



**Summary of the annual report for Trimo d.d. and
Trimo Group for the year 2013**

Address of the Chair of the Board of Directors

Dear shareholders of the company Trimo,

looking into the past only makes sense if it serves the future, is the thought of a wise man. Volatile economic environment, negative trends on the construction market of several years and numerous structural and financial challenges have had a crucial impact on the company's operation in recent years. This has been a period full of challenges, changes and testing.



In 2013, total revenue of the company Trimo amounted to EUR 81 million, which is 16 % less compared to the previous year. Net profit was negative and the loss amounted to EUR 18 million, which is a decrease in comparison with the year 2012 (EUR 23 million). The loss in the last two years is mainly due to increased operating expenses from revaluation of current operating assets and high financial expenses due to impairment of financial investments.

As a new member of the Trimo team in the role of the Chair of the Board of Directors I believe that our company having a globally recognisable brand, over 800 employees, expert knowledge, advanced and unique products and solutions has the potential to successfully continue its story in spite of a difficult time of the recent years. Why am I sure about this?

The company succeeded to grow in the year 2013 in the field where it is the best – new, innovative products and solutions. The contractual sales of the most profitable programme, modular façade system Qbiss One went up by almost 5 %, while in the last five years it has grown by 20 % annually on average. In addition to this fact the company managed to maintain confidence of its customers, reputable global companies, such as Ikea, Lego, Porsche, Louis Vuitton, Nestle and Rolls-Royce. The new glass façade system Qbiss Air has been launched into the world market and will enable entering into a new market segment.

The year 2014 will be a turning point for Trimo Group. On the basis of a mutual agreement the creditor banks and at the same time the majority owners decided on a comprehensive financial restructuring of the group. Conclusion of the Master Restructuring Agreement and its Annex is a cornerstone for the achievement of the objectives set by this agreement. The complete restructuring can be summarized into five key areas:

- conversion of a portion of bank loans into Trimo equity;
- provision of additional liquidity for enabling smooth company operations;
- agreements with the suppliers and service providers to assure uninterrupted deliveries;
- agreements with key customers about further cooperation,
- complete organisational and business restructuring of the group.

The first two points have already been realized and represent fundamental financial basis for the successful business restructuring of the company. Suitable agreements enabling smooth operations of the parent company have already been concluded with the majority of key suppliers. Now, special attention is devoted to the markets and key customers in order to be able to boost the sales and assure an adequate scope of profitable sales. Complete business and organisational restructuring will be completed by the end of the year.

I assure you that the Board of Directors is fully aware of its responsibility in this process. Therefore we, together with Bojan Gantar as the Member of the Board of Directors, and the rest of the team will take all the necessary steps to make Trimo a long-term winner that will generate added value to all its stakeholders.

Igor Kržan
Chair of the Board of Directors

Milestones in Trimo History

- 2013 At one of the most important European construction – architectural fairs BAU in Germany Qbiss Air - the revolutionary glass curtain wall façade system of a structural appearance was introduced to the market.
- 2012 Launch of production of the Qbiss Air façade element for which we obtained the Slovenian Technical Approval (STS); we are in the process of obtaining the European certificate. New versions of Qbiss One with more complex solutions and first projects in new markets
The year is marked by a large surge in sales of Trimo products in Russia
- 2011 Celebration of the 50th anniversary of Trimo's operations and the 10th anniversary of operations for the companies Trimo Italia, Trimo UK, Trimo Građenje, Trimo Polska and Trimo VSK
- 2010 ArtMe received the “red dot product design award 2010”¹ – one of the world's most prestigious awards in design and the only one in the field of fire-resistant roofs and façades
- 2009 Introduction of a new product - Qbiss One - to the market and development of new technology - ArtMe - for panel-surface transformation
- 2008 Development of leadership for the more demanding business conditions
Supply of Trimoterm façade panels for construction of the first CO₂ neutral building in the world, in England.
- 2007 The production of habitable containers in United Arab Emirates commenced
A new manufacturing site was opened in Šimanovci, Serbia
Trimo received a European award for leadership in accordance with a European business excellence model
Membership of Planet Positive and UN Global Compact
- 2002 Companies Trimo Inženjering and OOO Trimo RUS established
Trimo received the award of the Republic of Slovenia for business excellence
- 2001 Companies Trimo UK, Trimo Italia, OOO Trimo VSK, Trimo Građenje and Trimo Polska established
Introduction of CAD/CAM technology for the production of steel structures
First production outside Slovenia of fireproof roof and façade panels in the city of Kovrov, Russia
- 2000 Trimo acquired ISO 14001 certificate
- 1997 New technology for the continuous production of fireproof panels established
- 1987 Manufacture of construction panels with mineral wool cores commenced
- 1971 Re-organisation and company name change to Trimo
- 1961 The company 'Kovinsko podjetje Trebnje' is established

¹ For more, go to: <http://en.red-dot.org/>

Key events of the year 2013

- Further financial restructuring of Trimo Group. A resolution on the increase in capital by the conversion of a portion of banks' loans into equity was adopted at the 22nd general meeting of shareholders that took place on 4 December 2013. On the basis of this decision the banks obtained the majority ownership share in the company. On 5 February 2014 the increase in initial capital was entered into the court register. At the end of January 2014 the so-called MRA (Master Restructuring Agreement) was signed.
- At one of the most important European construction – architectural fairs BAU in Germany Qbiss Air - the revolutionary glass curtain wall façade system of a structural appearance was introduced to the market. The innovative core of Qbiss Air provides an unbeatable combination of three physical characteristics: thermal performance, solar heat gain, whilst allowing the maximum transmission of visible light to enter the building.
- A new product from the Qbiss family was launched into the market. This is a composite façade element - Qbiss One S that is suitable for the renovation of buildings and cladding of inner walls. The first project where this product will be installed has been already acquired; the investor is Lego in Mexico.
- Some attractive projects were carried out by special, completely new solutions, worth mentioning are especially:
 - the West Graz shopping centre in Austria, where Qbiss One façade elements made of stainless steel with water-effect look were used,
 - the MSCP parking garage on the Heathrow airport in Great Britain, where Qbiss One façade elements with special stainless steel were installed,
 - curved elements of Qbiss One made of stainless steel for the project of the Marmelad shopping centre in Russia.
- The company Trimo VSK sold and produced a record quantity of Trimoterm panels in the year 2013 and achieved the highest productivity of the production line in the complete period of its operation.



