

## **Communication on progress achieved in 2013**

### **Samruk-Energy JSC**

Samruk-Energy JSC (hereinafter the “Company”) is the Holding Company, managing energy and coal enterprises on the territory of Republic of Kazakhstan. The mission of the Company lies in order to maintain high rates of growth of state economy and to increase standards of living of people in Kazakhstan, to provide reliable and efficient production and supply of electric and heat energy as well as coal within the frames of universal energy-environment initiatives through its stable development.

Taking into consideration the significant influence of the company on the development of all sectors of country’s economy on October 6, 2011, the Company joined the UN Global Compact, following, within its sphere of influence, the 10 principles of the Global Compact in its strategy and everyday activity.

Present communication on progress achieved in 2013 is a statement of continued support of UN Global Compact. It describes actions taken in accordance with 10 principles and their results.

#### ***Human Rights***

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

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

The Company and its subsidiaries and affiliates are fully respect human rights proclaimed at the international level and fixed by the legislation of the Republic of Kazakhstan. The main aim of the Company with regards to sustainable development in relationships with personnel is to exercise the human rights to labor.

In 2013, the Company didn’t have any incident related to the abuse of human rights of employees.

In 2013 the Company did not have any violation which affected the rights of indigenous people and minorities. The company recognizes equality of rights

and opportunities. Employees have a right of association and of assembly and conduct of collective negotiations within the limits of applicable legislation.

### ***Labour***

*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: the elimination of discrimination in respect of employment and occupation.*

The main objectives of the Company are to improve productivity, decent remuneration and ensuring safe working conditions. These goals demonstrate a commitment to social responsibility to shareholders, employees and local communities.

To regulate and protect the economic, socially labor rights and professional interests of the employees, to enforce the terms and conditions of labor contracts, 11 trade unions consisting of more than 18,000 employees operate in Samruk-Energy JSC. In 2013 they were united in «Federation of Trade Unions of Power».

Social protection and protection of personnel rights is the main concern and responsibility of the trade union organizations. The trade unions of Samruk-Energy JSC Group solve such tasks as timely response to personnel needs, achieving a balance between the interests of the parties of a social partnership.

Along with the trade union organizations, the standing Commissions on Settlement of Social and Labor Disputes were established in Samruk-Energy Group for management of social and labor relationships.

The Company and its subsidiaries and affiliates advocate an abolition of forced and child labors. The Company doesn't have any activity related to this kind of labors.

In 2013, the Company didn't have any incident related to discrimination of employees.

## ***Environment***

*Principle 7: Businesses should support a precautionary approach to environmental challenges;*

*Principle 8: undertake initiatives to promote greater environmental responsibility; and*

*Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

Being one of the biggest energy companies in Kazakhstan Samruk-Energy JSC recognizes its important role in the processes of sustainable development for the community. Environmental protection and reasonable use of resources play a significant role in the activity of the Company and its subsidiaries and affiliates. Priority directions of development and goals of the Company's activity in the sphere of environmental protection are reflected in a long-term Development strategy and Environmental policy of the Company.

The Company strives to minimize impact of its activity on flora and fauna. Special attention is paid to regions where energy assets of "Samruk-Energy" Group of Companies are located over the territories of national nature park or reserves.

The Company plans to gradually reduce impact of production activity on the environment by implementation of new technologies and application of renewable energy sources.

In 2013 the Company has implemented a project in RES area – Construction of Kapshagay solar power plant of 2MW capacity. Presently the Company implements a project – Construction of Ereymentau wind power plant of 45MW capacity (1st priority).

Within the framework of development of coal generation it is provided for application of the following "clean coal technologies", that allow increasing of Efficiency Factor of power plant, reduce fuel consumption and specific emission of greenhouse gases (carbon dioxide) and harmful substances (ash, nitrogen oxides and sulfur).

Tangible result on environment protection has been reached by subsidiary enterprises of Samruk-Energy JSC - Ekibastuz SDPS-1 and SDPS-2, which are power hearts of the state. In period from 2009 to 2013 ash-handling systems have been reconstructed and electric precipitators at all 8 functional station units

were installed. Leading clean-up systems reduce atmospheric emissions by several times, by a value around 150 thousand ton per year, what contributes to improvement of ecological situation in Pavlodar region.

### ***Anti-Corruption***

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

The Company committed itself to anti-bribery and corruption policy and excludes discrimination in labor.

In 2013 Samruk-Energy JSC has developed and approved Counter Fraud and Corruption Policy. The Policy has been elaborated to form a uniform concept of the Company employees and other persons about non-acceptance of fraud and corruption of any forms and expressions and to minimize the risks of fraud and involvement of the Company into corruption.

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The Policy has set the guidelines on counter fraud and corruption as well as management basics for prevention of fraud and corruption and their control, minimization and/or remediation of fraudulent and corruption actions.

At the end of 2013, there were no facts of frauds and corruptions in Samruk-Energy Group of Companies.