



CORPORATE SOCIAL  
RESPONSIBILITY  
AND SUSTAINABILITY  
**REPORT 2014**

(Asserted by independent Business Assurance Company)



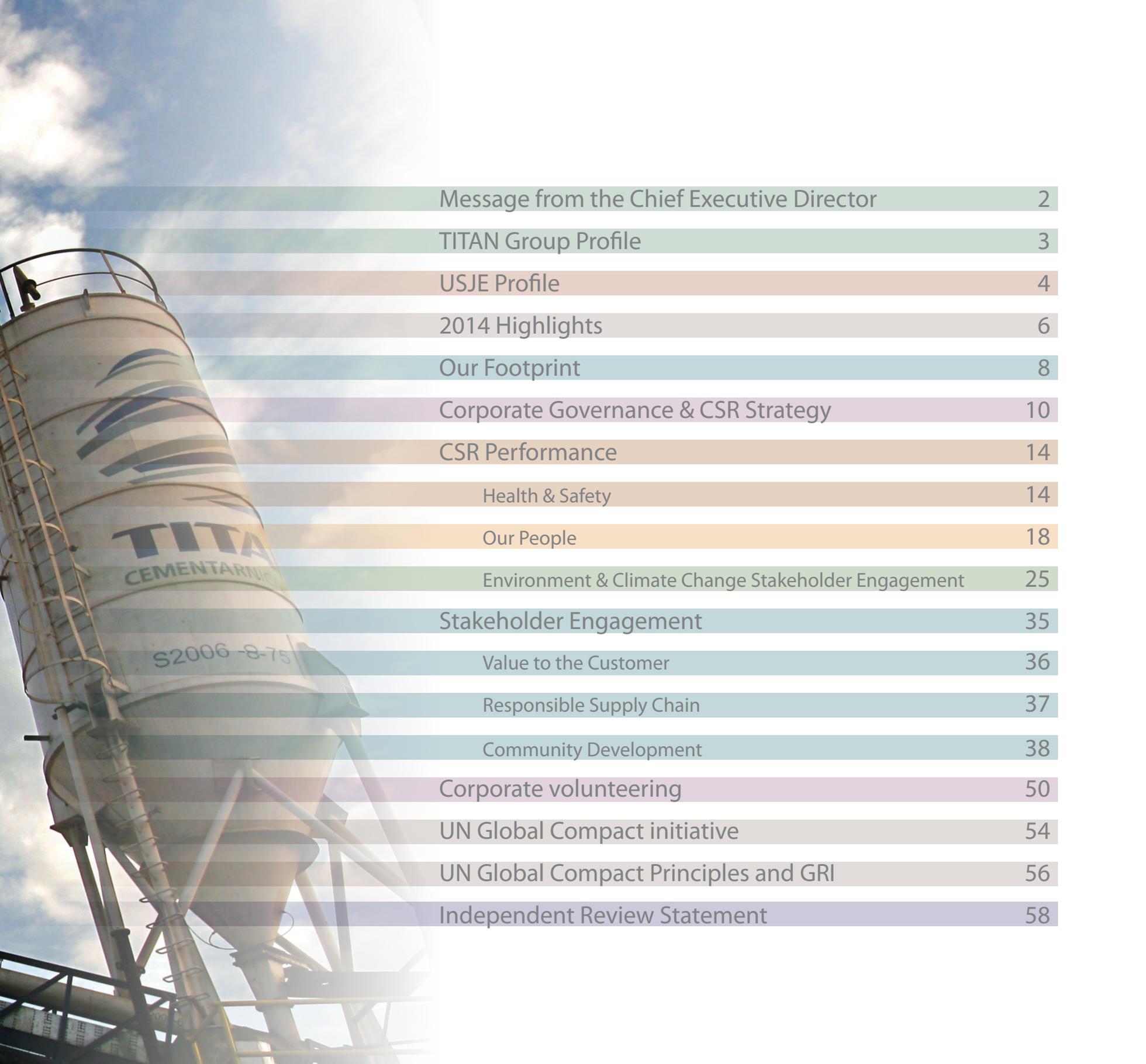
**TITAN**  
CEMENTARNICA USJE



RESPONSIBILITY - PARTNERSHIP - DEVELOPMENT  
TOGETHER FOR A BETTER FUTURE!



**TITAN**  
CEMENTARNICA USJE



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# Message from the Chief Executive Director

Dear partners, dear stakeholders,

Welcome to our 5th Report on Corporate Social Responsibility and Sustainability, which is the first Advanced Level report according to UNGC Policy criteria asserted by independent Business Assurance Company. This report is considered of extreme importance for all of us in USJE as it portrays and testifies about the magnitude of our joint success in the best way. I say joint success, because for us in USJE, success exceeds the accomplishment of business objectives. It clearly and transparently demonstrates our concern for all our stakeholders, as well as the interests and priorities of our neighbouring community.

During 2014, our company has once again proved that with a clear vision and goal, success is attainable despite the challenges we face in our business environment. Starting from our permanent commitment to create additional value for all stakeholders and partners, 2014 was marked by the extension of our product portfolio with two new products with which we have achieved double effect – we provided high-quality material for our customers, which is necessary for the realization of their investments and with that, in parallel, we provided effective saving of water as an essential natural resource, given the fact that new types of cement we have developed allow it.

On the sustainability front our performance showed progress during 2014. Most indicators related to health & safety at work continued to improve. We achieved a significant reduction in the lost time injuries among our employees. Benchmarking our performance against the Cement Sustainability Initiative (CSI) data, indicates top quartile performance globally. Through direct active involvement of all our employees we further progress to reaching our goal of zero accidents at the workplace.

Starting from the premise that people are the most valuable asset of the company, we continue to care and invest in our employees, in their wellbeing, as well as in the development of their skills and know-how. The tendency that about 30% of all training is in the field of health and safety at work, which is crucial for us, is also notable.

And of course, all of us in USJE are particularly proud of our support to projects and initiatives that we implement with local institutions, which are important for the well-being of our community.

In the segment of environmental protection, the most notable progress on the environmental front was achieved in further reduction of emissions that are part of our production process, as well as with a number of actions and commitment of our company and employees in actions for improvement of the environment that once again clearly demonstrated our strategic commitment to long-term sustainable development. In cooperation with our stakeholders, we led and supported several projects for the education of young generations about the importance of energy efficiency and waste management in order to achieve sustainable development and protection against climate change.

Our long-term commitment to invest in the education of young people is confirmed by the Skills for Jobs Project that provides practical training of secondary electrical and mechanical school students as well as with our active participation in other significant projects in this area.

In order to preserve the interests and expectations of all stakeholders more, within the Sustainability 2020 agenda USJE identified several key materiality issues including Health & Safety at Work, Response to the economic crisis, Community cooperation, Integration with EU and international standards, access to raw materials and the environment. To take into account all changes, every two to three years we update the analyses with all stakeholders involved. Our goal is, through the Sustainability 2020 agenda, to harmonize our operations with the needs and interests of all our stakeholders.

We continue to build and enrich our business through a commitment to collective action. Today, more than ever, we seek to strengthen collaboration with our peers and stakeholders within the framework of the UN Global Compact. For this reason, we are actively engaged in the Global Compact Network Macedonia; USJE actively participates & represents the LN as socially responsible company in the country and at international level. Since 2008 when USJE joined the UNGC pledge, we fully embraced the UNGC principles and developed a strategic approach in our efforts towards sustainability in all our operations. We also continued to build our engagement with all our stakeholders, listening and responding and by living our values of respect to people, society and the environment. At the same time, we are developing a roadmap to guide our sustainability ambitions for the next five years, with high commitment to Cement Sustainability Initiative (CSI) and to the UN Global Compact.

Dear,

In the year when our company is celebrating 60 years of existence and development, all of our efforts and plans remain focused on meeting our permanent commitment – keeping and improving the leadership position in the market of construction materials in the country. Our leadership is not limited only to the business, but also to the action in the areas that bring clear and lasting benefits for all our stakeholders and the community. I believe you will agree that such leadership and success are worth of our joint enthusiasm, determination and commitment.



*Boris Hrisafov*  
Chief Executive Director

*Boris Hrisafov*  
Chief Executive Director

# TITAN Group Profile

## WHERE WE OPERATE

**OVER 5,400 COMMITTED INDIVIDUALS WITH AN INTERNATIONAL PRESENCE**

TITAN Group owns cement plants in nine countries and is organized into four geographic regions: the U.S.A., Greece and Western Europe, Southeastern Europe, and the Eastern Mediterranean. From this base, we sell products to 36 different countries.

### REGIONAL OVERVIEW

U.S.A.	Greece and Western Europe	Southeastern Europe	Eastern Mediterranean
			
<b>Employees<sup>1</sup></b>	<b>Employees<sup>1</sup></b>	<b>Employees<sup>1</sup></b>	<b>Employees<sup>1</sup></b>
 <b>1,867</b>	 <b>1,165</b>	 <b>1,444</b>	 <b>1,025</b>
<b>Principal products/activities</b>	<b>Principal products/activities</b>	<b>Principal products/activities</b>	<b>Principal products/activities</b>
 Cement  Ready-mix concrete  Aggregates  Fly ash  Building blocks	 Cement  Ready-mix concrete  Aggregates	 Cement  Ready-mix concrete  Aggregates  Waste management and alternative fuels	 Cement  Ready-mix concrete  Aggregates
<b>Cement plants</b>	<b>Quarries</b>	<b>Cement plants</b>	<b>Quarries</b>
<b>2</b>	<b>7</b>	<b>3</b>	<b>27</b>
<b>Ready-mix plants</b>	<b>Distribution terminals</b>	<b>Ready-mix plants</b>	<b>Distribution terminals</b>
<b>88</b>	<b>15</b>	<b>26</b>	<b>8</b>
<b>Concrete block plants</b>	<b>Fly ash processing plants</b>	<b>Grinding plants</b>	<b>Dry mortar plants</b>
<b>9</b>	<b>9</b>	<b>1</b>	<b>1</b>
<b>Cement plants</b>	<b>Quarries</b>	<b>Cement plants</b>	<b>Quarries</b>
<b>3</b>	<b>17</b>	<b>5</b>	<b>13</b>
<b>Ready-mix plants</b>	<b>Distribution terminals</b>	<b>Ready-mix plants</b>	<b>Distribution terminals</b>
<b>5</b>	<b>1</b>	<b>7</b>	<b>1</b>
<b>Grinding plants</b>		<b>Processed engineered fuel facility</b>	
<b>2</b>		<b>1</b>	

<sup>1</sup> Employee figures are as at 31 December 2014.

# USJE Profile

Cementarnica USJE AD Skopje (or USJE) was founded in 1955 near the USJE village in the southeast part of the city of Skopje. In 1998, USJE was acquired by the TITAN Group. The company employs more than 300 direct employees and over 190 indirect employees.

## OUR GOVERNING OBJECTIVE

TITAN Group aims to grow as a multi-regional, vertically-integrated cement producer, combining entrepreneurial spirit and operational excellence with respect for people, society and the environment.

## OUR VALUES

### Corporate Social Responsibility

- Safety first
- Sustainable development
- Stakeholder engagement

### Continuous improvement

- Learning organization
- Willingness to change
- Rise to challenges

### Integrity

- Ethical business practices
- Transparency
- Open communication

### Value to the customer

- Anticipation of customer needs
- Innovative solutions
- High quality of products and services

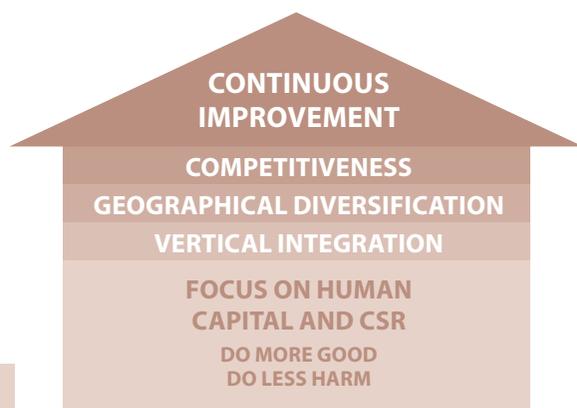
### Know-how

- Enhancement of our knowledge base
- Proficiency in every function
- Excellence in core competencies

### Commitment to result

- Shareholder value
- Clear objectives
- High standards

## ENHANCE SUSTAINABLE GROWTH



## OUR STRATEGY

Our **Code of Conduct** sets forth our Group's **CORE Operating Principles** including:

1. Compliance
2. Human Rights
3. Sustainable Growth
4. The Environment
5. Fair Competition
6. Bribery and Corruption
7. Relations with Customers and Suppliers
8. Relations with the Society
9. Employee Relations
10. Communication



In 2012 the new revised Group Code of Conduct was adopted by the Company and distributed to all employees. USJE's Management is responsible for ensuring that the Code of Conduct is understood and followed and all employees are expected to fully comply. Aiming to bring even closer the principles of the Code of Conduct to the people and they to embrace it as part of their own individual values and behavior, training for all employees was organized in December 2013 and January 2014. (For more information on Code of Conduct, please visit <http://www.usje.com.mk/Defaultebf1.html?mid=112&Lan=EN>)

## What we make

Our principal products are cement, ready-mix concrete and aggregates.

### CEMENT



Cement is a binding substance and the main component in ready-mix concrete. It is made by grinding clinker, gypsum and other cementitious materials to a fine powder.

### READY-MIX CONCRETE



Ready-mix concrete is made from cement, aggregates and water to produce a durable product that can be set in a variety of formats. It is typically mixed at the production plants to specification and then transported to construction sites.

### AGGREGATES



Aggregates are coarse materials such as sand, gravel, crushed stone and recycled concrete used in construction. They are the most mined materials in the world and are used as a raw material in cement and as a strengthening agent, for example, in asphalt and concrete. They can also be used in foundations for roads and railways.

## Our key business activities

### QUARRYING



At our 3 quarries, we extract raw materials such as marl, limestone, sand and aggregates.

### CEMENT PRODUCTION



At our cement plant we crush, grind, heat and cool raw materials to produce clinker, which is then processed further to produce cement.

### READY-MIX CONCRETE



We combine cement, water and aggregates at our ready-mix concrete plant.

