

"APPROVED"

By the Supervisory Board
of "Almalyk MMC" JSC
minutes of the meeting No.17
dated 12 July 2022

**Policy on the Responsible Selection of
Suppliers (Contractors) for the Supply
(Contracting) Chains
of "Almalyk MMC" JSC**

Chapter 1: Purpose of the Document

1. "Almalyk MMC" JSC (hereinafter referred to as the "Complex") is committed to sustainable business practices, adherence to ethical standards at all stages of the supply chain, and prioritizing environmental protection, social responsibility, and corporate governance (hereinafter referred to as "ESG"). This commitment includes the responsible selection of suppliers of raw materials, goods, works, and services.

2. The policy for the responsible selection of suppliers (hereinafter referred to as the "Policy") of the Complex is based on the applicable laws of the Republic of Uzbekistan, internationally recognized rules and principles of law, and the international treaties and voluntary obligations of the Republic of Uzbekistan. It confirms the Complex's commitment to the ongoing, comprehensive due diligence of its supply chain.

3. The full, approved text of this Policy will be published on the official website of the Complex, included in all contracts and agreements, and communicated to all employees, suppliers, and contractors through relevant information channels, as well as incorporated into employment and civil contracts.

4. The structure of the Policy reflects the Complex's priority areas for the responsible selection of suppliers, as well as its approach to managing risks that arise at all stages of the supply chain, including in the relationships with suppliers of its subsidiary enterprises.

5. In particular:

5.1 of this Policy. in the department of the Complex, in accordance with the responsible selection of Suppliers, including the instructions of the Organization for Economic Cooperation and Development (hereinafter referred to as the Organization for Economic Co-operation and Development) on the comprehensive verification of the responsible supply chains of minerals from conflict-affected areas and high-risk areas describes the approach to supply. Organization for Economic Co-operation and Development Guidelines);

5.2., 5.3. of this Policy. and 5.4. - regulates ESG aspects of special importance for responsible supply chain management of the Complex in its departments;

5.2., 5Section 6 of this Policy focuses on Suppliers along the entire delivery (supply) chain of the Complex organized on the basis of the five-stage model of the supply chain " Organization for Economic Co-operation and Development organization model" based on the risks and risks described in Appendix 1 of the instructions of the Organization for Economic Co-operation and Development organization) will be focused on the comprehensive inspection management system of the Complex to ensure responsible selection.3. of this Policy. and 5.4. - regulates ESG aspects of special importance for responsible supply chain management of the Complex in its departments.

6. For the purposes of this Policy, the following key concepts and terms are used:

ESG stands for "Environmental", "Social" and "Governance". Responsible treatment of these three components serves to achieve sustainable development or sustainable development goals - SDGs - set in the UN agenda for improving the well-

being and protection of our planet. In a broad sense, ESG is business activity in accordance with the principles of sustainable development, that is, an emphasis on a responsible attitude to the environment, society and management standards in organizations.

DDMS - abbreviation "Due Diligence Management System" - in accordance with Article 15 of the Tax Code of the Republic of Uzbekistan, acceptance of the decision to enter into a contract (agreement) with Counterparties in a mandatory manner, after comprehensively studying and applying due diligence measures.

due diligence - is a set of studies conducted by the Company in a mandatory manner before choosing a counterparty, including the following study measures: the counterparty's registration as a tax payer with the tax authorities, business reputation, availability of production facilities (base) and qualified employees, financial a number of actions of the taxpayer, including checking the status and ability to fulfill obligations under the contract (agreement);

EITI – Extractive Industries Transparency Initiative

Chapter 2. Scope of the document

7. This Policy applies to Suppliers, contractors and subcontractors (hereinafter - Suppliers/suppliers) in the supply of raw material resources, goods, equipment and supplies, instruments, spare parts, as well as works and services in the supply chain for the needs of the Complex. is carried out) covers and applies to all areas and directions of activities related to selection.

8. Policy rules in the organizational structure of the Complex

applies to all enterprises, departments of the executive apparatus and to all employees, regardless of their position or position, including members of the management of the Complex (hereinafter collectively referred to as "Almalyk MMC" JSC), while taking into account the restrictions and requirements established by the legislation, by the Complex

directly managed or indirectly authorized capital

Enterprises in which more than 50 percent are owned by the Complex are understood.

