



COMMUNICATION ON PROGRESS

OVERGAS INC. AD

2012

"We are aware that it is only in their work, in the formation of values, that individuals build up their system of values and manage to nurture and impart them to the younger generations around them. In the past this used to happen in the family. In the industrial era and with the advance of technologies the companies are the only place where this can happen. Only the companies aware of such role can be members of the UN Global Compact in Bulgaria. Because they employ free people proud of their work and output, the people who will ensure and guarantee the global sustainable development."

*From "Statement
of collective commitment for sustainable development"
of the Bulgarian members of the UN Global Compact
before the UN Conference on Sustainable Development "Rio+20"*





Statement of continued support for the principles of the UN Global Compact

While the UN provides guidance and tools to support and respect the principles of the Global Compact, Overgas responds with action, leadership, commitment and dedication. As a socially responsible company, Overgas is motivated to invest its efforts in sustainable development and protection of the public interest.

For it is in the interest of our society to have full access to the cheapest and most environmentally sound energy - natural gas.

For people are entitled to alternative and choice.

For development and progress depend on key decisions and their responsible bringing into effect.

Overgas clearly states that it will further continue to base its operations on the ten principles of the Global Compact in the four theme areas - human rights, labor standards, environment and anti-corruption. This commitment is part of the mission and vision of the company and each employee seeks to be of maximum use and to take care of the sustainable development and advance of society.

Our actions in 2012 were directed towards integrating and building over the Global Compact principles in the company's business strategy, culture and daily operations. Overgas has already committed itself and will continue to disseminate this information among its partners, customers and the citizens. Let it inspire and challenge each one of us to be responsible for our own lives, our children, our parents, our consumers, the quality of our products, the effective use of natural resources.

Only then will we build our dream society!

**Executive Director
Overgas Inc. AD**

Sasho Dontchev

HUMAN RIGHTS

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

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

Assessment, policy and goals

“All human beings are born with equal and inalienable rights and fundamental freedoms”

Universal Declaration of Human Rights

In accordance with the **Universal Declaration of Human Rights**, which states that **“All human beings are born with equal and inalienable rights and fundamental freedoms”**, Overgas supports, promotes and protects the human rights of each individual. An integral part of Overgas's policy is respect for and protection of human rights without distinction as to nationality, race and ethnicity, age, gender, belief, national or social origin, property, public or other status.

The company would never be complicit in human rights abuses / Principle 2 /. Overgas is pro-active in its support of human rights / Principle 1 /, it respects and supports the interests of all parties which it may impact with its activities - shareholders, employees, customers, local communities, women and children, and others. Overgas is an advocate of the fundamental human rights, including the right to life, liberty and security, work and leisure, standard of living, education, participation in cultural life and scientific progress, and more. We are also concerned with parents and children, because the future lies in their hands.

The company's policy in the field of human rights is governed by the following documents:

- Corporate Governance Code;
- Rules on the internal labor procedures;
- Social program.

The Board of Directors is in charge of the operational management of the company in accordance with the decisions of the General Meeting of Shareholders. The company ensures equal treatment of shareholders regardless of the number of their shares. The Code of Corporate Governance, adopted by the Board of Directors of Overgas, recognizes the rights of the legal stakeholders and encourages them to cooperate with the company to ensure the sustainable development of both parties.

In conformity with the Code Overgas maintains an active dialogue with its social partners and cooperates with non-governmental organizations, thus facilitating the implementation of best business practices that promote the development of business and society, and contribute to sustainable social, economic and environmental development. The company is actively involved in business associations that promote effective governance and economic growth.

Overgas is a member of the European Business Congress and the international organizations: the International Gas Union, GEODE - Association of European Independent Distribution Companies of Gas and Electricity and the Vernadsky International Ecological Fund. The company cooperates with the Gas Centre at the UN Economic Commission for Europe. It is a member of the Energy Management Institute, the Bulgarian-Russian Chamber of Commerce and Industry, the Bulgarian Chamber of Commerce and Industry, the German-Bulgarian Chamber of Industry and Commerce, the Bulgarian Chamber of Mining and Geology, the Association Eco Forum for Sustainable Development, the Bulgarian Association for Human Resource Management and Development, the Atanas Burov Foundation

Overgas is instrumental in the organizations it chairs: the Bulgarian Industrial Association, the Bulgarian network of the UN Global Compact and the Bulgarian Association Natural Gas.

