

Responsibility – Partnership – Development

Corporate Social Responsibility & Sustainability Report 2010



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Responsibility – Partnership – Development



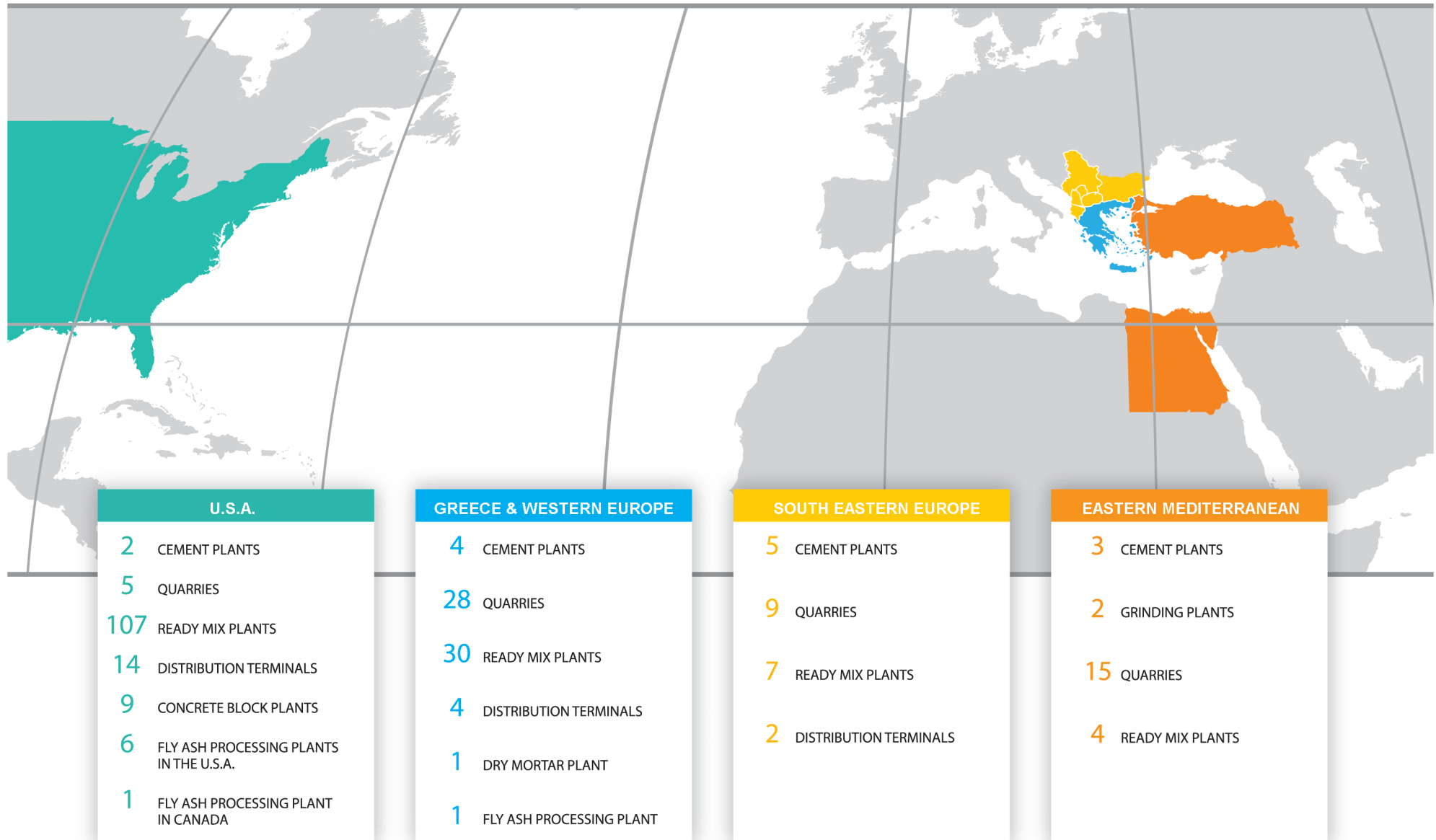
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TITAN Group Profile

TITAN, one of the oldest industrial enterprises in Greece, produces and trades cement and building materials. Over the last 20 years it has developed into a multiregional producer of cement and other related building materials with activities in Greece, South Eastern Europe, the Eastern Mediterranean and North America.



Message from the Chief Executive Director



It is our pleasure to present to you USJE's 2nd Corporate Social Responsibility (CSR) Report for the year 2010, continuing our declared commitment to communicate and engage with all our stakeholders in an open, systematic and transparent way.

During 2010, Cementarnica USJE AD Skopje embarked on a long-term project of enhancing our engagements with all our stakeholders and cementing our already strong relationship with them. This was achieved through a number of successful actions and events, such as the 1st Stakeholders Engagement Forum "Responsibility-Partnership-Development", under the auspices of the UN Global Compact, the Public Consultation

of our draft IPPC License, organized by the Municipality of Kisela Voda, and the "Partnering with Schools" Program that was launched officially last year, to name but a few initiatives.

We believe that our efforts have started to be recognized by the community and we are happy to have received a number of prestigious awards by our stakeholders during the year. At USJE, following the values set by TITAN, we are determined to pursue our principal value of CSR and "Do Less Harm", while at the same time endeavoring to "Do More Good" by supporting and contributing to the wellbeing of our employees, local communities and society at large.

In spite of the continued global crisis and the regional competitive pressures felt on our business, USJE remained committed to achieving a safe and healthy environ-

ment for all our employees, suppliers and subcontractors by reducing or eliminating incidents in the workplace.

So, with regards to occupational health and safety, which remain a top priority, we continued to improve our performance, with no fatal or serious accidents and a Lost Time Injury Frequency Index (LTI) of 3.17. In addition, USJE broke again its own record of days without an accident and we are glad to report that by the time of issuing this Report, we had 556 days without an LTI.

In parallel, many initiatives, highlighted in this Report, were launched to improve our environmental performance, most of which were in co-operation with our local Authorities and community. Our commitment to an exemplary environmental performance resulted in USJE being issued its IPPC A license from the Ministry of Environment and Physical Planning for its environmental operation in early 2011.

In conclusion, USJE has continued to make significant progress over the last year in meeting environmental and social challenges and remains fully committed to pursuing such aims within the framework of our stakeholders' engagement.

On a personal note, the end of the year also saw the end of this Director's tenure at the Management of the Company. As of early 2011, USJE will be managed by the new Chief Executive Director, Mr. Boris Hrisafov, with great local experience and knowledge to lead Cementarnica forward, caring for all stakeholders and pursuing all our CSR initiatives and commitments.

We are proud to present to you for the 2nd year the results of our continuing efforts in this CSR Report and we invite you to give us your constructive feedback and help us to meet our long-term objectives and continue to improve.

A stylized, handwritten signature in dark ink, consisting of several fluid, overlapping strokes.

Antonios Nicolopoulos
Chief Executive Director

USJE Profile & Milestones

Cementarnica USJE AD Skopje (or "USJE") was founded in 1955 near the Usje village in the southeast of the city of Skopje.

In 1967, USJE was the first Company in EX-Yugoslavia to install electrostatic precipitators on its kiln stacks. After 1998 when TITAN acquired USJE, efforts to reduce environmental inputs were intensified and from 2000 to 2003 bag filters were installed at both kilns.

In 2004, USJE was the first Company in the country to

install an independent automatic 24-hour continuous emissions measurement system.

