



CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORT



ОДГОВОРНОСТ · ПАРТНЕРСТВО · РАЗВОЈ
ЗАЕДНО ЗА ПОДОБРА ИДНИНА!

Contents

2	TITAN Group Profile
3	USJE Profile
4	Message from the Chief Executive Director
6	2011 at a Glance
8	Our Footprint
10	CSR Strategy & Corporate Governance
14	CSR Performance
14	Health & Safety
18	Our people
22	Environment and Climate Change
27	Innovation and Development
28	Community Engagement and Development
32	CSR Leadership and Networking
34	Recognitions and Awards
35	About the Report: Assessment and Verification
36	UN Global Compact Initiative

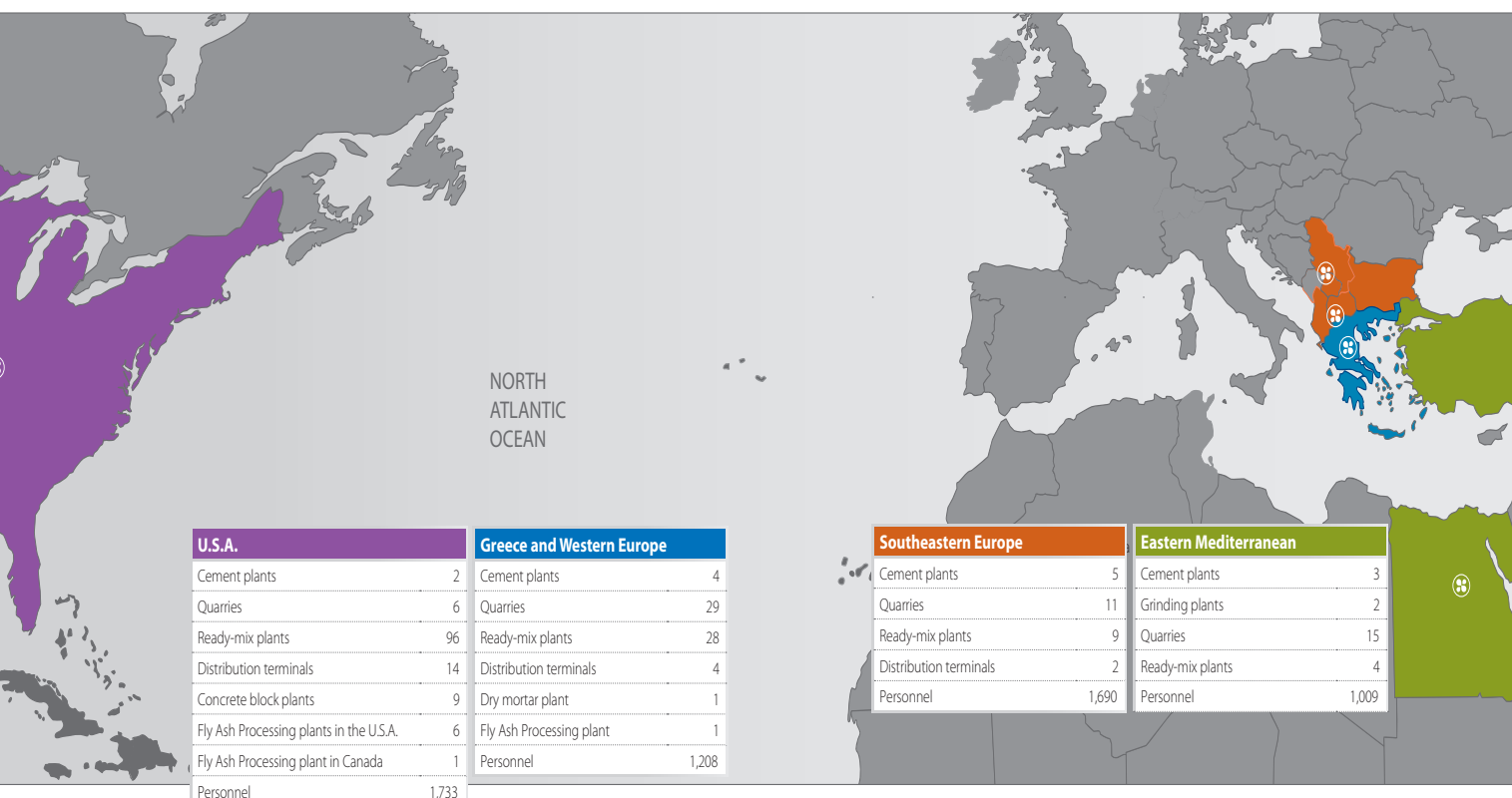
TITAN Group Profile



World Business Council for Sustainable Development



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 Europe, the Eastern Mediterranean and North America.



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 335 direct employees and 197 indirect employees. The Company also cooperates with over 688 (83%) local suppliers and contractors. The cement produced by USJE is appreciated and utilized in Macedonia as well as in the markets in the region.

In 2008, USJE became member of the UN Global Compact.

Our actions are based on our core values:

- **Integrity:** direct and open communication; dignity and credibility; ethical business practices;
- **Know-how:** investment in knowledge; enhancement of our knowledge; proficiency in every function; excellence in core competences; initiatives for gaining and spreading knowledge;
- **Delivering results:** clear objectives, learning from successes and mistakes; high standards, sustainable values for our shareholders;
- **Continuous improvement:** company as learning organization; avoiding self-satisfaction and continues dedication for improvement; willingness to change; rise to challenges;
- **Value to the customer:** anticipation of consumer needs, high quality of products and services; innovative solutions;
- **Corporate Social Responsibility:** active member of society; supporting the cause for sustainable development and respecting the individual (employee, citizen, member of the community); safety first; stakeholder engagement.

Since the beginning of its operation, USJE is committed towards sustainable development and community engagement. From providing valuable materials for rebuilding Skopje after the earthquake and installing the first electrostatic filters in Ex-Yugoslavia back in the '60s, to incorporating all key international standards and investing over € 65 million in new production technologies, environmental protection and community development nowadays, USJE is on the forefront in improving the presence and shaping a better future for the company as well as the society.



"We aim to grow as a regional, vertically integrated cement producer, combining an entrepreneurial spirit and operational excellence with respect for people, society and the environment"

Message from the Chief Executive Director

It is always good when you have the opportunity to share beautiful things with others. I welcome you to the Annual Report on Corporate Social Responsibility (CSR) and Sustainable Development of Cementarnica USJE AD Skopje. Company's commitment to sustainable development, transparency, responsibility for the communities where we work and belong is our corporate priority regardless of who runs the company, which position they hold and what responsibilities that position brings - it is simply our corporate culture.

The period in which we live and work is very complex in every aspect, but the economic aspect dominates. In this global context, great challenges emerged in front of the cement industry amid the crisis 2011. However, this did not shake the commitment and continual nurturing of and investing in corporate social responsibility of Cementarnica USJE.

As a result of that, but also of the implementation of the highest professional and technological standards, we received the Integrated Environmental Permit (A-IPPC Integrated Pollution Prevention and Control) from the Ministry of Environment and Physical Planning and the certification for OHSAS 18001:2007 Management System. This way, we completed the process of international certification and we adjusted our systems in accordance with the highest standards of sustainable practices in our industry and beyond.

We are constantly increasing our investments in the environment by reducing the impact on the environment, which can be counted in tens of millions of euros today. Among other things, we joined environmental initiatives such as "Tree Day", the World Energy Conservation Day etc. Cementarnica USJE is one of the initiators of the restoration of the Macedonian network of the UN Global Compact because we helped the organization of the First Annual Conference. The project "Partnership with schools" continues to provide valuable support in improving the infrastructure and safety in primary schools and kindergartens in the municipality of Kisela Voda. For the first time we organized the company's Open Day and based on the interest, our intention is to turn this event into a tradition.

On the other hand, following the needs of the community, we undertook innovation and developed a new, special cement to build a major dam on the River Treska for the new hydropower plant and we invested resources for the creation



of this specific product, motivated by the need for sustainable energy production in the country.

We put efforts to introduce an innovative approach in dealing with biodiversity in lakes formed as a result of the company's activities. It is this project, which investigated water quality and the condition of the existing flora and fauna, but also the activities for improving the conditions thereof, we won the prestigious National Award for best socially responsible activity in the category environment presented by the Ministry of Economy.

But, all this would not have been possible without the fabric of Cementarnica USJE - our employees, the backbone of our company. Cementarnica USJE is constantly committed to improving the working environment, employee health and well-being of their families. We foster diversity with appropriate representation of all social groups and communities in our employee base, of which 26% are women in managerial positions. We are proud to say that we achieved the goal of zero fatalities and serious injuries in the workplace, with a record of 556 days without injury.

We are quite aware that today's generations pave the road for future generations. In this regard, our commitment and investments in social responsibility will continue with the same intensity, because we all belong to the same entirety. So it is in life, but so it is in business as well. In this context, guided by our endeavor for Responsibility - Partnership - Development, we remain open for dialogue, activities and support for a better community for all.

Chief Executive Director
Boris Hrisafov

A stylized, handwritten signature in dark ink, likely belonging to Boris Hrisafov, positioned below his name and title.



2011 at a Glance

Meeting High Standards



A-IPPC Permit

USJE obtained A Integrated Environmental Permit (A-IPPC Permit) issued by the Ministry of Environment and Physical Planning (MoEPP).