As one of the most active members of the Bulgarian network of the UN Global Compact, the company believes that it can inspire change, promote values and socially responsible behaviour among Bulgarian citizens, and enhance the quality of life.

In 2012 Overgas joined the partnership projects of the network: Bulgaria on the Road to Rio +20", BMGD UN Internship Program, volunteer days, Ecogeneration 2012 educational initiative. At the Rio +20 World Summit the Bulgarian network received an award in the Cooperation between Local Area Networks category in 2012 and was honored as one of the 20 most sustainable networks of the UN Global Compact among all 108 plus. This proves that the companies in the network work not only to promote the principles but implement joint projects collectively.

As a member of the Global Compact, Overgas participated in a number of public national and international events, including the First United Nations Forum on Business and Human Rights in December 2012 in Geneva, dedicated to the Guiding Principles on Business and Human Rights. Overgas presented to the Committee on Human Resources, Science and Education of the European Business Congress the initiative to develop employees by involving them in community causes. The company participated in the theme committees and in a number of public events of the network.

In 2013 as well the company will continue to support the Global Compact values and apply them in its daily activity, including in the field of human rights. We will draw inspiration and experience both from international role models, GC resources and the local network as well as from the people - employees, friends, parents and children, local communities.

Implementation

Overgas meets all legal requirements for the provision of information to shareholders, employees, partners, customers and other stakeholders. Annual reports and financial statements, information on shareholdings, management, partners and customers, the relevant prices of services, contracts and applications, tender procedures, job ads, news about the company's activities and other information can be found on the website of company - www.overgas.bg.

As a leader in gasification, Overgas provides everybody with an access to the environmentally friendly and inexpensive natural gas, and its customers in particular with high quality complete solutions at competitive prices. The company protects its customers' rights by providing accurate, timely, comprehensive and accessible information on services and products on offer. Contracts, applications and prices of services are posted on the company website www.overgas.bg. There is also a constant and easy access to information and connection with the daily Emergency dispatch center / 0800 11 211 / and the national call centre 0700 11 110.

Overgas has provided its employees with electronic access to all procedures and instructions of the Management System under ISO 9001 / 2008.

At the workplace the company respects and supports human rights by ensuring safe and healthy working conditions, conducting a non-discriminatory policy with regard to human resources, guaranteeing that no direct or indirect use of forced and child labor is made.

The company develops **its human resources** and provides healthy and safe working conditions. Equal opportunities for career development for employees, further education and ongoing professional development are a priority. The current social program provides many social and health benefits to employees

In terms of recruitment Overgas complies with the principles of the Protection against Discrimination Act, Personal Data Protection Act, and internal company policies. Employees in charge of selection, never depend on nationality, race and ethnicity of applicants, their age, gender and belief. The company complies with legal and ethical standards in the selection of personnel, compliance with the confidentiality and equal opportunities. The selection of candidates for employment is transparent and allows the participants in the final

stage to obtain information on their results.

Under the *Film Academy* initiative, which directly corresponds to the principles of the UN Global Compact, the company's employees are shown documentaries on various topics, but united by a common creed - responsibility and what it means to all of us.

Overgas has its place as a responsible corporate citizen in **Bulgarian society** and in its daily operations it conducts active social policy targeting education, culture, environment and sport

Educational projects:

The main priority of Overgas is support for Bulgarian education, particularly in **secondary and tertiary education in the field of gas technology**.

The company invests in the most state-of-the-art Bulgarian education projects because it believes that the more highly educated and qualified experts work in the country, the more rapidly the Bulgarian Dream will become a reality. Traditionally, the company establishes partnerships with universities, where students are trained in the field of gas technology. In 2012, as part of activities to enhance the skills of staff, two company employees began their education in MSc programs. The most experienced professionals with extensive experience in Overgas impart their knowledge and experience to MSc graduates in their practice lessons.