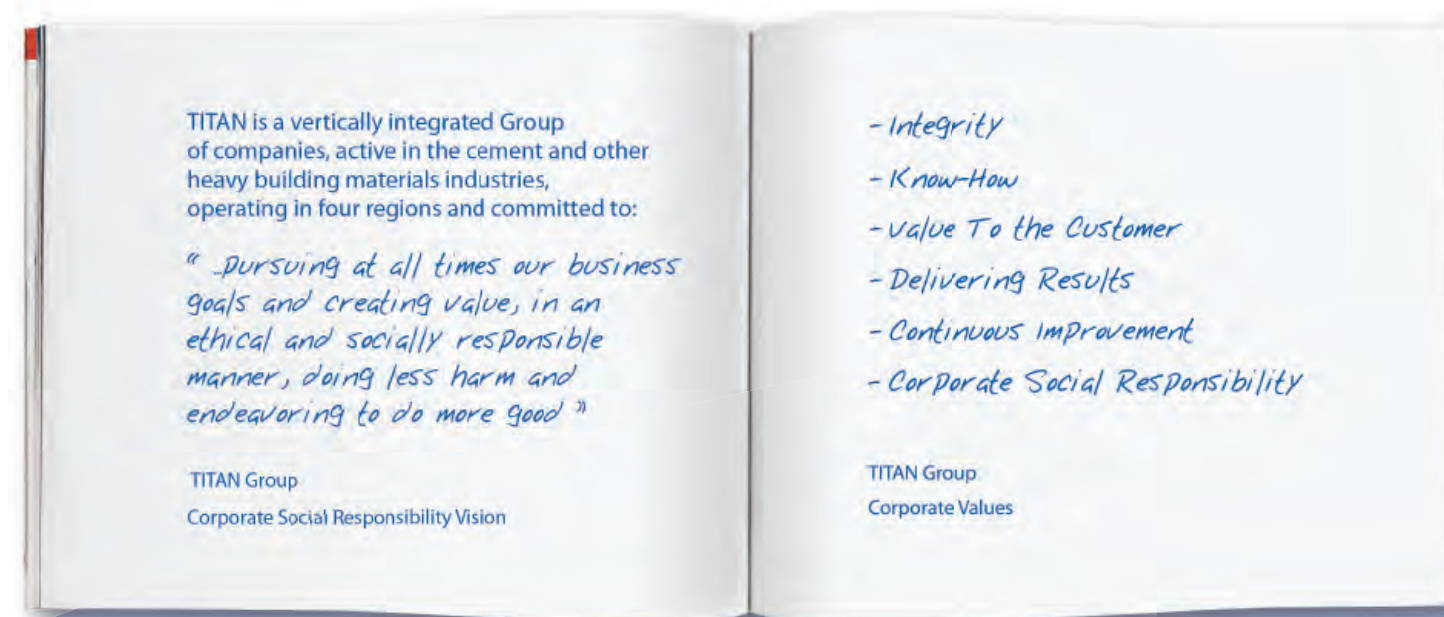
From 2004 to 2010, USJE achieved to incorporate and be certified in accordance to international standards and particularly USJE was certified with the Quality System ISO 9001:2000, the Environmental Management System ISO 14001:2004 and OHSAS 18001:2007.

In 2008, USJE joined the UN Global Compact Initiative in Macedonia, followed by a number of CSR initiatives,

including the CSR workshop organized in USJE in 2009, the first ever Stakeholders Engagement Forum and its first ever Corporate Social Responsibility Report in 2010.

In 2009, the 1st CSR workshop for SEE operations of the Titan Group is hosted by USJE.

In 2010, the 1st Stakeholders' Engagement Forum is organized in Skopje under the auspices of UNDP and the first CSR and Sustainability Report of the company is officially presented.



Corporate Governance and CSR

CSR strategy and main objectives

TITAN's CSR vision is to "conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good".

Listening and responding to the concerns of our employees, local communities, customers, shareholders, suppliers and other stakeholders has been a driving



force in our efforts at meeting effectively Corporate Social Responsibility challenges.

As an early recognition of the need to communicate transparently and honestly with its stakeholders, TITAN has been issuing a Social Report since 1983. In 2003 it was extended to cover all Group activities in line with the requirements of the Global Reporting Initiative.

Following the strategy and the tradition of a socially responsible enterprise, USJE's first step in this journey was the voluntary commitment to the Global Compact Initiative in 2008, while in 2009 USJE issued its very first CSR & Sustainability Report stating all the efforts, commitments and best practices of USJE in the field of Corporate Social Responsibility.

In December 2010, in an effort to further enhance communication as a systematic, two-way process, involving cooperation and proactive engagement with all stakeholders, USJE organized its 1st Stakeholders Engagement Forum "Responsibility - Partnership - Development" under the auspices of the UN Global Compact. More than one hundred and twenty participants from public authorities, international organizations, academics, NGOs, financial institutions, contractors, suppliers, customers and business leaders in CSR came together to share their experience and ideas about social responsibility in the context of community development.

This First Forum was welcomed and acknowledged by all attendees expressing their gratitude for the opportunity to participate, their satisfaction with the information and experience shared, as well as acknowledgment of the positive example of USJE being a socially responsible Company and a leader in organizing such events and bringing together all relevant stakeholders.

Stakeholders engagement process



CSR Management and development

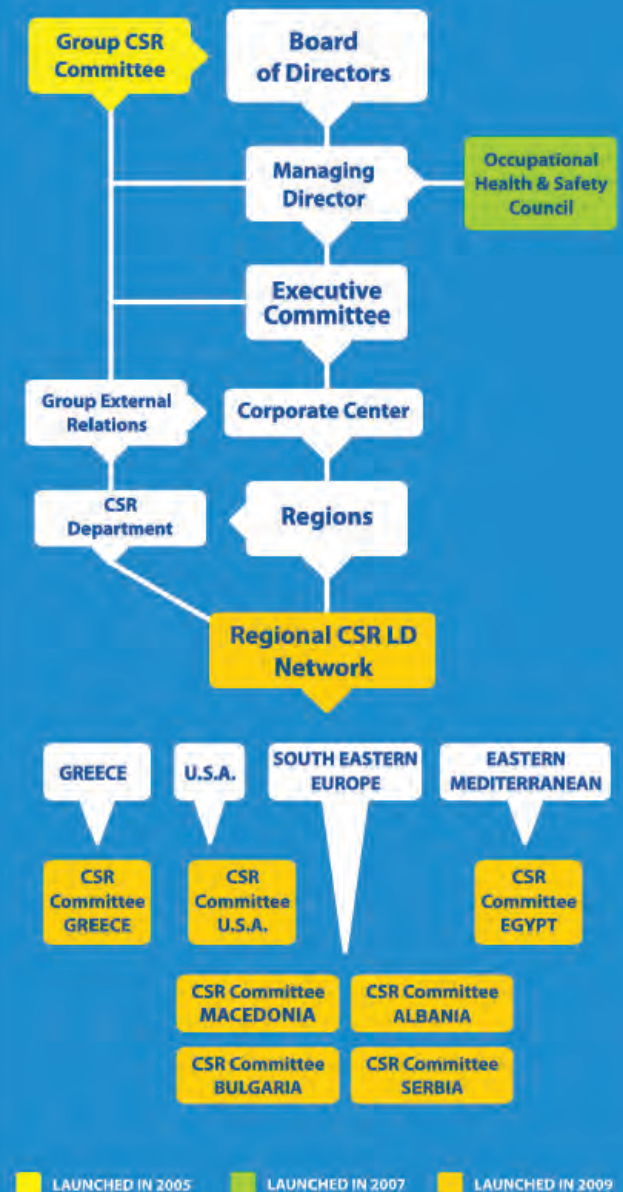
The main mission of the Group CSR Committee, chaired by the Managing Director of the Group, with the three regional Business Directors and Group function Directors as members, is to be the custodian of the implementation of the Group CSR vision and policy.

TITAN's CSR vision is to "conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good".

In this context, USJE was the first Company member of TITAN to establish a CSR Committee in December 2009.

