

KOZLODUY NPP PLC

**COMMUNICATION
ON PROGRESS**

2015





KOZLODUY NPP PLC



Dear Friends,

It is a pleasure to present you the Communication on Kozloduy NPP plc progress for 2015. We regard it as a successive page from the annals of Bulgarian nuclear energy – the fruit of our work efforts, fulfilled plans, resolved challenges and success achieved.

As a team, we are united under a single leading objective – to defend our plant's well-earned position of a safe generating capacity, leading producer of electricity and preferred business partner. This is the framework of our success, materialised in concrete results such as reliable generation, secure energy supply, and financial stability.

These words are supported by concrete results that you may read about on the pages of this issue. In 2015, units 5 and 6 generated 15 379 097 MWh of electricity, which provided one third of the national electricity output while preventing the disposal to the environment of hundreds of tons of harmful greenhouse gases.

Furthermore, we have reached important stages of the plant's two major projects – the thermal power uprate to 104% of the 1000-MW reactor units, and the extension of their service life beyond the design life projected. These are issues of great significance not only for the economic prosperity of the Company, but also for the future of our national energy. Work on the projects is currently ongoing, and I hope that very soon we will celebrate their successful completion. This will guarantee that Kozloduy NPP is further able to ensure a reliable and secure supply of electricity, affordable for the consumers.

I am happy to confirm that Kozloduy NPP again declares its support for the Ten principles of the UN Global Compact in the area of human rights, labour, the environment and anti-corruption. In this Communication we describe our activities to integrate the Global Compact and its principles into our business strategy, culture and everyday work. We also assume the responsibility for sharing this information with other interested parties via our communication channels.

Yours sincerely,

DIMITAR ANGELOV
Chief Executive Officer
Kozloduy NPP plc



KOZLODUY NPP PLC

POLICY STATEMENT

of the Kozloduy NPP Management

The **main** objective of Kozloduy NPP Management is **safe, efficient and environmentally friendly electricity generation** of guaranteed quality and security of supplies in compliance with the national and international standards.

The **Management System applied** for achieving this **objective** combines all requirements for the activities in accordance with the following **priorities**:

Highest Level of Safety

- Nuclear Safety, radiation protection, health and safe labour conditions, and environment protection
- Safety Culture maintenance and Continuous Improvement
- Physical protection of nuclear facilities, nuclear material, and radioactive substances
- Safe radioactive waste management

Effective and competitive electricity generation

- Optimize the production process
- Sustain high levels of equipment reliability
- Develop and modernize structures, systems, and components

Certified, competent and motivated personnel

- Career development opportunities
- Continuous training and qualification enhancement
- Management of knowledge acquired

Financial stability

- Steady income, expanding market positions
- Optimized cost, high profitability
- Efficient control

The **personal contribution, professionalism and commitment** of both the **Management and each employee in the Company** fully guarantee the success and the achievement of the main objective.

CHIEF EXECUTIVE OFFICER:

DIMITAR ANGELOV



HUMAN RIGHTS PRINCIPLES

In 2015, Kozloduy NPP continued the quest to achieve sustainable development in the context of the UN Millennium Declaration of the United Nations, setting as priority in our daily work the socially responsible policies in terms of people, their safety, community, and the environment.

The Company's Management officially declared its Kozloduy NPP plc management **POLICY** via the **Company's Management Policy STATEMENT**, which is made available to the public, understood, applied and maintained at all organizational levels, and clearly defines the commitments regarding the priorities for ensuring the highest level of safety, efficient and competitive production, qualified, competent and motivated personnel, and financial stability.

Our common values are the basis of our corporate culture and guide the process of organizational development and growth. Their goal is to outline the framework of the expected behavior of employees of the Company in the application of universal principles of the UN Global Compact. They are defined in adopted in 2013 Code of Ethics and should be observed by

working on site of KNPP external organizations as well.

Activities and results:

Within the framework of the Safety Culture Enhancement Project Kozloduy NPP values were defined:

- Safety first
- Commitment, mutual respect and recognition
- Personal responsibility and honesty at work
- Strive for perfection and mastering knowledge

No discrimination is tolerated at the workplace concerning gender, ethnic, religious or political indications. Of all employees in the Company 32% are women and regardless of the specificity of the industry branch 9,7% of them are management personnel at various levels. About 25% of all employees, senior executives are women.

