

# CORPORATE SOCIAL RESPONSIBILITY REPORT 2011



 **cunico**  
CUNICO RESOURCES NV





**Konstantinos Daskalakis**  
General Executive Manager

*FENI Industries has a long-term commitment for sustainable development, demonstrated through our activities in past years. The notion for continuous improvement we are guided with is not limited only to our operations, but also to all aspect of our socially responsible practices, mirrored in the relations with our employees, customers and suppliers, our environmental responsibility and the support we give to the community.*

*Being committed to operate in sustainable manner and act responsibly in relations with all our stakeholders, we recognized our values in the 10 principles of UN Global Compact and decided to join the Network in February 2011. By becoming a member of this family of likeminded entities, we confirmed our endeavor to continue and further develop our social responsible practices, taking advantage of the knowledge and experience cumulated in the network. Our goal is to carry out our operations with endorsement of society at large, especially if the community where we work benefits from our presence there. Therefore, we continue the path we have traced, ready to meet the challenges, open for suggestions and proposals from our stakeholders.*



**Nikola Rizov**  
Deputy General Manager

*In the previous year we have continued our positive CSR practices, which are part of the company activities for many years. We continue working on strengthening of occupational health and safety of our employees, widening the scope of activity to our contractors and we have permanent dialogue and cooperation with our workers' Union. FENI Industries remains committed to act responsible in protection of environment, launching several environmental projects last year. We conduct our business with high integrity, introducing practices which prevent corruption and give transparency to relations with our stakeholders. Finally, the support we deliver through our social projects - sport, health, education, cultural events, infrastructure, makes us distinguished member of the community, which commits and encourages us in same time to continue to act in a socially responsible way.*



**Zorica Stavrova**  
Administration Manager

*We see social responsibility as inseparable part of our activities; therefore the development of our business in future should be followed with a progress of the CSR practices in every aspect. We commit to add value to the quality of occupational health and safety and other HR functions, to act responsibly toward environmental challenges, to upgrade our CSR practices in the relations with our customers and suppliers and to continue to deliver valuable support to the community.*

*This is FENI Industries' first report for Corporate Social Responsibility; its aim is to show our dedication to the sustainable development of our business, to present our social responsible practices in the past year and to deliver our commitments to further progress in this field, but we find it also as a medium for spreading of the spirit of sustainability in our wider community, aiming to encourage other companies and organizations to act in this direction.*

## Feni Industries and the Corporate Social Responsibilities

Feni Industries is acting according CSR practices since years. By joining the Global Compact Network (United Nations), Feni Industries is expressing its strong commitment to develop and formalize all these actions in a structured, transparent frame;

Feni Industries is proud to present its recent achievements for the year 2011 in this 1<sup>st</sup> Corporate and Social Responsibility Reports.

### The Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labor Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

#### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

#### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

### Definitions

**Social responsibility.** Social responsibility is the responsibility of an organization, which has impacts of its decisions and activities on society and the environment through transparent and ethical behavior as a consistent part of the sustainable development and the welfare of society. It takes into account the expectations of stakeholders is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization.

**Ethical behavior.** Ethics addresses questions about morality. To be in accordance with the rules or standards for right conduct or practice, especially the standards of a profession.

**Stakeholders.** Individual, Communities or firms that are subject of potential direct or indirect impact from FENI Industries and its activities.

**Sustainable development.** Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.





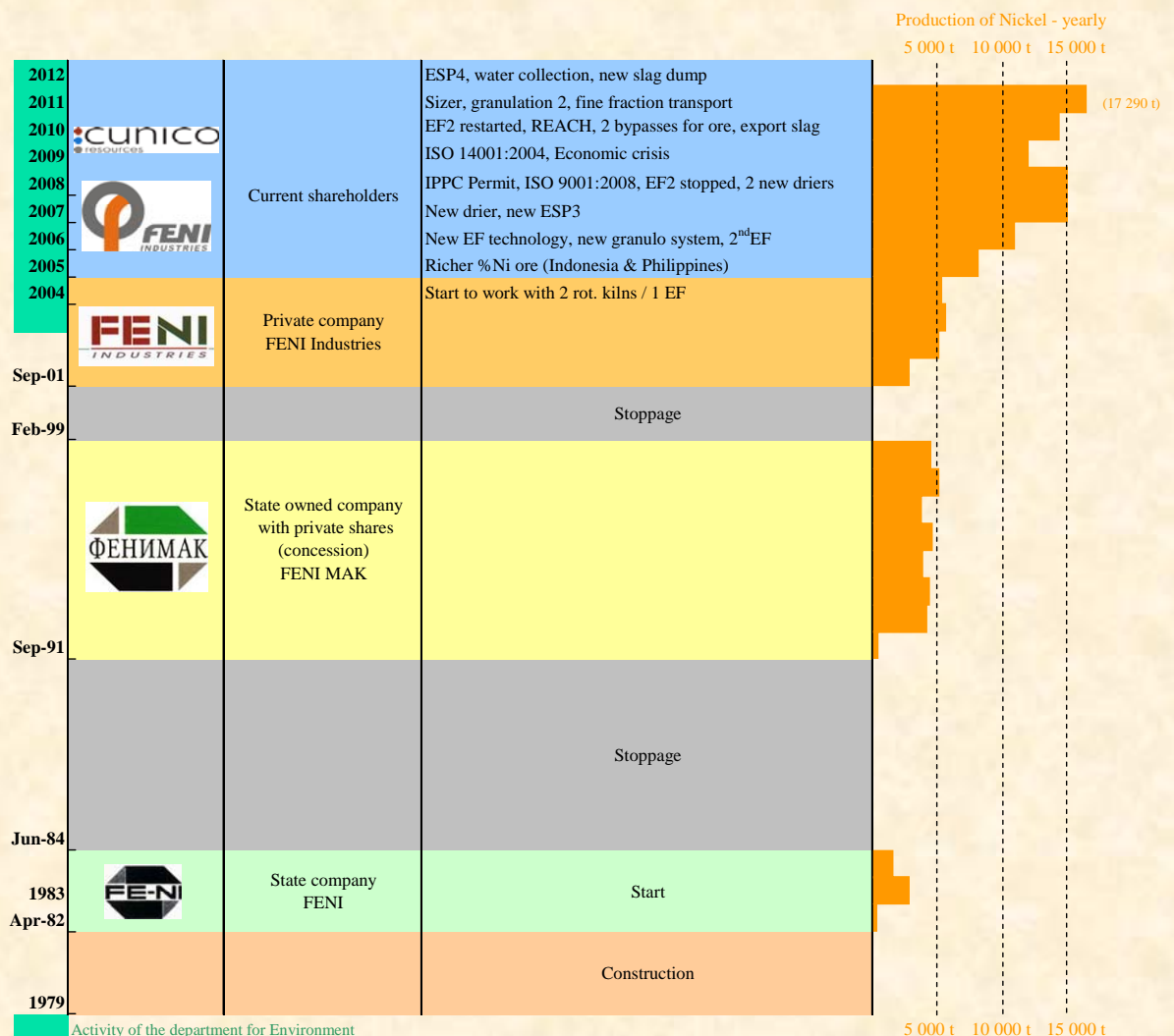
FENI Industries is a pyro-metallurgical plant producing ferronickel with 983 employees in 2011. FENI Industries is located in Kavadarci, R. Macedonia.

