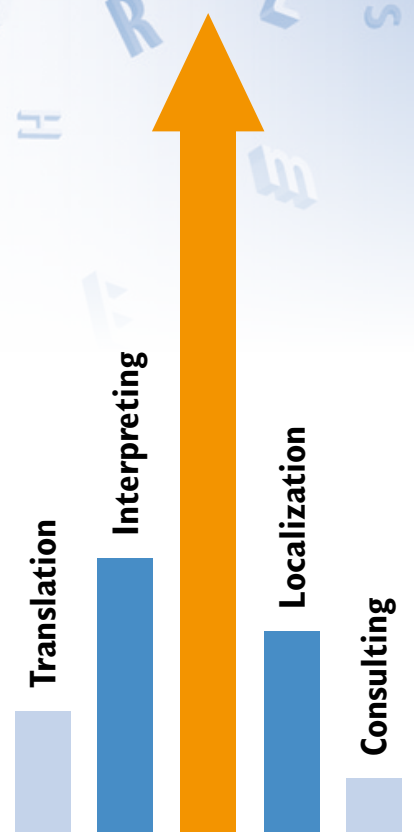


# Corporate Sustainability Report 2012





## Our contribution to the sustainable development of society



*Dear readers,*

there are various opinions and criteria for defining tradition and one can certainly discuss the existence or non-existence of the traditional non-financial reporting of CIKLOPEA. We are certainly glad that you will have the possibility to glance at and read our report on social responsibility for the third year in a row, and we sincerely believe that our regular practice of reporting becomes a tradition. Our report for this year was again prepared in accordance with the G3.1. guidelines of the Global Reporting Initiative, according to which it ranks as a level 'C' report. In preparing the report we also followed the requirements of ISO 26000, as well as the Ten Principles of the UN Global Compact initiative in the field of human rights, labour, environment and anti-corruption.

Through the analysis of business data and publication of financial statements for the year 2012, we concluded that this was yet another record year for CIKLOPEA. The increase in demand for translation and localization of content to regional languages was noticeable. At the same time, due to the prolonged crisis and decline of economic activity, economists have been looking for new and innovative solutions in their market approach and have recognised the globalisation of content as one of the most rewarding and most effective solutions in the effort to reach new customers on the global market. CIKLOPEA's team of employees promptly recognised these trends and adjusted our production capacities accordingly, whereas the figures show that our translation capacities translated over 11 million words during the year 2012.

During 2012 CIKLOPEA continued the initiated process of restructuring and reorganisation with a clearly defined objective, which is to successfully implement the mission and help companies and institutions properly communicate ideas and messages to their clients and targeted markets by providing professional language services and non-linguistic support, as well as to realise the vision and be recognised as the leading provider of language services in the wider region of South East Europe.

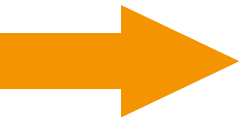
With this report we wish to share our values with those who recognised us as a desirable partner, associate or potential place of work and we would be glad if you shared your impressions with us.

Sincerely,

**Sandra Boljkovac Stojak**



*Founder and CEO of CIKLOPEA.*



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# I. Corporate Social Responsibility - our contribution to the society in which we live and work

**D**uring the year we regularly communicate with all stakeholders: employees, vendors and partners, current and future customers and all others who find our topics interesting through news and announcements, blog posts, statuses and comments on social networks. We strive to be informative, educational and interesting, and thus regularly publish news about happenings within

our organisation, as well as in relation to trends of the entire language industry. Each week we communicate tips on translation and localization to our beneficiaries - from the ordering and use of language services to advice on how to work in the language industry. We also regularly publish linguistic advice and share experience and knowledge with the wider community.

## Why do we report?

Once a year we try to integrate the most important events in a single report, which is mainly dedicated to non-financial data from our business. Our previous Corporate Sustainability Report was issued in December 2012. By the end of the year it is certainly nice to have a specific location for reading the summary of the most important events and then to draw the line and ask ourselves to what extent were we socially responsible and contributed to development of society. All of our employees eagerly await new reports, and we hope that in our previous publications we have also succeeded to raise the interest of our occasional readers in our work and organisation. Reporting on Corporate Social Responsibility and the general non-financial aspects of business in the Republic of Croatia is still not customary, therefore we believe that with our example we encourage the desired changes and hope to stand out in a positive way among other translation companies.

