

Social Compliance Audit

Project Number: 51250-001
September 2017

50 MW Baikonur Solar Power Project (Kazakhstan)

Prepared by EcoSocio Analysts LLC.

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**BAIKONUR SOLAR POWER PLANT
SOCIAL COMPLIANCE AUDIT**



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ABBREVIATIONS AND CURRENCY CONVERSION

ADB	Asian Development Bank
CSR	Corporate Social Responsibility Program
EBRD	European Bank for Reconstruction and Development
ESAP	Environmental and Social Action Plan
HSE	Health Safety and Environment
HVL	High voltage line
JSC	Joint Stock Company
ILO	International Labour Organization
OVOS	Environmental Impact Assessment based on Russian standards
PCP	Public Communications Policy
PR	Performance Requirement of the EBRD Environmental and Social Policy
SEP	Stakeholder Engagement Plan
SPP	Solar photovoltaic power plant Aquila Solar
SPS	Safeguard Policy Statement
SR	Safeguards Requirement

For financial figures an exchange rate KZT330/\$ is used in this report

1 EXECUTIVE SUMMARY

The European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB) are considering providing financing to Baikonur Solar LLP for the construction and operation of a 50 MWe Solar photovoltaic power plant Baikonur (SPP) in the Kyzylorda Region. The project will be implemented by Baikonur Solar LLP (the Company). The 150ha fenced site will have nearly 200 000 fixed photovoltaic panels, 33 pairs of PV Box RT invertors and a substation connected with the invertors with 10kV underground cables and with the grid via a wireline to the existing 220kV line that runs 100m away from the site. Two HVL towers will be installed on a 10x10m foundation.

As a result of the assessment, the Project has been categorized as the category C for involuntary resettlement and indigenous peoples. The social compliance audit has not identified any issues that requires further preparation of plans. The Environmental and Social Assessment done also confirmed that Environmental and social impacts of the proposed solar power project are site specific and short term in nature and that the Project is structured to comply with the EBRD's Performance Requirements and ADB's Safeguard Policy Statement (SPS) and other social requirements .

Worker accommodation is not an issue as practically all the workers are expected to be local and travel to work daily. The Company and its contractors will comply with the national labor laws and will take measures to comply with the core labor standards. The project benefit will be more apparent on the regional level when reduction in energy deficit will allow further economic development, especially for local industries and creation of new jobs. Few jobs will be created for the local unskilled labour but presence of the SPP may lead to knowledge transfer and encouragement of the targeted education among the local school graduates. Indirect benefits are expected to be minimal or none. Communication with the affected parties is expected to be maintained by using a stakeholder engagement plan.

Given the need to improve social dialogue and allow for some benefits from the project to be felt by the local community a Corporate Social Responsibility Program that would include both financial as well as other forms of support is to be agreed as part of ESAP, It is envisaged that an initial lump sum for local investment and then on-going annual support to community actions will be provided.

2 BACKGROUND

The Project aims to provide sustainable and environmental and socially friendly source of renewable electrical energy for the region. The plant is to be located 25km southeast of Kyzylorda, 1,6km north-east from Shymkent-Kyzylorda road and between Berkazan and Sulutobe villages on the old rice and melon fields irrigated by the system of shallow (0.3m) channels and small (0.5m) thaw water retention dykes. The 150ha for the SPP and 0,1ha for two high voltage line (HVL) towers of the State Reserve land will be rented from the Shieli District Council for 49 years. The land certificate is expected to be obtained in 2 months or before the end of 2017. The 150 land does not contain crops, trees, buildings, cultural and archaeological objects and recreational areas.

The preparation work and parts transportation to the site will commence upon approval of the land registration. The construction is planned to last for 12 months. Maximum 200 assembling workers, office and service staff will be needed for this period, of them 50 are engineers. After the commissioning, six specialists will maintain the power plant and two will guard it in 12 hour shifts.

The Project is not expected to affect the nearby farmers, involuntary resettlement is not foreseen, and will not impact indigenous peoples.

3 LEGAL AND INSTITUTIONAL REQUIREMENTS

3.1 LENDERS' REQUIREMENTS

3.1.1 EBRD

According to the EBRD classification the project corresponds to category B. The relevant requirements to the project are Environmental and Social Policy Performance Requirements 1-4,6, 8 and 10. PR5 (Involuntary Resettlement) is not applicable because the plant is set in the area that is not used by anyone in any form and its perspective use for agriculture or pasturing is unlikely. PR7 (Indigenous Peoples) is not relevant because there are no indigenous people present. PR8 (Cultural Heritage) is not relevant because the power plant area does not contain objects of archaeological or cultural significance and fencing does not obstruct access to such objects. PR9 does not apply to the project because no financial intermediaries are involved.

3.1.2 ADB

SR2 on Involuntary Resettlement aims to avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups. SR2 covers physical displacement (relocation, loss of residential land, or loss of shelter) and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary. ADB SPS SR 2 does not apply as involuntary resettlement is not expected since the land is a vacant State land with no land users. The nearest settlement which is located 15 km southeast of the site are 99% inhabited by Kazakh and the remaining 1% do not meet the ADB SPS criteria to be considered as indigenous people under SR 3 on Indigenous Peoples.

SR4 requirements on existing facilities is being applied because allocation of land is in process and will be finalized in a few months. As such, a social due diligence or social audit has been conducted on past or ongoing land procurement. The audit report assessed and confirmed that there are no physical or economic displacements impacts, impacts on ethnic minorities or indigenous peoples.

SR3 on Indigenous Peoples¹ aims to design and implement projects in a way that fosters full respect for Indigenous Peoples' identity, dignity, human rights, livelihood systems, and cultural uniqueness as defined by the Indigenous Peoples themselves so that they (i) receive culturally appropriate social and economic benefits, (ii) do not suffer adverse impacts as a result of projects, and (iii) can participate actively in projects that affect them. It is triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.

¹ The term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees: (i) self-identification as members of a distinct indigenous cultural group and recognition of this identity by others; (ii) collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories; (iii) customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and (iv) a distinct language, often different from the official language of the country or region. In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account. A group that has lost collective attachment to geographically distinct habitats or ancestral territories in the project area because of forced severance remains eligible for coverage under this policy.

The stakeholders' engagement is to be carried out in accordance with the ADB 2009 SPS which requires meaningful consultation with affected people. Meaningful consultation is a process that (i) begins early in the project preparation stage and is carried out on an ongoing basis throughout the project cycle; (ii) provides timely disclosure of relevant and adequate information that is understandable and readily accessible to affected people; (iii) is undertaken in an atmosphere free of intimidation or coercion; (iv) is gender inclusive and responsive, and tailored to the needs of disadvantaged and vulnerable groups; and (v) enables the incorporation of all relevant views of affected people and other stakeholders into decision making, such as project design, mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The Project will engage with communities, groups, or people affected by projects about the impacts and the management measures. Furthermore, ADB's Public Communications requires the client to provide relevant environmental, resettlement, and indigenous people information to affected people in a timely manner, in an accessible place and in a form and language(s) understandable by them.