9. The requirements and regulations for Suppliers are in the following internal regulatory documents of the Complex:

- Anti-corruption Policy;
- Code of ethics;
- Regulation on conflict of interest management;
- Instructions on checking counterparties;
- Instruction on screening of candidates for employment;
- Committing corrupt actions and in the Service

detailed in the internal regulatory documents, such as the Regulation on the procedure for conducting service inspections in connection with violations of the rules of etiquette.

Chapter 3 General Information

10. As one of the leading mining and metallurgical Complexs of the Republic of Uzbekistan and one of the largest producers of raw materials and processed products in the world, the Complex is committed to maintaining ethical standards and sustainable business principles within the industry for its prestige and business reputation in front of its employees and the world community. acknowledges its obligations.

That is why "responsibility" is one of the highest values of Complex and its close working team.

11. The commitment of "Almalyk MMC" JSC to responsibly choose the Suppliers specified in this Policy begins first of all with its daily operational activities.

and will be fully implemented in relation to the Suppliers of "Almalyk MMC" JSC.

12. "Almalyk MMC" JSC expects its Suppliers to strictly adhere to the Code, which should be considered together with the principles and standards of responsible selection of Suppliers mentioned in Section 5 of this Policy.

13. "Almalyk MMC" JSC strives to develop long-term cooperation and, if necessary, may provide for the training of Suppliers and (or) the qualification of its employees within the framework of meeting relevant advanced requirements and materially supports initiatives to improve their knowledge.

14. Depending on the need, "Almalyk MMC" JSC interacts with Suppliers and other interested parties in order to develop effective, proportionate and measurable indicators improvement plans in order to increase the ability of Suppliers to comply with the requirements and regulations set forth in the Code cooperates.

15. This Policy contains requirements and recommendations for the Suppliers of "Almalyk MMC" JSC to ensure the fulfillment of the requirements and to work together to create more responsible supply chains in a specific area.

16. In order to ensure transparent and open dialogue on issues related to the responsible selection of Suppliers in addition to operational activities, Complex actively cooperates with all interested parties, enterprises and organizations, public organizations, mass media and representatives of social networks.

17. A particularly noteworthy aspect is the need to effectively organize the activities of the independent Compliance and Control Service of the Complex, which will serve as an effective mechanism for internal and external interested parties to freely send and consider their complaints, applications and appeals, such a communication mechanism (contact channel) provides applicants with the opportunity to send their messages and information in a confidential, reliable and secure manner about any risks and dangers regarding the responsible selection of Complex Suppliers. In this form of communication, the possibility of applying any pressure, pressure or punishment (sanction) measures against the applicant is significantly limited.

Chapter 4 Regulatory-Legal Framework

18. This policy was developed on the basis of internationally recognized standards, initiatives, and the best practice models of responsible selection of Suppliers, such as the guiding principles of the Organization for Economic Co-operation and Development organization, in accordance with the requirements of the current laws and regulations of the Republic of Uzbekistan, as well as the requirements of applicable international laws and agreements. gives a complete answer.

Chapter 5 Principles and Standards for the Responsible Selection of Suppliers (Contractors) of "Almalyk MMC" JSC

5.1. Responsible selection of Suppliers.

5.1.1. Human rights

Recognizing the risk of negative impacts on human rights, including conflicts, risks and hazards associated with the extraction, sale, processing and import/export of raw materials from conflict-affected and high-risk areas, Complex is committed to providing does not allow violation of human rights or use for narrow personal interests and does not provide practical assistance or avoid profit or other form of benefit from any form of rights violation situation. Among them, among others:

- cruel, inhuman and degrading treatment, torture any form;

- any form of forced labor;

- the worst forms of child labor exploitation;

- gross violations of human rights and other forms of humiliating and degrading treatment practices, such as sexual violence, which are widespread in global practice;

- war crimes or other serious violations of international humanitarian law, crimes against humanity or genocide.

