

# **social** report **2004**

global **vision** human **values**





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# Contents

**4**

Message  
from Top  
Management

**6**

S&B's History -  
Social  
Milestones

**10**

S&B Today

**12**

CSR &  
S&B Business  
Strategy

**18**

Human  
Resources

**24**

Safety  
& Health

**28**

Environment

**34**

Social  
Contribution



# Message from Top Management



## The Values of S&B

### **Integrity**

We keep our promise.

### **Customer Intimacy**

We strive to understand and satisfy our customers' needs  
and to share their aspirations for the future.

**S**ocial responsibility is an integral part of S&B's fundamental values and is fully interlinked with its business activity ever since its first steps some 70 years back. The social "chronicle" that is published in this Social Report confirms this approach.

The principles and practice of our Corporate Social Responsibility comprise among others:

- The systematic implementation of a comprehensive policy that covers all areas of business responsibility: Creation of long-term value for the shareholders, development of relationships of trust with customers, care for the human factor, the environment, local communities and society as a whole.
- The consistent implementation of a corporate governance system which aims at fair and effective management and operation, as well as full transparency in corporate affairs.

- Two-way communication and productive cooperation with all the social partners and stakeholders, especially with the local communities in the areas where the Company is active.

S&B's Social Report, which has been established as a separate yearly publication, underlines, both in substance and symbolically, the special importance we attribute to the social dimension of our work. This publication covers extensively S&B's activities in the areas of care for its human resources, health and safety in the workplace, environmental protection and restoration, cooperation with local communities and broader contribution to society - mainly in Greece, where the greater part of the Company's productive activities are conducted. The gradual integration of the Group's affiliated companies to a unified management system allows for a gradual but accelerating reporting of the specific actions of corporate responsibility, not only in Greece but worldwide where the company is active.

For S&B, Corporate Social Responsibility is fully integrated to its business strategy and is expressed through our disciplined, professional and socially responsible conduct.

### **Respect for People**

We value our people and we foster their development within a safe working environment of mutual trust and respect.

### **Social Responsibility**

We gain the respect of our stakeholders with our professional and responsible conduct.

S&B's CSR activities during the previous year, both in honoring its standard commitments and in novel/innovative actions and initiatives, covered a wide range. Among others:

- In Fokis, the Mining Park-Vagonetto completed its first fully operational year, with more than 6,000 visitors; and the first practical steps of the "Fokis Initiative", an institutionalized partnership type engagement of S&B with the local communities, were taken in the direction of developing and promoting the famous "olive" of the region.
- On Milos, a number of important and multi-faceted conferences, along with other educational programs and events, took place at both the Milos Conference Center "George Eliopoulos" and the Milos Mining Museum, visited by more than 16,000 people within 2004.
- The voluntary Pension Plan of the Company was upgraded.
- The Environmental Policy of the Company was revised within the framework of the principles for sustainable development.
- All Company Central Services in the Athens area were transferred to a modern complex built according to special bioclimatic design and offering many services to the staff.
- Efforts to further improve Safety and Health at the workplace were intensified focusing especially on the contractors' personnel.
- The Company supported the special educational program "Rock, Mineral, Ore", which has already been attended by more than 1,500 pupils from all over Greece.
- A hospitality program was held in Greece for a large number of S&B's customers and partners from all over the world, on the dual occasion of the 2004 Athens Olympic games and the celebration of the Company's 70th anniversary.

Beyond initiatives such as these, what is most important for S&B is the design and implementation of CSR – in all areas and at various levels – in a way that attests to the fact that S&B is not merely a company with social sensitivity, but a conscious, actively responsible corporate citizen. A company that puts in concrete practice and firm commitments its strong belief that:

*in a modern business operation, "business value" may be derived from the Company's dedication to "social values".*

**Ulysses P. Kyriacopoulos**  
*Chairman of the Board*

**Efthimios O. Vidalis**  
*Chief Executive Officer*





# S&B's History



1934-2004  
70 years



## The founders

Euripides Mavrommatis

Elias Eliopoulos

George Eliopoulos

Athanassios Eliopoulos

## The 30's

**The beginning.** Bauxites Parnasse Mining Company S.A. is founded in late 1933 in Fokis and Silver & Baryte Ores Mining Company S.A. follows suit in 1934 on Milos. The products of the two companies are bauxite and baryte respectively. These two companies will evolve and will eventually become today's multinational Group of "S&B Industrial Minerals S.A.".

## The 40's

**War, Occupation and Revival.** Bauxites Parnasse is forced to "sell" its mines to a German company and, at the same time, Silver & Baryte's Milos installations are converted into a German military base. After the end of the war the revival of the Company gradually begins on Milos and, in Fokis, Bauxites Parnasse tries to regain its mines.

## The 50's

**New products, new markets.** Three new minerals are added to the production range of Silver & Baryte: bentonite and perlite (which in the following years will become the

"champions" of the Company's sales) and also kaolin. The Company extends its presence to foreign markets with exports of baryte and – on a smaller scale – of bentonite and perlite.

Bauxites Parnasse signs (1954) a long-term contract for exports to the Soviet Union. GEMSOV Limited is founded in 1958, the "forerunner" of today's autonomous commercial companies Motodynamics and Ergotrak.

## The 60's

**Strengthening on all "fronts".** Bauxites Parnasse undertakes in 1963 – upon signing a 30-year contract – the supply of bauxite to the "Aluminium de Grèce S.A" plant (subsidiary company of Pechiney). For this purpose, Bauxites Parnasse initiates an extensive investment program.

Silver & Baryte makes headway in the perlite sector in 1960, setting up a crushing/screening plant on Milos, while it starts the production of expanded perlite in Keratsini. Its bentonite, on the other hand, "travels" for the first time to the North American market (Canada).



The album *1934-2004: S&B's Chronicle* was published on the occasion of the 70th anniversary of the Company. It pays tribute to the endeavors and accomplishments of all the people that worked for S&B and brought it where it is today, while it also records a large part of the mining history and tradition of Greece.

### **The 70's**

**A continuous upward trend.** In 1973, the quantity of bauxite produced by the Company reaches the highest level in its history (1,820 thousand tons).

In 1975 Silver & Baryte starts operating a new perlite processing plant on Milos, the largest in Europe, along with a new loading bridge and new silos for the storing of finished perlite products.

### **The 80's**

**Ups and downs!** A decade of dramatic contrasts and fluctuations for bauxite. In 1980 Bauxites Parnasse sets a sales record. In 1982, however, due to international conjunctures, a drastic fall in sales is experienced, which gets further aggravated in 1983. In the following years a gradual pick - up is achieved and in 1989 again, both the Company's turnover and profitability reach record highs. Silver & Baryte breaks the "barrier" of the perlite market in the U.S.A., while its bentonite sets a strong "beachhead" in the European market with a decisive step towards vertical integration:

IBECO GmbH, a company producing in Germany value-added products based on bentonite for the foundry industry is set up, in cooperation with the German IKO.

### **The 90's**

**Bauxite in crisis - Silver & Baryte takes off.** While Bauxites Parnasse is facing serious problems once again (due to the interruption of bauxite exports to the former USSR and to Romania after the political changes in Eastern Europe), Silver & Baryte is listed in the Athens Stock Exchange in 1994 and in 1996 it absorbs Bauxites Parnasse thus becoming the mother company of the Group.

Silver & Baryte becomes the largest bentonite producer in Europe after setting up the multinational IKO/Erbsloeh in Germany, buying out Mykobar on Milos and through a series of acquisitions in Italy, in Spain and in Georgia. Silver & Baryte becomes the largest graded perlite producer in the world expanding its activity to China, acquiring the German Otavi Minen and adding one more processing plant on Milos.

### **2000 - To date**

**New name - New quantum leaps in the international arena.** Silver & Baryte Ores Mining Co. S.A. changes its name to S&B Industrial Minerals S.A., thus reflecting more accurately the Company's focus on industrial minerals and providing the basis for the integration of the now international Group of S&B.

S&B continues with its developmental activities and expansion strategy: it acquires 100% of IKO-Erbsloeh and establishes S&B North America which deals mainly in processing and distributing perlite, but also bentonite and bauxite in North America. It reinforces its activity in China, it acquires two new companies in Hungary and Bulgaria. The culminating entrepreneurial move of S&B in 2004 is the acquisition of STOLLBERG, an international group of companies and a global leader in the sector of "casting fluxes".

# Social Milestones

**1935:** A company doctor is employed on Milos and work safety measures are taken.

The first dwellings for the employees are built at Voudia, Milos.

**1936:** The first primary school is set up in Pollonia, Milos, on S&B's initiative and financial assistance.

**1947:** After an agreement with the workers' union, S&B offers substantial assistance to buy food supplies for its personnel on Milos.

First mention of financial support to Milos associations for cultural, athletic and other activities.

**1959:** S&B offers financial and technical assistance for the construction of a new building for the Pollonia (Milos) primary school.

**1966:** S&B takes the initiative to give 1% of its annual exports' value for the support of Milos communities.

**1969:** George Eliopoulos is awarded the prize of "Best employer".

**1972:** Construction of Milos airport with S&B's financial and technical assistance.

**1975:** Signing of the first group contract for additional health insurance for its personnel.

**1976:** Setting-up of the first Health & Safety Department.

Kitty Kyriacopoulos is awarded the title of "Great Benefactress" by the Fokis local authorities.

**1977:** Setting-up of the first Department for Environmental Rehabilitation.

First implementation of a training system for the personnel, in cooperation with a foreign company.

Substantial financial donation to the Greek armed forces.

**1980:** The first company owned plant nursery is set up in Fokis.

**1983:** The first company newsletter for the personnel is published.

**1988:** A profit-distribution program for the personnel is set up.

The Company produces its first musical recording with the "Hymn to Freedom" (part of which is the Greek National Anthem).

A blood bank with voluntary blood donations from the members of the personnel is set up.

**1989:** Construction of the Itea Cultural Center.



**1990:** Introduction of a participative management system.

The Group is awarded the OMEPO "Sponsor's Award".

**1993:** Construction of the Pollonia Cultural Center on Milos.

First corporate publication: book titled  
*"Antonio Vassillacchi, called Aliense", a Melian painter.*

**1994:** S&B becomes ISO 9002 certified.

S&B institutes the "Milos Festival".

**1995:** Company plant nurseries begin to cultivate the local flora.

**1996:** Ulysses P. Kyriacopoulos receives the "Kouros" award.

**1998:** Inauguration of S&B's Milos Mining Museum.

A pension scheme for the Company's personnel is instituted.

First Employee Satisfaction Survey is conducted.

**1999:** Kitty Kyriacopoulos receives distinction by  
the international "Star Group" organisation.

**2000:** S&B becomes ISO 14001 certified.

Inauguration of the Milos Conference Center - "George Eliopoulos".