The ADB's Social Protection Strategy 2001 covers five major elements including labor market policies, social insurance programs, social assistance and welfare service programs for vulnerable groups, micro and area-based schemes to address vulnerability, and child protection. The Social Protection Strategy promotes improvement in employment, which is the major source of economic support for most workers and their families. It highlights the need to mitigate the employment risks by providing income support in the event of illness, disability, work injury, maternity, unemployment and old age. ADB's Social Protection Strategy requires that ADB Borrowers and their contractors and sub-contractors comply with applicable national labour laws in relation to the Project, and take measures to comply with the core labour standards.

The Policy on Gender and Development 1998 aims to ensure that gender issues are considered at all appropriate stages of the project cycle and to explore opportunities to address some of the new and emerging issues for women, as well as build the capacity of women through conducting various trainings and workshops.

3.2 KAZAKHSTAN'S LEGAL FRAMEWORK

In Kazakhstan state-owned land can be leased to legal entities. Most leases are on a long-term basis for a maximum of 49 years. Provision of land plots for legal entities for temporary use is the responsibility of the council that is empowered to distribute the land. The main applicable law regulating land allocation process is the Land Code of the Republic of Kazakhstan. Article 48 states that for the energy projects land plots that are in the State Reserve (usually the land not suitable for traditional agriculture or pasturing) can be provided without tenders or auctions. There are no separate legislative requirements in regards to land acquisition for two HVL towers. The district council is responsible for reserving and providing land plots for the renewable energy sources (RES) projects in accordance with the Law "On supporting the Use of RES" #165-IV dated July 4, 2009.

The category of land plot allocated for the project will have to be changed from "agricultural lands" to "lands for industry, transport, communication, needs of space activities, defense, national security and other non-agricultural purposes", which will be performed by the Kyzylorda Land Department and the district council.

Payment for leasing is regulated by the RK Government Resolution #890 on Establishment of Base Payment Rates for Land Plots in Providing them for Private Ownership, as well as in providing for lease by the State or State land users and also fees to be paid for selling the right to Lease land plots dated September 2, 2003 (with alterations 2011) and the Tax Code 2008 (with alterations 2017). The resolution does not describe the lease rates calculation method. The rates are determined by the central Land

Relations Department and the local authorities using the land 'bonitet' category of agricultural value like arable irrigated, arable non irrigated, pastures, wasteland etc.

Table 1 EBRD Performance Requirements and ADB Safeguards Requirement compliance status. MN-material noncompliance, PC-partial compliance, FC-full compliance, NA-not applicable for the project.

EBRD PR Requirement/ ADB Policy	Score	Comment/Gaps	Recommendation
EBRD PR 5. Land Acquisition, Involuntary Resettlement and Economic Displacement/ ADB Safeguard Requirement 2. Involuntary Resettlement			
Summary: No involuntary resettlement or land acquisition is foreseen by the Project. The 150 hectare land for the SPP is an unused State land, without legal or informal land users. No encroachment to common resources is expected. Access path will be improved. Proposed SPP will not affect nearby farmers as land requires disproportional to the expected yield amount of labour. A substation will be built within the 150 hectare land will be connected with the grid via a wire-line to the existing 220kV line by KEGOC that runs 100m away from the site. Two additional plots 10x10m each are required for the transmission line towers foundations.			
Avoid or minimise displacement and compensate for it	NA	Unused State land, no land owners or land users affected. Project land allocation/lease process to comply with the Land Code	
Consultation and grievance mechanism	NA	-	-
Compensation, assistance and benefits for displaced persons	NA		
Social impact assessment	FC	The land plot is free from any structures or economic activities or residents. No social impact is foreseen.	If the access road is not designed to coincide with the existing road, impact on current road and land users shall be assessed including consultations with road and land users
Resettlement planning	NA	-	-
Negotiated land acquisition	FC	Payment for leasing is regulated by the RK Government Resolution #890 on Establishment of Base Payment Rates for Land Plots in Providing them for Private Ownership, as well as in providing for lease by the State or State land users and also fees to be paid for selling the right to Lease land plots dated September 2, 2003 (with alterations 2011) and the Tax Code 2008 (with alterations 2017).	Conduct remaining land leasing procedure according to Land Code and local regulations. Obtain land lease agreement and land certificate before commencement of land clearance and construction. Include information in monitoring reports.
ADB Safeguard Policy Statement, ADB Public Communications Policy			
Summary: No designated CLO to implement SEP and Grievance mechanism effectively			
Stakeholder engagement plan	Risk of PC	Without designated CLO SEP and mechanism may not be implemented properly	Employ designated CLO and implement SEP
Operational grievance mechanism	FC	Grievance Mechanism developed	implement grievance mechanism as part of SEP
Information disclosure	NA	-	-
Consultation and participation	Risk of PC	Consultation might not be arranged and participation not ensured without designated CLO	Appoint a full-time CLO and implement SEP
Grievance redress mechanism	FC	Grievance Mechanism developed	Disseminate to stakeholders and implement grievance mechanism as part of SEP
Monitoring and reporting	NA	-	-
Unanticipated impacts	NA	-	-
Special considerations for indigenous peoples	NA	-	-

EBRD PR Requirement/ ADB Policy	Score	Comment/Gaps	Recommendation
ADB SR 3. Indigenous Peoples			
Summary: No communities which meet ADB and EBRD’s criteria to be considered as Indigenous Peoples. The nearest settlement to the project are inhabited by Kazakhs. One Russian family is fully integrated in the community life.			
Indigenous Peoples	NA	-	-
2009 SPS SR1 Environment/ 2001 Social Protection Strategy			
Labour and Working Conditions	FC expected	Overall compliance expected but rented worker accommodation may not meet the requirements	EHS management systems and contractor management to be monitored and compliance reported. Company to include provision on compliance with national and local laws and take measures to comply with the core labor standards in the contractor’s and sub-contractor’s’ contract.

4 COMPANY PRACTICES

4.1.1 Stakeholder Engagement

The Company plans to employ a full-time Community Liaison Officer (CLO) to comply with the EBRD and ADB requirements. At the moment the SPP Project Manager handles the responsibilities of CLO which has proved not to be effective. The project information boards at the operational sites entrances contain stakeholder engagement plans and a box for grievances.

