



TITAN
CEMENTARNICA USJE

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT 2015

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Message from the Chief Executive Director



Dear partners, dear friends,

In this jubilee year when we celebrate 60 years of operation of our plant, I present you our seventh Corporate Social Responsibility and Sustainability Report. Our approach to sustainability is an integral part of our business, therefore this report presents our sustainability endeavors, social and environmental performance.

The wellbeing and the development of our people, our stakeholders, the community, are all a common denominator for all these 60 years of operation of our company, they are the basis of our growth. In 2015 we celebrated this important anniversary with the promise that the foundation of our growth remains the same because only in this way we can remain a leader in the development of the domestic construction industry as well as to continue with our contribution in the development of the country as a whole. Our products are embedded in almost every construction in our country and represent a benchmark for quality and quality construction. Quality is our core priority and is incorporated in all segments of our business, and consequently in our core activity – production of cement, ready mix concrete and aggregates which are fundamental materials in the construction industry.

Quality and everything else would be simply impossible without our employees. They are drivers of our growth and that is why we remain committed to taking care for their health and safety. The health and safety of our people is our responsibility and responsibility of each employee individually since even the best safety measures in the workplace will not produce the desired effects if not properly implemented by ourselves. Therefore we constantly emphasize shared responsibility, corporate and individual for the health and safety of our people. Investments in professional and career development of our employees are already a company standard. Our people continuously acquire new skills and knowledge through organized series of

trainings. A significant portion of these training series were devoted to health and safety at work which critical for us.

We are aware of the importance of long-term sustainable development and that is why we are not retreating from our commitment for the development of the community in which we operate as well as our environmental performance. We support the implementation of various activities significant for the overall development of the local community to which we belong. The projects that we implement with our partners remain the main “bridge” between the company and the community.

Over the years, the Group has enhanced its collaborative action within the framework of the global Cement Sustainability Initiative, under the auspices of the World Business Council for Sustainable Development, and the UN Global Compact. In 2015, we have strengthened the social pillar by focusing on sustainable development locally and on initiatives such as the European Pact for Youth.

Dear,

The inheritance from the past 60 years is our investment in the future and our responsibility towards all our stakeholders. Our commitment is to continue to be leaders in every sense, leaders in manufacturing highest quality building materials and leaders in building relations that support the development of the wider community.

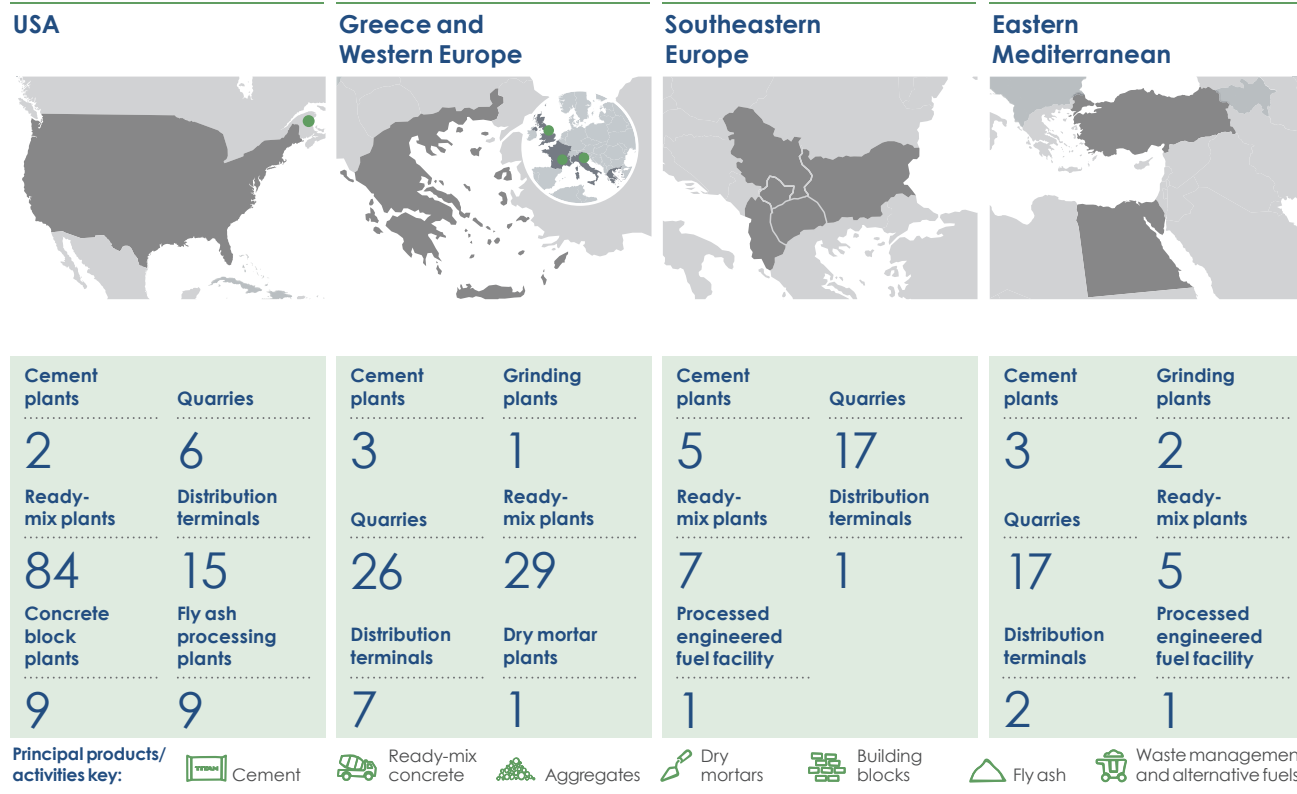
Boris Hrisafov

Chief Executive Director

Cementarnica USJE AD Skopje

TITAN Profile

Headquartered in Athens, Greece, the Group employs 5,654 people worldwide and sells products to 29 countries in North Africa, Western Africa, Canada, USA East Coast and Gulf of Mexico, Central America – Caribbean, Balkans and Western Europe. TITAN has cement plants in nine countries and our operations are organized into four geographic regions: USA; Greece and Western Europe; Southeastern Europe; and Eastern Mediterranean.



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. 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>)

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 about 200 indirect employees.

Our governing objective

We aim to grow as a multiregional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment. To achieve this objective, we focus on four strategic priorities:

GEOGRAPHICAL DIVERSIFICATION

We expand our business through acquisition and greenfield development into attractive new markets, to build production scale and mitigate the reliance on few markets.

CONTINUOUS COMPETITIVE IMPROVEMENT

We implement new efficiencies throughout our business to reduce costs and compete more effectively.

VERTICAL INTEGRATION

We extend our business into other product areas in the cement value chain, serving our customers better and accessing new profit opportunities.

FOCUS ON HUMAN CAPITAL AND CORPORATE SOCIAL RESPONSIBILITY

We care for and develop our employees and continuously improve our good relationships with all internal and external stakeholders, always aiming for mutual respect and understanding.

Underpinning these priorities is our approach to sharing best practice and leveraging expertise. We are committed to this, across the Group, to help us improve our capabilities and the efficient delivery of our governing objective.

Our values

Our values are at the core of who we are; they provide the foundations of our operations and growth. They have provided us with a strong bond and supported the growth that has sustained us for over a century, stemming directly from the principles, beliefs and vision of our founders back in 1902. They remain the core elements of our culture and family spirit.



Integrity

- Ethical business practices
- Transparency
- Open communication



Value to the customer

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



Continuous improvement

- Learning organization
- Willingness to change
- Rise to challenges



Know-how

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



Delivering results

- Shareholder value
- Clear objectives
- High standards



Corporate Social Responsibility

- Safety first
- Sustainable development
- Stakeholder engagement

Delivering value far beyond the cement plant

Aiming to be one of the world's most economically, environmentally and socially responsible providers of construction materials, we use our unique strengths, resources and relationships to create sustainable value for a wide range of stakeholders.

OUR CORE BUSINESS ACTIVITIES

We extract the materials we need to make our products and turn them into cement and concrete, with a strong focus on quality control and operational improvement. The use of alternative raw materials and fuels offers considerable benefits to the environment through the conservation of natural resources and has the potential to reduce our CO₂ footprint and the waste we generate.

Quality and durability: We continually seek to improve our products to ensure long-term customer satisfaction.

Good governance: We maintain high standards of governance, promote ethical business practices, and focus on risk management across our value chain.