The company runs training programs and internships for students from different disciplines, thereby helping their practical training and supporting their future full-fledged professional career in Overgas and its subsidiaries.

Projects:

- **The Bulgarian School Educational Complex** – the company implemented its largest-scale educational project and on September 16, 2012 students and parents crossed the threshold of the new building of the Bulgarian School Educational Complex at 78 Malinov Boulevard in the capital. BGN 22 million was invested in the construction of the school and Sunny Bunny kindergarten. The complex is in compliance with all requirements for quality and advanced training - multimedia boards in classrooms, special labs for physics, chemistry and biology, open areas for tennis, football and basketball, professional gym, two indoor pools, one with a length of 25 m, healthy food restaurant.
- **OVERGAS Internship Academy** - paid internship summer school for 1-4 year students as well as MSc graduates from all disciplines.
- **National training and professional competition for the best gas technician** - competition for 12th graders studying Gas Equipment at the vocational schools across the country. The competition is part of the national calendar of school activities of the Ministry of Education and Science in Vocational Education.
- **National Review of Young Researchers Energy and Mathematical Modeling** - a forum of a competitive nature for young Gas Equipment mathematicians and students at the vocational technical schools.
- **Manager for a Day** - an annual participation in the national initiative Manager for a Day of Junior Achievement Bulgaria.

Scholarships:

- **OVERGAS scholarships** - annual scholarships for students in prestigious Bulgarian and foreign universities.

Sports projects

- **OVERGAS Sports Club**

In 2012 the activities of the Overgas Sports Club were directed both to participation of the teams in the state championship of the Bulgarian Basketball Federation and Sports for Children in Leisure - a project of the Ministry of Physical Education and Sport.

Projects in culture

The company is a major partner and not only does it support several Bulgarian theatres and the publishing of volumes of books, but it supports the Bulgarian culture as a whole.

- **Theatre** - The company is a longtime sponsor of the Askeer theatre awards and the Michael Lakatnik National Puppet Theatre Festival. In 2012 we also supported the Sfumato theatre workshop, the Konstantin Velichkov Theatre in Pazardzhik, Milena Chervenкова Art Theatre.
- **Literature** - During the year, the company supported the publishing of the Collected Archive Papers of the Joint Military History Museum in Pleven, the Worldwatch Institute Report *State of the World 2012*. We donated children's and adolescents' literature to the Sunny Bunny kindergarten, the Bulgarian School and the Probuda library in Sofronievo village, Vratsa.
- **Overgas Online Library** - At www.overgas.bg readers can read volumes of Bulgarian and foreign literature free of charge. Each author is welcome to submit works for free.
- **International Children's Ethnic Festival *Children of Bulgaria - with spirituality in Europe! Children of the Balkans - together for Europe*** - Annual support for the Festival on the initiative of the Confederation of Independent Syndicates in Bulgaria and the Charity Fund Association Prof. Zhelyazko Hristov, MD.

Supporting the community - Be of maximum use to society

The social responsibility of the company is the responsibility of each of its employees. It is not just hollow statistics but has a real human face through its employees who are engaged in socially useful causes. Art. 29 of the Universal Declaration of Human Rights states that "*Everyone has duties to the community in which alone the free and full development of his personality is possible*" and Overgas employees strive to be of maximum use to society and to create shared value.