Report Verification

USJE was included in the independent report assessment and verification process according to TITAN policy and standards

Health and Safety

- ✓ Zero fatalities and zero serious accidents
- ✓ Achieved a record of 556 days without a lost time injury (2010-2011 period) for our Company
- ✓ 91% decrease in the number of LTI (Lost Time Injury) since 2005
- ✓ 84% decrease in the LTIFR (LTI Frequency Ratio) since 2005

Engaging with our Stakeholders



Our employees, contractors and suppliers

- ✓ 65% of our contractors' employees were trained on Health & Safety through our new Contractor Management process
- ✓ 83% of our suppliers and contractors are local
- ✓ Over 6400 training hours provided for all employees i.e. more than 19 training hours per employee
- ✓ To improve the wellbeing of our employees, 2/3 of all employees received additional cardio medical check-up; all female employees received gynaecology and mammography & breast cancer check-up
- ✓ 26 % female staff in Managerial positions
- ✓ > 15% of our employees represent the ethnic diversity in the country

Communicating stakeholders

- ✓ First Company Open Day organized with over 900 participants from all of our stakeholder groups
- ✓ 93% of stakeholders participating in the event suggest to make such initiative traditional

Environmental Protection



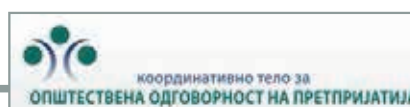
- ✓ 28.000 trees, saddles & flowers planted in 2011 in our Quarries and local Community
- ✓ Decrease of 3.1 % in the specific gross CO₂ emissions per ton of product, compared to previous year
- ✓ Reduction of dust and SOx emissions beyond the 2015 targets (35 mg/Nm³ and 400 mg/Nm³ respectively)
- ✓ USJE is the first industry in the country that will purify the atmospheric and street spraying waters
- ✓ USJE saved 10MW/h electrical energy by joining the global initiative "Earth Hour", equal to a 3-hour production volume of the hydropower plant Matka or to the amount of the total consumption of over 3.000 households in Skopje

Community Development



- ✓ Partnering with Schools Project
- ✓ University & MBA scholarships
- ✓ Gynecology Clinic support
- ✓ Support of children with special needs
- ✓ 90 pupils and students from neighboring primary school receive professional orientation at USJE
- ✓ 70 employees engaged in various corporate volunteering activities

CSR Recognition



USJE receives the National Award for the best socially responsible practices for 2010 in the category *Environment* as well as three recognition plaques for projects in the areas of Employee Relations, Community Investment and Ethical Management.

UN Global Compact



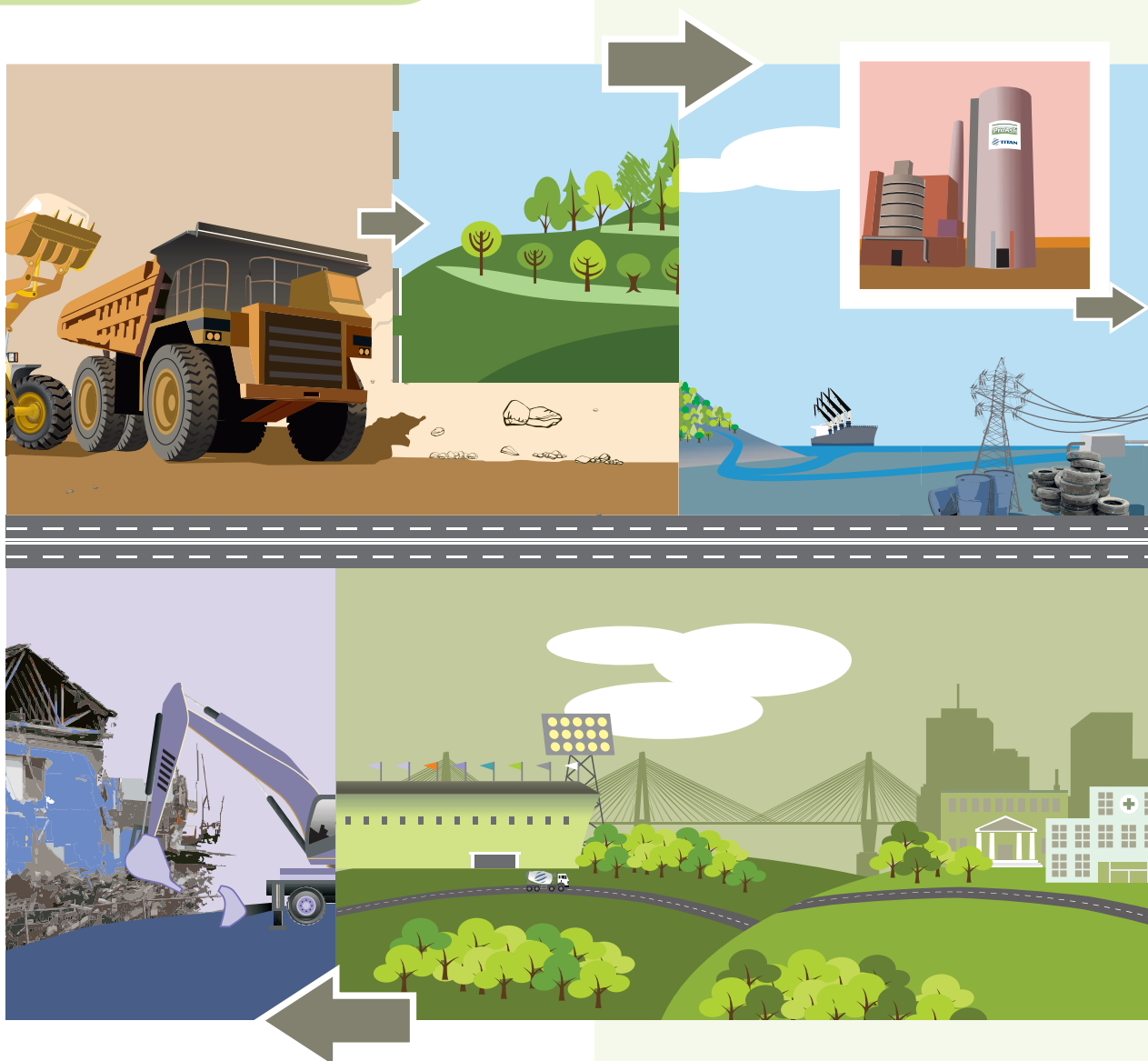
USJE was one of the initiators for reviving the Global Compact Network Macedonia and supports the organization of its Annual Conference.

Our Footprint

- > **1.5 million** tons of raw materials extracted from 3 active quarries
- > **1.1 million m²** is the total area of active quarries, out of which **588.200m²** only are affected by operations
- > **59.000 m²** of active quarries have been rehabilitated in 2011 by planting local trees and bushes

Total annual emissions:

- > Dust particulates **14** metric tons
- > NOx **1390** metric tons
- > Sox **228** metric tons



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

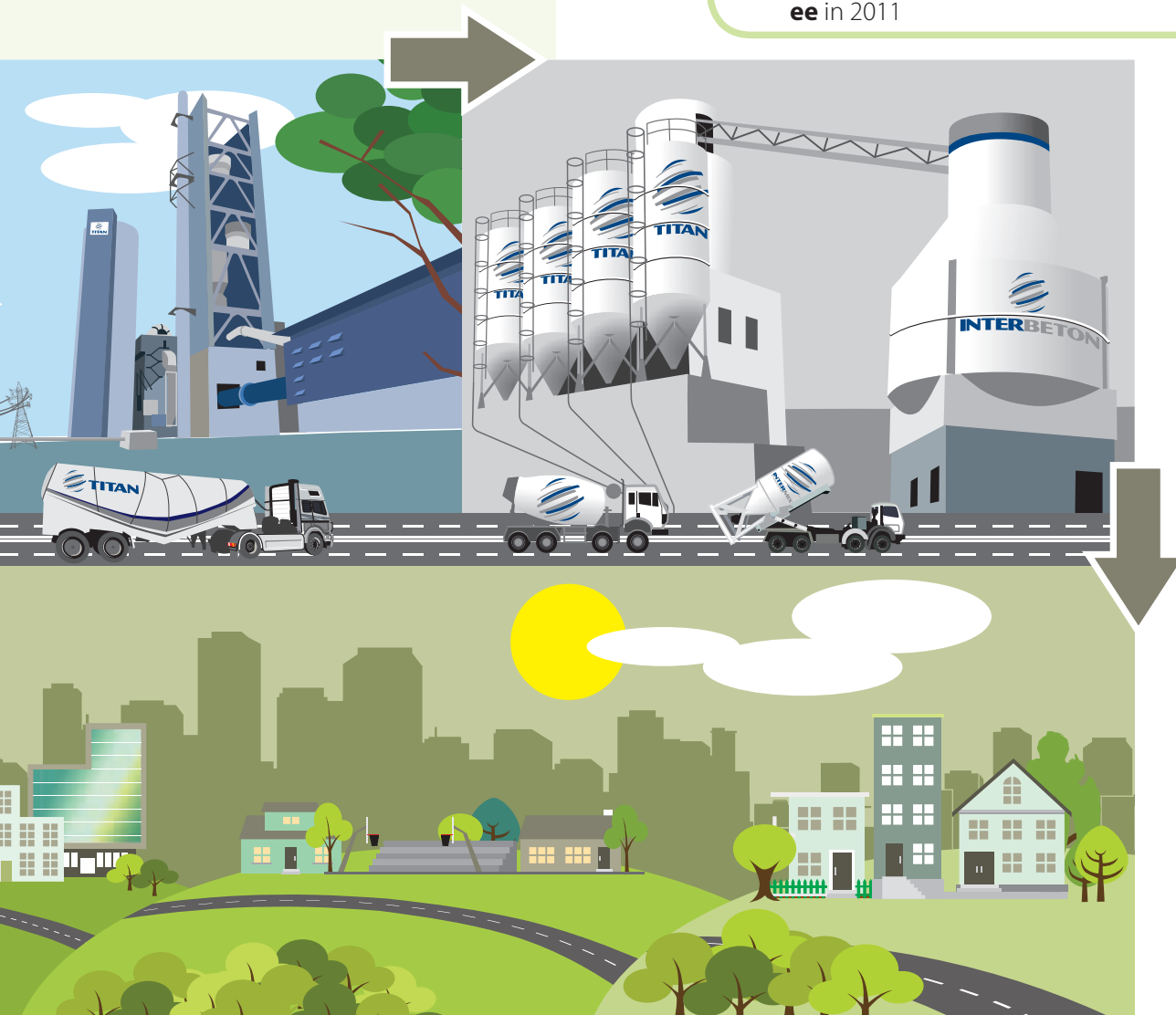
2009 - First CSR workshop organized in USJE

