

## 1 June 2016 – Report on the Social Activity of Sardich MC

According to the Company's politics, Sardich MC is inseparably linked to the provision of stable economic development in the region, social responsibility and environmental protection issues. The active position of the Company with regard to the above matters is expressed clearly in its social activity.

Sardich MC partners with social organizations, supports the development of cultural heritage and sports in the region, regularly provides organizational, material, and financial support to local people residing in the vicinity of the area of implementation of the Company's projects. The Company is proud of its collaboration with the Lions Club<sup>1</sup> in the Republic of Macedonia. The Lions Club is an NGO providing major services by means of organizing assistance in the implementation of social projects and programs. A testimony to the successful collaboration is the fact that on 13 May 2016, at the 8<sup>th</sup> National Convention of the Lions Club members of District 132, Sardich MC was awarded a plaque by the International Organization Lions Club, while the Director of Sardich MC, Mr. Boshko Sibinovski, was presented with a Certificate of Gratitude. According to the organizers, these prizes are awarded for active participation of the Company in the protection and improvement of the environment.



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<sup>1</sup> LIONS (Liberty, Intelligence, Our National Safety) worldwide service movement directed to organization of humanitarian help and support of people in need. The movement LIONS is founded in 1917 on initiative of Melvin Jones, president of one insurance company. At the present time, the movement gathers 1 375 325 members. LIONS mission is to serve the society and people. LIONS movement is non-political and non-religious.

## 1. Environmental Protection

Environmental protection is specified as a main priority in Sardich MC's company policies. The Company orients itself towards upholding the principles of ensuring environmental safety at all levels:

- ✓ Observing the norms stipulated by international legal acts in the area of environmental protection;
- ✓ Fulfillment of the requirements of the laws of the Republic of Macedonia in the area of exploitation of natural resources, environmental protection and environmental safety;
- ✓ Minimization of the negative impacts on the environment;
- ✓ Rational utilization of natural resources;
- ✓ Increasing the energy efficiency of production processes at all stages of execution of works; and
- ✓ Implementation of social projects in the area of ecology.

In 2015, as part of the collaboration with members of the Lions Club in the Republic of Macedonia, Sardich MC's employees took active part in the activities associated with the "Tree Day – Plant Your Future!" campaign. Sardich MC was instrumental in the organization of the campaign for planting young seedlings in three regions of the Republic of Macedonia where Company's projects are underway: the municipalities of Valandovo, Staro Nagorichane, and Skopje. The Company allocated 4.9 million denars for purchase of the seedlings.



Sardich MC's management also initiated the project titled "Valandovo, the City of White Roses". The purpose of the above initiative was to promote the rose as a symbol of the City of Valandovo, and to spread information about the proven beneficial influence of roses on the environment. In particular, numerous scientific studies have confirmed the fact that the rose helps in the extraction of heavy metals from soil and purifies the ambient air. With its participation in the initiative, Sardich MC wishes to contribute to a cleaner environment and show that by means of

cultivation of white roses and a caring attitude towards natural amenities the surrounding environment can become cleaner.

Furthermore, on 5 February 2016, Sardich MC submitted a request to the Municipality of Valandovo for establishment of an independent body for environmental protection, which would conduct monitoring during the construction of the Mining Complex Kazandol. According to Sardich MC, this body would help in the establishment of good and efficient cooperation regarding matters concerned with the construction of the Complex and will enable people to be directly informed of all stages of construction, which will, undoubtedly, positively affect the preservation and improvement of the environment.

## 2. Economic Development of the Region

An equally important priority for the Company is the improvement of the standard of living in the region, which is why Sardich MC's management conducts regular meetings with representatives of the local and the business community for the purpose of establishing and maintaining cooperation with the stakeholders. The meetings were conducted in the village of Kazandol, located nearest to the project, and in the Municipal Councils of Bogdanci and Valandovo. These meetings enable the people in the region to obtain first-hand information regarding the planned project and to ask questions that are of interest to them. In particular, at the meeting conducted in the village of Kazandol, the local residents were primarily interested in matters concerning employment and wages.



Sardich MC convinced the local residents that the salary of the workers employed in the Mining Complex Kazandol will correspond the international wage level for the mining and metallurgical industries, which is indisputably higher than the minimum wage in the region. Furthermore, during the preparation of the Employment Plan, the Company's management has already set as a priority the employment of residents of the village of Kazandol and the region of Valandovo as a whole. Pursuant to the above, an agreement was made with the members of the local self-government for carrying out preliminary surveys on the availability of an appropriately specialized workforce, which would be required during the performance of works in the Mining Complex Kazandol and, accordingly, conducting appropriate training of the residents. Even now, during the execution of the preparatory works, the Company's management continually urges contractor companies to employee the residents of the village of Kazandol and the neighboring

communities, as a result of which the local residents were actively engaged in the activities for cleaning the terrain, and in the stage of execution of the geological surveys. Thus, the construction of the Mining Complex Kazandol would significantly expand employment options for the local residents, which would directly affect the improvement of the standard of living and financial stability of the residents in this region.