In 2011 the Management of the Company entered into a commitment regarding involvement of women in the process of management by signing an explicit declaration in accordance with the European Commission initiative.

Everyone in the Company is entitled to



freely express their opinion on any issue by means of:

- **"Opinion" Section** – a heading in the internal information system, to raise and discuss important for the employees topics as well as to put questions to the Management.
- **CEO visiting day** weekly, each KNPP is entitled to discuss personal or business issues with the CEO.
- At various intervals the Heads of various management levels conduct meetings with staff to discuss work, current issues, problems, which have occurred, in order to create a positive environment for reporting errors;
- Access to all other managers is not limited and meeting with them can be organised observing their current work load.
- **Opinion poll** boxes are located at various places around the plant, enabling staff to express viewpoints, post signals or complaints to the CEO.
- Weekly, a voluntary inquiry **"This week's question"** aims at investigating staff opinion on up-to-date for the Company topics.
- Every employee of the Company is free to be a member of any association with regard to their interests and in some of them Kozloduy NPP appears to be a corporate member as well.

The Company's Management implements a policy of correct labour relations by means of

setting up a common and espoused with the employees development strategy. Respect for the individual, protection of the rights and interests of workers and employees, ensuring their social status are among the the plant management priorities.

The Company provides equal rights and opportunities for work, development and career promotion depending only on the employees' initiative, professional qualification, gained experience and personal qualities as well as the results achieved at work.

The Company sustains its continual efforts related to its personnel development by:

- Individual development plans
- Opportunities for free participation in the recruitment procedures
- Personnel training. This is organized by a Training Centre of our own, licensed to perform initial and continuing training for the Company's staff as well as the staff of external organizations performing activities on KNPP site.

Kozloduy NPP strives to apply the Lifelong learning principle in order to achieve smart and sustainable growth. The approaches to encourage knowledge enhancement in the Company are:

- training and qualification enhancement
- additional paid study leave

- scholarships for disadvantaged people
- granting tools and materials for the practical classes at school
- provision of paid and unpaid internships
- encouragement for the young intelligent people

Specific activities implemented:

- Agreements for cooperation with leading Bulgarian universities
- Contracts signed with the Bulgarian Academy of Science for 6 doctorates
- Students in training
- Participation in the One Day Manager initiative
- Participation in job fairs
- Participation in the WANO Moscow Centre initiative to attract young people to take part in the WANO activities

The company has its own Occupation Medical Centre. In the specialized for the purpose premises the preliminary and preventive periodic medical check-ups by all specialists as envisaged in Regulation No.29 regarding health norms and requirements related to work in ionizing radiation environment are performed. The Occupation Medical Centre analyzes the health status of the employees, develops and proposes measures to improve the labour conditions and eliminate health risks.

Kozloduy NPP plc employees have the opportunity for complete recreation in the holiday houses of the Company.

The Company gives all its employees and their families opportunities for cultural life via the House of Culture as well as for practising different sports at the Sports and Recreation Complex. There are 28 sports sections at the Company and more than 400 members.

Concerning the special role of women in social life Kozloduy NPP implements all legal forms to care about and support women in order to assist them to perform their maternal commitments and not to deprive them of their professional development opportunities.

Women at the Company have their right of a pregnancy, birth or adoption leave to the extent of 410 days for each child, 45 of those obligatory being before delivery. The compensations pregnant women employees receive equals 90% of their average daily remuneration/social security wage base for the last 24 calendar months.

The Company ensures the possibility for each woman to pass free gynaecological examination on yearly basis, while those at the age beyond 35 have their medical check-ups twice a year. The Company provides possibility for the pregnant workers and employees to trace their condition and consult a competent obstetrician on site of Kozloduy NPP.

According to the internal rules the Company supports employees when becoming parents by a lump sum benefit. These same rules provide for allowances for women employees with reproductive problems.

