

## Communication on Progress

Name of participant: EMP Invest Bulgaria AD ("Empower Capital")

Country: Bulgaria

Sector: Fund Management

Period: September 2017 – September 2018



COMMUNICATION ON  
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN Goals.

We welcome feedback on its contents.

## CEO Statement of Continued Support

11.09.2018

To our shareholders:

I am pleased to confirm that Empower Capital reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,



Elvin Guri

## **Human Rights Principles**

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

Principle 2: make sure that they are not complicit in human rights abuses

## **Assessment, Policy and Goals**

We, at Empower Capital, support the Universal Declaration of Human Rights and other EU and international standards. Empower Capital insists that our portfolio companies also support these human right principles throughout the entire life cycle of our businesses. When hiring employees, Empower Capital complies with the principles of the law on protection against discrimination, the law on personal data protection, as well as the internal policies of our company – the professionals conducting the recruiting are not influenced by the nationality, racial and ethnicity of the candidates, their age, gender and their beliefs.

## **Implementation**

When reviewing a potential investment opportunity, Empower Capital performs a rigorous and detail-oriented due diligence on the investment targets in order to ensure compliance with the Human rights Principles of the UN Global Compact.

In the following months, Empower Capital aims to introduce an ESG Reporting system to all of our portfolio companies which shall ensure that Human Rights Principles are understood and adhered to by all employees. Performance on ESG factors will be included within the monitoring of portfolio companies through both continuous interaction with portfolio company management and the portfolio company's Supervisory Board. Empower Capital plans to conduct an annual ESG survey on the portfolio, applying an internal ESG appraisal system by which all portfolio companies will be compared on their ESG performance. Companies will be ranked based on an analysis of selected key ESG themes for each company, a qualitative assessment of the company's policies and performances with regards to these ESG themes, and an assessment of the company's overall progress in the field of ESG development. The primary objective of asking these questions is to increase awareness and improve ESG practices within both the portfolio companies and the investment teams. Empower Capital plans to encourage its investees to develop their own code of conduct and procedures. Furthermore, Empower Capital advocates non-discrimination and encourage the project companies to promote gender equality.

Adherence to human rights principles is Empower Capital's top priority.

Practical examples:

- Empower Capital is in the process of introducing an ESG reporting system into its most recent investment – The Bakers Company. ESG Reporting will be introduced in all of our portfolio companies in due course;



## Measurement of outcomes

Periodic review is conducted by our senior management at the sites of our portfolio companies in order to ensure that human rights are not violated. Employees are asked for their employer evaluation and measures are taken if necessary. No violation of Human Rights has been identified in the past year neither from Empower Capital nor from our portfolio companies.

## Labour Principles

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;

Principle 6: the elimination of discrimination in respect of employment and occupation.

## Assessment, Policy and Goals

Empower Capital supports and adheres to the principles of the International Labour Organization (ILO) and particularly the conventions on the protection of workers, the prohibition of forced labour, as well as child labour. We have got written policies that clearly state employee rights and responsibilities and their compensation and benefits in our company and we follow them continuously.

## Implementation

We raise awareness for employees on Labour Rights and policies and ensure that our employees and portfolio companies are properly informed about their rights. Our company's human resources policies and procedures support good Labour Principles and practices as well.

Empower Capital requires that all employees in the project companies have as a minimum the right to rest, reasonable limitation of working hours, periodic holiday, and reasonable remuneration. If there are any suboptimalities identified with regards to labour law and human rights during the due diligence process, a special emphasis on facilitation of these weaker areas is put following the acquisition.

Moreover, Empower Capital has set procedures for regular independent monitoring and verification of compliance with its commitment to uphold labour rights standards.

Practical examples:

- Empower Capital encourages their employees to participate in yearly prophylactic doctor examinations in order to monitor the health of our employees.
- Prior to its acquisition by Empower Capital, Mundus Services has shown serious deficiencies with regards to internal labor practices – big portion of employees has been paid off the books, which was a usual practice for the whole industry. Empower Capital's first action after the transaction was closed, was to bring all of employees' salaries on the books. Due to the big market share of Mundus Service, this action has affected the whole sector resulting in better working conditions for all of the workers in the industry.

- Empower Capital introduced measures for labour safety and health regulation. Furthermore, we are in the process of introducing detailed KPI system which shall help the company track its labour incidents. Moreover, KPIs have been introduced that shall enable monitoring of environmental footprint.

### **Measurement of outcomes**

Our company performs a periodic review of results as well as on fund level as on portfolio companies' level and there were no incidents of violations of the Global Compact Labour principles detected in the last year. During board meetings labour issues (if any) are given special attention to, thoroughly reviewed, analyzed and ultimately solved.

### **Environmental Principles**

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

### **Assessment, Policy and Goals**

Raising awareness for our portfolio companies and employees on environmental issues, including prevention and management of environmental risks is Empower Capital's top priority.

### **Implementation**

- Performing activities in our portfolio companies aimed at improving the energy efficiency of products, services and processes.
- Introducing initiatives in our portfolio companies to reduce waste materials (e.g. recycling) and consumption of resources (water, electricity, paper, etc.)

Practical examples:

Empower Capital undertakes actions to reduce company's negative environmental impact. The company has undertaken the following steps with regards to this issue:

- Empower Capital has increased its efforts on reducing waste materials (e.g. recycling) and consumption of resources. The company is recycling print toners, Nespresso capsules, emphasizing on reduced paper use as well as limited printing. Furthermore, we have reduced our plastic usage through the removal of plastic water bottles. This was achieved through the introduction of a water purifying system in the office that filters the tap water and makes it suitable for drinking. Further initiatives undertaken within our company and our investees is the participation in a campaign for purchase of infant incubators for smaller populated areas in Bulgaria. The campaign advocates people to gather bottle caps and submit them at specialized stations and in return for the caps a donation is made.

- Empower Capital insists that all of our companies implement actions to reduce environmental footprint. Empower Capital requires that the project companies actively manage their environmental impact, and that they take actions to improve their environmental performance as appropriate. The portfolio companies are encouraged to support a preventive and precautionary approach to environmental challenges:
- Empower Capital has supported an investment in Technoion, a company that is developing a plant for the recovery of metals and metals-based formulations from industrial waste and an installation for treatment of out of use electrical and electronic equipment up to 4800 tons per year.

#### Measurement of outcomes

- Periodic review of results by senior management.

#### Anticorruption principles

Principle 10: Businesses should work against corruption in all of its forms, including extortion and bribery.

#### Assessment, Policy and Goals:

Empower Capital is committed to conducting our business in a professional, lawful and ethical manner. We provide constant and continuous support to the UN Convention against Corruption and other EU and international instruments.

#### Implementation:

Empower Capital does not accept corruption and bribery. We raise awareness for our project companies and their representatives that they should not accept bribes in any form and should not provide improper benefits to customers, agents, contractors, suppliers, employers or to government officials.

#### Management of outcomes:

An additional audit resource is going to be added to the governance systems of all of our portfolio companies during 2019 to assist with developing and implementing a new system and procedure for managing complaints and fraud / theft investigation matters.

There were no corruption cases detected in the last year.