

Corporate Social Responsibility Report for 2013



Ciklopea Corporate Social Responsibility Report for 2013



Dear readers,

You are looking at the fourth CIKLOPEA Corporate Social Responsibility Report for the year 2013, drawn up in compliance with the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). We are proud of the fact that this type of reporting has become a part of our company's practice and tradition.

In 2013, Ciklopea's 10-year anniversary was marked by a noticeable increase in demand for translation and localization into the languages of the region. We have recognized new trends in time to adjust our production capacities, while placing an emphasis on excellence in managing human resource processes and on the selection and recruitment of appropriate staff. We have achieved great progress by using and exchanging specialized knowledge, implementing high-quality processes and integrating the most advanced technologies available.

By the end of 2013, Ciklopea completed the process of restructuring and reorganization with a clearly defined mission of helping companies and institutions transfer their ideas and messages to their clients and the target market, and with the vision of being recognized as the leading provider of language services in the wider region of South East Europe.

The company management's continuing effort is to enhance and improve Ciklopea's business by implementing ISO 9001:2008 and EN 15038:2006 quality standards, as well as the ISO/IEC 27001:2013 information security standard, which was incorporated in the existing quality management system in 2013. In the past year we managed to evaluate all of our solutions regarding service planning and realization in accordance with the above mentioned standards. The results are visible in the expected further improvements of the quality of our system, which comply with our clients' demands in regard to quality and information security.

We believe that our practice of sustainability reporting has a positive influence on our business, clients and employees, the local community and all other stakeholders. We wish to share our values with those who recognized us as a desirable business partner, an associate or a future employer, and we will be honored to receive your feedback.

Sincerely,
Sandra Boljkovac Stojak

A handwritten signature in blue ink, appearing to read 'Sandra Boljkovac Stojak'. The signature is fluid and cursive, written over a white background.

Founder and CEO

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I. Ciklopea – that's us!



At the end of 2013, Ciklopea marked its 10-year anniversary of leading a successful business in the translation and localization industry. The past decade of doing business has been marked by continuous development from a classic start-up company to the regional leader in the language services industry. Ciklopea has always strived toward excellence when it comes to using human and technical resources, and it provides its clients – companies from various industries and institutions – premium service and maximum support with regard to their translation, interpreting and localization needs.

1.1 Company profile

Ciklopea is a leader in providing translation and localization services in the region of South East Europe (SEE). Our area of expertise includes managing large and complex translation and localization projects; providing proofreading, editing, correction, layouts and graphic preparation (DTP) services; providing court interpreting, as well as simultaneous and consecutive interpreting services; technical support in organizing conferences and renting equipment for conference interpreting; providing services related to the process of localization, translation and translator education.

We are positioned on the global market as a company specialized in localization into the languages of SEE, namely Slovenian, Croatian, Serbian, Bosnian, Macedonian, Montenegrin, Albanian, Bulgarian and Romanian, as well as Ukrainian and Russian in combination with all European languages, and we are also specialized in translation of all types of texts in various combinations of all European and world languages.

Our fields of specialization are industry and technology, medicine and pharmacy, law, business documentation, marketing, tourism and public administration.

