

## Communication on Progress Report

**Name of the participating company/organization:**

**Sofiyska Voda AD**

**Country:**

**Republic of Bulgaria**

**Sector:**

**Utility**

**Reported period:**

**January – December, 2007**

***Greg Endemano, Chief Executive Officer of Sofiyska Voda:***

We, the team of *Sofiyska Voda*, are fully aware that the company's activities directly affect the social life, the environment and the economic status of the capital city. That is why we strive to observe our main business principles which are to be transparent and effective and at the same time be responsible to the society and environment.

*Sofiyska Voda* entered the Global Compact in 2003 and took the commitment to keep and spread the principles of social corporate responsibility. Four years later we are proud to state again: we continue developing and introducing new best practices in compliance with the ten principles of the Global Compact UN. During the last year our company continued to improve our results in the area of the social corporate responsibility.

*Sofiyska Voda AD* is the only water utility company in Sofia and employs 1200 people. It has more than 500 000 customers and provides its services to more than 1,5 million citizens living in the capital city, this is nearly one fifth of the population of Bulgaria. We maintain the balance between the interests of the business, our employees, society and the protection of the environment.

During 2007 *Sofiyska Voda* invested BGN 16,5 million in projects for the improvement of the water supply and sewerage of the city and the customer services. Some of these projects are directly linked to the protection of environment.

We meet many challenges in our work. Observing the principles of Global Compact enables us to become more confident in our aspiration to be the best services provider in Bulgaria

**Greg Endemano**

**CEO**

**The principles of Global Compact within the activity of Sofiyska Voda in 2007**

<p><b>Human rights:</b></p>	<p><b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and <b>Principle 2:</b> make sure that they are not complicit in human rights abuses</p>
<p><b>1 Commitment</b></p> <p><b>„Sofiyska Voda” follows policy for full equality and lack of any type of discrimination in the management process and in employing new personnel.</b></p> <p>The company engagements in direct connection with observance of human rights are described and signed in <b>Employee’s selection policy.</b> All employees of the company have access to it in printed and e-document version. The <b>Policy</b> is published in the intranet port of the company.</p>	<p><b>Systems</b></p> <p>Policy for lack of discrimination in the company. The text of the policy is placed in Employee’s Guide book, which is distributed between all current and new employees and includes information about the rights of the company’s employee.</p> <p><b>Actions</b></p> <p>When applying for a job in the company, criteria such as: gender, age, religion, social status - are not taken into consideration. The candidates are evaluated only according to criteria consistent with the specific professional requirements for the position.</p> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ The gender proportion of employees for 2007 is approximately 1:1.</li> <li>○ During this period 14 employees have been on maternity leave.</li> <li>○ The middle age of the company’s employees is relatively the same during the last 5 years.</li> </ul>
<p><b>2 Commitment</b></p> <p><b>The company gives opportunity to all its employees and customers to express their opinion. Initiatives and research surveys are being organized periodically in order to understand employee’s opinion.</b></p> <p>Initiative is part of a team job from Human resources and it is being realized every year from 2007.</p>	<p><b>Actions</b></p> <p>November 2007 - „Sofiyska Voda” conducted an employee’s opinion survey in order to improve the working environment.</p> <p>The large scale research will help the management make more considered decisions concerning human resources.</p> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ The company processes results according to stable criteria and makes comparative analysis with the results from previous researches.</li> <li>○ The conduction of the research is completed in full transparency and with the participation of all employees</li> <li>○ The results from the research and the following decisions will be spread to all company’s employees using well-known informational channels.</li> <li>○ An action programme will be prepared by the management in compliance with the subjects which are identified as especially important for the employees</li> </ul>