**2002:** Publication of the first separate (annual) Social Report.

Kitty Kyriacopoulos receives the French Legion of Honor National Order.

**2003:** New form of cooperation with the local communities is instituted:  
"The Fokis initiative".

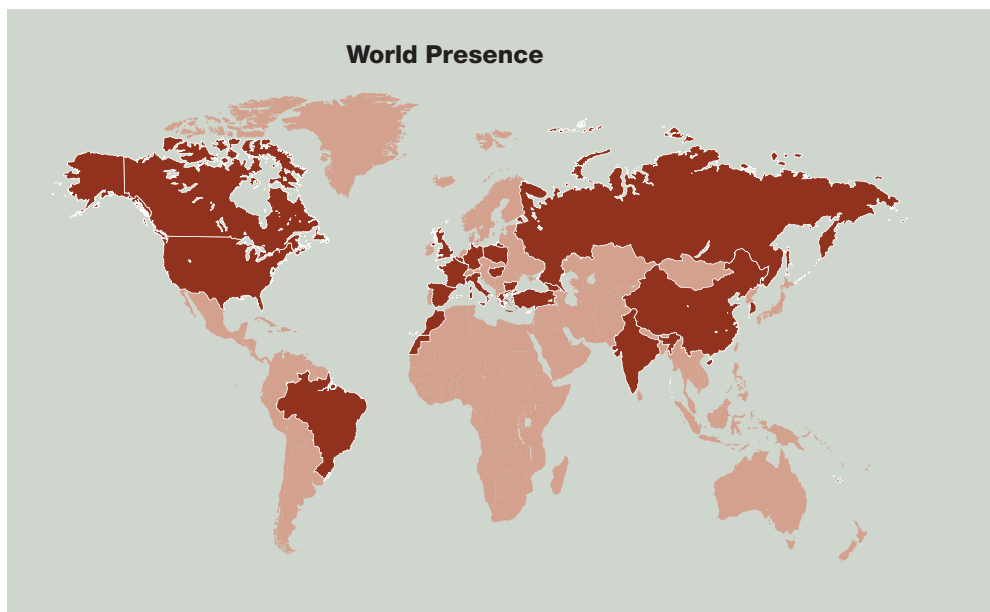
"Vagonetto" The Fokis Mining Park opens its gates to the public.

Kitty Kyriacopoulos is declared "Honorary Citizen of Milos".

**2004:** Celebration of the Group's 70th anniversary.



# S&B Today



**€ 404.3** million  
consolidated sales

**€ 19.8** million  
net profits

**23** bentonite, perlite,  
bauxite and wollastonite  
mines

**48** installations/facilities  
and processing centers

**29** distribution centers

in **21** countries of  
Europe, Asia, North and  
South America, Africa

## Global Presence and Leading Position

S&B today is an international public Group of companies, with considerable market shares and leading positions worldwide for its main products: bentonite, perlite, bauxite and casting fluxes.

Its mines, processing plants and distribution centers are present in more than 20 countries in Europe, North and South America, Asia and Africa. S&B's global family includes more than 2,200 employees.

Utilizing the multiple properties of industrial minerals, S&B produces a series of customized specialty products and provides integrated and innovative industrial solutions to a broad range of applications.

## Financial Results

In 2004 total consolidated sales for S&B and affiliated companies of the Group reached €404.3 million, representing an increase of

close to 40% over the previous year. The Group's net profits reached €19.8 million, an increase of 13.3%. The 2004 levels of sales and net profits are four times and three times larger respectively, versus the corresponding levels of 1997 (the first year of full consolidation of the Group).

## Industrial Minerals

The Industrial Minerals activities constitute S&B's core business, representing 78% of its turnover.

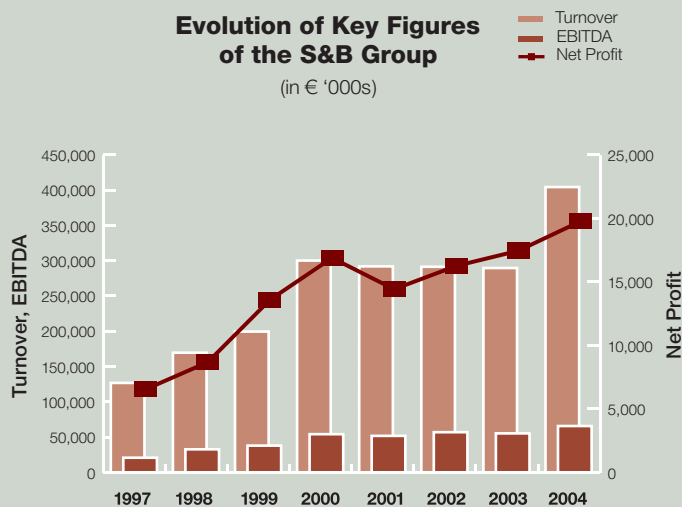
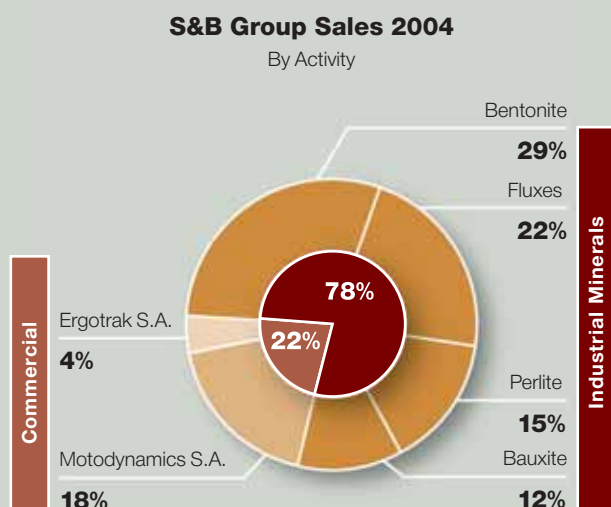
In Bentonite, S&B is the number one producer in Europe and the number two worldwide, with sales exceeding 1 million tons annually. Its largest market is that of foundries.

In Perlite, S&B is the largest raw graded perlite supplier worldwide and a leader in the European non-expanded perlite market. It also holds an important share in the building materials' market on the East Coast of the U.S.A. and in the agricultural sector of North America as well.



“We provide innovative industrial solutions  
by developing and transforming natural resources  
into value - creating products”

*Purpose of S&B*



In Bauxite, S&B has been established as one of the most important companies of high - quality bauxite production and supply in Europe.

Through its OTAVI Minerals division, S&B processes and sells a wide range of specialty industrial minerals, destined mainly for the ceramics and glass industries.

The most important development in 2004 – and the main reason for the explosive increase of almost 40% in consolidated sales was the acquisition of the international STOLLBERG Group, present in Germany, France, U.S.A., Brazil, China, India and Korea. STOLLBERG produces casting fluxes which are based on a variety of industrial minerals and are used in the continuous casting process for steel production. It is a leading player in a small niche - market, producing products of high added value which are sold to the largest steel industries worldwide.

Integrating STOLLBERG to the Group, S&B has added to its range a new division of products, while creating, in parallel, important opportunities for development and penetration into new, fast - growing geographical areas and markets.

### Commercial Activities

In addition to its Industrial Minerals activities, S&B through its affiliates Motodynamics S.A. (representing among others the Yamaha products) and Ergotrak S.A. (representing Case, Linde Cummins, etc) – has also developed commercial activities in Greece and the Balkans in the markets of two-wheelers, marine products, construction and material-handling machinery, diesel engines and power generators.

### S&B's Philosophy

The guiding principles of S&B's business activity have always been the use of state-of-the-art technology for continuous improvement of the Company's products, increasing their added value and expanding their applications and markets, while constantly making the necessary adjustments (organizational, operational, technological, commercial) aimed at effective Company response to market changes, ever-increasing international competition and to new challenges and opportunities.

Further information on S&B's business strategy, its activities per sector, as well as its relations with its customers and shareholders is provided in the separate issue of its Annual Report.



# CSR and S&B Business Strategy



**T**he philosophy and practice of S&B as an active and responsible corporate citizen stem from its principles and values and are based on the following premises:

- Social prosperity is linked to economic development.
- Without social cohesion and rational management of natural resources there can be no viable economic development.
- Care for the human factor, the social and the natural environment and the Company's long-term sustainable economic performance should be and are harmoniously bound together.
- The interdependence that exists between the Company and society dictates the need for productive social dialogue, especially on the local level, within a climate of mutual trust and respect.

Within the framework of its operation as a responsible corporate citizen, S&B, apart from total compliance with the laws, has developed a series of initiatives and collaborative efforts with the aim to promote – in a transparent and effective way – a relationship of dialogue and cooperation with all those who influence and are influenced by the Company's activities.

## Shareholders

For its shareholders, S&B has adopted and implements a comprehensive Corporate Governance System, long before the principles of such a system were adopted by the Greek State in 2002; it has separated the Executive Management of corporate affairs from the initial family ownership of the Company; it operates independent mechanisms of operational control and it ensures timely, reliable and transparent information for all shareholders.



For S&B, the approach to Corporate Social Responsibility is directly linked to the principles of the Sustainable Development triangle “society-environment-economy” and is fully integrated to its business strategy and operation. S&B has always believed and today is more convinced than ever that, through its long-lasting company values – customer satisfaction, care for its employees, the environment and society – and with a comprehensive and effective corporate governance system, it can create long-term value for all its shareholders.

### **Customers**

The objectives of S&B is to cultivate and maintain mutually beneficial long - term relationships of trust and cooperation with its customers built on the in-depth knowledge and satisfaction of their needs, and continuously improving the value of the high-quality products and services provided to them. Respect for all its business partners and safeguarding its credibility in all its transactions are among the Company's top priorities as well.

### **Employees**

The policy of the Company concerning its employees centers on, the proper development of their skills and potential, care for their safety and health at the workplace, fostering a work environment of mutual trust and respect, social care for the employees and their families.

### **Environment**

The Company, convinced that mining and industrial activity can coexist with the protection and care of the environment, continuously designs and implements, throughout the entire spectrum of its activities, comprehensive programs for the rational utilization of natural resources and, in parallel, programs aiming at the prevention and minimization of the impact to the environment.

### **Society**

The Company, recognizing its special social role within the local communities where its mining and industrial activities are concentrated, actively participates and contributes to the economic, social and cultural life of these areas and supports their balanced development.

The broader social contribution of S&B extends to many areas with emphasis on supporting education, arts and culture, contributing to the activities of non-governmental, non-profit organizations and offering assistance in cases of natural disasters.

