

### 3 Report on social responsibility

#### 3.1 Responsibility to the Employees

##### Number of Employees and the Level of Education

At the end of the year 2005 the Group employed 10,509 staff, which is an increase of 941 (9.8 %) over the end of the year 2004. The number of

employees increased significantly due to the integration of Mora Moravia, s.r.o., into the Group (935 employees). Without considering the company Mora Moravia, s.r.o., the level of staff would remain at the level of the year 2004.

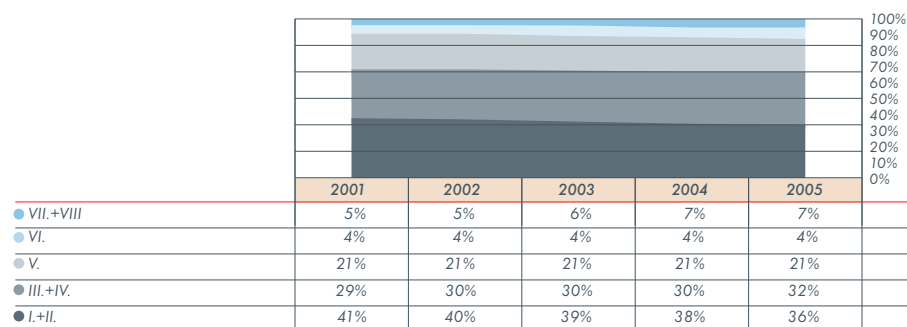
##### Number of employees by divisions

	As at 31 December		Average	
	2005	2004	2005	2004
Household appliances division	8,921	7,900	8,867	7,836
Home interior division	1,166	1,215	1,192	1,227
Trade and services division	422	453	433	440
<b>Total</b>	<b>10,509</b>	<b>9,568</b>	<b>10,492</b>	<b>9,503</b>

##### Level of professional education as at 31 December

	2005	2004
I.	3,243	3,082
II.	541	558
III.	538	316
IV.	2,792	2,551
V.	2,275	2,053
VI.	411	384
VII.	651	573
VIII.	58	51
<b>Total</b>	<b>10,509</b>	<b>9,568</b>

##### Changes in the level of education



##### Concern for Education and Training of Employees

When accepting the challenges of the global environment where changes are the only permanent factor, the Group searches for answers to key questions how to develop new abilities of the employees that the companies

within the Group need for the success at present and in future. It looks also for methods how to apply the existing, mostly human abilities to the best extent possible, since they have become an increasingly important area of diversification in relations to the environment of Company's operation.

*Due to the facts described and the orientation of the corporate culture in the Gorenje Group the training activities have been greatly encouraged as well as personal progress of employees. Thus, discovery and acquisition of those key abilities of the employees is made possible that strongly support the implementation of strategic objectives of the Gorenje Group*

Training and education, an increase in the formal level of education reflect the Company's close and significant relation to its employees. In spite of the size of the parent company and the Gorenje Group special attention is devoted to each employee. The employment policy, training and education policy are transferred also to subsidiaries and representative offices in Slovenia and abroad. Growth and long-term balanced operation of the Gorenje Group are ensured to all employees, regardless of the national environment of Company's operation, as well as suitable conditions for their professional and personal development, education and training.

In 2005, 7,579 employees took part in training in the parent company and they received a total of 98,331 train-

ing hours in courses, seminars, conventions and during on-the-job training. The majority of training courses is organised outside working time and implemented in the Company. Topical issues are discussed and presented to a large group of users and special care is taken when new knowledge is to be introduced and transferred to the largest group possible. When managing and transferring knowledge within the Gorenje Group the interdisciplinary approach is applied and in this way the acquisition of key work abilities of the employees is accelerated.

Gorenje, d.d., as the co-founder of the International after-graduate school of Jožef Stefan involves experts and attendees in the performance of programmes for after-graduate studies to become a M.Sc. or a Ph.D.

##### Criteria of successful training and education- functional education and training of employees (for the parent company)

No. of employees	5,630
(Annual) number of employees included in further education and training	4,587
Average number of hours per employee, included in further education and training	21.4
Share of employees, included in further education and training	81.5%
Annual number of hours of further education and training	98,331
Average number of hours of further education and training per employee	17.5
Average number of hours of further education and training of top management and executive officers	100
Annual number of all participants in further education and training	7,579
Average number of hours of further education and training per participant	13.0

##### Types of employees trainings

● Professional training	23.3%
● Computer and information science	22.2%
● Languages	8.5%
● Functional efficiency in management	24.1%
● Functional efficiency in communication	0.6%
● Functional efficiency in occupational health	12.7%
● Functional efficiency in quality treatment of the environment	8.5%

93.4 % of total training and further education was organised within the Gorenje Group in the premises of the Company. 47.5 % of programmes are subject to copyright law of the Company's associates. In this way care is taken for the transfer of knowledge within the Gorenje Group and reduction of cost of organisation and implementation of training.