4.1.2 Corporate Social Responsibility Policy

The SKUG Corporate Social Responsibility Policy (CSR) will be employed for the Baikonur SPP project. It commits to the principles of social responsibility in the following fields: full and timely contribution to the state budget, human rights, labor relations, environmental protection, fight against corruption and social engagement with local communities.

The CSR establishes standards for communicating with its stakeholders and commits to conducting regular EHS training of its employees. The Company commits to providing sponsorship support to the local community by implementing social projects. The Company Supervisory Board monitors compliance with this policy by assessing regular implementation reports made according to the Global Reporting Initiative (GRI) Standard.

The Company does not have the CSR Programme for its operational sites, which is to be developed with the local community’s Public Governance Council and includes the action plan and allocated budget for a year. The financial assistance for local needs that the Company provided as part of the CSR does not comply with the criteria for CSR Programme funding, which are: 1. Fit the allocated for CSR budget; 2.No overlap with the State programs; 3.Investment is sustainable or lead to creation of jobs.

5 SCOPE OF LAND ACQUISITION AND INVOLUNTARY RESETTLEMENT IMPACTS

Involuntary resettlement is not foreseen by the Project as the area around the SPP site and the site itself is not used by anyone and is not expected to be used in the foreseen future. Free range horses wonder through the area to consume some semi shrub vegetation but the main feeding grounds for them and the rest of the livestock is in the Syrdarya floodplain and Aktogan area flooded by irrigation channels. There is no hunting or gathering conducted in the area.

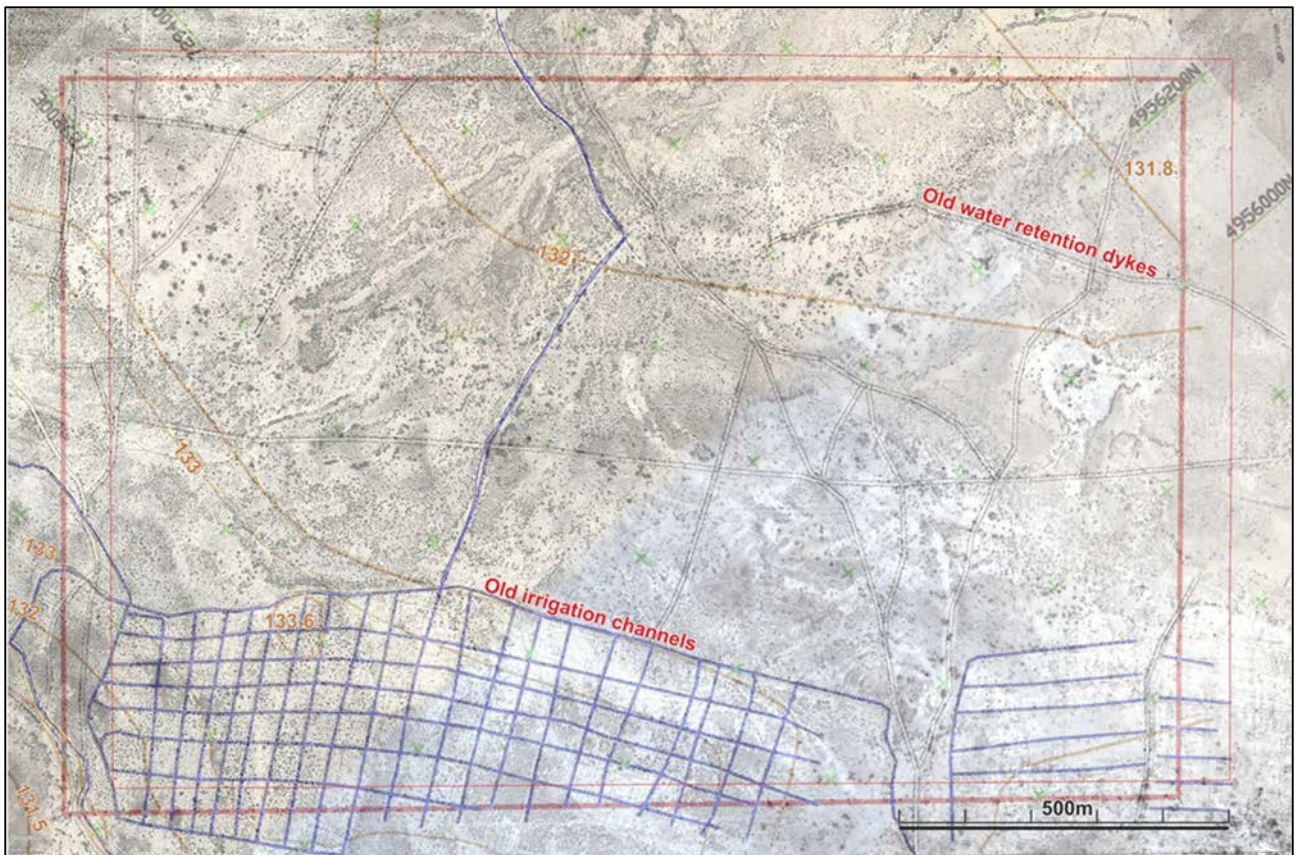


Figure 1 Juxtaposition of 1:10 000 topographical survey map on the satellite image 28.07.2013 showing distribution of channels, dykes and shrubs in the SPP area.

Assessment of the historic, current and perspective use of land around the SPP suggested no impact to the other land users now and in the future. Historically the site supported marginal agriculture with high labour expenditure for bringing water in. Suitability of the land for agriculture, is not expected to improve. Cultivation of melons and watermelons that were conducted in the area in the past during the Soviet era required a lot of cheap manual labour to dig and maintain shallow irrigation channels and low dykes. At the time of cultivation during the Soviet times the resettled Korean community labour was almost free. Use of the land for cultivation stopped in 1997 due to disbandment of the farm. Now, two factors prevent re-establishment of this activity: more expensive labour and better road connection between the markets in the Northeast Russia and the South Kazakhstan Region where cultivation of melon and water melon is much cheaper and less risky. Cultivation of the other crops like rice is precluded by due to groundwater decline and soil salinity. Fodder can be grown but only subject to irrigation water availability, provision of which to the area is not expected to become cost effective in the frame of the SPP operation period. The water availability is also unlikely to increase as the water flow of the Syrdarya River is regulated throughout its length and revamping agriculture upstream is likely to take any extra water available, being limited in water it is highly unlikely that the cultivation in the SPP site will be re-established.

Location of the current access road is planned to be retained and a short spur will be made from it to the substation, Insignificant changes in the road location that may occur as a result of the road topographic survey. The 1.7km and 4m wide SPP access road improvement works will not hinder its use by rare drivers to the Aktogan area farms. There will be no need in the road profiling. The existing surface will be covered with chip rock and compacted.