# Organizational Structure of Corporate Social Responsibility

The importance attributed by S&B to the systematic and effective implementation of Corporate Social Responsibility is reflected by its organizational structure as well:

The **Corporate Social Responsibility & Communication Division (CSR&C)**, headed by a member of the top-level management team, reporting to the Chief Executive Officer (CEO), is responsible for the planning of the Group's social and environmental policy and for the coordination of all related activities. CSR&C Division represents the Company in its relations with the "outside stakeholders" and handles the Company's relevant matters. The central **Environmental Affairs** and **Health and Safety** departments come under this Division as well.

The **Group's Human Resources Division**, also headed by a top-level executive reporting to the CEO, handles all matters related to the Company's relations with its employees and to the personnel's' social benefits. A special department of this Division – **Human Resources Development** – deals with the planning and implementation of systems and procedures for the continuous training and development of the personnel, the establishment of modern, transparent and meritocratic systems of human resources management and the application of participative processes.

## Corporate Governance

S&B has institutionalized and implements a Corporate Governance System long before the principles of such a system were legally adopted by the State (law 3016/2002), and the system is in continuous development in response to the ever-changing business and social conditions. The second revision (2005) of the Corporate Governance Principles of S&B is in fact being issued in a separate leaflet.

The Corporate Governance System of S&B aims at a fair and effective management for the long-term development of the Company and follows a set of guidelines dictated by the equal and fair defense of the interests of all shareholders with no exception, as well as by the demands of social responsibility.

The composition of the Board of Directors and the way it operates ensure the objectivity of the decisions made by this highest governing body as well as the transparency of the Group's activities.

The Management of the Group's companies has been transferred to professional managers, that have no family connection with those who control the majority of the Company's equity.

The independent mechanisms of internal and external auditing ensure the efficient operation of the Company.

At Board level four committees have been set up, consisting mainly of non-executive members.

# Management Committees for Corporate Social Responsibility

Two steering committees of a strategic nature have been set up, presided by the CEO and composed by high-level executives. These are:

## **Corporate Management Review - Environment**

This is the supreme body that decides on the environmental strategy, determines and supervises the proper implementation of the Company's environmental policy.

Apart from the CEO, members of this body are the General Managers of the business divisions, the Manager of CSR&C, the Environment, Health and Safety Manager, the Production Managers and other responsible executives.

## **Health and Safety Steering Team**

This is the supreme body that decides on strategy and directs all Company action in the areas of health and safety. Apart from the CEO, members of this team are the General Managers of the business divisions, the Manager of Corporate Social Responsibility & Communication, the Environment, Health and Safety Manager, the Production Managers, safety engineers and other responsible executives.

## **Audit Committee**

It assists the Board in fulfilling its overseeing responsibilities:

- to ensure the adequacy and integrity of the Corporation's accounting and financial reporting systems, and that properly operating control systems as well as systems for risk assessment and prudential management are in place,
- to ensure the credibility and integrity of the publicized financial statements,
- to monitor the compliance with the laws and standards of the State, as well as the effective application of the Group's Corporate Governance System, making changes to it as needed.

## **Nomination Committee**

It assists the Board in ensuring continuity and normal succession for Board membership and the CEO position, as well as for the top-level management development and succession.

## **Human Resources Committee**

It evaluates the performance of the CEO and of the top - management members and submits proposals to the Board regarding their compensation. The committee also submits to the Board proposals related to the annual general salary policy for the Group's personnel, to the management development of executives, as well as to the adoptions of efficient reward and benefit systems for the personnel.

## **Pension Plan Committee**

Its objective is to evaluate and select the best alternatives of investing the funds of the Pension Plan for the Group's personnel.



## S&B and Sustainable Development

### - participation and contribution to the public dialogue

S&B is very active in sectoral and other collective bodies in Greece and abroad, with the objective to contribute in mapping - out and promoting a wider strategy on matters of Corporate Social Responsibility and Sustainable Development.

## CSR Europe:

### 1<sup>st</sup> European CSR Conference - S&B's participation

**S&B Industrial Minerals S.A.** was one of the three companies to have represented Greece at the top - level conference "**European Marketplace on CSR**", organized in Brussels in early March 2005 by the CSR Europe Network. There were 200 European companies, candidates for their "best practices", of which 100 were chosen to be presented at the Marketplace. This conference was organized on the occasion of the 10th anniversary of the establishment of the CSR Europe Network, the Greek CSR Network being also linked to it.

At this conference, **S&B presented the two main axes of its contribution to the cultural infrastructure and the tourist development of Milos island**, with the creation and operation of the Milos Mining Museum from 1998 and of the Milos Conference Center "George Eliopoulos", since 2000. The presentation with the title "mining & tourism: achieving balance" made by S&B, demonstrated how two "conflicting" activities, mining and tourism, can, with the assistance and support of the company, be combined and develop harmoniously for the benefit of the local society.

In Greece, the Company participates actively in national collective organizations such as:

- the **Federation of Greek Industries** (SEV), President of which is the Chairman of the Board of S&B,
- the **Greek Mining Enterprises Association** (GMEA). S&B's CEO was elected President of the Association in April 2005 and two more executives of the Company were elected members of the current Board of Directors of the Association.

Within the framework of this collaboration with GMEA, S&B supported and hosted, in its installations at the Fokis bauxite mines, a **one - day conference** with the subject "**Safety, a basic parameter of sustainable development**" (19 Nov. 2004). The success of the conference may be measured by the strong interest and commitment of the Associations' member companies that participated, for close cooperation and exchange of experiences, in order to promote the conti-

nuous improvement of health and safety conditions in the Greek extractive industry and to establish commonly agreed measurement indices to monitor the sector's performance.

During the celebration of the 80th anniversary from GMEA's foundation (1924-2004), S&B received recognition for its 70 years of business activity.



**Hellenic Network for Corporate Social Responsibility:** S&B is one of its founding members, and Vice-President of the Network's current Board is the Director of Corporate Social Responsibility and Communication of S&B. The main purpose of the Network is to promote the concept of Corporate Social Responsibility and social cohesion through the transfer and use of "best practices".

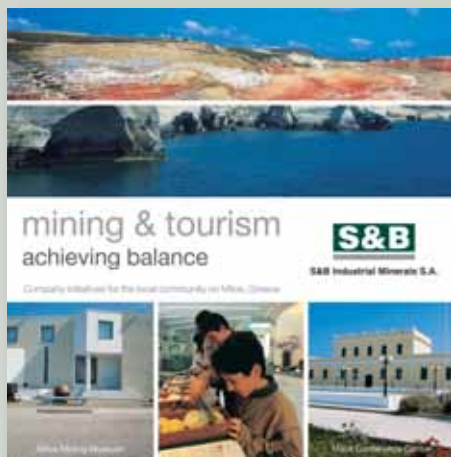
In **Europe**, S&B is actively involved in the European-E.U. dialogue on Sustainable Development and Social Responsibility, by sitting in committees and supporting the actions of European Associations in the field.



**Industrial Minerals Association - Europe**  
S&B executives participate in the Board of Directors of the Industrial Minerals Association-Europe and in several of its specialized committees.



**Euromines (European Association of Mining Industries)** S&B's executives participate in various of its working groups.



Some of the issues systematically monitored through the Company's participation in the various agencies and associations are:

- The proposal for a Mining Waste Directive,
- The REACH Proposal, for Registration, Evaluation and Authorization of Chemicals and restrictions imposed on them,
- IMA's program for the measurement of respirable and inhalable dust, based on a specific protocol,
- IMA's initiative for a social dialogue between employers and employees, in order to jointly establish the lowest concentration limits of inhalable crystalline silica in the workplace and to adopt a set of recommended good practices for the reduction of dust emissions. This program is backed by the E.U., which is actively involved in promoting such a dialogue.
- The Natura 2000 network of protected fauna and flora species and natural habitats.

S&B participates voluntarily completing with the necessary data a **pilot E.U. questionnaire**, the aim of which is to develop and establish uniform indices for sustainable development. S&B has sent data for the period 2001-2003 on health and safety, education, resources allocated for R&D, communication with local communities, energy and water consumption, ratios of areas being mined and being restored, use of hazardous substances, methods of products transportation and environmental events. The E.U. DG responsible for these issues has already published the first SDI (Sustainable Development Indicators) Report for 2001, based on the data it has collected.







# Human Resources



## PRINCIPLES

- Continuous individual and organizational development
- Assurance of meritocracy in all human resource systems and processes
- Fostering of a climate of mutual trust and respect
- Emphasis on knowledge exchange and sharing and on communication
- Encouragement of balance between personal and professional life

## Employment

On a consolidated basis, the total number of employees of the Group in Greece and abroad was 2,187 at the end of 2004 compared to 1,854 at the end of 2003. This important increase of 18% was the result of the acquisition, in June 2004, of the STOLLBERG international group of companies. Thus, the percentage of employees working outside Greece has reached 60%.

In addition to the people directly employed by S&B, 330 individuals were indirectly engaged in the Company's activities in 2004, on Milos and in Fokis, as contractors' employees.

## Recruitment and Selection

Recruitment and selection of people that can embrace the Company's principles and values and have the necessary skills and competencies to pursue the Company's strategic objectives and to effectively

respond to the numerous challenges in the business environment has always been one of S&B's main priorities.

For this purpose, the Company participates in conferences, educational institutes and "Career Day" events organized by universities or other institutions, and always seeks contact with prominent professionals or young people with noteworthy academic studies, who are interested in joining the future generation of the Company's human resources.