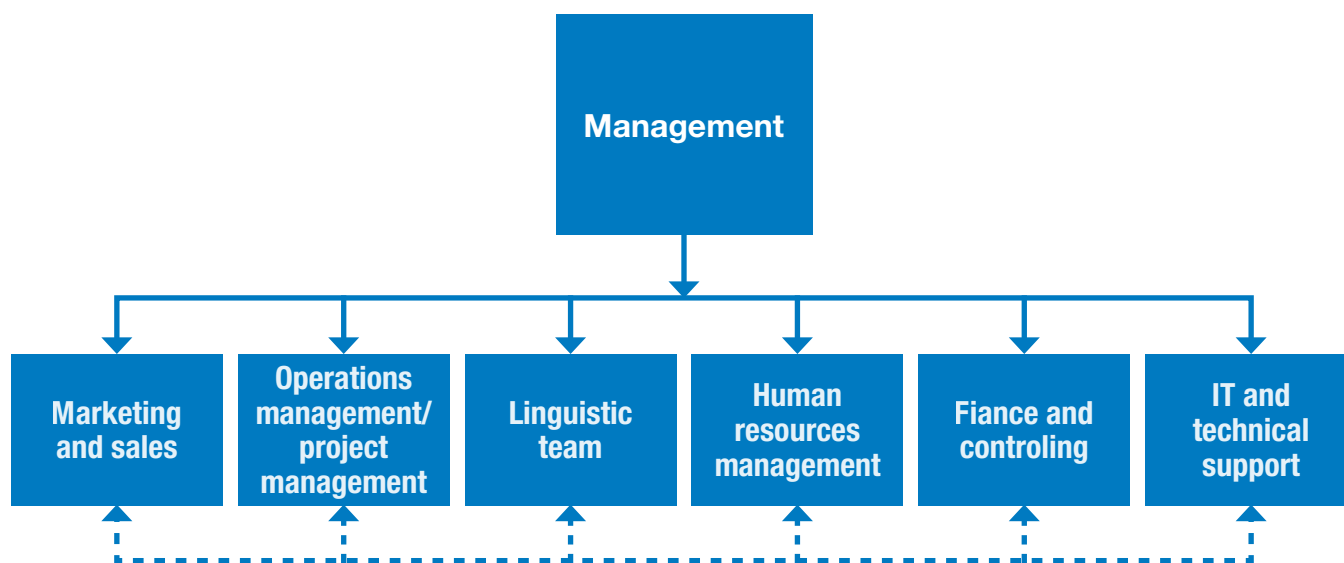
The growth of our company has been stimulated by our investment in people, organization and the newest technologies, as well as by ensuring quality and a wide range of language services on the market. By exceeding our clients' expectations in terms of speed, flexibility, quality, reliability and respect of ethical standards, we plan to continue growing as a business.

Ciklopea is certified in accordance with the ISO 9001:2008 (quality management system), EN 15038:2006 (quality management system for translation services companies) and ISO 27001:2005 (information security management system) standards.



Ciklopea is registered as a limited liability company at the Commercial Court in Zagreb. The company has been seated in Zagreb since its founding, and business is also conducted in our office in Rijeka.

1.2 Organizational structure



In 2013, Ciklopea company management consisted of two people who acted as CEO and CSO. Due to the size of the company, the Management also acts as a regulatory/monitoring body. Ciklopea is entirely privately owned.

1.3 Values

The core values on which we base our organizational culture and approach to business are:

Diversity and uniqueness

We are not just another translation agency. We ask questions and actively listen to what our clients have to say. We analyze their needs, adapt to their requests and continuously look for innovative and specialized solutions for each individual client.

Positive attitude and proactive approach

Our team maintains a positive approach to each task and proactively seeks practical solutions even in the most challenging situations. Each individual takes initiative to solve problems, while at the same time taking care not to compromise team integrity.

Excellence

We are result-oriented and have clearly defined standards of quality and work performance. We strive to maximize the value of the service provided in relation to invested resources, while placing an emphasis on exceeding our clients' expectations regarding our operational excellence.

Teamwork

By working as a team, we find solutions even for seemingly insurmountable problems. We are guided by enthusiasm and passion for accomplishing our common goals. We respect each other, our partners, clients and suppliers.

Leadership

We think and act as leaders at all times and in all situations. We continue to learn and develop. We work on recognizing and developing talent in order to motivate individuals to achieve their full potential.

I. Social responsibility

I.1 Reporting

Social responsibility reporting is certainly a good way to give all interested parties an insight into the real work and life of the organization, in other words, to show the company's character. While financial reports on economic indicators are a duty of every business entity, non-financial reporting has yet to become an obligation and good practice of business entities. Financial reports lack data and descriptions of other business aspects, so it is justified to doubt their adequacy when it comes to business reports. The latest trends point to the need of reporting on non-financial aspects of business, such as the impact on the wider community and the environment. Therefore, all of us at Ciklopea firmly believe that non-financial reporting is key when it comes to business transparency and communication with all parties.

