

Global Compact Annual Communication on Progress 2011
Makpetrol AD Skopje

Company name	Makpetrol AD Skopje	Date	2013
Address	Mito Hadzivasilev Jasmin 4; 1000 Skopje	Member since	2004
Country	Macedonia	Employees	Cca. 1800
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Short description of the business

"Makpetrol" is the largest company for trading with oil products in Macedonia with over 60 years of experience and a powerful infrastructure of distribution. The Company invested in the development of the gas system in the country and has built the only factory for production of biodiesel in the country. Thereby, Makpetrol continues to provide superior quality and fosters highly ethical, environmentally sustainable and socially responsible business practices. Makpetrol has its own laboratory with professional staff to control the quality of its products, accredited by the domestic and foreign accreditation houses. The company is constantly working on strengthening the responsibility towards its consumers and its business principles are based on professionalism, teamwork, transparency and responsible participation in social events and activities. The company stands for impeccable quality of products and services and continuously monitors the innovations in the energy sector, taking care of the regulations and principles of social responsibility, especially when it comes to protecting the environment. Makpetrol strives to remain the leading energy company on the Macedonian market, always ready to meet the energy needs of the society, and thus, as always, be a company driver of the economic sectors in Macedonia.

In these past 65 years we managed to build a Company with capacity and potential reaching the highest European standards in the area of oil products trading. This success was accomplished due to our agility, the team work of our professional personnel and the gained trust of our regular partners, things that have always been and will continue being essential for the realization of our short-term and long-term goals. Our primary goal is to build the future by minding our actions at

the moment. We continue building a Company which will endure all of the challenges being faced by. By being responsible for our actions today, we increase our flexibility and we create long-term values for our business. We are observing highest security and environmental protection standards. We refer to the international standards as our benchmark, even when they exceed the local requirements.

We are recruiting the most competent personnel and we have faith in what they do best, and we gained the trust of our clients with the quality of our products and services. Today, our Company has a leading position on the oil products and natural gas supply market in republic of Macedonia. Simultaneously, we are implementing the programs for production of biofuel and other types renewable energy resources. For the smooth realization of all our activities we have a modern network of warehouses, gas stations and own vehicle fleet, and the continuous control guarantees the high quality of the fuels being supplied to our customers.

Our energy orientation represents a guarantee that Makpetrol will continue being the leading energy company on the Macedonian market, always prepared to satisfy the energy needs of the society, and will remain being the propellant of the economy sector in Republic of Macedonia as up to now.

Our business in section:

- 65 years functioning, founded in 1947
- Over 400 milion euros total annual turnover
- Largest private company for oil products distribution and trading listed in the official market of the Macedonian Stock Exchange
- 1,800 employees with various professional qualifications
- 20.000 tons annual biodiesel production capacitu in own biodiesel plant
- ISO 9001 : 2008; ISO 14001: 2004; ISO 17020:2006; ISO 22000
- 122 gas stations on the territory of Republic of Macedonian
- 300 millions liters gasoline and diesel fuels consumed annually
- Over 700 vehicles able to simultaneously service all Makpetrol's gas stations
- Over 3.000 clients visit the gas stations of Makpetrol each hour
- 150.000 m3 total availabe capacitu in 13 warehouses, located on the territory of the Republic of Macedonia
- Over 7000 tons sale of jet fuel GM-1 (Jet A-1)
- Biodiesel B8 is a blend of 8% biodiesel with 92 % of eurodiesel
- 1.000.000.000 m3 so far delivered natural gas
- 2004 year Makpetrol built its own Laboratory in cooperation with SGS- international quality contol institution

- 600.000 liters sold annually of high quality oil and liquids for motorcycles and motor vehicles.
- 30.000 issued Verna cip cards with multipurpose, that is loyalty, pre-pay and post- pay

www.makpetrol.com.mk

STATEMENT OF SUPPORT

Makpetrol AD bases its sustainable development approach on principle of transparency and progress. In 2004, it committed itself through the United Nations Global Compact to support and translate into acts the ten principles on human rights, labor rights, the environment and the fight against corruption.