## For whom is this report intended?

Our reports about the non-financial indicators of work and life of our employees, as well as about the values of social responsibility are primarily intended for:

- “ *• current and future employees*
- current and future vendors*
- current and future clients*
- local and wider community in which we operate*
- all others who share our values of corporate social responsibility or feel the need to contact us in terms of suggestions for improvement or comments*



## 2. Corporate Social Responsibility – from the very beginning

*Approaching the tenth anniversary of our business, the retrospective views are becoming particularly popular. Therefore, we proudly present the corporate social responsibility awareness timeline.*

2003

Establishment of the company

2005

KE HGK and Corporate Social Responsibility Association

2008

CSR Index

2010

Internal Code of Conduct

2011

Our first Corporate Sustainability Report for 2010

2011

Beginnings of practical training for students, future translators

2012

CSR Index Award

2012

Our second Corporate Sustainability Report for 2011

2012

Free application for smart mobile devices

2013

CSR Index Award



## 3. Organisational Profile

### About us in brief

CIKLOPEA is one of the leading translation and localization service providers in the Republic of Croatia and in the wider region of South East Europe. We operate as a specialised external (outsourcing) language partner that provides complete language services and support to its clients.

CIKLOPEA has a portfolio of services that are divided into four basic groups: translation, interpreting, localization and consulting services.

The translation services group includes services that relate to managing translation projects, written translation services and supporting services such as proofreading or editing. The interpreting services group includes services of written translations with notarization by court certified legal interpreters, simultaneous interpretation, consecutive interpretation and the rental of technical conference equipment as well as technical support in the organisation of conferences, meetings and travelling arrangements as supporting services related to interpreting. The localization services group includes services of localization project management, localization, internationalization and globalization, as well as layout, prepress (DTP – desktop publishing) and proof checking services as supporting services related to localization. The consulting services cover a wide spectrum of advisory, managerial, educational, as well

as other services within the specific linguistic domain. These services relate to linguistic and intercultural consulting, consulting and management during the translation process, education and copywriting.

We are positioned in the global market as a company specialised in the translation and localization into the SEE languages in combination with all European languages, as well as in the translation of all types of texts in the language combinations of all European and world languages.

#### Our fields of specialisation are:

- Medical/Pharmaceutical/Health Services
- IT
- Engineering/Industry/Technology
- Law
- Economics/Business/Finance/Insurance
- Marketing & PR
- Tourism

### Certificates

CIKLOPEA is certified according to ISO 9001:2008 (Quality Management System) and EN 15038:2006 (quality standard for translation services companies).