Westrom – the public facility in the Netherlands whose building envelope consists of Qbiss One having a carbon appearance

Important events after the end of the year 2013

- In the first half of the year 2014 the first orders for the Qbiss Air glass façade system were placed.
- At the end of January 2014 company Trimo successfully finalised the process of concluding the so-called Master Restructuring Agreement with all creditor banks. The agreement will contribute to the financial stabilisation of the company and enable the group to again focus all its efforts on its business operations. The banks will provide on-going support for the company, particularly by issuing new guarantees, which are of key importance in acquiring new business.
- At its meeting of 24 February 2014 the Supervisory Board adopted a resolution on the removal of General Manager Mrs Tatjana Fink.
- The Supervisory Board appointed Bojan Gantar a Member of the Board of Directors as of 29 May 2014 for a period of five years.
- The Supervisory Board appointed Igor Kržan the new Chair of the Board of Directors for a period of five years. His term of office started on 1 July 2014. Gregor Krajnc was appointed a new Chairman of the Supervisory Board.
- Shareholders of the company Trimo approved a capital increase for Trimo, of both cash and non-cash contributions at the 24th general meeting that took place on 26 May 2014. The creditor banks, which are the principal owners of Trimo, had successfully converted 13.2 million euros of loans into Trimo equity and the change in capital was entered into the court register on 13 June 2014. New shares were issued on 7 July 2014. The initial capital of the company amounts to EUR 18.3 million after the completed increase in capital. And then ten creditor banks signed also an annex to the Master Restructuring Agreement that was signed on 31 January 2014.

Board of Directors of the company Trimo

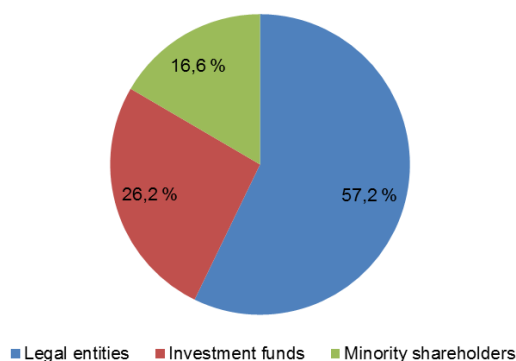
As at 31 December 2013 the Board of Directors of the company Trimo was run by the General Manager: Tatjana Fink, MBA

Since 1 July 2014 the Board of Directors of the company Trimo consists of Igor Kržan, MBA, the Chair of the Board of Directors and Bojan Gantar, MBA, Member of the Board of Directors.

Ownership structure

In the year 2013 several changes were made in the ownership structure of the public limited company Trimo. The share of the company Trimo Investment decreased and a new owner – Probanka, d.d. appeared; its share equalled the share of Trimo Investment. At the end of the year 2013 the major shareholders of the company Trimo were: Probanka, d.d. (31.3 %), the company Zlata Moneta II (26.2 %) and the company Trimo Investment, d.d. (25.8 %). Minor shareholders accounted for further 16.6 % of ownership. The share of the company Trimo (own shares) amounted to 0.1 %.

Figure 1: Ownership structure of the company Trimo as at 31 December 2013²



At the 22nd general meeting of shareholders of 4 December 2013 a resolution on the reduction of initial capital of the company by EUR 3,450,006 was adopted in order to be able to cover the loss of the financial year 2013. A resolution on the increase in capital of the company by the issue of 3,988,965 new shares was also adopted. The creditor banks obtained them by the conversion of loans into equity and thus acquired a total share of 90.81 % in the capital of the company Trimo d.d. A reduction in initial capital was entered into the court register on 2 January 2014, the entry of the increase in initial capital into the court register was carried out on 5 February 2014.

Shareholders of the company Trimo adopted a resolution on the increase in capital of the company Trimo d.d. by contributions in money and in kind at the 24th general meeting of shareholder that took place on 26 May 2014. The creditor banks successfully converted 13.2 million euros of loans into Trimo equity and the change in capital was entered into the court register on 13 June 2014. New shares were issued on 7 July 2014. After the completed increase in capital the initial capital of the company amounts to EUR 18.3 million. After the last increase in capital the creditor banks acquired a total share of 94.05 % in capital of the company Trimo.

² The figure presents groups of owners. Legal entities include the companies Probanka, Trimo Investment and Trimo. The investment fund is represented by the company Zlata Moneta II.

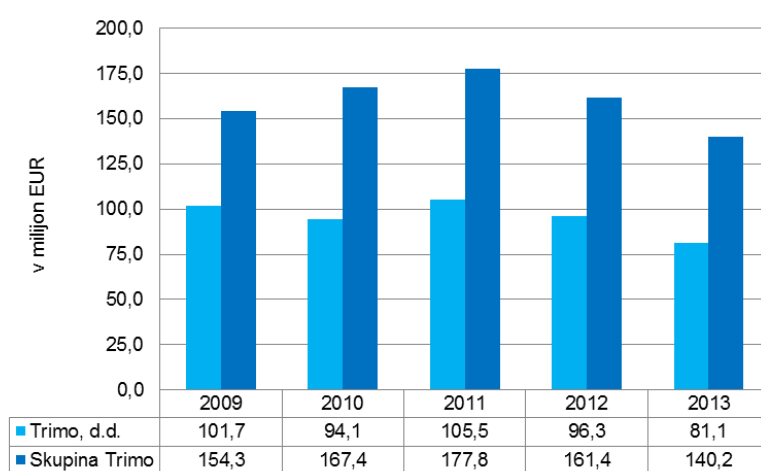
Operating results in the year 2013 for the company and the Trimo Group

Revenue

Total revenue of the company Trimo amounted to EUR 81,103,901 in the year 2013. It decreased by 15.76 percent in comparison with 2012. The budgeted revenue was not achieved. The structure of total revenue for the year 2013 was as follows: operating revenue amounted to EUR 80,382,769 (99.1 %), financial revenue amounted to EUR 701,027 (0.86 %) and other revenue amounted to EUR 20,105 (0.02 %).

Total revenue of the Trimo Group amounted to EUR 140,219,401 in the year 2013 and decreased by 13 percent over the year 2012. The structure of revenue for the year 2013 was as follows: operating revenue amounted to EUR 137,689,904 (98.2 %), financial revenue amounted to 1,900,746 (1.4 %) and other revenue amounted to EUR 628,751 (0.4 %).

