



## 3. Corporate Social Responsibility Report

### 3.1. Responsibility to Employees

»Corporate social responsibility is continual company's commitment to ethical behaviour, economic development, improving the quality of life of employees, their families, the local community, and society in general.« (Source: World Business Council for Sustainable Development, web site [www.wbcsd.ch](http://www.wbcsd.ch))

The Lisbon strategy applied by the European Union to define economic competitiveness and dynamics, calls also for increased social security and concern for the environment. These requirements can be complied with by the companies only if the social responsibility concept has been integrated into the company's business strategy.

The Gorenje Group is aware of the responsibility for its activities, which have an impact on people as well as on closer and wider surroundings, including the natural environment, therefore its approach to the social responsibility is a planned and responsible one. The basic principles for implementing social responsibility – a fair and equal consideration of employees, ethical and fair business operations, respect for basic human rights, a positive attitude to closer and wider community and responsible environmental management, serve as the basis for defining key social responsibility areas of the Group, which are reflected in the Group's vision, mission and values.

#### Number and Educational Structure of Employees

9,568 people were employed in the Group at the end of 2004, of which 5,600 in Gorenje, d.d. The educational structure has gradually improved over the years, and

although the majority of recruits are employed in production, the percentage of those without any professional education is on the decrease, whereas the number of those who have achieved vocational and secondary school level, or even higher education and university diplomas, is on the increase.

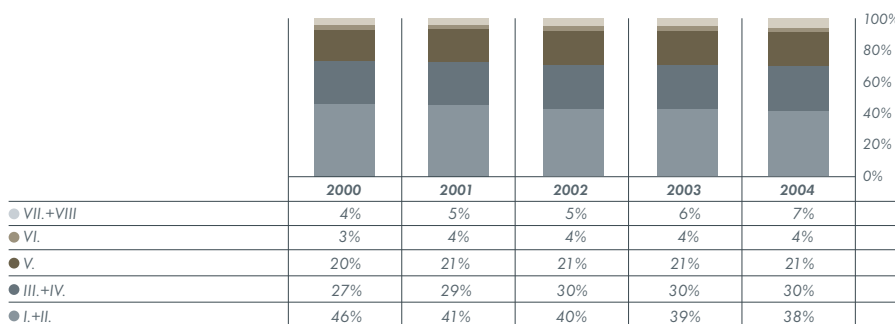
#### Number of Employees by Divisions

Division	As at 31 Dec.		Average	
	2004	2003	2004	2003
Household Appliances Division	7,206	7,092	7,147	6,821
Interior Furnishings Division	1,215	1,228	1,227	1,243
Heating and Industrial Heating Division	694	666	689	653
Services Division	364	361	354	352
Energy and Environment Protection Division	89	80	86	77
<b>Total</b>	<b>9,568</b>	<b>9,427</b>	<b>9,503</b>	<b>9,146</b>

#### Education Level as at 31 December

	2004	2003
I.	3,082	3,093
II.	558	537
III.	316	315
IV.	2,551	2,529
V.	2,053	2,008
VI.	384	376
VII.	573	531
VIII.	51	38
<b>Total</b>	<b>9,568</b>	<b>9,427</b>

#### Structure of Employees



## Concern for Employees' Education and Training

In accepting the challenges of the global environment, the Gorenje Group establishes appropriate relations with its employees and with external partners also by incorporating into all spheres of educational activities, the concept of a learning company. The educational activities regularly promote the employees' personal development as well as key employees' capacities related to what they can do, what they are good at, what they wish and what that believe is right.

By diversified educational and training system, by raising formal education and improving scholarship policy, the company wishes to create, acquire, transfer and adjust knowledge to strategic requirements. On the other

hand, through adequate connections with academic circles, the culture of changes is systematically introduced, based on knowledge, entrepreneurial spirit and innovativeness.

7,246 employees of Gorenje, d.d. participated in various forms of education in 2004; they spent 86,949 hours attending different lectures, seminars, conferences or were trained at their workplace. The majority of educational activities (75%) were performed outside regular working hours; in this way the employees have proved once again that they are willing to learn and adapt to new business requirements. These training activities demonstrated that learning promotes and generates innovations, new production routes, new market options and helps satisfy newly emerging buyers' requirements.