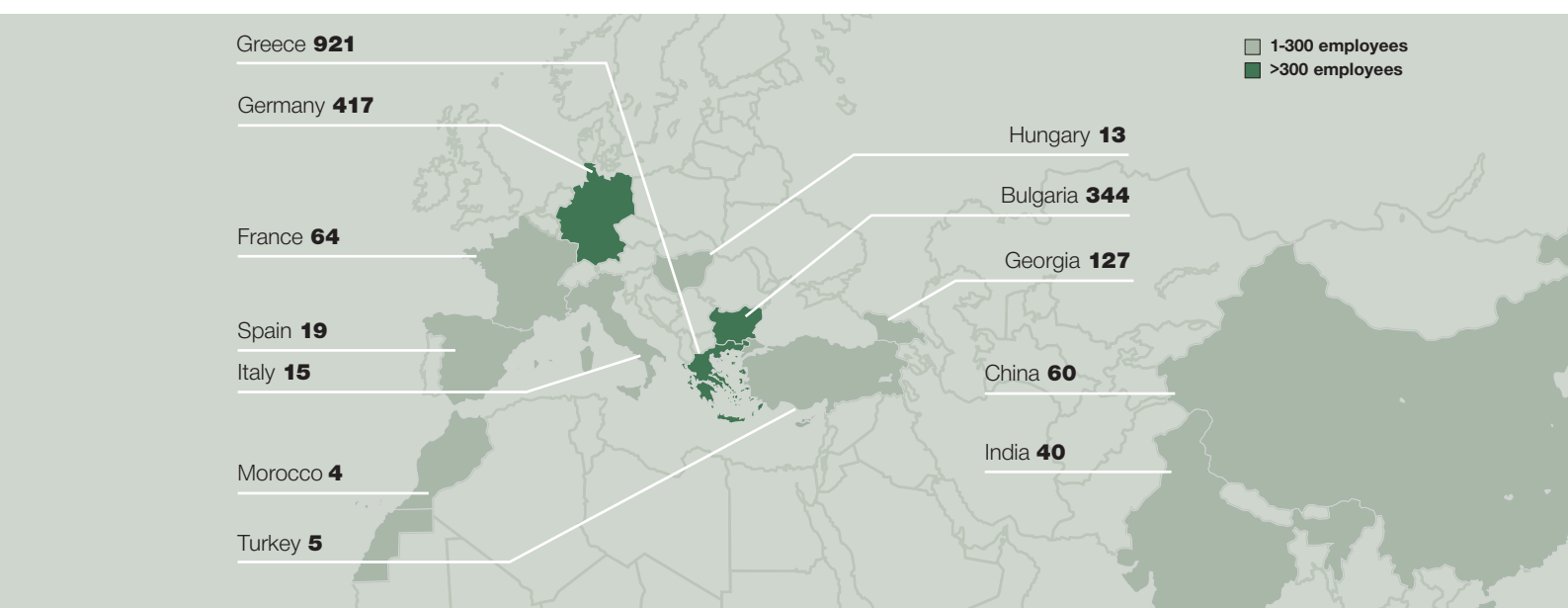
To select its personnel, S&B uses transparent procedures based on objective selection criteria according to the specific requirements of each one of the job positions to be filled.

## Training and Development

Training costs represent a real investment for the Company, with direct and positive results both on employees' performance and their long-term career development.



The ability to attract, develop, retain and motivate capable people, employee satisfaction, safe working conditions and a creative working environment are objectives of the utmost importance for S&B.



For this purpose, the Company has adopted procedures for the systematic diagnosis of employees' training needs and of areas of competencies and behaviors that need to be developed. This type of diagnosis is done through the integrated Performance Appraisal and Development Potential System used by the Company. Based on the needs assessed, individual training and development plans are designed and implemented.

90% of S&B's personnel in Greece and in Germany were trained in 2004 and some 17,000 training hours were provided, corresponding to 20 hours of training annually per employee.

Within the framework of its training policy and philosophy, the Company also finances long-term programs for the professional development of its employees through specific policies and procedures. Among others, the employees can:

- Complete their studies,
- Pursue post graduate studies, such as MBAs,
- Attend long-term specialization programs relative to their job.

Furthermore, the Company offers its employees other personal growth opportunities, through their participation in interdepartmental working teams and collective bodies, job rotation etc.

## Compensation and Benefits System

### Compensation

The Company's systems for the determination, management and development of appropriate pay levels are characterized by transparency, objectivity and consistency. For the managerial / professional staff, the Compensation System is based on the internationally recognized and reputable methodology of HAY Consultants.

The system's basic objectives are:

- To assure internal consistency and meritocracy in the employees' salaries.
- To offer competitive remuneration packages in relation to the market.
- To safeguard reliability and objectivity in salary administration and development.

In addition to the basic part of remuneration, the Company has developed and grants its employees additional variable pay such as:

- A yearly bonus directly linked to the achievement of individual and/or group goals, especially for the management staff.
- A productivity premium or other incentives for the administrative or technical staff.
- A profit-sharing scheme for S&B's personnel.
- A stock option program for senior staff, in place since 2001.

## Benefits

S&B, in addition to cash compensation of various forms, offers its employees in Greece and in big affiliates abroad **a series of social benefits** beyond those prescribed by law, including among others:

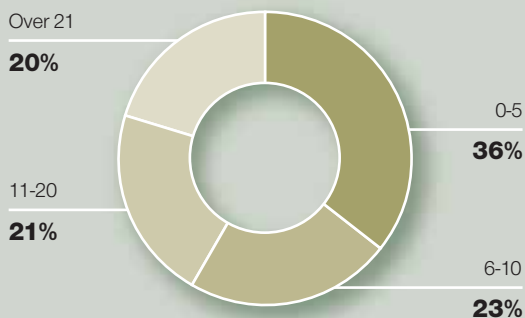
Furthermore, an employee **Blood Bank** has been operating since 1988, which today boasts a great number of employee donors throughout all the companies of the Group in Greece. Voluntary blood donation takes

## Internationalization and integration of new companies.

S&B's dynamic growth on a worldwide scale over the last years has created the need for the integration and development of a common code in the Human Resources area, with common mechanisms and

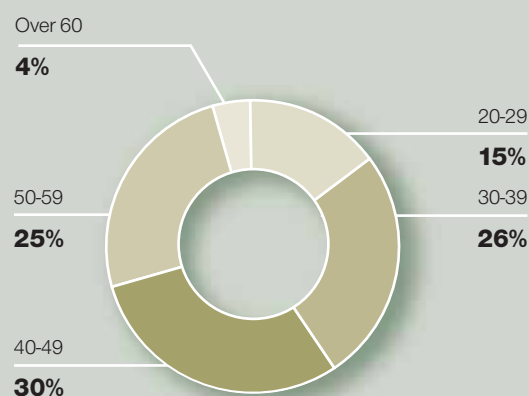
### Personnel Distribution

By Number of Service Years



### Personnel Distribution

By Age



- Life Insurance
- Accident insurance
- Insurance for loss of income
- Additional programs for in-patient, out-patient and medical-pharmaceutical insurance.
- A private supplementary Pension Program
- Loans for medical reasons
- Social care and psychological support, provided by a Social Worker of the Company, for the employees and their families.

Among the non-monetary benefits to the personnel are:

- A Preventive Medical Program
- Professional guidance for the employees' children
- Comfortable and modern workplaces
- Presents in recognition of long dedicated service with the Company, presents for weddings, births etc.

place twice a year, an important service to the employees and their families. The General Hospital of Athens "Laikon", in 2004, presented S&B with an honorary certificate for its contribution to the promotion of voluntary blood donation in Greece.

Moreover, an employee "**Samaritans' team**", as it is called, is active in the Company and its task is to provide first aid in the workplace in case of minor injuries and accidents, and to ensure safe transportation to the nearest hospital in case of a major accident. The members of the team, employees from all departments, are volunteers and receive training twice or three times a year.

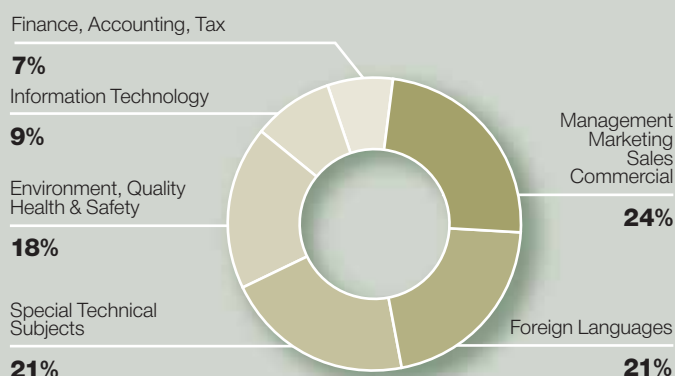
procedures adapted, however, to local, institutional and social conditions of each area. The Company's objective is to have one common vision, one single culture and shared values in all the Group's subsidiary companies.

Apart from strict compliance with labor legislation in all the countries where S&B is present, special effort is made in countries with particular labor conditions, such as China or the Republic of Georgia, for the application of employment rules consistent with the Company's standard practices. Thus, safety, mutual trust and respect and human resources development are principles that govern S&B's everyday reality anywhere in the world. Furthermore, insurance and health & safety programs are promoted, the standards of which extend well beyond the ones set by the national legislation in each country.

Within the context of international human resources integration, after the establishment of a common Compensation Management System for the executives in Germany, a common Performance Appraisal System and a process for the assessment and coverage of their training needs were also set up.

Communication is greatly enhanced by the systematic use of a number of means such as the Company's quarterly internal newspaper in three languages (Greek, English, German), covering the whole scope of S&B's news and activities in Greece and abroad.

**Training Hours Distribution for 2004\***



\* employees in Greece and in Germany



The Human Resources Division of Greece was restructured in 2004, aiming at the more effective management of the Group's human resources not only in Greece but abroad as well.

Furthermore, the establishment of a common electronic platform for the management of human resources in S&B's main affiliates is an invaluable communication and information tool for the Group's employees.

### Internal Communication - Fostering Team Spirit

S&B has always attributed great importance to the two-way internal communication as a means of information sharing and transfer of Company values through concrete action.

Special publications, memoranda, information meetings and conferences are some of the Company's other means for the reinforcement of internal communication.

For knowledge sharing, intranet sites of the main Divisions have also been set up, with direct, accurate and reliable information and updating on the Company's systems, policies and procedures. A state of the art Human Resources Software System was completed and put into application in 2004, through which employees can obtain reliable and fast information as to their personal data, thus promoting full transparency.

Moreover, S&B pays special attention to the creation of a climate that fosters dialogue, cooperation and team spirit among its employees. For this purpose, besides the participative management processes put into place, the Company also promotes communication and closer ties among its members through a series of relevant activities.

Such activities include:

- Social events for Company employees and retirees, as well as leisure or cultural activities for the employees and their families (Christmas and children's celebrations, visits to museums and to art exhibitions).
- Subsidies for lunch at the workplace restaurant or canteen.
- Operation of a modern gym at the Company's headquarters in Athens.
- Financing of a football team, members of which are colleagues from various Divisions. The team takes part in local championships and tournaments organized among various companies.

## Upgrading of Pension Program

In an effort to constantly enhance its employee benefits, in 2004, S&B upgraded its “defined contribution” voluntary pension program, which was initiated on 1/1/1998, and now covers about 900 persons in Greece.

According to the upgraded Program running from 1/1/2005:

- The investment philosophy has changed, to take into consideration each employee’s profile, based on the number of his/her active years of service till retirement.
- The composition of the Investment Committee has been modified: along with the members from the Company’s Board, professionals from the insurance company with expertise on investment matters will also participate.
- The percentage of the Company’s contribution has been increased.

Through these changes, the Company aims at:

- minimizing the investment risk,
- securing more effective return on the capital invested,
- taking advantage of market developments and trends in real time.

Along with revising its Pension Program, the Company has also signed a contract for **Life Insurance coverage**.