*Challenges of constant and important changing in economic, political, social and natural environment put the companies in a permanent position of testing their ability of successful adjustment and preparation for new changes.*

*Granting scholarships is an important source of acquiring human resources.*

#### Concern for Young and Promising Staff

Every year up to thirty new scholarships are granted on the basis of planned selection. By appropriate scholarship policy care is taken for inflow of human resources, mainly from deficient professions, and the investment in their acquisition of formal education yields high interest when they are employed in Gorenje. There were 30 students with scholarships at the fifth level of vocational education in 2005, and there were 97 students at the level of university studies; the share of students of deficient, mostly technical studies reached 82.6 %.

The Gorenje Group has successfully co-operated with various educational institutions in the local and wide environment as well as with those at the state level. In scope of promotion and knowing of various professions Gorenje hosted pupils from primary schools, students of secondary schools from all over Slovenia and from abroad. In scope of its operation the Gorenje training centre participated in various training and presentation projects about individual professions. These programmes were implemented by the then Ministry of High Education, Science and Technology and the Ministry of Labour and Social Affairs of the Republic of Slovenia. The Centre participated also in the preparation of European qualification framework for the determination of professional standards of member countries in the European Union.

#### Development of Human Resources

The main function of the human resource development is to establish individual's advantages, wishes, ambitions and to develop them in accordance with the objectives of an individual as well as to harmonise them with the objectives of Gorenje. The basic tool of human resource development and strengthening of corporate

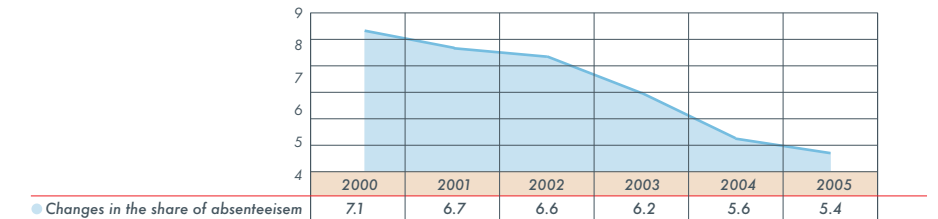
culture in the Gorenje Group is the internal program of further education and training of promising staff named the Manager Academy that has become a part of traditional operation in the Gorenje Group. The programme is intended for the development of promising employees who are assessed to have potential to achieve quality required by the top management and leading positions in individual companies. In 2005, the training of 25 participants of 17th generation of Manager Academy was concluded by the presentation of business plans.

Another very important tool in assessment, development and utilisation of abilities of an individual is the assessment process that enables acquisition of objective data about individual's intellectual abilities and personal characteristics. It is especially intended for a person assessed and heads as a help when taking decisions on further development of an employee associate, on recruitment, generation of a real image about individual's abilities and determination of individual's development objectives.

The assessment process has become a part of accepted practice in Gorenje. In 2005, the use of the assessment process was improved and strengthened by a detailed determination of assessment procedures, mainly those for key work places. Its use will be further developed and strengthened also in future, mostly for optimal utilisation of abilities and creative potential of employees and for creation of better, stimulative working environment for personal and professional development of an individual.

*Fundamental virtues of corporate culture in the Gorenje Group are based on the professional and personal development of the employees, with a special emphasis on future employees or young promising staff.*

#### Changes in the share of absenteeism in the period 2000 - 2005



#### Measuring of Employees' Satisfaction

The primary purpose of performing measurements of employees' satisfaction is the establishment of satisfaction by working conditions and relations on a work place. The objective of measuring is to improve organisational climate by actions based on the results of questionnaires and on the improvement of working environment where the Company would have (very) satisfied and motivated and thus very efficient and successful employees.

In 2005, measurement of working conditions and relations in all production programmes of the parent company and in Mora Moravia s.r.o., Czech Republic, was carried out. On the basis of the results obtained action plans were drawn up and monitoring of the activities relating to the improvement of the organisational climate in all environments was defined according to the system.

