

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

September 1, 2016

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 this annual Communication on Progress, we describe our actions in years 2013-2016 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,

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 Business Ethics and number of other documents and policies to adhere to the Declaration of Human Rights.

In JSC «NC «KTZ» we have set up specific services for company's employees, customers and also third parties. Such services include hotline (+7 7172 60 40 70), by which accepted calls from individuals and legal entities.

Also, was established the Institute of Ombudsman. Corporate Ombudsman - a person, facilitate the implementation of the Company's corporate governance best practices in the field of conflict resolution, which acts as the intermediary between workers, groups of workers, authorities, suppliers, customers of the Company to resolve the conflict.

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

By following the principle of UN Global Compact, claiming that "Businesses should support freedom of association and the effective recognition of the rights to sign collective agreements" the company is heavily investing in the development of human capital and provide appropriate working conditions, social benefits and guarantees in accordance with the terms of the Collective Agreement, signed between the Company and its labor collective, as well as industry agreement between the Ministry for investment and development of the Republic of Kazakhstan, enterprises of railway transport and the Kazakhstan branch trade union of employees of railway, road, air and water transport.

For the last time in the Collective Agreement was made a number of new positions that provides additional benefits to employees, such as: payment of the difference of social benefits for loss of income due to pregnancy and childbirth; material assistance to employees in connection with the registration of marriage; families of employees with children of school age - the Day of Knowledge (1 September), children with disabilities - to Day of Disabled Persons, as well as employees - upon the occurrence of events that require significant expenditures, locating at stations of 3, 4 and 5 class, single mothers , single railroad pensioners.

According to the reports of the Center of social partnership of JSC "Samruk-Kazyna" the index of social stability, including the assessment of the level of social moods of production employees (sociological survey of employees) and the assessment of the level of social development of the company (filling by companies the electronic questionnaire - social company's passport), the group of companies of JSC "NC "KTZ" from 2013 to 2015 increased from 58% to 66% and is a result of "above average" of accepted rating scale.

In order to prevent employee's diseases and ensure safety of transportation process the group of companies held more each year than 93 thousand mandatory periodic medical inspections and about 5.8 million medical examinations, consist of voluntary insurance contracts for of employees in case of illness and their families, according to which the insured annually about 43,000 people.

During the 2015-2016's 10,171 of employees and retirees of the Company received sanatorium rehabilitation, rehabilitated 68% of the production staff. In 2016, the Company adopted a program of healthy lifestyles, the main purpose of which is to introduce the activities of the Company's health-practices, as well as preventive and promotional activities, the Company's employees contribute to failure of bad habits, familiarizing them to the values of physical education and healthy lifestyle.

Within the framework of housing policy of the Company, covering all regions of the Republic, during the 2014-2016 years of housing sold on preferential terms (installments payments) to 1064 employees.

During implementation of youth policy in 2010-2016 the rotation of personnel was carried out in respect of 709 young workers, about 15 thousand people took part in 10 major youth projects, more than 47 thousand - in mass sports and sports and recreational activities, 7 500 people participated in flash mobs, round tables, patriotic and social events and corporate events. Young workers are provided communication platform to communicate through a system of youth forums, youth camps corporate "Sen bolmasan, kim?", the social network «www.zhastemir.kz».

As part of corporate social responsibility in the company is currently implementing 25 charitable and volunteer projects covering more than 150 social facilities. Continued implementation of the charitable project on the organization of specialized medical trains "Densaulyk", "Zhardem" and "Salamatty Kazakhstan". From July 2010 to August 2016 for the period of medical trains plying medical advice addressed 319,653 people living in small and remote stations to specialists. Train specialists conducted 614,752 medical and laboratory tests, carried out 13 165 small surgeries, dentists treated 74,501 people.

During 2015 in Company the occupational injuries decreased by 36%, 30 cases compared to 47 cases during the reporting period of 2014.

To create safe working conditions for workers in Company's planned comprehensive measures fully implemented in the field of safety and health for 2015.

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 2016 the implementation of the Program of energy saving has reduced the cost of fuel and energy resources at the 712 thousand tons of equivalent fuel. Including the introduction of LED outdoor lighting at 99 stations thus reducing power consumption by up to 24 million kw or 3 thousand tons of equivalent fuel, thus reducing the burden on energy-producing enterprises of the Republic of Kazakhstan.

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.

The system of anti-corruption measures in the Company involves performing anti-corruption monitoring, analysis of corruption risks, as well as the adoption of preventive measures according to the Law of the Republic of Kazakhstan "On corruption counteraction".

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