In this way, the package of insurance coverage provided by the Company is being enriched, securing high-level protection for its personnel against any risk.

## Upgrading of the Performance Management System

### “Best Human Resources Initiative” Award - KPMG

In the context of the 8th Human Resources Conference organized by KPMG in February 2005, during a competition for the “Best Human Resources Initiative”, **S&B was awarded the prize for the renewed Performance Management System** which was developed in 2004.

S&B has been applying, since 1997, a comprehensive Performance Management System, one of the most important tools for development and motivation of its human resources. S&B’s Performance Appraisal System covers the whole cycle, starting with the definition of the criteria (goals and professional competencies) based on which employees’ performance is evaluated, continuing with the follow-up and appraisal of their performance and closing with the setting of the development program and the reward system.

Changes in S&B’s structure and the international business environment over the last few years, along with the results of the 2002 Employee Satisfaction Survey and a benchmark study of the Company’s system against the market and the best practices, led to the need for a review of the system. The review of the Company’s Performance Appraisal System was the result of participative procedures and work teams, with the participation of managerial and professional staff from every level of hierarchy, from all functions and all the affiliates abroad.

For the sound and successful implementation of the system, extensive training was held in Greece and abroad.

# Harmonization between Personal and Professional Life



In 2004, S&B started an effort for the best possible harmonization between its employees' personal life and their life in the workplace. For this purpose, the Company established special work teams to develop and submit relevant proposals.

Some of the initiatives taken in the context of this effort are the following:

- The **operation of a modern, fully equipped gym** in the Company's facilities in Athens. The gym is open during the afternoon, with two instructors, group fitness classes, traditional and latin dance classes, a room with work-out equipment and one ping-pong table.
- **Career orientation counseling** for the employees' children. This program assists adolescents in identifying the profession that suits them best, the one which is more likely to offer them complete and happy lives. The process provides valuable information about each child's personality, skills and competencies, interests and personal incentives, to help the child make the appropriate decision.



The main changes made to the system were the following:

- Integration of "goal-setting" and "professional competencies evaluation" into one single system.
- Review of the "professional competencies" and their reconnection to the strategic goals of the Company.
- Breakdown of each competency into clear and easily observable "behaviors".
- Direct connection of behaviors to concrete training and development proposals.
- Introduction of an electronic appraisal system.
- Emphasis on the importance of constant dialogue between appraiser and appraisee throughout the year.
- Implementation of the system for the managerial/professional staff at international level.

## GOALS

- Upgrading of the Recruitment and Selection procedures
- Further streamlining of the Performance Management process and evaluation of the new Performance Appraisal system
- Promotion of the Program for Professional and Personal Life Harmonization
- Further diffusion of the corporate HR systems and procedures internationally





# Safety & Health



Safeguarding occupational Safety and Health constitutes a non-negotiable corporate value, the first among Company values, governing the Company's activities and policies.

**S&B**'s Management at all levels is particularly sensitive to Safety & Health (S&H) matters. Its main objective is to support and to promote a series of actions aiming at the elimination of all accidents. The tragic accident in the Fokis mines in 2003 confirmed the necessity for every single employee to be constantly alert in order to eliminate hazards lurking either for him or his colleagues. Developing such a "safety behavior culture" is, for every S&H system, the most difficult goal to achieve.

The corporate occupational Health and Safety Steering Team (H.S.S.T.), under the chairmanship of the CEO, is the supreme body that guides all actions related to Health & Safety. This team convenes regularly, on a quarterly basis, to define the framework and guidelines that the organization will follow in specific areas, like training, communication and guidance on safety matters, and to seek in-depth investigation of related problems and to plan for the appropriate solutions.

To achieve the aforementioned goals, the Company's activities in 2004 were directed to the improvement in three main fields: work environment, working practices and behavior.



### **S&B's main goals for Safety and Health in the workplace are:**

- Development of systems that safeguard the employees' physical and mental health.
- Implementation of a Safety & Health system for the contractors, equal to the one followed by the Company.
- Protection of local societies from risks associated with the Company's activities, as: slide of extracted overburden deposited in benches, ground subsidence caused by underground works, and traffic of vehicles for the transportation of personnel, raw materials and products.
- Constant upgrading of products, to ensure their safe use, providing adequate safety instructions.

### **Work Environment**

Actions in this area include the use of modern machinery and its regular preventive maintenance, the adoption of new technological methods and the improvement and control of the work environment.

- Investments for safety in 2004 reached €397,000, 37% of which was spent for the replacement of the personal protection gear, while the rest was allocated to the improvement of working conditions, mainly in processing plants.
- Regular dust and air-pollutants inspections both at surface and underground worksites are carried out. Since 2003, S&B has also been participating in a special program coordinated by IMA (Industrial Minerals Association), providing results of respirable and inhalable - dust measurements according-

to a certain protocol. This program will allow, in the future, to draw safe conclusions about dust concentration effects on employees' health Europewide.

- Internal S&H audits at the Milos and Fokis installations, by inspectors directly accountable to H.S.S.T., with the purpose to certify conformance to current legislation and to optimize existing procedures have been institutionalized.

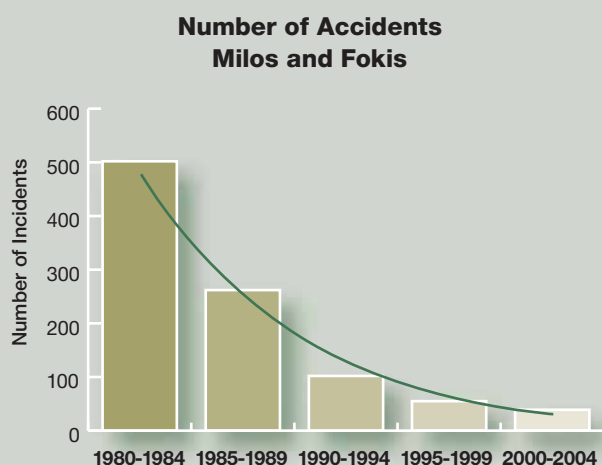
### **Working practices**

An effort is being made, in this field, to establish best practices by identifying potential hazards at each work area and creating procedures to control them, analyzing near misses and systematically following up the relevant indices. More specifically, in 2004:

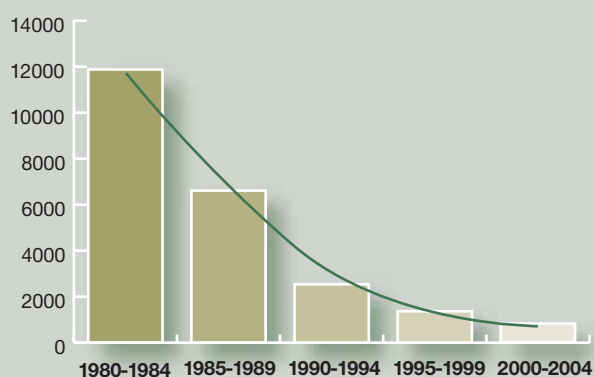
- Assessment of occupational hazards and associated risks was compared to actual results of accidents. The comparison

between the results of the occupational hazards assessment and the actual conditions observed has proven that the right decisions were made during risk assessment and that the work carried out in these areas is on the right track, with positive results being expected both in the short and in the long term.

- Alternative proposals for the review of the S&H Company system were evaluated, placing emphasis on the methodology for the analysis of accidents and nearly missed accidents, the adequacy of the occupational hazard assessment and the procedures to enhance participation of management in forming a climate of safety - conscious behavior.
- The drilling and filling instructions for underground works were revised.



**Number of Lost Workdays because of Accidents  
Milos and Fokis**



For safer conclusions, because of the increase of the sample population, the evolution of the relevant indices in these three graphs is presented in five-year averages.

#### S&H Investments & Expenditures 2004

Fokis: (in '000s €)	
Reconstruction of underground mechanized scaler	107
Other works	25
Personal Protection Gear	80
	<b>212</b>
Milos: (in '000s €)	
Replacement of filter of the loading bridge sampler	20
Construction of foot-corridors on the racks	66
Other works	33
Personal Protection Gear	66
	<b>185</b>
<b>Grand Total:</b>	<b>397</b>

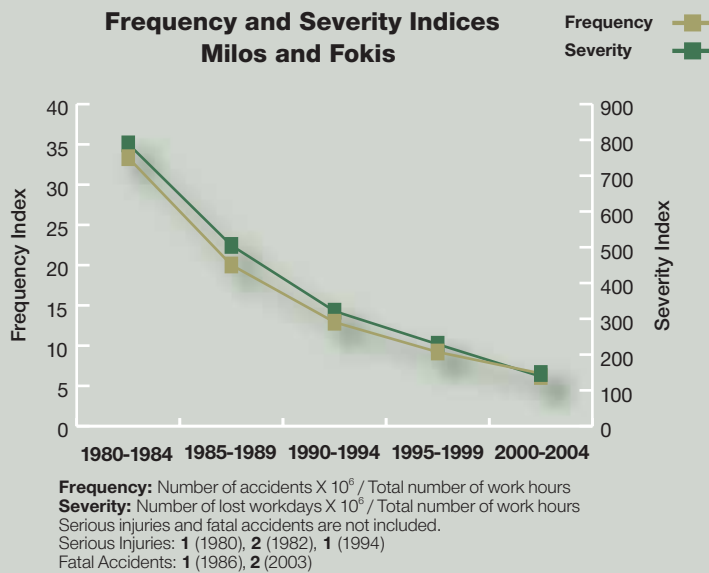
#### Safety behavior

Seminars were organized for the employees, on hazard identification and effective decision-making, also aiming at fostering a climate of responsibility and respect for dangers lurking in our own work as well as in the work of our colleagues. More than 2,500 hours of training on general and specialized topics were offered in 2004. The main subjects of the seminars were:

- Safety of works in the maintenance shops
- Safety in the kiln facilities
- Safe weightlifting
- Analysis and evaluation of last year's incidents - accidents

Apart from the aforementioned special projects, the obligations defined by legislation are also being fulfilled on a daily basis, and moreover:

- training seminars for the personnel are organized, as prescribed by the Mining and Quarrying Operations Law,
- training for contractors becomes more extensive,
- training seminars for newly-hired employees are held,
- employees are engaged in S&H matters, e.g. in selection of personal protection gear, formulation of work instructions, composition of training material etc.,
- the progress of S&H indices is regularly monitored, as shown in the tables above,



- fire safety drills are carried out, as well as simulation exercises to verify response to emergencies according to the Emergency Response Plans,
- regular meetings are held between engineers and foremen, and between Production Managers and employees' representatives, to examine and implement solutions on Health and Safety issues,
- advanced First Aid services training is provided ("Samaritans team").

