

2020  
FIRST HALF OF  
2021

# SUSTAINABILITY REPORT



PEOPLE IN FOCUS



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A photograph of two Inkai workers, a man and a woman, standing in a desert field. They are both wearing white hard hats with the Inkai logo and blue work uniforms with yellow accents. The man is holding a clipboard and a pen, and the woman is standing next to him. In the background, there is an oil rig and some industrial structures under a clear blue sky.

PEOPLE IN FOCUS

GRI 102-1, 102-45, 102-50, 102-54

THIS REPORT HAS BEEN PREPARED IN ACCORDANCE WITH THE STANDARDS OF THE GLOBAL REPORTING INITIATIVE IN SUSTAINABILITY (GRI STANDARDS). THE SELECTED OPTION IS CORE LEVEL OF DISCLOSURE (CORE).

## ABOUT THE REPORT

HERE WE PRESENT **THE SUSTAINABILITY REPORT** (HEREINAFTER, REFERRED TO AS THE “REPORT”) OF **JV INKAI LLP** FOR 2020 AND THE FIRST HALF OF 2021. THIS REPORT IS THE FIRST DOCUMENT THAT DISCLOSES INFORMATION ABOUT THE COMPANY’S ACTIVITIES IN ECONOMIC, ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE AREAS. AS A SOCIALLY RESPONSIBLE BUSINESS, THE COMPANY IS COMMITTED TO INCREASING THE TRANSPARENCY OF INFORMATION DISCLOSURE ABOUT ITS ACTIVITIES BY PUBLISHING THIS REPORT.

THE REPORT PROVIDES INFORMATION ON THE COMPANY’S ACTIVITIES FOR THE PERIOD FROM **JANUARY 1, 2020 TO JULY 1, 2021**. THE BOUNDARIES OF THE REPORT INCLUDE ONLY **JV INKAI LLP**, A LEGAL ENTITY REGISTERED IN KAZAKHSTAN. FINANCIAL DATA ARE PRESENTED IN ACCORDANCE WITH THE COMPANY’S AUDITED FINANCIAL STATEMENTS WHICH CONFORM TO INTERNATIONAL FINANCIAL REPORTING STANDARDS.

THE CONTENT OF THE REPORT WAS DETERMINED **BASED ON THE PREPARED LIST OF MATERIAL TOPICS** THAT MEET THE REQUIREMENTS OF APPLICABLE GRI STANDARDS. FOR MORE INFORMATION ABOUT THE MATERIAL TOPICS PLEASE REFER TO THE IDENTIFICATION OF MATERIAL TOPICS SECTION.

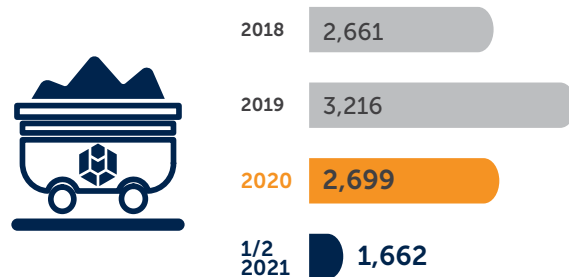
# ABOUT THE REPORT



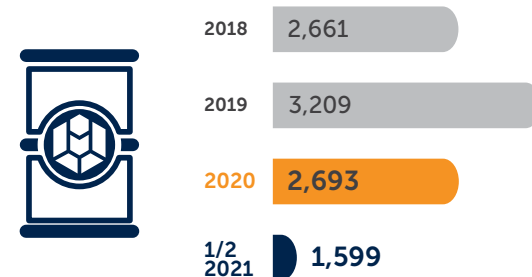
# INKAI AT A GLANCE

## ECONOMIC INDICATORS

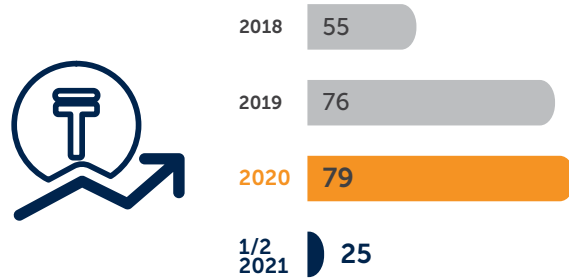
- Volume of uranium production (tons)



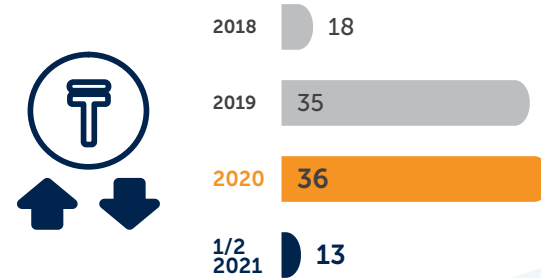
- Volume of finished goods production (tons)



