



COMMUNICATION

ON PROGRESS IN 2018



COMMUNICATION ON
PROGRESS



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Period covered by
Communication on Progress:
From: 1 January, 2018
To: 31 December, 2018



STATEMENT of continued support

To our stakeholders:

I am pleased to confirm that Kozloduy NPP reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Nasko Mihov
Chief Executive Officer



HUMAN RIGHTS PRINCIPLES

Principle 1

Respect and support the protection of human rights.

Principle 2

Make sure the company is not complicit in human rights abuses.



The company's management officially declares the management **policy** of Kozloduy NPP EAD via the **Policy Statement**, which is publicly communicated, understood, applied and maintained at all levels within the organisation, and clearly defines its commitments for ensuring the highest level of safety, efficient and competitive production, licensed, competent and motivated personnel, and financial stability. Our common values main objective is to outline the framework of expectations for the behaviour of the Company's employees concerning the application of the UN Global Compact universal principles. These are defined in the Code of Ethics, approved in 2013, and should be observed also by the external organisations' employees working on site.

Activities and results

The implementing of the Kozloduy NPP Safety Culture Enhancement Project resulted in defining our core values, namely:

- Safety first;
- Commitment, mutual respect and recognition;
- Personal responsibility and integrity at work;
- Striving for excellence;
- Continuous learning.

Everyone in the Company is entitled to freely express their opinion on any issue by means of the:

- **"Opinions"** section in the internal information system, intended for raising and discussing topics important for the employees, as well as putting questions to the Management team. In 2018, 43% of the opinions posted in the Opinions section contained specific proposals.
- **CEO reception day** – weekly, each Kozloduy NPP employee can discuss personal or business issues with the CEO.
- Meetings at specified intervals conducted between the heads at various management levels and their personnel to discuss work, topical issues, or problems which have arisen, the aim being to create a positive environment for error reporting;
- Access to all other managers which is not limited, and meetings with them can be appointed bearing in consideration their current work load.
- **Opinion poll boxes** which are accessible at various

places across the plant, enabling staff to express their viewpoints, post signals or complaints to the CEO.

- Weekly, voluntary inquiry – **"This week's question"**, aimed at investigating staff opinions on topics relevant to the Company.

- Right of every Company employee to become a member of any union or association pursuant to their interests; in some of them Kozloduy NPP is a corporate member as well.

- **"General Meeting of Employee Representatives"** – a tool that guarantees maximum transparency, expediency and systematic control of the use of the resources in the Cultural and Amenity Services fund with the aim of prioritising prevention cares and enhancing the physical and emotional health status, improving the cultural and educational level of the Kozloduy NPP employees.

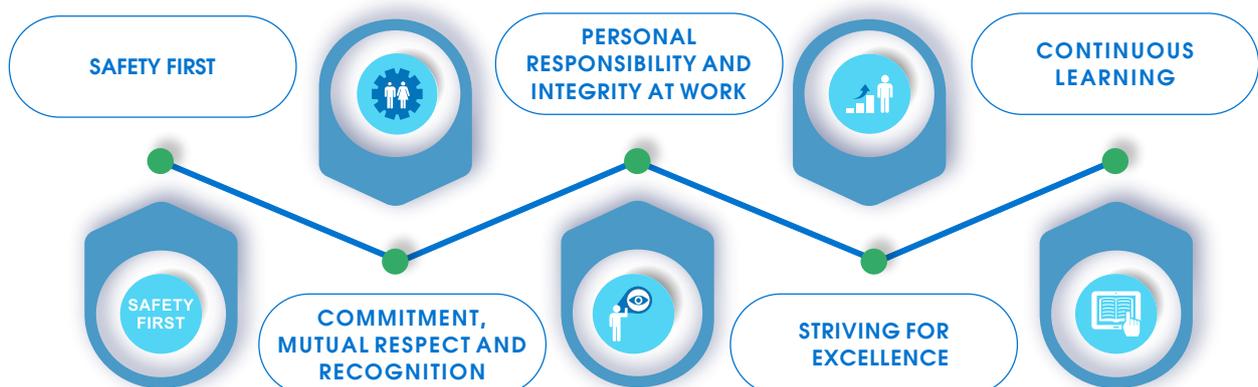
As early as 2011, the Management of the Company committed itself to the involvement of women in the Company management process by signing a dedicated statement at the European Commission initiative. In addition, Kozloduy NPP implements all legal forms of care and support of women in order to assist them in performing their maternal commitments while not depriving them of their professional development opportunities.

