**Reviewed by** UMP JSC Board of Directors Minutes No. 7 dated May 3a1, 2023

**Approved by** theResolution of UMP JSC Executive Board Minutes No. 17/1379 dated April 14, 2023

Report on the Sustainable Development Program of

Ulba Metallurgical Plant JSC for 2020-2022 implementation for 2022

**Ust-Kamenogorsk, 2023**

Performance of Ulba Metallurgical Plant JSC (hereinafter – the Company / UMP JSC) in the field of sustainable development in 2022 are regulated by UMP JSC Sustainable Development Program for 2020-2022, approved by Resolution No. 11 of the Company’s Board of Directors dated August 13, 2020, which principal purpose is to strengthen the position of the Company as a socially responsible company in the medium-term perspective and meet the social and economic development objectives of the Company, as well as ensure an efficient implementation of the Company’s Development Strategy for 2018-2028.

Main objectives of the Company's Sustainable Development Program for 2020-2022 (hereinafter – the Program) are implemented through:

* social activities;
* measures for occupational health and safety, environmental protection;
* scientific, technical, innovative and technological development activities;
* economic impact measures in the regions of presence.

**1. Social activities**

**1.1 Ensuring social stability in the workforce**

The Company strives to ensure social stability and maintain a favorable moral and psychological climate in the workforce by pursuing a balanced Human Resources Policy of the Company and implementing the Plan of Activities for social partnership, internal communications and improving the Company’s level of social stability.

**1.1.1 Social stability index**

The Social Stability Index (hereinafter – SSI) is a tool for comprehensive diagnostics of the social situation in the Company. The Company's ISS is determined based on the assessment results of the Personnel’s engagement, social well-being and tranquility.

As part of the work on forecasting and preventing social and labor disputes and conflicts, as well as monitoring the level of social sentiment in the Company's workforce, an annual survey has been conducted since 2013 in order to determine the Social Stability Index with the involvement of an independent sociological agency - Private Institution “Center for Social Cooperation and Communications” (hereinafter – CSCC).

Since 2020, the survey has been conducted according to the new Samruk Research Services (hereinafter – SRS) methodology, while maintaining continuity in the main indices of the very process of collecting and processing sociological information. Thus, resulting SRS indicator of the Company in 2022 is an indicator of the Company’s Social Stability Index in 2022.

Cumulative SRS value consists of 3 indices:

* **Engagement Index** – demonstrates the satisfaction level with working conditions and safety, relationships and communications in the Company, as well as the employee loyalty level.
* **Social Well**-**Being** **Index** – fixes the moods of Employees, determined mainly by external factors and social environment.
* **Social Tranquility** **Index** – reflects the team’s social tension level, the assessment of protest potential and motives for hypothetical readiness for protests.

Dynamics of main SRS indicators for 2020-2022 is presented in Table 1.

Table 1.

|  |  |  |  |
| --- | --- | --- | --- |
| **Indicator description, %** | **2020** | **2021** | **2022** |
| **Social Stability Index (SRS)** | **82** | **77** | **78** |
| *Engagement* | *88* | *84* | *81* |
| *Social well-being* | *50* | *37* | *47* |
| *Social tranquility* | *95* | *91* | *92* |

According to obtained results, the Company's SRS was 78% in 2022, which is 1 point higher than in 2021. Increase in SRS was mainly due to positive changes in a number of the Company divisions’ Social Well-Being Index indicators.

The Company’s Social Well-Being Index for the reporting period amounted to 47%, and for the first time in the last four years, increased by 10 points compared to the previous year, moving from “critical” zone to “tense” zone (according to SRS ranking scale). Increase in the Social Well-Being Index was largely due to the improvement in the material well-being of employees (according to their assessments, satisfaction with financial rewards increased by 6 points).

Engagement and Social Tranquility Indices, which are parts of SRS, are in “favorable” and “stable” zones (according to SRS ranking scale).

Stable level of social stability in the workforce had a positive impact on the production program implementation and tasks performance aimed at implementing in 2022 the Company's Development Strategy for 2018-2028.

**1.1.2 Measures for social partnership and improvement of social and labor conditions of the production personnel**

In order to systematically approach the issue of increasing the Company’s social stability, improving relationships and preventing social tensions in the workforce, based on ISS survey results, the recommendations of CSCC and NAC Kazatomprom JSC (hereinafter – the Sole Shareholder) specialists, the Company annually develops measures for social partnership and increasing the social stability level.

In 2022, the Company developed the Plan of Activities for social partnership, internal communications and improvement of the social stability level (hereinafter – the Plan), which provides for 8 sections, including 41 activities in the following areas:

* development of an action plan, reporting;
* internal communications;
* social and labor relations;
* economic and physical safety;
* labor protection, food and accommodation conditions;
* ombudsman;
* compliance;
* interaction with Public Association “Local Workers Trade Union of UMP JSC” (hereinafter – LPR, Trade Union).

All activities of the Plan were implemented in full. Actual share of the Plan's implementation was 100%. Information on the Plan’s implementation was entered into the eKAP system on a quarterly basis with a cumulative total for monitoring by the Sole Shareholder. The report on the Plan’s implementation was approved by the Company Board of Directors’ Resolution No. 3 dated March 17, 2023.

**1.2 Human Resource Development**

The Company recognizes its employees as the most important asset and is committed to assure their welfare, professional and personal growth which are keys to sustainable development of the Company. The Company builds relationships with Employees based on the principles of social partnership, systemic nature, legal protection, effective use of the Employee's personal potential and equal opportunities.

In 2022 the Company carried out activities to develop human resources in the following areas:

**1.2.1 Transparent labor payment and salary competitiveness**

Activities to ensure transparent labor payment for the Company's Employees and salary competitiveness, as well as to maintain the Company's reputation as one of the most socially responsible employers in the region and the Republic of Kazakhstan as a whole, were carried out via strengthening interrelation between labor results of the Company's Employees and their payment, the implementation of all social obligations for the Company's Employees, implementation of additional measures of social support and risk minimization of the Republic of Kazakhstan’s Labor Code violation. For the implementation of the activities above:

* Salary was paid in cash in the Republic of Kazakhstan’s national currency to Company employees no later than the 10th day of the following month. There were no salary delays;
* From January 1, 2022, the base salary of the Company’s employees was increased by 10% (Company Order No. 1907 “On establishing the base salary for UMP JSC Employees” dated December 12, 2021 in accordance with Resolution No. 17 of the Company’s Board of Directors dated December 12, 2021);
* From April 1, 2022, the Company's employees received an additional 10% increase in the base salary (Company Order No. 551 “On establishing the base salary for UMP JSC Employees” dated April 12, 2022 in accordance with Resolution No. 6 of the Company’s Board of Directors dated March 30, 2022);
* In March of 2022, the Company’s Employees, in accordance with “Rules for indexation at UMP JSC”, approved by Resolution No. 4 of the Board of Directors dated March 5, 2022, were paid the indexed income (Company Order No. 367 dated March 9, 2022). The payment sum amounted to 644 million KZT;
* From January 1, 2022, the amount of financial assistance for paid annual labor leave of an Employee was increased to two official salaries (Company Order No. 291 dated February 24, 2022 “On entry into force of Notice No. 1 “Regulations on the provision of material assistance for paid annual labor leave to UMP JSC Employees” in accordance with Resolution of the Company’s Executive Board (Minutes No. 7/1306 dated February 22, 2022) The total payout sum in 2022 amounted to 1,694.6 million KZT.

In order to systematize the remuneration of Employees in production and auxiliary enterprises of the Sole Shareholder on the basis of “Model Rules for the Remuneration of Employees of NAC Kazatomprom JSC Subsidiaries and Affiliates” (hereinafter – “Model Rules”), as well as in accordance with the Sole Shareholder’s Letter No. 04-18/762 dated March 14, 2022, Rules for Remuneration of UMP JSC Employees and Rules for Remuneration of UMP JSC Top Managers (hereinafter – “Remuneration Rules”) were developed and approved. Remuneration rules were put into effect on August 1, 2022 by Company Order No. 926 dated July 8, 2022 in accordance with Resolution No. 12 of the Company’s Board of Directors dated June 28, 2022 and Resolution of the Company's Executive Board (Minutes No. 17/1316 dated April 22, 2022). Remuneration rules regulate the main issues of remuneration, bonuses, payment of material assistance and lump-sum social payments in accordance with Model Rules. Remuneration Rules also allow you to systematize and harmonize remuneration by establishing a single base salary for central office Employees, industrial and production complex Employees (hereinafter – IPC) and Employees who are members of the Company’s top management.

The variable part of the salary in the Company is aimed at stimulating labor activity, as well as encouraging the achievement of above-standard results. According to the documents approved by the Company’s authorized executive bodies, for this purpose, the Company's employees during 2022:

* remuneration was paid based on work results for 2021 for achieving the “Corporate Key Performance Indicator for 2021” in the amount of 860.2 million KZT (Company Orders No. 142 dated January 31, 2022; No. 350 dated March 4, 2022; in accordance with the Company Executive Board’s Resolutions (Minutes: No. 2/1301 dated January 24, 2022, No. 7/1306 dated February 22, 2022) and the “Corporate Key Performance Indicator for remuneration in 2023 based on work results for 2022” (the Company Executive Board’s Resolution (Minutes No. 54/1353 dated November 29, 2022) was approved;
* individual Company Employees were paid bonuses for introducing proposals and participating in projects at the level of the Company / Sole Shareholder or structural divisions aimed at improving the quality of products / services provided, reducing costs, eliminating regulatory losses, as well as a new management decision that saves labor, raw material, fuel, energy and other material, financial resources or has other positive effect, as well as for improving the level of social stability and corporate culture. The sum of payments amounted to 122.4 million KZT;
* bonuses were paid at the Sole Shareholder’s initiative – to the Day of the Republic and for expected plan overfulfilment for gross profit according to the results of 2022 (Company Orders No. 1383 “On Encouraging Employees” dated October 20, 2022). The sum of payments amounted to 538.2 million KZT.
* Payroll savings based on the results of 2022 were used as the following payments to the Company's Employees:
* bonuses to the Independence Day of the Republic of Kazakhstan (Company Order No. 1698 dated December 15, 2022 based on Resolution of the Company's Executive Board (Minutes No. 58/1357 dated December 15, 2022). The sum of payment amounted to 514.3 million KZT.
* bonuses for introducing proposals to improve the Company’s efficiency in the amount of 1.2 million KZT;
* bonuses for taking prize-winning places in competitions in the amount of 3.3 million KZT.