Feni Industries is a subsidiary of Cunico Resources NV (Cunico Resources, Cunico) which is an international mining and metals company, specializing in the exploration, mining and production of ferro-nickel. Cunico Resources is operating 2 smelters: FENI Industries in Macedonia and NEWCO Ferronikeli in Kosovo. Cunico Resources is the largest ferro-nickel producer in Europe and the fourth largest in the world.

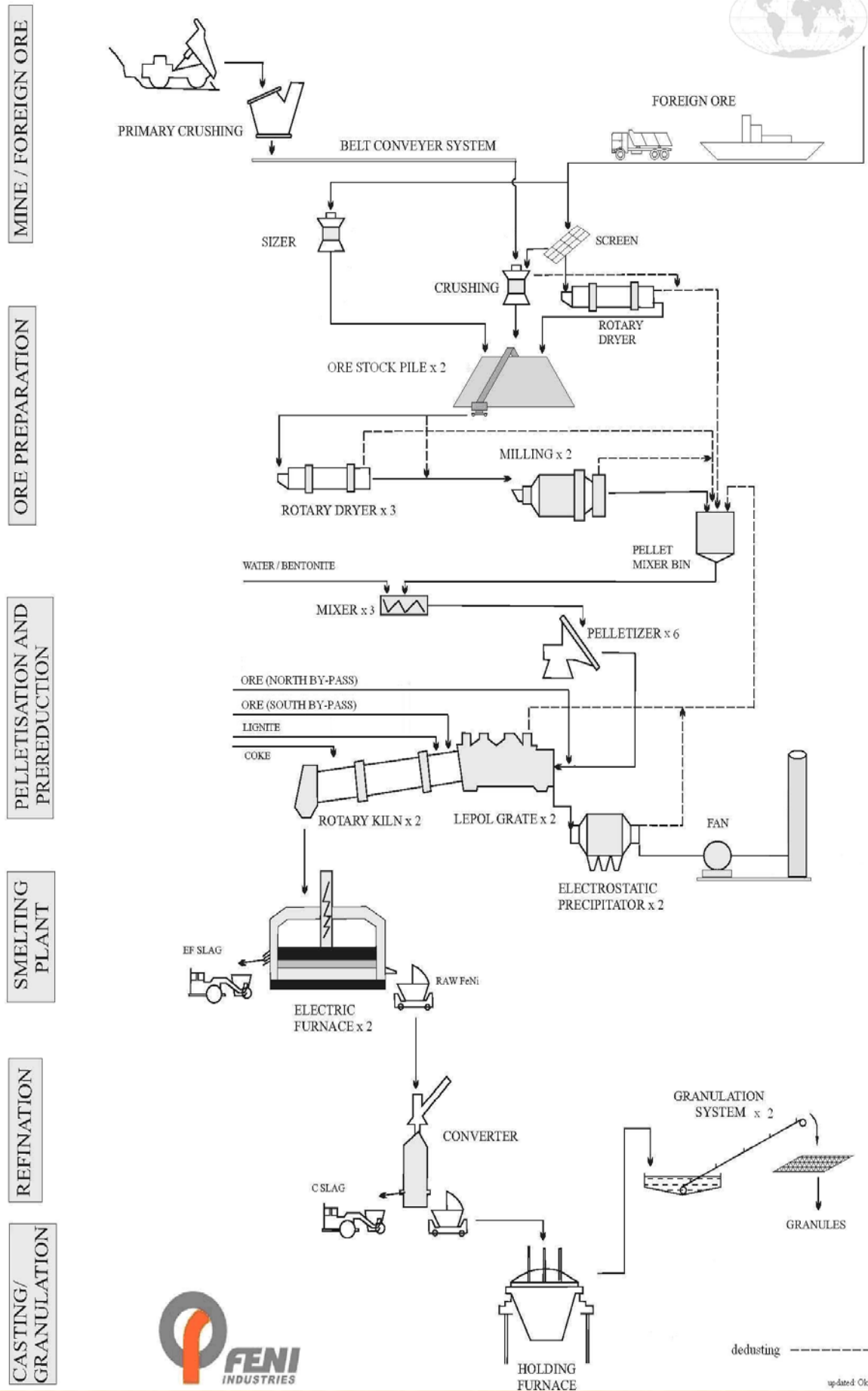
From ore with 0.9 to 2.2% of nickel oxides and 15-40% of iron oxides, we are producing ferroalloys with 20% nickel metal and 80% iron metal. All this production is exported worldwide and is used for production of stainless steel. With the achievement of our production above 17 000 tons of nickel in 2011, FENI Industries has become an internationally acknowledged producer.



# COMPANY PROFILE



## » FENI Industries PROCESS DIAGRAM «



## Management Systems

FENI Industries is committed to implementation and integration of the management systems in its operational capacities. The commitment from the CEO was made to apply the ISO systems in March 2007.

### History overview

- April 2008: Certification ISO 9001:2001 by SGS
- December 2009: Certification ISO 14001: 2004 by SGS
- December 2010: Integration of both systems ISO 9001 and 14001
- July 2011 : Certification at NewCo Ferronikeli (Kosovo), part of Cunico Resources.

### Next steps with the systems

The next objective is to incorporate the Social Responsibility Guideline within the above mentioned international standards that are voluntarily implemented.



ISO project team

### FENI Industries, other facts

- Golden medallion 2008 for the best tax payer in 2008;
- The first company in the Republic of Macedonia that acquired IPPC permit;
- Award for the highest exporting rate in the 2010;
- Second national price for the best corporate practices in 2009 in the area of relations with the workers;
- Edition The 200 best companies in the county - Fifth biggest and fifth most successful for 2010;
- First national award for the best corporate practices in 2010 in the area of the relations on the market and medallion for the best corporate practices in the category of social bargaining.





### Safe work ambient

FENI INDUSTRIES realizes that in running the operations of nickel metal production, we need to prioritize occupational safety and health principles, and in this direction the Company gives the highest priority to compliance with the safety regulations and rules as well as the rights of the workers to a safe working ambient within the corpus of the human rights.