According to the current internal rules, the Company supports workers and employees by a lump sum benefit at birth of a child. These same rules provide for grants to employees with reproductive problems.

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

- Individual development plans;
 - Opportunities to freely participate in the recruitment procedures;
 - Continuous learning for the personnel (delivered by the plant training centre or external lecturers).
- 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 take the form of:
- training and qualification improvement of the employees;
 - additional paid study leave;
 - scholarships to assist disadvantaged people;

OUR CORE VALUES





- supplying tools and materials for the practical classes at school;

- promoting of young and intelligent people.

Some specific activities implemented include:

- Cooperation agreements signed with higher education institutions (such as "St. Kliment Ohridski" Sofia University, and the Technical University of Sofia);
- Awarding scholarships to students in bachelor's and master's degree programmes that are of priority interest to the plant (Thermal and Nuclear Energy, or Nuclear Power Engineering);
- Paid or unpaid students' internships;
- Participation in the "Manager for a Day" initiative;
- Participation in employment exchanges;
- Joining the WANO Moscow Centre initiative to attract young people to take part in WANO activities;
- Taking part in the European project "Youth Training and Employment" under the Human Resources Development Operational Programme of the National Employment Agency;
- Participation in a number of national and international conferences, workshops, technical meetings, missions, forums, professional practices and other activities organised by the International Atomic Energy Agency (IAEA), the World Association of Nuclear Operators (WANO), FORATOM, the Bulgarian Atomic Forum (BULATOM), the Bulgarian Nuclear Association (BNA), and other globally recognised organisations in the nuclear field.

The personnel training and qualification system in place at Kozloduy NPP is established in compliance with the relevant national requirements, international standards, and approved best practices. The nuclear power plant holds a licence issued by the Nuclear Regulatory Agency

to the Personnel and Training Centre Division for conducting specialised training of staff to perform activities in nuclear facilities, and work with ionising radiation sources. The training goals are consistent with the plant's Management Policy priority for maintaining licensed, competent and motivated personnel, establishing a high level of safety culture; development of a corporate culture in which qualification is of crucial importance; effective use and management of individual and corporate knowledge; encouraging the acquiring of the necessary knowledge, skills and positive attitude to work.

Apart from classroom and hands-on training, the Training Centre offers the ESTRA-based online learning platform used by plant and subcontractors' personnel. In 2018, more than 4000 training courses of plant and external employees were conducted in Bulgarian, Russian and English.



In 2018, the second stage was completed of the CORONA project – “Enhancement of training capabilities in WWER technology through establishment of WWER training academy”. After its completion, in order to ensure the sustainability of the results achieved, the Project Steering Committee approved the signing of a memorandum of understanding that allows for the results to be disseminated to members and other service users of the European Nuclear Education Network, ENEN.

The company has its own Occupational Health Service Centre where initial and periodic preventive medical check-ups are performed by all its specialists, as envisaged in Regulation No. 29 regarding health norms and requirements related to work in ionizing radiation conditions. The Occupation Health Centre analyses the health status of the employees, develops and proposes measures to improve labour conditions and eliminate health risks.

The Kozloduy NPP workers enjoy the opportunities for thorough recreation at the plant's R&R holiday facilities located both in the mountains and at the seaside.