- **Spring Day of Volunteering** - Nearly 200 employees of Overgas in six cities - Varna, Gabrovo, Plovdiv, Sliven, Sofia and Stara Zagora - joined the initiative, which was organized in May by the Bulgarian Charities Aid Foundation.
- **Day of Volunteering** - Over 270 employees of Overgas and their families participated in the initiative of the company in September. In 13 cities yards of social institutions and museums were cultivated, beaches and parks cleaned, stray animals cared for. Volunteer work aided the Sofia Zoo and the Botanical Garden of the Bulgarian Academy of Sciences.
- The company donated books and prizes to the **Metropolitan Municipality**, which the latter used to encourage participants in the traditional spring cleaning of Sofia.
- Overgas joined the project **Motley Tale** of Club Eight and the artist Stanka Zheleva. Younger patients, Sylvia Gancheva - winner of the Soul of a Source and company's employees painted the children's ward of the Momin Prohod specialized hospital for rehabilitation with fun pictures.
- In 2012, the company helped **Yambol municipality** to hold celebrations on the occasion of the city holiday.

Support for the Orthodoxy

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- The company is a longtime sponsor of the **Bulgarian Section of the International Fund Unity of Orthodox Peoples**.

Support for vulnerable groups

- Overgas covered the gas bills of **Eyes on Four Paws Foundation**, the only institution in Bulgaria, raising and training guide dogs for the unseeing.
- The company has traditionally supported the **Orphan magazine** - it is provided free of charge in homes for children deprived of parental care.
- Overgas employees donated toys and treats for Christmas to the **children of servicemen killed in line of duty**.
- In 2012 Overgas traditionally donated **funds for expensive medicines and treatment abroad to needy people**.
- Employees of the company raised and donated funds for **treatment in a foreign hospital** of a young man injured in a car crash.

Measurement of outcomes

No information available either in the company or with the Ombudsman of the Republic of Bulgaria for violating the human rights of employees, customers or third party stakeholders.

Awards

Overgas was ranked ninth among the ten leading companies in the nonfinancial sector in the prestigious annual ranking of the largest companies in Southeast Europe of *SeeNews TOP 100SEE*.

LABOUR PRINCIPLES

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 labour;

Principle 5: the effective abolition of child labour;

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

Assessment, policy and goals

The company has a well-organized and clear human resources policy providing equal training and development opportunities in strict compliance with labor legislation.

Changes in internal regulations impacting employment are agreed with personnel representatives, elected by the General Assembly of workers and employees.

One representative appointed by the employees participates in the General Meeting of Shareholders with consultative vote.

The company regulates its policy on the protection of human rights and labor standards in the following procedures:

- Recruitment of staff;
- Origination, modification and termination of employment;
- Training of employees;
- Inception and adaptation of new employees;
- Monitoring the health of workers and employees;
- Ensuring safe and healthy working conditions, including risk assessment of the workplace and design of prescriptions to reduce it;
- Management of corporate social agenda;
- Career counseling and other

Implementation

The document that regulates the conditions of employment of personnel in Overgas is the **Recruitment procedure**. It aims to ensure equal opportunities, competitiveness and transparency in selecting the most suitable candidate for the workplace. This is achieved by using standard methods, ensuring objectivity and reliability in assessment. Thus the possibility of discrimination is prevented. Assessment is made of competencies basic for the company and specific knowledge, skills and experience sought for each position. The process of **adaptation** ensures equal start to all new recruits in the company. The **career counseling** enables employees to make the right choices in their careers and development. Information on employees' professional and personal development is stored in an up-to-date database, which allows for succession planning and ensuring the future leaders of the company.

Overgas applies the principle of equal treatment and provides further education and continuing professional development of all its employees through internal and external training, seminars, exchange of experience, involvement in projects, participation in internship programs, mentor-guided work and others. In order to provide further education additional external funding under OP Human Resources Development has been secured. Employees have the option to receive funding in full for their training and additional study leave, according to the Labour Code

The company provides additional health insurance for all its employees. It includes specialized pre-hospital medical and dental care, free tests and reimbursement of expenses incurred for medicines and consumables. Every year prevention check-ups are run to monitor the health of employees. In deviation from the reference values employees are provided consultations with a specialist and their treatment is monitored.

Based on workplace risk assessment prescriptions are prepared regularly to reduce it, their implementation being monitored. Necessary working clothing as well as personal protective

equipment is provided. Uniform workplace standards are prepared tailored to the specific activities of the employees.