The results of measurements carried out in 2005 showed an improvement on almost all areas. The majority of interviewees are satisfied with their work. They face most problems in (fast) pace of work and its changes, in the method of work organisation in a limited work space and poor climate conditions. They are slightly more satisfied with informing than in the previous year, but they mostly miss timely information about the changes in a work place. In mutual relations to superiors, where significant improvements were observed when compared

to the results of the last year, they wish more attention and understanding of the superiors. They would like to be noticed, taken into account and praised and they wish superiors had equal relations to them all.

Appropriate corrective activities based on the results were prepared and implemented in all production programmes. Primary, the activities for the improvement of working and climate conditions were considered. They were followed by careful selection of heads, their constant training, and introduction of annual dialogues also in the production. Of vital importance are also the establishment of a uniform system of training of new employees, care for presentation of accurate and timely information and informing of employees about the results of measurements and activities planned.

#### Healthcare for Employees

Health is definitely one of the most important values in a life of an individual, which is of extreme importance due to its influence on the efficiency of an employee, the parent company and the Gorenje Group as a unit.

In scope of the project with the working title "Healthcare for employees" the factors that have poor influence on the health of the employees were eliminated from the working environment. These eliminations were carried out on the basis of measures and activities such as first-aid clinic, performance of health education programme, presentation of a healthy way of life, direct

co-operation with doctors, treatment of employees with reduced working ability, assistance in troubles of psychical character, visits at home, individual discussions.

These activities were intended for the maintenance, promotion of better health of the employees, improvement of working conditions as well as encouragement of the responsibility of the employees for their health. Thus, the quality of their life and their working abilities increased. A working group for the management of absenteeism (due to sickness) played an important role in the performance of some tasks; this group co-ordinated the activities relating to the reduction of employee absenteeism among the programmes, proposed, reported, transferred experience, etc.

Generally, the results showed a lower level of absenteeism due to sickness and indirectly greater loyalty and better mutual relations among the employees. These effects - human and economic - have a positive influence on productivity and business results of the parent company and the Gorenje Group.

#### Care for Occupational Health and Safety

The year 2005 was marked by an extremely decreasing trend in the number of occupational accidents. Favourable trends were a consequence of system approach to their prevention in the last five years, mainly

### Care for Occupational Health and Safety

	2001	2002	2003	2004	2005
No. of injuries	287	301	270	291	238
No. of injuries per 1 million of hours worked (P)	33	34	30	31	25
No. of lost days per 1 million of hours worked (R)	745	813	642	678	535

in constant training of the employees, implementation of the quality system of 20 keys, implementation of health-preventive programmes and the programme of safety measures arising from the risk assessment.

In the parent company and other companies in the Gorenje Group the programmes for the improvement of safe and healthy work were carried out; in accordance with the assessment they are considered a permanent task. In 2005, the most important measures were carried out in the area of noise reduction in the raw material plant of the PPA programme where the level of noise decreased by 4 db/A. The procedure of housing transfer was automated in scope of the PPA programme, which represents great progress in reduction of physical burdening of workers. Programmes of safety measures were carried out on all areas of work in the Group that did not demand large funds, but they significantly contributed to the creation and development of a working environment pleasant to the employees.

Last year, Gorenje accelerated the activities relating to the obtaining of the certificate for the Occupational Health and Safety (OHSAS 18001); it is estimated that the conditions for the issue of the certificate will be fulfilled in the first half of the year 2006.

#### Strengthening of Employees' Security by Additional Insurance Schemes

The companies of the Gorenje Group belong to such companies that ensure high level of social security to their

employees. An important aspect of assurance and increase in social security of the employees is also additional optional collective pension insurance. The orientation of the Gorenje Group related to additional insurance is to create conditions for adequate social security and to help co-financing those employees who want to do something for their own social security.

Additional pension insurance scheme is regulated on the basis of the umbrella act with the party carrying out this insurance. Gorenje co-finances the payment of the premium to a great extent. A share of co-financing is higher for the employees with lower salaries. Almost 70 % of employees are included in the optional additional pension insurance. Gorenje co-finances also the payment of the premium for additional optional health insurance to the employees. Over 80 % of the employees are included in this insurance scheme. Thus, a higher level of social security is ensured to the employees.