### CEMENT TYPES WE PRODUCE:

- CEM I 42,5 R
- CEM II/A-V 42,5 R
- CEM II/B-M (V-P-L) 42,5 N
- CEM IV/B (V-P) 32,5

## Value created in 2014

High quality of products and services to customers

Stable and secure long-term employment

Concrete structures for society

Financial benefits for stockholders

**To employees:** 5,8 mill eur

**For Capital Expenditures:** 4,6 mil eur

**To local and international suppliers:** 37,0 mil eur

**For Environmental exp.:** 0,975 mil eur

**For taxes to state and local authorities:** 8,6 mil eur

## New products for better future

In line with our orientation for continuous improvement and customer support, USJE during 2014 introduced two new types of cements: CEM II/B-M (V-P-L) 42.5N and CEM IV/B (V-P) 32.5R LH/SR. With this action we have supported our customers with material customized to their needs.

The reduction of water demand for standard consistency in the new type cement CEM II/B-M (V-P-L) 42.5N ensures improved workability. Using this product, construction industry will reduce consumption of water, one of the most important natural resources.

The new pozzolanic type of cement CEM IV/B(V-P) 32.5R LH/SR for special purposes (used for dams, water treatment stations or silos) is a cement with low heat of hydration and further improved resistance of aggressive action of sulphate waters. This innovation will result with significantly increased durability of the concrete produced from this type of cement.

In parallel to the existing system for reduction of hexavalent chromium during packaging, USJE has installed a new system that allows its reduction in the process of production of cement. This improvement ensures better distribution of reducing agent and maintaining low content of hexavalent chromium in the final product at least three months after packaging. In line with our customer orientation commitment, this improvement will result in prevention of allergic contact reactions of the cement users.

# 2014 Highlights

## HEALTH AND SAFETY



ZERO FATALITIES and zero serious accidents

91% DECREASE in the number of LTI (Lost Time Injury) since 2005

83% DECREASE in the LTIFR (LTI Frequency Ratio) since 2005

62% DECREASE in the LTISR (LTI Severity Ratio) since 2005

## ENVIRONMENTAL PROTECTION



The specific gross CO<sub>2</sub> emissions per ton of cementitious product, are unchanged compared to previous year

Decrease of 27.9% in the average specific SO<sub>2</sub> emissions per ton of clinker produced; decrease of 21.4% in the average specific NOx emissions per ton of clinker produced; and reduction of 34.3% on average specific dust emissions per ton of clinker produced; all compared to previous year

More than 21.700 trees, saddles & flowers planted in 2014 in our Plant Quarries and Local Community

USJE was awarded with a Certificate for socially responsible company with a significant contribution for environmental protection by the National packaging waste association "Pakomak".

## ENGAGING WITH OUR STAKEHOLDERS



### Our employees, contractors, suppliers & customers

**100%** of our contractors' employees were trained on Health & Safety through our new Contractor Management process

USJE provides work and revenue of more than **35 million** euro per year to the local companies

More than **180** direct visits to our customers by more than 35 USJE employees, management team and other key employees to identify customers' needs and concerns

More than **6.500** training hours provided for all employees i.e. over **20** training hours per employee

Care for our employees

First Employee Opinion Survey

Communication Day with employees

Welfare programs

## "CAPACITY BUILDING TOWARDS UN GLOBAL COMPACT PRINCIPLES"

In Skopje, in July 2014, the Group Seniot CSR Manager, Maria Alexiou facilitated a training session on Integrated CSR reporting in line with the UN Global Compact principles to 25 CSR Liaison delegates and other responsible managers and employees from the Group BU's.

## COMMUNITY DEVELOPMENT

Skills for Job Project – practical training provided by our experts to more than 130 technical high school students

Partnering with Schools Project

Support of children with special needs

Playgrounds for children with special needs in cooperation with the Ministry of Labor & Social Policy

NGO Day care center for children with special needs in the Municipality of Kisela Voda

Support of the International Charity Bazaar for the school for children with special needs Zlatan Sremec – renovation of 2 classrooms

Summer Camp for children with impaired hearing

University & MBA scholarships

More than 3.000 roses donated and planted together in the initiative Macedonia – Land of Roses

NGO collaboration project “From Waste to Youth Energy”

## Key CSR 2014 priorities

Empowering our people

Continuing and expanding collaborative actions

Promoting win-win solutions for business and society

## CSR RECOGNITION

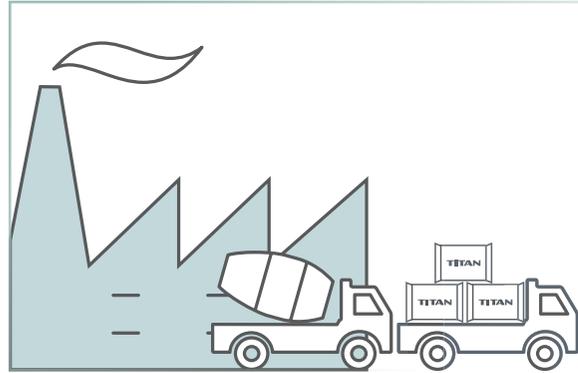
USJE WITH NATIONAL CSR ACCOLADE FOR ENVIRONMENTAL PERFORMANCE

In 2014 USJE receives accolade for best socially responsible practice in 2013 for *Environmental Performance* with the Project: “Noise minimization in the neighboring area of USJE”.



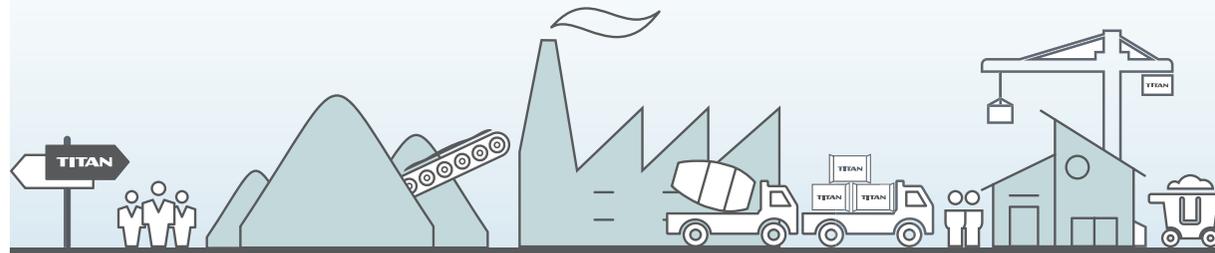
# Our Footprint

- 1963 USJE provides materials for reconstruction of Skopje after the earthquake
- 1967 First Electrostatic precipitators are installed in Ex-Yugoslavia by Cementarnica USJE
- 2000/2001 Bag-filter is installed on line no.3 and clinker cooler is reconstructed
- 2002/2003 Bag-filter is installed at Kiln No.4
- 2004 Installed system for independent 24-hour continuous measurement of emissions
- 2004 Certified with Quality System ISO 9001:2000
- 2006 Certified with Environmental Management System ISO 14001:2004
- 2008 USJE becomes a member of the Global Compact Network Macedonia
- 2009 For the first time in the region and in TITAN Group USJE starts with continuous public announcing of the environmental measurement data
- 2009 USJE establishes CSR Committee

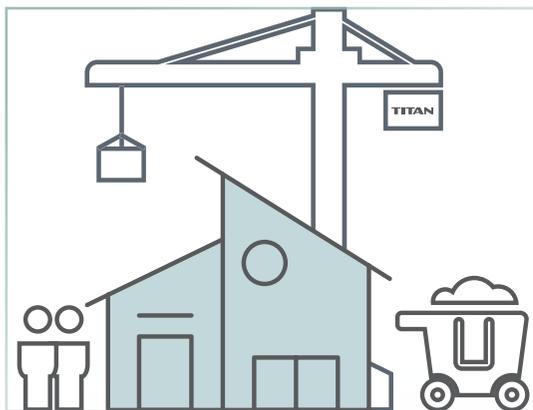
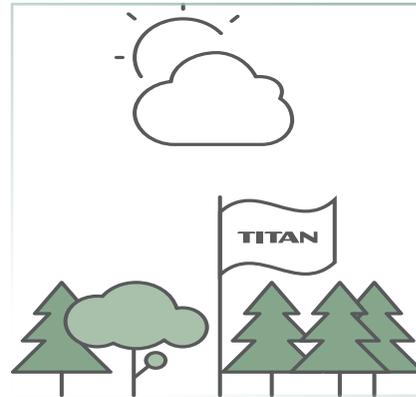


- **1.06 million** tons of raw materials extracted from 3 active quarries
- **Almost 1 million m<sup>2</sup>** is the total area of active quarries, out of which **715.000 m<sup>2</sup>** are affected by operations
- **More than 20.000 m<sup>2</sup>** of active quarries have been rehabilitated in 2014 by planting local trees and bushes

- For new investment in fixed assets: About **€ 77 million** since 1998
- About **€ 65.000** spent for community development programs through donations in cash and in kind in 2014



- **About 200.000 trees** planted by USJE or donated to third parties for planting since 1998, while about **22.000** trees were planted in 2014 only
- About **€1 million** spent for environmental investments in 2014



Total annual emissions

- Dust 10,8 t/year
- NOx 1112,5 t/year
- SOx 46,9 t/year

- 2010 Contractors Management H&S System established
- 2010 USJE publishes its First CSR and Sustainable Development Report
- 2010 USJE receives National Award for best CSR practices in the category Employees Relation and Recognition by the Municipality of Kisela Voda
- 2010 USJE organizes 1st Stakeholders Engagement Forum
- 2011 Certified with Health & Safety Management System OHSAS 18001-2007
- 2010-2011 556 days without workplace injury
- 2011 USJE obtains A Integrated Environmental Permit A-IPPC
- 2011 USJE receives National Award for best CSR practices in the category Environment and three plaques in the categories Community Investment, Employee Relations and Ethical Governance 2011 First Company Open Day organized
- 2012 Stakeholders Communication Day was organized on communicating our CSR & Sustainability Report of 2011 to all our stakeholders
- 2012 The first Communication Day for USJE employees was organized
- 2013 First Water Treatment Plant in the country



# Corporate Governance & CSR Strategy

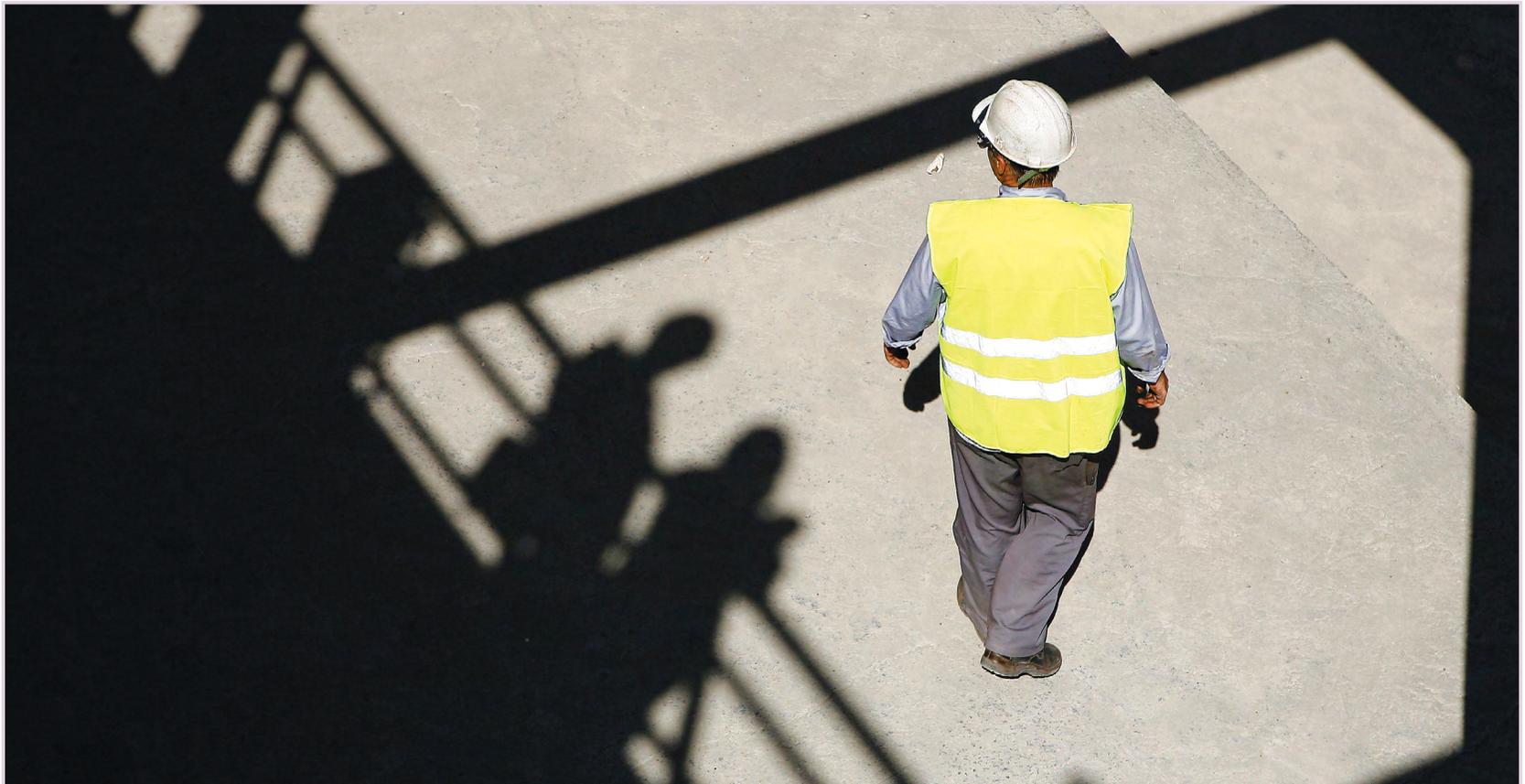
Our strategic determination is to minimize the adverse impact of our operations on the environment and the communities in which we operate and contribute to the well being of all our stakeholders, including our people, their families, neighboring communities and society at large.

Our CSR Vision is: ***"To pursue at all times our business goals and create value, in an ethical and socially responsible manner, minimizing our footprint, and endeavoring to do more good."***

USJE's CSR Committee is established in 2009 and is responsible for integrating and implementing TITAN Group strategy at the local level. Chaired by the CED and consisting of senior management

and experts in health and safety, the environment and human resources management, the CSR Committee meets four to six times each year, and in some cases monthly, to review and assess action plans and performance achieved, as well as to facilitate and initiate further improvements at both local and regional levels.

To ensure further cohesion within the Group, USJE's CSR Committee has appointed one of its members as a representative to the Group CSR Liaison Delegates Network (LDN) aiming at improving internal communication, sharing and learning from Group's best practice.



