

# COMMUNICATION ON PROGRESS FOR 2008



**PETROL**



## **Introduction by President of the Management Board and Board Member**

Petrol is the largest Slovenian energy group and one of the major Slovene trading companies. Although oil trading activity is the Group's principal line of business, we have been rapidly growing into an important regional supplier of comprehensive energy and environmental products and services. Today, our companies operate in nine countries and altogether employ more than 3.500 people.

The Petrol Group's employees are well aware of great responsibility imposed by nature and the volume of our operations, and endeavour that each decision which might have a direct or indirect impact on people and the environment is well considered and thoroughly professional. We follow the principles of moral and social responsibility. We have also introduced our own system for assessing progress in sustainable development.

At the end of 2006, we joined the United Nations *Global Compact* initiative ([www.unglobalcompact.org](http://www.unglobalcompact.org)) which promotes the implementation of ten principles related to the protection of human and labour rights and environmental standards, sustainable development and anti-corruption activities. We decisively support and follow these global principles which are consistent with the Petrol Group's eight key values and the strategic goals set by the Group for the period 2006 – 2010.

We follow the principle of achieving a high level of social and environmental responsibility. Our efforts to achieve sustainable progress are directed to people and the environment alike. Lately, special attention has been paid to employee training and the protection of their safety and health at work. We have also been active in reducing environmental stress, and have ambitiously started a variety of new environmentally friendly services.

We are glad that we have been successful in our efforts. Our results are comprehensively presented in the Environmental Report for 2007 (<http://www.petrol.si/media/okoljsko.internet.pdf>) and in Petrol Annual Report 2008 (<http://www.petrol.si/media/lp.petrol.08.slo.pdf>). The following is a brief presentation of these results in the form of our first *Global Compact* Progress Report. The results are supported by *Global Reporting Initiative* indicators (GRI, [www.globalreporting.org](http://www.globalreporting.org)) to provide better comparability.

We are sure that through the implementation of our current plans our previous results will be exceeded in the future. These results will be communicated in our regular annual and environmental reports.

Alenka Vrhovnik Težak, President of the Management Board

A handwritten signature in black ink, appearing to be 'A. Vrhovnik Težak', is centered on a light pink, irregularly shaped background.

Boštjan Napast, Member of the Management Board

A handwritten signature in black ink, appearing to be 'Boštjan Napast', is centered on a light pink, irregularly shaped background.

In Ljubljana, July 2009

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## Global Compact

The United Nations *Global Compact* was launched in 2000 with the aim of linking businesses, governmental and non-governmental organisations, and encouraging them to respect ten universal principles related to the protection of human and labour rights and environmental standards, sustainable development and anti- corruption activities. The participating legal entities regularly communicate on their progress. With over 5000 participants from more than 130 countries, *Global Compact* is the world largest voluntary initiative of that kind.

### ***Global Compact Principles:***

Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.
	Principle 5	Businesses should uphold the effective abolition of child labour.
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

## COMMUNICATION ON PROGRESS

### Employment

*Recruitment within the Petrol Group is in line with the Group's strategic development goals. One of the guiding principles of the Group's recruitment policy is that positions are occupied by educated, qualified and competent staff. Our goal is to keep and steer future development towards the knowledge society.*

- At the end of 2008, there were 3,536 people employed within the Petrol Group and at franchised service stations. All job candidates receive equal treatment, regardless of their gender or other personal circumstances. Candidates' competence plays a key role in the recruitment.
- Although male employees prevail (69%), we are proud that the percentage of women employees occupying management positions is persistently increasing. Last year, 34% of management positions were occupied by women.
- In 2008, 112 employees were transferred to new positions within the Group; staff turnover thus stood at 8 percent. Besides competences and necessary qualifications, the wishes and interests of employees are also taken into account in the recruitment.
- In 2008, Petrol was among the recipients of the Golden Thread, an award presented by the Dnevnik newspaper company to the best employers in 2007. The Golden Thread project is aligned with guidelines in the field of employment and labour, adheres to European criteria, and encourages innovativeness, knowledge economy and creativity.



