

Communication on Progress  
in implementing the principles of the United Nations  
Global Compact  
2011



This is our **Communication on Progress**  
in implementing the principles of the  
**United Nations Global Compact.**

We welcome feedback on its contents.

## Contents

<b>A Statement of Management’s Commitment to the Ten Principles of the UN Global Compact .....</b>	<b>3</b>
<b>Section I. Human Rights .....</b>	<b>4</b>
Company Policies and Commitment.....	4
Events.....	4
Results.....	4
<b>Section II. Labor .....</b>	<b>5</b>
Company Policies and Commitment.....	5
Events.....	5
Results.....	7
<b>Section III. Enviroment .....</b>	<b>8</b>
Company Policies and Commitment.....	8
Events.....	8
Results.....	8
<b>Anti-Corruption.....</b>	<b>10</b>
Company Policies and Commitment.....	10
Events.....	10
Results.....	11
<b>Contacts.....</b>	<b>12</b>

## A Statement of Management's Commitment to the Ten Principles of the UN Global Compact

We are pleased to present our second corporate social responsibility report, which highlights the progress Conclav Capital Ltd. has made in implementing the Ten Principles of the UN Global Compact in 2011.

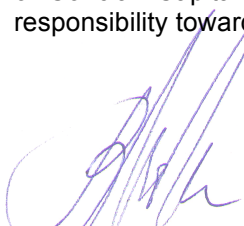
Conclav Capital Ltd. is an investment and finance company specialized in providing consulting services and investment solutions, which help our customers, achieve their objectives and accomplish their projects. The name "Conclav Capital" has been known across the Russian market since 1996.

In January 2010 by the decision of the Board of Directors we joined the UN Global Compact. However, the corporate social responsibility record of Conclav Capital Ltd. began long before that moment. During the fifteen years of our successful work we have been seeking to establish ethical relationships with our customers, partners, and government bodies, to be environmentally friendly, and to take care of our employees. Thus our joining the Global Compact has become a logical and natural continuation of our work toward sustainable development of our company and society as a whole.

The present report aims to prove that social security constitutes an integral part of our corporate culture and of our long-term development strategy. During the review period, notwithstanding the global financial crisis, we have raised our employees' salaries, invested into development, encouraged and assisted our employees in their professional growth, participated in charity events, and made charitable contributions.

Following the business principles of customer orientation, professionalism, and building corporate culture and traditions, we have ensured absolute compliance with the requirements of the highest international standards and norms, the legislation of the Russian Federation on the quality of service provided, social responsibility within the company, and responsibility towards the society and country as a whole. Our employees and customers have been offered yet more possibilities for their personal and corporate development.

Today our organization is keeping in line with the main idea of the UN Global Compact: to achieve commercial success on the precondition that human values are respected and preserved. The social responsibility priorities of Conclav Capital Ltd. are the quality of services we provide, social responsibility within the company, and responsibility towards the society as a whole.



Vadim V. Kovalenko  
Chief Executive Officer  
Conclav Capital Ltd.

December 30, 2011

## Section I. Human Rights

<b>Principe 1.</b>	<b>Businesses should support and respect the protection of internationally proclaimed human rights.</b>
<b>Principe 2.</b>	<b>Businesses should make sure that they are not complicit in human rights abuses.</b>
Company Policies and Commitment	<p>Although Conclav Capital Ltd. is a commercial organization whose business activities are not supposed to address social problems, the company management and employees recognize, respect, and support the human rights declared by international community.</p> <p>An important aspect of Conclav Capital Ltd. business activities is its responsibility towards the society to ensure sustainable progress primarily by joining relevant social values and guiding lines.</p> <p>To implement the principles of the UN Global Compact, all relationships within the company, relationships with customers and business partners are based on the principle of respect for human rights.</p> <p>Conclav Capital Ltd. is a socially responsible entity; therefore in conducting our business activities we respect and comply with:</p> <ul style="list-style-type: none"> <li>• the Constitution of the Russian Federation;</li> <li>• Labour Code of the Russian Federation;</li> <li>• Human Rights Principles proclaimed by the Universal Declaration of Human Rights;</li> <li>• the ILO Declaration on Fundamental Principles and Rights at Work;</li> <li>• internal documents like the Code of Conduct, etc.</li> </ul> <p>In addition to the above-mentioned documents, Conclav Capital Ltd. is also guided by the Universal Declaration of Human Rights, adopted as a resolution of the United Nations General Assembly, United Nations Charter, the International Covenant on Economic, Social and Cultural Rights, the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, and other international and national legislative and standard acts adopted to ensure respect for human rights.</p>
Events	<p>In 2010 the company management introduced a Code of Corporate Ethics, which establishes the core values underlying the company activities. All the company employees have been following the Code regulations throughout 2011.</p> <p>Conclav Capital Ltd. really values its employees since they constitute the basis for the company successful development and strives to provide an operating context in which they could reveal their abilities and skills in an open and creative working environment. Relationships inside the collective and with the outside world are built regardless of race, colour, sex, language, religion, political and other views, as well as social, property, or other status.</p> <p>Conclav Capital Ltd. contributes to prevent any form of discrimination and forced labour; we do not use child labour.</p>
Results	<ol style="list-style-type: none"> <li><b>1. No case of human rights infringement or employees discrimination has been detected since the company's foundation.</b></li> <li><b>2. All the company's employees and partners are entitled to fair treatment regardless of race, ethnicity, gender, cultural, and any other affiliation.</b></li> <li><b>3. The company's employees enjoy all the rights granted under international law and national legislation, including labour rights, which are formalised in their personal employment agreements.</b></li> </ol>