Performance appraisals for all managers (including Executives) include the enforcement of the Corporate Values, the Code of Conduct and CSR in decision making and daily life. CSR is one of TITAN's Corporate Values and each individual's advocacy for CSR is measured accordingly through qualitative results for each individual, as well as through the dissemination of relative behavioral standards. CSR is also included in the job descriptions of all employees.

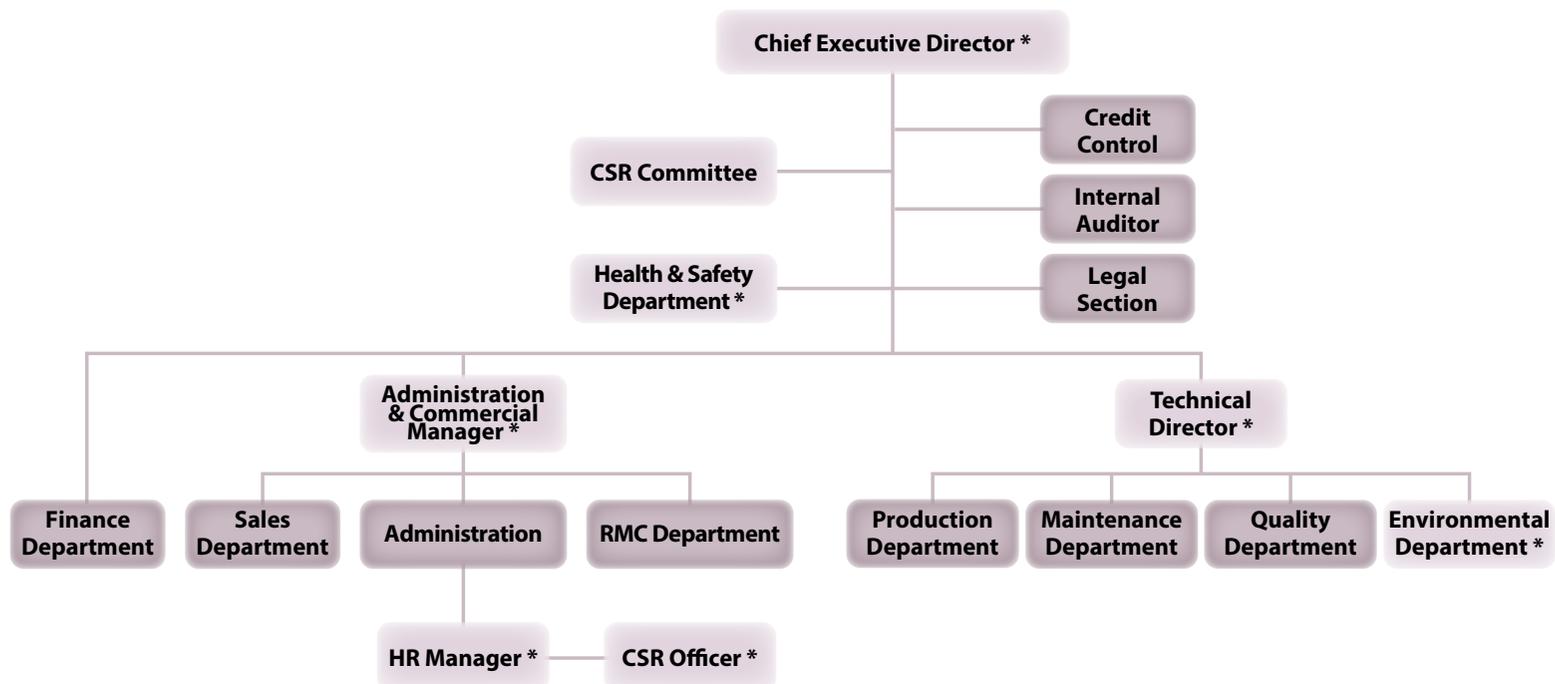
The Company follows established global best practices of corporate governance in its management and has five non-executive members

in its Board of Directors, two of which are also independent, and two executive members, the Chief Executive Director and Executive Director.

The non-executive members as well as the CED and the Executive Director have no earnings based on their membership in the BoD.

USJE's international standards (ISO 9001 for Quality; ISO 14001 for Environmental Management & OHSAS 18001 for Health & Safety) are audited and re-certified every year by the issuing authority (EuroCert).

## ORGANIZATIONAL STRUCTURE AND CSR COMMITTEE



\* Members of CSR Committee

## SYSTEM OF RISK MANAGEMENT & CONTROLS

Managing risks proactively enables the Group to better adapt to a changing business environment. TITAN Group therefore continuously expands the scope of its risk assessment processes to achieve a greater understanding both of the opportunities and the changing concerns and expectations of key stakeholders. The Group has systems in place to monitor and anticipate potential material risks.

The Board of Directors is generally responsible for the Company's internal audit and risk management and for evaluating their effectiveness each year. The Board of Directors confirms that the Company has internal control systems and risk management policies in place and that it has been informed by the CED and the competent Group executives about their effectiveness.

The assurance mechanism regarding the integrity of the Company's financial statements consists of a combination of the embedded risk management processes, the applied financial control activities, the relevant information technology utilized and the financial information prepared, communicated and monitored.

The Company's management reviews on a monthly basis the consolidated financial statements and the Company's Management Information (MI) – both sets of information being prepared in accordance with IFRS and in a manner that facilitates their understanding.

The monthly monitoring of the financial statements and Company MI and their analysis carried out by the relevant departments, are key elements of the controlling mechanism regarding the quality and integrity of financial results.

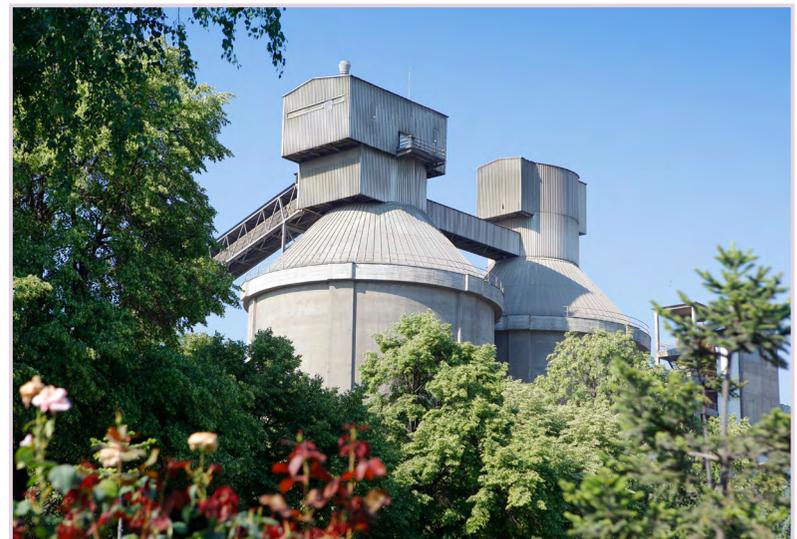
The Company's external auditors review the mid-year financial statements and the full-year financial statements of the Company.

As of 2014, USJE has established a local Internal Audit Department in the organization. The internal audit of Usje works together with the Group Internal Audit Department aiming to ensure compliance both with our state regulations and Titan Group internal procedures and Code of Conduct.

The priority of the Internal Audit of Usje is to provide the BoD with an independent and objective opinion concerning risk management, internal controls and corporate governance systems, through the assessment of their effectiveness in achieving Company's business objectives.

## CENTRAL MANAGEMENT COMMITTEE

To further enhance the decision-making process and the corporate governance, the Company as of 2013 has established a Central Management Committee comprised of the Chief Executive Director, the Technical Director, the Administration & Commercial Manager, the Finance Manager and the Head of Legal Section (one female member). The Central Management Committee has monthly meetings to discuss strategic issues and risk management.



## ANTI-CORRUPTION MANAGEMENT

One of our Group's Code of Conduct core principles is Bribery and Corruption, stipulating that all Group transactions must be carried out lawfully and ethically, in accordance with all applicable laws and regulations and must always respect the United Nations Convention against Corruption (UNCAC)\*. The level of exposure to relevant risks is estimated every year through reports and analyses provided by the Transparency International's Annual Corruption Perception Index.

Our Code of Conduct clearly prohibits giving and receiving bribes, while as signatories of the Global Compact we are fully committed to join national and other programs aiming at eliminating bribery and corruption. Moreover, Titan's Procurement Code of Conduct ([www.titan.gr](http://www.titan.gr), [www.usje.com.mk](http://www.usje.com.mk)) issued in 2008 is stating what the company policy and commitments are towards its suppliers, and clearly states the contractual obligations of the suppliers including the obligation to abstain from any action that could be interpreted as an act of bribery, corruption and fraud. No verifiable cases of non-compliance and breaches to our bribery policy have been reported in 2014.

Another issue governed by the Code of Conduct is the issue of **Gifts and Donations**, which sets forth that all employees are prohibited from offering, soliciting or accepting gifts, donations in cash or any other form and any benefit related to the performance of our duties.

\* UN Resolution 58/4 of 31 October 2003 United Nations Convention against Corruption.

## CSR & CORPORATE GOVERNANCE MILESTONES

- 2008 – USJE joined UN Global Compact
- 2008 & 2006 - H&S Policy and Environmental Policy adopted
- 2009 – USJE was one of the leader members in TITAN Group being the first company to establish CSR Committee consisted of the top management as well as the managers of the key CSR related departments.
- 2009 onwards – USJE regularly issues its CSR & Sustainability Report & GRI disclosures
- 2010 CSR Policy & CSR Vision adopted

## PLEDGES AND COMMITMENTS

Pledges and commitments undertaken by the Titan Group and USJE Company in line with our values, Code of Conduct and priorities:

- Global Compact (UN Declaration of Human Rights, ILO Conventions)
- WBCSD/CSI (sectoral initiative)
- GRI (Reporting Guidelines)
- ISO 14001, ISO 9000, OHSAS 18001, (norms and equivalent local standards)
- EU strategy 2011-14 for Corporate Social Responsibility (Oct. 2011)
- U.N. Guiding Principles on Business and Human Rights
- U.N. "Protect, Respect and Remedy" Framework

# CSR Performance

## HEALTH & SAFETY

**OUR OBJECTIVE IS TO ACHIEVE OUR VISION OF A HEALTHY WORK ENVIRONMENT FREE OF INCIDENTS, INJURIES AND ACCIDENTS**

The continuous improvement in safety performance shows that Health and Safety has been consistently and effectively pursued, even under challenging business conditions.

Our Occupational Health & Safety Policy (<http://www.usje.com.mk/upload/pdf/Politika%20za%20bezbednost%20i%20zdravje%20pri%20rabota.pdf>) clearly defines the role of everyone involved in reaching and continuously improving a strong culture of accident prevention in all our operations. We are aligned with the world statistics that the root cause of more than 95% of incidents has to do with the human factor thus we are concentrating our efforts on enhancing safety awareness of our people. For that effort, we constantly strive to raise the safety performance of direct employees and contractors and to urge suppliers and third parties to adopt similar behaviour and practices.

### CONTRACTOR MANAGEMENT

Of all reported incidents, more than half happened to contractors. This shows that, despite the marked improvement in the safety of our direct workforce, further effort is required regarding contractor safety. Hence, we are currently improving our contractor management systems in line with CSI guidelines, which will come into force in 2015.

Embedding safety standards among contractors and business partners resulted in the commitment that all contracts with suppliers (large or small, global or local) must refer to issues such as safety and human rights.

### RAISING H&S AWARENESS

Within the context of further enhancing corporate safety and environmental culture, Cementarnica USJE continued in 2014 with the H&S training cycle. The training sessions were addressed to all employees and took place throughout the whole year.



Target 2011	Results 2014	Target 2015
Complete the process of OHSAS 18001:2007 certification	Successful external surveillance audit on OHSAS 18001:2007 system; Valid certificate until 2017	Continuous improvement; Regularly audit and re-certify
Zero fatalities and zero serious accidents	Zero fatalities and zero serious accidents	Maintain Zero fatalities and zero serious accidents
Continuous decrease in the Lost Time Injury (LTI), LTI Frequency Rate and LTI Severity Rate	Compared to 2013, the number of LTI remains one. The LTI Severity Rate is increased due to higher number of sick- live days of the injured person	Achieve and sustain zero LTI, LTIFR and LTISR
Implement the new Contractor Safety Management process	Implementation of the Contractor Safety Management. The "Action Plan" from Dec '14 tends for further improvement.	Achieve full compliance with the CSI guidelines on Contractor Safety Management and Driving Safety

## CENTRAL COMMITTEE FOR HEALTH AND SAFETY

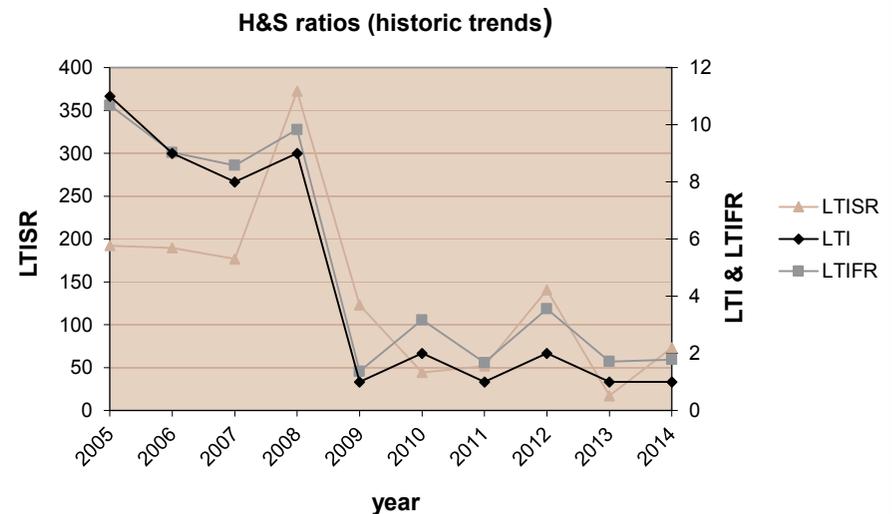
H&S awareness and commitment is a top priority of each employee, from the CED to the blue-collar workers. Aiming to continuous improvement in our performance, a Central Committee for Health & Safety was established in 2009 and actively operates since then. It engages employees responsible for its continuous monitoring and development, including the top management. The Central Committee is chaired by the CED and is structured in 5 subcommittees: Safety Incidents, Safety Audits, Contractor Management, Leading Indicators and Rules & Procedures. Each subcommittee has specific tasks and responsibilities. The common and ultimate goal is to safeguard the H&S of our and contractor's employees as one of the basic human rights at workplace. In 2014, as much as twelve meetings of the H&S Central Committee were held.

