

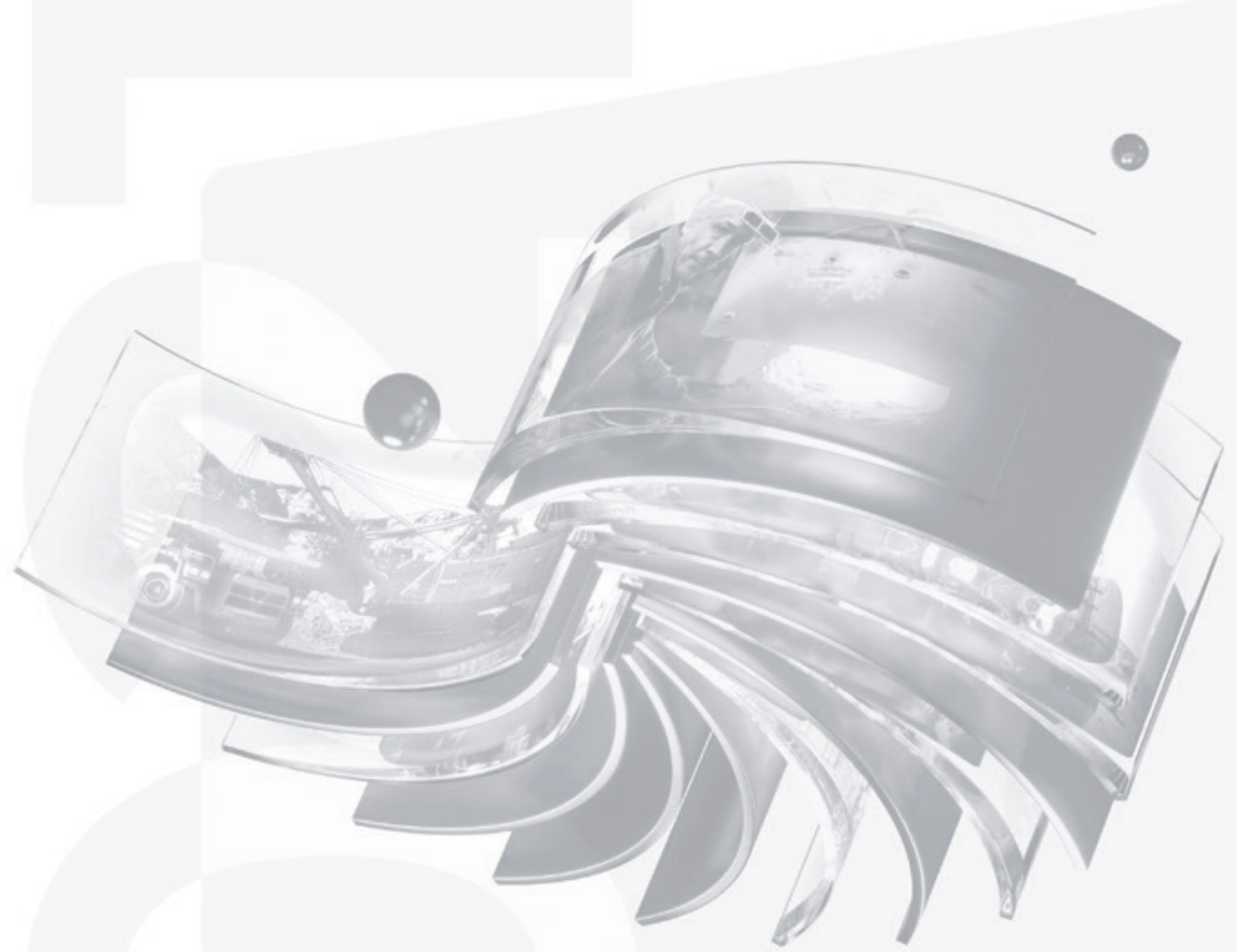


**NMMC**  
NAVOI MINING  
AND METALLURGICAL  
COMBINAT JSC

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# SUSTAINABILITY REPORT

2021



**NMMC**  
NAVOI MINING  
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COMBINAT JSC

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# SUSTAINABILITY REPORT

**2021**

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# STATEMENT OF THE CHAIRMAN OF THE BOARD — GENERAL DIRECTOR

GRI 102-14

Dear shareholders, colleagues, and partners!

NMMC JSC, as the country's largest industrial enterprise, recognizing the importance of its economic and social activities, pays special attention to a strategic approach to sustainable development.

This status defines a high level of responsibility in our approach to sustainability issues, building relationships and interacting with our employees, founder, public and government representatives, customers and partners. We strive to take their interests into account when making strategic decisions and developing plans for further development.

NMMC is the flagship in Uzbekistan's economy and one of the largest gold producers in the world. The company has a great potential for external financing, using the funds

## Transformation

The Company's transformation and implementation of advanced management standards are continuing since 2019. The transformation of NMMC will contribute to improving the Company's efficiency and mitigating long-term risks, strengthening the Company's position in international markets, and attracting investments, including through IPOs.

of international financial institutions, as well as through initial public offerings in international stock markets (IPO). An important factor of capital flows in the global financial markets is the growing expectations of stakeholders which require active management of ESG risks and opportunities as part of the corporate business strategy.

This report presents in detail the work done by NMMC in 2021, the company's performance in economic, social and environmental performance.

As part of the Company's restructuring, three independent entities were formed in 2021. The transformation, which also includes internal changes in reporting and transparency of the procurement system, management practices, and optimisation of business processes, was an important step in increasing the Company's investment appeal.

## Kuvandik Sanakulov

Chairman of the Board,  
General Director,  
Hero of Uzbekistan



## Key operating results

NMMC continued to show strong operating and financial results in 2021. Thus, in 2021, ore production was 52 million tons, while gold production stood at 2,664 thousand ounces.

NMMC's revenues grew by 5% compared to 2020 and amounted to \$4.8 billion. NMMC's net profit increased by

55%, reaching \$1,265 million<sup>1</sup>, while the Company paid out \$982 million in dividends, which is more than 30% higher than in 2020. NMMC is the leader among Uzbek companies in terms of net profit in 2021 and is the largest taxpayer in the country with the share of more than 20% of total budget revenues.

# 52

million tons  
ore production

# \$4.8

↑ 5%

billion  
NMMC's revenues

# 2,664

thousand ounces  
gold production

# \$1,265

↑ 55%

million<sup>1</sup>  
NMMC's net profit

<sup>1</sup> All financial indicators are presented in accordance with the financial statements made in accordance with IFRS for the 12 months of 2021, posted on the Company's website.

## Improving our approach to sustainability

Integration of sustainable development principles is now an essential part of NMMC's business processes. The Company strives to increase its production and financial performance, considering its impact on the economy, society, and the environment. To pursue these goals, we have formed a Sustainability Committee

responsible for implementing activities in accordance with international best practices. The Committee acts as the main decision-making body for our sustainability goals and policies. As a result of the committee's activities, environmental and safety risks have been identified and strategic initiatives programs have been revised.

## Environmental protection

In the process of production development, we attach great importance to environmental issues, which are being continuously integrated into production tasks with an aim to reduce any negative effects on ecosystems in the regions where we operate. The introduction of new environmentally safe technologies is one of the many measures taken by our Company to eliminate the consequences of production activities. In 2021, NMMC invested \$10.7 million into programs targeted at environmental protection.

In addition, as part of the implemented program of measures, work is underway to modernise energy-intensive production facilities and improve energy efficiency. In 2021, NMMC's total energy consumption was at 30.2 million GJ.

In 2021, NMMC considerably improved its environmental performance. In particular, the Company reduced total atmospheric emissions by 33% compared to 2020 levels, purified, and reused for process and irrigation purposes 4,435.9 ML of domestic and industrial effluents, and reduced CO<sub>2</sub> emissions by 14,391 tons through the implementation of energy-saving measures.

# \$10.7

million

invested by NMMC into programs targeted at environmental protection

# ↓ 33%

reduced total atmospheric emissions compared to 2020 level

## Supporting the regions where the Company operates

An integral part of the Company's sustainable development practice is the formation of strong relationships with the local communities in the regions of operations. Each year NMMC allocates substantial funds for cultural and sporting events, educational projects, and improvements in healthcare and infrastructure.

In 2021, NMMC allocated about \$71 million for sponsorship and charity. One of the significant events of the Company in 2021 is the opening of a modern pre-school special educational organisation for children with disabilities in Zarafshan, where NMMC fully undertook the implementation of this project.

# \$71

million

allocated for sponsorship and charity

## Our safety

Over the reporting period, the Company tried to make advancements and provide employees with all necessities in terms of health and safety in the work environment. In 2021, NMMC continued to develop digital solutions in the field of industrial safety.

The Company successfully completed the implementation of ISO 45001:2018 international standard at the Central Mine Group, covering more than 19 thousand employees of the mine group. NMMC is committed to adopting the best practices for organizing safe work, while maintaining its commitment to the global Zero Harm strategy.



The Company successfully completed the implementation of ISO 45001:2018 international standard at the Central Mine Group, covering more than

# 19,000

employees

# THE COMPANY IN NUMBERS — KEY INDICATORS FOR 2021

GRI 102-7

NMMC is the largest industrial enterprise of the country and plays the leading role in the economy of the Republic of Uzbekistan. In 2021, NMMC produced 2,664 thousand ounces of gold, and is the 4th largest gold producer in the world.



6.9%

The Company's production volume of the country's GDP



3

NMMC's main gold production facilities — 3 regions of the country



At the same time, according to Kitco.com (Canada), NMMC's Muruntau mining is the largest mine by production in 2021.

Throughout its operations, NMMC has achieved recognition of foreign partners from developed countries and has a successful track record of cooperation with well-known companies around the globe to introduce modern mining, transportation, and processing equipment, to develop and implement advanced technologies, and create new production facilities.

## OPERATIONAL INDICATORS

2,664

thousand ounces of gold production in 2021

52

million tons of ore mining

88

million tons ore processing

2,396

million tons total geological reserves of ore

## FINANCIAL AND ECONOMIC INDICATORS

\$4,795

million revenue

\$3,033

million Adjusted EBITDA

\$942

million CAPEX

\$2,089

million contributions to the State Budget

> 20%

the Company's share of total revenues to the state budget

\$982

million paid dividends

### Sustainability indicators

#### SOCIAL RESPONSIBILITY

> \$92

million  
social payments in 2021

47,874

persons  
average number of employees

5,206

persons  
total headcount of employees  
hired in 2021

225

employees  
studied at the universities  
of the Republic of Uzbekistan  
at the expense of the Company

2.51%

the employee turnover rate  
in 2021

> \$600

thousand  
spent on the fight against  
COVID-19

\$71

million  
provided for charities and  
sponsorship

20

the number of active patents

14%

female employees

\$625

average salary rate

14,328

employees  
improved their qualifications/  
passed professional training

\$286

million  
payroll payments

Starting salary  
in the Company is

45%

higher than the minimum wage  
in the country

25

contracts  
for the implementation  
of innovative programs



with an economic  
efficiency of about

~ \$46

million  
were executed

The company has its own  
licensed electronic digital  
signature centre

## Sustainability indicators

### ENVIRONMENTAL PROTECTION

**\$10.7**

million  
nature protection expenses

**91.73**

thousand GJ  
of electricity were saved in 2021

**23.8**

thousand GJ  
of natural gas were saved in 2021

**4.55**

thousand GJ  
of gasoline were saved in 2021

**445.27**

thousand GJ  
of diesel fuel were saved in 2021

**86.3%**

the average efficiency ratio  
of dust and gas cleaning plants  
in 2021

**30.2**

million GJ  
total energy consumption  
in the Company

**117,400**

ML  
water consumption

**0**

serious accidents with  
environmental consequences

**4,435.9**

ML  
during 2021 domestic and  
industrial wastewater was  
treated and reused after  
treatment

ISO 14001 environmental management system is in operation at NMMC's Central Mine Group

### OCCUPATIONAL HEALTH AND SAFETY

**\$1,381**

thousand  
costs for the maintenance of fire  
and industrial protection systems  
of facilities

**0.55**

LTIFR (lost time injury frequency)

**0.06**

FAR (frequency of fatal  
accidents)

Improvement of an automated  
management information  
system for occupational safety  
AIS 'AMISOS' (Automated  
management information system  
for occupational safety)

The implementation  
of the ISO 45001:2018 Occupational  
Health and Safety Management  
System standard



# KEY EVENTS OF 2021

## 01 January

- To expand cooperative ties, a meeting was organised at the Central Mining Department in Zarafshan between specialists of NMMC and domestic producers of the country, such as Polipropilen Quvurlar LLC, Birinchi Rezinotexika Zavodi, Hydrocomponent, Stalmet Group service EI.
- At the Central Mine Group, HMP-2, Ball mill No. 73 was launched at full production capacity, which is the first unique technological equipment that allowed to achieve more than \$2 million savings.

## 04 April

- The Republican industrial fair of interindustry cooperation was held. At the fair, representatives of about 60 leading industrial enterprises of the country, as well as more than 600 business entities presented more than two thousand types of their products.

## 07 July

- NMMC is implementing full digitalisation of the process from geological exploration to finished products.
- The company produced localised products worth \$22.06 million. Also, 270 types of import-substituting products were produced for \$5.92 million.

## 11 November

- A charitable blood donation campaign 'Good Things Will Return' was held, organised by the Council of Youth Leaders of NMMC in Navoi and Zarafshan cities.
- The ecological action was launched as part of the nationwide 'Green Year' event of the 'Yashil Makon' project. The participants of the action actively participated in creating 'green plantations' by planting saxaul seedlings on the dried-up part of the Aral Sea.
- From December 1, 2021, salaries of the NMMC employees were increased by 10 percent.
- A sports competition 'Dad, Mom and Me – a Friendly Sports Family' was held in Navoi City among employees of NMMC and the State Institution 'NMMC Fund' and members of their families.

## 02 February

- The Daugyztau and Magribkon open pits have achieved record production since the start of mine development, with more than 33 million cubic meters of rock mass extracted.
- The plant won the National Competition 'Gender Equality Activist' in the nomination 'The most active ministries/government agencies, organisations and departments in ensuring gender equality.'

## 08 August

- As part of the investment project 'Increasing the production capacity of the Guzhumay mine', the technological line of the mobile (portable) stowing unit for mining 100 thousand tons (up to 650 thousand tons) of ore was put into operation.
- At the Muruntau mine in NMMC's Central Mine Group, a commissioning ceremony was held for the North-East cyclic-flow technology complex as part of the investment project 'Muruntau open pit mining V'.

## 12 December

- The Navoi branch of the Council of Veterans of Mining and Metallurgical Industry of the Republic of Uzbekistan was established.
- NMMC JSC participated in the Republican interindustry industrial fair organised to further expand interindustry production cooperative ties between major industrial enterprises of the country and local manufacturers. Within the framework of this fair the Company was recognised as a leader in concluding contracts among industry enterprises.
- NMMC specialists have developed a new and unique technology that enables the processing of refractory sulphide ores and extraction of additional gold from them. Application of innovations in production led to an increase in gold extraction from annealed products by 3% and, as a result, an increase in production of finished products at HMP-3.
- Implementation of the patented technology in industrial production at HMP-3 resulted in an 18% increase in raw material utilisation efficiency and a 17% increase in finished product output.

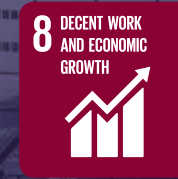
# ABOUT NMMC

# 6.9%

The Company's production volume of the country's GDP



### Contribution to the UN SDGs



### GRI, SASB Indicators

GRI 102-1, GRI 102-2, GRI 102-4, GRI 102-5, GRI 102-6, GRI 102-7, GRI 102-10, GRI 201-1

### Material topics

- Economic performance
- Indirect economic impacts

### Key Indicators 2021

**\$2,089** million  
paid to the state budget

**4<sup>th</sup>**  
largest gold producer  
in the world in terms of gold  
production

**\$982** million  
in dividends paid

## NMMC HISTORY

GRI 102-1, 102-2, 102-4, 102-5, 102-6

NMMC JSC is one of the world's top ten gold producers. The combine is an industrial cluster, which has mastered the full production cycle from geological exploration of reserves in the subsoil, ore mining and processing to finished products. The combine is a modern enterprise with the latest mining, transportation and processing equipment, mines and plants equipped with advanced technologies.

During the years of independence of the Republic of Uzbekistan NMMC reached a completely new stage of development. As a result of technical and technological modernisation of existing and construction of new processing plants, the plant achieved considerable success in production.

- The core business activity of NMMC is the development of mineral resources and the mining and processing of minerals, with a focus on precious metals.
- The Company's main product is gold.
- Gold produced by the Company is sold to the Central Bank of the Republic of Uzbekistan.

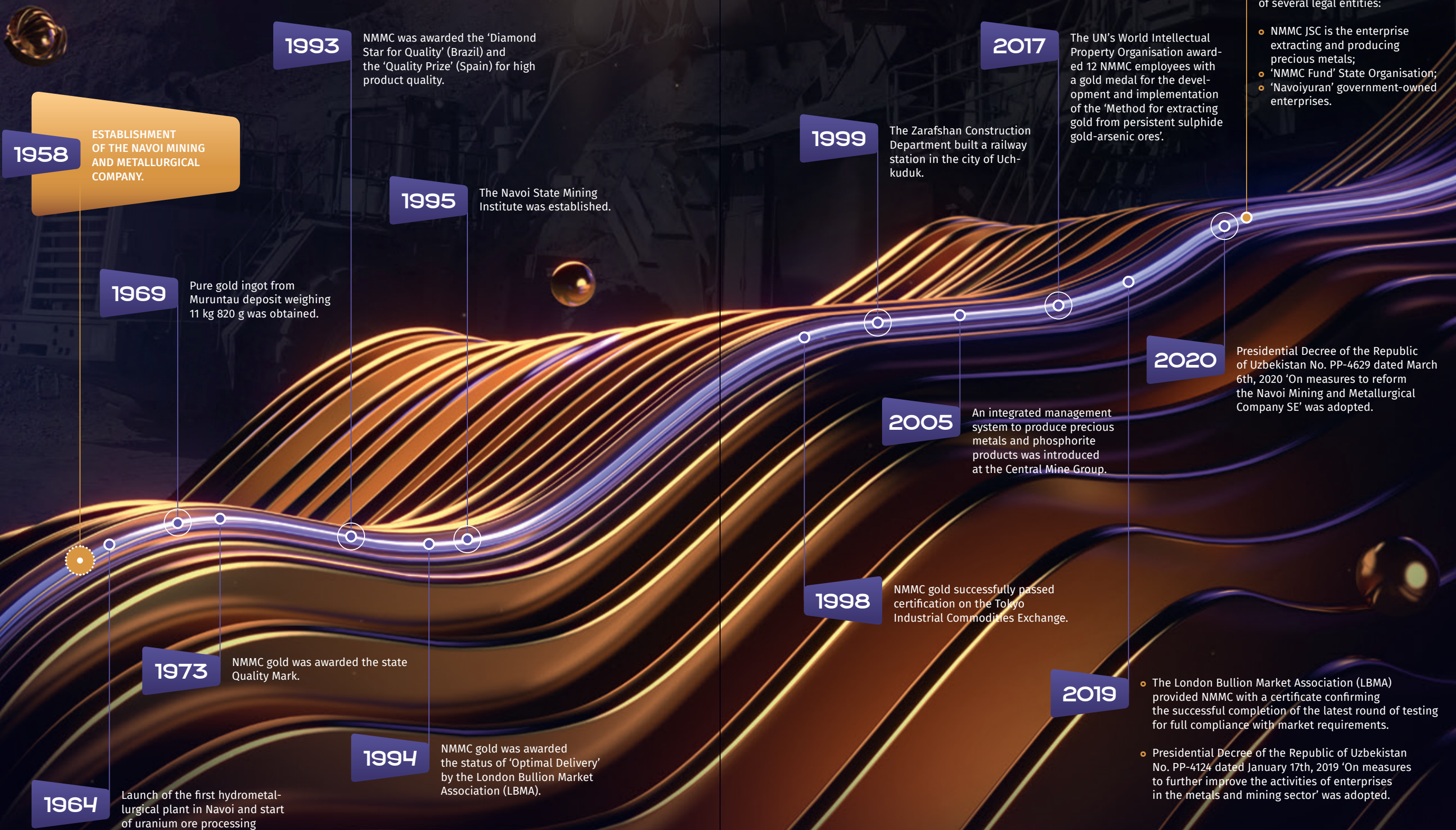
**NAVOI MINING AND METALLURGICAL COMPANY IS A RELIABLE PARTNER, A GUARANTOR OF HIGH QUALITY, EFFICIENCY, AND STABILITY.**

### Hallmarks



NMMC gold bars became a brand of Uzbekistan on international exchanges of precious metals.

## The Company's development milestones



# BUSINESS MODEL

GRI 102-7, 102-10, 201-1

NMMC's business model considers the interests of all stakeholders at each stage of the value chain.

## 01

### GOLD ORE EXPLORATION

#### EXPLORATION

- Geological exploration
- Geodesic activities

#### DESIGN

- Design, construction and operation of high-risk facilities and potentially hazardous operations
- Capital development

## 02

### MINING AND PROCESSING

#### MINING

- Production, transportation of materials and products with their use, as well as means of blasting agents
- Explosive works
- Storage and distribution of explosives and poisonous substances

#### PROCESSING

- Heap leaching of gold and silver
- Application of sorption technology

## 03

### TRANSPORTATION

#### PRODUCTION AND SALES OF REFINED GOLD

- Refining and distribution

## Production Value Chain — vertically integrated process.

### Value creation

**HEADCOUNT**  
**45,207**  
employees

The Company's success and opportunities for further development depend on our employees. NMMC actively invests in the development of its employees at all stages of their careers.

**INVESTORS**  
**\$982**  
million  
dividends paid

The main priority is to increase profitability for the sole shareholder. NMMC provides information on performance results to the sole founder on an ongoing basis.

**STATE**  
**\$2,089**  
million  
of payments to the state budget

As a major taxpayer in the country, NMMC contributes to socio-economic development and actively cooperates with government agencies.

**REGIONS**  
**\$71**  
million  
provided for social initiatives

NMMC actively cooperates with local suppliers and creates jobs in the regions of presence. As part of its social initiatives, the Company invests in the construction, support, and development of local infrastructure, and makes significant charitable donations.

### NMMC'S mission

Our mission is to work for the benefit and prosperity of our country by achieving the highest levels of performance. We take a responsible approach to production, care deeply, and pay close attention to the environment and nature in Uzbekistan, and the work of our employees. To achieve our goals, we adhere to the best industry practices and standards. We are committed to fulfilling our mission in the most efficient and responsible manner and to creating added value for all our stakeholders.

### Key priorities:

- well-being in the regions of presence
- production performance
- the country's economic development
- innovation development
- environmental protection
- creation of value

## Generated and Distributed Direct Economic Value

The Company recognises that the long-term success of any business depends on maintaining socio-economic stability in the regions of presence and in the country, maintaining mutually beneficial relationships with stakeholders, as well as on the quality of working conditions and safety of employees.

We are committed to openly informing our founders, partners, employees, and other stakeholders about the results of creating economic value. Disclosure of this indicator allows the Company's stakeholders to see how NMMC generates and distributes economic value over the reporting period.

### Generated and Distributed Direct Economic Value, million USD

	2020	2021
<b>GENERATED DIRECT ECONOMIC VALUE</b>	<b>4,546.0</b>	<b>4,775.0</b>
1 Revenue	4,558.0	4,795.0
2 Finance income	1.0	1.0
3 (Expense)/income from sales of tangible assets	(13.0)	(21.0)
<b>DISTRIBUTED ECONOMIC VALUE</b>	<b>4,482.0</b>	<b>4,492.0</b>
Operating expenses	1,178.8	1,299.7
including salaries	260.0	286.0
including maintenance of social facilities	41.0	21.0
including charitable donations and sponsorship	33.0	71.0

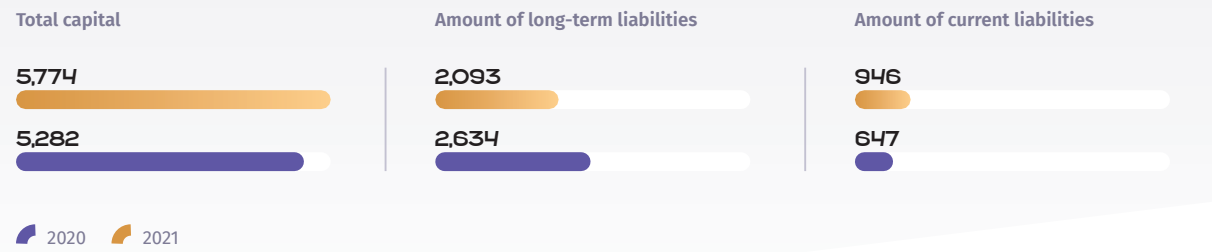
**IN 2021, THE RETAINED ECONOMIC VALUE CREATED BY THE COMPANY INCREASED BY 4 TIMES, FROM \$64 MILLION IN 2020 TO \$283 MILLION IN 2021.**



	2020	2021
<b>PAYMENTS TO CAPITAL PROVIDERS</b>	<b>908.0</b>	<b>1,103.0</b>
1 including dividends paid	755.0	982.0
2 including finance costs	153.0	121.0
<b>PAYMENTS TO THE STATE</b>	<b>2,395.2</b>	<b>2,089.3</b>
1 Mining tax	921.0	723.0
2 Profit tax	1,430.0	1,308.0
including taxes, except for subsoil use tax and profit tax	13.0	24.0
including single social tax on salaries	31.2	34.3
<b>Retained Economic Value = Direct Economic Value Generated — Economic Value Distributed</b>	<b>64.0</b>	<b>283.0</b>

The main goal of the Company in relation to capital management is to maximization of the shareholder value. The Company manages its capital to continue to adhere to the business continuity principle, along with maximizing returns to stakeholders, by optimizing the debt and capital balance.

**Total capitalization by debt and equity, million USD**



**Transformation**

To further improve the management system and increase the efficiency of NMMC JSC, as well as to attract investment (through IPO, SPO and Eurobonds) in the Company with an aim to modernise production and improve competitiveness, the project 'Transformation of Navoi MMC' was launched in 2019.

In 2019, the Republic of Uzbekistan launched the process of reforming the mining and metallurgical industry of the country to give impetus to the development of production, create favourable conditions for attracting capital, implementation of major investment projects and improvement of corporate practices.

In this regard, a large-scale process of transformation and creation of a joint stock company, accompanied by the introduction of best practices of corporate governance, transformation of financial reporting and optimisation of business processes, continued based on part of the property of NMMC SE in 2021.

As a result of economic reforms carried out at the plant, 3 independent enterprises were organised in 2021:

- 1 NMMC JSC, a precious metals mining and production enterprise
- 2 NMMC Fund State Institution
- 3 State-owned enterprise 'NMMC' was renamed into state-owned enterprise 'Navoiyuran' – an enterprise to carry out mining and processing of natural uranium and rare-earth metals

**Key Transformation Goals of NMMC**

- obtaining the results of reserve reclassifications in accordance with the standards of the Australasian Joint Ore Reserves Committee (the JORC Code) in 2022;
- conducting assessments and obtaining at least two international credit ratings in 2022–2023;
- issuing Eurobond's debut in the medium term;
- a public offering of equity securities in the medium term;
- automation of accounting according to IFRS because of '1C ERP: Group Management'.

# GEOGRAPHY OF ACTIVITIES

GRI 102-4, 102-6



NMMC's business structure comprises five major mining and metallurgical enterprises, as well as the Navoi Machine Building Plant Production Association and Zarafshan Construction Department. The cities of Navoi, Uchkuduk, Zarafshan, Nurabad were built based on production enterprises.

The Company's gold production is concentrated in the central part of the Republic of Uzbekistan and covers four regions of the Republic. All these cities are interconnected by railways and roads, power transmission lines included in the unified energy system of the republic, and have autonomous life support systems, including a centralised heat and water supply, modern housing stock, and social facilities.



# Main business units

01



## CENTRAL MINE GROUP

**Location:**  
Zarafshan city

**Opening date:**  
1964

**Main assets:**  
Muruntau, Auminzo Amantoy, Gold Heap Leaching Plant, HMP-2, HMP-5

**Functions:**  
Gold mining and explosives production



**Average headcount:**  
**19,377**  
people



**Geological reserves for 01.01.2022:**  
**2,139**  
million tonnes of ore

02



## NORTHERN MINE GROUP

**Location:**  
Uchkuduk city

**Opening date:**  
1958

**Main assets:**  
Vostochniy mine, Dauguztau, Geotechnical mine, HMP-3, sulphuric acid production shop

**Functions:**  
Mining and processing complexes of gold

**Average headcount:**  
**9,408**  
people

**Geological reserves for 01.01.2022:**  
**128**  
million tonnes of ore

03



## SOUTHERN MINE GROUP

**Location:**  
Nurabad city

**Opening date:**  
1964

**Main assets:**  
Zarmitan, Guzhumsay, Marjanbulak, HMP-4

**Functions:**  
Gold mines, production of polyvinyl chloride and polyethylene pipes

**Average headcount:**  
**7,341**  
people

**Geological reserves for 01.01.2022:**  
**55**  
million tonnes of ore

Main divisions

04



**GMZ-1 MINE GROUP**

**Location:**  
Navoi city

**Opening date:**  
1964

**Main assets:**  
Karakutan, Aristantau, HMP-1

**Functions:**  
release of rhenium and gold oxide



**Average headcount:**  
**2,414**  
people



**Geological reserves for 01.01.2022:**  
**37**  
million tonnes of ore

05



**ZARAFSHAN CONSTRUCTION DEPARTMENT**

**Location:**  
Zarafshan city

**Opening date:**  
1967

**Functions:**  
Construction of facilities and manufacturing of required construction materials

**Average headcount:**  
**3,300**  
people

06



**NAVOI MACHINE BUILDING PLANT PRODUCTION ASSOCIATION**

**Location:**  
Navoi city

**Opening date:**  
1963

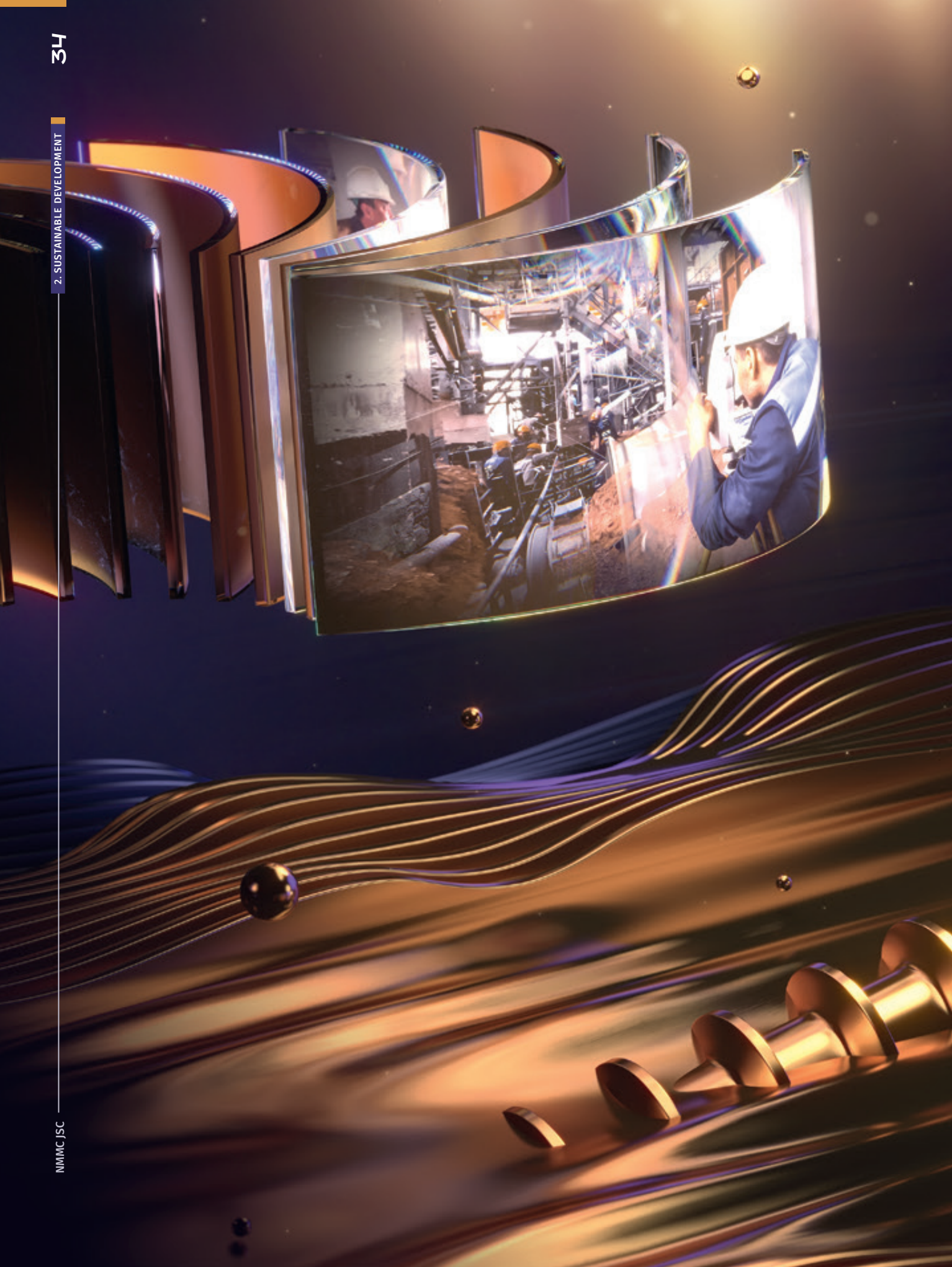
**Functions:**  
Manufacturing of machine tools, production of steel construction structures and repair of industrial equipment

**Average headcount:**  
**3,606**  
people

THE MAIN PRODUCTION FACILITIES OF NMMC TO PRODUCE GOLD ARE DISTRIBUTED AMONG THE FOLLOWING MINING GROUPS:

- Central Mining Group
- Northern Mining Group
- Southern Mining Group
- HMP-1

The production facilities of mentioned mining regions are located within the Navoi, Samarkand, Jizzakh and Tashkent Regions.



# SUSTAINABLE DEVELOPMENT

**\$982** million



paid dividends



### Material Topics

- Countering corruption
- Public policy

### Contribution to the UN SDGs

### GRI, SASB Indicators

GRI 102-11, GRI 102-12, GRI 102-13, GRI 102-15, GRI 102-16, GRI 102-17, GRI 102-18, GRI 102-19, GRI 102-20, GRI 102-22, GRI 102-24, GRI 102-29, GRI 102-40, GRI 102-42, GRI 102-43, GRI 202-2, GRI 205-3

### Key Indicators 2021



Sustainability Committee established

Established NMMC JSC April 23, 2021

# SUSTAINABILITY MANAGEMENT APPROACH

GRI 102-29

The implementation of a comprehensive, systematic, and proactive approach to the management of sustainability issues is a prerequisite for the Company's long-term success and stable growth.

NMMC strives to build an effective management system for the sustainable development system and continues to actively implement and integrate the principles of sustainable development into its business processes.

The Company sets goals to build a sustainable development management system that will include the following elements:

- commitment of NMMC to the principles of sustainable development at all levels of management;
- analysis of the external and internal situation in three aspects of sustainable development: economic, environmental, and social;
- identification of risks in sustainable development in the social, economic, and environmental spheres;
- stakeholder engagement and stakeholder mapping;
- implementation of priority areas (initiatives) in sustainable development;
- integration of sustainable development into key business processes;
- professional development of the Company's employees in sustainable development;
- organisation of the annual sustainable development reporting process;
- measurement of performance in sustainable development;
- improvement of the sustainable development process.

## Management structure and instruments

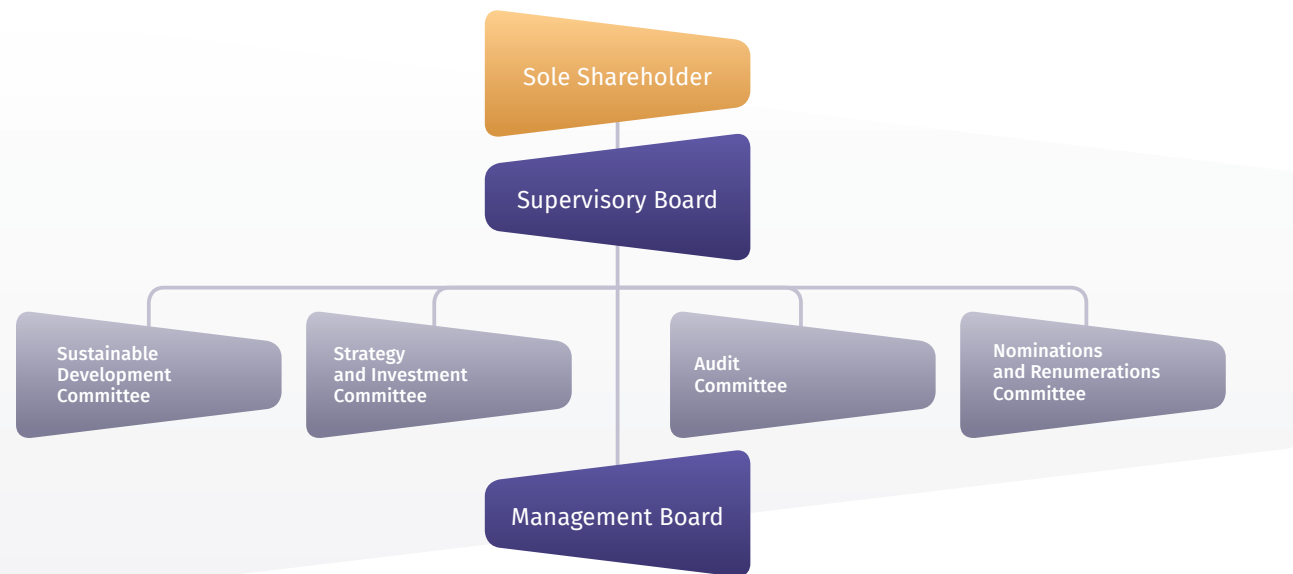
In accordance with internal regulations, the Supervisory Board and the Board shall, within their competence, ensure the establishment and implementation of an appropriate system for sustainable development. At the same time, employees, and officials of the Company at all levels contribute to sustainable development.

In 2021, the Sustainable Development Committee was established under the Supervisory Board of NMMC. The purpose of the Committee is to monitor the implementation of the Company's strategy in sustainable development and the public promotion of ethical, transparent, and responsible business conduct. This Committee is also responsible for monitoring the Company's performance in terms of the ecology and labour protection, as well as coordinating annual and strategic measures in these areas.

The Company has the following regulatory documents governing sustainable development management processes:

- Restated Charter;
- Regulations on the Sustainability Committee;
- Regulations on the Compliance Service;
- NMMC JSC Anti-Corruption Policy.

### Corporate Governance Structure



## Sustainability risks management

GRI 102-15

NMMC understands that the Company's activities are closely related to sustainability risks and may lead to adverse environmental or social consequences. To reduce the likelihood of such consequences, the Company regularly analyses potential sustainability risks and corresponding opportunities for the business, employees, and other stakeholders, and strives to make balanced decisions based on risks and opportunities.

The Company takes the same approach to identifying, assessing, monitoring, and managing financial and non-financial risks. On an annual basis, the Company reassesses all risks to ensure that all risks are considered, and effective risk management measures are developed. The Company then analyses risk factors, including sustainability risks, which may adversely affect business development and the achievement of set goals and indicators.

The Company identified the following key risks for itself and continued systematic work to manage them.