Protect and develop our people: We safeguard human rights and promote the health, safety and wellbeing of our people and those who work with us.

Innovation: We develop innovative products that will provide sustainable improvements in construction.

OUR PRODUCTS AND SERVICES

Our products and services are used in various activities ranging from major infrastructure projects (roads, airports, hospitals, schools, etc.) to housing, commercial buildings and social projects. We actively promote new products that will improve quality and durability for our customers, as well as methods and materials that will make construction easier or contribute to reduced environmental impact.

Cement: 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: This is made from cement, aggregates and water to produce a durable product that can be set in a variety of formats.

Aggregates: Coarse materials such as sand, gravel, crushed stone and recycled concrete are used as a raw material in cement and as a strengthening agent in asphalt and concrete. They can also be used in foundations for roads and railways.

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

Dust
8,8 t/year

SOx
36,4 t/year

NOx
955,4 t/year

For new investment in
fixed assets: More than
€ 80 million
since 1998

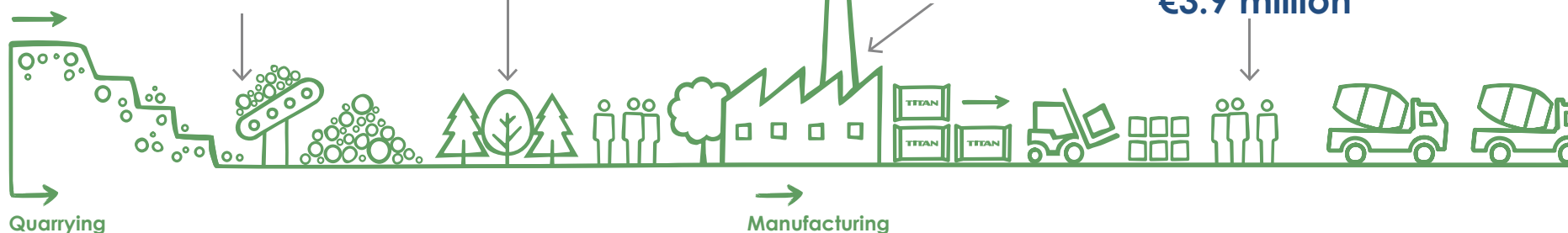
To employees:
€3.9 million

Almost **1 million m²**
is the total area of active
quarries, out of which 765.000 m²
are affected by operations

About **215.000** trees
planted by USJE or donated to
third parties for planting since
1998, while about 15.000 trees
were planted in 2015 only

Raw materials extracted from 3
active quarries:

1.21 million tons



We minimize negative impacts by applying rehabilitation practices and implementing biodiversity management plans at sites recognized as areas of high biodiversity value.

We crush, grind, heat and cool raw materials to produce cement in our safe and efficient plants.

1955 Cementarnica USJE starts with operation

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

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

2014 CoP at Advanced level according to UN criteria, in the same time first asserted CSR & S Report by independent business assurance company

2014 CAPEX in NOx reduction facility

2015 60-year Anniversary of USJE

2015 EU Pact for Youth signed



Customers and partners

Working closely with partners and customers at a local level enhances the value our business creates for local communities.



Big construction projects in the country with USJE cement

Our cement is built in significant infrastructural buildings and projects of high quality and durability that need high standards and quality as a precondition.



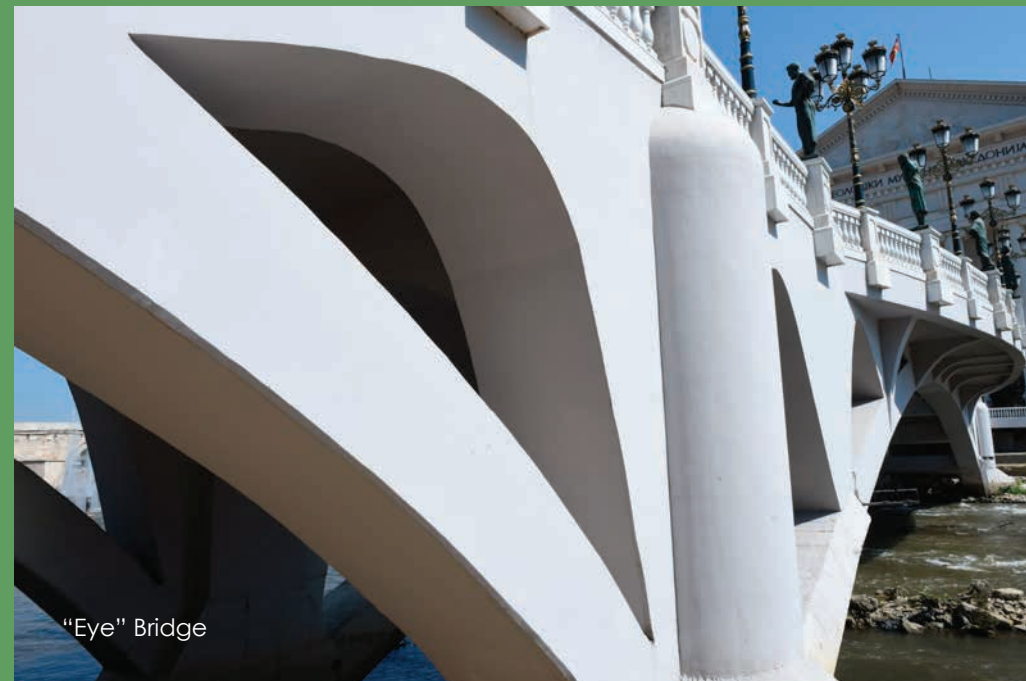
Smokvica-Demir Kapija Highway



Smokvica-Demir Kapija Highway



Vodno Tower



2015 At a Glance – 60 YEARS OF USJE

HEALTH AND SAFETY

- ☺ **Zero fatalities**
- ☺ **2.75 times decrease** in the number of LTI (Lost Time Injury) since 2005
- ☺ **1.40 times decrease** in the LTIFR (LTI Frequency Ratio) since 2005



ENVIRONMENTAL PROTECTION

- ☺ Measured emissions per ton of clinker produced in comparison to 2014:
 - ☺ Decrease of 27.5% in the average specific SO₂ emissions;
 - ☺ Decrease of 19.6% in the average specific NO_x emissions;
 - ☺ Reduction of 23.5% on average specific dust emissions;
- ☺ More than 15.000 trees, saddles & flowers planted in 2015 in our Plant Quarries and Local Community



COMMUNITY DEVELOPMENT



- ☺ Pact for Youth – TITAN signing and kick-off
- ☺ Skills for Job Project – practical training provided by our experts to more than 130 technical high school students
- ☺ Partnering with Schools Project – supported energy efficiency endeavors of 2 schools with materials and services worth more than 110.000 euro
- ☺ University & MBA scholarships
- ☺ NGO collaboration project "Go Green 4 Climate"

ENGAGING WITH OUR STAKEHOLDERS

Our employees, contractors, suppliers & customers

- ☺ USJE provides work and revenue of more than **35 million** euro per year to the local companies
- ☺ More than **150** 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 **8.000** training hours provided for all employees i.e. over **26** training hours per employee
- ☺ Care for our employees
- ☺ First Employee Opinion Survey & Action Plan
- ☺ Communication Day with employees
- ☺ Welfare programs



CSR RECOGNITION

USJE with National CSR Award for Environmental Performance

This year USJE receives National Award for best socially responsible practice in 2014 for Environmental Performance with the Project: "Reduction of NO_x emissions".



