

3. Employee development

Our employees are the most important asset we have. We have introduced numerous activities to provide a safe and healthy working environment for our employees and motivate them to strive for their personal growth. We decreased the number of sick-leaves with injuries by 25.5%, and enhanced the utilisation of working time. We strengthened communications with workers' representatives and obtained a full Family-Friendly Company Certificate last December.

3.1. Decent work indicators

The average employee number

In 2010, Sava Group companies employed 2,327 employees on average, which was 170 less than in 2009. On the last day of 2010, 2,286 employ-

ees, or 3.5% less than in 2009 were employed. Tourism companies employed 52% of all employees, Rubber Manufacturing 39% and other companies 9%.

Employee number in the Sava Group:

	1. employee number 31/12/2009	2. employee number 31/12/2010	3. Index 2./1., 2010/2009	4. average employee number 2010
Sava d.d.	62	59	95.2	62
RUBBER MANUFACTURING	899	902	100.3	898
Savatech d.o.o. *	709	793	111.8	788
Sava-GTI d.o.o. *	67	/	/	/
Sava-Schäfer d.o.o.	39	39	100.0	40
Savarus d.o.o.	23	23	100.0	23
Sava Rol d.o.o.	10	10	100.0	10
Foreign Trade Network	51	37	72.5	37
TOURISM	1,256	1,180	93.9	1,221
Sava Hoteli Bled d.d.	361	339	93.9	354
Terme 3000 d.o.o.	396	370	93.4	379
Terme Lendava d.o.o.	117	108	92.3	109
Terme Ptuj d.o.o.	135	128	94.8	132
Zdravilišče Radenci d.o.o.	235	212	90.2	224
Sava TMC d.o.o.	12	23	191.7	23



	1. employee number 31/12/2009	2. employee number 31/12/2010	3. Index 2./1., 2010/2009	4. average employee number 2010
REAL ESTATE	20	18	90.0	19
Sava IP d.o.o.	20	18	90.0	19
OTHER OPERATIONS	133	127	95.5	127
Sava Medical in Storitve d.o.o.	95	81	85.3	86
GIP Sava Kranj d.o.o. Ruma	4	1	25.0	4
Energetika Sava d.o.o.	3	3	100.0	3
Ensa BH d.o.o.	31	42	135.5	34
SAVA GROUP TOTAL	2,370	2,286	96.5	2,327

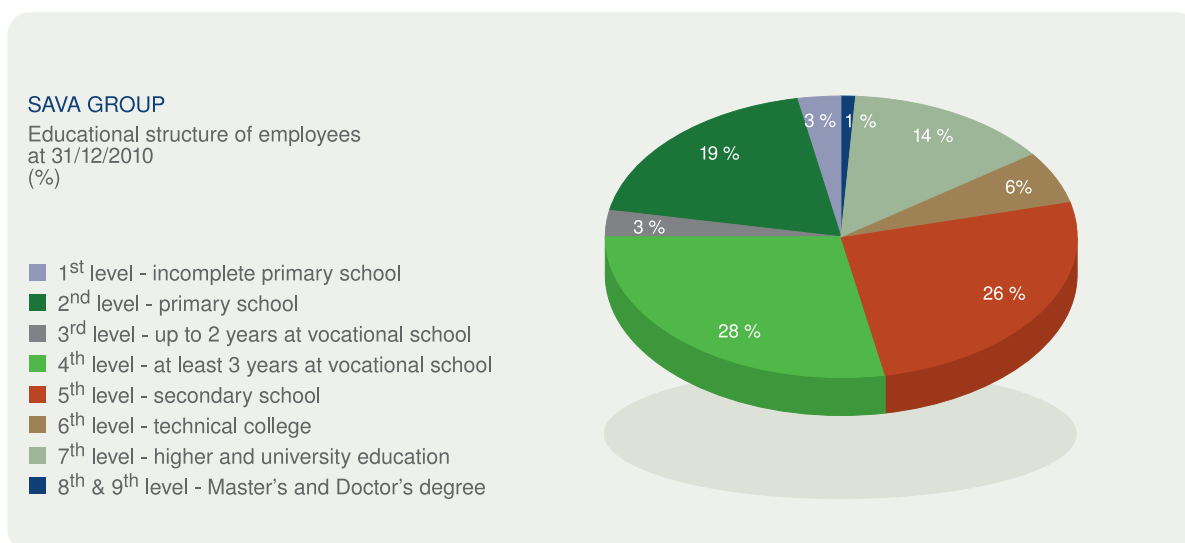
* In 2010, Sava-GTI d.o.o. merged to Savatech d.o.o.