2009 - For the first time in the region and in TITAN Group USJE starts with continuous public announcing of the environmental measurement data

- > For new investment in fixed assets: **€ 65 million** since 1998
- > More than **€ 85.000** spent for community development programs through donations in cash and in kind in 2011

- > More than **124.000** trees planted by USJE or donated to third parties for planting since 1998, while over **28.000** trees were planted in 2011 only
- > More than **€ 602.000** spent for environmental investments in 2011

- > **335 attendees of training programs** including all own employees with **19.2 hours per attendee** in 2011



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

Jan. 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

CSR Strategy & Corporate Governance

Our CSR vision is to “conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good”.

This vision is embedded in all our operations and CSR initiatives taking into considerations the local milieu and conditions as well as identified social and environmental needs in the country and in the local communities where we operate.

Transparency and accountability are our key principles of corporate governance. Thus, USJE takes proactive approach by voluntarily disclosing all relevant data related to its social and environmental impacts. Our CSR Report materiality is verified by independent auditors against the principles of the Global Reporting Initiative (GRI).

Taking into consideration the process of the cement production, we acknowledge that the health and safety of our employees, contractors and local communities as well as the environment are the primary focus of our CSR strategy. Moreover, following our vision, we are in a process of undertaking innovative initiatives that will create additional value in these areas such as the use of alternative fuels, biodiversity, sustainable construction etc.

We recognize that we are integral part of the community where we operate and that it can significantly contribute to improving their wellbeing and long-term development. Thus, we engage in initiatives in the area of education, support to marginalized groups, raising awareness among the school children about the environment, health and safety etc. Our initiatives in this area are developed in close interaction and cooperation with the stakeholders such as the municipalities and other public institutions, NGOs, partner companies, academia etc. The employees take active part in designing the projects and in their implementation. In this direction, from this year, USJE intensified its approach in corporate volunteering.

TITAN as well as USJE is aiming to the highest standards of corporate governance. Throughout the years, all of company's policies and strategic decisions have been developed to ensure sustainable development and integration of CSR principles in all of our operations and processes. Thus, by this year USJE has managed to adopt all CSR related policies and management systems and they are enacted in all levels of the company. We develop strategic five year action plan on CSR strategic initiatives and priorities and we have in place CSR Policy, communicated with the employees. Monitoring CSR performance is one of the key activities. It consists of continuous checks and audits on the progress and commitment to excel, based on which we take actions for improvement.

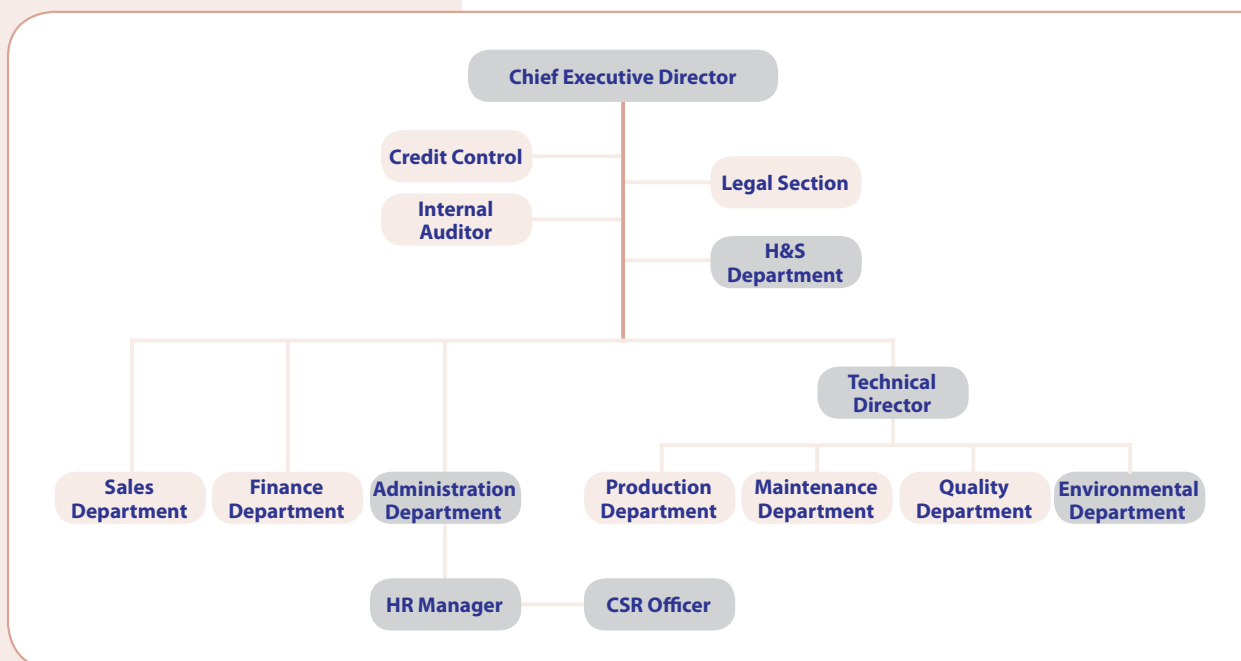
“Listening and responding to the concerns of our employees, local communities, customers, shareholders, suppliers and other stakeholders has been a driving force in our efforts at meeting effectively Corporate Social Responsibility challenges”

Internal Capacity Building

Development Program on Corporate Social Responsibility & Stakeholders Engagement was organized for our key employees covering 574 training hours.

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.

Achieving full integration of CSR into our business operations requires carefully planned governance structure. In this regard, USJE was one of the leader members in TITAN Group being the first company to establish CSR Committee in 2009. The main role of Company's CSR Committee is to be the advocate coordinator of the Group CSR Strategy, Vision and Policy, planning, decision making upon and implementation of CSR actions of the Company. The CSR Committee consists of the top management as well as the managers of the key CSR related departments. This ensures planning and communication of all CSR related initiatives throughout the company thus safeguards their integrity and successful implementation.



*Managers of grey-marked Departments are members of CSR Committee, as well as HR Manager and CSR Officer.

Facts about CSR achievements in Corporate Governance:

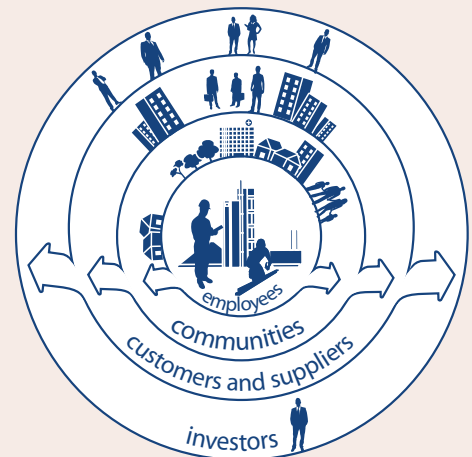
- ⇒ Joined UN Global Compact in 2008;
- ⇒ Established CSR Committee in 2009;
- ⇒ Published Sustainability Reports & reporting in line with GRI principles for 2009 and 2010;
- ⇒ Communicating & engaging with stakeholders: Stakeholders' Forums increasing community and stakeholders' engagement in 2010 and Company Open Day 2011;
- ⇒ Adopted and fully functional Policies: Code of Conduct, CSR Policy, CSR Vision,
- ⇒ Environmental Policy, H&S Policy.

Stakeholder Engagement

Our CSR Strategy derives from the thorough understanding of the social and environmental impacts of the cement industry as well as the continuous dialogue and engagement with our stakeholders. We do not undertake CSR only to mitigate risks but rather to achieve sustainable development and create shared value for our business and the society. This approach is incorporated throughout the governance structure of the company and is shared by the top management as well as the employees. The dialogue with our stakeholders is an ongoing process implemented through numerous forms internally as well as externally. In this direction, this year we organized the first Company Open Day.

Engaging with stakeholders in a variety of ways plays an effective and supportive role in developing sustainable industry. In order to build sustainable relations with our stakeholders, we base our work on 3 principles:

- 1. Learning:** Help build a growing repository of corporate practices to promote dialogue and learning;
- 2. Sharing:** Advance transparency and accountability;
- 3. Improving:** Drive continuous self improvement.



We listen

Over 55% of the Open Day visitors completed the questionnaires, out of which:

- 95% were fully satisfied with the event;
- 87% believe they have significantly increased their knowledge about the Company;
- 93% believe that this initiative should become traditional.

"USJE's Open Day is new and refreshing. I wish other companies would follow their example".

Citizen from the Municipality of Kisela Voda

We respond

Meeting our stakeholders' expectations and increasing transparency is directing our efforts in setting meaningful targets, reporting performance and foster continuous improvement. To meet these aims, we invite stakeholders to give us feedback and we engage in independent assessment and verification of our policies, practices and performance.