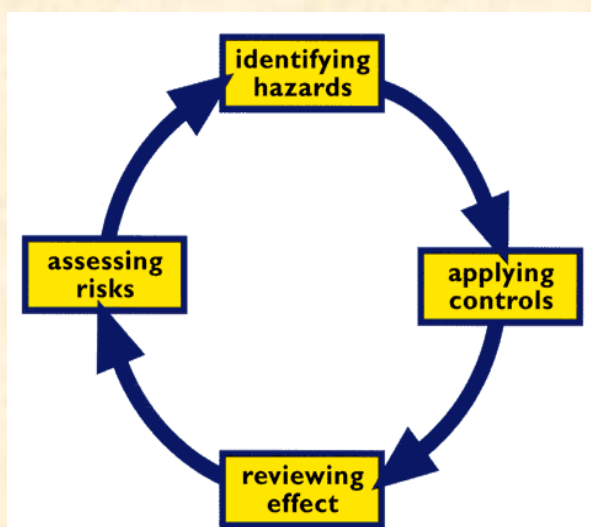
For each employee of ours, within the entire production facility, our first priority is to maintain a secure and safe workplace.

In applying the principle of safety and health at work, we especially pay attention to four key points:

- absolute compliance with the Occupational safety and health at work regulation;
- permanent training and development of effective skills for working safely;
- obligating our contractors to follow up the Company's safety policies and procedures;
- formalizing the above principles into procedures.

As we use to say, to complete the safety circle: by identifying hazards, applying controls, reviewing effects, assessing risks, we are capable to make projection for improvements, and, in 2011, we finalized this cycle by having achieved the full Risk Assessment Process with having made Statement on Safety for each working position. (Documentation on Risks Assessment and Statement on Safety for each job position is completed in 7000 pages).

Our commitment to the safe work ambient and aiming for a "minimum harm" to our employees, contractors, visitors, community, is implemented into our internal policies, acts, procedures and numerous operating instructions, signs, recommendations, Business Ethics Policy, Manual Safety Book, ISO Safety procedure, Safety training program, Plan for rescue and protection verified by the State body.



*"Think of your own safety and safety of the others " - is the message addressed to the employees, contractors and visitors at all entries of the plant facilities.*

### Occupational health and safety

We assign priority to preventive healthcare for our employees. The scope of occupational health includes: occupational health, work ergonomics and trainings.

With regard to occupational health, FENI INDUSTRIES provides medical services on a daily basis. Infirmary within the plant premises with doctor and nurse is very well complying with the company's commitment of preventive medical services. 3142 individual services to our



*Our medical staff is dedicated to increasing the self-health care awareness. Exercising in first aid techniques, lectures, visits on side etc. are the activities they are running on a daily basis.*

### Safety Office



*Dime Dimov, Safety Office Manager*

Our Safety Office manager realizes that in running our operation we need to prioritize occupational health and safety:

" Safety office is very proud of the achievements in 2011. Concerning risk and hazards, we have assessed 291 job positions covered by 964 employees and accordingly we created Statement on Safety for each of this job positions. Three members of the Safety Office were certified in 2011 as experts in Occupational Safety by accredited State body. The Company was licensed to conduct internal safety trainings,

employees and 470 for the contractor's employees were delivered in 2011. Medical staff is actively included in the safety training programs giving lectures to the employees in giving first aid with simulation of different cases of possible accidents at work. In 2011 medical staff delivered trainings in first aid in 8 tours aimed for different target groups and they participated in exercising the simulation of different risk situations.



but also, we can deliver safety trainings externally. Attached to each contract with our contractors there is an annex with labour, safety, environmental and fire protection obligations they have to conduct during the contractual period. 97 safety controls over our and contractors' operations were conducted, 80 precise recommendations for solving deficiencies and possible improvements were accordingly delivered, 404 workers were included in the safety trainings, exercises and simulations in different target groups defined in the Safety trainings program. Every control, recommendation, incident or any related event was reported and recorded. Wide scoped Annual Safety, Health and Fire Protection report with statistics and recommendation is delivered from 2007 onward. Risk and Safety office on a two-weeks basis and Risk and Safety steering Committee on a two-monthly basis considers all the above issues.

Our goals for the next period is to increase the level of trainings with safety campaigns purposed to introduce all the employees to the highest principle of occupational safety and health. Also, Safety office will evaluate the status of realization the recommendations being given in 2011".



### Man-oriented policies

FENI INDUSTRIES believes that human rights are universal and is committed to ensure that no operational activity of the company would violate any principle of human rights. As an integral part of the community, we believe that we are permanently upgrading our position, in order to acquire recognition not only by relevant institutions, but also to become "socially recognized".

The core values of the human rights are implemented into the Company's internal policies, acts and procedures, and penalties for their violation are strictly defined.

As a part of an international group, there is a multicultural ambient and currently eight worldwide nationalities are creating multicultural matrix of behavioral standards, which are supporting and enriching the core values of the human rights, labor standards, environment and anti-corruption.

### Achievement of FENI Industries in human resources terms

From a company with long history of being within the average values in all fields, Feni was transformed into a company that achieves excellent results. Identification of the factors that enabled this leap from average to excellent results made our nowadays high-rank status.



Ana Andova, Human Resources Office manager

Human resources are among the best assets of the Company. Openness, trust, spirit of being together in good and crisis periods, high standards of rights linked to the work targets, dedication to the high performance rates, are the basic values of FENI's employees established in the company's acts. We are convinced that the high quality of our human resources comes out of the high-class recruitment process, compensation and benefits system, and our system of continuous trainings (principles stipulated in Business Ethics policy, Collective Agreement, New staff appointment procedure, Training procedure, Discipline procedure).

### Labor rights, activities, results

- 162 new arrivals: in 2011 went through the process of introducing them into their work, rights and duties, safety lectures, and a specialized brochure addressing their rights and duties in the field of occupational safety and health, was given to each newcomer.
- According to the Annual training plan 2011, 738 workers out of 964 (77%) have passed through different trainings. 10 of them were certified in different fields.
- Two 'Letters of Gratitude' were delivered for special achievements.



Risk and safety seminar

Our goal for the next period is to improve the existing system of individual performance evaluation in aim to reduce possible subjectivity by making all the indicators for individual performance measurable as much as possible.

FENI INDUSTRIES provides an adequate compensation and benefits for the employees, through a permanent improvement of the salary system.

This system is composed of three elements: fixed amount for each job position, bonus part depending on the realization rate of the projected monthly targets of production and variable part depending on the individual monthly performance. Special achievements are specially evaluated by awards and letters of gratitude, recorded in the personal file of the workers. The monthly production plan and related bonus is published on the bulletin boards on monthly basis. So, everybody can calculate his/her own salary for the current month.



*Signature of the collective agreement*

### **Social dialog, bargaining**

Traditionally the relationship between FENI and its human capital is very strong and this relationship contributes to the sustainability of the company's growth and development. Almost all of the workers are members of the union.

The Collective Agreement stipulates the rights, duties and responsibilities of the workers and employer as well, the scope and way of realization of the rights and duties and way of handling disputes between the parties.

Moreover, there is an option of external Arbitrage in case of having no agreement.