5.1.2. Security services

State or private security services that may be involved in illegal taxation or extortion within the supply chain of the Complex, including cases related to extraction, transportation, sale, processing and export/import of raw materials. or does not allow affiliates to be directly or indirectly supported by the Complex in their activities.

When Complex or any organization in the supply chain engages public or private security services based on relevant agreements (agreements/contracts), Complex strives to ensure that the hiring procedures for security services are in accordance with the Voluntary Principles (principles) on human security and rights. , and expects at least the same approach from Suppliers in its supply chain.

5.1.3. Financial crimes and transparency

The Company undertakes not to give or receive bribes, mediate in bribery, commercial bribery, mediate commercial bribery, as well as other actions that violate the requirements of the current legislation and regulatory legal documents of the Republic of Uzbekistan, as well as international law on combating corruption. , as well as mobilizes all its capabilities within its powers to prevent such negative situations from occurring by the employees, affiliates or intermediaries of the Complex.

Any payments and/or expenses made to government agencies, their officials and government employees in connection with the extraction, trade, processing, transportation or export/import of raw materials in accordance with the requirements of the Extractive Industries Transparency and Openness Initiative (EITI) seeks to disclose information about it to the general public through the press and social networks.

5.1.4. Interaction of the Complex with interested parties

The Complex commits to managing risks and hazards, including those associated with the extraction, sale, processing, and import/export of raw materials, as well as managing risks related to the presence of public or private security services within the supply chain. Additionally, the Complex is responsible for ensuring transparency, proportionality, and the implementation of control procedures regarding payments made to the aforementioned security services involved in supply chain activities. To achieve this, the Complex undertakes to engage in close cooperation with external stakeholders, relevant state and non-state organizations, public associations, media outlets, and social media activists.

If the fact of violation of any of the above-mentioned principles by the Supplier of the Complex is discovered, based on the effectiveness and efficiency of the reduction of such risk, as well as the identified risks or the corrective measures taken, it will temporarily suspend cooperation with such Supplier. applies a complex set of measures, from the decision to stand down to the complete termination of cooperation.

5.2. Environmental protection

Responsible use of the environment, efficient use of energy resources, biological fully fulfills its obligations to minimize the negative impact on diversity, water, air and soil conditions, as well as rational management of waste storage facilities and waste management, and fully fulfills such obligations towards the partners participating in the supply chain of the Complex tries to be introduced.

5.3. Social responsibility, labor protection and industrial safety

Complex undertakes to respect human rights, the rights and freedoms of indigenous peoples and peoples in places of traditional living and traditional economic activity, including the right to give free, preliminary and informed consent, and the rights of human rights defenders, as well as Complex's supplies undertakes to constantly monitor the strict observance of human rights in supply chains and exclude such risks and negative practices such as forced labor, human trafficking, modern slavery and the use of child labor.

Complex undertakes the obligation to create a safe and healthy working environment in its labor team, to constantly assess risks in the field of labor safety and industrial safety in relation to its employees, as well as to assist and support its partners in the introduction of appropriate safety procedures in the delivery (supply) chain.

Guarantees compliance with strict standards of working conditions created in the plant and its system, in particular, industrial safety, and demands the same compliance from its partner Suppliers.

In its activities, the Company strictly adheres to the provisions of this Policy and the obligations related to social issues, labor protection and industrial safety issues stated in the Code of Conduct in the Service monitors and manages compliance.

5.4. Compliance-control service

Complexd bribery and corruption, fraudulent activities, money laundering, terrorist financing and openness, impartiality and transparency in the implementation of its activities within the framework of its obligations related to the issues of independent and effective compliance-control service in order to prevent tax-related crimes that may occur in all contracts and transactions concluded by the Complex in various chains of activity in supply chains, and strictly adheres to the rules of etiquette in the Service.