With this communication we express our intent to support and advance those principles within our sphere of influence. We commit to making Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to make a clear statement of this commitment-both to our employees, partners, clients, and to the public. We support public accountability and transparency and will report on progress made in a public manner.

Makpetrol AD is a signatory to the United Nations Global Compact, a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment and anti-corruption. This Communication on Progress provides an overview of recent activities in support of the Global Compact's objectives.

Andreja Josifovski
President of MAKPETROL AD

HUMAN RIGHTS

PRINCIPLE 1

BUSINESSES SHOULD SUPPORT AND RESPECT PROTECTION OF THE INTERNATIONALLY ACKNOWLEDGED HUMAN RIGHTS

Our commitment and policy

In Makpetrol AD one of the most important duties is to offer its employees satisfactory working conditions and to insure their safety.

We abide by the laws of the countries where we operate, and we strive to uphold the principles of the Universal Declaration of Human Rights. The internationally acknowledged human rights are a universal value and we constantly strive for them to be respected and protected.

Makpetrol AD strives to work not only in accordance with the appropriate legal legislative, but also our behavior is in accordance with the basic values of Makpetrol AD- sincerity, integrity, as well as, respect towards people.

Our Human Rights Policy and Human Rights Statement reflect internationally recognized principles- including the United Nations Global Compact and the Universal Declaration's of Human

Rights. We are against human right abuses and child labor and have a “zero tolerance” attitude to these issues.

Measurable Results or Outcomes

Makpetrol AD has implemented human rights protection policy.

Our company is providing good working environment. We create safe and healthy working conditions. The company has its own human rights management system, health and safety management system and monitoring system.

The professional health and safety management of Makpetrol AD is based on the principles of prevention, ensuring our employees healthy and safe working environment in accordance with the industrial standards and the appropriate applicable laws and regulations. The senior management of Makpetrol AD entrusts the responsibility to its local affiliates or subsidiaries to implement this policy and to guarantee observance of the applicable laws and regulations for health protection and safety at work. Makpetrol AD provides its employees appropriate training in all health and safety relevant areas.

Makpetrol AD recognize that Health & Safety is of paramount importance to us and is taken into account in every management decision is made and every process it's carry out.

Health and safety is paramount in our thinking and decision making.

Transparent in its operations, Makpetrol AD cooperates with suppliers that share the same responsible attitude; equal approach opportunities to the products, services, funding, donations and sponsorships etc.

Makpetrol AD guaranteed freedom of association and the company does not use forced work force.

Participation of the 60th Anniversary of the UDHR

The Makpetrol Human Rights Policy Statement is based upon the Code of Conduct to determine in principles our understanding and responsibility regarding Human Rights within our business environment.

As a signatory to the UN Global Compact, Makpetrol regards human rights as universal values which guide our conduct in all spheres of our activities. Makpetrol respects, fulfils and supports the fulfillment of human rights as contained in the Universal Declaration of Human Rights and in internationally recognized treaties, including those of the International Labor Organization. We consider human rights as an essential expression of the social pillar of Corporate Social Responsibility to which Makpetrol adheres.

While governments have the primary responsibility for realizing human rights, Makpetrol has accepted responsibilities to respect, fulfill and support the fulfillment of human rights within its sphere of influence and not to become complicit in human rights violation, as understood under current international law.

Makpetrol's sphere of influence includes individuals and groups to whom we have a certain political, contractual, economic or geographic proximity. The concrete responsibilities depend on the business context, the human rights issues at stake as well as the available alternative options.

Furthermore, Makpetrol uses its influence so that business partners in consortia as well as its suppliers and contractors comply with human rights standards. Lastly, Makpetrol is aware of its responsibilities to support the fulfillment of human rights in the wider society.