<p><b>3 Commitment</b></p> <p><b>Sofiyska Voda takes the engagement to meet the highest standards for health and safety in each area of activity.</b></p> <p>The high and permanent improving health and safety standards form one main part of our company's values. We realize that if we reach those standards we would bring to minimum the risk for our employees, reach the best business implementation and improve our reputation.</p> <p>The principles and the system of measures, described in our <b>Policy for Safety, well-being and risk management has been</b> introduced in all sectors of Sofiyska Voda.</p> <p>They are obligatory and will be integrated in our working process.</p>	<p><b>Systems</b></p> <p>The <b>Health and Safety conditions management system</b> in Sofiyska Voda has been built on the basis of <b>OHSAS 18001</b>, but we still do not have certification. The building of the system started after the first year of concession. <b>OHSAS</b> is part of entire management system, which eases the risk management, related to the company's activity and in regard the active legislation.</p> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ We started the building of the system by establishing a H&amp;S Policy, which was approved by the senior management and clearly describes the general objectives in regard the health and safety.</li> </ul> <p>The policy and the principles which define the key areas of activities and we consider the most important ones planned for implementation are:</p> <ul style="list-style-type: none"> <li>✚ Organization of risk management and readiness for reaction in emergency situations</li> <li>✚ Participation and engagement of the employees</li> <li>✚ Well-being and professional health</li> <li>✚ Management of changes</li> <li>✚ Competence and training</li> <li>✚ Communication</li> <li>✚ Work with contractors</li> <li>✚ Audit through measuring and review</li> </ul> <ul style="list-style-type: none"> <li>○ We started with the implementation of the planned activities. Responsibilities on the safety are settled in the H&amp;S Policy and described in detail in the H&amp;S Guide. All requirements of the national legislation were introduced through inside procedures for evaluation and control on the risk, procedure for instruction and straining, reporting and investigation of industrial accidents, work with contractors, work in limited spaces, work with permission and other/</li> <li>○ The H&amp;S team prepared an emergency plans for all departments, as also a plan for continuation of the company's activities.</li> <li>○ Preparation and organization of free medical examinations for all company's employees</li> </ul>
<p><b>Our Policy for Safety, well-being and risk management was</b> printed and distributed among all company's employees. All of them are aware of the undertaken engagements and their concrete responsibilities. A copy of the <b>Policy</b> has been spread in all offices of Sofiyska Voda and has been published on the internal intranet site of the company to which each employee has access.</p>	
	<p><b>Implementation</b></p> <p>The effective management of the Health and Safety requires permanent evaluation of the implementation and review at all company's levels</p> <ul style="list-style-type: none"> <li>○ On the base of approved programmes H&amp;S department provide audit on settled periods of time. It provides audit to the contractors in regards the observation of the H&amp;S standards. All results are reported monthly to the company's management, according to introduced reporting procedure for key H&amp;S indicators. The aim is to discuss and undertake correction if needed.</li> <li>○ The company's management provides periodical revisions in order to discuss the adequacy of the management systems and also the observation of the principles. This meeting serves as a platform for discussion of the Policy and decision making.</li> <li>○ On a quarter basis is discussed the general condition of H&amp;S and proposed improving actions.</li> <li>○ Every month the managers discuss with their teams H&amp;S issues during the regular meetings (core briefs). The aim of this review is to find out the week points and to improve it with actions in order to achieve permanent improvement of the H&amp;S management system</li> </ul>