In 2010, 296 new employees were employed, while 303 employees left. In 2010, total fluctuation in the Sava Group amounted to 13% and was lower than in 2009 (19.9%).

Employee educational structure

In 2010, the educational structure of employees improved slightly. 25% of employees had a 3rd level of education or lower, 54% had a 4th or 5th

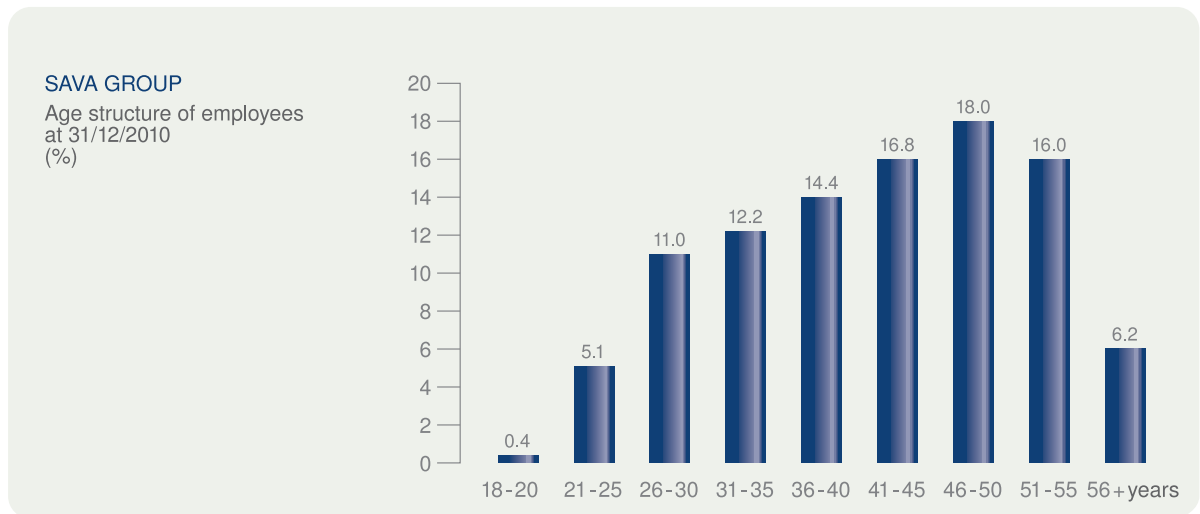
level of education, 6% had a 6th level of education and 15% had a 7th level of education or higher.



Top management structure

The share of women in the top management of the Group remains at last year's level; it amounted to 34%, while men had a 66% share.

Age structure of employees



More than one half of employees were older than 40 years, slightly more than a quarter of them were between 30 and 40 years, and one sixth was younger than 30 years

Utilisation of working hours and sick leave

In 2010, the utilisation of working hours amounted to 81%, which was 1.4 percentage point improvement on the previous year. In all Sava Group companies 37,515 overtime hours were performed, which was 0.8% of total working hours.

Compared with 2009, the sick leave level decreased by a 0.8 percentage point and total sick leave reached 4.5% in 2010; of which sick leave up to 30 days amounted to 2.6%, and more than 30 days amounted to 1.9%.

Disability issues

At 31/12, the Sava Group employs 145 employees with a disability status, which represents 6.3% of all employees. We devote much attention to assistance in seeking suitable jobs for them. In cooperation with the workers' representatives and companies' management teams we introduce precautionary measures to improve working conditions and maintain employee health.

Rewarding and motivating employees

Various factors can influence employee satisfaction and motivation. We, therefore, combine more systems in the motivation policy: career advance-

ment, remuneration, education and training, involving in more demanding projects, informal commendations and feedback. In this way we enhance employee motivation, their loyalty, commitment and satisfaction, as well as enhance company's reputation in the social environment and increase our competitive power.

With an increase in basic salary in 2010, 351 employees were promoted horizontally or vertically. The average percentage of the variable part of the salary mass amounted to 9.1% in 2010, which was 7% more than in 2009. In 2010, the average salary in the Sava Group amounted to €1,342, a figure that was by 1.5% higher than in the previous year. Employees received a holiday allowance of €1,039.91.

In 2010 too, the most successful workers were awarded: 556 of them received the *Model Worker* award, 5 workers received the *Worker of the Company* title, 7 received the *Worker of Sava* title, one the *Manager of the Year* and one the *Knowledge Manager* title. Employees in Tourism are encouraged to take part in specialised competitions; in various catering competitions such as the Catering Tourism Meeting, *Bogričijada*, Chefs Olympics, and numerous other competitions they rank excellently, and are financially rewarded for any of the first three places.