A substation will be built within the 150 hectare land will be connected with the grid via a 100m long wire-line to the existing 220kV KEGOC line. Only two small additional plots 10x10m each will be rented for 49 years to lay the connection line towers foundations. The 25m protection zone under this line prohibits construction of permanent structures and gives right of way to the line maintenance and repair.

The Company is arranging the lease for these State Reserve land plots in the same way it does for the main site. The process is in full compliance with the Land Code requirements.

In Kazakhstan state-owned land can be leased to legal entities. Most leases are on a long-term basis for a maximum of 49 years. Provision of land plots for legal entities for temporary use is the responsibility of the council that is empowered to distribute the land. The Company has followed the general land allocation process:

- The applicant applies for a Land Lease Certificate to the Land Relations Department. The application shall include the land use purpose, estimated size, location and the right of use claimed;

The Company has approached Kyzylorda land relations department in 2014 to identify an area for the Baikonur Solar Power Project

- Land Relations Department and the regional council determine the possibility of satisfying the application (preliminary selection of the land plot);

Land Relations Department identified the 150 hectare flat reserved land. Based on the 2015 land database by the Kyzylorda Land Relations Department, the 150 land is owned by the State and there are no land users nor have been allocated to anyone in the past.

- The applicant develops and receives approval of the land use design by relevant authorities;

The 1st Decree of allocation issued by the Kyzylorda Council/Land Relations Department in 2014 to allow the Company to conduct feasibility studies (see Appendix 2.f). Final application to be submitted for land lease for a period of 49 years and approved by the Regional Council. Land Commission issues the final decision on the application.

The remaining steps for the Company to obtain land lease certificate include:

- The regional council adopts a decision on granting the land lease rights;
- The land plot boundaries and the precise land plot plan are identified on site;
- The Land Relations Department produces and issues the Land Lease Certificate and identifies land lease rate;
- Signing Land Lease agreement between the Company and the Land Relations Department;
- State registration of the land lease rights.

The Company will update EBRD and ADB on the approval process. The Company to provide to ADB the land lease document and the land registration certificate before commencement of land clearance and construction.

5.1 SOCIO-ECONOMIC AND CULTURAL CHARACTERISTICS

5.1.1 Kyzylorda

Kyzylorda city is the focal point for the population around the SPP for its proximity. After the road modernization to the 1b category (one below the highest), the time to the city halved. It takes 30min and less than a euro to reach the city centre and EUR8 to take a taxi full of products back. Daily commuting for work has also become easier. This is one of the reason why the actual unemployment around the SPP is relatively low.

The 240km² Kyzylorda City Administrative Area of includes Tasboget, Belkol, Berkazan and Kyzylzharma settlements located close to each other. In 2016 the area population was 277 771 (135 668 men and 142 104 women - Table 3) mainly Kazakhs (Table 2).

Table 2 Kyzylorda Area ethnic composition

Ethnicity	Quantity	%
Kazakhs	257280	92,62
Russians	9889	3,56
Koreans	6100	2,20
Tatars	1260	0,45
Uzbeks	1062	0,38
Chechens	393	0,14
Ukrainians	211	0,08
Turkish	200	0,07
Kyrgyz	147	0,05
Bashkirs	127	0,05
Azeries	126	0,05
Uyghurs	110	0,04
Greeks	105	0,04
Germans	88	0,03
Moldovans	81	0,03
Belarusians	65	0,02
Others	527	0,19

The city's history dates back to 1820 to the site of a Kokand fortress known as Ak-Mechet (white mosque). In 1853, the fort was taken by Russian troops and established a new fort called Fort-Perovsky, after the General Vaily Perovsky, who conquered the area. The town Perovsk developed around the fort. In 1925 it was renamed to Kzyl-Orda and served as a capital of the Kazakh Autonomous Republic for 4 years. In 1930-1940 the population of the region and the city has grown significantly due to mass deportation of migrants from other parts of the USSR including political exiles, deported Polish from Western Ukraine and Belarus, Germans, Koreans from the Far East, Crimea and North Caucasus tatars. During the War, those evacuated from the occupied regions also settled in the city.

Kyzylorda's industry plays an important role in its economy development. The development of manufacturing industry is represented by the food industry, engineering, chemical and processing, production of construction materials. A number of oil companies located in the area have recently decreased their activity substantially which resulted in sizeable redundancies but agricultural activity has risen. Compared to 2016 the area of rice crops production has increased by 520 hectares. The rice is processed at two rice mills.

Free school education is conducted in Kazakh and Russian languages. There are 59 schools and 29 kindergartens. Currently 12 public halls and 21 libraries operate in Kyzylorda and suburban settlements of the area.

Table 3 Kyzylorda region key demographic indicators at the start of a year.

	2010	2011	2012	2013	2014	2015	2016
Population							
Total	689008	700578	712878	726781	740389	753148	765171
Men	343012	349327	355887	363070	369842	376316	382512
Women	345996	351251	356991	363711	370547	376832	382659
Rates per thousand of population							
Birthrate	28,83	28,47	27,99	27,61	27,54	26,06	n/a
Mortality	6,9	6,73	6,5	6,01	6,1	5,8	n/a
Marriages	9,71	9,7	9,63	9,97	8,81	7,69	n/a
Divorces	2,07	2,05	2,09	2,21	2,13	2,27	n/a

5.1.2 Sulutobe

Sulutobe village is the center of the 31,780 ha rural area in which the SPP is positioned. Having established around the Solo-Tobe railway station for the ease of movement and potable water availability, it grew north and south to the Salakbay and Sarykol irrigation channels. In the Soviet time, it was the center of Kirov Collective Farm where most workers were Korean deported by Stalin from the Far East. The Farm grew rice, melons of a particular known quality, watermelons, wheat and sweet corn and sunflower both for the cattle and men. The residents kept vegetable patches. After the farm disbandment in 1997 most Koreans moved to Kyzylorda.

Now Sulutobe has 406 houses populated by 2,498 people. Almost all population is Kazakh with only one Russian family. Majority of the population (2096) is economically active, including self-employed – 338, state workers – 246, private companies – 50, rotation workers – 84 and others – 16.

The village infrastructure is basic but in good condition. The roads are tarmac paved, there is a new public hall, a kindergarten, café and shop that sells first necessities. Most residents shop at Kyzylorda markets. A day clinic and a hospital employ 16 and 19 staff, respectively. The clinics provides first diagnostics and treatments. An ambulance caters for the rural area. A middle school for 500 pupils is managed by 113 staff. It stopped teaching in Russian in 1998 when the last Russian pupil left the school.