Indicators of educational processes - functional training and education	Gorenje, d.d.
Number of employees	5,543
Number of employees, included in education and training on annual basis	2,757
Percentage of employees included in education and training	49.7%
Number of hours dedicated to education and training on annual basis	86,949
Average number of hours dedicated to education and training per employee	15.7
Average number of hours dedicated to education and training of top managing and executive officers	31.6
Number of all participants in education and training on annual basis	7,246
Average number of hours dedicated to education and training per participant	12

### Employees' education per contents

85% of all forms of education were organised within the Group in own classrooms, of which 65% were copyright programmes and contents prepared by the Group's own experts. In this way, knowledge skills are transferred within the Group and organisational and performance costs are reduced.

● Professional training	30.0%
● Computer science and IT	6.0%
● Languages	22.0%
● Functional training in the management field	8.0%
● Functional training in the field of communications skills	3.0%
● Functional training in the field of health and safety at work	21.0%
● Functional training in the field of quality and environmental management	10.0%

The granting of scholarships is still an important source for acquiring new staff.

### **Concern for Young and Promising Staff**

The majority of scholars are engaged in the technical profile of studies. The granting of scholarships remains under the domain of the Group - our investments into human resources bore fruit, as we could employ recruits from professions that are in great demand. We have 33 scholars at Vth level and 85 at graduate level. The percentage of students studying at technical colleges amounts to 75.4%; and these are the branches that we lack experts in.

The Group has successfully co-operated with various educational institutions for many years. In 2004 it organised excursions and events, whose purpose was to support the educational system and try to find young promising experts. Through professional presentations it opened its doors to primary and secondary school pupils and students who decided for professions, closely related to those that our production needs. Gorenje, d.d., participated in the foundation of Consortium MBA programme at master of science level at the University of Ljubljana, Faculty of Economics - CISEF. Five of our employees participate in this consortium and consequently we hosted 30 participants. Actions were carried out of recruitment and informative nature.

### **Human Resources Development**

The main function of the human resources development is to identify individual's advantages, wishes and ambitions and develop them in accordance with his/her objectives and the Group's targets. The fundamental tool of employees' development in the Gorenje Group is the Gorenje Managers' Academy, which has become part of the Group's tradition. Its programme is earmarked for the development of promising associates, who

could in future assume managing and executive positions. In 2004, 27 students of the 16th generation finished their studies at the Managers' Academy and presented their business plans.

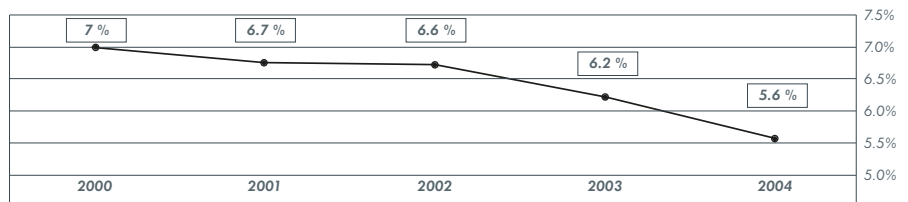
### **Measuring Corporate Culture and Climate in the Gorenje Group**

Each company has its own corporate culture and pertaining values. The culture mainly involves visible features: symbols, heroes, rituals and methods dealing with the perception of our own personality, and the values are hidden factors and invisible dimensions. On its path to success the Group solidified a number of values, which the employees assumed and identified themselves with. Wishing to identify the values which the employees perceive and wish to observe in the future, we made a survey, in 2004, to measure the company's corporate culture and its cultural dimensions. The results showed that, among all types of corporate culture, the most prominent is the culture of achievement with the company's vision and its goals in the forefront. The basic values of diligence, mutual relations, loyalty and success are common to all and are clearly defined. The emphasis is on teamwork, where each individual makes a contribution from his/her field. Individuals are dedicated to the organisation and to the job. In the future the employees wish to experience highly marked culture of achievements, which would pay attention to mutual relations, confidence and understanding, even more than before.

### **Healthcare for Employees**

A person's health depends on biological, psychological and social factors, which are intertwined and are strongly interconnected. The studies confirmed that health is placed on top of all values, but we often do not act in this way. Employees' health or illness is

Sick leave in the period from 2000 to 2004 in Gorenje, d.d., (sick leave in hours, compared to the number of regular working hours)



often demonstrated through the number of days they spend on sick leave. The percentage of sick leave amounted to 5.6 in Gorenje, d.d. and was calculated comparing the number of regular working hours.