Overgas work continuously to improve its CSR program. Its objectives can be defined as:

- increasing the commitment of staff for effective implementation of the company's objectives;
- improving the social status of the company - important not only for shareholders but also for employees;
- attracting highly qualified employees;
- establishing a prerequisite for maintaining an acceptable standard of living for workers and employees;
- addressing the specific needs and interests of different groups of employees.

Even during the economic crisis since 2008 onwards the company has never stopped to provide a great number of benefits such as:

- Financial support to workers and employees at childbirth;
- Flexible working hours for parents with small children, working in the company;
- Assistance to employees in obtaining banking, insurance and security services under favorable conditions;
- Organization of cultural events;
- Payment of part of fees for Sunny Bunny kindergarten and Bulgarian School for children of employees;
- Opportunity to use the hall for sport - recreational activities and sauna;
- Life insurance;
- Corporate accommodation if specifically needed;
- Corporate Mobile phone with a SIM card;
- Additional paid leave for the Christmas holidays;
- Financial support for children up to age 2;
- Financial support for single parents;
- Use of company facilities for recreation at discounted prices;
- Hot and healthy food in the workplace.

In 2011, the social program expanded to cover services provided under the Social Care package including providing quality products and services at discounted prices with delivery at the workplace. The scope of the package continued constantly to expand in 2012 as well both in terms of goods and services and their accessibility for employees in all regions of the country.

Measurement of outcomes

Demographic profile of Overgas employees:

207 employees, of which 93% are university graduates. The predominant age of employees is below 40 years. The ratio of women - men is 38% to 62%.

ENVIRONMENTAL PRINCIPLES

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

Assessment, Policy and Goals

An active and consistent environmental policy is on top of Overgas agenda. The company is directly involved in national and global environmental protection issues. The core business of Overgas – offer of environmentally friendly energy alternative is associated with a positive impact on the environment and improvement of the quality of life of the population. With the active participation of its employees the company develops and implements a number of environmental projects and initiatives that contribute to the improvement, restoration and protection of the environment and sustainable development.

The company's environmental policy aims to:

- contribute to the practical resolution of current environmental problems at national and international level;
- maintain a proactive social position of socially responsible corporate citizen;
- raise awareness and commitment of staff and the public with regard to issues related to environmental protection and sustainable development;
- implement national and international regulations in the field of the environment and the use of best available environmentally friendly techniques;
- establish and maintain effective partnerships with companies and organizations, respecting and observing the basic environmental principles;
- systematically approach environmental management.

Overgas maintains a **specialised unit in ecology**, which is responsible for the formulation and implementation of corporate policies aimed at reducing the negative environmental impacts of the company's activities and increasing the positive ones.

Implementation

The core business of the company - the development of gasification in Bulgaria, creates conditions for the replacement of the traditionally used liquid and solid fuels and electricity and reduction of emissions of pollutants and greenhouse gases in the atmosphere.

The replacement of the currently used high emission fuels and electricity with the environmentally sound natural gas in the residential, industrial and public-administrative sectors resulted in a reduction of 460,000 tons of greenhouse gases and pollutants (sulfur oxides, nitrogen oxides, volatile organic compounds carbon monoxide, dust, etc.) in the ambient air.

Overgas also contributes to protecting the environment through the implementation of its environmental projects, initiatives and events. The company initiated and brought into effect round tables, seminars and workshops on topical environmental issues related to **improving the environmental and energy efficiency of the products and services offered to the public**. In 2012, the company held its traditional **International Congress Environmental and Energy Principles of Sustainable Development**, which is dedicated to World Environment Day and dates back to 1997. The Congress was held in May 2012 and its highlights were the market-based instruments to achieve a low carbon economy and sustainable development.

The event enjoyed an intense interest in the relevant information presented and representatives of state and municipal government, the private sector, NGOs and academia (universities, institutes, etc.) from 12 countries engaged actively in fruitful discussions. The Bulgarian Network of the UN Global Compact presented to delegates of the Congress the position and commitments of the Bulgarian business on the road to Rio +20. Overgas prepared and held the International Congress together with its partners and supporters: the European Business Congress, the Ministry of Environment and Water, the Bulgarian Industrial Association, the Bulgarian Network of the UN Global Compact, the Energy Management Institute, the Vienna Economic Forum, the European Centre for Ecological

Economics, the Bulgarian Association Natural Gas.