**1.2.2 Improving the selection and recruitment procedures of the Company’s personnel**

Demand for Personnel in 2022 was met through competitive selection of Personnel in the automated HR-Recruiting system in compliance with competitive selection principles:

* personnel recruitment planning taking into account the needs of departments;
* transparency of competitive procedures;
* clear and transparent selection criteria based on qualification requirements for the position/profession;
* professionalism, personal qualities of the candidate and his/her compliance with qualification requirements for the position/profession;
* validity of decisions made based on the principle of meritocracy;
* use of candidate assessment methods that allow for objective hiring decisions;
* non-discrimination, professional, open and respectful attitude towards all candidates;
* compliance with the current legislation of the Republic of Kazakhstan;
* rational use of resources for recruitment and selection of personnel.

Search for qualified personnel was carried out in the following ways:

1) from an internal source - among Company Employees, counting those included in the pool of successors to key positions;

2) from an external source - through specialized Internet resources, etc.

Consideration of candidates from among the pool of successors for key positions/internal resource of the Company/subsidiaries of the Company and the Sole Shareholder was given priority in the specified order, ceteris paribus, over other candidates from an external resource.

Competitive procedures included the following stages:

* information placement (publication) about the competition for filling a vacancy on informational resources, including in AS HR-Recruiting;
* search for candidates and collecting CVs;
* CV analysis, selection of candidates who meet the position/profession requirements;
* consideration by the unit manager;
* professional testing of candidates, evaluation of candidates according to the competency model (employee positions for external candidates) in accordance with the Company's competency model;
* due diligence;
* decision-making on candidates in accordance with Regulations on Competition Committees for the Selection of Candidates in the Company;
* job offer to the final candidate;
* providing feedback to candidates through AS HR-Recruiting;
* publication of information on selection results in AS HR-Recruiting.
* Results of the recruitment, selection and hiring of the Company's Personnel are evaluated by the fulfillment of planned key performance indicators:
* personnel turnover rate in 2022 was 6.2%, with 8% threshold;
* satisfaction of main manufacturing facilities and technical training office of the Company with the provision of personnel for submitted applications amounted to 86.3%, with 95% threshold value. Deviation of the actual achieved indicator from the threshold is due to the presence of an acute shortage of qualified specialists in the region’s labor market. In order to achieve the indicator, it is planned to expand the range of sources for candidate search.

**1.2.3 Professional development employees**

One of the priority areas of human resource development is the development and training of the personnel as well as training of workers in professions that are demanded in the Company.

The Company systematizes processes of training, retraining and advanced training of employees. To this end the Company arranges training both with the involvement of third-party specialized organizations and by assignment of internal trainers among the highly qualified employees of the Company.

In 2022, the training of the Company’s Employees was carried out in accordance with internal organizational and administrative documentation, employer acts and contracts for the purchase of training services, concluded in accordance with the Procurement Procedure by the National Welfare Fund Samruk-Kazyna JSC and its legal entities, in which fifty and more percent of voting shares (participatory interests) are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management.

In 2019 the total amount spent on education and training of employees was equal to 110,460.36 KZT. Total number of trainings passed by employees in 2022 was equal to 9,418 person-trainings, including:

* Corporate training programs – 80 persons (2 persons – “School of Young Specialists-2019”; 29 persons – seminar “School of Directors”, 29 persons – seminar on lean production on the subject of “TPC. Automatization principles. Preventive maintenance”, 20 persons – training “Practical compliance management for enterprises”);
* compulsory training under the laws of the Republic of Kazakhstan – 7,410 person-trainings;
* advanced training, professional training and retraining – 1,665 person-trainings;
* corporate training - 151 person-trainings (as part of the comprehensive program of the CEO Club - 5; training in mediation skills for Employees included in the pool of mediators and positive leaders - 15; training in accordance with the Company's Plan of Activities for the implementation of the ESAP Roadmap - 8; training in 5S methodology within the Lean Production framework - 19; Training of Internal Trainers of the Company seminar - 17; Organization of Labor and Wage Rationing at Enterprises in Modern Conditions training - 20; School of Managers and Development of Management Skills training - 23; “As It Is” & “As It Should Be” Communications training - 16; New Procedure For Procurement and Management of Procurement Activities of Samruk-Kazyna JSC seminar - 35).

As part of the implementation of self-development, 166 Employees were provided with access to online virtual training portals (56 Employees - Virtual School of the Sole Shareholder, 110 Employees - Samruk Business Academy PI).

Dynamics of professional development and training of the Company's Employees since 2020 is presented in Table 2.

*Table 2*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2020** | **2021** | **2022** |
| Total amounts spent on education and training | million KZT | 74.0 | 101.3 | 110.5 |
| Total number of Employees participated in professional development and training courses | person-trainings\* | 9,277 | 11,281 | 9,418 |

*\*Total number of trainings completed by employees during the given period*.

**1.2.4 Implementation of corporate training programs for Employees and attracting talented graduates**

Within the framework of an Agreement on scientific and technical cooperation between the Sole Shareholder and D. Serikbayev East Kazakhstan Technical University since 2017 has been preparing the master’s degree students and since 2018 the bachelors for the Company’s needs. Expenses for their training in 2022 amounted to 13.89 million KZT.

In 2022, the sixth group of students under the Company's grant was formed - 5 bachelors (Company Employees) for the 2022-2025 academic years.

For the 2017-2022 period, 9 persons were employed from the number of the Company’s non-employees who were trained under the Company’s grant.

Expense dynamics for the education of bachelor and master degree students, as well as the number of students enrolled for 2020-2022, is presented in Table 3:

*Table 3*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2020** | **2021** | **2022** |
| Education expenses for bachelor and master degree students | million KZT | 8.93 | 6.95 | 13.89\* |
| Number of students | persons | 20 | 18 | 13 |

*\* Increase in expenses in 2022 is due to payment for the entire study period (3 years) for Employees enrolled in 2022.*

The Company carries out comprehensive work on preparation of professional staff through the implementation of a dual training system, within the framework of which:

* 22 persons studying at Ust-Kamenogorsk Multi-Discipline Technological College MPI and Eastern Technical and Humanitarian College MPI completed practice in the following majors: Instrumentation and automation mechanic – 6 persons, Electromechanical equipment in the industry – 2 persons, Metallurgy of non-ferrous metals – 14 persons.

Expenses for paying the scholarship as part of the dual training system implementation in 2022 amounted to 2.1 million KZT.

Expense dynamics for paying scholarships as part of the dual training system implementation for 2020-2022 is presented in Table 4:

*Table 4*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2020** | **2021** | **2022** |
| Expenses for paying the scholarship as part of the dual training system implementation | million KZT | 0.59 | 2.86 | 2.1\* |
| Number of students | persons | 8 | 18 | 22 |

*\* Cost reduction of paying scholarships as part of the dual training system implementation is due to a revision by educational institutions of educational programs and internship terms (average internship period is 3 months).*

**1.2.5 Developing the potential of the Personnel by working with a pool of successors, implementing professional skill competitions, etc.**

Continuous development of the Personnel’s potential is carried out by working with a pool of successors to key positions, implementing professional skill competitions, etc.

The Company has a procedure that regulates the unified succession planning process for the Company's Personnel, determines the procedure for forming a pool of successors and developing successors.

The pool of successors is formed in order to:

* secure candidates for vacant key positions in medium and long terms;
* identify and develop prospective Employees in order to maximize their potential to achieve the Company’s strategic goals and objectives;
* introduce additional incentives for Employees with the possibility of their development and career growth;
* form an attractive image of the Company as an Employer, contribute to the attraction and retention of high-potential Employees.

As of December 31, 2022, the pool of successors of the Company consists of 471 persons.

In 2022, among the successors:

* 31 persons were appointed to key positions;
* 228 persons were trained in various areas during the year, including corporate courses aimed at developing the potential of successors.
* 177 persons took part in scientific, cultural, public events, as well as events aimed at improving the activities of the subdivision and the Company.

The potential of Employees is also increased through the implementation of professional skill competitions. The Company has a Regulation that defines the goals and objectives, organization and conditions for holding competitions of professional skills among the Company's Employees, the procedure for their organization, conduct and announcing results, and awarding winners.

The main purpose of conducting professional skill competitions is to increase the professional competence of Employees and their profession prestige. Exhibition competitions of professional skills contribute to:

* activation and development of creative activity of the Company's Employees, development of advanced methods and techniques of labor;
* assessing the professional training level of Employees and stimulating its improvement, efficiency and quality of their work;
* identifying the best in profession and increasing the use of personnel potential of IPC subdivisions.

Contests are held at the level of subdivisions, where competition participants are workers of one subdivision, and at the Company level, where competition participants are Employees of various IPC subdivisions.

Plant-wide competition of professional skills and IPC subdivisions level competitions in various professions are conducted on an annual basis.

In 2022, 1 exhibition competition of professional skills was conducted at the Company level for The Best Instrumentation and Automation Mechanic of UMP JSC title.

In 2022, 15 Employees of the Company participated in the Zhyl Qyzmetkeri (Employee of the Year) competition conducted by the Sole Shareholder, while 2 Company Employees were awarded the Zhyl Qyzmetkeri (Employee of the Year) title in the Professional nomination and 1 Employee in the Mentor nomination.