Company Open Day

Aimed for creating and sustaining partnership with our employees, community members, customers and suppliers, investors and the other stakeholders on September 15, 2011, Cementarnica USJE AD Skopje organized its **First "Company Open Day"**.

More than 900 visitors attended the event. The guests were representing all major stakeholders such as the employees and their families, suppliers, contractors, representatives from universities, companies members of the UN Global Compact as well as other business leaders in CSR, representatives of MoEPP, representatives of the Municipality of Kisela Voda, media, representatives from the primary schools and kindergartens in Kisela Voda including group of pupils and students etc.





In front of the present stakeholders USJE's CED Mr. Boris Hrisafov presented the main values, activities and achievements of the company, which was illustrated by video screening of a specially produced brief video documentary.

In order for the stakeholders to be informed about the cement production process, the professional standards used by the Company as well as the main priorities in terms of health & safety and environmental protection, guided tours to the production units of the company were organized. The guided tours were organized in groups of around 10 people, taking into consideration the necessary health and safety measures for the visitors.

The Open Day created linkages between the employees and their families on one side and the community development initiatives in the schools and kindergartens on the other side. The children's corner provided targeted space for playful interaction of the employees' children and the visiting children from the kindergartens and primary schools in the Municipality of Kisela Voda. In addition, exhibition of drawings and other artistic products created within the Partnering with Schools Project was organized.

This event dedicated to the value of transparency opened networking opportunities for the various company's stakeholders. Visitors had direct opportunity to engage with company's management and employees, getting engaged in targeted activities such as planting trees in Company's yard.

Target 2011	Results 2011	Target 2015
Release 2010 CSR and Sustainability Report	CSR and Sustainability Report published in September 2011 and shared through various communication channels	Release CSR and Sustainability Reports regularly, on annual basis
Release UNGC Communication of Progress (CoP)	UNGC Communication of Progress submitted in Nov. 2011	Release regularly the UNGC CoP
Maintain high level of participation of the managers in the CSR Committee	CSR Committee held five meetings in 2011 with full participation of the Chief Executive Director and all designated managers	Maintain high level of participation of the managers in the CSR Committee
Inform stakeholders about USJE's activities, achievements and professional standards; Build trustful relations with the key stakeholders	First "Company Open Day" organized with participation of over 900 key stakeholders	Continue transparency & inform stakeholders about USJE's activities, achievements and professional standards; Maintain relations of trust & partnership with stakeholders

CSR Performance

Health & Safety

Health & Safety in USJE is recognized as an integral part of its business performance. We ensure implementation of all legal requirements and corporate policy aimed at providing a health and secure working environment to all employees in our plant. Understanding that successful Health & Safety Management involves integrating sound principles and practices into our day-to-day management arrangements, we emphasize the collaborative effort of all employees. The Company's approach to reducing occupational hazards is a continuous joint effort of its management and its employees. We adopt this systematic approach to Health & Safety in order to achieve continuous performance improvement. In 2010, USJE received certification for the OHSAS 18001:2007 Management System.

Our Vision

- To achieve a healthy working environment free of incidents, injuries and accidents.

Our Goal


- To have zero fatalities and zero serious accidents.
- We benchmarked our Health&Safety performance against the Cement Sustainability initiatives and we aim by 2015 to be in the top 25% of the peer group safety performance and sustain it.

Our Policies

- To invest maximum efforts to protect health & safety of all our direct and indirect employees in all our business activities.
- To continuously improve our health & safety policies at all levels, in all areas.
- To build and maintain a culture that *"Safety is a matter of the heart, not just the mind!"*

Having placed Health & Safety as the first priority within the TITAN Group, it becomes apparent that all of USJE's efforts in response to our values and commitments are to safeguard the best working environment for both direct and indirect employees with the aim to achieve a "zero accident" performance in all our operations.

In our Company, Health & Safety measures are applied for own employees, contractors and suppliers, but also for the local community where we operate:

	Local communities	<ul style="list-style-type: none"> • How can our actions improve health and safety in the communities where we operate
	Contractors and suppliers	<ul style="list-style-type: none"> • Do our suppliers and contractors adhere to the health and safety legal standards and good practices?
	Employees	<ul style="list-style-type: none"> • Do all of our workplaces have an environment that is not detrimental to the health and safety of our employees?

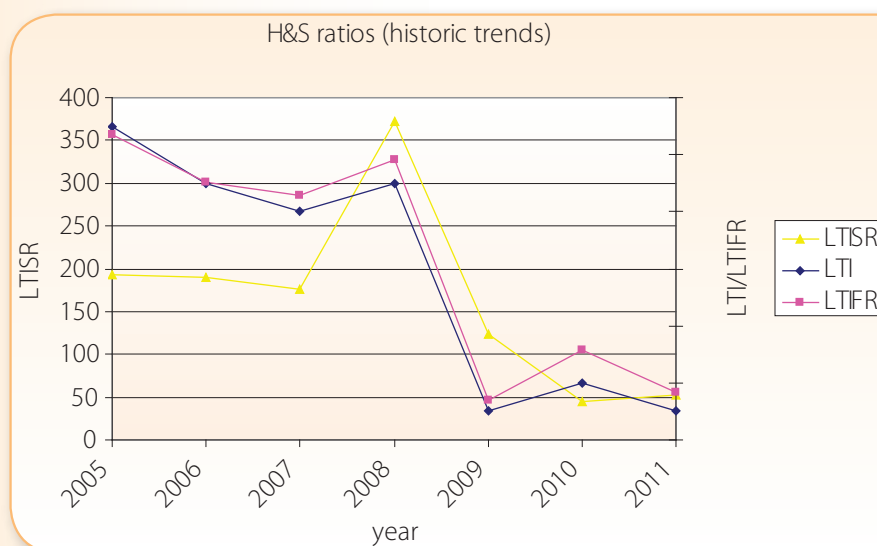
Target 2011	Results 2011	Target 2015
Complete the process of OHSAS 18001:2007 certification	OHSAS 18001:2007 certification obtained in January 2011	Continuous improvement; Regularly audit and re-certify
Zero fatalities and zero serious accidents	No fatalities or serious accidents in 2011	Maintain Zero fatalities and zero serious accidents
Continuous decrease in the Lost Time Injury (LTI), LTI Frequency Rate and LTI Severity Rate	LTI – 1; LTIFR – 1.67; LTISR – 51.8;	Achieve and sustain zero LTI, LTIFR and LTISR
Implement the new Contractor Safety Management process	Contractor Safety Management process applied to all USJE's contractors	Achieve full compliance with the CSI guidelines on Contractor Safety Management

H&S and employees

The main priority of the TITAN Group is the well being of the employees, direct and indirect providing services either on permanent or on a temporarily basis. That is the key part of Titan's Strategy and social policy.

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

Wednesday's lecturing program on Health & Safety

The commitment of USJE to maintain the Health & Safety as a first priority is applied through continuous training for every employee. For that purpose we developed the Wednesday's lecturing program which is implemented since November 2004 by the Health & Safety Department and it is attended by all employees in the company. The lectures are run weekly with specific topics per cycle where employees are encouraged to be involved in consultation and communication on health & safety matters that affect their work.

Maintaining zero accidents policy

Every 15 seconds a worker dies from a work-related accident or disease and nearly 1 million workers are suffering a workplace accident every day according to International Labor Organization (*ILO, Publication, Health and life at work: A Basic Human Right, 2009*) Each year, more than 2 million people around the world die of work-related accidents or disease. It is estimated there are 270 million occupational accidents and 160 million cases of occupational disease. The total cost of such accidents and illnesses is estimated at cca. 4% of the world's GDP – over 20 times higher than the official aid for development.

During the 2010 - 2011 period USJE completed 556 days without a lost time injury. These statistics confirm the determination of the company to continuous improvement and maintaining Health & Safety as the key priority in the business performance. This achievement has been a result of a maximum commitment of all employees.

Having 556 days without a work related injury for USJE is a very significant achievement, considering the industry where we operate.





"Cooperating with Cementarnica USJE AD Skopje for many years, we have accepted their standards, values and behavior as our own. Health and Safety are our priority as well, however, the Contractor Management process of USJE raised the awareness of our employees for their own health and safety thus changing their attitude and behavior, namely the health and safety culture."

Ane Petrusev, ATOM, contractor of USJE

H&S and contractors & suppliers

Beyond the wellbeing of our employees, we are also concerned about the health & safety of our contractors and suppliers as well. We consider them as an integral and a vital part of our operations thus ensuring proper H&S standards with them is increasingly becoming one of our CSR focus themes.

USJE strives to inspire and engage **contractors and suppliers** on Health & Safety matters. For this purpose, in 2010 we have developed a new Contractor Management process which incorporates Health & Safety (as required by the CSI guidelines on Contractor Safety). The aim of the process is to put in place a new, organized and comprehensive system of contractor management from a Health & Safety aspect. Its goal is not only to prescribe procedures that contractors should comply with, but also to raise their awareness to a level where they can understand that a good health & safety performance is a good business performance as well.

During this process, all contractor companies are assessed on their safety performance. A practice has been established which requires every contractor's employees to receive a health & safety induction training before commencing any work. In this way, we maximize our efforts to communicate about any potential risks that can jeopardize the safety of the people engaged in any activity within the premises of the company.

To achieve a simultaneous implementation of the Contractor Management process for all contractor companies we work with, we have organized a communication event that was attended by more than 130 contractors' representatives. The positive feedback we got from this event encouraged us to further improve this system in the future.



