dalekovod's business policy is founded on the following business principles:

- Satisfaction of customers, vendors and other stakeholders
- Environmental protection, protection of health and safety
- Constant improvement of products and processes, as well as
- Involvement and motivation of all employees.

The principles are founded on the positive regulations of the Republic of Croatia and adopted international standards. Dalekovod accepts and conducts international and local principles, charters and standards that contribute to improved products, work processes and production, as well as for protecting and advancing the natural and social environment.

## SPECIFIC STANDARD INFORMATION

### ENVIRONMENTAL DIMENSION

#### Environmental management

The Dalekovod Group has opted for sustainable development by achieving a balance between the environment, society and our activities, to meet the requirements for development, without jeopardizing perspective of future generations. Sustainable development, transparency and conformity are basic components of the economic growth of Dalekovod.

#### Environmental management promotion

- Dalekovod Group believes that the environmental management and promotion of its activities in accordance with economic activities are among the basic responsibilities of the top management.
- Dalekovod Group performs monitoring, measurement and analysis of the achieved results to determine goals in relation to reducing environmental impact and preventing pollution .
- Group is continuously trying to improve environmental management by performing internal audits.
- Dalekovod Group meets all legal regulations, requirements of investors and its own guidelines relating to environment.
- Dalekovod Group seeks to be open in communication with the local community and interested parties, and transparently report on its environmental impacts.
- Dalekovod Group seeks to raise awareness of environmental protection through continuous training of its employees.
- Dalekovod Group operates on a global scale and promotes environmental protection activities in all the Dalekovod Group's activities accordingly.

#### Reporting period

- This report refers to the results of the activities from 1 January 2020–31 December 2020, data for Cinčaonica usluge d.o.o. at the location Dugo Selo refer to the period until 15 July 2020, and may refer to results before and after observed period that occurred prior to the publication of this report

#### Publication

- The latest publication of ecological performance with the data for 2019 was published in Annual consolidated and separate Management Report for 2019.

## Reference guidelines

- GRI (Global Reporting Initiative)

Significant changes in Dalekovod Group which had an impact on environmental management

- Environmental management system policies for Group Companies have been reviewed, approved and posted on the website
- Internal audits are conducted according to a predefined plan.
- Environmental risk management: In order to protect the environment and reduce impact on environment, we place special emphasis on assessing the environmental risks associated with our activities.

Activities carried out in Cinčaonica usluge d.o.o. after 15 July 2020 are no longer an integral part of the Dalekovod Group.

Data related to the location Vukomerička 9, Velika Gorica refer to Proizvodnja MK d.o.o. and Proizvodnja OSO d.o.o.

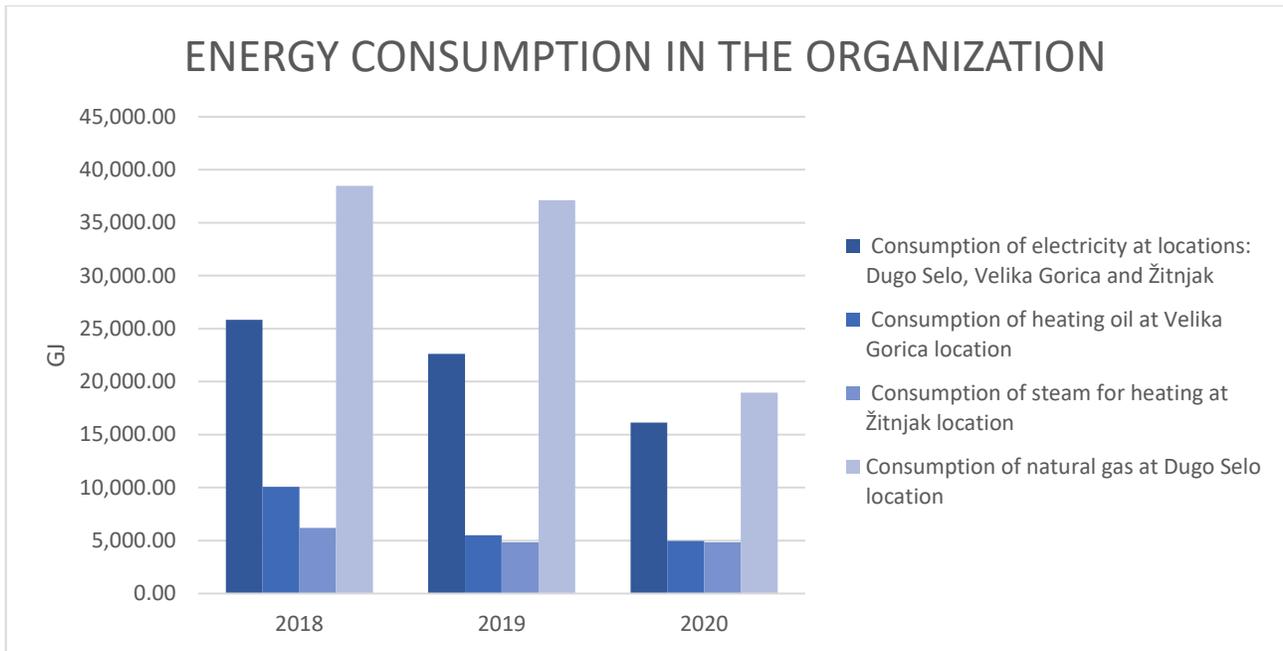
## Materials

Strategic materials used in the manufacture of metal structures, suspension and jointing equipment, anti-corrosion steel protection are iron, zinc, aluminum, bronze, hydrochloric acid, paints and varnishes. Countries of origin for metal materials are Czech Republic, Italy, Poland and Spain. Chemicals used in production processes are purchased from suppliers from Hungary, Sweden and Croatia. Product lifetime is 50-70 years. Total 85 % of products are exported to over 80 countries around the world.

80% of the revenue of Dalekovod d.d. is generated from foreign projects. For the realization of construction projects of transmission lines and substations on foreign construction sites, products of suppliers chosen by the investor are installed. For projects in the Republic of Croatia, metal structures and suspension and jointing equipment produced inside Group are used.

## Energy

The energy used within the organization refers to the consumption of electric energy, natural gas, steam, fuel oil and fuel (fuel is used for transport within the organization and transport of people and products outside the organization). The energy used comes from non-renewable sources.