While creating the report for 2013, we followed the most recent guidelines and categorization of the G4 Global Reporting Initiative (GRI), and the report was drawn up in accordance with the demands of the **Core option**. In its preparation we also followed the principles of the UN Global Compact initiative regarding human rights, labor, the environment and anti-corruption.



2.2 Sustainability timeline

2003.

Company's founding

2005.

Code of Ethics of the Croatian Chamber of Economy & Community for Corporate Social Responsibility

2008.

Ciklopea competed for the CSR Index Awards

2010.

Beginning of the practical education program for students - future translators

2011.

First CSR report for 2010

2011.

CSR Index Award for 2011

2012.

Second CSR report for 2011

2012.

Smartphone app

2012.

CSR Index Award for 2012

2013.

Third CSR report for 2012

2014.

Key Difference Award for achievements in 2013

2.3 Stakeholders

This CSR report is intended for all present and future:

- Employees
- Suppliers and partners
- Clients

- Local and wider community in which we conduct our business, and for everyone who shares our values of social responsibility or feels the need to contact us with proposals for improvement or comments.

2.4 Key topics and contents of the report

In this report, we will pay special attention to the following aspects of business and their key indicators:

- **Social aspect:**

Human resource management, diversity in human resources, employment of young people

- **Economic aspect:**

Continuous economic growth, regular and transparent payment of suppliers and other obligations

- **Environmental aspect:**

Care for the environment in day-to-day business, reducing energy consumption



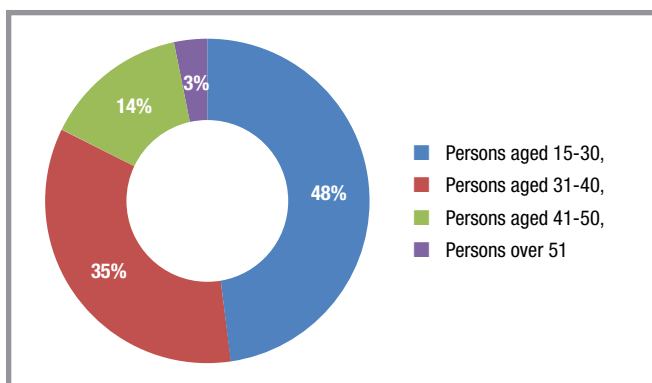
3. Key categories and their indicators

3.1 Social category

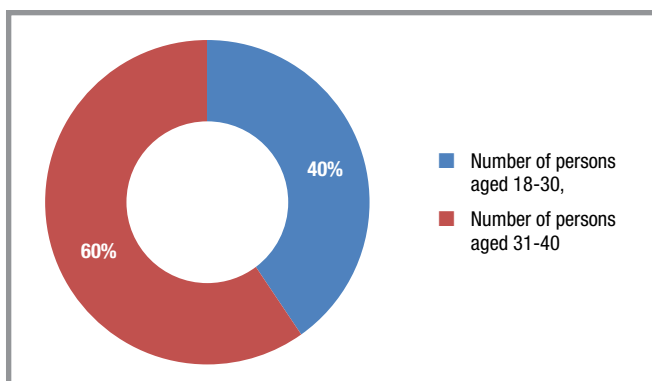
Ciklopea ensures that hiring, rewarding, progress and education, as well as other human resource management processes, are based on objective criteria and that employees are not being discriminated against on the basis of their age, gender, disability, ethnicity, religion, marital status, political views, etc. – in compliance with current legislation

3.1.1 Age equality

According to the categories of types of employment of partners and suppliers in 2013, Ciklopea has accomplished diversity of employment across different age groups (which range from 15 up to 50), with an emphasis on the population between the ages of 15 and 30 (graphic display of the structure in percentages).



When it comes to management positions, these are evenly distributed in the 18-30 and 31-40 age groups (graphic display of the structure in percentages).