Gradual decrease in the number of sick leave days came as a result of measures and activities implemented to reduce absence and our long lasting, continuous concern for employees and their well-being. As health is ranked so high on the scale of values we started, a few years ago, with health-related preventive programmes under the working title: »Programmes for people-friendly working surroundings«, also supported by risk evaluation/assessment results. The programmes were carried out at four locations and were conceived by target group. 767 employees were included in health-preventive programmes.

#### **Strengthening Employees' Social Security through Supplementary Insurance**

Gorenje, d.d., does not belong to the companies where employees receive high salaries, but it belongs to those that provide for a high level of social security. Important aspects for employees' social security are provided by supplementary pension and health-care insurance. We have concluded a comprehensive contract with insurance operators, which is more favourable for employees and encourages them, through co-financing of insurance premiums, to join different supplementary insurance schemes.

At present over 80% of employees have joined the supplementary health insurance scheme, while the voluntary group supplemental pension insurance includes close to 70% of employees.

The Group's policy as to supplementary insurance is to create the conditions for appropriate social security and help, through co-financing, those who are willing to act themselves or those who decide on joining the supplementary insurance schemes.

#### **Concern for Health and Safety at Work**

The number of injuries and their frequency and severity gives an impartial picture of the situation in the field of providing for safe and healthy work within the period from 2000 to 2004. In 2004 we observed, on the basis of analyses, that 70% of employees included in the structure of accidents worked in the company for 1 to 4 years, prior to the claim incurred. For this reason, apart from well-established systemic interdisciplinary activities, an additional systemic solution was prepared to train the employees for correct and safe work; and in 2005, it will be generally implemented in all working surroundings. To make people aware and acquainted with the safety issue, along with risk evaluation and related safety measures programmes, we carried out 3,300 educational training courses for employees.

In the field of fire safety we equipped all buildings with active fire protection systems, built a central water reservoir

Overview of the number of injuries in Gorenje, d.d.

	2000	2001	2002	2003	2004
No. of injuries per 1 million realised hours	31	33	34	30	31

with a pump station and a primary water distribution system for active fire protection system or the so-called »sprinkler« system. Three production plants were equipped with active fire protection system. The systems are connected to the safety information network with a centre located in the emergency service unit of the professional fire brigade (PFB) of Gorenje, d.d.

The number of interventions has been considerably reduced lately, as the employees recognised that by properly executing the working procedures and respecting the fire-safety regime, they could prevent the incidents that might outgrow into serious fire. We have continued with planned activities in the field of preventive operations performed by PFB members. Apart from daily preventive inspections of the working surroundings, we have introduced the system of monthly fire-protection audits in the production plants, lately also by means of a thermo-vision camera. We prepared fire-fighting plans for locations with increased danger of fire; aimed at preparing the tactical fire-fighting plan for each individual building of Gorenje, d.d. Great attention was paid to preventive training of the employees; 3,354 employees participated in 165 courses.

### Communicating with Employees

The objective of internal communication is to enable the employees to socialise, acquire education and qualifications and raise the entrepreneurial culture; hence it acts as a tool for motivating the employees for proper action and creativity at work. The department engaged in communications uses one of internal communication tools - the company publications intended for employees, retired employees and family members, business partners, the local environment, media, etc.:

- the company bulletin Črno na belem, published regularly on Thursdays for employees only,
- the journal Pika na G, intended for employees, retired employees, shareholders, business partners and social community organisations at local and state level, and
- a new newsletter in electronic form.

Greater attention focused on individual colleagues and companies abroad, summaries of texts in English, modified design concept, plenty of pictures in the journal Pika na G and introduction of a newsletter in electronic form, which enables a two-side communication, considerably contributed to a better quality of internal communications in the past year.

### **3.2. Responsibility to Users of Products and Services**

The concern for users' safety has been added to the concern for perfection of design, low electricity consumption, silent operation and optimal functional solutions.

#### **Providing for Product Safety**

Through relevant technical committees the experts follow the development of international and regional standards, as well as individual national standards in the field of safety of electrical household and similar appliances, gas appliances and the standards in the field of electromagnetic compatibility. The acquired knowledge and year-long experience are both applied when planning new products. Individual component parts and sets should comply with the requirements of the above-mentioned standards, prior to obtaining authorisation for installation into the finished product. Prior to reaching the market, new products are verified in renowned foreign and local institutions of international reputation, which then issue relevant test reports and certificates. The safety of each product is verified during the production itself and later after its completion in adequately qualified and equipped laboratories.