The CSR Committee is comprised of USJE's Chief Executive Director, the Technical Director, the Sales & Administration Manager, the Health & Safety Manager, the Environmental Manager, the Head of HR and the CSR Officer. The main role of the CSR Committee is to be the advocate coordinator of the Group's CSR effort, the Group's CSR Vision and Policy, to design the strategic CSR Actions Plans, to plan, decide upon and coordinate the implementation of all CSR activities of the Company.

Group CSR management structure



Understanding Our Footprint

Concrete is the second most consumed material after water and it shapes the built environment all over the world. It is estimated that approximately 25 billion tons of concrete are manufactured globally every year.

It is made from a mixture of cement, aggregates, water and admixtures. It can last for a very long time, it is quite versatile and can be cast into many different shapes. Cement is created by combining finely ground clinker with gypsum and other chemical additives. Aggregates-comprising materials such as stone, sand and gravel are an indispensable ingredient in ready-mix concrete, asphalt and mortar. Concrete's contribution to social values derives from its unique properties which are transferred to concrete structures. It is strong and durable, resistant to deterioration and damage. It buffers temperature and it can be colored and placed to do this in a way that works with passive solar energy to heat or cool spaces. It buffers sound, providing respite in a crowded and noisy world. It is versatile, allowing a large range of shapes, textures and structural approaches. Can be readily recycled and reused as base material for roads, side walks and concrete slabs, sparing the use of raw materials.



Stewardship of natural and financial resources

Concrete can play a vital role in the way we conserve and protect natural resources in the structures we create with it and the processes by which we produce it.

Concrete structures also provide long-term savings in operating cost and service life. Durability, resistance to damage from harsh weather, pests and natural disasters and low maintenance requirements are beneficial to future owners and users.

Safety and Stability

Concrete lasts, and provides the shelter we need from extreme weather and natural conditions. It allows us to get through disasters with less loss and less waste.



Aesthetics

People desire spaces and places that provide respite from noise; that facilitate movement; that are porous to let through water, or solid to keep it out; that are stable to resist vibrations; that are large and curvaceous to convey a sense of grandeur and excitement; that are classical and monumental to convey a sense of permanence and stability. Concrete can provide a variety of structures to serve different needs, expectations and tastes following contemporary trends and aesthetics.

Connectivity

Concrete provides roads, bridges, ports and public constructions like playgrounds, sports halls, theaters and a variety of infrastructure connecting people and communities.

Concrete waste is mostly generated because the structure itself has become redundant and new infrastructure is needed, not because the concrete is worn out. Global data on concrete waste generation is not available, however approximately 900 million tons of construction and demolition waste containing between 20% to 80% concrete are generated yearly in U.S.A., Japan and Europe.



Understanding Our Footprint

- > 828,000 tons of cement produced which is a quantity equivalent to building 300 schools, 50 power plants, 120 hospitals!
- > 1,280,000 tons of raw materials extracted from 3 active quarries
- > 1.1 million m² is the total area of active quarries, out of which 579,500 m² only are affected by operations
- > 6,000 m² of active quarries have been rehabilitated in 2010 by planting local trees and bushes
- > More than 90,000 trees planted by USJE or donated to third parties for planting since 1998, while over 7,000 trees were planted in 2010 only
- > € 48,580 spent for improving environmental performance in 2010
- > For new investment in fixed assets: € 62 million since 1998
- > More than € 58,000 spent for community development programs through donations in cash and in kind in 2010

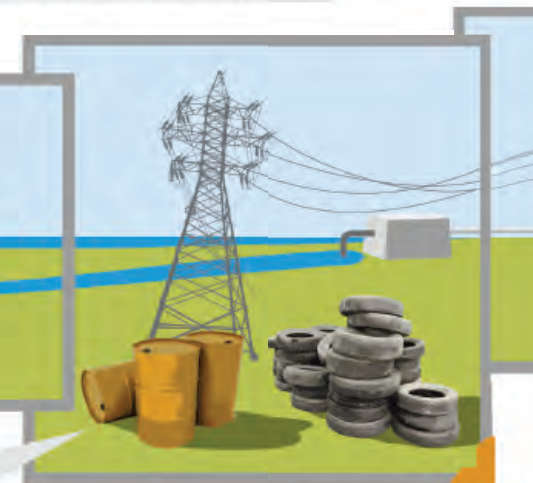
31 million tons of raw materials (wet basis) extracted from 47 active quarries 60% of which was used for cement production and 40% as aggregates



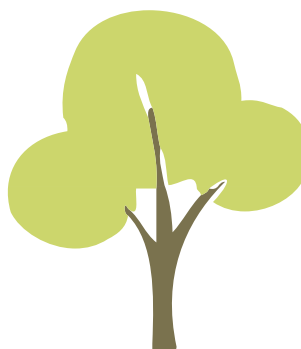
- > 88.6 million m² is the total area of active quarries
- > 16 million m² are affected by operations
- > 14.5 million m² have been rehabilitated
- > More than 1.65 million trees have been planted or donated for rehabilitation

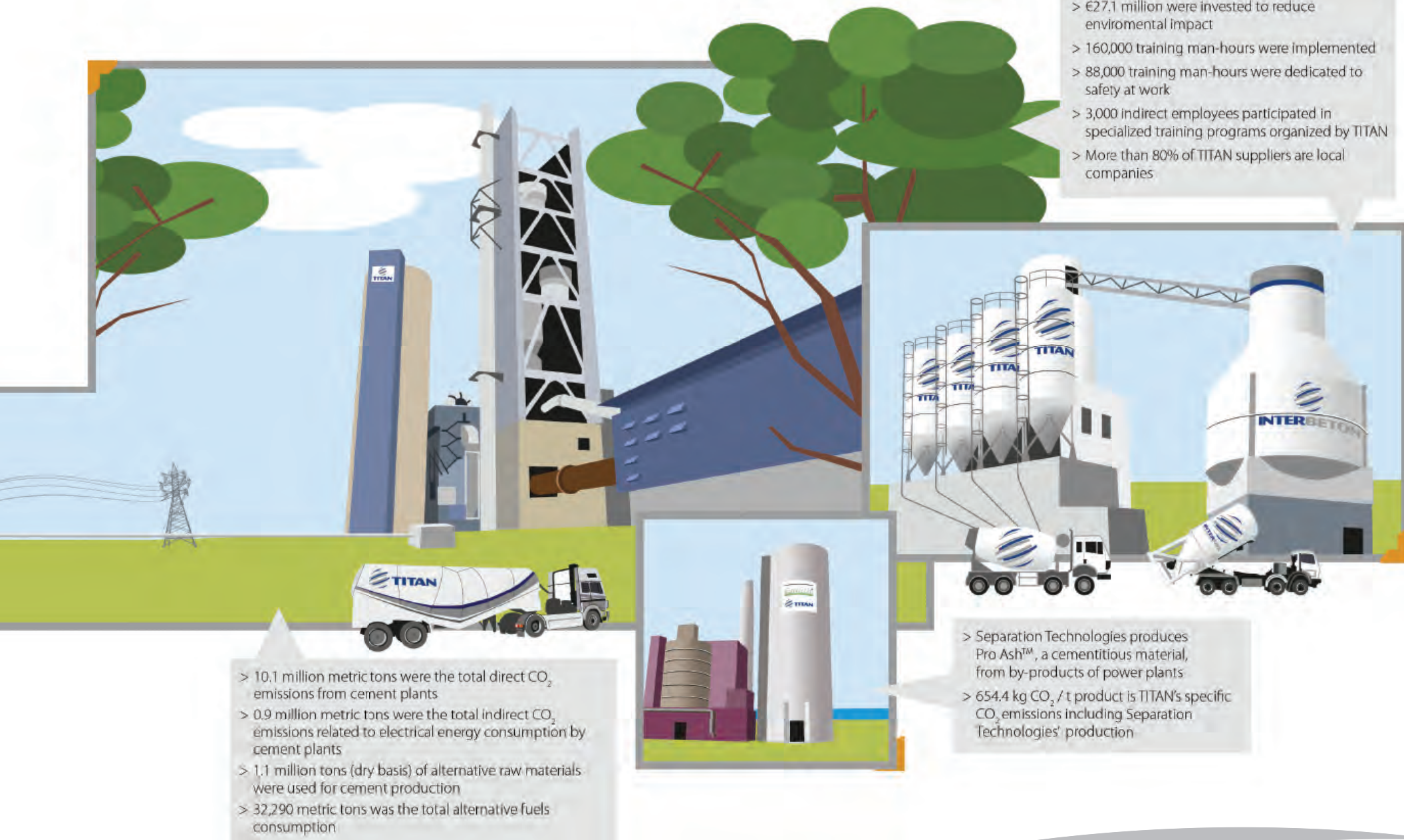
Main impacts of operations include:

- > Dust and noise
- > Safety risks
- > Alteration of the landscape
- > CO₂ emissions related to energy consumption by equipment and transportation
- > Raw materials energy and water consumption



- > Total thermal energy consumption for all Group activities was 43,155TJ
- > Total electrical energy consumption by all Group activities was 6,252TJ or 1,737GWh
- > Alternative fuels contribution for clinker production was 1.43% of total energy consumed





- > €27.1 million were invested to reduce environmental impact
- > 160,000 training man-hours were implemented
- > 88,000 training man-hours were dedicated to safety at work
- > 3,000 indirect employees participated in specialized training programs organized by TITAN
- > More than 80% of TITAN suppliers are local companies

- > 10.1 million metric tons were the total direct CO₂ emissions from cement plants
- > 0.9 million metric tons were the total indirect CO₂ emissions related to electrical energy consumption by cement plants
- > 1.1 million tons (dry basis) of alternative raw materials were used for cement production
- > 32,290 metric tons was the total alternative fuels consumption

- > Separation Technologies produces Pro Ash™, a cementitious material, from by-products of power plants
- > 654.4 kg CO₂ / t product is TITAN's specific CO₂ emissions including Separation Technologies' production



Health & Safety

Safety at work

As a heavy industry, providing a healthy and safe working environment for all our direct and indirect employees at all our operations and locations is among the highest TITAN and USJE priorities.

Our vision is to achieve a healthy working environment free of incidents, injuries and accidents.

Our goal is to have zero fatalities and zero serious accidents. We benchmark TITAN safety performance against the Cement Sustainability Initiative (CSI), members and aim to be by 2015 in the top quartile of the peer group safety performance and sustain it.

We continuously strive to embed safe and sound behavior throughout the organization in our everyday activities and to create an environment in which everyone and all of us are responsible for our own and our colleagues' safety.

All employees are expected to follow safe-work practices, obey rules and regulations and work in a manner that upholds the high safety standards developed and endorsed by the Group. Responsibility of steering the Company to achieve its goals lies with the Company's Health and Safety Council that meets quarterly and is chaired by USJE's Chief Executive Director.

We use our influence to the best of our ability to persuade our suppliers, contractors and third parties to adopt similar OH&S policy.

We willingly engage with stakeholders and third parties who may seek our advice.

The Plant has started with implementation of the OHSAS 18001 Standard (Occupational Health & Safety Assessment Series) in 2009 and was certified in December 2010.

H&S ratios (historic trends)



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 acts, and injuries due to natural causes.

LTIFR - Number of LTIs in a year per 1,000,000 hours worked i.e. $\text{LTI Frequency Rate} = (\text{Number of Lost Time Injuries in a year} \times 1,000,000) / \text{Total actual hours worked and paid to employees in the year}$.

LTISR - Number of lost calendar days due to LTIs in a year per 1,000,000 hours worked i.e. $\text{LTI Severity Rate} = (\text{Number of Lost Calendar Days in a year} \times 1,000,000) / \text{Total Actual Hours worked and paid to employees in the year}$.



Health & Safety

Health and Safety Trainings – DuPont Step Change Program and Safety Lecture Cycles

The Company is committed to maintaining Health & Safety as its first priority and continuing all relevant initiatives, including the TITAN-DuPont Step Change Program, the safety Audits & Walks and many more actions, with every employees' support and own commitment.

Since November, 2004 the Health & Safety Department has organized long term vocational training programs attended by all employees in USJE. The H&S Lectures are run weekly, with specific topics per cycle where all employees are positively encouraged to be involved in consultation and communication on Health & Safety matters that affect their work. The aim and objective of these lectures is reduction of occupational hazards, raising awareness on health issues and prevention measures.

Another Full Year without accident in USJE

For the second time, USJE completed one full year (continuous 365 days) without accident in 2010 that was a very important step toward fulfilling the Company's Vision of working in a Healthy & Safe work environment free of incidents, injuries and accidents.

This successful achievement has been the result of maximum commitment of all the employees. It would not have happened without the meticulous work of the electrician, without the good operation planning of the production supervisor, with-

out the conscious preventive thinking of the locksmith, without the cautious handling of the crane operator and so on, being relevant for each and every employee, man or woman, working in first shift or working during the night, that has given his/hers valuable contribution towards this achievement. As of the time of publication of this Report, USJE had achieved a 556 days without accident.

USJE received OHSAS 18001:2007 certification

In December 2010, Cementarnica USJE AD Skopje received certification of its Health & Safety Management System OHSAS 18001:2007 by the independent certification body ELOT. Upon the audit by ELOT, it was ascertained that the Occupational Health & Safety Management System of USJE is fully in compliance with the OHSAS 18001:2007 standard.

We strive for zero accidents and thus the Occupational Health & Safety Management System OHSAS 18001:2007 will further guide our approach towards achievement of our top priority "zero accidents". Clear organizational accountabilities will be supported by an extensive program of training, communication, strict procedural discipline and locally developed policies and action plans.

All employees are expected to put their best efforts and commitment in order to follow the new trends in the area of H&S through continuous improvement of the OHSAS Management Systems.



Health & Safety

Contractor Management

Contractors' safety management is equally important for meeting our objectives in respect to safety at work. The majority of incidents in the cement sector are recorded either among contractors' crew or in transportation of goods and raw materials.

In 2010, USJE management team and safety experts undertook a new effort focused on developing Contractors' Management H&S System.

On February 4th, 2011, the Contractor Management System was presented officially to about 150 representatives of companies working with USJE as contractors.

The aim of the presentation was to promote and officially start the implementation of a new, organized and comprehensive system of contractor management from Health & Safety aspect.

Our main driver in the preparation of the overall system was to raise the awareness of our contractors on Health &

Safety and to eliminate all potential risks that would jeopardize the safety of the people engaged in any activity within the premises of the Company.

USJE shall continue to make its best efforts to branch out its values, knowledge, experience and know-how in terms of implementation of our corporate policy for providing a healthy and safe working environment for all our direct and indirect employees.



Environment and Climate Change

Sustainable Development is a top TITAN priority at all times and in all circumstances. 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.

Respect for the environment has been an important USJE principle since the late 1960s when the first electrostatic filters were installed in the Company's kilns and in the country. USJE is striving to reduce its footprint on the environment by monitoring and integrating developments in environmental technologies and practices and by applying Best Available Techniques.

To further improve our environmental performance we focus on building knowledge, networking with other businesses and stakeholders for the development and integration of new policies, specialized tools and mechanisms.

In 2004 and 2006 Cementarnica USJE AD Skopje received the internationally respected certificates Quality System ISO 9001:2000 and Environmental Management System ISO 14001:2004 for the quality of its production processes and its environmental performance.