We encourage innovation too. The associates with the highest number of proposals for improvements and the best teams of associates receive awards for particularly innovative proposals.

Employee education and training

Since we support the need for knowledge and development of competences, which are required to be able to effectively face present and future business challenges, various training programmes are carried out in the Sava Group.

In 2010, much attention was devoted to the employees of Tourism, for whom various classes were organised that dealt with the development of management and coaching skills, public appearance, sales techniques, innovation encouragement, foreign languages and computer science, as well as specialist knowledge for individual specialised areas of work.

In 2010, the employees of Rubber Manufacturing continued to perfect their knowledge abroad, as well as by way of internal transfer of rubber technology knowledge under the framework of the Rubber School. For Directors' Council, a lecture on the effective exit from the economic crisis was organised, while in business conferences we hosted lecturers who demonstrated the best practice cases from sales area and assertive communication techniques. Furthermore, managers were educated about psychoactive stress factors.

In October 2010, the training programme dealing with the preparation of business plan under the *Sava Academy* project involved 15 associates from the entire Sava Group. In the programme that takes several months they grouped in four teams to produce business plans that can be introduced in the operations.

The associates who make an above-average contribution to the innovation, or are extremely successful at selling certain extra services and products in Tourism, were awarded with incentive trips abroad, or given an opportunity to view the best practice cases in Slovenia.

In 2010, the HR successfully applied for co-financing by the European Funds. Under the framework of the European Leonardo da Vinci mobility project our specialists continued to take part in one-week exchanges abroad to gain on applicable knowledge, which they transferred to working procedures in their respective companies. Together with the Slovene Health Insurance Institute we co-financed a training, which addressed the development of communication skills and mutual relationships; the aim was to promote health and that already resulted in decreased sick-leave levels. The associates from Tour-

ism were encouraged to apply for the call *Knowledge Makes Dream Come True*, under the framework of which they participated in learning foreign languages and computer science.

To encourage personal growth of employees in Rubber Manufacturing, a longer-lasting course *My Working Place* was organised in cooperation with the Community Centre Jesenice, which was co-financed by the European Social Fund and the Ministry of School and Sport of the Republic of Slovenia. We continued to carry out the programme Leonardo da Vinci – *Innovation Transfer*. Under the framework of the *Rubber Validation* project we intend to upgrade the treasury of the rubber technology knowledge via an electronic learning portal and apply the acquired knowledge in the working process.

The average number of training hours per employee amounted to 52 in 2010. A sum of €148 per employee was invested in the implementation of trainings. We support both formal and informal education; in 2010, 87 associates studied part-time, their study was co-financed by our companies.

As a part of the 10th educational management conference, the educational organisation Planet GV and the Sofos Educational Management Institute, awarded the ten Slovene companies which invest substantially in education and systematically endeavour for employee training and education. For the fifth time in succession, the Sava Group ranked in the group of the best companies in this category.

The development of employees

Sava Dialogue is a regular annual interview that a manager has with every employee to gather the fundamental data for personnel development in the Sava Group. The development part of the interview provides the data for the development of needed competences, on the basis of which a plan of further employee training is produced. This systematic and in-depth interview serves to provide the compliance between the goals of the company and every individual. In 2010, we prepared and introduced a competence model for all employees in Tourism companies. Seven universal competences were defined, which originate from the values of the Sava Group and should be practised by every employee. Four leadership competences, which describe a manager in the Sava Group, were defined for the managerial staff. We added lists of competences, which are specific to every individual group. The results of competence measurements



form the basis for the development interview that managers have with every individual associate in the team and the basis, on which a programme for the development of competences will be produced.

Organisational climate and internal communication

In the Sava Group, we actively manage the organisational culture, which is determined by the system of values and organisational climate.

In April 2010, we measured the organisational climate by way of a Siok questionnaire, which enables not only a comparison of findings within the business group, but also a comparison with other Slovene companies, which carry out this type of measurements. The standard questionnaire on employee satisfaction was complemented with a question about employee commitment to work.

The categories which received the best scores were: attitude to quality, innovation and initiative, motivation and commitment. The categories of remuneration and career development received the worst scores.

We can find out that the results about employee commitment to work are similar to other Slovene companies but there exist opportunities for improvements in this area.

The activities such as open and fair communication, identification with goals, concern for employees and a competence management model are all oriented to enhancing commitment.

We proceeded with the standardised communication activities, at which we devoted much attention to the arrangement of communication tools and channels and a direct manner of communicating with the key target groups. We made use of various ways to continue communicating our values. It is our goal for our employees to literally live up to these values, and for the values to become the starting point of all business processes.

