**Reviewed by**

the Board of Directors of UMP JSC

Minutes No.10 dated May 26, 2022

**Approved by**

theResolution of the Executive Board of UMP JSC

Minutes No. 19/1318 dated April 28, 2022

**REPORT ON THE IMPLEMENTATION**

**OF THE SUSTAINABLE DEVELOPMENT PROGRAM**

**OF ULBA METALLURGICAL PLANT JSC FOR 2020-2022   
FOR 2021**

**Ust-Kamenogorsk, 2022**

The activities of Ulba Metallurgical Plant JSC (hereinafter – the Company / UMP JSC) in the field of corporate social responsibility and sustainable development in 2021 are regulated by the Sustainable Development Program of UMP JSC for 2020-2021 approved by Resolution No. 11 dated August 13, 2020 of the Company’s Board of Directors, which principal purpose is to strengthen the position of the Company as a socially responsible company in the medium-term perspective and to meet the objectives of the social and economic development of the Company as well as to ensure an efficient implementation of the Company’s Development Strategy for 2018-2028.

The main objectives of Sustainable Development Program of the Company for

2020-2022 (hereinafter referred to as the Program) are implemented through:

* Social actions;
* Occupational health and environmental protection measures;
* Measures for scientific, technical, innovative and technological development;
* Measures on economic impact in the regions of presence.

# Social actions

# Assurance of social stability in labor collectives

The Company strives to ensure social stability and maintain a favorable moral and psychological climate in the labor collectives by implementing a balanced HR policy of the Company and implementing a Social Partnership Plan and improving the social and labor conditions of the Company’s production Staff.

# Social Stability Index

Social Stability Index (hereinafter referred to as SSI) — is a tool for comprehensive diagnostics of the social situation in the Company. The SSI of the Company is determined based on the results of the assessment of the Staff involvement, social wellbeing and social calm.

As part of forecasting and preventing social and labor disputes and conflicts as well as monitoring the level of public sentiments in the team of the Company, since 2013 a survey has been carried out on a yearly basis to determine the Social Stability Index (Rating) with the involvement of the independent sociological agency. (Private institution Center if social interaction and communications).

Since 2020, the study was conducted according to the new methodology of Samruk Research Services (SRS), while maintaining continuity in the main indexes of the process of collecting and processing sociological information. Thus, Company’s indicator as obtained by SRS in 2021 is an indicator of the Social Stability Index of the Company in 2021. Dynamics of the main SSI indicators for 2019-2021 is given in Table 1.

Table 1.

|  |  |  |  |
| --- | --- | --- | --- |
| Indicator description, % | 2019 | 2020 | 2021 |
| Social Stability Index (SRS) | **77** | **82** | **77** |
| *Engagement* | *64* | *88* | *84* |
| *Social well-being* | *65* | *50* | *37* |
| *Social peace* | *70* | *95* | *91* |

According to the results, decrease of index is unessential - SSI in 2021 decreased by 5% after increase in 2020 but not less than level of 2019.

The Engagement and Social Peace Indices, which are part of SSI, are in a favorable and stable zone (according to the rank scale), while Social Well-Being Index is in the critical zone. The most problematic area of Social Well-being Index is the satisfaction of the Company’s Employees with their material well-being and solvency.

At that, the specialists of the Center for Social Interaction and Communications noted that the level of optimism (belief in a good future) and the level of satisfaction with living conditions in general are at an acceptable level (on average 84% and 82%, respectively).

Stable level of social stability in the labor collectives had a positive impact on the implementation of production program and on the implementation of tasks aimed at implementing in 2021 of the Company’s Development Strategy for 2018-2028.

**1.1.2. Measures for social partnership and improvement of social and labor conditions of production Staff**

Aiming at a systematic approach to the issue of improving the social stability of the Company, improving relationships and preventing social tension in labor collectives, based on the results of the SSI study, recommendations of specialists from the Center for Social Interaction and Communications and the Sole Shareholder, every year the Company develops measures for social partnership and increase of social stability level.

In 2021, the Company developed an Action Plan on social partnership and increase of social stability level (hereinafter referred to as the Plan), which includes 11 sections in the following areas:

* Internal communications;
* Economical and physical security;
* Social politics and labor protection;
* Work positions;
* Financial and non-financial motivation;
* Development of formal and informal leaders;
* Dealing with interested parties and families of employees;
* Ombudsman activity;
* Interaction with Social Association UMP JSC Local Trade Union Employees (hereinafter referred to as – SA UMP JSC LTU or Trade Union);
* Compliance;
* Qualification upgrade/training.

All the activities of the Plan were carried out completely. Actual share of the Plan implementation is 100%. The Report on implementation of the Plan was sent quarterly for approval by the Company’s Management Board.

# 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 the keys to Sustainable development of the Company. The Company establishes relationships with the Employees based on the principles of social partnership, consistency, legal protection, effective use of the personal potential of the Employee and equal opportunities.

In 2021, the Company carried out activities to develop human resources in the following areas:

# Transparent labor payment and competitive level of salary

Actions to ensure transparent labor payment for the Company’s Employees and competitiveness of the salary, 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 through improvement of correlation between performance results of the Company’s workers and amount of their salary, as well as through the fulfillment of all social obligations to the Company’s Employees, the implementation of additional social support measures and minimizing the risk of violations of Labor Code of the Republic of Kazakhstan:

* By order of the Company No. 15 dated January 6, 2021 On increase of salary at UMP JSC in accordance with the decision of the Board of Directors of the Company No. 18 dated December 3, 2020, base salary of the Company’s Employees was increased by 10% from January 1, 2021;
* In accordance with the order of NAC Kazatomprom JSC No. 47 dated May 5, 2021 On establishment of a Working Group for replicating a new remuneration system (hereinafter referred to as the RS) of employees in the production and auxiliary enterprises of NAC Kazatomprom JSC, a working group was created a group for replicating a new RS at UMP JSC (Decree No. 91 dated May 13, 2021 On replicating a new remuneration system). Work on assessment and grading of the employees’ positions was carried out in UMP JSC according to a unified methodology for all subsidiaries and affiliates of NAC Kazatomprom JSC. As a result of the performed work, 784 positions were assessed, the unified schemes of base position salaries were established and corresponding amendments were made to Regulations on position salaries of employees of UMP JSC (Resolution of the Executive Board No. 51/1298 dated December 29, 2021, UMP JSC Order No. 1912 dated December 30, 2021);
* Salary to the Company’s Employees was paid in cash in the national currency of the Republic of Kazakhstan no later than the 10th day of the following month. There were no delays in payment of salaries;
* By orders of the Company No. 383 dated March 26, 2021; No. 1550 dated November 15, 2021, in accordance with Resolutions of the Company’s Executive Board No. 8/1255 dated March 4, 2021; No. 42/1289 dated November 5, 2021, the remuneration in the amount of KZT 782,2 mln. was paid to the Company’s Employees based on the results of work for 2020 for achievement of the Corporate Key Performance Indicators (KPIs) for 2020;
* Corporate Key Performance Indicators (KPIs) for remuneration in 2022 based on the results of work for 2021 were approved by the Resolution of the Company’s Executive Board No. 42/1289 dated November 5, 2021;
* In accordance with the provisions on the payment of bonuses from the chief’s fund and the fund of the Chairman of Executive Board of the Company, approved by the decisions of Executive Board of the Company, for achieving positive results with the improvement of structural unit activities, as well as for active participation in the arrangement and implementation of corporate events within the structural units, individual Employees of the Company were paid bonuses in the amount of KZT 105.3 mln.;
* In accordance with the “Regulation on the procedure for determining and using the savings of the salary fund of UMP JSC, approved by the resolution of the Company’s Executive Board No. 62/1197 dated 25.12.2019, the savings of the salary fund in 2021 were used as payments to the Company’s Employees:

- bonuses through payroll savings in the amount of KZT 266 mln. (based on the resolutions of the Executive Board No. 47/1294 dated December 9, 2021; No. 51/1298 dated December 29, 2021);

- bonuses for the submission of proposals for improving the effectiveness of the Company in accordance with “Regulation on remuneration for the Idea” approved by the resolution of the Executive Board No. 6/1141 dated 01.02.2019 in the amount of KZT 1.8 mln.;

- bonuses for winning prizes in the show competitions in accordance with the relevant regulations, approved by the Company’s decisions in the amount of KZT 4.3 mln.;

* In accordance with “Regulations on welfare assistance to the paid annual leave to the employees of UMP JSC” approved by the resolution of the Company’s Executive Board No. 59/1194 dated 06.12.2019, the welfare assistance to the leave is paid in the amount of KZT 694.3 mln.

The responsibility for implementation of the obligations on organization of salaries included in the regulations on the Company’s divisions and job descriptions of the Company’s specialists carrying out labor and human resources management. Thus, the risk of violation of Labor Code of the Republic of Kazakhstan and infringement of the rights of the Employees to timely and full payment of salaries is minimized through implementation of responsibility of the Company’s officials for organizing salaries.