*Signature of the collective agreement*



*Award for the Labor Union dialog*

Two Letters of Gratitude were delivered for special achievements. The practice of implementing high standards in operations and socially responsible practices based upon the human rights in the labor field resulted in recognition by the National body for awarding the best corporate practices - medallion for the project : "Social dialog : Employer - Union".

### **Labor Union President's Statement**

"In the branch union that our Union is member of, there are only two collective agreements being signed between the workers and the employers.

Moreover, the provisions of our collective agreement are in effect also for the workers that have not joined the Union, since our position is to protect generally the rights of everybody working in the company.

We are in permanent negotiating process addressing many questions that concerns the workers on a daily basis.

Four representatives of the Union are assigned to make official representation of the workers in the safety and health issues.

The Company supports their additional education, training and seminars.

Taking into consideration that we have a long history of union activities - in good and in the crisis times, there are a lot of achievements that made us a serious partner in the Company's issues.



In this regard, I can say for 2011 that is a very fruitful year. Implementation of the second collective agreement after the company was privatized in 2001 have started. In March 2011 we pushed salary raise up of 1,6% upon the 2010 statistic figures of living costs.



*Labour Union President for the 10 years 'restarting of Feni'*

Even it is not legally compulsory, the company gave special vacation bonus (and it is becoming tradition) in three installments - in May, in September and before the New Year Holidays. Heating wood takes a lot of the family's budget and the Union made agreement with the company dealing with heating consumables about the payment in six installments. The Company supports this and payroll office manages the installment payments.



*FENI's presentation for social dialogue-BOSSMIP seminar 2011*



*National Labor Union Games in Struga 2011*

We took a few humanitarian actions to support our workers and their families in urgent situation. We represent the workers if some disciplinary charge is raised up against the workers.

We have access to all documentation, reports, statements within the disciplinary process.

We have already started negotiations with the management on our goals: increase rate of the salary adequately on the 2011 living costs figures, increasing the budget for the bonus part and variable part of the salary formula, and, increasing of the fixed salary part for two workforce categories: technicians and skilled workers".



*FENI Industries sport collective before going to the National Labor Union Games in Struga 2011*

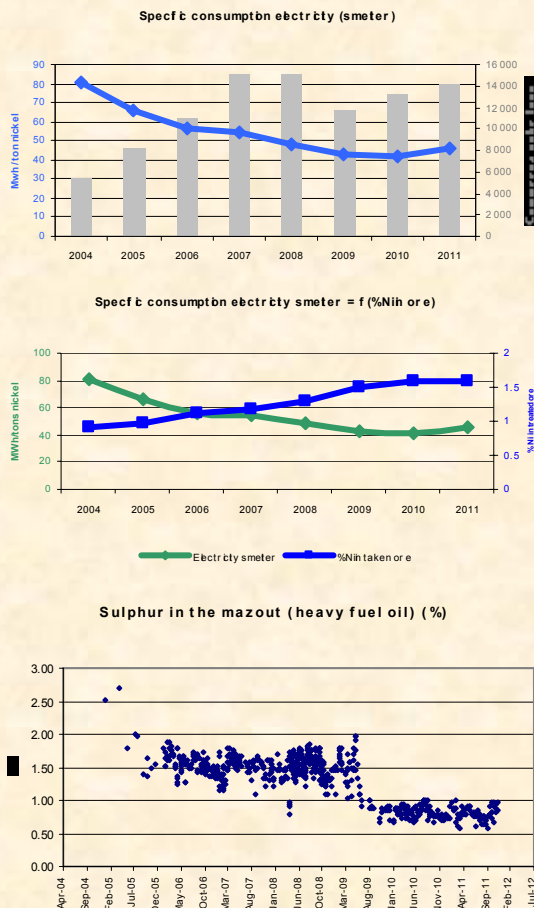
## FENI Industries and environment

Since its renaissance in 2001, FENI Industries is considering environment as an integral part of its production. In 2008, after being the 1<sup>st</sup> company in Macedonia to receive the IPPC Permit (A-adjustment permit with operative plan), FENI Industries has developed and certified an Environmental Management System (ISO 14 001). This system, which is audited every year by Independent Body, is a strong tool in order to control and follow up the realization of our environmental activities.

### Continual improvement

Numerous achievement for environment were performed during the last 5 years, which include:

- New filter line 2 (ESP3): 2.5 million Euros;
- Implementation of air dispersion model (ISCT3);
- Concrete ponds to prevent spillage (crusher - water department);
- Oil separator;
- Installation of a crusher line for the slag: This allows the export of 200 000 tons of this by-product world-wide;
- Ambient air quality station Airpointer installed at Sivec;
- Preparation of slag disposal parcel for re-cultivation.



### Environment integrated in the production process:

Important achievement for the environment were also performed from a technological point of view:

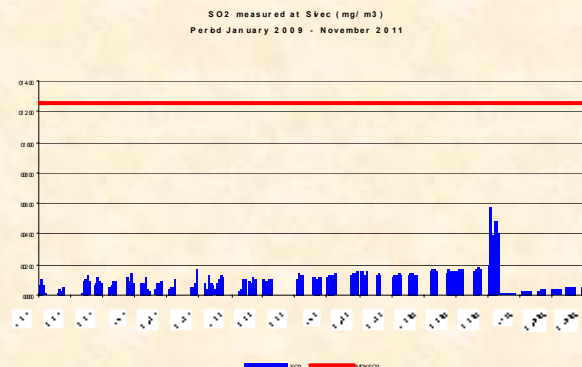
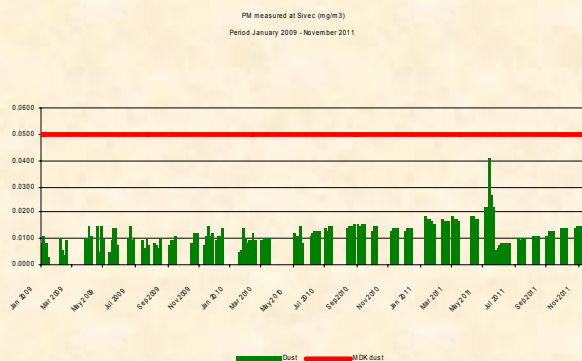
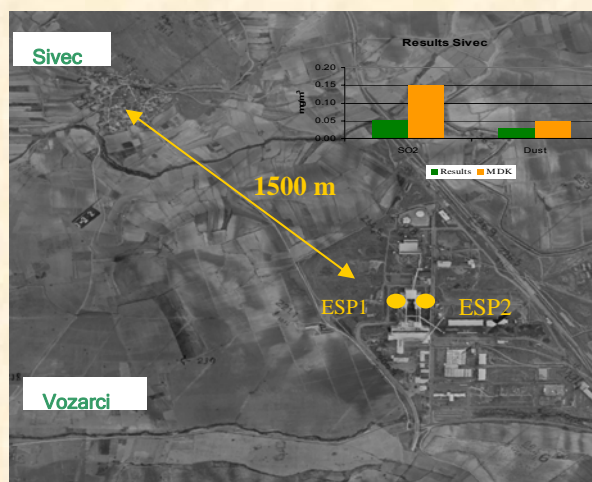
- Using more and more high nickel grade ore is allowing FENI Industries to obtain drastic decreasing of specific consumption of electricity;
- Using of heavy fuel oil with lower sulfur content;
- The installation of a crusher at the slag disposal is enabling FENI to crush its dumped slag in order to export them. This is a good example of recycling;
- Permit from the Ministry of Environment to co-incinerate rubber chips.



