

A grayscale photograph of a large industrial facility, likely a cement plant, featuring tall silos and complex piping. The word "TITAN" is visible on one of the silos. A thick blue curved line runs along the right edge of the page.

2009

Corporate Social Responsibility
and Sustainability Report



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TITAN Group Overview

TITAN Profile

The TITAN Group is an independent multi-regional producer of cement and other related building materials. Headquartered in Greece, with a track record of continuous growth since its establishment in Greece, 107 years ago, it has expanded its production and distribution operations into 12 countries, directly employing more than 5,900 people, with a consolidated turnover of €1.36 billion (2009).



USJE Profile

Cementarnica USJE AD Skopje (or "USJE") was founded in 1955 near the Usje village in the southwest of the city of Skopje. USJE is a great example of a Sustainable Development Company. Our continuous investments in production technology, initiation and implementation of different environmental, educational, community and other social project and initiatives are the main benefits of our Corporate philosophy for Sustainable Development. The Company supplies the local market, as well as the region (Kosovo, Albania and Bulgaria) with Portland cement (according to MKS standards and EN-197-1 standard).

Since 1998, the TITAN Group has acquired almost 95% of the shares of USJE, contributing significantly to the growth of the Company through providing unlimited access to technological, financial, legal, human and other resources and expertise and allowing USJE to gradually become a regional center of excellence in the sector of cement manufacturing.



Code of Conduct

1. Shareholders: We strive to ensure a satisfactory return on their capital, to protect their investment and to be transparent in all our dealings.

2. Customers: We do our utmost to provide quality products and services with competitive terms, tailored to their needs and supported with the necessary technological, environmental and commercial expertise.

3. Employees: Our workforce is our most valued resource. Respect for their rights and an emphasis on employee development are essential for the TITAN Group to attain its objectives.



4. Business Associates: We believe in mutually beneficial relationships with our contractors and suppliers and will use our influence to the best of our abilities to promote the application of similar codes.

5. Society: It is our belief that socially responsible businesses contribute to the prosperity and progress of society as a whole. The community policies of the Group focus primarily on initiatives in the fields of education, health and safety and environmental protection.

Message from the Chief Executive Director



I have the pleasure to welcome you to the 1st USJE Corporate Social Responsibility Report (CSR), reflecting our TITAN Group commitment to communicate in a systematic, open and transparent way with all our key stakeholders.

The year 2009 will unfortunately be remembered for the difficult circumstances we had to face as a side effect of the continuing global financial and economic crisis. However, these unfavorable conditions, treated in line with our TITAN values and commitments, have in no way altered our deep-rooted belief that implementation of the principles of CSR and sustainable growth is not just a moral requirement, but also a good business practice.

A clear and sound expression of our commitment to TITAN values was also our participation in the formulation of the local UN Global Compact Network in late 2008. The UN Global Compact is first and foremost a platform for dialogue, learning and partnership and our participation is a voluntary expression of our commitment to align with the 10 principles and integrate them in our every day practices.

Two important issues always remain the main concerns in the building materials manufacturing industry, because of the nature of our business: how to achieve a safe and healthy environment for all our employees, suppliers and subcontractors by reducing or eliminating incidents in the workplace, and how to limit atmospheric emissions and more general mitigate the impact of our operations to the natural environment.

At USJE, following the values set by TITAN, we are determined to keep these impacts to a minimum, pursuing the principal "Do Less Harm", while at the same time endeavoring to "Do More Good" by

supporting and contributing to the wellbeing of our employees, local communities and society at large.

With regards to safety at work, which remains our top priority, I am glad to report a significant improvement in our performance for 2009, with no fatal or serious accidents and a Lost Time Injury Frequency Index lower by 86%.

As a result, USJE received the TITAN award for the "Most Improved Health & Safety Performance 2009" in the entire Group. At the same time, many initiatives, highlighted in this Report, were launched to improve our environmental performance, most of which were in co-operation with our local Authorities and community.

With regards to addressing the challenges posed by climate change, USJE with the help of TITAN has developed specific targets and systems to measure its carbon footprint and increase the added value created from its operations. Continuous learning and self-improvement; listening to and communicating with our stakeholders; openness, transparency and accountability in our policies, decisions and performance guide our actions and future endeavors.

With the support of the TITAN Group, we have also initiated an independent assessment and verification of our CSR policies, procedures and practices, aligned with main priorities and needs at local level.

We have made considerable progress over the years in meeting environmental and social challenges and shall further pursue our efforts within the framework of our stakeholders' engagement.

We are proud to present you the outcomes of our continuing efforts in this CSR Report and invite you to send us your feedback and help us to meet our long-term objectives.

Antonios Nicolopoulos
Chief Executive Director

A handwritten signature in dark ink, consisting of a series of fluid, overlapping loops and strokes, positioned below the printed name and title.