Within Ciklopea there are certain established processes of human resource management that take age equality into account:

- In carrying out the selection processes, we use predefined procedures (such as interviews) that focus on non-discrimination on the basis of the Anti-discrimination Act; age restrictions do not appear in advertisements for available job positions or during the selection process
- Monitoring work performance on the basis of objective indicators (age-neutral)
- An established system of introducing new employees into the workplace (mentorship, orientation program during the first few months, monthly evaluations during the trial period, holding internal education)
- Defined procedures and educated staff for resolving complaints related to discrimination, harassment and mobbing (there were no such cases in 2013)
- We have also organized a system of providing for employees who leave the company and continue to work as external associates
- Each year, every employee's professional development and education are individually planned and seen through; employees that are involved in the program of education and training have an obligation to communicate the acquired knowledge to co-workers by means of internal workshops and lectures
- Knowledge is also transferred from younger employees to senior ones, e.g. in areas of implementing specific tools and technologies
- With regard to the aforementioned practices, the program of mentorship and cooperation with students within the ELIA Exchange Initiative is especially prominent, and it had a positive influence both on the organizational climate and on employment processes and employee efficiency
- We plan to implement the best practices and experiences of the regional coordinator and leader of the ELIA Exchange initiative in the project of development and establishment of our own training centre (Ciklopea Academy)

The Key Difference Award

The Key Difference Award is awarded to companies and organizations in categories of overall equality, equality of persons with disability, gender equality and age equality.

Ciklopea received the 2013 Key Difference Award for its achievements in human resources in the age equality category, an award that recognizes and promotes good business practices meant to encourage diversity in the workplace.

We are extremely proud of our achievements so far and of the accepted practices in human resources, and this award provides motivation to continue implementing such processes in the future, especially the programs of introducing young persons into the professional world, mentorship programs, business orientation, education and career development.

3.1.2 Gender equality

The total number of employees as of 31 December 2013:

Number of women employed: **13** of which 8 in management positions

Number of men employed: **3** of which 2 in management positions

Number of new employees in 2013:

Number of newly employed women: **7**

Number of newly employed men: **2**

Since translation industry is characterized by a higher percentage of female workers, Ciklopea makes sure that gender equality is up to par and therefore makes no difference between male and female employees in terms of salary, days off, vacation time, etc.

3.1.3 Cooperation between the academic community and translation industry

The ELIA Exchange international initiative

The ELIA Exchange international initiative is a cooperation program of translation and localization services providers who are also members of the ELIA organization (European Language Industry Association), which Ciklopea joined in 2010, of European universities and students of translation studies. The direct cooperation between Ciklopea and the academic community began by including talented and hard-working graduates of translation tracks into the professional world. Graduate students have recognized the importance of constant professional improvement in light of the growing demands on the market. In the long term, this cooperation has contributed to the individual and professional progress and development of young translators, as well as to the business and organizational development of the company, especially when it comes to human potential development.

From the initial contact with universities, and the implementation of the program of mentorship and monitoring the progress of good students and their employment, to the regional coordination of the international initiative, Ciklopea has had a clear vision. Given that the success of the company relies on educated, creative and innovative experts, Ciklopea has developed an organizational culture that aspires to define and exchange the guidelines and experiences of good practices. This includes bringing talented individuals in the translation industry, identifying shortcomings in the education system of future graduate translators in the region, and their direct and active involvement into the professional world. It is our wish to influence the future development of study programs and internship programs in the entire region. Guided by the principles of social responsibility and the need to share a part of the knowledge and experience with the community in which we live and work, we have organized guest lectures since the very beginning of the cooperation program, and are actively involved in relevant academic seminars aimed at presenting new trends and the development of the translation industry at the global level, as well as at specific examples and established practices of the industry.

The next step in the development of cooperation between the translation industry and the academic community were meetings as part of programs such as Open Door Days, but also the hiring of experts and scientists on specific development programs.

“

I began working in Ciklopea at the recommendation of a faculty professor. It was my first job in the translation industry after graduating. At Ciklopea, I learned from experienced translators and developed practical translation skills that are not given enough attention within language studies. After that I decided to become independent. I still cooperate with Ciklopea as an external associate and I am a member of localization project teams.