- Direct economic value (billion tenge)



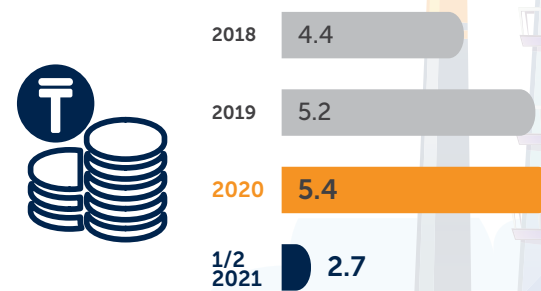
- Undistributed economic value (billion tenge)



- The share of local content in the procurement of goods (%)

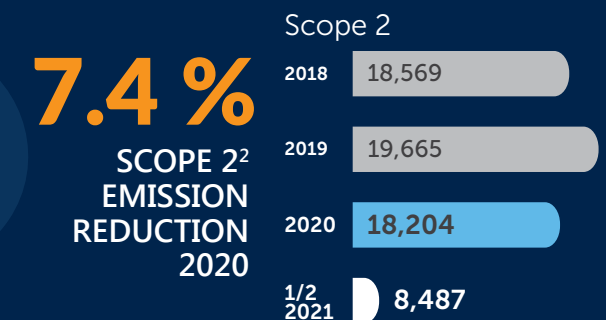
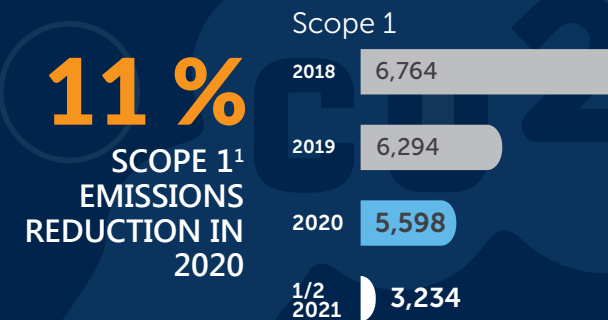


- Salaries and other payments (billion tenge)

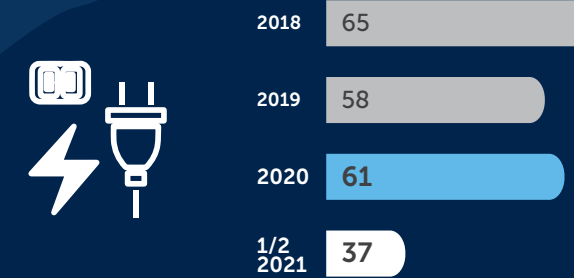


## ENVIRONMENTAL INDICATORS

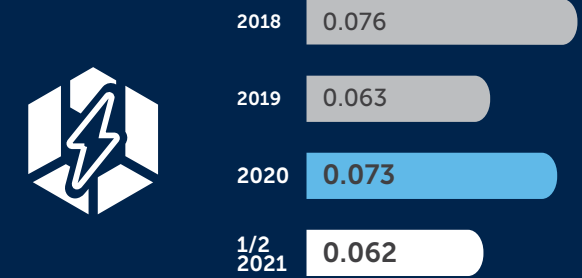
- Emissions (tCO<sub>2</sub> equivalent)



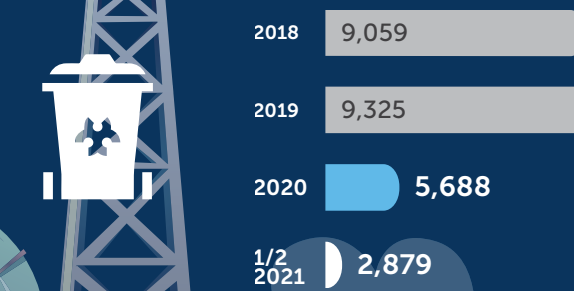
- Energy consumption (thousand GJ)



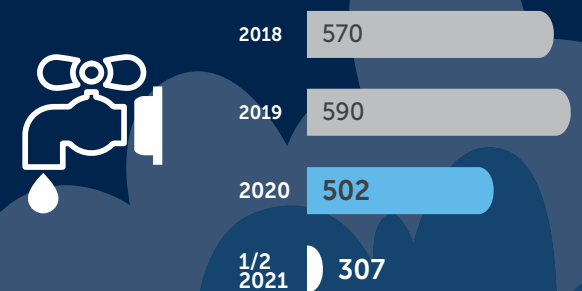
- Specific energy intensity (thousand GJ/t)



- Waste (tons)



- Water intake (thousand m<sup>3</sup>)



<sup>1</sup> Direct emissions of greenhouse gases from sources owned or controlled by the Company.