## CEMENT SUSTAINABILITY INITIATIVE

Within the context of our commitment to higher standards in every aspect of our operation, USJE strives to apply even higher standards in H&S than required by local laws and common practice. Since 2012 we are dedicated to meet the requirements of the "Cement Sustainability Initiative" (CSI) initiative of the World Business Council for Sustainable Development, which is a global effort by 24 leading cement producers with operations in more than 100 countries worldwide.

## HEALTH & SAFETY RATIOS

Health and Safety Performance is continuously monitored, measured, developed, improved and branched out.



\*LTI – A Lost Time Injury (LTI) is defined as a work-related injury causing the absence of one or more working days (or shifts), counting from the day after the injury, before the person returns to normal or restricted work. Excluded are injuries in transport to and from work, injuries due to criminal act and injuries due to natural causes.

\*\*LTIFR – Number of LTIs in a year per 1,000,000 hours worked i.e. LTI Frequency Rate = (Number of Lost Time Injuries in a year x 1,000,000)/Total actual hours worked and paid to employees in the year.

\*\*\*LTISR – Number of lost calendar days due to LTIs in a year per 1,000,000 hours worked i.e. LTI Severity Rate = Number of Lost Calendar Days in a year x 1,000,000)/Total Actual Hours worked and paid to employees in the year



The Incident Investigation Subcommittee regularly reviews and investigates any incident reported by our employees in accordance with the procedure for reporting incidents. In 2014, we have awarded the employee with most incident reports.





## H&S IMPROVEMENTS

Our aim to continuously improve and develop in H&S as well as the gap analysis done of the current H&S system, resulted in two very important projects developed during 2014.

One of our mid-term goals is to further develop safety culture and sense of ownership in the medium and lower level of employees. The top management of USJE invested a lot of efforts to create a new "Safety Audits System" that will engage more the middle-level employees, raise their ownership awareness and by utilizing synergy of involved stakeholders from different departments to achieve the set targets. More than 53 employees are directly involved in this process with different roles: auditors, owners, coordinators. Extensive trainings were completed in late 2013, while implementation started in January 2014. All 35 scheduled audits were done resulting into 325 identified unsafe conditions, 238 of which were eliminated during 2014, while the rest scheduled for early 2015 to be completed during the general overhaul. Onsite inspections consumed over 850 man-hours.

Implementation of the LOTOTO (Lock Out – Tag Out – Try Out) procedure was a very big challenge. This procedure is a comprehensive and most effective way to for safe intervention on machinery and equipment. The basic idea behind this procedure is that everyone who has to work on such equipment can personally lock (physically with a padlock) all sources of energy identified. First phase of the procedure understands identification of all sources of energy (electrical, mechanical, pneumatic, hydraulic, potential, material, etc) and points of their isolation (switches, valves, etc. ). They are written in a special form, used as a check list during future intervention and de-energization. Next stage is installation of equipment that can be locked. Having in mind age of the equipment, incompatibility of most of the equipment for pad-locking, size of the plant and number of positions to be locked, this process requires enormous efforts of technical staff, financial resources and time. Implementation was organized in two stages. Primarily the "Identification of sources of energy" for any possible activity in the plant was done (thousands of records) and validated, while in the second phase replacement of incompatible units or some adjustments of the existing followed. This process will continue and be finished in 2015.



## OUR PEOPLE

We believe that our employees are the most valuable asset to achieve business objectives and sustainable growth.

Our vision is to

**‘Ensure an engaged workforce,  
emotionally and mentally.’**

Following the update of our Code of Conduct, a People Management Framework was launched to provide all TITAN operations with clear and consistent guidance on how to address people-related issues ([http://www.titan.gr/UserFiles/File/our\\_people/172241\\_people-management-framework-en.pdf](http://www.titan.gr/UserFiles/File/our_people/172241_people-management-framework-en.pdf)). The Framework applies to direct employees, as well as to our business associates and serves as a model for all people-related policies developed at local level. The framework includes guidance on:

- Building and retaining an engaged workforce
- Building trust by living our values
- Respecting human rights

### TITAN'S APPROACH TO PEOPLE MANAGEMENT

#### ENGAGED WORKFORCE (EMOTIONALLY AND MENTALLY)

Meritocracy, differentiation in rewards and recognition

Continuous employee development

Best fit candidate selection

TITAN Code of Conduct

Living the TITAN values

The TITAN People Management Policy serves as the pathway towards the accomplishment of our vision and is based on TITAN Values.

In all our employment selection decisions, the principle of equal opportunity is applied, while, due consideration is also given to the local employment needs. We respect human rights, promoting them within the area of our influence and ensuring a law compliant and safe working environment.



## RAISING CONCERNS

We encourage an open door policy for communication with supervisors and the implementation of grievance mechanisms that allow employees to raise concerns of non-compliance with TITAN Values and TITAN People Management Framework in good faith. Within this context, we do not tolerate any retaliation against any employee reporting such concerns.

Aiming to encourage and enable staff to communicate to the management activities that may not comply with our commitments, including the provisions of the Code of Conduct monitoring systems like “yellow boxes” are already used while other practices developed in other countries where TITAN operates are examined.

## CONSEQUENCE MANAGEMENT

Identified non-compliance with the TITAN People Management Framework is handled by detecting the root cause and implementing appropriate disciplinary sanctions. Where an action is also in breach of the law, it may be subject to civil or criminal prosecution.

## EMPLOYMENT

Employment at USJE is characterized by long-term relationships with employees grounded in mutual trust, reliability and shared values. The low percentage of temporary and no part-time employees is testament to conditions of employment at USJE.

In 2014 the average number of direct employees was 322 while the number of indirect employees was 198 on average. The indirect employees provide valuable services as support to our core business: quarrying, transportation of goods, maintenance and technical support, cleaning and catering.

- Employees receiving regular performance and career development reviews: 55 (>17% of total)
- Employees receiving performance award based on set performance evaluation criteria: 100%

## PERFORMANCE EVALUATION SYSTEM FOR ALL EMPLOYEES

In addition to the well-established People Development Review system for performance management of the management team and other key employees, in 2014 USJE has introduced performance evaluation system for all employees. The aim of this performance evaluation system is to ensure continuous improvement of the performance of our employees through fair, transparent and motivation system that will contribute for continuous development of the people in our company.

## HUMAN RIGHTS & EQUAL OPPORTUNITIES

TITAN supports the Universal Declaration of Human Rights and is committed to the protection of fundamental human rights within its sphere of influence as proclaimed by the U.N. Global Compact.

Respect for human rights is reflected and incorporated in our People Management Policy, applying equally to direct and indirect employees, where:

- **Full Compliance with Applicable Employment Legislation is ensured**
- **Diversity, Equality and Non-Discrimination are applied and valued**
- **Forced, Compulsory and Child Labor are prohibited**
- **Harassment is not tolerated**
- **Employees' Health & Safety is a top priority**
- **The Right of Freedom of Association is respected**
- **Employees are prepared to address current and future challenges**

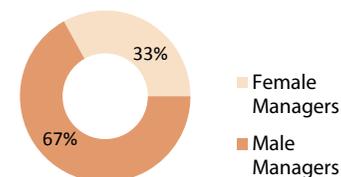
\* Human rights as defined by UNDHR and ILO's Conventions on Labor.

We aim to promote respect for human rights within areas of our influence, including among else respect for the freedom of association.

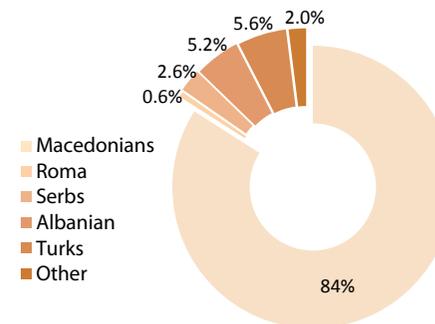
We value diversity with equal opportunities for all and elimination of any kind of discrimination and consideration of human rights issues in investment decisions. Accordingly:

- The Company's management team is comprised of local managers to a level of 86%;
- Participation of women in managerial position is 33%;
- More than 18% of all employees are female;
- About 16% of all employees belong to the ethnic minorities;

### MANAGERS IN USJE



### EMPLOYMENT DIVERSITY



On a regular basis, through specialized workshops, our management team, in cooperation with titan group directors and experts, examine exposure to human rights abuses, labor rights conflicts as well as all relevant issues and potential risks.

Titan's code of conduct and people management framework were adopted by usje's top management, translated into the local language, distributed to all employees and a specific training (presentation) was delivered by the company. In 2013 and 2014, all employees received training on the code of conduct and on people's rights arising from the law against workplace harassment with total of 265 training hours.

All new employees during their formal inductions provided with the titan code of conduct and human rights related training and receive written material (brochure and info-guide) on the above two subjects.

#### TITAN GROUP EMPLOYEE STANDARDS

- **Non-discrimination:** Prohibit discrimination in all employment-related practices
- **Working hours:** Respect the right to leisure and avoid excessive overtime
- **Wages and benefits:** Guarantee a wage that - at a minimum - meets national legal standards and provides additional benefits that respond to local needs
- **Discipline:** Apply appropriate disciplinary measures
- **Fair treatment:** Prohibit bullying and harassment
- **Prohibition of child and forced labor:** Prohibit the use of all forms of forced and child labor, complying with International Labor Organization standards
- **Freedom of association:** Respect our employees' freedom of association and related rights, within the framework of local laws

#### COLLECTIVE BARGAINING AND UNIONIZATION

TITAN Group actively promotes freedom of association of employees, beyond local legal requirements. We acknowledge the importance of unions in improving working conditions and safeguarding workers' rights. Union representatives at USJE have the right to meet with line management to discuss their concerns and suggest improvements. Currently, about 83% of the employees are members of the Union.



## HUMAN RESOURCES DEVELOPMENT

USJE believes in the continuous development of its employees. Our goal is to promote life-long learning and enhance the professional skills and competencies of our people needed to meet future challenges.

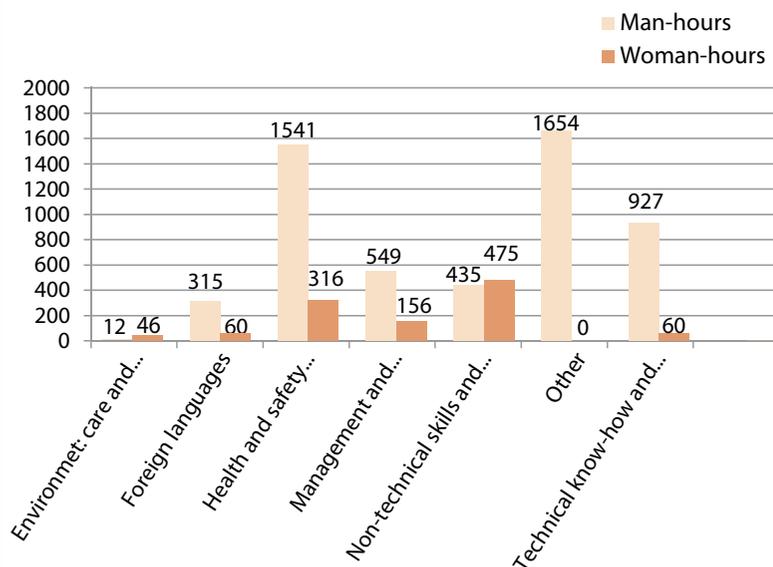
In 2014, we have provided about 6.546 training hours for all employees or about 7.100 hours for employees and contractors, or about 20 training hours provided per employee.

Health and Safety training remains a key priority for USJE, accounting for 29% of training in 2014 (more than 2.400 man-hours for our people and contractors). This is all part of our goal to enhance the Health and Safety culture among our employees and the employees of our suppliers and contractors.

Development activities in environmental area were directed towards sustainable development including in-house training sessions for groups of employees on topics such as e-waste management.

Moreover, the "Step Change" (Self Training E-learning Program) program developed by Harvard Business Publishing has been implemented for USJE employees, which is a flexible and up-to-date one year program in leadership and management skills.

### TRAINING HOURS PER SUBJECT & PER GENDER



## EMPLOYEE BENEFITS, COMPENSATION AND WELFARE PROGRAMS

The employee benefits and social welfare are covered by USJE, according to the Labour Law and Collective agreement as a minimum. In addition, the Company is committed to the wellbeing of our employees and their families thus our additional benefits respond to their needs, including

- **Extra Medical Checkups & Spa Rehabilitation** – About 2/3 of all employees have been subjected to cardio exams over 50 age, gynecology and breast exams, osteoporosis check-up, abdominal and other ultrasound screening, spa rehabilitation etc.)
- **Jubilee service awards** for employees with 10, 20, 30, 35 and 40 years of service with the company – In 2014 about 19 employees have received jubilee awards
- **Scholarship Program for the children of our employees and school packs for each student/pupil** – In 2014 about 72.000 euro have been invested in the education of our people's children
- **Donations in kind and financial aid**
- **Additional severance payment** (retirement or disability)
- **Christmas parties for employees' children**
- **Christmas gift vouchers**
- **Additional vacation bonus**
- **Salary adjustment according to the cost of living.**

## USJE RECEIVED THE AWARD HUMAN RESOURCES MANAGER OF THE YEAR

Cementarnica Usje AD Skopje is winner of this year's award for best practices in the human resources management. Magdalena Slavejkova, Human Resources Manager in USJE was awarded with "Human Resources Manager of the Year" by the Macedonian Association of Human Resource for the first time in our Country.



## COMMUNICATION DAY WITH EMPLOYEES

Our values are based on transparency and open dialogue, while our strategy relies on and is focused our human capital. Hence, we believe that it is very important our employees to be promptly informed about the Company and the Group achievements and furthermore about the current global trends and how they affect our operations. Moreover, we believe that employee engagement is essential to improving Company's performance and sustainability.

With this purpose, the second Communication Day with employees of Cementarnica USJE was organized in 2014 with about 80 of our employees from all departments present.

Employees have been presented the recent USJE developments & situation, TITAN Group's achievements and challenges in the future, business innovation and developing talents.

At the end of the Event, the employees with 10, 20, 30, 35 and 40 years of service were presented with jubilee awards.

## WORKFORCE ENGAGEMENT AND SATISFACTION

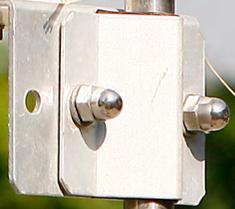
### EMPLOYEE OPINION SURVEY

Considering USJE's strategy for continuous improvement and focus on our people and following the TITAN Group initiative, Cementarnica USJE has conducted employee opinion survey for the first time. The aim of this survey is to improve operations through our people recommendations.