The State programs such as Sybaga, Altyn Asyk, Kulan and Yrys support the agricultural development through providing farmers with access to credits through the JSC Agrarian Credit Corporation to which small and medium-sized businesses can apply for a loan with low interest rate and non-aggressive return policies. Most credits have been taken to buy more cattle as the cattle number does not seem to be limited by other factors but cash availability. However, the local council strives to encourage alternative livelihood activities for the population, for example retail, cafes and tailoring.

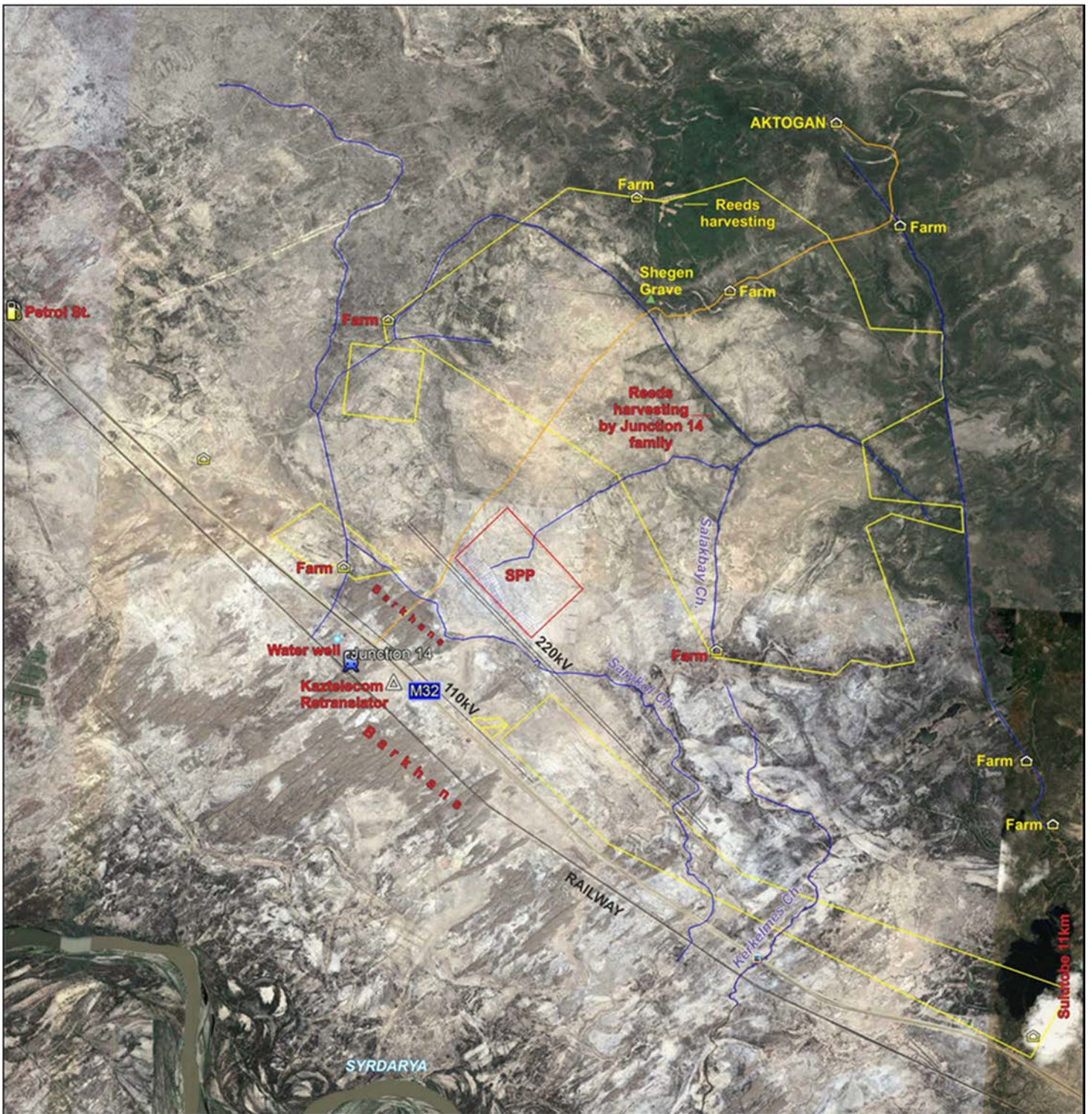


Figure 2 Showing Baikonur SPP (red) and the mentioned in the assessment objects. Yellow contours are allocated for farming land. The SPP land and land around it is rated as dry clean pastures. Satellite image 28.07.2013.

5.1.3 Junction 14 and Farms

Just across the road to Kyzylorda there is the railway junction 14 with 5 houses and a junction house occupied by 5 families. The closest to the road house has been empty for some years. Most residents are pensioners that live on their pension and help from children that work in Kyzylorda.

The house on the other side of the railway is occupied by a man that guards a cellular phone retransmission mast located 600m east of the junction. Not counting the junction mechanic and signaling officer

who are not residents, he is the only employed here. His two sons help him collect reed for two cows and two calves. To reduce cost they do it by hand from July well into October and gather 500 bundles to pass the winter. The man then pays over half of his monthly salary for a truck to take the reeds to his house. The family would increase the livestock to sell meat at Kyzylorda market but has no savings and cannot arrange a loan. The entire salary is spent on food, utilities and basic clothes.

Two farms located 1.5 west and 2 km east of the SPP at the same side of the road to Kyzylorda have taken loans to buy cattle. The closest farm has also built two large greenhouses next to the old road body material borrow pit. The owner is currently constructing a cattle barn as one of the conditions for getting a loan within the Sybaga crediting program. Upon completion he will receive KZT 15mln (USD45 450), which he plans to spend on 150 cows and 200 sheep. He plans to pasture the cattle in Shegen Grave area, closer to the Salakbay irrigation channel 5-6km north of the SPP. Administratively farms subordinate to the Shieli District Council, located almost 100km southeast in Shieli town, however all the veterinary data is reported to the veterinarian in Sulutobe.

According to the veterinarian the 5 farms located around the SPP area hold on average of 2000 cattle, 1000 sheep and goat and 500 horses. The livestock quantity in the area is growing but all these farms activity is confined to the territory near the Salakbay channel.

5.2 SOCIAL IMPACT DURING OPERATION

No impact from reduction of pasture area is expected. There is a small possibility that in the future the captured spring water will be used to fill the old network of earth channels to grow animal fodder. However, the efforts required to re-establish the channels are likely to exceed the benefits from the increased fodder yield. No impact from the installation and presence of the two HVL towers is expected.

5.3 INDIGENOUS PEOPLE

No indigenous people are present on the SPP site, which could be potentially affected by the Project. Sulutobe village is the center of the 31,780 hectare rural area in which the proposed SPP is located. Sulutobe has 406 houses populated by 2,498 people. Almost all population is Kazakh with only one Russian family. The Russian family is fully integrated in the community life.