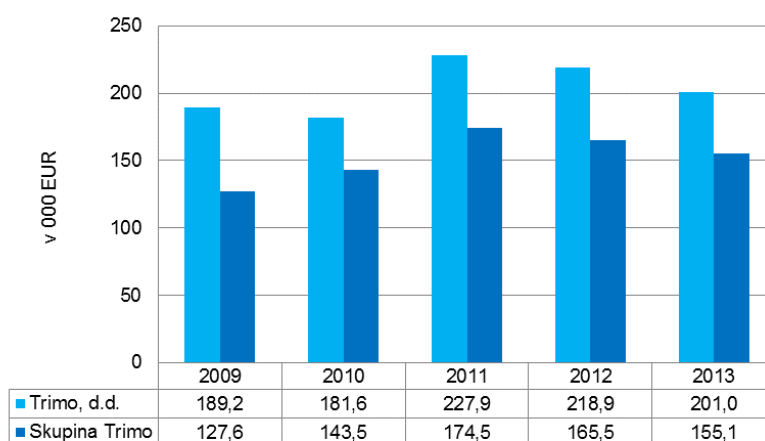
Figure 2: Total revenue



Revenue from sales per employee

In 2013, revenue from sales per employee in Trimo d.d. declined by 9.2 percent and amounted to EUR 200,957. Revenue from sales per employee in Trimo Group decreased by 6 percent in 2013 and amounted to EUR 155,121 (in 2012 the sales per employee amounted to EUR 165,517).

Figure 3: Revenue from sales per employee

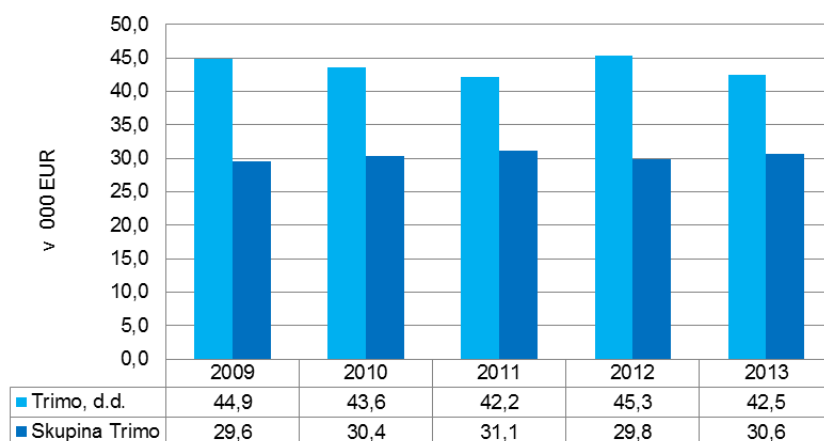


Added value per employee

In 2013, added value per employee in Trimo reached EUR 42,481 and declined by 6.3 percent over the year 2012.

Added value per employee in Trimo Group amounted to EUR 30,557 and increased by 2.4 percent in comparison with the year 2012.

Figure 4: Added value per employee



Profit or loss

Total profit before taxation of the company was negative in the year 2013. The loss amounted to EUR 14,668,889. Operating profit was negative; the loss amounted to EUR 8,534,279. Net profit after taxation was negative; the loss amounted to EUR 17,905,534. Total operating profit was mainly reduced due to increased operating expenses from revaluation of current operating assets (write-offs and allowances for receivables and inventories) and high financial expenses due to impairment of financial investments.

Net profit of Trimo Group was negative in year 2013. The loss amounted to EUR 19,924,661. Operating profit was negative; the loss amounted to EUR 10,527,000. Total profit was negative in 2013 due to higher operating expense from revaluation of current operating assets and high financial expenses due to impairment of financial investments. In 2013 the loss amounted to EUR 15,850,485.

Volume and structure of assets and liabilities

Balance sheet total presents the volume of assets which are at the disposal and governance of the company. At the end of 2013 the volume of assets of Trimo amounted to EUR 72,339,173 and was lower by 28 percent than in the year 2012. Long-term assets accounted for 68 percent of the balance sheet total at the end of 2013 and were presented lower (index 84) than in the previous year. In the structure of assets the share of current assets reduced to 29 percent in the year 2013 (in 2012 it amounted to 41 %).

At the end of 2013 the capital of the company Trimo was negative and amounted to EUR 656,531. Negative capital of the company is a result of the loss in 2013 and the correction of an accounting misstatement from the previous years. Long-term liabilities of the company reduced by 80 percent in the year 2013. This is a result of reallocation of financial liabilities to banks from long-term to short-term ones. Their share in the structure of liabilities dropped accordingly, i.e. from 16 percent in the year 2012 to 4.6 percent in the year 2013.

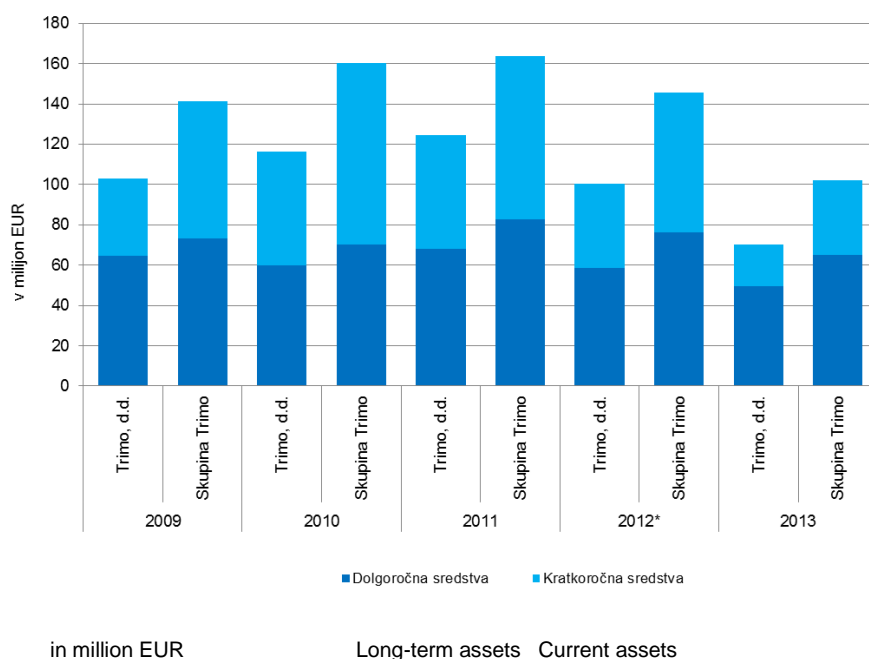
Short-term liabilities of the company increased by 8.7 percent. A share of short-term liabilities went up in the structure of liabilities in the year 2013 and accounts for a 90 % share (in 2012 a 60 % share). Short-term financial liabilities increased by 36.6 percent, of which to banks by 37.4 percent. Short-term operating liabilities reduced by 22 percent, of which liabilities to group companies fell by 50 percent and trade payables (outside the Group) by 18 percent.