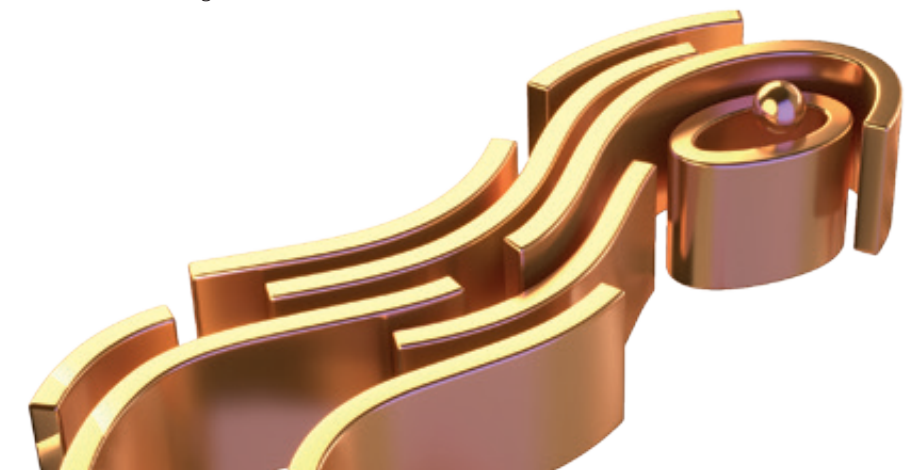
### Category and analysis of key risks and risk management

#### INDUSTRY RISKS

- 1 Risks of fall in gold prices**  
**Risk management measures**
  - cost of production management — maintaining one of the lowest production costs in the industry;
  - using conservative metal prices when calculating cut-off grades and preparing mining projects;
  - regular analysis and forecasting of gold supply and demand dynamics;
  - continuous control of the Company's cash costs.
- 2 Production risks**  
**Risk management measures**
  - annual, quarterly, and monthly production planning and subsequent monthly control over budget execution;
  - involvement of international consultants to review the production plan.
- 3 Risk of misestimation of reserves**  
**Risk management measures**
  - conducting an independent audit of reserves at promising and producing fields. Drawing up reports on the results of geological exploration and availability of reserves. Conducting confirmatory drilling, extension of fields (advanced and operational);
  - significant volumes of geological exploration to survey new sites, as well as verify and finalise the exploration activities of existing sites.

#### FINANCIAL RISKS

- 1 Risk of failure to obtain debt financing**  
**Risk management measures**
  - identifying possibilities for alternative external funding sources;
  - assessment eligibility for external funding sources as well as compliance with the IPO requirements (such as development of corporate documents — Corporate Governance Code, dividend policy, audited financial reports, etc.);
  - establishment of the system for collecting and disclosing financial and non-financial information;
  - timely obtainment of proper credit ratings.
- 2 Liquidity risks**  
**Risk management measures**
  - the function of the Financial Department of NMMC provides for the operational control of the Company's financial resources, a comprehensive economic and financial analysis of the Company, and the development of measures to reduce financial risks and increase the Company's profitability;
  - maintaining detailed budgeting and cash forecasting processes and matching the maturity profiles of financial assets and liabilities to help ensure that it has adequate cash available to meet payment obligations.



## Category and analysis of key risks and risk management

## SUSTAINABILITY RISKS

## 1 Environmental risk

## Risk management measures

- the Company implements a number of initiatives aimed at monitoring and limiting the environmental impact of operational activities. These include the external expert assessment of levels of pollution produced, and the use of industry best practices towards policies and procedures both at a corporate and individual business unit level.

## 2 Health and safety risks

## Risk management measures

- the Company operates a health and safety monitoring system which includes risk assessments of individual workplaces and the provision of employees with personal protective equipment. When managing these risks, and to ensure safe working conditions, the Company applies the best industry practices. The health and safety monitoring system ensures compliance with international, state, and regional regulatory requirements through the implementation of modern standards.

## OPERATIONAL RISKS

## 1 Risk of ineffective budget management

## Risk management measures

- regular specification of the models and assumptions used in the evaluation of investment projects;
- unification of evaluation principles for investment projects;
- recording the results of post-investment monitoring of completed projects when planning similar projects.

## 2 Risk of low-quality project reviews

## Risk management measures

- attracting highly qualified specialists (including experts from international consulting companies) to review investment projects.

The Observatory plays a key role in economic management, environmental, and social impacts, risks, and related prospects. From 2022, the Company plans to conduct regular risk assessment in accordance with the approved risk management methodology on a quarterly basis and at the end of the year.

# CORPORATE GOVERNANCE AND BUSINESS ETHICS

GRI 102-16, 102-17, 102-18, 102-19, 102-20, 102-22, 102-24, 205-3, 202-2

NMMC constantly improves corporate governance practices to increase the efficiency of the Company's activities, to implement the tasks in the field of sustainable development and to comply with the best international practices.

To introduce modern methods of corporate governance, transition to market mechanisms and increase competitiveness, Presidential Decree No. PP-4629 'On Measures to Reform the State Enterprise Navoi Mining and Metallurgical Combine' dated March 6, 2020 (hereinafter referred to as Presidential Decree No. PP-4629) was adopted.

According to Presidential Decree No. PP-4629, to further improve the management system and increase the efficiency of NMMC JSC, as well as to attract investment (through IPO, SPO and Eurobonds) in modernisation of production and increase competitiveness, in 2019 the project 'Transformation of State Enterprise 'Navoi MMC' (SE NMMC) was launched. In 2021, the State-Owned

Enterprise NMMC was divided into three enterprises, including NMMC JSC. The company was formally established on April 23, 2021, the transformation processes in corporate governance were completed in 2021.

With the aim of introducing best corporate governance practices at NMMC, the President's instructions to the Ministry of Finance of the Republic of Uzbekistan were fulfilled. In particular, the Company made an appointment of two independent members to the Supervisory Board of the newly established NMMC JSC, established committees under the Supervisory Board, developed and approved the Code of Ethics, Regulations on Conflict of Interest, and other internal documents in corporate governance.

## Founder

**The Ministry of Finance of the Republic of Uzbekistan performs the function of the sole shareholder in terms of the state's share in NMMC JSC.**

In accordance with the approved Charter of NMMC JSC, the shareholder also approves the development strategy for the medium and long term, stating its specific terms based on the main activities and objectives of the Company.

**DESPITE THE ONGOING UNCERTAINTY AND VOLATILITY IN INTERNATIONAL MARKETS DUE TO EXTERNAL FACTORS, IN 2021 NMMC PAID DIVIDENDS TO THE STATE BUDGET OF \$982 MILLION.**

## Supervisory Board

The Supervisory Board is directly involved in the identification and management of the economic, environmental, and social aspects of the activity of the Company, as well as the assessment of related risks and opportunities. The Supervisory Board members and the Management Board proactively engage with government authorities and other stakeholders on these matters.

In 2021, the Company's Supervisory Board continued to oversee the management and improvement of the efficiency of the Company's activities, representing the interests of all parties involved in the decision-making process.

In 2021, a new Charter of NMMC was approved, which established the responsibilities and duties of the members of the Supervisory Board for determining NMMC's priority areas of activity. In addition, the Supervisory Board is responsible for regularly hearing the Management Board's report on measures taken to achieve the objectives of the technological and investment development strategies. It is also tasked with reviewing economic and social impacts, as well as related risks and opportunities within the framework of the Company's current operations.

The members of the Supervisory Board are elected by resolution of the General Meeting of Shareholders for a term of one year. Members of the Supervisory Board are elected by cumulative voting using ballot papers.

# 75%

the proportion of senior management<sup>2</sup> in the regions of presence hired from the local community<sup>3</sup> in 2021



**Kuchkarov  
Jamshid  
Anvarovich**

DEPUTY PRIME MINISTER OF THE REPUBLIC OF UZBEKISTAN — MINISTER OF ECONOMIC DEVELOPMENT AND POVERTY REDUCTION, CHAIRMAN OF THE SUPERVISORY BOARD



Jamshid Kuchkarov graduated from the Tashkent Institute of National Economy (now Tashkent State University of Economics) and from Colorado State University (USA) in 1996. In different years he has held senior positions in the Ministry of Finance, as Prime Minister on economic development, structural transformation of investments, banking and financial system reforms, and coordination of free economic and small industrial zones. From January 24, 2020 — Deputy Prime Minister (Deputy Prime Minister) on financial and economic issues and poverty reduction, and from February 24, 2020 — Minister of Economic Development and Poverty Reduction of the Republic of Uzbekistan. Candidate of Economic Sciences.



**Ishmetov  
Timur  
Amindjayevich**

MINISTER OF FINANCE OF THE REPUBLIC OF UZBEKISTAN — MEMBER OF THE SUPERVISORY BOARD



Timur Ishmetov graduated from the Finance and Credit Department of the Tashkent Finance Institute in 2000. In 2005 he graduated from the University of Birmingham (UK) with a Master's degree in International Money and Banking. In 2008 he graduated from the Faculty of Law of the Tashkent State University of Law. From 2000 to 2017, he held various positions at the Central Bank of Uzbekistan. In April 2017 he became First Deputy Chairman of the State Investment Committee and in June the same year he became First Deputy Chairman of the Central Bank of Uzbekistan. In May 2019, he moved to the Ministry of Finance, where he was First Deputy Minister until February 2020. On 20 February 2020 President of Uzbekistan Shavkat Mirziyoyev appointed Timur Ishmetov as Minister of Finance.



**Shadiev  
Olimjon  
Kasymovich**

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD, DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS



Shadiev Olimjon graduated from Moscow State Institute of International Relations Relationship Studies majoring in diplomacy and international economics. He began his career in 1996 as Assistant General Director of ZalogBank in Moscow. Then He then held the position of Chief Financial Officer at UzDeuBank in Tashkent, and from 2000 until 2010, he was CFO Director of the Marketing Division of the ENRC Group in Luxembourg. He was also co-founder of the ComCo group — a producer and distributor of thermal coal. From 2016 to date has been managing partner of IFG Capital Partners SA/. C 2019 to 2021 was an independent member of the Supervisory Board of NMMC, in 2021 transferred to the position of Deputy Chairman Supervisory Board.



**Davletov  
Ruslanbek  
Kuroltayevich**

MINISTER OF JUSTICE OF THE REPUBLIC OF UZBEKISTAN — MEMBER OF THE SUPERVISORY BOARD



Ruslanbek Davletov received a bachelor's degree from the University of Warwick, and a master's degree from the University of World Economics and Diplomacy. He graduated from the Tashkent State Economic University and the Academy of State and Social Construction under the President of Uzbekistan. He has experience in the State Committee for Demonopolisation and Development of Competition, the Department of Legal Expertise and International Treaties of the Cabinet of Ministers, and the Research Centre for the Democratisation and Liberalisation of Judicial Legislation and Judicial Independence of the Supreme Court. In 2016-2017, he was First Deputy Minister of Justice, and since 4 January 2017 — First Deputy State Advisor to the President of Uzbekistan. On 14 August 2017, he was appointed Minister of Justice of the Republic of Uzbekistan.



**Ortikov  
Akmalxon  
Zhurahonovich**

DIRECTOR OF THE STATE ASSETS MANAGEMENT AGENCY OF THE REPUBLIC OF UZBEKISTAN, MEMBER OF THE BOARD



Akmalxon Ortikov graduated from the Tashkent State Institute of Economics. He was head of the financial department of the khokimiyats of Namangan and Fergana regions. He was Deputy Minister of Economy on demography, development of social sphere and improvement of standard of living, and First Deputy Minister of Economic Development and Poverty Reduction. Since 2020, he has been appointed Director of the State Assets Management Agency.

<sup>2</sup> Senior management is the Supervisory Board members and the General Director.

<sup>3</sup> Local community — citizens of Republic of Uzbekistan.



### Abdinazarov Bobur Kalandarovich

DEPUTY MINISTER OF ECONOMIC DEVELOPMENT AND POVERTY REDUCTION OF THE REPUBLIC OF UZBEKISTAN, MEMBER OF THE BOARD



Bobur Abdinazarov graduated from the Tashkent State University of Economics (2003) and the International University of Japan. Bobur Kalandarovich Abdinazarov was appointed Deputy Minister of Economic Development and Poverty Reduction in 2020. Previously, he was acting director of the Department of Tariff Policy and State Enterprise Reform at the Ministry of Finance of Uzbekistan.



### Ponkratova Olga Igorevna

INDEPENDENT MEMBER OF THE SUPERVISORY BOARD



Olga Ponkratova graduated from the National Research University Higher School of Economics in 2009. (Russia), in 2018 — Harvard Business School (USA) IN 2018. In different years, she worked as the head of transformation projects for EVRAZ, NLMK, Uralkali and Alrosa, Basic Element, ERG/ENRC, Glencore, Kazphosphate, Samruk. Tau-Ken, (Russia) B.V., at Ernst & Young (CIS) B.V., advisor to the chairman of IMR B.V., a Dutch mining holding company. Olga Ponkratova was also managing partner at IFG Metals & Mining (Luxembourg).



### Jumanazarov Akmal Ruzikulovich

DEPUTY HEAD OF THE DEPARTMENT FOR THE DEVELOPMENT OF GEOLOGY, ENERGY, INDUSTRY AND ITS BASIC BRANCHES OF THE CABINET OF MINISTERS OF THE REPUBLIC OF UZBEKISTAN, MEMBER OF THE BOARD



In 2021 Akmal Ruzikulovich Jumanazarov was appointed as the Head of Department on development of geology, energy, industry and its basic sectors of the Cabinet of Ministers of the Republic of Uzbekistan. Prior to his appointment, Mr. R. Zhumanazarov worked as Deputy Head of the Department for the Development of Geology, Energy, Industry and its Basic Industries of the Cabinet of Ministers of the Republic of Uzbekistan.

## Supervisory board committees

To support the activities of the Supervisory Board and ensure a more in-depth and high-quality consideration of issues, in May 2021 the following Committees were formed under the Supervisory Board of NMMC:

- Sustainable Development Committee;
- Strategy and Investments Committee;

The Committees report to the Supervisory Board in accordance with the powers granted to them by the Supervisory Board and the relevant Regulations on Committees.

- Audit Committee;
- Nominations and Remuneration Committee.

### Functions of committees

#### THE SUSTAINABLE DEVELOPMENT COMMITTEE

##### Functions

- Preparation of recommendations for the Supervisory Board on participation in the formation and implementation of the Company's strategy in the area of sustainable development and public promotion of the company's ethical, transparent and responsible business conduct, control over activities in terms of the integrity of the Company's general approach to sustainable development, addressing corporate social responsibility issues, control of the Company's performance in terms of ecology and labour protection, and coordination of annual and strategic events in these areas.

#### THE NOMINATIONS AND REMUNERATION COMMITTEE

##### Functions

- Preparation of recommendations for the Supervisory Board in appointment and remuneration of the Company's management.
- The main purpose of the activities of the Nomination and Remuneration Committee is the development, analysis, and presentation of recommendations to the Supervisory Board on the issues of personnel appointments in management bodies, employees' motivation, and the remuneration system.

#### THE AUDIT COMMITTEE

##### Functions

- Assistance in the effective performance of the Supervisory Board functions in terms of control over the financial and economic activities of the Company. The main tasks of the Audit Committee are supervising the preparation of financial statements, monitoring the reliability and efficiency of the internal control and risk management systems, ensuring the independence and objectivity of the internal audit service, and monitoring the effectiveness of the system for combating any unfair actions of employees and third parties.

#### THE STRATEGY COMMITTEE

##### Functions

- Preparation of recommendations for the Supervisory Board on determining priority areas of activity and assessing the effectiveness of investment projects.
- The main purpose of the Strategy and Investments Committee is to develop, analyse and present recommendations to the Supervisory Board in the above areas.



## The Board

The Management Board was formed in the Company in 2021. Sanakulov Kuvandik Sanakulovich was appointed as the Chairman of the Management Board and General Director. Sanakulov Kuvandik Sanakulovich is responsible for the management of the Company's current activities, including the delegation of his authority to key managers and officials of the Company in accordance with internal documents.

In 2022, the Company plans to approve the Corporate Governance Code, which will reflect the provisions on the evaluation of the activities of management. In 2021, there was no assessment of government performance.

The salaries and remunerations of the members of the Board and (or) the Chairman of the Board, the General Director are directly dependent on the efficiency of the Company and are determined by the employment contract. In this case, the number of salaries and remuneration of the Chairman of the Board, the General Director

shall be established by the decision of the General Meeting of Shareholders, and the members of the Board by the decision of the Supervisory Board accordingly.

During 2021, the General Director of the NMMC supervised the current activities and reported quarterly to the Supervisory Board about the results of production and economic activities and on the progress of the Company's approved development programs.

Executive responsibility for economic, environmental, and social affairs was assigned to all Board members in 2021. However, in 2022, the Company plans to hire a new member of the Management Board for Transformation and Sustainable Development.

**Since the transformation of NMMC into a JSC in 2021, the following composition of the Management Board has also been formed:**



**Sanakulov  
Kuvandik  
Sanakulovich**

CHAIRMAN OF THE MANAGEMENT BOARD, GENERAL DIRECTOR



**Snitka  
Nikolay  
Pavlovich**

CHIEF ENGINEER, MEMBER OF THE MANAGEMENT BOARD



**Khaitova  
Milana  
Rustamovna**

CHIEF LEGAL ADVISOR, MEMBER OF THE MANAGEMENT BOARD

## Internal documents

Internal regulatory documents approved by the Supervisory Board, which are necessary for the functioning of corporate governance in accordance with the law and international principles:

- Restated Charter;
- Regulation on the General Meeting of Shareholders;
- Regulation on the Supervisory Board;
- Regulation on the Management Board;
- Regulation on the Corporate Consultant;
- Regulation on the Audit Commission;
- Regulation on the Compliance Service.

A Corporate Governance Code in line with international principles is planned to be approved in 2022.



**Taparov  
Kurbanmurat  
Kholmuratovich**

DEPUTY GENERAL DIRECTOR FOR PERSONNEL AND ADMINISTRATIVE ISSUES, MEMBER OF THE MANAGEMENT BOARD



**Shaymardanov  
Alexey  
Sergeevich**

DEPUTY GENERAL DIRECTOR FOR ECONOMICS AND FINANCE, MEMBER OF THE MANAGEMENT BOARD

## IAS and Corporate Consultant

In 2021, after the transformation of NMMC into a JSC, the Supervisory Board approved the creation of the Internal Audit Service and the appointment of a Corporate Consultant.

According to the Charter of the Company, the Corporate Consultant ensures the effective exchange of information between the management bodies of the Company, acts as an advisor to the Supervisory Board and the Management Board on matters relating to corporate governance, and acts as secretary at the General Meeting of Shareholders and meetings of the Supervisory Board.

Internal Audit Service controls the work of the Management Board, branches and representative offices of the Company by inspecting and monitoring their compliance with the Legislation, the Charter, standards and regulations of the Company and other documents as to completeness and reliability of presentation of data in accounting and financial statements, established rules and procedures for business transactions, safekeeping of assets as well as compliance with the Company's management requirements established by the Legislation. The Internal Audit Service shall organise and conduct investigations into conflicts of interest and violations of the Company's Code of Ethics by its employees.

## Ethics and Anti-Corruption

To comply with the norms of professional ethics and transparency of activities, as well as to avoid corruption risks, the Company approved and implemented the Rules of ethical behaviour of employees dated 15.04.2016. The Ethics Commission is the supervisory body for monitoring compliance with the requirements set forth in the Rules, and its responsibilities include:

- ▶ reviewing complaints and suggestions from the Company's employees on ethics issues;
- ▶ reviewing cases of non-compliance by employees;
- ▶ preventing conflicts of interest;
- ▶ resolving corporate conflicts.

The Rules of Ethical Conduct define values, principles, standards, and norms of behaviour in the Company and apply to all employees of the Company regardless of the positions they hold. NMMC's Ethics Rules are aimed at preventing offences and counteracting corruption and include requirements for all employees to comply with the principles of legality, fairness, and avoidance of conflicts of interest.

Applications, complaints, and suggestions that addressed to the Ethics Commission are accepted by the responsible person — the secretary of the commission — and are registered in the journal. Then, based on the results of the commission's review, a certificate and a response to the applicant is prepared.

NMMC ensures that employees are free from prosecution or dismissal in connection with their appeals on the facts of offences or in connection with appeals containing criticism of the Company's processes.

To regulate the risk of corruption, the Company has established the Compliance Service under the Supervisory Board in 2021.

The main objectives of the Compliance Service are:

- ▶ to improve Company's activities in the fight against corruption;
- ▶ to prevent and combat corruption offenses in society;
- ▶ to ensure and control effective operation of the anti-corruption system in the society;
- ▶ to establish controls ensuring correct, accurate and timely execution of information in the reports of the society;
- ▶ to introduce automation, standardisation and coordination procedures in business and production processes;
- ▶ to organise the procurement sphere based on the principles of rationality, economy, and efficiency in the use of financial resources;
- ▶ to ensure openness and transparency in the Company;
- ▶ to reduce risks in management and business processes, to organise control procedures.

The following internal documents have been developed and are planned for approval in 2022:

- Procedure for Hiring Employees to the Compliance Service of JCS NMMC;
- Standard procedure for creating a transparent system of recruitment, collection of candidates, testing, and selection based on an open competition in NMMC JSC;
- Code of Ethics of NMMC's employees;
- Regulations on acceptance and consideration of reports on corrupt practices received by NMMC JSC and its structural subdivisions via communication channels;
- Instruction on verification of candidates for employment in NMMC JSC and its structural subdivisions;
- Regulations on conducting official investigations and inspections of cases of corrupt practices, violations of ethical rules and other violations by employees of NMMC JSC and its structural subdivisions.

Based on the requirements of international standards, the Compliance Service developed the following internal documents in 2021:

- NMMC JSC's Anti-Corruption Policy;
- Regulation 'About the Compliance Service'.

Over 2021, the Compliance Service reviewed 24 procurement documents, and conducted several anti-corruption legal reviews of internal departmental documents. No instances of corrupt activities were registered during the reporting period.

The official website of the company introduced the sections 'Combating Corruption' and 'Open Information'. These sections contain internal departmental documents, information to be published, relevant (hotline and e-mail) communication channels for sending appeals, as well as information on the responsible employees of the Compliance Service.

# 2,829

### appeals

concerning social problems were received by NMMC managers in 2021

written appeals

## 784

electronic appeals

## 1,860

oral appeals

## 167

appeals by virtual reception for the Prime Minister

## 18

# 98

### people

were received by the managers of NMMC on personal issues

during on-site reception of the managers and specialists of NMMC

## 49

# STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-42, 102-43

Stakeholder engagement is the most important condition for improving the efficiency of operations and ensuring the Company's continuing development.

## Stakeholder engagement

- Principles:**
- protection of Founder's rights;
  - transparency of information disclosure.



### FOUNDER

- Interaction methods**
- interaction through representatives within the Supervisory Board;
  - meetings and negotiations;
  - official website.

- Key activities in 2021**
- change of the role of the Founder represented by the Cabinet of Ministers to the Sole Shareholder represented by the Ministry of Finance;
  - transfer of property and establishment of an authorised fund.



### GOVERNMENT AUTHORITIES/ REGULATING BODIES

- Principles:**
- compliance with legislative requirements;
  - taxes and other payments to the budget;
  - implementation of state programs and initiatives.

- Key activities in 2021**
- in 2021, about **\$2.1 million** was paid to the state budget.

- Interaction methods**
- correspondence and requests;
  - reporting platforms;
  - official website.



### EMPLOYEES/ TRADE UNION

- Principles:**
- safe and equal working conditions;
  - training, growth, and professional development.

- Key activities in 2021**
- in 2021, the average salary in the Company increased by **27%** compared to 2020.

## NMMC IDENTIFIES KEY STAKEHOLDER GROUPS AND ENSURES APPROPRIATE COMMUNICATION WITH EACH OF THEM TO UNDERSTAND THEIR NEEDS AND EXPECTATIONS.

Key stakeholder groups are determined based on an assessment of their impact on the current activities and strategic development of the Company, as well as in accordance with the established practice of interaction with these stakeholders.

NMMC's main stakeholders include employees and management of the Company, the Founder, governmental authorities, public organisations, partners, the media, and others. In the process of transformation, interaction with investors, representatives of credit institutions and other institutions is also getting more profound.

Stakeholder engagement is carried out through meetings, roundtables, training, and other social events, as well as through official public communication channels. When covering its activities, NMMC relies on the principles of relevance, significance, and openness in providing information.

- Principles:**
- improving efficiency and financial performance;
  - execution of obligations.



### FINANCING ORGANISATIONS

- Key activities in 2021**
- NMMC net profit in 2021 was **\$1,265 million**
  - revenue for 2021 was **\$4,795 million** with the sale of 2,664 thousand troy ounces of gold at an average prevailing price during the year of \$1 800 per ounce.

- Interaction methods**
- submission of reports and financial indicators;
  - meetings and presentations;
  - official website.

- Interaction methods**
- training and workshops;
  - corporate events, meetings, and discussions;
  - internal corporate channels;
  - official website;
  - company's social networks.



### SUPPLIERS

- Principles:**
- support for local producers;
  - constructive and open cooperation.

- Key activities in 2021**
- the purchases share from local suppliers in 2021 reached **95%** of the total purchases;
  - the Procurement Commission was established to carry out procedures through exchange electronic trading;
  - a fair for suppliers was held.

- Interaction methods**
- procurement sites;
  - fairs, briefings, and other events for suppliers;
  - official website.



### THE MEDIA

- Principles:**
- data disclosure transparency;
  - open cooperation.

- Key activities in 2021**
- in 2020, NMMC interacted with local media (Uzbekistan 24 TV channel of the National Television and Radio Company, the National News Agency of Uzbekistan, republican and regional print media — the newspapers 'Yangi Uzbekiston', 'Halk Suzi, Pravda Vostoka', and 'Dustlik Bayrogi').

- Interaction methods**
- press releases and interviews;
  - open events of the Company;
  - official website and social networks of the Company.

\* When calculating the total share of local purchases, the average value of foreign currency (rubles, pounds, dollars, euros) at the exchange rate of the Central Bank of the Republic of Uzbekistan for 2021 was used to convert import indicators.

# CONTRIBUTION TO THE ACHIEVEMENT OF SUSTAINABLE DEVELOPMENT GOALS

GRI 102-12, 102-13

NMMC supports the UN SDGs adopted in 2015 by the UN General Assembly. Given the significance of all 17 goals, NMMC identified eight SDGs to which the Company can make the most significant contribution. Specific targets have been identified within each of these goals to ensure a tangible result is achieved.



## UN SDGs Goals



### GOAL 1: END POVERTY IN ALL ITS FORMS EVERYWHERE

#### Company's contribution:

- we provide support to young employees in training and acquisition of housing;
- we provide sponsorship to low-income families, war and labour veterans, and orphanages;
- we provide free medical and treatment-and prophylactic services.

#### Key Indicators for 2021:

- NMMC Fund provides dormitory facilities for **10,625** employees
- support to sports organizations – **\$0.7** thousand
- NMMC provided financial and material assistance to low-income people amounting to **\$13.25** thousand
- aid to orphanages and boarding schools amounted to **\$8.53** thousand



### GOAL 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

#### Company's contribution:

- we implemented an automated management information system for industrial safety ;
- we created programs for the predictive modelling of emergency situations;
- we provide all employees, their family members, and pensioners of the Company with free medical care.

#### Key Indicators for 2021:

- safety awareness among employees **100%**
- no new cases of occupational diseases among employees were recorded **0** cases
- ISO 45001:2018 Occupational Health and Safety Management System was implemented at the CIA, covering more than **19,760** employees



### GOAL 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

#### Company's contribution:

- we provide sponsorship to secondary schools, boarding schools, and institutes;
- we provide retraining and professional development programs.

#### Key Indicators for 2021:

- employees trained **14,338**
- employees studying in the universities of the Republic of Uzbekistan at the expense of the Company **225**
- opening of a modern pre-school special educational organisation for children with disabilities in the city of Zarafshan.



### GOAL 6: ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITATION FOR ALL

#### Company's contribution:

- we introduced solar installations for the supply of hot water;
- we developed and implemented a technological scheme for mine water treatment jointly with the Scientific Research Institute of the Ecology and Environmental protection;
- we introduced the reuse of treated household waste in the technological process at HMP-3.

#### Key Indicators for 2021:

- for the scientific study of the problems of water supply and water saving at the plant, a 'Laboratory for the Study of Water Problems' was organised based on the 'Central R&D Laboratory' (CRDL);
- a Program of Activities for the economical use of water resources for the period 2021–2026 was approved.

UN SDGs Goals



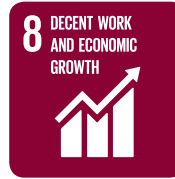
**GOAL 7: ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL**

Company's contribution:

- we annually implement Energy Efficiency Improvement Programs.

Key Indicators for 2021:

- we introduced steam turbines at the sulphuric acid production areas of the Northern Mine Group;
- we implemented three photovoltaic stations with a total capacity of **6 kW**
- we introduced LED spotlights with a solar panel, a photocell, and a motion sensor with a power of between **60-150 W** at mining waste dumps



**GOAL 8: PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL**

Company's contribution:

- we are implementing the NMMC Innovation Development Program until 2026;
- we work with representatives of small businesses as part of the localisation program;
- 100% of workplaces in the Company undergo an internal audit for compliance with the requirements of the OHS management system.

Key indicators for 2021:

- we implemented the international standard ISO 45001:2018 at the Central Mining Group;
- modernisation of the automated information system for industrial safety management;
- economic effect from the use of patents **\$31 million**



**GOAL 9: BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION**

Company's contribution:

- NMMC's Innovation Development Programs until 2026, particularly in ecology and energy;
- implementation of R&D projects;
- we carry out scientific research and development of technologies jointly with scientific institutes and foreign companies;
- increased funding for scientific research and rationalisation activities.

Key indicators for 2021:

- repair and rehabilitation of social facilities, as well as the laying of new facilities in Samarkand, Jizzakh and Khorezm provinces and Zaamin district.



**GOAL 12: ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS**

Company's contribution:

- implementation of an improved technology for processing sulphide ores at HMP-3 jointly with Engineering Dobersek GmbH;
- disposal of used tires in the Company to obtain heating fuel and carbon black by pyrolysis in the Company's business unit.

Key indicators for 2021:

- an environmentally friendly roasting technology has been introduced, with a five-stage purification process for exhaust gases with a purification rate of **98%**



**Medium-term prospects and plans for 2022**

- developing, adopting, and implementing strategic and tactical management decisions;
- improving the forms and reviewing the size of economically justified and fair labour remuneration for all participants in the enterprise's activities;
- enhancing economically feasible and fair forms of remuneration and the revision of the size of remuneration for all participants in the enterprise's activities;
- ensuring that the performance results are accurately recorded and encouraging the scientific and technical creativity of the Company's employees.



# OUR PEOPLE

# 47,874

persons

average number of employees

# 3.



### Material Topics

- Employment
- Labour relations among staff and management
- Occupational and industrial safety
- Staff training and development
- Sociocultural diversity and equal opportunities

### Key indicators for 2021

# 45,207

people

number of employees

### Contribution to the UN SDGs



### GRI, SASB Indicators

GRI 102-7, GRI 102-8, GRI 102-41, GRI 103-2, GRI 103-3, GRI 201-3, GRI 202-1, GRI 401-1, GRI 401-2, GRI 401-3, GRI 402-1, GRI 404-2, GRI 405-1

EM-MM-310A.2

# 2.51%

turnover rate

## MANAGEMENT APPROACH

GRI 103-1, 103-2, 103-3

The efficiency of the Company depends on the coordinated work of its employees, so one of the main directions for us is the professional development of our staff.

To this end, tailor-made personnel policy programmes based on the selection of qualified personnel, including personal development, professional development and the promotion of highly qualified staff, are continuously implemented. Priority of work of our company is constantly improving working conditions, for which purpose the systems of remuneration, motivation, training and development of talents are developed and implemented, the level of social support of our employees is increased.

The Company takes a responsible approach to respecting basic human rights and freedoms, such as the right to work, the right to remuneration, the right to collective bargaining and the right to protection. All of this help to create a fair and favourable working environment. The company's management and human resources department guarantee employees compliance with the legal framework governing wages, compliance with social policies, ensuring safe working conditions, vocational training and retraining, and, where necessary, compensation and protection in the event of incapacity for work.



The Company does not discriminate based on age, culture, religion, race, or other grounds. The Corporation embraces the principle of zero tolerance for all forms of corruption, which is supported by the Anti-Corruption Policy.

The Company has the following prescriptive documents governing the processes of human resources management, as well as discrimination, the fight against corruption, the protection of human rights, the protection of labour:

- Regulation of HR Department;
- Labour Code of the Republic of Uzbekistan;
- Regulations on the procedure for payment of allowances related to the traveling and mobile nature of work approved by the Cabinet of Ministers of the Republic of Uzbekistan;
- Regulation on the HR Department;

- Regulation on bonuses;
- Regulation relating to professional retraining and continuing training of employees of the Company;
- Regulation on the organisation and knowledge testing;
- Regulation on the Procedure for the Formation and Preparation of a Talent Pool;
- Labour policy;
- Regulation on the Procedure for Handling Communications from Individuals and Legal Entities to the NMMC ;
- Regulation on the NMMC Youth Leadership Council;
- Collective bargaining agreement;
- Regulation on the committee on sustainable development;
- Regulation on compliance office;
- Regulation on Seniority Allowance for NMMC Employees;
- Code of Ethics NMMC JSC.

## Organisational structure and management tools

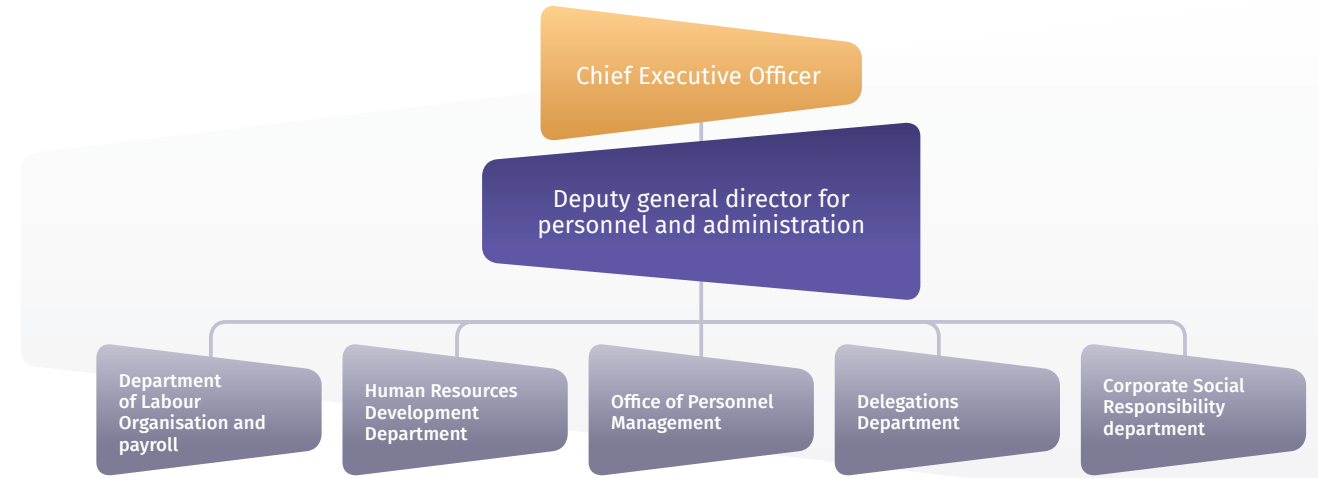
In the NMMC, HR Department is responsible for personnel and social policy issues, the main functions of which are:

- Creation of the Company's wage fund;
- Staffing planning within the Company and on individual projects;
- Recruitment and training of staff;
- Expansion of Talent pool;
- Staff motivation (benefits and compensation);
- Maintaining level of employee labour rights;
- Organisation of masterclasses, seminars, trainings for staff development.

Since 2021 the Appointment and Remuneration Committee has been functioning in the NMMC. The main activity of the Committee is to develop, analyse and make recommendations to the Supervisory Board on matters related to the appointment of key heads of units, staff motivation and compensation system, as well as other matters, under the competence of the Supervisory Board on questions of appointment and remuneration of employees of the Company.



## Organisational structure of HR Department



To maintain a high level of employee rights, the Company works in cooperation with the Trade Union Committee and is ready to negotiate with the Trade Union as the representative of all employees of the Company. All departments of the Trade Union have equipped offices and official vehicles to ensure presence and response to calls in remote areas of the Company's activities.

The key goal of NMMC is to create a favourable and healthy environment that considers the individual characteristics of employees at all levels of corporate management and Company activities, which allows to fully realise the potential of NMMC. The Company implements various initiatives within the framework of internal programs aimed at improving the professional skills of employees and their personal development, as well as supporting their health and well-being.

# EMPLOYMENT, SOCIO-CULTURAL DIVERSITY, AND EQUAL OPPORTUNITIES

GRI 102-7, 102-8, 201-3, 402-1, 405-1 | EM-MM-310A.2

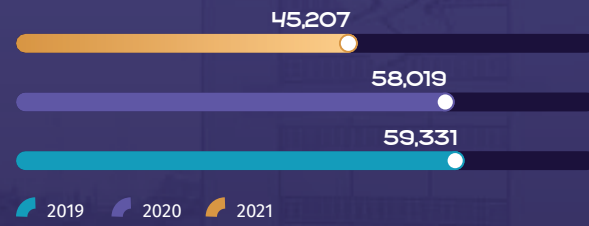
At the end of 2021, 45,207 people were employed in the NMMC JSC. During the reporting period, the total number of employees decreased by 22%. The reason was the reorganization of the Company in December 2021, because of which there was a division of enterprises to the State institution NMMC Fund and government-owned enterprise Navoiyuran. Against the background of a decline in the total number of staff, the average number of staff on the payroll decreased by 15% compared with 2020.

**45,207** ↓ 22%

people  
number of employees

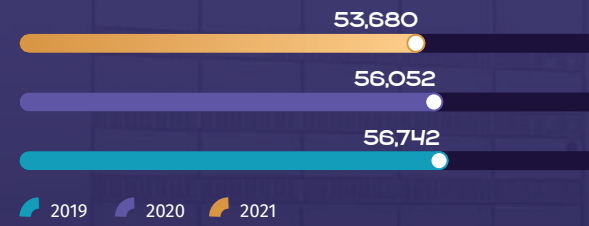


The list of staff for the end of 2019-2021, **people**



All employees of the Company are employed on official terms by signing an employment contract on a permanent or fixed-term basis.

Change in the average number of personnel in 2019-2021, **people**



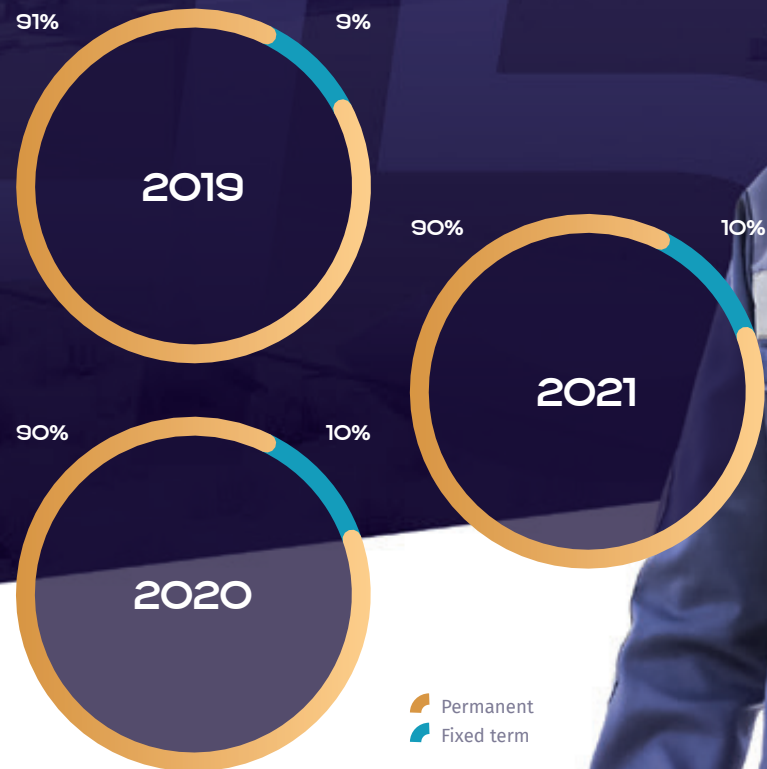
The rest of our employees are involved as experts in certain projects. The total number of staff was generated by aggregating data by entity.