<p><b>Labour Standards:</b></p>	<p><b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  <b>Principle 4:</b> the elimination of all forms of forced and compulsory labour;  <b>Principle 5:</b> the effective abolition of child labour; and  <b>Principle 6:</b> eliminate discrimination in respect of employment and occupation.</p>
<p><b>1 Commitment</b></p> <p><b>The company follows the principle of transparency in the recruitment process</b></p> <p>The commitments of the company in relation with the protection of the human rights are described and approved in <b>Recruitment Policy</b>. All company's employees have access to the Policy in printed or electronic version. The Policy is published in the intranet site of the company.</p>	<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ All vacant working positions within the company and the respective position requirements are announced among all company's employees and each of them has equal chance to apply and change his/her previous occupation. Confidentiality of all applications is main principle for this activity. Thus each of our employees gets the chance for new development within the company.</li> <li>○ Young specialists get the chance to participate in our internship program which we implement every year and to start their professional career in our company. Along with the time they spend with us, all trainees get also remuneration. For their practice is responsible a team of mentors – specialists and managers from Sofiyiska Voda who become part of the big working group on the Internship Programme and cooperate the organizers from Human Recourses department. Mentors have the task to introduce the young trainees to the working environment as fast as possible. The introduction programme includes interactive approaches that turn the practice in real adventure for both trainees and mentors.</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ In 2007 the Internship Programme won the special award of the prince of Wales <i>Engage</i> during the annual awards for responsible business, organized by BBLF. <i>Sofiyiska Voda</i> won the recognition for the successful involvement of the company's staff in the implementation of the company's active social policy.</li> <li>○ For the second year in a roll more than 50% of the trainees stay in the company and 70% of the last year trainees are still successful employees of <i>Sofiyiska Voda</i>.</li> <li>○ We extended the scope of activities with vacant positions for trainees.</li> <li>○ More than 90 % of the trainees state their desire to continue their career within <i>Sofiyiska Voda</i> after graduating or even immediately after the end of the Internship Programme.</li> <li>○ 60 employees of different professional fields of the company have participated voluntarily in the Internship Programme</li> <li>○ Totally 120 new specialists have taken the chance to develop in <i>Sofiyiska Voda</i> for 2007.</li> </ul>
<p><b>2 Commitment</b></p> <p><b>All employees are free to become members in trade union organizations and is allowed to enter in collective agreements.</b></p>	<p><b>Systems</b></p> <ul style="list-style-type: none"> <li>○ <b>Collective labour agreement</b> – Irrespectively if people are members of trade union organizations, all of them have the right to participate in initiatives, undertaken by some of those organizations or particular agreements with the management of <i>Sofiyiska Voda</i>.</li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ Every year the company's management holds open meetings with representatives of all company's departments and the syndicates. Information about the meetings is distributed among all employees through the settled communication channels – e-mail, internal intranet site, core briefs between the managers and their teams.</li> </ul>

	<ul style="list-style-type: none"> <li>○ Announcement of decisions taken during the meetings of the syndicates are allowed to be put on accessible places.</li> <li>○ The company's management maintains open dialogue with the leaders of all trade unions /syndicates – Independent Trade Unions' Congress/ITUC of Bulgaria and "Podkrepa"</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ All company's employees with no exceptions use the social allowance contracted through the Collective labour agreement and have stated their readiness to observe the clauses in the agreement.</li> <li>○ 506 employees of Sofiyska Voda (from totally 1,200 employees in the company) are members in the trade unions presented in the company – ITUC and Podkrepa.</li> </ul>
<p><b>3 Commitment</b></p> <p><b>Access to information for all company's employees</b></p>	<p><b>Systems</b></p> <ul style="list-style-type: none"> <li>○ Monthly corporate bulletin "Pototsi" (Streams) – circulation 1,000 copies.</li> <li>○ <b>Internal intranet site accessed by all employees</b></li> <li>○ E-mail</li> <li>○ Core briefs</li> <li>○ Informational tables on places accessible for all</li> <li>○ <b>Leaflets</b></li> </ul> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ During 2007 was introduced <b>new informational channel</b> for the employees – <b>internal intranet site</b>. On the site are running permanently news, experience is changed, each employee has direct access to all valid company's policies, procedures, standards and also the organizational structure of the company. On the site is also presented the whole management team of <i>Sofiyska Voda</i>. The vacant positions within the company are announced on the intranet site and via e-mail to all users at the same time. All employees have direct access to the daily press clipping on the intranet site.</li> <li>○ For the third year in a row have been held regular meetings between managers and their subordinated teams on which the managers present information about the company and at the same time this is an option for the staff to ask questions.</li> <li>○ To increase the interest and participation of our employees in different initiatives they often receive initial information via leaflets.</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ Increased interest from the employees in regard to the changes in the company.</li> </ul>
<p><b>4 Commitment</b></p> <p><b>The company applies systems for motivation of the employees</b></p>	<p><b>Systems</b></p> <p><b>Employee of the Month and Team of the Quarter</b> initiative – introduced for the first time in 2004</p> <p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ All company's employees have the chance to nominate some of their colleagues for achieving excellent individual or team work results.</li> <li>○ Every month a manager's commission decides which of the nominated will be awarded as Employee of the Month and respectively on every three months they choose the Team of the quarter.</li> <li>○ All distinguished employees or teams get the chance in the end of the year to receive the biggest recognition within the company Employee of the Year and Team of the Year.</li> <li>○ During 2007 was introduced new approach for the election of Employee of the Year. The choice of favorite employee of the year</li> </ul>