H&S and local community

International Labor Organization has developed provisions that recommend that young population needs to be approached and developed in terms of health & safety. For this purpose, the Company invests in the young citizens in the local communities where it operates. Systematic approach for transferring knowledge on this issue with an emphasis on prevention is applied through educational forms involving various stakeholders.

All Health & Safety practices within the local community are applied in the framework of the "Partnering with Schools" Project (more on p.29).

Our people

Employment

Employment at USJE is characterized by long-term relations with employees. Establishing a culture and workplace where employees take pride in their success is crucial in meeting the Company's goals and aspirations. Our goal is to *"Maintain a high level of employee satisfaction and safe working conditions while at the same time enhancing productivity"*.

The number of direct employees in 2011 was 335 while the number of indirect employees in 2011 was 197 in average. The indirect employees provide valuable services as support to our core business: quarrying, transportation of goods, cleaning and catering, maintenance and technical support.

Employment and procurement policies of Titan Group and Usje focus primarily on people from local and surrounding communities.

Engaging with employees starts with a communication policy based on "open doors", encouraging all employees to seek information or report problems, of all degrees of seriousness. Formal communication channels are available such as communication days enabling direct communication with management as well as timely information-sharing on all issues related to employment conditions and future perspectives.

Human Rights & Equal Opportunities

One of the key priorities of our Company and in line with the principles of the UN Global Compact is respect for the human and labour rights. Our Company offers equal opportunities to all people regardless their gender, ethnicity, religion, age etc. It is reflected in our HR policies and strategies and is implemented throughout the organizational structure. For a heavy industry, USJE employs high percentage of female employees (over 17%). Over 26% of the Company's management are women, which is among the best practices in the industry in our country.

TITAN Group standards

Non-discrimination

Prohibit discrimination in all employment-related practices.

Working hours

Respect the right to leisure and avoid excessive overtime.

Wages and benefits

Guarantee a wage that – at a minimum – meets national legal standards and additional benefits responding to the needs of the majority and local priorities.

Apply appropriate disciplinary measures.

Prohibit harassment.

Child labor

Prohibit employment of under 18-year olds.

Forced labor

Prohibit any type of forced or bonded labor.

Freedom of association

Respect the right of people to form and join associations and to bargain collectively

We respect our people and their needs

Our focus:

- ⊗ A compensation system which takes into consideration market conditions and employee expectations and performance
- ⊗ Benefits above and beyond those provided for by law and by collective labor agreements
- ⊗ Employee participation in business goal achievement and performance evaluation
- ⊗ Training, professional development and advancement opportunities
- ⊗ Open, two-way communication
- ⊗ Care for employees' families and for a better balance between work and family

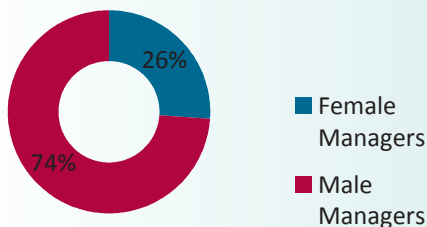
Our Company is committed to comply with the Universal Declaration on Human rights (UNDHR) and the International Labour Organization (ILO) Conventions regarding labour rights and working conditions. It is underlined by TITAN Group's Values, Code of Conduct and Code for Procurement adopted by the Company.

Respect for human rights is incorporated in our Group Health and Safety Policy applying equality to direct and indirect employees.

Equal opportunities for all are also safeguarded by Human Resources Policies at both Group as well as company's local level. Accordingly:

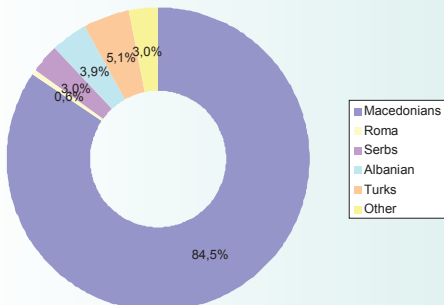
- The Company's management team is comprised of local managers to a level of 99%;
- Participation of women in managerial position is 26%;
- 17 % of all employees are female;
- More than 15% of all employees belong to the ethnic minorities;

Managers in Usje



Freedom of association is respected for all employees and collective bargaining agreement between the Company and the Union of employees was signed at end of 2010, covering all employees. We acknowledge the importance of the Unions in improving working conditions and safeguarding the worker's rights. In USJE the Union representatives have the right to meet the line management at any time and discuss their concerns as well as suggest improvements. All issues of major importance, including collective agreements are discussed directly with the Chief Executive Director and accordingly with the Board of Directors.

Employment Diversity



We appreciate the views and opinions of our employees on matters related to CSR and we encourage their contribution in shaping our CSR initiatives.

Human Resources Development

The continuous development of human resources is a priority for USJE aiming at a life long learning and enhancement of professional skills and competences that are necessary to anticipate present and future challenges. In 2011 further emphases was placed on training and development programs expanding the scope and the participation of employees of all hierarchical levels. Training and development of the employees and the contractors in the area of health and safety is our Company priority for many years. Moreover, new programs like the "Stakeholder Engagement Development program" and "Step Change" were launched, having positive outcome throughout the year. More than 600 training hours were dedicated to corporate social responsibility and sustainability issues.

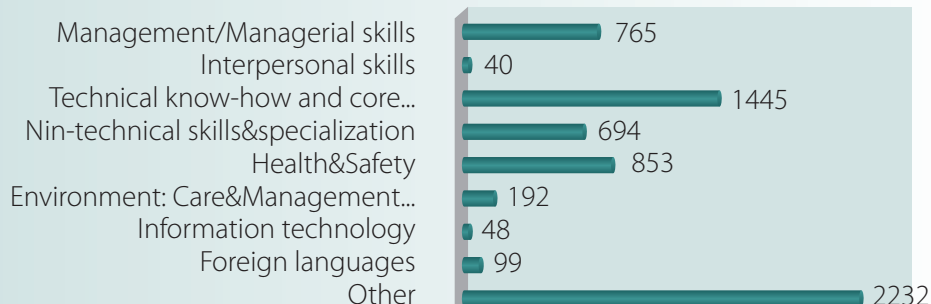
Career development and succession planning, developing multi-disciplinary skills and competencies at different hierarchical levels, performance appraisal and training, as well as transferring know-how and experience to indirect personnel are common objectives throughout the Company.

In 2011 we have provided more than 6400 training hours for all employees or more than 7300 hours for employees and contractors. Training hours provided per person is more than 19 hours. The Continuous People Development Programs & Career Development is consisted of:

- Annual Training Plans for all employees
- Performance Improvement Process
- Individual Development Plans
- Career Development Plans
- Succession Planning
- Intensive Health & Safety Training Cycle

Training and Development activities in 2011

■ Man-hours



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. USJE has adopted a variety of welfare programs such as:

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

In line with our HR Management policies, in 2011 our compensation indicators are as follows:

Employees Compensation, benefits & welfare programs	Employees
• Salary djustment according to the cost of living	All (100%)
• Productivity Awards	All (100%)
• Performance Awards (for management and operational staff)	115 (35%)



Extra Medical Checkups

The health of our employees is one of the Company's priorities. We consider the legal requirements in this area as bare minimum and we make efforts to extend the health prevention and protection benefits for all employees.

Continuing from last year, the regular annual medical check-ups have been extended with cardio exams for all USJE employees at the age of 50 and over. The examinations include physical test, BMI, EKG, ultrasound, cardiac stress test, laboratory analyses and defining the cardiovascular risk and predictors of heart diseases.

The Company covers also additional medical check-ups for all female employees including mammography and a complete breast check-up in addition to the gynaecological exams conducted so far. In total, 17.700 Euro were invested in additional health prevention measures for our employees.

Jubilee service awards

Every year USJE awards its employees with 10, 20, 30, 35 and 40 years of service with jubilee awards. We are proud of our long-term employees, and we immensely appreciate their accomplishments and their contribution to the company's strategic goals and long term sustainability.

Scholarship Program for the children of our employees

In the effort to create more opportunities for the employees' families, the Company every year since 2003 implements the Scholarship program for the children of our employees. With this program, the Company grants scholarships for all children of our employees who are successful students at universities, in the course of their graduate or master studies. Scholarships are granted to the children of our deceased employees as well.

The program aims to enhance the professional opportunities of the children of our employees through supporting their studies, but in the same time through supporting the higher education to invest in the future of the country. In 2011, 110.600 Euro were invested in the education of the children of all our employees through scholarships and school packs.

School pack for each student/pupil

Acknowledging the financial challenges that every family with children faces at the beginning of every school year, USJE decided to provide additional support to our employees. Since 2010, USJE provides school packs for the children of all our employees. The school packs include back packs, notebooks and full etuis to all primary and high school children.

In addition, every year the Company organizes New Year celebration for the youngest children of the employees to celebrate the holidays. The children receive gifts including books and encyclopaedias that further support their education.

Environment and Climate Change

The process of cement production influences the environment. USJE operations are heavily dependent on the use of natural resources. We are aware of our impact on nature and that is the reason why environmental care is our immense priority in all aspects of our conduct. Dust, noise, safety risks, landscape alternation by using raw materials, air emissions, energy and water consumption are issues related to our day-today conduct. For this reason, 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 approaches, we aim to address these main environmental issues:

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

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. In addition, we are regularly conducting audit and re-certification of the Environmental Management Standard ISO 14001:2004. € 602.000 (~20% of Capital Expenditure Budget 2011) were spent in 2011 for environmental investments, studies & fixed assets.