Ivan Ramljak, freelance translator

The acquired experience and good practices will continue to be implemented through the international initiative and the established system of internships and employment of young translators with the aim to develop the profession, and thereby introduce positive trends into the marketplace.

Ciklopea is actively committed to the organization of the first regional conference of universities and representatives of the translation industry, and establishing best practice guidelines for translation and localization service providers who are willing to accept students/graduates and provide them with an opportunity of further professional training as future translators. Some of the topics that Ciklopea is actively involved in include defining student tasks and methods of evaluating their work, responsibilities of both parties and practical details regarding the work-based learning program. It is our wish as one of the co-founders of the first Croatian Association of Translation Agencies (CATA) to contribute to the improvement of the profession and work actively on the creation of up-to-date student programs to enable students-future translators, and other language experts to face workplace challenges in the best possible manner. We also wish to contribute to the professional training of expert staff and professionals in the language industry (language editors, terminology experts, translation project managers, resource managers, business development directors, CAT and IT experts, marketing experts, etc.).

The project is an excellent example of good practice in starting an initiative and realization of cooperation between the industry, in this case translation and localization, and the academic community, as well as the exchange of knowledge and experience with a view to develop and improve study programs in order to prepare students-future translators for the professional challenges that await them and to make their transition into the professional world as successful as possible. The employment of translators that lack experience alone does not guarantee their success and professional development. They require expert guidance, mentorship and professional orientation, which we offer to them.

We are proud of the generations of students, now successful translators, who have been a part of the project since the very beginning, whose professional development began through internship

“

Two months after graduating, I was offered the chance to apply the knowledge I had acquired at university in translation company Ciklopea. After a trial period, I was hired as a translator trainee, and then as a senior translator. Thanks to Ciklopea, my transition from the university into the workplace went very smoothly, and in the two years I have worked here, I have achieved both a noticeable personal progress and progress in various translation areas.

Marija Gračić, translator, Ciklopea employee



and professional training at Ciklopea, and whose experience we provide below.

We are especially proud of the fact that the profession and the academic community have recognized Ciklopea as a regional leader of the cooperation initiative between the industry and the academic community.

“

*To whom it may concern,
My name is John Terninko and I am the Executive Director of the European Language Industry Association (ELIA). One of our most important programs is the ELIA Exchange initiative (EE), with the goal to improve the quality of translators who are leaving the education system and are employed through internship offers, as well as to nurture the relationship between the language industry and the academic community and to improve study programs. The EE initiative is made possible and is supported by member companies of the ELIA association, and Ciklopea has played a key role in developing the program as a whole, and in promoting and coordinating these efforts in the region. Company management have always taken their volunteer duties seriously and have thus made a considerable contribution to the improvement of the language industry. The ELIA association is truly fortunate to have members like Ciklopea.*

John Terninko, ELIA Executive Director



Professional cooperation in the development of new professional solutions

Our cooperation with the academic community is not one-sided, which is proven by the project of development of new professional solutions in cooperation with university experts. The development of our own model of machine translation began at the end of 2012 with the formation of an expert project team comprising of representatives from Ciklopea and a research associate, an assistant professor at the Department of Information and Communication Sciences of the Faculty of Humanities and Social Sciences in Zagreb.

After the first research of existing translation memories, glossaries and other available corpora of parallel texts, and the examination of the applicability of new technologies in the current course of localization projects, they began searching for technical solutions in regard to choosing the methodology for building a machine translation model, program platform and hardware.

The established and successful project of localization of user manuals for consumer electronics of a world-renowned manufacturer from English into Croatian was based on familiar technology and coordinated steps. The long-standing project also included an experienced team consisting of project managers, translators, proofreaders, editors and terminology experts, and a large translation memory with revised data. The idea and goal of optimization through the introduction of machine translation was to reduce the time necessary for the basic steps of translation and proofreading, and thus achieve savings in project duration and costs.