In June 2007 a complete documentation with the Application for obtaining Adjustment Permit (Integrated Environmental Permit) was submitted to the Ministry of Environment and Physical Planning (MoEPP) in compliance with the Law on Environment. In 2010, the Draft IPPC Permit was issued by the MoEPP and a public debate on this Draft Permit was held with all interested stakeholders and the wider public, followed by negotiations with the MoEPP which were concluded in December 2010



Environment and Climate Change

Monitoring Emissions

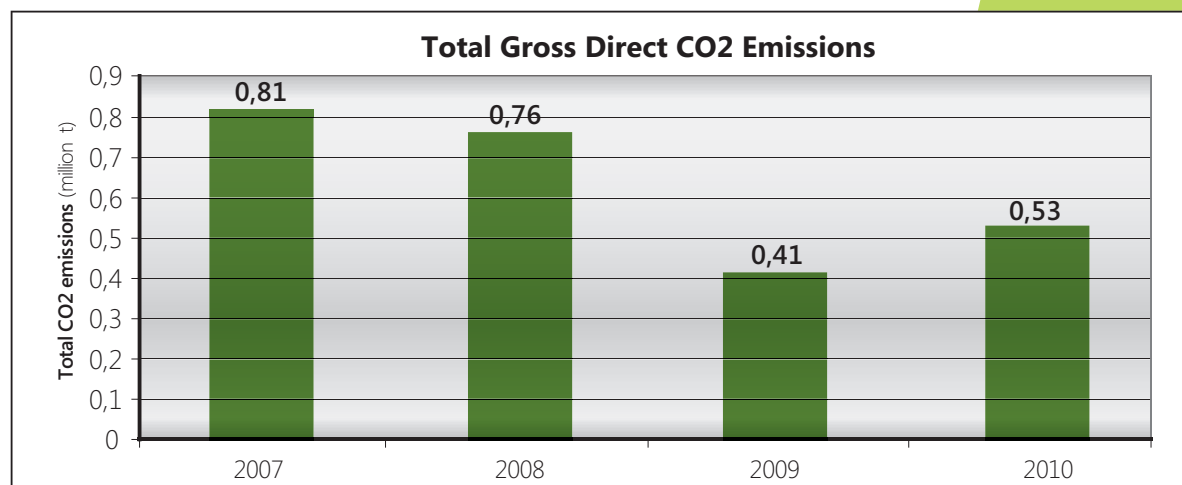
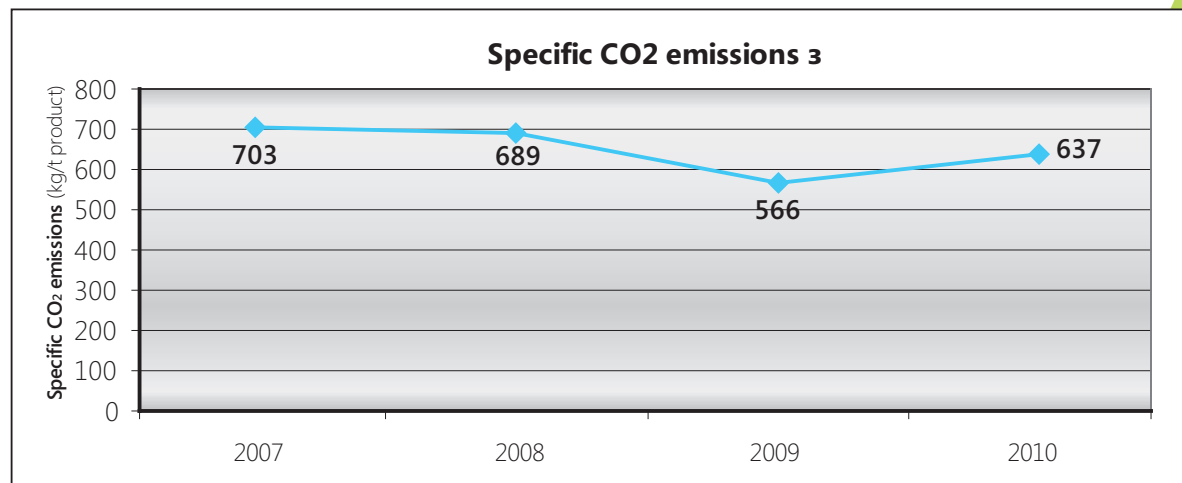
Monitoring emissions is a pre-condition for controlling and reducing environmental impacts from cement production. On-going monitoring systems operating 24 hours have been introduced by Cementarnica USJE AD Skopje in 2004 being the first Company in the country operating such systems.

Measuring our CO₂ 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 (CO₂), thus contributing to the greenhouse effect and climate change. Direct CO₂ emissions from the production of cement itself are attributed to:

- Decarbonization, the process of transforming raw materials (mainly limestone) into clinker, the main component of cement;
 - Fuel consumption, since most fuels burned in the kilns (coal, oil and pet-coke) produce CO₂ as a result of the chemical reaction between carbon (C) and oxygen (O₂).
- 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 transportation of raw materials, fuel and final products.

In 2010, USJE's total direct CO₂ emissions were 0.53 million tons, which are slightly higher compared to the previous year because of increased production. Specific CO₂ emissions were 637 kg CO₂/t product which is lower than in 2008. The reason for increased emissions compared to previous year is because in 2009 USJE has been using clinker that was produced in 2008.



Environment and Climate Change

Air emissions

Dust

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

Cementarnica USJE is equipped with 24-hour automatic continuous monitoring system that measures and records its emissions on real time basis. In 2010 emissions of dust were 5.39 mg/Nm₃ for Kiln 3 and 4.71 mg/Nm₃ for Kiln 4. This is equivalent to approximately 4.21 tons and 3.5 tons, respectively per year.

Dust emissions are 10 times below the limits (MLV) of 50mg/Nm₃ set by the environmental terms and conditions of both local and EU legal requirements.

SOx

The presence of sulfur (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. In 2010 our activities resulted in emissions of approximately 223.2 mg/Nm₃ for Kiln 3 and 275.3 mg/Nm₃ for Kiln 4, or a total of 150.3 tons and 206.1 tons, respectively. VDZ (German Association of Cement Industry) study prepared in the summer of 2010 proved that increased SO₂ emissions in the last years directly depend to the elevated sulfur in the marl raw material.

After implementing selective exploitation in the Marl Quarry, the first results in 2011 show lower SO₂ emissions.

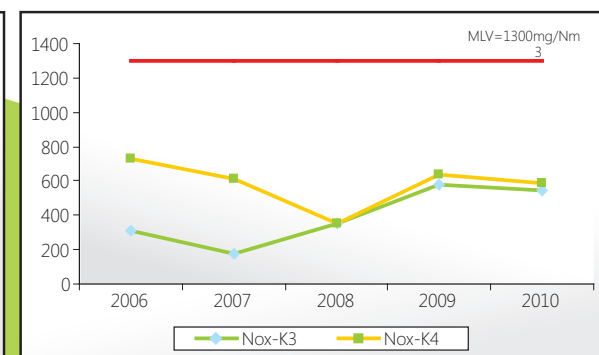
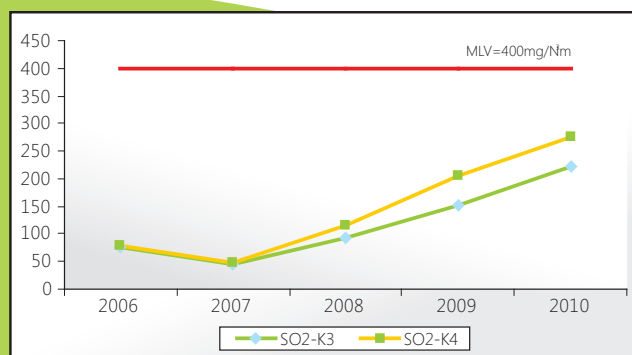
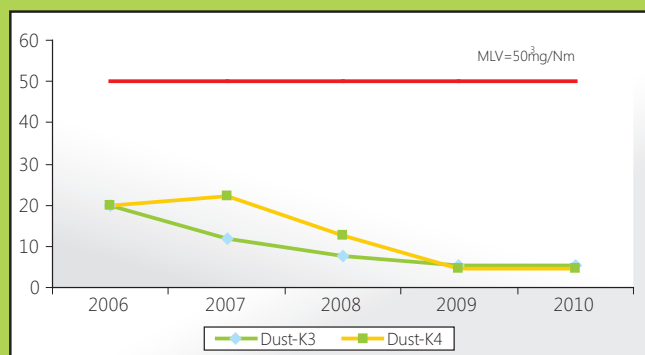
NOx

Combustion at high temperatures leads to NOx emission. Scientific studies have indicated that NOx emissions may contribute to acid rain and smog.