**90%**

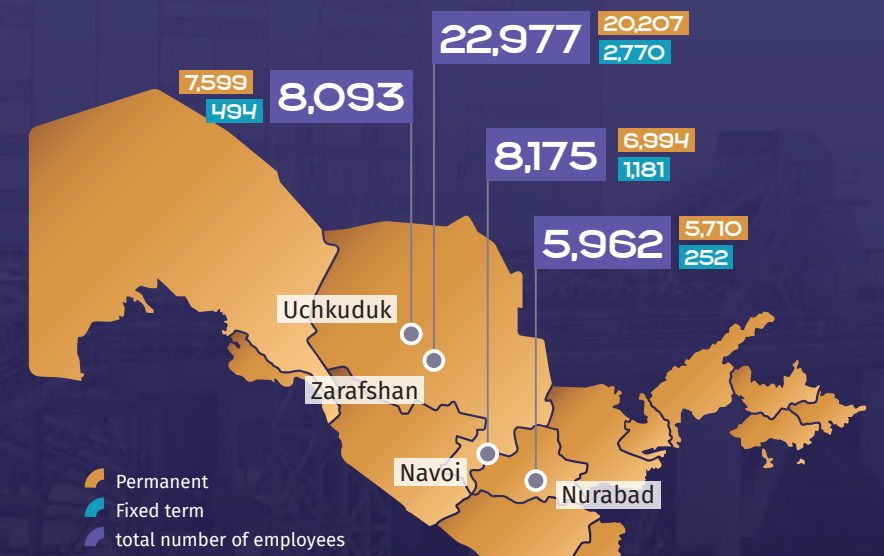
of our employees

have been covered by an open-ended employment contract since 2018

Ratio by type of contract for 2019-2021, %



Employees by contract type and region at the end of 2021, **people**



Employees by contract type and gender at the end of 2021, **people**

	Permanent	Fixed term
Male	35,716	3,302
Female	4,794	1,395

The minimum notice period for employees on termination of an employment contract in connection with downsizing or redundancy is 2 months, in accordance with Article 89 of the Labour Code of the Republic of Uzbekistan. At the same time, in 2021 there were no cases of claims by employees of the Company for non-compliance with this requirement of labour legislation. In addition, the Company did not observe any protests, strikes or mass dismissals during the reporting period.

The list number of personnel by divisions, people

NAME OF OBJECTS	2019	2020	2021
Central Mine Group	18,960	19,320	19,760
Northern Mine Group	10,711	10,325	8,093
Southern Mine Group	8,200	8,286	5,962
Zarafshan Construction Department	3,421	3,430	3,217
Representative office in Moscow	5	5	4
Representative office in Tashkent	11	10	8
NPC	3	2	2
Geological exploration expedition	612	620	535
Navoi plant	3,815	3,950	3,482
MG 'MP-1'	2,329	2,415	2,279
Substation of the network and workshop	241	158	159
Automation office	193	196	184
Central Research Laboratory	185	192	200
Carpool №3	477	472	380
Training centre	26	22	20
Central archive	8	8	7
Information and communication technology management	147	144	129
Central project office	78	78	78
Central design bureau	17	18	20
Innovation Centre for implementation new Technologies	16	18	16
Central material and technologic base	-	-	234
Tashkent material and technologic base	-	-	49
Supervisory board unit	-	-	3
Administration	302	307	386
Mine management administration №5	4,870	4,666	-
Jewellery factory	12	-	-
Agama	321	321	-
Hotel in Tashkent	23	22	-
Railway service centre	-	-	-
Housing and utilities department	1,401	683	-
Agrofirm	679	672	-
NMMC Hospital	1,163	1,179	-
Project office	71	59	-
Utility Grid	583	-	-
Typography	33	34	-
SMD and PS	15	16	-
ID	22	22	-
Department of Capital Construction	33	33	-
Material and technological management	335	336	-
KGTU	13	-	-
<b>Overall</b>	<b>59,331</b>	<b>58,019</b>	<b>45,207</b>

The NMMC adheres to the principles of gender equality and inclusion by ensuring gender, race, and age diversity at all levels of the Company. However, given the specific nature of the mining industry, where there are legislative restrictions on working occupations for women, the gender structure of the staff is dominated by male workers – 86 %. The percentage of women in the Supervisory Board is 11% and in the Board 20 %.

In addition, during the development of the Sustainable Development Strategy, the Company noted goals for gender equality, to increase the number of women by 10%. To increase the number of women, NMMC plans to include in the Company's Strategy the task of creating comfortable working conditions for female employees.

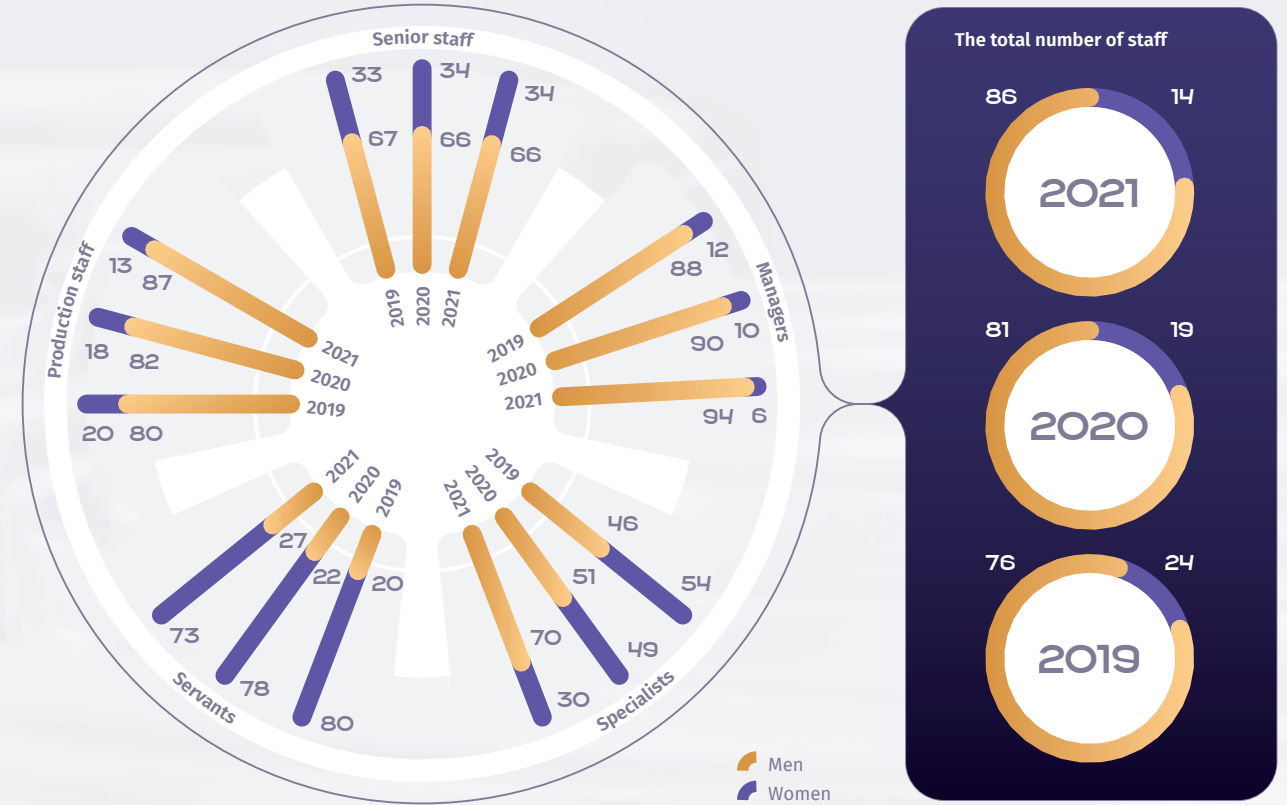
**11%**

the percentage of women in the Supervisory Board

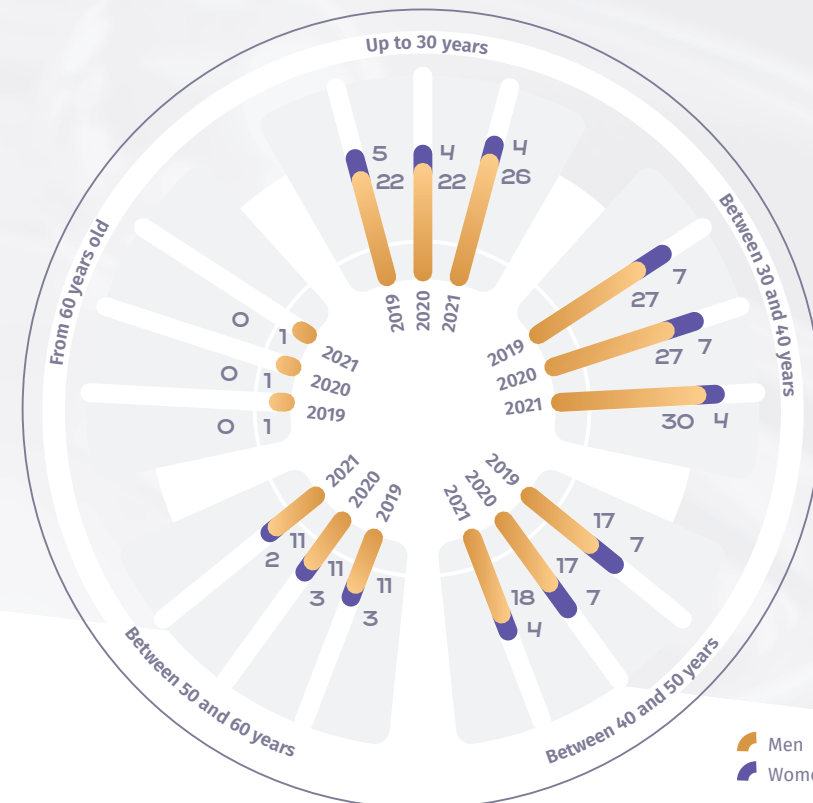
**20%**

the percentage of women in the Board

Gender structure of staff by position in 2019-2021, %



Average age in NMMC JSC in 2019-2021, %



**37** y.o.

the average age of employees in the NMMC

The average age of employees in the NMMC is 37 years. At the same time, more than 13% of employees are over 50 years. It should be noted that staff members are placed closer to retirement age in remote work or in mentoring roles that require little physical effort.

Due to the restructuring of State Enterprise NMMC, the number of employees with disabilities decreased by a total of 75 people in the gold segment. It should be noted that the decrease in the total number of staff with disabilities was not caused by reduction or separation.

The Company strives to ensure socio-cultural diversity, equality, and individual characteristics of employees. The creation of a diverse socio-cultural environment is key to the development of inclusiveness and increased productivity in all NMMC JSC units.

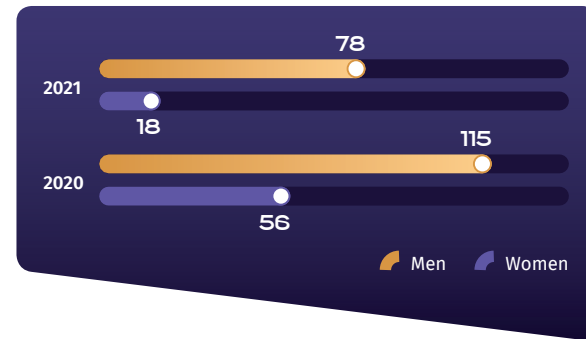
The NMMC JSC is employing several different nationalities.

## Personnel selection

The recruitment system is uniform for all departments of NMMC. It is based on internal regulations and laws of the Republic of Uzbekistan. The system is designed considering the cultural characteristics of the region of its presence, performance of employees and provides equal opportunities for all. The recruitment process is based on meritocracy – only professional skills and qualities are considered when selecting a candidate.

Regulation of HR Department of the NMMC JSC lays down the following principles and tasks for the Company in the selection of personnel:

Number of employees with disabilities in 2020-2021, people



- 1 Organisation of recruitment, placement, and efficient use of human resources
- 2 Establishment, management, and development of the talent pool
- 3 Implementation of the objectives of the National Training Programme

## Youth development

GRI 401-1

In 2021, there were no cases of discrimination based on age, cultural, religious, racial, or other grounds related to job applicants or employees.

5,248

new employees

were hired by the Company in the reporting year

in Central Mine Group  
3,394

in Northern Mine Group  
537

in Southern Mine Group  
140

in others divisions  
1,177

## Employees hired in 2021, people

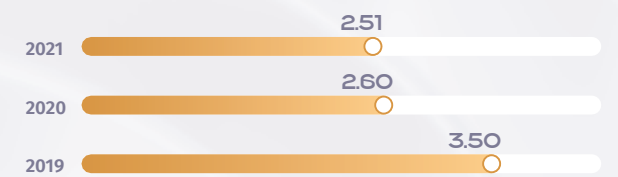
NAME OF UNIT	PEOPLE
Central Mine Group	3 394
Northern Mine Group	537
Southern Mine Group	140
Mine Group administration №5	248
Zarafshan Construction Department	175
Agama	12
Representative office in Moscow	0
Representative office in Tashkent	0
Hotel in Tashkent	1
Geological exploration expedition office	79
Navoi plant	214
MG 'MP-1'	253
Site Network and Substation Workshop	3
Automation Office	5
Central Research Laboratory	17
Housing and utilities department	9
Agrofirm	33
Carpool №3	41
Medical unit	12
Project office	4
Typography	1
Training centre	5
Central archive	0
SMD and PF	0
Information and communication technology management	12
Central project office	3
Central design bureau	3
ID	1
Department of Capital Construction	2
Logistics management	14
Engineering centre for the implementation of new technologies	0
Supervisory Board	1
Administration	29
<b>Overall<sup>5</sup></b>	<b>5 248</b>



## Employee turnover

The turnover rate in 2021 was 2,51%, slightly lower than in 2020. In 2021, the number of resigned voluntarily was 1 497 people, 128 people were dismissed for violation of labour discipline. The consistently low turnover rate is an indicator of the Company's ability to ensure the stability of the personnel by providing decent working conditions. In view of the increase in the overall demand for qualified staff, the NMMC is actively working to increase human resources competence and to improve working conditions and staff motivation.

Employee turnover, %<sup>6</sup>



<sup>5</sup> This includes four employees who were recruited to the Project Office and transferred to other parts of the Company in 2021, which caused them to duplicate the total number of employees hired.

<sup>6</sup> Data for 2020 differ from sustainability report 2021 data as the scope of the indicator has changed.

## Remuneration and motivation

GRI 202-1

The objective of the NMMC JSC is to provide the company with qualified staff today and in the future. The Company uses an efficient system of compensation for employees. The NMMC incentive system balances the interests of the company with the interests of the employee.

Motivation system combined with the system of benefits and motivation, social guarantees, transparency, and clarity of the relationship between the goals set by employees, achieved the results and the level of remuneration provide a sustainable motivation to work effectively in the long term and enable the NMMC JSC to improve productivity in a competitive environment.

### Geographical distribution of the Ordinance about District rates, %

NAME OF DISTRICTS AND LOCALITIES WITH SEVERE AND UNFAVOURABLE NATURAL AND CLIMATIC WORKING CONDITIONS	THE NUMBER OF ALLOWANCES BY REGIONAL COEFFICIENTS TO THE OFFICIAL SALARY
Zarafshan	1.6
Uchkuduk	1.6
Tamdin	1.6
Kanimeh	1.6
Nuratyn	1.6
Navoi	1.6
Gijduvan	1.6
Peshkun	1.6
Bukhara	1.6
Xazarasp	1.6
Nurabad	1.3
Koshrabad	1.3
Pakhtachi	1.3
Urgut	1.3
Galliaral	1.3
Zaamin	1.3
Karmanyn	1.2
Shakhrisabz	1.2
Kitaab	1.2
Almalyk	1.2
Pskent	1.2
Akhangaran	1.2

**\$625** ↑ 20%

the average salary

**THE PAY SYSTEM IS UNIFIED THROUGHOUT THE COMPANY. THE AVERAGE SALARY OF THE COMPANY IS \$625, WHICH IS HIGHER THAN THE PREVIOUS YEAR BY MORE THAN 20% IN DOLLARS.**

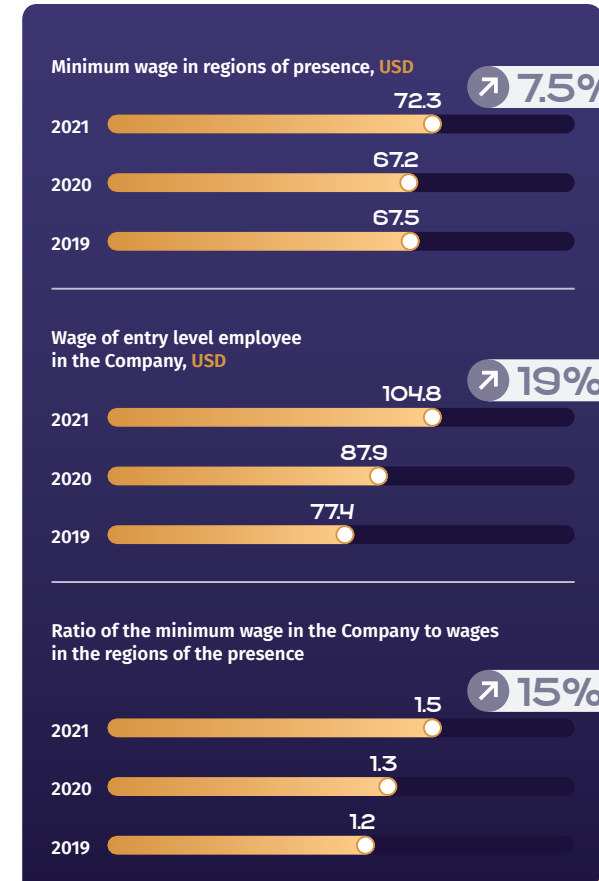
The salaries in the NMMC JSC are formed from the basic salary of the employee determined according to the Company's tariff schedule, considering the working conditions, and the nature of division's activities. In addition to salaries, there is: a seniority allowance; a district coefficient, etc.

The seniority allowance at NMMC is calculated monthly. If there is more than one year of experience, the seniority allowance can vary from 40% to 100% of the official salary. The length of service is calculated in accordance with the Regulation 'On seniority allowance for NMMC JSC employees'. The Cabinet of Ministers of the Republic of Uzbekistan also set district (territorial) coefficients to the salaries of NMMC employees as of 1 May 2017 as part of the incentives for employees. The ratio varies from 1.2 to 1.6 that depends on the location of the unit. It should be noted that the maximum amount for calculating district (territorial) coefficients to the salaries of NMMC employees is 2.11 of the minimum wage established in the territory of the Republic of Uzbekistan.

The remuneration of employees in the same positions does not depend on gender and other factors. The gender pay gap in fiscal year 2021 was \$298. The lower average salary is related to the work of women mainly in administrative positions. However, the number of women in leadership positions is only 30%.

Ensuring a high level of pay is one of the most important issues in the Company. The NMMC JSC regularly reviews salary levels, which increases employee loyalty and well-being. In 2021 on the eve of the celebration of the 30th anniversary of Uzbekistan's independence, salaries were increased by 15%, and then on the eve of the 29th anniversary of the adoption of the Constitution of the Republic of Uzbekistan by 10%.

### Employee payroll in 2020-2021, unit



**IN 2021, THE MINIMUM SALARY FOR MEN AND WOMEN WAS 45% HIGHER THAN THE MINIMUM SALARY IN UZBEKISTAN.**

Based on the financial capabilities of the Company, additional increasing rates are applied to the salaries of individual highly qualified specialists when achieving corporate-wide performance indicators.

### Average salary of employees by regions in 2020-2021, USD



# TRAINING AND DEVELOPMENT

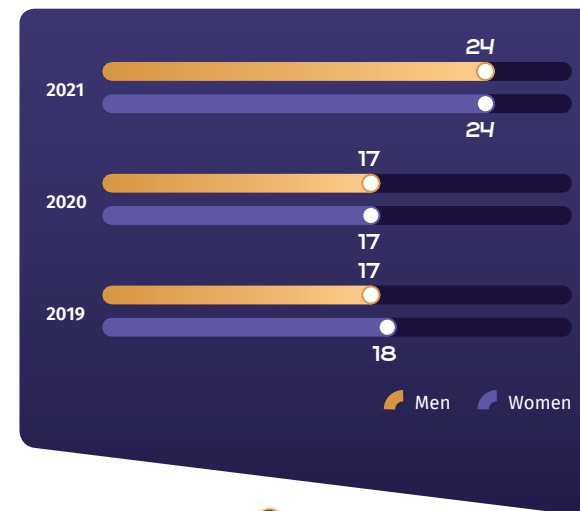
GRI 404-2

The training and upgrading of workers' qualifications are among the priority areas for development in the NMMC. Providing the enterprise with enough employees, whose professional qualities fully correspond to the production and commercial goals of NMMC — the main factor of reliability and efficiency of the Company.

The company annually makes 'Plan of professional and economic training'. The training of employees consists of refresher courses designed for existing production conditions. Employees also undergo refresher training when the employee can move to another position, fully mastering a new profession within the Company, within the framework of the internal relocation system. In total, 14,328 employees of the Company were trained in 2021.

**MEN AND WOMEN HAVE EQUAL ACCESS TO EDUCATION. IN 2021, THE AVERAGE NUMBER OF HOURS OF EDUCATION FOR WOMEN WAS EQUAL TO THE AVERAGE NUMBER OF HOURS OF EDUCATION FOR MEN AT 24 HOURS.**

Average annual number of hours of training per employee, by gender, hours

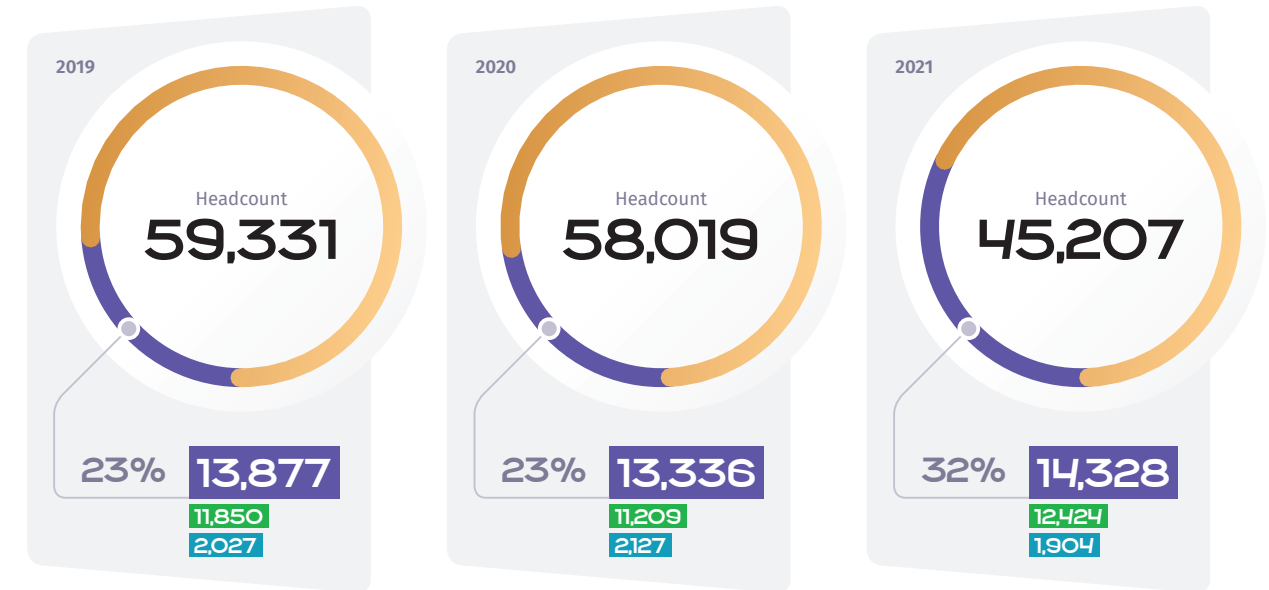


# 14,328

employees of the Company were trained in 2021

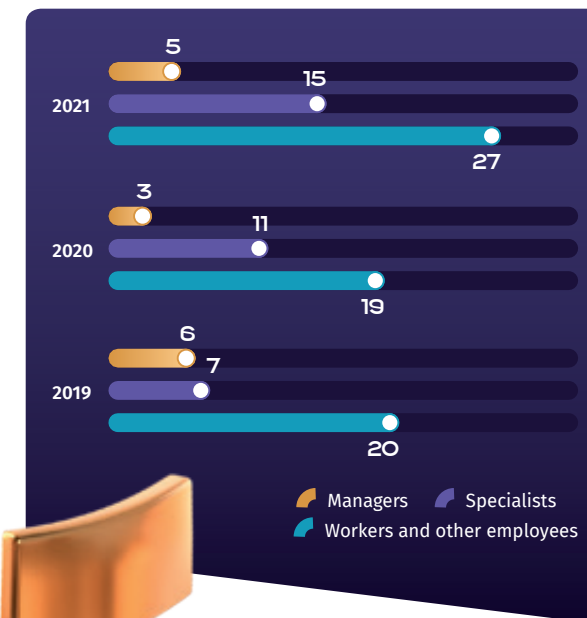


Number of employees trained in 2019-2021, people



Overall trained, people    Production staff  
Managers, specialists, and administration staff

Average annual training hours per staff member by category of staff, hours



The training programs are conducted at the Company's three subdivision training centres in Navoi and Zarafshan cities, as well as at the training centres in Uchkuduk and Nurabad.

The professional development programs of the NMMC help to create a new generation of highly qualified employees. Advanced training, seminars, on-site and online educational programs allow to transfer their invaluable experience in the field of exploration, gold mining, ecology, and other spheres. Soon, NMMC plans to send specialists of gold mining companies to foreign countries to study the best practices.

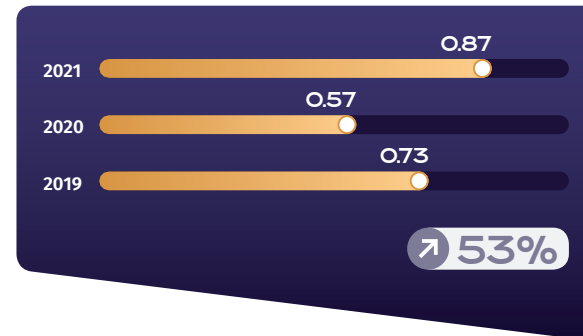
# 24

In 2021, the average number of hours of education for women was equal to the average number of hours of education for men at 24 hours

## Investment in training

The NMMC JSC spent a total of \$874.91 thousand on education in 2021, an increase of 53% in comparison with 2020. The increase in costs is due to the relaxation of restrictive quarantine measures, which has made it possible to conduct face-to-face training in training canters. During the reporting period, employees were trained on IFRS and to improve corporate culture was held training on HR brand. Also, three employees received certificates in the direction of 'Mining and Gold', which is a pride for NMMC. In case of job losses, the Company supports employees in re-qualification. To do so, the staff member must contact the Personnel Department and be retrained for a new position.

### Investment in staff training, million USD



## Talent pool

NMMC JSC is committed to identifying and developing talent within the Company. The Company tries to close vacant managerial positions with its internal resources from the talent pool. The talent pool motivates staff to advance in personal development and promotion to the next, higher stage of the career ladder. The talent pool is established in accordance with the Talent Pool Regulation.

The talent pool was 12,864 representing 28% of the 2021 total.

The organisational structure of the pool includes the following levels:

- talent pool, members included in the range of the Administration of the Republic of Uzbekistan;
- talent pool, members included in the range of the CEO;
- talent pool of the Chief personnel officer;
- talent pool of managers of structural divisions of the Company.

**\$874.91** thousand

the NMMC JSC spent a total on education in 2021

**12,864** people

the talent pool was 12 864 representing of the 2021 total

## Social support of employees

GRI 102-41, 401-2, 401-3

The Company is aware of its responsibility to employees, NMMC JSC conducts a weighted and balanced social policy aimed at business sustainability, social stability, and employee satisfaction with working conditions.

The basis for the implementation of social policy in 2021 was the Collective agreement between NMMC and

employees of the Company of 17 April 2018, which reflects the basics of corporate culture, as well as the procedure of payment of benefits and compensation for all employees of the Company. As of 2021, the collective bargaining was signed by a specially appointed commission and applies to all employees of the NMMC JSC. Currently, the Collective Agreement covers all employees of the Company.

Collective agreement benefit list:

- provision of transport to sanatoriums;
- organisation of recreation for children of employees and children of pensioners of NMMC JSC during the summer season;
- assistance to staff members with dependent minor children;
- allocation of places in pre-school institutions for children of employees and pensioners;
- voucher for sanatorium treatment;
- free medical care for NMMC JSC staff and pensioners;
- partial payment of expensive drugs for disabled or former employees who have been injured by work;
- all benefits described in the Labour Code of Uzbekistan.

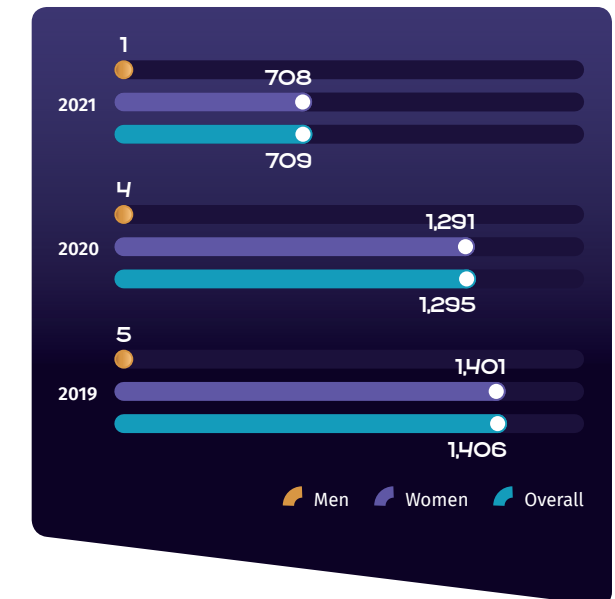
The company takes care about employees and contributes to the development of human rights in the workplace. In the event of an occupational injury, employees can receive social benefits under the Collective Agreement. Also exceptionally, family members may receive payments.

The NMMC JSC are convinced that the care of children is a concern for the country's future, and therefore, every employee in the Company has an opportunity to receive maternity leave and its payments.

In 2020, there were 1,295 employees on maternity leave, including 4 men and in 2021 there were 709 employees (only in the gold segment), including 1 man. The reason for the sharp decline in the payment of maternity leave is the Company's restructuring.

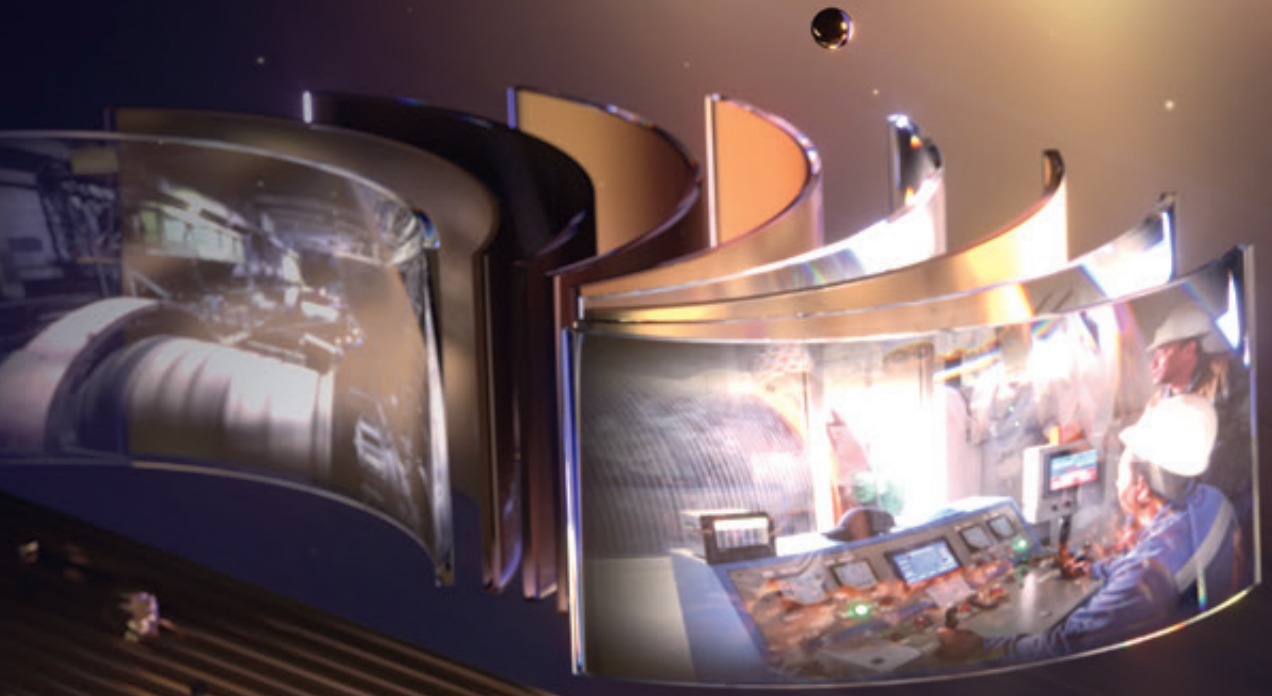
The company pays 100 % for maternity and childcare benefits to all employees taking maternity leave. It is also worth noting that the hotline received no complaints about the withholding or non-payment of compensation.

### Employees who took parental leave in 2019-2021, people



## Medium-term prospects and plans for 2022

- increase gender balance within the structural units of the NMMC JSC;
- expand medical complexes in Zharkent;
- send to study the international experience of employees of the Company involved in gold mining;
- upgrade equipment for water filtration at water sports facilities belonging to the departments of Zarafshan, Uchkuduk, and Zafarabad;
- upgrade of official vehicles to facilitate movement of staff;
- make monthly payments to the population in conjunction with the professional union to improve the quality of life of the population in the regions of presence.



# OCCUPATIONAL HEALTH, SAFETY, AND EMERGENCY PREPAREDNESS

**\$1,381** thousand

costs for the maintenance of fire and industrial protection systems of facilities



### Material topics

- Occupational health and industrial safety
- Development and staff-training
- Emergency preparedness
- Responding to the ongoing COVID-19 pandemic

### Key indicators for 2021



# MANAGEMENT APPROACH TO OHS AND EMERGENCY SITUATIONS

GRI 102-11, GRI 103-1, 103-2, 103-3, 403-1, 403-2, 403-4, 403-8

The mining industry — is a sector with many inherent risks and failure to comply with reliable safety standards can lead to equipment damage, serious industrial injuries, and even fatal accidents.

### Contribution to the UN SDGs



### GRI, SASB indicators

GRI 103-3, GRI 102-11, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5, GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9

SASB EM-MM-320A1



**WITH PROPER CONTROL OVER THE INJURY PREVENTION MEASURES AND AN APPROPRIATE ORGANISATION OF TRAINING OF NMMC EMPLOYEES, IT'S POSSIBLE TO REDUCE THE NUMBER OF ACCIDENTS AND INCIDENTS.**

In 2021 the management of NMMC was directly involved in all stages of the implementation of the processes of improving issues in the direction of occupational and industrial safety. Measures have been developed and approved to improve the state of occupational and industrial safety.

The Company annually reviews and adjusts its goals in accordance with the current tasks of NMMC and global trends. NMMC works to create a strong safety culture based on individual and shared responsibility and strives to continuously to improve safety performance. The one of the main goals of the Company — is to eliminate occupational injuries and 'Zero Harm' strategy.





NMMC goals and progress in 2021

NMMC goals

**TO THE BUILDING AN EFFECTIVE MANAGEMENT SYSTEM FOR OCCUPATIONAL HEALTH, SAFETY, AND EMERGENCIES IN ACCORDANCE WITH INTERNATIONAL STANDARDS AND BEST PRACTICES, SYSTEMATIC IMPROVEMENT OF SAFETY CULTURE, PREVENTION OF ACCIDENTS AND OCCUPATIONAL DISEASES, AS WELL AS REDUCING THE RISK OF ACCIDENTS AT WORK, PROMOTION OF SAFE AND HEALTHY BEHAVIOUR AMONG EMPLOYEES**



Progress in 2021

- 1 Monitoring of the occupational injury rate at a level below  
**15%**
- 2 Performing disinfection work at all checkpoints – several times a shift.
- 3 In the Central Mine Group, the ISO 45001:2018 standard 'Occupational Health and Safety Management System' was introduced and it's covering more than  
**19,760**  
employees

- 4 Retrofitting of NMMC JSC in terms of fire safety in 2021 in the amount of more than  
**\$942.5** thousand
- 5 training costs on labour and technical safety among employees  
**\$197.9** thousand
- 6 Emergency training has been organised for more than  
**33,000**  
employees
- 7 2 new fire depots were built for more than  
**\$358.2** thousand
- 8 Repairs were carried out at the NMMC polyclinic, expensive MSCT and MRI equipment was installed. Expansion of the medical complex in the city of Zharkent by  
**20**  
beds

The Company has a commitment to occupational and health safety of employees, contractors and visitors to facilities and is set out in the Occupational Safety Policy and covers at all structural levels of the gold mining segment, where more than 45 thousand people are involved. NMMC activities in this area are regulated by internal and external documents:

- Regulations on the procedure for technical investigation of the causes of incidents at hazardous production facilities of NMMC;
- Regulations about organisation and implementation of production control over compliance with industrial safety requirements at hazardous production facilities of NMMC;
- Regulations about organisation and conduct of step-by-step control over the state of labour protection in the Company's divisions;
- Policy of the Central Mine Group of NMMC in the field of quality, ecology, and health and safety;
- Regulations of the performance of contract works on the territory of the current subdivision (facilities) of NMMC;
- Regulations about investigation and accounting of accidents at work and other damage to the health of employees related to the performance of work duties;
- Collective agreement;
- Risk assessment based on the risk of injury (poisoning) of employees;
- External regulatory documents include the standards of the ISO – 9001, 19001 and 45001 group; the Law of the Republic of Uzbekistan 'On Labour Protection' by September 22, 2016. The Central Mine Group has successfully implemented the ISO 45001 standard and 19 760 employees adhere to its principles. The percentage of employees covered by the ISO 45001 occupational safety and industrial safety management system is 44%.