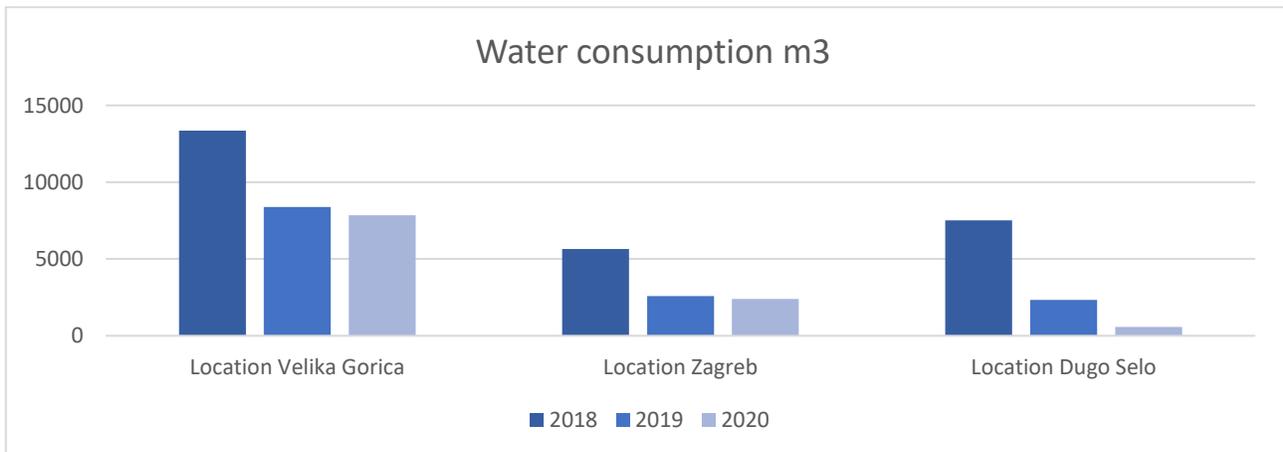


### Energy intensity

Electric energy consumption per unit of product is the most significant for the Velika Gorica location. Natural gas consumption per unit of product defines the energy intensity for the Dugo Selo location.

### Water consumption

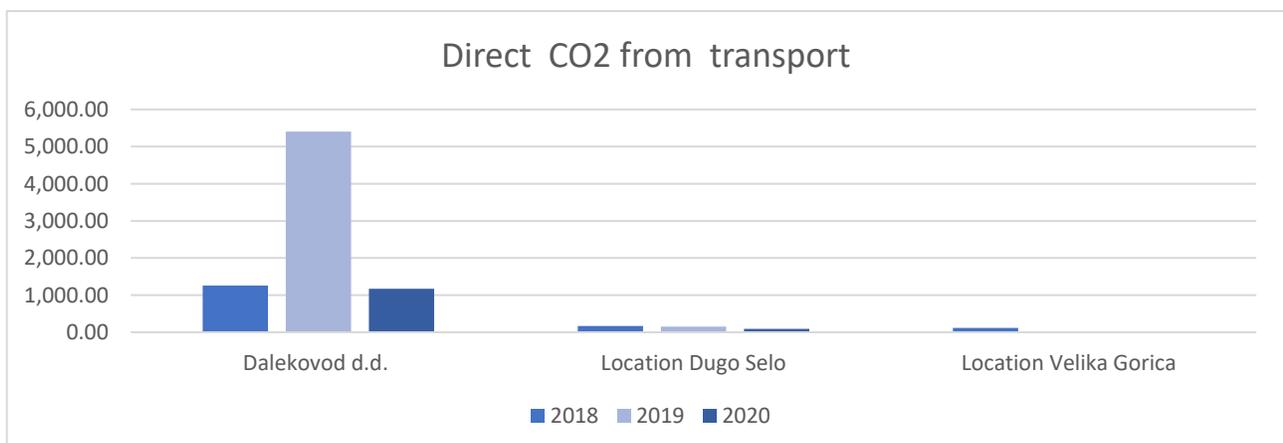
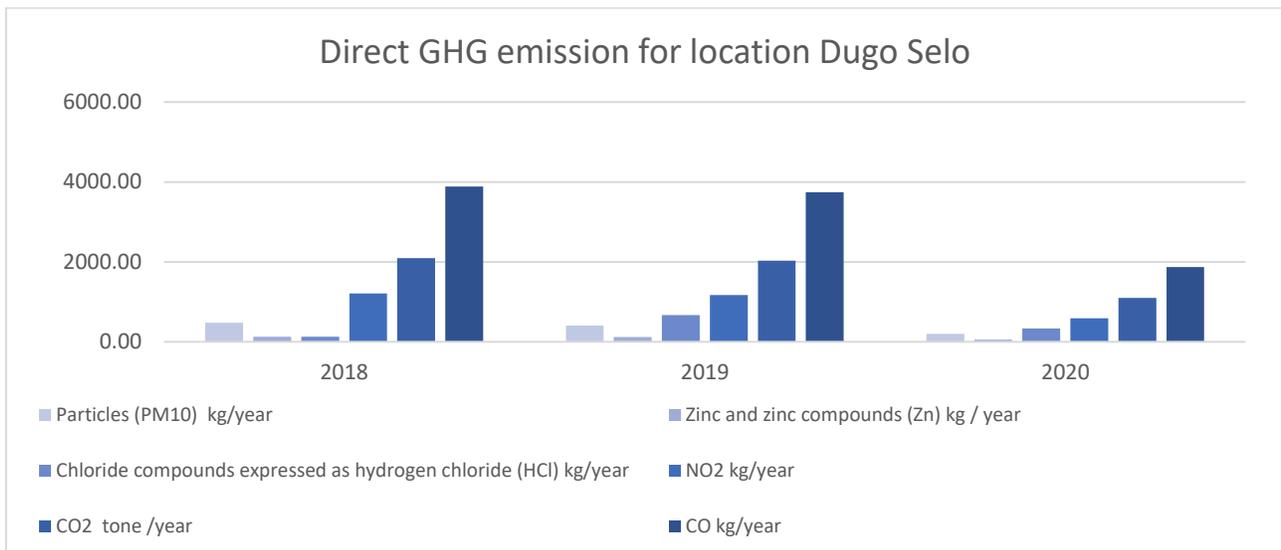
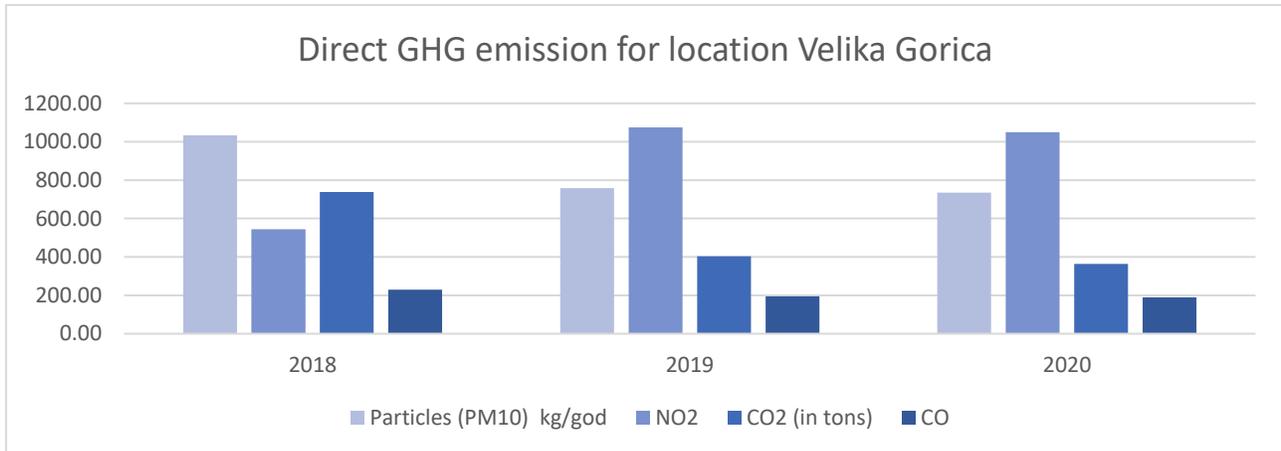
Water is supplied from local waterworks. Water consumption is monitored according to purpose: sanitary water, technological water, cooling water and reclaimed water. More than 65 % of the spent water refers to sanitary water consumption.