In 2010 USJE's NOx emissions were 543.04 mg/Nm₃ for Kiln 3 and 590.82 mg/Nm₃ for Kiln 4, or a total of 359.4 tons and 431.7 tons, respectively.

This is the result of the continuous and systematic efforts to ensure the optimal performance of the pyroprocessing units.

The overall NOx emissions were within the limits (MLV) set by the local and EU legislation.



Environment and Climate Change

Second Family Green Day – Employee Voluntarism

On November 13th 2010, USJE organized the second “Family Green Day” for our employees and their families. This Family Green Day under the motto “Together for the Nature” is aimed at raising the level of environmental awareness amongst our employees and their families by planting trees in our marl quarry to help restore the landscape of the area where our activities have been completed and to strengthen our team spirit.



About 180 people, USJE employees together with their families and friends, as well as neighboring residents of the Usje village planted around 2750 trees, including acacia, thuja columnaris and juniperus shyrocket.

The young children had the opportunity to spend a wonderful time playing in the playground set under the wide tents. The planting action was followed by a lunch, where all present had the opportunity to spend more time together and to get to know each other better.

USJE intends to turn this action into a tradition that will contribute to the protection of the natural environment and biodiversity and build relationships with the local communities around the Plant.

“Tree Day – Plant Your Future”

USJE continued its efforts for tree planting and fatherly supported the nation – wide target set in 2007. More than 100 company employees together with the management team joined the action Tree Day – Plant Your Future in March 2010. The Company employees joined this action and planted several thousands seedlings on the Tri Krushi location in the residential area of Drachevo, Municipality of Kisela Voda.

The policy of USJE is to cooperate with the Municipality of Kisela Voda and all the other interested institutions, on various projects promoting environment protection on a daily basis. In anticipation of this year's action Tree Day – Plant Your Future, USJE with its teams helped in the clearing up and preparation of more than 2 hectares of surface in the area of Tri Krushi, where the representatives of the diplomatic corps in the country and the Government Ministers planted young seedlings.



Social Footprint

Strengthening Stakeholders Engagement

We consider our CSR engagement as a proactive and on-going self-improvement and continuous learning process, adapting to an ever changing complex business and social environment. Essential to this endeavor is listening, engaging, communicating and building mutual trust with our stakeholders.



RESPONSIBILITY - PARTNERSHIP - DEVELOPMENT
TOGETHER FOR A BETTER FUTURE!

First Stakeholders Engagement Forum organized by Cementarnica USJE AD Skopje

On December 1st, 2010, Cementarnica USJE AD Skopje organized its First Stakeholders Engagement Forum "Responsibility - Partnership - Development" under the auspices of the UN Global Compact and on the Company's two-year anniversary of joining the Global Compact.

More than one hundred and twenty participants from public authorities, including the MoEPP, Municipality of Kisela Voda, Principals of the primary schools and kindergartens in Kisela Voda, Municipality of Sopiste, Usje Village, international organizations, such as UNDP, USAID, EBRD etc., academics, NGOs, financial institutions, contractors, suppliers, customers and business leaders in

CSR, were invited to comment USJE's CSR Policy, experiences and ideas on further promoting social responsibility in the context of community development.

To allow a better understanding of USJE's social and environmental endeavors, the very first CSR & Sustainability Report for 2009 was presented.

Notable speakers at this Forum were the Mayor of Kisela Voda Municipality, Mr. Marjan Gjorcev, the President of the National Coordinating Body for Corporate Social Responsibility, Mr. Goran Lazarevski, the UNDP Deputy Resident Representative, Mrs. Ann Marie Ali, and TITAN representatives from Group and national levels.

Two Thematic Sessions on "contractor's" Health & Safety and "Partnering with Schools" were organized during the Forum so as to encourage contractors, suppliers and even

customers to join efforts in respect to safety at work.

The discussion that followed mainly focused on the fact that USJE is making a big step forward in the area of H&S with implementing of the Contractor Management Manual and at the moment is a leader in the country in the process of managing contractors from the H&S aspects.

The second thematic session about USJE's "Partnering with Schools" Project covered firstly the presentation of the activities undertaken in 2010 as pilot project activities involving reconstruction activities for improving the health & safety conditions in the schools, environmental activities that involved planting trees and other horti-cultural arrangements of the school yards as well as the so-called "introduction into occupations" cycle that involved visits to USJE of the students from the final grades of the schools and their direct acquaintance with the different occupations and working positions in the Plant.

The Principals of the schools welcomed and expressed their gratitude for this initiative. They also welcomed the intention of USJE to further develop this Project into a FAOS-like Project that will involve training of the teachers in health & safety issues.



Social Footprint

Engaging with suppliers

For USJE, building positive relations with suppliers and promoting corporate social responsibility and sustainability principles and practices throughout its supply chain, is a long-term commitment that has inspired a number of initiatives. In 2008, TITAN developed further initiatives concerning responsible supply chain management, in line with the new Group Code for Procurement that was presented to all main suppliers. Focused on increasing awareness and engaging with our suppliers and other contractors, USJE produced and introduced a Contractor Management System. In addition, out of USJE's total annual purchases about 25 million euro were covered by local suppliers in 2010.

Engaging with customers

Focus on excellence in customer care, product quality and response recess to customers' needs, are all parameters distinguishing USJE in the cement sector. Customer satisfaction is monitored continuously through informal contacts, as well as visits and surveys. Customer days and meetings are organized by USJE to safeguard the proper

use of products which, properly handled, do not present health risks. Moreover, the Group Quality Department, in cooperation with safety and other experts, tests all products for potential risks. Material Safety Data Sheets are developed for each product to ensure both the safe use of the product and the transfer of necessary know-how and information throughout the supply chain.

In its effort to meet customer's needs and requirements, USJE is contributing to a significant infrastructure project, namely the construction of a major dam at the river Treska for a new Hydro Power Plant (HPP) Sv. Petka. USJE designed and started to produce a new special cement to comply with the design requirements and this was accomplished after more than two years of product development including strict quality control procedure, as well as significant changes in the cement composition.

Building and retaining good relations grounded on mutual understanding and trust, sharing of common interests and perspectives as well as responding to potential concerns and expectations are the pillars guiding USJE's policy and practices in respect to community development.



Our People and Society

Our People

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

Human rights and Equal opportunities

Respect for our workforce's rights and an emphasis on employee development are essential for USJE to attain its objectives. We encourage local hiring at all levels, and we focus on attracting, developing and retaining the best people to support our business strategies and ensure continuous success. USJE offers equal possibility to all people regardless their gender. For a heavy industry, USJE employs a lot of female employees (over 16%), and over 28% of the Company's management are women.

As guaranteed by the national law, employees are associated in a Labor Union and their Union representatives have the right to meet the line management at any time through which all issues of major importance, including collective agreements are discussed directly with the Chief Executive Director and accordingly with the Board of Directors.

The commitment to comply with the UN Universal Declaration on Human Rights (UNDHR) and the ILO Conventions regarding labor rights and working conditions is underlined by TITAN Group's Values, Code of Conduct and Code for Procurement adopted by USJE. USJE joined the UN Global Compact Initiative in 2008. The Chief Executive Director is responsible for the implementation of the Company policies and voluntary commitments beyond existing legal requirements.