#### Internal Communications

In 2005, forty-seven volumes of the (informative) bulletin Črno na belem (Black on white) and of E-glasilo (E-bulletin) as well as seven volumes of the journal Pika na G (Point on G) were issued. Every year a group of journalists grants an award "Zlato pero" (Golden pen) to companies and institutions for their internal journals. As in all previous years the journal Pika na G was again among the best and awarded in 2005. But such awards do not mean a lot, if a journal is not read by those it is intended to: employees, business partners, owners,

etc. In accordance with the results of questionnaires collected by the human resource department the employees of Gorenje are satisfied with informing through internal bulletins and Pika na G is praised also by subscribers beyond Gorenje.

It is important that this year was the fortieth anniversary of publishing Informatorec or bulletin Črno na belem and the tenth anniversary of publishing the magazine Pika na G.

Internal bulletins are one of the tools for the achievement of objectives of the Company, such as close relations among the management and the employees and only among the employees. They increase the feeling of loyalty to the organisation, increase motivation, responsibility, initiative spirit, innovativeness of the employees, encourage employees to achieve the planned objectives of the Company, establish and maintain strong Company's own corporate culture, strengthen team work, increase and maintain internal credibility of the management, strengthen abilities relating to the adjustment of uncertain external environment and finally, increase the competitiveness of the Company.

An internal bulletin offers numerous possibilities for presentation of the areas of work, operation and personal professional enforcement of the employees. The more varied the contents, and the more different the bulletins are, the more will be contributed to the achievement of the objectives of the parent company and the Gorenje Group. And finally it still holds true that whatever is not written in the media, it has not happened.

*Safety of users of Gorenje products is the main and fundamental principle that all product manufactured in Gorenje fulfil.*

## 3.2 Responsibility to Users of Products and Services

### Assurance of Product Safety

Through their national technical committees technical workers of Gorenje follow the international and national standards in the area of safety of electrical household appliances, similar appliances and gas devices as well as standards in the area of electro-magnetic compatibility.

New products are checked by esteemed foreign and Slovene institutions with international reputation before they are launched into the market. The institutions issue appropriate reports about testing and certificates. Safety of each product is checked already during the production and then in special licensed and well-equipped laboratories when the production has been completed.

### Assurance of Environmentally Friendly Products and Services

Nowadays, when protection of the environment has become a social priority, it is clear and necessary to carry out and manufacture the production and its effects, i.e. its products and services, in a manner friendly to the environment and users.

The production of products that ensures low consumption of energy, low consumption of essential elements and low emission of hazardous substances Gorenje contributes to the preservation of clean environment and thus to the improvement of life conditions.

### Meeting of Guarantee and Service Obligations

When a product is sold or repairs performed Gorenje obliges to ensure repair services to a buyer in the period of legal obligation (guarantee). Simultaneously, Gorenje offers repair services to its buyers also beyond the legally binding terms. By assurance of these services Gorenje additionally implements the basic principles of managing relations to buyers that are an increasingly important element of sale and distinction of producers and sellers of our products.

### Measurement of Buyers' Satisfaction

Gorenje is well aware that satisfaction of buyers with products and services of Gorenje is one of the most relevant factors of success that defines changes and adjustment to business activities carried out. Due to this fact the satisfaction of buyers is established regularly and systematically. Two research projects were carried out in Slovenia in 2005; they referred to measuring of buyers' satisfaction with services and repair services of Gorenje and satisfaction of users with products in a high price-bracket which Gorenje has started entering by new, innovative and top-designed products. Both research projects showed a high level of satisfaction of users with the Company's products.

Besides individual, object-oriented measurements of satisfaction of buyers a web system of managing relations with buyers has been introduced. By means of this system the relation of buyers to our products and services is systematically monitored. Simultaneously information is given about the products and services in a comprehensive and systematic manner.

### 3.3 Responsibility to Close and Wide Social Environment

*Gorenje, as an important economic factor in Slovenia and as an international company, it has built up its reputation also by sponsoring various activities that contribute to the recognition of its corporate values. Thus, it ensures its great accountability to the social and local environment.*

In 2005, Gorenje allocated funds to the areas of culture, schooling, health care and humanitarian activities. Besides that an important share was allocated to the development of sports activities and top sports that additionally confirm the recognition of Gorenje in Europe. In the area of culture the Company assisted in the organisation of the traditional Herbertstein literary meetings of Slovene writers, of the PEN world congress, days of Slovene comedy in Celje, international graphic biennale in Ljubljana, cultural events in Cankarjev dom in Ljubljana, it contributed also to activities of various associations or institutions, such as project of art and business world synergy. Company's own activity plays an important role in social activities, in the area of culture within the Cultural Society in Gorenje, in the organisation of artistic and sculptural exhibitions in Gorenje; the Company has also supported the Choir of Gorenje that has achieved notable international success.

