

Conquering horizons

SUSTAINABILITY REPORT
2021





TABLE OF CONTENTS

2	Key figures and results for 2021
4	Message from Chairman of the Board
9	About the Report
9	Approach to report preparation
10	Determination of materiality
12	Reporting boundaries
15	About the company
16	Basic information
18	Geography of operation
19	Mission, vision and values
20	Strategy and business model
22	Corporate governance
33	Sustainability management
34	Sustainability management approach
36	Contribution to the UN SDGS
38	Interaction with stakeholders
42	Ethics and anti-corruption
47	Operating results
48	Creating and distributing economic value
51	Supply chain
56	Investment and project activities
61	Production automation
65	Innovation, Research and Development
69	Health and safety
70	Management approach to health and safety
76	Employees health and safety
81	Improving safety culture
82	Emergency preparedness
85	Environmental stewardship
86	Management approach
88	Impact on the atmosphere
91	Impact on water resources
95	Biodiversity
96	Waste management
98	Energy consumption and energy efficiency
105	Human resources management
106	Management approach
108	Personnel structure
112	Engagement and motivation
118	Human right and non-discrimination
119	Learning and development
123	Supporting local communities
124	Approach to community engagement
125	Contribution to socio-economic development of regions
132	Appendix 1. GRI Context index
141	Appendix 2. Key quantitative data
151	Appendix 3. External assurance
156	Glossary
158	Contact details

Key figures and results for 2021

Finance and production

2.9 billion USD

Volume of marketable products

>3.5 million m³

Production area

Personnel

>38 thousand people

Number of employees

>9 thousand people

**Number of employees
completed corporate
training**

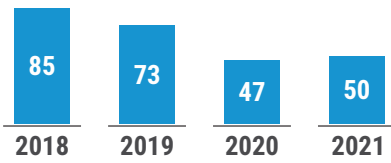
5,685 thousand UZS

Average salary

0.93%

Personnel turnover rate

Occupational health and safety



Number of occupational diseases detected

0.27

LTIFR

Development of regions of presence

337 billion UZS

Amount invested in local communities

Environmental protection

143 billion UZS

Allocated for environmental protection measures

increased by

26%

compared to 2020

Increased amount of waste sent for disposal and neutralisation



Message from the **CHAIRMAN OF THE BOARD**

GRI 102-14

***Dear Shareholders, Colleagues
and Partners!***

We are pleased to present to your attention the second Sustainability Report of «Almalyk MMC» JSC, prepared in accordance with international GRI standards and independently certified. Publication of non-financial reporting is a clear indicator of the Company's commitment to the principles of transparency and responsibility. This Report will allow AMMC's stakeholders to get a better idea of the work, achievements and plans of the Company in the development of the ESG agenda.

As one of the largest industrial enterprises in the Republic of Uzbekistan, AMMC strives to conduct its business responsibly, with respect to the socio-cultural diversity of its employees and to local communities. In its daily activities, the Company is guided by the best global practises and the Sustainable Development Goals adopted by the UN General Assembly in 2015.

The AMMC development strategy, until 2025, involves a significant expansion of: the raw material base and technological capacities as well as the introduction of modern technologies and process automation. The company intends to achieve its ambitious goals by deeply integrating the principles of sustainable development into its business processes. It will also help balance AMMC's internal priorities



with those of its wide range of stakeholders and the needs of a changing external environment.

In 2021, we intensified our ESG agenda activity including continued work on identifying, assessing and analyzing sustainability risks. In the reporting period, as part of improving the Company's sustainability management system, specific measures were taken including:

- Regulations on stakeholder engagement and a stakeholder map were developed;
- A Compliance and Industrial and Financial Risk Monitoring Department was established to counteract corruption;
- A unified collegial management body for energy efficiency, environment and industrial safety was organised.

Human Resources Management

More than 38,000 employees serve as the backbone of our business. AMMC creates a decent and comfortable working environment, developing an inclusive environment where people's safety and well-being are of the highest priority. The company values the experience and knowledge of its employees, creates opportunities for their continuous professional development and encourages the desire to learn. AMMC provides competitive remuneration

ration and offers a wide range of social support programmes, with a particular focus on promoting a healthy lifestyle for employees. Implementation of the HR policy and improvement of the comprehensive motivation system enables AMMC to build an attractive employer brand and maintain an extremely low employee turnover rate (0.93% in 2021).

In 2021, a new HR policy at JSC «ALMALYK MMC» was approved, which defines the HR strategy and basic principles of professional growth of personnel, formation of personnel reserve, unified mechanisms of recruitment and training.

Occupational Safety

Taking care of employee safety is a top-priority for the Company. We believe that the lives of our people are more important than results, and we base our business decisions on this vision. In 2021, the Company approved an Occupational Health and Safety Policy. Also in 2021, for ISO 45001:2018 certification, AMMC conducted training for staff and developed a number of pilot health and safety risk assessment methodologies.

AMMC strives to continuously improve its health and safety management system. During the reporting period, investments of 121 billion soums were made to reduce employees' exposure to adverse working conditions and ensure compliance with legal requirements. The total number of injuries decreased by 20% in 2021.

As an additional health protection measure, a major refurbishment of the health resort was completed in 2021, with state-of-the-art equipment and a capacity to accommodate up to 214 holidaymakers.

Automation and Digitalisation

Production automation and implementation of

information technologies are significant factors in AMMC's development and remain one of the Company's priorities. IT spending amounted to UZS 47.9 billion in 2021, which was four times higher than in the previous reporting period. The concept of development "Digital AMMC - 2030" was elaborated, and the Department of Information Technology was also created.

Based on the results of 2021, special attention was paid to improving the efficiency of the mining transport complex. The total number connected to the GPS transport system was 1,700 units. As a result, fuel savings of 16.8 thousand tonnes were achieved, the volume of rock mass transportation at the Yoshlik-1 open pit mine increased by 10%, paper applications for transportation were eliminated and excessive idle time of rail cars was prevented which led to a 6-fold reduction in the number of fines.

Support in the Regions of Presence

AMMC makes a significant contribution to the social and economic development in the regions where it operates. In addition to creating jobs and making timely tax payments, the Company implements a range of programmes and initiatives aimed at regional development.

AMMC actively cooperates with stakeholders to develop clear and transparent agreements that include specific activities aimed at creating a decent future for local residents. The Company implements social projects in every region where it operates.

In total, a record investment of 337 billion soums was allocated for social projects in 2021, mainly aimed at the development of social infrastructure and urban environment and the support of mass and children's sports and education. During the reporting period, AMMC continued to implement the roadmap for socio-economic development of the city of Almalyk, having organised large-scale activities for the improvement of the city, for a total amount of

13.5 billion soums.

Environmental Protection

AMMC recognises its responsibility for the impact of the Company's operations on the environment and strives to use natural resources rationally. The plant annually improves its approaches to managing its environmental impact and implements measures to reduce it. Among the key achievements in 2021 are:

- A 2% reduction in pollutant emissions;
- Increasing the share of waste transferred for recycling and disposal by 26%;
- Transferring more than 670,000 tonnes of slag for recycling;
- Reducing the total volume of water intake and wastewater discharge;
- Increasing the volume of recycled water by 12%.

Particular attention was paid to the efficient use and saving of fuel and energy resources, including the commissioning of new upgraded equipment. In 2021, compared to the business plan, electricity savings amounted to 468.6 million kWh and natural gas savings amounted to 108.7 million m³. In April 2021, a re-certification audit was conducted at the Copper Concentrator and Copper Smelting Plant, which resulted in a certificate of compliance of the management system according to the requirements of ISO 50001:2018.

In the near future, AMMC intends to make an even greater contribution to sustainable development. We also plan to earn a reputation as a company where employees, local communities and the environment are cared for as much as production efficiency.

I would like to thank AMMC's employees and partners for their contribution to our common success and high performance.







About the report

Approach to report preparations

GRI 102-45 GRI 102-46 GRI 102-48 GRI 102-49

GRI 102-50 GRI 102-54 GRI 102-56

The 2021 Sustainability Report (hereinafter also referred to as the «Report») is the second non-financial report prepared by «Almalyk mining and metallurgical company» JSC and presented to a wide range of stakeholders.

The Report reflects key performance results of «Almalyk mining and metallurgical company» JSC from January 1, 2021 to December 31, 2021 and contains both plans for 2022 and a mid-term perspective.

The Report has been prepared in accordance with the GRI Sustainability Reporting Standards (hereinafter also referred to as the «GRI Standards»), Core option, and is a reflection of the progress made on the contribution to achieving the UN Sustainable Development Goals for the period until 2030.

The content of the Report was determined in accordance with the requirements of the applicable GRI Standards.

The Report refers to «Almalyk mining and metallurgical company» JSC and the set of structural subdivisions comprising it. Unless otherwise stated, the terms «Company», «AMMC», «Complex» shall mean «Almalyk mining and metallurgical company» JSC and the aggregate of structural subdivisions comprising it.

During the preparation of the Report, there were no significant changes in the reporting boundary and the list of material topics compared to the similar report for 2020. The text of the Report contains a number of clarifications on the data of previous years, reservations about this are included in the text.

To ensure the quality, accuracy and completeness of the disclosed data, the Company engaged PwC auditors to provide independent assurance of the Sustainability Report ([see Appendix 3. External assurance](#)).