## AMBIENT AIR QUALITY — ACCREDITED LABORATORY

Ambient air quality monitoring is assessed by independent and accredited laboratories. These measurements are done in the 2 nearby villages of FENI Industries. Usually, the sampling station stays 1 week in one village, and the next week in the other village.

These measurements show that ambient air quality respects the guideline values.



## AMBIENT AIR QUALITY INTERNAL MONITORING

FENI Industries performs continuous monitoring of ambient air in the plant surrounding.

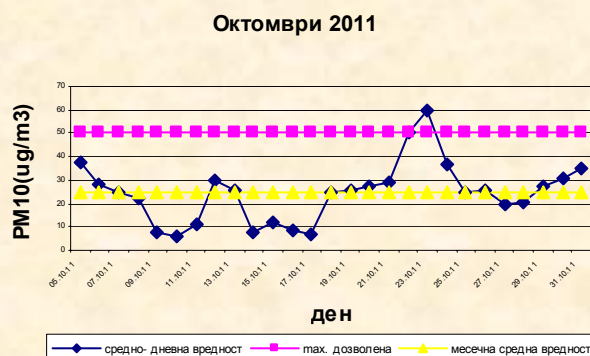
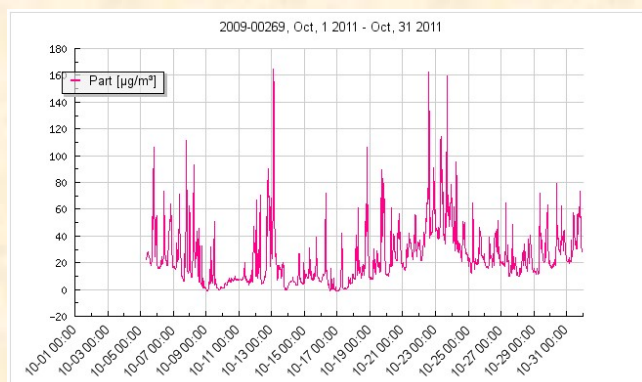
This monitoring is performed using a device Airpointer, which is located in Shives village.

This internal continuous monitoring of ambient air includes: Concentration of PM10, Wind direction and Wind speed.

The measurement is done each minute according to optical method, but there is a possibility to download the data for 1min, 5 min, or 30 minutes average. From this results, our Environment Department calculates a daily average value for each day. The results of this monitoring are recorded and compared with the republics' regulations, and the originals are stored in the Department of Environment.



Air Pointer station



### Monitoring

Feni Industries has established a complete monitoring network since 2002. This monitoring is made both internally and externally. This monitoring includes:

- Air emission;
- Ambient air quality (aero-sediment and PM10);
- Surface water;
- Soil sampling.

This monitoring is performed also for our mine Rzanovo. All results are regularly communicated to Authorities. A billboard at the entrance of the factory releases this information to the Public.



### Practicing at the office for environment

Environment is a developing educational field in Macedonia. Our office for environment is traditionally giving opportunities for students to share our experience and to learn with professional team the realities of the environment.

In the last several years, students' practice is provided on annual level, on various subjects (electrostatic precipitators, grid soils sampling around the factory, surface water evaluation, risk assessment).



*Aero-sedimentation monitoring*

### House-keeping

In the last year, we have drastically improved our house-keeping within the plant. This significant improvement was made by:

- Strong commitment from the Top Management;
- Additional human resources in the team 'General Cleaning';
- Purchasing of one tractor with trailer;
- Development of simple working instructions;
- Installation in key location of 'waste collection points';
- Regular house-keeping visits' from an Administration-Environment team. These visits allow us to inventory problems and then to propose solutions to appropriate personnel;
- This improvement was also accompanied with the creation of a 'house-keeping committee' gathering management from all sectors of the company;
- Collected waste (metal scrap, scrap belt, plastic containers, used oils) is then sold to accredited companies which are recycling them.



*Noise measurement at Rzanovo mine*



Slag is a by-product that is generated from the production of ferronickel. In Feni Industries, slag is disposed in an internal disposal, 2 km from the plant. This slag is transported on liquid conditions using ladle carriers under temperature of 1500-1550°C.

There are 2 types of slag in FENI Industries

- Electrical furnace slag and
- Converter slag.

Slag type	Typical quality	
Electric furnace air cooled slag (800 000 t/year)	SiO <sub>2</sub>	45%
	Fe total	20%
	CaO	18%
	MgO	3%
	Ni	0.06%
	Bulk density	2.3 t/m <sup>3</sup>
Converter air cooled slag (100 000 t/year)	Fe	60%
	Ni	0.4%
	Specific gravity	4.4 t/m <sup>3</sup>

In 2010 a crusher was installed at the slag disposal. This is enabling FENI to crush its dumped slag in order to export it. This is a good example of recycling. Last year, we have exported around 200 000 tons of slag worldwide (Scotland, Dubai, Saudi Arabia, USA).

#### Environmental testing and REACH

In 2011 extensive environmental tests of our slag were performed. These tests were performed in order to register our slag under the European REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals). All these tests clearly demonstrates that our slag is 'environ-friendly'. It opens potential second life for this product.



#### Potential usage of slag

- Cement Industries;
- Anti-slip material (road and side-walk);
- Brick additives and manufacturing;
- Sub-layer road (embankment);
- Sand blasting;
- Aggregate to concrete for high density coating.