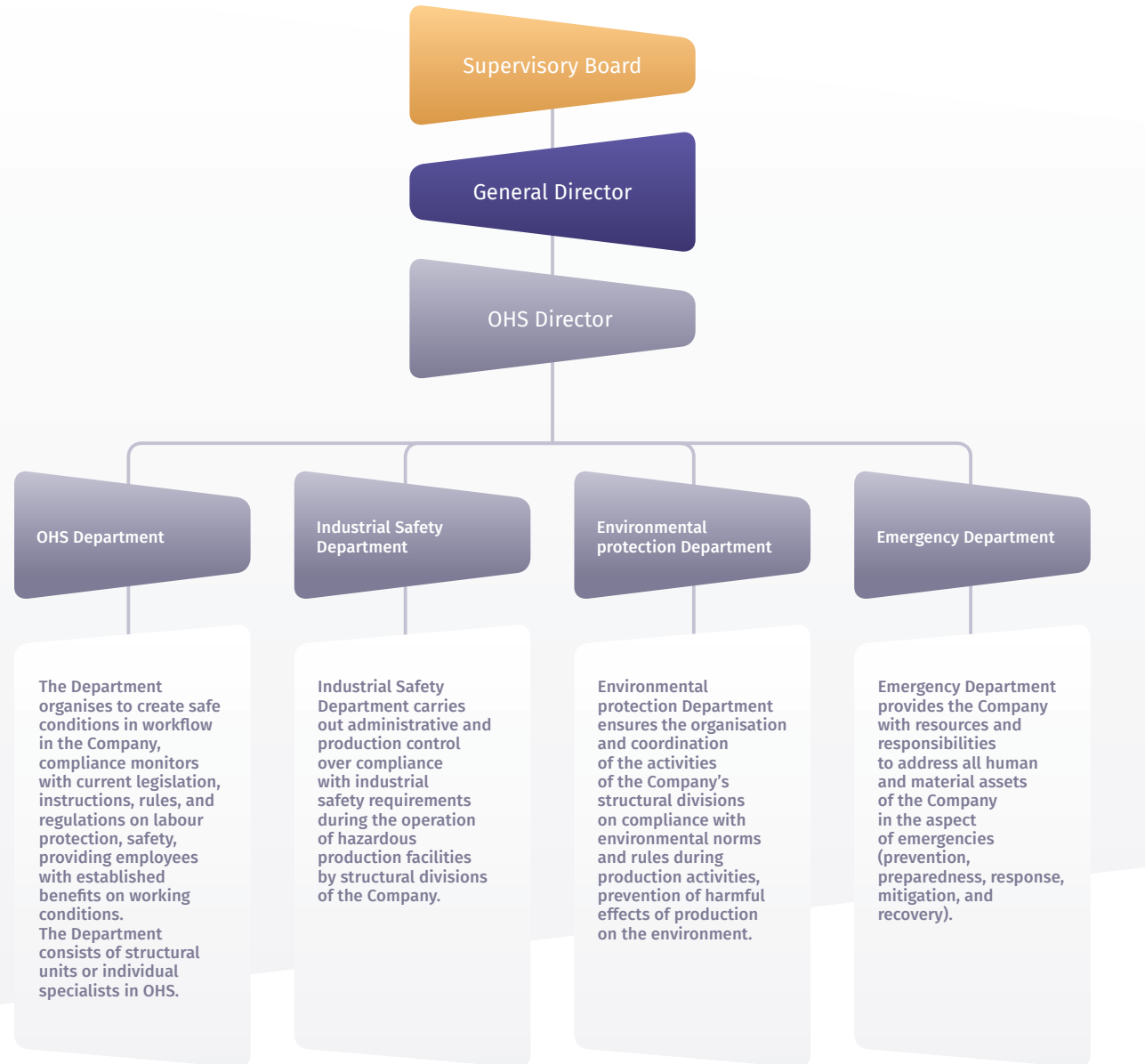
**19,760**

employees  
adhere to the ISO 45001 standard principles

## Management structure and tools

In NMMC the activities on labour protection, industrial safety and emergency situations are assigned to separate structural divisions. These divisions provide distributed functionality among themselves in the following areas. The Health and Safety Director is responsible for the actions of each department.

### Management structure to OHS



The direction of OHS in NMMC is one of the most important in building the policy and strategy of management in relation to employees. NMMC takes responsibility for life and health when comes into new person to staff. The Company has implemented a labour protection management system (LPMS), the key tasks of which are:

- ensuring the safety, health, and efficiency of employees;
- ensuring favourable sanitary and hygienic standards of the production environment;
- ensuring the safety of technological processes;
- ensuring the safe organisation and maintenance of workplaces;
- promotion of occupational safety issues;
- informing each employee about the importance of physical and mental health and personal responsibility;
- medical and preventive maintenance of employees.

NMMC managers monitor the results on each level of the OHS process. For this, the departments, and employees responsible for the implementation of the process are checked annually by internal audits of the Company. Audits are carried out based on a schedule and in accordance with the approved topics for OHS.

This is necessary for a more transparent understanding of the Company's management and carrying out preventive work to ensure healthy and safe working conditions in the workplace, preventing injuries, occupational diseases at work, strengthening labour and production discipline, compliance by all employees with the requirements of regulatory documents.

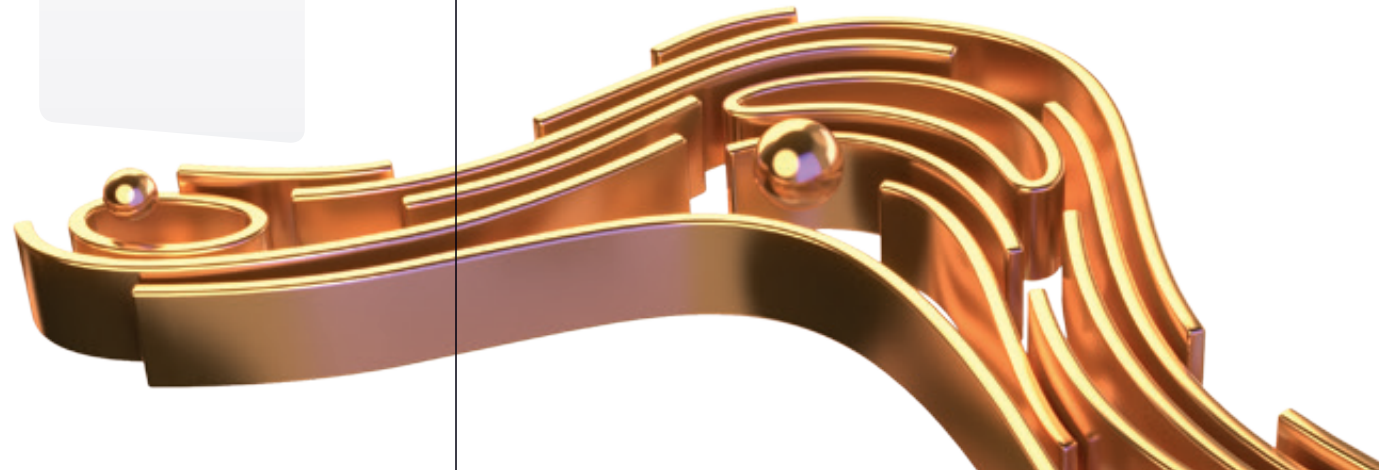
**EMPLOYEE CAN REFUSE TO PERFORM HIGHLY HAZARDOUS WORK IN ACCORDANCE WITH THE COMPANY'S POLICY IT IS AN IMPORTANT CRITERION FOR OCCUPATIONAL SAFETY IN THE COMPANY.**

Also, the Company has a multi-level step-by-step control over the state of labour protection: in particular, NMMC has Commissions for checking labour protection and safety at the workplace of employees. The Commissions are created by an internal Order of the NMMC management and include representatives of employees and administration. These Commissions carry out their activities in the structural divisions of the Company.

The management's strategic initiative for OHS in 2021 was aimed at building communication between employees at all levels of corporate governance. Work has begun on the development of a communication policy, the task of which, among other things, will cover methods and means for communication of OHS issues, such as:

- 1 Interviewing managers in the direction of OHS.
- 2 Placement in the media of up-to-date information about security and communication in corporate social networks.

Employees can notify managers about risks according to the approved scheme in the Company, hazard identification cards are also compiled. Management alerts are not an anonymous process.



## NMMC key aspects of OHS

### RISK ASSESSMENT

Risk assessment at the facility level to identify and inform employees of any potential operational risks and the most appropriate control measures to prevent and prevent them. The company operates on the principle of dialogue with colleagues responsible for health and safety at the sites about conducting a personal risk assessment before any employee or team starts potentially dangerous or non-standard work activities.



### MONITORING

Monitoring is consistently carried out in the NMMC through regular internal and external audits, inspections of security procedures. Internal safety rules are used daily to actively involve the Company's employees in checking, identifying potential deficiencies in controls and developing alternative and additional controls in the future. An automated control system helps NMMC in the implementation of this direction.



### LEARNING

Learning is an integral part (or process) NMMC in labour protection management. All NMMC employees undergo training and appropriate briefings in accordance with the established procedure. Contractors are instructed about safety, with the preparation of a Certificate of admission on the territory of the subdivision where the work will be carried out.



## Risk Management of OHS

GRI 403-2

The management of NMMC in 2021 continued to work on the implementation and corporate risk management in the Company. This was implemented with the help of occupational health and safety management systems, within which a consistent approach was applied to the prediction, identification, assessment, control, and monitoring of occupational health risks.

The management of NMMC together with the responsible services, develops and implements measures to mitigate risks in the field of OHS. A tiered approach is used in determining risks, identifying hazards and modelling consequences. The main risks are defined in the internal document 'Risk assessment by the factor of injury (poisoning) of employees' for each mine management.

NMMC JSC has implemented an automated Industrial safety Management Information System (AISMS) to manage risks.

In the Company there are two groups of risk:

- 1 Industrial safety risks.
- 2 Occupational health and safety risks.

### DIGITALISATION OF PROCESSES

Digitalisation of processes is a priority and an investment in the future of NMMC. The introduction of new technologies and solutions helps to move towards a more transparent implementation of the Company's processes, and reduces the time required to analyse information on processes and respond more promptly to make necessary decisions, preventing and avoiding undesirable scenarios.



### SECURITY MEASURES

Security measures and their provision to all employees and contractors during the production of works at the Company's production sites. Daily monitoring and timely provision of all necessary staff in the part of the PPE.



## Industrial safety risks

Workplace accidents are one of the main risks that a Company faces. The policy of NMMC in the field of industrial safety is aimed at minimizing this risk and striving for Zero Harm, and is the most important guide in the Company, which allows you to protect employees from danger. The Company has defined a list of risks that may entail the most undesirable consequences. Such risks include:

- handling of explosives;
- reduced air ionisation when working on personal computers;

- sudden manifestation of mountain pressure leading to rock collapses in underground mine workings;
- increased level of electromagnetic radiation;
- risks associated with hydrometallurgical enrichment processes, work with lifting mechanisms.

Employees of NMMC responsible for risk identification monitor and analyse every incident that occurs on the territory of the enterprise. Internal inspections of facilities are carried out in accordance with the established schedule.

## Occupational health and safety related risks

NMMC internal standards and regulations on occupational safety and health are aimed at minimizing risks to the health of employees, contractors, and visitors. Principles of forecasting, recognition, assessment, and control of management of hazardous situations for health at work in connection with a dangerous type of work, prevention, and infectious/non-communicable diseases.

The main risks associated with occupational safety and health are:

- **physical** — noise, vibration, temperature changes, exposure to ionizing and non-ionizing radiation, etc.;
- **chemical** — interaction with harmful substances;
- **biological** — interaction with plants, animals, microorganisms;
- **the severity of the labour process** — is everything related to physical exertion during work;
- **the intensity of the labour process** — is the load on the organs of perception and emotional tension.

Soon, NMMC is focused on further reducing the risks associated with the implementation of the Wellness Program throughout the Company – timely seeking necessary medical care, informing the manager about their condition, planning the workflow in the Company in connection with the continuation of the COVID-19 pandemic.

The Company has a process for identifying and managing health risks at the operational level, which determines the main and probable health hazards in the workplace.

A tiered approach is used in risk management at the enterprise. At each level, the information necessary to disclose this approach is collected and processed once a year. The person responsible for providing information on the OHS always carefully treats all incoming information, as this affects the general understanding in the future.

## Digital solutions in industrial safety

The AISMS system was introduced in 2020 to create a unified database of facilities, employees and documentation related to industrial safety. The system now allows you to quickly receive information about:

- the number and maintenance of a register of hazardous production facilities with a description of the main potential sources of danger and possible consequences of accidents;
- timely carrying out the necessary tests and technical inspections of supervised technical devices used at hazardous production facilities;
- fulfilment by the Company's divisions of the regulations of the State Committee for Industrial Development and its regional bodies, as well as the regulations of the Production Control Department of NMMC JSC;
- status of implementation of corrective measures and regulations;
- internal regulations and documents on industrial safety, etc.;
- the number of cadastral passports for Zones of increased technogenic danger created by the objects of NMMC JSC;
- the number of IT specialists who have completed a training course and are certified in industrial safety.

Effective measures to manage occupational health and safety risks in the Company in 2021 include:

- PPE list norms (mandatory wearing of protective glasses and headphones);
- support for the initiative to create checklists for the departments of OHS, emergency situations, Protect Cases for all processes and each profession;
- preparation for the implementation of the process of video recording of OHS briefings as part of the issuance of orders.

# OHS ESTABLISHMENT

GRI 403-3, 403-6

Mining can expose workers to a range of occupational health risks, each of which can lead to serious long-term health problems if not carefully monitored and identified.

These include:

- breathing problems due to exposure to dust or hazardous materials;
- industrial deafness as a result of prolonged exposure to loud sounds from heavy machinery and drills;
- injuries from overexertion as a result of repetitive movements;
- mental health problems associated with working with a high workload, often in remote locations.

All employees of the Company who work in unfavourable conditions undergo annual professional medical examinations. If according to the results of this inspection, the employee has health problems that prevent the qualified performance of their duties (the conclusion of the organisation therapist), then the issue of his transfer to another job with facilitated working conditions is resolved in accordance with the established procedure. Information about the health status of the employee from the medical and sanitary unit is transmitted to the representative of the employer (personnel service, the head of the shop, site).

NMMC employees in accordance with the legislation of the Republic of Uzbekistan and the internal regulations of the company, are provided with emergency, ambulance, and pre-medical medical care.

In 2021, 10 792 NMMC personnel were treated, both at the scene of incidents and in medical organizations. The total number of medical record services was 564,420.

The Company takes care not only of incidents that have already occurred, but also of the prevention of occupational injuries and occupational diseases. For this, NMMC together with the Foundation of NMMC organise sanatorium preventive treatment and provide employees with the opportunity to relax and improve their physical and emotional state in the bases and recreation areas. In total, 6 155 NMMC employees underwent sanatorium-preventive treatment in 2021.

## 10,792

**NMMC personnel**  
were treated in 2021

## 6,155

**NMMC employees**  
underwent sanatorium-preventive treatment in 2021

## Contractors

GRI 403-4, 403-5, 403-7

NMMC requirements of the regarding OHS also apply to employees of contracting organisations. The Company has a mechanism for interacting with contractors and fulfilling the requirements of the OHS. Contracts with contractors reflect the degree of danger of the work being carried out, as well as all the necessary PPE and conditions of all interested parties in terms of ensuring OHS. At the time of finding and performing work at NMMC, contract employees are fully protected by all necessary measures and in accordance with the requirements of the labour legislation of the Republic of Uzbekistan.

Contractor employees before starting work must, like the same way as full-time employees, be instructed on OHS in the customer's department. After the briefing and the transfer of the place of work to the contractor by the act of admission, responsibility for the organisation of safe work is assigned to the contractor.

NMMC does not reflect in its statistics accidents that occur with contract workers but conducts investigations according to the rules established in the Company and in accordance with internal regulatory documents.

## Safe driving

To reduce the risks associated with vehicles and driving, which accounted for 29% of incidents in 2021, in The Company adheres to the following rules regarding the prevention and minimisation of accidents at its own facilities and beyond:

- availability of security systems in cars;
- tracking the behaviour and condition of drivers, compliance with the rules for using and being in official vehicles;
- timely repair of cars and refusal to use the car if its technical condition is at the level prohibiting the operation of the vehicle;
- careful selection of employees for a position involving driving a vehicle.



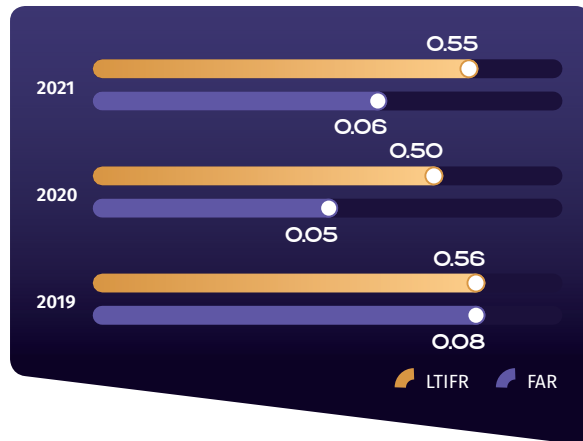
# INCIDENT PREVENTION AND IMPROVEMENT OF SAFETY CULTURE

GRI 403-5, 403-9 SASB EM-MM-320A.1

NMMC maintains and analyses statistics at all levels of the enterprise. Some indicators in the structure of accidents have worsened compared to last year — for example, 48 accidents were recorded in 2021, of which 24 are serious accidents and 4 group accidents.

The breakdown by type of accidents for 2021:





The **LTIFR** indicator does not reflect the affected contractors. The formula for calculating this indicator is: (number of accidents \* 1 000 000)/the total number of hours worked.

The indicator **FAR**: (frequency of fatal accidents) was calculated using the following formula: (number of fatal accidents \* 1 000 000)/the total number of hours worked.

In 2021, 49 employees were trained in the courses 'Production control' and 'Industrial safety'.

The management of NMMC strives to reduce all incidents, and especially those with severe consequences and deaths to a zero coefficient.

Behind every incident and accident there is, above all, a human life, and every fatality is a great loss to the Company. Families who have lost their loved ones receive full support from the NMMC in accordance with the procedure established by law.

In 2021, not a single incident was recorded during the performance of work by contractors at NMMC, which is an indicator of the level of compliance with all safety conditions in working with contractors.

According to the results of the analysis of accidents that occurred at the end of 2021 in the divisions of the NMMC, the following causes of accidents were identified:

- performing dangerous techniques in work with disregard for the requirements of the rules and instructions on labour protection;
- violation of the requirements of the OHS by third parties;



- detachment and collapse of rock mass in mines and underground mines;
- personal carelessness and inattention of the victims;
- violation of the requirements of the Traffic Rules.

At all sites and stages where the incident occurred, the work of the incident investigation Commission was carried out, which is appointed by the order of the management. The Commission carried out the following actions:

- studied the testimony of witnesses and eyewitnesses;
- examining the scene of the accident;
- studied regulatory and technical documentation (if necessary, expert commissions are involved in the investigation);
- established the circumstances and causes of the accident.

As a result of the investigation, an act was drawn up, which defines measures to prevent such cases. The act was sent to the units to carry out corrective and preventive measures.

In 2021, based on the corrective measures carried out in the NMMC, the following preventive actions were carried out:

- training courses on safe performance of work have been organised in order to increase the level of knowledge in the field of labour protection;
- modern methods of high-quality introductory instruction on labour protection have been introduced;
- information about workplace safety is disseminated through local mass media;
- the work on the organisation and conduct of employee knowledge testing has been strengthened, if necessary, the main specialists of the Company's divisions are involved in this process (in the following directions);
- periodic visits to workplaces by the main specialists of the divisions have been organised.

Indicator on the material consequences of accidents, thousand USD

Material consequences of accidents, including fatal cases

**\$1,983.7**

thousand

Occupational diseases

**\$266.8**

thousand

Monthly compensation payments for damage and permanent disability of the employee and payments to dependents in connection with the death of the breadwinner or an accident

**\$985.3**

thousand

Compensation by the employer of additional expenses caused by damage to health

**\$18.0**

thousand

Payments on disability sheets for victims

**\$290.7**

thousand

Total

**\$3,544.4**

thousand

# EMERGENCY PREPAREDNESS

All NMMC business units are fully prepared for various emergencies caused by both natural disasters and industrial incidents.

NMMC has specially trained emergency response teams at all facilities. In each division of the Company there are employees who have been trained in first aid.

Specially trained underground rescue teams work in underground mines, in addition, all underground work sites include a shelter in case of rockfalls or landslides. The NMMC regularly conducts exercises and tests of equipment for the occurrence of an emergency.

The Company annually develops and updates action plans for the localisation and elimination of the consequences of accidents. All emergency response plans and procedures are widely and regularly brought to the attention of employees, the public and all interested parties.

The NMMC has developed and approved a schedule of comprehensive and targeted inspections for the prevention of accidents and emergencies, inspections of the state of labour protection, ecology, and safety. According to this schedule, an inspection of the Company's structural divisions is carried out, according to the results of which prescriptions are drawn up indicating the violations detected. The revealed violations are discussed in detail at the Council for Strengthening Production Discipline.

**IN 2021, 436 CIVIL PROTECTION UNITS WITH A STAFF OF 4,463 PEOPLE WERE CREATED IN THE DIVISIONS OF NMMC JSC, AND IT WAS ALSO POSSIBLE TO START THE IMPLEMENTATION OF THE PROJECT OF AN AUTOMATIC WARNING SYSTEM FOR A MORE RAPID RESPONSE AT THE FACILITIES. FOR THE GREATER CONVENIENCE OF EMPLOYEES RESPONSIBLE FOR SAFETY AND EMERGENCY PREVENTION IN HMP-5 AND HMP-7, 2 NEW FIRE STATIONS WERE BUILT IN 2021.**

In 2021, NMMC implemented retrofitting in terms of fire safety.

Retrofitting of NMMC in terms of fire safety in 2021, thousand USD

Foaming agent

**\$22.2**

thousand

Fire extinguishers

**\$42.6**

thousand

Fire truck (volume 6 cubic meters) 2 pcs

**\$294.0**

thousand

**436**

**civil protection units**

were created in the divisions of NMMC JSC in 2021

**2**

**new fire stations**

were built for the greater convenience of employees responsible for safety and emergency prevention

## COVID-19 pandemic

For NMMC, as for the whole world, the year 2021 was not easy due to the ongoing COVID-19 pandemic and the rapidly spreading Omicron strain.

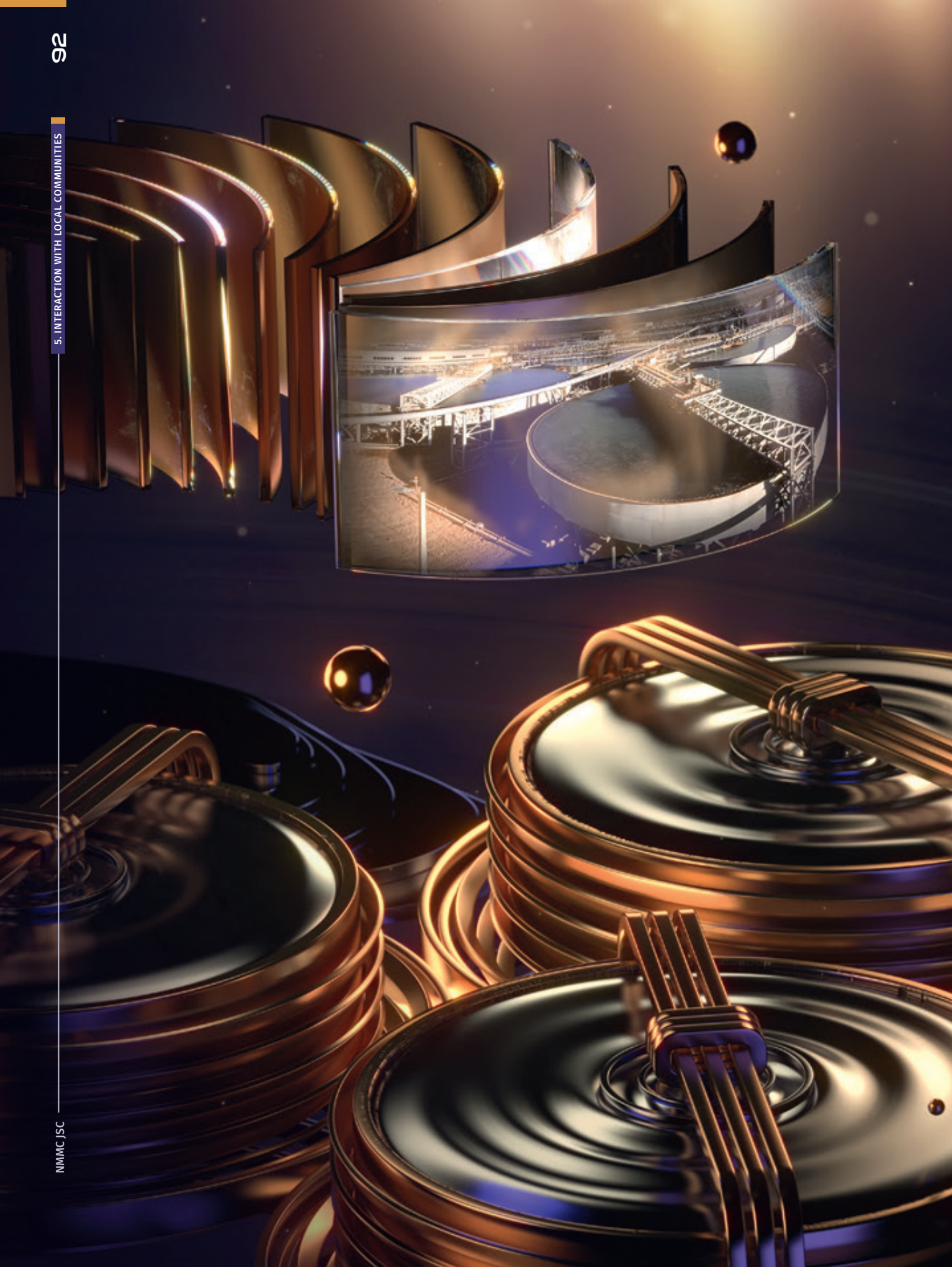
NMMC supported its employees at all stages of the pandemic and provided various types of assistance. The joint work of the Company and the Council of Trade Unions of NMMC employees was carried out in terms of planning anti-epidemic and preventive measures.

Medical and preventive units were prepared to receive patients with coronavirus infection, including a bed fund, a stock of all necessary medicines, consumables for medical procedures, PPE, and medical equipment. (For more information about the activities and contribution of the NMMC to combat COVID-19, see Section 8.3).

## Medium-term prospects and plans for 2022

NMMC does not limit with up-to-date data and trends of OHS policy, apart from it, the Company uses own experience to make strategic plans. Plans for 2022 include:

- a program for evaluating the effectiveness of OHS, which includes updating the communication policy and means of danger (posters, SOPs, STBs), etc;
- increase employee commitment in occupational safety and creating a safe environment;
- the introduction of digital risk control tools in the field of OHS:
  - upgrade of the risk and accident accounting system,
  - real-time worker positioning system;
  - automatic pre-shift medical examination system;
  - 'Pre-shift examiner' complex;
  - implementation of a digital risk map with pyritization, including dynamic risk assessment;
  - Near-miss risks ('near misses') and integration with the existing AISMS;
  - implementation of an automated system for monitoring the state of PPE.



# INTERACTION WITH LOCAL COMMUNITIES

**\$71** million

spent on sponsorship and charity





**Material topics**

- Local communities
- Government policies
- Compliance in the socio-economic sphere

**Key indicators for 2021**



# MANAGEMENT APPROACH TO LOCAL COMMUNITY DEVELOPMENT

GRI 103-1, 103-2, 103-3

NMMC tries to take care not only of its employees, but also of the population in all areas of its presence and beyond.

**Contribution to the UN SDGs**



**GRI indicators**

GRI 103-1, GRI 103-2, GRI 103-3, GRI 203-1, GRI 413-1



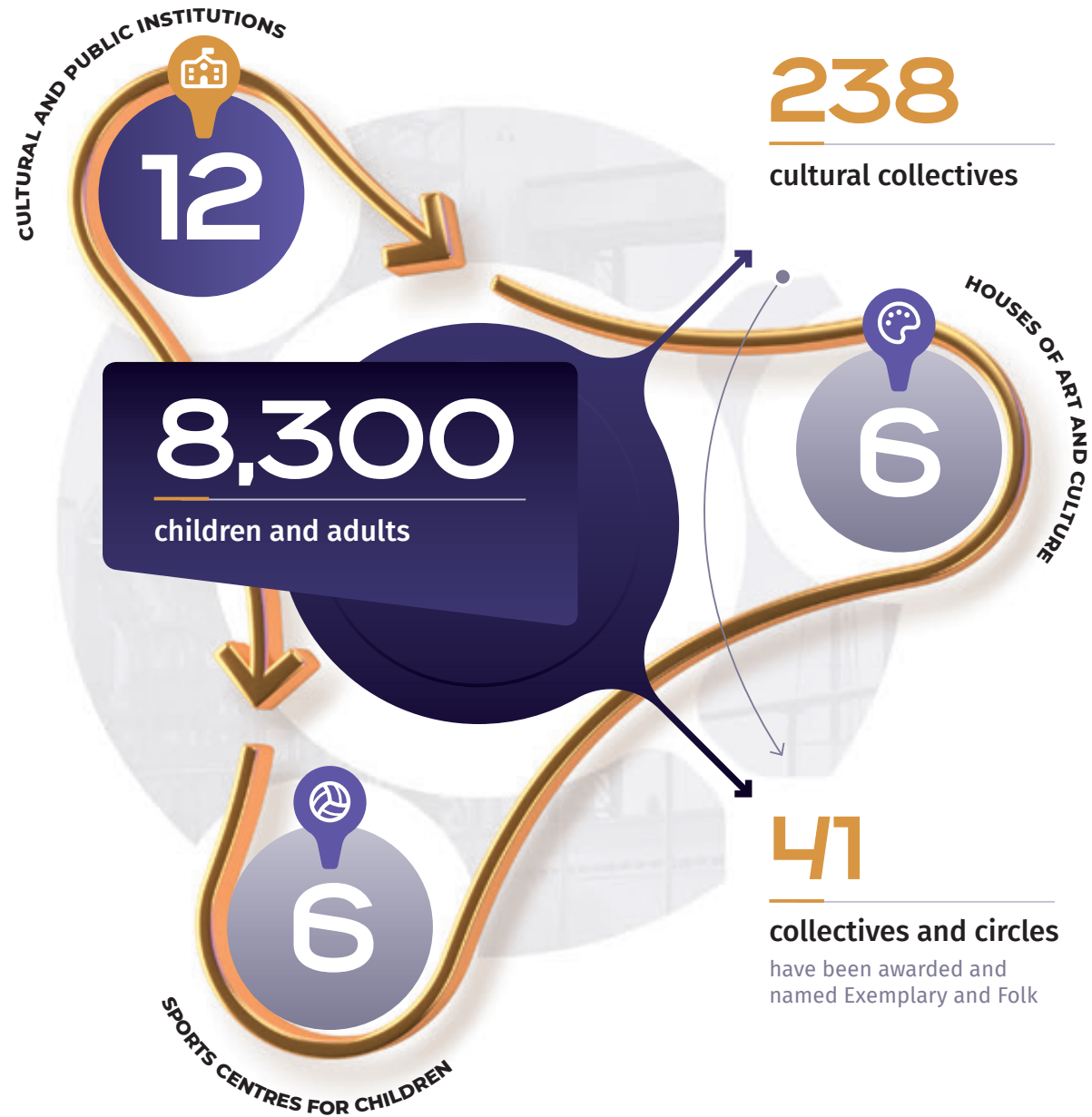
**THE COMPANY'S MANAGEMENT STRIVES TO CONTRIBUTE TO THE SOCIAL ASPECTS OF SOCIETY — CREATING JOBS, WORKING WITH LOCAL SUPPLIERS AND TAX CONTRIBUTION TO THE DEVELOPMENT OF REGIONS AND THE REPUBLIC. NMMC IS ONE OF THE LARGEST TAXPAYERS IN THE STATE, WHICH IS A SIGNIFICANT CONTRIBUTION FROM AN ECONOMIC POINT OF VIEW.**

The main body of work in the social aspect and charity in the Company is the NMMC Foundation. The Fund's representative offices are in all the cities of the main activity of NMMC in the gold mining segment: Zarafshan, Navoi, Uchkuduk and Nurabad.

Through representative offices, the NMMC Foundation interacts with representatives of municipalities and the civil community to strengthen the influence of NMMC social policy.

**The functions of the NMMC Foundation are:**

- 1 development of activities in the field of disease prevention and health protection;
- 2 assistance to medical institutions in the procurement of supplies and equipment;
- 3 development of physical education and mass sports;
- 4 development of culture, art, education and spiritual development of the individual for adults and children;
- 5 development of various forms of amateur and artistic activity and of performing skills among children, youth and other citizens;
- 6 construction, maintenance and operation of sports and recreational and residential buildings, infrastructure, socio-cultural, sports and health and medical facilities;
- 7 development of activities in the field of housing and communal services, incl. financing of projects and development of housing and communal services, development and improvement of territories;
- 8 support and material support for the development of newly created gardens.



Currently, the NMMC Foundation has 12 cultural and public institutions, 6 houses of art and culture, 6 sports centres for children, where there are about 8,300 children and adults involved. Out of 238 cultural collectives, 41 collectives and circles have been awarded and named Exemplary and Folk, which is one of the most significant indicators for the Company.

Social policy and charity are an important part of the main policy of the NMMC. All applications for sponsorship and assistance are carefully considered and all decisions on these applications are transparently covered in all available sources.

NMMC adheres to the policy of open dialogue with all social groups. Close interaction between representatives of the NMMC and municipalities provides an opportunity for a more nuanced understanding of the needs of society, as well as for setting priorities for social policy.

**THE MAIN AREAS OF INTERACTION AND DEVELOPMENT OF LOCAL COMMUNITIES IN 2021 WERE THE OPENING OF VACANCIES IN REMOTE REGIONS OF UZBEKISTAN, SUPPORT FOR VULNERABLE SEGMENTS OF THE POPULATION, THE DEVELOPMENT OF CULTURE AND SPORTS, VOLUNTEERING.**

# PROJECTS OF COMMUNITY SUPPORT

GRI 203-1, 413-1

In 2021, sponsorship and philanthropy for the maintenance of social facilities and infrastructure totalled \$21 million. This amount was used to maintain social facilities and infrastructure at Central Ore Division and Site 21, the Company's Head Office.

By the implementation of this sponsorship and charitable assistance, such events were carried out as: improvement of embankments, improvement of mahallas, repair and restoration work of social facilities and infrastructure facilities in Samarkand region No. 1, repair, and restoration work to ensure heat supply to the Samarkand, Zhizzakh, and Khorezm regions, a sewerage system was carried out for the recreation area in the Zaminsky district. Also, one of the indicators for 2021 was that the NMMC Foundation continues to supervise 41 family dormitories in which 10,625 employees live.

The company has been investing significantly in the development of social infrastructure facilities in recent years, for example:

- in 2020, before the transfer of residential real estate and other social infrastructure facilities to the Navoi city authorities, the Company repaired and assumed the costs of their maintenance;
- in June 2021, all non-core assets and activities of the Company were transferred to the State Organisation 'NMMC Foundation'.

The company does not have a business unit with significant actual or potential adverse environmental impact in the regions where it operates. At the same time, the NMMC considers the risks of negative impact on the environment and makes investments to increase the green zone, improve the life of the local community, and develop disease prevention activities. There were no adverse environmental impacts during the reporting period.

**\$21**

million

sponsorship and philanthropy for the maintenance of social facilities and infrastructure in 2021

**41**

family dormitories

NMMC Foundation continues to supervise

Sponsorship and charity in 2021, thousand USD

Sponsorship by the decisions of the Government of the Republic of Uzbekistan

**\$26,941.3**

thousand

Deductions from the FOT for cultural and recreational work to trade union committees, for payments to trade union employees, provision of benefits under collective agreement

**\$1,347.7**

thousand

Assistance to institutions

**\$771.3**

thousand

Assistance to homes and societies of the disabled and elderly

**\$1.7**

thousand

Assistance to the charitable foundation Soglom Avlod Uchun

**\$0.2**

thousand

Sponsorship by the Khokimiyat

**\$152.0**

thousand

Assistance to sports organisations

**\$0.7**

thousand

Sponsorship of competitions, festivals, conferences

**\$8.9**

thousand

Assistance to museums, nature reserves, for the restoration of monuments

**\$2.7**

thousand

Contributions to the Ministry of Innovative Development of the Republic of Uzbekistan

**\$664.5**

thousand

Vacancies creating in remote regions

Before the beginning of 2021, NMMC planned to increase jobs in the gold mining industry by at least 3 thousand, which at the end of 2021 became a confirmed fact.

Despite the reorganisation in 2021, NMMC tried to retain as much as possible and attract core personnel for further work. For example, the CMG has experienced a staff increase of 440 new employees. For social contribution

**+ 3,000**

jobs

created at the end of 2021

**+ 440**

new employees

in the CMG

Membership fees and insignia of international organisations

**\$48.1**

thousand

Assistance to the poor

**\$13.3**

thousand

Assistance to secondary schools

**\$13.8**

thousand

Assistance to orphanages and boarding schools

**\$8.5**

thousand

Assistance to the Chernobyl Society of Uzbekistan

**\$0.4**

thousand

Assistance in holding holidays

**\$22.3**

thousand

Sponsorship of other organisations

**\$87.7**

thousand



Total

**\$30,085.1**

thousand

to Navoi, as well as to the rest of the cities of the NMMC JSC presence, this is an important indicator, due to the lack of qualified personnel among the local population, as well as the specifics of the open vacancies offered.

**+ 653**

new jobs

were opened in the nearest districts

**+ 14**

km

a new railway in the Kanimeh district

In addition, NMMC implements employment support in such remote places as Tandymsky district. In 2021, job fairs were held and some of the open positions were filled by residents of the nearest districts. A total of 653 new jobs were opened in this area.

Also, in 2021, the NMMC laid a new railway with a length of 14 kilometres in the Kanimeh district. As a result, representatives of the National Electoral Commission,

together with municipal deputies, were able to offer to the unemployed population of this remote place 7 new jobs, which were successfully closed by the redeveloped residents of the district.

Currently, Uzbekistan has a policy to support socially vulnerable categories of citizens, in which the priority is to support women, and NMMC, along with the leaders of its industries, takes an active part.

**Women in NMMC in 2021, %**



**IN APRIL 2021, REPRESENTATIVES NMMC MANAGEMENT OPENED A NEW WORKSHOP TO PRODUCE TURKMEN CARPETS, WHICH CREATED 50 JOBS FOR WOMEN. IN 2022, THE PLANS INCLUDE CREATING ADDITIONAL 100 JOBS.**

**21%**

total of women among NMMC employees



**NMMC — for children**

The Company strives to contribute to the development of education of the new cultural and educated heritage of Uzbekistan, and many social projects and charity are aimed specifically at supporting children and youth.

In 2021, measures were implemented to support schools, universities, and other public organisations. Nurturing a new educated generation is not only a contribution to the future of Uzbekistan, but also an important social policy for NMMC JSC. The Company continues to patronise the Navoi State Mining Institute. General Director of NMMC Kuvandik Sanakulov is also the rector of the Institute and successfully implements the training of new qualified personnel, including for the Company.

Today, the Institute trains qualified engineering and technical personnel, miners, metallurgists, mechanics, and power engineers for large industrial enterprises. In total, in 2021, the institute was provided with sponsorship for the rental of premises, the purchase of necessary funds to ensure the educational process, as well as other social and cultural events of about \$771 thousand.

Another equally important event was the opening in Zarafshan of a modern preschool special educational organisation for children with disabilities for 72 children. NMMC has fully taken over the provision for the implementation of this project. \$2,765 were allocated for the construction and equipping of a preschool organisation by the combine. Also, NMMC JSC continues to support orphanages, boarding schools, and educational organisations in the cities of its presence.

The Company cares and is involved in the development of employees' children. To ensure full-fledged development, summer holidays were organised at recreation centres and sanatoriums for 7,918 children of NMMC JSC employees and pensioners in 2021.

A modern preschool special educational organisation for children with disabilities opened for

**72**

children



**\$771**

thousand

sponsorship of the Navoi State Mining Institute in 2021

**7,918**

children of employees and pensioners

were provided with summer holidays in 2021

## NMMC for culture and sport

A healthy lifestyle is not just a trend in the development of society in the modern world, but also a great contribution to the development of society in each individual country. To implement the country's policy in the field of sports and cultural education and support, NMMC invested a large amount of both financial resources and human capital in 2021. The company fully supports the initiative of its colleagues and employees in all areas of the sports and cultural aspect and supports sports and cultural events in the areas of its presence.

In 2021, many sports competitions, games and other events were held among employees and their family members, such as football matches, volleyball, and other types of sports games, including for women.

NMMC in 2021 provided sponsorship for

# \$2,868

thousand

PFT Kyzyl-Kum

# \$169

thousand

Uzbekistan Swimming Federation

# \$397

thousand

international kickboxing tournament  
Uzbekistan open



**ONE OF THE IMPORTANT EVENTS IN 2021 IN THE DIRECTION OF SPORTS AND CULTURAL ACTIVITIES WAS THE ORGANISATION OF A FESTIVE EVENT IN HONOUR OF THE 30TH ANNIVERSARY OF THE STATE INDEPENDENCE OF THE REPUBLIC OF UZBEKISTAN AT THE SOGDIANA STADIUM IN NAVOI. THE CELEBRATION WAS ATTENDED BY EMPLOYEES OF THE ENTERPRISE, THEIR FAMILY MEMBERS, RESIDENTS, AND GUESTS OF THE CITY. THERE WAS AN EXHIBITION OF BOOKS AND CREATIVITY OF PUPILS OF THE CENTRE FOR CHILDREN'S CREATIVITY OF THE PALACE OF CULTURE FARHAD, A PRESENTATION WITH THE SUPPORT OF THE SPORTS CLUB SOGDIANA AND PERFORMANCES BY NMMC EMPLOYEES.**

## NMMC and volunteering

In 2021, NMMC employees participated in the state project 'Yashil Makon' (Green Space) and participated in planting tree seedlings on the territory of the Dustlik agricultural firm in the Karmaninsky district and in planting fruit and ornamental trees on the territory of the Navoi Machine-Building Plant.