Determination of materiality

GRI 102-47

In accordance with GRI Standards, the materiality of topics of significance to the Company's stakeholders was assessed when preparing the Report. The assessment took place in several stages:

1 | Analysis of Open Sources

- Analysis of industry trends and risks
- Analysis of publicly available sources of information about the Company
- Comparative analysis of material topics disclosed by similar companies
- Alignment of a preliminary list of material topics with sustainability goals identified as relevant to the Company

- Preliminary list of essential topics

2 | Making a List of Significant Topics

- Approval of the list of substantive topics by the Working Group
- Agreed list of material topics for inclusion in the report

The preliminary list included the following 20 topics:

Environmental Impact:

- Energy
- Water and effluents
- Biodiversity
- Emissions
- Waste
- Environmental compliance

Social Impact:


- Employment
- Health and safety in the workplace
- Training and education
- Diversity and equal opportunities
- Non-discrimination
- Freedom of associations and collective Bargaining
- Local communities
- Socioeconomic compliance

Economic Impact:

- Economic Performance
- Market presence
- Indirect economic impacts
- Procurement practises
- Anti-corruption
- Innovations and Information Technologies

For each material topic, relevant GRI Standards, mandatory disclosures and the UN Sustainable Development Goals have been identified. Information on compliance with GRI Standards and UN SDGs for material topics is provided in the table below.

Relevance of material topics with GRI Standards and UN SDGs

Material Topics	GRI Standarts	UN SDGs
Environmental impact		
Energy	GRI 302 Energy (2016)	 
Water and effluents	GRI 303 Water and effluents (2018)	
Biodiversity	GRI 304 Biodiversity (2016)	
Emissions	GRI 305 Emissions (2016)	 
Waste	GRI 306 Waste (2020)	 
Environmental compliance	GRI 307 Environmental compliance (2016)	
Social Impact		
Employment	GRI 401 Employment (2016)	
Health and safety in the workplace	GRI 403 Health and safety in the workplace (2018)	 
Training and education	GRI 404 Training and education (2016)	
Diversity and equal opportunities	GRI 405 Diversity and equal opportunities (2016)	
Non-discrimination	GRI 406 Non-discrimination (2016)	
Freedom of associations and collective bargaining	GRI 407 Freedom of associations and collective bargaining (2016)	
Local communities	GRI 413 Local communities (2016)	    
Socioeconomic compliance	GRI 419 Socioeconomic compliance (2016)	
Economic Impact		
Economic performance	GRI 201 Economic performance (2016)	
Market presence	GRI 202 Market presence (2016)	
Indirect economic impact	GRI 203 Indirect economic impact (2016)	    
Procurement practises	GRI 204 Procurement practises (2016)	
Anticorruption	GRI 205 Anticorruption(2016)	
Innovations and information	-	

Reporting boundaries

GRI 102-45 **GRI 102-46**

The report covers the operations of AMMC's divisions. Sustainability indicators are provided for all major operating assets. The Sustainability Report includes consolidated information on the entire Company including entities consolidated under IFRS unless otherwise stated in the notes.

The table below shows the structural divisions of the Company, information about which is also provided in the Report.

In case the perimeter of disclosure differs from the above, this is indicated separately for each case.

Nº	Structural unit	Short name
1	Executive body	Executive unit
2	Sales and supply of metallurgical raw materials management	SSMRMM
3	Representative office of «Almalyk MMC» JSC in Moscow	
4	Material and technical supply division	MTSD
5	Manufacturing automation division	MAD
6	Security technical systems service	STSS
7	Information service	IS
8	Almalyk mining technical inspection of the State Committee for Industrial Safety	AMTI
9	Project office for the implementation of the investment project «Development of Yoshlik-1 deposit»	Yoshlik-1
10	Design works division	DWD
11	Capital construction division	CCD
12	Training centre	TC
13	Technical control service	TCS
14	«Kalmakir» Mining Administration	«Kalmakir» MA
15	«Uch Kulach» mine	«Uch Kulach» mine
16	Angren Mining Administration	AMA
17	Chadak Mining Administration	CMA
18	«Kauldy» mine	«Kauldy» mine
19	«Khandiza» Mining Administration	«Khandiza» MA
20	Mine construction department	MCD
21	Copper concentration plant	CCP
22	Copper concentration plant – 2	CCP-2

Nº	Structural unit	Short name
23	Copper smelting plant	CSP
24	Zink plant	ZP
25	Angren tube plant	ATP
26	Development and production facility on rare metals and hard alloys	DPFRMHA
27	Jizzakh cement plant	Jizzakh CP
28	Sherabad cement plant	Sherabad CP
29	Administration for industrial railway transport	AIRT
30	Automobile transport management	ATM
31	Technological transport management	TTM
32	Explosive materials plant	EMP
33	Central machinery and repair plant	CMRP
34	Specialised repair works administration	SRWA
35	«Olmalykmetallurgqirilish» Trust	OMQT
36	Division on electrical networks	DEN
37	Thermal power station	TPS
38	Lime plant	LP
39	Industrial water supply shop	IWSS
40	Oil products supply administration	OPSA
41	Division on production of consumer goods	DPCG
42	Central analytical laboratory	CAL
43	Central laboratory of new technologies	CLNT
44	Central metrology laboratory	CML
45	Departmental militarised security	DMS
46	Civil protection squad	CPS
47	Social facilities administration	SFA
48	Housing repair and operating administration	HROA
49	Kyzylkum Phosphorite Complex	KPC



ABOUT THE COMPANY

2021 Highlights

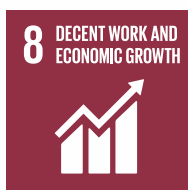
The company has expanded its geographical footprint with **six new export markets**

Independent director elected to the Supervisory Board

Corporate Consultant post introduced

Material Topics

Contribution to the UN Sustainable Development Goals



GRI Disclosures

GRI 102-1, GRI 102-2, GRI 102-3, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-7, GRI 102-10, GRI 102-16, GRI 102-18, GRI 102-22, GRI 102-24, GRI 102-26, GRI 102-28, GRI 102-29, GRI 102-31, GRI 102-32, GRI 102-35, GRI 102-36

Basic information

GRI 102-1

GRI 102-2

GRI 102-5

GRI 102-7

GRI 102-10

«Almalyk MMC» JSC is one of the largest mining companies in Uzbekistan and in the entire Central Asian region. The Company has been operating for more than 70 years.

Company Profile

Key facts:

- ◆ Year of foundation - **1949**
- ◆ Product range - **over 100** items
- ◆ Number of employees - **over 38,000**

The core business of AMMC is the extraction and enrichment of sulfide, gold and polymetallic ores with the subsequent production of refined copper, metallic zinc, precious and rare metals and their alloys, as well as related products.

The main production assets of the Company as of December 31, 2020 include:

- Six mining enterprises;
- Five concentration factories;
- Two metallurgical plants;
- Research and Production association for rare metals and hard alloys;
- Copper pipe mill;
- Two cement plants;
- Kyzylkum phosphorite complex.

To ensure the continuity of its operations, the Company organised auxiliary and service administrations:

- Transport administrations, providing transportation of cargo, raw materials, other materials, finished products, and employees
- Maintenance administrations, ensuring timely repair of machinery and equipment and guaranteeing their operability, as well as the production of spare parts, construction works, etc.;

- Technical administrations, providing AMMC divisions with electricity, heat and is responsible for industrial water supply;
- Providing the need for material and technical resources, as well as the need for fuel and lubricants;
- Mine construction department, responsible for the mining capital operations and commissioning of facilities

In addition to core and auxiliary assets, the Company has several non-core assets, which include social infrastructure facilities and consumer products manufacturing facilities.

The structure of the Company underwent a number of changes in 2021. Shares in seven companies were transferred to the State Assets Management Agency and the Ministry of Finance of the Republic of Uzbekistan, including KAFOLAT Insurance Company and the joint-stock commercial bank Ipoteka-Bank. The transfer of these stakes in the companies was carried out as part of a programme to dispose of non-core assets, which is designed to increase the efficiency of the use and maintenance of the Company's asset portfolio.

Main Business Segments

The production structure of «Almalyk mining and metallurgical company» JSC is divided into five core segments: 1) mining operations, 2) concentrating complex, 3) metallurgical operations, 4) copper pipe production and 5) cement production.

The mining operations are focused on the

extraction of minerals such as copper, molybdenum, precious metals, selenium, sulphur, tellurium, rhenium, zinc, lead, gold-bearing quartz ore and phosphate rock.

The Enrichment Plant incorporates facilities that concentrate mined ore, including processing of copper-molybdenum sulphide ores, gold-bearing ores, polymetallic copper-lead-zinc ores, milling of flotation concentrate and flux ores.

Metallurgical processing comprises entities whose principal activity is the production of finished products, including refined copper, refined gold and silver, selenium and tellurium technical, sulphuric acid, copper sulphate, as well as zinc, cadmium metal and zinc powder.

The Company's production results are disclosed in «[Appendix 2. Key quantitative data](#)».



Geography of operation

GRI 102-3

GRI 102-4

GRI 102-6

All of the Company's production assets are located in the Republic of Uzbekistan - in the territories of Tashkent, Djizak, Namangan, Navoi and Surkhandarya regions. The company's headquarters is located in Almalyk, Tashkent region.