Corporate Governance & CSR Strategy

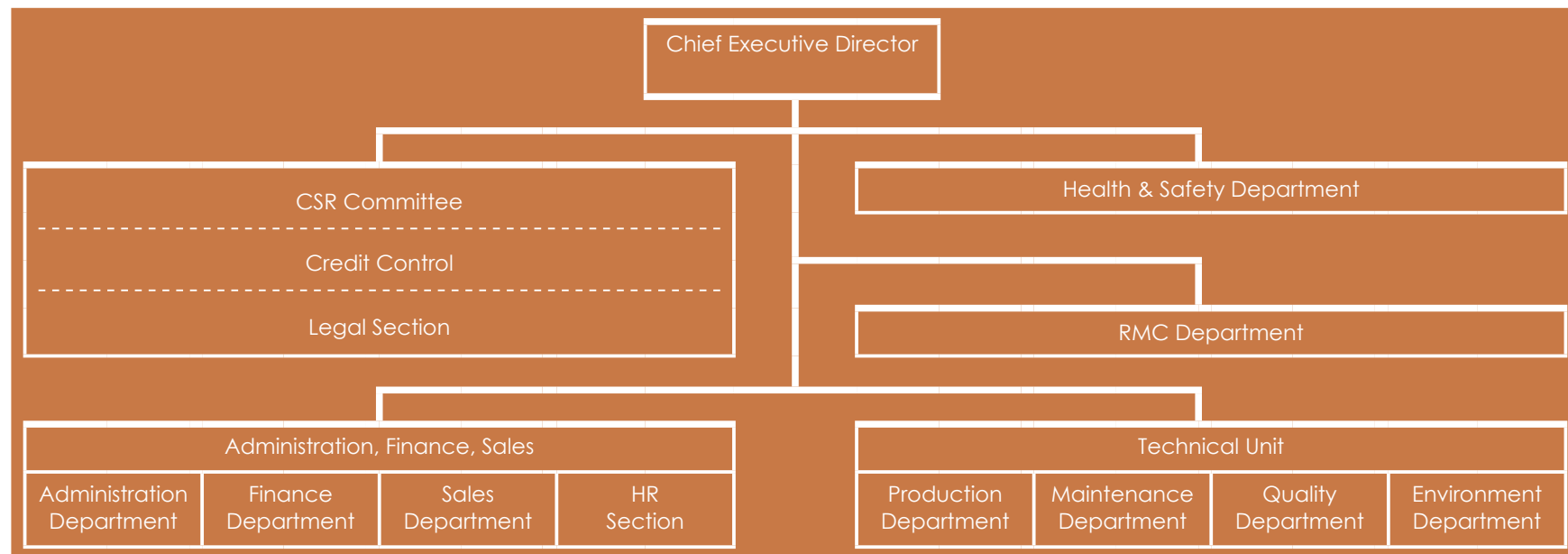
The Company follows established global best practices of corporate governance in its management and has five non-executive members in its Board of Directors, two of which are also independent, and two executive members, the Chief Executive Director and Executive Director. The non-executive members as well as the CED and the Executive Director have no earnings based on their membership in the BoD.

USJE's 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.

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."***

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.

Organizational structure and CSR Committee



System of risk management & controls

Managing risks proactively enables the Group to better adapt to a changing business environment. 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 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 –related, the Company as of 2013 has established a Central Management Committee comprised of the Chief Executive Director, the Technical Director, the Sales 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, www.usje.com.mk) issued in 2008 clearly states against bribery, corruption and fraud. No non-compliance and breaches to our bribery policy have been reported in 2015.

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



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)
- ☺ U.N. Guiding Principles on Business and Human Rights
- ☺ U.N. "Protect, Respect and Remedy" Framework
- ☺ Sustainability Targets 2020
- ☺ UN Sustainable Development Goals 2020
- ☺ EU Manifesto 2020
- ☺ European Pact for Youth



In November, the European Commission together with co-initiating companies, among which TITAN, launched the European Pact for Youth to boost youth employment and inclusion in Europe.

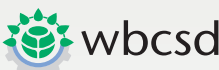
TITAN CEO Mr. Papalexopoulos participated on the Enterprise 2020 Summit in Brussels and took part in the discussion panel regarding Pact for Youth implementation. USJE's Chief Executive Director and the HR Manager also participated at the launching of the platform Pact4Youth which is a mutual engagement of business leaders and the EU to create a culture of business-education partnerships that will improve the employability chances of young people.

The Pact, initiated by the CSR Europe, is an appeal to all business, social partners, education and training providers and other stakeholders to develop or consolidate partnerships in support of youth employability and inclusion. The Pact aims to help build a pro-youth and pro-innovation Europe by creating a fair and equitable culture of partnerships between business, education and young people.

COLLABORATIONS



TITAN was among the first 500 signatories of the UN Global Compact (UNGC) and is also involved in local UNGC networks.

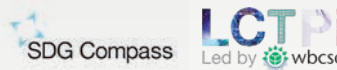


TITAN has been a core member of the Cement Sustainability Initiative (CSI), a unique and collaborative business-led initiative focused on sustainable development, since it was launched by leading cement companies under the auspices of the World Business Council for Sustainable Development (WBCSD) in 2003.

ACTIVITY IN 2015



We decided to support the achievement of the most relevant UN Sustainable Development Goals (SDGs) for our business by 2030 at Group level and through our local UNGC networks. sustainabledevelopment.un.org/sdgs



We participate in the WBCSD's Low Carbon Technology Partnerships Initiative (LCTPI), and utilize the UNGC's "SDG Compass" tool to help us embed the SDGs 2030. lctpi.wbcscd.org/

PRIORITIES 2016

Align sustainability priorities and action plans with the SDGs. Participate in consultations for the SDGs at national and industry levels.

Support partnerships for the SDGs, especially through the WBCSD/CSI.



Health & Safety

Our objective is to achieve our vision of a healthy work environment free of incidents, injuries and accidents

Our Occupational Health & Safety Policy 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.

Committed to a safer, healthier working environment at Cementarnica USJE we constantly strive to raise the safety performance of direct employees and contractors, while urging suppliers and third-parties to adopt similar views and practices.



Contractor management

Contractors are involved in our everyday plant operations. Regardless what their engagement is, the HS level of most of our contractors is not on the required level. Improvement of some contractors is more than evident, but still some of them do not prioritize HS over other business goals. Raising contractor's H&S level is a common and very challenging job, thus in the future we all have to put bigger efforts and commitment.

In order to improve H&S behavior and control over contractors, we have applied more strict and demanding rules in the bidding procedure. We insist that they understand our requirements, and that the extra costs should be part of their offer. Contract signing is mandatory before job commencement. Prior to this phase, we make sure that everything is clear, especially HS related articles.

Raising H&S awareness

Main tools for raising H&S awareness are trainings and leading by example. In this light, during 2015 an intensive training program was performed resulting in 9.6 hrs/employee. Safety walks by top management and their visibility in the plant also highly contributes in the awareness campaign.

Hazard identification, risk assessment and risk control process

"Job risk assessment studies" for a big part of job positions were revised mainly due to changes in the systematization and new job positions. By the end of the year, copies of the studies and relevant safety instructions were re-distributed to all employees. The "Job risk assessment studies" are done according the legal bylaw with a specific methodology. Actually, they include all activities according the job description. For further improvement it is recommended to make "parallel" risk assessment per task (common way all over the world). The existing studies are a solid base, but this process is quite demanding and needs a team work.

Target 2011	Results 2015	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	The LTI Severity Rate is significantly increased due to higher number of LTIs and sick- live duration of the injured person	Achieve and sustain zero LTI, LTIFR and LTISR
Implement the new Contractor Safety Management process	Permanent improvement in contractor management, start implementation of Safety Driving procedure in early 2015	Achieve full compliance with the CSI guidelines on Contractor Safety Management and Driving Safety

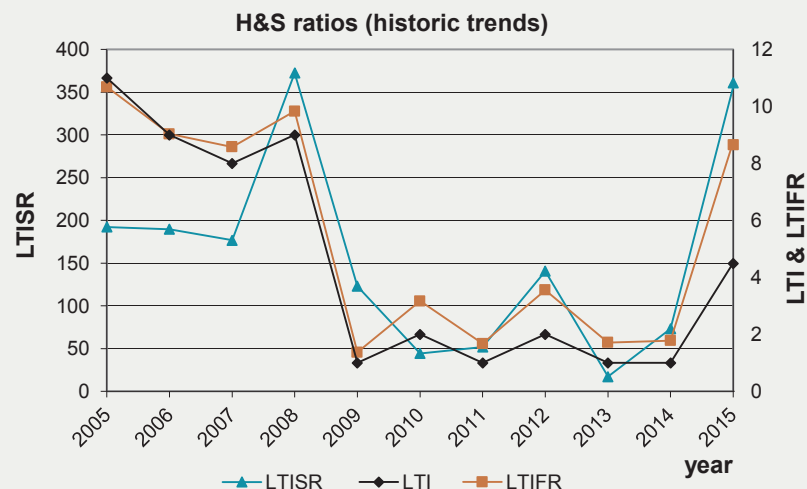
Cement Sustainability Initiative

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

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 several very important projects developed during 2015.