#### **Providing for Environmentally Friendly Products and Services**

Nowadays, when ecology becomes a social priority, it is understandable that the production and its effects, i.e. the products and services, have to be

manufactured and implemented in an environment- and user-friendly way. This is achieved by manufacturing products of high technological level, allowing for a lower consumption of energy products (A and A+ energy-classes of products), life important elements, like water (energy-saving washing machines and dishwashers) with a composition that reduces the environment hazardous substances to or below the permissible level, or totally eliminates them (environment-friendly cooling systems in refrigerators and freezers).

#### **Implementation of Warranty and After-Sales Service Liability**

By selling any product and performing any service, Gorenje commits itself to offer after-sales service during the legally required time limit and to carry out repairs professionally, quickly and at the most favourable cost for the customer. Moreover, in its activities Gorenje offers the after-sales service even outside the legal framework, obligatory for the manufacturer. In this way we directly provide for the basic principles of customer relations management, which becomes an increasingly important element in sales and in making a distinction between manufacturers and sellers of our products.

### **3.3. Responsibility to Local and General Social Community**

*The Gorenje Group is establishing contacts with the general and local environment also through sponsorships and donations. Within this scope it was involved in the field of culture, education and science, sports and the humanitarian campaigns.*

*In the field of culture we participated in carrying out the gathering of Slovenian writers called Herbesteinska Literina, we sponsored the festival of classical music Skupina Brežice, cultural events in the Cankarjev dom in Ljubljana, we contributed funds for the exhibition on occasion of the 50<sup>th</sup> anniversary of the Slovenj Gradec Fine Arts Gallery for the Koroška region, we sponsored the exhibition translated as "Birth certificate of the Slovenian culture" held at the National and University Library in Ljubljana and the industrial design biennial – BOI 19. We have supported for many years the activities of the international-*

*ly successful Gorenje Mixed Choir, and organised several painting and sculpture exhibitions in our Gorenje Gallery.*

*In the field of sports we acted as general sponsor for a very successful Nordic ski team within the Slovene Ski Association and the Gorenje Handball Team.*

*In the field of education we have supported for many years the secondary schools centre in Velenje and the school of music Fran Korun Koželjski in Velenje, and we are also co-founders of the International Post-graduate Jožef Stefan School.*

*We participate in humanitarian campaigns by contributing to different humanitarian institutions, in the health and social field as well as in other humanitarian fields.*

### 3.4. Responsibility to Natural Environment

In the Gorenje Group the environment protection is constantly adjusted to the requirements of customers, employees and the environment.

Their requirements are as follows: legal requirements, policies of state institutions, incentives of non-governmental organisations, neighbours and employees, and in this way we combine environmental, social and economic interests. The priority activities are focused on the deconstruction of electrical and electronic equipment, restricting the use of certain hazardous substances in this equipment and the development of products in accordance with the environmental design requirements.

#### The Household Appliances Division

The companies in the Group have a well-established environmental management system. In Gorenje, d.d., the environmental management system is certified according to ISO 14001 and according to the EMAS regulation, whereas in five of its companies, it is certified according to ISO 14001.

#### The Parent Company Gorenje, d.d.

In 2004, Gorenje, d.d. certified the upgraded environmental management system and registered into the EMAS scheme. The environmental statement EMAS for the year 2004 is an independent Section of this Annual Report.

As the winner of the Slovenian contest, organised in 2003 by the Gospodarski vestnik magazine, the Ecological Development Fund of the Republic of Slovenia and the Environmental Agency of the Republic of Slovenia, in the category of Environment-friendly companies, Gorenje, d.d. qualified for the 2004 European Awards for the Environment, granted by the European Environmental Commission. Gorenje, d.d. was among twelve finalists selected in four different categories and among four nominees in the environmental management category and we received the Management Award for Sustainable Development.

The new generation of washing machines and tumble dryers was granted the award, at the ceremony, which took place within the scope of regular annual environmental meeting, for the best environmental-friendly product in 2004, conferred by Gospodarski vestnik in co-operation with the Ecological Development Fund of the Republic of Slovenia and the Environmental Agency of the RS.