<sup>2</sup> Indirect emissions of greenhouse gases produced from energy purchased by the Company for its own consumption.



## SOCIAL INDICATORS

- number of employees as of July 1, 2021

741



- Are covered by health and safety management system

100 %  
of employees



- Allocated to social programs

2020  
73.2 million  
tenge  
1/2 2021  
68.1 million  
tenge



- LTIR per 200,000 man-hours

2020  
0.3  
1/2 2021  
0



- Fuel consumption, (%)

26 %  
reduction  
in diesel  
consumption  
from 2018 to  
2020  
18 %  
reduction  
in gasoline  
consumption



The concept of  
Lean Manufacturing

First prize in the **Best Collective Agreement** nomination and one of the best socially responsible enterprises according to the results of **Paryz 2020** competition





## OUR CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

WE STRIVE TO CONTRIBUTE TO THE ACHIEVEMENT OF UN SUSTAINABLE DEVELOPMENT GOALS (HEREINAFTER, UN SDGS). WE ARE COMMITTED TO SUSTAINABLE DEVELOPMENT ON A GLOBAL LEVEL THROUGH IMPLEMENTATION OF PROJECTS TO MINIMIZE THE IMPACT ON THE ENVIRONMENT AND LOCAL COMMUNITIES. WE HAVE PRIORITIZED THE GOALS AND IDENTIFIED **10 MAIN GOALS** IN THE ACHIEVEMENT OF WHICH THE COMPANY AS A SIGNIFICANT IMPACT.



### Ensure healthy lives and promote well-being for all at all ages

- Provision of medical insurance for all employees of the Company
- Support projects aimed at promoting a healthy lifestyle
- Investments in the construction of sports facilities in the region of presence



### Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Allocation of an educational scholarship
- Program for financing the education of children of the Company's employees
- Provision of professional education to the employees of the Company



### Ensure access to affordable, reliable, sustainable and modern energy for all

- Implementation of initiatives to reduce energy consumption
- Introduction of alternative sources of electricity
- Conduction energy audits



### Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- Ensure safe working conditions
- Provision of a guaranteed social package, that includes various types of social benefits and programs
- Creation of jobs in the regions of presence
- Fulfillment of tax obligations





## Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

- Contribution to the socio-economic development of the region of presence
- Improvement of infrastructure in the region of our presence
- Ensure an improvement in the standard of living in the region by making an agreement with local authorities
- Conduct a study to determine the Social Stability Index



## Ensure sustainable consumption and production patterns

- Project «Lean Manufacturing». The concept of the project is to increase labour productivity, reduce costs and losses, and improve product quality
- Waste management: reduction, removal and disposal



## Take urgent action to combat climate change and its impacts

- Assessment and reporting of greenhouse gas emissions



## Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

- Analysis of existing source and new data, aiming to clearly identify the level and presence of impacts from mining activities on habitats, vegetation and protected species, on the surrounding lands used for nomadic livestock farming.
- Compilation of habitat maps on which different habitats are delineated, disturbed by mining operations



## Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

- Respect for human rights and the law
- Anti-corruption and fraud
- Avoiding conflicts of interest
- Fair and professional relationships



## Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

- Implementation and support of sustainable development initiatives







## DESPITE EVERYTHING, WE ADHERED TO THE FIRST PRINCIPLE IN OUR PRODUCTION ACTIVITY WHEN IMPLEMENTING DIGITAL PROJECTS IN 2020, WHICH IS **SAFETY FIRST.**

GRI 102-14

### Dear reader,

JV Inkai LLP presents to your attention the first Sustainability Report, prepared in accordance with the recognized international reporting guidelines Global Reporting Initiative – GRI Standards. This Report provides information to stakeholders – our shareholders, employees and local communities about the Company's activities and our impact on the social, economic and environmental areas.

Last year, the whole world was confronted with a pandemic of the novel coronavirus infection COVID-19. Unprecedented measures in the fight against the pandemic in the form of a whole set of restrictions tested all aspects of our lives. This, in turn, led to dire consequences to the global economy. And our Company was no exception.

During the pandemic, we had to find new ways of communication, adjust business processes, receive information remotely and process it swiftly, and yet still achieve our production and financial goals. We have managed to ensure the continuity of the production cycle even in the most critical periods of the strict lockdown.

In order to protect the health of employees, the Company has developed and implemented a set of measures to improve safety and prevent epidemics at production sites. One of these implemented solutions was the re-equipment of existing vehicles for specialized ambulances and equipping them with the latest medical equipment, such as ECG machines, defibrillators and ventilators. This made it possible to quickly respond to incidents regardless of weather and road conditions, at any point of the mine, including the territory of geotechnical landfills.