ISO 9001

BUREAU VERITAS  
Certification

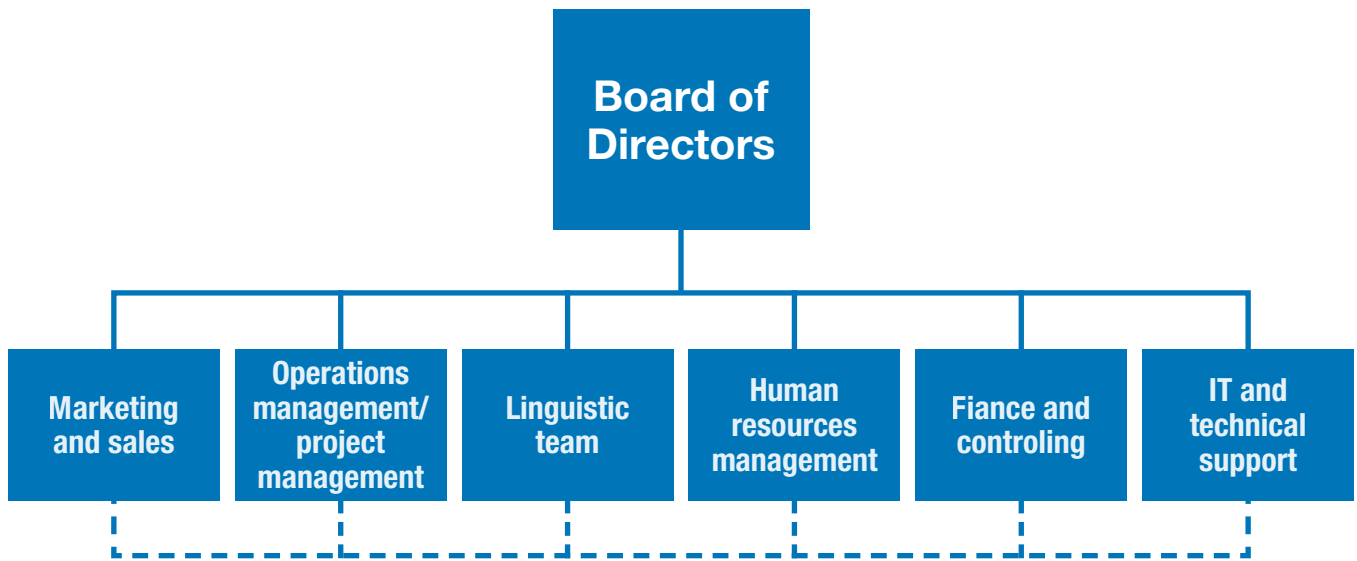


EN 15038

BUREAU VERITAS  
Certification



## Organisational chart



*In 2012 the Board of Directors of the CIKLOPEA company comprised two members, performing the duties of the executive and strategic operatives. Due to the size of the company, the Board of Directors also represented the supervisory body.*



## 4. Donations and Investments



In 2012 CIKLOPEA became a bronze sponsor of Translators Without Borders, with which we took part in the effort to make humanitarian translations available to more people around the world.



**TRANSLATORS  
WITHOUT BORDERS**

**BRONZE Sponsor  
2012-2013**

*We are proud and honoured to support Translators Without Borders. Supporting their work for us means supporting good deeds.”*  
(Marina Orešković, Chief Operations Officer at CIKLOPEA.)

*“We are incredibly grateful to Ciklopea for this assistance, which is critical to enable us, in turn, to support more humanitarian work around the globe.”*  
(Lori Thicke, Co-founder of Translators Without Borders)



• Translators Without Borders is a US-based non-profit organisation. The mission of Translators Without Borders (initially founded in France in 1993 as Traducteurs sans frontières) is to translate knowledge for humanity. Translators Without Borders has met that mission through quality humanitarian translations provided by a community of trained translators to vetted NGOs who focus on health, nutrition and education. Translators Without Borders volunteers translate millions of words each year, focusing on three types of humanitarian translations: crisis translations needed urgently to inform people in crisis, translations that support an NGO’s operations, and translations that directly support people in need by translating educational and healthcare information into local languages. The non-profit organisation’s vision is to expand its open digital platform to help make knowledge more accessible worldwide through humanitarian translations. The initial goal is to assist humanitarian organisations with two million dollars worth of free translations per year.

• The financial support provided by sponsors is critical in sustaining and growing the organisation, particularly in under-resourced languages. In the course of humanitarian action, the participants of this praiseworthy association have become aware of a huge global need for translation, which is for the people in poor countries to be able to access global knowledge in their own language. According to UNICEF more people die from lack of knowledge than from diseases. People in poor countries are simply unable to access global knowledge in a language they understand. Mobile technology may be bringing this knowledge closer to the most vulnerable groups. Translators Without Borders is delivering this much needed help by developing a scalable training programme so that more people will be able to access the knowledge they need in a language they understand. Ciklopea is proud to be supporting Translators Without Borders in this work.



## 5. Economic Indicators

	2011/HRK	2012/HRK	% changes	Trend
Operating revenue	6.587.954	7.477.623	14 %	↑
Operating costs	5.315.059	6.143.862	16 %	↑
Employees wages and benefits	1.698.463	1.763.023	4 %	↑
Income tax	270.876	278.077	3 %	↑
Payments to providers of capital	1.111.156	1.074.390	-3 %	↓
Value retained	1.508.064	57.514	-96 %	↓

**F**inancial data in the year 2012 recorded a mild growth trend in terms of realised revenue as a result of years of investment in human and technical resources and a steady market presence. The costs and duties follow the natural growth and development of the organisation. Total realised revenue of CIKLOPEA accounted for about 5.5% of the estimated market of all translation companies in Croatia. According to the latest statistical report for 2012, there are 227 companies registered for translation activities in Croatia.