5.4 ENGAGEMENT WITH STAKEHOLDERS

As no people were identified being affected by the land allocation for the Project, no further engagement and consultations beyond the individual interviews with the local farmers in the surrounding area and rural area councils carried out during this assessment.

The Company has conducted public hearings for the proposed project in November 2015 in Kyzylorda city. The list of participants includes representatives from the Company, Kyzylorda city council, Housing and Communal Services Department, Environmental Department of Kyzylorda region, Nur Otan democratic party, project organization, OVOS developers and local population. The information on public hearings was posted in the local newspaper Kyzylordinskiye Vesti twenty days prior to the public hearing as per the legislation requirements. The major concern of the population was whether the solar panels will have a negative impact on environment and health. The participants did not express any concern regarding land acquisition for SPP and two HVL towers. As a result of discussions the participants approved the implementation of the project. The Company plans to use their website and information board at the SPP entrance as a primary source of information.

A Stakeholder Engagement Plan (SEP) is being prepared. The SEP describes Baikonur Solar LLP's approach to interacting with stakeholders, including the general public, and the disclosure of relevant information with respect to Company's current operations and the 50MWe Solar photovoltaic power

plant Baikonur (SPP) construction plans (the Project). The SEP includes a strategy to provide timely, meaningful and appropriate information to stakeholders and ensure the opportunity for such stakeholders to express their views and comments. The SEP provides a mechanism for the consideration and response to comments and potential grievances raised by stakeholders. Engagement with stakeholders is an ongoing process, which applies to the entire period of the project implementation and operation.

To ensure continuous and systematic communication with stakeholders of the project, the Company has appointed a Community Liaison Officer (CLO):

Mr. Arman Asylkhan

Tel.: +7 701 772 3443

E-mail: a.assylkhan@skug.kz The CLO will provide information, collect feedback, as well as provide answers to incoming communications (via email, telephone or in person). The CLO will regularly update this SEP, including Table 2 with particular attention to identification of vulnerable stakeholders. Company is required to develop website which will act as the primary source of information for the public and NGOs at regional, national and international level, as well as a summary of all the efforts of engagement with stakeholders.

5.5 GRIEVANCE MANAGEMENT AND REDRESS

The Company has established a grievance mechanism as part of the Stakeholder Engagement Plan. Both the Company CSRP publicly and the mechanism will be placed on the information boards at the rural area and regional councils and Junction 14 railway station.

If someone has a complaint or grievance, this will be dealt through grievance and application register or a grievance mechanism that will be managed by the CLO. The objective is to resolve problems in a timely manner.

The stakeholders can submit their grievance in a box on the information boards, call or write a letter or an email to the CLO who will enter it in the grievance database. The database is for controlling the grievance handling process. This mechanism does not limit the public's rights to use the conventional routes to place grievances and the available legal system. Depending on the grievance form, the CLO will reply accordingly, ensuring that the grieved party knows their rights, the date when the reply is due and that the grievance will not be closed until the party is satisfied with the answer or choose to follow further complaint procedures given below.

6 CORPORATE SOCIAL RESPONSIBILITY PROGRAM

A Corporate Responsibility Program (CSRP) is to be developed and agreed with the representatives of the local communities which are expected to directly benefit from the Program. It is suggested that the Company set a budget for the Program implementation during construction and an annual contribution during the operation. A long term sustainable improvements should be favoured over serving acute needs that may be provided by other financing sources.

The program is to enable the local residents to 'buy into the project' i.e. to ensure that some benefit from it can be obtained irrespective whether there is an impact on them or not. The Company shall discuss the CSRP and the needs with the Sulutobe Rural Area Public Governance Council and provide them with information on the budget. The Company should use and disclose to the others involved the following criteria for a need qualifying for the CSRP funding:

1. Fit the allocated for CSRP budget
2. No overlap with the State programs
3. Investment is sustainable or lead to creation of jobs

7 HUMAN RESOURCE POLICY AND LABOR OPPORTUNITIES

The Company's HR policy is regulated by the national Labor Code, which requires signing of individual contract with every employee, establishes minimum wages and benefits, as well as the right to participate in trade unions. No child labor, forced labor and discrimination prohibited by the legislation occur within the Company.

The HR Policy is based on a three-level HR management system that systemizes and increases the transparency. The first executive level employees are hired through an open competition, but technical specialists might be employed differently to ensure uninterrupted technological process. At this level the individual plans are developed to identify the employee potential for further professional growth within the Company. The Company liaise with local higher education institutes in selection of bright graduates for potential employment. The second management level employees, which are responsible for planning and management of major operations, are hired from the promoted 1st level specialists and no open competition is conducted. The list of positions at the third governing level is approved by the internal documents of the Company.

Out of maximum 200 construction staff 150 panels assembling workers are expected to be employed from Kyzylorda and the near settlements. Under the supervision, they can perform the main volume of work of assembling of the panels and cables laying. Few others are expected to be hosted in various accommodation in Kyzylorda that will comply with the EBRD Minimum Accommodation Requirements. The workers will mainly be men, but their presence in an isolated site will have no community related impact. Use of Illegal, forced or child labour will be controlled by the local labour protection inspector and immigration police and thus the associated impact is unlikely. However, the Company shall emphasise this prohibition in the construction contract and include relevant checks in the internal audits. Considering that the Company will extend its existing practices over contractors control to this project, this form of impact is thought to be low.

During the operation employment is expected to be available for two local guards and a cleaner. All can be taken from the poor family of a warden at Junction 14 by this generating beneficial impact at the nearest to the SPP community. The experience however showed that the guards need to be employed from elsewhere to avoid deviance based on familial connections. So, the long term employment may be redirected to Kyzylorda residents.

In the long term the social benefits appear from two directions. More local jobs will be created because higher energy availability will allow further economic development in the region. Very minor long term benefit may be from encouragement of the school graduates to obtain appropriate education to qualify for an electrician position at the plant.