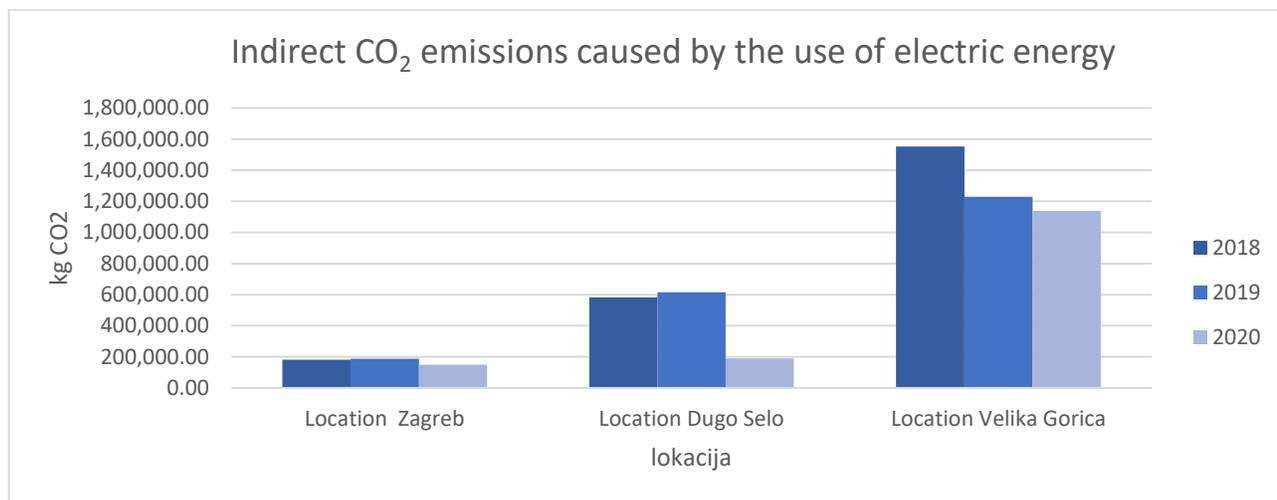
## Emissions

At Dugo Selo and Velika Gorica production sites, direct greenhouse gas emissions occur during the combustion of fuel oil - at Velika Gorica site for heating purposes and at Dugo Selo site by combustion of gas during boiler room operation and during combustion for process technology needs. In the production process itself, the following air pollutants are formed: solid particles, zinc and zinc compounds, chlorine compounds, and VOCs are formed during technological processes.

Direct emissions are calculated based on fuel consumption for transport of materials and workers.

