



COMMUNICATION ON PROGRESS REPORT

2017

HUMAN RIGHTS



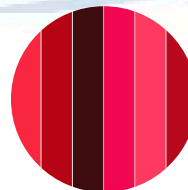
LABOUR STANDARDS



ENVIRONMENT



ANTI-CORRUPTION





COMMUNICATION ON PROGRESS REPORT

NAME OF THE PARTICIPATING COMPANY:

VAPTECH

COUNTRY:

BULGARIA

SECTOR:

HEAVY MACHINE BUILDING INDUSTRY

REPORTED PERIOD:

30 September 2016 – 30 August 2017

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Statement of continued support for the Global Compact

Sofia, Bulgaria

Statement of Continued Support for the UN Global Compact

We at VAPTECH firmly believe that for a company to be successful it should not be only concerned by economical gain. We attach highest priority to always maintaining our status of a good corporate citizen and to advance into reaching new moral and spiritual levels: the ever higher social responsibility. This can be only materialized through very demanding requirements for personal integrity, values, mission and vision of our people.

We at VAPTECH recognize UN Global Compact' principals as being the guidelines towards reaching this aim and are committed to follow and promote them on a sustainable basis.



B. Bonev
Chairman, Supervisory Board

Description of practical actions taken to implement the Global Compact principles

VAPTECH CONTINUED SUPPORT TO THE 10-TH PRINCIPLES

The Management and employees of VAPTECH are committed to adopting and promoting sustainability within its industry and communities.

VAPTECH states its contribution to business sustainability, as follows:

TRANSFORMS THE TEN PRINCIPLES INTO MANAGEMENT STRATEGIES AND POLICIES FOR ITS ACTIVITIES AND PROCESSES	IMPLEMENTS ACTIONS WITHIN HUMAN RIGHTS, LABOUR STANDARDS, ENVIRONMENT AND ANTI-CORRUPTION AREAS	COMMITTS TO PROVIDE NEW OPPORTUNITIES FOR IMPROVEMENT AND CONTINUOUS DEVELOPMENT AND SATISFACTION OF ITS EMPLOYEES, BUSINESS PARTNERS AND COMMUNITY
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VAPTECH PRACTICAL ACTIONS

VAPTECH' application of the 10 principles is shown in the respective areas of the current report.


HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
Principle 2: make sure that they are not complicit in human rights abuses

VAPTECH POLICY

Our people, communities and all stakeholders are the basis for the sustainable development of VAPTECH.

ANY FORMS OF DISCRIMINATION ARE NOT TOLERATED IN ACCORDANCE WITH THE VALID CODE OF ETHICS	ENCOURAGEMENT AND DEVELOPMENT OF OUR STAFF IS PART OF VAPTECH CORPORATE CULTURE	AND VAPTECH DECLARES TO RESPECT AND SUPPORTS IN ITS ACTIVITIES THE HUMAN RIGHTS AND INTERNATIONAL HUMAN RIGHTS CONVENTION
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VAPTECH RESPONSIBLE CORPORATE CITIZENSHIP
Code of Ethics supporting UNGC and the 10 principles

http://vaptech.bg/uploads/documents/page/69/Code_of_Business_Ethics_BG.pdf

The Code describes the rules that affect the company as a whole and responsibilities at the individual level of the employees in the following areas:

1. Compliance with the law in every activity of the company
2. Antimonopoly policy
3. Treating of confidential information as that of the company and that of our partners as one and the same
4. Handling with situations of conflict of interest
5. Policy to work with people in VAPTECH
6. Social responsibility
7. Reporting unlawful actions or failure to comply with the Code of ethics.

Social benefits for the employees

1. Dental care – VAPTECH provides free dental care for its employees.
2. Canteen – VAPTECH sponsors the meals of its employees.
3. Company transport – VAPTECH provides free transportation to its employees

VAPTECH ACADEMY AND TALENT MANAGEMENT 2016-2017

- Targeted introductory trainings for new employees
- Practical skills' development
- Practical training on project management
- 360-degree assessment for leadership development
- Survey among the workers for the assessment of their team leaders
- Practical trainings on:
 - Customer service
 - Communication improvement
 - Participation in tenders
- Managerial trainings:
 - Decision Making
 - Conflict Management
 - Emotional Intelligence
- Practical professional trainings
- Team buildings
- Total Quality Management
- Health and Safety awareness