Crises management in the country is regulated by special law and bylaws. In this light the three crucial studies are prepared:

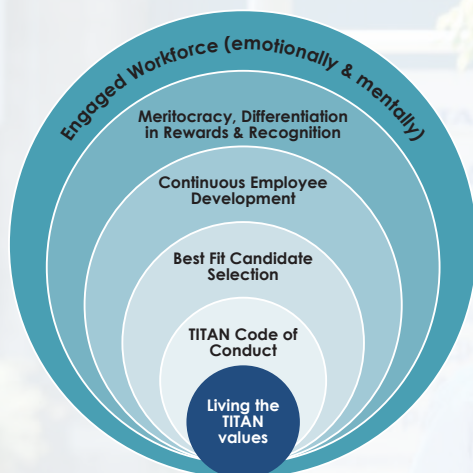
- ☉ Risk assessment from natural and other disasters
- ☉ Plan for protection from natural and other disasters
- ☉ Rulebook for fire and explosion protection

In line with these studies, special crises management and evacuation (rescue) teams were formed. About 42 members received special training and certificates from the state directorate for crises management. Additionally, regular fire fighting trainings and drills were given to all employees and especially to FF brigade members. Incidents investigation is one of the most important tools for determination of corrective measures. The existing procedure was fully revised, and the new one involves more systematic approach, involving "Fault three analysis" methodology to come to the root causes of the incident.



Driven by our people

USJE has always been people-driven organization. We build long-term relationships with employees grounded on mutual trust, reliability and shared values.



Our **People Management Framework** includes guidance on:

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

**OUR VISION IS TO 'ENSURE
AN ENGAGED WORKFORCE,
EMOTIONALLY AND MENTALLY'**

EMPLOYMENT

In 2015 the average number of direct employees was 307 while the number of indirect employees was 200 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.



HUMAN RIGHTS & EQUAL OPPORTUNITIES 2015 PERFORMANCE SUMMARY

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 Labour 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

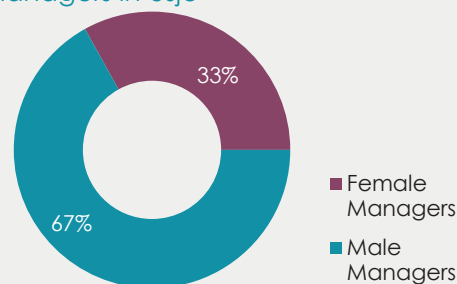
* Human rights as defined by UNDHR and ILO's Conventions on Labour.

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:

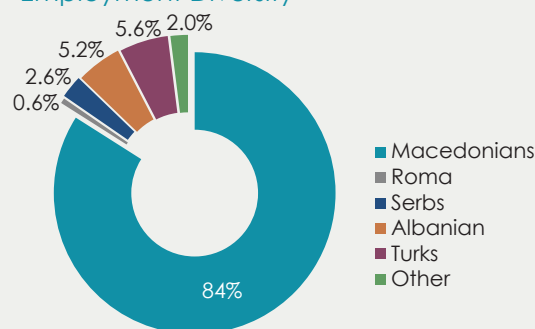
- ⊙ The Company's management team is comprised of local managers to a level of 86%;
- ⊙ Participation of women in managerial position is 33%;
- ⊙ More than 17% of all employees are female;
- ⊙ About 16% of all employees belong to the ethnic minorities;

- ⊙ We refreshed our People Management Process based on our People Management Framework
- ⊙ Employee Opinion Survey Action Plan implementation aimed at employee engagement
- ⊙ Training man-hours were 8,014 for direct employees and 370 for contractors

Managers in Usje



Employment Diversity



Titan's Code of Conduct and People Management Framework were adopted by USJE's top management, translated into the local language and distributed to all employees. All new employees during their formal inductions are provided with a training on human rights, rights against harassment at workplace and a copy of the Titan Code of Conduct. All employees were introduced on their rights upon the Law against harassment on the workplace in December 2013 and January 2014.

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. To this effect, 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.



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 76% of the employees are members of the Union.

PEOPLE DEVELOPMENT PROCESS

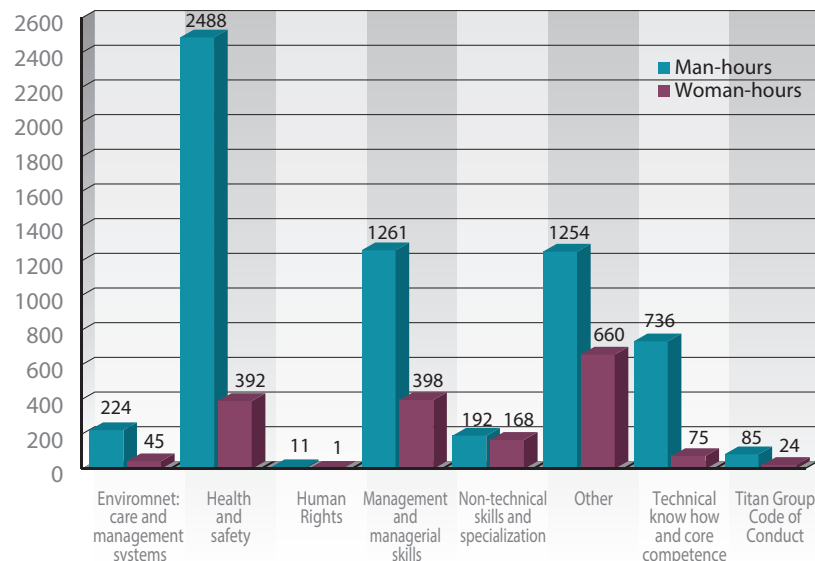
In addition to the well-established People Development Review system for performance management of the management team and other key employees, in 2014 USJE has introduced performance evaluation system for all employees. The aim of this performance evaluation system is to ensure continuous improvement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

Employees receiving regular performance and career development reviews: 52 (>17% of total)

Employees entitled to performance award based on set performance evaluation criteria: 100%

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 2015, we have provided about 8,014 training hours or more than 26 training hours per person for our employees or about 8,384 hours for employees and contractors. Health and Safety training remains a key priority for USJE, accounting for 36% of training in 2015 (as much as 2,880 man-hours for our people and 370 for 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.

Training hours per subject & per gender



EMPLOYEE ENGAGEMENT

We believe that an effective and engaged workforce should live our values and have a strong understanding of our Code of Conduct (<http://www.usje.com.mk/Defaulttebf1.html?mid=112&Lan=EN>). In line with our corporate values, we are committed to a continual process of internal review and analysis. To do this better, we need to hear from our employees, and in 2014, we conducted a new Employee Opinion Survey in all our operations that was designed for us by an independent international company specializing in this field. It was well received and resulted with 80% response rates from our employees.

SUMMARY RESULTS OF THE EMPLOYEE OPINION SURVEY

Summary Category Scores vs. Benchmark

MACEDONIA 2015 (N=246) vs. TOWERS WATSON GLOBAL MANUFACTURING NORM (N=152,874)

Ranked By Difference From Benchmark	Favourable Scores	Differences From Benchmark
Personal Development	79	20
Reward & Recognition	67	19
Leadership	85	17
Organisationa Effectiveness	84	16
Sustainable Engagement	93	12
Customer Focus	86	12
Social & Enivronmentar Responsibility	86	12
Strategic Direction	73	12
Commitment	92	11
Performance Management	83	11
Organizational Culture	86	10
Immediate Management	82	8
Safety	88	7
Trust &Empowerment	64	0

WHY IT IS GOOD TO WORK HERE:

The company values that are important to me

I understand the connection between my work and company objectives

I have the tools and resources to do my job

Leaders I respect and who I believe take action
(move from idea to implementation)

Managers communicate with their team, are good at building team
work, and available when needed

Fair rewards vs performance

I am being held accountable

Upon receipt of the survey results by the independent consultant, an Action Plan was prepared aiming at implementing improvements in company operations and management. The results and the Action Plan were communicated by the CED with all USJE employees.

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**
- ☺ **Jubilee service awards**
- ☺ **Scholarship Program for the children of our employees and school packs for each student/pupil**
- ☺ **Donations in kind and financial aid**
- ☺ **Additional severance payment**
- ☺ **Christmas parties for employees' children**
- ☺ **Christmas gift vouchers**
- ☺ **Additional vacation bonus**

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 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.

