

Communication on Progress 2006

Statement from the Chief Executive Officer

Toni Petreski: - INet Inc. through the strategic planning process developed the mission to perform profitably and safely, based on social and environmental responsibility principles, to contribute to the development of Macedonia and of the countries where it operates, and to use GRI (Global Reporting Initiative) indicators in the preparation of its social reporting. This report covers key social and environmental performance information for the year 2006, prepared with the guidance of current GRI guidelines and feedback from our employees, shareholders and community of nongovernmental organizations (NGOs).

By using modern tools of social management that improve employees' quality of life and contribute to the growth of society as a whole, INet Inc. makes its contribution so that companies can profit from excellence, grow in a sustainable manner and fulfil their social role. The business commitments proposed by the Global Compact require focus and care to achieve concrete results; in order to achieve a link between businesses and sustainable development at an international level.

Including businesses in a broad framework of global commitment and encouraging the interaction between companies and civil society organizations is an unparalleled learning opportunity for all stakeholders.

If companies see their participation in the Global Compact as an activity apart from their operations, i.e., not integral to their business goals, the initiative will certainly not be sustainable.

"Setting strategic objectives and targets are better designed when we understand the current situation and where we wish to be in the future."

Description of practical actions

- In April 2006, we sponsored the Children virtual company "Smarties", members of International project for achieving managerial education - Junior Achievement under motto "Learning Business is Doing Business". The company took part on the International Competition in Management for children's companies, in Tula, Russia. It is our honour that they won both Prizes in the most important category – Team Presentation and Sales.
- In May 2006, we sponsored one person from Health Insurance Fund to attend the World Congress on Information Technology in Austin, Texas. As member of Council of IT Experts of MASIT, he was chosen to present MASIT in the front of 2,000 delegates from more than 80 countries. The World Congress began with an opportunity to network including a Sponsor Golf Tournament and an Opening Reception. The congress continued with the Innovation Exchange, presenting a worldwide spectrum of companies and technologies. The main venue for WCIT 2006 was the state-of-the-art Austin Convention Center.
- During the three months in 2006, INet has worked on the project of Implementation of the Information Security in a bank in Skopje, with high discounted price – in order to promote CSR.
- For the employees INet contributes a significant amount of benefits. We listen carefully to what our employees say about the kind of workplace they want to have, and develop programs to fulfil those needs. In the past year we devoted time to better understanding the needs of our staff. We have improved upon our current employee programs, providing more flexibility in work arrangements, and emphasizing our employees' overall well-being. We believe that there is a positive correlation between flexibility in the workplace and employee productivity. It started with Theatre tickets by discounted price, in order to increase the culture of our employees and continued with Compensation for overtime work. In order to complete duties on time, and in some other cases, employees could extend working time. This is defined with procedure for overtime compensation, which means that extension is followed and evaluated by managers, and is compensated according to the Working Relations Low. All other elements from a benefit program are going to be put into practice in 2007 year.
- For greater environmental responsibility in October 2006 we decided to activate INet with its employees in recycling paper process.

Also, the ten principles of Global Compact are present in each business decision, and each business process.

Corporate Social Responsibility (CSR) is a part of the strategy of INet.

In November 2006, in coordination with Institute for Sustainable Communities (ISC), Civil Society Strengthening Project, Skopje, INet has started the initial activities about CSR.

On 17th November at premises of INet Inc. a meeting with Jerry Greenfield, the co-founder of Ben & Jerry's Homemade Inc. and ISC board member has been held. His success story was retold as one of the most successful in American business, in connection with Corporate Social Responsibility.

INet Inc. as social responsible company had the opportunity to discuss personally with Jerry Greenfield in presence of Stephanie Rust, Chief of Party, Civil Society Strengthening Project and Nikica Kusinikova, Philanthropy Development Manager, Center for Institutional Development.

Subject matter were:

- beginning of Ben & Jerry's Homemade, Inc. and CSR
- way of collaboration among INet Inc. and NGOs for further references and progress in Social Responsibility
- way of working environment improvement and respect of labour principles

Impulse of INet Social Responsibility is directed within the company, in a way of improving working atmosphere and supporting of specific social fulfillment, as it may be also affective on our business partners.

„We are excited about the opportunity to partner with INet Inc. on some initiatives that will be of mutual benefit to your company and to the NGOs in Macedonia.“ – said Stephanie Rust as a conclusion of the meeting.

The activities are continuing in 2007 with meetings with NGO's, as an opportunity to partner with ISC on some initiatives that will be of mutual benefit to our company and the NGO's in Macedonia.

Corporate Governance is a part of the corporate strategy of INet.