Trainings performed during the reported period:

TRAINING TOPIC
Working with ROMER measuring arm and measuring software PC - DMIS CAD 2012
Welding fundamentals
Practical training on welding
First aid training
Safety work with bridge cranes
Safety work with lifting devices and equipment
Development and follow up of project budget
Training to obtain qualification group in electrical safety
Periodical training and instruction of the Health and Safety responsible under the regulations for provision of health and safety working conditions
Work with track device
Design documentation - basics
Computer literacy training
Correct use of signals for directions and manipulation with bridge crane
Risk at work, risk evaluation and prevention
Training of Design department

Table 1

VAPTECH' CARE

Employees' motivation

- Regular feedback on the job
- Professional trainings for improving self-confidence and competencies
- Permanent assistance on the job
- Feedback from workers to their supervisors (evaluating leadership performance by the team members)
- Participation of employees in the decision making
- Illness benefits and assistance for employees with long-term professional contribution to the company

Family care

- VAPTECH Family Event for VAPTECH' current and ex-employees and the orphans from the Detelina Center in Pleven on June 2017
- VAPTECH event for the children of VAPTECH' employees on the occasion of the International children's day on June 1st, 2017
- Vouchers for newly borns
- Vouchers for graduates
- Vouchers for first day at school

Volunteering initiatives

- Long-term partnership and traditional participation in **Manager for a Day** initiative, organized by Junior Achievement Bulgaria.
- Sponsorship of the Technical University of Sofia with the support of the Bulgarian-Swiss Chamber of Commerce.
- VAPTECH supports Detelina Center for children with no parental care in Pleven.
- VAPTECH collaborates with Amalipe Center for Interethnic Dialogue and Tolerance with the aim to support integration of Roma in the Bulgarian society.
- Sponsorship for New Symphony Orchestra

LABOUR STANDARDS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 Principle 4: the elimination of all forms of forced and compulsory labour;
 Principle 5: the effective abolition of child labour; and
 Principle 6: eliminate discrimination in respect of employment and occupation.

VAPTECH POLICY

Company policy on Labour

VAPTECH maintains Occupational Health and Safety Management System according to OHSAS 18001:2007 standard

The Management of VAPTECH is fully committed to highest level of Health and Safety (HS) standards and overall respect of UNGC 10 principles.

VAPTECH focuses on the prevention of all possible risks for its employees as well as on the improvement and sharing the best practices with suppliers and business partners. In this respect VAPTECH has the following objectives:

1. Focusing on prevention
 - A Working Conditions Committee (WCC) is established at VAPTECH in accordance with the requirements of the Health and Safety Working Conditions Act. WCC conducts regular meetings in order to develop and constantly improve the procedures for risk assessment and elimination.
2. Compliance with applicable legal and internal requirements
 - Implemented a procedure for the monitoring and evaluation of the compliance of OHS management system
3. Training and enhancement on personal responsibility of employees on risk prevention
 - Instructions in HS are conducted by authorized people, as well as internal and external trainings of VAPTECH employees are provided
4. Active cooperation with authorized organizations in the field of occupational health and safety
 - HS Expert actively cooperates and maintains communications with local authorities in HS and Labor officials – Labour Inspectorate office in Pleven

- HS Expert participates at all trainings related to the introduction of new legislation, innovation and best practices in the field.