PRINCIPLE 2

BUSINESSES SHOULD PROVIDE GUARANTEE THAT THEY SHALL NOT PARTICIPATE IN THE ABUSE OF THE HUMAN RIGHTS

Our commitment and policy

Makpetrol AD respect and have implemented the human rights protection and development system. We do not participate in any form of human rights abuse. We see as our main responsibility to protect our employees of any kind of abuse. Makpetrol AD respect the human rights of our employees and obtaining good and safe working conditions. We create satisfactory and safe working conditions, take steps to prevent injuries; regular health and safety worker training system to detect threats to health and safety; access to bathroom and potable water. Makpetrol AD have clear and strict standards for doing business. We protect and respect our employees during work of any kind of human abuse. We do not cooperate with partners which take part of all the forms of human abuse. Creating business relations that will result with mutual benefit for Makpetrol AD, as well as for the business partners.

Measurable Results or Outcomes

Code of professional conduct is implemented as a strategic policy in Makpetrol AD. We strengthen the rights of equality, safety, personal, economic, social and cultural freedom. We constantly provide full and transparent information to all our employees, customers and our partners. Makpetrol AD as a company has defined several areas of responsibility towards: shareholders, buyers, employees, business partners and society. The Management has a task to continuously define the priorities and to change them, when it is necessary. Makpetrol AD continuously makes efforts to provide safe conditions of work wherein occurrence of possible risk of any kind is being eliminated. We are aware that safe operation does not depend only on technically operative equipment, but also on the competent people and on the appropriate behavior towards safety. Makpetrol believes that our people are our most valuable asset and encourages a health work-life balance that ensures that the workplace is clean, safe and healthy at all time. Human rights cover a wide range of aspects of social, economic and political life and are comprehensive in nature. They protect human dignity on an equal basis and serve to meet the needs of human beings. As interests and needs of different groups and actors are different, Makpetrol considers and applies human rights as a way of balancing the interest and needs of all relevant stakeholders in a practical and culturally sensitive way. They are strongest with our employees whose human rights we respect and fulfill through adequate policies and programs. Where Makpetrol has an asset equity share of 50% or greater or has a controlling interest, Makpetrol has a direct responsibility to respect the human rights of the people in the surrounding communities as well as, in agreement with its partners, to support the fulfillment of their rights. Makpetrol monitors implementation of its human rights policy and reports on it in line with international reporting guidelines. Makpetrol's CEO participation in the Statement to commemorate the 60th anniversary of the Universal Declaration of Human Rights on 10 December 2008.

LABOR STANDARDS

PRINCIPLE 3

BUSSINESSES SHOULD SUPPORT FREEDOM OF ASSOCIATION AND EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE AGREEMENT

Our commitment and policy

Makpetrol AD regulates the labor contracts with employees in accordance with the collective agreement and it fully in compliance with the Law on Labor Rights of the Republic of Macedonia, as well as the European Union's standards on Labor Rights.

Makpetrol AD within its scope of work tends to create working area that is safe, composed of professionals who within their working rely on team work and confidence.

Makpetrol AD is committed to enable and support professional development of its employees; we are keeping our employees informed and involved.

Measurable Results or Outcomes

Within our company there is a representative Syndicate organization.

Due to the need of the employees and their rights, our company supports and participates to the collective agreement ensuring to the employees freedom of association.

Makpetrol AD respects the right of all employees to form or to join trade unions according to their choice and it shall monitor the results of the individual corporate agreements in accordance with the local laws and regulations.

PRINCIPLE 4

BUSINESSES SHOULD SUPPORT ELIMINATION OF ALL TYPES OF FORCED WORK AND WORK UNDER THREAT BY FORCE

Our commitment and policy

Our business policy excludes any form of forced work and work under threat by force.

We do not use forced labor of any form.

A brief description of our Processes or Systems

Employment is on a voluntary basis, and each employee may leave its work post under clearly defined rules. All our employees have freedom of making decisions. The working hours are determined, according to the law, and each employee is pension, health and socially insured.

We comply with the laws on working hours and employment rights in the country we operate.

We are respectful of our employee's right to join and form independent trade unions and freedom of association.

Measurable Results or Outcomes

Makpetrol AD has established Code of Conduct, and as a document clearly defines the elimination of all types of forced work and work under threat by force.

PRINCIPLE 5

BUSINESSES SHOULD SUPPORT EFFECTIVE ABOLITION OF CHILD LABOR

Our commitment and policy

In Makpetrol AD exists clear written rules not to use child labor especially working at phases related with operations with dangerous liquid and gases.