The main consumers of AMMC's products are companies in the metallurgical industry of the Republic of Uzbekistan and a number of international markets involved in the production of finished products with high added value. The

Company has a long history of cooperation with business partners located in Turkey, China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Afghanistan, Belarus, the Netherlands, Switzerland, Azerbaijan, Ukraine, Bulgaria, Poland, Indonesia, Armenia and India.

In 2021, the Company entered new international export markets - Canada, Suriname, Kenya, Australia, Georgia and Lithuania.

The location of the Company's assets is shown on the map below.

Fig.1 Geographical Location of the main deposits



Mission, vision and values

GRI 102-16

The Company is focused on maintaining leadership among mining and processing enterprises in Uzbekistan through the constant expansion of the mineral resource base, production of high-quality products, ensuring stable, high growth rates and deepening the localisation of main production. The mission of «Almalyk MMC» JSC is to be a socially responsible mining complex which effectively uses entrusted natural resources, ensures the well-being of the Company's employees, and increases the potential of the regions where it operates.

AMMC is aware of its responsibility to all stakeholders in the operating regions, therefore

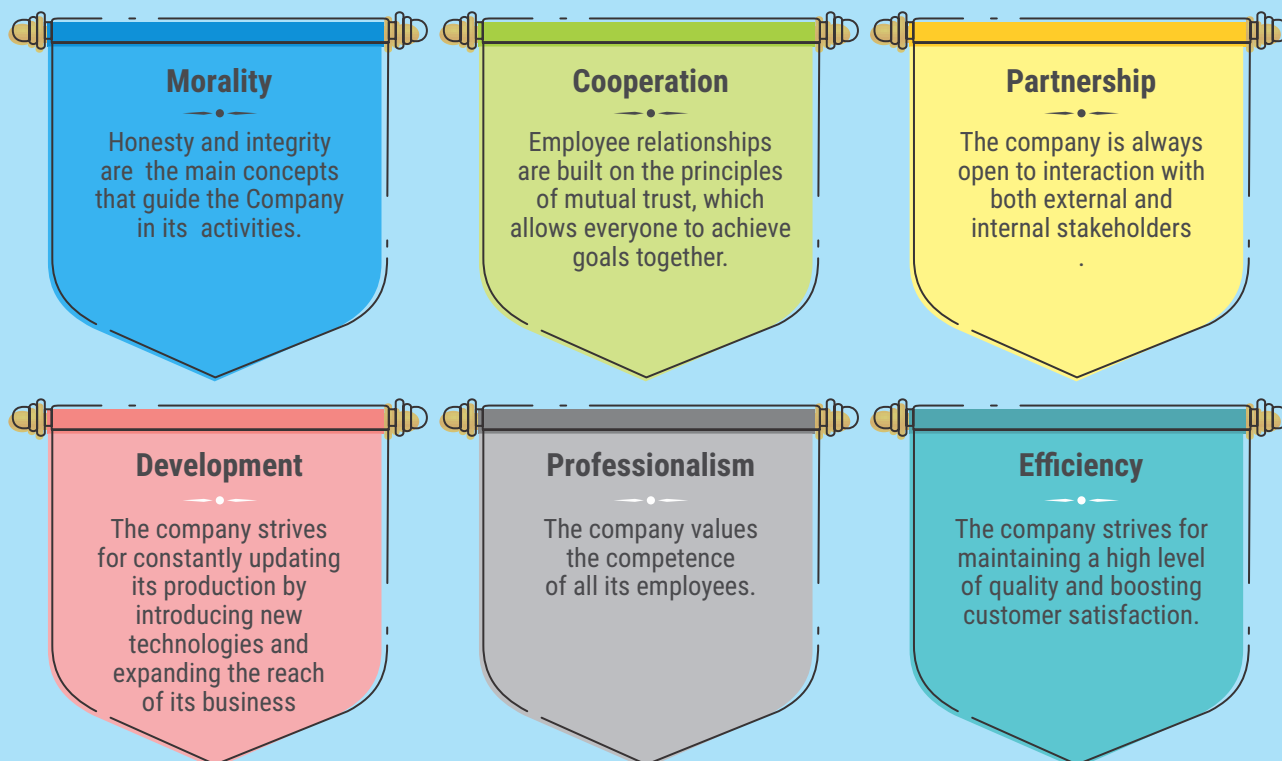
it pays active attention to issues related to environmental protection, regulation of employment rate, and social, cultural, charitable, and sponsorship activities.

AMMC Values

The Company's corporate culture is based on the principles of mutual respect and trust, integrity and hard work. A strong corporate culture is one of the fundamental factors enabling AMMC to achieve its strategic goals and maintain a high level of personnel engagement and efficiency.

The key values of JSC «Almalyk MMC» are presented below.

Fig.2 Key Values of the Company



Strategy and business model

Business Model of the Company

«Almalyk mining and metallurgical company» JSC is an integrated company that fully realises all stages of value creation - from mining to the sale of finished processed products.

Such a business model enables AMMC not only to ensure high quality products at all stages of operations, but also to manage costs and risks effectively. The ability to control processes throughout the entire value chain creates an advantage for the Company and allows it to benefit from additional economies of scale.

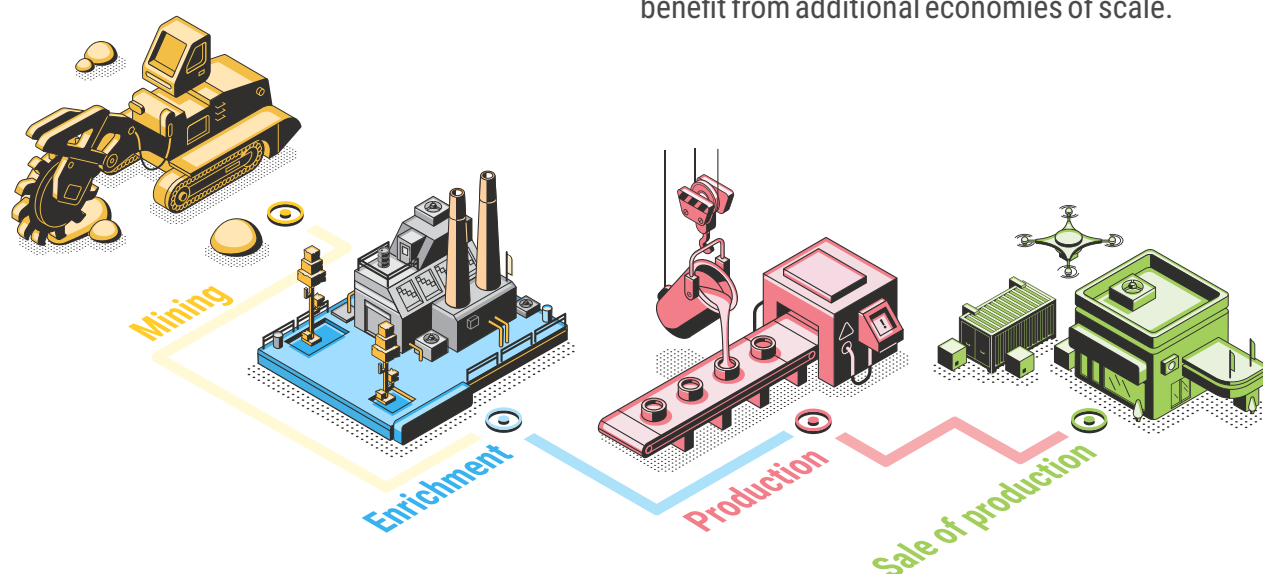


Fig.3 Key Performance Stages at JSC Almalyk MMC

Company Strategy

A strategic priority for «Almalyk mining and metallurgical company» JSC is to improve its operational and financial performance along with a balanced management of its environmental and social impact. Reducing the negative impact on the environment and taking

care of employees and residents in the regions where the Company operates are and continue to remain undeniable priorities for the Company.

AMMC has identified four key areas and associated objectives towards achieving its strategic goals.



Fig.4 The main strategic directions of «Almalyk MMC» JSC Activities

Ensuring High Growth Rates	Improving Sustainability Practises	Import Substitution	Automation of the Production Process
<ul style="list-style-type: none"> • The company seeks to continually expand its mineral resource base, as well as modernise and introduce advanced production technologies. Among the largest projects aimed at the implementation of this area are: • Yoshlik-1 greenfields development project; • a programme of priority measures for the reconstruction and stabilisation of production facilities (for more details, see the «Investment and Project Activities» section). 	<ul style="list-style-type: none"> • The company is focused on improving its health and safety management system and enhancing its safety culture (for more details, see the «Health and Safety section»). • The Company plans to improve its environmental performance by systematically reducing its negative environmental impact (for more details see the section on «Environmental Protection»). • The Company seeks to attract young specialists and continuously improves the qualifications of its staff (for more details see the section on Human Resources Management). • The Company supports local communities (for more details see the section on «Community Development»). 	<ul style="list-style-type: none"> • The company strives to support domestic suppliers and develop a localisation programme (see «Investment and Project Activities» and «Supply Chain» for more details). 	<ul style="list-style-type: none"> • The Company seeks to actively digitalise its production processes through the implementation of the Digital AMMC 2030 development programme. The introduction of modern information and communication technologies will help to improve production efficiency (for more details, see «Production Automation»).

The Company has set goals for itself through 2025 and 2030 as part of its strategic directions. These goals represent four metrics expressed in production and output volumes, which strives to increase, in a planned manner, and maintain its leadership position.