# Improving selection and recruitment procedures of the Company’s Staff

The need for Staff in 2021 was provided through competitive selection of Staff in HR-Recruiting automated system in compliance with the principles of competitive selection:

* Planning for the selection of staff based on the units’ needs;
* Transparency of competitive procedures;
* Clear and transparent selection criteria based on the qualification requirements for the position/profession;
* Professionalism, personal qualities of the candidate and their compliance with the qualification requirements for the position/profession;
* Justification of decisions based on the principle of meritocracy;
* Use of candidate evaluation methods that allow you to make objective decisions when hiring staff;
* Non-discrimination, professional, open and respectful treatment of all candidates;
* Compliance with current legislation of the Republic of Kazakhstan;
* Rational use of resources for staff attraction and recruitment.

Sourcing of qualified Staff was carried out in the following ways:

1) from internal resource - among the Company’s Employees, including those included in the pool of successors to key positions;

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

Consideration of candidates from the pool of successors for key positions/internal resources of the Company/subsidiaries of the Company and the Sole Shareholder was a priority in the specified order over other candidates from the external resource, all other things being equal.

The procedures of competitions included the following stages:

* Placement of information (publication) about the competition for a vacancy on information resources, including in the HR-Recruiting;
* Search for candidates and collect resumes;
* Analysis of resumes, selection of candidates who meet the requirements of the position/profession;
* Consideration by the chief of unit;
* Professional testing of candidates, evaluation of candidates according to the competence model (for external candidates for the office positions) in accordance with the competence model of UMP JSC;
* Security check;
* Making decisions on candidates in accordance with Regulations on the Competition Commissions for the Selection of Candidates in the Company;
* Job offers to final candidates;
* Providing feedback to candidates through HR-Recruiting;
* Publication of information about the results of recruitment in HR-Recruiting.

The results of recruitment of the Company’s Staff shall be assessed by the implementation of the scheduled key performance indicators (KPIs):

* Staff turnover rate in 2021 was 7.4%, with a planned value of no more than 7%;
* Satisfaction of the main production facilities and the Office of technical preparation of UMP JSC with the provision of staff for the submitted applications was not calculated, since this indicator is excluded from KPI for 2021.

# Professional development of Employees

One of the important areas of human resource development is the development and training of employees as well as training of workers in the 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 specialists of the Company.

In 2021, training of the Company’s employees was carried out in accordance with internal organizational and administrative documentation, employer’s acts and training contracts concluded in accordance with the applicable legislation of the Republic of Kazakhstan.

In 2021, total amount spent on education and training of employees was equal to KZT 101.269 mln. Total number of trainings passed by employees in 2021 was equal to 11,281 person-trainings (hereinafter – person), including as part of implementation of:

* Advanced training, professional training and re-training programs – 10,930 persons;
* Corporate training programs – 151 persons (20 persons – “School of Successors”; 5 persons – “Leadership in the area of industrial safety”, 19 persons – “Internal coaches”, 18 persons – “Economic production”, 10 persons – “Methods for quantitative assessment of direct and indirect greenhouse gas emissions, calculation of the carbon footprint of products”, 30 persons - “New Procurement Procedure and Standard for Samruk-Kazyna JSC Procurement Activities management and ИСЭЗ 2.0”, 40 persons - “Integrated management systems as business management tool based on ISO 9001:2015, ISO 14001:2015, ISO 45001:2018”, 9 persons – “Training members of the conciliation commission in the basics of the labor legislation of the Republic of Kazakhstan, as well as the ability to negotiate and reach consensus in labor disputes”).

As a part of self-development implementation, 178 employees were provided with an access to online training portals of Virtual training (68 Employees – Virtual School of NAC Kazatomprom JSC, 110 Employees – private institution Corporate University of Samruk-Kazyna). Dynamics of professional development and training of the Company’s Employees since 2018 is shown in Table 2 below:

Table 2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2019** | **2020** | **2021** |
| Total amounts spent on education and training | KZT mln. | 73.4 | 74.0\*\* | 101.3\*\* |
| Total number of Employees participated in the professional development and training courses | man-seminars\* | 9,577 | 9,277 | 11,281 |

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

*\*\* Indicated total amounts include: Clause 6.2.3 hereof – expenses for professional development of Employees and Clause 6.2.4 hereof – expenses for preparation of master’s degree students and bachelors and implementation of dual educational system.*

# 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 East Kazakhstan Technical University named after D. Serikbayev since 2017 has been preparing the master’s degree students and since 2018 the bachelors for the Company’s needs on the basis of East Kazakhstan Technical University named after D. Serikbayev. Expenses for their training in 2021 were equal to KZT 6.95 mln.

In 2021, the fifth group of students being studied under the Company’s educational grant - 2 master’s degree students (Employees of the Company) for 2021-2023 academic years and 42 bachelors’ degree students (Employees of the Company) for 2021-2024 academic years was formed.

For the period 2017-2021, 8 persons among non-employees of the Company who were trained under the grant of UMP JSC were employed.

Dynamics of expenses on bachelors and master’s degree students training as well as the number of students having been studied for 2017-2021 is shown in Table 3 below:

Table 3

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2019** | **2020** | **2021** |
| Expenses for bachelors and master’s degree students training | KZT mln. | 11.71 | 8.93 | 6.95\* |
| Number of students | persons | 17 | 20 | 18 |

*\** *Costs decrease is caused by decrease of the quantity of the master’s degree students being trained for account of UMP JSC’s grant. In 2019 quantity of the master’s degree students was 9 persons, in 2020 – 4 persons, in 2021 – 2 persons.*

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

* 18 are being studied in Municipal Public Institution Ust-Kamenogorsk Multi-Discipline Technological College, 5 persons completed practical training in the specialties: Turning and metalworking, 3 persons - Electrician, 10 persons - Non-ferrous metallurgy.
* Cooperation agreement on the joint training of Metallurgical technicians was concluded with Eastern Technical and Humanitarian College.

Expenses for scholarship as part of implementation of the dual training system in 2021 were equal to KZT 2.86 mln.

Dynamics of expenses for paying scholarships as a part of implementation of the dual training system for 2017-2021 is shown in Table 4:

Table 4

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Description | Unit of measurement | Year | | |
| **2019** | **2020** | **2021** | |
| Expenses for paying the scholarship as part of implementation of the dual training system | mln. KZT | 0.53 | 0.59 | 2.86 | |
| Number of students | persons | 9 | 8 | 18 | |

# Development of Staff potential by working with a pool of successors, implementing professional skills competitions, etc.

Continuous development of the Staff potential is carried out by working with a pool of successors for key positions, implementing professional skills competitions, etc.

The Company has a procedure that regulates the unified process for succession planning within the Company’s Staff, determines the procedure for forming a pool of successors and the development of successors.

The successor pool is aimed at:

* Providing candidates for vacant key positions on a mid- and long-term horizon;
* Identifying and develop promising Employees in order to maximize their potential to achieve the Company's strategic goals and objectives;
* Additional incentives for the Employees with the possibility of their development and career growth;
* Forming an attractive image of the Company as an Employer that contributes to the attraction and retention of high-potential Employees.

As per December 31, 2021, the Company’s successors pool consists of 398 people.

In 2021, among the successors:

- 52 people were appointed to key positions;

- 368 people were trained in various areas during the year, including corporate courses aimed at developing the potential of their successors.

- 111 people took part in scientific, cultural, social events, as well as events aimed at improving the activities of the unit and the Company.

The potential of Employees has also increased through the implementation of professional skills competitions. The Company has a Regulation that defines the goals and objectives, arrangements and conditions for conducting professional skill competitions among the Company’s workers, the procedure for organizing them, conducting and summing up the results, as well as awarding the winners.

The main purpose of conducting professional skill review competitions is to increase the professional competence of workers and the status value of their professions. Review competitions of professional skills contribute to:

* Activation and development of the creativity of the Company’s workers, the development of advanced working practices and methods;
* Assessment of the level of professional training of workers and promotion of its improvement, efficiency and quality of work performed by them;
* Identification of the best professionals and increasing the use of the human resources potential of PIC units.

Competitions are held at the level of PIC units, where the participants of the competition are the workers of one division and at the level of the Company, where the participants of the competition are the workers of different PIC units.

A plant-wide competition of professional skills and competitions at the level of PIC units in various professions are held annually.

In 2021, 1 review competition of professional skills at the Company level for the title of Best Electric of UMP JSC and 6 competitions in PIC units in various professions were held.

In 2021, 15 Employees of the Company took part in Zhyl Kyzmetkeri competition held by the Sole Shareholder, while 2 Employees of the Company were awarded the title Zhyl Kyzmetkeri in the category Professional.

1. Employees of the Company took part in the competition Alau-2021 for award of Akim of Ust-Kamenogorsk.

# 1.2.6. Cooperation with Trade Union and ensuring compliance with the 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 responsibly approaches the issues of social protection of its Employees, maintaining the Employee’s confidence in the future. In order to strengthen social partnership, comply with responsibility, ensure guaranteed benefits and payments to Employees, on February 26, 2019, the Collective Agreement for 2019-2022 (hereinafter referred to as the Collective Agreement) was concluded, which is a legal act regulating social and labor relations, as well as relations directly related to labor relations in the Company. The subject of the Collective Agreement is the establishment of specific mutual obligations in the sphere of labor between the representatives of the Employees and the employer of the Company on the basis of the legislation of the Republic of Kazakhstan.