In 2004, the number of incidents – accidents increased, firstly because of road accidents with supervision vehicles and secondly due to unsafe working practices followed by employees, luckily without serious injuries.

As a consequence, in 2004, **the frequency and severity indices** for the Milos and Fokis installations **were kept level or slightly deteriorated** respectively, compared to 2003.

**Specifically, in 2004, the composite indices were formulated as follows: Frequency index 8.09 - Severity index 135.4.**

Progressively, from 1980 to date, the constant decrease of the indices has been spectacular. However, efforts are being intensified to further reduce the indices toward the "zero accidents" goal.

## GOALS

- Further enhancement of the current S&H system, with the objective to change mentality and behavior on safety matters
- Developing a central reporting system for the Group's affiliates worldwide
- 50% reduction of traffic accidents on Milos
- Supervision of health care for the contractors' personnel and reinforcement of training for contractors on Safety and Health issues
- Review of the occupational hazard assessment



# Environment



## Environmental Policy

S&B Industrial Minerals S.A. is committed to implement an **Environmental Policy** adapted to the nature of its activities and **consistent with the principles of Sustainable Development**.

For this purpose, the Company:

- Follows up and complies with current legislation on environmental protection.
- Plans and carries out its activities with the criterion of minimizing the impacts on the natural environment.

**M**ining activity inevitably causes temporary visual disturbance to the natural landscape. However, as S&B practice actually proves, in the medium to long term this alteration is rehabilitated through rational exploitation as well as successful reclamation of the extraction sites and the extracted overburden deposits. It has even been observed in certain cases, that biodiversity in the reclaimed areas is superior to that before intervention.

Dust generated during transportation, processing and loading of the Company's products is minimized through the use of best available techniques. Significant resources, both human and financial, are allocated for the effective and continuous improvement of environmental protection.

The **Corporate Management Review-Environment** (CMR-E) committee, with the participation of senior management, meets regularly to define the Company's environmental strategy and policy and monitors its implementation. In 2004, issues of concern included:

- Revision of the Environmental Policy of the Company with clear references to Sustainable Development and the need to further raise awareness among contractors and suppliers on environmental protection.
- Accurate definition of the Company's environmental liabilities pertaining to reclamation of affected areas, according to the International Financial Reporting Standards (IFRS).
- Decision, concluded in January 2005, to coordinate and to streamline environmental performance of all affiliates of the Group in the Industrial Minerals sector, beginning with the comprehensive diagnosis of the current situation and proceeding with setting objectives for improvement.

- Has adopted prevention as the main principle for the protection of the environment, through the systematic review and adaptation of production processes to state-of-the-art technologies.
- Monitors and evaluates its environmental performance, aiming at continuous improvement.
- Provides the necessary resources for effective management of all environmental issues.
- Raises awareness and trains all company employees on the implementation of the Environmental Policy.
- Provides advice and raises awareness of contractors and suppliers on the Company's Environmental Policy.

For the implementation of the Company's Environmental Policy, comprehensive programs for the prevention and mitigation of environmental impacts are constantly being developed and applied throughout the whole spectrum of the Company's activities.

The bauxite mining, processing and loading installations in Fokis and the respective bentonite and perlite mines and installations on the island of Milos are applying **certified Environmental Management Systems** in accordance with **ISO 14001** requirements. In an effort to certify the whole Company with one single ISO 14001 Certificate, an external certification body has already successfully inspected the perlite expansion unit at Ritsona, Viotia, while the new Head Offices and the Company's Central Research and Development Laboratories at Kifissia went through a preliminary inspection. The ISO 14001 Certificate for the whole Company is expected in June 2005, immediately after the formal final delivery of the new office facilities.

Some of the **practices** applied by S&B for the protection of the environment are:

- Planning and carrying out mining activities with the criterion of **minimizing the negative impact on natural environment and reclaiming the disturbed landscape** in the best possible way.
- **Minimizing dust emissions** produced during processing of Company products, with the effective use of modern dust-control equipment.

*For example, the scrubber filters reduce emissions to a level 50% lower than the limits stipulated by national legislation, while the respective percentage for filters of dry dust-control reaches up to 95% better than legal limits.*

- **Recycling of materials** like used oils and lubricants, scrap, batteries, paper and computers.
- Designing of the processing plants with the objective to **minimize noise levels** and to provide effective protection for employees.

YEARS	ENVIRONMENTAL EXPENDITURES		ENVIRONMENTAL INVESTMENTS	TOTAL in €
	For land reclamation purposes	For other environmental protection purposes		
<b>2000</b>	1,200,000	500,000	1,000,000	<b>2,700,000</b>
<b>2001</b>	1,150,000	520,000	1,200,000	<b>2,870,000</b>
<b>2002</b>	1,200,000	500,000	1,300,000	<b>3,000,000</b>
<b>2003</b>	1,050,000	300,000	1,000,000	<b>2,350,000</b>
<b>2004</b>	980,000	520,000	965,000	<b>2,465,000</b>



- the use, preferably, of endemic plants grown in S&B-owned nurseries on Milos and in Fokis.

- **Fencing** reclaimed areas for protection from grazing herds.

- **Irrigation and follow-up care and maintenance** of plants.

- To collect and prepare local seeds (more than 1,000 kilograms per year)

- To grow and to reproduce endangered, rare or disappearing species of local flora (e.g. cedar, sea-lily, aegea).

On Milos, where water is quite scarce, local species that can withstand the lack of moisture and do not require irrigation are chosen.



### S&B's new, Environment-Friendly Building Complex in Athens

The Head Offices and the central Research and Development Laboratories have been relocated, since the beginning of 2005, to a new Company-owned building in Athens. This building was constructed on the basis of a special bioclimatic study conducted by the Applications Sector of the Physics Department in the Athens National University. According to the study, the specific objectives of the new building design are:

- to provide comfortable levels of temperature and field of vision for all users of the building,
- to utilize the climate conditions outside so as to achieve the highest possible conservation of energy for heating, lighting and, especially, cooling of space
- to provide optimal quality of air in the interior. This objective is being attained by avoiding the use of materials that cause internal pollution and/or by securing the necessary air-circulation levels.

### Land Reclamation

The **techniques** followed during **land reclamation** are:

- The **reshaping and landscaping of the surfaces to be reclaimed**, in cases where this is additionally required or for depleted extractions.
- The **construction of all necessary technical works** (drainage ditches, anti-erosion works etc.).
- The **covering** of the surface with **fertile topsoil**, collected and stored for this purpose during the phase of extraction.
- The **sowing of seeds** manually or mechanically.
- The **planting of shrubs and trees**, taking into account:
  - the proper selection of plants,
  - use of supportive techniques in planting,

S&B has created its **own nurseries** in Fokis (with an annual capacity of 50,000 plants) and on Milos (annual capacity of 30,000 plants), whose mission is:

- To develop plants –more than 50 species– compatible with the characteristics of each specific area (altitude, soil, climate);

In 2004, the **composting of organic wastes** was continued, for the production of soil-fertility improving materials (compost), which are used in water-jet sowing and fertilization. Approximately 2,000 kilograms of compost per hectare were used. For the compost production, which reached around 60,000 kilograms in 2004, the raw materials used were plant residues, manure, sawdust and oil-stone. This com-

	Landscaping – Covering with topsoil (in m <sup>3</sup> )	Water-jet sowing (in m <sup>2</sup> )	Planting (in no. of plants)
<b>2001</b>	40,000	358,000	51,000
<b>2002</b>	43,000	280,000	50,000
<b>2003</b>	38,000	220,000	35,000
<b>2004</b>	25,000	116,000	58,000

The reduction observed in the cubic meters of reshaping – covering with topsoil from 2001 to 2004 proves the integration of the land reclamation practices in the production process. This proves, therefore, that care is taken to facilitate landscaping during and after the end of mining activities, thus improving the results of reclamation in these areas.



post also started being used in plant pits, when planting takes place on extracted overburden, without covering with topsoil.

**After 25 years** of systematic land reclamation, the Company has succeeded:

- to reduce significantly the unit cost for land reclamation while, in parallel, considerably improving the results, through constant follow-up of scientific and technological advances in this field,

*The photographs to the right show the "Gerakopetra" mine on Milos (a) in the stage of hydroseeding (top) and (b) after full reclamation (bottom)*



In order to meet the above-mentioned objectives, special insulation panels were used, made of wood, glass or aluminum, for the lining of the roof and the outer walls of the building. It can be indicatively mentioned that the cost for the different insulation panels used reached €1,000,000. For the shading of the western part of the building, automatically functioning window blinds at a cost of €300,000 have been installed, resulting in conservation of energy for cooling.

Moreover, €250,000 were spent for planting in the surrounding open spaces and the atria of the building,

It has been estimated that the overall installation of various systems and insulation materials for energy conservation have increased the total cost of the building by about 35% in comparison to the use of conventional insulation systems.

- to reproduce local and endemic species in the Company-owned nurseries, that can achieve better results during land reclamation,
- to develop know-how that is now being recognized by the State Forestry Services,
- to reproduce in its nurseries of Fokis and Milos rare and protected species, and not just local ones,
- to develop, experimentally, alternative land uses for the reclaimed areas (e.g. wheat or vine planting)
- to plan land reclamation using modern methods and technology applications, for example ArcView GIS, a Geographical Information Systems software,
- **to reclaim 43,4% of the total affected area.**

Within the context of the Company's research work for the improvement of the land reclamation practices, in 2004 preparations started for the following **research programs**:

1. A 5-year research program in collaboration with the National Forest Research Institute, aiming at the reproduction of local plant species resistant to grazing and suitable for the pseudo-alpine zone, and also to preserve rare species growing in protected areas.
2. Assessment of alternative solutions for the restoration of steep depleted extractions with special cliff species.
3. Drafting of a manual, in collaboration with WWF Hellas and the National Forest Research Institute, on restoration of mines and slopes along the highways.

## GOALS

- **To complete the mapping-out of environmental performance of the Group's affiliate companies, to set goals, improve and monitor progress through a central data base**
- **To promote research programs on reproduction of endemic plants: a) for the restoration of mines in the pseudo-alpine zone, b) grazing-resistant, c) for the restoration of extraction sites with steep slopes**
- **To identify and reproduce rare and endangered plant species in the areas of the Company's activities**
- **To be involved in the development of a manual on mines and highway slopes restoration, in cooperation with WWF and the National Forest Research Institute**

## S&B's cooperation with local Forest Services

Within the framework of its collaboration with the state Forestry Services, and more specifically after a request put forward by the Forestry Department of the Cyclades Prefecture, S&B proceeded to reproduce a large number of *Juniperus Foenicea* seedlings. These will be used for the reforestation of the site "Tsouvala" on Milos, an area that was burnt by forest fire a few years ago.

