

Communication on progress

Organization: Gradalogistic Group



Country: Republic of Moldova

Sector: Transport and logistics

Reported period: 2012 - 2013



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General Director's Statement

"Gradalogistic Group" SRL is glad to express its continued support for the United Nations Global Compact initiative. From the moment when we became a member of the local UN Global Compact network, the 10 principles of corporate social responsibility became an integral part of our strategies and of all our day-to-day operations. Helping to create a stable environment and a confident atmosphere in the regions where our Group of



companies is represented is a part of our strategic priorities now. During the reporting period we deepened our commitment to the principles of the UN Global Compact through trainings, guidance and actions. As a member of the Local Network and one of the founders of the Local Network Global Compact Organization we act as an Ambassador for the Global Compact at the national and local levels. Progress in implementing the 10 UN Global Compact principles, information openness and willingness to cooperate with all stakeholders became an important part of our company's socially responsible behavior. This annual report highlights our company's sustainable practices and our company's progress made in implementing the principles of the UN Global Compact since June 2012. The information and data contained in this report relate to whole Group of companies Gradalogistic.

Sincerely,

General Director of **Gradalogistic Group SRL**

Veaceslav Damaschin



About the Company

"Gradalogistic Group" SRL has more than 10 year experience in providing freight forwarding services in Moldova on B2B market. We offer railway freight forwarding services, containers forwarding services, road cargo transportation



services and customs brokering services. We have subsidiary companies in Chisinau (Moldova), in Minsk (Belarus) and in Odessa (Ukraine).



Our subsidiary company from Chisinau (Moldova) implemented the ISO 9001:2008 Quality Management Standard in 2011.

Gradalogistic mission is to create a competitive advantage in the business of our customers, striving for excellence in solving logistic problems of any complexity.

Gradalogistic corporate values are:

Purposefulness, Competence, Innovativeness, Correctness and Care.



Human Rights Principles

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

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

In the development and adoption of local regulations, labor contracts the Group of the companies voluntarily adhere to the basic principles: to prevent all forms of discrimination and forced labor, keeping in mind that every employee has an equal opportunity to exercise their labor rights, regardless of gender, race, national origin, ancestry, age, place of residence, political affiliation.

The Company complies with the Labour legislation which prohibits the employment of persons under the age of 18 years.

One employee with disabilities is recruited to the enterprise in Odessa, Ukraine in accordance with the Ukraine legislation.

Additional guarantees and benefits for women are set by standards relating to regulation of pregnant women and women with children. The Company respects the rights of mothers, the part-time working is provided upon request for mothers with children under the age of 3 years.

17% of employees have been training and have been completed educational seminars and workshops at the expense of the company for the period from June 2012 till June 2013 according to the educational plan, which is formed annually.

16 training sessions in the field of QMS - policy, objectives, system procedures, 16 health and safety trainings, 16 trainings on the documentation on the process, 10 trainings on the rules of the use of Information Systems were organized for newly arrived employees.



The training on corporate ethics is developed and held in the company. The module on environmental behavior in the office included a training program for new employees, which called attention to the careful attitude to the consumption of electricity, water, maintaining purity in the office and adjacent areas; smoking in strictly designated areas.

In 2013 it is planned to continue the improvement and the implementation of the Code of Ethics of Gradalogistic, which is to determine the corporate ethical principles of doing business and is to contribute to profound transformation of Gradalogistic companies into a socially responsible service providers.

The company has no overdue payables for payment of wages to employees.

50% of employees in the company are women. Among the positions of senior management the share of women is 43%.

Gradalogistic is a very good payer of social insurance for employees.

Two last years the National Social Insurance Company allocated for Gradalogistic 1 ticket a year for health and care facilities at the sanatorium which is paid only 10% of its price by the company, and 10% of its price by the employee of the company who got these services.

In the frame of the national holidays celebration of International Women's day with cultural program, New Year celebration with greeting program of local actors and musicians are held at the company.

Over the year, the best employees are awarded a Certificate of Merit, paid extra bonuses, and declared official thanks.





A team-building with sports competition and exercises on creativity is held in September on the Day of the Company.

Our company organizes competitions in bowling, and the winning teams are awarded the challenge cup.



Labor 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; and

Principle 6: eliminate discrimination in respect of employment and occupation.

Our company strictly respects the requirements of labor legislation, collective-bargaining regulations, develops and adopts its local regulations.



The employees are provided additionally paid days to annual leave, this being stipulated in their labor agreements.

Annually our company takes students for internships. The students with good skills have the opportunity to be offered a permanent job.

After having been certified ISO 9001:2008 in 2011 Gradalogistic improved the quality of the services provided to the customers.

Our company monitors the customers' satisfaction regarding to customers' perception as to whether the company has met customers' requirements through questionnaires and telephone interviews. In accordance with the rules set out in the company it is being done annually through a survey and its analysis. The analysis of the data from the last survey showed that the level of customers' satisfaction is very high.

Monthly Gradalogistic analyses the detected nonconformities and reclamations in order to determine and take actions to eliminate the detected nonconformities and reclamations.

The management of the company yearly measures the staff satisfaction on working conditions, remuneration, and quality of management. The anonymous measurement of staff satisfaction has been held twice in 2012.

23% of employees have been working in the company for over 6 years, 37% - more than 1 year.

The last survey showed that the satisfaction index was about 48%, and this corresponds to a rating scale "rather agree than disagree." After the measurement of staff satisfaction the corrective and preventive actions have been carried out.



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.

Gradalogistic takes all measures in order to minimize the damage, which may be caused to the environment by its activity. Reducing the negative impact on the environment is a key priority for the company. Safety and environmental concerns are very important in our daily activities.

The consumption of electricity, water for industrial needs and thermal energy in the winter period is monthly monitored.

We replaced the older windows with new energy saving ones, and that reduced the consumption of thermal energy in office building at Chisinau.

We renewed a part of air conditioners in office building at Chisinau. The new air conditioners are energy-saving ones. The condensate arising is collected into special containers and is used for technical purposes.

To save power the outdoor lights near the office were equipped with motion sensors and timers.

All monitors with cathode ray tubes are replaced by energy efficient monitors.

The office paper used in the company has a sign FSC - certified paper. This provides confidence in origin of the paper and assures the safety of employees.



Anti-corruption Principles

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

Gradalogistic opposes corruption and is not involved in illegal activities. Gradalogistic complies with the Moldovan legislation and the relevant regulations.

The external and internal company relationships are built on the principles of honesty, objectivity, fairness and integrity.

The structure and operation of the company is transparent.

Our company responsibly selects suppliers and consumers. The search for potential partners is based on market research of companies with the public image which declared their commitment to the principles of corporate governance and social responsibility.

The relationship of the company with shareholders is built on the principles of direct constructive dialogue in accordance with applicable law and generally accepted business practices. The company assures the transparency of its operations and ensures the reliability of the information disclosed in its reports for the shareholders of the company.

The company complies with the high level of business ethics, including the storage of confidential information of its customers.

Currently, the major internal regulatory documents defining management procedures and rules of conduct of the company are: Charter Gradalogistic, Regulation of the general meeting Gradalogistic, Rules of the Director-General Gradalogistic, Regulation Directorate Gradalogistic, Rules of the Audit Commission, Ethical Code.



We placed on the streets of Chisinau billboards with social advertising. One of these calls people to be attentive and cross the streets only at a pedestrian crossing.



The second billboard fights against corruption with its slogan "Corruption destroys the future. Do not tolerate corruption".