New digital solutions that we implemented in restricted conditions, such as: **"Remote expert"**, **"Body worn cameras"**, **"Knowledge Base"** proved successful and minimized risks to the health of employees and the production processes.

**The Remote Expert module**, which includes industrial augmented reality glasses with a safety helmet and a web application, is used to implement the concept of remote consulting.

**Body worn cameras** are upper body-level video recorders that are used when carrying out work

related to industrial risks. It allows the user to film, store and transfer video, audio and photographic material from the scene, as well as carry out dispatch and command functions over the network, to give an emergency signal in critical conditions.

In these unpredictable times, the speed of response to changes is an indicator of the company's resilience. The informational project "Knowledge Base" thus meets the present-day requirements allowing us to conduct distance learning and assess knowledge of the employees around the clock, anytime, anywhere.

The fight against temporary losses within the framework of Lean Manufacturing continued throughout 2020. One of such digital projects is warehouse bar-coding, which made warehouse processes responsive, automated, and transparent, optimizing work overall. As part of performance management, the VINKOM (Visual Inkai Operational Management) system is successfully operational, which enables multidimensional analysis, business planning and budgeting of the entire Company. This unified system allows us to manage the enterprise in real time: plan, keep records, monitor improvements at production sites, manage projects using the DMAIC methodology, structure and accumulate data, analyze the behavioural characteristics of the enterprise using the accumulated data, dispatch people and the fleet of transportation.

The past year has shown that hidden opportunities have become catalysts and accelerated the development of new directions. As a result, the impact of negative external factors did not convert as being damaging for the business, retaining our leading status in the industry. We have demonstrated a stable outlook and strong financial performance, which reflects the stability of our business and high professional competencies of our staff. We were ready for the difficult scenario. During widespread job redundancies, we were able to retain all our workers and ensure uninterrupted production activity.

Our Company intends to keep pace with the times. We plan to continue to carry out activities within the framework of the Environmental and Social Action

Plan (ESAP), to continue to automate the integration process of new employees, to introduce various digital technologies aimed at reducing the risk of injury and improving labour safety, as well as to ensure the comfort of employees.

We position ourselves as a responsible business, introducing advanced corporate governance practices and improving management approaches in all functional areas. We are working to improve our positive contribution to the development of business and the industry, as well as to reduce our negative ecological footprint.

For me, as the head of the Company, I find it particularly valuable to present this Sustainability Report to the attention of the reader, which reflects the spirit, vision and values of JV Inkai LLP.

I wish you a pleasant reading!

Best regards,  
**Yelnar Pernesh**



## ABOUT US

**JV INKAI** LIMITED LIABILITY PARTNERSHIP (HEREINAFTER – THE COMPANY, INKAI) WAS FOUNDED IN 1996 BY NATIONAL ATOMIC COMPANY KAZATOMPROM JOINT STOCK COMPANY (HEREINAFTER – KAZATOMPROM, KAP) AND THE CANADIAN CAMECO CORPORATION (HEREINAFTER – CAMECO). IN TURN, THE MAJORITY SHAREHOLDER OF KAZATOMPROM IS SAMRUK-KAZYNA JSC.

THE CURRENT DIVISION OF SHARES OF THE COMPANY'S PARTICIPANTS ARE AS FOLLOWS

60 %



40 %



GRI 102-2, 102-4, 102-5, 102-7, 102-8

THE MAIN ACTIVITY OF THE COMPANY IS THE EXTRACTION AND PROCESSING OF NATURAL URANIUM AND RELATED EXPLORATION AND MINING ACTIVITIES



PEOPLE IN FOCUS

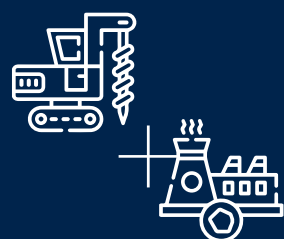
WE ARE INKAI



## THE COMPANY'S PRINCIPAL ACTIVITIES



- Geological study and exploration of uranium within the Inkai mine



- Uranium mining, as well as the production of other chemical products



- Wholesale trading of ferrous and non-ferrous metal ores

The Company extracts uranium by in-situ recovery method with sulphuric acid to obtain pregnant (uranium-containing) solutions at Inkai deposit in Turkestan oblast.

The Company's uranium products are exported mainly to the North American continent and European countries. The Company supplies raw materials to consumers of the mining industry and the uranium sector. The top customers of the Company's products are Kazatomprom and Cameco.

## COMPANY'S MISSION

We have been incorporated to actively participate in supplies of raw materials for clean nuclear energy fuel



## COMPANY'S VISION

We are developing to make our Company a leader in the global uranium mining industry



## COMPANY'S CORPORATE VALUES

- Safety
- Responsibility
- Professionalism
- Development
- Our team





We perform activities by committing to the following principles<sup>3</sup>:



### Human rights

**The Company must:**

- respect human rights declared in the Constitution of the Republic of Kazakhstan and those declared on the international level, and support their protection;
- not be involved in human rights violation.

