



## COMMUNICATION ON PROGRESS REPORT

**Name of the participating company/organization:**

Pension Assurance Company "Doverie" AD

**Country:**

Bulgaria

**Sector:**

Financial services

**Reported period:**

2009

**Statement of continued support for the Global Compact, by the CEO Mrs. Daniela Petkova:**

*"It has already been a year since Pension Assurance Company "Doverie" joined the UN Global Compact - a strategic policy initiative for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles of corporate social responsibility. These principles have always guided the actions of all people working for PAC Doverie. They are part and parcel of the investment policy of the company as described in the Regulations for the organization and operation of each of the Funds managed. Already with the adoption of these Regulations PAC "Doverie", with full awareness of the risk that such decision may lead to loss of profits recognizes these principles and voluntarily commits itself to implementing them in the name of consistent socially responsible policy. Later, they underlie the company Code of Ethics, but that is only a formalization of an activity that it has long developed in this direction.*



*Achievement of leading market position, realization of high profits, payment of dividends to shareholders, etc. are certainly very important things for every business, but they have never been and they cannot be a strategic goal and reason for the business decisions of PAC Doverie AD. They are just an excellent measure of the achievement of goals and the accuracy of decisions, but the strategic aim of PAC Doverie AD has always been, and remains, to create satisfied customers*

*In general, it is natural for people to have certain needs and necessities and when a business organization offers them the means to meet them these people become its customers. Concerning supplementary pension insurance in Bulgaria, people still have not fully realized the need for this product and most of them use it only under the requirement of the law. To make satisfied customers of such people is a real challenge and the only chance for success is PAC Doverie to become a synonym of trust for everyone and everything. That means uncompromising integrity in every aspect and at any time, it means respect for people and care not to harm them, even unintentionally, it means high professionalism and competence, it means social responsibility, it means prestige.*

*It means all these things not just as beautiful-sounding words, but as values which underlie every decision and every action of every employee in every issue and every day. Adherence to these values has always been a leading principle in our work since the day of the establishment of the Company in 1994. In 2008, these values found their formal expression in the adoption of the Code of Ethics and the Rules on personal transactions with financial instruments - two documents that have brought together all those basic principles of honesty, loyalty, responsibility and transparency to which everyone working for the Company has always adhered and will always adhere with one single purpose: to justify the trust of more than 1,300,000 people who have chosen to entrust their future to us in the form of their retirement savings. The principles that lie at the heart of the Global Compact.*

*PAC Doverie is also the only pension company in Bulgaria that has adopted, disclosed and officially registered with the Financial Supervision Commission ethical*



*rules for the investment of the assets of the managed pension funds. Managing its activity, PAC Doverie accurately selects its partners. No matter how much profit could be missed if any partnership does not comply with the accepted principles of social responsibility of business set out in the ethical rules.*

*In Bulgaria, many people, companies and organizations, including authoritative, strong and very famous foreign brands operating in the country take a stand against the illegal origin of some Bulgarian personal and corporate wealth and against corruption, but still few of them are ready to take concrete actions in this regard (beyond participation in seminars and public discussions on the topic). Even fewer are those willing to go short of profit and miss a deal in the name of the fight against those vicious phenomena in our society, which actually legalizes, legitimizes, and sometimes further enriches the other party, which unfortunately is often one of those for which there is not enough information about their clean past, or for which there is sufficient information and doubts about participating in illegal and corrupt schemes financially damaging the state and undermining its credibility.*

*In PAC Doverie we believe it is our duty to customers and our social duty when we invest milliards of pension savings of Bulgarian citizens and our own company funds, to never allow ourselves investment in or through companies for which there are reasonable assumptions that the source of their funds is of illegal origin or companies suspected of being involved in corruption schemes. This is a management practice to which we have adhered for years, not merely in word but also in deed. For this reason we have rejected many deals and investments with potentials for bigger profit or other benefits: real property transactions, purchase of stocks, corporate bonds financing, consulting contracts, etc.*

*Regretfully, we have seen how after our refusal these transactions have been realized by other big, respected institutions and well-known companies and we are convinced that until managers of businesses in Bulgaria become allies in their intolerance to these negative social phenomena, but intolerance expressed in actions, not just in words, these phenomena will continue to exist. We know well that*



*at this stage the result of adherence to such management practices can not only bring unrealized profit. We know well that at this stage the result of adherence to such management practices can bring also problems. We have had and still have such, but we shall continue to stick to our principles and we hope to find more and more adherents.*

*We regard as our commitment within the UN Global Compact not only to continue to stick to the basic principles professed by all members of this initiative, but to use every opportunity to attract other companies and organizations to start sharing these values.”*

\* \* \*

Pension Assurance Company “Doverie” was established on May 9, 1994. It offers mandatory and voluntary complimentary pension assurance.