Table 1 Strategic Goals of AMMC

Strategic Goals of AMMC		
Indicators	Until 2025	Until 2030
Ore Production, a year	100 mln. tonnes	160 mln. tonnes
Production of cathode copper, a year	290,000 tonnes	400,000 tonnes
Production of gold, a year	38 tonnes	50 tonnes
Production of silver, a year	203 tonnes	270 tonnes

In 2021, the Company engaged the international consulting company Hatch to conduct a technical, financial and economic due diligence of AMMC's Development Strategy to 2035 and received confirmation of the attainability and feasibility of its strategic goals.

Corporate governance

- GRI 102-18
- GRI 102-22
- GRI 102-24
- GRI 102-25
- GRI 102-26
- GRI 102-28
- GRI 102-29
- GRI 102-31
- GRI 102-32
- GRI 102-35
- GRI 102-36
- GRI 102-37

«Almalyk mining and metallurgical company» JSC is governed by the Law of the Republic of Uzbekistan "On Joint Stock Companies and Protection of Shareholder Rights" and the Charter. The Company is included in the list of strategic state-owned assets that are not subject to privatisation. All of AMMC's common shares, or 98.81% of the Company's charter capital, are owned by the state, which is the "sole shareholder".

Corporate governance of «Almalyk mining and metallurgical company» JSC is a system of relationships between the Company's management bodies, investors and other stakeholders. The key objectives of this system are to ensure the efficient functioning of the Company and the fulfilment of all key obligations of AMMC to its stakeholders.

The main documents governing the corporate governance system:

- Articles of Association of the Company;
- Regulations on the General Meeting of Shareholders;

- Regulations on the Supervisory Board;
- Regulations on the Executive Body;
- Code of Corporate Governance;
- Regulations on the Procedure of Actions in Case of Conflict of Interest

A full list of the Company's regulatory documents is available on the corporate website: [«Internal Documents of AMMC» \(agmk.uz\)](http://agmk.uz), as well as at the link [«Departmental Documents on Anti-Corruption» \(agmk.uz\)](http://agmk.uz).

In an effort to comply with international best practises, AMMC works continuously to improve its corporate governance system. As part of the changes in corporate governance, the Company not only seeks to ensure increasing transparency and efficiency of its operations, but also directs its efforts towards deeper integration of sustainability issues into the management system.

In the reporting year, the Company made extensive changes to its corporate governance system.

Fig.5 Key Changes in AMMC's Corporate Governance System



Corporate Governance Structure

The management bodies of «Almalyk MMC» JSC include:

- General Meeting of Shareholders;
- Supervisory Board;
- Management Board and Chairman of the Management Board.

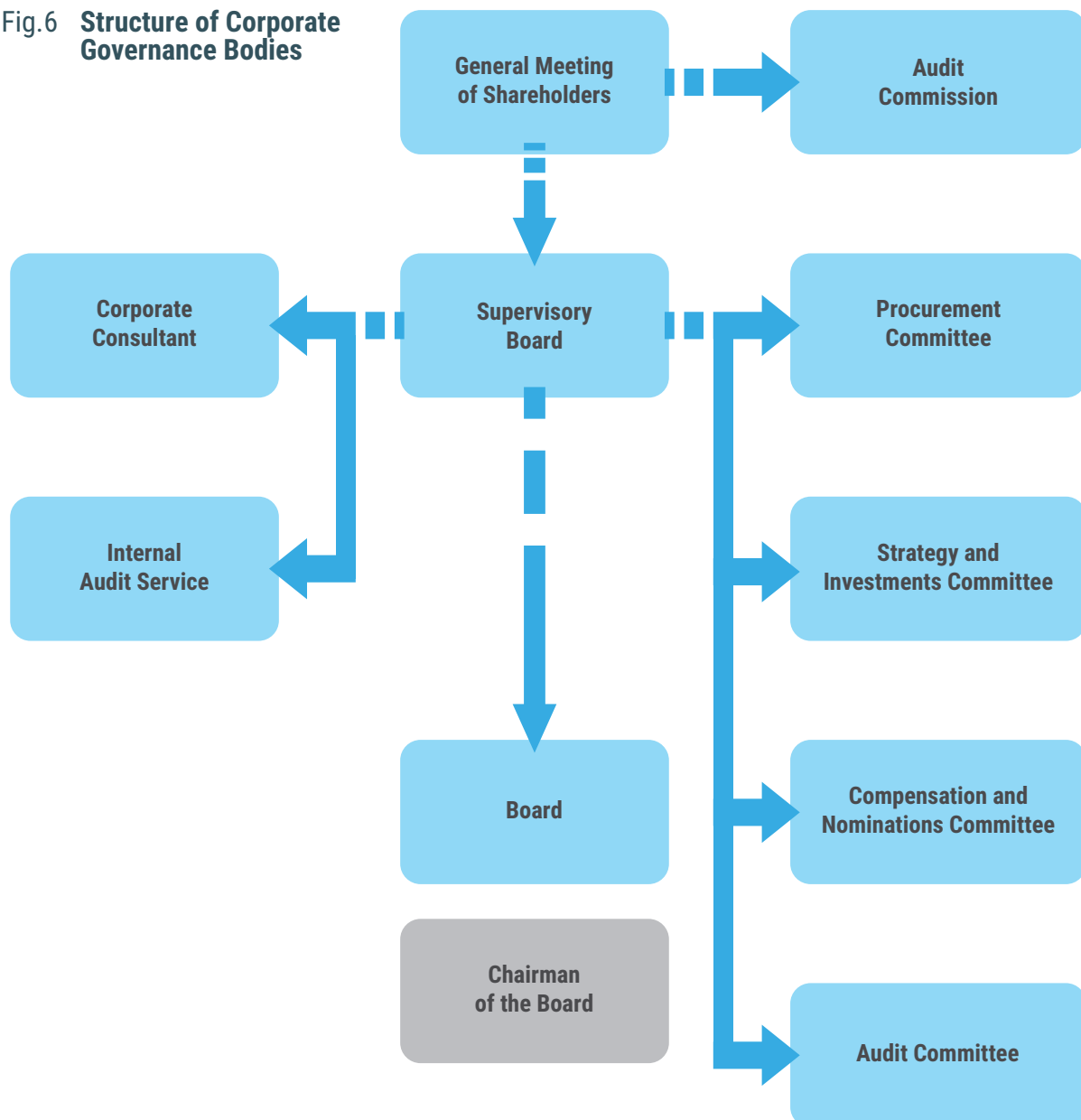
In addition to the management bodies, the structure also includes supervisory bodies such as:

- Audit Commission;
- Internal Audit Service.

In 2021, an additional position, Corporate Consultant, was created in the structure of the Company.

The structure of the corporate governance bodies is schematically presented in the figure below.

Fig.6 Structure of Corporate Governance Bodies



General Meeting of Shareholders

The General Meeting of Shareholders is AMMC's highest corporate governance body. The General Meeting of Shareholders is responsible for making key decisions to support the effective functioning of the Company, including the election of members of the Supervisory Board and the Audit Committee, as well as the approval and amendment of key internal regulations of the Company.

The full list of authorities is reflected in the Regulations on the General Meeting of Shareholders published on the corporate website ([«Regulations on the General Meeting of Shareholders»](#)).

Supervisory Board

The Supervisory Board is the body responsible for the overall strategic management of the Company. The key functions of the Supervisory Board are to ensure the long-term development of the Company, review and approve the annual Business Plan, and appoint members of the Management Board, the Corporate Consultant and the internal audit function.

The full list of authorities is reflected in the Supervisory Board Regulations published on the corporate website ([«Regulations on the Supervisory Board»](#)).

In order to form the most competent and qualified members of the Supervisory Board, the Company developed requirements for the candidates:

- certification of higher education;
- experience and expertise in matters related to strategic and crisis management;
- knowledge of corporate finance, risk management, corporate law and governance;
- knowledge of relevant laws, decrees, resolutions and ordinances, as well as the acts of public authorities.

Candidates for members of the Supervisory Board are nominated by the principal shareholder and are elected annually by cumulative voting at the General Meeting of Shareholders.

A vote is held among the members of the Supervisory Board to determine the Chairman of the Supervisory Board. The Director with the highest number of votes is appointed as Chairman.

The Supervisory Board consists of nine directors. In 2021, one independent director joined the Supervisory Board of AMMC. The Company plans to increase the number of independent directors to three in 2022.

Table 2 **Composition of the Supervisory Board in 2021**

Nº	Name	Status of Director	Participation in Committees	Term in the Supervisory Board	Number of Meetings Participated
1	Aripov Abdulla Nigmatovich	Executive, Chairman of the Supervisory Board	–	29.05.2020 – present	22/22
2	Nasritdinkhodjaev Omonulla Zabikhullaevich	Executive	Procurement Committee	10.10.2020 – present	21/22
3	Abdinazarov Bobur Kalandarovich	Executive	Audit Committee, Strategy and Investment Committee	10.10.2020 – present	21/22
4	Ortikov Akmalxon Jurakhonovich	Executive	Audit Committee, Strategy and Investment Committee	18.01.2021 – present	21/22
5	Vafaev Shukhrat Abdusharifovich	Executive	Audit Committee	26.01.2021 – present	19/22
6	Ikramov Muzraf Mubarakkhodzhaevich	Executive	Remuneration and Nominations Committee, Procurement Committee	26.01.2021 – present	21/22
7	Islamov Bobir Farxadovich	Executive	Remuneration and Nominations Committee, Committee on Purchases	26.02.2021 – present	20/22
8	Jumanazarov Akmal Rustamovich	Executive	Remuneration and Nominations Committee	26.02.2021 – present	21/22
9	Sidikov Bahodirjon Bahromovich	Independent	Strategy and Investment Committee	16.03.2021 – present	21/22

The agenda of Supervisory Board meetings covers all major issues of the Company's activities including those related to sustainable development. Economic aspects of the business, such as issues relating to the Company's strategic priorities and related-party transactions, are reviewed on an at least quarterly basis; environmental and social issues are reviewed as and when required.