### Corruption prevention

**The Company must:**

- work against all forms of corruption, including extortion and bribery.



### Environment

**The Company must:**

- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- support development and diffusion of ecofriendly technologies.

### Labour

**The Company must:**

- The Company must support the freedom of association and recognition of the right to collective agreements;
- The Company must advocate elimination of all forms of forced and compulsory labour;
- The Company must advocate effective abolition of child labour;
- The Company must advocate elimination of discrimination in respect of employment and occupation.



## DEVELOPMENT STRATEGY

In 2018, we adopted the Development Program until 2028, it defines the general directions of development focused on creating and maintaining a correspondence between strategic goals and potential opportunities, the main performance indicators and a list of measures aimed at achieving these goals.

**The main strategic goals for the Company's activities until 2028 are:**

1. ENSURING HIGH STANDARDS OF INDUSTRIAL SAFETY AND COMPLETE ELIMINATION OF INDUSTRIAL INJURIES
2. INCREASE IN THE INDICATOR OF ECONOMIC VALUE ADDED (EVA) TO 42 BILLION TENGE
3. ANNUAL INCREASE IN LABOUR PRODUCTIVITY
4. PRODUCTION COSTS REDUCTION



## OUR PRIORITIZED GOALS

1. **To achieve** our strategic goals, we have developed 15 priority tasks for the Company: Personnel development (improvement of production culture)
2. **Development** of risk management and internal control systems
3. **Transition** to a more profitable final product in the form of U3O8, triuranium octoxide
4. **Elimination** of „bottlenecks<sup>4</sup>“ in the production process to ensure the production of at least 3,200 tons per annum without third-party processing
5. **Ready** for production of 4,000 tons per annum
6. **Optimisation** of the resource and reserve portfolio
7. **Improving** the design of well fields
8. **Implementation** of an effective investment program through Project Management in accordance with the international PMBoK<sup>5</sup> standard
9. **Reducing** production cost of finished products (FP)
10. **Optimisation** of non-production costs
11. **Implementation** of an information system for managing the Company's business processes and operational data
12. **Changing** the work culture: introducing operational excellence and developing the concept of research work
13. **Ensuring** competitive procurement and outsourcing conditions
14. **Become** a fully responsible company in HSE, as well as the implementation of the Vision Zero program
15. **Development** of the Integrated Management System and continuous improvement

# ECONOMIC PERFORMANCE

GRI 102-6, 201-1

The accounting procedures and principles, recognition of assets and liabilities are regulated by the Accounting Policy of the Company approved by the Supervisory Board. The financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). The structural unit responsible for the preparation of financial statements is the Accounting and Reporting Department. Financial statements are audited on an annual basis with the involvement of audit firms.

Being one of the largest uranium mining companies in the country, the Company makes a significant contribution to the socio-economic development of the country by paying mandatory payments to the state budget, creating and maintaining jobs, as well as developing the regions of presence<sup>6</sup>. In the course of operating activities, the Company creates value for stakeholders. We do not receive financial aid from the government and do not make donations for state/political needs and purposes.

Created and distributed economic value <sup>7</sup>

Indicators	1/2 2021*	2020	2019	2018	Unit of measurement
Direct economic value created	24.5	78.9	75.8	55.1	billion tenge
Distributed economic value:	11.9	43.0	40.6	36.7	billion tenge
including:					
Salaries and other employee payments	2.7	5.4	5.2	4.4	billion tenge
Investments in the social area, including social activities	0.068	0.073	-	0.186	billion tenge
Retained economic value**	12.6	36.0	35.2	18.4	billion tenge

\* The data is presented as of July 1, 2021.  
\*\* Retained economic value = Direct economic value created — Distributed economic value.

<sup>6</sup> Regions of presence shall mean the region (district) of operating activities.  
<sup>7</sup> Ended 31 December 2020, 2019 and 2018 and from the accounting system for the first 6 months of 2021.

The main indicators that characterise the results of the Company's activities include the created and distributed economic value. The Company derives revenue from sale and transportation of uranium products. In 2020, the Company's revenue amounted to 78.9 billion tenge, which is 3.1 billion more than in 2019. Our revenue is generated from sale of uranium to our members Kazatomprom and Cameco Europe, a subsidiary of Cameco, as well as from rendering of transportation services to Kazatomprom. The selling price of the Company's uranium products increased in 2020 to 29,225 tenge/kg compared to 23,506 tenge/kg in 2019, as a result of which the Company's revenue from the sale of uranium products increased by 4 % compared to 2019, while the cost of sales of uranium products decreased by 2 % due to a decrease in sales volumes. As of July 1, 2021, the created direct economic value was 24.5 billion tenge.