### **Our mission**

Life is full of events and experience, of success and failure. Our plans do not always materialize the way we expected. It is hard to make forecasts even for tomorrow, to say nothing for years ahead. That is why we work hard for you to worry less about your future. And we give much of ourselves so that the old age becomes a period of life full of dignity, pleasure and ease.

We know that the business we are in is related mostly with money management, but we know even better that it has far more significant social dimensions, that the results we achieve will bring more smiles and security for thousands of families.

We believe that our activity is based on responsibility - towards those who have devoted part of their road of life to work for the company, to every one of those who



have chosen to be our clients, to those who are still not, to the people that have invested in our business and expect to profit from it.

The understanding of that responsibility leads us naturally to the selection, training, creating an appropriate working environment and development of specialists sharing our common values. That understanding also underlies the entire public presence of the Company; it determines our attitude towards clients, society, laws and institutions, and towards ourselves. It makes us work effectively to the limit and achieve significant results that would satisfy each one of our clients, employees and shareholders.

Since for us people are the most important capital of a firm, we constantly and regularly invest in forming professionals and teams of competent, motivated, purposeful, loyal and work-dedicated people. Each of them with his/her individuality, ambitions, faults and achievements is part of PAC Doverie, embeds his image into the image of the company and thus the company grows and develops open and straightforward, subject to the daily judgment and rating of government institutions, the financial markets, the competition, the shareholders, the clients and society as a whole.

And that rating binds and motivates, it is one of the most powerful spurs for development. That is why we go ahead striving to offer better and better investment results, better customer service, better transparency, stability and professionalism.

That is our mission and responsibility - to always succeed in our commitment to you, our clients. That is who we are, that is PAC Doverie, and with the whole authority and belief in the rightness of what we are doing, we suggest that you and us can talk with confidence about the future.

### **Our values**

*Stability:* During the 15 years since it's establishment PAC Doverie grew into one of the biggest financial institutions in the country. Its stable development is guaranteed



both by the investments in the growth and modernization of the company made by its major shareholders, and by the company's leading position in the market, which allows good return on investments and realization of own investment programs.

*Loyalty:* PAC Doverie does everything necessary to stand upon the rights of its clients before the legislative and the executive powers and to protect them against pressure on the part of employers or competition. Along with that, the major priority in our activity is to offer our clients high-quality service with the help of our specially designed programs, making them feel special and privileged.

*Flexibility:* Regardless of its scale PAC Doverie has always strived to react promptly to the market changes and novelties. The Company constantly improves by introducing and applying most up-to-date technologies, expanding its sales network, maintaining dynamic feedback with its clients. Thus we are any time ready to meet the growing demands to the products and services we offer.

*Transparency:* The swift and easy access to information about the Company and the pension funds under its management is the basis of our interrelations with our clients. To facilitate its clients Doverie has opened 60 offices, a twenty-four-hour call center, a web center, a possibility to check one's individual account by SMS. The company issues printed materials and regularly informs in writing the employers and members about the development and the changes in it. Along with that the activity of the company is periodically audited and supervised both by the state controlling bodies, by the internal control systems, external auditors and agencies specialized in assessment and conferment of credit ratings.

*Professionalism:* PAC Doverie has employed over 200 qualified specialists in the sphere of finance and accounting, information technologies, marketing and logistics. The management of the pension funds assets is assigned to an investment team of internationally acknowledged professionals - Chartered Financial Analysts (CFA),



licensed financial consultants and security brokers, etc. That guarantees successful management of the assets of the insured persons, quality customer service and sustainable development.

*Efficiency:* PAC Doverie invests effectively and securely the funds of its members. Thus the members' savings grow steadily in time keeping and increasing its purchasing power.

*Self-perfection:* Guided by the idea that it can never stop its development, PAC Doverie realizes training programs for its employees, designs new products and investment decisions. That enables us to be always one step ahead of the competition and offer the best conditions for our clients.