USJE is dedicated to actions that provide both the environment and the economy win-win solutions. Working together with our contractors, suppliers, collaborators and our community, committed to **do more good** we continuously contribute and invest in the environment in order to do a positive change locally, regionally and globally.

Our Policy

...We place our focus on minimizing the impact of our business activity on the natural world, and on developing initiatives to enhance the natural environment and quality of life in the areas where our facilities are located...

Target 2011	Results 2011	Target 2015
Finalize the process of obtaining A-IPPC Permit from the MoEPP and implement planned activities from the Operational Plan for the year	A-IPPC Permit obtained from the MoEPP System for separate collection and drainage of the atmospheric and the waste water fully functional Prepared feasibility Study for treatment of atmospheric water and water for street spraying	Fully implement the Operational Plan from the A-IPPC Permit
	More than € 602.000 (~20% of Capital Expenditure Budget for 2011) spent for environmental investments, studies & fixed assets	
Reduction of CO ₂ emissions compared to the previous year	Decrease of 3.1 % in the specific gross CO ₂ emissions per ton of product, compared to previous year	Continuous reduction of CO ₂ emissions
Dust	18 g/ton clinker for Kiln 3 and 23 g/ton clinker for Kiln 4, or 8.1 tons dust from Kiln 4 and 6.1 tons of dust from Kiln 3	We are already below the target for dust emissions 30 mg/Nm ³
SOx	331 g/ton clinker for Kiln 3 and 332 g/ton clinker for Kiln 4, or total 111.5 and 116.4 tons respectively	We are already below the target for SOx emissions 400 mg/Nm ³
NOx	1812 g/ton clinker for Kiln 3 and 2228 g/ton clinker for Kiln 4, or total 611 and 782 tons respectively	Reduce specific NOx emissions to 1200 mg/Nm ³
Participate in at least one global and national environmental protection and climate change initiatives	10MW/h electrical energy saving by participation in the global initiative "Earth Hour" 28.000 trees, saddles and flowers planted	Increase the level of participation in global and national environmental protection and climate change initiatives
Protect Biodiversity	Implementation of measures defined by the Biodiversity study	

A Integrated Environmental Permit (A-IPPC Permit)

This year the Ministry of Environment and Physical Planning (MoEPP) has issued A Integrated Environmental Permit (A-IPPC Permit) to Cementarnica USJE AD Skopje. The procedure for obtaining A-IPPC Permit has started in June 2007 and was carried out in compliance with the applicable legal requirements. During the procedure, MoEPP representatives conducted several inspections in all parts of the installation and stated that the manner of operation in USJE meets the environment protection requirements and, often, the internal criteria and procedures are stricter i.e. go beyond than the legally prescribed regulations. This is a verification of our efforts for environmental protection and doing more good. In the period 2007 – 2011 we have implemented more than 80% of activities planned in the Adjustment Plan of the Permit.

In line with our plans and in compliance with the activities provided in the Operational Plan of the A-IPPC Permit, during the year 2011 we have performed several activities as:

- Built a system for separate collection and drainage of the atmospheric and the waste sewage water.

This Project has started in 2010 and already has a very positive impact on the environment through reduction of the quantities and improvement of the quality of the waste waters discharging to the Usje Canal.

- Treatment of atmospheric waters and street spraying waters

After separation of sewage and atmospheric waters, in year 2011 USJE started the project for treatment of the waters ending to the open Usje Canal. We have prepared Feasibility Study and the Main Design for the treatment plant for atmospheric and street spraying waters. This is a pioneer activity since USJE is the first industry in the country that will purify the atmospheric and street spraying waters. Our target is treated waters to meet the quality criteria for the III class of surface water.

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.

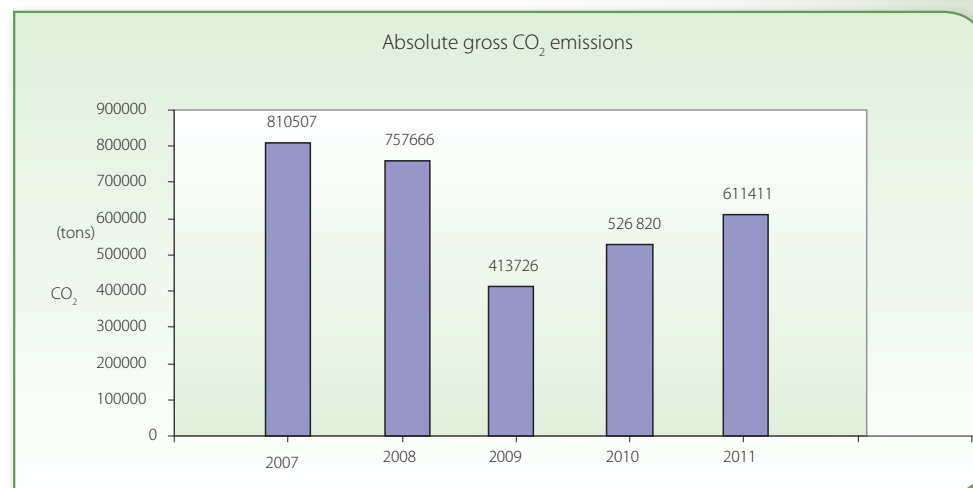
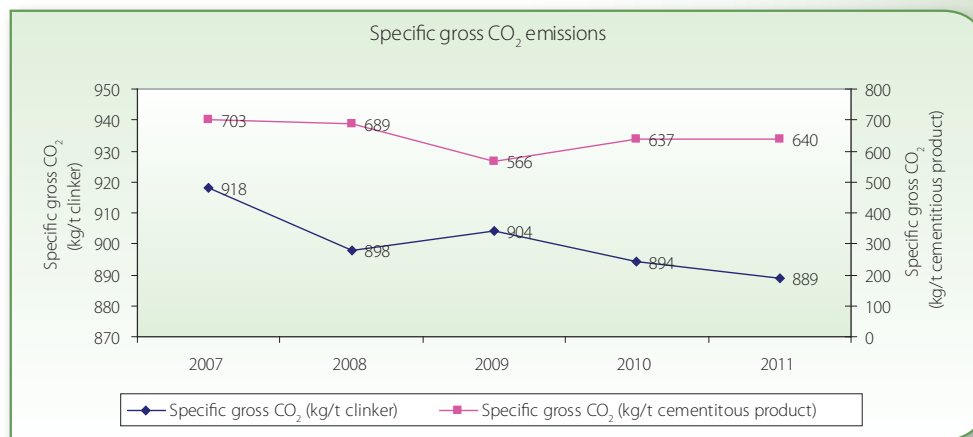
Measuring our CO₂ footprint

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).

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

As part of Titan Group we are following WBCSD/CSI standards for calculation and reporting of CO₂ emissions. In 2011, USJE's total direct CO₂ emissions were 0.61 million tons, which are slightly higher, compared to the previous year because of the increased production. Due to the use of new technologies in the production of clinker, the specific CO₂ emissions were 888.7 kg CO₂/t clinker which is lower than 2010 by 6kg CO₂/t clinker.

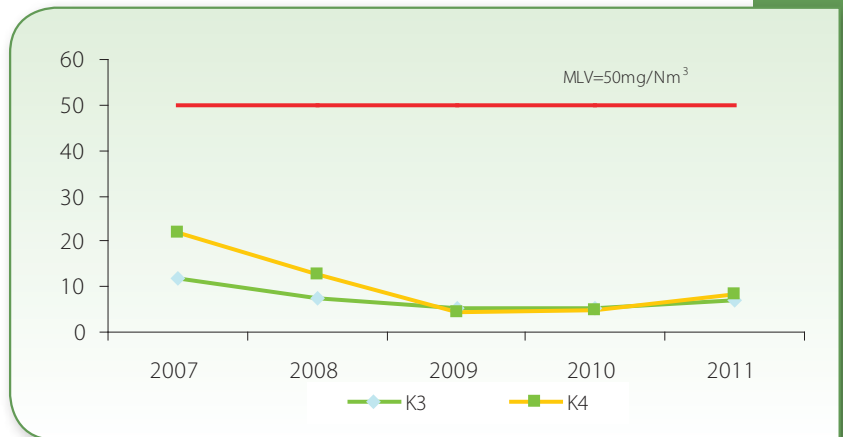


Air emissions

Dust

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

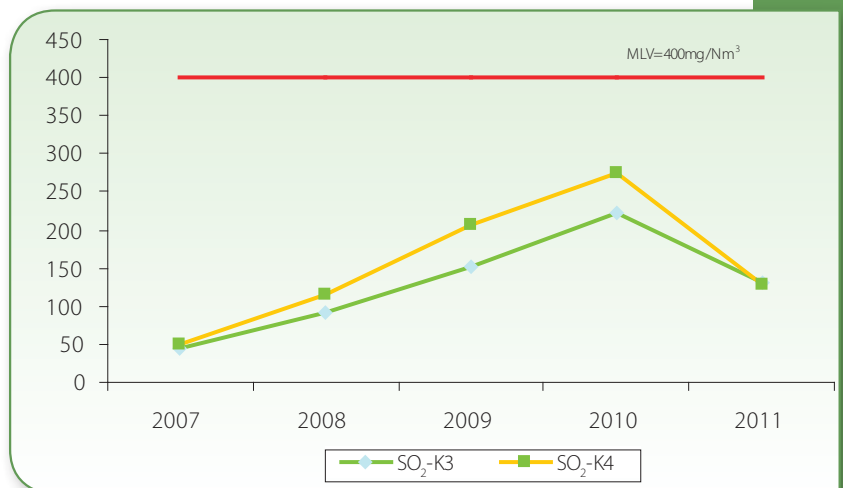
In 2011 specific emissions of dust were 18 g/ton clinker for Kiln 3 and 23 g/ton clinker for Kiln 4. This is equivalent to approximately 6.1 tons and 8.1 tons, respectively per year. Dust emissions are many times below the limits (MLV) set by the environmental terms and conditions of both local and EU legal requirements. The average concentration of dust for Kiln 3 is 7.5 mg/Nm³ and for Kiln 4 is 8.7 mg/Nm³. The MLV is 50 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 144.5 mg/Nm³ and for Kiln 4 is 126.6 mg/Nm³, while the MLV is 400 mg/Nm³. In 2011 our activities resulted in specific emissions of approximately 331 g/ton clinker for Kiln 3 and 332 g/ton clinker for Kiln 4, or a total of 111.6 tons and 116.4 tons SOx, respectively.