Further information on the composition of the Supervisory Board and its committees is published on the Company's website: [«Supervisory Board»](#).

In addition to the Audit Committee, AMMC formed three new committees in 2021: 1) Strategy and Investment Committee, 2) Remuneration and Nomination Committee, and 3) Procurement Committee. Members of all Supervisory Board committees are elected from among the elected directors.

The main tasks of the Audit Committee are:

- Control over the completeness, accuracy and reliability of financial statements;
- Monitoring the effectiveness of risk management, internal control and corporate governance systems;
- Control over internal and external audit.

The terms of reference of the Strategy and Investment Committee include:

- Advising the Supervisory Board on the Company's priorities;
- Reviewing and approving documentation regarding the Company's strategic and financial plans;
- Developing and providing recommendations on the Company's corporate securities.

The Remuneration and Nomination Committee is responsible for:

- Developing and reviewing the Company's Remuneration Policy of the Corporate Governance Bodies;
- Planning of personnel appointments of the Supervisory Board of the Company;
- Reviewing the professional qualifications and independence of the current members of the Supervisory Board.

The Procurement Committee accompanies the Company's procurement procedures.

As part of its functions, the Committees may consult with the management bodies of «Almalyk mining and metallurgical company» JSC and seek external advice, including on sustainable development issues.

Management Board and Chairman of the Management Board

The Management Board is a collegial executive body formed by the Supervisory Board for the day-to-day management of the Company's operations. The Executive Board is responsible for developing and submitting to the Supervisory Board the Company's strategic priorities and plans, developing the Business Plan and other financial and business programmes of the Company, as well as the preliminary review of major innovation and investment projects and programmes implemented by the Company.

The full list of competencies is reflected in the Regulations on the Executive Body, which are published on the corporate website (the [«Regulations on the Executive Body»](#)).

The Chairman of the Management Board is the head of the executive body and is responsible for the day-to-day management of the Company's operations, including approval of the Company's Sustainability Report. The Chairman of the Management Board is elected by the General Meeting of Shareholders and is also approved by the General Meeting of Shareholders in consultation with the Prime Minister.

Audit Committee

The Audit Committee is a supervisory body. The Audit Committee consists of seven members who are elected by the General Meeting of Shareholders for a period of one year. However, the same person may not be a member of the Revision Commission for more than three consecutive years. The key function of the Revision Commission is to review, analyse and monitor the accuracy of the financial and business performance of «Almalyk mining and metallurgical company» JSC.

The full terms of reference are set out in the Regulations on the Revision Commission published on the corporate website ([«Regulations on the Revision Commission»](#)).

Internal Audit Service

The Internal Audit Service systematically monitors the financial and economic activities of the Company, its divisions and representative offices, including the completeness and accuracy of accounting and financial statements.

Corporate Consultant

Under the Charter and other regulatory documents, the Corporate Consultant is responsible for monitoring the Company's compliance with corporate law and for providing methodological assistance and advice to external and internal stakeholders on AMMC's corporate governance matters.

Assessment of Corporate Governance

Each year, the Company engages independent consultants to conduct an evaluation of its corporate governance system, based on which development areas are identified and recommendations are provided. The results of the assessment affect the remuneration of the highest governance body.

As part of the evaluation, an independent organisation carries out diagnostics on the following components: implementation and compliance with the Corporate Governance Code, financial results, implementation of modern management systems, etc.

In 2021, the corporate governance system of «Almalyk MMC» JSC was highly rated. Detailed results are published on the corporate website: [Corporate Governance System Assessment](#).

Risk Management

GRI 102-15

The Company's activities in the mining industry are associated with a significant number of risks that may have a negative impact on the achievement of set goals and objectives. Risk management is integrated into the Company's day-to-day operations and is an

integral part of decision-making processes.

The Company used the following categories to classify the identified risks in 2021:

- **Strategic risks** - risks of losses due to changes or deficiencies in the definition and implementation of the Company's strategy or as a result of changes in external environment factors.
- **Financial risks** - risks associated with changes in the Company's capital structure, reduced profitability, currency fluctuations, credit risks, changes in interest rates, etc.
- **Compliance risks** - risks of losses as a result of the Company's failure to comply with the requirements of applicable laws of the Republic of Uzbekistan, including anti-corruption laws, as well as internal rules and procedures of AMMC.
- **Operational risks** - risks of losses as a result of violations of internal processes, the actions of employees or adverse external events.
- **Occupational health and safety and environmental risks** - risks of losses due to accidents at work, violations of occupational health and safety requirements, as well as damage to the environment.

In the reporting period, the Company focused on managing economic and financial risks. Since the prices of the Company's main products are set in accordance with the quotations of the London Metal Exchange, there is a high risk of revenue reduction in case the world prices for the main types of products (copper, gold, silver and zinc) fall. In order to mitigate the potential negative consequences of such a risk, the Company takes measures to reduce production costs on an ongoing basis.

In addition, two priority sustainability risks were identified during the reporting year:

- Air pollution as a result of excessive emissions of sulfur dioxide into the

atmosphere;

- Increase in the injury rate of workers and the acquisition of occupational diseases.

To reduce the negative impact on the air, the Company included the construction of a new sulfuric acid shop and the reconstruction of the BOF conversion facility in the implementation plan for the Yoshlik-1 field development project. In order to avoid the spread of occupational diseases among employees, started automating the procedure for daily medical examination of employees and implemented mechanisms for controlling and monitoring the air condition in the working areas. To prevent injuries, the Company trains employees using specialised training simulators.

Climate risks pose a separate threat. Changes in weather conditions or the occurrence of natural disasters can cause significant physical damage to the Company's production assets. In order to prevent such risks in a timely manner, the Company cooperates with institutes that assess climatic conditions in order to exchange information on the possible occurrence of hazardous weather conditions.

In order to improve the efficiency of the Company's approach to risk management, a separate structural subdivision was established in 2021 -- the Production and Financial Risk Monitoring Service -- which is part of the Compliance and Production and Financial Risk Monitoring Department. The Head of the Department reports directly to the Chairman of the Management Board of the Company. The Service plays a key role in the Company's risk management. It is entrusted with such tasks as:

- Developing and improving the regulatory and methodological framework for risk management;
- Key risk analysis;
- Implementation of the programme of measures to improve the corporate risk management system;
- Reporting to the Supervisory Board.

Development of the Risk Management System

GRI 102-29 **GRI 102-31**

In order to improve the efficiency of risk management in 2021, AMMC worked on the creation and implementation of a risk management system (RMS). The Company's approach to the organisation of this system is based on the following fundamental principles: activity, adaptability, containment and minimisation of consequences.

In developing the RMS, the Company relied on the international standards: COSO ERM and ISO 31000. In order to provide the necessary regulatory framework for the RMS, and together with external consultants, the Company developed the following documents:

- Regulations on the Risk Management and Internal Control Committee;
- Risk Management Policy;
- Risk Management Manual

The established RMS will be based on a multi-level approach covering all the Company's business processes: the risk management process will involve the Company's structural units, the Production and Financial Risk Monitoring Service, and the Supervisory Board.