USJE Historic Milestones

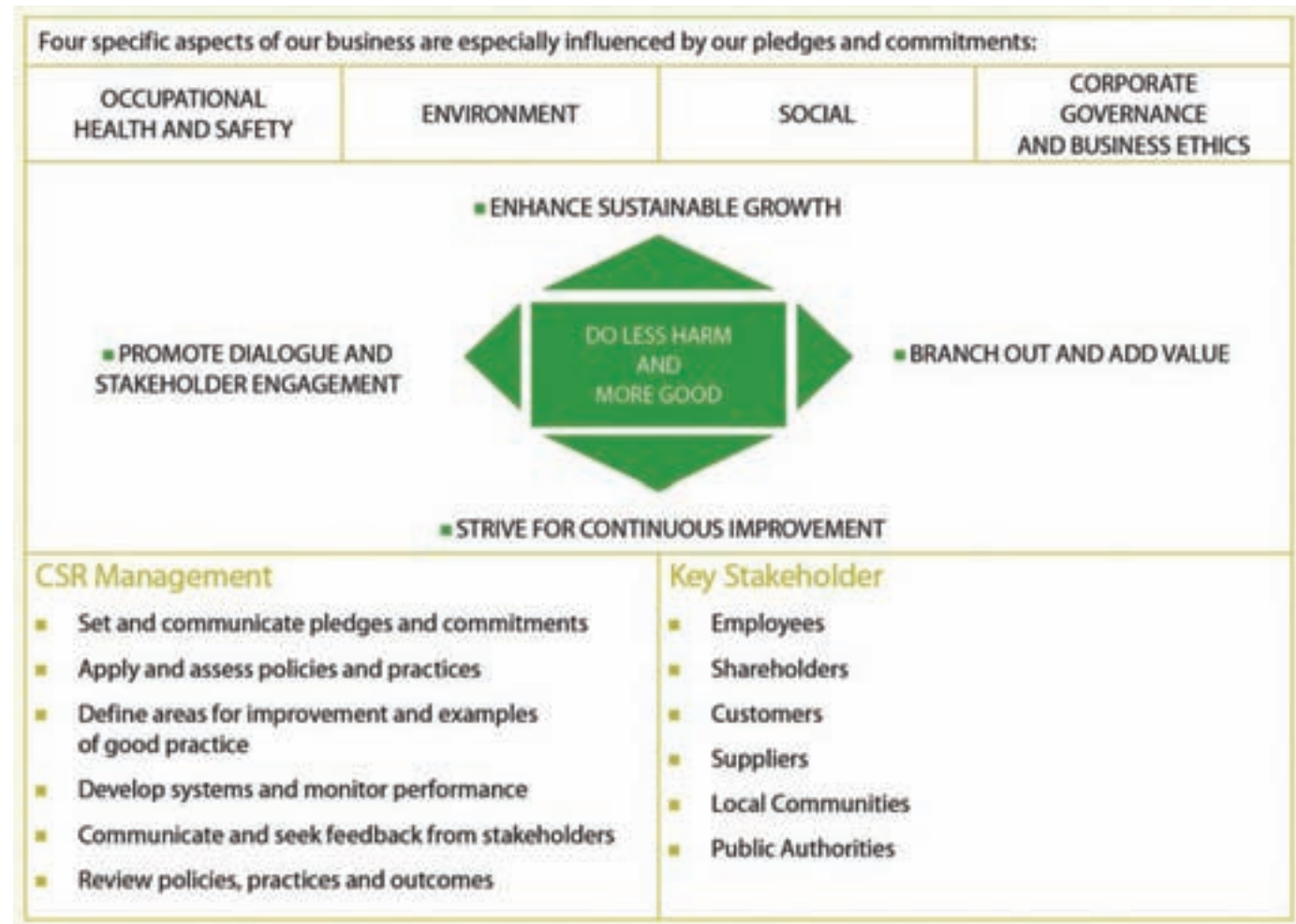
1955 -	Start of operations	2000/2001 -	Bag-filter is installed on line no.3 and clinker cooler is reconstructed
1963 -	Cementarnica USJE AD Skopje provides the material for re-building a modern capital after the earthquake	2002/2003 -	Bag-filter is installed at Kiln no.4
1967 -	A 3rd rotary kiln is put in operation Electrostatic precipitators are installed for first time in the country	2003/2004 -	Equipment for fly ash is installed
1972 -	The fourth rotary kiln is put in operation	2004 -	Independent automatic 24-hour continuous measurements of emissions is installed
1977 -	Limestone quarry Govrlevo is opened	2004 -	Certified with Quality System ISO 9001:2000
1978 -	The new product Usjemal is launched on the market	2006 -	Certified with Environmental Management System ISO 14001:2004
1983/1984 -	Operation of kilns no.1 & no.2 is terminated respectively	2008 -	USJE becomes member of UN Global Compact in Macedonia
1998 -	TITAN Group becomes the new owner of USJE	2009 -	CSR workshop organized in USJE



Corporate Governance and CSR

CSR strategy and main objectives

CSR provides a guiding framework for structuring all our management responsibilities incorporating industry best practice standards in order to achieve our governing objective.



TITAN's CSR vision is to "conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good". The CSR and Sustainable Development policy which the Group has been implementing over the past decade is based on specific priorities, such as the following:

- > Adopting and promoting best practices throughout the Group's sphere of influence
- > Cooperating with stakeholders and promoting a broader business and social movement for CSR and Sustainable Development
- > Enhancing transparency, focusing on honest, direct and open dialogue, reliable information on significant and meaningful issues and seeking consensus and generally accepted solutions

- > Investing resources (financial and human) in initiatives and projects aimed at the reduction of environmental footprint and increase value created for stakeholders.

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

USJE 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 independents.

The Company's Financial Statements are audited every six months by the independent Audit firm of Ernst & Young.

Both of USJE's international standards (ISO 9001 for Quality & ISO 14001 for Environmental Management) are audited and re-certified every year by the issuing authority of the Hellenic Standardization Organization (ELOT).