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 Employees of the Company, regardless of their membership in a trade union organization.

In order to conduct collective negotiations, prepare a draft Collective Agreement and amend it, a Commission for Negotiating and Drafting a Collective Agreement (hereinafter referred to as the Commission) was established on a parity basis. In 2021, seven meetings of the Commission were held, at which amendments and additions to the current Collective Agreement were discussed. On a quarterly basis, the Commission for Control over the Implementation of the Collective Agreement exercised control over the fulfillment of the terms of the Collective Agreement. The mutual obligations of the employer and Employees under the Collective Agreement for 2021 in accordance with the current legislation of the Republic of Kazakhstan (Labor Code of the Republic of Kazakhstan, the Law of the Republic of Kazakhstan On Trade Unions), the Charter of the Company, the Labor Regulations of the Company and the financial plan of the Company are fully implemented.

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

In order to prepare a draft Collective Agreement for 2022-2025, by order of the Company, a Commission was established to conduct collective bargaining and prepare a draft Collective agreement for 2022-2025. Agreement No. 30-12-04/2486 dated 02.12.2021 between UMP JSC and the Trade Union Committee of UMP JSC signed the Agreement On procedure for developing and concluding the Collective Agreement of UMP JSC for 2022-2025, three meetings of the commission for conducting collective negotiations and preparing a draft collective agreement for 2022-2025 in terms of making changes and additions to the current collective agreement.

In 2021, the Company allocated funds to the Trade Union for holding cultural, sports and recreational events for the Company's Employees in the amount of 33.8 million tenge.

# 1.2.7. Development of social programs for Employees

The Company pays great attention not only to social payments, which are aimed at creating a healthy working microclimate in teams, which allows Employees to successfully fulfill their labor duties, but also to social support for the former Employees.

The size of the social package in 2021 was:

|  |  |
| --- | --- |
| * per employee | 64.7 thousand tenge |
| * per former Employee | 11.7 thousand tenge |

In total, in 2021 it was spent on:

|  |  |
| --- | --- |
| *million tenge* | |
| * financial assistance to employees | 66.5 |
| * social support for former Employees of the Company | 28.0 |
| * voluntary insurance of the Company's Employees in case of illness | 85.3 |
| * medical care for Employees and former Employees of the Company | 94.6 |
| Total: | 274.4 |

In order to provide social support to Employees for measures to improve housing conditions, the Company has the Regulation On procedure for considering applications for the provision of long-term loans to UMP JSC employees. Funds in the amount of 50 million tenge are allocated annually to improve housing conditions.   
In 2021, 7 Employees of the Company improved their living conditions for a total amount of 35.3 million tenge:

# 1.2.8. Youth policy of the Company

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

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

In order to adjust to the corporate culture, to get acquainted with the traditions and rules of the Company conduct, a “Memo to the newly hired employee of the Ulba Metallurgical Plant” has been developed, which is released to each and every newly hired Employee.

Since 2003, the Company has had a Youth Union (hereinafter referred to as OM). The main goal of the OM is to create conditions for the full spiritual, cultural, educational, professional and physical development of Young Workers, participation in the decision-making process, successful socialization and direction of their potential for the further development of the Company.

OM includes representatives from among the most active Young Workers who successfully combine production activities, work in the OM, as well as participation in the social and political life of the Company and the region   
(Ust-Kamenogorsk and Kurchatov).

In 2021, the OM carried out its activities in accordance with the “Regulations of the Primary Organization Youth Association of UMP JSC” as part of the Public Association “Nuclear Forum”.

OM members took part in:

* online meetings of the Youth Council of the Sole Shareholder;
* meetings on youth affairs at akimat of Ust-Kamenogorsk;
* all events held by the Company (sport competitions, challenges, competitions, etc.)
* the events held by the administration of the region (Ust-Kamenogorsk) and Nur-Otan party.

On August 11, 2021 the meeting was held at UMP JSC Exhibition and Information Center by S. Bezhetskiy, the Chairman of the Executive Management Board of UMP JSC with the members of UMP JSC Youth Association (information about the meeting was published in the   
UMP-inform newspaper No. 16 dated August 27, 2021).

In 2021, E. Toleugazinov, Beryllium unit operator of the 6th category of workshop No. 1 was nominated as the “Best Young Metallurgist” in the frames of the annual youth award of the akim   
of Ust-Kamenogorsk.

# Ensuring 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.

The existing resources in the Company for resolving conflict situations are supplemented by the presence of mediators and the activities of the Ombudsman.

**1.3.1. Institute of Mediators**

The activities of the Company in this area include training in the field of preventive measures, mediation and negotiation techniques in crisis situations. In the event of labor disputes and conflicts, these issues are resolved in accordance with the Labor legislation of the Republic of Kazakhstan. Also, mediation methods of resolving labor disputes are used, through which conflicts can be resolved. To develop the institution of mediation, the Fund established the Corporate Center for Mediation and Negotiation Process at the Center for Social Partnership. In the Company, the institution of mediators who have undergone special training has existed since 2013. The list of mediators is published on the Company's Corporate Portal.

In 2021, there were no appeals from the Company's Employees to mediators.

**1.3.2. Ombudsman Institute**

In connection with the early termination of the powers of UMP JSC Ombudsman, by the decision of the Board of Directors of the Company (No. 3 dated March 30, 2021), a new Ombudsman of the Company was appointed.

In 2021, UMP JSC Ombudsman was trained under the program "Methods and organization of negotiation in the management of labor conflicts" in an online format by the Branch Kazakhstan Nuclear University of IVT LLP.

UMP JSC Ombudsman took part in all quarterly video conferences on the activities of the Ombudsmen of the group of companies of the Sole Shareholder.

In 2021, by the decision of the Board of Directors of the Company, the Regulations on the UMP JSC Ombudsman were approved (No. 18 of December 29, 2021)

The information stands of the Company contain information about the Ombudsman with contact telephone numbers and e-mail addresses.

In 2021, no appeals from the Company’s Employees to the Ombudsman were recorded.

# 1.4. Anti-corruption and fraud, settlement of corporate conflicts and conflicts of interest

The system of anti-corruption measures includes anti-corruption monitoring, analysis of corruption risks, anti-corruption restrictions and other measures taken by the Company both on its own initiative and in pursuance of the legislation of the Republic of Kazakhstan.

By the decision of the Board of Directors No. 6 dated May 24, 2021, for the implementation of anti-corruption monitoring, the Methodology for conducting anti-corruption monitoring and internal analysis of corruption risks in UMP JSC was approved. During the year, anti-corruption monitoring and internal analysis of corruption risks were carried out, the results of which were presented to the Executive Management Board and the Board of Directors of the Company.

The Company implements the practice of written confirmation of the adoption of anti-corruption restrictions by the heads of services/divisions 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 UMP JSC and equated to persons authorized to perform public functions (hereinafter referred to as the List) annually submit a web declaration of conflict of interest, also the web declaration is provided by newly hired Employees and Employees who have transferred to another structural unit 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 2021 of the submission of a declaration of assets and liabilities.

The Company implements a formalized, documented and risk-based approach to conducting compliance checks of counterparties. Contracts/agreements concluded by the Company include anti-corruption provisions.

Corruption has a zero-risk appetite. Corruption risks are assessed on an annual basis, the Board of Directors approves a register and map of corruption risks, as well as an action plan to minimize corruption risks. There are no realized corruption risks in the Company.

In order to raise the level of awareness among the Company's Employees, training is provided. In 2021, the Risk and Compliance Officer, both for target groups of Employees and at meetings with labor collectives, conducted training on the following topics: code of corporate ethics and compliance of UMP JSC (section II. Compliance), conflict of interest and restrictions on the joint work of relatives, spouses, in-laws; compliance - verification of counterparties; on knowledge and understanding of compliance issues: on the international and national corruption perception rating, on the prohibition of gifts, on information channels, a “hot line”; insiders - internal control procedures.

3,608 employees were tested for knowledge and understanding of ethics and compliance issues (including anti-corruption issues). 1,783 employees took part in an anonymous survey on compliance with ethics in the Company (including questions about whether the respondents had encountered cases of corruption).

On a quarterly basis, discussions are held with managers on issues related to combating corruption and fraud. The corporate publication UMZ-Inform publishes information on compliance.

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

# 2. Measures for labor protection and environmental protection

The Company is fully aware of its responsibility for ensuring accident-free production activities, safe working conditions for Employees and maintaining the health of the population living in the region of presence.

The Company has implemented an integrated management system that meets the requirements of international standards ISO 9001 (quality management system), IS0 14001 (environment management system) and ISO 45001 (health and labor safety management system). 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, UMP JSC switched from the OHSAS 18001 standard to an updated version of the ISO 45001 standard. 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 the requirements of ISO 9001, ISO 14001 and ISO 45001.