It does not employ engage or otherwise use any child labor in circumstances such that the tasks performed by any such child labour could reasonably be foreseen to cause either physical or emotional impairment to the development of such child;

A brief description of our Processes or Systems

Child labor is not policy and practice of our company. Our policy of employment does not allow the engagement of child labor in any segments of our business especially in the hazardous areas where Makeptrol AD is doing its core business (exp. Dangerous liquid and gases).

PRINCIPLE 6

BUSINESSES SHOULD SUPPORT ELIMINATION OF DISCRIMINATION IN RELATION TO EMPLOYMENT AND PROFESSION

Our commitment and policy

The company shall not be involved in or support any discrimination upon employment, payment, training, and promotion, termination of employment or retirement based on race, class, nationality, religion, sex, disability, sexual orientation, trade union membership, political orientation and age.

Makpetrol AD will employ and promote the employees on the basis of the necessary qualifications and working capabilities without any discrimination in reference to the race, class religion, nationality, political orientation, skin color, gender, age and marital status.

Makpetrol AD shall not allow or tolerate any behavior, including gestures, verbal and physical contact considered as sexual harassment, threats, abuse and exploitation and it is determined to protect its employees in the activities against this kind of behavior.

Each employee who works for Makpetrol AD contributes to our success and to the creation respectable company. By working together, we create new possibilities for our business.

Measurable Results or Outcomes

We are obliged to create working environment based on mutual confidence, whereby each individual who works for Makpetrol AD will be treated with respect and dignity.

Makpetrol AD obtains equal possibilities for all employees through precisely defined and consistently applicable standards and with established management system.

Makpetrol AD makes efforts to provide fair treatment and respect towards all employees. No harassment, discrimination and degradation of any kind will be tolerated at the working position towards the employees, suppliers and others.

Actions implemented in the last year/planned for next year

Training man-hours were implemented in various training activities. The most training hours were focused on safety but also included technical and environmental topics, leadership and other skills.

The training programme for 2011/2012 is still going on. It is implemented by outside partner, company which is specialized for training in this sphere of business.

This training programme is part of the Makpetrol's development strategy.

ENVIRONMENTAL PROTECTION

PRINCIPLE 7

BUSINESSES SHOULD SUPPORT PREVENTIVE ACCESS TOWARDS THE CHALLENGES OF THE HUMAN ENVIRONMENT

PRINCIPLE 8

BUSINESSES SHOULD UNDERTAKE INITIATIVES TO PROMOTE GREATER

ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9

BUSINESSES SHOULD ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Our commitment and policy

The environmental protection, observing the legal requirements and the common industrial standards are at the top of the management agenda of Makpetrol AD. The objective of the company is to combine the factors for quality, environment and human aspects in one integrated management system which strives towards sustainable economic success.

Maintaining business within the frames of good corporate management, in accordance with the appropriate laws and regulations (the internal acts of the Company) thereby taking in regard the basic human rights and environmental protection.

One of the fundamental business principles of Makpetrol AD is to achieve success in all business activities of its scope of work, thereby taking maximal concern for health, safety, as well as for environmental protection.

Protection of the human environment is the integral part of the policy and practice in Makpetrol AD. Our company is implementing technical solutions and equipment which are decreasing the possibilities of environmental attack.

We strive to make our products earth-friendly; our factory, offices, storages etc. environmentally caring.

A brief description of our Processes or Systems

In Makpetrol AD we have divisions which are devoted to environmental protection.

Makpetrol AD invests in upgrading their technical systems for storages, transport and retails for fuels. This equipment reduces GHG emission and prevents accidents like spilling out fuels etc. This applied technology is in accordance with the latest accomplishments in this field (mass flow metering devices, wireless level meters etc.).

The Company is accredited to the Environmental management System ISO 14001:2004.

Makpetrol's laboratory was accredited according to ISO EN 17 025 by the International accrediting company UKAS as well as by Accreditation Office of the Republic of Macedonia, as the first laboratory of this kind in the country.