## 6. People - our greatest asset

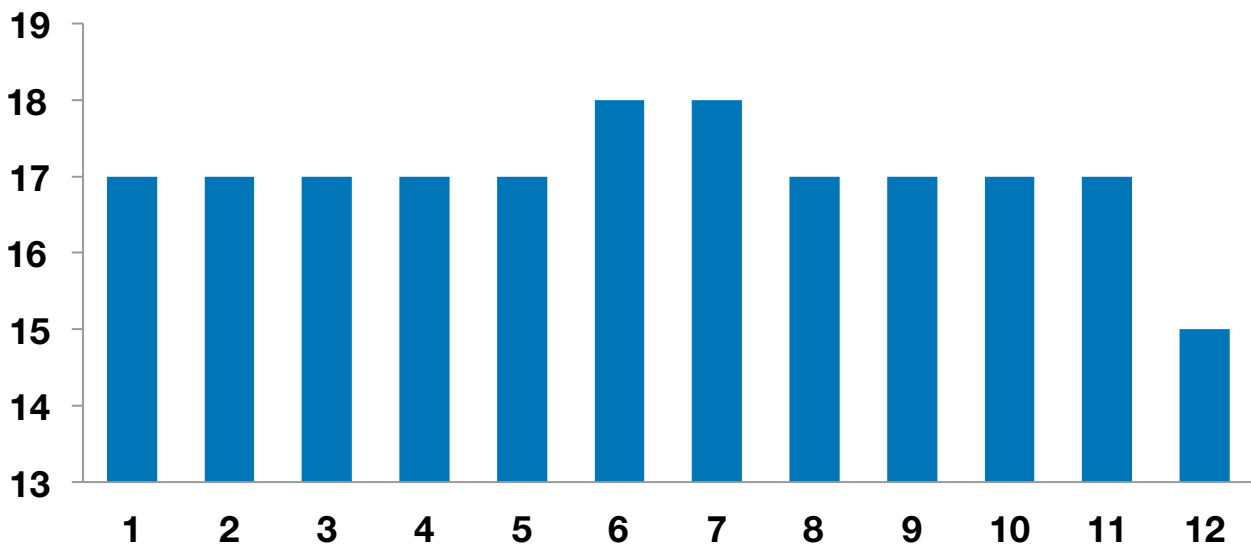
The employees, together with a strong network of permanent business partners, constitute the team of CIKLOPEA which endeavours to respond to the challenges of the contemporary business environment. Our key competitive advantage is reflected in developing our own work methodology as well as superior project management and highly qualified translation and management staff. This means that thanks to technical equipment, the excellent team and superior project management, we are able to face additional technical requests of our clients primarily regarding the translation or demanding localization projects where the product needs to be adjusted to linguistic, cultural and political environment of the user, i.e. of the target market.

All the employees at CIKLOPEA are university educated, mostly in the field of translation studies and linguistics, whilst others hold a degree in the field of engineering and management.

### Number of employees during the year

CIKLOPEA's success is based on its educated, creative and innovative staff. The acknowledgement of our people as our most important resource and capital determines our business decisions, our organisational and management structure as well as all the processes in the organisation.

### Number of employees in 2012 by months



LA1

• Number of employees during 2012 was constant, and we ended the year with 15 full-time employees, of which 2 employees (29%) worked under a fixed-term contract, and 13 (75%) under an indefinite contract. All staff and managers are hired locally.

LA4

• Our employees are not covered by collective bargaining agreements but they have an elected employee representative that presents issues that might arise to the Management Board.

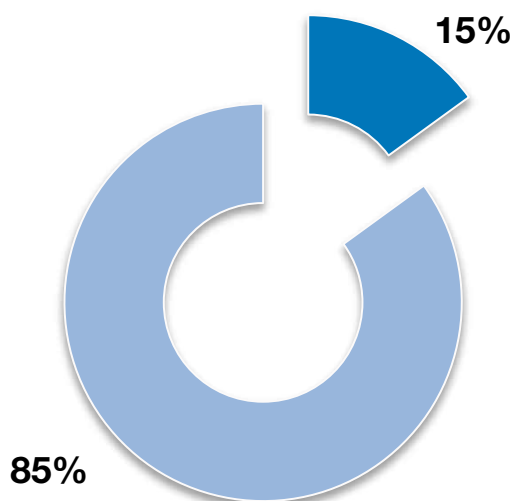
## Turnover

During 2012 eight female employees aged 25-35 left the company. There were changes in some positions during the year, which led to a high total number of departures. Proportionately, there was a high number of arrivals and registrations of employees.

### Reasons for leaving were:

- 4 to become freelance translators
- 1 due to the completion of a project and expiration of her contract; the company had no other position she could fill
- 2 due to filling another position with the objective of personal career development, which is not related to the language industry
- 1 during probation period.

## Turnover 2012



- Number of employees who left and for whom it was necessary to find a replacement
- Total average number of employees

## Education

Expenditure on education (seminars and courses) in 2012 amounted to 36,959.69 HRK. Theme selection for education is based on the individual needs of employees and upon the estimate about which kind of additional knowledge and skills could increase employee efficiency, raise the overall quality of processes and services and contribute to employee satisfaction. In 2012 the employees of CIKLOPEA chose the following training seminars: language workshops for translators, editorial seminars for Croatian language, communication skills seminars, international seminars and professional meetings, seminars in the field of public procurement and effective debt collection and training for court interpreters.