In the area of health care and humanitarian activities the contributions of Gorenje were specially donated to associations operating in this area. Contributions to Unicef and other institutions for the performance of international humanitarian activities are worth mentioning. Gorenje contributed also to the furnishing of one of the houses in the reconstruction after the earthquake in Posočje. In the area of schooling Gorenje supports better conditions of work in up-bringing and educational institutions, such as the Centre of up-bringing, education and training in Velenje and Music School of Fran Korun Koželjski, also in Velenje. In the area of sports Gorenje is the general sponsor of the Nordic team of the Skiing Association of Slovenia and volleyball club of Gorenje. Funds are contributed also to minor societies and activities involving young in sports activities, as a contribution to healthy and useful spending of free time.

### 3.4 Responsibility to the Natural Environment

Household Appliances Division

The Parent Company - Gorenje, d.d.

In 2005, the parent company continued its activities of environmental treatment by performing planned activities for the achievement of objectives of environmental protection. Besides striving for the achievement of measurable objectives (waste management, energy sources) special attention was paid to the introduction of requirements of the RoHS Directive (Restriction on the use of certain Hazardous Substances in electrical and electronic equipment) that represents one of the implementing directives of the environmental planning of products. Since the parent company is subject to the requirements of the new IPPC legislation (Integrated Pollution Prevention and Control) it checked the harmonisation of the applied technological processes in the production with the best available techniques in the previous year and these techniques will serve as the basis for the documentation submitted for obtaining the comprehensive environmental licence.

Due to meeting the requirements of the Directive on handling waste electrical and electronic equipment (OEEO or WEEE Directive - Waste of Electronic and Electrical Equipment) the Gorenje Group played an important role last year in the establishment of the system for handling of OEEO in Slovenia. In the European Union Gorenje is a co-founder or member of individual national schemes. Nevertheless, the parent company is one of the founders of the company ZEOS, d.o.o., Ljubljana that plays a leading role in Slovenia in this area.

In accordance with the strategy of waste management of the Gorenje Group the parent company acquired an ownership share in the company Surovina, d.o.o. Maribor at the end of 2005. All data about the influences of the company on the environment are collected in the section EMAS of the environmental statement of Gorenje, d.d.

Mora Moravia s.r.o., Czech Republic

In the area of environmental treatment the company continued the activities undertaken in relation to further reduction in burdening of the natural environment that arises from its production activity and has a negative influence on the natural environment. This is especially important since the company operates in the natural park, in the valley of the river Bistrica.

The company is involved in the EKO-KOM system (company specialised in the treatment of waste electrical and electronic equipment) that assures meeting of obligations when treating waste packaging in the Czech Republic and in some other countries of the European Union. In 2005, the Company joined the Elektrowin system for the assurance of fulfilment of obligations arising from the provisions of the OEEO directive. Simultaneously, it adjusted its operation to the requirements of the RoHS directive.

The measures implemented in technological processes contributed to the reduction in hazardous waste by 20.2 %, emissions into the air by 0.39 t and quantities of hazardous substance let out into the river Bistrica by 20.0 %. By the elimination of hazardous chemicals from technological processes the company started preparing for the introduction of the system of environmental treatment in compliance with standard ISO 14001.

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

Since 2002 the company has had an integrated system of quality and environmental treatment. Quantities and cost of waste management increased after moving two production programmes to a new location in Šoštanj and by the establishment of observation of waste material in the packaging programme. Since separate collection of waste material was put into practice in the company in 2003 and since it has worked very well the objective was set to reduce the cost of waste material by a selective approach and introduction of returnable packaging with longest possible useful life. In the following year the reduction of waste material (otherwise dumped) is planned to amount to approximately 30 %.

Similarly as in case of waste management the consumption of electricity increased in the company, but the consumption of other energy sources per product unit decreased in 2005. The reason of the increase in consumption of electricity is the introduction of monitoring system in the packaging system and moving of two production programmes to a new, large location.

The vision of the integrated system of quality and waste management of the company has remained unchanged: by innovative spirit to quality. Friendly to the environment. Comprehensive approach leading to business excellence – I.P.C.

Gorenje Tiki, d.o.o.

The company intensively and successfully continued to solve environmental problems. The reconstruction of the clarification plant reduced the emissions of hazardous technological waste waters into the environment and the arrangement of the warehouse of hazardous chemicals eliminated the possibility of unsupervised emission of water into the environment.

In the area of waste production the change in the enamel technological process resulted in the prevention of production of hazardous waste in technological processes and regulation of waste classification in individual groups.