## Section II. Labor

<b>Principe 3.</b>	<b>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</b>
<b>Principe 4.</b>	<b>Businesses should uphold the elimination of all forms of forced and compulsory labour.</b>
<b>Principe 5.</b>	<b>Businesses should uphold the effective abolition of child labour.</b>
<b>Principe 6.</b>	<b>Businesses should uphold the elimination of discrimination in respect of employment and occupation.</b>
Company Policies and Commitment	<p>Conclav Capital Ltd. upholds the freedom of association and recognizes the right of its employees to collective bargaining, does not use child labour or any form of forced labour, and guarantees the absence of discrimination in respect of employment and occupation.</p> <p>Conclav Capital Ltd. values its employees and takes care of them by constantly helping them to increase their professional level, motivating them, and making the work environment increasingly favourable.</p> <p>The main principles in the sphere of human resource management are compliance with the current labour legislation and respect for human rights, ensuring competitive remuneration for the employees according to their professional level, work complexity, and level of responsibility.</p> <p>The HR policies of the company are aimed at helping the employees to reach their professional potential and ensuring a favourable climate within the company. The basic principles of our social policy are: increasing social protection of our employees, providing safe working conditions, and giving opportunity for career advancement.</p>
Events	<p>Conclav Capital Ltd. participates in a number of associations and unions whose activities are aimed at promoting better interaction between businesses and the government, introduction and development of theory and practice of effective management, corporate social responsibility, as well as improving investment climate and business legal framework. Our employees are members of the Managers Association of Russia and the Independent Directors Association.</p> <p>The company staff totals 20. The small but permanent number of employees allows for an individual approach of the company management to its employees, which helps to prevent possible labour rights infringement or any form of discrimination. The company management is always open towards any suggestions and requests of the employees, and appreciates innovative and non-standard approaches to problem solving.</p> <p>A due level of protection and upholding the rights of the employees is guaranteed on every stage of interaction between the employees and the company. All the employment within the company is regulated by personal employment agreements, Labour Code of the Russian Federation, and other regulations.</p> <p>In the process of hiring new employees the company is guided by their business, professional, and other qualities relevant to the proposed work, and does not admit any form of discrimination in respect of sex, age, ethnicity, religion, or any other affiliation. The company grants fair possibilities and equal treatment in the process of hiring and work.</p> <p>One of the main tasks of Conclave Capital Ltd. is providing social well-being and decent living standards for its employees.</p> <p>Remuneration system is fair and transparent. The company ensures equal remuneration to men and women employees for work of equal value. This principle is implemented by using a unified rate schedule to remunerate employees of all categories regardless of their sex. The salaries are set according to professional qualification and level of responsibility of each employee.</p> <p>The salaries of the employees are increased annually. One of the criteria is the level of earnings in the city of Moscow. We always try to offer more than other companies in the</p>

field, thus attracting highly qualified and motivated employees, and making them stay.

The salary percentage increase and promotion are directly connected with the results obtained by each employee, with their contribution to the company's success. To that end, the system of annual assessment of the personnel efficiency is used.

In building work relationships with our personnel priority is given to enhancing motivation, improving qualifications and skills, career advancement, and long-term prospect of development for each employee within the company.

Conclav Capital Ltd. seeks to create favourable conditions for its employees to reveal their abilities and talents, for their professional and personal growth. Investing into human potential we contribute to sustained development of the company and society.