Chapter 6 System for Managing Comprehensive Due Diligence

6.1. Five-stage model.

Stakeholder preferences, leading network experience to manage risks in the company's supply chain and practices in accordance with the internationally recognized Organization for Economic Co-operation and Development organization's Five-step model of the Organization for Economic Co-operation and Development organization, best practices in the industry, and a comprehensive inspection management system (hereinafter referred to as DDMS) and the corresponding principle of comprehensive inspection. Based on this model of the Complex:

6.1.1. The following reliable management systems for the responsible selection of Suppliers:

- Open to the public, containing the minimum requirements for Suppliers

- The Policy and the Code will be developed, approved and guaranteed to be published in the press, on the Internet, on social networks and on the official website of the Complex in English and Russian, as well as in other foreign languages, if necessary;

- Comprehensive inspection of the delivery (supply) chain

- an internal governance structure to support and effectively communicate critical information to internal and external stakeholders;

- System of control and transparency of supply chain, including identification of Suppliers along the incoming supply chain;

- Effective operation of an independent Compliance Oversight Service that allows any interested parties to freely and securely report on the status of extraction, sale, processing and import/export of raw materials, as well as ESG risks at all stages of the Complex's supply chain. guarantees.

6.1.2. Implements a risk management process in the delivery (supply) chain, including:

- assessment of risks and hazards in the supply chain;

- analysis of the risk of delivery (supply) from conflict and high-risk areas;

- development of a map of the actual situation in the supply chain.

6.1.3. Proportionate response to identified risks

develops and implements measures, including:
to submit a quick report to the Chairman of the Board and the Supervisory Board on the results of the risk assessment for the supply chain;
use of compliance risk management system;
Develop measurable risk mitigation plans, including supplier training and other projects to further increase their powers as needed;
monitoring the process of introducing corrective measures;
report quarterly to the Chairman of the Board and the Supervisory Board on the results of corruption risk and risk management.

6.1.4. Chairman of the Board for engagement of independent external auditors to check the processes of the supply chain of the Complex for identified risks and hazards

and makes a proposal to the Supervisory Board.

6.1.5. Undertakes the obligation to disclose information about the following to the general public (based on the requirements of regulatory legal documents defining the procedure for working with confidential information, as well as excluding information that constitutes a commercial secret of "Almalyk MMC" JSC):

Acceptance, approval and open and transparent publication of the Policy, Code and other procedures, internal regulatory documents necessary for comprehensive inspection of supply chains, printing in Russian and English;

The number and summary of received and considered complaints;

regular publication of information on the results of risk and risk assessment in the supply chain in the press, on the Internet and in social networks;

regular publication of approved measures for risk and risk management in the press, on the Internet and in social networks.

The Company intends to disclose the information and data listed above based on the requirements and principles of EITI.

6.2. Area of Roles and Responsibilities

Implementation of obligations of the Complex in the daily practice of responsible selection of Suppliers and comprehensive effective inspection of the supply chain,

Also, the responsibility for coordination and control of all activities and types of activities carried out in this regard by the Complex and the direct executors of the DDMS implementation is assigned to the Deputy Chairman of the Board for security, the internal control structure of the Complex to fight against corruption, and the head of the Legal Department.

In this case, special attention is paid to the implementation of the following obligations:

Approving instruments that are considered an integral part of the DDMS system to agree, coordinate, and control the implementation of internal regulatory documents that determine the procedure for applying certain requirements to Suppliers;

- Monitoring and analysis of the effectiveness of the DDMS system

- At least once a year;

Measures to be taken regularly include:

- Launching a mechanism for informing the Suppliers of the Complex and the employees of the Complex about the requirements for the Suppliers;
- Existing and potential in the supply chain organization and control of evaluation works in order to identify risks and dangers;
- Development of risk and risk management measures identified in the supply chain;
- organizing an independent external audit to evaluate the DDMS system at the end of the quarter;
- to submit a quarterly report to the Chairman of the Board and the Supervisory Board on the results of the evaluation and the reduction of risks and risks in the supply chain;
- to establish mutual cooperation relations with the customers, suppliers and other interested parties of the Complex to assess the risks and dangers in the supply chain, if necessary, coordinate the work of the Complex on these issues;
- organizing an independent external audit to prepare an annual report on a comprehensive audit of the responsible supply chain;
- on the basis of annual analysis, organization of development, approval and introduction of relevant internal regulatory documents projects on improvement and updating of internal regulatory documents;
- Organization and control of the development of the training plan for the employees of the Complex according to the DDMS system.

This Policy will be approved by the Supervisory Board and will come into force three months after its publication on the official website of the Complex.