*Selflessness:* The corporate culture built in PAC Doverie presupposes full commitment of the employees to the job they are engaged in. Each of them is conscious of his/her role in the mission of the Company to educate, introduce and develop a product that is new for the country and gives his/her best for the common success. Thus the people working for PAC Doverie develop as the best specialists in the sphere and the clients of the Company receive modern and high-quality service.

### **Our investment policy – a consistent socially responsible policy**

Being conscious of the responsibility we bear before the people who have chosen to entrust their pension savings to PAC Doverie, we invest the money of the insured persons in strict compliance with the following basic principles:

- *Profitability and security:* achieving maximum return at relatively low risk level;
- *Diversification:* including in the portfolio different types of investment instruments in order to minimize risk, according to the *don't-keep-all-your-eggs-in-one-basket* wise saying;



- *Investments within the legal framework:* strictly observing the provisions of the Supplementary Voluntary Pension Insurance Act aimed at greater security of the insured persons' funds.

The investment portfolios of the pension funds managed by PAC Doverie are well diversified, achieving the desired balance between risk and return within the framework of the approved investment policy and strictly observing not only all the basic restrictions imposed by law, but also the principles of corporate social responsibility. These principles are an important part of the official investment policies of all the three pension funds, managed by the Company – General, Professional and Voluntary PF. Investment policies that are fully transparent and published on our website.

PAC Doverie, with full awareness of the risk that such decision may lead to loss of profits recognizes these principles and voluntarily commits itself to implementing them in the name of consistent socially responsible policy. Our Company is the only pension company in Bulgaria that has adopted, disclosed and officially registered with the Financial Supervision Commission ethical rules for the investment of the assets of the managed pension funds. Managing its activity, PAC Doverie accurately selects its partners. No matter how much profit could be missed if any partnership does not comply with the accepted principles of social responsibility of business set out in the ethical rules. We believe it is our duty to customers and our social duty when we invest hundreds of millions of pension savings of Bulgarian citizens and our own company funds, to never allow ourselves investment in or through companies for which there are reasonable assumptions that the source of their funds is of illegal origin or companies suspected of being involved in corruption schemes.

### **Our clients and their rights – our principal commitment**

Part of our activities, regarding protecting the rights of our clients is always providing them with detailed information about how their money is being invested. In 2009, for the first time on the market in Bulgaria, the Company started providing the





opportunity to every client to be able after an easy and secure registration to get access to a very detailed information about the asset management of the pension funds or, in other words, to know how his/her money has been managed. The information in this special section, called Analysis - How we manage your funds is updated monthly and the kept archive allows making comparison with past periods. The most important element of that service is the calculator that enables the insured person to calculate the yield of the respective fund for the particular (individual) period of insurance.

A central place on the home page of our site is also given to direct links to the *Mission*, the *Code of Ethics* and the *Rules regarding private transactions with financial instruments*, the three documents containing the major principles that all employees of the Company are bound to follow with the one and only aim to justify the trust and the expectations of those who have chosen us.

We have a large range of special programs, especially designed for our clients:

#### *Your Rights*

Your Rights is a program developed especially for the purpose of protecting and helping the clients of the Company to maintain their rights as insured persons.

The program emphasizes on:

- Prevention of forgery through the possibility of entering a specimen of the signature of the insured person and its preservation in the information system of the Company;
- Support to the company clients in their interrelations with government institutions - the Financial Supervision Commission, Economic Crime Police Department, Prosecutor's Office, etc. in case of abuse of their rights or personal data.

#### *Pension Consultants*



We offer individual advice to clients of the funds managed by Doverie who are about to retire soon and will have to take the optimal decision for getting the desired pension benefit amount.

We also present information and advice to employers making voluntary pension insurance in favor of their employees. Every month they receive their *Pension Journal* containing information about the remitted funds and the rights deriving from them for their insured employees. Every employer that has concluded contract for voluntary pension insurance with PAC Doverie in favor of the employees has his own pension consultant: an officer of the Company that he may address concerning every issue of interest for him.

#### *Active Care*

Our mission is to guarantee security and manage effectively the assets of Doverie's clients. The values we stand for oblige us to strive at making our best efforts for their benefit. Thus we developed the Active Care program to give them the opportunity to buy goods and services at preferential prices - an additional privilege for our clients.