At the end of 2013 the volume of assets of the Trimo Group amounted to EUR 105,055,616 and was by 28 percent lower than in the year 2012. Long-term assets accounted for 61.8 percent of the balance sheet total at the end of 2013 and were by 15 percent lower than in 2012. The share of current assets reduced to 35 percent in the structure of assets in 2013 (in 2012 it amounted to 47 %).

The capital of the Trimo Group amounted to EUR 389,259 at the end of the year 2013 and was by 98 percent lower than in the year 2012 and accounted for 0.4 percent in the structure of liabilities. Long-term liabilities of the Group reduced by 57 percent in the year 2013, the share in the structure of liabilities went down and accounted for 11 percent (in 2012 it amounted to 17 %). The transfer of bank loans from long-term financial liabilities to short-term ones had the most relevant impact on the reduction of long-term liabilities of the Group.

The share of short-term liabilities in the structure of liabilities increased in the year 2013 and accounted for 82 percent (in 2012 a 62 percent share), in the absolute amount these liabilities reduced by 5 percent over the previous year, mainly due to the decrease in trade payables that dropped by 17 percent in comparison with the year 2012.

Figure 5: Volume and structure of assets



The company rectifies material accounting misstatements which are discovered in the following period in the comparative information presented in the financial statements for the period when the mistake is discovered. In 2013, the company corrected material misstatements referring to the recoverability of short-term operating receivables, valuation of investments in subsidiaries and recoverability of loans granted by the calculation of comparative amounts from the presented previous period in which the mistake occurred. The mistake is a result of incorrect assumptions of accounting estimates of the Board of Directors viz. incorrect use of the accounting policy relating to valuation of the balance sheet categories mentioned.

Corrections of mistakes from the previous years refer to the:

- impairment of long-term investments in subsidiaries in the amount of EUR 3,394,895
- impairment of loans to subsidiaries in the amount of EUR 4,460,271
- impairment of loans to others in the amount of EUR 2,276,301
- impairment of short-term operating receivables due from subsidiaries in the amount of EUR 542,352
- impairment of other short-term operating receivables in the amount of EUR 3,366,277
- recognition of receivables for deferred taxes relating to tax non-deductible impairment of short-term receivables in the amount EUR 572,267.

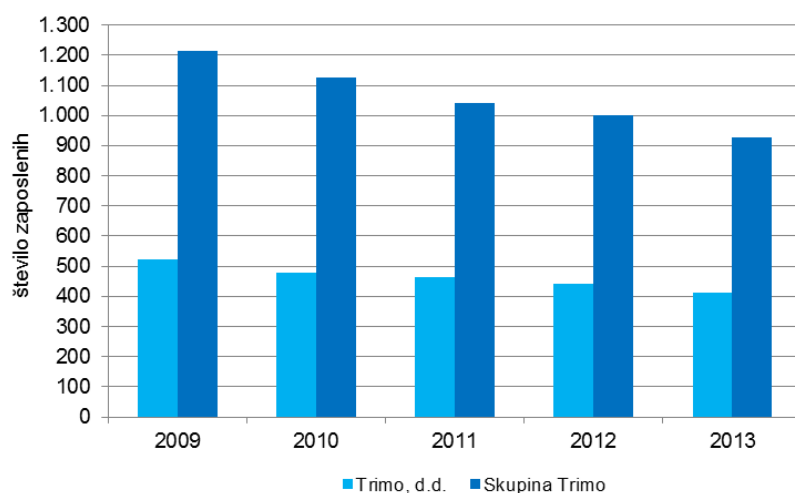
Return on capital and return on assets

Return on equity and return on assets decreased in the company Trimo and the Trimo Group in the year 2013 as a result of poor profit or loss in this year. Return on assets of the company Trimo reduced in the year 2013 and amounted to -20.72 percent. Return on equity in the company Trimo fell in the year 2013 and amounted to -190.2 percent. Return on assets dropped in the year 2013 and amounted to -15.8 percent as a result of poor profit or loss of the group in this year. Return on equity significantly decreased in 2013 and amounted to -173.6 percent as a result of poor profit or loss of the group in this year.

Employees

The company Trimo employed 414 staff and the Trimo Group 927 staff on average in 2013.

Figure 6: Number of employees



SUSTAINABILITY REPORT ³

Trimo is an **active co-creator of social, environmental and economic development** driven by a **conscious decision to operate according to principles of sustainability**. The strong commitment to sustainable development has been present since the very beginning of Trimo's work and is a vital part of the mission and organisational climate of the Trimo Group that is based on the following values: responsibility, partnership, innovation, passion, reliability and trust.

Ambition and values

Our **ambition** is to design effective, sustainable and aesthetically and technically perfected solutions for building envelopes tailored to our customers.

Our main **values** are responsibility, partnership, innovation, passion, reliability and trust.

CREATING ADDED VALUE FOR CUSTOMERS

Marketing

Marketing is aimed at activities that enable efficient implementation of strategic business plans and raise Trimo's reputation and recognition with the target public.

Trimo respects the laws, standards and voluntary codes regarding market communication, including advertising, promotion, and sponsorships. There were no violations of these.

Trimo has not received any complaints on violations regarding customer privacy and loss of customer information.

Trimo has not been imposed with fines for breaching laws and regulations regarding product and service supply and use.