Moreover, we focused on the contents in the written tools of internal communication: the newspaper *Sava*, bulletins *Informator* and *Savček*, notice boards, e-mails, internet and intranet. We improved personal communication too. In our companies, associates can directly communicate with management teams.

In all Sava Group companies, we fostered communication with workers' representatives.

In July, the workers' director was appointed in Rubber Manufacturing companies and Sava Medical in Storitve d.o.o., who further improves communication between the programme management teams and employees.

In workers' representatives meetings, current issues are dealt with, which relate to all employees, the decisions made as well as production processes are explained. We are open to questions, initiatives and proposals.

At least once a year, employees' assembly is organised, on occasion of which employees get informed about companies' operations and other current issues of interest for employees.

The Family-Friendly Company certificate

The basic Family-Friendly Company certificate was obtained in 2007. In a three-year period, we effectively introduced the adopted measures and after obtaining the positive auditor's opinion, we received a full Family-Friendly Company certificate in December 2010.

The already exercised measures: additional day off for the parents of first graders, recreation for employees and their closer family members, benefits in utilising tourist capacities of Tourism, housing loans under more favourable conditions, an open day, purchase of products and services at discount prices, which were all applauded to by the employees. In addition to the above-mentioned measures, another five new measures were adopted to extend the certificate validity for the next-three year period: 12 hours bonus in a week when employees introduce their child in a daily care for the first time, holidays at the seaside for children growing up in special social conditions, New Year's event for children, a reward upon a child-birth, scholarships for children whose parents have passed away.

In measuring the organisational climate, we asked employees how satisfied they were with the project activities and their answers showed that they appreciated the offered benefits.

In June 2010, we prepared – as part of the project – a meeting for all Sava Group employees and their closer family members; the event was called *A Day for Employees*, and marked the 90th anniversary of Sava too. This was an opportunity for employees to socialise, play sports and fun games for adults and children.



3.2. Concern for employees outside of working hours

We offer employees possibilities for an active spending of spare time. Under the framework of the Family-Friendly Company project, a sports-recreational and cultural society *Savčan* and sports society Sava Hoteli Bled was established. Both societies join more than 1,000 members, and offer employees and their family members a varied sports-recreational programme. The employees of Terme 3000 d.o.o., Terme Lendava d.o.o. and Terme Ptuj d.o.o. actively spend their spare time too; 19 associates are involved in the organised sports programmes.

The cultural society Sava, the best known of which is the Sava folk dance group, has been active for decades. Dancers, players and singers foster Slovene cultural heritage and make the audience throughout Slovenia and on the international stages enthusiastic with their shows. Furthermore, the group organises workshops in primary schools and kindergartens and makes sure that children grow fond of the folk culture. Owing to their creative work the members of the literary and art section are already well-incorporated in the broader international space.

3.3. Concern for health and safety at work

Occupational health and safety

We are well aware of the fact that occupational health and safety are the two critical elements in assuring the quality, reliability and performance of a company, therefore our occupational health and safety policy concentrates on:

- Identify, analyse and decrease risks in occupational health and safety.
- Prevent and decrease work-related accidents, injuries and health disorders in relation to work.
- Prevent social risk with emphasis on stress and risks due to the addiction to psychoactive substances.
- Assure that employees are able to work throughout their working period.

We systematically invest in occupational health and safety in conformity with the OHSAS 18001 standard. Already in 2002, we started to use standardised tools for efficient management of this area. In Savatech d.o.o., Sava-Schäfer d.o.o. and Zdravilišče Radenci d.o.o., the compliance with the international standard was also certified. In Savatech d.o.o. and Sava-Schäfer d.o.o., which were the first among 11 Slovene companies to receive the certificate according to the OHSAS 18001 standard, the OHSAS 18001 certificate for the second certification period was obtained in 2007.

Employee health examinations

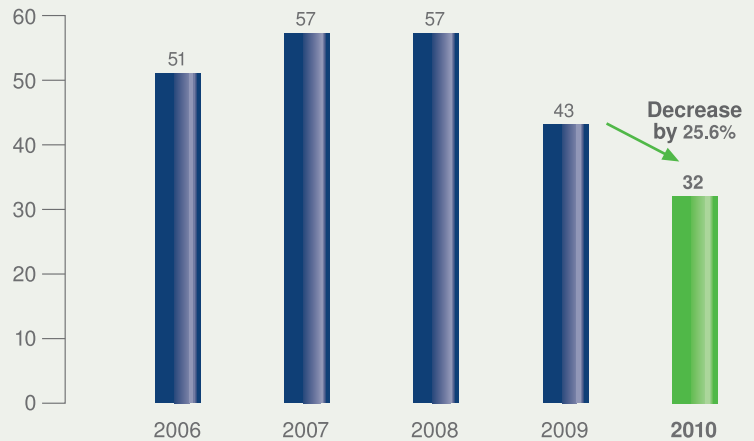
Every work place and environment are featured by special risks and harmful effects, it is therefore important to monitor the state of health and take care of a healthy working environment.

