



Communication **Report** on the Progress



Name of the participating company:
EVN BULGARIA EAD

State: Bulgaria

Sector: Energy

Reported period:
August 2010 – November 2011

EVN Bulgaria

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*Statement in support of the Global Compact by
Mr. Jörg Sollfelner - Chairman of the Management Board and Ms.
Kalina Trifonova - member of the Management Board of
EVN Bulgaria EAD*

“EVN Bulgaria” EAD has been a member of the UN Global Compact since August 2010 and a co-founder of the Bulgarian Global Compact Network since August 2010. The company is part of the large family of EVN AG – a leading Austrian company with headquarters in the largest Austrian federal province - Lower Austria.

EVN Bulgaria is a company with socially responsible behaviour to the society. Our long-term existence requires our excellence, competence and reliability to ensure satisfaction for our customers and partners. This ensures our sustainable success and motivates us to be a leading company by contributing to promote values and positive corporate culture.

The company completely shares and supports the 10 principles of Global Compact on human rights, labour standards, environment and anticorruption. We are committed to making the Global Compact and its principles part of our strategy, culture and daily business duties. EVN Bulgaria makes necessary efforts to make empathetic and bring to the initiative all its employees, partners and suppliers.

Corporate Social Responsibility of EVN Bulgaria aims to achieve social, economic and environmental practices that exceed regulatory requirements which are implemented in dialogue with all stakeholders. The company implements policies aimed at care for the employees and taking commitment to the problems related to ecology and community in which the company operates.

We share the concept of sustainable management and strive to simultaneously observing the technological, economic, environmental and social aspects. Priority in our work is balancing the interests of all stakeholders, transparency and openness to dialogue.

In the spirit of high responsibility associated with our work, we set ambitious standards of conduct – working with advanced highly efficient technologies, responsible attitude towards the environment, commitment to society and human resource development.



Kalina Trifonova
Member of the Management Board
of „EVN Bulgaria” EAD



Jörg Sollfelner
Chairman of the Management Board
of „EVN Bulgaria” EAD

Our Vision

As an energy and environmental services provider, we fulfil the daily needs of our customers. Through our reliable and high quality services, we make a sustainable contribution to their quality of life.

Our Mission

We create value through high profitability and by assuming corporate social responsibility, thus ensuring the long-term success of our group. On this basis, we offer our customers high quality services; our shareholders - sustainable financial development, and our employees - attractive working conditions.

Our values

For our business and management of the group are valid demanding principles for high commitment to our daily tasks. For us it is inherently the most diligent pursuit of ethical principles and all legal requirements.

We stand behind the concept of sustainable management of the enterprise and thus strive for a harmonious observance of economic, environmental and social perspectives. It is our policy to adequately balance the desires of all stakeholders in the company.

The economic responsibility of securing the long-term existence of our Group demands outstanding performance on our part. A high level of competence and reliability ensure the satisfaction of our customers and business partners. In turn, they represent the underlying basis for our sustained corporate success.

We fulfil our responsibility to the environment in particular by endeavouring to optimally husband the natural resources entrusted to us, minimise waste gas emissions and promote the use of renewable energy sources. Ongoing innovations and increased efficiency make a decisive contribution towards achieving these goals.

We take social responsibility in different ways. The commitment we demonstrate to ensuring the well-being of our employees and fair and attractive salary levels, as well as our maintenance of a positive corporate culture featuring openness, loyalty and mutual respect, are as important as our emphasis on serving people and achieving an appropriate positioning within the framework of a society shaped by a diverse range of influences. This approach encompasses a high level of transparency and the willingness to engage in an ongoing dialogue, both in- and outside the company.

Human ***Rights***

Principle 1:

Supports and respects the protection of internationally proclaimed human rights.

Principle 2:

Makes sure that it is not complicit in human rights abuses.

Internship Program “Youth With A Future”

In the summer of 2011 for the sixth consecutive year was held the internship program of EVN Bulgaria “Youth with a future”. It enables young people from technical and economic specializations from different universities to work in the company during the summer months to gain experience that would be of considerable benefit to a future career.

17 students participated in this year’s program; they were selected among 400 candidates. They all had the opportunity to intern for a period of three months at EVN Bulgaria – from early July to late September.

All trainees had the opportunity to closely get acquainted with the activities of EVN Bulgaria as one of the largest investors in the Bulgarian economy and as an energy and infrastructure company. Eleven of them held their internship in the central departments of the companies “EVN Bulgaria Elektrorazpredelenie” AD, “EVN Bulgaria Elektrosnabdiavane” AD, “EVN Bulgaria Toplofikatsia” EAD and the rest six participants practiced in some of the Customer Energy Centers (CEC). Thus they all actively participated in the processes occurring in specialized technical and economic departments, and in all serving functions according to CEC locations.

