



PROGRESS

SINCE 1913

PRODUCER OF HIGH QUALITY CAST IRON CASTINGS



qualityaustria

SYSTEM CERTIFIED

ISO 9001:2008

No.03527/2

ISO 14001:2004

No.01088/3

BS OHSAS 18001:2007 No.00515/1

BULGARIA, 6000 Stara Zagora, Industrial Estate, tel.: +359 42 605697, fax: +359 42 605661, contact@progress-sz.com, www.progress-sz.com

Approved by : CEO

CODE OF CONDUCT FOR SUPPLIERS OF PROGRESS JSC

Chapter I

GENERAL REGULATIONS

- Clause 1. The Code of Conduct for suppliers of Progress JSC /the Code/ determines the rules, which need to be recognized and observed by our suppliers and their sub-contractors (from now on briefly called the “Supplier”) in the implementation of their business activities with Progress JSC.
- Clause 2. The Code of Conduct for suppliers of Progress JSC complies with the company engagements concerning the international standards, the UN Guiding Principles for business and the human rights, the fundamental conventions of The International Labor Organization and the ten principles of the UN Global Compact . The Code is a consequence of the social politics, observed by the Management of Progress JSC.

Chapter II

MAIN PRINCIPLES

Clause 3. Use of child labor

- (1) Progress JSC respects the right of every child for development and education. The organization doesn't accept the use of child labor from the Supplier. The term “child” is referred to a person aged less than 15 years. The Supplier, which employs young people outside this definition, will conduct all legal requirements of the country of realization of its activity and will observe the conventions of The International Labor Organization.
- (2) If the Supplier employs young workers, he needs to prove that their labor does not expose them to an excessive physical danger, which could harm their physical, mental and emotional development.

Clause 4. Discrimination

- (1) The Supplier will not discriminate it's employees on the basis of marks like age, class privilege, physical disability, ethnical and national origin, sex, membership in working organizations, including labor unions, political affiliation, race, region, sexual orientation, social origin and other personal characteristics .
- (2) The Supplier will treat with respect and will regard the dignity and the right for privacy of



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each employee and will not apply corporal punishments, threats of violence or another forms of physical, sexual or verbal harassment .

Clause 5 **Forced labor**

- (1) Forced labor is the usage of a physical punishment, deprivation of liberty, threats of violence like a method of discipline or control, deprivation of the identity documents of the employees and workers, their passports, work permits or their cash deposits like a condition for employment.
- (2) The Supplier will not use forced or involuntary labor, including prison labor.

Clause 6 **Health and work safety**

- (1) The Supplier ensures a healthy and safe working environment, which complies to all legal requirements of the country of realization of the business activity, providing minimum:
 - Drinking water, proper lighting, temperature, ventilation, hygienic conditions.
 - Personal protecting equipment and training for its usage .
 - Maintenance of all machines , facilities and installations .
 - Preparation for reaction and providing medical care in emergency cases. Accordance to all legal requirements for emergency situations of the country, where the activity is being performed .
 - Storage of the hazardous materials on the determined for this purpose places and usage just the way indicated in the safety data sheets .
- (2) If the Supplier provides for his personal accommodation in dormitories, they should be built and maintained according to all applicable laws and provisions and should be clearly separated from the fabric and production zone .
- (3) All dormitories should be clean and safe and the employees should have the right to enter and leave them freely any time.

Clause 6 **Business hours and payment**

- (1) The Supplier must provide that his employees work in compliance with all applicable laws, regarding the regular working, non-working time and overtime.
- (2) The Supplier must pay his employees and workers wages and insurances, which minimum must correspond to the national laws.



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Clause 7 **Freedom of Association**

The Supplier must provide the right of its employees to use a freedom of association and collective agreements in concordance with all applicable laws and provisions .

Clause 8 **Personal Data of Employees and Workers**

The Supplier obliges himself to process with the personal data of his workers and employees according to the legal requirements of the country of his business activity.

Clause. 9 **Environment**

- (1) The Supplier must possess and maintain all ecological licenses and registrations in order always to be in compliance with the regulations.
- (2) The Supplier binds himself to reduce the environmental impact due to his activity, following the principle for prevention of contamination and economical use of recourses.
- (3) The Supplier must ensure safe work, storage and disposal of chemicals and hazardous substances.
- (4) The Supplier must implement and apply actions for monitoring, control and minimizing the production of solid wastes, wastewater and hazardous emissions in the air.

Clause 10 **Corruption**

- (1) The Suppliers are required to maintain open, fair and competitive business environment.
- (2) It is not permitted that conflicts of interests affect the good functioning of our business.
- (3) Presents and incentives aiming reflection to the business or another decisions are not accepted.

Clause 11 **Application of the Code of Conduct**

- (1) The Supplier needs to prove and maintain a compliance with the requirements of the Code.
- (2) Progress JSC reserves the right to conduct audits on place for valuation of the compliance with the rules of the Code.
- (3) In case of detection of non-conformances the Supplier is obliged to undertake effective corrective actions.



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CODE OF CONDUCT

Chapter I **GENERAL REGULATIONS**

Clause 1. The Code of Conduct Progress JSC /CC/ determines the ethical principles and rules of the management and hired personnel of Progress JSC (the company) in their common activity.

Clause 2. CC has an obligatory character whereas each offence will be examined and handled according the current legislation.

Clause 3. CC collaborates with the Mission, Vision and the Business Principles of Holding Zagora Ltd., whose integral structure is Progress JSC and the implemented Integrated system for management of the quality, environment and safe working conditions.

Chapter II **MAIN PRINCIPLES**

Clause 4. The increase of the customers' satisfaction is a main and permanent process whereby we ensure the precision of delivery and the production quality by observation of the business interests and reliability of the customer.