The Cyclades Prefecture Forestry Department had difficulty in producing the number of seedlings required for the reforestation of the burnt area (approx. 20,000), for the following reasons:

- The reproduction of this species is difficult and requires special know-how.
- This is the only species recommended for the reforestation of the relevant area.
- The nurseries of the Forestry Service (on the islands of Paros and Naxos) lack the necessary workers and technical staff.
- This species is not produced in other public or private nurseries.

By reproducing 10,000 seedlings of the aforementioned species in the Company-owned nursery on Milos, S&B provides tangible support for the reforestation process, thus completing its contribution to the protection of the specific area, which started with the Company assisting in the fire-fighting efforts.

## S&B products' contribution to the protection of the environment

Industrial minerals are very important and widely used in our daily life. The industrial minerals extracted and processed by S&B have many different uses, briefly described in the Company's Annual Report. More specifically, the significant "environmental" uses of the Company's main products are analyzed below.

### Bentonite

Because of its properties, bentonite is used for sealing of municipal waste landfills, as well as for burial of radioactive waste. It is also used in water and industrial effluents processing.

**Sealing of Municipal Waste Landfills:** Since bentonite is impermeable to water, the possibility for the aquifer to be contaminated by the pollution load of the waste is minimized. At the same time, because of its swelling, cracks are filled, and, as a result, the construction becomes more water impermeable. Bentonite is also used to

reinforce the peripheral (perpendicular) diaphragm wall constructions; as an additive in foundations and barrier additive, controlling the influx of water into tunnels and other technical works.

**Burial of Radioactive Waste:** Radioactive waste is stored in steel containers and buried underground. Bentonite, because of its plasticity, forms a protective casing around these containers, preventing the transmission of high pressures from the surrounding rocks to the radioactive waste containers, while, in parallel, it ensures strong adhesion to the host rock, with capacity to self-cure following tectonic disturbances. Moreover, the low permeability and ion-exchange capacity of bentonite minimizes diffusion of radioactive elements into the environment.

**Processing of Waters and Industrial Waste:** Due to its adsorbing capacity, bentonite is used in the processing of effluents from metal plating, paper, pharmaceuti-

cals, paint and textile industries, to absorb heavy metals and/or organic pollutants.

**Agricultural applications:** The addition of bentonite to poor soil enhances its composition, while at the same time it provides increased water retention, therefore contributing to the best utilization of this valuable and scarce commodity. In addition, when used as a pesticide-carrier, it results in reduction of the dosage of active ingredients, thus contributing to the protection of the aquifer.

### Perlite

**Agricultural applications:** Expanded perlite is used as a substrate in hydroponics and as an ingredient of mixtures, mainly with turf, to create the adequate substrate for foliated and floriferous plants growing in pots. Perlite is very successful in these applications, because it combines multiple properties: it provides the rhizosphere with the ideal air-water ratio throughout

## New plant species

### Jojoba

A new initiative of the Company-owned nursery on Milos is the reproduction of the Jojoba plant (photo above right), at a satisfactory rate of 400 plants/year. Jojoba is a very promising plant. It can be cultivated in sterile, dry areas while, on the other hand, the oil produced from jojoba seeds maybe used in many different industrial applications. The next objective will be to create experimental clumps, 200 m<sup>2</sup> each, at different mines, and study the behavior of the plant on different kinds of soil.

### Acer heldreichii (Heldreichii maple)

In collaboration with the Institute of Mediterranean Forest Ecosystems in Athens, S&B is attempting to reproduce in its Fokis nursery the rare species *Acer heldreichii* (photo right down), a deciduous tree that can reach 25 meters in height. It is in blossom during June-July and grows in high forests and sometimes in alpine altitudes up to 2,100 meters. It is an endemic species of the Central and Southern Balkans. In our country, only a very small number of isolated trees have been located on Mt. Vrontous in Serres, Mt. Papikion in Komotini, Mt. Varnous in Florina, Mt. Giona, and one tree on Mt. Parnassus. This research project is still underway.



the year and it presents the most ideal draining conditions. Perlite constitutes a uniform growth medium, increasing root density and facilitating uniform distribution in the substrate.

#### **Filter-enhancing agents - Liquid filtration:**

Expanded perlite is a cost-effective agent for liquid filtration, characterized by high porosity, chemical purity, stability and non reactivity. Perlite does not alter the chemical composition of the liquid filtered, scavenging only any solid foreign substances contained in it, through a natural separation process, contributing to a high process productivity and resulting in sufficient purity of the end product. Perlite is mainly used for the filtration of wines, sugar and starch, beer, edible oils, water, as well as in other chemical and pharmaceutical industries.

### Bauxite

It is used in rockwool production, to regulate the alumina content, so that the product meets the Safety & Health specifications established by the European Union. Rockwool has sound and heat insulation properties, and a high melting point temperature, rendering it a fire-proof product.

### Zeolite

Because of its physico-chemical properties, zeolite is used, among others, for water and waste processing. Due to its adsorbing capacity, it can

- bind NH<sub>4</sub><sup>+</sup> and heavy metals,
- facilitate the process of waste cleaning,
- contribute to the biological processing of waste.

## New land uses on Milos

In 2004, the Company's Land Reclamation Department of Milos planned and carried out an experimental project: planting a vineyard on a surface of around 0,2 hectares at the northern dump of Aggeria. The young vines were grown in the Company's nursery.

Moreover, in a reclaimed area of 0,2 hectares at the Trachilas mine, Indian fig cactuses (*Opuntia Ficus Indica*) were planted experimentally. The planting was carried out on a surface with small inclination, to allow for potential future mechanization of any works (follow-up care and maintenance or harvesting and collection of phytomass). A future major challenge may be the introduction of a thorn-free variety of Indian fig cactus, which may significantly facilitate the handling of the plant.





# Social Contribution



The implementation of S&B's social policy as a responsible and active corporate citizen covers a wide spectrum of activities

with emphasis on the local communities where it operates, especially Milos and Fokis, where its productive and mining activity is focused. It actively participates in the economic, social and cultural life of these areas and promotes the establishment of new forms of engagement and cooperation with the local communities, aiming at the development of synergies with multiplying social benefits for local society, beyond the simple satisfaction of social needs.

**11,500** visited  
the Milos Mining Museum  
in 2004

**5,000** visited  
the Milos Conference Center  
"George Eliopoulos"

**6,000** visited  
the Fokis Mining Park -  
Vagonetto, since its opening  
in Fall 2003



## Local Communities

### Milos

Throughout the year 2004, the Company continued to support the cultural infrastructure and tourism development of the island, through both the Milos Mining Museum and the Milos Conference Center "George Eliopoulos".

The **Milos Mining Museum** (MMM) was established and is operating since 1998 by S&B. The **MMM**, absorbing substantial financial and human resources, aims to

honor and display the long mining history and mineral wealth of the island, presenting to foreign visitors and island inhabitants the significance of minerals in our daily life and their use from antiquity to date. About **11,500 people** visited the Museum in 2004, including many students, which demonstrates that it has become one of the most popular tourist attractions of the island.

### At the local community level, the Company:

- develops and operates cultural infrastructure institutions,
- contributes to the development of local human resources with educational and cultural initiatives,
- offers financial and technical assistance to local civic interest projects and infrastructure works,
- develops initiatives and undertakes projects that promote these areas and contribute to their balanced development.

### The Company's broader social contribution involves initiatives such as:

- sponsorship of arts and culture,
- assistance to educational and scientific projects,
- support for non-governmental / non-profit organizations,
- philanthropic donations,
- contribution to alleviating social emergency problems.

The **Milos Conference Center "George Eliopoulos"** was founded in 2000 by Kitty Kyriakopoulos, Honorary Chairman of S&B, in memory of her father George Eliopoulos (co-founder of the Company). S&B supports its operation and sponsors many events taking place in it. In addition, S&B is the major sponsor of the "Milos Conferences" series organized with the objective of attracting to the island distinguished scientists and technical experts from all over the world.

The Milos Conference Center "George Eliopoulos" is widely recognized as the basic cultural, intellectual and entertainment center of the island and an important attraction of high-level conference tourism.

More than **5,000 people** visited the Conference Center in 2004, to participate in various cultural, educational and entertainment events organized by the Municipality of Milos and other local groups and organizations,

with the financial support of S&B and with the active participation of many island inhabitants.

Some of the **scientific conferences and meetings** held at the Milos Conference Center with the participation of many scientists were:

- The Conference/Forum: **"The Market of Renewable Energy Sources"**, with the objective to promote faster and wider penetration of the Renewable Sources of Energy into the energy market and to educate the public, enhancing the positive climate. There were about 150 participants, university professors and representatives of various public and private organizations. At the end of the conference, students of the Pollonia Primary School presented a solar car with photovoltaic cells, manufactured by the students themselves, with the guidance of their teacher and financial support from S&B.

- The "School" on the topic **"Energy and Environment - oriented Design of Buildings"** with 70 participants.
- The Meeting on the **"Restoration of Depleted and Inactive Mines of Milos"**, attended by 75 participants. This meeting, of particular importance for Milos, was organized by the Municipal Committee for Sustainable Development Planning, one of its active members being a manager-representative of S&B.
- The **"APHASIA"** Medical Conference with 150 participants
- The Conference of the **"Association of Greek Municipalities and Communities with Thermal Springs - Milos Municipality"**, with 155 participants.



In the summer of 2004, the **Milos Festival** was successfully held for the 11th consecutive year. S&B was the original founder of the Milos Festival in 1993, which in recent years is organized by the Municipality of Milos, with S&B as the major sponsor. The musical part of the 11th Milos Festival was marked by the artistic direction of the famous Greek

These were first established by S&B in 2002, to honor the memory of an untimely lost very special woman professional of the Company. The Scholarship consists of financial support throughout the recipient's studies, along with an honorary certificate. The Vol-



## Scholarship and Volunteerism and Social Service Award

The Scholarship is intended to reward the efforts and character of a female graduate of any Milos or Kimolos high school who succeeds in the entry examinations to Greek Universities. The Volunteerism and Social Service Award is intended to reward the volunteer social work of an S&B employee in Milos. These two institutions also constitute the first steps of formal cooperation with the local community, since candidacies for both awards are submitted by local community bodies outside the Company, and the decision for the awards is taken by Committees chaired by the local authorities leadership (the Mayor and the Provincial Administrator of Milos respectively) and the majority of the Committees' members are representatives of various local social groups and associations (outside the Company).

The Conference facilities are also hosting activities of the Association for the Development and Modernization of Milos, such as their **Film Club**, showing films during the winter months, as well as **ping-pong lessons** for both children and adults. Moreover, one room in the Milos Conference Center is available to the inhabitants of the island, so that they can practice this sport.