Within the initiative EVN Bulgaria invited its prominent practitioners to visit the company’s headquarters in Austria. The two best performing trainees in 2010 were selected for one-month practice in Austria, where they had the opportunity to familiarize themselves with the activities of an international corporation.

The summer internship program of EVN Bulgaria “Youth With A Future” was launched in 2006 and is part of the policy of the company as a socially responsible company. Through this program EVN Bulgaria opens doors for young, educated and ambitious students who would like to effectively familiarize themselves with the business, technologies and innovations in an international energy corporation.

Initiative „Energy Efficiency in Schools”



The initiative of EVN Bulgaria “Energy Efficiency in Schools” was launched in 2009 and by the end of the 2011/2012 school year over 6,000 children will be trained in the rational use of electricity. The program is organized with the support of Ministry of Education, Youth and Science, regional inspectorates of education and educational institutions participating in the initiative. During the 2010/2011 school year “Energy Lessons” were held for a total of 4000 students in 89 classes from second grade and 85 third-grade classes in 27 schools and 14 locations in the regions of Burgas, Sliven, Stara Zagora, Haskovo and Plovdiv. The initiative of the company includes various forms of training, fun games and contests through which students acquire knowledge about the efficient use of energy resources.

As part of its training, EVN Bulgaria provides information on the methods for efficient use of electricity and on energy efficiency in the form of methodological developments that teachers use under the topic “Energy and Environment” in the class lessons. Children receive training manuals and information materials on this topic from EVN Bulgaria, and in addition to each class are provided visual materials and posters in support of the learning process. Company ex-

perts organize “Energy Detective” quiz, activity and drawing contest on the topic “My family and I saving electricity” for the second grade students. Older students can demonstrate their abilities with collages and polls on topics related to rational use of energy. All participants will receive interesting awards and the best works in the competition are organized in exhibitions in the local customer energy centers.

With the successful implementation of the program EVN Bulgaria considers laid the foundations of a modern culture for the rational energy consumption among children and their families. In addition, through the professional and interesting presentation on the topic of energy efficiency younger students have the opportunity to realize the value of natural resources and to provide reasons that everyone has their own responsibility for their rational use.

Cooperation with Universities

EVN Bulgaria implemented initiative for cooperation with universities on the company licensed area. The objectives are establishment of cooperation between the university and the company in various areas, implementation of joint activities and finding more overlaps between science and business. Joint work is envisaged on various projects or joint initiatives in the sphere of economy, electric and heating energy, energy efficiency, information technology, etc.

On 02/02/2011, EVN Bulgaria and the University of Food Technologies (UFT), Plovdiv signed a Memorandum of Cooperation.

The areas of cooperation between EVN Bulgaria and UFT provide specific practical activities that will be useful for professional development of university students:

- familiarize students with the investment and repair projects of EVN Bulgaria in the field of electricity and heating energy;
- practical exercises for students of different specialties in interesting and current topics;
- practical training for engineering;
- participating in ongoing projects and research;
- visits to technical facilities and administrative buildings of EVN Bulgaria;
- exchange of experience and know-how between the university and the energy company.

Initiative “Master Your Energy! Turn It into Health”

This initiative is part of the company activities for sustainable development and promotion of corporate social responsibility. Being one of the largest investors in the country, EVN Bulgaria aims to contribute not only to the development of business and the economy in Bulgaria, but also to the society.

For a socially responsible company as EVN Bulgaria health of adolescents is crucial. Therefore the company launched several initiatives to promote healthy eating and sport for children. One of them is the organization of free lectures aimed at creating healthy habits and proper development in early childhood, entitled “Master your energy! Turn it into health” Currently the results of the initiative are:

- four lectures were performed with over 40 visitors;
- 127 consulted visitors at the office for 8 months.

Initiative “First Steps in Tennis”



In 2010, EVN Bulgaria has launched a long-term initiative “First steps in tennis” within the campaign “Master your energy! Turn it into skills” The initiative aims to promote the tennis sport among teenagers and to provide children the opportunity for active sports.

This initiative comes in the form of entertaining children’s tennis weekends. Events are held every three months between September 2010 - March 2013. Sports weekends are organized for children aged 5 to 11 years. So far, sporting holidays report:

- over 440 children visitors;
- over 60 children received free subscription cards for quarterly tennis lessons.

Donation Campaign “What Is Useless for Us Is a Treasure for Others”

In September 2011 EVN Bulgaria launched a fund-raising campaign under the slogan “What is useless for us is a treasure for others”. The campaign is implemented with the assistance of the Foundation “Bulgarian Mothers Movement” and is aimed at children in need to receive items that are no longer needed to our children. This includes textbooks, notebooks, books, well-preserved shoes, clothes, toys and all things that each one of us decides that could be used to benefit children in need. The initiative was implemented by the company’s employees, who demonstrated their noble attitude and commitment to Bulgarian children in homes for abandoned children.