LA8

• All new employees in 2012 completed mandatory first aid and occupational safety training. We have had no work-related injuries reported since our establishment in 2003. In the following year new staff will undergo work safety training.

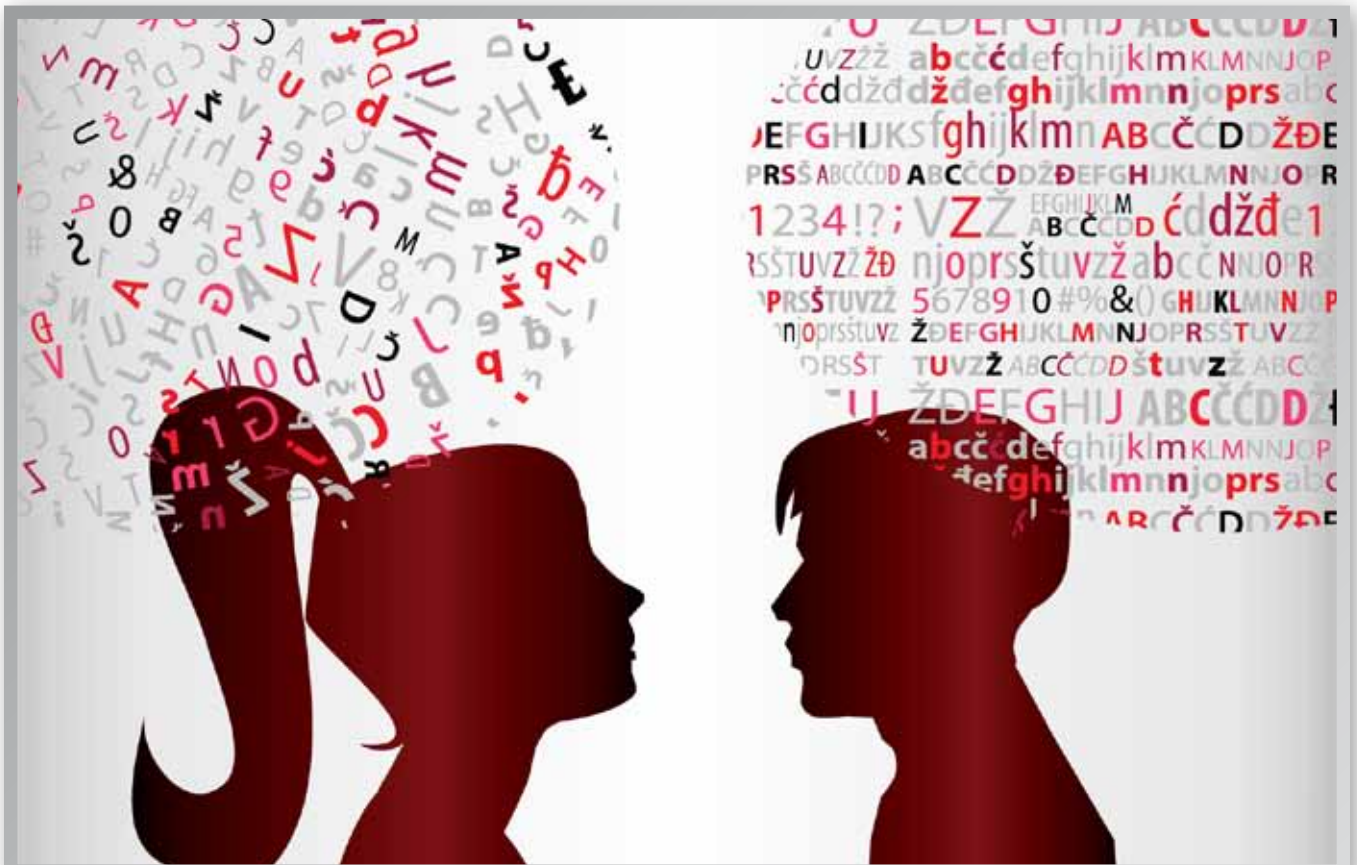
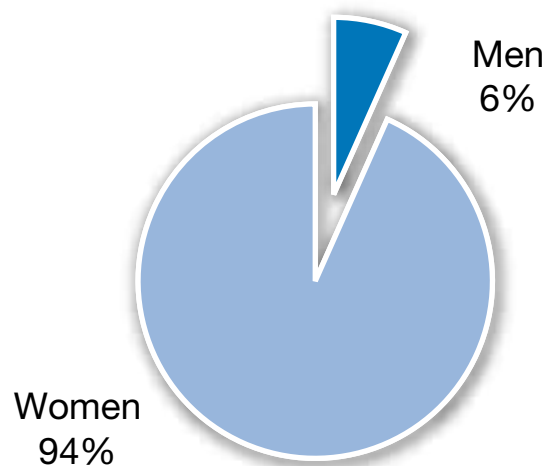
LA12