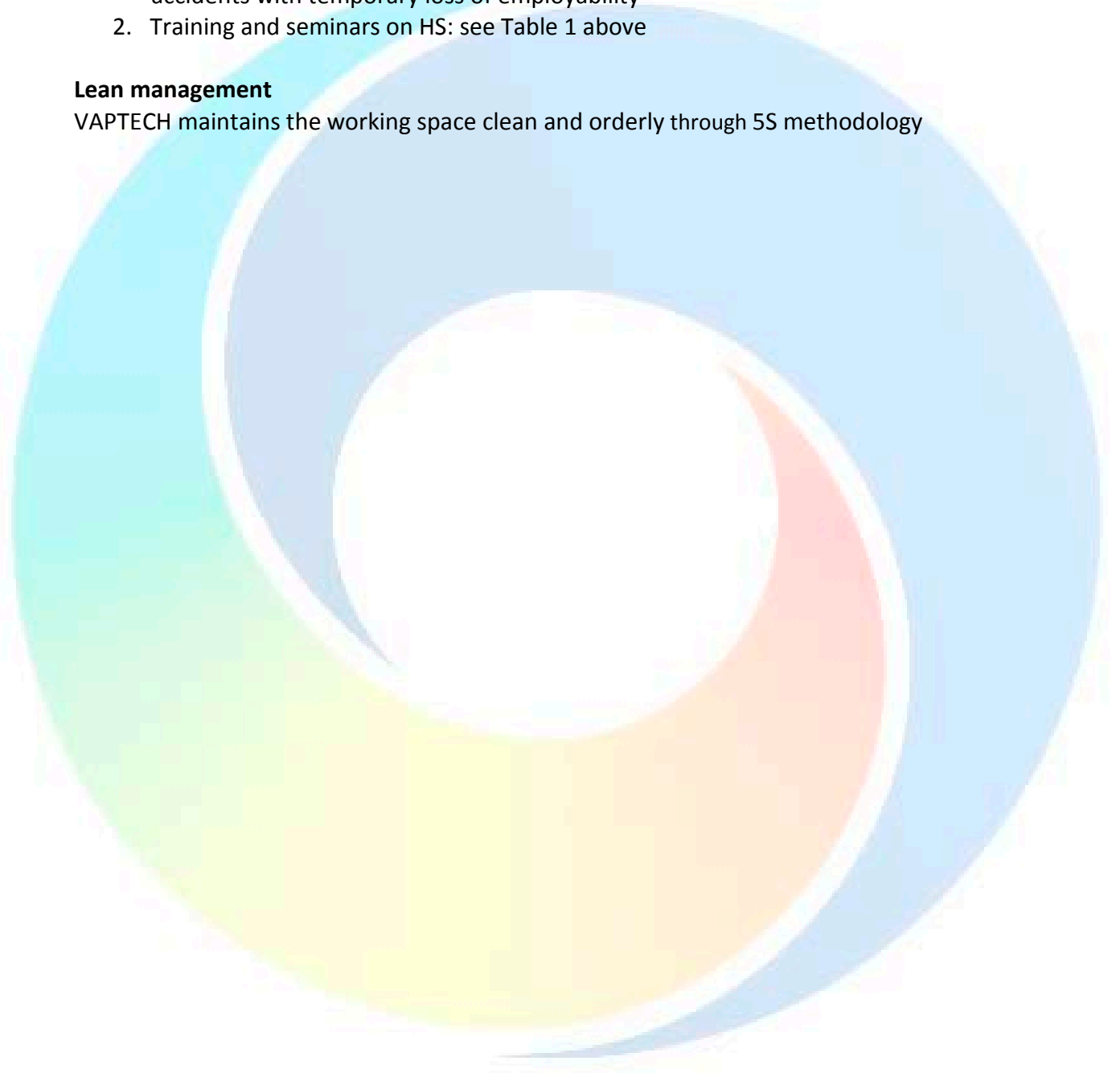
VAPTECH LABOUR CONDITIONS INDICATORS

The data and statistics for the reported period

1. Registered working accidents or injuries during the reported period: 4 working accidents with temporary loss of employability
2. Training and seminars on HS: see Table 1 above

Lean management

VAPTECH maintains the working space clean and orderly through 5S methodology




ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;
 Principle 8: undertake initiatives to promote greater environmental responsibility;
 Principle 9: encourage the development and diffusion of environmentally friendly technologies.

VAPTECH POLICY

Company policy on Environment protection

VAPTECH maintains Environmental Management System according to ISO 14001:2004 standard

The Management of VAPTECH is committed to respect the Environmental (E) Policy stated in the Company Management Policy. The document has been periodically audited and is accessible on visible locations at VAPTECH' premises.

VAPTECH RESPONSIBILITY

VAPTECH determines the activities and their outcomes that can have a significant impact on environment and established objectives in order to comply with the environment norms.

1. Compliance with applicable legal requirements
 - Available sources for to-date information about changes in government regulations on environment protection
2. VAPTECH contributes to the environment by reducing CO2 emissions
 - During the period September 2016-august 2017 VAPTECH has developed hydropower equipment for hydropower plants with estimated installed capacity of approximately 30 MW. The generated electricity of the HPPs will contribute with 200 times less CO2 emissions in the environment compared to coal usage¹
3. Improvement of working environment and care for environment protection
 - Monitoring and measurement of key environmental factors (dust, gas emissions, noise, paint solvents emissions). The data for the reported period are indicated in table 2.
4. Provision of necessary training of employees
 - Information brochure for the ISO 14001, OHSAS 18001 standards has been prepared: The objective of this brochure is to explain in a simple manner to the employees that most of the activities performed at the company are in practice requirements of the standards.