**1.2.6 Cooperation with the Trade Union and ensuring compliance with mutual obligations of the Employer and Employees**

One of the important tasks of the Company is the creation of favorable conditions for the labor activity of the Employees. The Company takes a responsible approach to the issues of social security of its Employees, maintaining the Employee's confidence in the future. Agreement No. 30-12-04/2486 dated December 02, 2021 “On the procedure for developing and concluding the Collective Agreement of UMP JSC for 2022-2025” was concluded between the Company and the trade union committee of the NGO LPR of UMP JSC.

In order to strengthen social partnership, comply with responsibility, ensure guaranteed benefits and payments to Employees, on February 25, 2022, a Collective Agreement for 2022-2025 (hereinafter – Collective Agreement) was concluded, which acts as a legal act regulating social and labor relations, as well as relations, directly related to labor relations in the Company. Collective Agreement’s subject is the establishment of specific mutual obligations in the sphere of labor between the Employees representatives and the Company employer on the basis of the Republic of Kazakhstan’s legislation.

The effect of the Collective Agreement in terms of social benefits, guarantees and compensation payments provided at the expense of the Company's funds applies to all Company Employees, regardless of their membership in the trade union.

In order to conduct collective negotiations, prepare a draft Collective Agreement and amend it, on a parity basis, by Order No. 1397 dated October 12, 2021, the Commission for Collective Bargaining and Preparation of the Draft Collective Agreement (hereinafter – Commission) was established.

In 2022, three meetings of the Commission were held regarding the introduction of amendments and supplements to the agreement. On a quarterly basis, the Commission for Control over the Implementation of the Collective Agreement exercised control over the fulfillment of the Collective Agreement terms. Mutual obligations of the employer and Employees under the Collective Agreement for 2022 in accordance with current legislation of the Republic of Kazakhstan (Labor Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan “On Trade Unions”), Company Charter, Company Labor Regulations and the financial plan have been fully implemented.

Information on the fulfillment of Collective Agreement terms is posted on the Company’s Corporate Portal, and was also brought to the attention of the Employees at meetings of the Company’s Executive Board Chairman with representatives of the Company's labor team.

In 2022, the Company allocated funds to the Trade Union for conducting cultural, sports and recreational events for the Company's Employees in the amount of 49.3 million KZT.

# Development of social programs for Employees

The Company pays great attention not only to social payments, aimed at creating a healthy working microclimate in teams, which allows Employees to successfully perform their duties, but also to the social support of ex-employees.

Social benefits package in 2022 amounted to:

|  |  |
| --- | --- |
| * per Employee | 83.8 thousand KZT |
| * per ex-Employee | 10.6 thousand KZT |

In 2022, the following was spent in total:

|  |  |
| --- | --- |
| *million KZT* | |
| * financial assistance to Employees | 73.5 |
| * social support for ex-Employees of the Company | 22.8 |
| * voluntary insurance of Company Employees in case of illness | 103.7 |
| * medical care for Employees and ex-Employees of the Company | 97.6 |
| Total: | 297.6 |

In order to provide social support to the employees for housing improvement, the Company has a Regulation “On the Procedure for Processing Applications for Long-Term Loans to UMP JSC Employees”. In 2022, funds in the amount of 100 million KZT were allocated to improve housing conditions. Housing conditions were improved by 7 Company Employees for a total amount of 38 million KZT.

# 1.2.7 Youth Policy of the Company

Active work with Young Employees is one of the most important priorities of the Company. It is aimed at involving Young Employees in social activities, stimulating and fostering their professional and creative potential.

Activities for the adaptation of Young Employees are carried out within the framework of the Company Regulations on Young Specialist and Young Employee. Graduates of universities, technical and vocational, post-secondary education institutions, who studied on the Company’s in-demand major, and was accepted into the Company first year after graduation, are assigned the status of Young Specialist/Young Employee. During the status validity period, the Employee, under the guidance of an experienced mentor, acquires necessary practical skills, studies the production technology and operation specifics, gets acquainted with the workforce and joins corporate culture.

In order to adapt to the corporate culture and get acquainted with traditions and rules of conduct in the Company, a Handout to Newly Hired Employee of the Ulba Metallurgical Plant has been developed, which is issued to each newly hired Employee.

Since 2003, the Company has had a Youth Association (hereinafter – YA). The main goal of YA is to create conditions for the full-fledged spiritual, cultural, educational, professional and physical development of Young Employees, participation in the decision-making process, successful socialization and direction of their potential for the Company’s further development.

YA consists of representatives from among the most active Young Employees who successfully combine production activities, YA activities, and participate in social and political life of the Company and the region (Ust-Kamenogorsk and Kurchatov).

In 2022, YA carried out its activities in accordance with the Regulations of Primary Organization Youth Association of UMP JSC as part of the Nuclear Forum Public Association.

YA members participated in:

* corporate and holiday events organized by the Sole Shareholder: NOMAD TIME - Kazatomprom online teambuilding, dedicated to the celebration of Nauryz, environmental challenge, 5km and 10km Kazatomprom Marathon, Live by Values corporate values competition and the KVN festival.
* corporate events organized by the Company: in February, members of the YA initiated a blood donation campaign at the Blood Center in Ust-Kamenogorsk, actively participated in Donor Day held at the plant in August and in recording a congratulatory music video for woman plant workers on March 8, in celebration of Victory Day on May 9 (laying flowers at the Pobeda Memorial Complex).
* events held by local authorities (hereinafter – LA) of Ust-Kamenogorsk and the East Kazakhstan Youth Resource Center: environmental campaigns (subbotniks) for the improvement and landscaping of Ust-Kamenogorsk; a meeting with the chairman of the Central Election Commission of the Republic of Kazakhstan and with deputies of the Ust-Kamenogorsk Maslikhat; Otbasy Jastar Fest - a joint event of LA and Otbasy Bank; Constitutional Reforms - New Milestones in History lecture for the working youth at the D. Serikbayev EKTU; Alau-2022 competition for the Ust-Kamenogorsk Akim’s prize.

YA interacts on a permanent basis with the Council of Young Professionals of the Sole Shareholder. In October 2022, members of UMP YA actively participated in the self-development challenge for young specialists of NWF Samruk-Kazyna JSC group of companies.

In 2022, there were 2 meetings between the Executive Board Chairman S.V. Bezhetskiy and YA members:

* on June 30, 2022 at the Exhibition and Information Center (On The Same Wave publication in the corporate UMZ-inform newspaper (No. 14 (615) dated July 15, 2022);
* on December 14, 2022 in the Company’s conference hall (The Task Was Completed Successfully! publication in the corporate UMZ-inform newspaper (No. 24 (625) dated December 30, 2022).

In December 2022, as part of the presentation of the East Kazakhstan Akim annual For Contribution to the Implementation of the State Youth Policy youth prize, Irina Muravyova, process engineer of the Company’s Beryllium Operations, received a prize in the Young Professional nomination.

The YA team took I place in the Spectacular Youth-2022 competition, organized among youth organizations of the region’s industrial enterprises by the East Kazakhstan Department of Social Development.

# Assurance of social peace in the Company

The Company pays special attention to the implementation of various measures to prevent conflict situations and labor disputes among Employees.

Conflict resolution resources existing in the Company are supplemented by mediators and Ombudsman activities.

**1.3.1 Institution of Mediators**

Company activities in this area include training in preventive measures, mediation and negotiation techniques in crisis situations. In the event of labor disputes and conflicts, these issues are resolved in accordance with labor legislation of the Republic of Kazakhstan. In addition, mediation methods of resolving labor disputes are used, through which conflicts can be resolved. Institution of mediators who have undergone special training has existed in the Company since 2013. The list of mediators is published on the Company's Corporate Portal.

In 2022, 15 Employees included in the pool of mediators and positive leaders were trained in mediation skills.

In 2022, there were no appeals from the Company's Employees to mediators.

**1.3.2 Institution of the Ombudsman**

According to the Company Corporate Governance Code, approved by Resolution of the Sole Shareholder No. 414 dated September 09, 2015, an ombudsman is appointed in order to comply with principles of business ethics and optimally regulate social and labor disputes arising in the Company.

The Company Ombudsman participated in all quarterly videoconferences on ombudsmen activities of the Sole Shareholder’s group of companies.

On April 18-22, 2022, the Company Ombudsman trained at the Center for Social Interaction and Communications in Astana as a professional mediator of the corporate pool of internal mediators of Samruk-Kazyna JSC. Upon graduation, and after passing examination, a certificate was presented to the Ombudsman.

On September 15-16, 2022, the Company Ombudsman trained at KNU IHT LLP branch, Center for Mediation and Rights PI in Almaty on the following topic: “Corporate ombudsman’s role and functions in a situation of increasing social tension in the workforce”. Upon graduation, and after passing examination, two certificates were presented to the Ombudsman.

On October 28, 2022, in Astana, the Ombudsman took part in the I Ombudsmen & Mediators of Samruk-Kazyna JSC Group of Companies Forum, organized by the Center for Social Interaction and Communications PI, and also participated in the Peculiarities of Mediators' Resolution of Individual and Collective Labor Disputes workshop.

Information stands of the Company contain information about the Ombudsman with contact information and e-mail addresses. The Ombudsman participated in 31 meetings between department heads and the workforce.

In 2022, no appeals from the Company's Employees to the Ombudsman were registered.

# Anti-corruption and fraud management, settlement of corporate conflicts and conflict of interests

The Company implements a systematic approach to battling corruption and fraud, resolving corporate conflicts and conflicts of interest.

Taking into account the risk-based approach, internal documents regulating issues of ethics and compliance, and battling corruption are updated, developed and introduced on an ongoing basis. Thus, in 2022, by Resolution No. 14 “Policy for Informing About Committed or Ongoing Violations at UMP JSC” dated August 31, 2022 of the Board of Directors was approved, as well as the Regulation on giving and receiving gifts and branded souvenirs was approved in the new edition.