The plant offers all of its employees and their families opportunities to attend various cultural live performances

at the House of Culture, or practise different sports at the Sports and Recreation Centre. There are 32 sports sections organised at the Company with more than 600 members.

Being a socially responsible company, Kozloduy NPP pays special attention to the young people and their future professional development. The long-term safe operation of the nuclear power units is a strategic goal in the Management Policy of Kozloduy NPP, and the active participation of the personnel – a key factor for success. In pursuance of the requirements to personnel as set out in the licences for the power units' operation, the plant is committed to provide the necessary numbers of properly qualified employees to ensure the safe execution of activities. The number of plant employees is maintained in compliance with the approved staff table. In 2018, the plant team had an inflow of 193 employees, 28% of them – under the age of 30, and 52% – holding higher education degrees. A total of 157 employees were transferred to another job position in order to better implement the acquired knowledge and skills, while another 45 received an approval by the employer to study at higher educational institutions.





LABOUR STANDARDS

Principle 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

Elimination of all forms of forced and compulsory labour;

Principle 5

Effective abolition of child labour;

Principle 6

Eliminate discrimination in respect of employment and occupation.



The Company has in place a well organised and explicit human resources management policy to ensure equal opportunities in the staff recruitment process, in training, development and motivation, while strictly observing labour law.

A collective bargaining agreement is signed between the Kozloduy NPP trade union organisations and the plant management, (effective over a 2-year period – 2017/2018) which guarantees protection of the staff rights in respect of occupational and social security issues, and provision of additional social benefits that are significantly more favourable than the normatively defined ones in the currently effective Labour Code, or the ones in the Industry Collective Bargaining Agreement.

The Company's commitments with regard to the labour standards find expression in the following processes:

- staff recruitment;
- establishing, changing and termination of employment relations;
- training of workers and employees;
- health status monitoring of workers and employees;
- ensuring health and safety at work including work place risk assessment and developing preventive prescriptions for risk minimisation;
- corporate social programme management;
- individual work performance assessment,
- etc.

Activities and results:

In the recruitment process of workers and employees for Kozloduy NPP, the principles of the Law on Protection against Discrimination, the Law on Protection of Personal Data, as well as relevant internal documents are observed, preventing the influence of nationality, race or

ethnic belonging of job applicants, their sex, age, beliefs or religion. The recruitment process for the job applicants is transparent and provides opportunities for any applicant to access information about their results at any stage of the procedure; all details are made public on the website of the Company (www.kznpp.org).

The plant Labour Discipline Interior Rules clearly regulate the working hours, taking of breaks, etc., and the Labour Code explicitly bans the employment of individuals under the age of 18. Individuals working under specific conditions work reduced working hours and benefit of additional paid annual leave days.

The motivation level of workers, which directly influences the level of their performance at the nuclear power plant, is subject to annual surveys. Data is collected and analysed regarding work environment factors influencing the motivation of employees, thus monitoring the effectiveness of the personnel management strategies implemented. In the first quarter of 2018, the results were processed of the pilot study of motivation using an updated questionnaire addressing a total of 24 working environment factors, and conducted at the end of 2017. The data collected confirm that the plant employees possess a high degree of motivation, and this already established positive trend was maintained throughout 2018.

In compliance with the Safe Use of Nuclear Energy Act provisions, and the licences for operation, all the planned investment activities for upholding and enhancing safety at the nuclear power plant were completed. The accomplished activities concerned the strategic projects for plant life extension of units 5 and 6 for operation over the next 30-year period, and for improving the production efficiency through upgrading the units' design power to



104%. All the scheduled investment activities were completed as needed for ongoing maintenance of the units, auxiliary facilities and infrastructure, as well as the measures to uphold and strengthen the plant security and physical protection.