• CIKLOPEA regularly evaluates employee performance and, in accordance with the results, introduces measures of improvement and objectives for the next period, or defines models of motivation and reward.

## Workforce by gender in 2012

We are aware that the language industry predominately employs women, but what matters to us is to discover, develop and hire competent people regardless of gender and develop the talents of employees. Consequently, representation of female gender in our company is strong as it follows a global trend: 94% of our employees are female employees and 6% are male employees.

### Workforce by gender in 2012



# 7. Innovations and Technology

## Free CIKLOPEA application for smart mobile devices

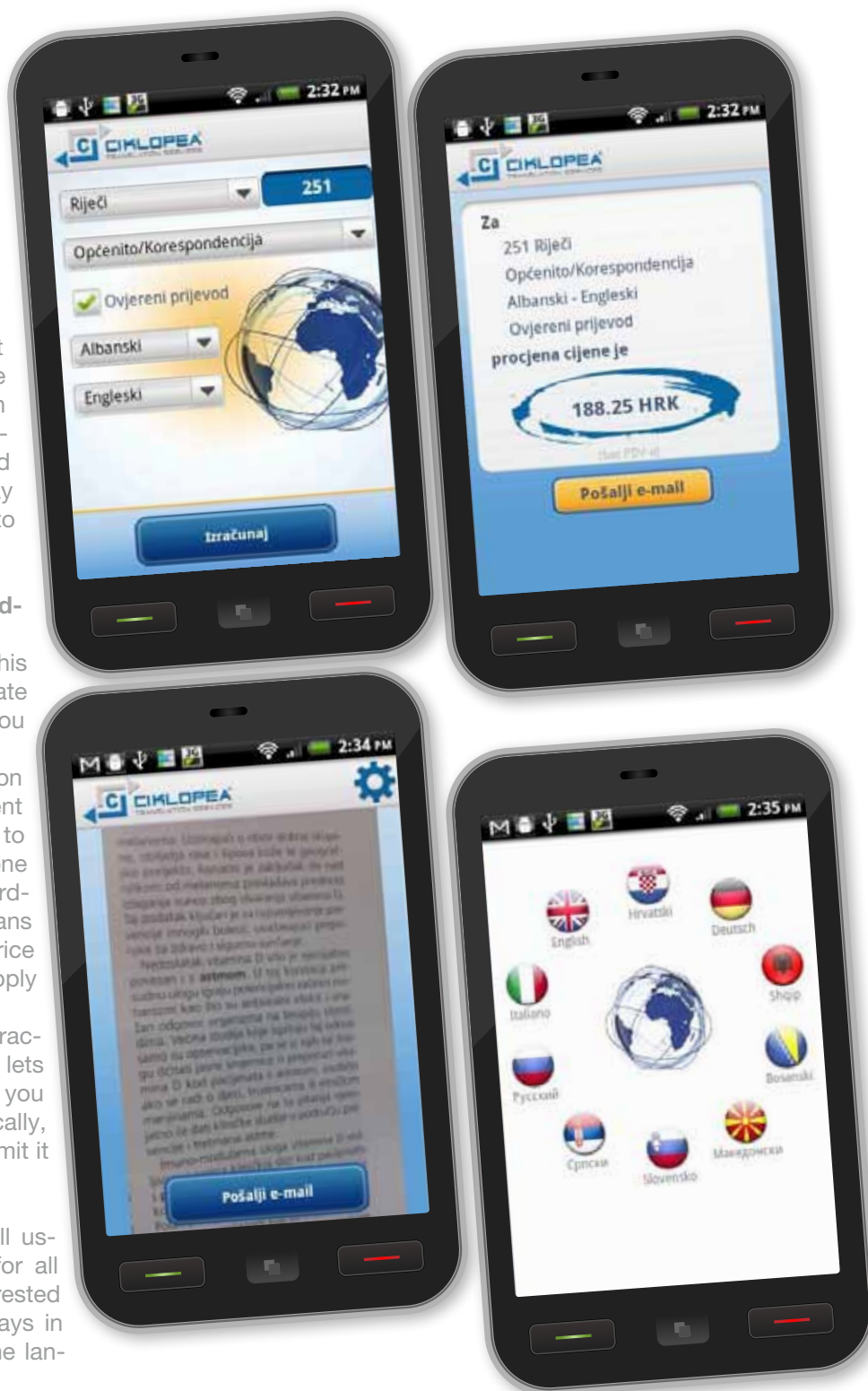
At the end of 2012, just at the moment of holiday allocation, CIKLOPEA introduced a free application for smart devices with Android and iOS operating systems. To download this free and useful application it is just enough to type in the keyword "ciklopea" when searching in Google Play or Apple App Store and the use of applications with three advanced features can begin.

