

“COVOARE-UNGHENI” S.A.

ACTIVITY WITHIN GLOBAL PACT

ACTIONS AND ACHIEVEMENTS DURING 2007-2008

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STATEMENT

To support Global Pact

In 2006 “Covoare – Ungheni” S.A. has joined the Global Compact taking the obligation to respect and promote in its activity 10 principles as follow: Human rights, Labor standards, Environment safety, fight corruption.

The adhesion of the company to this initiative does not mean only to respect the basic principles of Global Pact, but also means the assimilation of such values, namely, acting not only for company interest but also for whole society good.

The companies which choose to act fairly, in an ethical and responsible way will have greater successes for a longer period. The companies will gain the respect and the trust of their employees, costumers, and of whole community. For our company the trust is a crucial thing for development. This honors us, but also require.

Through our actions, we want to contribute on the implementation of correct principles which will generate positive attitudes in all the action we are going to do for the society and for environment. We will continue to respect and to develop on these ten principles of Global Pact, promoting them among our costumers.

Valeriu Andrușca

General Director of “Covoare – Ungheni” S.A

Human rights

Principle 1. “Covoare – Ungheni” do respect and support the protection of internationally proclaimed human rights.

Principle 2. “Covoare – Ungheni” ensure that it is not involved in human rights violation

Human rights protection is a concept of our company, which adopts policies in order to ensure international standards. This offers a way of behavior with the employees and gives the possibility to solve problems regarding the safety at working place, equal opportunities for promotion.

We believe that the employees represent the key for success, that way we do all the best to ensure equal conditions for all our 7 employees, which are treated equitable, paid correspondingly to their sphere of activity and material rewarded correspondingly to their achievements.

The success of our company is due to some principles:

- Nobody is forced to work
- The company allows, recognize and respect cultural differences between the workers. One of the important targets of our company is to attract, qualify and promote people in terms of their capacity, so each working place is assessed on merits. The company does not tolerate he discrimination and harassment.

- The company recognizes and respect freedom of association to any organization or institution legally authorized.

The Social Corporate Responsibility within “*Covoare – Ungheni*” is an important aspect we pay attention speaking about labor standards. In order to improve working conditions and ensuring production necessities with thermal resources, the company was connected to gaze pipeline, was installed heated system in working places, and were fitted shower cabins. At the moment we are repairing the cantina for our workers.

The company administration takes care of it employees and at the same time the employees try to do all their best for the company prosperity.

Covoare- Ungheni does not practice discrimination attitudes within the company as well as regarding our costumers. Our clients are treated with respect and equitable by all the persons involved in activity process which corresponds to Covoare - Ungheni Rules and Behavior Code. Due to this fact from 2007 till 2008 there were no claims from our clients. And this is not all we continue to develop over sides of our activities.

Partnership achievements

The Company supports social partner’s initiatives and the activities of those main targets are involving in society problems and charity activities, social assistance project elaboration. The main goal

of all these actions is to not allow the broken of Universal Declaration of Human Rights (Adopted by General Assemble of United Nation on 10 December 1948).

Together with Republic of Moldova Government, the Company takes part annually on a charity action for children with disabilities from a Girbovet boarding school, offering them material and moral support. On Holidays children get sweets and over presents (refrigerator, television, music center...). So, we make effort to help them to be integrated into society and in the same time we encourage the society to take care about young generation.

The Company support young generation and we think education is an important aspect of personality development (*Article 26 Universal Declaration of Human Rights*). So, annually 2-3 students follow the internship in our company.

We have offered information support for a lecturer from Moldova Academy of Economic Studies in elaboration of doctor thesis.

Annually we organize a competition for the best kid's picture which is weaved and gave to the winner.

“Covoare – Ungheni” will support:

3. Freedom of association

4. Prohibition of any form of forced and bonded labor

5. Prohibition of children labor

6. Eliminate discrimination in the hiring process

The Company administration support freedom of association of each employee (*Article 20, Universal Declaration of Human Rights*). Almost each of our employees take is member of unions.

All the employees work on a contract bases, were mentioned the work conditions: positions, ways and terms of employment, obligations and responsibilities. The employees receive bonuses correspondingly to their results.

The Company developed Rules of procedures regarding how to work, behavior rules, and the salary, communication with costumers.

The Company ensures protective equipment for employees, respecting the legal requirements regarding protective equipment for adverse conditions. Furthermore, in order to improve health situation of our workers we pay 50% of launch cost.

The Company continuously tries to increase when is possible the salary: on 30.06.09 monthly the average salary was 3735, this means with 15 % more than on 30.06.08.

The Company organizes winter holidays, Mothers Day, National Holiday, and Company's Day. In this way we try to reward workers for their efforts and achievements.

We try to employ young people who have reached age of majority and who want to work, but in the same time we support worker with experience. The average age of our worker is 35 years.

During the period from 2007 to 2008 fewer workers were on leave because of illness.

Ethnic, religious, linguistically or other kind of discrimination is not allowed in hiring process (*Article 2, Universal Declaration of Human Rights*). The CV of a potential employee is minute analyzed: their studies, knowledge and experience. Moreover we conduct testing to determine the psychological and general features of applicants.

In our Company work Rumanian, Russian and Ukrainian speaking people, women and men (*77 employees: 33 women and 44 men*). This fact helps to create a productive and harmonious atmosphere and demonstrate one more time that unity is possible through diversity.

The Company will continue the working condition improvement and salary increase policy, as well as trainings and professional improvement of employees.

“Covoare – Ungheni” will ensure:

7. Cautiously approach of Environmental problems

8. The promotion of environmental responsibility initiatives

9. Encourage development of new environmental technology

We believe that each of us can contribute to maintain clean the place we live, and each company, organization should implement a concrete plan of actions to improve environmental situation. In this respect, our Company team takes part to the cleaning of Ungheni city and the company territory (are planted trees, flowers).

In order to diminish air pollution we use in production (dyeing process and steam production) natural gas inside oil. Also we have purification station of water used for wool washing and yarn dyeing.

Products quality is an important aspect of our activity. There is a quality control system of technological process, raw material and final production.

Also was revised “Final Production Quality Standard”.

The Company have established and implemented Quality Management System for yarn production and sales, correspondingly to ISO 9001:2000 requirements. On February 2005 we get from “TUV Quality” a mold - Germany company the Conformity Certificate, in 2008 we received the second Certificate of Conformity.

In order to optimize activities within the Company, have been computerized all technological process and we use electronic document flow.

The Company will support and promote environmental responsibility of our workers and partners.

Fight against corruption

Principle 10. The Company will fight against any form of corruption including the bribes and theft.

The Company will contribute to diminish corruption phenomenon in Republic of Moldova and will sustain transparency principle in public, local and business institution activities.

The Company respects all the rules regarding products and services delivery process: issuing the necessary documents for delivered goods or services, or check and cash vouchers in case of some transactions within the Company.

The Company does not admit storage of dubious origin goods. The goods are sold with all legal documents; including certificate of good's origin.

Due to its transparent and correct activity the Company enjoy the trust of fiscal and other institution of control, and is excluded any case of corruption.

The members of administration team, Society Council, Revision Commission and over responsible persons are appointed by decision of General Meeting of Shareholders. They are person with good reputation, without a criminal history or involved in some financial scams and tax evasion.

The Company will contribute to increase awareness of our employees and society in general and we will support fighting corruption projects.

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