

Communication on Progress Report 2015

PASHA Insurance OJSC is a recognized leader in the insurance market of Azerbaijan. Founded on March 3, 2006, to date, the value of the company's capital is 50 million AZN. This level of capitalization provides PASHA Insurance with necessary financial capacity to perform the insurance liabilities confidently and guarantees its solvency.

PASHA Insurance offers 31 types of voluntary and compulsory insurance services for both individual and corporate customers. Over the years of operation in the insurance market PASHA Insurance established mutually beneficial partnership relations with many organizations and companies working both in the Republic of Azerbaijan and abroad.

The **values** that we've declared throughout the company are:

- Integrity & Transparency
- Customer Orientation
- Professionalism
- Team Work
- Excellence

Our mission is to exceed expectations of our most demanding customers and become their strong insurance partner through our strong financial position, high level of professionalism of our employees, outstanding underwriting capabilities and excellent customer service.

Our vision is to become the most professional and trusty insurance company in the region through achieving operational excellence.

Code of Ethics setting out the general corporate rules of the company regarding ethical behaviour, has become a worthy tool in supporting UN Global Compact principles.

Our operational philosophy is satisfaction of the requirements of both corporate and individual customers. Reaching this goal was possible due to optimization of the operational processes and high-level professionalism of our staff.

PASHA Insurance OJSC, being a member of the United Nations Global Compact organization since 2009, fully recognises and is firmly committed to the following principles of GC in the areas of human rights, labour, environment and anti-corruption:

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.

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.

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.

Anti-Corruption

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

Our company works in compliance with the Quality Management System built in accordance with the ISO 9001:2008 requirements. Such approach to work ensures the quality of our insurance products and services and their full compliance to customers' needs and expectations.

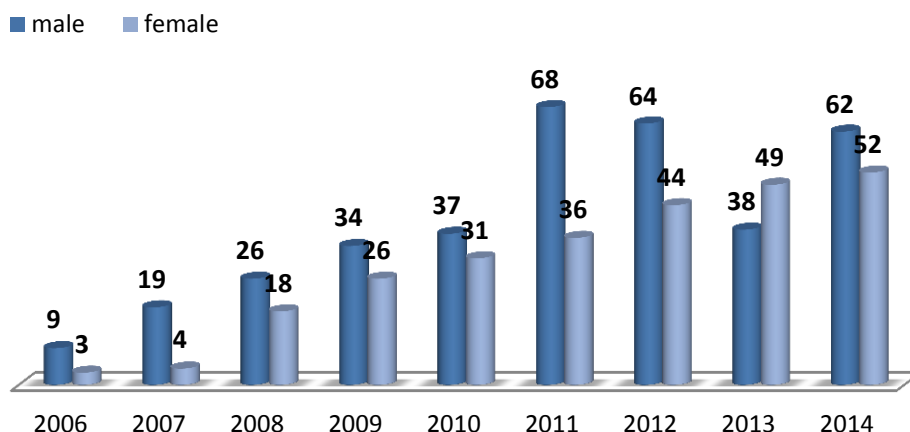
Below in the text, we introduce an overview of our actions and future goals in respect to the following Global Compact Principles:

Human rights

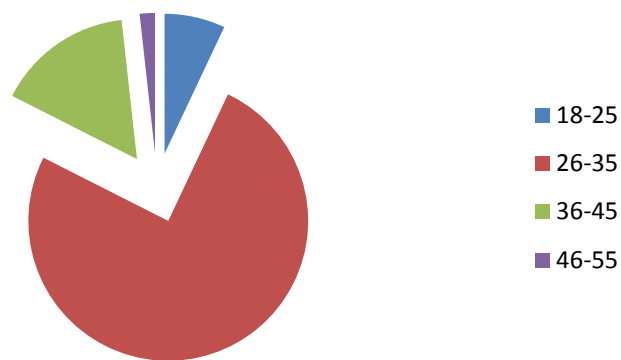
PASHA Insurance recognizes the principles declared by international conventions and has adopted the protection and maintenance of human rights as established by the Universal Declaration of 1948.

We commit to all requirements of the Law of Azerbaijan Republic and International Law standards regarding human and labour rights and support them in all our operations.

Gender indicators



Employees by ages



We will regularly review our Code of Ethics to extend its content to adequate human rights.

Labour

PASHA Insurance clearly understands that professionalism in the company's operation is achieved by company employees. It is the quality of their daily work that reflects on the overall rating of the company in the market and its financial indications. Therefore, the company strives to make every employee feel as comfortable as possible at work and creates a workplace characterised by respect for people's rights.

We treat the employees of the company as a team and we are sure whatever the strength of an individual, we will accomplish **more together**.

We provide equal opportunities for all applicants. We recruit, select and develop our people on merit – irrespective of their race, colour, national origin, religion, gender, age, marital status, disability, or any other characteristic protected by the applicable laws.

We all share responsibility for protecting people's health, safety and security at the workplace.

As an insurance company we take care of our employees and provide them with medical insurance that covers medical expenses related to hospitalization and work incapability.

Additionally, starting from the first day of employment every employee is insured for professional disability as a result of industrial accidents and professional diseases.

In order to sustain the health of our employees and clients, non-smoking policy declared by the management in the Employee Handbook.

Establishment of safe and positive working environment is key to PASHA Insurance. We implement physical and technical security, fire safety and other measures that ensure the protection of our clients and employees, their assets and valuables. All security and safety measures are completely compliant to the legal regulations.