The analytical laboratory and the environment protection department of Gorenje, d.d. acquired the accreditation document for analysing several parameters in waste waters and for sampling waste waters. On the basis of this accreditation Gorenje, d.d. acquired the authorisation, at the beginning of 2005, for performing the first measurements and for conducting operation monitoring of waste waters. In January 2005 Gorenje, d.d. acquired the authorisation from the Environmental Agency of the RS within the Ministry of the Environment and Spatial Planning for performing waste evaluation.

#### Biterm, d.o.o.

The company has successfully re-certified the environmental management system according to ISO 14001 standard. We have set up a demanding environmental management programme which was successfully realised. The greatest emphasis was laid on reducing the consumption of natural resources. We achieved the set goal, i.e. to reduce the consumption of electricity, compressed air, water and alcohol by 3% per product unit. We performed separate waste collection and paid attention to neatly arranged surroundings. We spent a lot of time trying to reduce the consumption of soldering tins, within the scope of the project for eliminating the use of lead in soldering tins. The project will provide for product compliance with the RoHS directive, which anticipates a reduced use or total elimination of ele-

ments, such as lead and cadmium in manufacturing materials.

*Gorenje I.P.C., d.o.o.*

*In 2002 the company implemented an integrated quality and environmental management system and the relevant operating policy. This policy is in line with the Company's strategic goals and programmes and was approved by the Company's management. The year 2004 was very important for the packaging programme with regard to the environment protection. In January, a preliminary evaluation was made and all the necessary activities performed. The control audit led to the programme certification and its inclusion into the integrated system. In this way, all the production programmes were integrated into the existing quality and environmental management integrated system.*

*Two production sub-programmes were moved to the new location in Šoštanj, which offered an excellent opportunity for revision of the system and system documentation. The separated waste collection and hazardous substances management system was thus renewed and conceived to comply with new conditions. With participation of the parent company compliance with the requirements of the RoHS directive was prepared; namely the Company uses tin for welding and soldering, which contains lead. We have tried and tested new materials currently available on the market, and have agreed with our customers to carry out the last tests prior to using these new materials in production. The final tests should be carried out by autumn 2005 at the latest.*

*The integrated system vision: Innovative in terms of quality; Friendly in terms of environment; Comprehensive in terms of business excellence, remains unchanged in the future.*

## **Other Divisions**

### *Interior Furnishings Division*

*Gorenje Notranja oprema, d.d.*

*The Company performed activities to improve the environmental protection in accordance with the environmental management programme and the requirements imposed by the legislation. We made efforts to acquire environmental safety authorisations for the existing plants. We wrote an application and a plan for reducing the emission of volatile organic compounds from the lacquering plant in the furniture programme. The ceramic tiles programme conceived a proposal for reducing the risks involved in using liquefied petroleum gas related to the measures introduced to reduce the risk of major accidents due to hazardous chemicals. We carried out all planned operating monitoring and environmental parameter measurements.*

*In 2004 we also carried out activities designed to reduce emissions into the air. In furniture manufacture the manual sprinkler chamber was replaced with a new one, with a more efficient system for cleaning of solid particles and with a purification device for coagulated waste varnish from optical water curtain. We made specimens of kitchens using aqueous leaching and cover transparent varnish on aqueous basis. The share of kitchens manufactured by applying the technological procedures for finalisation of kitchen doors with plastic foils amounted to 20% for the brand name Gorenje and 80% for the brand name Marles. In the Marles programme the filters were replaced with cyclone-based dust elimination through a bag-like filter system with efficient purification and return of air. In the bathroom programme the Airless sprinkler systems for gel-coating application were replaced by those with better yields and lower emissions. To reduce water consumption the Marles programme recon-*

structed the boiler room. The gas heating method was replaced with water-heating, which considerably reduced water consumption.

In the field of waste management the production of ceramic tiles yielded waste gypsum, as a by-product from the purification plant installed to the ceramic tiles oven, which was returned to the production process in the form of raw material.

The heating of the inflammable substances warehouse from the bathrooms programme is now performed by our own biomass energy, and the Marles programme reconstructed the entire heating system with an energy-efficient water-heating system.

#### **Heating and Industrial Equipment Division**

*Gorenje TIKI, d.o.o.*

The company continued to successfully resolve environmental protection problems, and renovated and automated the line for enamel coating of water-heater interiors, it improved the system for separate waste collection, whose major part is packaging waste. For this purpose the company joined the packaging waste collection system of the company Slopak, d.o.o. In accordance with the RoHS directive, which anticipates the reduction or total elimination of hazardous substances to be found in electric and electronic equipment, several activities were carried out to meet the RoHS requirements.