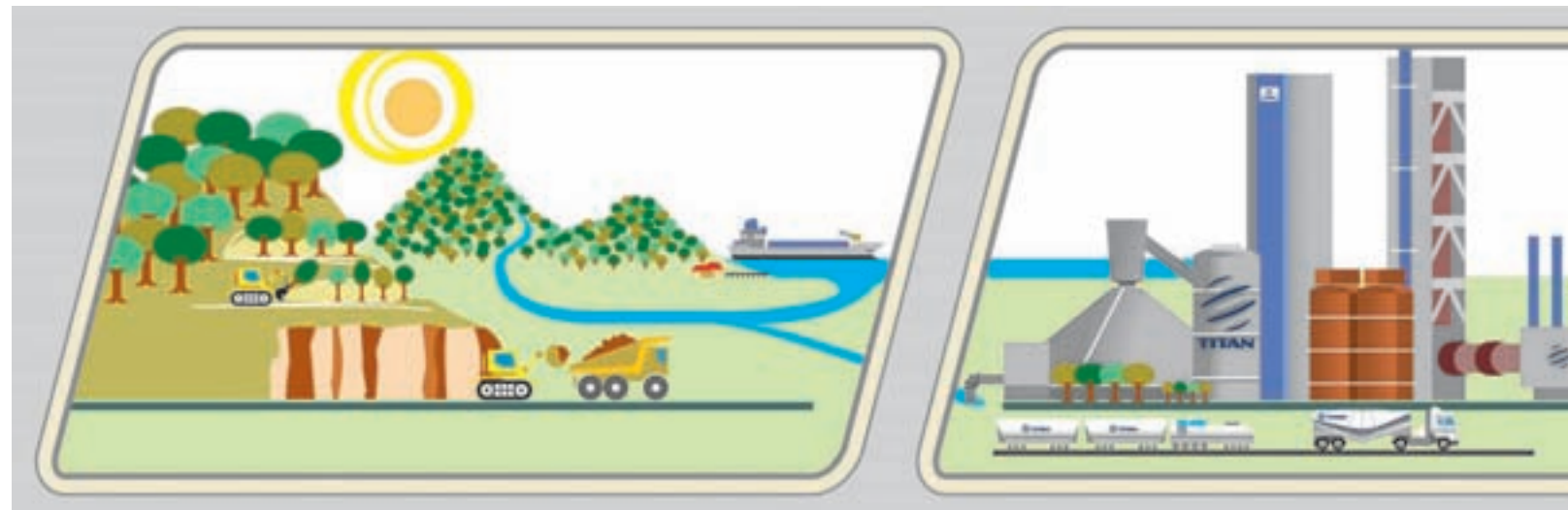


Understanding Our Footprint

Our products, cement and construction materials, contribute to the multiple social values of modern society, such as safety, durability, economy, resource efficiency, aesthetics and connecting people. Our operations which include quarrying and crushing of limestone, grinding and blending, burning, milling and distributing our

products, have impacts on the environment and local communities.

We are committed to “do less harm and more good” in everything we do and reduce or even mitigate the impacts we have. Understanding and measuring our footprint is our way to achieve this.



> **925,000** tons of **raw materials** extracted from **3 active quarries**
> **1.1 million m²** is the **total area** of active quarries, out of which **585,000 m²** only are affected by operations

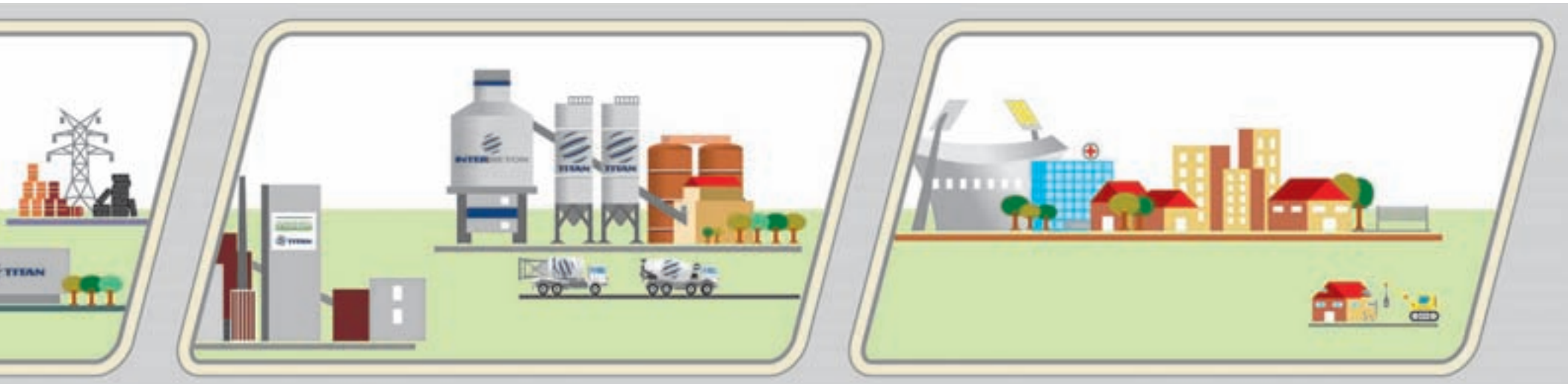
> **5,000 m²** of active quarries have been **rehabilitated** in 2009 by planting local trees and bushes

Total annual emissions:
> Dust particulates **5** metric tonnes
> NOx **689** metric tonnes
> SOx **217** metric tonnes

> **499 attendees of training programs** including all own employees in 2009

> More than **€ 100,000** spent for community development programs through **donations** in cash and in kind in 2009

> Through direct taxation to state and local authorities: **more than € 28.5 million** since 1998



> **More than 86,000 trees** planted by USJE or donated to third parties for planting since 1998

> **€ 400,000** spent for improving **environmental performance** in 2009

> **For new investment** in fixed assets: **€ 62 million** since 1998

Health and Safety

Safety at work

Care for the well being of our employees has always been a main priority of the TITAN Group's strategy and directs our social policy.

Our Health & Safety Policy and Vision is to achieve a healthy working environment free of incidents, injuries and accidents.

Cementarnica USJE AD Skopje recognizes that Health & Safety is an integral part of its business performance. We ensure implementation of legal requirements and corporate policy aimed at providing a health and secure working environment to all employees in our plant.

We understand that successful Health & Safety Management involves integrating sound principles and practice into our day-to-day management arrangements and the good performance levels are achieved by the collaborative effort of all employees.

USJE's approach to reducing occupational hazards is a continuous joint effort of all management and its employees.

However, apart from our employees there is a significant number of indirect employees providing either on permanent or on a temporarily basis services to USJE through contractors.