Sales network

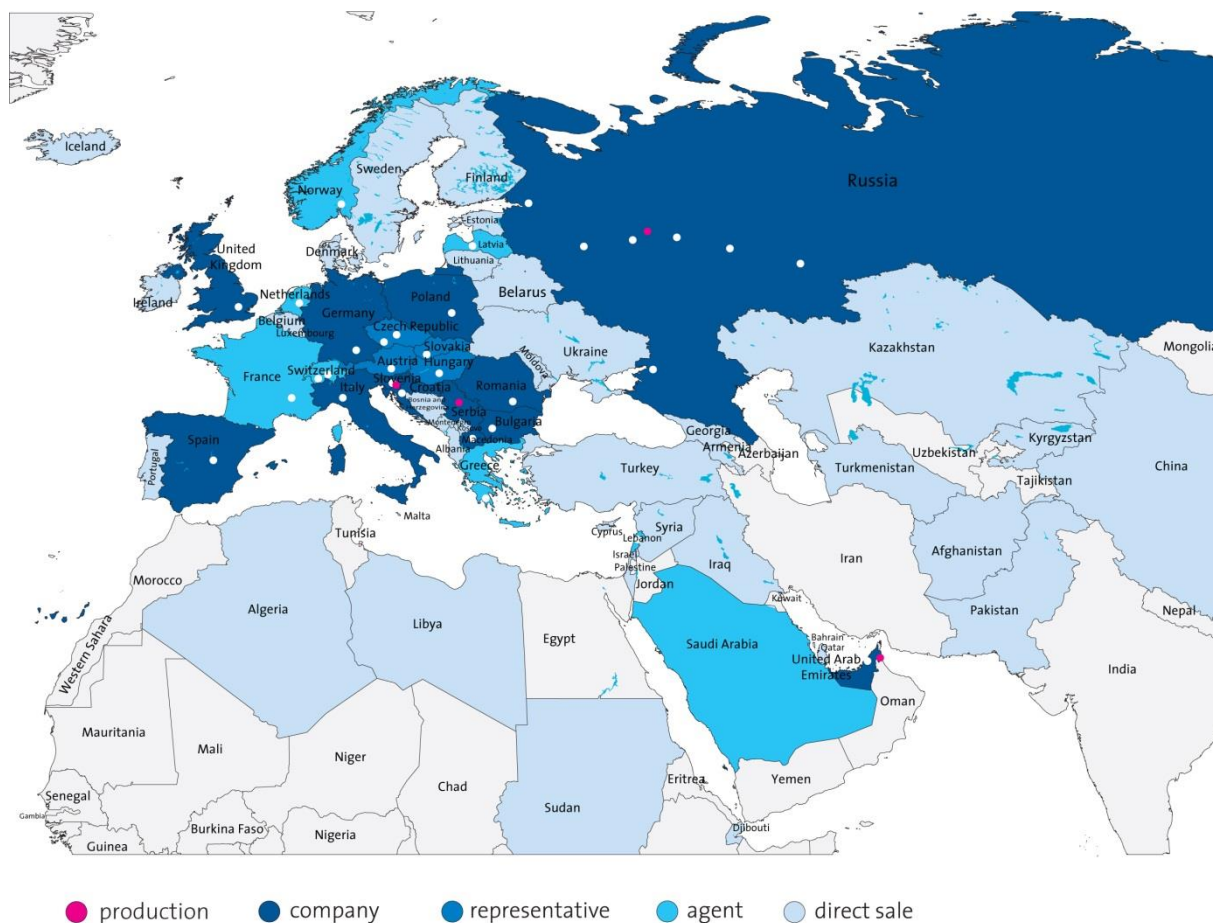
Apart from the parent company in Slovenia, Trimo's sales network also includes subsidiaries, representative offices and agents. Trimo has a direct presence on 23 European and Middle Eastern markets.

Production plants are located in Slovenia (Trimo, Akripol and Tinde), Russia, Serbia and the United Arab Emirates. Great Britain, Germany, Russia, Croatia, Poland, Italy, Bulgaria and Macedonia are represented by Trimo through sales companies. Trimo also spreads its operations through representative offices (one representative office in Slovenia and one in the Czech Republic, Hungary, Slovakia and Austria). In developing recognition of the corporate brand and sales of products, we also cooperate with agents in the Netherlands (covering also Belgium), Greece, France, Switzerland, Italy, Norway and Saudi Arabia.

We plan to continue expanding our partnership network to promising countries and regions in 2014.

³ More information: <http://www.trimo.eu/company/sustainable-development/for-sustainable-operation/>

Figure 7: Trimo Sales network



Certification

Trimo has one of the most comprehensive set of certificates and sales permits in this specific marketing segment. The majority of our products are manufactured, controlled and marked in compliance with the harmonised standards EN 14509:2006 and EN 14782:2006. Trimo also holds the most important quality labels such as FMA or LPCB and SBSC, which meet the highest demands made by insurance companies for the most demanding projects by following stringent requirements of independent quality control and monitoring. In the area of quality development, we are actively involved with the professional association EPAQ⁴.

In 2013 we successfully completed certification process for Trimoterm Power S in T and Qbiss One Power S in T with improved characteristics according to EN 14509:2006 standard and obtained a certificate of constancy of performance (CCP) issued by the notified body ZAG Ljubljana.

In the field of fire resistance we have gained extended classification of fire resistance according to EN 15254-5 for all Trimoterm and Qbiss One products - the Czech market classifications are further complemented by national classifications DP1 in accordance with the CZN norms.

We performed testing for special acoustic panels FTV 120 AC/AC - sound absorption of composed wall and tests of fire resistance of Qbiss One 120 elements.

For Trimoterm panels and Trimoval metal sheet we obtained Environmental Product Declarations (EPD) in accordance with ISO 14025 / EN 15804.

⁴ More information: <http://www.epaq.eu>

We started the certification process for Qbiss Air façade system for obtaining of European Technical Approval (ETA). We successfully completed the first phase of certification - the so-called process CUAP 04.04/54 – ongoing is the second phase, which includes obtaining technical approval.

In 2013, Trimo has not been aware of any complaints concerning disregarding rules or concerning codes on product and service information or marking.

Our partners

The system of complete customer relationship management has been installed and regularly upgraded for 14 years. We achieved the satisfaction and loyalty of stakeholders by segmenting all public groups relevant to Trimo and introducing relations and organising work processes tailored to their needs.