On 5 June 2012 within the framework of the **Find Out About Nature Protect It** project, which aims to build an active positive attitude towards nature and its preservation and to develop a creative mindset and teamwork skills in the younger generation, the company ran an open lesson on separate waste collection and recycling. It involved 5th graders from the Bulgarian School and the speakers were representatives of the Ministry of Environment and Water and ECOPACK Bulgaria. Within the same project in October and November 2012 open lessons were held on protected areas and photography. Children visited the Vitosha Nature Park and took photographs. The photographs were displayed in an exhibition on the premises of the company and the most successful ones found their place in the company's promotional materials for 2013.

On April 4, 2012, within the week of the forest, Overgas held the 15th afforestation campaign under the project for restoration and conservation of Bulgarian forests **Let's Keep Bulgaria Green and Clean for Us and Our Children**. The first 400 saplings of new forest on an area of 0.8 hectares in the Aramliets state-run hunting grounds were planted by company employees along with students from the Henry Ford Vocational School of Transport and Energy and the Bulgarian School private educational complex, representatives of the National Forestry Agency, Elin Pelin municipality and Aramliets hunting grounds. With the 13-year running afforestation campaigns under this project the company has afforested 39.1 hectares of new forest of over 135,000 trees.

Overgas is the initiator and creator of the first educational **computer game on environmental issues in Bulgaria - E-Home**, which aims to promote environmentally friendly and economical use of common energy resources in the country. The game was awarded with a Certificate of outstanding technological and educational achievement in the category *Best Unprofessional Functional Learning Game* at the first European Competition for Best Learning Game. This environmental initiative brought Overgas the first prize for best business practices and promoting energy efficiency habits in the younger generation in the 2012 competition of the Coalition for Sustainable Development Downy Oak. The game is available on the company website.

Overgas chairs the **Ecology and Health Committee of the European Business Congress (EBC)**. The company participates in the implementation of a number of EBC international projects, associated with energy efficiency boost, use of alternative fuels and transfer of advanced technologies (*Blue Fuel, Transfer of Energy Efficient Technologies, Energy Efficiency 21, Catalogue of Use of the EBC Companies Potential in Energy Supply and Energy Efficiency* ", etc.). In 2012, the gas company continued its active participation in the implementation of EBC projects, namely:

- methane stations in Europe - the provision of tools for legal, tax, marketing, technical and other issues related to the construction and operation of methane stations in European countries;
- teleconsultative healthcare centre in Moscow - to facilitate the access of the population in remote areas of Russia to high quality medical services;
- European School Leo Tolstoy in Berlin - to increase the attractiveness of the school and the learning process.

Overgas is the initiator and main contractor of the **European Business Congress - Carbon Neutral Organization project**. For the period 2011-2012, the company planted under the project 5.5 hectares of new forest with over 27,000 saplings of acacia and black pine. The carbon footprint of the Annual Meeting of the EBC was calculated. Afforestation campaigns launched as part of the project were used to neutralize the carbon footprint of the Annual General Meeting of the organization.

Overgas developed and promoted **Guidelines on Carbon Footprint Calculation** of events / products / services or an entire organization. In May 2012, a conference was held to disseminate the experience in these calculations.

In 2012, the company initiated the development and implementation of the international project **Bicycle - ecology and health**. It aims to intensify ecological thinking, to promote the use of bicycles as a universal environmentally clean vehicle and to promote healthy lifestyle.

Overgas is actively involved in addressing climate change issues. On the territories of Veliko Tarnovo, Gorna Oryahovitsa and Lyaskovets, Sofia Municipality, Varna and Burgas the company is implementing four projects under the Joint Implementation mechanism of the Kyoto Protocol to reduce greenhouse gas emissions by replacing liquid and solid fuels and electricity with natural gas. As a result of the fuel switch and increased energy efficiency within these projects for the period 2008-2012 the greenhouse gas emissions have been reduced by over 800 000 tCO₂e.