Having placed Health & Safety at work as first priority for the well-being of all employees within the TITAN Group, it becomes apparent that all of USJE's efforts in response to our values and commitments is 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.

We benchmark our Group Health & Safety performance against the global Cement Sustainability Initiative (CSI) members and aim to be by 2010 in the top quartile of the peer group's safety performance.

USJE improved its occupational Health & Safety performance as reflected in considerable reduction of lost-time injury rate from 9.83 in 2008 to 1.4 in 2009. Although, this is an encouraging outcome in a long-term effort, we are fully aware that this particular effort has no end, as accident prevention is a continuous struggle with the unknown and unexpected risks and above all the human factor.

The Plant has also started with implementation of the OH-SAS 18001 Standard (Occupational Health & Safety Assessment Series) with expected certification in November 2010.

Year	LTI (Lost Time Injury)	LTIFR (LTI Frequency Ratio)	LTISR (LTI Severity Ratio)	Worked hours (excluding leave and sickness)
2007	8	8.9	176.8	932,726
2008	9	9.8	372.5	915,477
2009	1	1.4	123.1	730,939

Health and Safety Lecture Cycles

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

One Full Year without accident in USJE

USJE's approach to reducing occupational hazards is a continuous joint effort of its management and its employees. One of the USJE initiatives for motivating safety behavior of its employees is the introduction of an Award for the "period without accident".

This was a milestone event for USJE during 2009 that has never happened before in the history of the Plant. It was a very important step toward fulfilling the Company's Vision of working in a Healthy & Safe work environment free of incidents, injuries and accidents.

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

conscious preventive thinking of the locksmith, without the cautious handling of the crane operator and so on, being relevant for each and every employee, man or woman, working in first shift or working during the night, that has given his/hers valuable contribution towards this achievement. In recognition of this achievement, every employee in Cementarnica USJE AD Skopje received a symbolic reward.

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



Group Recognition to USJE for Safety Improvement

The "TITAN Group Safety Improvement Recognition" is awarded every year to the Group cement plant that demonstrates the greatest improvement in safety performance on the basis of specified criteria and safety indicators.

The Group H&S Council decided to award this recognition to Cementarnica USJE AD Skopje for its 2009 significant improvement in its H&S performance on TITAN's S.E. Europe and E. Mediterranean Region Health & Safety Conference that took place on May 25th, 2010 in Athens.

This award represents recognition for all the efforts of Cementarnica USJE AD Skopje that were undertaken in the previous years and were aimed at improving the safety at the workplace.



Environment and Climate Change

Environment and Climate Change

TITAN policies on the environment focus on the on-going improvement of environmental management, to minimize the impact of 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.

The TITAN Group is contributing to the cause of sustainable development through three key priorities: the use of environmentally friendly technologies, the restoration of the landscape at sites where our activities have been completed, and the cultivation of environmentally responsible attitudes and behavior.

Cementarnica USJE AD Skopje environmental priorities are based on those of TITAN Group, our parent company.

Reducing our environmental impact is the focus of our Environmental Policy. We are committed to measuring our performance, to strive for continuous improvement and to promote the best practices in our industry.

Main Environmental Impacts

Quarries:	Cement Plants:	Indirect impacts:
Noise	CO ₂ emissions	CO ₂ emissions
Vibration	Energy consumption	Other gas emissions
Dust	Other emissions (Dust, NOx, SOx)	Use of raw materials
Alternation of landscape	Noise	
Potential effects on biodiversity		
Energy consumption		

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

On June 2007 a complete documentation with the Application for obtaining Adjustment Permit (Integrated Environmental Permit) was submitted to the MoEPP in compliance with the Law on Environment. During 2009, further discussions were held with the MoEPP on amending and resubmitting the IPPC Application.



Emission Monitoring

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

The data deriving from the system, established by the independent Company SICK from Germany, are processed with specialized licensed software (MEAC 2000) in conformity with legal requirements. Through this system direct reporting to the Ministry of Environment and Physical Planning is feasible while data are recorded and thus can facilitate both benchmarks with other companies and verification of reported emissions.

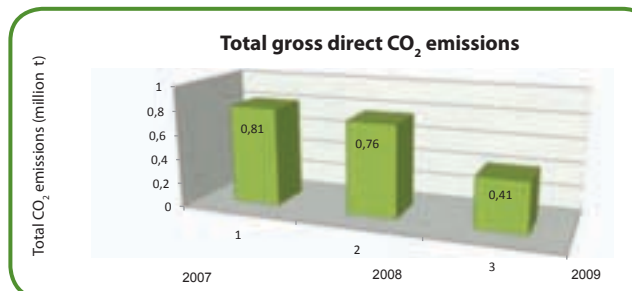
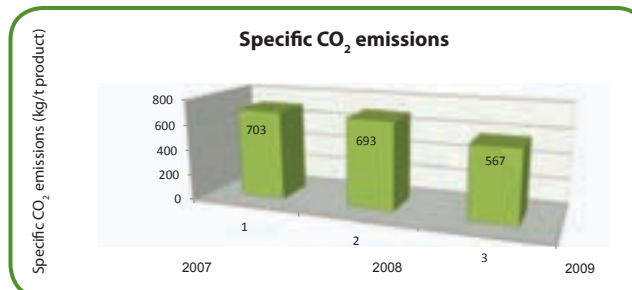
Measuring our CO₂ footprint

Climate change is considered as the most important environmental challenge of our time. The nature of the cement industry is such that it produces and emits carbon dioxide (CO₂), thus contributing to the greenhouse effect and climate change. Direct CO₂ emissions from the production of cement itself are attributed to:

Decarbonization, the process of transforming raw materials (mainly limestone) into clinker, the main component of cement;

Fuel consumption, since most fuels burned in the kilns (coal, oil and pet-coke) produce CO₂ as a result of the chemical reaction between carbon (C) and oxygen (O₂).