The employee opinion survey "Your Opinion Matters" was organized in September 2014 with participation of about 80% of the total number of employees. The employee opinion survey was conducted by the independent consulting house Towers Watson, taking care about full confidentiality of the process.

The results of the survey in the big majority of the questions were highly more positive compared to the benchmark of the general manufacturing industry. Upon presentation of the survey results by Towers Watson, an action plan was prepared aiming at implementing improvements in company operations and management during 2015.

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## ENVIRONMENT AND CLIMATE CHANGE

Our environmental commitment aims **at doing less harm** by mitigating negative operational impacts and **doing more good** by actively contributing to worthwhile local and international initiatives.

Pursuing our Vision (<http://www.usje.com.mk/upload/pdf/Environmental%20policy.pdf>) we strive to be recognized as one of the leading enterprises in our industry worldwide on Sustainability and Environmental Stewardship and we aim at:

- Complying as a minimum with local, national and international regulations and legislation.
- Continuously improve our environmental performance, monitoring and reviewing, at top management level, the effectiveness of our programs and actions.
- Assessing the environmental impact at each facility and taking the necessary measures to protect the biodiversity and natural surroundings.
- Developing, implementing and monitoring programs to use energy and natural resources more efficiently and to reduce our emissions
- Reducing the waste produced by operations, reusing our own byproducts and these of other industries and promoting recycling
- Promoting environmentally responsible attitudes and behaviors in all our employees and encourage suppliers, customers and other business associates to adopt similar practices.
- Contributing to the well-being of local communities, communicating openly and sincerely with them and pursuing good-neighbor relations.
- Supporting and participating in local and international organizations and initiatives designed to protect the environment by sharing knowledge, best practices and with joint actions.

Being aware that USJE operations are heavily dependent on the use of natural resources, we are committed to actions that reduce our operational impact on the environment. Monitoring, measuring, reporting, cooperating, continuously acting and improving is how we address environmental issues.

Through our CSR approach, we aim to address these main environmental issues:

- Climate Change
- Energy and raw materials
- Air and other emissions
- Biodiversity
- Water & energy efficiency

USJE continuously strives to address the defined environmental challenges. In this area, we are fully implementing TITAN policies which guarantee sound and transparent environmental management according to the international best practices.

Cementarnica USJE has fully implemented The Operational Plan from the A-IPPC Permit issued in 2011 by the Ministry of Environment and Physical Planning (MoEPP) as the first company in Skopje. In addition, we are regularly conducting audit and re-certification of the Environmental Management Standard ISO 14001:2004.

The Company has adopted and respects the Environmental Policy and operates in line with the Environment Management System ISO 14001. The Company monitors its environmental performance, records the EPIs and produces the Environmental Review in line with its enduring commitment to further improve its environmental performance.

Target 2011	Results 2014	Target 2015
Finalize the process of obtaining A-IPPC Permit from the MoEPP and implement planned activities from the Operational Plan for the year	Fully implemented Operational Plan from the A-IPPC Permit	Fully implement the Operational Plan from the A-IPPC Permit
Reduction of CO <sub>2</sub> emissions compared to the previous year	455838 t CO <sub>2</sub> /year, 652 kg CO <sub>2</sub> /t cementitious product 880 kg CO <sub>2</sub> /t clinker	Continuous reduction of CO <sub>2</sub> emissions
Dust	14.17 mg/Nm <sup>3</sup> for Kiln 3 and 4.18 mg/Nm <sup>3</sup> for Kiln 4 or 5.68 tons/year and 5.11 tons/year, respectively	We are already below the target for dust emissions 30 mg/Nm <sup>3</sup>
SOx	22.0 mg/Nm <sup>3</sup> for Kiln 3 and 31.17 mg/Nm <sup>3</sup> for Kiln 4, or a total of 8.83 tons/year and 38.12 tons/year respectively	We are already below the target for SOx emissions 400 mg/Nm <sup>3</sup>
NOx	764.37 mg/Nm <sup>3</sup> for Kiln 3 and 659.15 mg/Nm <sup>3</sup> for Kiln 4, or total 306.41 and 806.14 tons/year respectively	Reduce specific NOx emissions to 1200 mg/Nm <sup>3</sup> * Target was changed in 2014 to 800 mg/Nm <sup>3</sup>
Participate in at least one global and national environmental protection and climate change initiatives	"Earth Hour", "From Waste to Youth Clean Energy", "Tree Day - Plant Your Future", and others.	Increase the level of participation in global and national environmental protection and climate change initiatives

## MONITORING EMISSIONS

Monitoring emissions is a pre-condition for controlling and reducing environmental impacts from cement production. In 2004, USJE was the first company in the Country to introduce independent continuous monitoring systems operating 24 hours. This enables the company to closely monitor the emissions on real time basis and take action accordingly. At the same time, it gives interested stakeholders regular, updated information on our performance. At our initiative results from the monitoring are presented at USJE's web page.

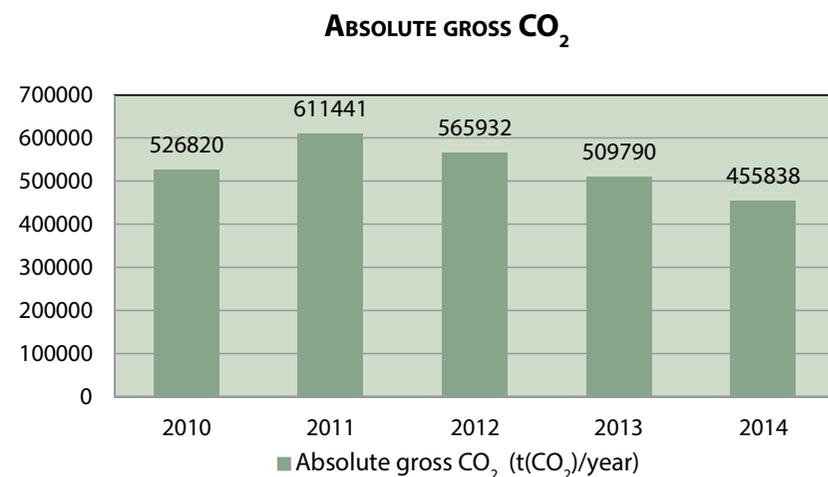
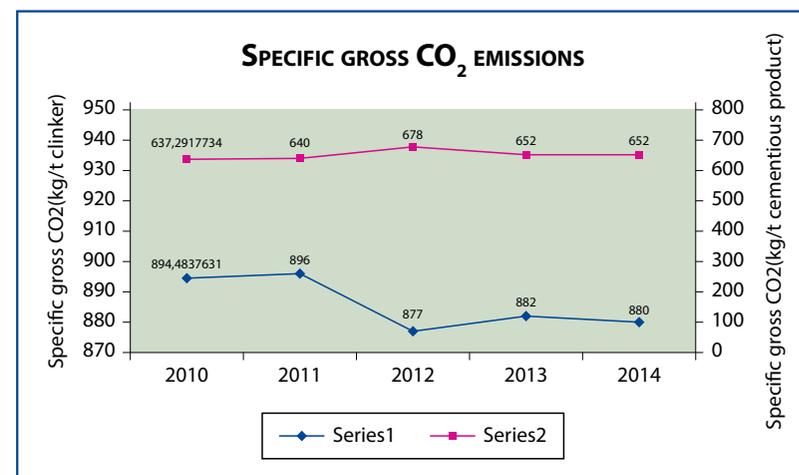
### MEASURING OUR CO<sub>2</sub> FOOTPRINT

Climate change is considered as the most important environmental challenge of our time. The nature of the cement industry is such that it produces and emits carbon dioxide (CO<sub>2</sub>), thus contributing to the greenhouse effect and climate change. Direct CO<sub>2</sub> emissions from the production of cement itself are attributed to:

- Decarbonisation, the process of transforming raw materials (mainly marl) into clinker, the main component of cement;
- Fuel consumption, including both fuels burned in the kilns (heavy oil and pet-coke) and fuels used for internal transportation, driers and boilers (heavy oil and natural gas), produce CO<sub>2</sub> as a result of the chemical reaction between carbon (C) and oxygen (O<sub>2</sub>).

Indirect emissions of carbon dioxide are released during the production of electricity required for the production of clinker and cement, as well as during the external transportation of raw materials, fuel and final products.

As part of Titan Group we are following WBCSD/CSI standards for calculation and reporting of CO<sub>2</sub> emissions. In 2014, USJE's total direct CO<sub>2</sub> emissions were 0.456 million tons, which are lower by more than 10% compared to the previous year, while the specific CO<sub>2</sub> emissions were 652kg CO<sub>2</sub>/t cementitious product which is equal as last year.

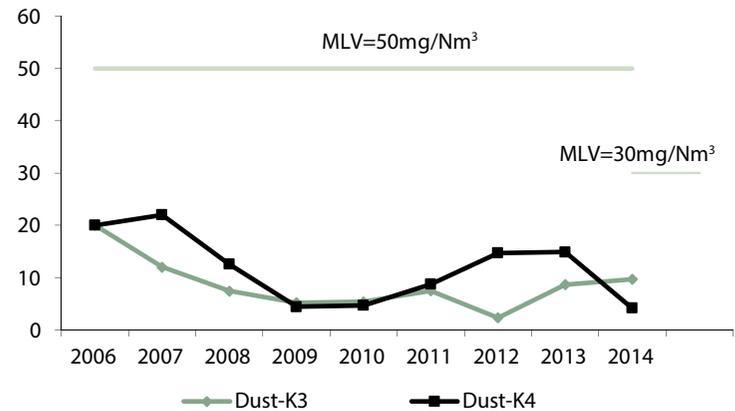


## AIR EMISSIONS

### Dust

At cement plants, major dust emission sources are kiln stacks and open surfaces creating fugitive dust from the transportation of materials.

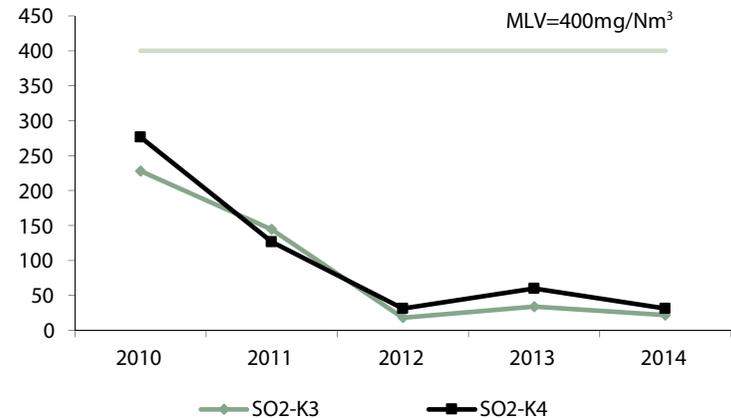
In 2014 specific emissions of dust were 38.7 g/ton clinker for Kiln 3 and 13.8 g/ton clinker for Kiln 4. This is equivalent to approximately 5.7 tons and 5.1 tons, respectively per year. Dust emissions are many times below the limits (MLV) set by the environmental terms and conditions of both local and EU legal requirements. The average concentration of dust for Kiln 3 is 14.17 mg/Nm<sup>3</sup> and for Kiln 4 is 4.18 mg/Nm<sup>3</sup>. The MLV is 30 mg/Nm<sup>3</sup>.



### SOx

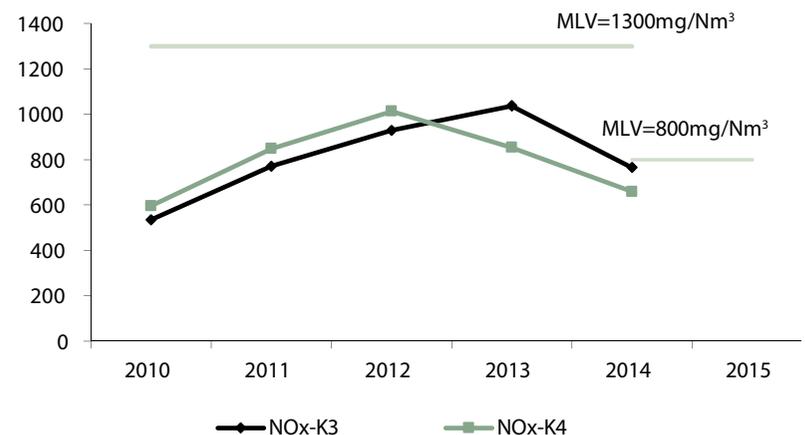
The presence of sulphur (S) in raw materials is the primary cause of SOx emissions. USJE's SOx emissions are substantially below the limits (MLV) set by the applicable local and EU regulations. The average concentration of SOx for Kiln 3 is 22.0 mg/Nm<sup>3</sup> and for Kiln 4 is 31.17 mg/Nm<sup>3</sup>, while the MLV is 400 mg/Nm<sup>3</sup>. In 2014 our activities resulted in specific emissions of approximately 60.2 g/ton clinker for Kiln 3 and 102.6 g/ton clinker for Kiln 4, or a total of 8.83 tons and 38.12 tons SOx, respectively.

Significant reduction of SOx emissions on both Kilns compared to ones in the year 2010 is result of implementing selective exploitation in the Marl Quarry.



### NOx

Combustion at high temperatures leads to NOx emission. In 2014 USJE's specific NOx emissions were 2089.9 g/ton clinker for Kiln 3 and 2169.5 g/ton clinker for Kiln 4, or total 306.4 and 806.1 tons NOx respectively per Kiln. The overall NOx emissions were within the limits (MLV) set by the local and EU legislation. The average concentration of NOx for Kiln 3 is 764.4 mg/Nm<sup>3</sup> for Kiln 3 and 659.1 mg/Nm<sup>3</sup> for Kiln 4, while the MLV is changed from 1300 to 800 mg/Nm<sup>3</sup>.





## REDUCTION OF AIR EMISSIONS (NOx)

Pursuing the dedication of TITAN Group to sustainable development, USJE in 2013 prepared Study for minimization of NOx emissions and initiated the introduction of new technology and installation of additional equipment for reduction of NOx emissions consisting of so-called Selective Non-Catalytic Reduction (SNCR).

SNCR - Selective Non Catalytic Reduction is a secondary means to reduce NOx after its formation at the main burner. SNCR is state-of-the-art technology and is considered as a Best Available Technique according to the European BREF. It can ensure NOx reduction by use of NHx based reagent, which is injected into a location of the pre-heater at the appropriate temperature profile (870 –1150°C) and oxygen profile ( $\geq 1\%$ ).

