

Communications Progress Report

Name of the participating company/organization:
Sofiyska Voda AD

Country:
Bulgaria

Sector:
Utility

Reported period:
April 2004- August 2005

Structure of the Report:

- 1. Statement of continued support for the Global Compact by the CEO or other senior executive*

On April, 2004, Sofiyska Voda AD received the United Nations Development Programme's Global Compact Initiative Award. This is a tremendous achievement and something that everyone associated with the company should be proud of. Many companies talk about social responsibilities, investing in the community and environmental protection. Few companies, however, match these words with actions. Sofiyska Voda takes its corporate responsibility very seriously and accepts, its dual role of maximizing returns to shareholders whilst at the same time striving to implement long-term social and environment-oriented programmes and initiatives.

We are in a long-term business which has a vital impact on the future of the city. In the few years of its existence, Sofiyska Voda AD has achieved a lot but let me say that this is only the beginning.

Kevin Starling
CEO
Sofiyska Voda AD

- 2. Description of practical actions taken to implement the Global Compact principles and quantitative measurement of performance*

Sofiyska Voda AD was established on October 6, 2000. The Company provides water and wastewater services to a population of about 1.5 million people and operates and maintains a water supply network of an overall length of 4,077 km, and 2,086 km of sewerage network, the two potable water treatment plants, and one waste water treatment plant. More than 1,000 people work for the company.

Our Mission

We will be a successful, first-class, high quality provider of water and wastewater services to our customers.

Our Vision

- To be the best utility company in Bulgaria.
- To work in partnership with the community to provide an essential service that improves the quality of life and the environment for the people of Sofia.
- To make Sofiyska Voda a successful, internationally recognized, Water Company.

Our Values

- Our customers are our business; our people are our future and the community is our home.
- We will be open, honest and ethical in all our dealings.
- Our reputation is based on trust and respect for everyone.
- We have a passion to be the best through professionalism, innovation and continuous improvement.
- We will listen, respond and keep our promises.
- We will take pride in providing value for money for our customers.
- We want people to be proud to work for this company.

Our Environmental Responsibility

Good environmental management is central to the success of the business and we take our environmental responsibilities seriously. This means being an effective partner with the communities that we serve and protecting the natural environment that we rely upon for our core business activities.

Our water resources strategy is based on a balanced approach. We are combining the concept of sustainable resource development coupled with demand management. Demand management measures include leakage control, accurate metering and the promotion of

water efficiency to our customers. This process aims to slow down the increase in overall demand for water.

Sofiyska Voda (SV) accepts that its activities impact the environment and is committed to:

- Effective protection of the environment and the prevention of pollution.
- Compliance with all relevant environmental laws, regulations and standards.
- Effective and efficient use of natural resources, including energy, to help preserve them.

A General Reconstruction Programme of the Sofia Wastewater Treatment Plant (WWTP) is in progress. The first large urban wastewater treatment plant, put into operation 20 years ago, is set to become the most advanced facility of its kind in the country. In April 2004 the first stage of the water line reconstruction project was completed. It cost EUR 17 million, funded by the PHARE Programme as a grant to the Sofia Municipality. In 2002, Sofiyska Voda started preparations for the implementation of its largest project for modernization of the Sofia WWTP, namely reconstruction and optimisation of the digesters and the gas plant. The project cost is BGN 9 million and will be completed in the autumn of 2005. With the implementation of this project, stabilization of the entire amount of sludge will be achieved, which means that there will be no environmental pollution as a result of the sludge disposal, and that all the environmental requirements of the EU standards will be met.

We seek to make a positive contribution to community activities wherever we do business and to behave in a socially responsible manner. We recognize that a healthy social environment assists commercial success.

- Sofiyska Voda received recognition for its social responsibility practices in line with the Global Contract principles.
- Our Public Educational Programme – Water for the Future – was awarded by the Bulgarian PR Association as the best corporate PR campaign in 2004. Sofiyska Voda applied with its Children's Water Festival project in the Special Event category competition but the jury awarded SV with the highest prize as it is an example for the best corporate social responsibility practice.