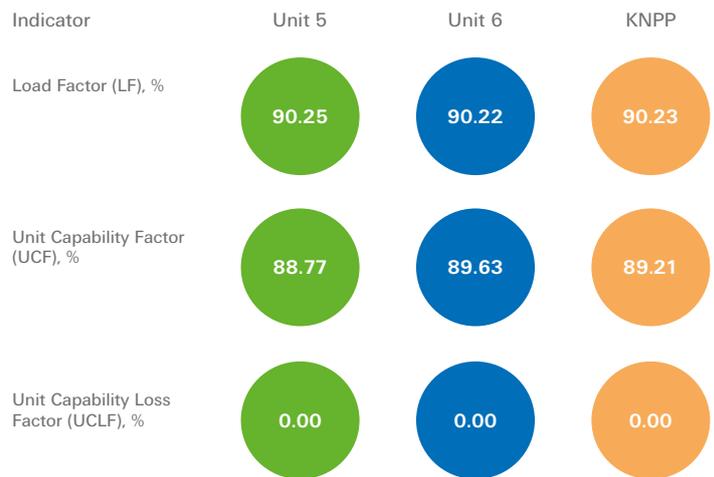
Maintaining of occupational health and safety at Kozloduy NPP is carried out in compliance with the requirements of the current legislation and the implementation of the Company's policy in this field. A set of organisational and technical measures has been introduced to ensure a modern and safe working environment; also, collective and personal protective equipment is provided to prevent the impact of hazardous industrial factors on the workers. The working environment factors are measured periodically, and the work specific risks are assessed with the purpose of successfully eliminating or mitigating the risks to the workers' health and safety. The workers are informed about any potential risks and the countermeasures undertaken. For ensuring a safe labour process it is of particular importance to maintain high awareness of the personnel by systematically conducting briefings and trainings.



No accidents at work occurred in 2018 in the company and the industrial safety accident rate indicators continue the steady trend of maintaining low values. The success of the applied measures at Kozloduy NPP is confirmed by the permanently established decreasing trend for the lost work days rate due to injuries at work. The total recordable incident rate at Kozloduy NPP is 0.33, which is significantly lower than the average value of 1.22/1.11 for the industry, or the value of 0.67/0.66 for the country.

A set of specific indicators adopted by the World Association of Nuclear Operators (WANO) and the International Atomic Energy Agency (IAEA) is used to assess the safe and reliable operation of the nuclear power units. They permit monitoring the trends of nuclear energy status, as well as drawing a comparison between nuclear power units in regular operation.

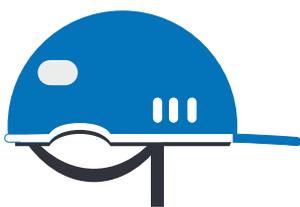
Indicators giving a comprehensive assessment of the level of reliability and safety achieved in 2018



The excellent performance values achieved by Kozloduy NPP in 2018, namely UCF exceeding 85%, and UCLF to 3% (according to the WANO criteria) form a lasting trend for a high level of reliability and safety due to which the Bulgarian nuclear power plant deservedly takes a leading position among the best nuclear power plants in the world.

Throughout the year, no unplanned events (such as shutdown, deviation from set power values or extension of scheduled outage) occurred.

In March 2018, the NRA approved the transition of Unit 6 to a continuous operation at thermal power uprate of 3120 MW (104%), while in September, 2018, an application for renewal of the licence for operation of Unit 6 for another 10-year licensing period was submitted at the Bulgarian NRA.





ENVIRONMENT

Principle 7

Support a precautionary approach to environmental challenges.

Principle 8

Undertake initiatives to promote greater environmental responsibility.

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.



The Company's Management places high priority on the protection of public health and the environment from adverse effects associated with the activities implemented at the plant site. Radiation monitoring of the liquid and gaseous discharges at Kozloduy NPP site is carried out in compliance with the highest international standards. The discharges to the environment are independently monitored also by the Nuclear Regulatory Agency, the Ministry of Environment and Water, and the National Centre of Radiobiology and Radiation Protection. In compliance with the international environmental standards, an Environmental Policy has been in place in Kozloduy NPP EAD, with the aim of achieving the following objectives:

- preservation of the atmosphere and cleanness of atmospheric air;
- protection and management of waters within the area of Kozloduy NPP EAD;
- safe management, minimisation and utilisation of non-radioactive waste;
- energy efficiency and assessment of the environmental impact of resources and materials used;
- minimisation of the risk of occurrence of environmental damage and incidents.