In general, the facility for reagents application contains preparation system (reduction agent solution), storage tank, mixing and distribution, and injection equipment (nozzles).

Technology and equipment for SNCR were provided by internationally acclaimed manufacturer YARA. Installation was completed and put into operation in April 2014.

Introduction of the SNCR technology in USJE, using 40% urea solution, enables reduction of NOx emissions up to 50% under regular working conditions. In year 2014, by using the SNCR technology we achieved 21.4 % reduction of specific NOx emissions, compared to year 2013.

By implementing SNCR technology in USJE's operation, we are minimising our footprint to the environment and are prepared for further coming stricter limits for NOx emissions.

## INITIATIVES FOR NOISE MINIMIZATION

Production of cement, like most other industrial activities, causes noise as a result of the type of equipment employed in the production process, the transport of materials, etc. The measured noise level at the measurement points along the factory and quarries does not exceed the stipulated permissible limits, according to the country law; nonetheless, as a socially responsible company, Cementarnica USJE, in cooperation with the Faculty of Natural and Technical Sciences in Stip, has developed a Study for Noise Reduction in the vicinity of USJE cement plant aiming at further minimization of the noise level. The purpose of the study was to identify the main sources of noise: more than 100 short-term measurements were made within the factory and 24-hour measurement in the adjacent facilities. The study provides a model for noise dispersion, proposes noise control measures as well as three scenarios and technical solutions for noise reduction.

In the course of 2014 many of the foreseen activities were realized, as follows:

- Placing dampers at the fans which are in the open air and if necessary enclosing them with acoustic panels
- Placing acoustic louvers at the venting openings in the compressor stations and in the area where the raw mix mills and cement mills no. 4, 5 and 6 are located
- Closing of blowers in the homogenization silos and placing of raw mix and the blowers in Packing Department 2 in acoustic cases.

For this project, USJE received an accolade for best corporate social responsibility practice in 2014.

## WATER AND ENERGY EFFICIENCY

The technological process for producing cement in USJE is dry methodology meaning that water is not consumed during the process of producing cement and also in the water media there are no disposals of any kind from the process. However, we are making continuous efforts to protect the water as a natural resource. Following our environmental policy, a system for rational usage of waters was established, that includes:

- Water from the city water supplying network is used for sanitary purposes only
- The technical waters (for cooling of the equipment) are filtered and recycled in closed system and
- Sewage waters are separated from the atmospheric waters and discharged in the city sewage network
- Atmospheric waters and street spraying waters from the plant are drained and collected in the open canals.

In 2013 USJE upgraded the existing system and officially commissioned a Water treatment facility, the first of its kind in the Country, that includes a system for rational utilization of waters and allows complete separation of sewage from atmospheric water. Atmospheric waters from the plant and the water used for streets washing are collected and drained through a specially designed system of channels that are attached to the Treatment plant.

## EARTH HOUR INITIATIVE

Cementarnica Usje AD Skopje for the sixth year in a row is part of this global action "Earth Hour". This year the event is held under the motto "Use your power today, turn off the lights, it's time for planet Earth to shine".

By turning off the cement mills, Cementarnica USJE AD Skopje joined the global action "Earth Hour". The mills of the company remained one hour without electricity supply in the period from 20:30 to 21:30 hours on Saturday, March 29<sup>th</sup>. In same time, the supporters of this action worldwide switched off the power supply in their homes, organizations, companies and factories.

Cementarnica USJE AD saved 10 MWh of electricity by shutting the cement mills, which is equal to the electricity consumption of 3 households in Skopje for a year, or 20.000 households for one hour. This is the same as powering off more than 166.000 (60W) light bulbs for one hour and at the same time saving around 7.600 kg of CO<sub>2</sub> indirect emissions. Apart from turning off the cement mills, the Company turned off the electricity supply in the other plants as well, where safety measures allow.



## USJE JOINED THE INITIATIVE "MACEDONIA – LAND OF ROSES"

The initiative of planting roses in the City of Skopje is launched as a result of a research study that shows that the white rose is one of the best purifier of the ambient air.

Cementarnica USJE AD Skopje joined this action with donation and planting of 3.000 roses in the Municipality of Kisela Voda and Municipality of Aerodrom. USJE has its own nursery, for many years now, where a large number of different seedlings and flowers are being produced and used for planting of the areas within our

Plant, but also in the schools, kindergartens and other public areas in the Municipality of Kisela Voda. Last year, we planted more than 21.700 seedlings and flowers.

Contribution to environmental protection and raising awareness about the importance of the environmental protection are one of the core values of our Company and essential part of our corporate social responsibility.



## USJE ONCE MORE TOOK PART IN "TREE DAY - PLANT YOUR FUTURE" ACTION

On December 3th, 2014 Cementarnica USJE joined the "Tree Day - Plant Your Future" action for the twelve time.

About fifty of our employees along with the management team, through this volunteering action, planted trees at a location near the village of Miladinovci, Skopje.

Our support of the action "Tree Day - Plant Your Future" is part of our strategic initiative for environmental protection. Among other activities, we improve the horticultural arrangement in the educational institutions and public spaces in the Municipality of Kisela Voda. This way, we contribute to improving the health of the citizens of our neighbourhood and we encourage sustainable development of the Municipality.

### USJE AND RESIDENTS OF PRIPOR PLANTED 5,500 NEW TREES

USJE discontinued its operations in the western part of the marl quarry, and instead of marl excavation, we decided to develop forest over about 4 ha of our property near Pripor settlement. Implementing that idea, employees of Cementarnica USJE, neighbours from Pripor settlement and representatives of the Municipality of Kisela Voda in a joint action planted 5,500 trees on this area. Cementarnica USJE provided the the trees and invested in irrigation system for the whole planted area. In this action, 3.000 Cypresses, 2.000 Acacias, 250 5-meters high Poplars and 250 3.5-meter high Maples were planted. Planted trees, within their vegetation period, have the capacity for daily absorption of 900 kg carbon dioxide and output of 600 kg of oxygen per hectare.

USJE regularly takes actions for forestation and horticultural landscaping in Kisela Voda municipality. In the past five years, there are more than 90,000 trees planted in the premises of the company and its surroundings.





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ЗАПРАШЕНО  
ОБИТАНЕ  
ОТНАД

# Stakeholder Engagement

Engaging with internal and external stakeholders is a core element of USJE’s business model directly linked to our values and key priorities for sustainable growth. However, it can only be achieved through accountability to all the people whose lives we touch, both inside and outside the Company. The Group’s coherent and robust management framework sets out our governing objectives, values and strategic priorities.

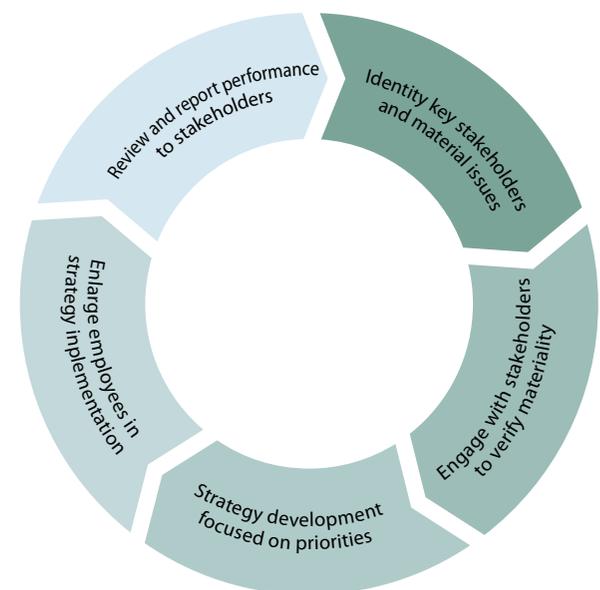
The results of our materiality assessment are summarized in the matrix above. They highlight the most relevant and significant issues for TITAN Group and USJE and our key stakeholders. The TITAN Group CSR Committee oversees the materiality process. The same process is followed at USJE and every two or three years a local materiality analysis is conducted to align local action plans with Group targets and commitments.

USJE has a five-step approach concerning stakeholder engagement process. Our activities in this regard are guided by the three main principles of inclusivity, materiality and responsiveness.



The Group’s and USJE’s key stakeholders are:

- Employees
- Customers
- Suppliers
- Local communities
- NGOs
- Local and national governments
- Investors and analysts



## VALUE TO THE CUSTOMER

Value to the Customer is one of our six Company values stating that “We do our utmost to provide quality products and services with competitive terms, tailored to our customers’ needs and supported by the necessary technological, environmental and commercial experience”.

USJE has a policy to serve the needs of customers and be proactively responsive in their expectations. Aiming at customer satisfaction and support we undertake many activities in this regard, including:

- Special cement designed for the dam on Treska for energy sustainability
- Visits to our customers by management team and other key employees from all departments, together with the sales representatives, to identify customers’ needs and concerns (more than **180 visits** in 2014)
- Questionnaires to seek feedback from the customers with regards to the quality and their satisfaction from our mutual cooperation.
- E-Order introduced in 2012 providing services to the customers to ensure their easier everyday operation and work
- Over 40 silos and associated equipment for storing bulk cement provided to the customers free-of-charge
- Technical support to customers related to their equipment, recipes etc.
- Procedures for customer support; customer claims and customer satisfaction.

USJE received the National Award for best socially responsible practices for 2012 in the category Market Relations for its Customer Support project.





## RESPONSIBLE SUPPLY CHAIN

TITAN works with a relatively limited number of large, and mainly local, suppliers. This benefits the local community by creating local jobs. We have established both local and global procurement standards, which are set out in the TITAN Group Code of Conduct for Procurement ([http://www.titan.gr/UserFiles/File/omilos/Code\\_Conduct\\_Procurement\\_01082008.pdf](http://www.titan.gr/UserFiles/File/omilos/Code_Conduct_Procurement_01082008.pdf)). The TITAN Group Code for Procurement guides the selection, management and evaluation of suppliers. Key criteria are quality and reliability, flexibility and location of business. Sustainability criteria are also taken into consideration.

The contracts include clauses related to contractors' obligation to respect health & safety and environment standards and regulations. The contractors and suppliers sign a declaration that they will observe the H&S and environment related clauses and the Contractor Management Manual, including labor, H&S and environment related requirements, that is delivered to them personally before signing of the contract. The project owner in USJE then monitors the compliance and observation of the contract by the respective contractor and reports to the Central Committee.

We believe in mutually-beneficial relationships with our contractors and suppliers and we are committed to promoting responsible supply chain management practices. ([http://www.usje.com.mk/za\\_usje\\_2\\_en.html?mid=58&Lan=EN](http://www.usje.com.mk/za_usje_2_en.html?mid=58&Lan=EN)). To this effect, our suppliers are expected to be quality-driven, innovative and efficient and to operate in accordance with the applicable laws and regulations.

USJE strives to inspire and engage contractors and suppliers on Health & Safety matters. For this purpose, in 2010 we have developed a new Contractor Management process which incorporates Health & Safety (as required by the CSI guidelines on Contractor Safety). Its goal is not only to provide procedures that contractors should comply with, but also to raise their awareness to a level where they can understand that a good health & safety performance is a good business performance as well. Nonetheless, despite the marked improvement, further effort is required regarding contractor safety. Hence, we are currently improving our contractor and driving management systems in line with CSI guidelines, which will come into force in 2015.

*"Health & Safety at workplace is one of the priorities in our company. In the course of our long-standing co-operation, we recognized the same priority in Cementarnica USJE. With the H&S trainings of each of our new employees for safe performance of works and assignments in Cementarnica USJE as well as with the regular and well-organized lectures by USJE experts, the H&S awareness of our employees has been raised."*



Zoran ilievski,  
 Detal Veld,  
 Kavadarci

## COMMUNITY DEVELOPMENT

Respect and support of local communities as well as building a relationship of trust and cooperation is a long-held tradition of USJE beginning over a half a century ago.

Committed to collaborative action, USJE conveys best practice and expertise gained through synergies at global and industry level to local networks and stakeholders.

Local partnership initiatives such as the Skills for Jobs project, Partnering with Schools Project, support of children with special needs, collaborative and many other endeavours reflect our CSR strategy and policy based on our corporate values. In 2014 USJE continued to contribute to local community projects with financial, human and technical resources. Priority was given to long-term community and business engagement programs amounting to more than €75.000 in total.

## OPEN DOORS FOR VISITS AND TOUR OF THE PLANT FOR WIDER COMMUNITY

Following TITAN's policy on corporate social responsibility and transparency in operations, USJE continues its endeavours towards developing close relations with the community, thus being and aiming to remain an active member of the society.

Our first Open Day organized in 2011 was positively evaluated by all visitors, with recommendations to become a tradition.

Considering this, Cementarnica USJE organizes OPEN DAYS in the plant, every last Thursday of the month, during the whole year, when everyone interested is able to visit us, to learn about our production process and our commitment for its permanent improvement through highest standards of operation.

Within the OPEN DAY, visitors have the opportunity to find out more about history and values of USJE and to be a part of an organized tour through the plant where they can see the production facilities and learn everything about our process of cement production.

Target 2011	Results 2014	Target 2015
Improve health & safety in the local community	Implemented energy efficiency and H&S improvements in 11 schools with €40.000 investment	Continue Partnering with Schools Project. Expand H&S initiatives in the local communities in terms of scope and content. Branch out to other businesses
Provide direct support to the educational prospects of pupils and students in the country	54 students – children of our employees received scholarships 3 students received MBA scholarships More than 50 students visited the company 28 students were interns in the Company	Company open-door policy & implementation of the project "Introduction into professions" Continue with scholarships for university & MBA studies for young people in the country
Diversify corporate volunteering activities with at least one new initiative	Participation of our employees in the initiative Let's Do It Macedonia Voluntary donation for Serbia	Increase number of employees engaged in corporate volunteering initiatives Cooperation with Red Cross Macedonia



## NGO COLLABORATION

### USJE PARTNER IN THE “FROM WASTE TO YOUTH CLEAN ENERGY” PROJECT OF GO GREEN ENVIRONMENTAL NGO

In line with our corporate social responsibility strategy that rests on four main pillars, including environmental protection, USJE supported the 6-month project “From Waste to Youth Clean Energy” implemented in cooperation with Go Green environmental NGO.

The goals of the project include

- Changing of the perspective of young people from consumer-oriented society to sustainable development,
- Waste management and clean energy;
- Developing young leaders that will act as change agents in their local environment;
- Raising awareness and promotion of the concept of sustainable development, waste management and clean energy.