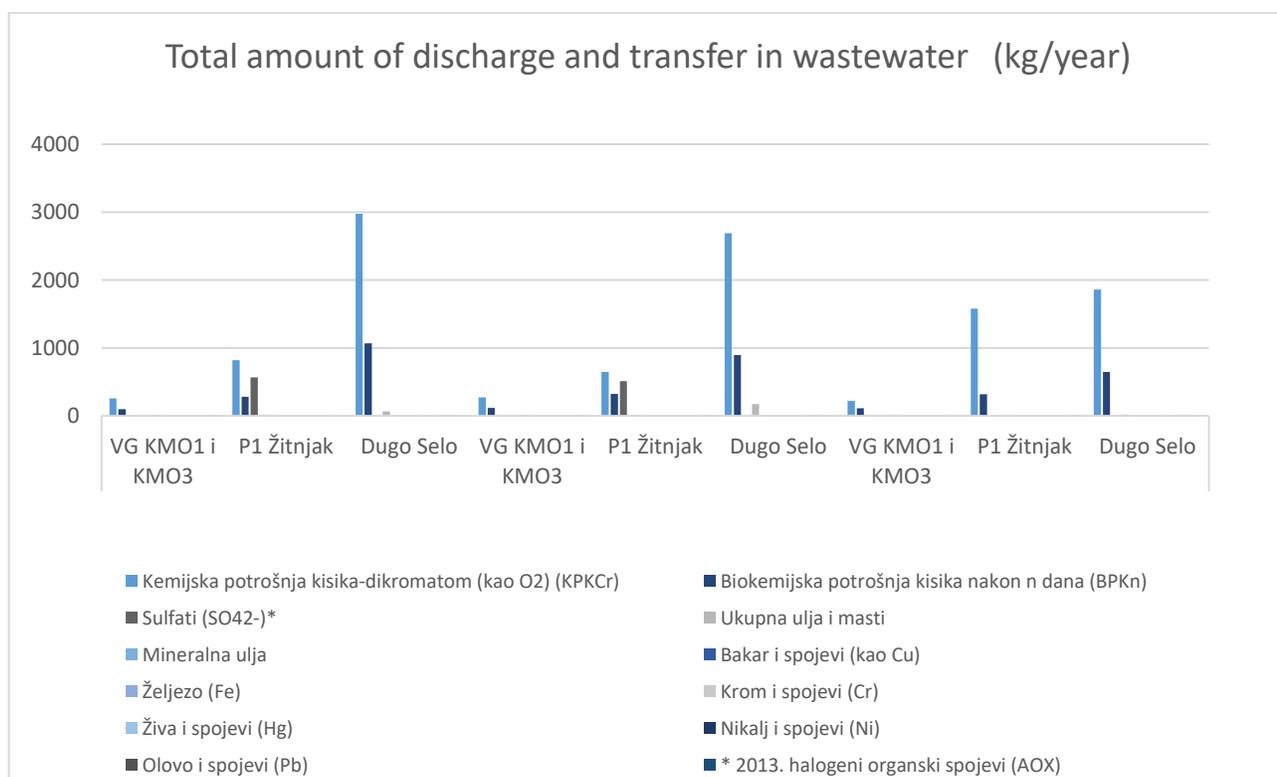


Indirect emissions refer to the consumption of electricity for machines and air conditioners.



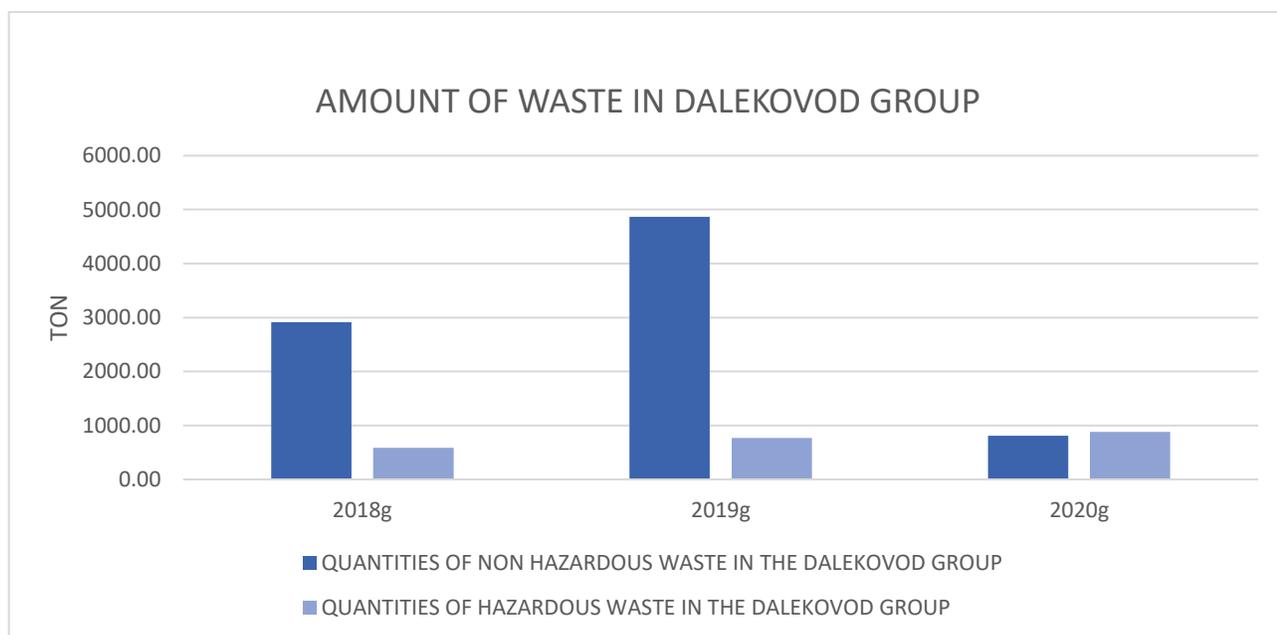
### Waste water and other waste

Water discharge includes all discharge water and rainwater from its own locations. At the location Dugo Selo, sanitary water and rainwater are discharged, technological water is not released into the recipient. At the Velika Gorica location all water from the manipulative surfaces as well as water from technological processes is discharged through the separator. All tests are performed by an accredited laboratory. At the sites of Velika Gorica and Žitnjak, all the tests are carried out in accordance with valid water permits, at the location of Dugo Selo in accordance with the Decision on integrated environmental requirements. All wastewaters through the public sewerage network are discharged into the water area of the Sava river. There were no deviations from the prescribed values.



## Waste management

Wastes are selected, collected, temporarily disposed and dispatched in accordance with legal requirements. When disposing of waste, the applicable legal documentation that accompanies waste is fulfilled. Waste is handed over to the waste collectors who have a Waste management license. From non-hazardous waste, the highest percentage of waste generation refers to recyclable metal waste, the most significant hazardous waste is acid generated in the process of chemical treatment before hot deep galvanizing process.



## Regulatory compliance

The monitoring of legislation is conducted systematically. The procedure is as follows: continuously review the official website of the Official Gazette (Narodne novine), [www.nn.hr](http://www.nn.hr), is checked whether a new issue of the Official Gazette has been published. All beneficiaries receive information on new changes by email. Operating procedures of the management system are aligned if there have been significant amendments to legislation that affect Dalekovod. Assessment of alignment of the management system to legislation is conducted. On foreign construction sites, legal regulation is done on portals of ministries responsible for: environmental protection, health and safety and construction. In 2020, there were no inspections by the competent institutions. The Company did not have to pay fines or non-monetary sanctions for non-compliance with environmental laws and regulations. So far, there have been no environmental disputes.

## **Total environmental protection expenditures and investments**

Total expenditures include waste management, wastewater management, tracking and remediation for emissions in air, expenditures for external employee training and, related to environmental protection, salaries of employees in the environmental management system and costs of external certification of the environmental management system. In the period under examination, there were no significant investments for the purchase of equipment, materials with the purpose of reducing pollution. There were no monetary fines for remediation of spills, as well as non-compliance with environmental laws and regulations. So far, there have been no environmental disputes.

## **Vendor assessment with respect to environmental impact**

Dalekovod Group has in place a defined list of eligible vendors. Dalekovod vendors that are certified according to ISO 9001, ISO 14001, OHSAS 18001 are automatically entered on the list of eligible vendors, while those that do not have a certified system are checked out by a specified questionnaire. Removing the vendor or changing vendor ranking on the list depends on its significant negative environment impact.