Makpetrol was able to create the basic requirements for its own certification of the Quality Management System ISO 9001:2000.

Actions implemented

Makpetrol AD develops and realizes projects which are improving employees' awareness of the importance of energy efficiency and other important resources.

Makpetrol AD organizes training for our employees and we are taking participation in larger events organized by the Governmental authorities devoted to Ecology and protection of the environment.

Makpetrol strives to constantly protect the environment, specifically focuses on reduction of CO2 emissions.

We constantly strive to act responsibly towards the environment, the community we operate, and society at large in order to appease our stakeholders.

One of the projects running continuously this year is putting recycling containers in the area of our gas stations.

Measurable Results or Outcomes

In practice, it is installing level meters in our underground tanks at petrol stations and storages and

other sophisticated devices.

The company is investing in plants for producing bio fuels. The output, biodiesel is the fuel which has lower emission of green house gases (GHG) when it is burning in engine. With such a project we are participating and increasing the protection of the environment and all over the climate changing.

Action implemented

Makpetrol AD took part in the competition for philanthropy and environmental responsibility organized by the Center for institutional development from Skopje, supported by EU, and received the reward dedicated to companies having a responsible attitude to the environment. The jury unanimously rewarded Makpetrol AD with this important prize as an active participant in supporting environmental responsibility and this entire initiative. The aim of these rewards is to recognize the good practice of the responsible behavior and to honor companies and individuals for their contribution to the reviving and development of the values of solidarity, respect, ics ,humanity and charity. This is not a first reward for Makpetrol AD as an environmentally responsible company. ethMakpetrol AD received such a reward in 2007, and in 2008 the company received a reward for a successful management

Action implemented

Makpetrol AD Initiative Workshop

Makpetrol AD organized a one-day workshop on the subject **Liquid Fuels in the Road Traffic in Republic of Macedonia**. The Workshop took place on February 1st, 2012, in the Business Hall of Skopje Fair.

Representatives from the Ministry of Transport and Communications, the Ministry of Economy and the Ministry of Environment and Physical Planning and the International Liquid Fuels Quality Center in Brussels had their own presentations on individual subjects. Makpetrol AD also participated in the Workshop with 2 presentations.

Through their presentations the speakers successfully elaborated the subject matter of the Workshop, with a particular emphasis on the fuel quality, which drew significant interest within the present audience and instigated a constructive discussion.

Through its 2 presentations Makpetrol AD introduced its new Ultra fuels which have been placed on the market recently, as well as the fuel quality control. The Workshop participants were informed of the content, the quality and the advantages of the new Ultra fuels and the control system used by Makpetrol AD in the daily operating. The Ultra fuels, being pure and high performance fuels, are of exceptional importance for the optimal operation of the modern engines, due to which the Laboratory of Makpetrol AD performs constant monitoring and control.

Representatives from the company FAUDI, Germany, producer of filters for aviation fuels, whose products are used for obtaining the Ultra Diesel Jet Fuel and also from MarkChem- Afton, whose additives are used in the process of development of the fuels from the Ultra family, were invited as guests at the Workshop.

The large number of audience and participants from different sectors in the Workshop completely justified the organization of the Workshop, and it was given high scores not only by the domestic participants, but by the foreign ones as well. All of the present participated actively, including the Local Self-Government of the Republic of Macedonia, the business partners of Makpetrol AD, the transport and import companies, as well as many media.

This successfully organized Workshop is just the first of the many workshops with similar subject matter which shall be organized by Makpetrol AD in the future.

Action implemented

Workshop and promotional activity at the petrol stations of MAKPETROL AD-Skopje

Makpetrol AD Skopje as a socially responsible company within the project Energy Efficiency in the road transport in the Republic of Macedonia organized a workshop on "**Basic measures for energy efficiency in road traffic**", held in hotel Makpetrol in Struga.

Mr. Lazar Gechevski, the Director of the Energy Agency of the Republic of Macedonia opened the workshop with introductory remarks from the field of energy efficiency.