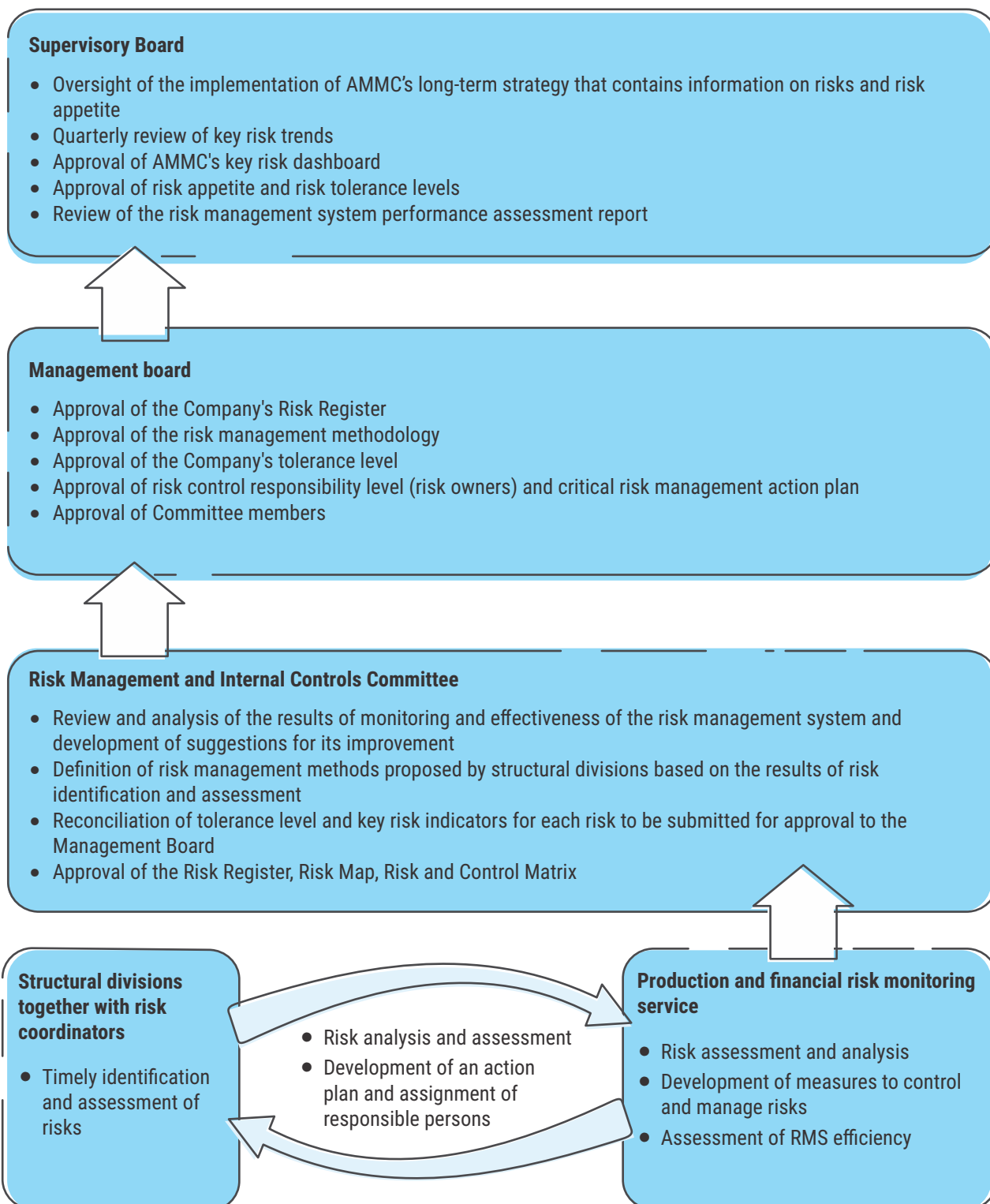
The Company is building a step-by-step risk management process that includes timely risk identification, assessment and analysis, development of risk management measures and their monitoring. First, the Company's structural units – the direct risk owners – will identify risks. Then, the units, together with risk coordinators, will evaluate the identified risks based on criteria such as risk probability, potential damage value and effectiveness of risk management measures implemented by the risk-owning units.

The Supervisory Board will monitor the effectiveness of the RMS. Responsibilities will include quarterly review of reports on key risks, approval of risk appetite and risk tolerance and

monitoring of compliance of the current risk level with the risk appetite.

To ensure a comprehensive approach to risk management, the Company holds consultations between the Supervisory Board and stakeholder

representatives (see the «*Sustainable Development Management*» section). The information obtained during such consultations on the impact of the Company's operations on economic, environmental and social aspects is



used to identify potential risks and opportunities for the Company in these areas.

The RMS implementation process involves the gradual introduction of personnel training in the field of risk management. First, training programmes will be launched for employees of the Production and Financial Risk Monitoring Service. Then, the training system will be extended to the members of the Management Board, with a focus on the methodology for calculating the Company's risk appetite and risk tolerance. Training and professional development of employees in the field of risk management will be carried out on an ongoing basis.

Compensation Policy

GRI 102-35 **GRI 102-36** **GRI 102-37**

The Company has implemented a system of remuneration for members of senior management aimed at attracting and motivating highly qualified specialists.

Remuneration of members of the Supervisory Board consists of two components – first, a fixed part and second, a variable that depends on the results of the annual evaluation of the corporate governance system conducted by an independent auditing company.

The remuneration of members of the Management Board is regulated by Resolution No. 207 of the Cabinet of Ministers of July 28, 2015 "On the Implementation of Criteria for Evaluating the Effectiveness of Joint Stock Companies and Other Business Entities with a State Share».

The amount of remuneration of members of the Management Board is determined quarterly by multiplying the amount of material incentives for the executive body provided for in the Business Plan by the Integral Efficiency Coefficient (IEC), calculated on the basis of eight key indicators. By decision of the Supervisory Board, a correction factor may be applied based on the actual participation of the Executive Board in shaping the Company's performance results.

At this stage, the Company does not engage external consultants or other interested parties to determine the amount of remuneration of the members of the Supervisory Board and the Executive Board. The amount of remuneration to the members of the supreme body of corporate governance and top managers is determined by the main shareholder by approving the Regulations on remuneration.





SUSTAINABILITY MANAGEMENT

2021 Highlights

Creation of a structural unit for compliance management and monitoring of production and financial risks

Development of the **Regulation on Stakeholder Engagement and Stakeholder Map**

Zero incidents of corruption detected

Thematic information campaign on anti-corruption

Material Topics

Countering Corruption

Contribution to the UN Sustainable Development Goals



GRI Indicators

GRI 102-12, GRI 102-13, GRI 102-16, GRI 102-17, GRI 102-20, GRI 102-21, GRI 102-25, GRI 102-33, GRI 102-34, GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44, GRI 205-2, GRI 205-3

Sustainability management approach

Management System

GRI 102-20

Sustainable development is at the heart of the Company's approach to organizing its operations. Due to the fact that the Company is one of the largest representatives of the mining and metallurgical industry in Uzbekistan, sustainable development plays a significant role in the development of the Company's business, regions of its presence and the global community as a whole. In order to minimise the negative impact on the environment and society, the Company adheres to the fundamental principles of sustainable development.

In order to monitor the Company's progress in sustainable development, the Company defines for itself key performance indicators on three main aspects of sustainable development:

1) environmental protection, 2) development and support of society, and 3) improvement of corporate governance practises. The Company's sustainability management system is built in accordance with the UN Sustainable Development Goals (SDGs) and the principles of the UN Global Compact.

The priority areas of the Company's activities within the framework of sustainable development aspects are defined annually in the Company's Business Plan (see Table 3).

The corporate governance structure includes the following management positions responsible for sustainability issues: Deputy Chairman of the Management Board for Economics and Finance, Deputy Chairman of the Management

Table 3 **Priority Areas of the Company's Activities in the Field of Sustainable Development**

Aspect	Direction of Activity
Environmental	<ul style="list-style-type: none"> • Implementation of measures to reduce carbon emissions • Development of methods for rational use of natural resources • Reduction of freshwater consumption • Disposal and neutralisation of waste
Social	<ul style="list-style-type: none"> • Development of regions of presence • Ensuring decent working conditions • Staff training and development • Ensuring occupational health and safety
Corporate Governance	<ul style="list-style-type: none"> • Anti-corruption • Promotion of business ethics • Ensuring the effectiveness of the corporate governance system

Board for Human Resources and Social Issues, and Head of the Environmental Department (for more details on the structure of corporate governance bodies, see the Corporate Governance section).

Responsible structural units centrally coordinate the implementation of sustainability initiatives within their functional areas. The incentive system for the heads of structural divisions also includes key performance indicators that correspond to the Company's sustainability activities.

Various communication channels are used to raise the awareness of employees about the Company's approach to sustainable development: corporate television, the corporate website and the official corporate Telegram channel. On a daily and weekly basis, the Company's Information Service produces topical TV programmes, articles and news. In addition, the Office Manager Service regularly informs employees about innovations by

sending out internal orders, regulations and other related documents.

In 2021, as part of improving the sustainability management system, the following was done:

- The Department for Compliance and Industrial and Financial Risk Monitoring was established to combat corruption (for more details on the department's activities, see the subsection "Anti-Corruption and Business Ethic");
- A unified collegial Working Group for energy efficiency, environmental and industrial safety management was established. On a weekly basis, the group reviews issues related to improving energy efficiency, preventing or minimizing the consequences of negative environmental impacts of the Company's operations, and making decisions in the field of industrial safety.

In 2022, the Company plans to:

- Complete the staffing of the Production and Financial Risk Monitoring Service and the Compliance Control Service with qualified personnel thereby ensuring that they can begin to function fully;
- Setting up an Anti-Corruption and Ethics Committee on the Supervisory Board;
- Bring the environmental protection system and the occupational health and safety system into compliance with ISO 14001 and ISO 45001 international standards, respectively (for more details, see the «Environmental Protection» section and the «Occupational Health and Safety» section);
- Reorganise the structure of the personnel management system.

The Company is currently developing a corporate sustainability strategy, which is expected to be adopted in the short term. The strategy will define the Company's sustainability goals, as well as the action plan necessary to achieve them.



Contribution to the UN Sustainable Development Goals




GRI 102-12





The Company supports the international community's desire to create a better and more sustainable future and recognises the importance of the UN SDGs adopted in 2015 by the UN General Assembly. As part of its approach to reducing the negative impact on the environment and society and developing more responsible business practises, the Company identifies seven priority UN SDGs (see Table 4)

which they can employ to make the most significant contribution.

The Company plays an important role in the implementation of national projects in Uzbekistan in the areas of health, environment, housing and urban environment, productivity growth and employment support, science and digital economy.

