

Global Compact Annual Communication on Progress

2006

Company's name: **MAKPETROL A.D.** Skopje

Country: Republic of Macedonia

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Date of membership: September 2004

Number of employees: ~ 2000

Short description of the type of business:

"MAKPETROL" was founded on August 15, 1947, with a resolution of the Government of the Republic of Macedonia. The company began operating with 85 employees and with one petrol station in Skopje, Stip, Veles, Gevgelija, Bitola and Ohrid respectively.

Since 1998 MAKPETROL operates as a totally private joint-stock company. The Company has 1.895 employees, of which 242 have university education.

- MAKPETROL is the owner of 114 petrol stations and 12 warehouses for oil derivatives.
- MAKPETROL makes over 60% of the oil derivatives turnover in Macedonia. In 2002
- MAKPETROL placed approximately 410.000 tons of oil derivatives on the market.
- MAKPETROL is the investor and the constructor of the gas pipeline system in Macedonia that is now spreading for 100 kilometers principal gas pipeline, 25

kilometers distributional gas pipelines and 40 kilometers urban gas pipeline networks.

- The total income of MAKPETROL in 2006 amounted to 300 million euro.

MAKPETROL is the winner of the Commercial Chamber of Macedonia award, as well as of the international awards: Euromarket Award, Management Award, Arco Europa, 21st International Award for the Best Trade Name and the 22nd International Award for the Best Trade Name.

STATEMENT OF SUPPORT

MAKPETROL A.D. is a member of Global Compact since 2004. As a member we support the ten principles of the Global Compact in respect to human rights, labor rights, the protection of the environment, and anti-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.

Mr. Andreja Josifovski

April

President of the Board of Directors

MAKPETROL A.D. Skopje

Human Rights

PRINCIPLE 1

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

Our commitment and policy

MAKPETROL A.D. Skopje is respecting and protecting the internationally acknowledged human rights.

Our company is providing a good working environment and interpersonal relations and protection of the personal integrity of each of our employees. We do provide clear rules and regulations.

Measurable results

- Implemented human rights protection policy; strengthening the rights on: equality, security, personal and economic, social and cultural freedom
- Developed health and safety management system; Care for our employees health and their protection;
- Donations and sponsorships is well developed in MAKPETROL A.D. such as :grants, sponsorship in cultural, educational and environmental programs and events
- The company does not use forced work force
- Guaranteed freedom of association

PRINCIPLE 2

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

MAKPETROL A.D. as a trade company in Macedonia do not participate in any form of human rights abuse. We respect and implement the human rights protection and development system.

We provide environment free of any kind of abuse of any person

- Protection and respect the rights of our employees during work
- Strengthening of the rights to equality, safety, personal and economic, social and cultural freedom
- We do not have any partnership with any company where the human rights are abused

Labor standards

PRINCIPLE 3

BUSINESSES SHOULD SUPPORT FREEDOM OF ASSOCIATION AND EFFECTIVE RECOGNITION OF THE RIGHT TO COLECTIVE AGREEMENT

MAKPETROL A.D. regulates the labor contracts with employees in accordance with the collective agreement and is fully in compliance with the Law on Labor Relations of the Republic of Macedonia, as well as the European Union's standards on Labor Rights.

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

MAKPETROL A.D. is committed to enable and support professional development of its employees; we are keeping our employees informed and involved;

Within our company we have a members of a Syndicate organization.

PRINCIPLE 4

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

Our business policy excludes any form of forced work, while every extraordinary assignment of our employees, necessary for the completion of regular tasks, is adequately valued which ensure us the correct engagement and satisfaction of our employees

Employment is on a voluntary basis, and each employee may leave its work post under clearly defined rules; freedom of making decisions

The working hours are determined, according to the law, and each employee is entitled to disability and pension, health and social insurance.

PRINCIPLE 5

BUSINESSES SHOULD SUPPORT EFFECTIVE ABOLITION OF CHILD LABOR

In MAKPETROL A.D. Skopje exists clear written rules not to use child labor especially working at phases related with operations with dangerous liquid and gases.

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 MAKPETROL A.D. is doing its core business (exp. Dangerous liquid and gases).

PRINCIPLE 6

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

MAKPETROL A.D. does not support any kind of discrimination in relation to employment. Our policy is to enable equal possibility for every employee regarding the opportunity for professional work and promotions(depending on the level of education).

MAKPETROL A.D. regulates the Employment agreement according to Law and Collective agreement;

MAKPETROL A.D. supports professional development for its employees

Environmental protection

PRINCIPLE 7 BUSINESSES SHOULD SUPPORT PREVENTIVE ACCESS TOWARDS THE CHALLENGES OF THE HUMAN ENVIRONMENT

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

Measurable results

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 fuel. The output, biodiesel is the fuel which has lower green house gases (GHG) when it is burning in engine. With such a project we are participating and increasing the protection of the environment.

PRINCIPLE 8 TO UNDERSTAND INITIATIVES FOR PROMOTION OF GREATER RESPONSIBILITY TOWARDS PROTECTION OF THE HUMAN ENVIRONMENT

In our company we have divisions which are devoted to environmental protection.

MAKPETROL A.D. develops and realizes projects which are improving employees' awareness of the importance of energy efficiency and other important resources.

MAKPETROL A.D. 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.

PRINCIPLE 9 ENCOURAGE DEVELOPMENT AND PROMOTION OF THE TECHNOLOGIES WHICH ARE USEFUL FOR THE HUMAN ENVIRONMENT

MAKPETROL A.D. 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.).

Fight against corruption

PRINCIPLE 10 BUSINESSES SHOULD WORK AGAINST ALL FORMS OF CORRUPTION, INCLUDING EXTORTION AND BRIBE

Our commitment and policy

Our quality policy, in accordance with the ISO-standards we are certified with, prescribes also the providing of mechanisms to avoid all forms of corruptive activities as a necessary condition to provide our clients with the best possible service in the shortest possible time.

Practical action

MAKPETROL A.D. Skopje gives the highest priority to eliminate corruption in the company and society and prevents in all parts of its operation such as: monitoring, cooperation with competent bodies, introduction of internal programs on prevention of money laundering etc.