As a socially responsible company Kozloduy NPP pays special attention to young people and their future careers. Indicative of the interest of young people to professional development in the nuclear power plant is the fact that about 50% of all newly-employed in 2015 are young people under the age of 30, as all of them are employed after recruitment.





LABOUR STANDARDS

The Company has in place a well organized explicit human resources management policy to ensure equal opportunities in the staff recruitment process, in training, development and motivation while strictly observing labour law. The Staff management policy is developed in compliance with the main objective of the Company declared by the Management - to provide safe, efficient and environmentally friendly electricity generation, maintaining sufficient number of certified, excellently trained and highly motivated personnel.

The Trade Union organizations at Kozloduy NPP and the Company's Management execute an [Enterprise agreement](#) which ensures the protection of the personnel's rights regarding labour and insurance relations as well as the additional social benefits.

For the period 2015-2016 there is a signed Enterprise agreement in place at Kozloduy NPP plc which provides considerably more favourable conditions for staff in comparison with those specified in the Labour Code and in the Branch Enterprise Agreement.

The Company's commitments with regard to the labour norms are evident within the following processes:

- staff recruitment;
- occurrence, modification and suspension of labour relations;
- training of workers and employees;
- tracking the health status of workers and employees;
- provision of health and safety at work including work place risk assessment and developing preventive prescriptions with regard to risk minimizing;
- corporate social programme management;
- individual work performance assessment, etc.

Activities and results:

In the recruitment process for Kozloduy NPP employees the principles of the Law on Protection against Discrimination, the Law on Protection of Personal Data as well as the internal documents are observed and no influence is tolerated regarding nationality, race

or ethnic belonging of job applicants, their gender, age, convictions or religion. The recruitment process for the job applicants is transparent and provides access to information and results for any applicant at any stage of the procedure, all details made public on the website of the Company.

The Plant interior regulations clearly define the working hours requirement, taking leaves, etc., and the Enterprise Agreement explicitly bans individuals under the age of 18 to be employed. Individuals working at specific conditions have reduced working hours and use additional paid annual leave.

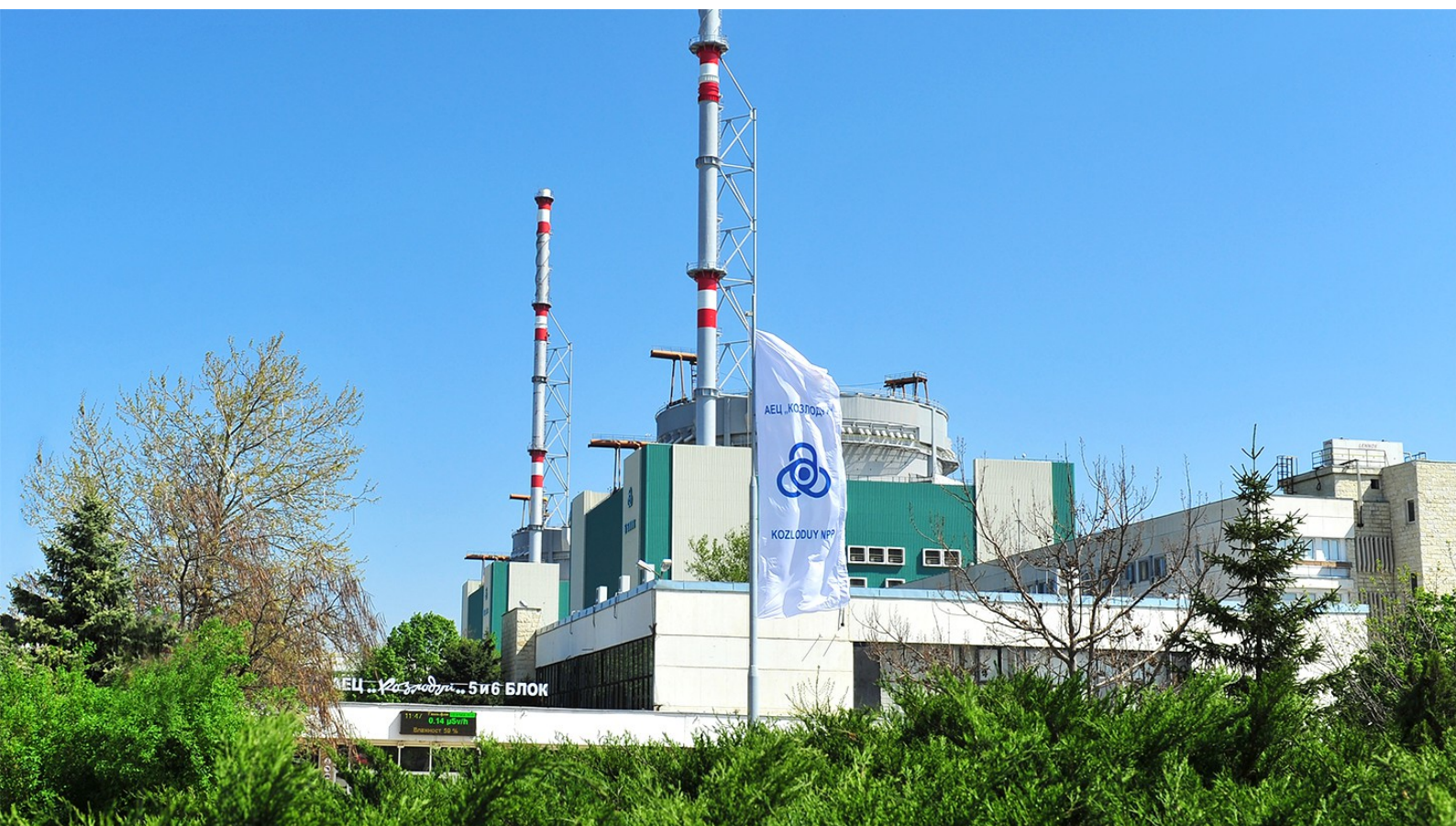
Staff motivation surveys are annually conducted at Kozloduy NPP plc, the results then are used by the Management as grounds to plan and implement further activities. The recently completed survey, for example, showed that more than 90% of the respondents assessed the level of safety during execution of work and health care at the Company as high.