¹ https://www.ipcc.ch/pdf/assessment-report/ar5/wg3/ipcc_wg3_ar5_full.pdf

5. Active cooperation with regulatory bodies and all other stakeholders
 - During the reported period, no inputs data for complaints regarding ecological problems arise.

VAPTECH ENVIRONMENTAL INDICATORS

VAPTECH data and statistics for the reported period

Regular report and analysis of the data on natural gas, electricity and gas composites for welding consumption. For the reported period an increase in consumption of natural gas is observed while the consumption of electric power is reduced with 3 % compared to 2015-2016.

Environmental impact activities aiming for improvement of:

- Reduced dust emissions
- Reduced gas emissions in the heat chamber – CO, NO, SO₂
- Making sure that hazardous and non- hazardous waste is not mixed

As per the legal requirements on hazardous chemical substances VAPTECH has the obligation to fill data sheets of official manufacturers and importers of chemicals. All employees working with the respective chemicals are trained on their usage.

As per the legal requirements on waters – VAPTECH has no obligations. VAPTECH has a contract with a state company for water treatment. The state water company regulates the need of measuring the admissible degree of water pollution regarding the physical, chemical and industrial indices.

VAPTECH ENVIRONMENT PROTECTION INITIATIVES

VAPTECH constantly strives to preserve the environment and to protect the Planet. Sharing this common objective, TOYOTA & VAPTECH initiated long-term cooperation with regard to TOYOTA Hybrid vehicles that VAPTECH is using for its operations.



Data with VAPTECH's energy resources consumption indicated in the table:

September 2015 - August 2016			September 2016 - August 2017		
Energy resource	gJ/m3		Energy resource	gJ/m3	
Natural Gas	6751		Natural Gas	6865	
Electrical Power	7128		Electrical Power	6870	
Gas composites	1180		Gas composites	1210	
Total	15059		Total	14945	
Non hazardous wastes			Non hazardous wastes		
metal turnings	512		metal turnings	490	
non ferrous metals	1,6		non ferrous metals	1,72	
scraps	16		scraps	505,72	
total	529,6		total		
Hazardous wastes			Hazardous wastes		
other	0,06	*1	other	0,4	*1
gear oil	0,3	*2	gear oil	0,0	*2
total	0,36		total	0,4	
Environmental factor	Conformance	Main source of pollution	Environmental factor	Conformance	Main source of pollution
Dust	Yes	blasting chamber	Dust	Yes	blasting chamber
Noise	Yes	production buildings	Noise	Yes	production buildings
Waste waters	Yes	industrial	Waste waters	Yes	industrial
Paint dissolvers - organized emissions	Yes	emissions	Paint dissolvers - organized emissions	Yes	emissions
Paint dissolvers - non organized emissions	Yes	emissions	Paint dissolvers - non organized emissions	Yes	emissions
Flue gas emissions	Yes	heat	Flue gas emissions	Yes	heat
Remarks: *1 temporary storage before handling over *2 handling over to authorized supplier VAPTECH Ltd.			Remarks: *1 temporary storage before handling over *2 handling over to authorized supplier VAPTECH Ltd.		

Table 2



VAPTECH ANTI-CORRUPTION ACTIVITIES

Actions taken in line with “Fight with corruption and prevention of corruption activities at the company”:

1. In 2016 a representative of VAPTECH’ Management, Mr. Svetlozar Ivanov was appointed as Head of Compliance at VAPTECH (<http://vaptech.bg/page/Compliance>)
2. In the beginning of 2017 was elaborated a strategic plan and policy for the activity of Compliance VAPTECH
3. Working committee composed by members of the organization is responsible for the implementation and supervision of the Compliance plan
4. Annual control of the documents, contracts etc. is performed according to the annual checklist of the administration department

Sharing the COP with the company' stakeholders

This Communication on progress report and enclosures are published on VAPTECH official web site at: <http://vaptech.bg/page/Global-Compact> and <http://vaptech.bg/page/corporatesocialresponsibility>.

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