The distributed economic value in 2020 amounted to 43 billion tenge, which is 5.6 % more than in 2019. In the structure of the distributed economic value, the main share is represented by the cost of sales and income tax expenses. In particular, salaries and other payments to the Company's employees amounted to 5.4 billion tenge in 2020 and 5.2 billion tenge in 2019. Investments in the social area in 2020 amounted to 73.2 million tenge, while in the first half of 2021 it was 68.1 million tenge.

THE RETAINED ECONOMIC VALUE IN 2020 AMOUNTED TO  
**36 BILLION TENGE,**  
WHICH IS SLIGHTLY MORE THAN THE VALUES OF THE SAME INDICATOR IN 2019, FOR THE FIRST HALF OF 2021 IT AMOUNTED TO  
**12.6 BILLION TENGE**

## Taxes

GRI 207-1

When conducting tax accounting, we comply with regulatory legal acts and internal documents of the Company, including:

- Tax Code
- The Law on the introduction of the Tax Code
- International Financial Reporting Standards (IFRS)
- Republic of Kazakhstan law On Accounting and Financial Reporting
- Republic of Kazakhstan law On Subsoil and Subsoil Use
- Subsoil use contracts
- Corporate accounting policy
- The Law of the Republic of Kazakhstan On Transfer Pricing
- Rules (methodology) of pricing for natural uranium concentrate (U3O8)
- Regulatory acts, methodological recommendations, instructions to the above-

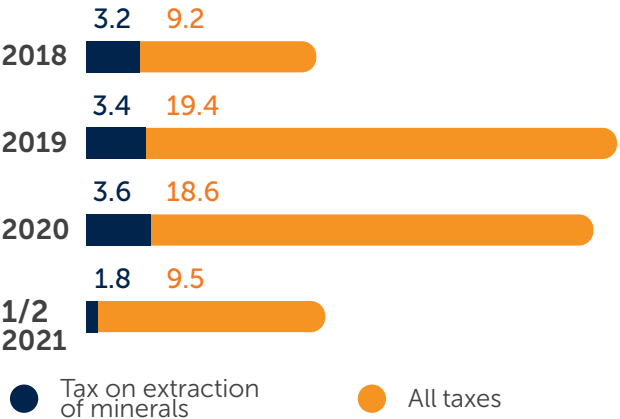
mentioned documents and other regulatory acts on the organisation of financial accounting and tax accounting

- International agreements ratified by the Republic of Kazakhstan
- Corporate Tax accounting Policy of Samruk-Kazyna JSC.

The main internal document regulating the provisions, procedure and principles of tax accounting within the Company is the Tax Accounting Policy. This policy complies with the requirements of the Tax Code of the Republic of Kazakhstan and is approved by the Supervisory Board of the Company as changes are made to the Tax Code of the Republic of Kazakhstan. The Head of the Tax Sector is responsible for implementing the procedure in accordance with the Tax Accounting Policy. All employees of the Company who are directly or indirectly related to the maintenance of tax accounting and the fulfilment of tax obligations related to the Company's activities are responsible for the application of the provisions of the Tax Accounting Policy.

The Company complies with the tax legislation. In the period from 2018 to 2020, the total of more than 56.6 billion tenge was paid to the state budget. As of July 1, 2021, taxes in the amount of 9.5 billion tenge were accrued. As a subsoil user, we pay the mineral extraction tax on uranium and underground water (MET). The MET paid amounted to 3.6 billion tenge in 2020 and 3.4 billion tenge in 2019.

Tax deductions, billion tenge





Procurement practice

GRI 102-9, 102-10, 102-11

Managing the process of procurement of goods and services

In order to ensure the continuity of production activities while maintaining the functioning of the entire value chain, the Company strives to responsibly manage the procurement process. The Company is guided by the principle of ensuring fairness, transparency and honesty in conducting procurement activities. Along with the internal regulatory documents, the main provisions regulating the Company's procurement activities are the Procurement Management Standard of SWF Samruk-Kazyna JSC and the Procurement Procedure of SWF Samruk-Kazyna JSC<sup>8</sup>.

Being a socially responsible business, the Company takes a number of measures within the framework of the procurement policy. These measures include:

- Implementation of the Supplier Code of JV Inkai LLP;

- Preliminary assessment of a potential supplier for compliance with anti-corruption legislation, both at the state and international level;
- Analysis for the presence of a potential supplier in the list of unreliable potential suppliers of the Holding;
- Checking suppliers for economic security;
- Conducting trainings for the supplier's employees on industrial safety issues;
- Verification of the availability and compliance of permits confirming the relevant qualification and admission to work (including permits for tools, equipment, transport);
- Conducting an inspection of the workplaces of a potential supplier for compliance with standards in HSE and Radiation Safety;
- Assessment of the compliance of personal protective equipment of employees.