## **Biodiversity**

Our factories at the Dugo Selo and Velika Gorica locations, as well as offices with workshop for maintenance of tools and mechanization at the Žitnjak location are not situated in areas of high value in terms of biodiversity and protected areas. One of Dalekovod's main business activities is the construction of power transmission lines. The construction takes place in a natural environment, with all the necessary permits and in compliance with national ecological networks, which are adhered to already in the design phase. Avoided in this manner are any negative impacts on protected areas, including biodiversity. Works are performed in periods when they have the smallest impact on biodiversity. During work, it is forbidden to harass and hunt animals and feed wild animals. Seed forests are in accordance with the documentation of the investor or according to national laws. We always try to avoid or minimize any consequences on land use, surface and groundwater, cultural sites and biodiversity. For impacts that cannot be completely avoided, compensation measures are taken to reduce their impact. Participation and communication with the investor and the interested party (local community, legislative bodies) are important for increasing transparency and meeting the expectations of interested parties.

## SOCIAL DIMENSION

### HEALTH AND SAFETY AT WORK

#### Organization of the safety at work committee at the dalekovod group

Each affiliated company has its own Occupational Safety and Health Committee.

Since April 1, 2020 company Proizvodnja MK i OSO d.o.o. becomes Proizvodnja MK d.o.o. and a new company Proizvodnja OSO d.o.o. is formed. After the separation, two Boards are established, which operate separately, i.e. one within the Production of MK d.o.o., and the other within the Production of OSO d.o.o. The company Cinčaonica usluge d.o.o. was also part of the Dalekovod Group at Dugo Selo location with its Board. Location Dugo Selo is not part of the group from 10 July 2020.

Members of the Safety at Work Committee are:

- a) Chairman of the Board - Employer's Representative
- b) Deputy Chairman of the Committee - Occupational Safety Expert
- c) authorized representatives of Business Units
- d) Workers' delegates or their coordinator- elected representatives of workers
- e) competent occupational safety specialist
- f) a specialist in occupational medicine (contracted work medicine service)

The Chairperson of the Board or his Deputy convene a session at least once in six months and define the agenda depending on the current issue of safety and health at work, regarding planning and monitoring of the application of rules on occupational safety.

If the President fails to convene a session within that period, the delegate or Coordinator of delegates, or Works Council or a Trade Union Commissioner with the rights and obligations of the Works Council, has the right to convene a session of the Committee.

#### **Goals and activities of the Committee**

- by proposing preventive activities to influence the prevention of incident situations, work-related disorders, work injuries, and work-related illnesses
- proposing activities to strive for a constant improvement of working conditions and improvement of occupational safety
- Encourage risk reduction in all work processes and workplaces
- contribute to the achievement of permanent health protection of all employees
- planning and monitoring the training and notifying workers about safety at work

**To achieve these goals, the following activities are undertaken:**

- a) define the objectives of safety and health protection as well as plans and programs for their realization in the implementation of legal provisions on occupational safety
- b) define activities that will measure system efficiency and oversee the implementation of corrective and preventive activities that have been adopted at sessions of the Safety at Work Committee.
- c) define priorities in undertaking necessary activities.
- d) to improve co-operation between heads of services and units in solving problems encountered in the Health and Safety Management System.
- e) to propose methods of continuous improvement of working conditions i.e. undertaking preventive activities to reduce the risk of work injuries and occupational illnesses related to work, and to supervise their implementation.

Co-ordination of activities related to organization of Board sessions, collecting input data, and drafting the minutes, is responsibility of Chairman of the Board in co-operation with Occupational Safety Expert. Minutes from sessions of the Committee are submitted to all members of the Committee and the Workers' Council. Suggestions for improvement measures and responsible decision-makers who are part of minutes are sent to the Chairman of the Board for approval.

In Dalekovod d.d., Proizvodnja MK d.o.o., Proizvodnja OSO d.o.o., Cinčaonica usluge d.o.o. and Dalekovod Projekt in 2020, total of 8 sessions were held, with participation of Committee members, representatives of the Workers' Council, trade unions, directors of certain sectors in Dalekovod, as well as members of the Management Board.

A total of 39 improvement measures at meetings of the Board of Associated Companies were adopted in 2020.

### **Supervision and communication within the activities of the Committee**

A total of 169 employees who work at Dalekovod d.d. location Marijana Čavića 4 in Zagreb, are under the direct supervision of the Committee in Dalekovod d.d.

Other 672 employees, who work on domestic and foreign construction sites, communicate via selected delegates with the Coordinator of Workers' Commissions at central office.

Given the complexity and number of projects, the workers of Dalekovod d.d. on external projects they elect a commissioner (representative) of workers for each project.

Employees in Proizvodnja MK d.o.o. (119 employees), Proizvodnja OSO d.o.o. (162 employees) and Cinčaonica usluge d.o.o. can communicate directly with their commissioners at the site.

All of 88 Dalekovod Projekt d.o.o. employees, are under the direct supervision of the Committee because they work at the location of Marijana Čavića 4, Zagreb

## Analysis of injuries in 2020 for dalekovod group

In 2020, a total of 15 work-related injuries were recorded with the consequence of sick leave. The total number of recorded incidents that resulted in injury was 17. Types of injuries, injury rates, work-related illnesses, sick leave, absence from work, work-related fatalities were analyzed for each firm separately in the occupational injury analysis.

### Dalekovod d.d. and Dalekovod Projekt d.o.o.

Working hours 2020	1,340,070
Injuries/Incidents/Cases	
Fatalities	1
HSE Total Recordable Injuries	17
Lost Time Injuries	15
Loss of consciousness	0
Injuries requiring medical treatment (MTI)	2
Incident requiring first aid	2
Restriction of work	2
Cases of substitute work due to injury	0
Dangerous occurrences	46
Near hits / misses	40
HSE/HSA or equivalent improvement notices	12
HSE/HSA or equivalent prohibition notices	0
HSE/HSA or equivalent prosecutions	6

### Total Recordable Injury Frequencies (TRIF)

$$LTI - \text{value} = (N \times 200.000) / T$$

N = Total number of fatalities, lost time injuries, incidents requiring medical treatment, loss of consciousness, cases of substitute work due to injury

$$T = \text{Number of hours worked during the year} = 1,340,070 \quad \text{TRIF} \text{ -- Calculation for 2020} = 2.83$$