# 2.1. Protection and provision of safe working conditions

**2.1.1. Main activities of the Company**

In 2021, an agreement was concluded for the mandatory insurance of the Employee against accidents in the performance of labor (official) duties with LIC Eurasia JSC No. 11-01 2021-8426 of December 27, 2021

In order to take measures to prevent accidents at work, the Company records all accidents, as well as investigates and analyzes root causes. Based on the results of the investigations, preventive measures were developed, however, in 2021, the Company experienced two accidents.

The first accident happened to an auxiliary worker of the Beryllium production. An investigation into the circumstances and analysis of the root causes of the accident was carried out. The main hazardous production factor was the fall of the victim from a height.

Based on the results of the investigation, 100% of the employer’s fault was established.

The damaged person recovered and returned to work.

The second accident happened to the painter of the Power Center. An investigation into the circumstances and an analysis of the root causes of the accident was carried out. According to the results of the investigation, it was established that the causes of the accident were:

1) Gross negligence of the victim, expressed in non-compliance with the requirements of the “General Factory Instruction on Safety and Labor Protection for Employees of UMP JSC BiOT 14.001-20 par. 1.10.12 when moving around the territory in ice conditions sub-par. 3, item 2, article 22 of the Labor Code of the Republic of Kazakhstan;

2) Unsatisfactory technical condition of buildings, structures, maintenance of territories and shortcomings in the organization of jobs, expressed in the state of asphalt pavement (due to weather conditions) along the worker route sub-par. 9, item 2, art. 23 of the Labor Code of the Republic of Kazakhstan.

Measures to eliminate the causes of the accident and carry out preventive measures were carried out within the established time limits. The degree of guilt of the enterprise (employer) made 40%, the degree of guilt of the damaged person - 60%. The damaged person has since recovered and is back at work.

Within the framework of *7 Golden Rules* of VISION ZERO concept, the Company is constantly working to achieve the main goal - the pursuit of zero injuries.

In order to develop a safety culture at work, openness, increase awareness and personal responsibility of each Employee for the creation and maintenance of safe working conditions, the Company regularly studies, analyzes and implements the best world practices in the field of industrial safety. A procedure has been introduced to suspend/stop unsafe work by Employees "STOP-CARD".

Behavioral safety audits are arranged on a regular basis, aimed at the systematic conduct by managers of all levels of checking the performance of work by personnel 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 7 Golden Rules in accordance with the Industrial Safety Code.

In 2021, the Chairman of the Executive Management Board of the Company approved the Plan for the Development of a Safety Culture at UMP JSC for 2021-2022. This plan involves both the introduction of new processes in the field of labor protection and industrial safety, and the updating of old ones.

On the part of the Sole Shareholder, the standard "Unified industrial safety management system" was sent to the Company for further updating the internal documentation at UMP JSC.

An analysis of the internal documentation of the Company was carried out and an Action Plan was developed to adapt the requirements of the NAC OSMS standard in UMP JSC.

Amendments were made to the Industrial Safety Code of UMP JSC, ST 14.0018, ST 14.0020, IP 14.0029, IP 14.0001, RD OPBiOT No. 14.035.

An analysis of the accident frequency rate for 2021 is presented in Table 5.

Table 5

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Number of Employees | Number of accidents | | | | | Actual  CZK \* | LTIFR\*\* | Target value  CZK / LTIFR |
| **group** | **deadly** | **heavy** | **light** | **Total** |
| 3731 | 0 | 0 | 1 | 1 | 2 | 0.53 | 0.28 | 0/0 |

*\* Injury frequency coefficient Kf - characterizes the number of accidents per 1000 employees for a certain period of time*

*\*\* LTIFR is a measure of the number of injuries per million hours worked*

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

Together with the Trade Union, an annual review competition on labor protection, environmental protection, industrial and fire safety in the Company is held. The results of this review competition are summed up once a year. The results have been summed up and the winners of the competition on labor protection, environmental protection, industrial and fire safety in 2021 have been determined.

The purpose of the review-competition is to involve the Company's Employees in active participation in the work to comply with the rules on safety and labor protection, industrial and fire safety, reduce occupational injuries and occupational diseases, improve working conditions and production culture, reduce emissions and discharges of pollutants into environmental objects. environment.

**Checks by the internal control of the Company:**

In 2021, the specialists of the industrial safety and labor protection department of the production safety director’s service conducted 34 OHS and PW inspections in the subdivisions of UMP JSC. 377 violations were revealed.

**Government audits:**

In the period from 20.04.2021 to 06.05.2021 regional state department Ust-Kamenogorsk city department of sanitary and epidemiological control of the Department of sanitary and epidemiological control of the East Kazakhstan region carried out an inspection according to a special procedure based on an assessment of the degree of risk of the Uranium production activity. Three violations in the field of labor protection in relation to radiation hazardous facilities were identified.

In accordance with Article 425 part 21 of the Code of the Republic of Kazakhstan dated July 5, 2014 “On Administrative Offenses”, following the results of the check, an administrative fine of 15 MCI (43,755 thousand tenge) was imposed on an individual. Two violations were eliminated in full within the prescribed period, the third violation is in progress.

From 10.11.2021 to 26.11.2021 the regional state department Ust-Kamenogorsk city department of sanitary and epidemiological control of the Department of sanitary and epidemiological control of the East Kazakhstan region carried out an inspection according to a special procedure based on the risk assessment of the activities of the Beryllium production of UMP JSC. 2 violations in the field of labor protection were identified.

In accordance with Article 425 part 1 of the Code of the Republic of Kazakhstan dated July 5, 2014 "On Administrative Offenses", according to the results of the audit, an administrative fine of 15 MCI (43,755 thousand tenge) was imposed on an individual.

Based on the results of the inspection, Beryllium Operations specialists developed an action plan to eliminate violations, the measures were completed within the established time frame.

In the field of industrial safety in the period from 11.10.2021 to 22.10.2021 the regional state Department of the Industrial Safety Committee of the Ministry of Emergency Situations of the Republic of Kazakhstan for the East Kazakhstan region conducted an inspection of UMP JSC to monitor the implementation of the Order issued in 2020. According to the act, no violations were established.

From 25.10.2021 to 12.11.2021 the regional state Department of the Industrial Safety Committee of the Ministry of Emergency Situations of the Republic of Kazakhstan for the East Kazakhstan region conducted a special-order inspection of UMP JSC. As a result of the inspection, 44 violations in the field of industrial safety were revealed, with the imposition of an administrative fine in the amount of 50 MCI (145,850 thousand tenge). According to the violations, an action plan was developed to eliminate the identified violations.

**2.1.2. Occupational health and safety management system**

In 2021, the 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 safety requirements at work.

Scheduled certification of production facilities for working conditions was carried out in accordance with the "Rules for mandatory periodic certification of production facilities for working conditions" in December 2018.

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

**2.1.3. Provision of Employees with personal protective equipment**

All Employees of the Company are provided with PPE and safety devices in full in accordance with applicable regulations. 308.9 million tenge was spent to purchase them in 2021.

Continuous monitoring is carried out to ensure that the Employees are provided with overalls, special footwear and other personal protective equipment. In the divisions, on an ongoing basis, an inventory of the condition of overalls, its rejection, control over the compliance of the terms of use with the norms of free distribution of overalls and special footwear at the expense of the Employer was carried out.

The Company has created proper sanitary and living conditions - showers, dryers, dressing rooms, washrooms, toilets, eating rooms, which are equipped with the necessary household appliances.

**2.1.4. Professional Development of Employees**

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

In 2021, 343 Employees were trained in specialized training centers at the advanced training courses "Issues of safety and labor protection for managers and specialists" and "Issues of industrial safety" and received a certificate of the established form.

An introductory briefing was conducted for 499 Employees, 396 Employees underwent an initial briefing on safety and labor protection at the workplace and a knowledge test. There are no persons who have not undergone training, knowledge testing and are admitted to independent work.

In 2021, industrial safety engineers supervised 25 emergency drills and 25 drills. During training alarms, 8 violations were revealed, emergency response training - one violation. All violations have now been corrected.

**2.1.5. Financing of labor protection measures**

The Company paid paramount importance to the issues of financing measures to improve conditions, labor protection and sanitary and recreational measures. For these purposes, the Company developed and approved by the Chairman of the Board the "Comprehensive plan for improving conditions, labor protection and sanitary and recreational activities for 2021" (hereinafter referred to as the Comprehensive Plan).

According to the Comprehensive Plan, 146 activities were carried out, for which 251.2 million tenge were spent, including:

* 98 measures were taken to improve working conditions, 104.6 million tenge were spent;
* 34 measures were spent to reduce the likelihood of injuries and reduce the likelihood of accidents, 47.3 million tenge were spent;
* 17 million tenge was spent to reduce the overall incidence of 6 measures;
* to reduce the likelihood of accidents 8 measures, while reducing the likelihood of accidents for 314 Employees,   
  82.3 million tenge were spent.

We improved working conditions to 2,781 Employees, reduced the likelihood of injury of 781 Employees, reduced the likelihood of morbidity and the likelihood of accidents to 461 Employees.

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

**2.1.7. Declaration of main activity**

In accordance with the law of the Republic Kazakhstan *On civil protection*, 9 declarations were developed and approved on occupational safety.