	<p>depends on the evaluation of all others winners in the different months. All Employees of the month vote for the best achievement.</p> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ Since 2007 the company's staff has new option available to nominate their colleagues on-line via the company's intranet site. In result the number of the nominations increased significantly.</li> <li>○ In result of the increased activity of the employees during the last year for the first time since the introduction of the system were awarded totally 12 employees of the month and yet another three employees were recognized as Star Performers for their excellent performance.</li> </ul>
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<p><b>Environment:</b></p>	<p><b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges;</p> <p><b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility;</p> <p><b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies.</p>	
<p><b>1 Commitment</b></p> <p><b>Sofiyska Voda is a company, which brings huge responsibility for the environment. The company has stated its objectives and responsibilities in:</b></p> <p><b>Sofiyska Voda Environmental Policy –</b> document is spread among all employees and stakeholders in electronic and printed version.</p> <p><b>Our company follows its long-term programme for environmental protection, published on the corporate website: <a href="http://www.sofiyskavoda.bg">www.sofiyskavoda.bg</a></b></p> <p><b>Environmental Protection Directorate at Sofiyska Voda</b> is assigned with the main task to provide control and analyze the company's activities regarding the protection of environment.</p>	<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ During the year of 2007 was published <b>Environmental Report</b>. The issue provides vast information about the activities of Sofiyska Voda and also presents clear <b>definition of the ecological goals</b> settled by the company. Our Report is a public property and is spread both in electronic and printed version.</li> <li>○ It was developed an <b>electronic register of all permissions</b> and the ecological legislation concerning the company's activity.</li> <li>○ <i>Sofiyska Voda</i> takes measures to encourage its contractors to <b>apply non-excavation technologies</b> for replacement of pipes, where is possible. With the application of non-excavating technologies will be avoided the destruction of the city streets and the volumes of waste will be brought to the minimum.</li> <li>○ It is developed a project for <b>utilization of methane gas</b> as a main fuel for the company's transport fleet aiming to reduce the harmful emissions and the fuel consumption. In parallel we are implementing our programme for <b>reduction of the total kilometers run</b> down to the possible minimum.</li> <li>○ The company implements significant investments for <b>increasing the efficiency of the wastewater treatment plant</b>, which is main power consumer for the company.</li> <li>○ We implemented a project for <b>reduction of harmful emissions in the atmosphere</b> and investments in equipment for utilization of the biogas which is a residual product from the wastewater and sludge treatment process.</li> </ul>	