Any violation, in particular, non-compliance with the Company Corporate Ethics and Compliance Code, may cause significant damage to the activities and reputation of the Company, in connection with which risk management is a priority for the Company and includes anti-corruption monitoring, analysis of corruption risks and maintaining a register of corruption risks. Corruption has a zero risk-appetite. The Board of Directors annually approves a register and map of corruption risks, as well as a plan of activities to minimize the risk of corruption.

During the year, anti-corruption monitoring was conducted, including on the procurement of goods, works and services from a single source, management of interest conflicts. There are no implemented corruption risks in the Company.

Contracts/agreements concluded by the Company include sections on battling corruption and conducting compliance checks of counterparties. Counterparties assume obligations to comply with the Code of Ethics of the Company's supplier.

The Company implements the practice of written confirmation of the adoption of anti-corruption restrictions by office/division heads equivalent to persons authorized to perform state functions.

Managers whose positions are included in the approved list of positions included in the category of persons performing managerial functions in the Company and equated to persons authorized to perform public functions (hereinafter – the List) annually provide a web-declaration on the conflict of interest, as well as a web-declaration provided by newly hired Employees and Employees who have moved to another structural division of the Company.

In order to implement a systemic measure of financial control provided for by the legislation of the Republic of Kazakhstan, the managers whose positions are included in the List notified the Company in 2022 of the submission of income and property declaration.

In order to raise the level of awareness among the Company's Employees, training is provided. Plan of Activities for Battling Corruption for 2022 included and successfully implemented the Corruption – Disease, Fighting It – Our Duty event, according to which the Heads of the Company’s structural divisions discuss issues on the topic of battling corruption, using presentation material Risk and compliance officer services at quarterly meetings with personnel. In order to increase the awareness of Employees, an information leaflet is issued on international and national experiences in battling corruption, on the corruption perception index and other topics. On a quarterly basis, the Company Management discusses issues on battling corruption and fraud with structural division heads. The corporate UMZ-inform newspaper publishes information on compliance.

Risk and compliance officer, both for target groups of Employees and at meetings with the workforce, conducted workshops on the following topics: the concept of anti-corruption policy in the Republic of Kazakhstan, as well as the system of anti-corruption measures taken in the Company, conflicts of interest and restrictions on joint work relatives, spouses, in-laws; compliance check of counterparties; prohibition of gifts, information channels, hotline.

In 2022, 3,710 Employees were tested for knowledge and understanding of ethics and compliance issues (including anti-corruption issues). The quality of knowledge was 96.86%. 2,058 Employees participated in an anonymous survey on compliance with ethics in the Company (including questions about whether the respondents had encountered cases of corruption).

In 2022, The Best Video and Drawing competition of creative works on battling corruption was organized, timed to coincide with the International Anti-Corruption Day. Winners received diplomas, participants received certificates, which were presented by the Company’s Executive Board Chairman, with a welcoming speech thanking the participants and denoting the high significance of the event for raising the anti-corruption culture level among Company Employees. Winning works were a part of the Sole Shareholder’s competition.

Information boards, internal and external corporate websites of the Company contain information on the methods of contacting, as well as contact details of a hotline of an external independent organization that provides hotline services for the possibility of obtaining information from Company Employees and interested parties about facts of corruption, fraud, violations of norms corporate ethics, as well as illegal actions of Company officials.

# Measures for occupational and environment safety

The Company is fully aware of its responsibility for ensuring trouble-free production activities, safe working conditions for employees and maintaining the health of people living in the area of operations.

The Company has implemented an integrated management system that meets the requirements of international standards ISO 9001 (quality management system), IS0 14001 (environmental management system) and ISO 45001 (occupational health and safety management systems). In accordance with this system, the Company organized work to comply with the requirements of the legislation of the Republic of Kazakhstan in the field of labor and environmental protection, radiation and nuclear safety.

In 2021, the Company switched from OHSAS 18001 standard to an updated version of ISO 45001 standard. In 2022, the Company underwent a recertification audit by Intercertifica TUV LLC together with TUV Thüringen, which confirmed the compliance of the Company's management system with requirements of ISO 9001, ISO 14001 and ISO 45001 standards.

# 2.1. Assurance of occupational safety

**2.1.1** **Main activity directions of the Company**

In 2022, an agreement was concluded for mandatory insurance of an Employee against accidents during labor (service) duties No. USK7012811220012 SERIES HEMI dated November 28, 2022 with Halyk-Life Joint-Stock Company Subsidiary of Halyk Bank of Kazakhstan for Life Insurance.

In order to take measures to prevent accidents during labor, the Company records all accidents, as well as investigates and analyzes root causes.

In 2022, the Company and contractors performing work/providing services for the Company did not register any accidents with Employees while performing their labor (service) duties, incidents, emergency situations, fires, explosions, and accidents.

During the reporting period, one occupational disease was registered in an employee of the Company's Uranium Operations, who previously worked at the Company's Beryllium Operations.

Diagnosis: stage one berylliosis-pulmonary granulomatosis, complicated by chronic bronchitis in the phase of incomplete remission, first- and second-degree respiratory failure. The disease is occupational, primary.

Within the framework of the Seven Golden Rules of the VISION ZERO concept, the Company is constantly working to achieve the main goal - zero injuries.

In order to develop safety culture at work, openness, as well as increase awareness and personal responsibility of each Employee for the creation and maintenance of safe working conditions, in 2018, the Occupational Safety Management software package (hereinafter – OSM) was developed and implemented. In 2022, the Contractors tab was developed and implemented in OSM, which contributes to the introduction of safety culture development and control over compliance with occupational safety in organizations performing work/providing services on the Company’s territory.

The Company regularly studies, analyzes and implements the best world practices in the field of occupational safety. A STOP-CARD procedure has been introduced to suspend/stop unsafe operations by Employees. The STOP-CARD procedure is applied in the following cases:

- threats of an accident at work;

- threats of an accident or incident;

- threats of road accidents;

- fire threats;

- threats of environmental pollution.

In 2022, 28 STOP-CARDs were registered.

A quarterly meeting is held in the Open Doors Day format of heads together with engineering and technical employees of contractors in order to familiarize the Sole Shareholder’s requirements and approaches in the field of ensuring occupational safety.

Behavioral safety audits are organized on a regular basis, aimed at the systematic conduct by heads of all verification levels of the work performed by Employees in order to improve the working conditions of Employees, prevent and eliminate injuries in the workplace.

Cascade training is conducted for newly hired Employees according to Seven Golden Rules in accordance with the Occupational Safety Code.

In 2021, the Company’s Executive Board Chairman approved the Plan for Safety Culture Development at UMP JSC for 2021-2022. In 2022, the activities of this plan were fully completed in a timely manner.

In order to prevent and detect violations and deviations from requirements of the current rules, norms, instructions, standards and other regulatory legal acts on safety and labor protection, technical (trade union) labor protection inspectors, together with heads and employees of structural divisions, conducted monthly scheduled safety inspections and labor protection in the workplace. The results of inspections were discussed at Occupational Safety Days, which were held in the subdivisions on a monthly basis.

An annual exhibition-competition on labor protection, environmental protection, industrial and fire safety in the Company is held together with the trade union committee. The results of this exhibition-competition are summed up once a year. Results have been summed up and the winners of the competition on labor protection, environmental protection, industrial and fire safety in 2022 have been determined.

The purpose of the exhibition-competition is to actively involve the Company's Employees in the work to comply with rules on safety and labor protection, industrial and fire safety, reduce industrial injuries and occupational diseases, improve working conditions and production culture, reduce emissions and discharges of pollutants onto surrounding facilities.

In 2022, Occupational Health and Safety Department Employees participated in the competition on labor safety and labor protection among employers of the Republic – “Senim” in Best Labor Protection Service nomination, organized by the Ministry of Labor and Social Protection of Population of the Republic of Kazakhstan together with MCFR – Kazakhstan (International Center for Financial and Economic Development), SI Republican Research Institute for Labor Protection of the Ministry of Labor and Social Protection of the Republic of Kazakhstan with the support of the Federation of Trade Unions of the Republic of Kazakhstan.

According to the results of the competition, the Company took first place in Best Labor Protection Service nomination. This prize is evidence of the effectiveness of the Company's corporate policy, the main principles of which are priority of life and health safety of Employees.

**Inspections by the Company’s internal control:**

In 2022, employees of Occupational Health and Safety Department and Production Safety Director’s Office conducted 29 safety and labor protection and occupational safety inspections in the Company’s divisions. 378 violations were detected, all violations were fully eliminated in a timely manner.

**Inspections by government bodies:**

From April 8, 2022 to April 15, 2022, RSI Ust-Kamenogorsk City Department of Sanitary and Epidemiological Control of the Department of Sanitary and Epidemiological Control of the East Kazakhstan Region of the Committee of the CSEC of the Ministry of Health of the Republic of Kazakhstan conducted an unscheduled inspection for previously issued comments.

According to inspection results, no violations were found. The points of order to eliminate violations No. 567 dated November 26, 2021 were fully fulfilled in a timely manner.

From May 16, 2022 to June 10, 2022, RSI Ust-Kamenogorsk City Department of Sanitary and Epidemiological Control of the Department of Sanitary and Epidemiological Control of the East Kazakhstan Region of the Committee of the CSEC of the Ministry of Health of the Republic of Kazakhstan conducted an inspection according to a special procedure based on an assessment of the degree of risk of the Company's Uranium Operations activities. 2 violations in the field of labor protection in relation to radiation hazardous facilities were identified. On the inspection basis, an order was issued to eliminate violations; at present, the violations have been fully eliminated.

From June 17, 2022 to June 30, 2022, SI Department of State Labor Inspectorate of East Kazakhstan conducted an unscheduled inspection for the Company's compliance with law requirements, according to a checklist in relation to organizations involved in products production and manufacture, as well as development, extraction and processing of minerals, construction and other industrial activities.

According to inspection results, no violations were found.