# 2.2. Environmental protection

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

Concern for the environment ensures the sustainable development of the Company. To prevent possible negative impact, the Company takes all necessary actions to ensure environmental protection, conservation and restoration of natural resources, constantly improves technological processes and working conditions of Employees.

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

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

In accordance with UMP Management Policy, adopted at the meeting of the Executive Management Board (Minutes No. 35/1233 dated October 06, 2020), work was carried out to reduce environmental pollution.

Implementation of the main principles of the above Policy and the implementation of specific environmental tasks aimed at reducing the impact on the environment and improving the environmental management system (EMS) are ensured.

As part of the execution of par. 6.2 of UMP Action Plan for the implementation of the ESAP Roadmap of NAC Kazatomprom JSC for 2021 No. 14-01-10/1203 of 06.10.2021 in March 2021, a contract was signed to carry out research work to determine the cumulative impact on the quality of air, water and ecosystems. The work was performed by Laboratory-Atmosphere LLP (Ust-Kamenogorsk). Conclusion of the research work: the impact of the production activities of UMP JSC on the components of the environment, flora, fauna and public health is minimal and is assessed as acceptable.

In 2021, NCJSC International Center for Green Technologies and Investment Projects conducted a comprehensive technological audit of the Company. Based on the results of its implementation, experts, in accordance with generally accepted practices and legislation of the Republic of Kazakhstan, issued a Report on the expert assessment of the enterprise Ulba Metallurgical Plant JSC for compliance with the principles of the best available techniques (hereinafter referred to as BAT).

Conclusions of NCJSC International Center for Green Technologies and Investment Projects based on the results of a comprehensive technological audit (hereinafter referred to as CTA):

“UMP JSC has implemented the best available techniques in terms of the implementation of technological processes and environmental protection. The indicators of the implementation of the main technological processes of UMP JSC, recorded during this CTA, are recommended to be included in the National BAT Reference Book.

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

In 2021, gross emissions of pollutants and contaminants into the atmosphere by the divisions of UMP JSC at the site in Ust-Kamenogorsk amounted to   
53.4% of the established limits, gross discharges into Ulba river amounted to 57.6%   
of the established limits, the volume of disposed hazardous waste amounted to 56.8% of the established limits.

Every quarter, issues of environmental protection in the Company's production facilities are considered at Days of Environmental Protection.

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.

The action plans for environmental protection of UMP JSC in Ust-Kamenogorsk for 2021 provide for the implementation of 12 measures in the amount of   
901.3 million tenge.

The action plan for environmental protection of Karadzhal mine of the Mining and Processing Complex of the Company for 2021 provides for the implementation of 11 measures in the amount of 7.8 million tenge.

The action plan for environmental protection of the enrichment plant of the Mining and Processing Complex of the Company in the city of Kurchatov for 2021 provides for the implementation of 9 measures in the amount of 7.6 million tenge.

Note: In fact, in 2021, the following was spent on the implementation of action plans for environmental protection:

* UMP JSC in Ust-Kamenogorsk - 269.6 million tenge. The reduction in the cost of activities is due to the following reasons:
* action “Development of the Project for the exploitation of the subsoil space, the passage of the necessary examinations and approval by the authorized bodies has not been completed. Development of a liquidation plan, passing the necessary examinations and approval by the authorized bodies" in connection with the refusal of the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan to issue a license to use the subsoil space for pumping conditionally clean water on the territory of UMP JSC;
* work planned for 2021 on the action Tailings. Evaporation Pond (map) No. 5. Construction of the 2nd stage completed in 2020 ahead of schedule in full;
* work planned for 2021 on the action Tailings. Pulp pipelines TO, UO, SC from support 525 to the pond of the evaporator (map) No. 1. Installation was completed in 2020 ahead of schedule in full.

The remaining actions planned for 2021 were completed on time and in full;

* Karadzhal mine GOK – 7.8 million tenge. All activities have been completed;
* Processing plant – 7.8 million tenge. All activities have been completed.

In 2021, for the World Day of Environmental Protection in Society:

* Landscaping, care and maintenance of the administrative territory and sanitary protection zone of UMP JSC have been carried out, including 20 tree seedlings and 12,000 pieces of flower seedlings.
* In March 2021, an exhibition stand on UMP JSC activities in the field of environmental protection was updated in the lobby of UMP JSC plant management building.
* UMP JSC Environmental Bulletin is published monthly on UMP JSC corporate portal.
* Environmental Protection Days were held in UMP JSC departments.
* An order has been issued by UMP JSC to encourage employees to the World Environment Day.
* Information on environmental protection activities has been updated and posted on UMP JSC external website.

In order to raise awareness of the city's population about environmental activities of UMP JSC, deputies of city maslikhat organized a visit to the Company's production facilities and environmental facilities.

Video about environmental activities of NAC Kazatomprom JSC was shown at the entrance of the plant.

A contest of children's drawings and crafts *Nature Through the Eyes of Children* was held among the kids of kindergarten Ulbinochka. The purpose of the contest is to draw attention to the problems of wildlife conservation.

The results of the children’s drawings contest were published in plant newspaper UMP-Inform.

In order to enhance UMP JSC image on environmental issues and according to media plan of Press Service of Public Relations and Government Agencies Department (hereinafter - Press Service) in external media and internal channels of information dissemination for the World Environment Day, Press Service prepared and posted materials in the following publications:

* Republican magazine Bulletin of the Ecologist, June 2021;
* Corporate newspaper UMP-Inform, No.10 dated 28.05.2021;
* Regional newspaper 7 Days No.22 dated 03.06.2021;
* Regional newspaper Rudnyi Altai No.58 dated 03.06.2021;
* Site Altaynews.kz. dated 05.06.2021;
* City newspaper My City dated 03.06.2021.

As a part of internal control in 2021, specialists of Environmental Protection Department of the Service of the Director for Production Safety conducted   
11 inspections of UMP JSC departments activities in the field of environmental protection. 102 violations have been identified, currently 88 of them have been eliminated. The deadline for eliminating other violations did not come up.

As a part of the state environmental control in 2021, Department of Ecology for East Kazakhstan Region conducted 3 inspections at UMP JSC site:

1) Based on appeal No. YL-M-00014 dated 26.03.2021, Russian State Institution Department of Ecologists for East Kazakhstan Region of the Committee for Environmental Regulation and Control, Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan  
(hereinafter - DE for East Kazakhstan region) in accordance with Act on appointment of an inspection No.26 dated 29.03.2021, in the period from 29.03.2021 to 09.04.2021, an inspection of the mine was carried out at Karadzhal UMP JSC. Based on the results of the audit, 1 violation was identified, Act on the results of audit No. 26-E dated 09.04.2021 was drawn up and Order on elimination of violations of the Environmental legislation of the Republic of Kazakhstan No. 26-E dated 09.04.2021 was issued.

Based on the act, a case was initiated on an administrative offense under Article 328 of RK Code of Administrative Offenses On Administrative Offenses, Protocol on an Administrative Offense No. 24 dated 11.05.2021 was drawn up and Resolution on the imposition of an administrative penalty No. 24 dated 03.06.2021 was issued. The amount of the fine was 6,66 thousand tenge.

Guided by Article 321 of Environmental Code of the Republic of Kazakhstan and Rules of Economic Assessment of Damage from Environmental Pollution of the Ministry of Energy of the Republic of Kazakhstan EKR calculated economic assessment of environmental damage caused by excessive discharges of quarry water from UMP JSC mine Karadzhal and issued Order for compensation of damage caused to the environment No. 04-29/731-I dated 07.06.2021. The amount of damage amounted to 0.11 thousand tenge. The fine and damage were paid on 21.06.2021.

2) Based on request No. YL-H-00037 dated 02.06.2021, DE for East Kazakhstan region   
in the period from 11.06.2021 to 24.06.2021, an unscheduled inspection of compliance with environmental legislation of the Republic of Kazakhstan was carried out by UMP JSC (Ust-Kamenogorsk site). Based on the results of the audit, no violations were found.

3) Based on the approved list of preventive control with a visit to the subject (object) of control in the field of environmental protection for the second half of 2021, DE for East Kazakhstan region in accordance with Act on the appointment of preventive control and supervision with a visit to the subject (object) of control and supervision No. 81 dated 08.10.2021 and Additional Act on extension of inspection in the period from 12.10.2021 to 22.11.2021, UMP JSC conducted preventive control on compliance with environmental legislation of the Republic of Kazakhstan.

Based on the results of the audit, 5 violations were identified, and the Order on elimination of violations of the environmental legislation of the Republic of Kazakhstan No. 81 dated 22.11.2021 was issued.

In accordance with Order No. 81 dated 22.11.2021 on elimination of violations of the environmental legislation of the Republic of Kazakhstan, UMP JSC has developed measures to eliminate violations identified in all points of the Order identified by DE for East Kazakhstan region.