Target 2011	Results 2015	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 ₂ emissions compared to the previous year	480,502 t CO ₂ /year, 665 kg CO ₂ /t cementitious product 869 kg CO ₂ /t clinker	Continuous reduction of CO ₂ emissions
Dust	13,19 mg/Nm ³ for Kiln 3 and 2,51 mg/Nm ³ for Kiln 4 or 5,55 tons/year and 3,26 tons/year, respectively	We are already below the target for dust emissions 30 mg/Nm ³
SOx	18,24 mg/Nm ³ for Kiln 3 and 22,11 mg/Nm ³ for Kiln 4, or a total of 7,68 tons/year and 28,68 tons/year respectively	We are already below the target for SOx emissions 400 mg/Nm ³
NOx	558,50 mg/Nm ³ for Kiln 3 and 555,19 mg/Nm ³ for Kiln 4, or total 235,18 and 720,23 tons/year respectively	Reduce specific NOx emissions to 800mg/Nm ³
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", "Earth hour", "Earth day", 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.

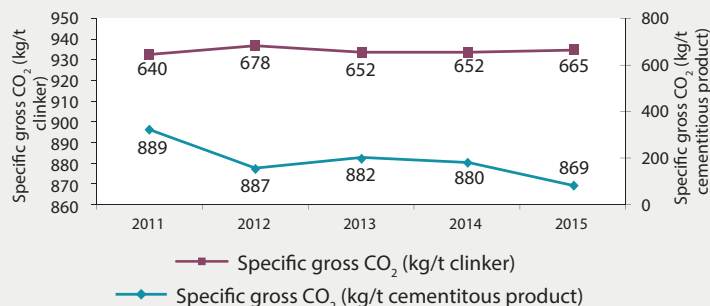
MEASURING OUR CO₂ FOOTPRINT

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:

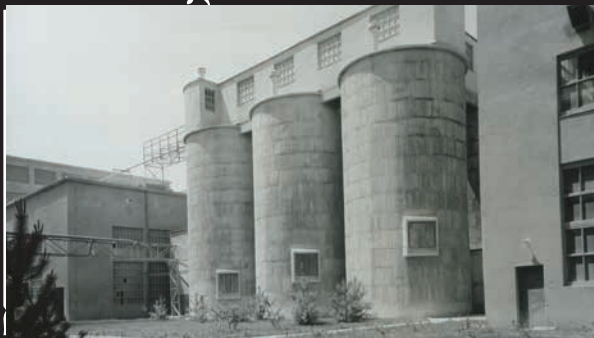
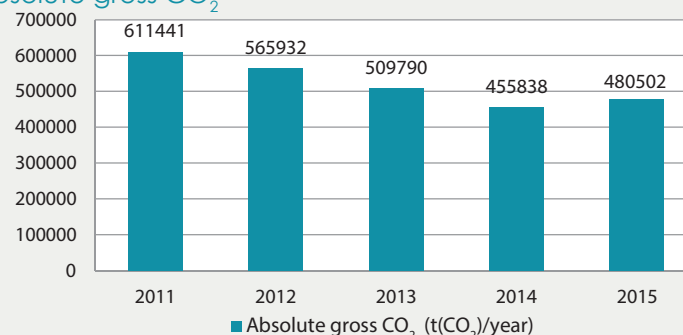
- ☺ Decarbonisation, the process of transforming raw materials (mainly marl) into clinker, the main component of cement;
- ☺ Fuel consumption, including both fuels burned in the kilns (heavy oil and pet-coke) and fuels used for internal transportation, driers and boilers (heavy oil and natural gas), produce CO₂ as a result of the chemical reaction between carbon (C) and oxygen (O₂).

As part of Titan Group we are following WBCSD/CSI standards for calculation and reporting of CO₂ emissions. In 2015, USJE's total direct CO₂ emissions were 0.48 million tons, which are increased by more than 5% compared to the previous year, while the specific CO₂ emissions were 665 kg CO₂/t cementitious product which is increase by less than 2% compared to last year

Specific gross CO₂ emissions



Absolute gross CO₂



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 2015 specific emissions of dust were 35.8 g/ton clinker for Kiln 3 and 8.1 g/ton clinker for Kiln 4. This is equivalent to approximately 5.5 tons and 3.3 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 13.19 mg/Nm³ and for Kiln 4 is 2.51 mg/Nm³. The MLV is 30 mg/Nm³.

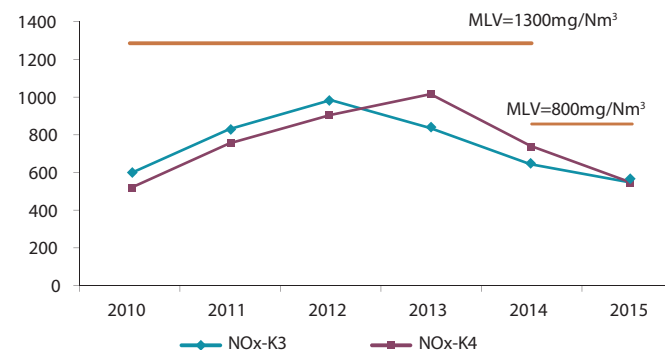
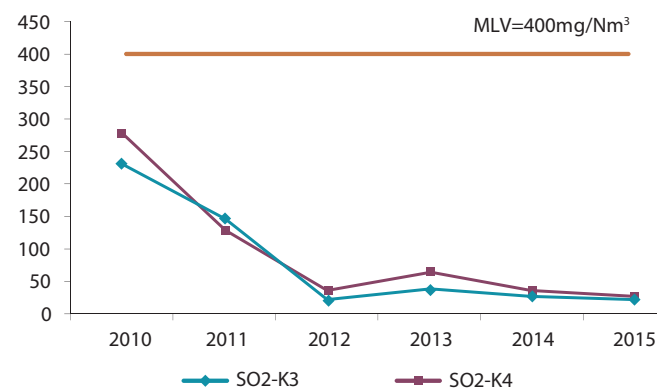
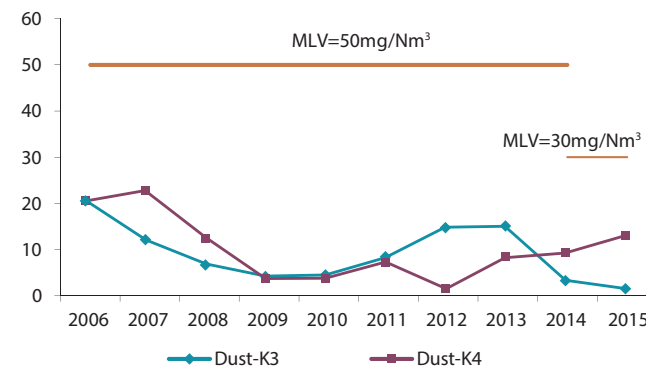
SOx

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 18.24 mg/Nm³ and for Kiln 4 is 22.11 mg/Nm³, while the MLV is 400 mg/Nm³. In 2015 our activities resulted in specific emissions of approximately 49.46 g/ton clinker for Kiln 3 and 72.08 g/ton clinker for Kiln 4, or a total of 7.68 tons and 28.68 tons SOx, respectively.

Significant reduction of SOx emissions on both Kilns compared to ones in the year 2010 or 2013 is result of implementing selective exploitation in the Marl Quarry.

NOx

Combustion at high temperatures leads to NOx emission. In 2015 USJE's specific NOx emissions were 1514.5 g/ton clinker for Kiln 3 and 1809.9 g/ton clinker for Kiln 4, or total 235.2 and 720.2 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 558.5 mg/Nm³ for Kiln 3 and 555.2 mg/Nm³ for Kiln 4, while the MLV is to 800 mg/Nm³.



REDUCTION OF AIR EMISSIONS (NOx)

Pursuing the dedication of TITAN Group to sustainable development, USJE in 2014 introduced new technology and installation of additional equipment for reduction of NOx emissions consisting of so-called Selective Non-Catalytic Reduction (SNCR).

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 2015, by using the SNCR technology we achieved 19.6 % reduction of specific NOx emissions, compared to year 2014 and more than 36% compared to 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.

- ☺ Completed activities for equipment improvements in 2015:
- ☺ Installed dampers on the fans with possibility for enclosing with acoustic panels
- ☺ Replaced small axial blowers with new aiming to generate lower noise
- ☺ Installed 10 small silencers in the raw mix preparation department.
- ☺ For this project, USJE received an accolade for best corporate social responsibility practice in 2014 at the National CSR Awards ceremony.