We develop relations and long-term partnerships with all stakeholders. We invite architects, junior researchers, and staff to participate in generating new ideas, a process that takes place simultaneously in various parallel channels.

In the Trimo Group, we are aware that a satisfied customer is an important factor for our effectiveness, so we steer our activities towards increasing customer satisfaction and meeting customer expectations.

Our relationships with strategic customers, investors, and authorised contractors are cultivated by business meetings and presentations of an informative nature. By organising training sessions throughout the year, and regular yearly meetings, we develop inter-personal relations and enhance satisfaction.

Communicating with customers

The Trimo Group acknowledges that market communication activities aimed at goals are vital for achieving the company's business goals. **In 2012, market communication helped strengthen and raise brand awareness and reputation, ensuring faster market penetration of products and services and supporting Trimo's sales and other activities.**



TUC 2013 – The winning project SHIFT. Authors: Manus Leung, Faculty of Built Environment at University of New South Wales, Australia, and Kacper Krywult, Faculty of Architecture / Warsaw University of Technology - Poland.

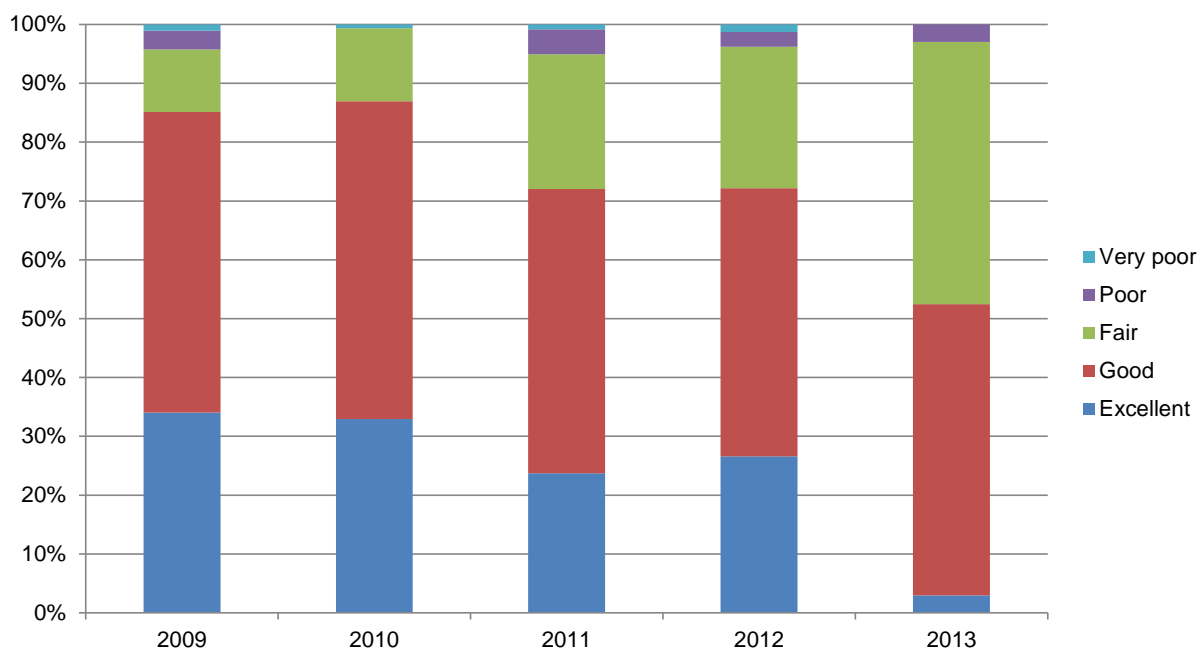
Customer satisfaction

We have been assessing customer satisfaction, according to key groups, for several years, namely for:

- large customers,
- architects and designers.

Trimo knows that satisfied and loyal customers are not just long-term partners – they also provide word-of-mouth marketing, and that is why Trimo measures the effectiveness of this market communication strategy. Trimo performs activities to improve satisfaction based on analyses of satisfaction measurements and personal interviews with customers as well as creates increased added value for customers through the process of improvements.

Figure 8: Customer satisfaction with the Trimo brand



The general assessment of customers for 2013 is somehow worse compared to previous years, and it reflects the current situation. However, still more than half of our customers evaluate business cooperation as excellent or good.

As the key advantage of business cooperation with Trimo, customers indicated product quality as well as the innovative nature of Trimo products. They also evaluated well Trimo sales teams and technical support.

Research and development activities

Despite the continuing economic crisis in 2013, research and development activities still had an important role in Trimo's business strategy to ensure competitive advantage and create added value for our customers.

Investments in development remained at a similar level as in the previous year. The economic crisis still had an influence on the range of development projects, which made us even more focused on those with added value, fast market entrance and the best ratio between required investments and return.

Sustainable development is a key component of the development strategy

Development activities in the field of sustainable development, and related responsibility for a sustainable future, remain a vital part of our development strategy, especially in the form of an important addition to our range of products and commitment to creating complete solutions for our customers. Further cooperation with the associations Planet Positive and UNGC shows our continued clear commitment towards realising sustainable construction of modern buildings and sustainable operations. This way, we are also abiding by the UNGC principles on a preventive approach to environmental issues, encouraging increased responsible environmental management and developing and expanding environmentally-friendly technology.

Development of new products

New products have an important contribution towards sales, acquisition of new customers and entering new markets. We are successfully developing and realising new products as well as personalised project development solutions for individual customers.

Further to development of new products, we successfully develop and realize individual, project development solutions for individual customers. These new solutions are then included in the standard offer of the building envelope.

Solutions for sustainable construction

Development of new products, solutions and technology towards developing new solutions that can contribute to the sustainability of buildings was also implemented in 2013.

New solutions and products provide solutions for increasing the sustainability of buildings in the areas of improved energy efficiency (Trimoterm Power T), increase the air tightness of buildings (Trimoterm airtight solutions) and less use of materials through transferring larger load on the building envelope elements (Trimoterm Power S).

Within the framework of the European Association for Quality Panels and Profiles we successfully incorporated Trimoterm façade and roof panels in the environmental product-declaration (EPD) which provides relevant, verifiable and comparable data of building products' impact on the environment. It considers the life cycle of the product - LCA and a set of internationally recognized environmental indicators (primary energy consumption, materials for recycling, global warming potential - CO₂ emissions, etc.). This allows us to participate in the projects where such declaration is required.