The social policy towards the plant staff, aims to provide employees with job corresponding to their qualification, relevant salaries, health and safe labour conditions, health and medical care, good housing, opportunities for culture, sport and recreation leisure time.

Kozloduy NPP has successfully implemented a system for safety and health management at work in compliance with the international standard OHSAS 18001:2007 under the project BG 051PO001, "Health and Safety Prevention."

Plant employees are provided with personal protective equipment, free wholesome food, reduced working hours, compulsory occupational accident risk insurance for the employees working in high occupational risk conditions.

An evidence for the success of the applied measures is the permanently established trend at Kozloduy NPP for reduction in the number of lost working days due to work injuries.





ENVIRONMENT

The Company Management gives high priority to protection of people's health and the environment from adverse effects associated with the activities implemented at the site of Kozloduy NPP plc.

The Company's policy on environment management is focussed towards achieving the following goals:

- preservation of the atmosphere and cleanness of atmospheric air;
- protection and management of waters within the area of Kozloduy NPP plc;
- safe management, minimization and utilization of non-radioactive waste;
- energy efficiency and assessment of the influence of resources and materials used on the environment;
- minimization of the risk of occurrence of environmental damage and incidents.

There is a specialised environmental unit in the nuclear power plant which is responsible for shaping and establishing the corporate policy on decreasing the negative and increasing the positive effects on the environment resulting

from plant activities.

Activities and results:

In its capacity of an organization operating nuclear facilities, Kozloduy NPP plc takes continuous, systematic and overall control of the activities, products and services which have detrimental effect on the environment and people's health. Kozloduy NPP plc environmental protection and management is based on the following principles:

- applying the requirements of the national and European legislation regarding environmental protection and management;
- maintaining compliance with the conditions of the permits issued to the Company by the environmental authorities;
- systematic planning and reporting of the implementation of environmental policy, objectives and programmes;
- implementation of effective monitoring and supervision of processes and activities which could have detrimental effect on the environment;
- providing and maintaining the necessary resources for prevention and/or mitigation of

undesirable effects on people and the environment;

- maintaining and increasing the Company's staff competence and safety culture in terms of environmental protection;

- appropriately informing suppliers about the Company's policy on environmental protection;

- maintaining the public updated on the status of and measures for environmental protection.