An action plan provides for unscheduled cleaning of filter materials in wastewater treatment plants, unscheduled sampling and analysis of industrial wastewater samples for the content of chlorides, sulfates, calcium, magnesium, consideration of organization of recycled water supply at the southern industrial site, organization of waste transfer activities to specialized ­third-party organizations licensed for this type of activity, which do not have a license for this type of activity, allow the conclusion of waste transfer contracts with organizations and individuals that do not have licenses, and equip waste collection sites with solid waterproof coating. Currently, all measures, except for the equipment of the waste collection site (due in the   
Q3 of 2022) have been completed.

Administrative cases initiated against UMP JSC for exceeding technological discharge standards (in Ulba River and on Karadzhal) under part 1 of Article 328 in accordance with the statements of UMP JSC, Administrative Code of the Republic of Kazakhstan On Administrative Offenses was sent to the Specialized Inter-district Administrative Court of Ust-Kamenogorsk and Specialized Court on Administrative Offenses of Semey.

Reduced production was applied in cases initiated against UMP JSC for violations of environmental requirements for waste management. Total amount of fines was 1.6,6 million tenge. Fines were paid on 25.11.2021.

**2.3. Ensuring nuclear and radiation safety**

In accordance with hygienic standards Sanitary and epidemiological requirements for ensuring radiation safety, approved by the Minister of National Economy of the Republic of Kazakhstan (Order No. 155 dated 27.02.2015 г.), effective radiation dose of Group A personnel should not exceed 20 mSv per year on average for any consecutive five years. In 2021, the Company’s actual maximum annual dose was 3.6 mSv which is almost 5.5 times less than the annual effective radiation dose limit for Group A personnel.

All activities related to ensuring and controlling nuclear and radiation safety in the Company were carried out in accordance with requirements of legislative and regulatory documents in force in the Republic of Kazakhstan in the field of nuclear and radiation safety.

In the period from 20.04.2021 to 06.05.2021, PGU Ust-Kamenogorsk City Department of Sanitary and Epidemiological Control DSEK of East Kazakhstan Region KSEK of the Ministry of Health of the Republic of Kazakhstan conducted special inspection based on the risk assessment of UMP JSC Uranium Operations activities. There are no comments on radiation safety.

In the period from 06.12.2021 to 10.12.2021, State Institution Committee for Atomic and Energy Supervision and Control of the Ministry of Energy of the Republic of Kazakhstan conducted an audit of UMP JSC. There are no comments on radiation safety.

1. **Scientific-technical and innovative-technological development activities**

As a part of Company’s scientific, technical, innovative and technological development, the Company’s own Research Center conducted more than 40 research and development activities in 2021 aimed at supporting strategic and other projects of the main production facilities.

In terms of technological support of the main production facilities, we tested and provided recommendations for processing new types of tantalum, niobium and beryllium raw materials. Tests were carried out to determine the type of flocculant of wide application, use of flocculant solution in technological process of thickening PSHK in order to intensify this process. Studies were carried out to determine mass fraction of fluorite (for fluorine) in skarn ores of Karadzhal mine, as well as to study their concentrability and mineral forms.

In 2021, Research Center commissioned the Sole Shareholder to conduct exploratory studies on the possibility of associated extraction of scandium and other valuable metals from solutions of underground downhole leaching of the Company’s uranium mining enterprises. Scandium oxide was obtained with a target component content of more than 94% and total activity level up to 0.28 kBq/kg which meets the requirements of regulatory documents.

Under the contract with Karlsruhe Institute of Technology, Germany, heat-treated titanium beryllium block and a set of lanthanum plumbide LaPb3 ingots were manufactured and delivered to the Customer. Also, titanium berrylide samples were made for the Institute of Applied Sciences and Information Technologies of the Republic of Kazakhstan and the Institute of Applied Sciences and Information Technologies LLP. Fuel pellets made of uranium dioxide with uranium - 235 enrichment were manufactured and delivered to RK AEI NNC.

Under the agreement between UMP JSC and Asterias LLC (Chelyabinsk, Russia), the latter carried out research to improve separation operations of technological pulps in the process of obtaining technical beryllium hydroxide the purpose of which was to increase productivity and reduce generation of liquid and solid waste from hydrometallurgical production.

Under the contract, experimental work on plasma chemical treatment of magnesium fluoride was carried out for Amanzholov Higher School of Economics.

During the reporting period, EKTU named after D. Serikbayev provided support services for research projects conducted by UMP JSC.

In September 2021, RSE Institute of Nuclear Physics of the Ministry of Energy of the Republic of Kazakhstan hosted International Scientific Forum Nuclear Science and Technology. By invitation, UMP JSC representative took part in the work of this forum, presenting a report on the topic *Titanium beryllium as an alternative to beryllium in nuclear and thermonuclear technology*. UMP JSC opportunities in development of technology and production of beryllium products were presented.

The Company has identified the following main areas of innovation activity: achieving technological leadership, constantly updating and expanding product line.

One of the important components of implementation of these areas of innovation is ideas, innovation proposals and inventions.

In 2021, 272 ideas were submitted and 236 ideas were implemented under 10,000 Improvements Program. 82 innovation proposals were drawn up and implemented, the economic effect of introducing innovation proposals into production in 2021 amounted to 113.1 million tenge.

UMP JSC Expert Commission of considered 6 applications for alleged service inventions. It was decided to protect 4 inventions in the know-how mode, and applications for the issuance of a protection document in the Republic of Kazakhstan were submitted for 2 others.

In terms of technical re-equipment of production facilities in accordance with UMP JSC Consolidated Investment Plan in 2021, the following projects were implemented:

* Building 600. Production of pellets. Technical re-equipment is carried out at the UMP JSC Uranium Operations.

Under the concluded contracts, equipment was delivered in the amount   
of 1,877 million tenge. The equipment is certified by Framatome, the owner of the technology, for production of AFA 3G pellets produced by UMP JSC under the existing contracts.

Within the framework of this project, the initiative line of automated control of the appearance and geometric dimensions of pellets with stacking on pallets is being implemented in accordance with the policy of digitalization of production at Ulba Metallurgical Plant JSC. The volume of investments amounted   
to 414.443 million tenge.

Expected results from the project implementation:

* reducing dose burden on staff;
* eliminating influence of human factor on the quality of pellet rejection;
* increased output growth.
* At UMP JSC Beryllium Operations, a project has been launched to purchase high-efficiency CNC metalworking equipment. The project cost is estimated at 986,208 million tenge, 382,185 million tenge of which have already been disbursed. Implementation of this project will increase the efficiency of production process by reducing the cost of beryllium products as well as increasing the production of highly profitable products.
* Project for organizing production of fuel assemblies (FA). Within the framework of this project, implemented jointly with Chinese company CGNPC, UMP JSC organized final stage of fuel production for nuclear power plants – the production of fuel assemblies. To date, the stage of technological preparation of production and its certification have been implemented, and a decision has been made to switch to the operational stage. The production launch took place in Q4 2021.

1. **Economic impact measures in the operations regions** 
   1. **Support of socio-economic development of the operations regions**

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

Since 2012, the Company’s employees have joined implementation of Comprehensive Plan to support orphaned children and children left without parental care, and have taken on foster care of children from orphanages   
in Ust-Kamenogorsk. Employees of the Company introduce students to the conditions of modern life, ensuring their participation in corporate, festive, sports and other cultural events of the Company.

In 2021, employees paid for mobile communications and utilities, bought clothes for orphaned children, as well as school supplies as part of the republican campaign Road to School.

As a part of patronage program, UMP JSC agreed to withdraw the amounts of UMP JSC contributions to Otbasy Bank JSC in 2012-2017,which were received at the expense of UMP JSC and voluntary contributions from employees to the accounts of four foster children who have reached the age of majority, for the purchase of residential housing as individual property squares.

In October 2021, the team of Transport Management Department of the Company (hereinafter-TD) assisted Sabina Troeglazova, a pupil of Umit Orphanage, who is in foster care, in moving into an apartment allocated for rent from the state housing fund (in a draft version). Before moving in, the employees of TD made cosmetic repairs to the living rooms, major repairs of sanitary conveniences, bathroom of the apartment on their own. In 2020, household appliances worth more than 200 thousand tenge were purchased for the certificate for the best volunteer project won in 2020.

In May 2021, UMP JSC employees took part in providing humanitarian and material assistance to residents of Ridder, where on May 10, 2021, a strong forest fire occurred, as a result of which 35 houses were completely burned down.

As a part of improvement of the region, the Company carries out maintenance of monuments to V. P. Potanin and E. P. Slavsky (sights of the city of Ust-Kamenogorsk) - cleaning of the territory, maintenance of lawns and green spaces, repairs. In 2021, the cost of maintaining monuments amounted to nearly 1,05 million tenge.

In 2021, the Company, as a bona fide subsurface user, made contributions to RSU DGD for East Kazakhstan Region of SRC of the Ministry of Finance of the Republic of Kazakhstan for socio-economic development of the region and its infrastructure. The Company’s contributions to the regional budget for these purposes amounted to 7.4 million tenge.

As a large taxpayer, the Company fulfills its obligations in good faith to transfer accrued taxes and deductions to the budget in a timely manner. In 2021, payments on taxes and deductions of UMP JSC to the regional budget of East Kazakhstan region amounted to 2,155. 9 million tenge.