We are developing products at a higher technological level

In 2013 we continued to focus our knowledge into developing new (complex) products at a higher technological level. This includes solutions for new products of the 'Qbiss family'.

Tests required on the products' health and safety effects are done during the product and technology development stage, in production and assembly, under conditions for corrosion, which are provided for the customer. In 2013, we met all legal requirements in this area.

GETTING RESULTS THROUGH PEOPLE

Having competent, committed and responsible employees is vital for the continued existence and development of Trimo and Trimo Group. The employees' energy and commitment that we share towards a common purpose, which is the long-term viability of the company and the Group, are a guarantee for our success in the future.

Our operations are guided by our values based on high ethical standards, respecting human rights and each individual as a free-thinking person. In that way, every person can express their full potential in accordance with their capabilities and interests.

Our growth in the development area is aimed at developing high-tech products and technologies. From a geographical perspective, our operations are strong in Europe and the wider environment. This demands that we ensure the necessary competencies for our current and future company and Group development needs in employee management.

As we enter different cultural environments, we are aware that we not only have to understand business opportunities but primarily understand and respect the fundamental values of these different environments and adhere to the principles of human rights.

We respect human rights and the employment standards contained in the United Nations Global Compact and Global Reporting Initiative in our operations. We develop processes in employment management in accordance with the recommendations described in the EFQM model.

Employee distribution and categorisation

The personnel structure for employees is adapted to the strategic needs of the company. In 2013 the company employed personnel especially in the field of international sales and reduced the number of employees in administration and in the processes where we have reduced our activities.

In 2013 in company Trimo d.d. we employed an average of 414 employees, and 927 employees in Trimo Group. The number of employees in Trimo d.d. reduced by 31 or 7.3 per cent and in Trimo Group it reduced by 129 or 12.8 per cent.

Reducing the number of employees was the result of adjustment to reduced volume of operations in individual companies and the optimization of processes within companies. In Trimo d.d. number of employees decreased mainly with soft methods such as retirement, fixed-term employment, consensual and regular cancellations. We have reduced the number of hired personnel.

Employees in the Trimo Group have the same rights as employees at Trimo d.d. with regard to local labour legislation, which complies with non-discrimination principles, freedom of association, collective agreements, prohibition of child employment and various forms of prohibition of forced or mandatory labour. In employing and managing people in other cultural environments, we have to pay special attention to the human rights of indigenous populations and learn about their cultural customs and habits to prevent a breach of their basic human rights from our lack of knowledge.

Development of employee competencies

Employees' competencies are systematically upgraded in accordance with the strategic directives of the Trimo Group and the established needs of employees for managing processes in the demanding global environment. The starting point for developing employee competencies is not only mastering expert knowledge in individual areas, but it also includes a developed competencies model and Trimo values.

Due to the more demanding market condition, we have devoted a lot of attention to raising employee competencies in sales and technical sales support.

Internal tools and processes for encouraging ideas

Further to activities intended for collecting ideas from external partners, Trimo also uses other ways for collecting ideas, aimed especially at staff within Trimo and the Trimo Group, such as: The Craziest Idea, Idea basket called FreeMinder, TIP, Cooperate with us and proposals within the process of collecting ideas for the annual plan on development tasks.

Employee salaries and other benefits

We have been keeping fair ratios of salaries and benefits for employees and specialist groups at different levels. The system monitors results achieved – i.e. the contribution of an employee to the added value and successful operation of the company. Tariff classes of the collective labour agreement are considered when assessing the ratios for starting salaries; basic salaries of employees are higher than starting salaries. There is no differentiation between men and women in salaries; they are set according to the same measures.

Care for the health, safety and well-being of employees

The health of employees is an important area to which we pay much attention by implementing various activities for improving work conditions, organised sports and social activities.

In the Trimo Group, we ensure a safe and regulated work and natural environment to all stakeholders.⁵ **Every company in the Group is committed to ensuring the necessary resources (personnel, finance, etc.) for the operation of a health and safety at work system and to prevent the risk of injuries and health problems.** We ensure the necessary notification of employees; we introduce instructions, organise work as regulated and ensure work conditions for a safe and healthy workplace.

Safety of the employees

In the Trimo Group, we provide for the safety and health of employees through risk management, improvement of work conditions based on regular monitoring, implementation of a work programme that includes training in the workplace, ensuring technical protection, preventive measures, supervision over the following of rules on safety and health at work and measures to reduce or prevent work related injuries.

Trimo's⁶ environment and security policy recognises a clear commitment to a healthy and safe working environment, which is also expressed in the declaration by the Management Board on Health and Safety at Work. Trimo also implements a health and safety at work programme using a systematic and transparent method in accordance with the principles of the OHSAS 18001 standard.

⁵ These are employees, customers, suppliers and visitors.

⁶ Environmental and safety policy is available on the Trimo website under Sustainable development.

The work program for 2013 has been dedicated to reducing the risks of accidents at work and a healthier way of life for employees.

Well-being of employees

- In work areas where the nature of the job allows it, we allow employees to work from home and thereby reduce costs.
- Employees in production processes have their work clothes washed each week.
- We ensure good quality hot meals for employees working at Trimo headquarters.
- Employees can take vacations in Trimo's holiday homes at the coast or at thermal spas.
- At the closing New Year's ceremony, we awarded the five best colleagues who represent Trimo values the most clearly and the three best promoters of innovation, and we congratulated two groups that had the tidiest and most organised workplace,
- We held an award ceremony for employees who celebrated their 10th, 20th and 30th work anniversaries.
- We handed out gifts for our employees' children for New Years.
- We organised a pre-New Year's meeting for retired former employees of Trimo.

Communication with employees

In 2013, we strengthened the communication with employees at the Trimo Group level. During the economic and financial crisis, we regularly informed staff of the circumstances and the situation of Trimo and the Trimo Group.

Relationship between staff and the Management Board

Employees can state their opinions and points of view directly to the Management Board at regular meetings and annual interviews. They meet with management at annual training sessions and other joint events. Managers also attend informal meetings with staff.

The trade union SKEI operates within Trimo and includes 27 percent of all employees and an 11-member works council. Two staff representatives are also members of the Supervisory Board. Employees can communicate their opinions through them and give proposals regarding their position at Trimo.

