

## **Communication on progress achieved in 2014**

### **Samruk-Energy JSC**

Samruk-Energy JSC (hereinafter the “Company”) is the Holding Company, managing energy and coal enterprises on the territory of the Republic of Kazakhstan. The mission of the Company is to maintain high growth rates of the state economy, increase the living standards of population, provide reliable and efficient production and supply of electricity, heat energy, and coal within the framework of universally accepted energy-environment initiatives of sustainable development.

Taking into consideration the significant influence the company has on the development of all sectors of national economy, the Company joined the UN Global Compact on October 6 2011. Since that date the Company has followed the 10 principles of the Global Compact in its operational strategy and everyday activity.

Current Communication on progress achieved in 2014 is a statement of continued support of UN Global Compact. It describes actions taken in accordance with the 10 principles and their corresponding 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.*

In accordance with the legislation of the Republic of Kazakhstan and internationally proclaimed principles, the Company, its subsidiaries and affiliates fully respect human rights. The main aim of the Company with regards to sustainable development is to exercise the human rights of labor upon its personnel.

Since 2011 in the Company was appointed Ombudsman. In 2014, there were no cases of appeal to the Ombudsman.

In 2014, the Company had no incidents related to abuse of human rights of employees.

In 2014 the Company had no violations that affected the rights of indigenous people and minorities. The company recognizes equality of rights and opportunities. Within the limits of applicable legislation, employees have rights to associate and to assembly for conducting collective negotiations.

### ***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 include improvement of operational productivity and ensuring decent reimbursement and safe working conditions. These goals demonstrate a commitment to social responsibility to shareholders, employees and local communities.

To regulate and protect the economic, social and professional interests of the employees, and to ensure the terms and conditions of labor contracts, there are 16 trade unions consisting of more than 80% of employees (more than 19,000 persons) operate in Samruk-Energy JSC.

The main regard and responsibility of the trade union organizations are ensuring social protection and protection of labor rights. The trade unions of Samruk-Energy JSC Group solve such tasks as timely response to personnel needs, achieving a balance of interests among the parties of 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 managing of social and labor relationships.

The Company, its subsidiaries and affiliates advocate an abolition of forced and child labors. The Company has no activity related to forced and child labor.

In 2014, the Company had no incidents 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 the 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.

The Group of "Samruk-Energy" companies is taking steps to improve energy efficiency. Priority actions in this regard are the improvement and modernization of outdated electrical equipment, increasing efficiency of production, transmission and distribution of electricity and thermal energy, as well as instilling mentality of prudential attitude among the population for the consumption of electricity and thermal energy.

At present the Company is implementing a project – Construction of Ereymentau wind power plant with the capacity of 45MW (1st course).

Within the framework of development of coal generation, the following "clean coal technologies" are being implemented, which shall increase Efficiency Factor of the power plant, reduce fuel consumption and specific emission of greenhouse gases (carbon dioxide) and harmful substances (ash, nitrogen oxides and sulfur).

The project of reconstruction of equipment unit №2 of Ekibastuz SDPS-1 commissioned electrofilters from Alstom company. At the 30<sup>th</sup> of December 2014 Working Commission signed an acceptance report for reconditioning of equipment unit №2. Thus, all seven reactors of Ekibastuz SDPS-1 are equipped with modern and highly effective electrofilters.

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

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

In 2014, 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 regarding non-acceptance of fraud and corruption of any forms and expressions and to minimize the risks of fraud and involvement of the Company into such incidences.

In 2014, all employees of the corporate center and subsidiaries of the Company have been fully acquainted with the Counter Fraud and Corruption Policy.

On an ongoing basis, "Samruk-Energy" is conducting monitoring of negative publications on fraud and corruption in media in relation to the Company's and its subsidiaries officials and employees.

At the end of 2014, there were no facts of frauds and corruption in Samruk-Energy Group of Companies.