*Gorenje Orodjarna, d.o.o.*

In February 2004 the Company underwent a successful re-certification audit. The programme in the field of environment protection was fully realised. Within the scope of environmental management system the welding facility was equipped with an exhaustion unit linked to the central production exhaustion unit. All containers for collecting shavings are

additionally equipped with catching bowls. Our objective for the next year is to adopt the amended ISO 14001/2004 standard and reconstruct the machines for rough processing without using the emulsions.

*Gorenje Indop, d.o.o.*

The company monthly monitored the quantity of waste generated, the consumption of electricity and water, analyses were prepared and measures were adopted for permanent reduction of impacts on the environment. We recorded a 5% waste decrease (relative by considering the realisation) compared with the year 2003, the consumption of electricity and heat was lower by 3% or 5% respectively. We reviewed the existing sewage system, brought the documentation in order and studied the option that a new sewage be installed outside the production facilities and finally settled within the construction of a new production plant. All inactive shafts were adequately renovated and sealed.

#### **Services Division**

*Gorenje Gostinstvo, d.o.o.*

A contract was concluded on behalf of the Company for collection of waste edible oil and for collection and disposal of organic waste. By introducing new technological processes we additionally reduced the quantity of waste edible oil. Deep frying has been almost entirely replaced by the method of sprinkling vegetable fat over food and by roasting in a gas convection oven.

*Gorenje GTI, d.o.o.*

In 2004 the Company paid great attention to the implementation of the environment management system and to compliance with legal requirements related to the distribution centre, the show room in Ljubljana and waste management. The company joined the packaging waste collection system via



SLOPAK and started preparing for the management of waste electric and electronic equipment. Additional two women auditors obtained auditor qualifications.

### Energy and Environment Protection Division

*Kemis, d.o.o.*

The Company operated in accordance with its mission to reduce the impact of waste from industries, shops and households on the environment.

Within the scope of this activity:

- over 200 tons of waste solvents were redistilled,
- over 5,000 tons of waste were delivered for processing into secondary raw materials,
- cement factories received over 2,000 tons of waste to be used as secondary energy,
- 5,000 tons of hazardous waste were prepared for incineration,
- over 100 tons of hazardous waste were collected from households.

To improve its operations over 300,000 EUR were invested for the purchase of vacuum tanker for re-pumping and transport of hazardous

waste and of the land in Vrhnika for setting up own storage, processing and business centre. Implemented operations on the basis of ISO 9001 (2000), has gradually been upgraded with the introduction of ISO 14001 and ISO 18001 standard requirements, with the aim to fully comply with the relevant standard requirements in the year when the Company will move into its own storage, processing and business centre.

*Opte Ptuj, d.o.o.*

The principal activity of the Company is the manufacture of bricks. With its entry into the records of the Agency of the Republic of Slovenia, it long ago acquired the status of waste remover and processor. It disposes of adequate equipment and procedures, particularly those for the processing of waste electrocoating silts and waste oils. Within the scope of adopting and implementing the measures for improving the technological control management investments in the gas pipeline were made, thus upgrading the existing thermal processing of bricks using gas or heating oil for heating the ovens.

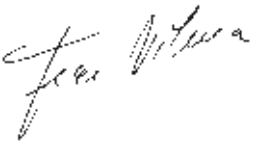


### 3.5. EMAS Environmental Statement by Gorenje, d.d.

#### A. Declaration on Credibility of Environmental Data

In 2003 Gorenje, d.d. adapted its activities to the requirements of the EMAS, in accordance with the EC regulation no. 761/2001. The operations of the EMAS were verified in March 2005, by the Slovenian Institute for Quality and Metrology (SiQ) and it was observed that the system complied with the requirements of the EMAS regulation.

All data and facts, quoted in the EMAS environmental statement issued by Gorenje, d.d. for the year 2004 are credible and express the actual position with regard to the Company's environmental management system.



Vilma Fece,  
the Management's representative for  
the environmental management system

#### B. Scope of Activities of Gorenje, d.d. Included into the EMAS

The activities of Gorenje, d.d. at the Velenje location in the area dedicated to industrial, repair, craft and service activities are included into the EMAS. The activity comprises development, production and sales of household appliances. The production is composed of:

- the refrigerators and freezers programme (production of refrigerators, deep freezers and combined appliances),
- the cooking appliances programme (production of electric and gas cookers, ovens and hobs),
- the washing machines and tumble dryers programme (production of washing machines, tumble dryers and mini kitchens),
- the Mekom programme (production of metal and plastic components).