Clause 5. The selection of the company suppliers is based on the economic efficiency, the loyal completion and the quality of the offered products and services. The main selection criteria for suppliers is the compliance with the international ethical standards regarding the human rights, the right to work and the environmental effects.

Clause 6. The company is committed with the strictly observation of the national and international laws.

Clause 7. The company, in performing its functions, contributes for the development of the national and the local economics by upgrading and growth of its prosperity and capacity.

Clause 8. The company contributes for the community development as an immaculate taxpayer and participant in different charitable initiatives for growth of the regional and national market, the development and perfection of the human resource and protection of the environment.

Clause 9. The company condemns and opposes all attempts of corruption. The employees must do their work fairly and honestly. Any forms of corruption, bribery and extortion aren't tolerated.



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Chapter III

COMMUNICATION WITH EXTERNAL ENTITIES AND INTERESTED PARTIES

Clause 10. The official communication with external entities and interested parties is conducted by the Managing team of the company. By order and authorization of the Executive Director, the communication can be accomplished by employees of the organization by observing following principles :

- Observation of the legal requirements .
- Responsible paperwork.
- Protection of company secrets, confidential company documents and intellectual property .
- The confidential information can be submitted authorized personnel only and under no circumstances can be revealed to unauthorized parties.
- Personal data protection of the employees according to the legal regulations .
- Prevention of corruption.
- Non undermining the reputation of the Company.

Above principles are valid for all the hired company employees and workers in their contacts and behavior in and outside of working hours .

Chapter IV

PERSONAL CONDUCT

Clause 11. The company management and all its employees and workers are personally engaged to :

- Observe the legal requirements as well as the internally adopted company rules for work and conduct;
- Observe the official hierarchy;
- Perform their duties correctly and with high competency, to objectively and impartially take decisions;
- Avoiding any form of direct and indirect discrimination ;
- Not receiving of personal benefits /except of their earnings/ on account of an activity or service made for or from Progress JSC. Exception are advertising gifts which not exceed 25 €.Avoiding conflict of interests ;
- Show respect in the relationships with the colleagues and not to admit behavior, which impairs the dignity and rights of the individuals;
- Respect the opinion and position of the colleagues and their right to;
- Take as an offence and confronts with the sexual harassment, participation in mob reprisals or harassment of employees. Earnestly report for issues with compliance with CC ;
- Doesn't take part in events, which could undermine the company prestige .



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Chapter V

COMMITMENT OF THE MANAGEMENT

- Clause 12. The company management bears the responsibility for the legality of the company activity, the rules and the current CC, the regulations of the internal work order, the social politics, the politics and the requirements of IMS .
- Clause 13. The company management undertakes all needed actions for ensuring the standards for best quality, safety and health at work, protection of the environment, development of the human resources and transparent cooperation with all interested parties inside and outside the organization.
- Clause 14. The company management takes the responsibility for employees to feel respected, by regarding their personal dignity, encouraging their strength points and creating a feeling for safety at work.
- Clause 15. The company management submits to every employee equal opportunity for professional carrier, for education, developing of leadership skills and increasing the motivation of the employees.
- Clause 16. The company management achieves an open and honest dialogue with the employees and the other interested parties by ensuring the observation of all human rights and freedom.

Chapter VI

APPLYING OF THE CODE

- Clause 17. The current code of conduct was verified by Ordinance of the Executive Director of Progress JSC.
- Clause 18. The execution of the CC clauses is obligatory for conduction for all employees in the company.
- Clause 19. The control of CC' execution is assigned to the company management and the representatives of the workers and employees .
- Clause. 20. In case of ascertained violations of the CC rules, the employees which found the offence can report by one of following ways:
- to acknowledge the supervisor and/or representative of the workers and employees;
 - in written form in the boxes for opinions and suggestions, placed on the company territory.
- Clause 21. All signals for violation are communicated to the Executive Director for taking



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action.

Clause 22. Specimen of the Code of Conduct remains at disposal to the employees of “Human resources”.



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CORPORATE SOCIAL RESPONSIBILITY POLICY

The Progress management declares before all interested parties its engagement for responsibility regarding following:

- ❖ Observation of the national laws and regulations concerning the company activity regarding working hours, overtime work and worker's wages.
- ❖ Non-admission of the use of child and forced labor including the prisoner labor. The employees and workers labor is just on a voluntary basis.
- ❖ Observation of the employees' rights to exercise their legal claims for freedom of association and collective bargaining.
- ❖ Observation of the employees' rights for equal access to employment and education corresponding to their qualification. The appointment, promotion and education doesn't depend on age, class privilege, physical disability, ethnical and national origin, sex, membership in working organizations, incl. labor unions, political affiliation, race, region, sexual orientation, social origin and other personal characteristics.
- ❖ Observation of the national laws and regulations regarding working conditions, in accordance with the BS HSAS 18001 requirements. Ensuring of a safe working environment as well as the safety of the company employees.
- ❖ Observation of the national laws and regulations regarding environment in accordance with the requirements of EN ISO 14001.
- ❖ Maintenance, development and improvement of beneficial, transparent and fair relationships with owners, suppliers, customers, employees, the society, the local government, NGO's, business associations, educational institutions etc.
- ❖ Non-acceptance of corruption and conflict of interest.
- ❖ Conduction of an active dialogue and exchange of information with employees, workers and the other interested parties.
- ❖ Respect to the international agreements and their interpretation in the sphere of the social responsibility.
- ❖ Revision of the social policy aiming it's continuously improvement, accounting the changes occurred in the legislation and the requirements of the interested parties.

March, 2014

Executive Director