

Microinvest



Communication on Progress October 2010– October 2011



Principles Supported:

- ✓ Human Rights
- ✓ Labour
- ✓ Environment
- ✓ Anti-Corruption

Date: 20 October 2011

Microinvest General Overview



Microinvest's mission is to provide competitive financial solutions to small businesses and individuals in order to develop entrepreneurship and to create new jobs and raise life standards of citizens.

Microinvest is a microfinance limited liability company established more than 8 years ago in Republic of Moldova.

The first branch was opened in April 2003 with a purpose of financing Small and Medium Enterprises (SMEs), prevailing in rural areas. In present it has 16 branches, servicing important regions of Moldova, and employs on average 100 people. All this time, the company was aware of social problems in the areas it operates.

Microinvest perfectly understands that a modern company is not just a continuously growing business that generates incomes, but also an entity that should contribute to positive transformation of the community where it operates and to change the mindset of the locals and the perception of social responsibility, also to improve the quality of people's life, of employees and their families.

Microinvest supports all social initiatives and expects a positive transformation of the society as a result of its actions. The company states in its procedures the principles that support the actions in the fields of Human Rights, Labour, and Environment and Anti –Corruption.

On 19 October 2007, Microinvest joined the United Nations Global Compact initiative, and thus became responsible for all further actions and activities. This decision was driven by a high desire to contribute to a positive transformation of human conditions and to conduct its business with respect to social responsible actions.

Human Rights

Microinvest in all its written policies, regulations, and unwritten orders and actions has a main goal to support human rights and in no way to violate them.

Microinvest supports the both principles of Global Compact regarding the Human Rights, thus it **protects the Human Rights** and **has no Complicity in Human Rights Abuses**.

In this manner, the actions taken with regard to its employees are:

- ✓ The company constantly evaluates its business activity thus to avoid in any way engagement in any activities that would violate the human rights;
- ✓ Creates pleasant and comfortable working environment and conditions;
- ✓ Supplies offices with pure water, conditioned air, comfortable and modern office equipment;
- ✓ Offer regular volleyball games, as a teambuilding action.

The actions regarding its customers:

→ The loan agreement clauses are discussed during the meetings with clients and before the contract signing are clearly explained;

→ Microinvest does not have any hidden charges or fees that are not reflected in the contracts or are not clearly explained or mentioned.



Human rights are "basic rights and freedoms that all people are entitled to regardless of nationality, sex, national or ethnic origin, race, religion, language, or other status." according to "Amnesty Basic Definition of Human Rights".





Labour

Microinvest strongly supports the principles of Global Compact initiatives regarding the Labour, because these are the main and important practices in order to run a competitive, strong, fair, and long-lasting business. In this manner we **uphold the Freedom of Association and Collective Bargaining, we do not tolerate in any form or event of Forced and Compulsory Labour, Child Labour, and Discrimination.**

The internal labour procedures state:

- That company “does not limit and discriminates its employees according to race, sex, ethnics, religion, place of birth, political affiliation;
- Clear employment terms and conditions, adjusted to each position and work performed;
- Normal working program within the company is 40 hours per week. The length of a working day is 8 hours, within the five-day working week, with two rest days –Saturday and Sunday. That is according to local Labour Code;
- The company guarantees the right to the equitable and timely payment of the salary to each employee;
- The employment of people younger than 16 years is not allowed.

Since the last reporting to UN Global Compact, a new Regulation regarding attestation of employees has been elaborated. It describes the procedures of attestation, the member of attestation board. The company will employ new staff according to new rules and procedures, on the merit basis.

Also the company states in its internal regulations that a person that perform a work or service on behalf of Microinvest will be paid as the labour laws stipulates, that may include:

- ✓ Salary;
- ✓ Profit and performance related bonus;
- ✓ 28 days annual leave per year;
- ✓ Thanks;
- ✓ Gifts;
- ✓ Honorary degree, etc.



Environment

Microinvest has made the **Environmental Responsibility** a main part of its day to day business operations since it has a strong commitment to the environmental requirements of its external lenders and its desire to make the society and the area cleaner.

Microinvest is a company dealing with investing in growing businesses and fulfilling the consumer needs of its clients. In this manner, the company is not involved in development, production, purchasing or selling harmful or dangerous for the environment products and substances.

To perform the requirements of its lenders, Microinvest constantly implements environment protection principles in relations with its clients. Thus an integral part of a loan agreement, is a document signed by the clients that states a list of illegal activities in respect to the environment that should not be performed with the funds owed to the company.

The Company, as it is stated in the agreements with our investors, has to take care of not using of funds to finance the following:

- ✓ Production or trade in radioactive materials;
- ✓ Production or trade in or use of unbounded asbestos fibers;
- ✓ Production or trade in wood or other forestry products from unmanaged forests;
- ✓ Production or trade in products containing PCBs;
- ✓ Production, trade, storage or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals
Hazardous chemicals include gasoline, kerosene, and other petroleum products;
- ✓ Production or trade in pesticides/herbicides subject to international phase outs or ban;
- ✓ Production or trade in ozone depleting substances subject to international phase out;
- ✓ Drift net fishing in the marine environment using nets in excess of 2.5 m in length;
- ✓ Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources;
- ✓ Shipment of oil or other hazardous substances in tankers which do not comply to requirements.



Clean air,
clean water
and healthy
landscapes
should be the
basic
conditions of
everyone's life



Caption describing picture or graphic.

Anti –Corruption



In the ranking of Corruption, Moldova was placed at the 105th place, with a score of 2.9. Among Eastern European and Central Asian Countries it was placed at 9th place, according to the same report.

Microinvest actively support the actions to combat corruptions.

In order to meet the requirements of anti –corruption laws, and regulations, Microinvest have established a set of rules regarding this:

- All the employees are legally hired;
- The wages are paid via bank transfers on debit cards issued by the operational bank of the company;

Also, in its written internal policy it is clearly stated that employees are prohibited to:

- ✓ Perform any activity as employees or render services to any other physical or/ and legal person that are not clients or employees of the company;
- ✓ Receive from any citizen or employee any amount of money or other goods, for the services given that do not meet the internal regulations or applicable laws.

Microinvest has made the check for corruption an unwritten part of all onsite controls. The internal Audit Department while performing the onsite visits of the clients also makes a survey on the quality of the services provided by loan officers, and asks them questions concerning the bribe, or indirect money requests to facilitate the transactions. This practice was implemented two years ago, and has brilliant successes. It also is a tool to prevent the corruption of loan officers, because they are informed of these internal actions and acknowledge the consequences of it.

Among a
people
generally
corrupt,
liberty cannot
long exist



WWW.MICROINVEST.MD



mun. Chişinău, str. Puşkin 16
Republica Moldova,
MD -2012

Phone: (+373 22) 21 27 64;
21 27 65; 21 27 68

Fax: (+373 22) 22 99 02

E-mail:
microinvest@microinvest.md