We conduct staff assessment annually which enables us to discover professional and leadership qualities of our employees and to estimate their potential. The assessment results are subsequently used to elaborate individual development programs, and the employees are assisted in their fulfillment.

The company pays for its employees to attend professional courses, trainings, and seminars.

We take care of our employees' health:

- all the computers used in our company have highest safety levels and LED TFT monitors;
- all workplaces have sufficient lighting;
- in our office we use energy efficient light bulbs of the new generation which do not deteriorate vision and save energy;
- the office is dusted and cleaned every day;
- the office is furnished with the most modern air-conditioners and air-purifiers;
- our employees are provided with regular meals; the company continuously monitors the market of food suppliers and selects those who offer the best quality. The choice is made based on the requirement that the supplier provides all the necessary documentation and certificates of quality, as well as on personal preferences of the employees.

The newly recruited employees are required to receive labour safety instructions followed by an examination on labour safety.

Corporate events aimed at boosting the company spirit such as celebrating state, corporate, and professional holidays, sports competitions, and outdoor activities are held on a regular basis, which contributes positively to the employees' health.

We are deeply convinced that we can win confidence and build a close-knit team by making relationships within the company transparent and open, by establishing a continuous dialogue between the management and the employees.

The company has a well-developed Intranet. The employees can access the documents and contracts they need on the internal web server.

The employees are continually informed about the events and processes taking place in the company; the results achieved during the reporting period and future plans are announced at corporate meetings held on a regular basis.

Conclav Capital Ltd. realizes the high degree of social responsibility it has and does not evade charity work aimed at helping children and protecting their rights. Every year the company participates in charity events and donates to the United Nations Children's Fund (UNICEF). Also, in 2011 we made a contribution to the Museum of Entrepreneurs, Maecenases, and Charity Providers, a unique museum in Russia which keeps historical records of Russia's age-old traditions of charity and arts patronage.

**Results**

1. **Our company does not use forced or compulsory labour in any form.**
2. **Our company does not use and neither approves of using child labour.**
3. **Our employees have every chance to develop their skills and competencies by attending various training courses and educational events both inside the company and held by outside organizations specializing in the sphere.**
4. **Business activities of our company are based on the principles of equal possibilities and transparency of relationships both within the company and with business partners, customers, and suppliers.**

### Section III. Environment

Principe 7.	<b>Businesses should support a precautionary approach to environmental challenges.</b>
Principe 8.	<b>Businesses should undertake initiatives to promote greater environmental responsibility.</b>
Principe 9.	<b>Businesses should encourage the development and diffusion of environmentally friendly technologies.</b>
Company Policies and Commitment	<p>Conclav Capital Ltd. does not conduct any production activities, so the impact it makes on the environment is quite insignificant.</p> <p>Conclav Capital Ltd. is a socially responsible company which is not indifferent to environmental and ecological issues; therefore we do everything we can to minimize any negative effect on the environment. In particular, we use energy-saving technologies, recycle, and we have greatly reduced our use of paper (paperless office concept).</p> <p>Conclav Capital Ltd. corporate policies are aimed at raising environmental awareness among the employees and introducing an environmental aspect into corporate culture.</p>
Events	<p>Our company office uses solely energy efficient light bulbs of the new generation and TFT monitors which are more energy-efficient; we use refillable cartridges for our copiers and printers. The electronic document management system helps us reduce the company's consumption of paper to the minimum. However, when we need to print something we use recycled paper. Green e-mail signatures used by our employees are their contribution to advocating economical use of paper. In the office our employees use only environmentally and health friendly daily use products made from ecologically pure materials using safe technologies.</p> <p>The company strives to make its business more environmentally responsible, so the management pays special attention to ecological risk assessment while dealing with customers. A special place in the customer portfolio is given to the projects, which involve installation of energy efficient technologies and use of sustainable energy sources.</p> <p>The company encourages its potential customers to take measures aimed at minimizing power consumption and increasing power efficiency. We guarantee that all the projects in which Conclav Capital Ltd. participates are ecologically neutral. It means that the pollution caused by the activities will be within legal limits, the use of more eco-friendly technologies and sustainable sources will be encouraged, the waste will be minimized, and renewable and recyclable resources will be used. If due to some reasons the activities in which the company participates imply undesirable environmental consequences or health and safety implications, their impact must be fully understood, clearly determined, well founded, and mitigation or compensation measures elaborated.</p> <p>Currently, Conclav Capital Ltd. acts as the initiator and financial advisor to a number of projects, for example, construction of wind energy systems (wind farms) on the basis of large industrial enterprises on the territory of the Russian Federation; fund raising and assistance in purchasing plant protecting agents.</p> <p>The specific nature of the company's business activities enables it to support and implement projects aimed at improving environmental conditions and producing ecologically friendly products, which certainly manifests the social attitude of the company in addressing the problems of the world.</p>
Results	<p>Conclav Capital Ltd. makes yearly contributions to the World Wildlife Fund (WWF) in Russia.</p> <ol style="list-style-type: none"> <li data-bbox="384 1787 1493 1870">1. <b>The company has provided the required basis for the use of ecologically friendly technologies and minimization of the harmful impact of economic activities on the environment.</b></li> <li data-bbox="384 1892 1493 1975">2. <b>Conclav Capital Ltd. seeks to cooperate with customers and partners for whom environmental issues and ecological safety are of prior importance in their business activities.</b></li> <li data-bbox="384 1998 1493 2033">3. <b>The company makes use of the most advanced technologies of electronic</b></li> </ol>