* 1. **Procurement management procedures under the sustainable development goals**

Responsibility for procurement activities and control of its execution was assigned to the Managing Director for Business Support, the Procurement Director’s Office and responsible structural divisions of the Company.

The principle of openness and transparency is ensured by conducting purchases in the electronic procurement information system on the website: https://zakup.sk.kz (further - ISEZ 2.0), which performs a full cycle from planning the need for goods, works and services, then conducting purchases, concluding and executing contracts, and ending with the delivery of goods to the warehouse.

Starting from 01.01.2022, according to the Procurement Management Standard of NWF Samruk-Kazyna JSC, approved by the decision of the Board of Samruk-Kazyna JSC dated 59/21 dated December 30, 2021, the list of pre-qualified potential suppliers of goods, works and services is formed by the qualification body.

In 2021, the Company carried out:

* Compliance-checks of contractors for the purchase of works and services, 1 time for a period of 12 months when concluding contracts/agreements/agreements.
* Conducting master classes by Acting Purchasing Director, engineers OPiOZ on changes to the regulatory legal acts of procurement activities and other regulatory legal acts that reduce the risk of errors and late procurement of goods, works and services.
* Development and maintenance of procurement procedures for tantalum and beryllium raw materials.
* Conclusion of contracts for the purchase of goods, works and services with local suppliers in the region of presence:

|  |  |
| --- | --- |
| Region | Number of contracts with suppliers |
| Ust-Kamenogorsk, East Kazakhstan region | 1,413 |
| Nur-Sultan, Akmola region | 218 |
| Almaty, Almaty region | 568 |
| Shymkent, South Kazakhstan region | 57 |
| Karaganda, Karaganda region | 127 |
| Pavlodar, Pavlodar region | 220 |
| Aktobe, Aktobe region | 33 |
| Petropavlovsk, North Kazakhstan region. | 25 |
| Atyrau | 19 |
| Aktau | 50 |
| Kyzylorda | 12 |
| Kostanay | 38 |
| Uralsk | 11 |

In 2021, total level of reserves is expected to grow by 9%   
(from 4,296 million tenge up to 4,679 million tenge, by KZT 383 million) compared to 2020.

* Increase in liquid reserves by 5% (from 3,205 million tenge to 3,355 million tenge by 150 million tenge) was due to meeting the requirements of Q1 of 2022.
* The growth of low-turnover reserves by 57% (from 586 million tenge to 919 million tenge, by 333 million tenge) is due to the following reasons:
* decrease in pellet production in 2021;
* decrease in orders for production of niobium products in the period from 2019 to 2021;
* lack of orders for production of high-capacity tantalum condenser powders (VECP);
* reducing power supply unit’s need for process materials.
* Decrease in unclaimed reserves by 20% (from 505 million tenge to 403 million tenge, by 102 million tenge).

The share of local content in purchasing of goods, works and services for 2021 (VMI) (excluding raw material purchased from foreign suppliers) was calculated based on the report Form 4 dated 02.02.2022, taking into account SDCs integrated from e-Procurement System (zakup.sk.kz).

|  |  |  |
| --- | --- | --- |
| **Amount of actual deliveries in 2021, tenge** | **VMI (weighted average \*), tenge** | **VMI, %** |
| **22,535,509,637.99** | 13,483,248,213.25 | 59.83 |

*\* The calculation is made in accordance with the Order of the Minister of Investment and Development RK No.260 of April 20, 2018 On approval of the Unified Calculation Methodology for Local Content Organizations when Purchasing Goods, Works and Services.*

1. **Control mechanisms**

Appropriate control mechanisms have been established to implement Sustainable Development Program, achieve its goals and solve its tasks.

* 1. **Industrial Safety and Health Council**

According to Article 203 of Labor Code of the Republic of Kazakhstan, the Production Council for Occupational Safety and Health of UMP JSC was established to implement joint actions of the Company and the Trade Union to ensure labor protection requirements, prevent industrial injuries and occupational diseases.

In 2021, 2 meetings of Production Council were held. During the meetings, the following issues were considered and discussed:

* about the results of the work Societies for Occupational Safety and Health, Industrial, Nuclear and Radiation Safety and Environmental Protection;
* about the results of the review-competition for FROM in honor of Worldwide Labor Protection Day;
* on approval of the composition Production Council Companies;
* about developing work plan Industrial Safety and Health Council for 2022;
* on approval of candidates for technical inspectors on labor protection;
* results of work of technical inspectors on labor protection of structural divisions of the Company (work of technical inspectors on OHSE the Company’s structural divisions is considered satisfactory);
* about the rules of movement on the territory Societies in winter time.

In accordance with the Company’s standard ST 14.0028-20 Organization of work to ensure labor safety in UMP JSC, quarterly and based on the results of the year, the Company holds meetings under the Chairman of the Management Board which address issues related to the state of labor protection, environmental protection, nuclear, radiation, industrial and fire safety in the Company over the past period.

In 2021, 4 meetings were held under the Chairman of the Management Board Companies:

* No. 14-01-04/421 of 26.03.2021 On the results of work for 2020 in the field of environmental management system, YAB, RB, PrB and PB;
* No. 14-01-04/739 of 07.06.2021 On the results of work for the 1st quarter of 2021 in the region from Environmental management system, YAB, RB, PrB and PB;
* No. 14-01-04/1060 of 27.08.2021г "On the results of work for the 2nd quarter 2021 in the region from Environmental management system, YAB, RB, PrB and PB;
* No. 14-01-04/1474 dated 03.12.2021 "On the results of work for the 3rd quarter of 2021 in the field of occupational health, environmental protection, nuclear safety, RB, PrB and PB.

For the effectiveness of work in the field of labor protection, environment and radiation safety, the Company maintains reports in the field of Sustainable development:

* on a quarterly basis and based on the results of the year, reports on the state of labor protection, environment and radiation safety are compiled and sent to the Sole Shareholder within the established time frame;
* during the year reports on the implementation of protocol decisions of corporate seminars and meetings on radiation safety, labor protection and the environment are prepared in accordance with the established deadlines. Information on the implementation of protocol decision points and copies of documents confirming the implementation of measures are entered in Protocols PC program.
  1. **Event tracking system**

In order to set goals, evaluate performance, and manage changes aimed at making its activities more efficient, the Company maintains reports in the field of sustainable development:

* consolidated report on personnel training is prepared on a quarterly basis with a cumulative total;
* consolidated information on social and labor indicators is compiled on a quarterly basis.

In accordance with IP 30.0003 Personnel Training, the Company issued quarterly and annual reports on implementation of personnel training for PPK divisions and consolidated reports for UMP JSC in 2021.

Consolidated (the Company and its subsidiaries and affiliates) information on the training of the Company's Personnel on a quarterly basis and based on the results of the year was sent to the Sole Shareholder as part of reports: 2HR, materials to the balance sheet commission on the results of the consolidated group of organizations of the Company, as part of an Integrated Report, and also uploaded to eKAP portal in the section Human Resources Management.

* 1. **Risk management system**

Activity The Company's risk management system is associated with various risks, and therefore, an effective risk management system is a fundamental element of the Company's activities. Accurate and timely identification, assessment, monitoring and response to risks enables effective decision-making at all levels of management and ensures the achievement of the goals and objectives of Sustainable Development Program.

On an annual basis, the Company approves risk registers and maps that include the economic, environmental and social components of Sustainable Development. The risk register, risk map and level of the Company's risk appetite were approved:

* for 2021 by resolutions of the Company's Board of Directors No. 16 dated 10.11.2020, No. 3 dated 30.03.2021, and No. 10 dated 13.07.2021;
* for 2022 by resolution of the Company's Board of Directors No. 13 dated 30.09. 2021.

For systematization and uniformity of approaches to compliance issues, taking into account the status of the Sole Shareholder as a public company, as well as for the purpose of conducting an independent, professional risk assessment and improving the quality of risk management, a Risk and Compliance Officer was appointed by the decision of the Company’s Board of Directors No. 6 dated 24.05.2021.

In addition, the Company successfully implements measures aimed at preventing the implementation of risks and reducing the consequences of the implementation of risks. On a regular (quarterly) basis, reports are generated on risk management and implementation of preventive measures within the risk register.

All identified risks of the Company are divided into five main categories in accordance with COSO methodology Corporate Risk Management–integrated model: strategic, financial, operational, investment and legal.

The above-mentioned reports are sent by the executive body for consideration by the Board of Directors in order to disclose information on the implementation of the principles of sustainable development.

* 1. **External control system: interaction with Stakeholders**

By the decision of the Board of Directors of UMP JSC No. 17 dated 29.12.2017, the UMP Stakeholders ' Card was approved. UMP Stakeholders Map is designed to build constructive relationships with both external and internal stakeholders that have a significant impact on the company's sustainable development. An effective system of interaction with stakeholders provides the necessary conditions for creating long-term value, achieving strategic goals and building a positive reputation of the company.

UMP JSC constantly takes measures to establish dialogue and long-term cooperation and manage relations with interested parties.