Every year Sofiyska Voda is a host of the Children's Water Festival. It is a five-day outdoor event and it is unique for Bulgaria and Eastern Europe, though such festivals have been held in most U.S. states, Mexico, Canada, Europe, Asia, and India. In the spring nearly 4,000 4th-graders, enthusiastic and eager to learn, were brought together in a fun and interactive setting to participate in 27 activities and discover the

delicate balance that exists between humans, animals and our water resources, while enjoying themselves immensely at the same time.

Another part of the Programme are the educational visits to the water and the wastewater treatment plants. It is an opportunity for pupils and students to learn about the nature water cycle, the potable water quality and activities of Sofiyska Voda in protecting the Environment.

How the water reaches our taps and where it goes when it flows down the sink is explained to younger children by a puppet show. A theatre group sets an educational play in every school in the city.

Twice a year our Water for the Future Programme reaches the customers through a newsletter.

- The Kid's Zone on our website was nominated for the most successful Bulgarian corporate sites with children's section. The Parents Association has its annual competition searching for the most interesting and useful sites for children's education and entertainment.
- Sofiyska Voda was also recognized by the Psychological Centre for Research (an EU Programme) as one of the companies with the best corporate social responsibility practices. In 2005, Sofiyska Voda was listed in the Golden Book – a special edition including all organizations supporting the equality of the disabled people in Bulgaria. We support the integration of disabled people and sponsor their annual ball.

To confirm its commitment Sofiyska Voda in partnership with the National Park Vitosha built a water fountain on the Disabled People Alley in the Vitosha Mountain. Its construction allows every person with a wheel chair to reach the mountain water.

- Initiatives Related to the Development of the Utilities Sector in Bulgaria

The Bulgarian utilities industries and the water and wastewater sector in particular are under heavy changes due to the creation of a National Water Regulator and adoption of the EU environmental legislation. Governmental bodies, branch associations and companies organized a number of meetings and forums to discuss the steps in the industry transition and to coordinate their efforts.

SV was a main partner of the Business Economical Forum in organizing the Second International Business Forum "Investments in the environment for better quality of life", held in June 2004, and took active participation in the seminar "UK Experience in the

Water Sector: Traditions and Innovations”. The company also participated in a number of initiatives amongst which - the round table “Legal Framework of the Water Utility Sector” and the forum “Information and Communication Technologies in Energy and Utilities.”

Sofiyska Voda is a member of the Bulgarian Business Leaders Forum - an initiative that promotes business ethic standards within the Bulgarian business society. In the reported period SV took part in the Business Master Classes 2004-2005, which aimed at providing students from universities with information about good business practices.

The experience of our senior managers was shared with young graduates in the spring of 2005. This initiative was part of the Junior Achievement’s Programme – Manager for a day. 12 young specialists had the opportunity to learn more about the challenges we face.

- Internship Programme

Our Summer Internship Programme is an opportunity for practice of already gained theoretical knowledge and learning in real business environment. It refers to students in bachelor and master classes or young specialists. Every year about 30 trainees join Sofiyska Voda for a couple of months. After that some of them continue working for the company and it is the start of their career.

3. *Sharing the COP with the company’s stakeholders – available links to the company’s Communication on Progress and additional information on the location of the COP report*

The company quarterly magazine “Sofia is our home” covers this communication from a Corporate perspective.

Further information about SV’s social responsibility practices can be found on our Internet site: <http://www.sofiyskavoda.bg>.

Contact person: Maria Doychinova

Contact information: Sofiyska Voda AD
Business Park Sofia 2A, Mladost 4, Sofia 1716, Bulgaria;
e-mail: mdoychinova@sofiyskavoda.bg

Date of submission: 10 September 2005