This application is the result of our striving to make ordering a translation and receiving a translation cost estimate simpler, faster and more reliable and to get closer to our current and future customers and facilitate communication. While creating the application, we put ourselves in our customers' shoes and tried to make it simple and understandable to everyone. This means that you don't need to be a language industry expert to get to grips with it. This was also our greatest challenge: to achieve simplicity and comprehensibility, and it this way making the application available to everyone.

The application has three advanced functions:

- **Translation Calculator** – this function enables you to estimate the cost of translation that you need
- **Urgent translation** – a function used to place orders for urgent professional translations of up to 100 words delivered within one hour at a fixed order price regardless of word count (which means that, for instance, the same price and delivery deadline will apply for 20 and 100 words)
- **Translate Snapshot** – a very practical and simple function which lets you photograph the document you need translated and automatically, by means of the function, submit it to us for translation.

The application is intended for all users of our services, as well as for all stakeholders and everyone interested in modern technology and the ways in which it can find application in the language industry.



## 8. Environment

The nature of our business is such that we have no specific impact on the environment and that is why we pay close attention to every detail in order that our work has the least negative impact on the environment as possible, and to make our practice a positive example for preserving the existing natural resources.

- We dispose of used paper in an appropriate manner in order to contribute to environmental protection.
- We dispose of electronic equipment in an appropriate manner.
- We control power consumption: turn off the computers and all electronic devices at the end of the day.
- We participate in public transport. All of our employees receive payment for transportation in the city in which they live.
- We avoid the use of disposable cutlery and cups.

We systematically record and monitor energy costs and strive to reduce energy consumption as much as we can.

With construction modifications of our workspace in 2012 we enabled the effective and sustained use of daylight instead of artificial lighting. With this procedure we made our workspaces more pleasant to be and work in and we directly reduced the consumption of electricity used to illuminate the space.

EN28

• In 2012 CIKLOPEA did not receive any fines or other penalties for non-compliance with laws and environmental regulations.

	2011/HRK	2012/HRK	% changes
Energy costs	51.769	45.408	-14 %



## 9. Human Rights, Child Labour and Corruption

**N**either we nor our partners use or assist child or forced labour in any aspect of our business. Our employees are acquainted with the policies and procedures related to human rights because compliance with these principles underlies our business principles.

*Since it was founded in 2003, CIKLOPEA has received no fines or non-monetary sanctions for non-compliance with laws and regulations.*

Furthermore, our company has never been linked to any corruption charges. Our employees do not receive anti-corruption training because there have never been any incidents. If there are any inappropriate situations, our employees know how to handle them because they are well aware of the anti-corruption guidelines from our internal code of conduct.



## 10. Conclusions and Objectives for 2013

Previous work and results achieved require further improvement and development, and therefore we have defined several objectives for the coming year:

- Establishment of a formal professional association for the promotion of the values of the industry and profession
- Innovations and development in the field of language technology
- Increasing the level of information security
- Programme development for practical training for students, future translators
- Development of human resources management position and the application of proven contemporary practices in human resources management.





# The Ten Principles

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

- The Universal Declaration of Human Rights
- The International Labour 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.

**Source:** <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html><http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

## Our report was done in accordance with the GRI framework

### What is the GRI Reporting Framework?

The Sustainability Reporting Framework provides guidance on how organizations can disclose their sustainability performance. It consists of the Sustainability Reporting Guidelines, Sector Supplements and the Technical Protocol - Applying the Report Content Principles.

The Framework is applicable to organizations of any size or type, from any sector or geographic region, and has been used by thousands of organizations worldwide as the basis for preparing their sustainability reports.