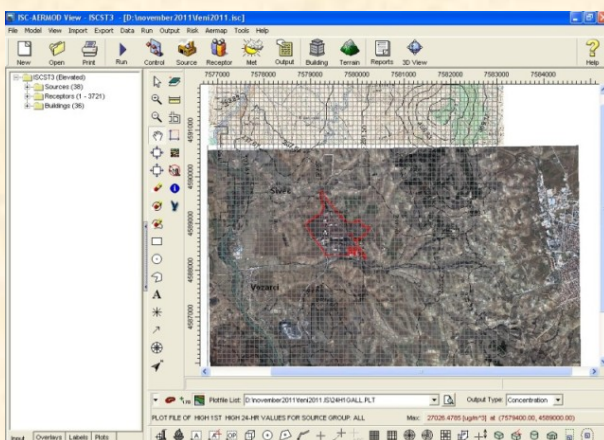
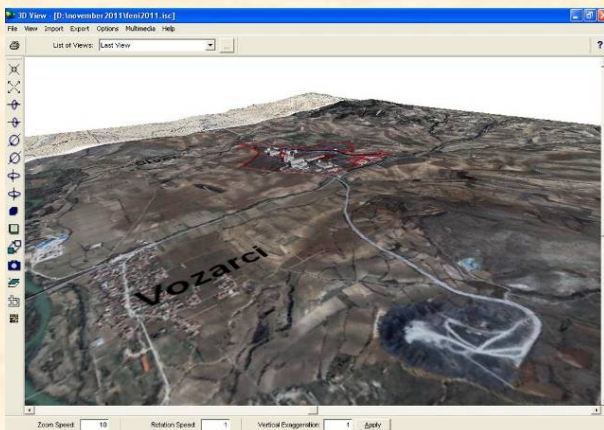
Parameters	Tests	Results	Laboratory
Ecotoxicity (on granulated slag)	Daphnia magna (ISO6341) Fish Poecilia reticula (ISO7346-1) Freshwater algal (ISO8692) Seeds of white mustard Sinapis alba	Absence of toxicity	Laboratory ECOCHEM – Czech Republic
Water solubility (on EF slag and C slag)	OECD 105	0.001 mg/L Fe 0.001 mg/L Ni Very low solubility	GLP Bioservice (Germany)
Leaching tests (on EF slag and C slag)	At pH 4.2 Ratio 1:20	Very low leaching	Laboratory ECOCHEM – Czech Republic
Hexavalent chromium (Cr <sup>6+</sup> )	US EPA method 3060A Alkaline digestion and colorimetry using diphenylcarbazide	Absence	NTUA (National Technical University Athens)
Respirable crystalline silica	XRD on finer classes after milling – Rietveld quantitative phase analysis	< 1 %	NTUA (National Technical University Athens)
Respirable fraction (EF slag)	Laser particle size analyses	<0.1%	NTUA (National Technical University Athens)
Aquatic toxicity long-term	28-days prolonged toxicity test in Rainbow Trout – OECD 204	On-going	GLP EUROFINS (Germany)

### Comprehension of the air quality in the area: the air dispersion model

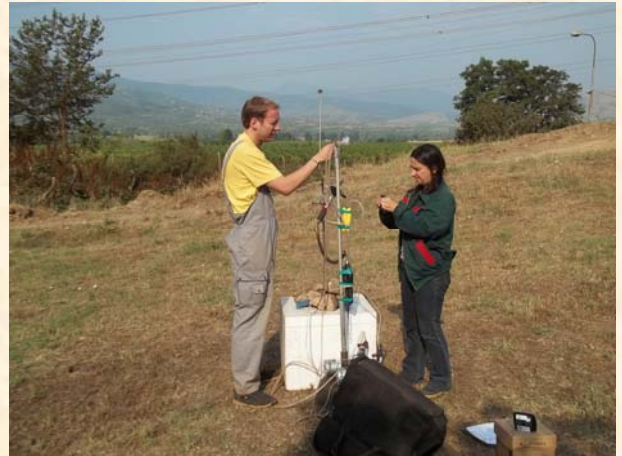
At FENI Industries, Air Dispersion Model ISCST3 from Lakes Environmental Software has been developed and implemented. This tool allows us to assess the ambient air quality in the area of 6 km around FENI.

This ADM takes into account the potential emissions from stacks inside FENI, fugitive emissions, emission from conveyor belts and emissions from industrial roads inside the factory. Feni Industries is a rare company in the country using such a predictive and advanced tool.

Forecasted results are cross-checked with the measured ones (from our internal and external monitoring).



*Air Dispersion Model*



*External monitoring*

### Further steps for the environment at FENI Industries in 2012

FENI Industries is operating with an A adjustment permit with operative plan.

- According to our plan, in full agreement with the Authorities, FENI Industries is installing a 4<sup>th</sup> filter (electrostatic precipitator) at the line no 1. This is an important investment (3 million euros). This filter is being supplied by the Swiss company ELEX. Civil preparatory work started at the end of 2011.
- In 2012, Feni Industries will also inaugurate the 'water collecting station'. This investment will allow us to collect all our emitted water. This will also allow us to decrease our water consumption, to recover a fraction of the ore, to decrease fugitive emission by watering the potentially dusty areas of the factory.
- Re-cultivation of a part of our slag disposal is also planned for 2012.

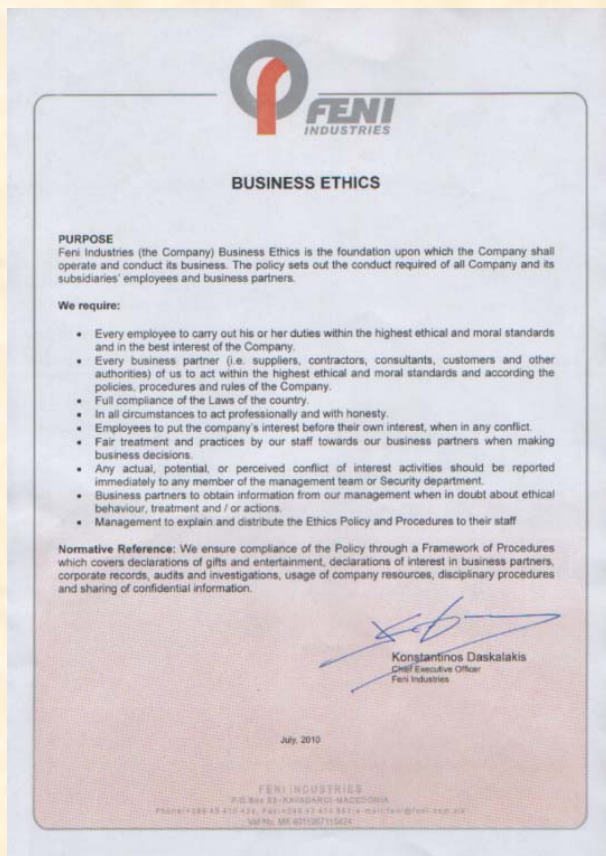


*Project 'Water collecting' started at the end of 2011*



### Acknowledgment and systems

FENI Industries is dedicated to high ethical norms in all aspects of its operations. Therefore, anticorruption principle, as one of the 10 CSR principles recognized by UN Global Compact is incorporated in governing of our businesses activities in all segments.



### Implementation and activities

Having very intensive purchase process, enormous variety of purchased goods and over 1000 suppliers - both domestic and international, gives high importance to the regulation of the purchase process. Therefore, the improvement in the purchase process made in direction of transparency and anticorruption measurements, as well as the practices supporting fair competition create values not only for our company, but for all stakeholders included in the value chain. In order to ensure higher transparency and be proactive in term of anticorruption, we established a Purchase Committee, as a decision making body for higher value purchases.