In the NMMC there is an unspoken rule of helping another. In the modern world, where pandemics are raging and many incidents and cataclysms occur, when other people need help even in the form of biometrics, the Company tries to convey these important thoughts to its employees. In 2021, a charity youth action 'Good will return' was held in the cities of Navoi, Zarafshan and the village of Zarkent. Since the beginning of the campaign, hundreds of young specialists and employees working in the divisions of the Navoi Mining and Metallurgical Combine have donated blood at territorial blood transfusion stations. In the future, this action will take place on an ongoing basis and cover as much territory as possible.



## NMMC and medicine

With the support of the NMMC Foundation, systematic work was carried out to introduce information and communication technologies, including the purchase of 4 service devices, and the Meddata system was launched in medical institutions in the cities of Navoi and Zarafshan to automate the medical sphere.

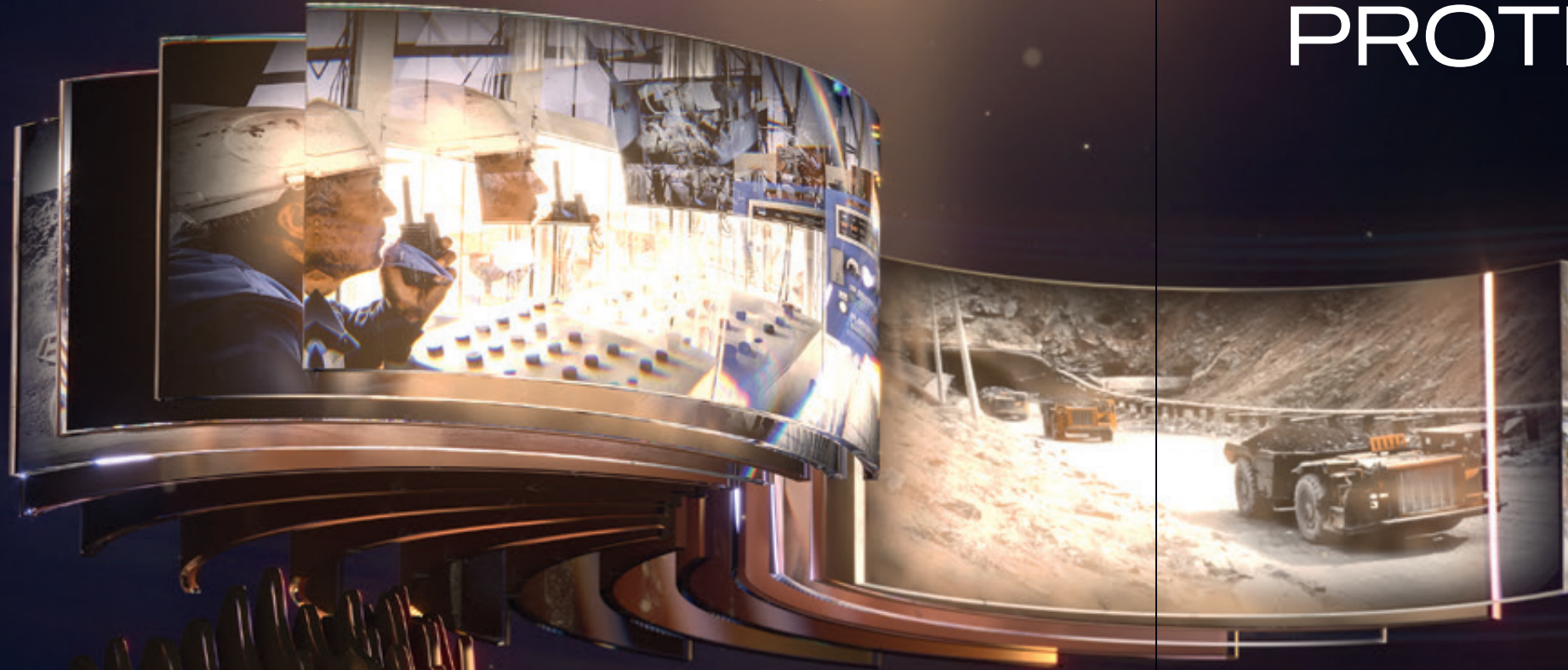
This system helps doctors to view patients' medical records online and greatly reduces the time spent looking for documents.

NMMC in 2021 sponsored the repair work in the clinic at the medical sanitation department. In the course of the work, modern equipment for multispiral computed tomography was installed.

# 4

service devices

was launched with the support of the NMMC Foundation



# ENVIRONMENTAL PROTECTION

# \$10.7 million

nature protection expenses

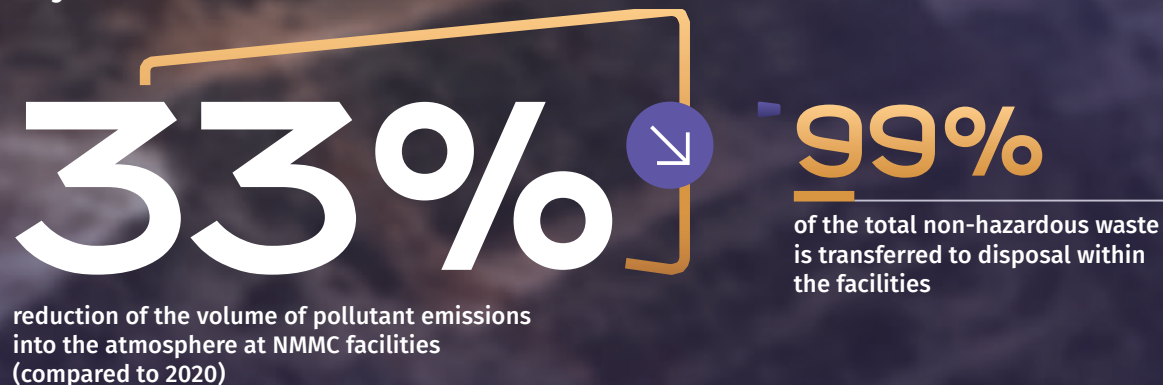




**Material Topics**

- Energy
- Water
- Biodiversity
- Discharge and waste
- Emissions
- Environmental compliance

**Key indicators for 2021**



# MANAGEMENT APPROACH TO ENVIRONMENTAL PROTECTION

GRI 102-11, 103-2    EM-MM-160A.1

One of the keys aim of the Company is to ensure environmental safety while operating activities.

**Contribution to the UN SDGs**



**GRI, SASB indicators**

GRI 102-11, 103-2, GRI 103-3, GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-4, GRI 304-2, GRI 304-4, GRI 305-6, 305-7, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-5, GRI 307-1

EM-MM-120A.1, EM-MM-140A.1, EM-MM-140A.2, EM-MM-150A.1, EM-MM-150A.5, EM-MM-150A.7, EM-MM-150A.9, EM-MM-150A.10, EM-MM-160A.1, EM-MM-160A.3, EM-MM-540A.1



Environmental protection includes, optimisation of water use, reduction of risks related to waste and emissions, as well as preservation of biodiversity.

NMMC recognises its responsibility for impacts on the environment, health, safety, and quality of life of the population and takes all necessary measures to ensure environmental safety, preserve the natural environment, natural resource management, and minimise environmental impact to achieve sustainable development.

To manage the environmental aspect, the Company has implemented an environmental management system (EMS), which is an integral part of the corporate governance system and an essential part of the non-financial risk management system. NMMC's CMG is certified for compliance with the ISO 14001 international standard and works on continuous improvement of the EMS.

When developing environmental documentation, the Company relies on the regulatory requirements of national legislation. The Company consistently develops and implements new regulations and standards of environmental protection aimed at ensuring environmental compliance, and regularly updates documentation to reflect current changes in the legislative framework. In 2021, NMMC issued several internal regulatory documents in the field of environmental protection:

- Environmental Monitoring Program at NMMC for 2021-2025;
- Order on NMMC 'About further improvement of economic mechanisms for environmental protection in the territory of the Republic of Uzbekistan';
- Action plan for environmental protection and natural resource management for 2021.

The Company has identified the following priority areas in the environmental sphere in accordance with the accepted internal documents:

- ▶ reduction of emissions to the environment;
- ▶ taking into consideration environmental risks and possible environmental consequences;
- ▶ reduction of specific energy consumption by using renewable energy sources in the energy consumption structure and implementation of energy-saving and resource-saving technologies at production facilities;
- ▶ introduction of 'green', environmentally friendly, waste-free and production technologies;
- ▶ creation of an ecologically comfortable environment, including through improvement and greening of occupied territories;
- ▶ improving the level of competence and awareness of the role of the Company's employees about environmental issues.

## Structure and management tools

The environmental management process operates at several levels. At the Group level, there is an Environmental protection Department. At the level of business units, there are responsible specialists for environmental protection, or these duties are part of the work of employees of the occupational safety departments. Environmental engineers and specialists appointed by order of the OHS engineer are responsible for environmental protection in many units of the NMMC. (For more information on the structure and functionality of the Company's safety departments, including Environmental Protection, see Section 4, 'Management approach to OHS and emergency situations').



## Environmental Monitoring Program for 2021-2025

The Company initiated the implementation of a program to monitor and limit the impact of operating activities on the environment.

Environmental Monitoring Program for 2021-2025, thousand USD

### I. MONITORING SOURCES OF WATER POLLUTION

- 1** Monitoring the quality of wastewater discharged into water bodies, the terrain and efficiency of sewage treatment facilities.

#### Implementation mechanism

1. Water sampling, conducting field research and studying the state of treatment facilities.
2. Analysis of selected samples in laboratory conditions and office data processing.
3. Evaluation of the data obtained and presentation of the results to the interested state control bodies and the SEP management of the plant, implementation of relevant measures.
4. Entering the monitoring results into an electronic database.
5. Preparation of quarterly reports.

#### Implementation timeframe

##### Quarterly

#### Expected Results

- Timely detection of the facts of pollution of water resources by polluted wastewater and provision of effective environmental control over the compliance of economic entities with environmental standards on discharges of pollutants into the environment.
- Provision of local government bodies and state environmental control bodies with monitoring information for taking appropriate measures to reduce specific indicators of discharges of harmful substances, as well as to improve the efficiency of treatment facilities.
- Assistance in creating a safe environmental and sanitary-epidemiological situation in the areas of wastewater discharges.

#### Volumes and sources of financing

2020 — 11.6 | 2021 — 15.5

### II. MONITORING OF AIR POLLUTION SOURCES

- 2** Conducting monitoring of the sources of atmospheric emissions at stationary sources of pollution, which are the main of the complex of contributors to the negative impact on the environment.

#### Implementation mechanism

1. Organisation of field trips, sampling and measurements at emission sources.
2. Study of the efficiency of dust and gas cleaning plants.
3. Analysis and evaluation of monitoring results.
4. Presentation of the results to the territorial divisions of the State Committee for Nature Protection and SOOS management of the plant, to take and implement appropriate measures.
5. Entering monitoring results into an electronic database and developing recommendations for environmental protection measures.
6. Preparation of reports.

#### Implementation timeframe

##### Monthly

#### Expected Results

- Provision of local authorities, specially authorised state bodies and involved economic entities with information on the volume of emissions of pollutants.
- Assistance in elimination of negative consequences caused by excess emissions.
- Ensuring effective environmental control for taking measures to reduce emissions of harmful substances from stationary sources.
- Development of measures to improve the efficiency of dust and gas cleaning plants in order to increase the share of trapped and neutralised pollutants in the total amount of exhaust gases from pollutants.

#### Volumes and sources of financing

2020 — 13.0 | 2021 — 17.3



Environmental Monitoring Program for 2021-2025, thousand USD

III. MONITORING OF SOIL POLLUTION SOURCES

**3** Monitoring of soil contamination sources in the areas of tailings location according to the list in Appendix No. 1 to this Program.

Implementation mechanism

1. Preparation of a plan for monitoring sources of land pollution.
2. Organisation of field trips, sampling of soils and carrying out the necessary field surveys and measurements.
3. Office processing and generalisation of research results, assessment of the degree of land pollution.
4. Entering the monitoring results into an electronic database.
5. Presentation of the results to the territorial divisions of the State Committee for Nature Protection, local authorities, and SEP management of the plant to take and implement appropriate measures.

Implementation timeframe

Once every six months

Expected Results

- Creation of a system for monitoring the state of the environment in the areas of waste disposal.
- Providing stakeholders with information for the implementation of activities, aimed at reducing the negative impact of production and consumption waste on the environment, development of territorial waste management schemes.

Volumes and sources of financing

2020 — **19.3** | 2021 — **20.8**

IV. MONITORING OF GROUNDWATER POLLUTION SOURCES

**4** Monitoring of groundwater pollution in observation wells of tailings and storage facilities.

Implementation mechanism

1. Preparatory work.
2. Organisation of field research with sampling of water samples.
3. Analysis of water samples and office processing of research results.
4. Generalisation of data and preparation of a report with recommendations.
5. Presentation of the results to the territorial divisions of the State Committee for Nature Protection, local authorities, and SEP management of the plant to take and implement appropriate measures.

Implementation timeframe

Once every six months

Expected Results

- Identification of patterns and forecast of the formation of seasonal and long-term hydrogeochemical and hydrodynamic regime of groundwater in natural and disturbed conditions.
- Timely information provision to public authorities in the field.

Volumes and sources of financing

2020 — **7.5** | 2021 — **8.8**

Environmental compliance

GRI 307-1 | EM-MM-160A1

Compensation payments for environmental pollution and waste disposal in 2021 were \$203, which is \$117 more than payments incurred in 2020. The increase in compensation payments is due to an increase in rates for emissions into the environment in accordance with the Decree of the Cabinet of Ministers of the Republic of Uzbekistan No. 202, April 12, 2021, 'On further improvement of economic mechanisms for protecting the natural environment in the Republic of Uzbekistan'. Considering all environmental consequences, the Company tries to minimise the negative impact on the environment and pay compensation in a timely manner in the event of an unforeseen damage to nature. In 2021, no cases were initiated against the Company related to violation of environmental legislation. In 2021, NMMC spent \$3,876.4 thousand on environmental protection activities.

**\$203**

compensation payments for environmental pollution and waste disposal in 2021

**\$3,876.4**

thousand

costs of the NMMC on environmental protection activities



# AIR QUALITY

GRI 305-7, 305-6 EM-MM-120A1

Many of the Company's activities result in emissions of nitrogen oxides, sulphur, and inorganic dust into the atmosphere. The level of these and other types of emissions is measured as part of monitoring and industrial environmental control, which allows the Company to ensure high quality of air purification.

Minimisation of pollutant emissions into the atmosphere is an important aspect of NMMC's environmental activities. The Company strives to reduce the negative impact of its own production on air quality by continuously introducing technological improvements.

Also, the company conducts environmental monitoring on a regular basis and takes measures to reduce air emissions of pollutants generated by production processes. The Company monitors the sources of atmospheric emissions in accordance with the schedule 'Monitoring of Compliance with Maximum Permissible Emissions (hereinafter, MPE) at the emission sources for 2021', agreed with the territorial authorities of the State Committee for Ecology of the Republic of Uzbekistan.

Emissions of pollutants are inevitable throughout the entire production process. Sulphur oxides (SOx), nitrogen oxides (NOx), particulate matter and volatile organic compounds (VOCs) are the main air pollutants emitted during production. Fuel combustion is the main source of nitrogen and carbon oxides.

**6,174** samples

were taken from 151 priority emission sources and 9 526 laboratory analyses were performed

## Types and description of emission sources

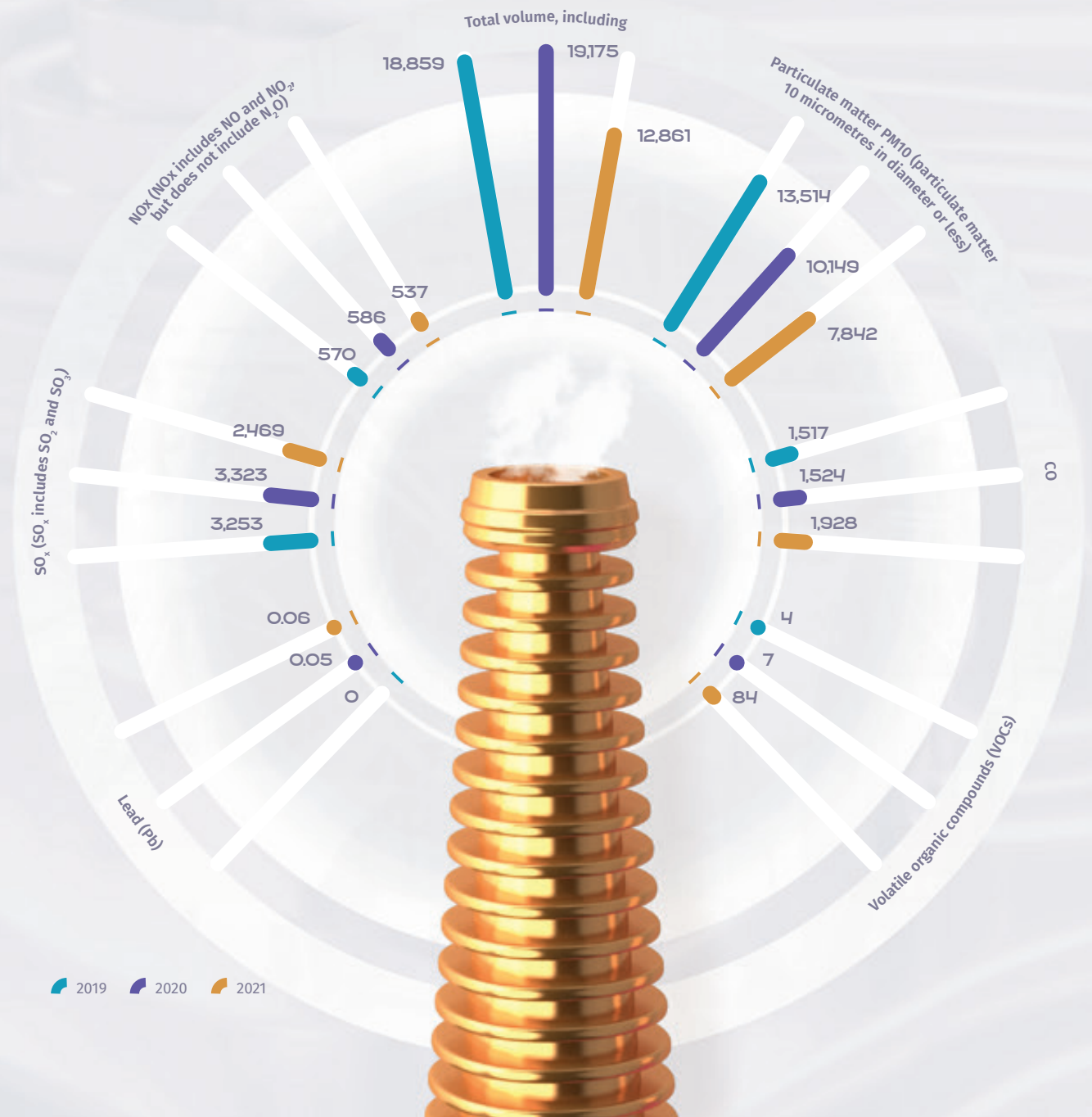
- 1 ORGANISED SOURCES OF EMISSIONS EQUIPPED WITH DUST AND GAS CLEANING EQUIPMENT**  
 Furnaces of factories and boiler houses, and technological installations emissions carried out through the constructed flue gases and pipes
- 2 ORGANISED EMISSION SOURCES WITHOUT TREATMENT**  
 Furnaces of plants and boiler plants, and process installations without steam-gas units
- 3 UNORGANISED SOURCES EMISSIONS**  
 Metalworking machines, welding, and paintwork emissions
- 4 VOLLEY EMISSIONS**  
 Accidental releases and blasting releases
- 5 MOBILE SOURCES**  
 Cars and trucks, buses

# 33%

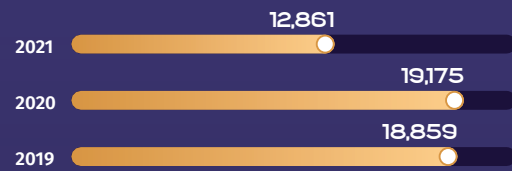
reduction of the volume of pollutant emissions into the atmosphere at NMMC facilities (compared to 2020)

In 2021, the volume of pollutant emissions into the atmosphere at NMMC facilities was 12 861 tons, which is 33% lower than the level of the previous year. All ore dust is recycled back into the production process. NMMC facilities emit 128 types of pollutants into the atmosphere, the main ones are shown in the table below.

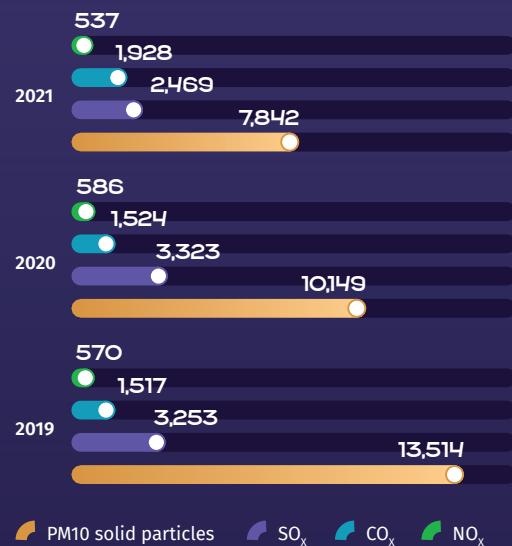
The volume of pollutants for 2019-2021, tons



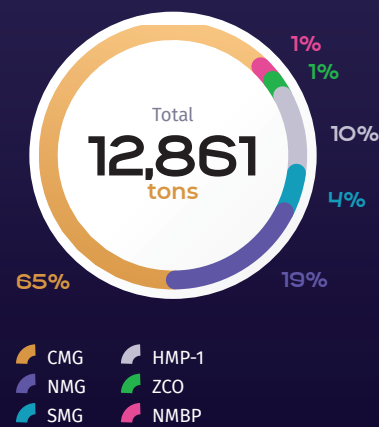
Total emissions of NMMC into the atmosphere for 2019-2021, tons



Main emissions of NMMC into the atmosphere for 2019-2021, tons



Share of pollutant emissions into the atmosphere by key divisions of NMMC in 2021, %



Specific emissions of nitrogen and sulphur oxides in 2020 — 2021, units



In 2021, the total volume of emissions of pollutants into the atmospheric air did not exceed the values of the standards established by the bodies of the State Committee for Ecology of the Republic of Uzbekistan (the volume of MPE was 22 685 tons). In general, the reduction in emissions of the main pollutants is associated with the division of the Company into the gold mining and uranium sectors. A significant measure in 2021 was the installation of three additional dust and gas traps in the filtration of drying and roasting shop at HMP-3.

In 2021, NMMC had draft standards for permissible emissions for facilities of the CMG, NMG, SMG, NMBP, HMP-1, ZCD units, which control compliance with emission source regulations.

Based on Cabinet of Ministers Decision 343 of 3 June 2021, sources of pollutant emissions are monitored. In 2021, 6,174 samples were taken from 151 priority emission sources and 9,526 laboratory analyses were performed. According to the results of the analyses, no excess of the established norms was revealed in all priority sources.

# PROTECTION OF WATER RESOURCES

GRI 103-1, 103-2, 103-3, 303-1, 303-2

For the rational and sustainable use of water in production, NMMC seeks to apply effective methods of water management.

As part of their commitment to environmental protection, NMMC enterprises are making concerted efforts to reduce water consumption. Thus, the Company strives to reduce the consumption of clean water and minimise the impact of the Company's activities on the ecosystem of our country. The company in its activities is guided by the UN SDGs, in particular Goal No. 6 'Ensuring the availability and rational use of water resources and sanitation for all'.

NMMC seeks to reduce the volume of water withdrawals from natural sources through the implementation of various measures. One of the main directions of the Company's water saving strategy is the rational use of water resources using new technologies, including the modernisation of production, saving, and reusing water resources.

Many years of work carried out by the management and personnel of the plant to improve the technology of ore processing has showed positive results. In 2021, a significant decrease in water consumption per technology was recorded, with a constant increase in processing volume.

**FOR THE SCIENTIFIC STUDY OF THE PROBLEMS OF WATER SUPPLY AND WATER SAVING AT THE PLANT, SINCE THE CENTRAL RESEARCH LABORATORY (CRL), A LABORATORY FOR THE STUDY OF WATER PROBLEMS WAS ORGANISED. THE LABORATORY IS EQUIPPED WITH THE LATEST EQUIPMENT AND STAFFED BY HIGH-CLASS SPECIALISTS HOLDING SCIENTIFIC DEGREES.**

Great attention is being paid to the plant and conduction of R&D. At the present, the directions for 2022-2023 for the scientific development of water saving technologies based on world experience have been determined:

- treatment of recycled water BIOX® HMP-3 for reuse of treated water using materials based on local and secondary raw materials;
- water purification of the tailing dump HMP-3 using the technology of using local and secondary raw materials. Return of purified water to the technological circulation cycle;
- treatment of waste and industrial waters of HMP-3 and the Marzhanbulak mine using various methods of mechanical and chemical treatment, with the return of treated waters to the technological process;
- water purification and reduction of water evaporation from the tailing dumps HMP-2 and HMP-3 using biological methods, as well as the method of breeding higher aquatic vegetation.

Main regulatory documents:

- Law of the Republic of Uzbekistan ‘On Nature Protection’;
- Law of the Republic of Uzbekistan ‘On Water and Water Use’;
- the procedure for issuing permits for special water use, developing, and coordinating projects for maximum allowable discharges (MPD) of substances entering water bodies and terrain with wastewater;
- sanitary rules for the use of post-treated urban wastewater in industrial water supply;
- Resolution of the Cabinet of Ministers of the Republic of Uzbekistan ‘On approval of the environmental monitoring program in the Republic of Uzbekistan for 2016-2020’.

Based on the decision of the Cabinet of Ministers of the Republic of Uzbekistan of 14 June 2013, №171 special water use or consumption of units of the NMMC is carried out in accordance with the permit, issued by the State Committee on Ecology and Environmental Protection. In this regard, all divisions of NMMC implement this resolution and are consumers of water from natural sources of surface and ground water. Also, on the part of the State Ecological Expertise of the Republic of Uzbekistan, drafts of maximum permissible discharges (MPD) into water bodies and onto the terrain were considered and agreed upon.

## Water consumption Water supply

GRI 303-3 EM-MM-140A1

In 2021, there were no significant changes in the nature of the NMMC’s impact on water resources in the regions where the plant’s enterprises are located (Navoi, Samarkand, Jizzakh and Khorezm regions).

Water is supplied to NMMC facilities in these regions mainly from surface sources — the Amudarya and Zarafshan rivers, the Tusunsay reservoir, as well as from underground sources — the Karak-Ata, Beshbulak, Sangzor, Boytup deposits.

Water supply to production facilities located in the city of Navoi, Navoi region (HMP-1 Mine Group, NMBP PA and other), is carried out under an agreement with the water supply organisation — the State Unitary Enterprise ‘Issiklik manbai’. Water supply (water withdrawals) in the city of Navoi is carried out from the Zarafshan River.

The main mining and production facilities of NMMC are in arid and low-water areas of the Zarafshan-Uchkuduk industrial region.

Drinking and technical water supply of settlements, industrial and social facilities of the NMMC in the Zarafshan-Uchkuduk region, the cities of Zarafshan and Uchkuduk is provided from the Amudarya River located at more than 310 km from the source, through the Amudarya-Zarafshan and Zarafshan-Uchkuduk conduit laid across the desert. Water is used for technological and production needs of these facilities. In this regard, the rational consumption of water resources is a priority for the Company.

In ensuring stable and reliable operation of the power facilities of the plant and the water supply system, the main role is assigned to the specialists of NMMC’s energy services. The main task of water supply specialists in the divisions of the NMMC is to perform a set of works to ensure uninterrupted supply of drinking and technical water to the divisions of the plant and to conduct departmental monitoring of safe operation of the plant’s water supply system.

Reliability and safety of water supply of industrial facilities of NMMC JSC is ensured by:



One of the main objectives of NMMC’s water conservation strategy is rational use with application of new technologies, including modernisation of production, saving and reuse of water resources, scientific achievements, and experience of the plant’s personnel.

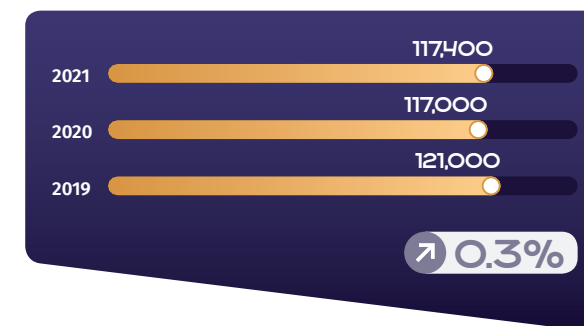
The Company is working in the direction of minimizing negative impact on water resources in Uzbekistan. For this purpose, the following measures in the field of water resources saving are being continuously carried out:

- reuse of water in the technological process;
- use of recycled water supply;
- use of mine and ground waters;
- introduction of drip irrigation system for watering green spaces on the territory of mines and factories;
- optimisation of process equipment operation.

To prevent pollution of water bodies and terrain in the regions and ensure rational use of water resources, the Company implements the process of reusing industrial and treated municipal wastewater for technological needs, watering green spaces and agricultural crops.

NMMC continues to work to increase the volume of water reuse and to reduce the amount of water withdrawn.

### Total water withdrawal, Megalitres (ML)



Total volume of water withdrawal by source, **Megalitres (ML)**

**UNDERGROUND**

**7,072**

11,561 12,205

including fresh water

744 2,308 4,351

including other

6,327 9,254 7,854

**MINE, OUT QUARRY, TAILINGS**

**7,024**

2,048 1,961

**SURFACE**

**92,123**

97,147 106,356

including fresh water

8,883 97,147 106,356

**FROM THIRD-PARTY SUPPLIERS**

**6,037**

6,026 800

2019 2020 2021

Volumes of treated and reused wastewater in 2021, **Megalitres (ML)**

**REUSED WASTEWATER**

**4,435.9**

**DISCHARGED UNTREATED WASTEWATER**

**665.8**

**TREATED WASTEWATER**

**4,435.9**

Changes in the structure of the water balance are associated with decrease in the volume of consumption from surface waters, use of brackish groundwater, and increase in the share of reused and recycled water.

**Implemented activities**

In 2021, the construction of a return water conduit from the HMP-2 tailing dump to HMP-7 was completed. The length of the water conduit is 26.2 km. In addition, the construction of pumping stations of the first lift (two pumping stations) and the second lift was completed. Commissioning was completed in the second quarter of 2021.

In 2021, the Supervisory Board of JSC NMMC approved the 'NMMC Action Program for the economical use of water resources for the period 2021-2026'. In accordance with this program, it is envisaged to reduce consumption and save water resources in the total volume of 10.9 thousand ML, which provided for the implementation of 15 measures in 2021 saving 2.9 thousand ML of water.

In fact, 16 measures were implemented saving 3.2 thousand ML of water and the final over-fulfilment is at 112%.

At the end of 2021, the 'NMMC Action Program for the economical use of water resources for the period 2021-2026' was revised and supplemented considering the set goals for reducing water consumption in production. In accordance with this, the 'Program for saving water resources and further improving the rational use of water in NMMC JSC for 2022-2026' was approved. The program provides for saving and rational use of water, increasing the share of recycled and reused water in the amount of 23.9 thousand ML and saving \$7.8 million of financial resources.

**Water discharge**

GRI 303-4

Throughout 2021, as before, the Company has monitored the volume and quality of the discharged industrial wastewater, as well as the condition of the Company's on-site sewer networks.

Control is carried out by sampling and analysing industrial wastewater at the inlet and outlet of local treatment facilities, in control wells immediately before release. To implement the control process, the volume of discharged industrial wastewater is also measured in control wells and at the most critical points of the industrial sewer network.

The list of priority potentially hazardous substances in wastewater includes suspended solids, nitrogen nitrates, nitrogen nitrites, ammonium nitrogen, sulphates, chlorides, phosphates, oil products, total iron, and BOD 1. Pollutant discharge standards are approved in the draft maximum allowable discharges.

In 2021, fresh water was discharged into freshwater reservoirs. There was no water discharge in areas with water deficit.

**3.2**

**thousand ML**

saving water after the implementation of 16 activities of the Program

**112%**

the final over-fulfilment of the 'NMMC Action Program for the economical use of water resources for the period 2021-2026'

**5.1**

**thousand ML**

the volume of waste water discharge in 2021

## Monitoring of water pollution sources

GRI 307-1 EM-MM-140A.2

Preventing the content of pollutants in water bodies from exceeding the established standards is a priority task for the Company. NMMC strives to promptly identify facts of pollution of water resources with polluted wastewater. In this regard, the Company maintains strict and effective environmental control over compliance with environmental standards for discharges of pollutants into the environment by its business entities.

**NMMC ADHERES TO THE PRINCIPLE OF RESPONSIBLE APPROACH TO THE USE OF WATER RESOURCES AND POLLUTION OF WATER BODIES, DULY MAKING COMPENSATION PAYMENTS ESTABLISHED BY THE REQUIREMENTS OF THE LAW.**

### Compensation payments in 2021, USD

For the reception and treatment of wastewater

**\$157,265.6**

For regulatory discharge into water bodies and terrain

**\$3,423.0**

For excess releases to water bodies and terrain

**\$114,458.5**

Charges for excessive discharges in the reporting year are associated with exceeding the permissible values of MPC standards, as well as discharges of pit water. Total compensation payment was \$275,148.4. In 2021, the monitoring was carried out on 90 discharges of wastewater to the topography and on one outlet to surface water based on a plan agreed with the territorial bodies of the State Committee on Ecology of the Republic of Uzbekistan. The total number of samples taken were 716, of which 4,665 samples were analysed for 13 chemical substances.

The observations of water pollution sources are taken wastewater according to an analytical control schedule. Groundwater pollution is also monitored by sampling from observation wells along the perimeter of the tailings' dams.

The treated wastewater of Uchkuduk, Zarafshan and Malikabad settlements is fully used for technological needs of the Company's subdivisions, as well as for irrigation of green spaces. Pollution of soil and groundwater in the settlements in the zone of influence of the industrial facilities of NMMC was not detected.

**716**

the total number of samples taken



**4,665**

samples were analysed for 13 chemical substances

# LAND USE AND CONSERVATION

EM-MM-160A.1

NMMC is responsible for doing business regarding land management. This consists in the correct decommissioning of facilities so that after closure the pits, underground workings, drilling sites and buildings do not pose as a threat to the environment. To compensate for possible environmental damage from the Company's operations, NMMC performs comprehensive land reclamation following the completion of operations at a particular location. There was no closure of the fields in 2021.

NMMC is guided by the following regulatory documents for the land use and conservation:

- Land Code of the Republic of Uzbekistan;
- Law of the Republic of Uzbekistan 'On Protected Natural Territories';
- Sanitary rules and norms No. 0183-05 'Hygienic requirements for the quality of soil in populated areas in the specific natural and climatic conditions of Uzbekistan';
- Law of the Republic of Uzbekistan 'On Radiation Safety';
- Sanitary rules and norms No. 0191-05 'Maximum Permissible Concentrations (MPC) and Approximate Permissible Concentrations (APC) of Exogenous Harmful Substances in the Soil'.

## Protection of biodiversity and sustainable land use

GRI 304-2, 304-4 EM-MM-160A.1, EM-MM-160A.3

NMMC recognises its responsibility for the conservation of biodiversity in general and the conservation of native species and their habitats. The Company's facilities are not located within World Heritage Sites, in specially protected natural areas or in areas of high biodiversity value. NMMC assesses the risks to biodiversity and seeks to minimise the potential impact at all stages of a business unit's life cycle. An assessment of the current level of biodiversity is carried out before putting a facility into operation.

The fauna in the Company's region is represented by desert species, which is reptiles, rodents and birds predominate. There is no red list of IUCN or national list of protected species in Uzbekistan. In general, the animal world is characterized by the persistence of species composition with a change in settlement structure caused by changes in environmental conditions due to the exploration of deposits. Since the changes are local, they do not affect the number of species in the area.

In the area under consideration, the flora is rather scarce. Natural plant communities near the mines have been significantly altered during construction and mining activities.

It is important to note that NMMC complies with the requirements of environmental legislation and provides for a proper assessment of the territory in terms of potential environmental damage and carries out restoration activities. The Company's projects necessarily include measures to eliminate the environmental damage caused, such as land reclamation. Plans for the reclamation of disturbed lands include, among other things, information about flora and fauna of the site. In 2021, 307.9 hectares of land were reclaimed and returned to the national economy.

To make a significant contribution to biodiversity conservation and land restoration, the project 'Yashil Makon' was created. As part of the project, the Navoi Mining and Metallurgical Plant has defined a plan of measures for planting seedlings of trees and shrubs as part of the 'Dolzarb 40 Days' initiative. In 2021, more than

112 thousand fruit trees, ornamental trees and bushes will be planted on the area of 122.7 hectares during autumn, and 56.2 thousand during spring.

The Company tries to use land resources efficiently and conducts semi-annual monitoring of their use, for which a special commission is being created.



**Areas reforested by NMMC in 2021, km<sup>2</sup>**

Subdivisions of NMMC	Total area of disturbed lands for 2021, km <sup>2</sup>	The total area of recultivated and reforested areas in 2021, km <sup>2</sup>
<b>CENTRAL MINE GROUP</b>	<b>5.1</b>	<b>—</b>
<b>NORTHERN MINE GROUP</b>	<b>9.0</b>	<b>1.7</b>
<b>ZARAFSHAN CONSTRUCTION DEPARTMENT</b>	<b>0.028</b>	<b>0.001</b>

**> 112,000**

**fruit trees, ornamental trees and bushes**

will be planted on the area of 122.7 hectares during autumn

**56,200**

**fruit trees, ornamental trees and bushes**

will be planted during spring

The geological data confirmed that the current reserves of most of the NMMC ore bodies have a large potential for exploration and production, so that the Company can continue mining. This will result in much larger quarries and underground mining, making current recovery/closure plans irrelevant. Closure plans for each mine will be based on the final size of the depleted mining.

At the same time as mine closure plans, recovery and rehabilitation plans will be developed in accordance with Uzbek legislation.

**Monitoring of soil pollution sources**

Based on the Decree of the Cabinet of Ministers of the Republic of Uzbekistan 343 from June 3, 2021, 'On further improvement of the system for assessing the level of environmental pollution', monitoring of land resources is carried out. Monitoring is carried out once every six months. In 2021, monitoring at sources of pollution of land resources was carried out from 84 points, 84 samples were taken, and 506 laboratory analyses were performed. In 2021, specialists from the State Committee for Ecology of the Republic of Uzbekistan took soil samples from the tailings and industrial waste landfill.

**BASED ON THE RESULTS OF MONITORING ON THE TERRITORY OF THE SANITARY PROTECTION ZONES (SPZ) OF INDUSTRIAL FACILITIES, IT HAS BEEN ESTABLISHED THAT THE SOIL CONDITION OF THE TAILINGS PONDS AT THE SPZ BORDER ACCORDING TO THE STUDIED INGREDIENTS DOES NOT EXCEED THE ESTABLISHED STANDARDS. IN 2021, THE SPREAD OF SOIL POLLUTION IN THE ZONE OF INFLUENCE OF THE TAILINGS WAS NOT RECORDED, AND THE TREND WAS NOT IN PROGRESSION.**



# WASTE AND TAILINGS MANAGEMENT

## Waste management

GRI 103-1, 103-2, 103-3, 306-1, 306-2, 306-3 EM-MM-150A.10, EM-MM-150A.7

The Company's waste management is organised in accordance with national standards. At the same time, to become a responsible gold mining partner in the future, NMMC is currently conducting a detailed internal review of its compliance with the Principles of Responsible Gold Mining.