Table 4 The Company's Contribution to UN SDGs

	UN SDGs	Contribution of the Company	Most Significant Results for 2021
	Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Internal occupational health and safety Standards Development of sports infrastructure in the operating regions Organisation of medical treatment and health programmes for employees 	<ul style="list-style-type: none"> Approval of the Health and Safety Policy (see «Occupational Health and Safety» section) Reduction in fatal injuries by 50% compared to 2020 (see «Occupational Health and Safety» section) 2.3 billion soums were allocated to combat and prevent coronavirus infection (see«Personnel Management»)
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	<ul style="list-style-type: none"> Cooperation with educational institutions Organisation of training for employees, re-training programme Organisation of internships and development programmes for students 	<ul style="list-style-type: none"> 53 billion soums were invested to support education in the regions where we operate (see the «Local Community Development» section) 338 employees studying at universities were paid half of the cost of the educational programme for the entire period of study (see section «Development of Local Communities»). 695 students received practical training in structural units (see the section «Personnel Management»). 9,471 employees received training (see the section «Personnel Management»)
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Non-discrimination in hiring Equal remuneration for work regardless of gender 	<ul style="list-style-type: none"> The percentage of women on the staff was 21% (see «Personnel Management»)

	UN SDGs	Contribution of the Company	Most Significant Results for 2021
	Foster sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Implementation of social programmes for Employees • Ensuring safe working conditions for employees and contractors • Creation of jobs in the regions of presence • Payment of taxes • Charity 	<ul style="list-style-type: none"> • 100% of employees are covered by collective bargaining agreements (see the section «Personnel Management») • 90 HSE compliance audits were conducted (see the section «Occupational Health and Safety») • The number of fatal injuries decreased by 60% compared to 2019 (see the section «Occupational Health and Safety»)
	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> • Implementation of measures aimed at reducing energy consumption • Recycling of slags and other industrial waste • Certified energy management system 	<ul style="list-style-type: none"> • More than 50 organisational and technical measures aimed at improving energy efficiency have been developed and implemented • 1.13 million tonnes of waste were transferred for recycling and neutralisation • Obtained certificates of compliance of the energy management system with ISO 50001:2018 standard
	Protecting and restoring terrestrial ecosystems and promoting their sustainable use	<ul style="list-style-type: none"> • Improvement and landscaping of the territories of enterprises and assigned areas in the city 	<ul style="list-style-type: none"> • The total amount of pollutant emissions decreased by 3,748.5 tonnes • Spent more than 870 million soums to maintain existing green spaces
	Strengthening the means of implementation and revitalizing the global partnership for sustainable development	<ul style="list-style-type: none"> • Participation in industry organizations and external initiatives • Preparation of the Sustainability Report 	<ul style="list-style-type: none"> • Stakeholder Engagement Regulations and Stakeholder Map have been developed (see «Stakeholder Engagement» section)

Interactions with stakeholders

The Company Approach

GRI 102-21

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

The Company defines stakeholders as groups of people whose well-being and interests are significantly affected by the Company's operations, or groups of people who are able to have a similar impact on the Company. Considers government authorities, local communities, its own employees, shareholders, investors and lenders, business partners, and the media to be the main stakeholder groups (see Table 5).

In 2021, the Company developed the Stakeholder Engagement Regulations and the Stakeholder Map, which define the list of key stakeholders and the extent of their influence over the Company. The Regulations are expected to be approved in 2022.

The Company's approach to stakeholder engagement is based on the principles of openness, trust and mutual respect. In the course of its activities, the Company seeks to take into account the expectations of stakeholders and protect their interests by responding to feedback from stakeholders.

The Company has also built mechanisms for the Supervisory Board to consult with government authorities and regulators, shareholders, as well as the Company's top managers on sustainability issues, which contribute to a more effective process of managing the sustainability aspects of the Company's operations. Consultations take place directly at Supervisory Board meetings in-person or via videoconferences.

Interaction with key stakeholder groups is carried out on an ongoing basis by the

responsible structural divisions and services. The key tools of interaction include: public reporting, the corporate website, exhibitions, forums and other events, publications in the media and the official Telegram channel, as well as a helpline.

To ensure greater openness of the Company's activities during the reporting period, the Regulations on Requirements for the Official Website of the Joint Stock Company «Almalyk MMC» (www.agmk.uz) were approved. The Regulations establish a list of mandatory information to be disclosed on the Company's website, including information on the procedure for receiving applications, complaints from legal entities and individuals, requests and other appeals for information on the activities of AMMC.

Table 5 Stakeholder Engagement Mechanisms

Stakeholders	Interests and Expectations	Engagement Mechanisms
Government Authorities	<ul style="list-style-type: none"> • Compliance with legal and regulatory requirements in the field of environmental protection • Payment of taxes • Creating jobs • Development of regions of presence 	<ul style="list-style-type: none"> • Agreements with public authorities • Meetings and consultations • Digital communication channels
Local Communities	<ul style="list-style-type: none"> • The Company's contribution to the social and economic development of the region • Reduction/prevention of negative impact on the environment • Supporting cultural heritage • Organisation of sports and charity events 	<ul style="list-style-type: none"> • Reception of appeals in oral, written or electronic form • Social and economic partnership • Charity programmes, sponsorship, cooperation with charitable organisations
Employees	<ul style="list-style-type: none"> • Safe work conditions • Social guarantees for employees • Creating opportunities for learning and development • Ensuring competitive remuneration • Improvement of social infrastructure 	<ul style="list-style-type: none"> • Phone helpline • Corporate media (newspapers and a TV channel) • Messengers • Website • Interaction with the Trade Union
Shareholders, Investors, and Creditors	<ul style="list-style-type: none"> • Disclosure of operating and financial activities • Payment of dividends • Transparent and reliable system of corporate governance 	<ul style="list-style-type: none"> • Providing investors with complete and accurate information about the Company's operations through in-person or online meetings held by the Corporate Relations and Investor Relations Service • General meetings of shareholders • Economic and investment forums and conferences
Business Partners	<ul style="list-style-type: none"> • Ensuring the transparency and competitiveness of procurement • Ensuring high quality products • Ethical business practises 	<ul style="list-style-type: none"> • Procurement activities (standard procurement procedure) • Phone helpline
Media	<ul style="list-style-type: none"> • Timely disclosure of information on aspects important to stakeholders 	<ul style="list-style-type: none"> • Disclosure of information on the official website • Press releases Responses to requests • Responses to Inquiries

Memberships in Associations, Organisations, and Organization Initiatives

GRI 102-12

GRI 102-13

AMMC is an active member of a number of national and international associations and organisations.

Participation in Organisations and Associations

London Bullion Market Association: gold since 1997, silver since 1998

Member of the working group of the project to develop a resolution of the Cabinet of Ministers of the Republic of Uzbekistan «On solving accumulated environmental problems, preserving the ecological climate and preventing ecological disasters» from 2021

Member of the Chamber of Commerce and Industry of Uzbekistan since 2018

Member of the Board of Trustees of Inha University in Tashkent since 2014

Member of the Board of Trustees of the Almalyk branch of Tashkent State Technical University since 2017

Member of the Board of Trustees of the Almalyk branch of the National Research Technological University «MISIS» (Russia) since 2018

Member of the Board of Trustees of the University of Geological Sciences of the Republic of Uzbekistan since 2020

Member of the Board of Trustees of the Termez Institute of Engineering and Technology since 2017

Member of the working group of the project to promote recycling, the implementation of existing man-made waste in the Republic of Uzbekistan since 2021

Interaction with Governmental Authorities

Since the main shareholder of AMMC is the state, it is critically important for the Company to maintain a clear and transparent system of interaction with government authorities. Interaction with government representatives is regulated in the Company on the basis of minutes of the Supervisory Board, minutes of decisions of the Executive Board, internal corporate orders and directives and national regulatory documents¹. The Company actively cooperates with government representatives in a cooperative format to address common objectives. In 2021, the main joint projects were aimed at creating new jobs, supporting education, holding cultural and sporting events, reducing social tension, improving communities, reducing the negative impact on the environment as a result of AMMC operations, and optimizing the use of non-renewable resources.

The Company uses digital communication channels to interact with government authorities.

¹ The Law of the Republic of Uzbekistan "On joint stock companies and protection of shareholders' rights". Resolution of the Cabinet of Ministers of the Republic of Uzbekistan of 22, 2019. Resolution of the Cabinet of Ministers approved by Decree of the Cabinet of Ministers of 22.03.2019 № 242. PP-3161 "About approval of Regulations of the office of the President of the Republic of Uzbekistan" PP-3161, 28.07.2017.

Legislative acts and orders are monitored through the unified interagency electronic system: lpro.gov.uz. Electronic document flow with state authorities is carried out through the «Exat» system. The Office Manager Service of AMMC is responsible for ensuring communication through the above system. All letters and requests received through it from public authorities are redirected to the Chairman of the Management Board and his deputies.

AMMC closely cooperates on import substitution issues with the Ministry of Investment

and Foreign Trade, the Ministry of Economy, Uzstandart, regional khokimiyats, as well as with the Cabinet of Ministers and the Presidential Administration of the Republic of Uzbekistan. As part of the development of import-substituting products, the Company participates in various intersectoral and international industrial fairs held by the Ministry of Investment and Foreign Trade, as well as regional khokimiyats. In order to reduce dependence on import supplies, AMMC implements its own Localisation Programme (see details in the «[Operating Results](#)» section).