In 2010, 39.5% of Sava Group employees underwent preliminary, periodic and specific health examinations.

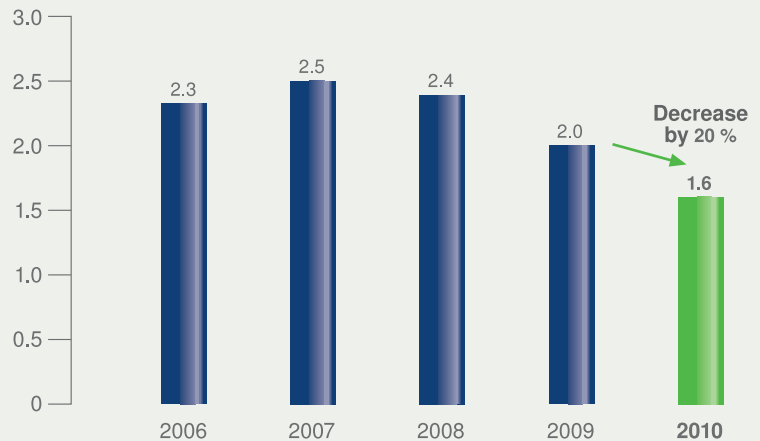
Work-related accidents with injuries

The introduction of a systematic approach to detecting hazardous occurrences that could lead to an accident with a material damage or an injury resulted in decreasing the number and frequency of work-related injuries. For the period 2007-2012, the European Commission adopted a strategy for a 25% decrease in work-related accidents. Owing to various programmes and activities Sava Group companies already decreased the number of work-related accidents by 44% in the period 2007-2010. In 2010, the number of work-related accidents with sick leave decreased by 25.6% in comparison with 2009. The frequency of work-related accidents with sick leave (number of work-related accidents per 200,000 working hours) decreased by 20%.

SAVA GROUP
No. of work-related accidents with injuries in the period 2006-2010



SAVA GROUP
Frequency of work-related accidents with injuries per 200,000 working hours in the period 2006-2010



Extensive trainings and employee incorporation

Risks are prevented by way of anticipation and supervision. The correctly and well-informed employees are able to react in line with the occupational health and safety guidelines, and are able to identify various hazards.

In 2010, 71.5% of Sava Group employees attended theoretical classes in safe work procedures (63.2% in 2009), and 52.3% in practical classes (52.2% in 2009). In 2010, we further measured the efficiency of training classes (the methodology was introduced in 2009) and included 26.2% of Sava Group employees (16.7% in 2009).

In addition to the basic trainings we provide employees with the information about the safety issues through:

- Involving workers' representatives in safety teams.
- Weekly notices and instructions for safe work on special notice boards.
- A column *Srečko Warns and Makes Advice* in the monthly leaflet *Informator*.
- The newspaper of the Sava Group.
- Special preventive campaigns such as *March - A Month of Safety* and *October - A Month of Fire Safety*.

Presentation of good practice cases in occupational health and safety

The competence centre Safety organised various trainings:

- In May, it responded together with Sava Medical in Storitve d.o.o. and the competence centre EU Projects to the invitation by the Lithuanian centre *Vilnius Jeruzale Labour Market Training*, and trained eight mentors in occupational health and safety. 20 associates from six Sava Group companies involved in the training too.
- In June, it organised the 8th safety conference that dealt with psycho-social risk factors in occupational health and safety.
- In November, it presented a good practice case in the symposium in Ljubljana; it was about the project by Zdravilišče Radenci

d.o.o. called *Work-To-Life*. In the competition of 128 Slovene companies, this project was chosen as one of the good practice cases.

Promotion of health at work place

Numerous activities take place under the framework of the *Promotion of Health on Work Place* project in order to make every associate attend to their own health and safety at work, as well as in their spare time.

In 2010, we particularly pointed out the psychosocial factors in occupational health and safety. In December, the competence centre Safety published the manual *Fit as a Fiddle. Working at Sava* to promote the importance of a healthy life style. The manual quotes the reasons for physical activities and the importance of a healthy life style for the state of health of every individual. Furthermore, it provides pieces of advice about physical exercises and systematic monitoring of most important health indicators.