From June 29, 2022 to July 20, 2022, SI Department of State Labor Inspectorate of East Kazakhstan carried out preventive control for compliance by the Company with the requirements of the Republic of Kazakhstan’s legislation.

Based on inspection results, 19 violations in the field of safety and labor protection were identified. All violations were fully eliminated in a timely manner.

From November 14, 2022 to November 25, 2022, RSI Industrial Safety Committee of the Ministry of Emergency Situations of the Republic of Kazakhstan for East Kazakhstan conducted an unscheduled inspection according to a special procedure for the implementation of previously issued violations.

According to a Certificate on inspection results, no violations were found. The points of the order to eliminate previously identified violations were fully implemented within the established time limits.

From November 14, 2022 through December 02, 2022 RSI Department of Committee for Industrial Safety of RK Emergency Situations Ministry in East Kazakhstan region performed planned audit by special order for compliance with the Law of the Republic of Kazakhstan in terms of industrial safety at hazardous facility of the Company.

On the base of the check the instruction on violations elimination was issued. Based on the check results, 22 industrial safety violations and 7 violations were eliminated. The other violations elimination date does not become due.

From November 11, 2022 through November 15, 2022 RSI Ust-Kamenogorsk City Sanitary and Epidemiological Control Administration of Sanitary and Epidemiological Control Department of the East Kazakhstan Region of Sanitary and Epidemiological Committee of the Ministry of Health of the Republic of Kazakhstan (RGA UK CSECA SECD EKR SEC MH RK) performed unscheduled check of Uranium Operations of the Company for carrying out clauses of the instruction on elimination of violations identified earlier. Based on the check results, no remarks were made, order point were fully implemented within the established time limit.

From November 28, 2022 through December 07, 2022 RSI UK CSECA SECD EKR SEC MH RK performed planned audit on special order based on the Company’ Beryllium Operations activity risk level assessment.

1 violation has been identified in labor safety and protection area. The order to eliminate the violation was issued on the base of the audit. The violation was fully eliminated within the established time limit.

RGA Department of Emergency Situations of the city of Ust-Kamenogorsk to the Department of Emergency Situations of the East Kazakhstan Region of Emergency Situations Ministry of the Republic of Kazakhstan (RSI DES UK DES EKR ESM RK) audited the Company’s facilities in the fire safety area within the period from January 27, 2022 to January 28, 2022 for elimination of the violations of fire safety norms and rules according to previously issued Order. No violations were identified on the base of the audit results;

Since June 20, 2022 to June 22, 2022, the Republican state institution “Department of Emergency Situations of Altay region DES EKR carried out the audit of the leisure base of the Company – Goluboy Zaliv, located in Altay region, Novaya Bukhtarma village, Borok mountain area:

Based on the results of the audit 2 violations of norms and rules of fire safety were found. All the violations were eliminated within the established period.

From August 03, 2022 to September 01, 2022, the Republican state institution “Department of Emergency Situations of the city of Ust-Kamenogorsk DES EKR ESM RK performed the audit of the company’s facilities according to the special order, based on the risk level assessment for compliance with the legislation of the Republic of Kazakhstan applicable to the fire safety.

Based on the audit results 12 violations of norms and rules of fire safety were found. All the violations were eliminated within the established period.

From December 30, 2022 till January 06, 2023, the Republican state institution “Department of Emergency Situations of the city of Ust-Kamenogorsk DES EKR ESM RK carried out the audit of elimination of norms and rules of fire safety at the Company’s facilities according to previously issued Order. Based on the audit results, no violation was identified.

**2.1.2. Occupational safety management system**

In 2022, the occupational health and safety management system was carried out in accordance with the laws of the Republic of Kazakhstan, regulatory and technical acts, orders, instructions of the Company, the requirements of the international standard IS0 45001, instructions and recommendations of the Sole Shareholder regulating the requirements for industrial safety.

Qualification of production facilities for working conditions was carried out in December 2018 in accordance with the “Rules for Mandatory Periodic Qualification of Production Facilities for Working Conditions”.

Scheduled qualification of industrial facilities for working conditions is planned for 2023.

For each workplace and technological operation, lists of potential hazards are compiled, which are included in the labor safety and protection instructions.

**2.1.3. Personal protective equipment for the Employees**

All Employees of the Company are provided with PPE and safety devices in full in accordance with applicable regulations. In 2022, KZT 420 mln. were spent for the purchase of this equipment.

Constant control over provision of employees with overalls, special footwear and other means of individual protection was carried out. Inventory of overalls condition, its rejection, control of compliance of terms of use to norms of free provision with overalls and special footwear at the expense of the employer was carried out in departments on a constant basis.

The Company created proper sanitary conditions – showers, dryers, dressing rooms, washrooms, toilets, and rooms for eating equipped with necessary household appliances.

**2.1.4. Employees professional development**

On a permanent basis the Company pays close attention to training of Employees in safety and labor protection, industrial, fire, radiation, and nuclear safety.

In 2022, 667 Employees underwent training in specialized advanced training centers for the training courses of "Occupational Health and Safety Issues for Managers and Specialists" and "Industrial Safety Issues" and received standard certificates.

Introductory briefing was conducted for 487 Employees, and 293 Employees were given initial instructions on occupational health and safety at the workplace and knowledge was tested. There were no persons who have not undergone training, knowledge testing and admitted to independent work.

In 2022, industrial safety engineers monitored 25 emergency drills and 25 instruction alarms. During instruction alarms, 15 violations were revealed, and during emergency drills - one violation. All violations have now been eliminated.

**2.1.5. Financing of occupational safety measures**

Financing of measures to improve labor conditions, labor protection and sanitary and health actions was of a priority to the Company. Comprehensive Plan for Improving Labor Conditions, Labor Protection and Sanitary and Health Actions for 2022 (hereinafter – the Comprehensive Plan) was developed and approved for these purposes in the Company by the Executive Board Chairman.

145 actions were performed as per the Comprehensive Plan, for which KZT 251.112.834 th. were spent, including:

* 114 measures were taken to improve working conditions for 2.919 Employees, KZT 215,318.931th. were spent;
* 19 measures were taken to reduce the likelihood of injury, at that the likelihood of injury was reduced for 344 Employees, KZT 19,979.400 th. were spent;
* decrease of accident possibility, 10 actions, at that the possibility of an accident was decreased for 390 Employees,   
  KZT 15,120.613 th. were spent;
* 2 measures to reduce the overall morbidity, at that, the morbidity was reduced for 8 Employees, KZT 693.890 th. were spent.

In order to prevent and identify violations and deviations from the applicable rules, norms, instructions, standards and other regulatory legal acts on labor protection, technical (trade union) labor protection inspectors together with managers and specialists of structural divisions conduct scheduled inspections of the state of occupational health and safety at workplaces. The results of inspections are discussed at the Occupational Safety Days which are held in the departments on a regular basis.

**2.1.6. Core business declaration**

In accordance with the Law of the Republic of Kazakhstan "On Civil Protection", 9 industrial safety declarations have been developed and approved.

# 2.2. Environmental protection

Nature protection activities, preservation of favorable environment and resource conservation are also priorities for the Company.

Environmental concern ensures sustainable development of the Company. To prevent possible negative impact the Company takes all necessary actions to ensure environmental protection as well as conservation and restoration of natural resources, constantly improving products, processes and working conditions for its employees.

The Company ensures continuous implementation of priority tasks in the field of environmental protection.

The Company has been certified for compliance with international standard ISO 14001 requirements since 2003, and in 2018, it was certified according to the new ISO 14001:2015 standard

In accordance with UMP JSC Management Policy approved at the meeting of the Executive Board (Minutes No. 35/1233 dated 06.10.2020), activities to reduce environmental pollution were performed.

Implementation of basic principles of the above-mentioned Policy and implementation of specific environmental objectives aimed at reducing impact on the environment and improving environment management system (hereinafter - EMS) is ensured.

In terms of carrying out Section 2.1 of “UMP JSC Actions plan” on implementation of Road Map of NAC Kazatomprom JSC ESAP for 2022-2023” No.14-01-10/920 dd. July 27, 2022, the contracts have been concluded in November 2022 for scientific-research works on complex ecological and social research of the Company (industrial site in Ust-Kamenogorsk city and MCC concentrating plant). The work is being performed by IVT Ltd. (Almaty city). Work performance period – December 31, 2024.

All divisions of the Company have impact on environment within the established limits of emissions, discharges of pollutants and production waste disposal.

In 2022, gross emissions of pollutants into the atmosphere by the Company's divisions at the site in Ust-Kamenogorsk amounted to 40.5% of the established limits, while gross discharges to Ulba River were equal to 51.4 % of the established limits, and the volume of hazardous waste disposed was 57.0 % of the established limits.

Environmental protection issues in the Company's Operations are considered during the Days of environmental protection on a quarterly basis.

The Company provides financing for environmental protection measures, including the costs of improving the efficiency of dust and gas treatment plants, protection and rational use of water resources.

In accordance with the Company Action Plans for Environmental Protection in Ust-Kamenogorsk for 2022, 10 activities were planned to the amount of KZT 233.9 mln.

In accordance with Action Plan for Environmental Protection for 2022 at Karadzhal Mining & Concentration Complex of the Company, 14 activities were planned to the amount of KZT 8.4 mln.

In accordance with Action Plan for Environmental Protection for 2022 of Mining & Concentration Complex of the Company in Kurchatov city, 4 activities were planned to the amount of KZT 4.4 mln.