Indirect emissions of carbon dioxide are released during the production of electricity required for the production of clinker and cement, as well as during the transportation of raw materials, fuel and final products. In 2009, USJE's total direct CO₂ emissions were 0.4 million tons, reduced by almost half compared to the previous year. Specific CO₂ emissions were 567 kg CO₂/t product, almost 20% less than in 2008.



Air emissions

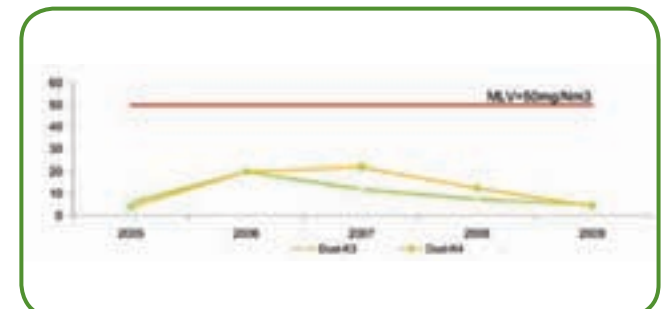
Dust

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

Cementarnica USJE is equipped with 24-hour automatic continuous monitoring system that measures and records its emissions on real time basis.

In 2009 specific emissions of dust were 10.6 g/ton clinker for Kiln 4 and 9.1 g/ton clinker for Kiln 3. This is equivalent to approximately 4.1 tons and 0.8 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.



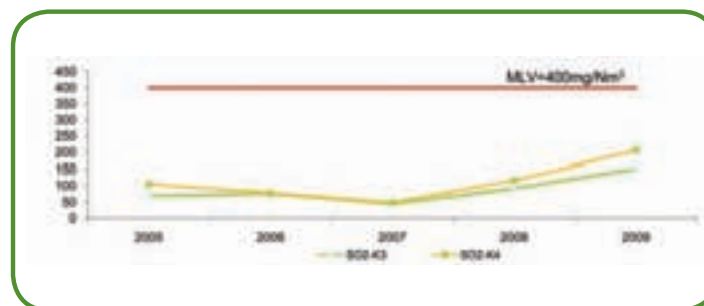
Environment and Climate Change

SO_x

The presence of sulfur (S) in raw materials is the primary cause of SO_x emissions which are linked to the appearance of acid rain. It is thus vital to keep these emissions as low as possible.

In 2009 our activities resulted in specific emissions of approximately 498.8 g/ton clinker for Kiln 4 and 256.1 g/ton clinker for Kiln 3, or a total of 194.9 tons and 22.4 tons, respectively.

USJE's SO_x emissions are substantially below the limits (MLV) set by the applicable local and EU regulations.

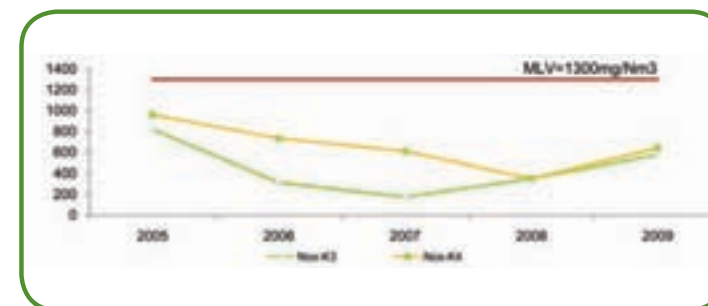


NO_x

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

In 2009 USJE's specific NO_x emissions were 1529 g/ton clinker for Kiln 4 and 1043 g/ton clinker for Kiln 3, or total 597.5 and 91.9 tons respectively. This is the result of the continuous and systematic efforts to ensure the optimal performance of the pyroprocess units.

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





Environment and Climate Change

Environmental measurement data at a single click

The monthly data from the measurements regarding certain environmental impacts, such as air emissions, which were traditionally only submitted to the Ministry of Environment and Physical Planning, are since September 2009 publicly announced on the website of Cementarnica USJE AD Skopje, which makes them available to the public



In September 2009, Cementarnica USJE AD Skopje on its own initiative started with public announcing of the environmental measurement data on its website www.usje.com.mk. The data from the independent environmental measurements are published on monthly basis, simultaneously with their submission to the Ministry of Environment and Physical Planning, and contain an overview for each day separately, compared to the legally prescribed limits. In this way, all environmental data are accessible to the wider public.

USJE is the 1st plant in the region and in TITAN Group to develop and apply a new open communication platform

allowing access to environmental measurements not only to public authorities, but to all citizens, local communities, NGOs and other stakeholders who are interested.

The data are recorded through a 24-hours measurement process with special equipment and devices and are controlled and verified by different independent external organizations, such as the City Health Care Office, VDZ and ENCO.

USJE introduced this new transparent and open system of wider availability of ecologic measured data, due to the confidence strengthening with its neighbour citizens of Kisela Voda.

Hydro seeding – Good practice for quarry remediation

USJE is the first and only company in the country to conduct hydroseeding in its quarries. Cementarnica USJE AD Skopje is fully committed to the cause of sustainable development and care for the environment through three key priorities:

- the use of environmentally friendly technologies,
- the restoration of the landscape at sites where Company's quarrying activities have been completed,
- and the cultivation of environmentally responsible attitudes and behavior.

Following the positive experiences from other TITAN Group quarries, Cementarnica USJE AD Skopje started with hydro-seeding at the marl quarry. Know-how and equipment for this special technique was provided by TITAN, Greece.



Hydro-seeding is a relatively new technique of seeding where a special pump and other mobile equipment is used for spraying a mixture of different grass seeds and mulch with water on the terrain for remediation.



First hydro-seeding campaign in USJE was performed in autumn of 2009 and results are already visible. During the second campaign of hydro-seeding in April 2010, almost 1ha on southern and western benches of the marl quarry were treated.