In scope of environmental protection the company performed activities for the implementation of provisions of the RoHS Directive about the limitation of contents of hazardous substances in electrical and electronic equipment throughout the year.

The company regularly trains its employees in the area of correct environmental treatment at work. On the basis of informing about the changes in legislation performed by the parent company, the company is well informed about the novelties and changes in the legislation in the area of environmental protection.

Home interior division

In 2005, the companies of the Division performed activities for the improvement of the status of environmental protection in accordance with environmental treatment and legislative requirements. In the area of reduction of emissions into the air for the furniture programme of the Division with varnishing chambers for kitchen and bathroom furniture, obtained the confirmation of the plan for the reduction of emissions from the Environmental Agency of the Republic of Slovenia. This Division is obliged to reduce emissions and to achieve target emissions to November 2007. It carried out intensive preparations by testing of new materials and search for new technologies for timely achievement of target emissions.

The plans of waste management were renewed in the area of packaging treatment, treatment of waste waters and waste materials for the following four-year period in the programmes of

furniture, ceramics and bathrooms. Separate collection of waste was consistently carried out and thus individual programmes reduced quantities of waste material by 5 %; the companies within the Division reduced emissions of volatile organic compounds on work places and those into the environment and reduced quantities of hazardous waste.

Concerning reduction in energy consumption the Division implemented measures of introducing energy-efficient devices such as co-production of thermal and electric energy, co-generation, efficient consumption of thermal energy, recuperation and thus importantly reduced energy consumption and negative influences to the environment.

Trade and Services Division

ZEOS, d.o.o.

The company was established in 2005 for the management and treatment of waste electronic and electrical equipment in Slovenia.

Since the beginning of its operation it connected companies that have directly faced the problems of managing waste electronic and electrical equipment in Slovenia. It also informed the public about the areas and objectives of its operation, prepared plans of its operation and confirmed them at the state level. In 2006, the company will start operating when it has arranged all formalities required for the beginning of operation with the state and

the formalities relating to the initial organisation and business consolidation of operation.

The beginning of the company's operation will importantly influence the reduction in burdening of the environment by waste electronic and electrical equipment.

Kemis, d.o.o.

The company is engaged in the removal of waste. Besides the subsidiaries in Croatia and Bosnia and Herzegovina it established a subsidiary in Serbia and Montenegro in 2005.

The most significant effect of positive operation of the company on the environment was achieved in the area of saving natural sources in 2005 since over 200 t of waste thinners were distilled, and over 11,000 t of waste was re-directed to substance and energy processing, about 8,000 t of solid and liquid waste was prepared for burning and 1,500 t of waste tyres were collected. Total collected quantities of waste that were transferred to substance and energy processing importantly contributed to lower consumption of natural sources – raw materials and energy sources.

Besides the facts mentioned the company prepared a detailed schedule of activities needed for the construction of the new recycling centre and organised the first spatial conference in Vrhnika in 2005.

### 3.5 EMAS – Environmental Statement of Gorenje, d.d.

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

EMAS statement of Gorenje, d.d. for the period from 1 January to 31 December 2005 supplements the EMAS environmental statement of Gorenje, d.d., for the year 2003. All facts and data stated in this EMAS environmental statement are credible and reflect the actual position of the system of environmental treatment in the Company. In 2003 Gorenje, d.d. adjusted its operation to the requirements of the EMAS system in compliance with the EU Directive No. 761/2001. The Slovene Institute for Quality and Metrology (SiQ) audited the operation of the EMAS system in March 2006 and established that the system complied with the requirements of the system EMAS Directive.



Vilma Fece,  
Managing Director of the Environmental Protection Area  
and Occupational Health and Safety

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

The EMAS system includes the activity of the parent company on the location in Velenje, in the area intended for industrial, repair and craftsmen services and service activities. The activity includes development, production and sale of household appliances of cooling & freezing programme, programme of washing and tumble driers, the programme of cooking appliances and the Mekom programme in the segment of metal and plastic components.

The EMAS system does not include the production of metal components of the Mekom programme on the locations in Rogatec and Šoštanj. In 2005 the parent company discontinued the production of tube radiators and transferred it to Gorenje Tiki, d.o.o. The production of household appliances is described in sub-section 2.5.1 Production of the Household Appliances Division of this annual report.

#### C. Assessment of Suitability of Environmental Policy

In 2005, the environmental policy was not re-formulated since it reflects the topical situation of relevant aspects (products and services, waste, energy sources, etc.) and related environmental objectives.