GRI LA1

GRI LA13

GRI LA2

GRI 2.10

## **Occupational Safety and Health**

*Striving for lower level of risk arising from the performance of work processes is one of the Petrol Group's fundamental activities. The deployment of new technologies requires additional adjustments and knowledge. We seek and introduce only solutions that are healthy and safe for our employees.*

*Continued monitoring of medical condition remains one of the most effective methods for a timely prevention of chronic diseases and for providing feedback regarding the appropriateness of working conditions.*



- All companies within the Petrol Group have adopted safety statements and risk assessments. At positions where work and technological processes had changed, risk assessments were revised in 2008.

GRI LA8

GRI PR1

- In 2008, 80 percent of all technically obsolete video surveillance systems installed at service stations were refurbished. Considerable attention is also dedicated to preventive action. To this end, 12 training sessions were carried out in the area of security and protection against robberies and violent acts, which were mostly intended for service station personnel.

GRI HR8

GRI LA8

- As in previous years, the Group followed a programme of preventive medical checkups also in 2008. More than half of its employees, altogether 1,560, attended preventive medical checkups. Particular attention was devoted to co-workers with reduced working capacity.

GRI LA8

## **Education and Training**

*The nature of the Group's activities requires that our employees possess top personal, technical, environmental and safety competences. For this reason, they are constantly stimulated to acquire new knowledge.*

- In 2008, our employees took part in 8,783 education and training programmes. 72,038 teaching hours of training were carried out, which on average amounts to 20 teaching hours of training per employee. 91 people were engaged in the formal education process.
- Particular attention was also devoted to the training of outworkers, i.e. truck drivers and students. In 2008, a number of various technical seminars were organised for them, which were attended by 2,052 participants.

GRI HR8

GRI HR3

GRI LA10

GRI LA11

GRI LA8

GRI HR8

GRI PR1

### **Career planning, satisfaction at work and quality of living**

*The Petrol Group's employees are encouraged to plan their careers. For several years, the Group has had in place a system of annual interviews with key personnel. The right to trade union freedom is consistently respected: every employee is free to join the Trade Union. We also respect social dialogue and valid agreements between social partners. Organisational climate and employee satisfaction are measured on a regular basis and improved each year.*

*Through a data capturing system »Primaideja« designed to systematically encourage employee competence development, and through the implementation of innovation proposals, the employees have been encouraged to contribute with their knowledge and experience to the sustainable development of the Group.*

*Our responsibility towards the employees and their safe retirement is reflected in our pay policy.*

- In 2008, 128 annual interviews were conducted. They involved all members of top, middle and junior management and employees at highly technical positions.
- In 2008, 98 percent of employees were employed under a collective labour agreement.

GRI LA12

GRI LA4

- In 2008, 74.2 percent of employees took part in the organisational climate and employee satisfaction survey. The results improved in comparison with the previous year.
- In the first phase of a pilot project entitled »Primaideja«, the employees submitted 442 proposals for improvements, of which 22 have already been recognised as »Primaideja«. There are at least another ten projects indicated which require interdisciplinary knowledge and inter-department co-operation.
- At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002. The scheme covers the employees of the parent company, subsidiaries and franchised service stations in Slovenia.
- We have numerous holiday homes in Slovenia and Croatia, where our employees can spend quality leisure time.
- In 2006, the “Petrol Sports Club” was established to handle the organisation of “Petrol Winter Games” and “Petrol Summer Games” and encourage its members to participate in other mass sports events.

GRI PR5

### **Quality and New Sustainable Technologies**

*Quality systems now incorporate an increasing number of sustainable development elements. These need to contain safeguards that are meant to provide a protection of not only the human environment but also of human beings themselves. Recently, Petrol has achieved an important shift in the quality of fuel.*

*In the area of introducing technological innovations, biofuels and other alternative fuels represent a new challenge. Their introduction is necessary as a result of conditions in our environment, in particular climate change that is already beginning to show. The process of*



*introducing these fuels will require even more knowledge and experience in this area, and this is why Petrol already keeps track of relevant novelties and is actively engaged in a progressive introduction of new fuels into everyday use.*



- The quality was increased in two main fuel types: diesel fuel and extra light heating oil. The two fuels are now marketed under new brand names: Petrol Primadiesel and Petrol Prima heating oil. The said improvements also result in considerably lower emissions of harmful substances produced during fuel combustion to the environment.