### Lost Time Injury Rate (LTIF)

$$LTI - \text{value} = (N \times 200,000) / T$$

N = Total number of accidents, causing a sick leave of at least one day =15

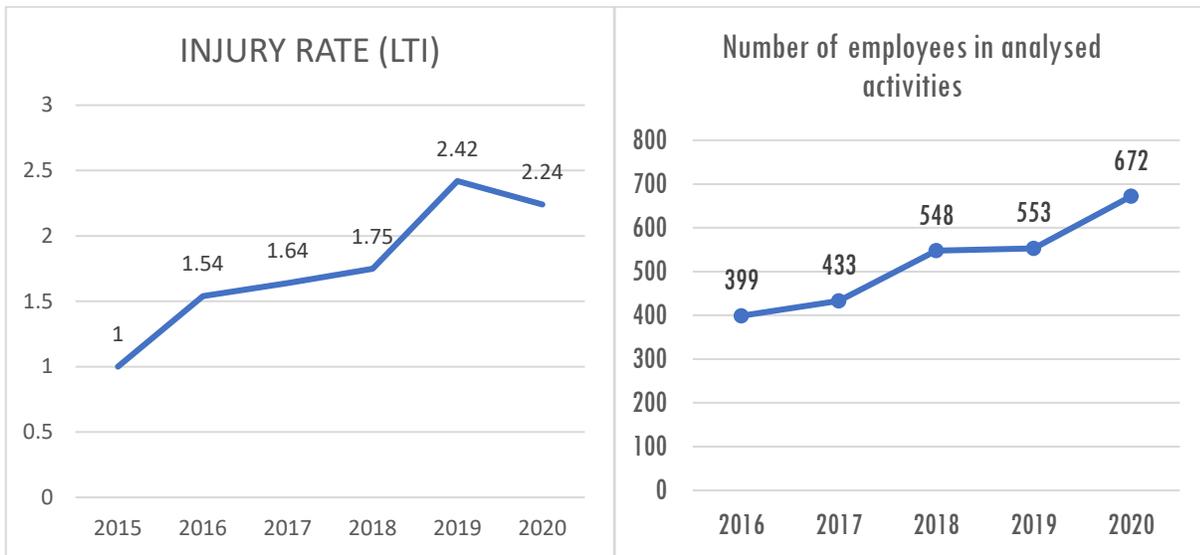
$$T = \text{Number of hours worked during the year} \quad \text{LTIF} \text{ -- Calculation for 2020} = 2.42$$

### Severity Rate (SR)

$$SR - \text{value} = N / T$$

N = Total number of lost workdays

$$T = \text{Total number of recordable incidents} \quad \text{SR} \text{ -- Calculation for 2019 H} = 58,03$$



During 2020 there has been an decrease of injury rate (2.24) compared to 2019 (2.42). It remains slightly increased compared to last 5 years average. The past year has seen a slight decline in the injury rate despite the fact that the number of workers exposed to injuries has increased compared to 2019. The program of measures for 2021 consists of 12 measures that are divided into six areas, and relate to improvements in the areas: education at all levels, supervision, information, communication, organization and safety culture

The trend of the specific rate in the last three years is related to activities on external construction sites, and especially to weather conditions and demanding terrains, and the increased number of newly employed workers..

Considering that Dalekovod plans to influence the reduction of the number of injuries and the loss of hours of sickness (caused by injuries at work), the goals for 2021 are set.

Objective program has long term character and especially since it is linked to improvement of safety culture of involved in actives. Activities related to this process are part of the program for achieving the goals in 2021.

**Proizvodnja MK i OSO d.o.o. / Proizvodnja MK d.o.o.**

<b>Working hours 2020</b>	<b>258,849</b>
<b>Injuries/Incidents/Cases</b>	
Fatalities	0
HSE Total Recordable Injuries	2
Lost Time Injuries	2
Loss of consciousness	0
Injuries requiring medical treatment (MTI)	0
Incident requiring first aid	0
Restriction of work	0
Cases of substitute work due to injury	0
Dangerous occurrences	0
Near hits / misses	0
HSE/HSA or equivalent improvement notices	4
HSE/HSA or equivalent prohibition notices	0
HSE/HSA or equivalent prosecutions	0

**Total Recordable Injury Frequencies (TRIF)**

$$\text{TRIF - value} = (N \times 200,000) / T$$

N = Fatalities, lost time injuries, incidents requiring medical treatment, loss of consciousness, cases of substitute work due to injury

T = Number of hours worked during the year

TRIF Calculation for 2020 = 1.55

**Lost Time Injury Rate (LTIF)**

$$\text{LTI - value} = (N \times 200,000) / T$$

N = Total number of accidents, causing a sick leave of at least one day

T = Number of hours worked during the year

LTIF Calculation for 2020 = 1.55

**Severity Rate (SR)**

$$\text{SR - value} = N / T$$

N = Total number of lost workdays

T = Total number of recordable incidents

SR Calculation for 2019 H = 6.5

**Proizvodnja OSO d.o.o.**

<b>Working hours 2020</b>	<b>228,204</b>
<b>Injuries/Incidents/Cases</b>	
Fatalities	0
HSE Total Recordable Injuries	3
Lost Time Injuries	3
Loss of consciousness	0
Injuries requiring medical treatment (MTI)	0
Incident requiring first aid	0
Restriction of work	0
Cases of substitute work due to injury	0
Dangerous occurrences	0
Near hits / misses	3
HSE/HSA or equivalent improvement notices	5
HSE/HSA or equivalent prohibition notices	0
HSE/HSA or equivalent prosecutions	0

**Total Recordable Injury Frequencies (TRIF)**

$$\text{TRIF - value} = (N \times 200,000) / T$$

N = Fatalities, lost time injuries, incidents requiring medical treatment, loss of consciousness, cases of substitute work due to injury

T = Number of hours worked during the year

TRIF Calculation for 2020 = 2.63

**Lost Time Injury Rate (LTIF)**

$$\text{LTI - value} = (N \times 200,000) / T$$

N = Total number of accidents, causing a sick leave of at least one day

T = Number of hours worked during the year

LTIF Calculation for 2020 = 2.63

**Severity Rate (SR)**

$$\text{SR - value} = N / T$$

N = Total number of lost workdays

T = Total number of recordable incidents

SR Calculation for 2019 H = 2.44

**Cinčeonica usluge d.o.o. – On Dugo Selo location until 15 July 2020**

<b>Working hours 2019</b>	<b>106,894</b>
<b>Injuries/Incidents/Cases</b>	
Fatalities	0
HSE Total Recordable Injuries	1
Lost Time Injuries	1
Loss of consciousness	0
Injuries requiring medical treatment (MTI)	0
Incident requiring first aid	0
Restriction of work	0
Cases of substitute work due to injury	0
Dangerous occurrences	0
Near hits / misses	1
HSE/HSA or equivalent improvement notices	0
HSE/HSA or equivalent prohibition notices	0
HSE/HSA or equivalent prosecutions	0