Good dialogue has been established between the Management Board of Trimo, the trade union and the works council. At meetings, the Management Board informs employees about current events, important changes in operation and measurements concerning employees. Representatives of both bodies inform the Management Board about their positions and proposals for improving work conditions and ensuring staff rights in accordance with the labour legislation.

BUILDING PARTNERSHIPS

Trimo develops partnerships with all stakeholders. In 2013, we cooperated with over 132 partners. We developed new products and improved existing products together with strategic suppliers

Slika 1: Trimo's stakeholders



Knowledge centres

The development process includes employees and our vital stakeholders - customers, suppliers, subcontractors, universities and institutes.

We cooperated domestic and foreign partners

In 2013, our development department actively cooperated with 132 domestic and foreign partners in the development process. These included 22 universities, 19 institutes, 57 departments for development from other companies, 27 suppliers and a large number of independent researchers and designers. We cooperated with external partners in 69 percent of all development projects; almost 71 percent were partners from other countries.

We develop cooperation with knowledge centres through other forms of cooperation such as the Trimo Research Awards, cooperation in joint calls for applications in development (for example: 7OP, Competency Centres, Economic Centres), collaboration with students, enabling visits and tours of production facilities and our specialists functioning as guest speakers at universities or members of specialised associations. In 2013, we also continued our cooperation at the competency centre TIGR (Institute for Sustainable and Innovative Construction), where we develop and spread competencies in sustainable construction together with many innovative Slovenian companies, institutes and faculties. We are also members at two excellence centres and many specialised associations and initiatives.

Suppliers

Also in 2013, the raw material markets were very volatile.

The price of mineral wool has remained at a high level from the previous year. In 2013, the purchase price for the mineral wool compared to 2012 increased on average by 3 percent, primarily due to changes in the structure of purchases. On the other strategic raw materials such as iron metallurgy and thin steel sheet-metal, the trend in price growth is present mainly in the first half of the year. Steel price in 2013 rose by an average of 1 per cent compared to the previous year, mainly due to the structure of the acquired sheet tied to specific projects. Prices of raw materials for steel structure in 2013 fell by almost 5 per cent.

Prices of services (assembly, others) remained on the previous year level.

Managing the entire supply chain of both the physical as well as cash flow has become even more demanding, not only for the company Trimo, but for the entire group. Particular attention was paid to the provision of raw materials.

With coordinated and focused operations throughout the whole chain, we were able to optimise the level of supplies of raw materials and thereby improve the tying up of money in materials.

With our strategic suppliers, we improved the technical, functional and aesthetic qualities of the existing products. We focused activities on technical characteristics of material, material optimizations and searching for new colours and patterns. Together with suppliers, we pursued solutions and rationalised manufacturing and assembly processes with a project-based approach.

We carried out several development and education roundtables and presentations of new materials and systems in various research and development areas, both with existing and potential suppliers.

We continued to upgrade e-commerce with the suppliers who had not yet been included in this type of operation.

Shareholders

The macroeconomic conditions and the still unfinished financial and business restructuring prevented us from being able to increase value for shareholders in 2013.

We published the 2013 annual reports of Trimo and the Trimo Group for our shareholders. We also published a bulletin entitled Delničar, while information about important business events was published at Trimo's website.

Media

Communicating with the media was focused on the financial restructuring of the company Trimo.

Society

In 2013 Trimo allocated 102.925 euros of funds for various forms of sponsorships and donations. The biggest share of these funds was allocated for sport. This represents 0,15 percent of the total revenue (0.15% in 2012).

Membership in organizations

Company Trimo is a member in various business and professional organizations on global, European and local level, such as: EPAQ (The European Association for Panels and Profiles), IFBS (Industrieverband für Bausysteme im Metallleichtbau), Slovenian Foundation for Sustainable Development, Engineering Chamber of Slovenia, Slovenian Association for Fire Safety, Slovenian Foundation for Business Excellence, Green Building Council (Czech and Slovak representative office), etc.

The Trimo Group companies are members of numerous business and professional organisations in their domestic environments.

TAKING RESPONSIBILITY FOR A SUSTAINABLE FUTURE

Trimo's commitment to sustainable development has been the basis of Trimo's operation since the beginning, and it represents one of the foundations of Trimo's organisational culture and mission. When implementing this strategy, we introduce modern approaches of the model of green business such as developing environment and people-friendly products and technologies, introducing the cradle to cradle principle (C2C), producing life cycle analyses (LCA) for key Trimo products of the Trimoterm and Qbiss families and developing highly energy efficient building envelope solutions.

We define sustainable development as achieving a balance between long-term commercial, social and ecological interests and develop it in accordance with our values and with the help of Trimo's key competencies and a clear vision.

As members of the UNGC, we respect their 10 principles (on human rights, labour standards, environment, transparency and anti-corruption).

Environmental protection in Trimo and the Trimo Group

As the Trimo Group is socially responsible we opted for a balanced and sustainable development of products, technologies, and processes; we develop and implement a strategy for ensuring complete and constantly new solutions by considering a high-level of safety and reducing risks for customers and shareholders. We spread this responsibility into subsidiaries; especially in the production companies. In product development we are introducing LCA analyses of products, including its wear and tear. Technology transfer and construction of new manufacturing companies are based on the criteria of European legislation with minimal environmental risks. We implement emission monitoring and separate waste collection in all production companies.

The Trimo Group spreads the culture of constant improvement and raises the awareness of the importance of responsible environmental operations in a local and global sense. Trimo companies and Akripol have an integrated operating system according to ISO 14001 standard.

Our actions prove that we follow UNGC principles.

In accordance with Trimo's policy and strategy, we are committed to achieving high goals regarding environmental protection and sustainable development. **Our product portfolio includes products that are at least 98 percent recyclable.** Trimo's offer of complete solutions also includes the option and implementation of environmentally-friendly solutions that contribute to the added value for the customer and to sustainable development in the broader sense. Trimo products and services are focused on energy-efficient solutions in the form of thin-layered building envelopes with multifunctional integrated systems such as for the production of green energy, to increase safety in case of fire, noise protection, increased airtightness and similar.



Trimo, d. d., Prijateljeva cesta 12, 8210 Trebnje, Slovenia
T: +386 (0)7 34 60 200, F: +386 (0)7 34 60 127, E: trimo@trimo.si, I: www.trimo.eu