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:

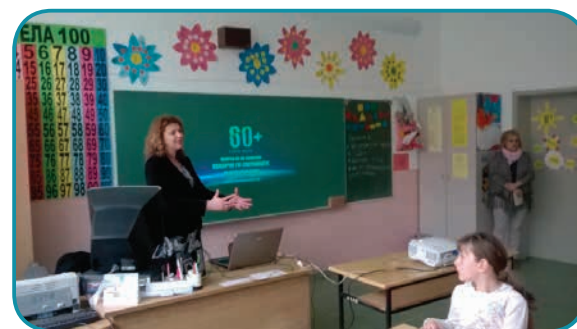
- ☉ Water from the city water supplying network is used for sanitary purposes only
- ☉ The technical waters (for cooling of the equipment) are filtered and recycled in closed system and
- ☉ Sewage waters are separated from the atmospheric waters and discharged in the city sewage network
- ☉ Atmospheric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

Awareness about climate change among young population

The Environmental Manager of USJE, in cooperation with the Municipality of Kisela Voda, held a brief educational presentation on the Earth Hour global action to the pupils in the Kuzman Josifovski – Pitu Primary School in Kisela Voda. The pupils were introduced to the campaign Earth Hour, its rationale, purpose and objective, historical background etc.

Earth Hour Initiative

USJE switched off its cement mills to join the global action “Earth Hour” for the eighth consecutive year. The company’s cement mills were left without electricity for one hour in the period from 20:30 to 21:30 on March 28th this year, when the supporters and participants in this global action did the same. By switching off the cement mills USJE saved 10MWh electrical energy, or approximately the amount of the consumption of over 3000 households in Skopje, and at the same time saving around 7.600 kg of CO₂ indirect emissions. Also the lights were switched off in those locations in the company where the safety measures for occupational safety and health allow that. Moreover, the employees of USJE turned off their home appliances and became part of the big global family that takes care for the environment. This year, USJE invited their contractors, suppliers and other business partners to join the action “Earth Hour” and jointly contribute to energy efficiency and the positive outcome of this action.



USJE once more took part in “Tree Day - Plant Your Future” Action

On December 2nd, 2015 Cementarnica USJE joined the “Tree Day - Plant Your Future” action for the thirteenth time.

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



Stakeholder Engagement

Engaging with internal and external stakeholders is a catalyst for achieving our long-term objectives and safeguarding our sustainability.

STAKEHOLDER ENGAGEMENT PROCESS

Our stakeholder engagement process involves understanding and responding proactively to the needs of the individuals, organizations and businesses with whom we interact. Assessing our material issues is an ongoing process that includes consultation with internal and external stakeholders. From our review of material issues for the Group and USJE and relevant feedback received from key stakeholders we have determined the most relevant issues for TITAN and the most critical for the stakeholders as shown in the illustration below.

STAKEHOLDER ENGAGEMENT FORUM

In line with our endeavor to further strengthen the relations and deepen our transparent communication and engagement with all our stakeholders, in September USJE organized a stakeholder engagement forum. At the forum our 2014 CSR & Sustainability Report was communicated with 65 representatives of all our stakeholder groups, including local community, customers, contractors and suppliers, other businesses, as well as relevant parties in environmental area from MoEPP, NGO's, relevant academia representatives to discuss and receive feedback related to the data and targets published in our Report.

The event was opened with presentation by our CED, Mr. Boris Hrisafov of USJE CSR & Sustainability Report 2014, which is the first Advanced Level report according to UNGC Policy criteria asserted by independent Business Assurance Company.

Proposals for significant activities that Usje should undertake and their inclusion in the report:

- ☉ Education (relation with academic environment, practical education, increased interaction between the company and schools)
- ☉ Suppliers and contractors (active involvement of contractor in Usje project, branch out best practices in CSR reporting to contractors and suppliers)
- ☉ Environment (air emissions, energy efficiency , environmental friendly production)
- ☉ Local community (enhance the cooperation)
- ☉ Anticorruption



STAKEHOLDER PANEL "QUALITY BUILDING MATERIALS FOR QUALITY CONSTRUCTION"

Aimed at raising the awareness among stakeholders on the importance of the quality of building materials, in September USJE organized a Stakeholder Panel - technical conference titled "Quality building materials for quality construction".

The aim of the Panel was to exchange the latest achievements and technical experience about the quality of construction materials, with special focus on cement, the applicable standards, legal regulation as well as the trends and prospects for development of the product and construction industry.

The Chief Executive Director of USJE opened the conference and experts speakers were representatives of academia, businesses and relevant institutions for control of building material quality.

Conference participants welcomed the initiative of USJE for this kind of dialogue between businesses, institutions and experts and pledged to continue and deepen it in function of successful monitoring and application of contemporary trends, and in finding effective solutions for further sustainable development of the domestic construction industry.

Value to the Customer

USJE provides high-quality products and services at competitive prices, while also developing innovative solutions. This is the basis of our long-term relationships with customers.

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 to be proactively responsive on their expectations. Aiming at customer satisfaction and support we undertake many activities in this regard, including:

- ☉ Direct joint 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 150 visits in 2015)
- ☉ Technical support to customers related to their equipment, recipes etc.
- ☉ Procedures for customer support; customer claims and customer satisfaction
- ☉ E-Order introduced in 2012 provides a tracking service for customers, from issuance of the loading order to follow-up status. In addition, customers can also view their material and financial details.
- ☉ Over 40 silos and associated equipment for storing bulk cement provided to the customers free-of-charge
- ☉ Special cement designed for the dam on Treska for energy sustainability

TITAN Group:

We co-lead both the CSR Europe's portal for buyers and suppliers and the Cement Sustainability Initiative's Task Force 10

Responsible Supply Chain

We believe in mutually-beneficial relationships with our contractors and suppliers and we are committed to promoting responsible supply chain management practices. 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. Wherever possible, USJE sources locally thus ensuring benefit to the local community by creating local jobs.

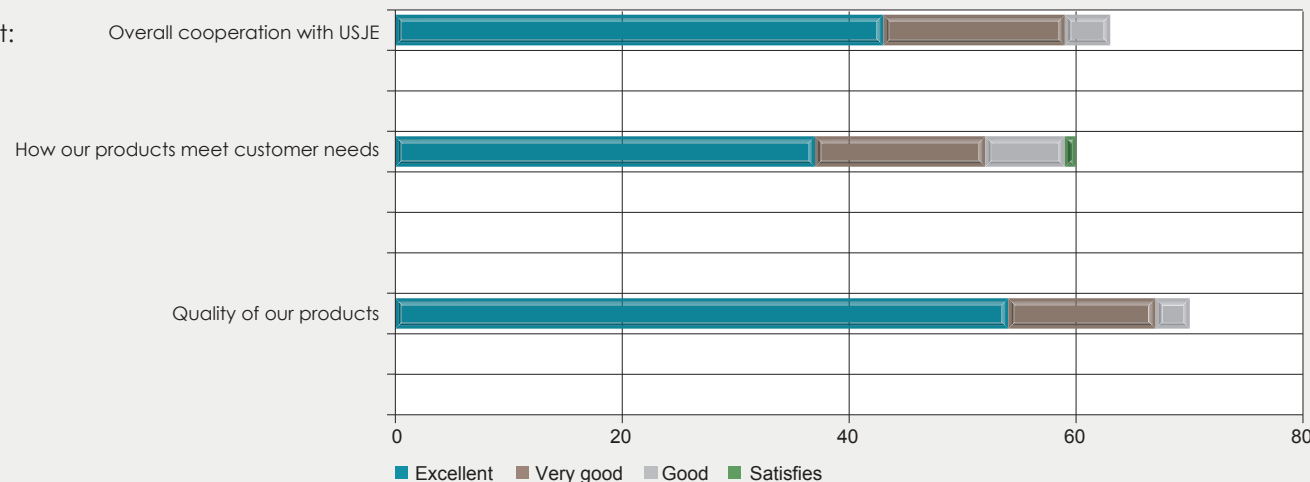
Our supply chain is integral to the sustainability practices of the organization. The TITAN Code of Conduct for Procurement guides the selection, management and evaluation of suppliers. Key criteria for this process are considered quality, reliability, flexibility and location of business.

The contracts with our suppliers and contractors include clauses related to contractors' obligation to respect health & safety, labour & human rights, and environment standards and regulations for which they sign a declaration. USJE's Contractor Management System ensures safe operation and behaviour of contractors on our site. The project owner in USJE then monitors the compliance and observation of the contract by the respective contractor and reports to the Central Committee.

In 2013, TITAN took further action by co-leading a new task force in the Cement Sustainability Initiative. Its aim was to develop a new framework for engaging with suppliers at industry level, based on the UN Global Compact principles and CSI standards in areas such as safety at work.