**Total Recordable Injury Frequencies (TRIF)**

TRIF - value =  $(N \times 200,000) / T$

N = Total number of fatalities, lost time injuries, incidents requiring medical treatment, loss of consciousness, cases of substitute work due to injury

T = Number of hours worked during the year

TRIF Calculation for 2020 = 1.87

**Lost Time Injury Rate (LTIF)**

LTI - value =  $(N \times 200,000) / T$

N = Total number of accidents, causing a sick leave of at least one day

T = Number of hours worked during the year

LTIF Calculation for 2020 = 1.87

**Severity Rate (SR)**

SR - value =  $N / T$

N = Total number of lost workdays

T = Total number of recordable incidents

SR Calculation for 2020 H = 3

**Total number of incidents of non-compliance with regulations and/or voluntary codes concerning health and safety impacts of products and services within the reporting period:**

Incidents of non-compliance with regulations resulting in a fine or penalty in 2019		
Br	consequence	cause
0	Termination of contract/warning notice	Violation of the rule of non-use of narcotics
Incidents of non-compliance with regulations resulting in a fine or penalty in 2019		
Br	consequence	cause
0	Termination of contract/warning notice	Working without PPE
0	Termination of contract/warning notice	Violation of safety rules
Incidents of non-compliance with voluntary codes		
Br	consequence	cause
/	/	/

The company is in the scope of campaign "Safety culture" determine the rules which workers should follow at the workplace

## THE LUCKY 13

During work hours:

- I am not under influence of drugs or alcohol
- While driving, I use a safety belt, hands free equipment and drive according to the conditions on the road

On the construction site:

- I follow the two-barrier rule
- I use the mandatory personal protective equipment
- I use the fall protection equipment for safe working at height
- I secure excavations and open pits
- I do not walk under a suspended load
- I respect the safety zones around working machinery
- I put hazardous and explosive substances under lock and key

In vicinity of electrical installations:

- I follow the correct procedure during setting up and removal of earthing
- I check visible earthing on disconnected lines
- I check visible barriers and protections while working close to installations under voltage
- I make sure all the measures have been implemented to prevent people and machines coming within the outer limit of the live working zone.

## Employment, dignity of work and human rights

The social sustainability dimension concerns the impact of the organization on social systems within which it acts. In this report, it is divided into segments of employment, dignity of work and human rights, society and responsibility for the product. An important strategy guideline of Dalekovod d.d. is directing the development of the Dalekovod Group towards creating a company of knowledge based on the quality of human resources and total intellectual capital.

Because of increased demand for competitiveness, professional development of employees and efficient management of human resources are considered the most important priorities of the organization. When determining labor relations and internal organization, the Dalekovod Group

companies comply with applicable regulations, collective and individual agreements and protect human and civil rights, the dignity and reputation of every employee. Neither discrimination nor harassment of employees due to their sex, race, religious, national or political orientation, physical defects, age, family status, personal characteristics or convictions is allowed. The equal salaries for equal work principle are applied in the entire organization. Dalekovod d.d. ensures safe working conditions, which implies minimum differences in health and safety, providing suitable training and insurance from consequences of such risks, where applicable.

The freedom of association and collective negotiation is not limited, and rights specified by the Collective Agreement go beyond legal rights and are above average in the industrial sector. In the event of violation of legal or contractual rights, an employee or an associate is entitled to seek resolution of the problem caused and the protection of his/her own rights. Persons with permanent or temporary specific requirements shall, at the time of employment or while performing their work obligations, be treated equally, however, their specific requirements shall be taken into consideration. The Human Resources Department oversees the area of employment. A common policy compliant with the policy of Dalekovod d.d. is implemented (parent company).

## **Employment and structure of employees**

Permanently employed persons work abroad in representative offices and subsidiaries, depending on requirements. The local labor force at construction sites is subject to the requirements of carrying out larger projects in distant areas and is employed on a temporary basis. In Scandinavian countries, where Dalekovod has the largest presence, local management with the knowledge of the local language is employed with aim to further develop this market.

Trends in the labor force area indicate that the inflow is mainly related to recent employment of younger and highly educated staff, but also with specialist knowledge (electro-mechanics, locksmiths, carpenters) because of working requirements at construction sites, while the outflow is mainly related to retirement of employees.

In Dalekovod d.d., employees work for an indefinite period, full-time, while employees hired for a definite period possess, during the period of their employment agreement, the same rights as those employees working full-time, in compliance with applicable regulations.

## Collective agreements and employees rights

The first collective agreement was concluded on 14 June 1996 with the Croatian Metalworkers' Labor Union – Velika Gorica Subsidiary, Croatian Construction Labor Union – Dalekovod subsidiary, Croatian Labor Union Association, Dalekovod Labor Subsidiary, and it is applied to all employees. The Collective Agreement has been revised several times. The recent changes and amendments were adopted in December of 2020. Announcements that refer to important changes in business operations are given in compliance with the Labor Act and are not specifically mentioned in the Collective Agreement. Announcements about significant changes in business operations are given to the Workers' Council, that is, if it has not been organized in a company, to the principal labor union commissioner.

## HEALTH AND OCCUPATIONAL SAFETY

During 2020, the world was hit by the COVID-19 disease pandemic, which affected the operations of Dalekovod d.d.

Dalekovod, as a socially responsible company, takes care of all aspects of business and wants to communicate as transparently as possible with all its stakeholders - employees, partners and investors, customers and suppliers, the community and others. The Company has crisis headquarters to manage the situation of the development of the epidemic of COVID-19 disease, caused by the SARS-COV-2 virus, and actions in activities that are challenging for the company's operations. The Headquarters, which is responsible for the entire Dalekovod Group, regularly reports on possible changes related to business continuity, internal and external communication channels managed by the Corporate Communications Office.

At the beginning of the crisis, Management Board of Dalekovod d.d. decided to take measures to prevent the spread of the COVID-19 virus epidemic to ensure health of employees and business continuity, on the basis of which new executive decisions are made daily, in accordance with the situation and thus manage the crisis.