Labour

standards

Principle 3:

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:

Supporting the elimination of all forms of forced and compulsory labour.

Principle 5:

Supporting the effective abolition of child labour.

Principle 6:

Supporting the elimination of discrimination in respect of employment and occupation.

High Labour Standards

EVN Bulgaria orients its activity in accordance with the following guidelines:

- UN Universal declaration of Human Rights and the European Convention for the Protection of Human Rights and Fundamental Freedoms;
- Tripartite Declaration of Principles concerning Multinational Enterprises and social policy, issued by the International Labour Organisation (ILO);
- ILO Declaration on Fundamental Principles and Rights at Work;
- The Guidelines of the Organisation for Economic Cooperation and Development for multinational enterprises.

EVN Bulgaria has developed the following in-house documents:

- Internal labour regulations;
- Collective bargain agreement signed by the management boards and trade unions of employees in the group companies of EVN Bulgaria;
- Charter of EVN Bulgaria.

EVN Bulgaria Offers Its Employees Additional Health Insurance

The company provides its employees an additional program for health insurance that provides a package of medical services for prevention and treatment of illnesses.

EVN Ombudsman Institution

The creation of the Ombudsman position follows the company policy to maintain open and transparent working relations. Employees in the companies of EVN Bulgaria Group can address EVN Ombudsman in the presence of currently insoluble matters in search of assistance to effectively resolve interpersonal, ethical, or work organizational issues.

EVN Ombudsman is the guarantor of human rights and freedoms, who aims to give publicity to hidden unresolved conflicts, to help overcome them and result in a better working environment. The institution is a real token of the principles in the field of human rights enshrined in the Global Compact of the UN world organisation.

Professional Trainings for EVN Employees through EVN Academy

EVN Academy is a unit for professional trainings and qualifications of EVN Bulgaria and operates from the beginning of 2006. Among EVN Academy objectives are to enhance the professional qualification and specialized competence of company employees and improve the quality of services and work with customers. Since 2006, the company's investment in training and development of employees amounts to BGN 1.5 million, whereas more than 500 workshops on average are organised per year.

Courses and workshops held in EVN Academy cover all company activities. The training center hosts different types of training - from technical ones to improving customer service trainings. Training significantly improves the efficiency of employees in actual work and increases the safety performance of their duties. As part of the trainings for service improvement are provided workshops on project management, teamwork and more.

There is a training center available to the trainers, which consists of 7 rooms with total of 79 seats and 4 halls are equipped for specialized workshops. Additionally there are another 3 workshop halls and one hall equipped with computers.

„Gliding Working Hours” Model

EVN Bulgaria introduced a model of flexible working hours in the central departments of the company. This model of organization of working hours is based on the experience gained in the EVN AG Corporation, where gliding working hours is already successfully in use for many years.

The basic principle of this model is that within the eight-hour working day the employees have determined time periods of compulsory attendance on their workplace; during the rest of the time the employees have the opportunity to organize their working hours themselves in accordance with their specific tasks and projects. Thus, employees are able to manage more flexibly their working and leisure time and this makes even more attractive their place of work. Freedom to determine the beginning and end of working hours for the day is largely a prerequisite for a harmonious coordination between business commitments and personal interests and for increasing efficiency.

Environment

Principle 7:

supports a precautionary approach to environmental challenges.

Principle 8:

undertakes many national and international initiatives, to promote greater environmental responsibility.

Principle 9:

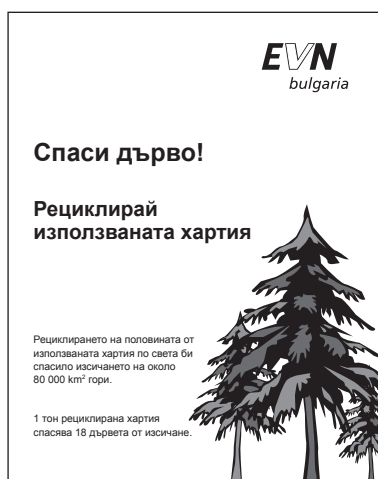
encourages the development and diffusion of environmentally friendly technologies.

EVN Bulgaria is responsible both to society and to the environment. In the construction and operation of facilities the company aims to use the most modern and environmentally friendly technologies. In terms of biodiversity in Southeast Bulgaria the company pursues its projects and supports the activities of environmental organizations related to conservation of protected species and their habitats.

Project for the Introduction of Waste Management

In 2010, EVN Bulgaria launched a project for the introduction of a system for waste management, covering the whole territory of company supply. Contracts have been signed with certified companies to collect waste. In all customers energy centers waste generated during the maintenance of the electricity distribution grid of the company and classified according to the regulations, are separately collected and transmitted for subsequent lawful treatment.