Previous good results obtained by hydro-seeding technique encourage us to continue with this special remediation practice in the coming seasons as well.

Environment and Climate Change

USJE Family Green Day

On Oct. 17th 2009, Cementarnica USJE AD Skopje organized our first ever "Family Green Day" for Company employees and their families. This Family Green Day under the motto "Together for the Nature" had a goal of raising the level of environmental care amongst employees and their families by planting trees in our marl quarry and strengthening our team spirit by this joint action.

About 270 people, USJE employees together with their families and friends, inhabitants of the houses nearby, and

some cooperating companies' employees, planted around 1000 trees, including acacia, juniper, white ash and pine trees in the marl quarry and the access roads.

On the green area close to the planting site, a party was organized, including a playground for young children under the wide tents. More than 50 employees' children and grand-children enjoyed their time there and all received educational books on protecting the nature.



Horticultural activities in primary schools in the Municipality of Kisela Voda

Cementarnica USJE AD Skopje continued its horticultural activities of planting trees in the schools of the Municipality of Kisela Voda. On November 13th, 2009 the national "Tree Day" USJE took active part in the initiative with a large number of employees and its own technical equipment and in cooperation with the Municipality of Kisela Voda. The Company extended the planting activities to assume actions of horticultural arrangements in the yards of the primary schools located in the Municipality of Kisela Voda. In the framework of this action, 7 schools and 1 kindergarten were visited by USJE

teams and 300 plants of various types were planted, depending on the school's needs and the plans for arrangements of the schoolyards.

The action started in the primary school "Kuzman Josifovski-Pitu" where cypress, flower bushes, Thuja Columnaris and Lunicera saddles were planted. On November 21st, the action was implemented in the yard of the Kindergarten "Veseli Cvetovi – Kokice" when 85 m of green fence type Ligustrum were planted. In the following period November 23rd – 27th the schools "Kiril Pejcinovic", "Krume Kepeski", Partenie Zografski",

"Kliment Ohridski", "Rajko Zinzifov" and "Kuzman Sapkarev" were visited and saddles type Thuja Columnaris size 60 – 100 cm each were planted.

This action builds on the project ongoing for several years, of donating and planting trees, decorative bushes and flowers by Cementarnica USJE AD Skopje every spring and autumn, in the primary schools of Municipality of Kisela Voda.

Aiming to continue this effort, a new initiative titled "Partnership with Schools" is scheduled for 2010.



Environment and Climate Change

USJE Joins Tree Day – Plant Your Future Action

*N*ature conservation and its promotion are part of the Company's priorities.

The management team of Cementarnica USJE AD Skopje, along with its employees, took part in the 3rd Tree Day – Plant Your Future action on Saturday 14th March, 2009. During that Tree Day action, two million trees were planted on numerous locations all over the country.

USJE has been supporting this national environmental activity since its very beginning with the full support of the management team, and the members of the Galeb Scouts

Squad, when the USJE employees participated in the 1st Tree Day on March 12 of 2008 in re-foresting of the burnt down hills surrounding the village of Ajvatovci.

In cooperation with the local self-government, primary schools and kindergartens on the territory of the Municipality of Kisela Voda, Cementarnica USJE AD Skopje for several years has been playing the role of initiator and sponsor of horticultural projects that are comprised of activities for maintenance of the existing horticultural belt and plantation of new trees and flowers, as well as complete arranging of the green areas at these educational institutions.





Our People and Society

Our Sphere of Influence

Our employees and their families are at the core of the Company's sphere of influence (see diagram below), as more issues related to their concerns and expectations can be influenced by the Company. Other key stakeholders like contractors, suppliers, customers and business partners are placed in the second layer of this sphere of influence as their needs and expectations are less influenced by the Company. Accordingly, local communities are placed in the third layer together with the Society at large which includes governmental authorities and NGOs, academics, international and regional organizations, the media and future generations, being the stakeholders which needs and expectations can be less influenced by the Company.



Our People

People are central to everything we do. It is through their efforts and their talents that Cementarnica USJE AD Skopje has been successful for almost 55 years.

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

In order to assess our employee's views on various topics, we regularly conduct different surveys among them and we have "direct communications lines", especially for issues such as Health & Safety, protection of environment, bribery and corruption, human rights and equal opportunities.

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.

As guaranteed by the national law, employees are associated in a Labor Union and their Union representatives have the right to meet the line management at any time through

which all issues of major importance, including collective agreements are discussed directly with the Chief Executive Director and accordingly with the Board of Directors.

We consider our employees as the most important ambassadors of our values, endeavors and principles and we expect our approach to increase employee participation and uphold corporate values.

Human rights and Equal opportunities

TITAN Group was among the first 500 companies worldwide to support the UN Global Compact Initiative expressing its commitment to the UN Universal Declaration on Human Rights (UNDHR) and ILO Conventions directly related to the Global Compact Principles.

As a multiregional and multicultural Group of Companies, TITAN considers local leadership as a significant parameter for running successfully local operations.

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

Employment

Employment at USJE is directed by a long standing policy reflecting corporate values and commitments. Our employees are the most valuable asset and our focus is to develop continuously their skills and competencies so as to fulfill their professional potential.

USJE employees are in majority full-time direct employees who can be divided in three distinctive groups:

(a) Management employees, (b) supervisory and professional employees and (c) operational employees. Indirect employees are considered those who provide services to the company through contractors and suppliers of the company. The majority of indirect employees serve in activities like quarrying, transportation, maintenance and construction projects.