Equal opportunities for all are also safeguarded by Human Resources policies at both Group and local level. Accordingly,

- The management team of USJE is comprised of local managers to a level of 99%.
- Participation of women in managerial positions: 28.5%
- 16.3% of all employees are female.

Employment

In USJE, employment is characterized by long-term and stable relations with employees. Thus USJE employees, 349 in total in 2010, are all full-time direct employees who can be divided in three distinctive groups:

- management employees, (b) supervisory and professional employees and (c) operational employees.

A variety of activities related to USJE operations are allocated to contractors. Indirect employees provide their services for activities such as maintenance and cleaning, transportation, quarrying and new construction projects. Regarding the number of indirect employees, in 2010 it was approximately 165 by 32 % higher compared to 2009.

- Average wage compared to the country average wage: >2.4 x
- Employees receiving productivity award: All employees (100%)
- Employees receiving performance award based on set performance criteria: 118 (>33% of total) out of which 46 (>13% of total) receiving performance and career development reviews.

USJE employment and procurement policies support local employment, thus the majority of our employees are coming from the neighboring communities.

Human Resources Development

In 2010 more than 6440 training man-hours were implemented for our full-time direct employees. The average hours of training per employee were 18.6. Training programs have covered a variety of topics apart from health and safety, technical knowledge, as well as management skills, foreign languages and offer leadership and communication.

Employee benefits, compensation and welfare programs

USJE's social welfare employee policies take the provisions of the labor law and the collective agreement as the minimum covering all employees.

In addition, USJE has adopted a variety of programs to contribute to the well-being of its employees that are related to their needs and priorities, including

- Donations in kind
- Additional severance payments (retirement or disability)
- Money aid to our employees
- Spa treatments
- Vocational guidance for employees' children
- Christmas children's parties
- Additional vacation bonus
- Salary adjustment according to the cost of living
- Christmas gift vouchers.

Performance appraisals are conducted for all Managers and super-visors annually to enhance equal and fair participation to career development programs.

Our People and Society

School pack for each pupil / student

Following its social policy to support the education and care for its own employees, as of 2010, USJE has started with granting school packs, including back packs, notebooks and full etuis to all primary and high school students - children of our employees.

Traditionally, every year since 2003, we grant scholarships for graduate and postgraduate students – children of our employees for every successful academic year of their studies and every year we organize New Year celebration for the youngest children of our employees to meet and get to know each other better. All these children of our employees receive also a gift pack, including books.



Scholarship Program for children of our employees

USJE traditionally grants scholarships for graduate and post graduate students, children of our employees who are successful in their university/master studies. Scholarships are granted every year to the children of our deceased employees, as well.

USJE provides financial aid to the students during the whole length of their regular studies, with monthly amount of 11.3 % of the average salary in the Company, thus making

opportunity for the children to continue their education at universities and have successful professional future, and in the same time supporting their parents – our employees.

Extended Medical Check-Ups

USJE has a long tradition of taking care for its employees, particularly for their health and wellbeing. Preventive medical check-up is provided to all our female employees since 2005.

In 2010, USJE introduced two new medical check-ups for employees, namely the gynecological check-up for all female employees was extended with a complete breast exam including mammography and a completely new program for complete cardio check-up for all employees at the age of 50 and over was introduced.

In the forthcoming period, we plan to introduce further medical check-ups, including osteo check-up for older employees.

New infirmary for Company's and employees' needs

USJE recognizes that Health & Safety is an integral part of its business performance as well as its social policy. A completely new infirmary was inaugurated in USJE in 2010, so as to ensure that all employees will have, in addition to the regular medical check-ups, primary medical care for

the employees before and after working time.

The new infirmary offers better hygienic and sanitary conditions as well as an easier approach for all employees and other patients.

The Company will continue to take care for the health of its employees and their families.

Jubilee Awards

Every year USJE awards its employees with 10, 20, 30, 35 and 40 years of service with jubilee awards. USJE significantly appreciates and is proud of its employees, their accomplishments and their contribution to the Company's strategic goals and long term sustainability.

This year for the first time the ceremony of jubilee awards was substantially enriched, bringing higher symbolism to the event. An action was organized in which every jubilee planted a tree in the factory yard, as a symbol to the significance of this day and in the same time to bring higher value to the planet. The saddles were provided by the Company, trees type Cupresociperis Leilandi, 2 meters high as a gift to its employees for this act of planting.

The aim of the Company is to put long term symbolism on this event and in the same time to contribute to the sustainability of our environment.



Our People and Society

Partnering with Schools Project

Our Social Policy is focused primarily on those areas where we have particular knowledge and experience – the necessary condition for the added value we intend to generate. There are three areas we can contribute considerably baring on our expertise, know-how and resources: Education; Environment & Health & Safety. Following its strategic determination for support of development through education and building upon our strong local partnership, good neighborly relations and the needs of our community and the society at large, USJE has launched the “Partnering with Schools” Project.

The Project covers eight primary schools and one kindergarten in the Municipality of Kisela Voda. Each school has been adopted by one of the Company’s Managers and experts in specific fields like environment, safety etc.

Having identified each school priorities, we made a joint Action Plan of all activities needed and requested by the schools. Almost all schools needed new fences or some repairs of the existing ones. Civil and electrical works were also requested from almost each school so as to ensure safety of the children.

Nevertheless, USJE and our people could not have started, implemented or finished all the activities by ourselves. We needed to branch out value, to ask for our contractors and suppliers to join us in this effort for the benefit of the children, their education and the society at large. We convinced our contractors and suppliers to take part in this adding-value action at voluntary base or at lowered-prices for their services or materials.

The Project implementation started in 2010 at the beginning of the summer break of the school as pupils/ students were out of school while having electrical repairs

or heavy machinery and other equipment in the schools or schoolyards and was concluded by the end of the year.

The Project will continue in 2011 by including another primary school for children with special needs and by including education and training to the teachers in health & safety issues to develop health & safety teams among teachers in cooperation with the Public Health Care Institution.

USJE in cooperation with the Municipality of Kisela Voda shall make its best efforts to involve in the Project the entire business community in Kisela Voda Municipality. It is expected that in 2011, the Mayor of Kisela Voda will organize a meeting of entrepreneurs in Kisela Voda where this Project will be presented by USJE. We expect that other Companies in Kisela Voda will positively accept this Project and with their support we will contribute further to the community development.



Our People and Society

USJE's Nursery

In accordance with the commitment for remediation of quarries and greening the area in the plant, USJE in 2003 concluded a 15-year contract with the nursery "Eko-Rast" for providing plants for forestation and arranging green belts in the Plant and its surrounding.

The nursery is located on USJE's property land and produces plants for USJE and its own needs.



In cooperation with "Eko-Rast", USJE organizes extensive and severe planting activities. These planting activities and actions are done in the Plant, at schools, as well as on different locations in Kisela Voda Municipality.

More than 90,000 trees were planted by USJE or donated to third parties for plan-

ting since 1998, while over 7000 trees were planted in 2010.

ZOO of the City of Skopje

Considering itself as a responsible citizen and part of the society at large, in April 2010 USJE donated cement in quantity of 25.5 tons for restoration, reno-

vation and embellishment of the ZOO in Skopje.

The donation contributed for improvement of the conditions in the ZOO of the capital which directly affects the quality of life of the ZOO residents favorite both of the children and the adults in the City of Skopje and wider.

USJE granted MBA scholarship abroad for the sixth time

USJE granted again MBA scholarship at ALBA Business School in Athens. With the scholarship, the receiver gets the opportunity to acquire professional knowledge and skills at this prestigious Business School which is specialized in MBA studies.