#### D. Efficiency of Environmental Treatment

##### D.1 Objectives of Environmental Protection from 2004 to 2006

In the transition period between 2003 and 2004, the parent company reassessed the environmental aspects. On their basis it defined new framework objectives from the year 2004 to the year 2006 due to new investments, changes in the legislation and organisation as well as human resource changes:

- introduction of requirements of the RoHS directive (production of appliances that comply with the directives relating to the contents of hazardous substances, checking of contents of hazardous substances with respect to the requirement of Directives 2002/95/EC and 2003/11/EC, replacement of components that contain hazardous substances, transfer of accountability relating to contents of hazardous substances also to suppliers),
- decomposition of waste electrical and electronic devices,
- reduction in the produced industrial waste packaging (reduction in quantities of waste packaging, increase in scope of returnable packaging, elimination of unsuitable packaging in cooperation with suppliers),
- reduction in quantity of produced waste,
- rational consumption of energy sources.

Implementation of framework environmental objectives is carried out in scope of the defined environmental programmes and activities for the achievement of implementing objectives, and therefore there were no major deviations from the objectives mentioned.

#### D.2. Fulfilment of Objectives of Environmental Protection for the Year 2005

Aspect	Unit	Objective 2005	Realised 2005	2004	2003	2002	2001	2000
Decrease in quantity:								
- hazardous waste	kg/product	0.20	0.21	0.21	0.18	0.25	0.25	0.30
- dumped waste	kg/product	0.33	0.33	0.36	0.44	0.49	0.75	1.01
Rational consumption of energy sources:								
- water consumption	m3/product	0.18	0.20	0.20	0.19	0.18	0.21	0.30
- consumption of electricity	kWh/product	22.39	23.09	22.39	22.24	21.62	21.95	20.82
- consumption of thermal energy	kWh/product	13.30	13.42	13.72	13.28	12.47	15.05	15.81
- consumption of compressed air	m3/product	13.50	15.29	17.47	13.45	15.09	19.49	21.66
- consumption of natural gas	m3/product	1.01	1.04	1.02	1.03	1.02	1.09	1.16



Absolute quantity of hazardous waste produced in 2005 amounted to 636.7 ton which shows an increase of 0.25 % over the year 2004. The specific quantity of waste remained at the level of the year 2004, i.e. at the level of 0.21 kg/product.

Slime coming from the clarification plant contributed substantially to the quantity. In comparison with the year 2004 its quantity slightly decreased (up to 1 %). It should be emphasised that striving for the reduction in slime quantity was successful in 2005 in spite of all, since the quantity of waste technological waters flowing to the central clarification plant increased by 34 % in the same period.

The quantity of produced waste that is dumped (the quantity calculated per product) decreased by 8.5 % over the previous year and amounted to 0.33 kg/product. The objective set at 0.33 kg/product was achieved; the decrease in quantity can be ascribed mainly to more consistent separation of non-metal secondary raw materials.

The absolute consumption of water did not increase significantly in 2005 (by 1 %). The specific consumption of water remained practically at the level

of the year 2004, and thus the objective set at 0.18 m3/product was exceeded by 11.1 %. The reason of excess was mainly increased consumption in the process of enamel pre-processing. Due to unstable quality of sheet metal for enamelling larger quantities of water for rinsing are needed in order to achieve suitable quality of semi-finished goods. The consumption of water for the production of cooking appliances is more than three times higher than the consumption of water for the production of cooling-freezing appliances, washing machines or dish washers.

It was established in specific consumptions of individual energy sources that the consumption of electricity increased by 3.1% and natural gas by 2.0 %, but the consumption of thermal energy decreased by 2.0% and compressed air by 12.5 %.

The increase in consumption of electricity can be mainly ascribed to increased requirements for air-conditioning of the premises. The consumption of compressed air was reduced due to closing of systems at times when the production does not operate and due to planned approach to the replacement of worn out pipes with

end users. Deviations from the objective set can be also ascribed to the new system of acquiring data about the consumption of compressed air that was initially introduced in 2004 (the Landis system). In the previous year additional meters were installed, which enabled and will enable quality acquiring of data about the compressed air consumption.

The achieved deviations from the objectives set are deviations within a 15% interval of allowed deviations that were defined by the system of environmental treatment.

Introduction of requirements of the RoHS directive that defines the limitation of use of certain hazardous substances in electronic equipment

Adjustment of products to the requirements of the RoHS Directive was carried out during the year 2005.