- Average wage compared to the country average wage: >2.4 x
- Employees receiving regular performance and career development reviews: 44 (>12% of total)
- Employees receiving productivity award: All employees (100%)
- Employees receiving performance award based on set performance criteria: 84 (27%)

In 2009, the total fulltime direct employees were 356. A 30% decrease was considered obligatory for the

Company last year, due to the continuing economic recession and the need to safeguard the majority of jobs. As a general rule, TITAN Group has undertaken a variety of means to minimize the impacts of economic recession to employment. In this framework reductions were carried out as follows:

- No planned overtime work
- No new hiring and no replacements for employees who have retired
- Voluntary early leave plans for those closer to retirement
- Support self-employment and co-operation on a contract basis
- Additional social support and compensation beyond legal obligations

Human Resources Development

In 2009 more than 6100 training man-hours were implemented for our full-time direct employees. The average hours of training per employee were 14.4. Training programs have covered a variety of topics apart from health and safety, management and leadership skills, technical know-how and information technologies. Special programs focused on building team working, communication and co-operations skills have been directed to middle management employees and supervisors.

Our People and Society

Scholarship Program for children of our employees

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

USJE provides financial aid to the students during the whole length of their regular studies, with monthly amount of 13.35% of the average salary in the Company, thus making opportunity for the children to continue their education at universities and have successful professional future, and in the same time supporting their parents – our employees.

Cementarnica USJE AD Skopje Awards the Employees with Jubilee Awards

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

Doctor for Ladies

Cementarnica USJE AD Skopje offers equal treatment and opportunities to all our employees irrespective of their sex. For our female employees we provide lectures for preventive measures and medical check up.

With this program our female workers can improve their health condition through preventive measures and reduce their medical needs. Our collaborating partner in this program is the best gynecology clinic in Skopje.



Social Footprint

Responsible supply chain management: Beyond compliance

Undoubtedly responsible supply-chain management starts from the principle that our first priority must be responsibility regarding the impact of our own operations. We also have a degree of influence on our suppliers. Through our efforts directed to our supply chain we seek to strengthen our engagement with local suppliers in order to enhance our climate change mitigation strategy as well as our policy to promote local development. Accordingly, USJE adopted the TITAN Procurement Code of Conduct that sets a minimum of standards that all managers and employees are expected to comply with and its approach to dealing with suppliers, emphasizing their fair and equal treatment, fair competition and strict anti-bribery and anti-corruption policies.

Out of USJE's total annual purchases about € 21.5 million yearly are being covered by local suppliers.

Strengthening Community Relations

Listening to and understanding the dynamics and priorities of local communities living closer to our operations is a core element of our corporate social responsibility policy. Since 2002, as a Global Compact signatory, TITAN has engaged in a "branching out and adding value" strategy to strengthen its

participation in community development programs. In this concept, our contributions is mostly sharing know how, expertise and valuable human resources with local stakeholders, as well as financial support when it is necessary.

USJE has awarded for the fifth time scholarships for postgraduate studies in MBA at ALBA Business School in Athens

Cementarnica USJE AD Skopje awarded scholarships for postgraduate studies in management and business administration at the Faculty Alba in Athens, Greece.



The ALBA scholarship is awarded every year through a public competition and all graduate students have the right to apply. The postgraduate studies are in duration of one year, and the scholarship covers the costs for education and stay in Athens. After finishing the studies, all scholars can continue their professional career according to their choice.

Cementarnica USJE AD Skopje awarded scholarships for postgraduate studies in MBA at Ss. Cyril & Methodius University, Skopje

Cementarnica USJE AD Skopje continues to support the education of young people with potential. In December, USJE awarded three scholarships for postgraduate studies in Management & Business Administration at the Faculty of Economics, at "Ss Cyril & Methodius University" in Skopje. The selection was done via a public announcement and the graduates with the highest grade-point-average, unemployed at the moment, were selected.

UN Global Compact Initiative

UN Global Compact Initiative



Cementarnica USJE AD Skopje joined the United Nations (UN) Global Compact in December 2008. By joining the UN Global

Compact, USJE embraced at the local country level the ten principles of good corporate management, which are the foundation of this Compact. These refer to respecting human rights, upholding the freedom to association, recognizing the right to collective bargaining, respecting the rights of workers, abolishing child labor, elimination of discrimination in respect of employment and occupation, respecting and promoting the environment and eliminating all types of bribery and corruption. It should be noted that the TITAN Group, the mother Company of USJE, is a member of the UN Global Compact since 2002.

The UN Global Compact is an idea of the former UN Secretary General Kofi Annan, which he promoted at the Economic Forum in Davos in 1999, and it practically brings closer the principles of the business economy and the UN. Thousands of companies across the world have embraced the ten principles, including the most powerful corporations. In our country, 54 companies have accepted the UN Global Compact as a principle of action so far.

The UN Global Compact is a leadership initiative, requiring a commitment signed by the Company's Chief Executive, and, where applicable, endorsed by the highest-level governance body of the organization. In the context of this commitment, any Company joining the initiative is expected to:

- > Make the UN Global Compact and its principles an integral part of business strategy, day-to-day operations, and organizational culture;
- > Incorporate the UN Global Compact and its principles in the decision-making processes of the highest-level governance body (i.e. Board);
- > Engage in partnerships to advance broader development objectives (such as the Millennium Development Goals);
- > Integrate in its annual report (or in a similar public document, such as a sustainability report) a description of the ways in which it implements the principles and supports broader development objectives (also known as the Communication on Progress); and
- > Advance the UN Global Compact and the case for responsible business practices through advocacy and active outreach to peers, partners, clients, consumers and the public at large.



UN Global Compact Initiative

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

Policies



Vision and Environmental policy

Vision:

To be recognized as one of the leading enterprises in our industry worldwide on Sustainability and Environmental Stewardship.

Environmental Policy:

Sustainable Development is a top Group priority at all times and in all circumstances. Our environmental commitment aims at doing less harm by mitigating negative operational impacts and doing more good by actively contributing to worthwhile local and international initiatives.