	<ul style="list-style-type: none"> <li>○ Implementation of the programme for <b>reduction of waste products</b> (different from the sludge).</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ In result of our efforts for <b>wisely and controlled use of water recourse</b> during the last year the total volume of abstracted water for the city have decreased significantly</li> <li>○ It was reached <b>100 % compliance with the microbiological and physical-chemical indicators</b> of the potable water.</li> <li>○ <b>100 % of the sludge</b> as a product from the wastewater treatment process are used for <b>re-cultivation of agricultural fields</b>, thanks to the effective sludge treatment process. <i>Sofiyska Voda</i> is the only one company countrywide which obtains a license for reuse of sludge for agricultural lands. License is issued by the Ministry of Agriculture and Forestry.</li> <li>○ <b>3% reduction of the used diesel</b> for company's fleet for 2007</li> <li>○ Introduction of new equipment in the production process (frequency invertors for air blowing machines) aiming annual <b>reduction of the consumed energy by 10%</b>.</li> <li>○ Introduced policy for optimal (two side) use of paper and <b>separate collection of waste paper</b> in the offices.</li> </ul>
<p><b>2 Commitment</b> All employees of Sofiyska Voda should be personally engaged with the environmental protection issue</p>	<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ Every new employee passes through <b>internship training</b> which from 2007 already includes acquainting the newcomers with <b>Ecology Policy</b> of the company.</li> </ul>
<p><b>3 Commitment</b> The company demonstrated responsible attitude to society and takes care to inform people about the importance of the ecological issues.</p>	<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ Implementation of <b>School Educational Programme „Water for the Future”</b></li> <li>○ Distribution of <b>Educational theatre „Drop and Droplet”</b> for children among schools – 120 open performances in 35 schools during 2007 on the territory of Sofia.</li> <li>○ Issuing of <b>informational bulletin H<sub>2</sub>O</b> and distribution directly to the postboxes of the customers of <i>Sofiyska Voda</i>.</li> <li>○ Organization of <b>direct visits</b> to the potable and waste water treatment plants for students and pupils – more than 20 visits for 2007.</li> <li>○ Development of a project for opening of <b>Class Rooms</b> in the potable and the waste water treatment plants aiming to implement all educational initiatives on the site in real production environment.</li> <li>○ Participation of company's employees in different initiatives related to the protection of the environment – during 2007 we realized the second <b>eco-action for cleaning the area around the Iskar dam</b>.</li> <li>○ During 2007 we took part in <b>more than 5</b></li> </ul>

	<p><b>conferences</b> discussing the subject of the natural resources and investments for better quality of life.</p>
<p><b>Anti-Corruption:</b></p>	<p><b>Principle 10:</b> Businesses should work against all forms of corruption, including extortion and bribery.</p>
<p><b>1 Commitment</b></p> <p><b>Sofiyska Voda opposes all attempts for corruption within the company and outside. The struggle against the corruption practices is adopted as main responsibility by each employee in the company. All preventive control measures to avoid risks of misuses and events with corruption character are realized with the help of “Internal Audit and Risk” department. Anti-corruption practices in Sofiyska Voda are confirmed by the following policies:</b></p> <ul style="list-style-type: none"> <li>○ Anti-corruption policy for announcing irregularities within the company</li> <li>○ Policy for hospitality and conflicts of interests</li> <li>○ Risk Management Policy</li> </ul>	<p><b>Actions</b></p> <ul style="list-style-type: none"> <li>○ It is established clear allocation of roles and responsibility within the company</li> <li>○ The company protects the rights of every employee or customer who show concern and report for proved or presumed irregularity, but it also does not tolerate any reporting person who does this with malicious intent or with the aim to gain profit from the situation.</li> <li>○ Strict monitoring and observation of the procedures for selection of suppliers and contractors, in compliance with the Public Procurement Act and internally settled procedures within the company.</li> <li>○ Strong limitation of the cash payments within the company.</li> </ul> <p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>○ We implement regular review of the risks and the controls;</li> <li>○ Provide support for the annual evaluation of the risks among the business units and inside <i>Sofiyska Voda</i>;</li> <li>○ Review and confirmation of the statements of the business units about compliance and observation of adopted standards and legislation requirements.</li> <li>○ Periodical and extraordinary (in some particular cases) reports are sent to the CEO and the Board of Directors, providing evaluation of significant risks and the effectiveness of the internal control system;</li> <li>○ Periodically we organize and conduct “Internal Audit and Risk” Forum where we monitor and discuss all risks related to corruption and misuses;</li> <li>○ Managers of senior and middle levels fill in annual statement for material interests.</li> </ul>

This report about the work of *Sofiyska Voda* according to the principles of Global Compact and the corporate social responsibility will be published on the internet site of the company: [www.sofiyskavoda.bg](http://www.sofiyskavoda.bg)

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