For the students of Milos, S&B organizes and offers various **educational programs**, for which there is particularly strong public interest. In 2004, one more series of lessons on mosaics was completed (offered for the third consecutive year) for children from 9 to 15 years old, with the participation of 36 Primary and Junior-High School students. Upon completion of the course, their works were exhibited in the Milos Mining Museum.

musician Notis Mavroudis and included music to the theme "Sounds of Greece in Milos", while the second cycle of the Festival consisted of plastic arts events, theatrical performances and an exhibition of agricultural instruments. Many of these events were hosted in the facilities of the Milos Conference Center.

The third **"Anastasia Antoniadou" Scholarship and Volunteerism and Social Service Award** were granted in 2004.

unteerism and Social Service Award aims to encourage volunteer work offered by Company employees to the local community and consists of a monetary award and an honorary certificate.

Finally, in 2004, **S&B continued its support to several local public service initiatives**, grants to educational, church and sports organizations, as well as financial and technical contribution to local infrastructure works.

### Junior Achievement - Milos 2004

Within the context of the youth entrepreneurship "Junior Achievement" program, established by the Federation of Greek Industries with the support of the Pedagogical Institute of the Greek Ministry of Education, in 2004 S&B cooperated with the Milos Senior-High School, giving presentations to 41 students of the First Grade. The speakers were from the Company's professional staff and delivered lectures covering two subjects: Labor Market and Modern Business Economics. The Company's support for the Junior Achievement program started in 2002, with a first pilot implementation on Milos, and was continued in 2003, in cooperation with several schools in Athens.

## Fokis

2004 was the first year of operation for the new partnership form of cooperation between the Company and the local communities, called "Fokis Initiative".

The "**Fokis Initiative**" set two main priority goals: promotion of the "olive" and of the "mountainous regions" of the area, the two

The **Fokis Mining Park - Vagonetto**, a theme park constructed by S&B within its bauxite mining operations in Fokis, which started operating regularly in the fall of 2003, completed one full year of operation in 2004. Visitors exceeded 6,000, almost 2,000 of which were school students, not only from the Fokis area, but from all over Greece.

## "Fokis Initiative" S&B's partnership with the local authorities

The "Fokis Initiative" is a non-profit Civil Company, founded in December 2003, on the initiative of S&B and the Mayor of Amfissa and with the participation of three more Mayorships of the Fokis area, Gravia, Delphi and Lidorikion, along with the Fokis Chamber of Industry and Commerce. The purpose of this model partnership arrangement between the Company and Local Authorities is of particular civic interest connected with the promotion, in the wider context of sustainable development, of the partners' vision to introduce and consolidate a new broader cultural, economic and developmental approach for the Fokis area, for the benefit of the local society and the Greek province as well.

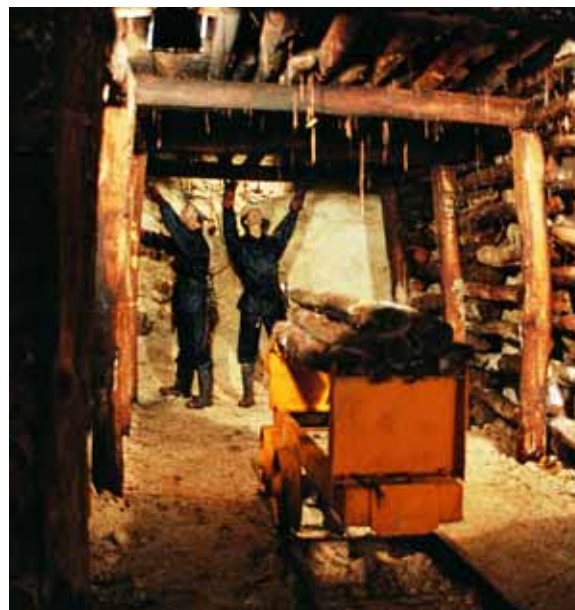
major wealth-producing resources of the region, beyond the mines. The "olive" was the main area of concern for 2004, about which ten meetings were held. The purpose of these meetings was to set up a competent team consisting of the right people, to diagnose the related problems, to seek other "good practices" in Greece, to define the main goals and to prepare an action plan. The main goals set were: the irrigation of the Amfissa Olive Grove, the establishment of an Olive Museum, the promotion of an "integrated cultivation" program and the organization of various events. More than 50 people participated in the meetings, representatives of various bodies and public organizations, agriculturists, traders and producers of the area, as well as private citizens willing to assist the work of the "Fokis Initiative".

This novel and in many ways very interesting Park includes the Underground Mine "850", where visitors can see how the mining of bauxite was conducted in the past and is carried out today, an Outdoor Exhibition of Machinery (used for mining bauxite through the years) and another exhibition area with many important exhibits related to bauxite and the Company's mining activity. Vagonetto, aside from its own cultural and educational objectives, aspires to become an important tourist attraction for the area as well.

In 2004, S&B continued also **its broader social contribution to the Fokis area**, devoting substantial resources for this purpose. It provided financial assistance for the construction of public works in Municipalities and Communities of the Fokis Prefecture, the organization of cultural events by the

local authorities and various cultural associations within the greater Fokis area. In parallel, it supported local and sport organizations to continue their activities; it covered operating expenses of schools and contributed to the maintenance and construction of churches.

Moreover, S&B provided assistance for snow ploughing in villages and on national roads, the maintenance of roads and the asphalt paving of some village roads. In addition, it manned two fire-watch towers for fire protection of the area during the summer months, and provided company-owned machinery and personnel for extinguishing a major fire that occurred.



## Broader social contribution

S&B, consistent with its sponsorship policy, had a very significant social presence during 2004, covering a number of sectors, with emphasis on education and sciences, arts and culture, cultural heritage, environment, health, as well as the promotion of entrepreneurship.

### “S&B at the Olympics”



Celebrating the 70th anniversary of the foundation of S&B Industrial Minerals S.A. and on the event of the Olympic Games coming back to their birthplace, in summer 2004 the Company organized a hospitality program for its customers, achieving a dual goal: to honor the long-term relationship of trust and close cooperation with its customers and also to promote Greece and the concept of the Olympic idea to the whole world.

The program titled “S&B at the Olympics” was one of the best ambassadors for the Athens 2004 Olympics abroad, hosting more than 200 people, from 106 client-companies and a total of 22 countries! The program included atten-

Within the framework of its cooperation with the Handicraft Industrial Educational Museum in Lavrion, S&B fully sponsored the **educational program “Rock, Mineral, Ore”**, which has been particularly successful; it included 52 educational courses, with the participation of 1,200 students of Primary and Junior-High Schools from all over Greece. The program, carried out in the Lavrion Mineralogical Museum, helps students to understand how minerals are created in nature, to discover their physical properties and characteristics, and to relate to their uses in daily life.

In its effort to perform its social work consistently and continuously, the Company undertook the cost for maintenance and renovation of the **6th Daycare Station of the Acharnai Municipality**, a building that S&B had originally constructed and donated to the Municipality in 2000, after the destruction caused by the 1999 earthquake.

The special cooperation with the **Goulandris Natural History Museum** and the **Gaea Center** continued during the past year as well, with the objective, among others, to educate and raise awareness of young people on the critical environmental issues, so that they will be in a position to form and support responsible behaviors and appropriate decisions of the State.

S&B has been continuously supporting the scholarship program of the Fulbright Foundation since 1987. In 2004, **the Company was honored as sponsor of the Fulbright scholarship program** during a special event organized by the then U.S. ambassador in Greece, Thomas J. Miller, in honor of the Greek students, artists and researchers who received grants.

Moreover, S&B was once again one of the main sponsors of the Pan-Hellenic Student Competition, organized by the magazine “Oikonomiki Epitheorissi” (Economic Review) for the 10th consecutive year, while it

continued its cooperation with the Athenaeum Conservatory, the American Farm School, the Greek Girl Scouts Organization, WWF Hellas and the “Clean Greece” environmental organizations etc.

**In the areas of arts and culture**, S&B sponsored the program of the theatrical performance “Female Dancer on Wheels”, presented in the Arts Center of the American Community Schools at Halandri. The play extols the power of soul, will, faith and love, sending a universal message, especially timely in view of the Paralympics organized in Athens in fall 2004.

As for its cooperation with organizations involved in the **relief of weak social groups**, S&B supported the work of The Association for the Psychosocial Health of Children and Adolescents, the Foundation of Social Work Development and the “Open Arms” Society. Additionally, it was one of the



dance of many sports events, guided tours of historical archeological sites and museums, as well as excursions and sightseeing in the areas where the Company carries out its activities (Milos and Fokis).

A large number of Company people were devoted to the successful organization of this program, along with substantial financial resources (purchase of hundreds of tickets for Olympic sports, museum entrance fees, guided tours, chartering of transportation means and accommodation), contributing to the international promotion of Greece, the Athens Olympic Games and the Greek traditional hospitality.

sponsors of the novel cultural and entertainment event "The Round of the World in one Day", organized in the Foundation of the Hellenic World by the Hellenic Society of the disabled Children, which provides care, education and vocational training to children with motor impediments.

Particularly sensitive to the promotion and enhancement of **entrepreneurship**, S&B supported initiatives of the Association of Chief Executive Officers, the Federation of Greek Industries, the Greek Marketing Institute and the "Oikonomiki Epitheorissi" (Economic Review) magazine in its "Business and Tradition" exhibition.

In 2004, the **S&B Traditional Dancing Group**, established in 2002 on the initiative of a Company employee, went beyond the narrow corporate borders and performed abroad. More specifically, in September 2004, with the financial support of the Company, the group successfully represented Greece in the World Traditional Dancing Festival in China, giving three performances in Beijing and two performances in Xinyang. Delegations from almost 30 countries participated in the festival.

## OTHER AREAS

S&B's social contribution also extended to more remote areas where the Company is present:

- In **Bulgaria**, through Bentonit AD, broader social expenditures are covered, for medical care and local cultural sponsorships.
- In the **Republic of Georgia**, through Askana Ltd., the Company supports on a regular basis the local kindergarten and the daycare station, and covers medical needs and local infrastructure projects.
- In **China**, through S&B Industrial Minerals (Henan) Co.Ltd, expenses for local infrastructure works are covered.

For the relief of the tsunami victims in southeastern Asia at the end of 2004:

- S&B Industrial Minerals S.A., after special cooperation with UNICEF, offered the amount of €50,000, in the beginning of 2005, for the establishment of a Protection Center for Orphans and Abandoned Children in the area affected.
- Also, Ergotrak, one of the Group's affiliates, instead of Christmas gifts, offered the amount of €50 per employee as a contribution to the universal movement for the relief of the tsunami victims.









**S&B Industrial Minerals S.A.**