Makpetrol AD professional personnel presented the topics related to the importance and status of the regulation on quality of liquid fuels in the EU and the Republic of Macedonia and the place of the new family of Makpetrol ultra fuels and their efficiency. Special emphasis was placed on maintenance of quality throughout the process chain from warehouses to petrol stations.

Moreover, the role of motor oils as a factor for reducing the consumption of fuels for motor vehicles was explained and for that purpose the characteristics of motor oils Lubeks of Makpetrol were presented.

Representatives of great number of transport companies and other business entities involved in transportation in the field of environmental protection of the regions of Ohrid, Bitola and Prilep took part.

The same day there was a promotion going on at the central petrol station in Ohrid titled "Save(fuel) - Protect (environment)..." Within this action the visitors at the petrol station were offered appropriate flyers and verbal explanations of how the drivers with their care for the vehicles and driving methods can achieve significant savings of fuel, therewith helping their own domestic budget and lowering emissions due to the smaller amounts spent fuel.

Visitors at the petrol station positively reacted on this action carried out by Makpetrol AD. They showed great interest in the new ultra fuels, which have improved features and are improved with additives to increase the performance, as more efficient as compared to the old.

As for the advice on saving 10-15% of that part of the budget which goes for fuel, the most positive response came from the younger population.

Such promotional activity was for the first time conducted at the petrol station of Makpetrol in Ohrid-Struga region and the same shall continue within the forthcoming period in other regions across the country.

FIGHT AGAINST CORRUPTION

PRINCIPLE 10

BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBE

Our Ethics Policy provides specific guidance on the behaviors that allows us to implement our beliefs globally, including governance.

Makpetrol AD developed an internal process to apply specific aspects of our Ethics Policy to suppliers.

Our commitment and policy

Makpetrol AD rejects bribery and corruption in all forms, whether public or private, active or passive. Makpetrol AD will not resort bribery and corruption in order to obtain or retain business or other improper advantage in the conduct of international business.

Makpetrol AD has clear stand in relation to bribery and corruption, that is, the employees must not offer or accept bribery. Direct or indirect offer, payment, asking for and accepting bribe in any form by the employees is unacceptable.

Makpetrol AD promotes its policy of non accepting bribe and corruption among its business partners.

The corruption is the enemy of the development and to the human progress; therefore Makpetrol AD bases its entire work on transparency.

Makpetrol AD works in accordance with the positive national and international legal regulation which deals with the given problems.

Measurable Results or Outcomes

Raising employee awareness of bribery and corruption risks is therefore a priority of Makpetrol AD. One way we do this is through a stance that is clearly spelled out in the corporate Code of Conduct. In addition, employees in position of responsibility or potentially more exposed, including purchasing agents, legal officers and senior managers, received dedicated training.

Makpetrol AD cooperate with the Government in a constructive manner and we do not participate in the activities of the political parties.

Makpetrol has a no tolerance policy towards bribery and corruption. This policy extends to all the company's business dealings and transactions. All employees are required to comply with this policy.

We have "Zero tolerance" policy towards bribery and corruption.

We endeavor to conduct our daily business in an ethical and responsible manner and select and engage business partners who share our good Corporate Social Responsibility values.

Decisions of the Board of Makpetrol AD Skopje for granting donations and support for the environment in 2011

Decision to grant assistance to an individual(employee) because of damage caused by fire in an apartment. Assistance is given in items (household);

Decision to award computers for the Association of Persons with Disabilities "Polio minus "

Decision on granting Verna plus fuel card worth 10,000.00 denars for the Association of children and youth without parents from children's homes and foster families in Macedonia.

Decision on granting for temporary use of a vehicle for the Energy Agency of Republic of Macedonia for a period of one year.

Decision to award financial assistance for the Association of Fighters of Macedonia in the amount of 30.000,00 helping for the event marking the anniversary-70 years since the anti-fascist National Liberation and War 1941-1945.

Decision to grant computers for the Union of Associations and pensioners of Macedonia.

Decision granting financial aid ZSRIS Strumica and Verna cards of 5000.00 denars for fuel dispensers at petrol stations in Makpetrol AD

Makpetrol AD Skopje
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