The EMAS does not include the production of pipe radiators and metal components of the Mekom programme at the location in Rogatec and the production of metal components in the Mekom programme plant at the Šoštanj location. The scope of production of household appliances is presented in the sub-chapter entitled Production of the Household Appliances Division of this Annual Report.

#### C. Evaluation of Adequacy of Environmental Policy

At the beginning of 2004 the environmental policy was revised to consider the sustainable development concept. The policy revision was also appropriate in view of significant investment and organisational changes, which the Company has undergone since the mid-2003.

We consider that the environmental policy reflects the actual status of important aspects (products and services, waste, energy products, etc.) and related environmental goals.

#### D. Efficiency of Environmental Management

D.1 Objectives in the Field of Environment Protection from 2004 to 2006  
In the period between 2003 and 2004 Gorenje, d.d. made a new evaluation of the environmental aspects, due to new investments, amended legislation and organisational and personnel changes and determined, on the basis of these evaluations, new objectives for the period between 2004 and 2006:

- implementation of the requirements defined in the RoHS directive (i.e. to produce appliances that comply with these directives as to the content of hazardous substances: the contents of hazardous substances in products should be checked with regard to the 2002/95/EC and 2003/11/EC directives, the components that contain hazardous substances should be replaced and the responsibility as to the content of hazardous substances should be transferred to suppliers as well),
- handling of waste electric and electronic equipment,
- reduction of generated industrial packaging waste (decreased quantity of packaging waste, increased share of reusable packaging, elimination of inadequate packaging in co-operation with the suppliers),
- reduction of the quantity of generated waste,
- cost-effective use of energy resources.

The implementation of outline environmental goals is carried out within the scope of set environmental programmes and activities for achieving the implementation targets, consequently no major deviations from set outline goals were observed.

## D.2. Meeting Environment Protection Targets in 2004

Aspect	unit	Targets 2004	Implemented 2004	2003	2002	2001	2000
<b>reduction in quantity of:</b>							
hazardous waste	kg/product	0.16	0.21	0.18	0.25	0.25	0.30
secondary raw materials	kg/product	3.90	4.33	4.23	4.23	4.68	4.45
waste for disposal	kg/product	0.38	0.36	0.44	0.49	0.75	1.01
<b>effective use of energy resources:</b>							
consumption of water	m <sup>3</sup> /product	0.17	0.20	0.19	0.18	0.21	0.30
consumption of power	kWh/product	21.90	22.39	22.24	21.62	21.95	20.82
consumption of thermal energy	kWh/product	12.45	13.72	13.28	12.47	15.05	15.81
consumption of compressed air	m <sup>3</sup> /product	14.50	17.47	13.45	15.09	19.49	21.66
consumption of natural gas	Nm <sup>3</sup> /product	1.00	1.02	1.03	1.02	1.09	1.16

The absolute quantity of hazardous waste amounted to 635 tons, which is 21% more than the year before, or 0.21 kg/ product; consequently, the set goal was exceeded by 31%.

A larger quantity of hazardous waste was mainly a result of the increased quantity of sludge, formed in the Central wastewater treatment plant. The quantity of silt increased mainly due to the following two reasons:

- Increased inflow of washing waters into the Central waste water treatment plant (increased inflow mainly from the cooking appliances programme) and the resulting increases in the volume of chemicals needed for an efficient wastewater treatment system.
- Reaching of limit values during the trial operation of the renovated waste water treatment plant. During the trial operation the basic task was to adjust the water outlet with legal requirements (reaching of limit values for all parameters), therefore apart from proportional administration of neutralising agents with regard to water flow, the pollutant elimination agents were intentionally administered, particularly nickel and phosphorus. All these measures have additionally increased the sludge, however they have enabled us to reach favourable limit values. In 2005 the

primary task (a corrective measure) will be to optimise the use of neutralising agents, which will have a favourably impact on the reduction of waste sludge.

In 2004 the quantity of secondary waste raw materials (kg/product) increased by 2% compared with 2003, but they deviate from set objectives by 11%. The increased quantity of secondary waste raw materials resulted from the introduction of technologically more demanding new generations of household appliances. A special work team was appointed at the Company level to control reject products.