We are working continuously on spreading this way of work to our stakeholders - employees, suppliers, customers, community, through our procedures and our actions as well.

The Business Ethics Policy is a foundation upon which the Company operates and conducts its business, addressing also our employees and business partners with requirement to act with highest ethic and moral standards.

The Business Ethic Code is distributed through our internal communication channels to all employees and also placed on many public places and offices in the plant, so as to be accessible to all employees and visitors.

Our Purchase Procedure is regulating the purchase process in the company, giving special attention to the transparency and practices preventing corruptive activities. However, its use is not limited only to the Purchase Department. Beside the fact that it is available to our employees on intranet, by having all departments involved in different stages of the purchase process, its principles are well known, followed and used in the daily activities of all departments. Our suppliers are also well informed and directed to respect and follow our rules and principles in regard to purchase practices.

Committee members rotate and belong to different departments, having high ethical, moral and professional integrity.



*Purchase Committee meeting*

Second step in this direction is the practice of collecting closed offers, which provides a base for fair competition and serves as anticorruption tool.

The benefit is recognized by our suppliers in term of open access, confidentiality of offers and fair competitiveness.

Involving new companies in the process means also support of family, small and medium companies, which are important factor in the business society. Fair competition itself differentiates the best companies enabling them to sustain on the market. Prevention of corruptive behavior does not only protect both sides, but also sets and promotes high ethical norms in the business environment.



*Offers opening*

### Outcomes

The internal audit performed by independent auditors which always has in its scope of control the purchase process confirms the consistency in applying of the procedure.

The level of transparency and support of fair competition is proven by the fact that in 2011, our suppliers base increased for 153 new suppliers, which is an increase of around 15% in comparison with the previous year.

In 2011 we also started a practice of distributing questionnaires to the suppliers, in order to measure their perception for the transparency and fairness of the purchase process, as well as for the level of prevention of corruptive behavior. The feedback received shows us that we are on the right direction, committing us to improve further.

Our efforts and accomplishments in this field were recognized by the National CSR body and we were rewarded with award for best CSR practices in the segment of market relations, for fair and transparent purchases.



*Receiving of National Reward for CSR*

### ***CEO statement given after receiving of National Reward for best CSR Practices, October 2011***

*For FENI Industries as a company which applies the CSR principals in all areas of operation, as well as in the relations with the community, the CSR reward for "Relations on the market", more specifically for fair and transparent purchases, is a confirmation for consistency of our policies and practices in relations with our suppliers. The reward has particular significance for us also because of the fact that the company has over 1000 suppliers, which on one side means that the benefit is directed to one very wide group of recipients, and on other side trough such way of working we influence the awareness for necessity of social responsible functioning of all our partners."*



### Introduction

Being committed to sustainable development, we invest not only in our business, but also in the community where we operate; we create value and are oriented to the continuous improvement in our operations, but we are also guided by the same principles in our relations with the community. Therefore, we are striving to deliver social value in all segments of living - infrastructure, sport, culture, and to act as a partner of the municipality and the villages which are in our closest neighborhood. We present below through words and through pictures some of the events and activities we have supported last year.

### Promoting CSR at Kavadarci

In November 2011 in Kavadarci, the first local conference for CSR practices by National body for CSR was organized. FENI Industries participated with a presentation for CSR practices appliance in all segments of the Corporate and Social Responsibilities. The aim of this conference was to share our experience and to motivate the other local companies in the field of the CSR activities.



*Presentation of CSR Practices in Kavadarci*

### Partnership with High Schools and Universities

FENI Industries supports the education as an important process of social and professional development of every young individual. The good partnership relations between the high schools and universities with the business sector have significant values in the career progress of the young population. The forms of cooperation involves:

- Our Company's laboratory and premises are used by the Students from the Technological-

metallurgical faculty during the study years.

- Enabling the students to merge theory with practice, to solve specific problems for their graduation thesis, researches etc.



*Signing a memorandum for cooperation with the TMF*

### Scholarships

FENI Industries has scholarships' programs for talented students from the Technological Metallurgical faculty.



*The Student is preparing graduation thesis*

### Internships

University students are also given the opportunity to participate in all process activities in the form of summer internship.



*Students from faculty of Metalurgy-Kavadarci*



## SPORT

Feni Industries supports many sport activities on local and national level, as well as within the company.

### Basketball

FENI Industries is fully financing the local basketball club. The club was founded in 2005 under the current name BC FENI.

In 2011 the club has shown great achievements:

- First in the BIBL Balkan League;
- Champion of Macedonia.

Traditionally, FENI Industries is organizing the international tournament "Dimitar Gjorgjiev", where national as well as international basketball teams are participating.

Thousand of fans and supporters from the town are following the matches on regular basis. This way, we are directly affecting the promotion of sport.



*Basketball team—winner of national championship*

### Academy for basketball

FENI Industries has founded an academy for Basketball in 2007. In 2011, 79 children, in 3 categories are members of the academy.

From the first category 5 young players are playing in the first team, 2 players are with double license and are playing in FENI first team as well as in BC Borec in Veles.

The main objective is also every year to increase the interest of the young population to spend their time in sport activities and to have a better progress in their social live.



*Basketball academy*

### Rewards and recognition

The mayor of the town Kavadarci gives a 7th September Annual reward to the FENI Industries Basketball Club for their achievements and the big contribution in the sport development in 2011.



*Basketball club president receiving recognition from the mayor*

### Skiing—Sarplaninki cup

From 25-27 February 2011 on the ski tracks of Popova Sapka, the traditional Sarplaninski Cup was held for the 38th time, which was supported by FENI Industries as well.



*Sarplaninski cup*



## Football

FC Tikvesh was founded in December 1930 and it is one of the oldest football clubs in Macedonia. Since 2011 FENI Industries has provided significant financial support and has participated into the reconstruction of the terrain field.



*FC Tikves–Kavadarci*

Feni Industries is supporting also the football club Crna Reka from Vozarci (our nearest village).



*FC Crna Reka–Vozarci*

## Cooperation with local communities

FENI Industries supports the local communities for investments in infrastructure projects. Significant projects were the water network connections of Sivec and Vozarci.

We are also actively participating in the reconstruction of the primary school in Vozarci.



*New church in Kavadarci*

FENI Industries has continuous cooperation with municipality, as well as with our neighborhood villages Vozarci and Shivec, aiming to give support and address the needs of the citizens. " article published by the local authorities.



*Support of the 'Kavadarci Vesnik', Local newspaper*

## Business association in Kavadarci

FENI Industries is one of the founders of the Business economic social union in the town Kavadarci. We are sharing our experience and contributing in improvement of the business climate in the town and surrounding.

## Support of Children section in the local hospital

For New Year, FENI Industries donated packages to the children staying in the local hospital.