Waste management is carried out in accordance with the draft standards for waste generation (RDO) and standards for their disposal, established by the bodies of the State Committee for Ecology of the Republic of Uzbekistan. All divisions of the NMMC developed draft limits for the generation and disposal of waste and received positive conclusions from the State Ecological Expertise.

The Company's main regulatory documents that we are guided by:

- Law of the Republic of Uzbekistan 'On waste';
- Law of the Republic of Uzbekistan 'On Environmental Control';
- Law of the Republic of Uzbekistan 'On Ecological Expertise';
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'Regulations on state monitoring of the environment in the Republic of Uzbekistan' by April 03, 2002, No. 111;
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'On the regulation of import into the Republic of Uzbekistan and export from its territory of environmentally hazardous products and waste' by April 19, 2000, No. 151;
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'On streamlining the activities of enterprises for the use and disposal of lamps and devices containing mercury' by October 23, 2000, No. 405;
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'On measures to further improve the efficiency of work in the field of household waste management' by October 02, 2018, No. 787;
- Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'On measures to further improve the efficiency of work in the field of household waste management' by February 06, 2019, No. 95;

81.9

million tons  
the total amount of hazardous waste

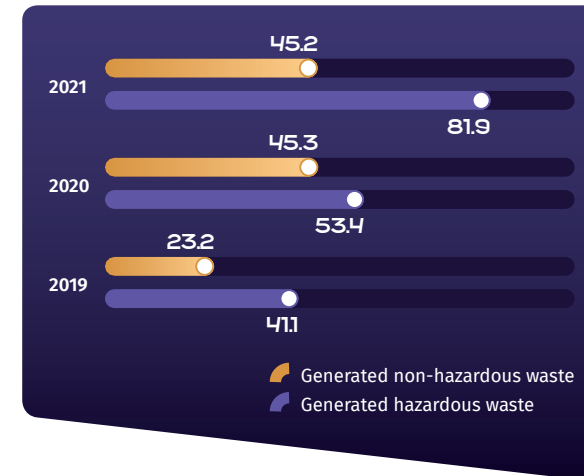
The collection of data on waste generation and disposal from NMMC units is carried out by the Department of Environmental protection (Environmental protection Department), which generates a single summary report and sends it to the relevant organisations for ecology and environmental protection. The main types of waste are mined rock mass and tailings from the processing of gold ore at hydrometallurgical plants, which are stored in specially equipped tailing facilities built and operated in accordance with project documentation.

48.5% <sup>↑</sup>

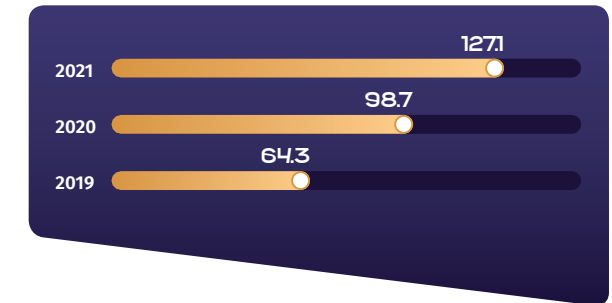
increase of hazardous waste due to the start-up of new capacity and the increase in the production

The total amount of hazardous waste in 2021 was 81.9 million tons, which increased by 48.5% in comparison with 2020, due to the start-up of new capacity and the increase in the production of precious metals. The increase in hazardous waste related to commissioning of new facilities (GMP-5 and 7). Hazardous waste includes pulp generated in GMZ processing plants and stored in a special tailing management facility and will therefore be further processed.

Volume of generated waste for 2019-2021, million tons



Total waste generation for 2019-2021, million tons

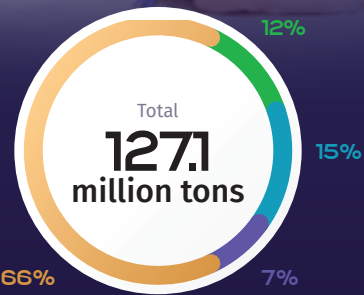


- GOST 30772-2001 'Resource Saving. Waste management. Definition terms';
- ISO 14001:2015;
- SanPiN No. 0128-02 'Hygienic classifier of toxic industrial waste in the conditions of the Republic of Uzbekistan';
- SanPiN No. 0157-04 'Sanitary rules for the collection, storage, transportation, and disposal of household waste (MSW) in the cities of the Republic of Uzbekistan';
- SanPiN No. 0158-04 'Sanitary rules and norms for the collection, transportation, and disposal of asbestos-containing waste in the conditions of Uzbekistan';
- SanPiN No. 0300-11 'Sanitary rules and norms for organizing the collection, inventory, classification, neutralisation, storage, and disposal of industrial waste in Uzbekistan';
- SanPiN No. 0317-15 'Sanitary norms and rules for the collection, storage, and disposal of waste in healthcare facilities'.





Share of waste generation by key divisions of NMMC in 2021, %



- Central Mine Group
- Northern Mine Group
- Southern Mine Group
- Mine department GMZ-1

**THE TOTAL AMOUNT OF WASTE GENERATION WAS INCREASED BY 45% COMPARED TO THE PREVIOUS YEAR IS ASSOCIATED WITH THE LAUNCH OF NEW CAPACITIES OF HMP-5 AND HMP-7, AS WELL AS WITH AN INCREASE IN THE PRODUCTION OF PRECIOUS METALS IN GENERAL.**

## Recycling

GRI 306-2, 306-5 EM-MM-150A.1, EM-MM-150A.9

In accordance with the legislation of the Republic of Uzbekistan, all waste that is generated because of the production activities of units is divided into five hazard classes::

- 1<sup>ST</sup> CLASS**  
extremely hazardous waste that leads to irreversible environmental damage;
- 2<sup>ND</sup> CLASS**  
highly hazardous waste, entailing severe environmental damage, the recovery period of which is more than 30 years after the complete elimination of the source of harmful effects;
- 3<sup>RD</sup> CLASS**  
moderately hazardous waste, entailing a violation of the environment, the recovery period of which is at least 10 years after minimizing the harmful impact;
- 4<sup>TH</sup> CLASS**  
low-hazard waste that violates the environment, which requires at least 3 years for self-recovery;
- 5<sup>TH</sup> CLASS**  
practically non-hazardous waste, from the influence of which the environment is not disturbed.

Separate collection of scrap metal, plastic, used oils, tires, wastepaper, used batteries, fluorescent and mercury lamps is organised in the Company's subdivisions. Part of the waste is transferred on a contractual basis to third-party organisations for disposal, neutralisation, or disposal. NMMC conducts regular environmental control at the site, including waste accumulation, export certificates, as well as the availability of limits on waste disposal and payments for negative environmental impact. In general, there were no incidents related to hazardous materials and waste management in 2021.

The methodology that was used in calculating the indicators is based on the Regulations on the procedure for the implementation of state accounting and control in the field of waste management of the Republic of Uzbekistan. The data is collected by the environmental protection department of the central office on a periodic basis.

Waste sent for disposal for 2019-2021, thousand tons



Total mass of processed non-mineral and disposed waste for 2020-2021, tons

	2020	2021	2020	2021
	Total volume of non-mineral waste		Total disposed waste	
CENTRAL MINE GROUP	14,374.2	19,738.4	26.9	37.8
NORTHERN MINE GROUP	7,351.7	8,141.4	374.4	311.1
SOUTHERN MINE GROUP	2,623.5	2,700.3	57.1	91.5
MINE DEPARTMENT 'HMP-1'	1,140.1	1,235.1	0	16.9
ZARAFSHAN CONSTRUCTION DEPARTMENT	2,116.1	1,596.6	2.0	18.4
PRODUCTION ASSOCIATION 'NAVOI MACHINE-BUILDING PLANT'	35,404.8	96,270.6	19.2	18.2
OTHER AUXILIARY OBJECTS OF THE SOCIAL SPHERE	134.5	147.2	0	0
<b>TOTAL</b>	<b>63,143.9</b>	<b>129,828.9</b>	<b>479.6</b>	<b>493.8</b>

In 2021, the total weight of non-hazardous non-recyclable waste sent for disposal was 76.4 thousand tons which was increased by 7% compared to 2020. The total volume of hazardous waste in 2021 was 81.9 million tons, that increased by 53% compared to 2020, due to the launch of new facilities and an increase in the production of precious metals. The growth of hazardous waste is associated with the launch of new facilities (HMP 5 and 7). Hazardous waste includes pulp, which is formed at the processing plants of the HMP and stored in a special tailing dump and, accordingly, will be further processed.

# 76.4

thousand tons

the total weight of non-hazardous non-recyclable waste sent for disposal in 2021

## Tailings management

EM-MM-150A.5 EM-MM-150A.1

NMMC has six tailings located in the following subdivisions:



TAILINGS

- HMP-1 Mine Group in Navoi;
- CMG — HMP-2 and gold extraction shop of the Auminzo-Amantoy mine;
- NMG — HMP-3;
- SMG — HMP-4 and Marjanbulak gold recovery shop.

Information on tailings in NMMC for 2020-2021, units

	2020	2021
<b>NUMBER OF OPERATING TAILINGS</b>	7 pcs.	7 pcs.
<b>AREA OF OPERATING TAILINGS</b>	72.9 km <sup>2</sup>	74.5 km <sup>2</sup>
<b>NUMBER OF CLOSED TAILINGS</b>	1 pcs.	2 pcs.
<b>AREA OF INACTIVE TAILINGS</b>	0.6 km <sup>2</sup>	1.7 km <sup>2</sup>
<b>VOLUME EDUCATION TAILS</b>	53,439.5 thous. tons	81,863.9 thous. tons

**THE VOLUME OF WASTE SENT THROUGH THE SLURRY PIPELINE FOR 2021 WAS 81.8 MILLION TONS, WHICH INCREASED MORE THAN 50%. THE LARGEST SHARE OF WASTE IN 2021 IS DIRECTED TO THE TAILING DUMP OF THE CENTRAL MINING ADMINISTRATION (84%).**

Tailings are formed as mined ore is crushed, milled, and processed to separate valuable minerals from the ore, and usually consists of a suspension of fine mineral particles, chemical residues, and water, which are either included in materials used to backfill quarries or depleted underground sewage faces, or pumped as a slurry into a specially designed storage facility known as a tailings dam or tailings dam. Tailings' components can cause significant damage to the environment. For the entire period of the Company's activity, not a single dangerous incident was registered at tailings associated with a violation of the structural integrity and stability of such facilities.

Since tailings are a source of potential danger to the environment, they are strictly controlled on a periodic basis by authorised state bodies, such as the inspection of the State Committee for Industrial Safety, Environmental protection, the Ministry of Emergency Situations of the Republic of Uzbekistan, and others.

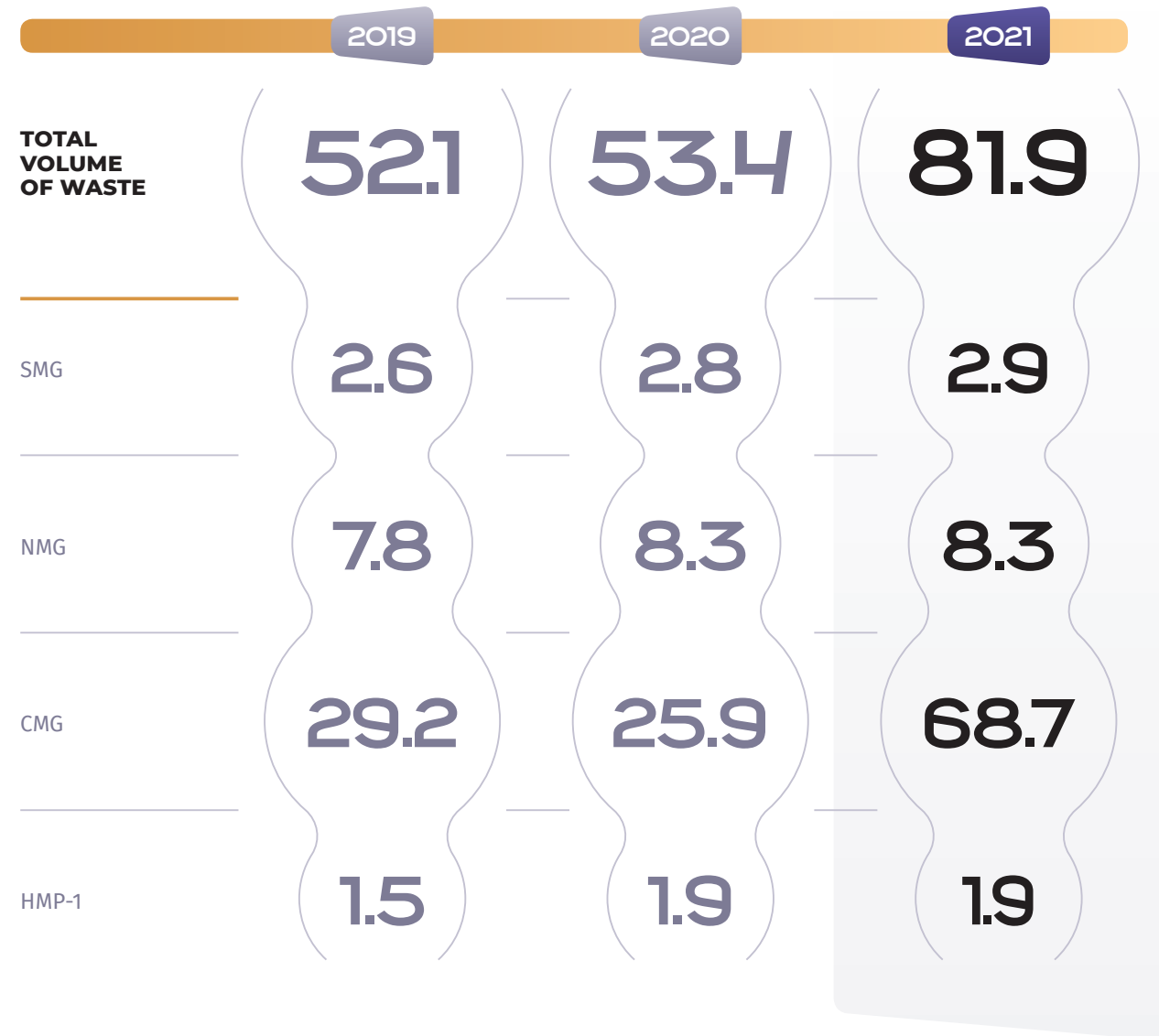
Tails are an inevitable by-product of gold mining. Ensuring the safe operation of TMFs and preventing adverse environmental impacts are priorities for NMMC. The company fully supports the initiatives aimed at developing the regulatory framework for

the management of TMFs. The NMMC is undertaking activities to assess the risks associated with the operation of TMFs. In addition to the tailings ponds themselves, the tailing facilities include a system of hydro-transport of tailings. The tailings ponds are equipped with an anti-filtration screen and have barrier dams. The company regularly monitors their condition and proper operation. All tailings' dams are equipped with monitoring wells.

Every five years, in pursuance of the Decree of the Cabinet of Ministers of the Republic of Uzbekistan 'On the State Program for Forecasting and Preventing Emergency Situations' by April 3, 2007, No. 71, NMMC conducts studies of the sustainability of the functioning of facilities, including tailings, based on the results of which action plans are developed to improve the sustainability of their functioning. Tailings' accident response plans are in place for each tailing facility.

Design documentation for the construction and reconstruction of tailings at the facilities of HMP-3 and the gold processing plant received approval from the authorised body last year. As part of compliance with the requirements of the environmental legislation of the Republic of Uzbekistan, effective waterproofing materials are used in the construction of these facilities.

Volumes of waste sent through the slurry pipeline for 2019-2021, million tons



**Monitoring of groundwater pollution in observation wells of tailings**

GRI 303-4

The Company closely monitors the state of groundwater in the observation wells of the tailings to take timely measures to clean up and prevent further negative impacts. Observations of water pollution sources are carried out by sampling wastewater and working according to the analytical control schedule agreed with the environmental protection department of NMMC and the Regional Department for Ecology and Environmental

protection. Groundwater pollution is monitored by sampling from observation wells along the perimeter of the tailings, which includes laboratory analyses for nitrites, nitrates, ammonium, heavy metals, salts, and cyanides.

For the period 2021, the total number of water samples was 760 and 3,524 chemical analyses were carried out.

### FOR TAILINGS HMP-2 OF THE CENTRAL MINING GROUP

Regime hydrogeological observations of the dynamics and chemical composition of groundwater, as well as the manifestation of the nature of the influence of filtration of tailings pond waters on groundwater, are carried out through a network of observation wells.

At the end of 2021, 29 wells were cleaned and 24 samples were taken, which were analyzed for the content of 12 polluting chemicals and harmful chemicals (HCS, such as cyanides, thiocyanates, arsenic). 878 analyses were carried out.

**As of January 1, 2022, the chemical composition of water is mostly sulfate-chloride-sodium-magnesium-calcium with mineralization and nitrate (NO<sub>3</sub>).** As a result of anti-filtration measures, according to the recommendations of UzGEORANGMETLITI, a 10% reduction in infiltration was achieved.

# 29

wells

were cleaned at the end of 2021

# 24

samples

were taken, which were analyzed for the content of 12 polluting chemicals and harmful chemicals

### ACCORDING TO THE TAILING DUMP HMP-3 OF THE NORTHERN MINING GROUP

In 2021, groundwater (technogenic) was noted in 21 observation wells of the first belt across all dams. 611 analyses were made. The largest number of flooded wells is observed from the side of the 'technological dam' (north) and the southern dam.

**As a result of water analysis, as of January 1, 2022, the chemical composition of water was determined: it consisted mostly of nitrates (NO<sub>2</sub> and NO<sub>3</sub>).**

As a result of anti-filtration measures, according to the recommendations of UzGEORANGMETLITI, a 10% reduction in infiltration was achieved.

# 611

analyses

were made in 2021

# 10%

reduction in infiltration was achieved to the recommendations of UzGEORANGMETLITI

## Handling of cyanides

EM-MM-150A10

The main regulatory documents that the Company is guided by:

- safety rules for crushing, sorting, enrichment of minerals and agglomeration of ores and concentrates, approved by the State Committee for Industry and Trade of the Republic of Uzbekistan in 2008;
- general safety rules for metallurgical industries, approved by the State Industrial Safety Committee of the Republic of Uzbekistan in 2009.

NMMC implements the process of working with cyanides and other hazardous chemicals based on the current legislation of the Republic of Uzbekistan, the international cyanide management code, as well as in accordance with the internal regulatory documents of the Campaign.

Since the Republic of Uzbekistan is currently considering the possibility of harmonizing environmental standards with those adopted worldwide, NMMC expects some harmonisation of local legislation and the International Cyanide Management Code in the future.

## Hazardous substances management processes

At NMMC, one of the cornerstone goals is to preserve the life and health of its employees. To achieve this goal, the Company has introduced and maintains a set of measures to prevent and prevent natural and man-made emergencies.

## Cyanide control

NMMC is trying to implement up-to-date business methods. Including safe transportation, storage, use and disposal of cyanide. It includes:

- conducting regular internal audits of the cyanide management process;
- monitoring local water bodies and discharges for potential traces of cyanide;
- official tracking of all incidents involving cyanide;
- training of employees and contractors who handle, transport, and dispose of cyanide;
- specialised training and equipment for emergency response teams at the scene of a cyanide incident;
- all cyanide suppliers and carriers must have experience and skills in dealing with such substances or be ICMC certified.

As part of the process of working with cyanides, constant monitoring of hazardous production and potentially hazardous facilities and areas of increased man-made hazard created by the Company's facilities was ensured. The main objective of this control was to prevent cyanides from entering the ecosystem, which are used as a leaching agent in the extraction of gold from ore.

Also, as part of the prevention and prevention of emergency situations, work with hazardous, potent, explosive substances, oil products, equipment under pressure is regulated as part of the Company's integrated system for ensuring health, safety and emergency situations and is disclosed in Part 4 of this report. Based on the information presented there, it can be concluded that NMMC conducts training and briefings for all employees directly working with hazardous substances.

One of the main documents supporting the process of emergency situations is the Emergency Response Plan. This document is updated every year in accordance with internal regulations and is a tool to minimise the risks of accidents or other unforeseen situations. NMMC in this Plan has identified measures for the safe handling and disposal of hazardous chemicals to avoid unforeseen consequences for human health and the environment, as well as to prevent the reuse of these materials.



## Implementation of the Predictive Modelling Program for Possible Scenarios and Development of Emergency Situations

In 2021, NMMC continued to implement a project to create a program for predictive modelling of possible scenarios for the occurrence and development of accidents and emergencies at the Company's facilities, where a large amount of highly toxic substances, explosive materials and other hazardous substances are used and stored.

One of the main indicators is the modelling of spills of highly toxic substances or explosions in warehouses of explosive materials, planning and preparation for potential situations that may be accompanied by spills of these substances.

In addition, this information system makes it possible to assess the impact. Based on the analysis obtained, the Company plans actions in case of possible accidents and develops various alternative strategies for a possible response.

**ONE OF THE ADVANTAGES OF THE IMPLEMENTED PROGRAM AT NMMC WAS THAT IT MADE IT POSSIBLE TO ASSESS THE IMPACT OF THE SIMULATED SITUATION ON HUMANS AND THE ENVIRONMENT, CONSIDERING VARIOUS EXTERNAL FACTORS, TO ACCURATELY CALCULATE COSTS AND EFFECTIVELY DEVELOP MEASURES FOR EACH SITUATION.**

## Medium-term prospects and plans for 2022

GRI 103-2

### Air emissions

- In 2022-2023, it is planned to install an automatic control system for continuous instrumental monitoring of permanent sources of atmospheric air pollution at HMP-3 and HMP-2.
- Installation of automatic stations for sampling and analysis of samples from permanent sources of air pollution.

### Biodiversity

- From 2023, conduct biodiversity monitoring (observational analysis of biodiversity with impact description).

### Hazardous Substances Management

- In the future, the Company will continue to widely apply the program of predictive modelling of possible scenarios for the occurrence and development of emergency situations to simulate various emergency and unforeseen situations.

### Water resources

- Implementation of the 'Program for saving water resources and further improving the rational use of water in NMMC JSC for 2022-2026' It is planned to increase the water withdrawals from reservoirs to increase the volume of reuse in the technological process.

### Waste management

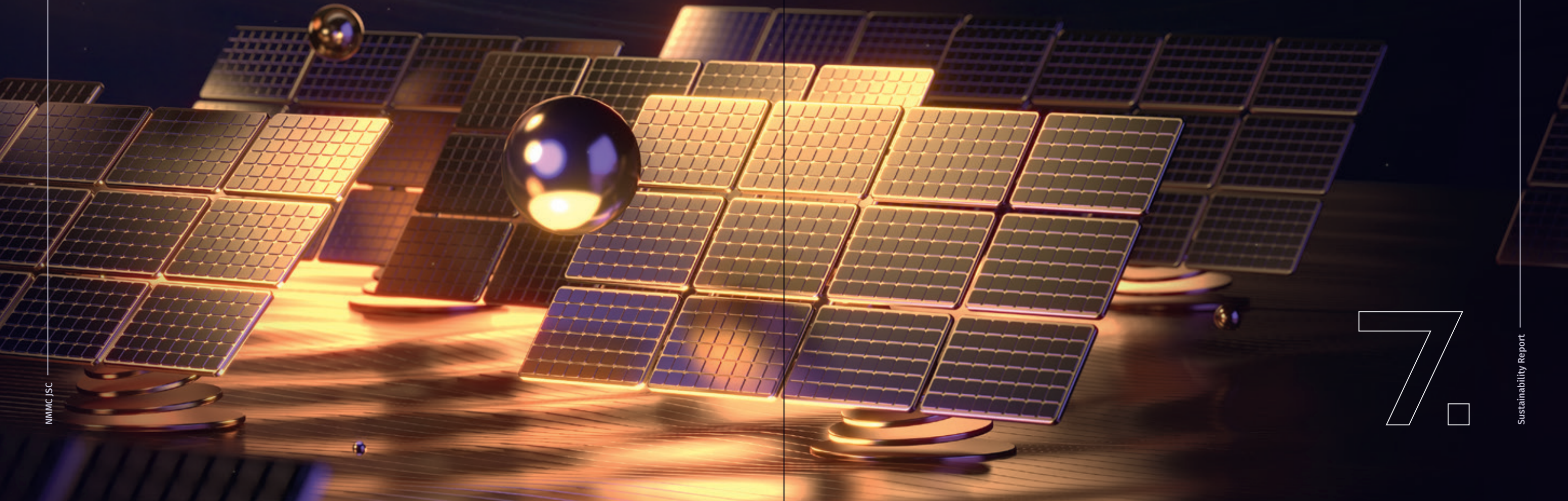
- Widespread introduction of technologies for the processing of industrial waste.



# CLIMATE CHANGE AND ENERGY EFFICIENCY

**14,391** tons

the total amount of CO<sub>2</sub> emissions reduction due to the implementation of energy saving measures



7.

Material topics

- Greenhouse gases
- Energy

Key indicators for 2021



the total amount of CO<sub>2</sub> emissions reduction due to the implementation of energy saving measures

Contribution to the UN SDGs

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

GRI, SASB indicators

GRI 103-1, GRI 103-2, GRI 103-3, GRI 302-1, GRI 302-3, GRI 302-4, GRI 305-1  
EM-MM-130A.1, EM-MM-110A.2



# MANAGEMENT APPROACH TO CLIMATE CHANGE

GRI 103-2

NMMC strives to pay more attention to climate change issues.

The key achievement of the reporting year related to improving energy efficiency and climate risk management is the creation of a Sustainable Development Management Committee. Its function is to address issues related to sustainable development, including the climate agenda, and

reducing the carbon footprint, setting key targets for reducing greenhouse gas emissions, and managing climate risks. This committee will also be responsible for monitoring the Company's environmental and occupational safety indicators and coordinating annual and strategic activities in these areas.

Organisational structure of climate change management

Functional department

COMMITTEE ON SUSTAINABLE DEVELOPMENT

CEO

Main responsibilities in the field of combating climate change

- oversees the Company-wide strategy and processes designed to manage risks and opportunities in terms of occupational safety, industrial safety, environmental protection, socio-economic issues and combating climate change;
- provides support to the Supervisory Board in determining the necessary policies and initiatives in the field of climate change, supervising their implementation, as well as determining an acceptable level of risk associated with climate change.
- holds the highest authority in relation to the elimination of problems faced by the Company, and monitors risk management activities and sustainable development programs;
- oversees the development of climate change plans and oversees the implementation of climate-related tasks at the Company-wide level. Approves relevant reports to the Committee on Sustainable Development and the Supervisory Board.

## Organisational structure of climate change management

### Functional department

#### DEPARTMENT OF THE CHIEF POWER ENGINEER AND DEPARTMENT OF MOTOR TRANSPORT

#### Main responsibilities in the field of combating climate change

Represents the Company's interests in energy efficiency and is responsible for formulation of the company's position on issues related to energy efficiency and energy conservation.

#### DEPARTMENT OF LABOUR PROTECTION AND ENVIRONMENTAL PROTECTION SERVICE

- supervise issues of labour protection, industrial safety, and environmental protection;
- implement climate initiatives and programs, integrate them into the daily activities of the company, and monitor them at the operational level in accordance with the Company's overall strategy and action plan for climate change.

NMMC is implementing a program to reduce energy intensity, introduce energy-saving technologies and systems in economic and social sectors for 2020-2022.

In addition, the Company is developing strategic initiatives in ESG, within which the Company is preparing a roadmap aimed at reducing the carbon footprint. The carbon footprint reduction plan will be integrated into NMMC's day-to-day operations to reduce greenhouse gas emissions and neutralise negative impacts.

NMMC is implementing a set of measures to reduce greenhouse gases for 2016-2030. So, in 2021, several measures were implemented to reduce greenhouse gases. In 2021, the total amount of CO<sub>2</sub> emissions reduction due to the implementation of energy saving measures amounted to 14,391 tons.

## Actual initiatives and plans

### Actual initiatives

Completion of the implementation of measures to modernise energy-intensive industries and improve the energy efficiency of the use of fuel and energy resources, including:

- modernisation and reconstruction;
- improvement of technological processes;
- use of secondary energy resources;
- reduction of unproductive losses.

### Plans for the next ten years

- Development of a program of initiatives to reduce the carbon footprint and improve energy efficiency.
- Continuous implementation of measures to modernise energy-intensive industries and improve the energy efficiency of the use of fuel and energy resources, including the introduction of energy-saving technologies.
- Continuation of the implementation of measures for the introduction and expansion of the use of alternative and renewable energy sources, including:
  - installation of solar collectors for hot water supply of NMMC facilities;
  - installation of photovoltaic plants at NMMC facilities;
  - other measures to save gasoline and diesel fuel (for more information, see Section 7.4, 'Energy management').

# CLIMATE THREATS AND OPPORTUNITIES

In plans of the Company adheres to the principles calling for urgent measures to combat climate change. In 2021, the Company monitored the total volume of greenhouse gas emissions of Scope-1, carried out work on the identification of greenhouse gas sources and their quantification.

Currently, the Company does not allocate climate risks into a separate group and all issues related to the impact of environmental factors on the Company's activities are considered a part of the overall risk assessment process. In the medium term, NMMC plans to assess climate risks for business units, considering climate change trends

in the regions of its presence, and to determine their possible impact on the Company's activities in the future. Also, the Company analyses the opportunities arising from climate change. NMMC considers the following areas as the most relevant opportunities:



implementation of organisational and technical measures within the framework of the plan to save fuel and energy resources;

increasing resource efficiency through wider use of secondary energy sources;

changes in energy sources due to the transition to less carbon-intensive energy sources, an increase in the share of renewable energy sources;

identification of opportunities in new markets related to climate change adaptation and mitigation.

In the short term, NMMC gives priority to minimising greenhouse gas emissions by improving energy efficiency. Specialists are preparing additional measures to modernise technological processes to reduce the carbon footprint in the medium- and long-term time intervals. The most

promising areas of activity are the introduction of energy-saving technologies and the use of secondary energy resources.





In 2021, the Company carried out measures to increase the transition to renewable energy sources for NMMC in the gold mining sector. Among them is the construction of a photovoltaic power plant with a capacity of 100kW for the power supply of production facilities. Solar installations were introduced within the framework of the project 'Construction of a complex for the extraction and processing of gold-bearing ores at the Pistali deposit (HMP-6)'.  
The Company highlights the following measures to prevent risks associated with climate change.

**Measures to mitigate climate change risks**

- 1 Development and implementation of measures to reduce greenhouse gas emissions
- 2 Analysis of measures to increase investment in innovation and low-carbon technologies
- 3 Development of a systematic approach to the disclosure of information on climate risks and data related to climate change
- 4 Development of a systematic approach and implementation of a GHG emission monitoring system using generally accepted methods and standards

**NMMC IMPLEMENTS PROJECTS BOTH FOR GENERATION OF ITS OWN ENERGY, EFFICIENT CONSUMPTION OF ENERGY RESOURCES AND USE OF RENEWABLE ENERGY SOURCES.**

# REGULATION OF GREENHOUSE GAS EMISSIONS

GRI 103-1, 103-2, 103-3, 305-1 EM-MM-110A.2

Direct greenhouse gas emissions (Scope 1) occur because of the consumption of hydrocarbon fuels by NMMC facilities. Greenhouse gases (Scope 1) include CO<sub>2</sub>

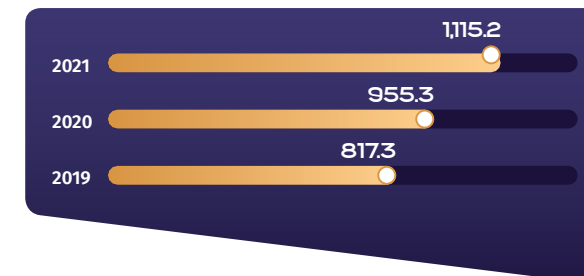
The main sources of direct greenhouse gas emissions:

- o power plants emit greenhouse gases when burning hydrocarbon fuel;
- o the engines of the utilised vehicles emit greenhouse gases during the internal combustion of gasoline, diesel fuel, compressed natural gas and liquefied gas.

**The volume of greenhouse gases (CO<sub>2</sub>) allocated by NMMC units in 2019-2020, thousand tons**

SOURCES OF GREENHOUSE GASES	2019	2020	2021
Natural gas	144.6	183.5	211.5
Fuel oil	7.2	8.5	9.1
Heating oil	0.1	0.2	0.2
Gasoline	5.6	2.9	4.3
Diesel fuel	656.2	757.3	887.2
Compressed natural gas	0.01	0	0.006
Liquefied gas	3.6	2.9	2.9
<b>Total</b>	<b>817.3</b>	<b>955.3</b>	<b>1,115.2</b>

**Total direct greenhouse gas emissions (Scope 1), thousand tons**



Volume of greenhouse gas emissions of Scope 1 by key divisions of NMMC, tons

	2020	2021
<b>NMMC ADMINISTRATION</b>	27,121.1	21,124.2
<b>CENTRAL MINE GROUP</b>	573,080.5	629,930.4
<b>NORTHERN MINE GROUP</b>	192,476.8	180,141.8
<b>SOUTHERN MINE GROUP</b>	71,011.8	64,214.6
<b>HYDROMP-1</b>	92,141.7	84,214.1
<b>ZARAFSHAN CONSTRUCTION OFFICE</b>	66,325.6	63,124.1
<b>NAVOI MACHINE BUILDING PLANT PRODUCTION ASSOCIATION</b>	54,947.3	45,214.3
<b>OTHER SUPPORTING OBJECTS OF THE SOCIAL SPHERE</b>	44,146.5	32,122.2

The Company monitors greenhouse gas emissions and quantifies the volume of direct greenhouse gas emissions from facilities controlled by NMMC. In general, in 2021, the Company maintained the level of Scope 1 greenhouse gas emissions of the previous year.

In 2022, the Company intends to estimate Scope 2 greenhouse gas emissions and is also conducting an inventory of suppliers and their greenhouse gas emissions records to calculate Scope 3 emissions.

In the medium term, the Company will introduce initiatives to reduce the carbon footprint of its supply chain. The implementation of the programme of carbon footprint reduction initiatives will ensure that, with production growth, greenhouse gases emissions will be reduced to 17 tons CO<sub>2</sub>-eq/kg gold.

Within the framework of countering climate change, 2 units of photovoltaic plants with a total capacity of 200 kW were introduced during the reporting period.

**THE COMPANY MINIMISES EMISSIONS OF POLLUTANTS INTO THE ATMOSPHERE. TO THIS END, WORK IS UNDERWAY TO REDUCE THE VOLUME OF ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES AND PLANS TO INCREASE THE SHARE OF RENEWABLE ENERGY SOURCES IN THE TERRITORIES OF NMMC UNITS.**

# ENERGY MANAGEMENT

## Energy efficiency

GRI 103-1, 103-2, 103-3

Efficient management of energy consumption in the Company ensures the stable functioning of all industrial and social facilities of the NMMC. Improving energy efficiency is also one of our priorities in the field of environmental protection.

Main internal documents:

- Program to reduce energy intensity, introduce energy-saving technologies and systems in economic and social sectors for 2020-2022;
- ISO 50001 (in CMG).

Energy supply is an important vector of the Company's policy implementation. For more specific support of energy processes, NMMC has energy departments. The Central Energy Operational Dispatch Service manages all power supply facilities and controls their operating modes at NMMC. The energy departments and the Central Energy Operational Dispatch Service are accountable to the Company's Chief Energy Officer. The Company monitors the implementation of energy efficiency measures on an ongoing basis.

In accordance with the Government Decision, as of November 20, 2020, all non-technological substations and overhead transmission lines of NMMC SE were transferred to the National Electric Networks of Uzbekistan JSC, thereby there were changes in the structure of electricity consumption, i.e., NMMC JSC starting from the abovementioned time in 2020 and throughout 2021 was a consumer of JSC 'National Electric Networks of Uzbekistan'. Previously transferred substations and main overhead power transmission lines were on the balance sheet of the NMMC JSC.

In 2017-2018, three of the Company's units were certified in accordance with the international standard ISO 50001 'Energy Management System': Central Mine Group, Southern Mine Group, and NMBP. Each of the units has appointed energy management representatives as well as persons responsible for developing documentation, policies and targets for disseminating energy management and monitoring the implementation of energy saving plans.

Based on the results of the energy survey, the assessment was carried out and based on the results of the assessment, 'Comprehensive measures to reduce the energy intensity of economic and social sectors for 2020-2022' were developed.

## Energy consumption

GRI 302-1 EM-MM-130A.1

In terms of energy consumption, the Company is guided by Resolution No. 22 of the Cabinet of Ministers of the Republic of Uzbekistan, 12.01.2018 'On additional measures to improve the procedure for using electric energy and natural gas'. In 2021, the Company increased energy consumption by 8.96% compared to 2020, which

is due to the introduction of new production facilities within the framework of investment projects, increase in the volume of ore processing, and increase in mining production, extraction, and processing of raw materials. In the reporting period, the total energy consumption in NMMC JSC amounted to 30.2 million GJ.

### Consumption of purchased energy, GJ



### Fuel consumption from non-renewable sources by fuel type, GJ

FUEL CONSUMPTION FROM NON-RENEWABLE SOURCES BY FUEL TYPE (PURCHASE)	2019	2020	2021
Fuel oil	90,581	106,521	111,479
Natural gas	2,563,944	3,270,459	3,769,036
Gasoline	51,851	41,266	52,673
Diesel fuel	8,565,069	10,011,675	11,356,981
<b>Total:</b>	<b>11,271,445</b>	<b>13,429,921</b>	<b>15,290,169</b>

30.2

million GJ

the total energy consumption in NMMC JSC in the reporting period

15.29

million GJ

the total volume of fuel consumed from non-renewable sources

The purchased thermal energy in 2021 was used at the Navoi site. All other structural divisions used heat of their own production, based on the combustion of natural gas and heating oil.

The total volume of fuel consumed amounted to 15.29 million GJ in 2021 and increased by 13.85% compared to the level of 2020, due to the growth in production and production capacity of the Company.

**NMMC TAKES ALL POSSIBLE MEASURES TO REDUCE DEPENDENCE ON TRADITIONAL ENERGY SOURCES THROUGH THE WIDESPREAD INTRODUCTION OF MODERN ENERGY-EFFICIENT TECHNOLOGIES AND THE USE OF ALTERNATIVE ENERGY SOURCES.**

## Alternative energy

GRI 302-1 EM-MM-130A.1

In part of expanding the use of renewable energy, the Company is guided by the Law of the Republic of Uzbekistan, 21.05.2019 No. LRU-539 'On the use of renewable energy sources', as well as the Decree of the President of the Republic of Uzbekistan dated 22.08.2019 No. PP-4422 'On accelerated measures to improve the energy efficiency of economic and social sectors, the introduction of energy-saving technologies and the development of renewable energy sources'.

The use of renewable energy sources is one of the important directions of the overall strategy for the development of the NMMC economic sector. Considering the existing technical potential, the role and place of renewable energy in the current and future energy balance of the Company are determined. In accordance with this, NMMC is implementing several projects aimed at introducing renewable energy sources.

Using favourable climatic conditions and the potential of solar energy in Uzbekistan, the Company has developed and implemented projects on the use of solar energy to provide hot water supply through solar installations. The volume of energy received from solar installations increased by 13.93% in 2021 compared to 2020. Solar installations are used at NMMC facilities located in five regions of the Republic of Uzbekistan – Navoi, Bukhara, Samarkand, and Jizzakh. Solar installations are operated in the Northern, Central, and Southern Mine Groups, at the Navoi Machine-Building Plant, and at the HMP-1 Mine Group.