Participants in the procurement process, their functions and responsibilities.

Participants of the procurement process on the Customer's side	Functions and responsibilities
Supervisory Board	<ul style="list-style-type: none"><li>• Approval of the customer's consumption budget for a certain period</li><li>• Approval of the list of purchases for the purchase of goods, works and services (GWS)</li><li>• Making a decision on the purchase of GWS</li></ul>
General Director (or acting General Director)	<ul style="list-style-type: none"><li>• Approval of annual and long-term procurement plans</li><li>• Monitoring the implementation of key procurement performance indicators</li><li>• Review of reports on the effectiveness of procurement management processes</li><li>• Ensuring compliance with the norms</li><li>• Making decisions on conducting the procurement by means of an open tender and approving the tender documentation</li><li>• Approval of procurement results</li><li>• Deciding on the purchase of GWS</li></ul>
Head of Procurement and Inventory Department	<ul style="list-style-type: none"><li>• Management and control over the procurement process, conclusion of contracts with counterparties</li><li>• Making a decision on the method of GWS purchase</li><li>• Agreement of the marketing price</li></ul>
Employees of Procurement and Inventory Department	<ul style="list-style-type: none"><li>• Conducting of an analysis of incoming tenders, conducting of the procurement process of GWS, correspondence with potential suppliers</li><li>• Conducting of the procurement process</li><li>• Execution of works on planning, development of schedules for the purchase of GWS, reporting, conducting price monitoring of the market</li><li>• Documenting and storing all relevant information</li></ul>

<sup>8</sup> In accordance with the Procurement Rules for goods, work and services by the SWF Samruk-Kazyna JSC and entities, fifty or more percent of the voting shares (participation interests) of which are directly or indirectly owned by Samruk-Kazyna JSC on the right of ownership or trust management.



Local content

GRI 203-1, 204-1

Cooperation between the Company and local suppliers of goods and services contributes to the socio-economic development of the region of presence. We give our preference to purchasing goods and services from local suppliers that meet the requirements of corporate social responsibility.

The total amount of purchases from local suppliers in the period from 2018 to the first half of 2021 inclusive is more than 47 million tenge. In 2020, the share of local content in the procurement of goods was 78 %, for labour and services – 52 %. The decrease in the share of local content in the procurement of labour and services in 2020 is due to an increase in engaging expatriates' volume in survey services in water transport and marine cargo

transport services. Also, due to the imposition of quarantine during the pandemic, most construction and installation works (with a share of local content of 90–100 %) were suspended.

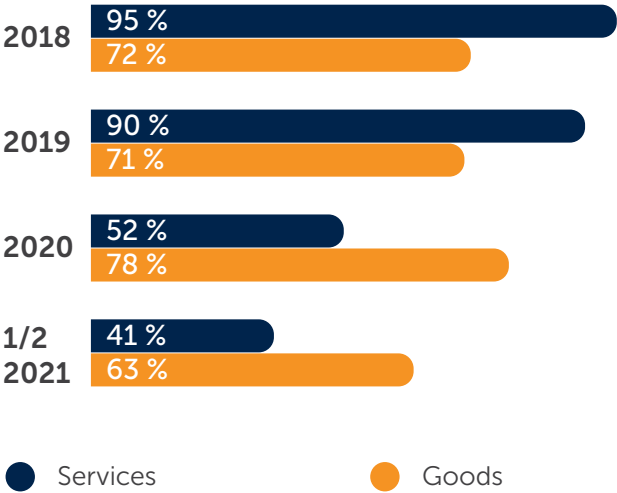
In the general structure of purchases of goods and services, the largest in total are the following categories:

- Reagents
- Well construction works / drilling works
- Freight forwarding services/sea transportation/survey services
- Electric power

- Pipe products
- Therapeutic and prophylactic nutrition (special nutrition) services to employees
- Transportation services
- Insurance services

We plan to continue supporting and developing practices of purchases from local suppliers, as well as integrate sustainable development aspects into the supply chain.

The share of local content in purchases, in %





# DIGITAL INFRASTRUCTURE

The Company uses IT solutions in the following areas:

## 1. Cybersecurity

To strengthen security measures **Cisco Identity Services Engine (Cisco ISE)** will be introduced this year. It is a multifunctional solution that covers the full range of corporate network access control issues. The Company's network, which has strategic internal and external communications, is controlled by **NGFW Cisco Firepower 2110** in high availability mode. This solution fully controls all internal and external traffic when using Internet resources. **NGFW Cisco Firepower 2110** has a number of functions for analysing **AMP, IPS/IDS, AV traffic**. Corporate e-mail, which is one of the most important services, is protected by the Cisco Email Security Appliance anti-spam system, which additionally performs the role of **AV, DLP** for incoming correspondence. Also, this year, it is planned to introduce the **BYOD (Bring Your Own Device)** concept<sup>9</sup>.