Trough the Rotary club association, FENI has also financed medical equipment for the hospital.



*New Year packages for the children in local hospital*



## The Day of the Tree

In 2007, Macedonia introduced the 'day of the tree' initiative. During those days, citizens and employees from all companies in administration in the country are planting trees in Macedonia.



*Day of the tree*

Macedonia is the initiator of this environmental practice which is now developing worldwide. FENI Industries joins "The Tree Day - Plant Your Future" action, two times per year. Around 50 employees from the company were planting trees on two different locations around Kavadarci.



*Day of the tree—participation of our employees*

**Grozdober Carnival** is an event organized every year in Kavadarci. It takes place over several days and is one of the largest cultural manifestations of its kind in the region; The Tikves Carnival is traditionally supported by FENI Industries.



*Tikves Carneval in Kavadarci*

The festival includes folk, pop and rock concerts, traditional dancing, seminars, presentations and exhibitions. During this time the town centre houses, many temporary restaurants, stalls and shops, open to allow visitors to experience the scents and tastes of local delicacies. This culminates in a carnival procession through the main streets of the town.

## Fire Protection

FENI Industries and its qualified personnel share their experiences and their own resources for the needs of the local institutions. On long-term basis, FENI's employees are participating in the fire extinguishing actions together with the local fire protection brigade.



*Fire brigade is extinguishing a fire in Kavadarci*



As a largest company in the town, following its sustainable development policy, FENI industries acts as a partner of the local municipality for many infrastructure projects. Aiming to create long term value, we strive through this partnership to address the needs of all citizens and makes Kavadarci a better place for living.



As a partner number one in the local community we would point out the investment in the Town Square. FENI Industries has majorly supported the realization of the Town Square reconstruction project.

The reparation of the square is a very important project with a significant value for ALL citizens in the town of Kavadarci. It is generating added value as a long term investment.

#### Recognition from the Municipality

The CEO, of Feni Industries Mr. Konstantinos Daskalakis was rewarded with the 'Golden Key of the Town', naming him as Citizen of honor in Kavadarci for his extraordinary contribution in continuous development of the town.

#### Reward 7th September Annual Reward

The contribution of FENI Industries in increasing of the living standard of the citizens and in the progress and development of the town, is well recognized by the local Authorities. Hence, FENI was rewarded with the highest recognition "7th of September Annual reward".



*Golden key reward from municipality Kavadarci*

FENI's long term goal is to continue the support for the creation and implementation of the community empowerment programs, taking into consideration compliance with the local and national development strategies.



**Action:** We act adhering to the social responsibility principles in the fields of labor and human rights, environment, transparency and anticorruption and relations with society.



**Benefit:** Through the CSR activities we continuously create social value which makes impact and brings benefit to our internal and external environment - our employees, business partners, community.



**Commitment:** Our commitment to the environment, business ethics and quality are public documents and integral part of our management systems (ISO 9001 and 14001). Each worker is adhering to their principle and this is the base of our business.



**Dialog:** There is a continuous dialogue with all our stakeholders. For example, the result from the dialogue with our Workers' Union is the signing of the Collective Agreement.



**Education:** We support education of our employees through trainings, seminars, professional licensing, master studies. We also provide scholarships, internship, case studies, and researches for students, for their graduate or master studies.



**Fairness:** Fairness is the first step to the anticorruption principle. We provide fair access to all companies interested to cooperate with us and we protect the confidentiality by submission of closed offers.



**Goals:** Goals are driving forces for us. Our main goal is to provide continuity of the production process, reaching the production targets we have established. We work on this goal led by sustainability principles, thus fulfilling our goals for social and environmental responsibility.





**Health:** FENI Industries build and strengthen the health care for its employees and ensure on appliance of the occupational health and safety systems within organization, trough the work of the Health and Safety office as well as its own medical center within the company.



**Integration:** Within the established Quality and Environmental management systems FENI Industries has started with integration of the Social Responsibility Guidelines within the organization.



**Join:** FENI Industries join the UN Global Compact in 2011.



**Kavadarci:** FENI Industries is situated near the town Kavadarci. Most of our employees are from Kavadarci. Our social responsible practices in relations with community are directed to Kavadarci and surrounding.



**Labor:** FENI Industries is one of the biggest employers in the country. We comply with Labor law regulations in all aspects and upgrade the labor rights trough our CSR practices, spreading this model to our business partners and becoming a positive example for the other companies in the country.



**Multicultural:** Multicultural concept is a part of FENI Industries activities, because it employs people form many different nationalities, from 3 different continents. We look at this as advantage, since it is a source of new views, ideas and it strengthens our openness to diversity.



**Nickel:** FENI Industries excavates nickel ore and produces ferro-nickel alloy. Together with our sister company Ferronickel - Kosovo, under the umbrella of Cunico Resources, we are number four ferronickel producer in the world.



**Opportunity:** FENI Industries gives the opportunity to young students and talents to have practice and to make researches within our company, using the company facilities, as well as the experience of our employees.



**Participation:** FENI Industries has a significant participation in the community, through different forms of activities - sport, culture, infrastructure projects. We are especially proud for the new town square, since it has a long-lasting value and it shall be used for many generations.



**Quality:** Quality is a management philosophy in FENI, aiming for continuous improvement of the quality of products, processes and working conditions. Our commitment to quality is integrated in our systems ISO 9001 and ISO 14001.



**Responsibility:** The responsibility for respecting human rights is universal and it is part of our values, incorporated in the way we do our business. It is integrated in the workplace, marketplace, community and beyond.



**Safety:** FENI Industries is applying all the national and international laws for Safety at work, as a main part of the process activities, through the Risk and Safety committee and Safety officers.



**Transparency:** In 2011 we received the main national reward for Fair and Transparent Purchases. An example of transparency is our Purchase Committee, composed of managers from different departments, whose task is reviewing the offers and making selection decisions.



**Union:** The Labor Union in FENI Industries is with a long tradition and it had an important role in some crucial moments in the history of the company. Now there is a permanent dialogue between management and Union; and one of the results of this dialog is the conclusion of Collective Agreement.





**Value:** Ethics, transparency and fairness are our commitments and are clearly and strongly expressed in our policies.



**Worker:** Workers and human resources in general are our most valuable asset. We work continuously in adding value to this asset through trainings, education and through the daily challenges of each working place. Their efforts and knowledge are part of each production record we make.



**eXperience:** Our plant is rich with experience cumulated within the last decades of operations. By employing young people we transfer this wealth to the new generation, giving them a chance to learn and thus provide succession.



**Yearly report:** In order to communicate its results for the corporate and social responsibilities, Feni Industries will publish a yearly report. This report will be a public document.



**Zivotna Sredina** (Животна Средина): This is the Macedonian translation of environment which means 'the conditions where we live'. This includes the plant and its workers, but also the surrounding with the villages and cities.



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