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**document management system and encourages minimization of paper use (paperless office concept).**

## Anti-Corruption

Principe 10.	Businesses should work against corruption in all its forms, including extortion and bribery.
Company Policies and Commitment	<p>Conclav Capital Ltd. values its business reputation and strives to be a reliable and respectable partner and employer. The company is guided by moral values of conducting business and seeks to build long-term and stable relationships with all the stakeholders based on mutual trust, complete fulfillment of obligations, openness and flexibility.</p> <p>The company aims at establishing and maintaining a corporate culture intolerable to corruption in all its forms, including extortion and bribery.</p> <p>The company complies with the legislation of the Russian Federation and relevant regulations; it maintains a high level of business ethics including maintenance of confidential information.</p> <p>The company advocates transparency in conducting business and strict compliance with the national legislation in the fight against corruption.</p> <p>One of the main principles of Conclav Capital Ltd. is complete openness of information and access to information which is not commercially confidential.</p> <p>The company management is committed to ethical principles of conducting business and pays great attention to compliance with the 10th Principle of the UN Global Compact as part of a series of measures to protect its reputation and interests of employees and shareholders.</p>
Events	<p>The basic internal regulatory documents defining management procedures and rules of conduct for the company are the Articles of Association, the Board of Directors Charter, Regulations on Internal Control of Financial and Economic Activities, and Privacy Statement.</p> <p>Conclav Capital Ltd. deals with its customers, business partners, suppliers, competitors, and employees, acting on the principles of fairness and openness.</p> <p>Our employees are informed about the company's anti-corruption policies and regulations and are regularly briefed on the prevention of corruption and malpractice.</p> <p>Our employees can freely report suspected corruption to the company management.</p> <p>The company representatives act on the principles of fairness and honesty. Customer information is confidential except where disclosure of this type of information is required by law or approved by the customer.</p> <p>In the process of choosing new business partners and making contracts Conclav Capital Ltd. is guided solely by business interests and principles of fair competition. Procurement procedure is open, which enables the company to choose the most suitable business partner.</p> <p>All monetary transactions of the company are conducted in compliance with the law of the Russian Federation. Payment for products and services is made to contractors' accounts except where exist legitimate reasons for alternative payment methods.</p> <p>Employees' remuneration is effectuated to their electronic cards in the banks with which the company signed respective agreements.</p> <p>Conclav Capital Ltd. has not been involved in fraud; it uses an effective control system which counteracts potential fraud on the part of the employees or any third party. The company assets and funds are used for business purposes only and never for personal benefit.</p> <p>Conclav Capital Ltd. provides true and reliable information on its products and services. The company web-site informs about the company activities and products.</p> <p>The company encourages feedback from its customers and business partners. If you need more information about the company, want to apply, or have a claim, you can do it by</p>

telephone, e-mail, ordinary letter, or visit the office personally.

Every year Conclav Capital hires an independent auditor to examine its annual accounts. In 2011 the company "Ernst and Young" was appointed as external auditor on the basis of competitive tendering.

## Results

- 1. No case of corruption has been detected in Conclav Capital Ltd.**
- 2. Compliance with the Code of Conduct and the principles of fair business, the 10th Principle of the UN Global Compact, and such recommendations as Business Principles for Countering Bribery (Transparency International) ensures that Conclav Capital Ltd. staff observes statutory and regulatory requirements in this area on everyday basis.**

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