GRI EN6

GRI EN18

GRI EN26

- In 2008, several development-oriented projects were launched, e.g. the pilot project of adding bioethanol to petrol, and the introduction of natural gas and hydrogen as a means of vehicle propulsion. Due to global pollution problems and fossil fuel shortage, the use of hydrogen-based energy systems is becoming an important trend in the planning of a future energy policy. In co-operation with our partners, we established the Hydrogen Technology Development Centre to combine the research and economic spheres in search for the best solutions for introducing hydrogen directly into use in transport and electricity production.

GRI EN6

GRI EC2

### **Accident Prevention**

*The area of prevention of major accidents and mitigation of their consequences requires careful monitoring and regular implementation of prescribed systemic and operational measures.*

- In 2008, we were active in the area of prevention of major accidents and mitigation of their consequences at higher risk facilities. We carried out activities to implement the prescribed systemic and regular operational measures as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans.

GRI EN26

- In 2008, public information on safety measures and behaviour in the event of an accident in fuel storage facilities was prepared for higher risk facilities such as fuel storage facilities “Rače” and “Lendava”. As part of the protection and rescue plans in place at fuel storage facilities, fire-fighting and rescue exercises were successfully carried out at all sites, based on potential accident scenarios and operational fire-fighting plans.

GRI EN26

GRI PR3

GRI SO1

### **Environmental Care**

*The Petrol Group provides for organised collection, separation, temporary storage and permanent disposal of waste. Special attention is given to the treatment of wastewater which might pose significant threat to the environment.*

*Besides this, our development is oriented towards introducing renewable energy sources. We wish to offer various kinds of energy at one place, introducing to our range increasingly green products and services without adverse environmental impact.*

*Our goal is an energy self-sufficient service station that makes the best use of renewable energy sources.*

- In 2008, we began to systematically collect and temporarily store waste generated at motorway rest and service areas. Petrol d.d., Ljubljana and the company “DARS” are drawing up a comprehensive waste management programme for motorway rest and service areas, which will be completed by the beginning of the 2009 summer tourist season.
- Continues systematic and methodical installation of oil and water separators had the biggest contribution to an efficient improvement in the condition of wastewater also in 2008. At the Lom motorway site, a new waste treatment plant with the cleaning capacity of 500 PE was constructed for the purpose of cleaning wastewater generated at restaurant facilities. At the end of 2008, 99

GRI EN22

GRI EN26

GRI EN21

GRI EN26

percent of Petrol d.d., Ljubljana's service stations and storage facilities were equipped with reservoirs and pipelines which, under normal operating conditions, provide the highest possible safety as far as spills into soil are concerned.

- Last year, we opened the first service station in Koper, fitted with a solar power plant. Although symbolic at first glance, it represents an important milestone in the Group's activities in the area of sustainable development.

GRI EN6

### **Social Responsibility**

*At the Petrol Group, we feel great social and environmental responsibility. Therefore, in 2008, there was a change in the structure of sponsorship funding, with the share allocated to sports and arts decreasing and the share earmarked for humanitarian activities and environment protection projects increasing.*

- In 2008, 19 percent of the funding was allocated to charity, to supporting the organisation of technical consultations in the field of energy, and to environment protection projects.
- In co-operation with the Slovene Red Cross, Petrol organised a big humanitarian campaign for collecting toys for children from the former Yugoslavia as well as for children from socially disadvantaged families in Slovenia. The invitation to collect toys was answered by numerous schools, kindergartens and individuals. In all, more than 20 tons of toys were collected, which were handed to children ahead of the New Year.
- In 2008, we continued the co-operation with the Ministry of the Environment and Spatial Planning, which in addition to the project »Conserving Turtles in the Slovene Sea«, now also comprises the project »Dolphins in the Slovene Sea – Our Intelligent Creatures«. To this end, Petrol enabled the organisation "Morigenos" to purchase a boat for observing dolphins.

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GRI EC8

GRI EN12

GRI EN13

Petrol d.d., Ljubljana

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1527 Ljubljana

SI-Slovenija

Vpis v sodni register:

Okrožno sodišče v Ljubljani, pod vložno številko 1/05773/00

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