In order to identify and select stakeholders, the company conducts an annual analysis of its internal and external environment. Thus, we analyze the relationship between the company and persons whose interests are affected within the company's activities, as well as those who have or believe that they have legal requirements in relation to certain aspects of the company's activities. Based on the results of the analysis, the list of groups of the Company's stakeholders is reviewed and updated.

|  |  |  |  |
| --- | --- | --- | --- |
| 1. Sole shareholder of UMP JSC -   NAC Kazatomprom JSC | Degree of influence of the stakeholder on UMP JSC  4 | | Degree of influence of UMP JSC on the stakeholder  2 |
| The stakeholder's interest in UMP JSC | | **Mechanisms of influence** | |
| 1. Increase in long-term value of UMP JSC. 2. Implementation of the Development Strategy UMP JSC as part of the implementation of the overall strategy of NAC Kazatomprom JSC. 3. Receiving dividends. 4. Implementation of social programs. 5. Implementation of indicators of the medium-term development plan. | | 1. Decisions of the Sole Shareholder UMP JSC (decisions of the Board of Directors and the Management Board of NAC Kazatomprom JSC, orders of the Chairman of the Management Board of NAC Kazatomprom JSC). 2. Decisions of the Board of Directors of UMP JSC. 3. Joint working groups. 4. Meetings, negotiations, and so on. | |

|  |  |
| --- | --- |
| The stakeholder's interest in UMP JSC | Mechanisms of influence |
| 1. Increase in the long-term value of joint ventures. 2. Receiving profit (dividends) from joint management. 3. Implementation of production and investment programs. 4. Implementation of social programs. 5. Implementation of indicators of the medium-term development plan. | 1. Foundation agreements. 2. OSU Solutions (OSAS)\*. 3. Decisions of the National Assembly (BOD)\*\*. 4. Decisions of joint consultative and advisory bodies. 5. Joint working groups. 6. Joint checks. 7. Meetings and negotiations. 8. Correspondence on the activities of subsidiaries and affiliates. |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. External auditors and consultants | The degree of influence of the stakeholder on UMP JSC  3 | | Degree of influence UMP JSC on stakeholder  1 |
| The stakeholder's interest in  UMP JSC | | **Mechanisms of influence** | |
| 1. Compliance with IFRS standards. 2. Reliability of preparation of financial statements of UMP JSC. 3. Implementation of the external auditor's recommendations. 4. Timely payment according to contracts. | | Contracts, reports, and letters to Management. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Creditors UMP JSC** | The degree of influence of the stakeholder on UMZP JSC  2 | | Degree of influence UMP JSC on stakeholder  1 |
| **The stakeholder's interest in  UMP JSC** | | **Mechanisms of influence** | |
| 1. Timely repayment of the principal debt in full and receipt of remuneration. 2. Financial stability of UMP JSC. | | 1. Business correspondence. 2. Regular analytical meetings and negotiations. 3. Publication of information about UMP JSC in the mass media. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Suppliers and consumers** | Degree of influence of the stakeholder on UMP JSC  4 | | Degree of influence of UMP JSC on the stakeholder  2 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Stability and reliability of mutually beneficial cooperation. 2. Guarantee of fulfillment of mutual obligations under agreements/contracts. 3. Guarantee of high quality (stability, reliability, security and uninterrupted supply) of products/services. 4. Regular updating and improvement of the activities of UMP JSC. | | 1. Customer feedback system. 2. Conducting meetings and negotiations. 3. Signing of agreements, memoranda, and agreements on strategic cooperation. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Subsidiaries AND AFFILIATES OF UMP JSC** | Degree of the stakeholder's influence on UMP JSC  2 | | Degree of influence of UMP JSC on stakeholders  4 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Confidence in financial support for the implementation of plans. 2. Implementation of investment and social plans/obligations of subsidiaries and affiliates with the support of UMP JSC. 3. Providing support to UMP JSC in its sustainable development. | | 1. Foundation agreements. 2. OSU solutions. 3. Decisions of the National Assembly (BOD). 4. Correspondence on the activities of subsidiaries and affiliates. 5. Information/reports on the implementation of production, investment and social plans/obligations sent to UMP JSC. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Management and personnel** | Degree of influence of the stakeholder on UMP JSC  4 | | Degree of influence of UMP JSC on stakeholders  4 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Results, achievements and development prospects of UMP JSC. 2. Human resources and social policy UMP JSC. 3. Employee engagement and development prospects. 4. Measures for material and non-material motivation. 5. Terms of the Collective Agreement. 6. Compliance with the legislation and regulations in the field of labor legislation of the Republic of Kazakhstan. 7. Creating favorable conditions (motivation) for retaining and attracting highly qualified employees. | | 1. Hardware, production, operational, and other meetings. 2. Oral requests. 3. Internal communication channels. 4. Applications and requests. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Trade unions** | Degree of the stakeholder's influence on UMP JSC  2 | | Degree of influence of UMP JSC on the stakeholder  3 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Compliance by the employer with the established obligations in relation to employees. 2. Protecting the rights and interests of employees. | | 1. Discussion and approval of the collective agreement. 2. Meetings and meetings of the members of PFSUZ with management of UMP JSC. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **State bodies of the Republic of Kazakhstan** | Degree of influence of the stakeholder on UMP JSC  4 | | Degree of influence of UMP JSC on the stakeholder  2 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Compliance with the legislation and regulations of the Republic of Kazakhstan of UMP JSC and its subsidiaries. 2. Getting timely and reliable information. 3. Development of competition. 4. Issuing an opinion on further activities in a particular commodity market. 5. Fulfillment of tax obligations to the budget in full and on time. 6. Fulfillment of international obligations of the Republic of Kazakhstan. 7. Granting of subsurface use rights. 8. Licensing of certain types of activities. 9. Fulfillment of license and contractual obligations of subsidiaries and affiliates of UMP JSC. 10. Development of nuclear power and industry in the Republic of Kazakhstan. | | 1. Request for reporting on the results of financial and economic activities UMP JSC. 2. Requests from government agencies in various areas of activity of UMP JSC. 3. Providing information on amendments and additions to the laws and regulations of the Republic of Kazakhstan. 4. Approval of the subsurface use contract, the act of state registration for the right of subsurface use. 5. Verification of fulfillment of license and contract obligations of UMP JSC. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Local executive bodies** | Degree of influence of the stakeholder on UMP JSC  3 | | Degree of influence of UMP JSC on the stakeholder  1 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Increase in tax revenues to local budgets. 2. Fulfillment of contractual obligations in terms of social expenditures. 3. Timely and high-quality implementation of social projects. 4. Increase (retain) jobs. 5. Compliance with the legislation of the Republic of Kazakhstan in the field of industrial, radiation and nuclear safety. | | 1. Memoranda of cooperation between local executive bodies and UMP JSC in order to support and develop the social sphere of the regions. 2. General agreements between local executive bodies and UMP JSC for financing social sphere of the regions. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **MASS MEDIA** | Degree of the stakeholder's influence on UMP JSC  2 | | Degree of influence of UMP JSC on the stakeholder  1 |
| **The stakeholder's interest in UMP JSC** | | **Mechanisms of influence** | |
| 1. Obtaining timely and reliable information about the activities of UMP JSC:  * on safety of production; * on quality of products; * on financial indicators; * on implementation of joint projects; * on prospects for the development of the industry. | | 1. Contracts for provision of services for the placement of information (articles, stories) about UMP JSC activities. 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 influence of the stakeholder on UMP JSC  4 | | The degree of influence of UMP JSC on stakeholder  1 |
| **Interest of the stakeholder in relation to UMP JSC** | | **Mechanisms of influence** | |
| 1. Compliance with Kazakhstan and international standards (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 preparation/review of draft regulatory legal documents. | | 1. Participation in joint projects. 2. Correspondence on issues of interest. 3. Preparation of expert opinions, suggestions and comments to draft regulatory legal documents. 4. Conducting verifications and audits. | |

|  |  |  |  |
| --- | --- | --- | --- |
| 1. **Public organizations, local population** | Degree of influence of the stakeholder on UMP JSC  4 | | Degree of influence of UMP JSC on the stakeholder  3 |
| **Stakeholder's interest in relation to UMP JSC** | | **Mechanisms of impact** | |
| 1. Financing of social programs. 2. Providing charitable and sponsorship assistance. 3. Public hearings. | | 1. Conducting public hearings. 2. Informing about current activities. 3. Letters (appeals) addressed to UMP JSC. | |

*GMP (GMS)\* - General Meetings of Participants (General Meetings of Shareholders);*

*SB (BD)\*\* - Supervisory Boards (Boards of Directors)*

**Conclusion**

In 2021, the Company carried out purposeful work on the implementation of its activities Sustainable Development Program of UMP JSC for 2020-2022.

Activities defined in UMP JSC Sustainable Development Program for 2020-2022 2020-2022 in the field of social development, labor protection, environmental safety, as well as participation in socio-economic development of the operations regions in 2021 were implemented, effective and contributed to the achievement of the Program results by 2022 and implementation of the tasks planned for 2021 by the Development Strategy of the Company for 2018-2028.

Sergey V. Bezhetskiy

Executive Board Chairman