INet Inc. has started a project setting a basis for improved corporate governance in the Company. The project started in September, 2006 with Cooperation Agreement between INet Inc. and IFC (International Finance Corporation).

The value of Integrity of INet states: "We employ the highest ethical standards, demonstrating honesty and fairness in every action that we take". Just as important is our value of Accountability, that: "we take responsibility for our performance in all of our decisions and actions". Building upon these values and upon long-standing Company policies of legal and ethical compliance, through this intervention the Company reaffirmed the commitment to the highest standards of legal and ethical conduct. As a result of this effective IFC assistance, a very solid foundation should be established for INet to improve its corporate governance practices. The project is continuing in 2007.

IFC, a member of the World Bank Group, is an international organization whose mission is to promote sustainable private sector investment in developing countries, helping to reduce poverty and improve people's live. The project's goal is to improve Corporate Governance standards in South East Europe.

Since the fact that INet is a Joint Stock Company, the Communication Strategy with its stakeholders is defined in a way that all information must be transparent – the report of the activities taken to be presented in the Annual Report of INet, a document which is public and is located on our web site www.inet.com.mk.

Measurement of outcomes with performance indicators included

Indicator Number	General Question	Coverage
Economic		
Economic Performance		
EC1	Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	-
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	-
EC3	Coverage of the organization's defined benefit plan obligations.	-
EC4	Significant financial assistance received from government.	-
Market Presence		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	-
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	-
Indirect Economic Impacts		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	-
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-
Environmental		
Materials		
EN1	Materials used by weight or volume.	-
EN2	Percentage of materials used that are recycled input materials.	-
Energy, Water, Biodiversity		
EN3	Direct energy consumption by primary energy source.	-
EN4	Indirect energy consumption by primary source.	-
EN5	Energy saved due to conservation and efficiency improvements.	-
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	-
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	-
EN8	Total water withdrawal by source.	-
EN9	Water sources significantly affected by withdrawal of water.	-

EN10	Percentage and total volume of water recycled and reused.	-
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-
EN13	Habitats protected or restored.	-
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	-
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-
Emissions, Effluents, and Waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	-
EN17	Other relevant indirect greenhouse gas emissions by weight.	-
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	-
EN19	Emissions of ozone-depleting substances by weight.	-
EN20	NOx, SOx, and other significant air emissions by type and weight.	-
EN21	Total water discharge by quality and destination.	-
EN22	Total weight of waste by type and disposal method.	-
EN23	Total number and volume of significant spills.	-
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-
Products and Services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	-
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	-
Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	-
Transport		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-
Overall		
EN30	Total environmental protection expenditures and investments by type.	-
Social Performance: Labour Practices & Decent Work		

Employment		
LA1	Total workforce by employment type, employment contract, and region.	-
LA2	Total number and rate of employee turnover by age group, gender, and region.	-
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Benefits of employees http://www.inet.com.mk/benefitsofemployees
Labour/Management Relations		
LA4	Percentage of employees covered by collective bargaining agreements.	-
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	-
Occupational Health and Safety		
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs.	-
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	-
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	-
LA9	Health and safety topics covered in formal agreements with trade unions.	Benefits of employees http://www.inet.com.mk/benefitsofemployees
Training and Education		
LA10	Average hours of training per year per employee by employee category.	-
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-
LA12	Percentage of employees receiving regular performance and career development reviews.	Benefits of employees http://www.inet.com.mk/benefitsofemployees
Diversity and Equal Opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	-
LA14	Ratio of basic salary of men to women by employee category.	-
Social Performance: Human Rights		
Investment and Procurement Practices		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	-
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	-
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of	-

	employees trained.	
Non-Discrimination		
HR4	Total number of incidents of discrimination and actions taken.	-
Freedom of Association and Collective Bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	-
Child Labour		
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	-
Forced and Compulsory Labour		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	-
Security Practices		
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	-
Indigenous Rights		
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-
Social Performance: Society		
Community		
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	-
Corruption		
S02	Percentage and total number of business units analyzed for risks related to corruption.	
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	-
S04	Actions taken in response to incidents of corruption.	-
Public Policy		
S05	Public policy positions and participation in public policy development and lobbying.	-
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-
Anti-Competitive Behaviour		
S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	-
Compliance		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws	-

	and regulations.	
Social Performance: Product Responsibility		
Customer Health and Safety		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	-
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	-
Products and Service Labelling		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	-
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	-
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-
Marketing Communications		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-
Customer Privacy		
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-
Compliance		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-

Our approach, balancing revolutionary innovation with a deep commitment to customer success and social responsibility, provides a rich environment. Being a contributor to such a tectonic shift requires responsibility: to our employees, customers, and stakeholders; to the communities in which we work and live; to the environment; and even to the global community.