8 CORRECTIVE ACTION PLAN

No.	Action	Social Risks Liability/ Benefits	Legislative or Lenders requirement or best practice	Resources/ Responsibility	Target and Evaluation Criteria for Successful Completion	Time-frame
1. Land Acquisition and Involuntary Resettlement						
1.1	Conduct remaining land leasing procedure according to Land Code and local regulations. Obtain land lease agreement and land certificate before commencement of land clearance and construction. Include information and relevant land documents in monitoring reports.	Minimize complaints/ non-compliance	ADB SPS	Company	No complaints; no non-compliance	Before site clearing and construction
1.2	If the access road is not designed to coincide with the existing road, impact on current road and land users shall be assessed including consultations with road and land users	Non-compliance/ no complaints	ADB SPS	Company	No complaints; no non-compliance	Prior to and during construction
2. Labour and working conditions						
2.1	<p>Include Environmental mitigation measures and EHS principles in the Contractors' work in accordance with international standards and EBRD / ADB requirements.</p> <p>Emphasise prohibition of illegal, forced and child labour use by the contractor and subcontractors.</p> <p>Audit the contractor adherence to the EHS aspects of the contract, ensure timely correction of deviations.</p>	Ensure that contractors working on sub-project sites meet the requirements established in EBRDs Environmental and Social Policy (2014) and ADB's SPS and Social Protection Strategy, including specific requirements set out in the Environmental and Social Action Plan.	EBRD PR1, par.20 ISO 14001 OHSAS 18001, ADB SPS Prohibited Investment List, ADB SPS, ADB Social Protection Strategy	Design Consultant, External and internal resources, contractors.	<p>Proof provided of EPC Contractor capability.</p> <p>Audit reports to demonstrate compliance.</p>	Prior to and during construction
2.2	<p>Include EBRD EHS and social requirements into tender documentation and contracts.</p> <p>Select contractors that demonstrate adequate EHS and labour management capability.</p> <p>Ask contractors to obtain all required EHS permits and develop an EHS plan agreeable to the Company before starting any activities.</p> <p>Include in Contractor's contract a provision on compliance</p>	Work delays/ Good relations with authorities	Kazakh norms (SNiP, SanPiN, GOST), sectoral guidelines, EBRD policy ADB SPS Prohibited Investment List, ADB	EHS plan to be developed at the contractor expense	Tender documents include ESAP requirements. Criteria for assessing contractors EHS and labour management capabilities established. Contractor EHS plan approved by the Compa-	During tender packages preparation and construction

No.	Action	Social Risks Liability/ Benefits	Legislative or Lenders requirement or best practice	Resources/ Responsibility	Target and Evaluation Criteria for Successful Completion	Time-frame
	with national and local labor laws and measures to comply with the core labor standards.		SPS,ADB Social Protection Strategy		ny	
2.3	<p>Ensure that contractor has a worker representative and a human resource policy which is disclosed to workers.</p> <p>Develop a grievance mechanism with ability to complain anonymously, records of satisfaction in the given answer and explanation to unsatisfied worker where to take their grievance further</p> <p>Produce annual report on implementation of grievance mechanism, types of grievances and resolutions</p>	Better worker relations. Risks of work related conflicts are managed. Better communication between employer and employees and contractors	EBRD PR2 , par.20 / Best practice	To be required to the contractor by the company EHS manager	Workers aware of this option. Anonymous complaints have been registered and answered. Annual report on grievance mechanism available	Prior to construction
3. Information Disclosure and Stakeholder Engagement						
3.1	<p>Implement the Stakeholder Engagement Plan with the grievance mechanism and update it annually.</p> <p>Conduct information dissemination and meeting with surrounding stakeholders to increase awareness on the future construction in their area and potential impacts, and availability of grievance procedure if they have any issues/concerns.</p>	Community and other stakeholders' issues identified and expectations managed	PR 10.– meaningful consultation, ADB SR 1-3	Top management / CLO	SEP is up to date and implemented in full Grievance records properly maintained.	Before and during construction and operation.
3.2	Provide general public access to information on the E&S performance of the Project and the Company	Large discrepancy between actual and perceived impact / Good company image	ADB SR1 sec.3, SR2 sec.5 , Best practice	CLO	Information disclosed according to SEP	During construction and operation.
3.3	Report annually on project E&S issues and benefits and implementation of action plans to Lenders and other stakeholders	Ensure transparency on E&S issues	PR 10 – Information disclosure, ADB SPS	CLO	Reports provided in time and fully completed Monitoring reports disclosed on ADB website	Annually throughout Project implementation

APPENDIX 1 DETAILS OF PERSONS CONSULTED

The following stakeholders were interviewed:

- | | |
|--|-----------------------|
| • Sulutobe rural area councillor | Kazhdenbek Mamatov |
| • Kyzylorda district land relations department | Kulyaihan |
| • Baikonur Solar LLP director | Nurlan Kapenov |
| • Baikonur SPP site manager | Pavel Komarevtsev |
| • Sulutobe veterinarian | Zholdasbai Yemberinov |
| • Kyzylorda transport inspection | |
| • Shieli department of land cadastre | |

Local residents from Junction 14 and closest farms were asked individually, as it was not possible to form the focus groups.

As a minimum the following questions were covered with the interviewees:

- history of their presence in the area and knowledge of the area history
- current activities, sources of income, unemployed members, plans for further economic development, opportunities and obstacles;
- What ongoing problems they had, improvements/deterioration in the past 5 years, weather there have been any interruptions to electricity
- whether they knew of the project and if so, what did they know, what impact and benefits for themselves did they see from the project
- Whether the presented stakeholder engagement mechanism would be able to take their opinion into account, the most appropriate place to post information about the project
- How do they feel about the project and whether they approve of it in general.

Out of the interviewed, only one family at the Junction 14 was truly local. The house owner Muratbay and his two sons were born there. Muratbay guards a cellular phone network retranslation mast while his sons help him collect reed for two cows and two calves. To reduce cost they do it by hand from July well into October and gather 500 bundles to pass the winter. The man then pays over half of his \$103 monthly salary for a truck to take the reeds to his house. The family would like to increase their livestock to sell meat at Kyzylorda market but has no savings and cannot arrange a loan to purchase additional livestock. The entire salary is spent on food, utilities and basic clothes. The sons have no education to obtain employment at the railway or in Kyzylorda and can only work as guards. There have been no improvements at the Junction apart from appearance of the earning from installation of the mast. Muratbay and his sons passed by selected for the project area several times a week in summers since he started to cut reed for his cattle near the Salakbay Channel in 2003. He reported no changes to the site over this period but some increase in shrubs cover. He welcomed the project as hoped that his sons and the son wife may be able to find employment there as guards and a cleaner. In respect to the engagement in the project, they were indifferent of the means and only cared about finding out about the vacancies. They do not go to the rural are council and asked to be contacted directly.

Other 9 residents of the Junction 14 are pensioners that came there at different times mainly for the presence of fresh water source for the livestock and proximity of the Syrdarya River flood plain pastures and the city. They knew nothing about the area selected for the project. E.g. Sapat Tazhibekov bought a house there in 2005 when he retired. He and his wife keep small number of livestock. They visit their children in Kyzylorda frequently using buses that come every hour and cost \$0.9 one way. It takes 40min to reach the city but the timing is not stable and a bus pavilion at the road in the city direction to shelter them while waiting for a bus would be very desirable. He had not heard about the project, was

happy for its appearance and did not want to receive information on it. The same opinion was expressed by three other households of the Junction that had been interviewed.