Overgas participates as a subcontractor in the preparation of the Environmental Impact Assessment and Compatibility Assessment of the **South Stream Transmission Gas pipeline** in the Republic of Bulgaria, a project of national significance.

The company also developed environmental solutions and the required documentation for proceeding with the **Gas interconnector Bulgaria-Serbia on Bulgarian territory**.

The environmentally responsible behavior of Overgas is a reflection of the attitudes and behavior of its employees and partners. They initiate and implement **small office practices for a cleaner environment** (use of recycled paper where possible, efficient use of office supplies, use of energy-saving equipment, etc.) thus contributing in their daily lives to environmental protection. In 2012 as well a positive trend was registered in the amount of paper used by company employees. In the past year the reduction of used office paper achieved was 10% compared to 2011, 22% compared to 2010 and 30% compared to 2009. A **separate waste collection**, including collection of discarded batteries, is applied in the offices of the company. In order to integrate new staff into the principles and actions aimed at implementation of the company's environmental policy, they must be made familiar with the ongoing and planned new environmental projects and initiatives.

Through the specific requirements set out in the corporate Tender Procedure for selecting a supplier of equipment or services, the company also **takes into account the environmental responsibility of subcontractors and partners, as well as the environmental data of their products**.

The company offers its customers the opportunity to help reduce the harmful impact on the environment not only by using natural gas but also by replacing their paper invoice by an e-invoice under the **Overgas + package**. By the end of 2012 nearly 6,900 customers benefited from the opportunity to contribute to the efficient use of natural resources and energy.

Overgas successfully cooperates on environmental issues with the public authorities, NGOs, research institutes, universities and businesses. The company participates in the work of the European Business Congress, the Bulgarian Network of the UN Global Compact, the Bulgarian Industrial Association, the Bulgarian Association Natural Gas, Bulgarian Institute for Standardization and others. Overgas representatives are members of the Academy of Technological Sciences of the Russian Federation.

Overgas employees are briefed on the results achieved by the implementation of the company's environmental policy through information about changes in legislation, updates on environmental issues and materials from conferences and working meetings available in the company's electronic filing system or specialized Digest. The results achieved in the field of environment are also disclosed to the public and external partners through releases in the mass media and on the website of the company.

Measurement of outcomes

Overgas pursues a coherent environmental policy in line with the national and European priorities and legal requirements in environmental protection. In carrying out its core activities the company and its partners implement technologies that are environmentally friendly and ensure the reliability of constructed facilities.

The company regularly monitors the use of **natural resources and environmental impact achieved** by the replacement of traditionally used fuels by natural gas on the territory of 51 municipalities for which the subsidiaries have licenses for distribution and supply of natural gas. The results evaluated and, if necessary, corrective measures are taken. Contributing to a cleaner environment, the company provides a healthy environment for more comfortable life of the population.

Overgas best environmental practices are included in the edition of the UN *The European UN Global Compact Companies Towards Rio +20 - Best Practices Collection*. The Collection of best available practices of companies - members of the Global Compact was presented at the UN conference on Sustainable Development - Rio +20, held in June 2012.

Overgas was commended by the Minister of Agriculture and Food and the Executive Director of the Forestry Executive Agency for its environmentally responsible behavior and its contribution to the protection of the green heritage of the country through the implementation of the project for restoration and conservation of the Bulgarian forest *Let's Keep Bulgaria Green and Clean for Us and Our Children*.

ANTI-CORRUPTION PRINCIPLES

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

Assessment, Policy and Goals

Overgas, in accordance with the **UN Convention against Corruption**, to which the Republic of Bulgaria is a signatory since 2006, is opposed to all forms of corrupt practices both in the company and in society. Intolerance and anti-corruption is the responsibility of every employee in the company. The Company has established rules and takes preventive action, while managing the risks of abuse and corruption.