The established system of statistical machine translation was examined and optimized several times before its final implementation into the existing localization project course, while the integration itself required a thorough training of the project team and other Ciklopea employees. The research, expertise and thorough training provided an excellent foundation for the success of this project that was completed in March 2013. The project was presented in September of the same year, during the TransTech 2013 Research & Innovation Forum summer school (Rijeka, 7 September 2013).

The effects of this project can be viewed from the perspective of the localization project in question; essentially, it meant the reduction of time necessary for translation and proofreading, reduction of costs, and a greater terminological consistency. From the perspective of product and service development, the conclusion may be drawn that quality foundations have been laid down for future machine translation models and similar projects, and that a post-editing service has been successfully developed and implemented. A very important aspect of this project is the realization of cooperation with university experts, who have successfully applied the results of their scientific work and research to the development of a real solution that can be used in the translation and localization industry.



Together with Ciklopea translation company, I began the project of the implementation of the system of statistical machine translation in the existing translation course. I was positively surprised by the readiness for implementation of this fairly new technology, since most translation companies are still apprehensive about it today, despite the fact that it proved to be of great assistance in various areas of the translation process. The essential part of the project was carried out in mere six months, with clearly described and fulfilled deadlines and goals. The entire cooperation represents one of the most positive experiences in the market.

Nikola Ljubešić, assistant professor at the Department of Information and Communication Sciences (<http://www.linkedin.com/in/nljubesi>)