Kozloduy NPP plc management is committed to maintain and improve environmental management as an integral part of the Integrated Management System of the Company.

Kozloduy NPP safety is of main priority and is subject to independent state supervision by the Bulgarian Nuclear Regulatory Agency at the Council of Ministers of Republic of Bulgaria, the Ministry of Environment and Waters and the Ministry of Health. The radioecological state of the environment within the region of the Plant is compliant with requirements of the active legislation in the field of radiation protection.

In 2002 Bulgaria ratified the Kyoto Protocol which is a serious step towards decreasing the greenhouse gasses emissions. The electricity production of the NPP practically does not generate any greenhouse gases and contributes significantly to the preservation of the environment. For example, during the electricity generation in 2015, Kozloduy NPP saved the harmful impact on the public and the environment of about 17,803 million tons of carbon dioxide (CO₂), 87 thousand tons of sulphur dioxide (SO₂), 22 thousand tons of nitrogen oxides (NO_x) and 4 thousand tons of ashes, containing natural radioactivity. This effect corresponds to the world trends for limiting the emissions responsible for the ozone layer depletion and once again emphasizes the role of nuclear energy as part of the solution to climate change in the context of the historical

Climate Agreement from Paris.

The Company effectively uses the natural and energy resources by obtaining all necessary permits according to the current regulations, plans and programmes in compliance with the best industry practices.

Environmental protection monitoring is implemented through a set of measures for environmental monitoring, control of plant releases into the atmosphere and hydrosphere, radioactive and conventional waste processing and storage. Continuous radiation monitoring in the 30-km zone is implemented through the plant automated information systems which are integrated with the similar national system.

The annual control in 2015 has over 4900 analysis in general over 2600 samples from different environmental items, as the results of the analyzed samples from the NPP environment during the year are in the range of the background levels characteristic of the area.

In 2015, nuclear power implemented a system for separate waste collection of metal, glass, plastic and paper packaging.

More than 5000 analyses of the main environmental components as waters, soils, fodder, foods, etc., were conducted and the results demonstrated there were no adverse trends as a result of Kozloduy NPP operation.

There are more than 4000 trees and protective vegetation spreading on more than 450 000 square metres within the green space of Kozloduy NPP. Continuous care is being taken for maintaining the Plant site green space. The adjacent green areas were entirely renovated during the last year. The entry and exit roads, the Police Check Points and building entrances were renovated under Landscape Architecture Projects. The abundance of animal and fish species characteristic of the region and typical for the Danube Basin speaks for the well preserved and carefully maintained environmentally friendly Plant site.

ANTI-CORRUPTION

Kozloduy NPP plc opposes all forms of company or public corrupt practices in compliance with the UN Anti-corruption Convention to which the Republic of Bulgaria has been a party since 2006. Intolerance of and opposition to the corrupt practices is a responsibility of each employee of the Company. The Company has established rules, preventive measures are implemented, misuse and corruption risks are managed. The Code of Ethics of Kozloduy NPP plc covers specific policies for conflict of interest, personal benefits and gifts, fair and equal attitude towards suppliers and compliance with the Global Compact principles.

Investigations, law cases or other relevant events connected with corruption and bribery are conducted according to the requirements of the legislation and Company documents.

Activities and results:

Opposition to the corrupt practices is a responsibility of each employee of the Company. The Company has established clear rules and preventive control of possible abuse

or corruption. Some of the measures taken by the Company are as follows:

- precise and transparent regulations of donations; such donations are not given to political parties;
- strict accountancy which is subject to international and external audits;
- the Company has restricted its cash payment to a minimum, no cash register is used and payments are received only by bank transfers. Cash payment sums for our suppliers are limited;
- the employees of the Company are well informed about anti-corruption issues.

Kozloduy NPP plc senior management expresses their and their employees' confidence and commitment to further apply the Ten Principles of the UN Global Compact in the field of human rights, labour standards, environment and anti-corruption as a basis of their plans and daily activities towards achieving sustainable and harmonious future development of the Company and society as a whole.





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