Note: Actual expenses spent in 2022 for implementation of Action Plans for Environmental Protection:

* In Ust-Kamenogorsk – KZT 292.7 mln. All the activities have been completed;
* Karadzhal MCC mine – KZT 5.0 mln. Decrease in actual costs is due to the fact that in Q3-Q4 2022 works on mining and processing of quartz-fluorite ore have not been performed in connection with mining license absence.   
  Only activities aimed at industrial ecological control ensuring were performed during this period;
* Concentrating plant – KZT 4.4 mln. The action of “implementation of wastes of operation and consumption has not been carried out due to failure to perform the contractual obligations by the subcontracting company – DEKOCEMENT Ltd.
* Within the frames of Word Environment Protection Day in 2022, the Company has developed the plan of actions (ref.No.14-04-05/587 dd. May 12, 2022) according to which:
* Landscaping, care and maintenance of the administrative territory and the sanitary protection zone of the Company were carried out, including 60,000 flower seedlings planted (8,862 m2). Young plants of trees were purchased to be planted on the territory of Ust-Kamenogorsk city (20 firs, 45 poplars). Planting was performed in October 2022;
* Eco-challenge was performed in Ust-Kamenogorsk city on April 23, 2022 for improvement of the ecological conditions. More than 50 Employees of the Company took part in voluntary Saturday clean-up and took away the garbage along Ulba river bank, from Sport Palace to the bridge on Shakarim avenue. The territory with a length of 2 km was cleaned up. 15 m3 of garbage were evacuated;
* In June 2022, an exhibition stand on the Company's activities in the field of environmental protection was updated in the lobby of the Company's management building;
* The Ecological Bulletin of the Company is published on a monthly basis on the corporate portal;
* “Days of Environmental Protection” are held in the Company's divisions;
* Order No. 768 dd. May 31, 2022 was issued for the Company to encourage Employees for the World Environment Day;
* Information on environmental protection activity (eco-challenge) has been posted on the Company's website;
* To increase the awareness about environment protection activity of the Company, on June 03, 2022 Director for Production Safety of the Company addressed the Employees via radio speech devoted to the Word Environment Protection Day;
* public awareness work for support of the Company’s image-building had taken place in Exhibition and Information Center of the Company during 2022;
* videos dedicated to environment protection activities of the Sole Shareholder and the Company had been demonstrated at the plant gates;
* in May 2022, drawings and handicrafts competition was performed among 5–6-year-old educates of Ulbinochka childcare center. The aim of the competition was to focus the attention to the troubles connected with the preservation of wildlife. 18 works were presented at the competition (results of the competition have been published in UMP-inform corporate newspaper No. 11 dd June 03, 2022);
* In order to improve the image of the Company for the environmental protection and according to the media plan of the Press Office of the Department for public and state authorities’ relations, the publications were prepared and posted in the following external media and internal channels for information distribution for the World Environment Day:
* Information graphics “UMP and environment protection” was placed on the external site of the Company and mass media of the city and the region (“7 days” newspaper No. 22 dd. 02.06.2022; “Ustinka plus” newspaper No. 22 dd. 02.06.2022; “Moy gorod” newspaper No.  66 dd. 02.06.2022; “Rudny Altay” newspaper No. 63 dd. 02.06.2022; “AltaуNews” website dd. 05.06.2022; "UMP-Inform" corporate newspaper No. 11 dd. 03.06.2022);
* publication “eco-priorities of present and future” (“Eco-bulletin of ecologist” magazine, June 2022);
* publication “Eco challenge” (“7 days” newspaper No. dd. 26.05.2022);
* publication “Air formula” ("UMP-Inform" corporate newspaper No. 11 dd. 03.06.2022).
* within the frames of RITM corporate program, the Company’s Employees took part in the seminar on the topic of: “Kazatomprom – 25 years with care of the land”, the information (report and presentation) was prepared and provided to the Department of production safety of the Sole Shareholder.

Within the frames of the internal control in 2022, the Employees of the environment protection department of Director for Production Safety performed 10 audits of the activity of the Company’s divisions connected to the environment protection. 41 violations were detected, at the present time 39 violations are eliminated. The time for elimination of the rest of the violations has not expired yet.

# 2.3. Ensuring nuclear and radiation safety

In accordance with the hygienic standards of the Sanitary and Epidemiological Requirements for Ensuring Radiation Safety, approved by the Minister of National Economy of the Republic of Kazakhstan (Order No. ҚР ДСМ-71 dd. 02.08.2022), an annual effective radiation dose of Group A staff should not exceed 20 mSv. In 2022, an actual value of the maximum annual dose in the Company amounted to 5.2mSv, which is almost 4 times less than the limit of the annual effective dose to the staff of group A.

All the works on provision and control of nuclear and radiation safety in the Company were carried out in accordance with the requirements of applicable legislative and regulatory documents of the Republic of Kazakhstan with regard to nuclear and radiation safety.

# 3. Scientific, technical and innovative and technological development activities

Scientific-technical and innovative-technological development of the Company is one of the priority directions in creation of new and imrovement of existing plants, technologies and products.

As part of the scientific, technical and innovative and technological development of the Company, more than 30 research and development projects aimed at supporting strategic and other projects of the main operations have been implemented in 2022 by own Research Center.

In terms of technological support of the main operations, recommendations were tested and given for the processing of new types of tantalum, niobium and beryllium raw materials. Industrial tests on use of flocculant solution in the fluorspar concentrate thickening porocess were conducted. Methods of flotation efficiency increase were defined for the purpose of processing of the raw material with low content of fluorite on retention of the set feasibility indicators by means of more complete extraction of fluorite. Explorary research of processes of beryllium sorbtion from sulphate pulps was conducted, this is the first stage of explorary researches of uranium oxides powders obtainment from uranyl nitrate solutions using denitration method.

In 2022, Research Center finished the 1st stage of process research in mning, processing and enrichment of beryllium ore at Karadzhal deposit by the order of Kazatomprom-SaUran ltd. Physical and mechanical tests of Karadzhal ore were performed, its mineral composition was stadied.

Heat-treated titanium beryllide block and beryllium chips were manufactured and delivered to the Customer under the contract with Karlsruhe Institute of Technology (Germany). Fuel pellets manufactured from uranium dioxide with U-235 enrichment were delivered to Republican State Enterprise on the Right of Economic Use National Nuclear Center of the Republic of Kazakhstan EM RK.

Under the contract between the Company and NTK Novaya Khimiya LLC (RF, Moscow), the latter carried out studies to clarify the technological parameters of processing of liquid wastes (hereinafter – LW) on the basis of the previously developed technological regulations, the purpose of which was to obtain calculation and experimental data on the quality of products obtained, material balances, as well as process parameters and equipment characteristics to create in the future a pilot plant for LW processing using low-waste and economically feasible rational processing methods.

In the reporting period, VK Lab Servise Ltd. provided support services for the research works conducted by the Company. Research Institute of Economics and Tariff Setting of the Republic of Kazakhstan Ltd. rendered services on marketing research of industrial markets of magnesium oxides.

In September 2022, the international conference "The 15th International Workshop on Beryllium Technology (BeWS-15) and BeYOND-IX Workshop" took place in Karlsruhe (Germany), where the plenary report "Beryllium intermetallides: UMP JSC experience in development and testing" presented the results of researches conducted in recent years on the development of tantalum and titanium beryllides obtaining technologies.

In November 2022, the II International Scientific and Practical Conference "Rare metals and materials on their basis: technologies, properties and application" named after N.P. Sazhin (RedMet-2022) took place in Moscow (RF), where the report "Preparation of billets and products from titanium beryllides TiBe12, chrome CrBe12 and tantalum Ta2Be17" was presented.

In November 2022, the X Anniversary International Research and Practice Conference devoted to the 25th Anniversary of the Sole Shareholder and the 20th Anniversary of High Technologies Institute Ltd. took place in Almaty under the name "Actual Problems of Uranium Industry". Representatives of the Company's Research Center directly participated in the conference. Two reports were presented: "Contribution of UMP JSC into nuclear nonproliferation regime strengthening" and "Experience of industrial processing of uranium containing materials in UMP JSC".

Also, the following reports were presented in the book of conference reports: "UMP JSC experience in developing and testing new beryllium-based materials", "Development of recycling technologies for technogeneous wastes generated in NFC, taking into account resource saving and ecological compatibility", "Laboratory researches on complex treatment of liquid wastes of UMP JSC Tantalum Operations with emission of fluorides suitable for internal use".

Ideas, rationalization proposals and inventions are the important part of innovative activities implementation.

In 2022, under the Program “10,000 Improvements”, 155 ideas were submitted, 121 ideas were implemented, 43 rationalization proposals were drawn up and implemented. In 2022, the economic effect from their implementation into production amounted to KZT 71.1 mln.

Expert Commission of the Company considered 7 applications for supposed employee inventions. It was decided to keep 3 inventions in know-how regime, patents were obtained for 4 inventions (in the Republic of Kazakhstan - 3 patents, in Russian Federation - 1 patent).

In 2022, in terms of technical re-equipment of production facilities in accordance with the Consolidated Investment Plan for UMP JSC, the following projects were implemented:

The project “Building 600. Reconstruction. Refinery with a capacity of 6 th. tU/year of triuranium octoxide. Northern Site” is being implemented at the Company's Uranium Operations.

The projected refinery is designed to produce triuranium octoxide of natural uranium of nuclear quality from a chemical concentrate of natural uranium mined at the RK mines. The project implementation is based on the technology of the Canadian company Cameco. The finished product is sent to conversion plants to produce fuel for NPPs. The refinery construction project is being implemented in a staged manner. Products release plan provides for about 3 th. tons in 2025, and up to 6 th. tons in 2026-2040.

At present, investments amounted to KZT 120.848 mln.

Results expected from the project implementation:

* production of triuranium octoxide of nuclear purity and stable quality with a minimum content of impurities;
* this type of finished product will provide a significant advantage for entering new/external markets of India, Argentina, Romania, etc. (up to 3.5 th. tU/year);
* increase in growth of output volumes.

The project on purchase of high-performance metal-working equipment with numerical control is being implemented at the Company’s Beryllium Operations. The cost of the project is estimated at KZT 986.208 mln, and KZT 472.455 mln have been implemented already. The project implementation will improve the efficiency of the production process by reducing the self cost of beryllium products, as well as increasing the production of highly profitable products.