The company uses solar installations to generate energy

2019

during the period from 2009 to 2020, projects were implemented for the construction of 2,153 solar collectors with a total area of 0.5 hectares with a total annual savings of 2.7 million kWh per year in electrical equivalent;

2020

by the end of 2020, 2,662 solar collectors with a total area of 0.6 hectares and a total capacity of 3,253 GCal per year are successfully operated in the Company's divisions, which provides annual savings of up to 4.0 million kWh in electrical equivalent;

2021

on 2021, the plant operated 2,936 solar collectors with a total annual thermal energy output of 3,930 GCal per year (58.8% of the total production of hot water in the summer).

NMMC has introduced its own production of solar collectors, due to which the Company fully covers the need for these installations. Solar collectors are manufactured in the Central Laboratory of Instrumentation and Automation of the Navoi site. The generated energy from renewable energy sources is spent only for the company's own needs and is not supplied to third-party organisations.



## Reduction of energy consumption

GRI 302-4

With growing production volumes energy costs increase, and therefore, NMMC annually develops and implements measures aimed at energy and resource conservation.

By the end of 2021, due to the implementation of the energy intensity reduction program and the introduction of energy-saving technologies, total savings were achieved:



In addition, during the reporting period, the Company implemented the following projects on the introduction of energy-efficient technologies:

**8,000**

**GJ of electricity**  
introduction of the TrP-D system on EKG-2 excavators

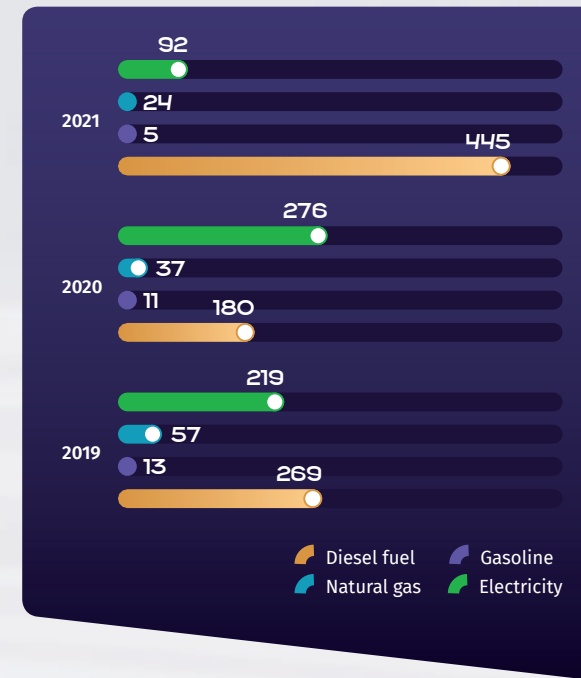
**11,000**

**GJ of electricity**  
application of a frequency-controlled electric drive

**2,000**

**GJ of electricity**  
introduction of energy-saving lighting devices

## The amount of energy savings, thousand GJ



**THE CALCULATION OF SAVING FUEL AND ENERGY RESOURCES WAS CARRIED OUT ACCORDING TO THE METHODOLOGY DEVELOPED BY THE MINISTRY OF ENERGY OF THE REPUBLIC OF UZBEKISTAN, CONSIDERING THE CURRENT BASE YEAR.**

To ensure rational use of energy resources in the design, reconstruction, construction and commissioning of buildings and structures, they are checked for compliance with urban planning norms and rules for the use of energy-efficient and energy-saving technologies. Also, during the design, reconstruction and construction of all buildings and structures, except for individual housing construction, it is mandatory to install certified solar installations for hot water supply, as well as energy-saving lamps. In addition, energy efficiency criteria are considered in the preparation of the procurement terms of reference for energy equipment, works, services and design, as well as in the procurement of energy equipment, works and services, respectively.

## Energy intensity

GRI 302-3

### Indicators of energy intensity of production in 2020-2021, GJ/USD of marketable products



In 2021, specific consumption of fuel and energy resources in the Company's divisions increased by 4% compared to 2020 levels, due to a 15% increase in rock mass exports in 2021. The energy intensity indicator was 0.006 GJ/USD of commercial output. Calculation of energy intensity considered all types of fuel and energy (electric and thermal energy, consumption of natural gas, steam, diesel fuel, gasoline and fuel oil) relative to the total amount of marketable output (total revenue) in 2021.

**0.006**

**GJ/USD**  
the energy intensity indicator in 2021

In accordance with the above methodology, the energy efficiency indicator of an enterprise is defined as the ratio of the total consumption of all types of energy resources (purchased, excluding renewable energy), reduced to a single indicator (GJ), to the total amount of marketable products (GJ/US dollars of marketable products).

## Automated control system and commercial electricity metering

In the medium term, the Company plans to centralise the Automated Information and Measuring System for Electricity Control and Metering (AIMSECM), whose facilities have a local system, as well as to include additional facilities in the unified AIMSECM. AIMSECM is designed for automatic remote recording of readings

- getting energy consumption readings in automatic mode;
- preventing commercial electricity losses;
- application of a multi-tariff accounting system and ensuring rational energy consumption;
- implementation of a unified data collection system for NMMC;
- exceptions to the human factor;

of electric meters of objects and data processing. The purpose of the development and implementation of the AIMSECM is to increase the level of control and accounting of electricity, providing all users of the system with complete information on electricity consumption at NMMC facilities for:

- reduction of transport costs due to remote data collection from metering devices;
- operational accounting of electricity consumption for financial calculations;
- analysis of forecasting and operational tracking of loads;
- improving the accuracy of calculations for electricity.



## Medium-term prospects and plans for 2022

GRI 302-3

Further development of energy saving, and energy efficiency will be carried out through the rational distribution and operation of power supply systems, the introduction of new technological solutions, modernisation of equipment and an increase in the share of energy obtained from renewable sources.

- improvement of technological processes — 7.93 thousand GJ of electricity and 35.79 thousand GJ of natural gas;
- modernisation and reconstruction (including replacement of equipment with lower power, withdrawal to the reserve) — 91.85 thousand GJ of electricity;

In addition, in 2022, due to the implementation of measures under the roadmap to reduce the cost and energy intensity of production, as well as to increase energy efficiency, NMMC plans to save diesel fuel — 320.5 thousand GJ, gasoline — 74.6 thousand GJ, oil — 16.9 thousand GJ.

In connection with the transformation of NMMC SE into NMMC JSC, a 'Program for saving fuel and energy resources through the implementation of organisational and technical measures for 2022-2024' was developed. As part of this plan, the following energy efficiency measures were planned for 2022:

- introduction of energy-saving technologies — 17.57 thousand GJ thousand kWh of electricity;
- reduction of unproductive losses — 10.18 thousand GJ of electricity;
- introduction of alternative energy sources — 0.24 thousand GJ of electricity and 1.49 thousand GJ of natural gas.

In the medium term, NMMC plans to assess climate risks for business units, considering the trends of climate change in the regions of its presence.

## Photovoltaic plant construction

To reduce production costs by 2023, NMMC planned the construction of a photovoltaic plant (PVC) with different capacities of 500 kW, 100 kW, 40 kW and 10 kW PVCs under the following investment projects:

- construction of a 500 kW photovoltaic power plant to supply electricity to the administrative buildings of the Navoi Machine Building Production Association;
- construction of 500 kW photovoltaic power plant for power supply of administrative and production buildings of the Auto-repair shop of the Navoi Machine Building Plant Production Association;
- construction of 100 kW photovoltaic station under the investment project "Construction of complex for mining and processing of gold-containing ores at Pistali deposit (HMP-6)";
- construction of photovoltaic plant with capacity of 100 kW for power supply of administration buildings of the Administration Office of Navoi Mining and Metallurgical Plant;
- construction of photovoltaic station with capacity of 40 kW for power supply of administrative buildings of Central Laboratory of Instrumentation and Automation Department of Production Automation Department;
- construction of a 10 kW photovoltaic station to supply power to the administrative buildings of the Grid and Substation Shop.

## Solar water heating systems construction

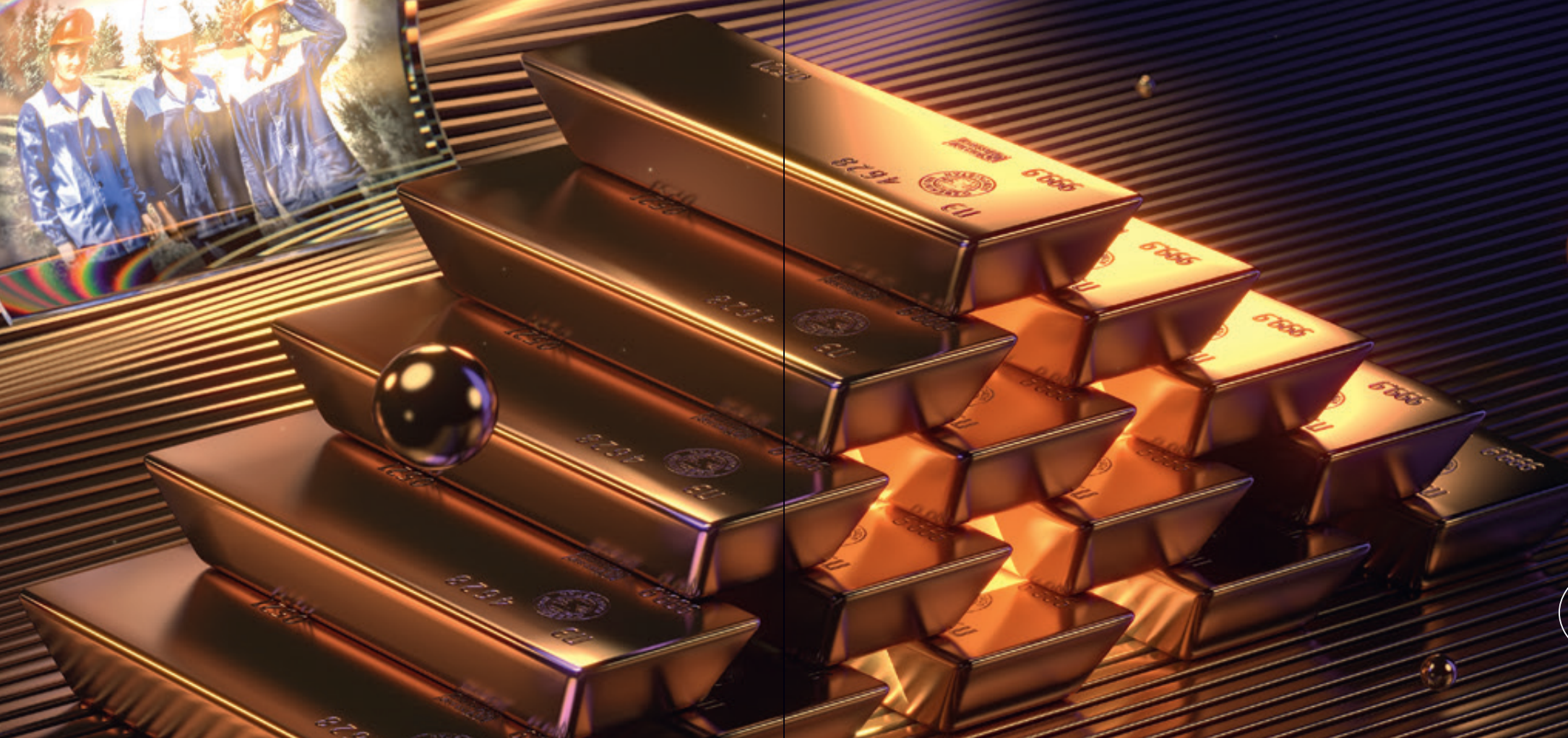
Installation and commissioning of 3,346 solar water heating units reaching a total number of 4,993 units at the mill (total capacity of up to 723,985 liters per day) to cover 100% of hot water demand of the mill's 23 units in summertime. Total heat production is 13,683 Gcal and natural gas savings of 1.67 million m<sup>3</sup> per year.



# SOCIO-ECONOMIC CONTRIBUTION

> **\$92** million

social payments in 2021



**Material Topics**

- Procurement Practice
- Anti-corruption
- Compliance in the socio-economic sphere
- Responding to the ongoing COVID-19 pandemic

**Contribution to the UN SDGs**

**3** GOOD HEALTH AND WELL-BEING



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**12** RESPONSIBLE CONSUMPTION AND PRODUCTION



**17** PARTNERSHIPS FOR THE GOALS



**GRI, SASB Indicators**

GRI 103-1, GRI 103-2, GRI 103-3, GRI 102-9, GRI 102-10, GRI 102-44, GRI 204-1, GRI 205-3, GRI 419-1

**Key indicators for 2021**

95%

local procurement

969

active suppliers

NMMC JSC aims to improve the procurement system to ensure economic and operational efficiency, competitiveness, and transparency of business processes. Procurement is managed by the Procurement Service of all divisions of the Company.

**Goals**

95%

procurement from local vendors for operational activities

Introduction of ESG questionnaires for all major suppliers by 2023.

**Basic regulations International founding documents:**

- Principles of responsible gold mining;
- UN Global Compact, ISO 14001.

**Corporate founding documents:**

- Code of Ethics NMMC JSC;
- Conflict of interest rules;
- Procurement Policy;
- Procurement Regulations;
- Regulation about GME and SLP;
- Logistics management regulation;
- Regulation on Procurement Department;
- Regulations for inventory management, procurement planning, performance management.

**Certification**

19 certificates\* of the International Anti-Corruption Academy (International Anti-Corruption Academy) in areas:

- 'Managing conflicts of interest';
- 'Declaration of property – indicator of corruption detection';
- 'Prevention of procurement fraud and corruption';
- 7 certificates from the Ministry of Finance 'Public procurement';
- 2 sector certificates from the Anti-Corruption Agency.

\* Received after the reporting period.



# RESPONSIBLE SUPPLY CHAIN

GRI 102-9,102-10, 103-1, 103-2, 103-3

## Management approach

The Company's procurement approach is supported by internal regulatory documents and external regulations required for the procurement process. Procurement is an important part of business management, as quality, timely and transparent procurement procedures depend on the quality of operations.

In 2021, NMMC JSC had more than **1 000 business partners** (Australia, Germany, India, Kazakhstan, and others) from which the Company purchased materials, goods, and services for continuous work. The main categories of purchases of goods and services were metal rolling, career machinery, diesel fuel, technological chemistry. In 2021, compared to 2020, there were no additions in the category of products.

In 2021, NMMC JSC sought to improve and modernise these processes in accordance with current world practices:

- 1

### E-PROCUREMENT

In accordance with the requirements of the Law on Public Procurement, based on the principle of transparency of procurement and conclusion of contracts, NMMC JSC began to implement procurement procedures on resources and platforms e-xarid, e-shop, cooperation.uz, xt-xarid, as well as through UzRCE (Uzbek Republic Commodity Exchange). The company plans to automate the tendering and purchasing process from January 1, 2022, to reduce the percentage of the fictitious price for products, as well as to improve payment terms.
- 2

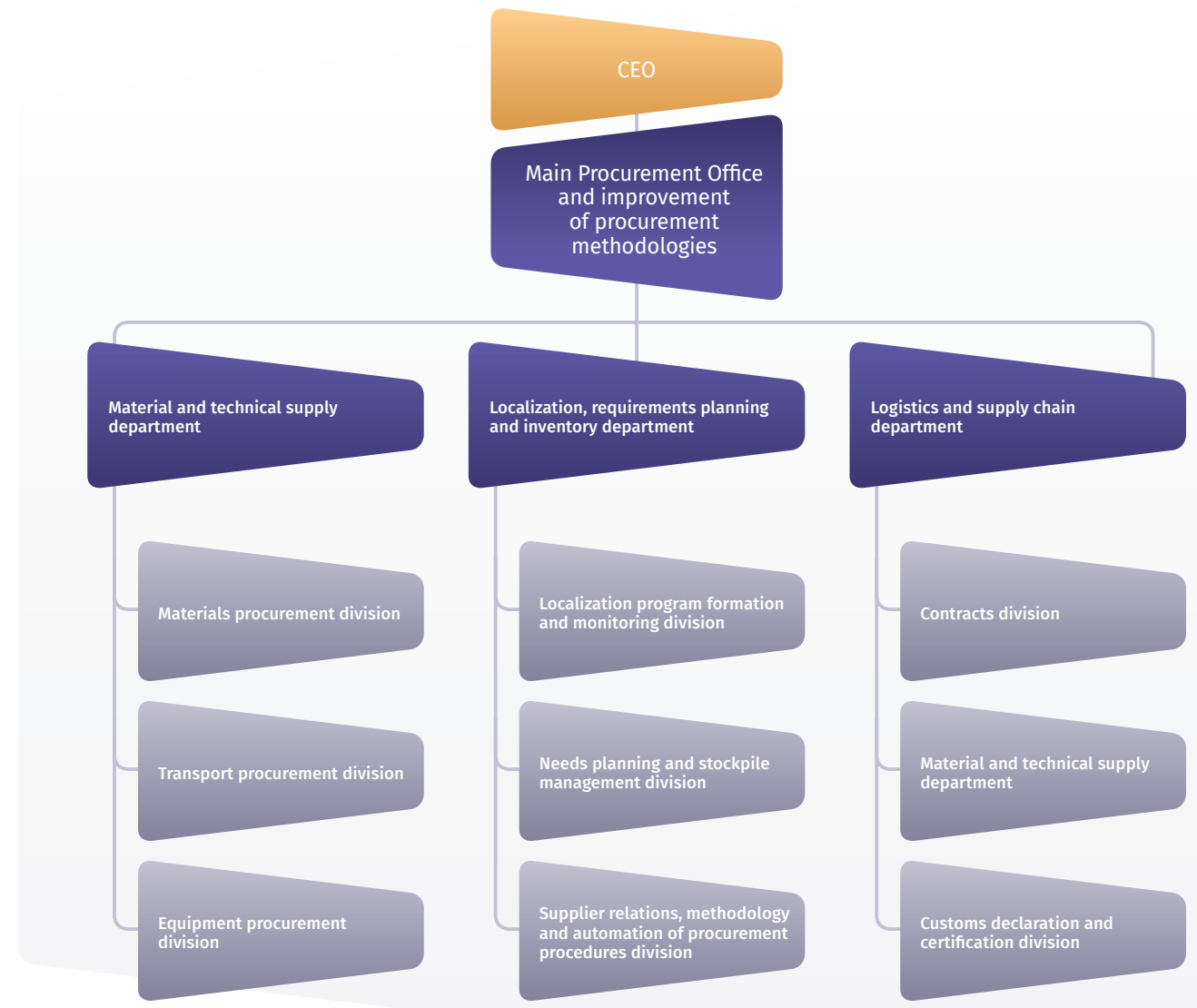
### ESTABLISHMENT OF THE COMPLIANCE SERVICE

In NMMC JSC the Compliance Service was set up in the National Public Prosecutor's Office based on the requirements of the Anti-Corruption Agency of the Republic of Uzbekistan to improve compliance with international and internal business rules, as well as control of the processes of procurement of raw materials. Positive development in this year's was the extension of current contracts with key contractors and suppliers, which increased the economic stability of many enterprises.
- 3

### CENTRALISATION OF SERVICE

In 2021 the Company's all purchases were centralised. Also, the implementation of the 1C ERP system was started, plan of training of personnel on the new system began.

## Organisational structure of the General Procurement Office and improvement of procurement methodologies



## Local procurement

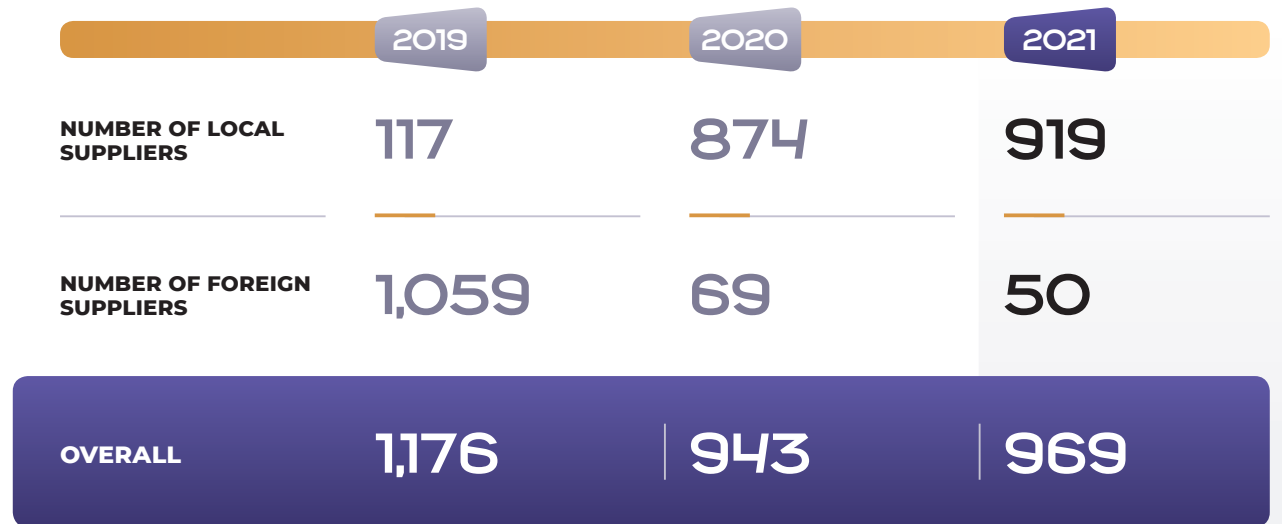
GRI 204-1

The support and loyalty to local products from the social and economic viewpoint make a significant contribution to the development of the region where the structural units of the NMMC JSC operate. This approach is also expected to reduce logistics costs. From an environmental point of view, it will affect the reduction of greenhouse gas emissions.

NMMC JSC is one of the largest consumers of local production, which is reflected in the results of intersectoral cooperation programmes. As part of the fairs held in the regions, the Company holds meetings with local producers to discuss problems of cooperation, development of production, removal of barriers.

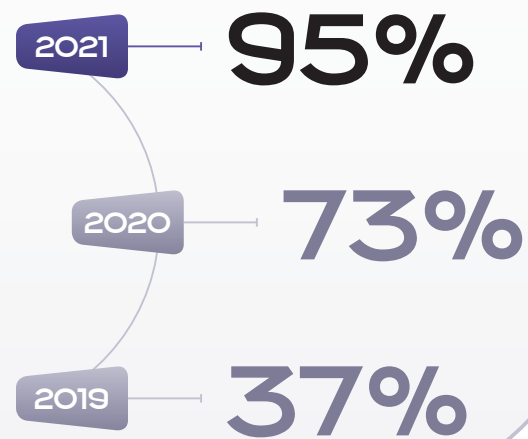
<sup>7</sup> By local suppliers the Company means business entities registered in the territory of Uzbekistan.

The total number of NMMC JSC suppliers from 2019 to 2021, units

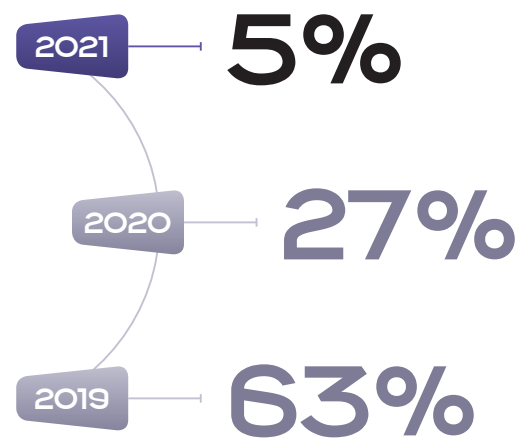


Total NMMC JSC expenditures as a percentage from 2019 to 2021, %

LOCAL SUPPLIERS



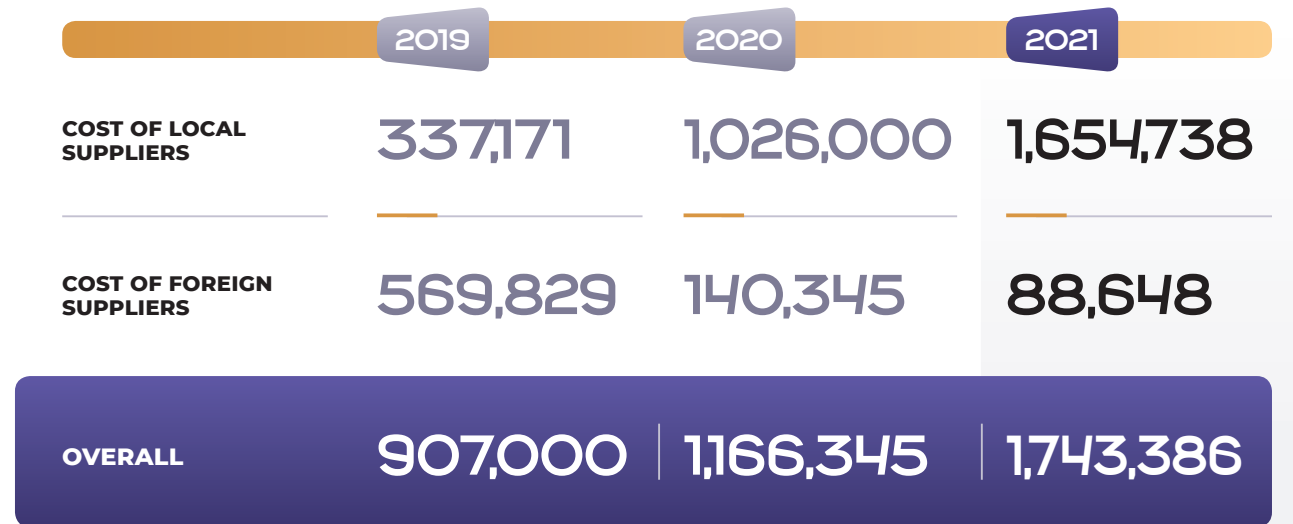
FOREIGN SUPPLIERS



In 2021, NMMC JSC spent a considerable amount of money on the purchase of metal rolling, quarrying machinery, diesel fuel and process chemicals. Metal rolling and diesel fuel was purchased on the Uzbek Commodity Exchange, with the help of metal traders and traders, career equipment was purchased based on tenders and selections. Buy a large share of technological chemistry on the cooperation.uz platform. All significant deliveries were made on DDP terms (Delivered, Duty paid means 'delivered', 'fee paid').

The geographical location of suppliers is considered when selecting a supplier in terms of timing, economy, and environmental friendliness. The e-procurement system is based precisely on attracting and supporting local producers. There were no significant changes in the location of suppliers, the structure of the supply chain or the relationship with suppliers in 2021.

Total costs of NMMC JSC for the supply of raw materials and materials from 2019 to 2021, thousand USD<sup>8</sup>



## Sustainability control of suppliers' business

In monitoring and Supplier Selection System is transparent, many processes are conducted on electronic platforms that speed up the process of selecting and screening suppliers. The choice of supplier is based on standard questionnaires, which ensures equal opportunities for all. The NMMC JSC has a transparent system for monitoring and selecting suppliers.

According to the Law of the Republic of Uzbekistan 'On Public Procurement' of April 9, 2018, tenders from the NMMC JSC are published on the official corporate website and the state portal. In the corporate site of NMMC you can see the section 'Tenders and Competitions', in which you can find TIN NMMC and use the information in search of the tender of interest from NMMC.

Vendor selection consists of the following steps:

- 1 the basic stage of vendor verification begins with a review of the vendor's open-source activities by the Compliance Service. This stage of verification includes the fact of violations of obligations of the supplier to former counterparties, violations of legislation in the countries of business, the absence of human rights violations, supplier policies towards employees and the environment in which it operates. Since the foundation of the Compliance Service, specialists have reviewed 24 procurement contracts. In 2021, the Compliance service was introduced and the instruction 'Procedure of pre-qualification of potential suppliers' was formed;
- 2 allow visits to the location of the supplier to review the production process, corporate culture and the absence of other factors affecting the procurement decision;
- 3 the qualifications of the staff that are relevant to the entire procurement process are also considered before entering the tender.

<sup>8</sup> The table presents data for all Company's subdivisions. 100% of Company's subdivisions are located in the territory of the Republic of Uzbekistan.

## Anti-corruption activities

NMMC JSC aims to maintain and create a more powerful and sustainable Company, which will serve the benefit of the population in the regions of presence and the state. Since 2021, the Company has implemented an Anti-corruption policy to create a more sustainable system of transparency, intolerance to bribery and corruption.

In 2021, unauthorised middlemen from equipment manufacturers as official suppliers were not allowed to participate in the tender for the purchase of mining equipment (mining machinery). The company has established a register of unfair suppliers. To prevent reputational risks, as well as to resolve issues in the pre-trial procedures, procurement officers undertake the necessary preventive work.

## Activities of the Compliance Service

GRI 102-44, 205-3, 419-1


The Company takes all irregularities seriously that occur in its enterprises, so there are anonymous tools for appeals of NMMC employees, former employees, clients, and other stakeholders. NMMC encourages all concerned to report any alleged violations or misconduct by contacting the Compliance Service.

The Company has implemented compliance service since the second half of 2021, which receives and processes complaints in electronic, written, and oral form. In addition, appeals are received from the virtual reception of the President of Uzbekistan. The collected report on complaints and their decisions is provided to the Board of Directors.

First, the responsible specialists analyse the applications received and take concrete measures to resolve the issues, following formal procedures.

During the Service's operation, 2 829 requests were received, all requests were registered and authorised. Large number of foreign appeals on labour issues.

Theme of the issues for 2021, units

	WRITTEN	ORAL	ELECTRONIC	VIRTUAL OFFICE OF THE PRESIDENT	VIRTUAL RECEPTION OF THE PRIME MINISTER
Employment	71	78	86	1,241	—
On municipal issues	5	0	0	10	—
Training	33	3	8	36	—
For pension and social affairs	7	0	0	5	—
On labour and employment issues	206	40	5	238	—
On social protection	226	17	8	30	—
On medical issues	144	5	0	14	—
On housing	25	18	0	45	—
Other issues	67	6	5	129	—
<b>OVERALL</b>	<b>784</b>	<b>167</b>	<b>112</b>	<b>1,748</b>	<b>18</b>

# TECHNOLOGY AND INNOVATION



No

place in the nomination 'Best Indicators on ICT Development and Digitalisation of Activities' (Economic Government Body)

**\$4.24** million

invested in 2021

IFRS reporting is fully automated

## Achievements

**'NAVOIY MINING AND METALLURGICAL COMBINE' JSC CONDUCTS LARGE-SCALE OF WORKS ON CONSTRUCTION OF NEW PRODUCTION FACILITIES, EXPANSION, AND MODERNISATION OF EXISTING ENTERPRISES FOR TODAY. INTRODUCTION OF MODERN INFORMATION AND COMMUNICATION TECHNOLOGIES AND AUTOMATION OF PRODUCTION ARE AN INTEGRAL PART OF THIS PROCESS.**

It should be noted, that to ensure the continuity and stability of production and management processes require the organisation of wired and mobile communications, the construction of data networks, computer and network infrastructure, Implementation of software systems and automated process control systems (APCS). The specialists of NMMC JSC developed and implemented systems for management of production, transport, financial and accounting records, personnel, logistics, energy resources, preventive maintenance.

Since the 1 of December 2021 the position of Information Technology and Digitalisation Director (CDD) of NMMC was introduced, as well as the Information and Communication Technology Management and Production Automation Department. The Central Research Laboratory (CRL), the Central Design Bureau (CDB), the Central Constructor Bureau (CCB), the Central Physical and Chemical Laboratory (CPChL) of the Northern Mine Group, are also in operation, Central Laboratory of Gamma Activation Analysis, Central Plant Laboratories (CPL) on HMP-2 and HMP-3.

## Information Technologies in the Company

The computer and telecommunication infrastructure of the NMMC JSC has been significantly upgraded over the past few years. More than 3,000 units of computer equipment have been acquired and modern data centres have been built. The number of users of the corporate network at the end of last year was more than 5,000.

Since 2020, more than 20 information systems have been operating in the NMMC JSC, which simplify the conduct of production and management tasks.

For the development of telecommunication systems, the project 'Technical re-equipment of telecommunication systems NMMC JSC' was developed, providing for the complete replacement of outdated technologies in this field and the introduction of the most modern achievements.

The project is currently operating fast-acting managed network switches (about 470 units) and firewalls (65 units). Copper cables have been replaced by modern fibre-optic cables, and wireless data transmission systems have been introduced at facilities that do not have the capacity to install wired lines, resulting in higher data transmission rates. For example, until 2019 on external networks the data transmission capacity was 2 megabits per second, and now — 100 megabits per second. The onsite network has grown from 10 megabits per second to 1 gigabit per second.

> 3,000

**units of computer equipment**

have been acquired

470

**units**

fast-acting managed network switches are put into operation

100

**megabits per second**

the data transmission capacity on external networks

> 5,000

**users**

of the corporate network at the end of 2021

65

**units**

firewalls are put into operation

1

**gigabit per second**

the onsite network transmission capacity

Pursuant to the Resolution of the President of the Republic of Uzbekistan of 17 December 2021 'On measures to create conditions for the accelerated introduction of artificial intelligence technologies' in 2021, a roadmap for the implementation of information technology projects was adopted in the NMMC JSC together with the Ministry of Information Technology and Communications Development.

In 2021 the following digitalisation projects were implemented:

- automated financial reporting process in accordance with IFRS;
- automated systems for the management of the mountain transport complex are implemented;
- automated process control system is implemented at hydrometallurgical plants;
- digital Technologies Integrated into mining, geological and markshader's services;
- digital design systems were introduced into the activities of design services (BIM technology).

In particular, the introduction of an intelligent system to improve the extraction of gold from refractory ores at Hydrometallurgical Plant-3 increased the recovery of precious metal by reducing the impact of human factors on the process. New mill blocks were put into operation at Hydrometallurgical Plant-2, where digital technologies based on modern software and technical complex were introduced, which allowed to increase the processing of gold-containing ore from 300 tons per hour to 330 tons per hour. On the HMP-2 mill blocks, automatic control of hydro-cyclone plants by Engineering Dobersek (Germany) was introduced, which allowed to improve the quality characteristics of the grinding

process and release space for the construction of new mill blocks. An important advantage of the automatic control system of hydro cyclonic plants is the possibility of its integration into higher level Automated system of control (ASC). This allowed the ASC to be developed using the Grind Expert grinding process to increase mill block productivity by 5-7%. Automated central control of all plant processes was organised, which contributed to the creation of a unified integrated automation system on HMP-2.



+ 30

tons per hour

processing gold-containing ore to HMP-3 after implementation of smart system for gold extraction from refractory ores



+ 5-7%

increase in mill block productivity at HMP-2 following the development of ASC by GrindExpert grinding process

As an achievement during the reporting period, it should be noted that on 25 June 2021, in Tashkent, a ceremony was held to award state authorities and management for positive results in the framework of digital development, organised by the Ministry for the Development of Information Technologies and Communications of the Republic of Uzbekistan and the State institution 'E-Government Project Management Centre'. Within the framework of this event, NMMC JSC was awarded with the nomination 'Best Indicators on ICT Development and Digitalisation of Activities' (Economic Government Body).

In addition, a system for dispatching and monitoring the operation of vehicles based on a satellite monitoring system has been introduced in NMMC JSC. Currently, the number of monitoring objects exceeds 3,500 units of equipment, and the number of workplaces for the use of the system is more than 150. The software and hardware complex of fuel and lubricants (FL) issuance via electronic identification cards and automation of the process of distribution of fuel on mobile tankers allow to organise the process of dispensing fuel without participation of operators of fuel stations, strengthen control over accounting and consumption of FL and prevent theft. Combined with organisational and technical measures, in 2020-2021 the system reduced the unit rate of diesel fuel per unit of mountain mass transported from 1.42 to 1.37 l/m<sup>3</sup>, which was more than 13,800 tons of diesel fuel in volume equivalent.

Dispatch systems have been introduced in NMMC both at open quarries and in underground mines. Online monitoring systems of quarry machinery work allow operational management of dump trucks, excavators, and drilling rigs. The Underground Mining Management Information System performs continuous shift monitoring at the 3 underground mines Zarmitan, Gusumsai and Karakutan. Underground gold mines are equipped with a video surveillance system. To coordinate the actions of the engineer during the operations of descent/lifting of people, delivery of goods and equipment, carrying out audits and inspections at the mine hoisting facilities, modern equipment of 'MSC-Dnipro' is introduced.

3,500

units of equipment

are the objects of observation of a the vehicle dispatch and monitoring system based on the satellite monitoring system

13,800

tons of diesel fuel

maintained the GPS system through electronic identification cards and automated mobile fuel dispensing

100,000

**documents monthly**

registered in the automated reporting system

1,150

**places of occurrence of expenses**

are recorded in the automated reporting system

The automated industrial safety management system allows the Company to keep a list of hazardous production facilities and a register of accidents. An automated occupational health and safety system has been introduced to automate the recording and monitoring of medical examinations, occupational health and safety briefings, and occupational diseases and accidents. The Information System for Predicting the Consequences of Emergency Situations at Hazardous Production Facilities allows for advance and urgent forecasting of the extent of damage and consequences in accidents.

Progress in information technology for 2021 also includes automation of reporting under IFRS. In 2021 the system was put into industrial operation: the work of about 700 users is automated, the system keeps records for 1,150 places of occurrence of expenses, records more than 100,000 documents monthly. This decision ensured the unification of accounting processes and the use of common approaches when reflecting economic operations under IFRS by all units of NMMC JSC, as well as provided transparency of all business operations with user processes and real-time monitoring of financial reporting. With the help of the introduced system, the possibility of obtaining consolidated information from all divisions of the enterprise is provided, and the remote online monitoring of their financial and economic activities is realised also. The system will significantly reduce the time and time required for reporting in accordance with IFRS, as well as the timing of its audit, the formation of reporting for the first half of 2022 will be made using information from the information system.

Introduction of an automated system for management of financial and economic activity and accounting allows to provide operational and final information to the management of the plant and to the state agencies. The NMMC JSC has successfully implemented external and internal 'Electronic invoices', which allow to maintain electronic invoices, power of attorney, consignment notes, certificates, contracts. For a month more than 30 thousand

electronic documents of financial and economic activity of the enterprise are formed in these systems, which provides reliable long-term storage of electronic copies of documents. As a result of the implementation, work time for document processing has been reduced and paper and travel costs have been optimised.

**THE INFORMATION SYSTEM '1C: SALARY AND PERSONNEL MANAGEMENT 8' HAS BEEN SUCCESSFULLY IMPLEMENTED IN LARGE DIVISIONS OF THE PLANT. THIS SYSTEM MAKES IT POSSIBLE TO AUTOMATE THE TASKS RELATED TO THE CALCULATION OF WAGES, PERSONNEL MANAGEMENT, AND LABOUR STANDARDS, CONSIDERING THE REQUIREMENTS OF THE LEGISLATION AND THE SPECIFICS OF THE WORK OF THE NMMC JSC. THE SYSTEM HAS A UNIFIED REFERENCE SYSTEM AND A PAYROLL METHODOLOGY.**

In all units of the plant warehouses work online. The automation of warehouses made it possible to view current inventory balances in warehouses in real time, to identify deficit positions for inventory, to identify surplus stocks in a timely manner to determine their feasibility and to alert to the existence, automate the process of inventorying and calculating documentary balances, reduce costs and effort in searching and processing documents, and maintain accounting records.

As part of the transformation of the Navoi Mining and Metallurgical Company, the enterprise launched units of the information system '1C: ERP Holding Management': 'Non-exhaustive assets', 'Inventories, purchases (planning, contract activities)', 'Treasury, cash accounting'. Starting from 2022, this system will automate all business processes of the NMMC JSC and generate reporting in accordance with international financial reporting standards.

30,000

**electronic documents monthly**

are generated by an automated system for the management of financial and economic activities and accounting system

&gt; 11,000

**subscribers at NMMC facilities**

are provided by telephone, audio and video conferencing by software and hardware

For exploration, planning and development of new mineral deposits, as well as further development of existing deposits, Micromine software with 3D modelling functions has been introduced in the plant. The efficiency of use consists in anticipating the risk of not confirming the geological information associated with the completeness of the actual material used by the objects and adjusting the count of reserves obtained by the traditional method. To assess, design, optimise and plan mining operations, to create an electronic database of exploration data, to map the geological structure of quarries, to predict the deformation of the sides of quarries, to calculate reserves, mining was introduced GEOVIA MineSched, Studio OP. The introduction of these products allowed specialists to count reserves under the JORC code for 12 fields in a short time.