Initiative „Separate Waste Collection in the Offices”



While implementing its environmental policy aimed at conservation of resources and the environment, EVN Bulgaria launched an initiative for separate collection of waste in the offices.

- The first stage of the initiative is separate paper collection.
- The second stage of the initiative is separate collection of packaging.
- The third stage is separation of bio-waste.

Project “Liquidation of Departmental Petrol Stations” of EVN Bulgaria Elektrorazpredelenie

As part of its environmental policy to protect the environment and public health, EVN Bulgaria implemented a project for liquidation of four petrol stations. This project features several milestones:

- There were 4 petrol stations inherited with the privatization in Stara Zagora, Plovdiv, Pazardzhik and Haskovo.
- The facilities have become obsolete.
- The facilities were inappropriate for the activities of EVN Bulgaria and were decommissioned.
- There was identified a danger of contamination on the sites due to leakage of oil products in the soil since their operation before the privatization.
- There was undertaken removal of contaminations found, that can cause risk to human health and the environment.
- As a result was improved the environment and the quality of the environment enhanced

EVN Forest



As an environmentally responsible company and a leading infrastructure company in southeastern Bulgaria, including in Stara Zagora district, in 2011, EVN Bulgaria has launched a project on planting trees in a forest stock in the district town.

“EVN Forest” project aims at restoring 30 acres of forest, destroyed after a fire in 2007. Within three years will be planted 30 acres of forest crops in the region “Dabrava” with trees of cedar type.

The initiative is implemented in cooperation with the State Forestry - Stara Zagora

Cooperation with the Bulgarian Society for the Protection of Birds (BSPB)

In July 2011 EVN Bulgaria and BSPB signed a Memorandum of Understanding and Cooperation. The document defines the spheres of cooperation between the two organizations for the protection and conservation of protected species of birds from the risks related to electricity distribution grid in Southeast Bulgaria. The signing of the document follows the overall efforts and commitment of EVN Bulgaria and BSPB to protect the birds from the risks associated with the electricity distribution grid.

EVN Bulgaria cooperates with BSPB in the implementation of two projects “Conservation of Imperial Eagle and Saker Falcon in Bulgaria” and “Life for the Burgas Lakes” – to reduce the direct destruction of protected bird species under the LIFE+ Programme of the European Union, which supports the implementation of the birds Directive (79/409/EEC) and the Habitats Directive (92/43/EEC). The project aims to develop and implement measures that lead to reduction of the direct destruction of certain protected species.

BSPB collaboration with EVN Bulgaria on the project “Conservation of Imperial Eagle and Saker Falcon in Bulgaria” includes isolation of hazardous electric poles around the Imperial Eagle nests in south-eastern Bulgaria, which fall within the protected areas by Natura 2000. In the summer of 2011 a total of 74 poles were isolated within the area of CEC Burgas South and about 300 more are yet to be isolated by the end of the year within the area of CEC Elhovo.

Storks Nests

EVN Bulgaria mounted protective platforms for stork nests on electric poles medium voltage (MV). Through standard metal platforms the nest is raised at a safe distance (approximately 1 meter) from the live parts. Thus is prevented the proximity and the contact between the nest or bird to the wires. When a bird touches the live overhead lines and causes a short circuit, on the one hand it is fatal to the bird, and on the other hand it is damaging the electricity distribution grid and electricity consumers.

During the period September 2010 - November 2011 EVN Bulgaria has secured a total of 359 nests. In high breakdowns areas caused by birds, EVN Bulgaria has invested in additional materials to secure and has isolated a total of 801 electric poles, caring for the safety of birds.

Anti-Corruption

Principle 10:

Support of anti-corruption initiatives and transparency policy.

As an internationally operating energy and environmental services company, EVN has a far-reaching role model function both on its domestic market and abroad. In order to safeguard the good reputation and business success of EVN Bulgaria, the company attaches the greatest importance to the integrity and the law-abiding behaviour of all its employees.

12 Principles on Proper Communication with Our Customers

EVN Bulgaria has developed „12 Principles on proper communication with our customers”. Each employee is familiar with the principles and strictly follows them in dealings with the customers. The aim of the company is to implement a policy of transparency and customer satisfaction through high quality of provided services.

Social Responsibility Clause of the EVN Group Companies

EVN Bulgaria has developed a social responsibility clause, which applies to the companies from the EVN Group and binds all suppliers and subcontractors with the implementation of the following basic concepts and principles:

- respect for human rights;
- lack of child or forced labour;
- absence of discrimination or harassment in the workplace;
- safe and healthy working conditions in the workplace;
- labour and social legislation;
- transparency of working hours and remuneration;
- environmental protection;
- reducing resource use, waste and emissions;
- high standards of conduct;
- transparent business relations;
- the right to conduct meetings and strikes.

Always here, always with you.
EVN Bulgaria

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