The Project on purchase of TEM-9 shunting diesel locomotive is being implemented at the railway section of the Company's Storage Facility. The cost of the project is estimated at KZT 523.052 mln. The project will allow to increase the efficiency of railway transportation of materials, equipment, raw materials and finished products along the approach roads of the Company and adjacent branch owners.

# Economic impact measures in the regions of presence

# Support for the social and economic development in the regions of presence

The Company is socially responsible; therefore, the development of the social sphere and the implementation of social projects is one of its priorities.

Since 2012, the Company's Employees have joined the implementation of the Comprehensive Plan to Support Orphans and Children Left without Parental Care, and have taken children from orphanages in Ust-Kamenogorsk for foster care. The Company’s Employees introduce children to the conditions of modern life, ensuring their participation in corporate, holiday, sports and other cultural events of the Company.

In 2022, the Emloyees paid for the mobile communications and communal services, purchased clothing and school supplies for orphaned children in terms of the republican campaign “Way to school”.

In December, YU members rendered charitable assistance to three families by means of food packages for the total amount of KZT 120 th. (to the single mother of the special needs child, single living disabled person of group I – former emplyee of the plant and multiple children family).

The Employees of Car Fleet continue rendering assistance to Tsybiy family: bath house was repaired partially, construction and finishing materials and fixing elements were purchased (In June 2020 the Emplyee of the Company’s Car Fleet Yu.Tsybriy, who was raising four children alone (his wife died in 2013) died suddenly).

As part of the improvement of the region, the Company regularly conducts work to maintain Potanin's memorial, Slavsky monument (attractions of the city of Ust-Kamenogorsk) in proper condition - cleaning the territory, maintaining lawns and green spaces and current repairs. In 2022, the cost of maintaining the monuments amounted to about KZT 1,702 th. (which includes for Slavsky monument – KZT 1,532 th., for Potanin's memorial – KZT 170 th.)

In 2022, the Company, as a bona fide subsoil user, made contributions to the Regional State Administration of the Eastern Kazakhstan State Revenue Department at the Ministry of Finance of the Republic of Kazakhstan for the social and economic development of the region and its infrastructure. The Company's contributions to the regional budget for these purposes amounted to KZT 7.9 mln.

As a major taxpayer, the Company faithfully fulfills its obligations to timely transfer the accrued taxes and deductions to the budget. In 2022, tax payments and deductions from the Company to the regional budget of the Eastern Kazakhstan region amounted to KZT 2,730.1 mln.

# Sustainable development procurement management procedures

Responsibility for procurement activities and control over their execution is assigned to the Procurement Director's Office and the responsible structural divisions of the Company.

Responsible approach to the procurement is a contribution into development of mutually beneficial partnership relations, increase of efficiency of interaction with suppliers and contractors, and increase of efficiency, control and transparency of the procurement activities.

The principle of openness and transparency is ensured by conducting purchases via web portal at https://zakup.sk.kz, where a full cycle takes place from planning the need for goods, works and services, then conducting procurement, conclusion and execution of contracts, ending with the delivery of goods to the warehouse.

Responsible approach to selection of suppliers is ensured by participation of suppliers in pre-qualification on web-portal for procurement with their subsequent including into Register of potential qualified suppliers, which is carried out based on the decision of the Commission of the Qualification Authority. In 2022, in comparison with 2021, a number of the Contracts terminated through the fault of suppliers decreased from 118 to 73.

External training on amendments to regulatory acts for procurement activity and another regulatory acts of Samruk-Kazyna JSC is performed, corresponding internal documents are developed and implemented annualy for the purpose to imrove qualification of the Employees of Sales Director’s office and decrease risk of mistakes and untimely procurement.

Information on the Company’s Procurement Plan fulfilment for 2022 is shown in Table 5.

Table 5

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type of Plan | Procurement Plan | Concluded Contracts | Executed, % | Procurement economy |
| *Total,  KZT mln* | *Total,  KZT mln* | *%* | *Total,  KZT mln* |
| Annual Procurement Plan | 23,086.96 | 20,349.74 | 88.14 | 1,017.56 |
| Long Term Procurement Plan | 288.40 | 271.40 | 94.10 | 17.01 |

In 2022, procurement procedures for amount of KZT 7,919.72 mln. were held. The information on the procurement procedures of the Company held in 2022 is presented in Table 6.

Table 6

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Procurement method | Procedures held | | Among them Invalid | | | Among them terminated through the fault of supplier | |
| *Quantity* | *Total,  KZT mln* | *Quantity* | *Total,  KZT mln* | *%* | *Quantity* | *Total,  KZT mln* |
| ОТ, ОТA | 262 | 5,098.62 | 6 | 145.70 | 3 | 7 | 170.83 |
| QRLP, QR, QRRA | 1,601 | 2,821.10 | 13 | 31.21 | 1.1 | 66 | 117.97 |

*ОТ – Electronic procurement by open tender method;*

*ОТA – Electronic procurement by open tender method with reverse auction;*

*QRLP – Electronic procurement by quotation request method with limited participation;*

*QR – Electronic procurement by quotation request method;*

*QRRA – Electronic procurement by quotation request method with reverse auction.*

The following can be seen in 2022:

* Increase of overall level of reserves is up by 32 % (from KZT 4,677 mln. to   
  KZT 6,161 mln., by KZT 1,484 mln.) compared with 2021;
* Decrease of unclaimed reserves by 1.5 % (from KZT 403 mln. to   
  KZT 397 mln., by KZT 6 mln.) is reached in the result of the following actions: intended use, sale, disposal.

In 2022, the planned target value on conclusion of contracts for procurement of goods, works and services with share of in-country value (formerly called as “local content share”) of 59 % was reached.

# Control mechanisms

Appropriate control mechanisms have been formed for the purpose of implementation the Sustainable Development Program, achievement its objective and solution of the tasks.

* 1. **Production Council on Occupational Health and Safety**

In accordance with article 203 of the Labor Code of the Republic of Kazakhstan, for implementation of joint actions of the Company and Trade Union to ensure labor protection requirements, prevention of industrial injuries and occupational diseases, the Production Council on Occupational Health and Safety of the Company was established.

In 2022, 2 meetings of the Production Council were held. The following issues were considered and discussed during the meetings:

* implementation of protocol decisions based on the results of the meeting of the Expert Board for Occupational Health and Safety, dedicated to the World Day for Safety and Health at Work dd. 22.04.2022;
* results of review-competition for the occupational safety and health (hereinafter referred to as OHS) in honor of the World Day for Safety and Health at Work;
* work of technical inspectors for OHS;
* changes in the composition of technical inspectors for OHS of structural divisions;
* results of the Company's work on occupational health and safety, industrial, nuclear and radiation safety, and environmental protection in 1st half-year of 2022;
* results of the work of technical inspectors on occupational health and safety of the Company’s structural divisions in 1 half year 2022;
* Approval of Production Council work plan for   
  2nd half of 2022.

In accordance with the Company’s standard ST 14.0028-20 “Arrangement of work to ensure occupational safety in UMP JSC” the Company holds meetings, on a quarterly basis and at the end of the year, under the Executive Board Chairman, at which issues on occupational health and safety, environmental protection, nuclear, radiation, industrial and fire safety in the Company is considered for the past period.

4 meetings were held in 2022 under the Executive Board Chairman:

* No. 14-01-04/338 dd. 10.03.2022 “Work results in industrial safety at UMP JSC in 2021”;
* No. 14-01-04/599 dd. 16.05.2022 “Work results in industrial safety at UMP JSC in Q1 2022”;
* No. 14-01-04/1030 dd. 26.08.2022 “Work results in industrial safety at UMP JSC in Q2 2022”;
* No. 14-01-04/1340 dd. 11.11.2022 “Work results in industrial safety at UMP JSC in Q3 2022”.

For the effectiveness of work applicable to occupational health and safety, environmental protection and radiation safety, the Company maintains reporting applicable to sustainable development:

* Quarterly and based on the results of the year the reports on labor safety, environment and radiation safety condition are prepared and submitted to the Sole Shareholder within the fixed period;
* During the year, in accordance with the fixed dates, reports are prepared on the implementation of protocol decisions of corporate seminars-meetings on radiation safety, occupational health and safety, environmental protection. Information on execution of protocol decision items and copies of documents confirming the implementation of measures are entered into the PC program “Protocols”.

# Activities recording system

To set objectives, assess the effectiveness of work, as well as manage transformations aimed at making its activities more efficient, the Company maintains reporting applicable to Sustainable Development:

* Consolidated report on Staff training is drawn up with accrual character on a quarterly basis;
* Consolidated information on social and labor indicators is drawn up on a quarterly basis.

In 2022, in accordance with FI 30.0003 “Staff Training”, the Company issued quarterly and annual reports on staff training by divisions of production and industrial complex (PIC) and consolidated in the Company.

Consolidated (the Company & subsidiaries and affiliates) information on Company’s Staff training was sent on a quarterly basis and based on the results of the year to the Sole Shareholder as part of reports: 2HR, materials to the outcomes commission based on the results of activities of consolidated group of the Company’s entities, as part of the Integrated Report, and also uploaded to the eKAP portal to the section Human Resource Management.

**5.3 Risk management system**

The Company’s activities are associated with various risks, and therefore, an effective risk management system is a fundamental element of the Company’s activities. Exact and timely identification, assessment, monitoring and response to risks allows to make decisions effectively at all levels of management and ensures an achievement of the stated objectives and tasks of the Sustainable Development Program.

The Company annually approves registers and risk maps, which include economic, ecological and social components of Sustainable Development. Risk register, risk map and level of risk appetite of the Company were approved:

* for 2022 as per resolutions of the Company’s Board of Directors No. 13 dd. 30.09.2021, No. 10 dd. 26.05.2022, No. 18 dd. 30.11.2022;
* for 2023 as per resolution of the Company’s Board of Directors, protocol No. 17 dd. 26.10.2022.