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

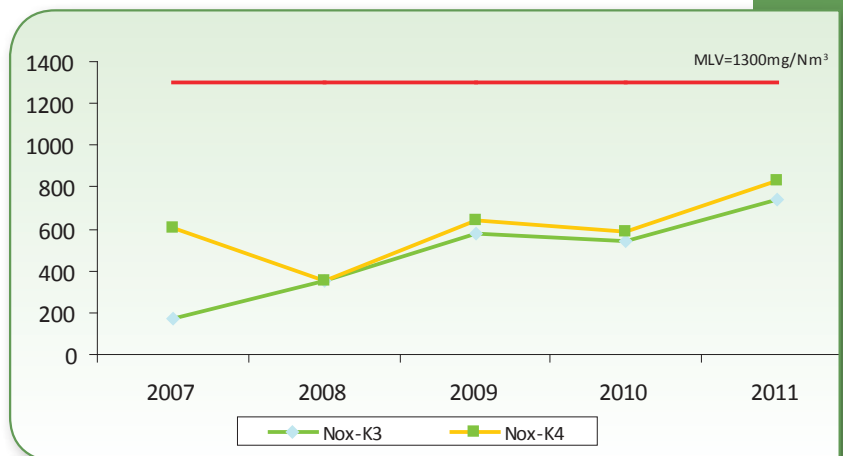


NOx

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

In 2011 USJE's specific NOx emissions were 1812 g/ton clinker for Kiln 3 and 2228 g/ton clinker for Kiln 4, or total 611 and 782 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 770.8 mg/Nm³ and for Kiln 4 is 848.9 mg/Nm³, while the MLV is 1300 mg/Nm³.

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



Saving electricity for environmental protection - “Earth Hour”

In 2011, in support of the global initiative “Earth Hour”, USJE decided to switch off for one hour the cement mills as well as part of the lighting in the Plant. We did this to convey a very strong message that it is feasible to take specific measures against global warming.

With the one-hour switch-off of the facilities, USJE saved 10MW/h electrical energy which is equal to a 3-hour production volume of the hydropower plant Matka, near Skopje. The electricity saving from the cement mills switch-off at USJE is approximately equal to the amount of the total consumption of over 3.000 households in Skopje.

Tree Day – Plant Your Future

Believing that actions speak more than words, in the course of 2011, USJE joined the initiative twice. In March 2011, about 50 employees and representatives of the Management Team of the Company planted several hundred seedlings in the locality near the village of Rzanicino, Municipality of Petrovec and the schools in the Municipality of Kisela Voda.

On November 19, 2011 two hundred tree seedlings with a height from 150 to 160 cm were donated for this occasion. From these seedlings 50 were maple, 50 linden and 100 from the evergreen species Thuja Columnaris. About thirty of our employees, along with the management team, gladly volunteered and were planting trees at two locations in the Municipality of Kisela Voda. The plantings beautified the yard of the kindergarten “Sinolicka” and the new park near the municipality building.

With this initiative, the company contributes to improving the health of the citizens of our neighbourhood and we encourage sustainable development of the municipality.

Among other activities for environmental protection, the company also improves the horticultural arrangement in the educational institutions and public spaces in the municipality of Kisela Voda.



Innovation and Development

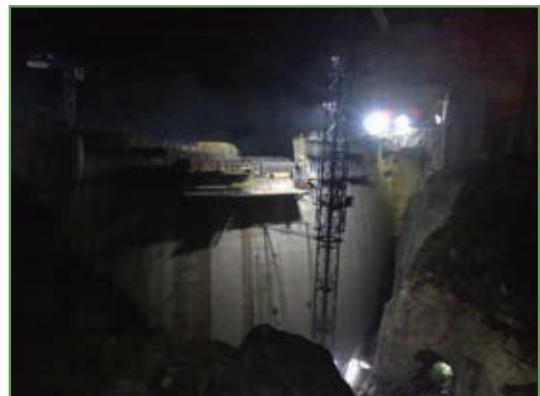
Special cement for the dam on Treska for energy sustainability

Geared by our commitment to meeting customer needs as well as to continuous improvement and development, USJE contributed to a significant infrastructure project, namely the construction of the major dam at the river Treska for the new Hydro Power Plant “Sv. Petka”. The Hydro Power Plant “Sv. Petka” is the link that will provide optimal use of the hydropower resources of the Treska River. The site is located between the new HPP Kozjak (about 16 km upstream of Sv. Petka) and the existing HPP Matka I, situated downstream.

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.

The special cement presented mix of designs for the clinker in order to decrease the clinker minerals that produce heat during hydration, utilization of both natural and artificial pozzollanas, a strict quality control procedure, as well as significant changes in the cement composition compared to Usje’s usual production plus several industrial scale tests. The final product is a pozzollanic cement that complies with both local and European Standards. The increased usage of pozzolanas and the decrease of clinker, not only complied with the technical specifications of the project and ensured the durability of the produced concrete.

The dam is a double arch one, with a height of 64 m, a crest length of 118m, crest level at 364 maSL and a concrete volume of ~30.000 m³. Annual production is 66 GWh. This dam has set new standards in the construction of hydro-energy installations, being the first and only dam of this type in the country.



Community Engagement and Development

Integration in the community and good neighbouring relations are one of the key strategic objectives of USJE. We are committed to building respect and trust of our employees, as well as maintaining long term relations built upon mutual respect and active partnership in the community. With those objectives in mind, the social investments in the community are one of the most important pillars of our CSR strategy.

The Company recognizes its impact on the local communities being the largest company in the Municipality. In this regard, we voluntarily commit to support its development particularly in the areas of expertise and strategic importance for the Company such as education, environmental protection and health & safety. Through the community development initiatives we also create better conditions and improve the wellbeing of our employees and their families.

In engaging with the local communities, USJE emphasizes the need for building relationships with all relevant institutions, civil society organizations and citizens from the Municipality for greater good. By engaging in local partnerships we create new opportunities for innovative solutions to the local developmental challenges.

Recognizing the need of support from the business community into improving the public health infrastructure in the country, the Company joined the initiative for equipping the new gynaecology clinic. The company donated non-medical equipment i.e. medical beds and furniture for equipping 8 medical rooms in amount of 15.000 Euro, thus participating in improving the conditions in the public health institutions.

In total 87.000 Euro were invested for community wellbeing programs and support (Partnering with Schools Project, MBA scholarships, Gynecology Clinic, support to children with special needs).

Target 2011	Results 2011	Target 2015
Improve health & safety in the local community	Over 15 infrastructure interventions are implemented in eight primary schools and one kindergarten; €28.000 invested in the project "Partnering with Schools"	Continue Partnering with Schools Project. Expand health & safety 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	90 eight-grade primary school students receive professional orientation at USJE 1 international MBA scholarship provided	
Invest in improvement of social infrastructure and services	15.000 Euro donated for equipping the new gynaecology clinic	
Diversify corporate volunteering activities with at least one new initiative	20 employees including management are engaged in the new corporate volunteering activity (in addition to 50 involved in Tree Day and other initiatives)	Increase number of employees engaged in corporate volunteering initiatives

Support to Education

Education is the driving force in the society that creates changes, promotion and advancement. Education is one of the key priorities of the Corporate Social Policy of USJE as part of our commitments to add value for everybody, and most of all, for the youngest.



"USJE has shown and demonstrated in action its care for the youngest and dearest ones these past three years. Its serious approach and the promises fulfilled, its manner of work and cooperation, the approach of its employees towards the children in Veseli Cvetovi Kindergarten surprised the parents, our employees and the other citizens of Kisela Voda. The Company's European model of functioning and commitment for creating better conditions for growth and development of children's personality contributed to raising the awareness of other companies and businessmen. We are proud to have cooperation with such serious and committed Company that sets an example for the entire Municipality and especially for the employees of the Public Kindergarten "Veseli Cvetovi" – Skopje.

Pavlina Karamazova,
Principal of Veseli Cvetovi
Kindergarten

Partnering with Schools Project

Following its 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 has continued the Partnering with Schools Project launched in 2010. In the course of the both Project years, the Company has invested 58.000 Euro for the primary schools in the local community. The Project is aimed at raising awareness and improving the health & safety and environmental conditions in the schools and the kindergarten.

The Project covers eight primary schools and one kindergarten in the Municipality of Kisela Voda. The whole concept of the project relies on hands-on involvement of Company's managers who are fully committed in transferring their knowledge and expertise and providing valuable support to the schools. Particular needs of each school and kindergarten in the area of health & safety and environmental protection are identified through direct interaction and communication between the designated manager and the school authorities and are reflected in a common Action Plan.

The infrastructure activities were accompanied with environmental creative workshops conducted by our managers. Using recycled materials from the process of cement production, the workshops aimed at increasing pupils' knowledge on environmental protection.