The owner of the nearest plot to the SPP farm Zhomart has just obtained the land and built two large greenhouses next to the old road body material borrow pit. He was new and did not know the area. Zhomart took a loan from the Sybaga Crediting Program to buy 150 cows and 200 sheep. To obtain this low interest loan Zhomart had to agree to build a cattle barn. He lives in Kyzylorda and employs local herders to manage the livestock. He was also indifferent about the project as his pasture land was further northeast towards the seasonally flooded Aktogan area. He did not care about the information on the project but said that an internet source would be the best place to obtain it.

The other three interviewed farms were considered to be too far from the unattractive SPP site to care. They established in the area at different times to herd livestock. One has already obtained a loan from the Sybaga Crediting Program, others were thinking to use it too to expand the livestock numbers. One of three farms used the dirt road which first kilometer will be used by the SPP. He uses the road rarely and was not worried about the roadworks when was explained that the passage would be ensured throughout the construction. All stated that the project area was not occupied by anyone as far as they could remember. They did not know about the project but were indifferent about it. One said that an internet source would be sufficient to receive the information and give feedback. The others were happy with the information board at the regional council. All thought that the existing mechanism of complaining to the regional and the rural area councils is sufficient to account for their interest.

APPENDIX 2 REVIEWED DOCUMENTS

- a. Project resume #1414-09-t.1;
- b. Marketing research;
- c. Technical solutions and connection schemes;
- d. Local PreEIA;
- e. Project economics and finances;
- f. 1st Decree of allocation issued by the Kyzylorda Council/Land Relations Department in 2014 to allow the Company to conduct feasibility studies.
- g. Report on engineering surveys;
- h. Cost estimate documentation;
- i. Price list, comparative analysis of equipment suppliers.

APPENDIX 3 LAND ALLOCATION DECTREE



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ПОСТАНОВЛЕНИЕ

11 декабря 2014 г.

Қызылорда облысы

№ 2622

қала Қызылорда

**О разрешении для проведения
проектно-изыскательских работ
товариществу с ограниченной
ответственностью «Samruk
Kazyna-United Green»**

В соответствии с Земельным кодексом Республики Казахстан от 20 июня 2003 года «Земельный кодекс Республики Казахстан», Законом Республики Казахстан от 23 января 2001 года «О местном государственном управлении и самоуправлении в Республике Казахстан», а также рассмотрев заявление товарищества с ограниченной ответственностью «Samruk Kazyna-United Green» от 27 ноября 2014 года, акимат города Кызылорда **ПОСТАНОВЛЯЕТ:**

1. Разрешить проведению проектно-изыскательских работ товариществу с ограниченной ответственностью «Samruk Kazyna – United Green» на земельный участок площадью 150,0 (сто пятьдесят) гектаров, расположенный город Кызылорда, урочище «Кокжиде», участок №1, сроком на 2 (два) года.

2. Государственному учреждению «Городской отдел земельных отношений» внести соответствующие изменения в земельно-учётную документацию, вытекающие из настоящего постановления.

3. Настоящее постановление вводится в действие со дня подписания.

АКИМ ГОРОДА



Н. НАЛИБАЕВ

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13 апреля 16 ..

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О внесении изменений и дополнений в постановление акимата города Кызылорда от 11 декабря 2014 года №2622 «О разрешении для проведения проектно-изыскательских работ товариществу с ограниченной ответственностью «Samruk Kazyna- United Green»»

В соответствии с Законом Республики Казахстан от 6 апреля 2016 года «О правовых актах», Законом Республики Казахстан от 23 января 2001 года «О местном государственном управлении и самоуправлении в Республике Казахстан», а также рассмотрев письмо товарищества с ограниченной ответственностью «Baikonur Solar» («Байконур Солар») от 08 апреля 2016 года №2-16, акимат города Кызылорда **ПОСТАНОВЛЯЕТ:**

1. Отменить постановление акимата города Кызылорда от 11 декабря 2014 года №2622 «О разрешении для проведения проектно-изыскательских работ товариществу с ограниченной ответственностью «Samruk Kazyna- United Green»».
2. Разрешить проведению проектно-изыскательских работ товариществу с ограниченной ответственностью «Baikonur Solar» («Байконур Солар») на земельный участок площадью 150,0 (сто пятьдесят) гектаров, расположенный город Кызылорда, урочище «Кокжиде», участок №1, сроком до апреля 2017 года.
3. Государственному учреждению «Городской отдел земельных отношений» внести соответствующее изменение в земельно-кадастровую документацию, вытекающее из настоящего постановления.
4. Настоящее постановление вводится в действие со дня подписания.

АКИМ ГОРОДА



Н. НАЛИБАЕВ

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ҚАУЛЫ

ПОСТАНОВЛЕНИЕ

«30» декабря 2016 ж.г.
Қызылорда қаласы

№ 6731
город Кызылорда

О внесении дополнения в постановление акимата города Кызылорда от 26 сентября 2016 года №6158 «О внесении изменений в постановление акимата города Кызылорда от 11 декабря 2014 года №2622 «О разрешении для проведения проектно-изыскательских работ товариществу с ограниченной ответственностью «Samruk Kazyna- United Green»

В соответствии с Законом Республики Казахстан от 23 января 2001 года «О местном государственном управлении и самоуправлении в Республике Казахстан», Законом Республики Казахстан от 06 апреля 2016 года «О правовых актах», а также рассмотрев письмо товарищества с ограниченной ответственностью «Baikonyr Solar» («Байқоңыр Солар») от 07 декабря 2016 года №11-И/16, акимат города Кызылорда **ПОСТАНОВЛЯЕТ:**

1. Внести постановление акимата города Кызылорда от 26 сентября 2016 года №6158 «О внесении изменений в постановление акимата города Кызылорда от 11 декабря 2014 года №2622 «О разрешении для проведения проектно-изыскательских работ товариществу с ограниченной ответственностью «Samruk Kazyna- United Green», следующее дополнение:

пункт 2 указанного постановления дополнить подпунктом 2.1. в следующей редакции:

«2.1. Разрешить проведению проектно-изыскательских работ товариществу с ограниченной «Baikonyr Solar» («Байқоңыр Солар») на земельный участок площадью 150,0 (сто пятьдесят) гектаров, расположенный на участке №1, урочище «Кокжиде», города Кызылорда, сроком до 11 декабря 2017 года.».

2. Государственному учреждению «Городской отдел земельных отношений» внести соответствующее изменение в земельно-кадастровую документацию, вытекающее из настоящего постановления.

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3. Настоящее постановление вводится в действие со дня подписания.

АКИМ ГОРОДА



Н. НАЛИБАЕВ