We aim at:

1. Complying as a minimum with local, national and international regulations and legislation.
2. Continuously improving of our environmental performance, reviewing and monitoring, at top management level, the effectiveness of our programs and actions.
3. Assessing the environmental impact at each facility, and taking the necessary measures to protect the biodiversity and natural surroundings.
4. Developing, implementing and monitoring programs to use energy and natural resources more efficiently and to reduce our emissions
5. Reducing the waste produced by operations, reusing our own byproducts and those of other industries and promoting recycling
6. Promoting environmentally responsible attitudes and behaviors in all our employees and encourage suppliers, customers and other business associates to adopt similar practices.
7. Contributing to the well-being of local communities, communicating openly and sincerely with them and pursuing good-neighbor relations.
8. Supporting and participating in local and international organizations and initiatives designed to protect the environment by sharing knowledge, best practices and with joint actions.



Occupational Health & Safety (OH&S) VISION & POLICY

To achieve the Vision of a healthy work environment free of incidents, injuries and Accidents,

1. We are committed to do our best to safeguard the OH&S of all our direct and indirect employees in all activities where we have management control.
2. We aim at continuous improvement of our OH&S performance by managing it as our top Business Priority.
3. We manage OH&S as an integrated system of goals, with clear responsibilities and accountabilities.
4. We continuously strive to embed safe and sound behaviour throughout the organization in our everyday activities and to create an environment in which everyone and all of us are responsible for our own and our colleagues' safety.
5. All employees are expected to follow safe-work practices, obey rules and regulations and work in a manner that upholds the high safety standards developed and endorsed by the Group.
6. We use our influence to the best of our ability to persuade our suppliers, contractors and third parties to adopt similar OH&S policy.
7. We willingly engage with stakeholders and third parties who may seek our advice.



TITAN Group CSR Policy

Corporate Social Responsibility (CSR) is a Titan Value and is embedded in our Governing Objective. It is a step further than legal or regulatory compliance, a conscious and free pledge to improve the world around us. It has human, social and environmental dimensions.

As a building material producer, our products contribute to the multiple social values provided by concrete structures, such as safety, durability, economy, resource efficiency and connecting people. At the same time, we realize that our operations impact the environment and neighboring communities. We commit to mitigate and reduce these impacts by "Doing Less Harm".

In our endeavor to Do less Harm, we recognize that there are win-win opportunities which we aim to pursue.

We will continue to pursue business goals in a socially responsible manner, contributing to the well-being of our employees, their families, neighboring communities and society at large, in short "Doing More Good".

Our CSR commitment is not only an ethical, values-driven endeavor, but also a value-creating good business practice, enhancing our reputation, strengthening our license to operate and improving our competitiveness. Just as important, it is a source of pride and motivation for our people, adding to our ability to attract and retain good people.

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

Thus our CSR Vision is:

"To pursue at all times our business goals and create value, in an ethical and socially responsible manner, doing less harm, and endeavoring to do more good".

To achieve our Vision

- Our business practices are guided and based on our Titan Values and our code of conduct.

- Safety is our top business priority aiming to achieve an accident and incident free work environment.
- We are committed to sustainable growth, integrating human, environmental and social elements into our business decisions.
- We aim to continuously improve our environmental and social performance, measuring our impacts and contributions, and assessing our environmental and social footprint.
- We aim to build trust with all our stakeholders by communicating openly and transparently, and seeking engagement to understand the impact of our operations and their concerns.
- We share our know-how, experience and best practices in areas relevant to our business to add value and contribute to the well-being of our neighboring communities.
- We value our employees and follow human resources practices that promote equal opportunity in recruitment, employment and development, regardless of gender, ethnic origin, religion etc., respect individuality and are consistent with national laws and international voluntary guidelines, such as the UN Universal Declaration of Human Rights
- We deal with our supply chain in accordance with our Group and Regional Procurement Code of Conduct.
- We voluntarily engage in and support partnerships and business networks that promote our business goals and CSR vision, such as the U.N. Global Compact, WBCSD/CSI, the E.U. Alliance for CSR, the U.S. Concrete Joint Sustainability Initiative etc.
- We aim to be active in civic efforts and the process to advance the use and benefits of our products and preserve the long-term viability and economic prosperity of our industry.
- We encourage and recognize individual initiative and voluntarism in community and civic activities at all employee levels, both related and unrelated to our business.
- We are committed to periodically having our CSR practices and reports externally assured.

About the Report: Assessment and Verification

Corporate Social Responsibility Materiality Verification at USJE

A Corporate Social Responsibility (CSR) workshop was organized and hosted by Cementarnica USJE AD Skopje during February 17-18th. The workshop was coached by the international specialized audit firm Det Norske Veritas (DNV) Ltd., and attended by the top management of TITAN Companies in Serbia and Bulgaria, as well as of Group Headquarters from Athens.

The primary purpose of this workshop was to facilitate the process of independent assurance and verification of Social and Environmental policies, practices and procedures, followed by TITAN Plants in Southeastern Europe in accordance to International and European standards. Moreover, the workshop aimed at providing participants with the opportunity to discuss and analyze the best practices and identify priorities and opportunities for material improvements at all levels.

The TITAN Group, aiming to further demonstrate its commitment to CSR, underwent for the 2nd consecutive year an independent assessment and verification of each annual CSR report following the Global Reporting Initiative principles, as adopted by the UN Global Compact initiative. After the completion of the workshop, Det Norske Veritas on February 19th, independently audited the USJE Plant to verify its CSR policies and results.

It should be noted that the 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 already achieved the highest level of assurance marked as A+ for their 2007 and 2008 CSR reports, acknowledged among leading companies at both global and Cement sector levels.

Cementarnica USJE AD Skopje, by including in its agenda the verification of its CSR activities is becoming a special and unique Company in the region, and an example for best practices among industry leaders in the world.



DNV is a global independent provider of certification, assurance and assessment services, focusing on sustainability, climate change, environmental and health and safety management and reporting across a range of sectors, including cement and construction products.







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