With a total budget of 28.000 Euro and committed effort of our employees, our company provided new school playgrounds, improved the energy efficiency through repairs in the heating systems and replacing the windows, created safer school environment by improving the electrical installation and replacing the fences, improved health by renovation of school toilets and raised environmental awareness by placing recycle bins.

Furthermore, we aim to help the young people in finding out their interests, talents and dispositions through direct presentation of the professions to the students of the final grades in primary schools and to help them easily choose their future. Hence, in framework of the Partnering with Schools Project, USJE organizes visits and tour around the company as well as direct acquaintance with the employees and the management. The students closely meet with their job position, working environment, behaviour, responsibilities, and everyday activities.

During the year 90 students of eight grades from three primary schools from our Municipality had the opportunity to visit the Department of Finance and the Quality Department and directly to be introduced to their operations and processes. The students participating in this project improved their understanding of the occupations and job positions in real life and real company for easier identification of their potential future professions.

Scholarships for MBA studies at ALBA, Athens

Aimed to contribute towards the enhancement of the academic and professional prospects of young graduate students, USJE granted MBA scholarships for the seventh time. In 2011, the Company granted 1 MBA scholarship at ALBA Business School in Athens, Greece. By now, 14 university students continued their education at ALBA Business School with the scholarships provided by our company.



Corporate volunteering

Corporate volunteering is an important segment in developing the local communities. As part of USJE's CSR activities, our employees are continuously encouraged to support the community initiatives according to their aspirations.

This year the corporate volunteering program resulted with contribution to the development of the children with disabilities. Twenty of our employees were directly involved in the fundraising auction organized by the school for children with disabilities "Zlatan Sremac" on the occasion on 3rd of December, the International Day of Persons with Disabilities, aiming to support the extracurricular programs in the school. Funds raised were used for addressing children's needs and purchasing workshops materials. The CED of USJE, the Mayor of the Municipality of Kisela Voda and representatives responsible for education and culture from the Municipality of Kisela Voda participated in the event.

Respecting the interest of its employees to further support school "Zlatan Sremec", for the New Year's holidays the Company bought 100 greeting cards, handmade by the pupils, their teachers and parents.



The Company is committed to accelerate its program of corporate volunteering. We believe that in following years the corporate volunteering program will reach higher extent in terms of increasing the number of employees engaged and expanding the forms of volunteering according to the needs of the community and the preferences of our employees.



CSR Leadership and Networking

USJE's approach to corporate social responsibility is based on cooperation, communication, partnering and motivating. Creating positive social changes requires the engagement of large number of stakeholders. In this sense, we are committed to sharing our know-how, experience and knowledge and to taking part in CSR initiatives on local, regional and global level. The Company became member of the Global Compact Network Macedonia in December 2008 and ever since has provided continuous support to its activities.

In these lines, Company's representatives regularly are participating in all larger CSR events. At the end of October 2011, USJE's HR Manager presented Company's CSR approach to Employees Relations at a Thematic CSR Workshop organized by the American Chamber of Commerce (AmCham).

Target 2011	Results 2011	Target 2015
Actively engage in the Global Compact Network Macedonia	USJE becomes member of the Initiative Board of the Network and takes active part in setting directions for networks activities and governance	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 organizes and supports the Annual Conference of the Network	Support the implementation of the initiatives under the Global Compact Network Macedonia
Promote CSR concept and UNGC principles in the public	Management of TITAN and USJE lead the business sector at the Annual Conference of the Global Compact Network Macedonia	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

USJE becomes part of the leadership of the Global Compact Network Macedonia

USJE is committed to promoting the UNGC principles in the country and support further development of the local network. We do not envisage formal membership in the network, on the contrary, we foresee our active engagement in the leadership of the network. Together with other leading network member we are committed to shape network's initiatives, build the membership base and ensure its long-term sustainability.

For the purposes of reviving and strengthening the Network, an Initiative Board was established in 2011. Members of the Initiative Board are representatives of companies with strong commitment to the principles of UNGC and clearly expressed interest to act proactively in building and promoting the Network. The Company was one of the initiators for establishing the Initiative Board and provided support to the Secretariat in its endeavors.

In the course of 2011, USJE has shown its commitment to the local Network by providing material and personnel support of the Network's activities. It also provided direct input in revising Network's Act and Action Plans.



About UNGC

The Global Compact is the largest voluntary initiative for social responsibility of companies around the world and it derived from the United Nations. This agreement is based on the ten principles that incorporate the areas of human rights, non-abuse of child labor, environment and fight against corruption. Companies-members of the UN Global Compact accept these principles and apply them in their daily operations and thus comprise the driving force of global development, through concrete contribution for the development of the community they work in. The UN Global Compact is the largest global voluntary social responsibility initiative, with over 8700 members in 130 countries worldwide. Titan Group, the mother Company of USJE is a member of the UN Global Compact since 2002.

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



"As one of the leading members of the UN Global Compact Initiative in Macedonia, Cementarnica Usje AD confirms its determination to be a constructive partner in promoting and advancing corporate social responsibility in the country. The support Cementarnica Usje has provided for the network's activities was of outmost importance for strengthening the network in the course of 2011. Company's commitment to the Global Compact principles sets an example for other companies. I hope that in the next year many other Macedonian companies committed to socially responsible business will be inspired to become members of the Global Compact network Macedonia."

Nikica Kusinikova, Executive Director of KONEKT, Secretariat of UN GC Network Macedonia

Annual Conference of the Macedonian Global Compact Network– Strengthening Initiative

Held on October 5, 2011 the Annual Conference of the GC Network Macedonia was organized by USJE in cooperation with the Network's Secretariat at M6 Educational Center. The Conference was attended by around 40 representatives of Network members and companies interested to join the initiative. High representatives from the UNDP, the Ministry of Economy and the National CSR Coordinating Body were present as special guests.

The Conference was largely informative focusing on key principles of the UNGC. Notable speakers on this Conference were the UNDP Deputy Resident Representative, Mr. Alessandro Fracassetti, Ms. Maria Alexiou from the Titan Group, Ms. Iskra Tikvarovska from EVN Macedonia, Mr. Boris Hrisafov, CED of USJE, Mr. Goran Lazarevski, National UN GC Representative and Ms. Nikica Kusinikova from the Secretariat of the GC Network Macedonia. Ms. Maria Alexiou from the Titan Group presented the new CSR trends and developments reinstating the importance of CSR for the company's sustainability. Mr. Boris Hrisafov, CED of USJE presented the importance of CSR and Communication of Progress reporting which is identified as one of the weak aspects of the Macedonian network.

Attending companies re-confirmed the relevance of the network and the need for stronger engagement of the member companies. The second part of the Conference was a closed event during which the Initiative Committee summarized the discussions from the first part and discussed further about the next steps including the plan on how the network will function in the upcoming period.



Recognitions and Awards

Awards are not the goal of Company's CSR activities. We consider them as verification and recognition of our achievements and opportunity to share our experiences with other companies and wider public. The feedback we receive through this process is valuable in improving and further excelling our CSR efforts.

The Awards are traditionally organized by the National CSR Coordinating Body, this year as part of the Project "Corporate Social Responsibility" co-financed by the European Union and implemented by the Ministry of Economy in partnership with the Macedonian Enterprise Development Foundation, the Association of Economic Chamber and the Association Konekt. In total, 38 companies applied with 63 projects in the 5 main categories.

USJE won the National Award for the best socially responsible practices for 2010 in the category Environmental protection - for large companies, for the project "Biodiversity of artificial lakes in Cementarnica USJE AD Skopje".

In addition to the main award in the category Environmental protection, USJE also received three accolades for the following projects:

- "Partnership with Schools" in the category - Investing in the community, (page 29)
- "Occupational Health and Safety of our Employees" in the category – Employee Relations (page 15), and
- "Corporate Governance" in the category of Ethical Management (page 10)

We hold this award and recognitions as a verification of our efforts and commitment to be a responsible corporate citizen and to contribute for the growth and the well being of all our stakeholders, including our employees, the environment, our neighbourhood and the society as a whole.



"Being the most awarded company at this year's event increases stakeholders' expectations and will present both a driver and a challenge for the company to further excel socially responsible practices. This was the third time USJE participated in the national CSR awards. It indicates a continuous commitment and joint efforts of the management and employees."

Aleksandar Nikolov, President of the National Coordinative Body for CSR



About the Report: Assessment and Verification

Corporate Social Responsibility Materiality Verification at USJE

TITAN is committed to raising its level of transparency and improving reporting to stakeholders. Since 2007 independent assessment and report verification have been a core part of TITAN's procedure for continuous improvement.

USJE was included in the 2011 independent assessment and verification of the CSR & Sustainability Report Materiality conducted by Det Norske Veritas Business Assurance (DNV).

Publication of a CSR report, the adoption of relevant CSR reporting guidelines and the verification of the CSR report are carried out on a voluntary basis by a Company.

TITAN has attained the highest level of assurance marked as A+ for the CSR & Sustainability Report acknowledged among leading companies at both global and Cement sector levels.

USJE, with this has included in its agenda the verification of its social, environmental and H&S performance, and the CSR activities and reporting as a whole.



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. 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
Principle 2 Businesses should make sure that they are not complicit in human rights abuses	HR2, HR3	Our People
Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	HR5, LA3, LA4	Our People
Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor	HR7	Our People
Principle 5 Businesses should uphold the effective abolition of child labor	HR6	Our People
Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	HR4, LA10, LA11	Our People
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 Profile CSR Strategy & Corporate Governance



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