The company's written policy of zero tolerance for corruption, bribery and extortion is laid out in the following documents:

- Corporate Governance Code of Overgas;
- Tender Procedure Instructions for selection of supplier of goods or services within Overgas;
- Risk Management Procedure;
- Procedure for reviewing and addressing claims, complaints and suggestions, regulating the procedure for accepting and processing claims, complaints, submissions and suggestions from individuals and legal entities.

Tender Procedure Instructions for selection of supplier of goods or services within Overgas target potential business partners and suppliers. It regulates the selection and objective and impartial evaluation of the candidates for the award of contracts for the supply of goods or services, while minimizing the risk of incorrect choice of provider.

The specialized corporate body in charge of compliance with anti-corruption policy in the company, which duly prevents and suppresses any potential corrupt practices, is the Security Management process.

Employees are periodically trained and briefed on ways and means of action in any situations where they can be confronted with various forms of corruption in particular, abuse, extortion or bribery.

Investigations, legal cases, rulings and other relevant events related to corruption and bribery are subject to the laws and internal company documents.

According to the audit of the internal and external environment the risk of corruption in the company's industry and country of operation is considered to be low.

For the upcoming year the company's objectives in the field of anti-corruption include:

- Improvement of the legal framework of anti-corruption policies and procedures;
- Carrying out preventive measures to suppress corrupt practices;
- Due elimination and suppression of corruption.

Implementation

To implement anti-corruption policies and reduce corruption risks and incidents Overgas performs the following specific actions in the different directions:

- Providing mechanisms for suggestions, submissions and complaints by:
 - dispatch center (24 hours) with an emergency telephone line;
 - single call center - submissions and calls;
 - Demonstration Centres of the companies of the Overgas Group;
 - procedure for reviewing and addressing claims, complaints and suggestions from individuals and legal entities.
- Awareness raising and providing training to employees about the company's policies regarding zero tolerance for corruption, bribery and extortion:
 - Internal information system of the company's policy;

- training employees during annual audits in the companies of the Overgas Group;
- training of new recruits.
- The responsibility for anti-corruption in the company are allocated among:
 - Executives from the Overgas group;
 - Security Management Employees in Overgas;
 - Corporate Security Experts in the companies from the Overgas Group;
 - All employees.
- Participation in initiatives and collective action against corruption:
 - Overgas as a member of the UN Global Compact participated in the Regional Workshop of Global Compact Networks in Southeast Europe, held in Thessaloniki in February 2012. One of the main panels was dedicated to anti-corruption, in particular, the importance of the UN Convention against corruption and the role of the private sector to prevent and combat corruption;
 - Overgas as a member of the UN Global Compact participated in the annual meeting of the European Local Networks UN Global Compact, 18-19 October 2012, Belgrade, Serbia. One of the main topics was again Anti-corruption and its aim was to confirm the concept of collective anti-corruption activities and the concept of "zero tolerance" towards corruption;
- Prohibition for the Board of Directors and employees to operate and provide advisory services competing with the company's activities.
- Strict accounting subject to internal and external auditing.

Measurement of outcomes

The company prevents corruption incidents through the Combating Bad Practices structural unit set up within the Security Management process. The combating procedure involves detection, prevention or suppression of activities incompatible with the company's statutory requirements or is aimed against its interests.

The company runs strict accounting which is subject to annual internal and external independent auditing.

Auditing cards of the results of internal audits of the Overgas companies have been introduced. They contain a separate section on Combating bad practices including a system of indicators to measure the level of risk of corruption.

The 2012 results show specific progress was made in the field of anti-corruption. Fewer corrupt practices have been reported and neutralized in the last annual audit.

The awareness of the company's employees in the field of anti-corruption has increased.



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

HUMAN RIGHTS

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

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

LABOUR PRINCIPLES

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 labour;](#)

Principle 5: [the effective abolition of child labour;](#)

Principle 6: [the elimination of discrimination in respect of employment and occupation.](#)

ENVIRONMENTAL PRINCIPLES

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 PRINCIPLES

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