Customer satisfaction survey is conducted every year to seek feedback from our customers aiming to strengthen our relations and cooperation and improve our service.

2015 results of the survey show that:



Community Development

USJE with its 60-year tradition has become an integral part of the community in which we operate. We contribute with both financial and non-financial resources toward local development through a range of programs and activities, ensuring that we create shared value. We do this by addressing the issues that matter the most, considering local stakeholder needs, while taking a long-term approach. Priorities usually fall into one of our strategic social investment themes: safety, healthcare, education and environmental awareness. 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 2015 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 € 175.000 in total.

Open Doors for Plant Visits

Following TITAN's policy on corporate social responsibility and transparency, USJE continues its endeavours towards developing close relations with the community, thus being and aiming to remain an active member of the society. Having into consideration that our first Open Day organized in 2011 was positively evaluated by all visitors, with recommendations to become a tradition, 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.



Climate Change Endeavors – NGO Collaborative Actions

In line with our corporate social responsibility strategy that rests on four main pillars, including climate change which is considered as important environmental challenge of our time, USJE supported the project "Go Green 4 Climate" implemented in cooperation with Go Green environmental NGO.

PANEL DISCUSSION ON UN CLIMATE CHANGE SUMMIT CONCLUSIONS

Panel discussion aimed to share views and perspectives on the "Paris agreement" from every sector perspective, including representatives from the Ministry of Environment, UN representatives, UN GC local representatives, ambassadors, NGO's and USJE representatives took place in December.



CLIMATE CHANGE EDUCATIONAL CAMPAIGN

The campaign is aimed at raising awareness among young students about climate change. The program was developed in a consultation process with the civic sector, ministries and other institutions.

The program was implemented as lectures to students in 9 primary schools with attendance of 160 pupils. The lectures were held in the schools of the Municipality of Kisela Voda, Gazi Baba and Karpos and were facilitated by volunteers (high school pupils) that were previously trained and educated for that purpose. Promotional brochure was used by the volunteers to explain the demands and to promote the partners of the #GG4Climate campaign.

Number of schools where lectures were held	9
Number of pupils that participated in the lectures	160
Number of volunteers involved in realization of the lectures	22
Number of promotional brochures distributed	177

Target 2011	Results 2015	Target 2015
Improve health & safety in the local community	Implemented energy efficiency actions in 2 schools with €110.000 investment Active participation of our contractors in such actions	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	More than 120 students visited the company More than 130 students gained practical training 15 students were interns in the Company 46 students – children of our employees received scholarships 3 students received MBA scholarships	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 <i>Let's Do It Macedonia</i> Voluntary donation for Kozle Children Hospital	Increase number of employees engaged in corporate volunteering initiatives Cooperation with Red Cross Macedonia

Cooperation with Universities & Schools

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, study visits, open days, job fairs and other activities.



DEVELOPING SKILLS FOR JOBS

USJE continued with the program for development of professionals through practical training

USJE has recognized the need for developing the practical skills of young electrical and mechanical technicians in the country. With this project, that provides students with practical experience, technical skills and know-how, we aim to increase the employability of high school graduates as well as to create possible bench workforce.

Another 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 2015 included 135 students of final grades from two state technical high schools SETU "Mihajlo Pupin" and SUGS "Vlado Tasevski" who in a period of three months undergo practical training in industry. The practical training of the students is under mentorship of USJE experts 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 commitments at our plant.

Scholarships for postgraduate studies in management ten years in a row

Aiming to raise the level of education of the young people in the country, USJE strategically supports the education. To this effect, USJE awarded three scholarships for postgraduate studies in Management at the University American College Skopje.

Internship of university students

USJE has open doors for university students for one month internship in accordance with their study program. This year we had 15 students attending 2.610 hours of internship in various departments, including production, mechanical and electrical maintenance, finance, sales etc.

Study visit of students in technology

Aiming at deepening our cooperation with universities, USJE established relations with professors in non-organic chemistry and as part of their study program a group of students from the Faculty of Technology and Metallurgy paid a study visit of our plant in December. As the focus of the visit was the quality control of our products, the students had a tour around the plant and were introduced to the production process of our plant our quality control process and standards.

USJE on BEST Job Fair for the fourth time

For the fourth consecutive year, USJE took part in the traditional BEST Job Fair, this year with a stand at the Faculty of Technology. At the eleventh Job Fair in organization of the Board of European Students of Technology (BEST) students had the chance to meet USJE representatives and discuss about internship or job opportunities.

Cooperation between USJE and Faculty of Fine Arts in Skopje

This year USJE initiated cooperation with the Faculty of Fine Arts aiming to enable students to learn more of the nature and characteristics of the cement as well as to encourage their artistic expression and creative work. Within this collaboration, USJE provided tools and materials for the students to create sculptures in the spirit of urban culture under guidance of their professors.

The students from the Faculty will visit USJE where professional teams will bring more information about cement, which is widely used in sculptural art, and they way it is produced.

The sculptures created by the young talents will be part of the annual exhibition FLU prepares every year and placed in a public space in our Municipality or the City of Skopje.

SHARING EXPERTISE

Our Group Senior Quality Expert delivered a lecture on quality topics to students from the state Faculty of Technology.

Our H&S Manager delivered a lecture on H&S topics to students from the state Faculty of Technology.

Our HR Manager delivered a lecture on organizational career development to HR postgraduate students at the state Faculty of Economics.

PARTNERING WITH SCHOOLS PROJECT

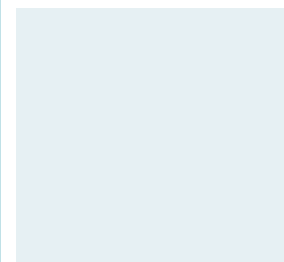
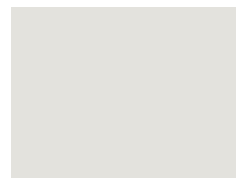
Partnering with Schools Project is our ongoing commitment since 2010 for providing improved H&S and environmental conditions in the public schools and kindergartens in the territory of the local community where our Company operates as well as at raising awareness among children on their own health & safety.

USJE supported energy efficiency efforts of Kiril Pejcinovic & Krume Kepeski Elementary Schools

This year, having aligned with the school's priorities and with our commitment for community development, USJE supported the energy efficiency efforts of Kiril Pejcinovic Elementary School in Kisela Voda by replacing 40 old windows with new modern and energy efficient windows. The new windows are five-chamber profiles with glass thermal transmittance of less than 1.4 W/m²K. The value of this support is more than 50.000 euro and USJE engaged its own contractors to provide the materials and execute the works.

In August, we started a complete restoration of the facade of Krume Kepeski Elementary School in Kisela Voda worth more than 60.000 euro. We engaged our contractor to perform the activities in coordination with our experts in construction and civil engineering. The renovation of facade of the entire school building and other auxiliary buildings was finished early 2016.

As of the beginning of the project, more than 250.000 euro have been invested in-kind and labor and more than 5.000 hours have been spent by our management and employees and more than 11.000 hours have been spent by our contractor's and suppliers' staff. USJE will continue with its voluntary commitment and endeavors to improve the living and studying conditions in the schools and kindergartens in the Municipality of Kisela Voda as well as to support the community development at large.



Final grade students from the primary schools in Kisela Voda visited USJE

Final grade students from the primary schools in Kisela Voda had the opportunity to visit USJE and to get acquainted with our Company, our production process and our manner of operation.

Our team of engineers presented the production process to the ninth grade students of the primary schools of Partenija Zografski, Nevena Georgieva Dunja and Kuzman Josifovski – Pitu. The students had the chance to discuss issues of their interest that would help them in choosing their future occupation. USJE with this visits aims to encourage students to choose technical vocational schools and occupations.

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 21 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.

Corporate Volunteering

INITIATIVE GOING TO WORK WITHOUT CARS

As of March, USJE employees began an action "To Work without Cars". Every Wednesday our employees use public transport, cycling or walk to reach their job place. The employees voluntarily donate 150 denars when they come to work by car and from the funds collected from this initiative a spirometer was donated to the Children's hospital for respiratory diseases - Kozle.

Through this activity, the company's management and employees want to set a personal example and to confirm their clear commitment to environmental protection and promote the principles of a healthy lifestyle.

With this initiative, which was warmly welcomed by the public, we go a step further, aware that traffic is one of the key factors for the environment and through this symbolic action, we want to set an example and encourage others to join this action.