In a world of ever-increasing demands on the volume and quality of production of mining and metallurgical companies before the laboratories of chemical and physical and technical research samples (samples) the objective is to increase substantially the productivity (number of samples processed per unit of time) while maintaining a consistently high quality of the results. This problem can be solved by using fully automated laboratories that allow analysis of samples with high speed and accuracy with fully automated recording of research results not achievable by manual (traditional) treatment method. The sampling container identification system is designed to automate and digitise the analysis preparation process.

Operational management of NMMC JSC production facilities is ensured by: the use of telephone communication (more than 11 thousand subscribers), audio and video conferencing through software and technical means True Conf for 270 subscribers and Polycom Real Presence, Covid-19 pandemic conditions ensures the operational communication of the plant's specialists, the exchange of data in the corporate computer network, uniting all

major divisions of the plant and individual computers, telecommunications operators of the Republic of Uzbekistan are connected via networks. To assess, design, optimise and plan mining operations, create an electronic database of exploration data, map the geological structure of quarries, predict the deformation of the sides of the quarries, and calculate reserves, mining was introduced in the GEOVIA Mine Sched, Studio OP. This allowed specialists to count reserves under the JORC code for 12 fields in a short time.

At the production sites of hydrometallurgical plants intelligent systems are introduced based on a modern comprehensive automated system of control of technological processes, which covers almost all technological processes. This system provides digital end-to-end process management at all stages and provides objective data for rapid response to changes, eliminating accidents, downtime, wear, repair and increasing efficiency.

With the spread of the coronavirus infection pandemic around the world, the use of modern ICT in the work of enterprises has never gained a special status. Much work has been done in this direction in the NMMC JSC. The exchange of documentation with the state bodies and organisations of the country is carried out only in electronic form, via secure e-mail. Many years ago, the paperwork was transferred to the electronic format through the introduction and scaling up of the information system 'Office management and control of execution'. For online meetings, the offices of management and chief specialists of the plant are equipped with webcams and connected to a multilateral videoconference system.

Thus, the large-scale work carried out by the NMMC JSC on the introduction of modern digital technologies into the production and technological processes of the enterprise's functioning serves the further development of the combine and increase its competitiveness in the world area.

# MEASURES TO COUNTERING THE SPREAD OF COVID-19

GRI 103-1,103-2

## Systematic approach

The company has strengthened its reputation as a responsible business since the beginning of the pandemic, focusing on the well-being of stakeholders, prevention initiatives and community support. The Group continued to following the same goals in 2021. The Company takes care of the health of its employees because the atmosphere in the Company depends on it.

During the reporting period, an assessment of the epidemiological situation and the registration of cases was made. The Company works closely with both public and private health institutions to monitor the spread of the virus and ensure timely and adequate response.

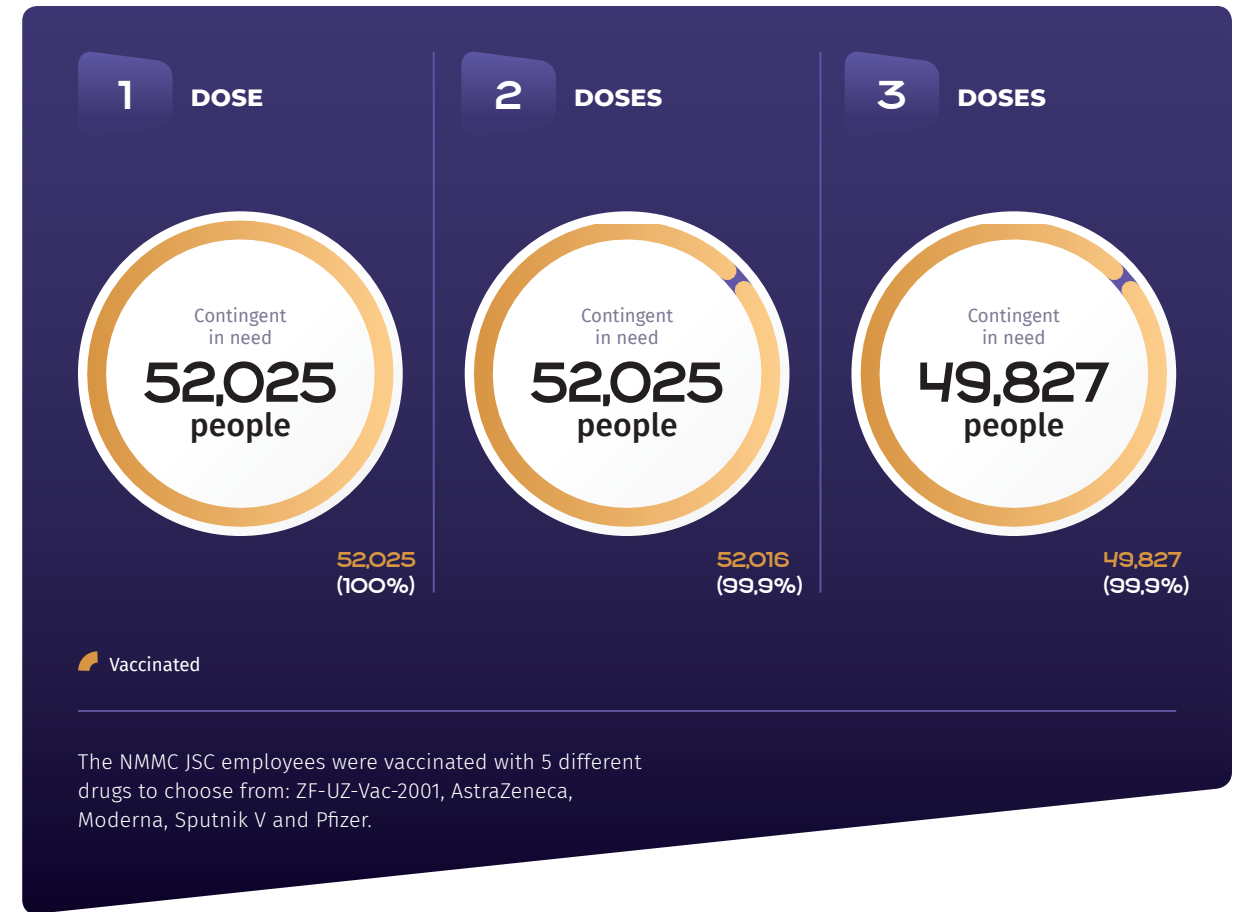
To control and prevent the spread of coronavirus infection in the Company in 2021 the following measures were taken:

- joint work of the enterprise and the Trade Union Council of the NMMC JSC in terms of the planning of epidemiological and preventive measures;
- the Central Headquarters of the Coronavirus Infection Prevention Company;
- preventive disinfection is organised in places of mass concentration of workers;
- daily non-contact thermometry of thermal imagers was carried out at the enterprise;

Mobile medical teams have been set up in the medical unit and the Ministry of Emergency Situations (MEU) to actively identify patients suspected of coronavirus infection, and hospitals have also been set up for qualified treatment of patients. In several parts, PCR (Polymer chain reaction)-laboratories with all necessary equipment were organised for timely warning and detection of Covid-19 in employees of the enterprise. Statistics of Covid-19 was covered in the media. The newspaper 'Life of miners' published an article on the prevention of coronavirus infection.

**IN ACCORDANCE WITH THE GENERALLY ACCEPTED NORMS AND REGULATIONS OF THE REPUBLIC OF UZBEKISTAN FOR THE PREVENTION AND PROPHYLAXIS OF CORONAVIRUS INFECTION, VACCINATION WAS CARRIED OUT IN THE NMMC JSC FOR EMPLOYEES AND MEMBERS OF THEIR FAMILIES AT THEIR PLACE OF RESIDENCE.**

## Vaccination in 2021 against Covid-2021 , persons



- information and methodological materials were prepared and distributed to all units of the enterprise;
- sick employees and their families were given free Covid-boxes;
- treatment and prophylaxis facilities were prepared to receive patients with coronavirus infection, including beds, a stock of all necessary medicines, consumables for medical procedures, PPE, and medical equipment.

## Steps to innovation

In 2021, NMMC JSC together with the international Company McKinsey & Company planned several activities for the implementation of information technology projects. For example, in early 2022 it is planned to introduce the automation system of the 3rd mill block HMP-5. It is planned to conduct a complex of digitalisation on all key business processes of NMMC JSC, namely:

- exploration;
- mining operation;
- ore processing;
- production of semi-finished and finished products (including ancillary production);
- energy supply and production efficiency;
- full digitalisation strategy of NMMC JSC is planned for the 4th quarter of 2022.

## Medium-term prospects and plans for 2022

- Improve internal corporate procurement policies and regulations, conduct supplier screening training for sustainability interests, business ethics for contractors and employees, online or in person;
- complete system 1C deployments for procurement in 2022. This will address the full procurement cycle;
- improve needs planning processes, independent verification of the 2023 procurement plan, development, and implementation of analytical procurement support tools on key electronic platforms with consultants;
- develop a categorical strategy and train key procurement staff in the basics of category management in procurement;
- continue developing and managing relationships with key suppliers;
- by 2023 introduce analytical tools to support purchases on major electronic platforms;
- develop a strategy and train key procurement staff in the basics of categorical procurement management;
- implement the project on creation of digital dispatching systems of all production assets, to introduce a system of predictive maintenance and repair of equipment.

To optimise the operation of hydrometallurgical plants it is planned to implement systems of prompters, Based on artificial intelligence technologies.





# APPENDICES

## Appendix 1. About the Report

GRI 102-32, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54

The NMMC JSC Sustainability Report (hereinafter referred to as the Report or the Sustainability Report) discloses information on the performance of key sustainability and social responsibility management practices for 2021. The Sustainability Report is published in Russian and English languages.

The period covered in this sustainability report is January 1 to December 31, 2021, on the environmental, social, and economic impact in the area where NMMC operates, as well as interaction with all parties. Since 2019,

the Company has issued annual sustainability reports that disclose non-financial information and include an expanded chapter on corporate social responsibility. The Company's latest reports, as well as additional information on sustainability indicators, are available on NMMC's official website.

The report is approved by the Financial Director (CFO) and made available to stakeholders through publication on the corporate website. The process of preparation of the Report is coordinated by the Head of IFRS and GRI.

## Reporting boundaries

The Sustainability Report of JSC NMMC discloses information on the performance of key practices of the Company and its structural subdivisions of the gold mining segment presented in the table below.

Where the boundaries of information disclosure differ from those given, the boundaries are specified separately.

### Assets included in the Report

STRUCTURAL DIVISION	LEGAL NAME	REGION
NMMC Administration	'Navoi Mining and Metallurgical Company' JSC (NMMC JSC)	Navoi region, Navoi city
Central Mine Group	Central Mine Group of NMMC JSC	Navoi region, Zarafshan city
Northern Mine Group	Northern Mine Group of NMMC JSC	Navoi region, Uchkuduk district
Southern Mine Group	Southern Mine Group of NMMC JSC	Samarkand region, Nurabad city
HMP-1 Mine Group	HMP-1 Mine Group of NMMC JSC	Navoi region, Navoi city
Zarafshan Construction Department	Zarafshan Construction Department of NMMC JSC	Navoi region, Zarafshan city
Navoi Machine Building Plant Production Association	Navoi Machine Building Plant Production Association of NMMC JSC	Navoi region, Navoi city

## Material topics

When disclosing information, NMMC adheres to the principle of materiality, striving to cover the most important issues and present the key data that are in demand.

In preparing this Report, we selected topics that are important to internal and external stakeholders. The evaluation of topics takes place in three stages: analysis of open sources, collection of stakeholder opinions and compilation of a list of material topics according to the level of materiality.

First, the Company conducted a comparative analysis of material topics disclosed by benchmark companies

and an analysis of industry best practices, which resulted in a preliminary list of topics significant to the Company. The second stage involved using the results of last year's survey, in which participants evaluated the importance of each topic to stakeholders and the level of the Company's impact within the topic. This survey resulted in a list of the most significant topics, which at the final stage were agreed upon for disclosure in this Report.

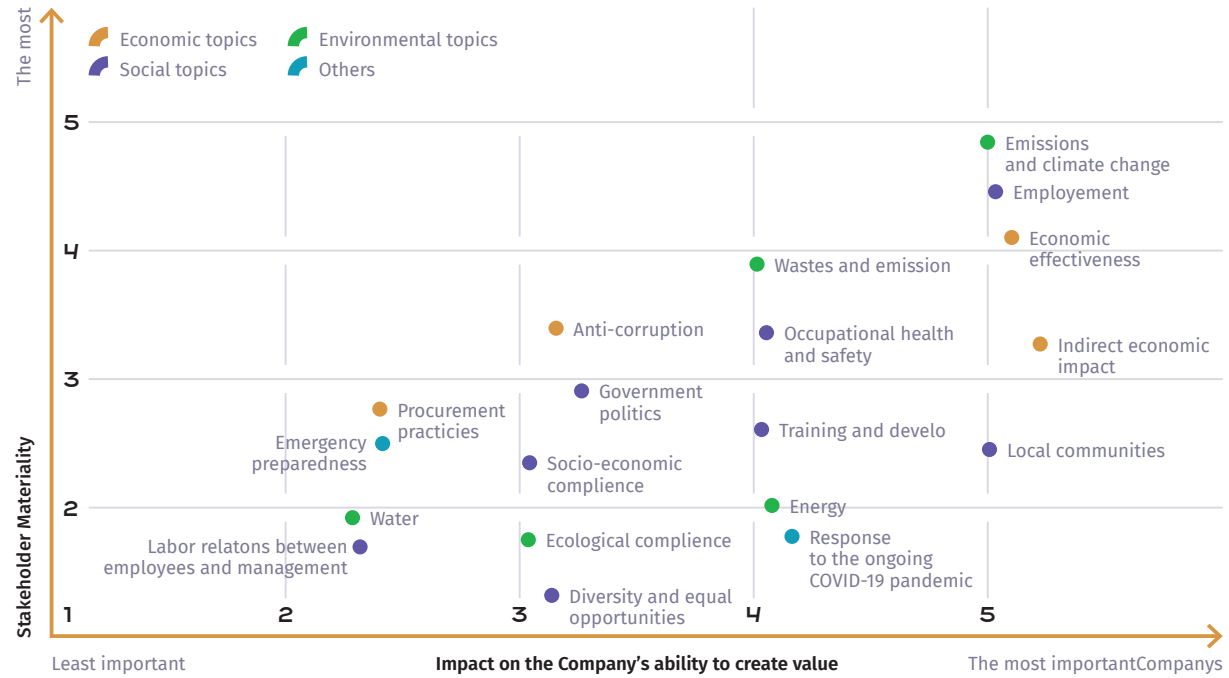
Two main criteria were considered during the collection of stakeholder opinions: the significance of the Company's economic, environmental, or social impact and the impact on stakeholders' judgments and decisions.

### Approach to Determining Material Topics



Based on the results of research on material topics, the following topics were selected for disclosure in this report, as presented in the matrix below.

**Materiality matrix**



Data on sustainability performance for this Report was collected at the level of NMMC Administration. The indicators have been disclosed and calculated in accordance with the requirements of GRI standards and selected SASB indicators. This Report contains references (indices) to the relevant standards that were used to disclose this or that indicator.

Many of the selected topics are highly interrelated and significant throughout the Company's value chain. For the purposes of this report, we have categorised the topics as follows:

**Economic matters**

- Economic performance
- Indirect economic impacts
- Procurement practices
- Anti-corruption

**Ecological matters**

- Energy
- Water
- Biodiversity
- Emissions and climate change
- Wastes
- Ecological compliance

**Social matters**

- Employment
- Labour relations between employees and management
- Occupational health and safety
- Training and development
- Diversity and equal opportunities
- Local communities
- Public policy
- Socio-economic compliance

**Other significant matters**

- Emergency preparedness
- Response to the ongoing COVID-19 pandemic

**Appendix 2. Contact Information**

GRI 102-3, 102-53



**Location:** Republic of Uzbekistan, Navoi Region, Navoi city, Navoi 27 street

**Telephone (office):** +998 79 227-71-64

**E-mail:** info@ngmk.uz

**Website:** www.ngmk.uz

**Contacts for non-financial reporting and sustainability**

**Alexander Fadeev, Head of IFRS and GRI Division**

**Telephone:** +998 79 227 7541

**E-mail:** Aa.fadeev@ngmk.uz

## Appendix 3. Table of GRI Indicators

### GRI 102-55

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>102. General disclosures</b>					
NMMC History					
102-1	Name of the organisation	About NMMC, NMMC history, p. 18	In full	NMMC JSC	
102-2	Activities, brands, products, and services	About NMMC, NMMC history, p. 18	In full	NMMC JSC	No products or services prohibited in certain markets
102-3	Location of headquarters	Appendix 2. Contact information, p.177	In full	NMMC JSC	Annex 2. Contact information, p. 177
102-4	Location of operation	About NMMC, Geography of activities, p. 28	In full	NMMC JSC	
102-5	Ownership and legal form	About NMMC, Business model, p. 18	In full	NMMC JSC	
102-6	Markets served	About NMMC, Geography of activities, p. 28	In full	NMMC JSC	
102-7	Scale of the organisation	The Company in Numbers — Key Indicators for 2021, p. 08 About NMMC, Business model, p. 22 Our people, Employment, socio-cultural diversity, and equal opportunities, p. 61	In full	NMMC JSC	
102-8	Information on employees and other workers	Our people, Employment, socio-cultural diversity, and equal opportunities, p. 61	In part	NMMC JSC	The company has only an open-ended and fixed-term type of contract. The company does not keep statistics on the listed number by region
102-9	Supply chain	Socio-economic contribution, Responsible supply chain p. 158	In full	NMMC JSC	
102-10	Significant changes to the organisation and its supply chain	About NMMC, Business model, p. 22 Socio-economic contribution, Responsible supply chain p. 158	In full	NMMC JSC	
102-11	Precautionary principle or approach	Sustainable development, Sustainability management approach, p. 36 Occupational health, safety, and emergency preparedness, Management approach to OHS and emergency situations, p. 76 Environmental protection, Management approach to environmental protection, p. 106	In full	NMMC JSC	The company supports a precautionary approach to environmental issues. This approach focuses on sustainability risk assessment in operational activities.
102-12	External initiatives	Sustainable development, Contribution to the achievement of sustainable development goals, p. 52	In full	NMMC JSC	
102-13	Membership of associations	Sustainable development, Contribution to the achievement of sustainable development goals, p. 52	In full	NMMC JSC	NGMK has been a member of the London Precious Metal Manufacturers Association (LBMA) since 2018. LBMA is the world's only independent organ for precious metals. The NGMC prepares an annual compliance report and receives certification from an independent company

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
102-14	Statement from senior decision-maker	Chairman's Statement, p. 04		102-14	Statement from senior decision-maker
102-15	Key impacts, risks, and opportunities	Sustainable development, Sustainability management approach, p. 38	In full	NMMC JSC	
102-16	Values, principles, standards, and norms of behaviour	Sustainable development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
102-17	Mechanisms for advice and concerns about ethics	Sustainable development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
<b>Ethics and integrity</b>					
102-18	Governance structure	Sustainable development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
102-19	Delegating authority	Sustainable development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainable development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
102-22	Composition of the highest governance body and its committees	Sustainable development, Corporate governance and business ethics, p. 41	In part	NMMC JSC	No Observatory committees present due to lack of data collection
102-24	Nominating and selecting the highest governance body	Sustainable development, Corporate governance and business ethics, p. 41	In part	NMMC JSC	The criteria for appointment and selection of members of the Supervisory Board shall be established by the main shareholder of the Company in the person of the Ministry of Finance of the Republic of Uzbekistan
102-29	Identifying and managing economic, environmental, and social impacts	Sustainable development, Sustainability management approach, p. 36	In part	NMMC JSC	Stakeholders were not consulted during the reporting year
102-32	Highest governance body's role in sustainability reporting	About the Report, p. 174	In full	NMMC JSC	
<b>Stakeholder Engagement</b>					
102-40	List of stakeholder groups	Sustainable development, Stakeholder engagement, p. 50	In full	NMMC JSC	
102-41	Collective bargaining agreements	Our people, Training and development, p. 72	In full	NMMC JSC	
102-42	Identifying and selecting stakeholders	Sustainable development, Stakeholder engagement, p. 50	In full	NMMC JSC	
102-43	Approach to stakeholder engagement	Sustainable development, Stakeholder engagement, p. 50	In full	NMMC JSC	
102-44	Key topics and concerns raised	Socio-economic contribution, Responsible supply chain, p. 162	In full	NMMC JSC	

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>About the Report</b>					
102-45	Entities included in the consolidated financial statements	Appendix 6. Report certification, Appendix 7. Audited consolidated financial statements	In full	NMMC JSC	
102-46	Defining report content and topic Boundaries	About the Report, p. 174	In full	NMMC JSC	
102-47	List of material topics	About the Report, p. 175	In full	NMMC JSC	
102-48	Changes in information published in previous reports	About the report, p. 175	In full	NMMC JSC	There has been no change in the information published in previous reports
102-49	Changes in reporting	About the Report, p. 175	In full	NMMC SOE / NMMC JSC	Due to the completion of the division of the organization into SOE and JSC in early December 2021, the boundary of some indicators is covered by SOE and JSC
102-50	Reporting period	About the Report, p. 174	In full	NMMC SOE / NMMC JSC	Due to the completion of the division of the organization into SOE and JSC in early December 2021, the boundary of some indicators is covered by SOE and JSC
102-51	Date of most recent report	About the Report, p. 174	In full	NMMC JSC	
102-52	Reporting cycle	About the Report, p. 174	In full	NMMC JSC	
102-53	Contact point for questions regarding the report	Appendix 2. Contact Information, p. 177	In full	NMMC JSC	
102-54	Claims of reporting in accordance with the GRI Standards	About the Report, p. 174	In full	NMMC JSC	
102-55	GRI content index	Appendix 3. Table of GRI Indicators, p. 178	In full	NMMC SOE / NMMC JSC	Due to the completion of the division of the organization into SOE and JSC in early December 2021, the boundary of some indicators is covered by SOE and JSC
102-56	External assurance	Appendix 6. Report certification	In full	NMMC JSC	
<b>Management approach</b>					
103-1	Clarification of Essential Topics and their Boundaries	In each substantive theme of the Sustainability Report	In full	NMMC JSC	
103-2	Management approach and its components		In full	NMMC JSC	
103-3	Management approach assessment		In part	NMMC JSC	The company did not adjust the management approach resulting from valuations

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>About company</b>					
201-1	Direct economic value created and distributed	About Company, Business model, p. 22	In full	NMMC JSC	
201-3	Liabilities of the organization related to pension plans	Our people, Employment, socio-cultural diversity and equal opportunities, p. 61	In part	NMMC JSC	The Company has no special fund for the payment of pension obligations. Payments are budgeted annually
<b>Our people</b>					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our people, Employment, socio-cultural diversity and equal opportunities, p. 68	In full	NMMC SOE	
202-2	Proportion of senior management hired from the local community	Sustainable Development, Corporate governance and business ethics, p. 41	In full	NMMC JSC	
<b>Interaction with local communities</b>					
203-1	Infrastructure investments and services supported	Interaction with local communities, Projects of community support p. 97	In full	NMMC SOE	Investments and services are provided free of charge.
<b>Responsible supply chain</b>					
204-1	Proportion of spending on local suppliers	Socio-economic contribution, Responsible supply chain, p. 159	In full	NMMC JSC	Local suppliers are suppliers from the same regions of the Republic of Uzbekistan as the regions of the Company's presence
<b>Sustainable development</b>					
205-3	Confirmed incidents of corruption and actions taken	Sustainable Development, Corporate governance and business ethics, p. 41 Socio-economic contribution, Responsible supply chain, p. 162	In full	NMMC JSC	There were no cases of corruption among employees and business partners, and there were no public corruption cases in 2021
<b>Environmental protection</b>					
302-1	Energy consumption within the organisation	Climate change and energy efficiency, Energy management, p. 146, 147	In part	NMMC JSC	The company does not resell energy to third parties and does not consume energy for cooling
302-3	Energy intensity	Climate change and energy efficiency, Energy management, p. 151, 153	In full	NMMC JSC	Formula for calculating energy intensity: total fuel consumed / total revenue
302-4	Reduction of energy consumption	Climate change and energy efficiency, Energy management p. 149	In full	NMMC JSC	
<b>Biodiversity protection</b>					
304-2	Significant impacts of activities, products, and services on biodiversity	Environmental protection, Land use and conservation protection of biodiversity, p. 121	In full	NMMC JSC	
304-4	Species from the IUCN Red List and species from the National Environmental Protection Lists located in areas affected by the Company's operations.	Environmental protection, Land use and conservation protection of biodiversity, p. 121	In full	NMMC JSC	There are no animals on the IUCN red list or on the national list of protected species of Uzbekistan in the NMMC field area

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>Water</b>					
303-1	Interactions with water as a shared resource	Environmental protection, Protection of water resources, p. 115	In part	NMMC JSC	Water-related mitigation processes are not disclosed due to the lack of a data collection process
303-2	Management of water discharge-related impacts	Environmental protection, Protection of water resources, p. 115	In part	NMMC JSC	The Company adheres to national standards set for the quality of wastewater discharges
303-3	Water withdrawal	Environmental protection, Protection of water resources, p. 116	In full	NMMC JSC	
303-4	Water discharge	Environmental protection, Protection of water resources, p. 119 Waste and tailings management, p. 131	In part	NMMC JSC	The Company does not drain into water bodies
<b>Emissions</b>					
305-1	Direct emissions greenhouse gases (Scope 1)	Climate change and energy efficiency, Regulation of greenhouse gas emissions, p. 143	In part	NMMC JSC	The Company has no biogenic CO <sub>2</sub> emissions in metric tons of CO <sub>2</sub> equivalent. Base year: 2019. Method of consolidation: statistics are specified on the objects directly controlled by the Company on the ownership and on the balance sheet. The calculation is carried out by a third-party Uzgidromet using the IPCC methodology (2006)
305-6	Emissions of ozone-depleting substances (ODS)	Climate change and energy efficiency, Air quality, p. 112	In full	NMMC JSC	No ozone-depleting substances emitted from Company activities
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	Environmental protection, Air quality, p. 112	In part	NMMC JSC	The Company does not keep records of hazardous air pollutants (HAPs)
<b>Wastes</b>					
306-1	Waste generation and significant waste-related impacts	Environmental protection, Waste and tailings management, p. 124	In full	NMMC JSC	
306-2	Waste generated	Environmental protection, Waste and tailings management, p. 124, 126	In full	NMMC JSC	
306-3	Total waste generation	Environmental protection, Waste and tailings management, p. 124	In full	NMMC JSC	
306-5	Waste directed to disposal	Environmental protection, Waste and tailings management, p. 126	In part	NMMC JSC	No information on waste incineration (with or without energy recovery)
<b>Environmental compliance</b>					
307-1	Non-compliance with environmental laws and regulations	Environmental protection, Management approach to environmental protection, p. 111 Protection of water resources, p. 120	In full	NMMC JSC	

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>Employment</b>					
401-1	New employee hires and employee turnover	Our people, Employment, socio-cultural diversity and equal opportunities, p. 66	In part In part	NMMC SOE NMMC JSC	Staff turnover was calculated based on the following formula: the total number of employees dismissed on the initiative of the employee minus the reduction of slave seats plus for misconduct divided by the average number  The company does not record the total number and recruitment rate of new employees by age group and sex, nor does it record the total number and turnover rate by age, gender, and region
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our people, Training and development, p. 72	In full	NMMC SOE	
401-3	Parental leave	Our people, Training and development, p. 72	In part	NMMC SOE	The company complies with all the requirements of the legislation of Uzbekistan. For the employees their positions and wages are kept in accordance with the Labour Code of Uzbekistan
402-1	Minimum notice periods regarding operational changes	Our people, Employment, socio-cultural diversity and equal opportunities, p. 61	In full	NMMC JSC	
<b>Occupational health and safety</b>					
403-1	Occupational health and safety management system	Occupational health, safety, and emergency preparedness, Management approach to OHS and emergency situations, p. 82	In full	NMMC SOE / NMMC JSC	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational health, safety, and emergency preparedness, Management approach to OHS and emergency situations, p. 76, 82	In full	NMMC SOE / NMMC JSC	
403-3	Occupational health services	Occupational safety, industrial safety and emergency preparedness, OHS establishment, p. 85	In full	NMMC SOE / NMMC JSC	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational safety, industrial safety and emergency preparedness, Management approach to OHS and emergency situations, p. 76, OHS establishment, p. 86	In full	NMMC SOE / NMMC JSC	The Company does not have joint committees
403-5	Worker training on occupational health and safety	Occupational safety, industrial safety and emergency preparedness, OHS establishment, p. 86 Incident prevention and safety culture enhancement, p. 87	In part	NMMC JSC	Information on training provided on occupational health and safety

INDICATOR INDEX	DISCLOSURE	REPORT SECTION AND P./COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
403-6	Promotion of worker health	Occupational safety, industrial safety and emergency preparedness, OHS establishment, p. 85	In full	NMMC SOE NMMC JSC	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational safety, industrial safety and emergency preparedness, OHS establishment, p. 86	In full	NMMC SOE / NMMC JSC	
403-8	Workers covered by an occupational health and safety management system	Occupational health, safety, and emergency preparedness, Management approach to OHS and emergency situations, p. 76	In full	NMMC SOE NMMC JSC	
403-9	Work-related injuries	Occupational safety, industrial safety and emergency preparedness, Incident prevention and safety culture enhancement, p. 87	In part	NMMC SOE NMMC JSC	Total man-hours worked – 86,679,477 Injury and death rate not disclosed due to lack of data collection.
<b>Training and development</b>					
404-2	Programs for upgrading employee skills and transition assistance programs	Our people, Training and development, p. 70	In full	NMMC SOE	The total number of refresher courses is not disclosed
<b>Socio-cultural diversity and equal opportunities</b>					
405-1	Diversity of governance bodies and employees	Our people, Employment, socio-cultural diversity and equal opportunities, p. 61	In full	NMMC JSC	
<b>Local community</b>					
413-1	Percentage of units with implemented programs, interaction with local, communities	Interaction with local communities, Projects of community support p. 97	In part	NMMC SOE NMMC JSC	In the absence of a data collection process, community development programmes based on community needs may be disclosed
<b>Socio-economic contribution</b>					
419-1	Non-compliance with laws and regulations in the social and economic area	Socio-economic contribution, Responsible supply chain p. 162 NMMC JSC had no cases of violations of laws and regulations in the socio-economic sphere, which would have led to the imposition of significant fines or non-financial sanctions in the reporting period.	In full	NMMC JSC	In NMMC JSC there were no cases of violation of legislation and regulatory requirements in the socio-economic sphere, which would lead to the imposition of substantial fines or the application of non-financial sanctions in the reporting period

## Appendix 4. Indicator content of SASB

SASB INDICATOR	INDICATOR NAME	REPORT SECTION AND P. NUMBER/ COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>Our people</b>					
EM-MM-320a.1	(1) Total MSHA Morbidity Rate, (2) Fatality Rate, (3) Critical Incident Rate (NMFR) and (4) Average Hours of Occupational Safety, Safety and Emergency Response Training for (a) Employees and (b) Contractors		In part		The company does not conduct statistics on (MSHA), (NMFR) for full-time and contract employees
EM-MM-310a.2	Number and duration of strikes and layoffs	Our people, Employment, socio-cultural diversity and equal opportunities, p. 61	In full	NMMC JSC	The Company did not observe any protests, strikes or mass dismissals during the reporting period
<b>Climate threats and opportunities</b>					
EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Climate change and energy efficiency, Regulation of greenhouse gas emissions, p. 143	In part	NMMC JSC	Due to the lack of a data collection process, the activities, objectives and scope of the outreach management strategy are not disclosed 1
<b>Greenhouse gas emission management</b>					
EM-MM-120a.1	Air emissions of the following pollutants: <ul style="list-style-type: none"> <li>CO (carbon monoxide)</li> <li>NOx (excluding N<sub>2</sub>O)</li> <li>SOx (sulphur oxide)</li> <li>PM10 (particulate matter)</li> <li>Hg (mercury)</li> <li>Pb (lead)</li> <li>VOC (volatile organic compounds)</li> </ul>	Environmental protection, Air quality, p. 112	In full	NMMC JSC	Air pollutants do not contain mercury and mercury compounds (Hg)
<b>Energy consumption</b>					
EM-MM-130a.1	<ul style="list-style-type: none"> <li>Total energy consumed</li> <li>Percent of the grid</li> <li>Percentage of renewable</li> </ul>	Climate change and energy efficiency, Energy management, p. 146, 147	In part	NMMC SE	The company does not count the percentage of renewable energy, including biofuels, nor is there a percentage of energy consumed from grid electricity, due to a lack of data collection
<b>Water management</b>					
EM-MM-140a.1	The section on water management reveals: <ul style="list-style-type: none"> <li>Total fresh water withdrawn</li> <li>Total consumption of freshwater</li> <li>Total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress</li> </ul>	Environmental protection, Protection of Water resources, p. 116	In part	NMMC JSC	The company does not calculate according to the Atlas of Water Hazards Classification of the World Resources Institute (WRI), Aqueduct

SASB INDICATOR	INDICATOR NAME	REPORT SECTION AND P. NUMBER/ COMMENTS	DISCLOSURE LEVEL	REPORTING BOUNDARIES	COMMENTS
<b>Monitoring of water pollution sources</b>					
EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Environmental protection, Protection of Water resources, p. 120	In part	NMMC JSC	Total number of non-compliances, including breaches of process standard (including exceedance of toxic and solid substances) and exceedance of quality standards not disclosed due to lack of collection of necessary data
<b>Waste management</b>					
EM-MM-150a.1	Total weight of tailings waste, recycling percentage	Environmental protection, Waste and tailing management, p. 126, 129	In part	NMMC JSC	The company does not provide statistics on the total number of non-compliance cases, including violations of process standards and quality standards
EM-MM-150a.5	Total weight of tailings produced (tonnes)	Environmental protection, Waste and tailings management, p. 129	In full	NMMC JSC	
EM-MM-150a.7	Total weight of hazardous waste generated (tonnes)	Environmental protection, waste and tailings management, p. 124	In full	NMMC JSC	
EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management	Environmental protection, Waste and tailings management, p. 126	In full	NMMC JSC	No incidents involving hazardous materials or waste management occurred in 2021
EM-MM-150a.10	Description of waste and hazardous material management policies and procedures for existing and decommissioned industries	Environmental protection, Waste and tailings management, p. 124, 132	In part	NMMC JSC	There is no description of co-ordination between contractors in terms of waste management. Due to the lack of a data collection process, there is no disclosure of the recycling waste management approach
<b>Biodiversity protection</b>					
EM-MM-160a.1	Description of environmental management policies and practices for active sites	Environmental protection, Management approach to environmental protection, p. 106, 111 Land use and conservation, p. 121	In part	NMMC JSC	The Company does not disclose the extent to which its policies and practices comply with the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability dated 1 January 2012, including
EM-MM-160a.3	Percentage of (1) proved (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Environmental protection, land use and conservation, p. 121	In part	NMMC JSC	The company does not operate on the protected areas or near endangered species

## Appendix 5. Glossary

ABBREVIATIONS	TRANSCRIPT
NMMC JSC, Company	'Navoi Mining and Metallurgical Company' JSC
SI 'Fund of NMMC'	State institution 'Navoi Mining and Metallurgical Company Fund'
LLC	Limited liability company
HEI	Higher Education Institution
HMP-1,2,3	Hydrometallurgical plant-1,2,3
SE	State enterprise
ASCTP	Automated system control of a technological process
ASCTP and MS	Automated system control of a technological process and metro-logical support
EDS	Electronic digital signature
ISO	International Organisation for Standardisation
AISMS	Automated Industrial Safety Management System
FAR	Fatal Accident Rate
WIPO	World Intellectual Property Organisation
LBMA	London Bullion Market Association
SASB	Sustainability Accounting Standard Board
CSRL	Central Scientific Research Laboratory
NMG	Northern Mine Group
CMG	Central Mine Group
SMG	Southern Mine Group
NMBP	Navoi Machine Building Plant
ZCD	Zarafshan Construction Department
ESG	Environmental, Social, Governance
GRI	Global Reporting Initiative
SSH	The sole shareholder
PF	Payroll Fund
OIS	Occupational and industrial safety
Zero Harm	Zero Harm Program
MEU	Ministry of Emergencies of Uzbekistan
MMCT	Multispiral or multi-cut computer tomography
MRI	Magnetic Resonance Imaging
SMS	Safety Management System
PPE	Personal Protective Equipment
EMS	Environmental management system
SEP	System of environmental protection
CO <sub>x</sub>	Carbon Monoxide
SO <sub>x</sub>	Sulphur Oxide
NO <sub>x</sub>	Nitrogen oxides
PVOC	Particulates and volatile organic compounds
PDL	Permissible discharge limit
BWTP	Biological wastewater treatment plant
SSZ	Sanitary security zone
CO <sub>2</sub>	Carbon dioxide
CH <sub>4</sub>	Methane

ABBREVIATIONS	TRANSCRIPT
N <sub>2</sub> O	Nitric oxide
FER	Fuel and energy resources
RES	Renewable energy sources
hJ	Hecto-joule
AEIMS	Automated Electricity Information and Metering System
PVP	Photovoltaic Plant
IACA	International Anti-Corruption Academy
DDP	Delivered, Duty Paid
CRL	Central Research Laboratory
CDB	Central design bureau
CPO	Central project office
CCL	Central Chemical Laboratory
CPL	Central Plant Laboratories
BIM	Building information modelling
AIMSIS	Automated Industrial Safety Management Information System
CAPEX	Capital expenditure
UN SDG	United Nations Sustainable Development Goals
EBITDA	Earnings before interest, taxes, depreciation, and amortisation
IPO	Initial Public Offering
SPO	Secondary Public Offering
LTIFR	Lost Time Injury Frequency Rate
LTIR	Lost Time Injury Rate
MBA	Master of Business Administration
SAP	Systems, applications and products in data processing

## Appendix 6. Report certification

GRI 102-56



### Independent Limited Assurance Report

To the Supervisory board of joint stock company "Navoi mining and metallurgical company":

#### Introduction

We have been engaged by the Management of joint stock company "Navoi mining and metallurgical company" (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the Sustainability Report of the Company for the year ended 31 December 2021 (hereinafter – the "Sustainability Report").

#### Description of the subject matter and applicable criteria

We assessed the qualitative and quantitative information that is disclosed in the Sustainability Report and referred to or disclosed in the Appendix 3 Table of GRI Indicators and Appendix 4 Indicator content of SASB of the Sustainability Report (hereinafter – the "Selected Information"). The Selected Information has been prepared in accordance with GRI Sustainability Reporting Standards (Core option) published by the Global Reporting Initiative (GRI) (hereinafter – the "GRI Standards") and SASB Standards published by the Sustainability Accounting Standards Board (SASB) (hereinafter – the "SASB Standards").

The Selected information represents information related to the Company as indicated in the Information perimeter section of the Sustainability Report.

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2021 only. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

We assessed the Selected Information using reporting requirements in the GRI Standards, SASB Standards and methodology and guidelines developed by the Company and disclosed in the Sustainability Report (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

#### Responsibilities of the management of the Company

The management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

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#### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Supervisory board of the Company.

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the management of the Company, including those with responsibility for sustainability reporting management and reporting;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.



#### Reporting and measurement methodologies

Under the Reporting Criteria there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management as described in the Sustainability Report, and for which the Company is solely responsible.

#### Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

#### Restrictions of use and distribution

This report, including our conclusion, has been prepared solely for the Supervisory board of the Company in accordance with the agreement between us, to assist the management of the Company in reporting on the Company's sustainability performance and activities.

We permit this report to be disclosed in the Sustainability Report, which will be published on the Company's website<sup>1</sup>, to assist the management of the Company in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Supervisory board of the Company and the Company for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

*Audit Organisation "PricewaterhouseCoopers" LLC*

17 January 2023

Tashkent, Uzbekistan

<sup>1</sup> The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.