

Statement by the President of the Company (unsigned) to support the 10 principles of the UN.

September 1, 2015

To interested persons:

I am pleased to confirm that JSC «NC «KTZ» reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

In 2014 negative external factors had a significant impact on the economic development of Kazakhstan. As a result the reduction in demand for Kazakhstan's exports to major international markets decreased traffic volumes. Also affected by the decline in geopolitical instability and sanctions policy against Russia, a key trading partner of Kazakhstan and Central Asian countries, trade flows transiting through the territory of Kazakhstan.

Despite this, the JSC «NC «KTZ» has fulfilled all its obligations to its shareholder and other stakeholders.

In this annual Communication on Progress, we describe our actions in years 2013-2015 to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to declare membership of the Global Compact in our internet page and share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A. Mamin

President of JSC “National Company “Kazakhstan Temir Zholy”

Human rights

In JSC «National Company «Kazakhstan Temir Zholy» we support the Universal Declaration of Human rights. Furthermore, we have developed a number of major principles and core values that highlight our company's position towards the Universal Declaration of Human rights.

The company has produced such documents as: Strategy of Corporate and Social Responsibility of the JSC «NC «KTZ», the Policy of the JSC «NC «KTZ» - the Corporate Ideology and Business Philosophy, The Code of Ethics and number of other documents and policies to adhere to the Declaration of Human Rights.

In JSC «NC «KTZ» we have set up a specific services for company's employees, customers and also third parties. Such services include: hotline (+7 7172 60 40 70), and presence of the Ombudsman Institution (+7 7172 60 43 55).

Also, our Company has social programs, such as: Pensioners' care, Housing program, Care for children, Youth policy, Physical Training and sport and others.

Moreover, the Company guarantees for employees a personal reception from the executives through the operation of the Public reception. Reception of citizens is carried out according to the approved schedule by the President of the Company for the respective year.

Working conditions

JSC «NC «KTZ» a certificate of compliance with the international standard OHSAS 18001:2007 issued by international company «SGS». Results of annual internal and external audits confirm that the safety management system of health and safety in JSC «NC «KTZ» operates in accordance with the international standard OHSAS 18001:2007.

Specific character of rail industry makes solving social issue is a one of the priority areas for the Company. Railway workers works in every corner of our country in the most difficult conditions: at small stations and sidings, where considering our nature-climate conditions may have problems with housing, delivery of drinking water, medical care and etc.

The working conditions of railway workers are accompanied with a number of adverse factors such as: significant physical, psychological and emotional overloads, itinerant nature of work as well as the amount of time spent outside.

All of the above, obviously, is a major risk factor for the development of a number of diseases of respiratory, cardio-vascular, digestive, musculoskeletal systems, professional intoxications.

One of the main methods to prevent these diseases as well as their exacerbation is sanatorium-and-spa treatment for railway workers.

Every year the group of company of JSC «NC «KTZ» takes health improvement measures for workers and retirees living in different regions of Kazakhstan.

Company also, through an agreement with insurance company, provides corporate health insurance for the Company's employees and their families.

Currently signed contracts of voluntary health insurance for employees and their families, according to which the insured more than 43 000 people

Since 2010, Company is implementing a project of medical train cruising. Social project is unusual in nature, as first proposed a fundamentally new type of mobile multidisciplinary specialized consultative and diagnostic assistance of railway employees and their families, urban and rural population remote places of residence.

From July 2010 to June 2015 medical trains medical care addressed 284 133 people. Number of medical visits to specialists of train were 1 701 192.

Specialized medical trains for the period visited 929 stations in Kazakhstan.

During 2014 sanatorium treatment passed more than 9000 employees

As previously mentioned, the Company is internally and externally audited on regular bases on its working environment.

We constantly monitor and keep track of all accidents and fatalities and make sure all subsequent measures are taken in order to prevent any future possibilities for staff, customers, third parties or animals to get hurt or injured.

During 2014 in Company the occupational injuries decreased by 16.4%, 46 cases compared to 55 cases during the reporting period of 2013.

To create safe working conditions for workers in Company's planned comprehensive measures fully implemented in the field of safety and health for 2014.

Also, our Company adopted and implemented a number of social programs: social support for children of employees and veterans of the railroad; the provision of various types of material and targeted assistance; holding of cultural and sporting events; support for young workers, assistance in solving housing issues.

As part of the housing program since 2008 our staff provided more than 3000 apartments.

Ecology

Being ISO 14001:2004, ISO 9001:2008 assessed and certified, JSC «NC «KTZ» has always had environmentally friendly approach to operate and run business. The Company operates in a full accordance with national laws on environment, and also international laws, that have been ratified by Republic of Kazakhstan in that regard, and regulated by the Regulations on Environmental Protection.

Within the Company's program "Improvement of environment through energy saving for years 2013-2020" we're reducing emission of greenhouse gases while providing railway services.

In general, for the period from 2008 to the 1st half of 2015 the implementation of the Program of energy saving has reduced the cost of fuel and energy resources at the 531 thousand tons of equivalent fuel.

There are also special rules applied to the carriage of hazardous materials by freight railway companies.

The company has successfully passed the certification audit and received a certificate of compliance with the international standard ISO 50001:2011 (energy management). The implementation of this standard should lead to the reduction of greenhouse gases and related to the environmental impacts and energy costs through systematic management of energy.

Anti-corruption measures

Being a monopolist company, JSC «NC «KTZ» operates its services in full compliance with Natural monopoly law, Railway law and other relative laws and regulations of Republic of Kazakhstan.

Similar principles are also supported and reflected in EU Railway Directive 2001/14/EU of February 26, 2001.

In order to fight the corruption in the Company was created the Council to fight corruption the purpose of which is, among other things, to monitor all the cases of corruption, coordinate actions against corruption in subsidiary companies of JSC «NC «KTZ», prepare recommendations for establishing systematic measures against corruption.

Also in the Company was approved Methodical recommendations to identify and prevent fraud in the Company and the Policy to protect employee(s), which reported information on the cases of corruption in JSC «NC «KTZ».

The Policy establishes as follows: no retaliation shall be taken against any employee who reports any suspected violation while acting in good faith. Supervisors or other employees who retaliate against any other employee in violation of this policy are subject to disciplinary action up to and including termination.

There is also a hotline, which could be used to report: +7 7172 60 40 70