Primary target group of the project are high school students (14-18 year-old) and secondary target group is primary school students (10-14 year-old) and general population and it involved 1.000 young people and 50 schools.

## CLIMATE CHANGE, CONSUMER SOCIETY, WASTE AND CLEAN ENERGY

The focus of the Conference was on the role of small countries VS big countries in combating climate change. The topic was connected with “youth activism” and “waste to energy” concepts. The Environmental Manager of USJE had presentation on possible usage of alternative fuel in the cement industry as one of the mitigation measures for climate change. Accent of the presentation was given to the foreign experiences, activities for usage of AFs within Titan Group, as well as positive impact of this project to society and nature.

The Conference was attended by 80 high school students that presented the “Climate scenarios” in Macedonia and France and the urgent need to develop clean energy system.

## LEADERSHIP CLIMATE CHANGE CAMP

Leadership Camp – From Waste to Energy was organized in v. Skrebatno, Ohrid in August aimed at training 40 young people that will be the “change makers” and will lead the educational campaign and the Facebook competition. On the camp they were trained on leadership, youth activism and campaigning. USJE supported the camp organization and the opening ceremony.



## “EU WASTE REDUCTION WEEK” PARTICIPATION

Within framework of this collaborative project, a press conference was organized at EU info Centre in Skopje on November 25, 2014 as part of the European Waste Reduction Week, November 22-30, organized Go Green. At the event, representatives from the Ministry of Environment, The French Embassy and USJE took active participation. The aim was to raise awareness about the benefits of selecting and recycling waste, solving the current problems with municipal landfills and possibility to use processed waste fractions as alternative fuels.







# Cooperation with universities & schools

## DEVELOPING SKILLS FOR JOBS

Following our strategic determination for support of development through education and building upon our strong local partnership, good neighbourly relations and responding to the needs of our community and the society at large, USJE provides practical experience and skills to young people in the country through different endeavours, including practical training, internships, scholarships, job fairs, study visits, open days and other activities.

### **CEMENTARNICA USJE LAUNCHED A PROGRAM FOR DEVELOPMENT OF PROFESSIONALS THROUGH PRACTICAL TRAINING**

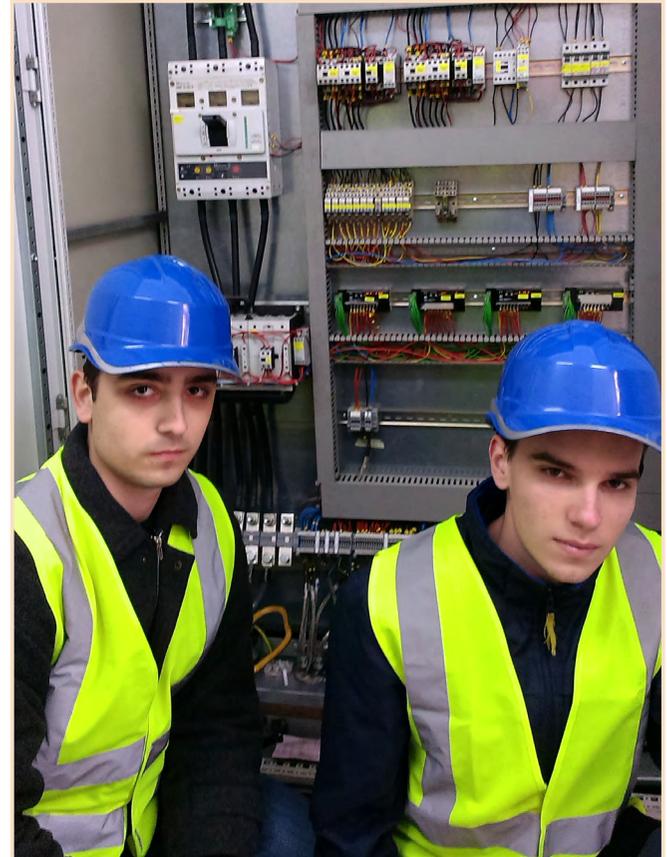
Aiming to strengthen the employability of the young educated people, USJE launched a program for practical training of students from technical high schools of mechanical and electrical vocation located in the capitol of Macedonia. The initiative of Cementarnica USJE was positively recognized by the Ministry of Education and Science and the State Center for Vocational Education and Training of the Republic of Macedonia.

Main goal of this project is to build strong connection between the business sector and education of young students, especially in the field of technical skills.

The project in 2014 included 135 students from IV year (age 17-18 years) from the 3 (three) state technical high schools SETU "Mihajlo Pupin", SUGS "Vlado Tasevski" and SUGS "8 Septemvri" who in a period of three months, in groups of 15 participants, undergo practical training in the industry two days per week (every Thursday and Friday). The practical training of the students is under mentorship of USJE experts and specialists in the concerned fields, namely from mechanical and electrical maintenance, along with their school teacher. At the introductory class, students are introduced to the H&S standards and efforts at our plant. Furthermore, the students are trained in a special workshop classroom, at the site of production and maintenance equipment and process in line with their curriculum and needs.

The main objective of the practical training of the high school students is gaining new technical knowledge and skills by linking theory with practice in the immediate work environment in industrial facilities.

With this Project that provides the students practical experience, technical skills and know-how, we aim to increase the employability of these profiles of high school graduates as well as to create possible bench workforce.



*"Implementation of this type of practical training provides extended professional know-how and skills to the students through linkage of the theory with the practice. This project does not only offer new knowledge, but it enhances students' motivation and opens new employment possibilities in the future, since the practical training provides more technical skills to the students."*



Prof. Milanova,  
Vlado Tasevski High  
School

## USJE AS A ROLE MODEL FOR CUSTOMER RELATIONSHIP MANAGEMENT TO ESTIEM STUDENTS

### USJE RECEIVED ESTIEM STUDENTS FROM ALL AROUND EUROPE TO SHOWCASE OUR BEST PRACTICES IN CUSTOMER RELATIONSHIP MANAGEMENT

Vision is a Project of ESTIEM (European Students of Industrial Engineering and Management) and combines an understanding of engineering and technology with management skills. It is a Europe-wide seminar series that consist of academic lectures, company orientations and visits, workshops, as well as cultural activities.

The final conference of this year's series of seminars under the topic of Customer Relationship Management took place in Skopje from the 20th–25th May, 2014, and was organized by ESTIEM Local Group Skopje.

We received about 20 ESTIEM students to share our best practices in Customer Relationship Management as well as to provide them with the opportunity to get an insight and understanding of our Company's operations and production processes.



## IAESTE INTERNATIONAL INTERNSHIP PROGRAM

USJE accepts members of IAESTE International Student Association of Technical Universities for internship in duration of 6 weeks. This year we had one student from Brazil attending internship in our Electrical Maintenance Department.

## INTERNSHIP OF UNIVERSITY STUDENTS

USJE accepts students from the universities for their mandatory 1-month internship. This year we had as many as 28 students attending internship in various departments, including production, mechanical and electrical maintenance, finance, sales etc.

## INTERNSHIPS OF GRADUATES

The Company started an Internship Program in duration of three months for 4 graduates without working experience thus providing them the opportunity to acquire the practical know-how and experience they are lacking in order to facilitate their future employment and strengthen their employability.

#### VISITS FROM STUDENTS AND FROM PRIMARY SCHOOL STUDENTS FROM KISELA VODA MUNICIPALITY

More than 50 university and high school students visited our Company in 2014, who through a tour around the production facilities, were directly introduced to our process of production, control of the quality of our products as well as our Health & Safety efforts and performance.

A group of students from the Civil Engineering Faculty visited our Plant in October. The focus of the visit was the quality control of our products. Our Company gladly opened the doors for the children from "Kiril Pejcinovic" Primary School from Kisela Voda Municipality. About 15 children in eighth grade accompanied by their teacher in chemistry visited our Lab and were introduced to how we control our raw materials and product quality.

#### SCHOLARSHIPS FOR MBA POSTGRADUATE STUDIES NINTH YEAR IN A ROW

Aiming to raise the level of education of the young people in the country, Cementarnica USJE AD Skopje strategically supports the education. To this effect, Cementarnica USJE awarded three scholarships for postgraduate studies in Management & Business Administration at the School of Business Economics and Management, University American College Skopje. The selection was made through a public announcement and the best applicants with working experience in businesses were selected.

#### USJE SUPPORTED NASA SPACE APPS CHALLENGE

The international NASA Space Apps Challenge is a two-day hackathon during which teams of technologists, scientists, programmers, designers, artists, entrepreneurs and students from around the world collaborate and connect with publicly available data to design innovative solutions to global challenges. This year the international hackathon took place in the period from 11-13 April in 95 cities of 46 countries worldwide and lasted 72 hours.

Cementarnica USJE supported this event by providing awards for the best participants. This year, Macedonia with 150 participants and 30 created projects is the leader in Europe in number of participants and the number of projects created.

#### PARTNERING WITH SCHOOLS PROJECT

As part of our voluntary commitment for support of education and educational process in the country as well as our H&S and environmental commitment and know-how, USJE since 2010 supports the public schools in the Municipality. The project is aimed at continuous improvement of the health & safety and environmental conditions in the public schools and kindergartens in the territory of the Local Municipality where our Company operates as well as at raising the awareness of the children on their own health & safety thus cultivating the health & safety culture in the early stages of education.

Through the project we make efforts to branch out CSR to our suppliers & contractors and through this CSR Project to encourage more businesses that work in our Municipality for community development.

The Project covers eight primary schools, one school for children with special needs and 2 kindergartens with 4 different buildings each in the Municipality of Kisela Voda with 6650 children studying in the schools and 671 employees in the schools covered.

As of the beginning of the project, more than 120.000 euro have been invested in-kind and labor and more than 4.000 hours have been spent by our management and employees and more than 8.000 hours have been spent by our contractor's and suppliers' staff.

## SUPPORT TO VULNERABLE GROUPS

### USJE SUPPORTED THE INTERNATIONAL CHARITY BAZAAR

The fourth International Charity Bazaar took place on June 7th, 2014 on the occasion of the International Children's Day in organization of "Dobredojde" Macedonia Welcome Center (DMWC).

Upon invitation by the American Chamber of Commerce (AmCham) in Macedonia to its member companies, Cementarnica USJE AD Skopje supported this charity event by providing reconstruction of a day-care classroom and sports room in the school.

So far, USJE has contributed to the efforts for improving the life and education of the children with special needs in the school by with many activities, including construction of playground for motor mobility skills development of the children, reconstruction of part of the school roof, installation of a new fence and recovery of the existing part, replacement of windows in the kitchen and canteen, repair of the sewage, construction of paths, planting of trees and green fence and other activities.



Michelle Osmanli,  
 President of AmCham

*"Cementarnica USJE's program to continually improve school infrastructure in their local community is a great example of targeted, impactful and sustainable CSR practice in Macedonia. Cementarnica USJE's 2014 donation, together with funds gathered at Dobredojde Macedonia Welcome Center's 2014 International Charity Bazaar enabled the creation of an entirely new after-school activity room in Skopje's "Zlatan Sremec" special needs elementary school. The room was transformed from a drab, old-fashioned classroom to a brightly colored and welcoming place for kids to spend their afternoon hours relaxing or working in groups. This complete transformation would not have been possible without Cementarnica USJE."*

## INCLUSIVE PLAYGROUNDS FOR THE CHILDREN WITH SPECIAL NEEDS

Following our determination for community support and the support to the vulnerable groups, USJE supported the Ministry of Labor and Social Policy in its project for construction of inclusive playgrounds for children with special needs. Our Company donated materials and services needed for the construction of the playgrounds in the City Park in Skopje and in Kavadarci.



## SUMMER EDUCATIONAL AND SPORTS CAMP FOR THE CHILDREN WITH IMPAIRED HEARING

As a result of its long-term commitment to supporting educational projects and being socially responsible company, USJE supported again the Summer Educational and Sports Camp for 22 children with impaired hearing from the Partenie Zografski Education and Rehabilitation Center.

Within the summer educational camp, the children with impaired hearing have an opportunity to spend time together and to improve their communication skills. At the same time, through education, they create moral values and manners.



**TITAN**

CEMENTARNICA USJE

ПРВОМАЈСКА ББ



# Corporate volunteering

USJE EMPLOYEES VOLUNTARILY PARTICIPATED IN THE NATIONAL CAMPAIGN "LET'S DO IT MACEDONIA 2014" FOR THE THIRD TIME

In October, 2014, the third national campaign "Let's Do It Macedonia 2014", that is part of the global action "Let's do it! World 2014", took place in almost all municipalities throughout the country. The goal of the campaign is to encourage civil activism and voluntarism as well as to raise awareness and habits of the citizens for proper waste management (more at <http://www.usje.com.mk/vest168en.html>).

USJE supported this action by providing to the organizers, NGO "Ajde Makedonija" and the Municipality of Kisela Voda mobile equipment needed for collection, loading and disposal of the waste, sandwiches and water for 250 participants as well as transport and other services.

Applying the concept of corporate volunteering and guided by our commitment for environmental care USJE employees gladly joined this initiative. During the weekend we rolled up our sleeves and got to work. Our employees, including the management team, volunteered on the territory of the Municipality of Kisela Voda.

Our support to the action "Let's Do It! Macedonia" is in line with our strategic initiative for environmental protection within the framework of corporate social responsibility.



## CEMENTARNICA USJE AND ITS EMPLOYEES JOINED THE EUROPEAN MOBILITY WEEK

Cementarnica USJE AD joins the European Mobility Week, which was held from September 16 to 22. Within this action, whose national coordinator is the Ministry of Environment and Physical Planning, sustainable mobility in urban environments is promoted. The goal is by using various activities to improve human health and protect the environment by using cars less, under the motto "Instead of the car we can 'start' our mind".

Within this activity, a Bicycle Parade was held in Skopje on 22 September, organized on the Day without cars, as part of the European Mobility Week. USJE donated five bicycles for this event and additionally, the employees in the company will personally participate in the Bicycle Parade. Employees who had urgent obligations in the company on September 22nd came to their workplace without a car.



*European Mobility Week is traditionally held with various activities in a number of cities.*

## USJE TEAM PART OF SKOPJE MARATHON 2014

USJE employees participated in the 5-kilometer Team Building Race of the 10<sup>th</sup> Skopje Marathon 2014 that took place on May 11<sup>th</sup>, 2014.

Under favorable weather conditions, USJE Team comprised of 20 employees successfully finished the race and ran 100 kilometers in total. The team spirit of our team as well as of all other participants from 47 different countries made the whole event an outstanding experience for our team members. Three USJE female employees finished the race ranking in the first 100 hundred participants.