As noted above, Sardich MC has initiated several meetings with the representatives of the local self-government and the local entrepreneurs. The meeting in the Municipality of Bogdanci was attended by all members of the Municipal Council, the Mayor of the Municipality of Bogdanci Anastasija Olumcheva, and representatives of the Ministry of Economy of the Republic of Macedonia.



The meeting in Valandovo was attended by the following representatives of the local business community: Vita Huzjan (ANSA, winemaking), Zvonimir Bojnovic (prof., organic wine production), Lazar Donchev (owner of a photovoltaic power plant), Miroslav Gavrilovski (prof. pulmonologist), Dragica Doncheva Nakova (owner of a greenhouse in Valandovo), and Vasil Zajkov (owner of a nursery, poultry farm, egg farmer).



During the negotiations, Sardich MC's directors talked about the objectives and plans of the Company, thereby allowing for the creation of a general picture of the Mining Complex, and initiated a topic on the project's environmental impact and the measures to be taken for preventing any negative impacts, following which Sardich MC's representatives noted that the best available



technologies will be applied and all necessary measures will be taken with regard to the above matter. These meetings provide a wonderful opportunity for obtaining information about the needs in the region by means of creating contacts and relationships with the representatives of the local communities and establishing successful collaboration in the future.

### **3. Social Responsibility**

Social responsibility is usually considered a voluntary response of the Company to the social issues of its workers and residents in the region, and Sardich MC endeavours to provide maximum contribution in solving social problems in various areas.

During 2015, the Mayor of the Municipality of Valandovo, Mr. Nikola Churlinovski, gave a detailed account to Sardich MC's management of the problem regarding the supply of drinking water in the village of Kazandol, and pleaded for assistance in solving the above mentioned issue. According to the Mayor, the village of Kazandol lost its water supply due to the old pump. Sardich MC's management immediately responded to the above problem by hiring a contractor to install a new pump. Thus, thanks to Sardich MC's financing efforts in the village of Kazandol, the supply of drinking and sanitary water was arranged successfully.

Furthermore, Sardich MC helped provide firewood for deprived families in the Valandovo region. Upon a prior agreement with the Mayor of the Municipality of Valandovo Nikola Churlinovski, the timber left after clearing the terrain for performing detailed geological surveys and construction of the Mining Complex within an area of 92,000 m<sup>2</sup> was handed over to the administration of the Municipality of Valandovo in accordance with the previously signed agreement, for the purpose of distribution of the timber among the deprived families in the Valandovo region.

According to the developed projects, Sardich MC will also provide an important contribution to the improvement of the road infrastructure in the region. The projects will include reconstruction and expansion of the municipal road to Kazandol along the section from the merge point with road P-1401 to the planned entrance in the mine, whereby the road will be widened to a width of 5.5 m, and the new access road to the municipality road leading to the construction site of the Mining Complex will consist of two lanes, each 2.75 m wide. In addition, a parking lot is planned to be constructed in front of the entrance into the Mining Complex. The investments in the road infrastructure within the area of the Mining Complex Kazandol will significantly improve the conditions for road transport in the region of the village of Kazandol.

One of the latest social projects of Sardich MC is the initiative for reconstruction of the park in the village of Pirava, where the Company's branch office is located. The Company has already started to develop a plan for complete reconstruction and modernization of the park in Pirava. The funds for this project have been allocated from the Company's budget and are intended to be used for carrying out complex landscaping of the park's terrain, planting new green areas, installing new urban equipment (benches, lighting fixtures) and construction of a fountain, which will completely transform the park in this village.

### **4. Support and Development of Cultural Heritage and Sports**

The support and development of the cultural heritage and its traditions are also firmly engrained in the social activities of Sardich MC. In 2015, the Company provided sponsorship

assistance to the folklore festival Folk Fest which took place from 24 to 26 September in the City of Valandovo. Folk Fest, which, as per tradition, was host to Macedonian and Balkan authors and performers, is the oldest festival of new folk music and has been successfully held for 31 years. In support of the above mentioned festival which is popular not only in Macedonia but on the Balkans as a whole, Sardich MC wishes to contribute to the establishment of Macedonian culture and the preservation and development of musical traditions supported by the new wave of performers.



In 2016, as part of its collaboration with the Lions Club in the Republic of Macedonia, the Company supported, through its sponsorship, the International Festival of Aircraft Modeling “May Fly”. The support for this event was a great opportunity to participate in the humanitarian campaign included as part of the festival, and to assist in the development of aircraft modeling in the Republic of Macedonia. Participants from England, Ukraine, Austria, Greece, Bulgaria, Serbia, and Montenegro came to demonstrate their skills as operators of radio-controlled model planes and helicopters, and to share their experiences with the local pilots. The sponsorship support of this event unconditionally contributes to the popularization of this kind of sport and attracting young people to it.

