

## **COMMUNICATION ON ENGAGEMENT (COE)**

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### **Period covered by this Communication on Engagement**

From: June 2020

To: June 2022

### **PART I. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OR EQUIVALENT**

19 July 2022

To our stakeholders:

I am pleased to confirm that AmCham Croatia reaffirms its support to the United Nations Global Compact and its Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. This is our Communication on Engagement with the United Nations Global Compact. We welcome feedback on its contents.

In this Communication of Engagement, we describe the actions that our organization has taken to support the UN Global Compact Principles as suggested for an organization like ours. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Andrea Doko Jelušić  
Executive director

### **PART II. DESCRIPTION OF ACTIONS**

American Chamber of Commerce in Croatia is an independent, non-profit, non-governmental business organization with over 250 members (major U.S., Croatian and international companies), which employ 91.700 persons in Croatia. We are an accredited affiliate of the U.S. Chamber of Commerce in Washington and AmChams in Europe network.

We provide our members a forum for developing business opportunities through high level networking, promote high standards of business practices and engage in policy advocacy on business issues affecting our membership.

We are committed to fostering ties between Croatia and the United States through trade and investment as well as promoting regional trade and pan-European cooperation. We also focus on furthering the competitiveness of Croatia as an investment location and continual development of the business environment. Through our committees and other advocacy efforts, we continuously work on strengthening partnership between the business community and key decision makers and stakeholders within the government, in order to address issues facing our member companies.

We have focused on two U.N. Global Compact areas that are most aligned with our work –

Environment and Anti-Corruption. We have issued official Chamber's position papers on related topics, as well as organized learning and dialogue events for our members and relevant stakeholders on these topics and engaged members in efforts to advocate for these issues.

## **Activities in 2020**

### **Comments on the Proposal for the Earthquake Reconstruction Act**

AmCham believes that the exceptional circumstances and efforts of the public authority to help citizens of the Republic of Croatia cannot serve as justification for the adoption of legal solutions preventing the free functioning of the market and the rule of law. It is also necessary, in particular, to take into account public interest for control over the expenditure of budget funds from the substantial forecast amount of EUR 13.3 billion.

### **Survey on the Impact of Covid-19 on the Croatian Economy**

AmCham Croatia, together with a global consulting company Kearney, conducted a research on the impact of COVID-19 among more than 100 companies in Croatia. The results of the research were presented to the business and public sector representatives on the AmCham's virtual conference.

### **AmCham Recommendations for Judiciary Improvements**

The recommendations for the operation of courts are aimed at solving the problem of additional backlog during the COVID-19 crisis, as well as a long -term increase of courts' efficiency. The recommendations for amendments to the Companies Act will remove the obstacles foreign entrepreneurs face in transferring business shares or winding up inactive companies on the territory of the Republic of Croatia in a simple way which does not require them to be physically present. This will prevent them from refraining from doing business in the Republic of Croatia because of potentially facing a long and expensive winding-up procedure in the event of cessation of business.

## **Activities in 2021**

### **Recommendations for the Adoption of the Act on Electromobility and Alternative Fuels**

The Integrated National Energy and Climate Plan for the Republic of Croatia for the period from 2021 to 2030 sets an ambitious objective of 13.2% of renewable energy sources in direct energy consumption in transport, and the objective, in accordance with the measures of the aforementioned Plan, is intended to be achieved by significant investment in electromobility and alternative fuels. Since the implementation of measures for the development of electromobility and alternative fuels has not yielded significant results so far, AmCham proposes the adoption of the recommendations set out in this position, which relate to:

1. The adoption of the Act on Electromobility and Alternative Fuels,
2. The programming of projects regarding electromobility and other alternative fuels into the Multiannual Financial Framework of the European Union.

### **Public Procurement Training & Improvement of the Legal Protection System in Public Procurement**

AmCham and its members put in significant efforts to identify problems which occur during public procurement procedures. Position papers analyze the identified problems in more detail and provide recommendations for improving the legislative and institutional framework.