#### *Perfect Compliance*

The program covers the performance of the duty to present information to the Company clients in compliance with the operating legislative acts regulating supplementary pension insurance activity:

- Sending to the fund members statements of their individual accounts by May 31 every calendar year, with information about the flows in the account from January 01 to December 31 the previous year;
- Publication in a national daily newspaper of the unit value valid for the last working day of the previous month;
- Publication in the website of the Company of information about the annual results;
- Publication of information about amendments to the regulations of the pension funds in two national daily newspapers;



- Publication of the annual reports and balance sheets of the Company and the pension funds under its management in the State Gazette and the Company website.

### *Total Access*

The program covers the overall information servicing of clients related with giving full access to information about the individual account accumulations, answering clients' questions, presenting additional information about PAC Doverie and the pension insurance system as a whole. The program includes:

- on-line services offered through the internet site of the Company - checking up the balance in the individual account, the list of formally distributed people, examination of applications for switching participation, asking questions on-line;
- 24-hour call center, where the clients may get information about the Company and all issues related with supplementary pension insurance automatically or from one of the consultants working there round the clock.
- checking up the balance in the individual account (IA) by SMS. The service includes a check-up of the individual account accumulations by sending SMS.
- "Days of Trust" - reception days when the clients may come and ask their questions to specialists and receive the information they need as well as advise on issues related with their status of insured persons and also check their individual account on the spot.

### *ATM transfer of contributions*

Our clients can make their voluntary pension assurance contributions also through the ATMs of UBB. This option is completely free for all customers of Doverie wishing to spare time and efforts for making their contributions by bank or in cash.

At the end of the 2008 PAC "Doverie" proved that our clients' interest is its absolute priority. Since the achieved yield as a result of the financial crisis affected most the interests of the people receiving pensions from the voluntary pension funds, the



Company made a decision, irrespective of the yield, to keep the amount of the pensions paid from Doverie Voluntary Pension Fund in 2009 same as it was in 2008. For that purpose the Company transferred about BGN 600,000 from its own funds to the pension reserve. In connection with the effect of the world financial crisis on the yield of the pension funds the pensioners of Doverie VPF also received a Christmas bonus equal to the amount of their monthly pensions.

### **Participation in cultural life**

The Company has also a policy, supporting projects in the cultural sphere. In 2009 we continued with the tradition of sponsoring numerous events, like, for example the “CIOFF World Folkloriada” and the “Viva l’opera” concert in memory of the great Luciano Pavarotti among others.

### **Supporting educational projects**

For one more year PAC Doverie was a general sponsor of the participation of the Bulgarian National team in mathematics in an international Olympiad. The Company has prepared for the children an award which was to be distributed between the winners in the Olympiad in the form of separate prizes. Besides, we has provided to the National Team the entire amount necessary to cover the travel and all other expenses for the children's stay abroad.

In 2009 we also went on with our project “*Professional guide*” especially designed to, in collaboration with numerous higher education institutions, train their students to use their labor rights from the very first moment they join the labor market.

### **Our employees – our advantage**

PAC Doverie’s employees are highly skilled people with proven capacities. We know It is them who hold the key to meeting the challenges of tomorrow. The Company



operates an active HR management policy that includes a plan for employment and career development, the criteria being absolutely transparent to the employees. We also have clear rules regarding working hours, breaks, paid holidays, extensive social policy, skills development programs etc. especially designed to ensure our employees are well-equipped to rise to the technological and organizational challenges they will encounter throughout the course of their careers. Being able to focus on a priority and stand back from another in line with our strategy is a considerable source of efficiency for the Company and of skills development for employees. And, in order to always being aware of our employees' opinion, there is a formal representation of them in the management team of PAC Doverie.

All the information and details on the Communication on Progress of PAC Doverie will be available on our internal site and our official internet site [www.poc-doverie.bg](http://www.poc-doverie.bg)

**Contact persons:**

Daniela Petkova - CEO

Miroslav Marinov - Deputy CEO and CFO

Vladimira Dimkova - Internal communication director

PAC Doverie AD

5 Dunav str.

Sofia 1000

Bulgaria

E-mail: [head@poc-doverie.bg](mailto:head@poc-doverie.bg)

Tel.: +359 2/ 937 50 11