We create environment of transparent and open communication. We conduct employee satisfaction surveys and present results to the team. We discuss and promote company's

operation philosophy, mission and values during retreats, meetings, events, etc. to ensure that everyone knows what they're working for. Having open discussions get people involved and allow them to share their views and perspectives on how to achieve company goals.

PASHA insurance is actively promoting work and life balance in order to ensure well-beingness of employee energy and mood within the organization.

We encourage employees, either as part of a team or individually, to participate in sports events organised by the company. In order to create a good working atmosphere, we uphold a tradition of organising social events on a regular basis such as company parties, team-building activities and cultural events.

Starting from May 2014 we celebrate Employee Appreciation Day (an entire day devoted to expressing thankfulness to staff) every year first Saturday of May to show the gratitude of the company to the employees for their workforce.

Continuous learning opportunities are an important motivator and a condition for job satisfaction. We pay great importance to the professional and personal development of our employees. Each new employee completes a training schedule aimed at acquiring the knowledge and skills required in several fields (commercial, technical, administration, communication, general business skills). Employees with new responsibilities or in need of developing additional skills receive appropriate internal or external training.

PASHA Insurance acknowledges that our employees are key to our success. Our aim is to be an attractive employer and we strive to attract, develop and retain qualified and motivated people in a professional working environment.

We support the international human rights and dignity of all employees as outlined by the UN declaration:

- We do not accept any use of child labour, bonded workers or forced labour.
- All employees are treated fairly and equally. We aim to create a work environment where people are respected regardless of individual differences, talents or personal characteristics.
- Our company aims to provide and constantly improve a safe and healthy workplace by ensuring safety in work processes, preventing and reacting to conditions of ill health and supporting measures to promote health and well-being.
- We are committed to providing employees with a drug-free workplace and will not tolerate any form of violence, abusive language or bullying.

As a company undertaken the UN Global Compact's principles we will continue to promote and increase transparency in employee relationships through internal communication channels in the future as well.

Environment

PASHA Insurance is committed to conducting our business in an environmentally sustainable way. We contribute to global sustainability by developing, promoting and utilizing resource-efficient and environmentally friendly services and through our actions to minimize the

environmental impact of our own activities. We constantly look for opportunities to maximize the use of best of environmentally sustainable practices in our operations.

In our own operations we aim for efficient use of raw materials and energy and we also actively promote such services to our customers

At PASHA Insurance premises we utilize systems and equipment with low level power consumption. We work hard to improve our impact on the environment by using energy and water efficiently and reducing waste and will continue our efforts towards proper waste management and efficient use of paper, energy and other resources.

PASHA Insurance keeps up recycling paper

In order to give its contribution to prevent destroying forests and climate change, a year back PASHA Insurance has started its recycling paper project. Papers used at PASHA Insurance offices are collected in recycle boxes and handed to paper recycling factory. This way, PASHA Insurance prevents wasting paper and takes its responsibility for the environment. There were recycled around 350 kg of paper for 8 months by PASHA Insurance. Project is being enthusiastically supported by PASHA Insurance team and is ongoing.

Anti-Corruption

PASHA Insurance is entrusted not to practice corruption, collusion and any other form of bribery at all. Our Company controls the best principles in the field of corporate governance implemented in accordance with the principles of good insurance practice which forbids all employees at all levels to receive gifts, money or compensations from customers or colleagues who have business relationships with the Company.

As PASHA Insurance does not tolerate any form of corruption or bribery, we progressively strive to pass on our corporate values to all employees by corporate communications, inductions and take measures of control in relation to money laundering transactions. The company regularly reports to the Financial Monitoring Service (FMS) under the Central Bank of Republic of Azerbaijan, established to implement the state policy in prevention of legalization of criminally obtained funds and other property and financing of terrorism in the Republic, improve the supervision system and coordinate the activity of relevant government authorities. In the period of 2011 – April 2014, 11 (eleven) reports have been submitted to FMS by the company. PASHA Insurance also participated in the survey of MONEYVAL (The European Council Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism) related to the assessment of system of combating the legalization of criminally obtained funds or other property and financing the terrorism of the Republic of Azerbaijan (AML/CTF) which was organized on February 19, 2014 in the FMS premises. The head of the mission expressed satisfaction with the level of cooperation between Azerbaijan and the MONEYVAL, highly appreciated the implemented reforms on AML/CTF and especially notified the achievements obtained in the fields of improvement of the appropriate legal basis, development of the institutional potential, enlightening monitoring subjects, implementing information technologies.

Additional information can be found though the link: <http://fiu.az/en>

PASHA Insurance aims to be a reliable and trustworthy partner to suppliers and contractors. We focus on long-term, good business relations and healthy cooperation. We expect our suppliers and contractors to support international standards of anticorruption and in our operations never pay, nor receive bribes or other illegal payments to obtain or retain business.

We select and evaluate suppliers and subcontractors on the basis of predetermined criteria such as quality, price, availability, delivery, reliability, service and corporate responsibility requirements, which include social and environmental aspects.

Business decisions and actions shall be based on the best interest of the company, our customers and shareholders. Therefore, decisions may not be motivated by personal relationships or interests, and these shall not affect our independent and sound judgement.

We do not enter discussions or agreements with competitors concerning pricing, market shares or other similar illegal activities and relationships with our business partners are based on mutual trust.

PASHA Insurance will endeavour to ensure the integration of the Principles of the UN Global Compact in all aspects of our operations. We believe that joining this initiative has given us an added incentive to continue our further development towards socially responsible business and in the coming period we will invest additional efforts in promoting the Global Compact Principles throughout our operations.