According to the data, thousands of residents of Europe suffer from dependence on their cars and refuse to walk, even short distances. Such habit negatively impacts human health and the surrounding area, and has negative impact on the economic situation. Therefore, the aim of this action is to create a habit not to use cars when it is not necessary.

USJE also invited other institutions, companies and associations to join this kind of activism and set personal example and commitment to contribute to the popularization of this action to change the mindsets and habits.



OUR TEAM AT THE EUROPEAN MOBILITY WEEK

USJE joined again the European Mobility Week in September which promotes sustainable mobility in urban environments. The goal is by using various activities to improve human health and protect the environment by using cars less.

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, our employees personally participated in the Bicycle Parade.

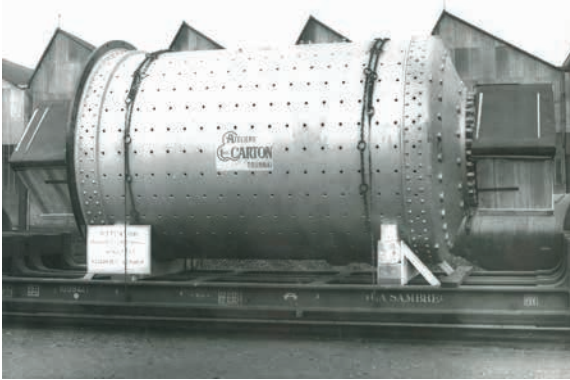
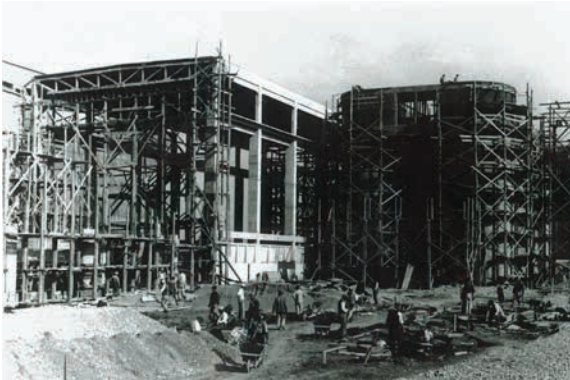
USJE EMPLOYEES VOLUNTARILY PARTICIPATED IN THE NATIONAL CAMPAIGN "LET'S DO IT 2015" FOR THE FOURTH TIME

On October 3rd, 2015 the fourth national campaign "Macedonia without waste 2015" took place in almost all municipalities throughout the country as part of the global action "Let's do it! World 2015" officially supported by the European Parliament happening in 112 countries with about 13 million volunteers. 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.

USJE supported this action by providing active support to the organizers. 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. More than 50 employees, including the management team, volunteered on the territory in the vicinity of our plant.

VOLUNTARY DONATION OF EMPLOYEES AND THE COMPANY TO HELP POPULATION AFFECTED BY THE FLOODS

Guided by our commitment for voluntarism and contribution to the community, our people voluntarily raised funds for the families in the regions affected by floods this year. The amount of funds raised from personal donations of employees totals to nearly MKD 150.000 and the company doubled this amount, thus about MKD 300.000 were donated to the Red Cross as an aid to relieve the consequences from natural disasters. Furthermore, following our policy for social responsibility and community development, USJE donated 200 tons of cement to the municipality of Stip worth more than MKD 1.1 million aimed at improving the current living conditions.



60-year Anniversary

CELEBRATING A SIGNIFICANT
MILESTONE OF CEMENTARNICA USJE
- 60 YEARS OF CONTRIBUTION TO THE
DEVELOPMENT OF THE ECONOMY
AND SOCIETY

Committed to long-term sustainability
and development with a special
focus to environment and
community, USJE this year marked
60 years of operation on the
Macedonian market. The six-decade
operation of USJE is accompanied
by continuous investments and
modernization, through which the
company managed to respond
to the needs of the Macedonian
economy and society.



60
ГОДИНИ YEARS



TITAN
CEMENTARNICA USJE

"CLASSIC VERSUS CLASSIC" CONCERT FOR ALL OUR STAKEHOLDERS, PARTNERS AND FRIENDS

The six-decade existence of USJE was marked with a concert "Classic versus classic". At the ceremony, special awards for long-term cooperation and outstanding contribution to the development of the construction industry were presented to the companies Beton, Granit, Karpos, Adora and Actor. Special recognition was also presented to the Municipality of Kisela Voda which is a long-term collaborative partner of USJE. Award was also presented to the Institute for testing of materials - ZIM, which plays a significant role in the creation of top-quality cement with the highest world standards. Longtime director of USJE, who gave outstanding contribution in the development of the company, Mr. Gushkov, also received a special recognition. Izahir Troni received special recognition for the three-decade collaboration and sale of products of USJE on Kosovo market.

"QUALITY BUILDING MATERIALS FOR QUALITY CONSTRUCTION" STAKEHOLDER PANEL

In the year when USJE is celebrating 60 years of its operation, a Stakeholder Panel - technical conference titled "Quality building materials for quality construction" was held and attended by top domestic and foreign experts (more on Page 26).

CELEBRATION FOR OUR PEOPLE

At the occasion of our 60-year anniversary, USJE invited all our employees and retired employees at a Communication Day. The event was opened by addressing speech of the Chief Executive Director followed by the first employee of Cementarnica USJE in 1951 as well as our newest comer.

COLLABORATIVE PROJECT WITH FACULTY OF FINE ARTS

At the same time, marking the 60th anniversary, USJE signed an agreement for partnership and support with the Faculty of Fine Arts. The project is aimed at encouraging artistic expression and opening new opportunities and space for creative work of young talented artists. (more on page 30).

60 STORIES FOR 60 YEARS OF USJE

Driven by our commitment to communicate our history, operation and vision for the future with all our stakeholders, at the occasion of our 60-year anniversary we issued a monographic book titled "60 stories for 60 years of USJE" (http://www.usje.com.mk/upload/pdf/Monografija_Titan_Noemvri_en_2015.pdf). The book was handed over to all our employees and stakeholders.





Un Global Compact Principles And Criteria



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.

**ALL
BUSINESS
SHOULD**
→→→

Target 2011	Results 2015	Target 2015
Actively engage in the Global Compact Network Macedonia	USJE is a member in the Board of the UNGC LN and works actively on branching out the CSR in the country	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: - Follows SGD's and aligns priorities accordingly - Active participation in "Growing on Ethics" / "Last Call to Action for Europe 2020" Conference on Responsible Business	Support the implementation of the initiatives under the Global Compact Network Macedonia
Promote CSR concept and UNGC principles in the public	In November we signed the European Pact for Youth initiative and in 2016 will start implementation of the initiative at Cementarnica USJE	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

- 1 Support and respect the protection of internationally proclaimed human rights
- 2 Make sure that they are not complicit in human rights abuses
- 3 Uphold the freedom of association and the effective recognition of the right to collective bargaining
- 4 Uphold the elimination of all forms of forced and compulsory labor
- 5 Uphold the effective abolition of child labor
- 6 Uphold the elimination of discrimination in respect of employment and occupation
- 7 Support a precautionary approach to environmental challenges
- 8 Undertake initiatives to promote greater environmental responsibility
- 9 Encourage the development and diffusion of environmentally friendly technologies
- 10 Work against all forms of corruption, including extortion and bribery

Aligning with the UN Sustainable Development Goals

Defining our priorities

The Group CSR Committee has decided to utilize the SDGs to define our future priorities and areas for further improvement. We believe that they offer us a unique opportunity to strengthen collaborative action, deepen stakeholder engagement and increase the value we create at local level.

We have already begun the alignment of the Group's goals through our materiality assessment process. Rather than setting new targets for the next three to five years, we are focusing on the "triple bottom line" – taking into account financial, social and environment goals – and benchmarking our performance externally.



However, we have agreed that not all the 17 SDGs are of equal importance to us, so we have defined two main categories:

SDGs most relevant to our business

HEALTH



CONSUMPTION



CLIMATE



PARTNERSHIPS



SDGs complementary to our main priorities

EDUCATION



WOMEN



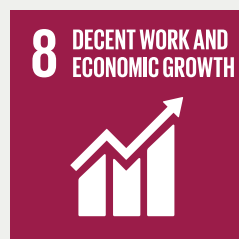
WATER



ENERGY



ECONOMY



INFRASTRUCTURE



COMMUNITIES



ECOSYSTEMS





TITAN
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