### The Sustainability Reporting Guidelines

The Guidelines are the foundation of the Framework and are now in their third generation (G3). They feature Performance Indicators and Management Disclosures that organizations can adopt voluntarily, flexibly and incrementally, enabling them to be transparent about their performance in key sustainability areas.

The G3.1 Guidelines are the latest and most complete version of GRI's G3 Sustainability Reporting Guidelines. These Guidelines are based on G3 but contain expanded guidance on local, community impacts, human rights and gender. While G3-based reports are still valid, GRI recommends that reporters use G3.1, the most comprehensive reporting guidance available today.

**Source:** <http://www.globalreporting.org/>

“

*In an effort to raise awareness of governing bodies on reporting on sustainability, we present the principles which we adhered to when we prepared the Report.*




# 11. Index

Profile Disclosure	Description	Page reported on	Explanation for omission	Applicable Global Compact principle
	Statement from the most senior decision-maker of the organization.	2		Principles 1 and 2
<b>Organizational profile</b>				
2.1.	Name of the organization.	2		
2.2.	Primary brands, products and/or services	6		
2.3.	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	7		
2.4.	Seat.	6		
2.5.	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	6		
2.6.	Nature of ownership.	7		
2.7.	Markets served (including geographic breakdown, sectors served, and types of clients/beneficiaries).	6		
2.8.	Scale of the reporting organization.	6		
2.9.	Significant changes during the reporting period regarding size, structure, or ownership.	N/A	No changes since the last report.	
2.10.	Awards received in the reporting period.	5		
3.1.	Reporting period (e.g., fiscal/calendar year) for information provided.	cover page, 2, 21		
3.2.	Date of most recent previous report (if any).	4		
3.3.	Reporting cycle (annual, biennial, etc.) II	4, 21		
3.4.	Contact person for questions regarding the report or its contents.	21		
3.5.	Process for defining report content.	17		
3.6.	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	17		
3.7.	State any specific limitations on the scope or boundary of the report (see the Completeness principle for an explanation of the scope)	17		
3.8.	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsources operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	N/A	CIKLOPEA has been independent since its inception and it operates in the market independently.	
3.10.	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N/A	No restatements in relation to the previous report.	

Profile Disclosure	Description	Page reported on	Explanation for omission	Applicable Global Compact principle
3.11.	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A	No significant changes from the previous report.	
3.12.	Table identifying the location of the Standard Disclosures in the report.	18		
4.1.	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	6,7		
4.2.	Indicate whether the Chair of the highest governance body is also an executive officer (if so, state the reasons for such decision).	6,7		
4.3.	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	6,7		
4.4.	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	6,7		
4.14.	List of stakeholder groups engaged by the organization.	4		
4.15.	Basis for identification and selection of stakeholders with whom to engage.	4		
<b>Economic Indicators</b>				
EC1.	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	9		
EC7.	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	10		9 Principles 7, 8 and 9
EC8.	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	8		Principle 2
<b>Environment</b>				
EN3.	Direct energy consumption by primary energy source.	14		Principles 7, 8 and 9
EN28.	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	14		Principles 7, 8 and 9 Principle 2
<b>Employment</b>				
LA1.	Total workforce by employment type, employment contract, and region.	10		
LA2.	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	11		Principles 1, 2 and 6
<b>Diversity and Equal Opportunity</b>				
LA13.	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	11		Principle 6
LA4.	Percentage of employees covered by collective bargaining agreements.	10		Principle 3

Profile Disclosure	Description	Page reported on	Explanation for omission	Applicable Global Compact principle
LA8.	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	11		
<b>Education</b>				
LA12.	Percentage of employees receiving regular performance and career development reviews, by gender.	11		
<b>Child Labour</b>				
HR 6.	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	15		Principles 4 and 5 Principles 1 and 2
HR 7.	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour.	15		Principles 4 and 5
<b>Corruption</b>				
S02.	Percentage and total number of business units analysed for risks related to corruption.	15		Principle 10
S03.	Percentage of employees trained in organization's anti-corruption policies and procedures.	15		Principle 10
S04.	Actions taken in response to incidents of corruption.	15		Principle 10

# GRI Declaration Level

Report Application level	C	C+
	Report on 1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15	Report externally verified
	Not required	
	Report on a minimum of 10 Performance Indicators, including at least one of the following: social, economic and environmental.	

\* Sector supplements in the final version

This is a C Level report; CIKLOPEA shall publish reports annually.

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