The quantity of incurred waste for disposal (quantity calculated per product) decreased by 18% compared to the previous year and amounts to 0.36 kg/product. The set goal of 0.38 kg/product was exceeded by 5%.

Specific water consumption went up by 5.3% and exceeded the set target of 0.17m<sup>3</sup>/ product by 18%. The deviation was caused by a substantial increase in water consumption during the process of enamelling cooking appliances. In view of changed product assortment and unstable quality of metal (shortage of sheet metal on the

international market), larger quantities of rinsing waters were needed to reach adequate quality of semi-finished products.

The consumption of power went up by 1% and that of thermal energy by 3%, which complies with the level of rational consumption of energy products in the processing industry.

The consumption of compressed air exceeded the set target by 20%. As this occurred mainly in December, corrective measures were introduced in January 2005 to regulate the regime of compressed air supply in the period when production is not in operation.

Specific consumption of natural gas increased by 2%.

We consider that the environmental programmes implemented in the past five-year period helped us reach the limit which makes it practically impossible to reach any considerably lower quantitative targets (results).

### D.3 Implementation Targets for 2005

Aspect	Unit	2004	Targets 2005	2003	2002	2001	2000
<b>Decreased quantity of:</b>							
hazardous waste	kg/product	0.21	0.20	0.18	0.25	0.25	0.30
waste for disposal	kg/product	0.36	0.33	0.44	0.49	0.75	1.01
<b>effective use of energy resources:</b>							
consumption of water	m <sup>3</sup> /product	0.20	0.18	0.19	0.18	0.21	0.30
consumption of power	kWh/product	22.39	22.39	22.24	21.62	21.95	20.82
consumption of thermal energy	kWh/product	13.72	13.30	13.28	12.47	15.05	15.81
consumption of compressed air	m <sup>3</sup> /product	17.47	13.50	13.45	15.09	19.49	21.66
consumption of natural gas	Nm <sup>3</sup> /product	1.02	1.01	1.03	1.02	1.09	1.16

Apart from measurable implementation targets in the field of waste and energy products management, we shall proceed with the relevant programmes in 2005, which will enable us to reach the frame environmental goals, particularly in the field of implementing the RoHS directive requirements and the decomposition of waste electric and electronic equipment.

#### E. Communication with Stakeholders

In the field of environment protection the press releases in Slovenian media were most frequently dedicated to environmental awards, to entering our name in the EMAS and to re-cycling. 121 articles were published during the year; more than one third positive, and more than half neutral. The most positive attitude was focused on three important environmental awards: the European Award for Environment for Sustainable Development, the Award for the Environment-Friendly Company and the Award for the Environment-Friendly Product.

A great number of positive announcements were published in the media on account of our registration with the EMAS, classifying Gorenje, d.d. as the first company in Slovenia to comply with all the criteria for voluntary entry into the register.

Fourteen groups or individuals entered into contact with representatives of Gorenje, wishing to obtain more information on environmental management. Most frequently they wanted replies to various questionnaires and surveys or they paid a visit to the Company.

A person residing at the Simon Blatnik street complained that he was disturbed by the noise of moving railway wagons. An independent external institution carried out the measurement and found that the noise produced by Gorenje, d.d. did not exceed the legally defined limits.

The Environmental Inspector paid nine visits to Gorenje, d.d. and examined the following environmental fields: waste, storage of hazardous substances, air emissions, handling of ozone-depleting substances, noise released into the environment, handling of the packaging material, functioning and maintenance of oil catchers and handling of communal hygienic waste water and emissions of substance and heat during waste water disposal. Two decrees were issued, both were remedied within the specified time limit; the inspection record about another decree is still awaited.

#### F. Complying with Legal and Other Requirements

On the basis of fulfilling legal requirements (in the field of water emissions, air emissions, waste, noise, packaging, chemicals, rational use of energies, construction of buildings and protection from natural and other accidents) as well as other requirements from the field of environmental protection, of a detailed environmental survey of the Company's business operations, of the results of environmental observations, of the follow-up documentation and of the results of inspections, we consider that the activities of Gorenje, d.d. comply with legal and other requirements, stipulated in the ISO 14001 and EMAS requirements.

It should be emphasised that compliance with all the legally defined limit values has been assured in the following environmental areas: waste waters, air emissions and noise, which are specifically defined for our field of activity. The limit values for the remaining before mentioned fields are not prescribed.