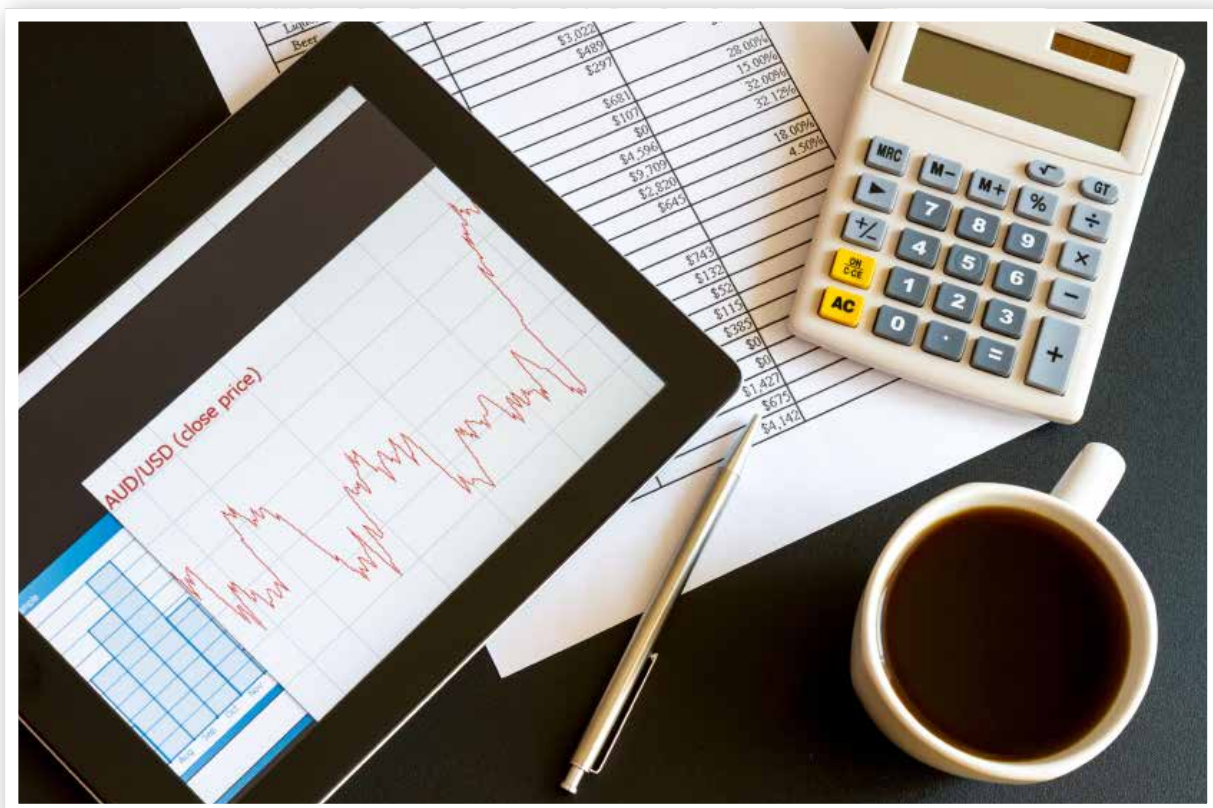
3.2 Economic category

3.2.1 Direct, generated and distributed economic value

	2012.	2013.	Trend
Business revenue	HRK 7,477,623.00	HRK 7,167,395.00	↓
Operating costs	HRK 6,143,862.00	HRK 6,146,877.00	↑
Wages and benefits of employees	HRK 1,763,023.00	HRK 1,628,730.00	↓
Income tax	HRK 278,077.00	HRK 213,793.00	↓
Payments to suppliers of capital	HRK 1,074,390.00	HRK 845,310.00	↓
Retained earnings	HRK 57,514.00	HRK 1,131,903.00	↓

Ciklopea does its best to cooperate with local suppliers in its business.

Regular payments of all our obligations are a rule we uphold without fail.



3.3 Environmental category

3.3.1 Energy consumption

Reducing water and electricity consumption is certainly one of the main goals of continuous care for the environment. Besides this, our long-term goal is to reduce the consumption of office paper by implementing measures such as two-sided printing, sending invoices via e-mail and using the fax to e-mail service which serves to avoid unnecessary and superfluous printing of each incoming fax or document sent by fax. In addition, all of our order forms are sent by e-mail or fax, without prior printing.

We have put up eco-friendly slogans in appropriate places in the office, which encourage employees to an economic and responsible usage of water, electricity (turning off computers, other devices and lights when leaving the office) and heat.

We sort waste (paper, glass) on a regular basis and take care of its adequate disposal. We also encourage our employees to use reusable cutlery, glass and ceramic cups instead of plastic cutlery and cups.

Energy Consumption

	2011.	2012.	2013.
Electricity	HRK 26,800.35	HRK 12,539.32	HRK 18,034.35
Water	HRK 5,526.42	HRK 3,462.28	HRK 4,165.17
Gas	HRK 3,183.55	HRK 4,811.73	HRK 4,138.23
Heat	HRK 4,050.28	HRK 9,482.36	HRK 12,747.45

The significant rise in electricity and heat consumption in 2013 was the result of the expansion of the total office space area.

3.2.2 Transportation

We pay all of our employees' monthly costs of public transportation and encourage its usage instead of driving a car, and for all those who arrive to work on bicycles, we provide an adequate and safe place for storing them during office hours.

When choosing a taxi company, besides the criteria of price and service quality, we were guided by the environmental effect of the potential provider, and we have been a long-standing user of a taxi service that takes adequate care of the effects on the environment by using hybrid vehicles.

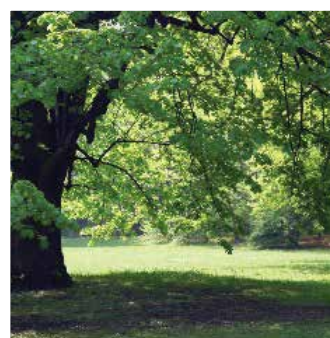
In 2013, Ciklopea has not received any pecuniary or other penalties for disobeying the laws and regulations regarding environmental protection.

4. Goals for 2014



*Raising awareness of
stress-induced disease
prevention*

*Systematic waste
separation*



*Continued cooperation
with the academic
community*

*Starting the Ciklopea
Academy project*



5. UN Global Compact's ten principles

Ten principles in the areas of human rights, labor, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values, or ten principles, divided into the following four basic areas:

Human rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labor;

Principle 5: the effective abolition of child labor; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: <https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

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