In order to ensure business continuity, and in accordance with the importance and responsibility of the company to ensure the functionality of critical national infrastructure in the Republic of Croatia and the countries where Dalekovod operates, Dalekovod continues all its business activities on active projects to the extent permitted by current circumstances, simultaneously planning activities in case of escalation of the crisis.

## **MEASURES TAKEN DURING 2020**

PLAN IN CASE OF PATIENTS is distributed in accordance with the Notification Plan available at all locations and construction sites, and includes contacts in case of symptoms and detailed instructions for action.

PROTECTION OF RISK GROUPS - workers over the age of 60 and persons suffering from serious illnesses, as well as workers who may be considered a risk group, are referred to the use of annual leave and / or compulsory work from home

CONTROL OF ACCESS TO LOCATIONS - ban on coming to work for workers who have a high body temperature and respiratory problems

BUSINESS TRAVEL CONTROL - ban on all business trips, except those necessary for business continuity.

HUMAN RESOURCES MANAGEMENT - work from home of administrative staff, list of employees with the right to access locations, separation of shifts in production facilities, division of key people of the company into teams that operate without mutual contact

MAXIMUM SAFETY MEASURES ON CONSTRUCTION SITES - in addition to the usual maximum safety standards, additional protection measures and restrictions related to social contacts and keeping a distance have been introduced, the use of masks, gloves and disinfection is mandatory.

## Training and education

Dalekovod Group companies are constantly working on the professional and personal development of employees, from the moment they are hired to the present. Trainees, who are employed for the first time after completing their education, are introduced into the jobs and assignments for their posts by the companies that hire them.

Trainees are introduced to the organization, the entire production program, references, marketing and promotional activities, corporate social responsibility and other activities in Dalekovod Group. As part of their training, they visit factories at the Dugo Selo and Velika Gorica locations, and are introduced to their production processes. This important task that is conducted by Human Resources Department. Quality, frequency and right timing for the training and development have a significant impact on the sustainability and competitiveness of the companies.

The education program attempts to adapt to the requirements of the companies, and it is becoming increasingly complex, and includes in itself the required qualifications for the current job (for instance, training for bridge crane operator, training for chainsaw and rotating tools operator etc.), the possibility of expanding knowledge of tasks that employees conduct – supplementary training and the possibility for advancement of motivated and capable individuals..

Education program adapted to employee requirements is divided into several forms of education: acquisition of IT knowledge, foreign languages, certification exams, various training (professional seminars, program for managers, undergraduate and graduate study program, doctorate program).

Human Resources Department encourage learning and improving of foreign languages, which is organized in accordance with the requirements of their jobs, languages are also learned depending on company needs in specific markets such as Norwegian or other Scandinavian languages.

Pursuant to Occupational Safety Act, a certain number of workers are qualified to administer first aid. For every 50 workers, one worker is trained in first aid. Therefore, due to the well-organized security and occupational safety system, as evidenced by the low rate of injuries and cases of professional incompetence, there was no need to further extend risk counseling, prevention and control.

Regarding communication with employees, regular meetings of teams, departments and direct supervisors are held. Communication with employees is conducted via the e-mails svi.dd@dalekovod.hr, the spokesperson, and by means of various Company decisions and announcements.

Percentage of employees who receive a regular rating for work performance and individual development: Work performance and individual development is monitored with 60% of employees.

## **Diversity and equal possibilities**

The ratio between basic salary for men and women according to the employee category: Basic salary for men and women is identical in all employee categories.

## **Human rights**

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

## **Freedom of association and collective negotiation**

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

## **Community**

A magnitude 6.4 earthquake struck Sisak-Moslavina County on Tuesday, December 29, 2020 at 12:19 pm, with epicenter 3 km SW of the town of Petrinja. The maximum feeling intensity was estimated at, from VIII. (very harmful) to IX. (devastating) degree on the European macro-seismic scale. This event was preceded by three major earthquakes, the strongest of which had a magnitude of 5.2

In just a few hours after the quake, the company organized help. All necessary communication channels and a list of available resources have been created, and a letter of intent to help with a detailed resource table has been sent to all relevant addresses. Dalekovod teams, a total of 25 people with machinery, spent more than 700 hours in the field in 6 days, participating in operations to remove collapsed chimneys from roofs and transport and install housing containers in hard-to-reach locations around Sisak, Petrinja and Glina.

Representatives of the Company's Management Board visited the affected areas and employees of the Group whose property was damaged in the earthquake, and organizational and financial assistance was provided in this segment as well.

## **Child labor, compulsory and forced labor**

Dalekovod d.d. conducts its operations in compliance with applicable legal regulations that prohibit child labor. Dalekovod d.d. thereby operates in accordance with the Constitution and applicable legal regulations prohibiting forced and compulsory work.

## Donations and sponsorships

In accordance with its development strategy as a socially responsible company, Dalekovod has for years been active in sponsoring science and education, culture and the arts, sports and sustainable development and health. There is a significant impact on humanitarian activities as well. The aim is to create a society based on knowledge and to create opportunities for young people.

### **MANAGEMENT BOARD – ON 31 DECEMBER 2020**

Tomislav Rosandić – President of the Management Board

Hrvoje Išek – Management Board Member

Ivan Kurobasa – Management Board Member

Đuro Tatalović – Management Board Member

### **SUPERVISORY BOARD – ON 31 DECEMBER 2020**

Dinko Novoselec – President of the Supervisory Board

Toni Đikić – Vice President of the Supervisory Board

Hrvoje Markovinović – Supervisory Board Member

Mladen Gregović – Supervisory Board Member

Gordan Kuvek – Supervisory Board Member

Damir Sertić – Supervisory Board Member

Dražen Buljić – Supervisory Board Member

**Dalekovod Joint Stock Company for engineering, production and construction**

Marijana Čavića 4, 10 000 Zagreb, Hrvatska // 10001 Zagreb, P.P. 128

Share capital: HRK 247,193,050.00; Number of shares: 24,719,305

IBAN: HR8323600001101226102, ZABA Zagreb

Reg. No. (MBS): 080010093, Commercial Court in Zagreb

Stat. No. (MB): 3275531 PIN (OIB): 4791124222

Activity code: 4222 (Construction of utility projects for electricity and telecommunications)

URL: [www.dalekovod.hr](http://www.dalekovod.hr), [www.dalekovod.com](http://www.dalekovod.com) E-mail: [dalekovod@dalekovod.hr](mailto:dalekovod@dalekovod.hr)