Since the start, about 13 university students have been educated at ALBA Business School with the scholarships provided by USJE. The Annual Scholarship Program is one of the programs of USJE aimed at supporting and promoting the education in the country.

Scholarships for MBA studies at "Ss. Cyril & Methodius" University, Skopje

USJE strategically supports the education aiming to raise the level of education of the young people in the country. To this effect, USJE awarded four scholarships for postgraduate studies in Management & Business Administration at the Faculty of Economics, within "Ss. Cyril & Methodius" University in Skopje.

In 2010, recipients of the scholarships were B.Sc. in Economics, 2 B.Sc. in Mechanical Engineering and B.Sc. in Electrical Engineering. The selection was made through a public announcement and the graduates with the highest GPA were selected.



Our People and Society

Partnering with local communities

Frederic Chopin Park Fountain - Municipality of Kisela Voda

Building upon our strong local partnership, good neighborly relations and the needs of our community, USJE donated financial aid to the Municipality of Kisela Voda for construction of a fountain in the new "Frederic Chopin Park" to memorialize 200 years from the birth of the virtuoso Frederic Chopin. In addition, USJE donated trees to enrich the greenery in the surrounding and to embellish the park itself, which will contribute towards affirmation of the work of the great classic Frederic Chopin, raising the awareness about classic music and culture in general.



Our People and Society

Project for Covering the Usje Canal - Municipality of Kisela Voda

USJE is established in Kisela Voda, larger Municipality of the country. Efforts to promote community development and sustainability projects are a key element of our strategy for corporate social responsibility. Among the projects undertaken within this scope of partnership approach was the use of Usje Canal where USJE undertook the responsibility to cover the canal in length of 800 meters starting from Usje village to the bridge on Prvomajska in the suburb of Lisice. To this end, USJE has provided the design of the main project for closing of Usje Canal as a donation to the Municipality.

The goal of this project is to solve the long-standing problem of the local residents caused by the open canal that, in addition to the atmospheric water, receives other exhaust and fecal water from the surrounding facilities. The closing of the canal will eliminate the unpleasant odor and the threats to the health and the safety of the residents.

The project includes installation of reinforced concrete pipes with diameter of 1900 mm in the bed of the canal itself and their covering with ground. The ground surface over the existing canal will be subjected to horticultural arrangement and used as a walking path.

Study of the biodiversity in the artificial lakes in Cementarnica USJE AD Skopje

Driven by the Policy of TITAN for responsibility towards the environment, USJE, in June 2010 started with preparation of

a Study of the biodiversity in the artificial water accumulations – lakes within the Plant's territory.

The lakes within the Plant's territory have been created with collection of atmospheric and surface waters in the zones where the exploitation of marl has been completed over 30 years ago. The natural process of population with plant and animal species as well as the stocking with fish made many years ago by sports fishermen employed with USJE has led to the situation that these water areas meet the characteristics of artificial lakes. The lakes do not serve as recipients of waste waters and are not used in the primary production process. Their role is enrichment of the area within USJE. The purpose of this Biodiversity Study was to define the quality of the waters and the existing species of flora and fauna in the lakes and their immediate environment.

Detailed researches ran during the preparation of the Study show that these lakes do not contain any endangered species of plants and animals, while the activities in USJE do not affect the existing flora and fauna. However, it was identified that there is surplus of phytoplankton in the lake's waters that is natural imbalance.

In order to bring the ecosystem in natural balance, the Study suggests following measures for improvement:

- Introducing of species of fish that is phytoplankton fed
- Regular cutting of part of reeds in the Lake.

The position of the experts involved in the preparation of the Study is that initiation of such project by the industry is a pioneering activity in our country and it is affirmation of the endeavors of USJE for protection and promotion of the environment.



Recognition & Awards



National Award for Corporate Social Responsibility for USJE

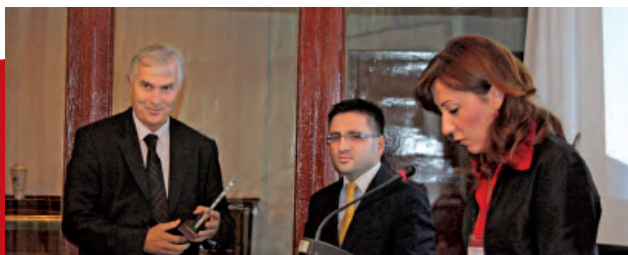
USJE won the first prize for Social Responsibility towards Employees for the Project "Benefits for the children of our employees"

As part of the Project "Corporate Social Responsibility" cofinanced by the European Union and implemented by the Ministry of Economy in partnership with

the Enterprise Development Foundation, the Association of Economic Chamber and the Association Connect, the Coordinative Body for CSR has organized National Awards for best socially responsible practices in 2009.

Cementarnica USJE AD Skopje won the first prize, in competition of 42 projects, in the category Relations with Employees for its Project Benefits for the children of our employees.

This award is a verification of Usje's efforts and commitment to be a responsible corporate citizen and to contribute for the growth and the well being of all stakeholders, including our employees, the environment, our neighborhood and the society as a whole.



Recognition for social responsibility from Municipality of Kisela Voda

On the occasion of 55 years of founding of the Municipality of Kisela Voda, Cementarnica USJE AD Skopje with a recognition for social responsibility

USJE was the winner of a special recognition for social responsibility. The award was granted by the Council of the Municipality of Kisela Voda, in recognition of the Company's long-standing contribution and development of the Municipality in the segments of education, environment, health and safety at work.

For more than a decade, USJE together with the Municipality of Kisela Voda has been carrying out projects in the segments of education, environment, as well as health and safety at work.

USJE received this recognition at the ceremonial academy organized on the occasion of the 55th anniversary of the foundation of the Municipality of Kisela Voda. The recognition for outstanding contribution to the growth and development of the Municipality of Kisela Voda were awarded within the event organized in commemoration of the municipal jubilee. The activities and cooperation with the Community continue.



The Prime Minister, Mr. Nikola Gruevski, visited USJE

For USJE a remarkable event in 2010 was the Prime Minister's study visit of the Company, in October 2010, launching a new effort undertaken by the Government in respect to industrial and business development at national and regional levels.

During the visit at Usje's premises the Prime Minister Mr. Nikola Gruevski, accompanied by the Deputy Prime Minister, Mr. Vladimir Pesevski and the Deputy Minister of Environment and Physical Planning, Ms. Sonja Lepitkova, had the opportunity to meet and discuss with the employees and the management team, experience the new technologies and information systems applied for production and continuous monitoring and control of emissions and learn more for USJE's values, principles and responsible practices.

This governmental initiative underlined not only the significance of the cement industry for the national economy but also the importance of corporate social responsibility in building a sustainable economic and social environment for the country.

UN Global Compact Initiative



By joining the UN Global Compact in December 2008, USJE embraced at the local country level the ten principles of good corporate management, which are the foundation of this Compact.

It should be noted that the TITAN Group, the mother Company of USJE, is a member of the UN Global Compact since 2002.

Global Compact Principles	GRI reference	USJE reference (sections in this Report)
Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights	HR1, HR2, HR3, HR4	Health & Safety Our People and Society
Principle 2 Businesses should make sure that they are not complicit in human rights abuses	HR2, HR3	Our People and Society
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	HR5, LA3, LA4	Our People and Society
Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor	HR7	Our People and Society
Principle 5 Businesses should uphold the effective abolition of child labor	HR6	Our People and Society
Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	HR4, LA10, LA11	Our People and Society
Principle 7 Businesses should support a precautionary approach to environmental challenges	EN1 - EN30	Our Footprint Environment & Climate Change
Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	EN1 - EN30	Our Footprint Environment & Climate Change
Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	EN1 - EN30	Our Footprint Environment & Climate Change
Principle 10 Businesses should work against all forms of corruption, including extortion and bribery	SO2, SO3	TITAN Group Overview Corporate Governance & CSR







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