## CEMENTARNICA USJE WITH HELP FOR THE POPULATION AFFECTED BY THE FLOODS IN SERBIA

Cementarnica USJE sent a truck with bottled water to help the population affected by the large floods in neighboring Serbia. The truck with more than 15,000 bottles or around 23,000 liters left for Belgrade from where it will be distributed to the most affected areas in Serbia.

Cementarnica USJE's donation went to Belgrade as part of the humanitarian convoy that was organized by the Macedonian Red Cross.

Guided by their commitment for voluntarism and contribution to the community, our people voluntarily raised funds for the families in the affected regions, the amount of funds raised from personal donations of employees was doubled by the company and transferred to the Red Cross as an aid for improving the current living conditions.





# UN Global Compact initiative

The UN Global Compact is the largest global voluntary social responsibility initiative, with over 8700 members in 130 countries worldwide. Titan Group, the mother Company of USJE is a member of the UN Global Compact since 2002.

The Global Compact Network Macedonia was established in 2004. USJE joined the Network in 2008.

In 2015, USJE will continue to its activities by initiating capacity building on active communicating progress according to the GRI G.4 among members of the local UN Global Compact Local Network.

Target 2011	Results 2014	Target 2015
Actively engage in the Global Compact Network Macedonia	USJE actively participates & represents the LN as socially responsible company in the country and at international level, among which: - USJE hosted participants of the European UN GC Local Networks Conference	Actively build and strengthen the leadership of the Global Compact Network Macedonia
Support the implementation of the initiatives under the Global Compact Network Macedonia	USJE actively supported the Global Compact Network, including support of: - Annual Conference - Presentation & dissemination of Company's CSR principles	Support the implementation of the initiatives under the Global Compact Network Macedonia
Promote CSR concept and UNGC principles in the public	Dissemination of CSR principles to our suppliers, contractors, customers, NGO's and other stakeholders at open Round Tables	Actively engage in activities for broader and better understanding of the context and the application of the ten universal UNGC principles in the local context

## VISIT OF USJE AS PART OF THE UN GLOBAL COMPACT EUROPEAN CONFERENCE OF LOCAL NETWORKS HELD IN SKOPJE

High representatives of the United Nations Global Compact headquarters in New York and over thirty representatives of the local networks from European countries visited Cementarnica USJE AD Skopje, as a role model of a company that fully adheres to the principles of the Global Compact in its operations. Part of the 36-member delegation that visited the company was also Walid Nagi, responsible for the local networks in the headquarters of the UN Global Compact in New York, as well as the persons responsible for the Global Compact local networks from more than 20 countries.

The visit to USJE is an activity within this year's European Conference organized by the Macedonian Global Compact Network, and the purpose of the visit is to share experience and discuss the process of full implementation of the principles of the Global Compact and their improvement.

At the meeting in our premises, the Company communicated and discussed the CSR & Sustainability Report with the representatives of the UN GC European Local Networks.

At this year's conference of the European Global Compact Local Networks which is held under the motto "Social responsibility – condition for competitive and sustainable development", a Memorandum of Cooperation was signed with the National Council for Entrepreneurship and Competitiveness in direction of creating closer cooperation between the private and the public sector, in order to improve the application of the principles of the Global Compact and the social responsibility. Maria Alexiou, Titan Group CSR Director and representative of the Global Compact local network in Greece spoke at the conference.



The Macedonian Global Compact Network which this year marks ten years of its operations, through its activities contributed for increased application of the principles foreseen with the Global Compact. UN Global Compact was activated in Macedonia in 2004 by UNDP.

# UN Global Compact Criteria

## UN Global Compact Criteria

### Implementing the Ten Principles into strategies and operations

Criterion 1)	The COP describes mainstreaming into corporate functions and business units	USJE commitments a. TITAN Group CSR Policy Page/s: 10, 11, 12, 13
Criterion 2)	The COP describes value chain implementation	USJE commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct c. TITAN Group Code of Conduct for Procurement Page/s: 4, 5, 6, 7, 10, 11-13, 36, 37

### Robust Human Rights Management policies and procedures

Criterion 3)	The COP describes robust commitments, strategies or policies in the area of human rights	USJE commitments a. TITAN Corporate Values b. TITAN Group Code of Conduct c. TITAN Group CSR Policy d. TITAN Group Code of Conduct for Procurement e. TITAN People Management Framework f. TITAN Occupational Health and Safety Vision and Policy Page/s: 4, 14-16, 20, 21
Criterion 4)	The COP describes effective management systems to integrate the human rights principles	USJE commitments a. TITAN Group CSR Policy b. TITAN People Management Framework c. TITAN Group Code of Conduct d. TITAN Group Code of Conduct for Procurement Page/s: 4, 14-16, 20, 21, 37
Criterion 5)	The COP describes effective monitoring and evaluation mechanisms of human rights integration	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct c. TITAN Group Code of Conduct for Procurement Page/s: 4, 14-16, 20, 21, 37

### Robust labor management policies and procedures

Criterion 6)	The COP describes robust commitments, strategies or policies in the area of labor	TITAN commitments a. TITAN Group CSR Policy b. TITAN Corporate Values c. TITAN Group Code of Conduct d. TITAN Group Code of Conduct for Procurement e. TITAN People Management Framework f. TITAN Occupational Health and Safety Vision and Policy Page/s: 4, 14-16, 18-23, 20, 21, 37
Criterion 7)	The COP describes effective management systems to integrate the labor principles	TITAN commitments a. TITAN Group Code of Conduct b. TITAN Group Code of Conduct for Procurement c. TITAN People Management Framework d. TITAN Occupational Health and Safety Vision and Policy Page/s: 4, 14-16, 18-23, 20, 21, 37
Criterion 8)	The COP describes effective monitoring and evaluation mechanisms of labor principles	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct c. TITAN People Management Framework Page/s: 4, 14-16, 18-23, 20, 21, 37

### Robust environmental management policies and procedures

Criterion 9)	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	TITAN commitments, strategies or policies a. TITAN Corporate Values b. TITAN Group CSR Policy c. TITAN Group Code of Conduct d. TITAN Group Environmental Policy Page/s: 4, 6, 10, 25-33
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Criterion 10)	The COP describes effective management systems to integrate the environmental principles	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Environmental Policy Page/s: 4, 6, 10, 25-33
Criterion 11)	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	TITAN commitments a. TITAN Group Environmental Policy Page/s: 25-33
<b>Robust anti-corruption management policies and procedures</b>		
Criterion 12)	The COP describes robust commitments, strategies, or policies in the area of anti-corruption stewardship	TITAN commitments a. TITAN Corporate Values b. TITAN Group CSR Policy c. TITAN Group Code of Conduct d. TITAN Group Code of Conduct for Procurement Page/s: 4, 10, 11-13, 37
Criterion 13)	The COP describes effective management systems to integrate the anti-corruption principle stewardship	TITAN commitments a. TITAN Group Code of Conduct b. TITAN Group Code of Conduct for Procurement Page/s: 4, 10, 11-13, 37
Criterion 14)	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption stewardship	TITAN commitments a. TITAN Group Code of Conduct b. TITAN Group Code of Conduct for Procurement Page/s: 4, 10, 11-13, 37
<b>Taking action in support of broader UN goals and issues</b>		
Criterion 15)	The COP describes core business contributions to UN goals and issues stewardship	TITAN commitments a. TITAN Corporate Values b. TITAN Group CSR Policy c. TITAN & USJE CSR pledges and commitments d. TITAN Group Code of Conduct e. TITAN Group Code of Conduct for Procurement Page/s: 2, 13, 54, 55
Criterion 16)	The COP describes strategic social investments and philanthropy stewardship	TITAN commitments a. TITAN Group CSR Policy Page/s: 5, 6-7, 35-52
Criterion 17)	The COP describes advocacy and public policy engagement stewardship	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct Page/s: 2, 6-7, 13, 35-52
Criterion 18)	The COP describes partnerships and collective action stewardship	TITAN commitments a. TITAN Group CSR Policy b. The Company Charter of the Cement Sustainability Initiative c. TITAN Climate Change Mitigation Strategy d. TITAN Occupational Health and Safety Framework Page/s: 5, 6-7, 35-52
<b>Corporate sustainability governance and leadership</b>		
Criterion 19)	The COP describes CEO commitment and leadership stewardship	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct Page/s: 2, 4, 10-13, 15
Criterion 20)	The COP describes Board adoption and oversight stewardship	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct Page/s: 4, 10-13
Criterion 21)	The COP describes stakeholder engagement stewardship	TITAN commitments a. TITAN Group CSR Policy b. TITAN Group Code of Conduct c. TITAN People Management Framework Page/s: 5, 6-7, 35-52

# INDEPENDENT REVIEW STATEMENT

## SCOPE AND OBJECTIVES

Titan Cementarnica USJE AD Skopje ('Titan USJE') commissioned DNV GL to undertake an independent Assertion-Based Attestation Engagement on the company's "2014 Corporate Social Responsibility and Sustainability Report" ('the Report') with respect to the UN Global Compact criteria for an "Advanced Level" Communication on Progress ('COP').

Our responsibility in performing the work commissioned is solely towards the Management of Titan USJE and in accordance with the terms of reference agreed on with the company.

This attestation reflects the work we performed in the course of our engagement and it is intended solely for the information and use of Titan USJE in respect to the COP.

Titan USJE is responsible for the collection, analysis, aggregation and presentation of the information contained in the Report.

The engagement is based on the assumption that the information provided are complete, sufficient and authentic.

According to the UN Global Compact Policy on Communicating Progress for an "Advanced Level", a COP shall meet all minimum requirements (section 1 of the COP Minimum Requirements) and provide information in the self-assessment on additional advanced criteria in the following areas:

- Implementing the Ten Principles into Strategies & Operations
- Taking Action in Support of Broader UN Goals and Issues
- Corporate Sustainability Governance and Leadership

A criterion is met when a company communicates its implementation or planned implementation of best practices suggested under each criterion, as relevant.

Analysis, in accordance to a 'Moderate' Level of Assurance, of performance data and activities related to the period between January and December 2014, as contained in the 2014 Report.

## ACTIVITIES UNDERTAKEN AND LIMITATIONS

Our engagement is limited to a documental review of the "2014 Corporate Social Responsibility and Sustainability Report". According to our engagement and scope of work, any on-site activity did not take place.

We have looked for documentary evidence supporting the claims of the Report in respect to the COP for an "Advanced Level".

We were not engaged, and did not perform any evaluation of the evidences provided nor of any data in the document.

We planned and performed our work in order to obtain sufficient evidence we considered it was necessary to provide a basis for the conclusions we expressed in this attestation.

Our engagement was performed in June 2015 through the following activities:

- Review of the table disclosing the Titan USJE's answer to the Self- Assessment questions for the UN GC COP Advanced Level Criteria and of the Report's assertion in respect to the 21 criteria, the Best Practices and the Annex 'Business & Peace'.
- Search for documentary evidences which support the claims made in the table and in the Report in respect to the Criteria and Best Practices.
- Draft of this attestation expressing our conclusions on the Report's alignment in respect to the UN Global Compact criteria for an "Advanced Level" Communication on Progress (COP).

Our engagement and conclusions cannot be part of the COP submission process to the Global Compact and of any decision undertaken by the Global Compact in respect to the COP.

Our work and conclusions expressed in this attestation refer to the "2014 Corporate Social Responsibility and Sustainability Report" solely, not to other documentation as the self-assessment submitted to the Global Compact by Titan USJE.

## FINDINGS AND CONCLUSIONS

Titan USJE has joined UN Global Compact since 2008. The "2014 Corporate Social Responsibility and Sustainability Report" states the commitment and work undertaken over the last years to support the Global Compact Network Macedonia and to widely promote

sustainability principles in the public.

Titan USJE has published the “Corporate Social Responsibility and Sustainability Report” for the last five years; the Report represents a communication tool which aims to inform stakeholders about the efforts to implement the Ten Principles of the UN Global Compact in the areas of human rights, labour, environment and anti - corruption.

DNV GL is pleased to see that Titan USJE has decided to evolve the Report in order to produce an annual Communication on Progress aligned to an Advanced Level.

During our engagement we received documental evidence supporting the assertion within the document and the draft of the self-assessment which will be submitted to UN Global Compact.

We consider the information disclosed in the Report consistent with the requirements of the UN Global Compact Policy on Communicating Progress for an “Advanced Level”.

As Communication on Progress made in implementing the Ten Principles is an ongoing activity and over time participants are encouraged to implement all relevant best practices there will continue to be scope for improvement.

A summary of our conclusions and key findings is outlined below.

Titan USJE is part of Titan Group which sets out corporate values, strategic priorities and governance framework adapted to local market and stakeholders’ needs. The local operations are required to act consistently and to implement actions responding locally to the most important issues.

The Report well describes USJE’s corporate sustainability commitments, governance and responsibility for the execution of the strategy and the implementation of the Ten Principles into operations.

Although we have observed a large description of the existing management systems, monitoring and evaluation mechanisms, outcomes e targets in relation to labour, human rights and environment within the organisation, we recommend that Titan USJE increases the information regarding the value chain. In particular, a larger description regarding both the activities to map risks and relevant issues and more quantitative information on outcomes and targets would ensure a COP more aligned to an Advanced Level.

Sections describing environment and health & safety issues allow a clear view of both of Titan USJE’s performance over the years and coming year targets: we would recommend such practice for all Ten Principles of the UN Global Compact.

To further improve, we would also encourage Titan USJE to provide stakeholders with more information concerning medium-long sustainability strategies and objectives.

The Report presents actions and initiatives to support the implementation of the initiatives under the Global Compact Network Macedonia and the company’s advocacy and public policy engagement.

Titan USJE should consider giving further details on how the business strategy and the development of products contribute to UN goals and disclosing specific cases in which the organisation has adopted its operating procedures to maximize contribution to the targets.

### DNV GL’s COMPETENCE AND INDEPENDENCE

DNV GL is a leading provider of sustainability services, including the verification of sustainability reports. Our environmental and social assurance specialists operate in over 100 countries.

DNV GL was not involved in the preparation of any statements or data included in the Report, except for this Attestation.

DNV GL expressly disclaims any liability or co-responsibility related to any decision taken by person or entity which may be based on this Attestation.

For DNV GL Business Assurance Italia S.r.l.,



Federica Pagnuzzato  
Project Manager



Zeno Beltrami  
Reviewer

Vimercate (MB), 2015-07-10







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