To systematize and uniform approaches to compliance issues, taking into account the status of the Sole Shareholder as a public company, as well as to conduct an independent, professional assessment of risks and improve the quality of risk management, Office of Risk and Compliance Officer subordinated to the Company’s Board of Directors was created as per decision of the Company’s Board of Directors protocol No. 1 dd. 27.01.2022.

In addition, the Company successfully carries out activities aimed at preventing the risk realization and at reducing the consequences of risk realization. Reports on risk management and implementation of preventive measures are drawn up on a regular (quarterly) basis within the framework of risk register.

All identified risks of the Company are divided into five main categories in accordance with the COSO methodology “Management of the Company Risk-Integrated Model”: strategic, financial, operational, investment and legal.

The above-mentioned reports are sent by the executive body to the Board of Directors for the purpose of disclosing information on the progress in implementing the principles of Sustainable development.

# External control system: interaction with the Parties of interest

As per resolution of the Company’s Board of Directors No. 17 dd. 29.12.2017, the Map of Stakeholders of Ulba Metallurgical Plant JSC was approved. The Map of Stakeholders of the Company is intended to build constructive relationships with both external and internal stakeholders that have a significant impact on the sustainable development of the Company. An effective system of interaction with the stakeholders provides necessary conditions for creating long-term value, achieving strategic goals and building a positive reputation of the Company.

The Company on a permanent basis takes measures to establish dialogue and long-term cooperation, and management of relations with the Parties of interest.

Analysis of internal and external environment is carried out in the company in order to identify and select the Parties of interest. Thus, analysis of the relationship between the Company and persons whose interests are affected in the framework of the Company's activities, as well as those who have or believe that they have legal requirements in relation to some aspects of the Company’s activities. Based on the results of analysis, the list of stakeholder groups of the Company is revised and updated.

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| --- | --- | --- | --- |
| 1. Sole Shareholder – the Company -  Sole Shareholder | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  2 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Increase of the Company’s long-term value. 2. Implementation of the Company Development Strategy as part of implementation of Sole Shareholder’s overall strategy. 3. Receipt of dividends. 4. Implementation of social programs. 5. Achievement of indicators of the medium-term development plan. | | 1. Decisions of the Company’s Sole Shareholder (decisions of Sole Shareholder’s Board of Directors and Management Board, orders of Sole Shareholder’s Board Chairman). 2. Decisions of the Company’s Board of Directors. 3. Joint working groups. 4. Meetings, negotiations, etc. | |

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| --- | --- | --- | --- |
| 1. Partners and shareholders / members of the Company’s subsidiaries and affiliates (S&A) | Degree of stakeholder’s impact on The Company  2 | | Degree of the Company’s impact on stakeholder  2 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. 1. Increase of joint venture companies’ long-term value. 2. 2. Receipt of profit (dividends) from joint management. 3. 3. Implementation of production and investment programs. 4. 4. Implementation of social programs. 5. 5. Achievement of indicators of the medium-term development plan. | | 1. Articles of association. 2. Decisions of GMM (GMS)\* 3. Decisions of SB (BD)\*\* 4. Decisions of joint advisory and consultative bodies. 5. Joint working groups. 6. Joint checking. 7. Meetings, negotiations. 8. Correspondence on the activities of subsidiaries and affiliates. | |

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| --- | --- | --- | --- |
| 1. External auditors and consultants | Degree of stakeholder’s impact on the Company  3 | | Degree of the Company’s impact on stakeholder  1 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Compliance with IFRS standards. 2. Reliability in preparation of the Company financial statements. 3. Implementation of the external auditor’s recommendations. 4. Timely payment as per the contracts. | | Contracts, reports and letters to the Management. | |

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| --- | --- | --- | --- |
| 1. The Company’s creditors | Degree of stakeholder’s impact on The Company  2 | | Degree of the Company’s impact on stakeholder  1 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Timely return of the principal debt in full and receipt of remuneration. 2. Financial stability of the Company. | | 1. Business correspondence. 2. Regular analytical meetings, negotiations. 3. Publication of information about the Company in the mass media. | |

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| --- | --- | --- | --- |
| 1. Suppliers and consumers | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  2 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Stability and reliability of the mutually beneficial cooperation. 2. Guarantee of fulfillment of the mutual obligations under agreements/contracts. 3. Guarantee of the products/services high quality (stability, reliability, safety and supply reliability). 4. Regular updating and improvement of the Company’s activities. | | 1. Customers feedback system. 2. Holding of meetings, negotiations. 3. Signing of the contracts, memorandums, agreements on strategic cooperation. | |

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| --- | --- | --- | --- |
| 1. The Company’s subsidiaries and affiliates | Degree of stakeholder’s impact on the Company  2 | | Degree of the Company’s impact on stakeholder  4 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Confidence in financial support to fulfill the plans. 2. Implementation of investment and social plans/obligations of subsidiaries and affiliates with the support of the Company. 3. Providing support to the Company in sustainable development. | | 1. Articles of association. 2. Decisions of GMM (GMS). 3. Decisions of SB (BD). 4. Correspondence on the activities of subsidiaries and affiliates. 5. Information/reports on implementation of production, investment and social plans/obligations sent to the Company. | |

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| --- | --- | --- | --- |
| 1. Management and staff | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  4 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Results, achievements and prospects for the Company’s development. 2. HR and social policy of the Company. 3. Employee engagement and development prospects. 4. Activities on material and non-material motivation. 5. Terms and conditions of the Collective Agreement. 6. Compliance with legislation and statutory regulations applicable to labor legislation of the Republic of Kazakhstan. 7. Creation of favorable conditions (motivation) for retaining and attracting highly qualified Employees. | | 1. Operational, production, action and other meetings. 2. Oral appeals. 3. Internal communications channels. 4. Applications and requests. | |

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| 1. Trade unions | Degree of stakeholder’s impact on The Company  2 | | Degree of the Company’s impact on stakeholder  3 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Compliance by the employer with the established obligations in relation to the Employees. 2. Protection of the Employees rights and interests. | | 1. Discussion and approval of the Collective Agreement. 2. Meetings of the trade union members with the Company’s management. | |

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| --- | --- | --- | --- |
| 1. Governmental authorities of the Republic of Kazakhstan | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  2 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Compliance with legislation and statutory regulations of the Republic of Kazakhstan by the Company and subsidiaries and affiliates. 2. Receipt of timely and reliable information. 3. Promotion of competition. 4. Issuance of the conclusion on further activities in a specific product market. 5. Fulfillment of tax obligations to the budget in full and within a fixed timeframe. 6. Fulfillment of international obligations of the Republic of Kazakhstan. 7. Granting the right to subsurface use. 8. Licensing of certain types of activities. 9. Fulfillment of license and contractual obligations of the Company’s subsidiaries and affiliates.   Development of atomic power engineering and industry in the Republic of Kazakhstan. | | 1. Request for reporting on the results of the Company’s financial and economic activities. 2. Requests of the governmental authorities on different areas of the Company’s activities. 3. Providing information on amendments and additions to the laws and regulations of the Republic of Kazakhstan. 4. Approval of the contract for subsurface use, the certificate of state registration for the right of subsurface use. 5. Verification of the fulfillment of license and contract obligations of the Company. | |

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| --- | --- | --- | --- |
| 1. Local executive agencies | Degree of stakeholder’s impact on the Company  3 | | Degree of the Company’s impact on stakeholder  1 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Increase in tax revenues to local budgets. 2. Performance of contract obligations in terms of social expenditures. 3. Timely and high-quality implementation of social projects. 4. Increase (saving) of working places. 5. Compliance with the legislation of the Republic of Kazakhstan in the field of industrial, radiation and nuclear safety. | | 1. Memo of cooperation between local executive bodies and the Company in order to support and develop the social sphere of the regions. 2. General agreements between local executive bodies and the Company on the financing of the social sphere of the regions. | |

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| --- | --- | --- | --- |
| 1. Media | Degree of stakeholder’s impact on the Company  2 | | Degree of the Company’s impact on stakeholder  1 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Obtaining timely and reliable information about the activities of the Company:   * re. production safety; * re. the quality of products; * re. financial indicators; * re. implementation of joint projects; * re. prospects for the development of the industry. | | 1. Contracts for the provision of services for the placement of information (articles, stories) about the activities of the Company. 2. Participation in press conferences, briefings, presentations, press tours to production facilities, distribution of press releases, provision of photo and video filming. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. International organizations | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  1 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Compliance with Kazakhstan and international (ratified and non-ratified in the Republic of Kazakhstan) standards/ norms for ensuring industrial, radiation and nuclear safety and requirements of management systems. 2. Openness and transparency of activities. 3. Participation in the preparation/review of draft regulatory legal documents. | | 1. Participation in joint projects. 2. Correspondence on questions of interest. 3. Preparation of expert opinions, proposals and comments to draft regulatory legal documents. 4. Conducting verifications and audits. | |

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| --- | --- | --- | --- |
| 1. Non-governmental organization, local public | Degree of stakeholder’s impact on the Company  4 | | Degree of the Company’s impact on stakeholder  3 |
| Stakeholder’s interest to the Company | | **Impact mechanisms** | |
| 1. Financing of social programs. 2. Provision of charitable and sponsorship assistance. 3. Public hearings. | | 1. Conducting public hearings. 2. Informing about current activities. 3. Letters (appeals) addressed to the Company. | |

GMM (GMS)\* – General Meetings of Members (General Meetings of Shareholders);

SB (BD)\*\* – Supervisory Boards (Boards of Directors).

# Conclusion

In 2022, the Company carried out targeted work on implementation the activities on “UMP JSC Sustainable Development Program for 2020-2022”.

Activities determined by “UMP JSC Sustainable Development Program for 2020-2022” with regard to social development, labor protection, environmental safety, as well as participation in social and economic development in the regions of presence in 2022 were carried out and were effective and contributed to the results achievement of the Program to 2023 and implementation of the tasks planned for 2022 by the Company’s Development Strategy for 2018-2028.