### **Recommendations for the Tax System Reform in 2021**

The position paper proposes a number of measures aimed at improving the functioning of the tax system, including measures of reducing the tax burden on labor contributions (income tax) and reducing the tax burden on some employee income. The aim of all the

proposed measures is achieving a more competitive tax system and, consequently, more competitive Croatian economy.

### **COP26 Transatlantic Business Committed to Climate Action**

The COP26 summit marked a crucial milestone to help find shared solutions as we begin to see the concrete consequences of climate change across the globe. As representatives of the transatlantic business community in Europe, AmChams in Europe fully support the objectives of the COP26 conference as well as the emission reduction targets set out by the Paris Agreement. International cooperation is essential to deliver on global climate neutrality objectives. Only through continued shared dialogue between world leaders, from developed to developing countries, from SMEs to global corporations, can we achieve the transition to a carbon-neutral economy that will bring benefits to people's lives.

### **Activities in 2022**

#### **Improving the Authority of the Institutions in the Public Procurement System**

AmCham's position paper analyzes problems related to the competence of the institutions faced by the contracting authorities and tenderers and suggest ways to improve and modify the system.

Regarding the State Commission and the High Administrative Court of the Republic of Croatia (HAC), AmCham suggests writing more clear statements in the judgments and improved communication with the State Commission, in order to avoid the State Commission misinterpreting judgments and cases in which judgments are not received for three months since they were given, etc.

Regarding the bodies in the system, AmCham deems it necessary:

- to harmonize the practice of the bodies in the system so that it complies with the decisions of the State Commission and the HAC, and that it is not more strict than these, and, in that respect, to improve the direct communication between the bodies in the system with the State Commission and the HAC;
- to publish the results of the ex-ante controls in the form of a document with an overview of the determined facts, which will be binding for the bodies in the system, since the current manner of ex-ante control, in which the Beneficiaries receive Procurement Documentation with very many comments, many of which relate to the implementation stage, is not efficient for any stakeholder in the process of the ex-ante control;
- to ensure that the contracting authorities cannot receive financial correction for the provision of the Procurement Documentation that has been evaluated as acceptable during the ex-ante control;
- to not determine financial corrections for the contracting authorities following later changes in the practice of the State Commission or the HAC in those cases when the contracting authorities complied with the practice valid at the time.

### **CORPORATE SOCIAL RESPONSIBILITY**

#### **COMBATING THE CORONAVIRUS**

As the country and the economy faced an unprecedented crisis, the American Chamber of Commerce worked to help companies continue to operate and pay salaries, while also mobilizing the business community to combat the pandemic. AmCham Croatia invited members to donate funds or equipment for combating Coronavirus and had very positive results. Members donations were announced at AmCham's website.

### **PART III. MEASUREMENT OF OUTCOMES**

#### **MEASURES FOR ECONOMIC RELIEF**

Following our advocacy efforts regarding three sets of recommendations for economic relief that we have prepared in connection with the COVID epidemic, following proposals have

been adopted by the Government:

- a shorter working hours model that enables the reduction of employees' working hours for employers whose business activities have been affected by COVID-19
- income tax and tax contribution write-offs for three months, for the purpose of preserving jobs, with the possibility of extension
- payment of VAT Per Charge Paid - a temporary (limited-time) option of VAT taxation according to charges paid for all taxpayers who carried out supplies in the amount of HRK 15,000,000 (the EU VAT Directive provides for this threshold amount) in the previous year, and who would opt to use the measure for the purpose of maintaining liquidity and jobs
- waiving VAT on COVID-19 donations – according to the special regulation, taxpayers entered in the register of VAT taxpayers are exempt from VAT for supplies of goods and services, carried out without compensation or counterintuitive action, necessary to fight the effects of the COVID-19 pandemic
- abolition of the provisional measure of banning work on Sundays and bank holidays since it had several negative consequences (discriminatory effect, increase in unemployment, economic downturn).