

Communication on Progress Report

Name of the participating company/organization: Asarel-Medet JSCo

Country: Bulgaria

Sector: Mining

Reported period: year 2006

Part I. Communication on Progress Report:

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

As the leading mining company in Bulgaria and the biggest legal entity in Panagjuriste and Pazardjik districts, Asarel-Medet JSCo realizes the importance of the Corporate Social Responsibility for the evolvement of the contemporary society.

We consider the abidance to the Global Compact principles not only a constructive management approach but a deeply moral commitment to the people, law, community needs and environmental protection.

We truly believe the responsible and ethical business practices effectively contribute to the creation of a wealthier and more equitable society. This determines our voluntary and exceeding the law measures commitment to the environmental, human rights and labour standards protection.

In our company's 41-year history we devotedly follow the motto: "From the nature to the people, from the people to the nature" which is an expression of our policy for environmental protection and sustainable development. Our human capital management is focused on the continuous care for the people that we reckon the biggest asset of our company.

In this line, the management as well as the whole Asarel- Medet team consider the enacted international standards, the responsible business practices and company policies the biggest contribution for the creation of economic stability and social security.

We are proud to be a part of the global family consisting of companies promoting as their own cause the UN Global Compact principles and herewith we declare that we will continue to abide them with the same responsibility and energy.

*Asarel-Medet JSCo
Executive Director
D-r Eng. Lachezar Tsotsorkov
31 December, 2006
Panagjuriste*

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

	Commitment ¹	Systems ²	Actions ³	Performance ⁴
Principle 1: Business should support and respect the protection of internationally proclaimed human rights				
Principle 2: Business should ensure that they are not complicit in human right abuses	«Asarel-Medet» respects the internationally proclaimed human rights and does not tolerate any kind of abuse.	The common company's policy abides to the national law and the Universal Declaration of Human Rights. The respect of human rights is envisaged within the systems, procedures and the working guidance from the Integrated Management System, set out in accordance with the international standards ISO 9001 (for quality management); ISO 14 001 (for environmental protection) and OHSAS 18 001 (For healthy and safe working conditions); the GC principles on human rights are guaranteed within the Ethical Code, the Professional Code and "Our 12 promises". The protection of the human and the labour rights is the basis of the Policy on human resources management, the HR Development Programme and the Policy on the safe and healthy working conditions.	With the aim of continuous improvement of the company's performance on this matter, a profound monitoring of processes and procedures was launched in 2006. The outcomes were discussed on every management level. The drawn up conclusions were included in the Integrated Management System, the Ethical Code and the Professional Code.	<ul style="list-style-type: none"> ■ In 2006 the Integrated Management System set out in accordance with the international standards ISO 9001, ISO 14 001 и OHSAS 18 001 was recertified by "Mudi International". Every year the company applies different staff policy. In 2006 it was targeted at the improvement of the healthy and safe working conditions and we invested more than 850 000 BGN. A free highly qualified medical examination was available for every staff member. In 2006 "Asarel-Medet" opened a 24-hour phone line for complaints on human and labour rights abuses at the company (we haven't had yet any)

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining				
Principle 4: Business should support the elimination of all forms of forced and compulsory labour				
Principle 5: Business should support the effective abolition of child labour				
Principle 6: Business should support the elimination of discrimination in respect of employment and occupation	„Asarel-Medet“ upholds and encourages the freedom of association and recognizes the right to collective bargaining . The company does not tolerate any form of forced or compulsory labour or any form of discrimination in respect of employment and occupation; we also guarantee that we do not hire persons under 18 years of age.	These principles are included in our common company's policy as well as in the Policy on HR management. The freedom of association and the right to collective bargaining are applied in partnership with the Confederation of independent trade unions in Bulgaria	A collective contract was signed and every year it is actualized in accordance with the monitoring outcomes from the previous year. This year Asarel-Medet established a Unit for Social Cooperation where representatives from every management level convene.	The annexes to the collective contract that were signed in 2006 guarantee a higher degree of social security , numerous social gains as well as the highest possible wages for the staff members. Over 70 per cent from our co-workers are members of trade unions. Complaints for human and labour rights abuses were absent; in contrast to the previous years the rate of employed women has increased but stays comparatively low due to the nature of the industry.
Principle 7: Business should support a precautionary approach to environmental challenges				

Principle 8: Business should undertake initiatives to promote greater environmental responsibility				
Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies	<p>„Asarel - Medet” enacts its activities in accordance with the company's motto “From the Nature to the people – from the people to the Nature”; contemporary management of the ecological impact through risk evaluation, effective self-control and constant ecological monitoring; realization of preventive measures for the fulfillment of diverse contemporary ecological standards in accordance with the principles for sustainable development. .</p>	<p>These commitments are part of the common company's policy as well as of the Ecological policy. Their implementation is a common practice due to the procedures, systems and the working guidance of the Integrated Management System set out in accordance with the international standard ISO 9001, ISO 14 001 и OHSAS 18 001. Asarel-Medet is the first Bulgarian company certified in 2003 with the international standard ISO 14 001 for environmental protection</p>	<p>In compliance with the common company's policy, an Ecological Programme is launched and updated every year. In 1988 an ecological site was built on the company's territory to monitor the environment's components and to prove the achieved ecological results; the company also successfully performs a Programme for removal of ecological damages caused by previous activities before Asarel's privatization.</p>	<p>In 2006 the company invested 2,5 million BGN for the appliance of the Ecological Programme. The target areas were forestation of the affected by the mining sites as well as preservation of the waters from contamination. The result is the substantial improvement of the ecological index. It is continuously proven by the constant monitoring. The measured average index for the month is prominently displayed on a informative panel in the centre of Panagjuriste; in 2006 a modern waste collecting machine was donated to the Municipality of Panagjuriste.</p>

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	„Asarel-Medet” is against every form of corruption. Through transparent procedures we select our counteragents	This commitment is included in the common company’s policy and the Policy on the deliveries. Its implementation is a common practice due to the procedures, systems and the working guidance of the Integrated Management System set out in accordance with the international standard ISO 9001, ISO 14 001 и OHSAS 18 001. This principle is part of the Ethical Code and the Professional Code, too.	In July 2006 a monitoring on the deliveries was performed. Series of transparent procedures was launched that exclude corruptive influence	In 2006 the company actualized the Policy on the deliveries; Asarel limited the cash payments above certain amount ; the company carefully selects its suppliers;
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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
Asarel-Medet’s COP for 2006 will be prominently displayed on the company’s official web site – www.asarel.com . The socially responsible actions are published in the Annual Review, broadcasted by the media and the monthly company’s newsletter

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