The Environmental Management System has been introduced as a tool for environmental management and control. This system is an integral part of the Kozloduy NPP Integrated Management System. As provided in the applicable national legislation, the Company has been issued the required environment related permits for water usage and discharge of waste waters, for greenhouse gas emissions, for transport and disposal of non-radioactive wastes, etc. These permits are regularly updated.

Activities and results:

In pursuance of the permits issued to the plant for water usage and waste water discharge, all the samples from surface, ground and waste waters have been collected and analysed as envisaged in the Programme for Plant Monitoring of Waters during the Operation of Kozloduy NPP, and the Programme for Monitoring of Landfill for Non-Radioactive Household and Industrial Waste. The number of samples collected was 594, and of the analyses made – 2279. The analyses in 2018 were performed at accredited laboratories such as the Vratsa

Regional Laboratory at the Executive Environmental Agency; laboratories of Engineering Chemistry Section, at the Quality Division, and the Radioecological Monitoring Department, at the plant Safety Division. The results from the non-radiation monitoring conducted by the plant itself demonstrate full compliance with the individual emission limits stipulated in the licences.

Under the Non-Radioactive Waste Management Programme, in 2018, a waste pick-up machine and 100 metal wheelie bins for household waste were purchased and located outside the perimeter fence. The system for separate collection of packaging waste was expanded and 210 coloured waste bins (70 sets) were additionally purchased.

Since March 2017, stage 2 of the Kozloduy NPP own landfill for non-radioactive household and industrial waste has been in operation. It has a design lifetime until 2031. As at the end of 2018, 9.6% of the design capacity of the landfill stage 2 was filled, namely 28,460 m³.

In 2018, a total of 10 inspections were conducted by the respective control bodies – 3 by the Vratsa Regional Inspection of Environment and Waters, and 7 by the Basin Directorate for the Danube Region, located in Pleven. These inspections did not find any breaches and prescribed no corrective actions.

Over the reporting year, the company participated in the celebrations of the World Environment Day on 5th June, and the Danube Day – on 29th June, through a series of initiatives. More than 150 Kozloduy NPP employees, representatives of the Basin Directorate for the Danube Region, in Pleven, the Kozloduy Municipality and many guests and friends participated in the festive events.

The steady trend continued for the emissions of radioactive noble gases (RBG) and radioactive aerosols to stay well below the established limits. In 2018, more than 4,200 analyses of over 2,500 samples from different environmental sites, and more than 1,200 gamma background measurements were performed. The obtained results fall within the range of background levels that are typical for this region. The registered values are multiple times below the admissible norms for the relevant indicators and investigated sites, which confirms that the radiation conditions have remained unaffected by the operation of the nuclear power plant.





ANTI-CORRUPTION

Principle 10

Work against all forms of corruption, including extortion and bribery.

Kozloduy NPP EAD 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 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 EAD covers specific policies regarding conflict of interest, personal benefits and gifts, fair and equal treatment of 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 relevant legislation and company documents.

Activities and results:

Some of the counter measures taken by the Company

against corruption practices are as follows:

- Clear and transparent regulation on donations – donations are not granted to political parties;
- Strict accountancy, subject to internal and external auditing;
- The Company has restricted its cash payment to a minimum. No cash register machine is used and payments are received only by bank transfers. A limit has been adopted for cash payment sums to plant suppliers;
- Awareness of anti-corruption issues has been reinforced with the Company employees.

For more information on the Kozloduy NPP activity provided in the 2018 Kozloduy NPP Annual Report, visit our website www.kznpp.org, Information Centre Section, Bulletins.



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