A working group in charge of the introduction of the RoHS Directive has been active at the level of the parent company. Members of individual programmes and organisational units are joined in the group with the objective to co-ordinate and timely implement the transformation of products in accordance with the requirements of the Directive.

In the previous year the Company continued to acquire statements about the fulfilment of requirements of the RoHS Directive from suppliers. Simultaneously checking of composition of materials was carried out by safety data sheets. In the area of purchasing reviews of suppliers classified in relation to compliance of delivered components and materials with the requirements of the Directive RoHS were conducted. All the time activities relating to co-operation with suppliers were performed in order to ensure timely transition to components and materials in compliance with the provisions of the RoHS Directive. Procedures of replacement and eliminations of incompatible materials and components with compatible ones or changes in technological procedures were performed where certain materials became superfluous. Suppliers of Gorenje can be only those who supply materials or components in compliance with the provisions of the RoHS Directive. A system of marking delivered shipments was introduced on transition to the year 2006.

Besides the facts mentioned analytical methods for the establishment of contents of certain hazardous substances were also introduced (hexavalent chromium, cadmium, lead).



It is estimated that a limit was reached in the previous years and that no significant improvements of quality objectives could be reached (results).

Besides measurable implementing objectives in the area of waste management and management of energy sources the Company will continue the programmes in 2006 that will enable achievement of framework environmental objectives, mostly in the area of introduction of the requirements of the RoHS Directive and decomposition of waste electrical and electronic devices.

#### E. Communications with Interested Public

In the area of environmental treatment the parent company most often appeared in the Slovene media with topics relating to waste management, environmental awards and topics concerning social accountability. In 2005, fifty-four releases were given to the public.

In 2005, fourteen groups or individuals contacted the parent company since they wanted to get more information about the environmental treatment and several times they wanted answers to various questionnaires or they even visited Gorenje. Gorenje received only one complaint about the noise in 2005, it referred to the performance of construction carried out by an external contractor in the industrial zone. The work was stopped after the complained had been submitted.

The treatment of Gorenje was presented in eleven different seminars and/or conventions.

The inspectorate of the environment visited the parent company seven times and reviewed the areas of waste, storing and transport devices for hazardous and harmful substances, emissions into the air, treatment with substances harmful to

ozone, treatment of packaging, functioning and maintenance of oil traps, treatment of sewage sanitary waste waters and emissions of substances and heat when letting out waste waters. In 2005, the inspectorate issued no decisions to Gorenje.

Gorenje received the EMAS award for the year 2005 in the category of large companies. The awards were announced in the festive part of the EMAS conference 2005 that was held on 4th and 5th October in Villach (Austria). It was organised by the General inspectorate for the environment of the European Commission, Austrian Agency for the Environment and the Ministry of the Environment and Spatial Planning of the Republic of Slovenia.

#### F. Meeting of Legal and Other Requirements

It can be estimated that the operation of Gorenje d.d., has been in compliance with the legal and other requirements stated in the requirements ISO 14001 and EMAS on the basis of monitoring of legal and other requirements from the area of protection of the environment (in the area of emissions into waters, emissions into the air, waste, noise, packaging, chemicals, energy sources, construction of buildings and protection against natural catastrophes and other accidents), due diligence environmental review of company operation, results of environmental observations, accompanying documentation and results of inspection reviews.

It should be especially emphasised that the Company fulfils all legally determined limiting values for the following environmental areas: waste waters, emissions into the air and noise that are specially determined for this line of business. No limiting values are determined for the other environmental areas previously mentioned.

### D.3 Implementing Objectives for the Year 2006

Aspect	Unit	2005	Objective 2006	2004	2003	2002	2001	2000
Decrease in quantity of :								
- hazardous waste	kg/product	0.21	0.20	0.21	0.18	0.25	0.25	0.30
- dumped waste	kg/product	0.33	0.30	0.36	0.44	0.49	0.75	1.01
Rational consumption of energy sources:								
- water consumption	m3/product	0.20	0.20	0.20	0.19	0.18	0.21	0.30
- consumption of electricity	kWh/product	23.09	23.00	22.39	22.24	21.62	21.95	20.82
- consumption of thermal energy	kWh/product	13.42	13.30	13.72	13.28	12.47	15.05	15.81
- consumption of compressed air	m3/product	15.29	15.30	17.47	13.45	15.09	19.49	21.66
- consumption of natural gas	m3/product	1.04	1.02	1.02	1.03	1.02	1.09	1.16