Sectoral and Regional Conferences

In 2021, AMMC participated in the international economic forum «Results and Prospects of Economic Reforms» in Tashkent, dedicated to further improvement of investment attractiveness of Uzbekistan.

The Company was also an active participant of the XXV International Scientific and Practical Conference «Innovation– 2021», aimed at consolidating the efforts of industrialists, representatives of the scientific sphere and entrepreneurs to intensify the processes of innovative development.

Environmental Protection Working Group

The Company is a member of the working group for the implementation of the resolution of the Cabinet of Ministers of the Republic of Uzbekistan «On assistance in processing and disposal of existing man-made waste in the Republic of Uzbekistan» and the resolution of the President of the Republic of Uzbekistan «On measures to protect the environment and organise the activities of government agencies in the field of environmental control».

Ethics and anti-corruption

The Company's Approach to Business Ethics and Anti-Corruption

GRI 102-16

GRI 103-1

GRI 103-2

In order to ensure high efficiency of the Company's activities, as well as to maintain the reputation of a conscientious and decent employer and business partner, AMMC adheres to clear standards of business conduct and the principle of zero tolerance for any manifestations of corruption and fraud. The Company has implemented a comprehensive approach to maintaining high ethical standards and preventing illegal actions in all of the Company's activities.

The Company's approach to combatting corruption and ensuring ethical standards of business conduct is enshrined in the Rules of Ethical Conduct of Employees of «Almalyk mining and metallurgical company» JSC. The document contains a set of rules aimed at the prevention of offences, elimination of causes and conditions contributing to their commission, development of legal culture in the team and strict compliance with applicable laws and local acts of AMMC. When hiring in the Company, all employees are obligatorily acquainted with the Rules of Ethical Conduct. Compliance with the rules is mandatory for all employees without exception. Violations of the norms established by the rules are considered by the Ethics Commission. In case a violation of the provisions of the Ethics Code of Conduct is established, disciplinary responsibility is provided for.

Other key internal documents regulating values, principles, standards and norms of behavior in the Company include the Charter, Internal Labour Rules and Quality Policy. In their professional activities AMMC employees are

guided by the following principles of business conduct:

- Legality;
- The priority of the rights, freedoms and legitimate interests of citizens;
- Patriotism and fidelity to service duty;
- Devotion to the interests of the state and Almalyk mining and metallurgical company JSC;
- Fairness, honesty and impartiality;
- Avoidance of conflict of interests

Feedback Mechanisms for Corruption, Fraud and Ethics Violations

GRI 102-17

GRI 102-33

GRI 102-34

In order to timely identify and suppress violations of the provisions of the Rules of Ethical Conduct, AMMC has a feedback mechanism in place. Any legal entity or individual may contact the Company's hotline and email with regard to violations or suspected violations of laws or standards of business conduct by AMMC officials. In the reporting year, the hotline available at +998 78 141 93 33 was used for this purpose. It was also possible to leave an appeal to the Compliance Control Service of AMMC via e-mail.

The Compliance Control Department is responsible for receiving and processing messages received by the helpline. Processed Compliance messages are brought to the attention of the Chairman of the Management Board, after which they are sent to Deputy Chairmen and responsible structural subdivisions, as well as to the relevant services

of the Executive Office. The Company considers all received appeals within 15 to 30 days in accordance with the Law «On Appeals of Individuals and Legal Entities». In addition to the helpline and two e-mail addresses, AMMC plans to introduce a short number and an anti-corruption bot in its Telegram channel. We are also considering the possibility of creating a separate portal on the Company's official website devoted to the fight against corruption.

As part of the Company's efforts to develop and improve its compliance management system, we have developed draft regulations on the procedure for receiving reports of corruption, fraud and violations of ethical rules in the AMMC system. Once approved, the Regulations will become the main internal document regulating the operation of the Compliance Helpline and other feedback channels.

The Company ensures the anonymity of incoming calls. When an applicant contacts the helpline, the operator is prohibited from requesting personal information that would make it possible to identify the applicant. Access to incoming calls via the envisaged communication channels is limited. All appeals accepted for consideration are marked «for official use». Draft Regulation on the procedure for accepting appeals provides responsibility for the Company's employees for disclosure of information about the fact of the appeal, its content and other information related to the appeal data. In accordance with the legislation of the Republic of Uzbekistan, data on persons reporting violations of corruption are official secrets and may be disclosed only in cases prescribed by law, on the basis of written permission of the complainant, as well as the head of the body engaged in combatting corruption.

In 2021, the Company did not receive any requests for compliance advice. There were also no requests or complaints related to

possible corruption violations, fraud or violation of the Company's business ethics.

Conflict of Interest

GRI 102-25

The Company defines a conflict of interest as a contradiction between property or other interests of the Company (its management and control bodies, officials, employees) and the property interests of customers when as a result of action or inaction of the management and control bodies of AMMC and/or its employees, the rights and legitimate interests of shareholders may be violated. In 2021, AMMC developed a separate regulatory document regulating the Company's approach to conflict of interest management – «Regulations on the Procedure of Actions in Case of Conflict of Interest of JSC «Almalyk MMC», which will be approved in 2022. The regulation enshrines the main principles of conflict of interest management:

- Compulsory disclosure of real and potential conflicts of interest;
- Individual consideration and evaluation of reputational risks for the Company in identifying each conflict of interest and its resolution;
- Strict confidentiality of the conflict-of-interest disclosure and resolution process;
- Observing the balance of interests of the Company's management and control bodies and its employees when resolving conflicts of interest;
- Protection of a person from prosecution in connection with a conflict of interest disclosed by an employee and resolved by the Company in a timely manner.

To detect conflicts of interest in a timely manner, the regulation provides the following methods:

- Disclosure of conflicts of interest upon hiring;

- Disclosure of conflicts of interest upon appointment to a new position;
- One-time disclosure of information as conflicts of interest arise.

The following mechanisms are used to resolve identified conflicts of interest at AMMC:

- Restricting an employee's access to specific information that may affect the employee's personal interests;
- Voluntary refusal of the employee or his/her removal from participation in the discussion and decision-making process on issues that are or may be affected by a conflict of interest;
- Revision and modification of the employee's functional responsibilities;
- Temporary removal of an employee from his or her position if his or her personal interests conflict with his or her job duties.

The Regulations also enshrine the role of the Company's senior management bodies in preventing and resolving conflicts of interest. The Board also considers transactions with amounts exceeding the amounts established by law and the Company's Charter, and approves decisions on interested-party transactions. In turn, it is the responsibility of the Board and its members to determine the procedure for resolving the identified conflict, in case it cannot be resolved at the level of a structural unit. If a conflict of interest affects the Chairman of the Management Board or its other members,

information on it shall be submitted to the working group of the Supervisory Board to make a decision on its further settlement.

Anti-Corruption

GRI 205-2 GRI 205-3

The Company categorically rejects any manifestation of corruption and takes measures aimed at preventing and detecting corruption offences. According to the Rules of Ethical Conduct of Employees, all employees of the Company are obliged to oppose manifestations of corruption and actively contribute to its prevention. If any person approaches AMMC employees to induce them to commit an offence, they must notify their superiors or law enforcement authorities.

Company managers are responsible for taking timely measures to prevent corruption and prevent retaliation against employees who report wrongdoing.

In order to raise employees' awareness of the Company's approach to combatting corruption, AMMC regularly informs them of the anti-corruption measures in place (see Table 6). Informing is carried out on a face-to-face basis, as well as through corporate media: newspapers and AMMC TV channel. In November 2021, the Company, together with representatives of the Anti-Corruption Agency of Uzbekistan, conducted a campaign in all structural divisions to raise employee awareness of anti-corruption in the Company.

Table 6 **Informing Employees about Applicable Anti-Corruption Measures in 2021, people**

Indicators	People, in %
Total number of informed members of key corporate governance bodies (Supervisory Board, Management Board)	20 (100%)
Total number of informed managers	2,386 (97%)
Total number of informed specialists	1,902 (93%)
Total number of informed workers and other employees	32,464 (96%)

In the reporting period, the Company did not identify any confirmed cases of corruption offences. Also, no judicial proceedings were initiated against AMMC and its employees concerning corruption.

In addition, in the reporting year a draft of internal regulatory documents was developed and submitted for approval, providing for a mandatory procedure for pre-contractual compliance checks of the Company's counterparties. Once all the necessary internal documentation is approved, the Company expects to launch a programme for raising employee awareness of compliance control rules and procedures at the corporate training centre. In 2022, the practice of including anti-corruption clauses in all contracts signed by the Company will be introduced.

Plans for 2022 and the Medium Term



In the reporting year, AMMC began work on the implementation of numerous projects aimed at improving corporate sustainability practises. In 2022, the risk management and internal control system will become fully operational. Approval and implementation of all developed internal regulatory documents and compilation of a risk register are expected. In addition, in 2022, the Company will start training employees in risk management.

The Company will continue to work to improve its corporate approach to combatting corruption and promoting standards of ethical business conduct. A separate committee will be established at the level of the Supervisory Board on anti-corruption and ethics. Work will also continue on developing a corporate strategy for sustainable development.

To ensure the effectiveness of cooperation and interaction with stakeholders, in 2022, the Company expects to approve and implement the Regulation on Stakeholder Engagement. Along with the Regulations, the Company will approve the Stakeholder Map.