## 2. Communication systems

Providing operational communication of production sites using a **Motorola radio station** and protected **Black View** cell phones, as well as internal landline telephone communication based on **Alcatel's own PBX**. Equipping the mine's conference rooms with an advanced system for holding online/offline meetings at a high level, **Clever Touch**, with a local autonomous video conferencing server **TrueConf**.

## 3. Backup

**Veristas Backup Exec** means protection of information assets, a backup function on an ongoing basis.

## 4. Ensuring the safety, labour protection and well-being of employees

**Vision Zero** is a program for achieving zero injuries, which was developed by the International Social Security Association (ISSA) and is aimed at preventing accidents at work and preventing occupational diseases of personnel. The fundamental principles for reducing injury rates are reflected in the seven "golden rules" of the program.

## 5. Corporate Intranet portal

**VINKOM** – data on environmental management, industrial safety and production indicators are recorded in the corporate Internet portal.

## 6. Training

**The Knowledge Base** project is a corporate online library for training production personnel (a Production management module has been created).

## 7. Automation of payroll processes

**1C Management of Manufacturing Plants** – economic and financial data are entered and stored in the database. This system has made a significant contribution to the proper transition to remote operation during the pandemic.

## 8. Optimisation of office printing processes

**Y-Soft SafeQ**: monitoring and control of printing on corridor-type devices of the Konica Minolta series. This system is used to achieve savings in printing and printer maintenance.

### Our IT achievements

- Implementation of a pilot project for installing a camera with a thermal scanner, which allows medical personnel to remotely monitor the body temperature of employees
- Kcell 3G network coverage of all production sites of the mine and the shift camp
- Using barcoding for inventory accounting
- Installation of self-service HR terminals
- Use of video recorders for Industrial Safety with fiscal memory managed by the Zorman system
- Providing mine workers in a shift camp with Internet access via Wi-Fi
- Installation of a digital satellite television station in the shift camp based on Terra equipment, which allows employees to watch television in Digital TV mode during the shift
- Preparation and collection of data for the feasibility study of the Private LTE 5G project (isolated cellular network at the mine), which will become a platform for a new era of digitalisation of production processes

<sup>9</sup> The concept of BYOD (bring your own device) is adopted to refer to employees who bring their own computing devices (smartphones, laptops and PDAs) to the workplace for use and connection to the corporate network.



## ADAPTING TO THE PANDEMIC

The main global event in 2020 was the COVID-19 coronavirus pandemic. This event has had a significant impact on all economy sectors, our Company is no exception to this.

In order to avoid the spread of the virus, the Company's management, in joint cooperation with the authorised bodies of sanitary and infectious safety, took a number of management measures, a significant amount of financial and non-financial resources was spent to ensure the safety of our employees and residents of the region of presence. The measures we have taken have proved their effectiveness. Each employee at his/her own level of the organisational hierarchy is familiar with sanitary safety measures and acts in accordance with medical prescriptions and our safety instructions.

The period of the coronavirus pandemic was not easy to maintain our production processes. Thus, due to quarantine measures imposed in the country and due to limited access to the mine, previously planned construction and installation works of production facilities, drilling operations at wells and the work of social facilities were suspended. As a result, the main impact of the restrictions was a decrease in the production of uranium by 16 %.

The main change in the Company's work due to the pandemic was due to the transfer of a large number of employees to remote way of working. There was a need to purchase additional laptops, as well as to organise a secure connection to the corporate network. The Company purchased the necessary laptops and provided a remote secure connection to the network through the Cisco AnyConnect solution.

Entry and exit from the territory of the mine has been restricted since March 2020, as a result of which temporary changes were made to the shift change regime for the Company's employees. The new shift change procedure was supplemented by the mandatory PCR test and a 2-day quarantine.

For those employees whose work was forcibly suspended, the management decided to pay compensation as an expression of social support in difficult times. Thus, compensation payments were made during the period of forced downtime to employees who were unable to join the shift in the amount of 70 % of the salary, while other employees were paid double wages for the period of extension of the shift in accordance with the requirements of the legislation and the collective agreement.

The total amount of expenses in 2020 incurred in order to prevent mass infection of the Company's employees and contractors amounted to more than 830 thousand tenge. This included staying in a hotel for the duration of quarantine before joining the shift and costs for PCR, preparing systems for employees to start remote working, and much more. For the first half of 2021, expenses amounted to more than 100 thousand tenge.

➤ Moreover, appropriate conditions for maximum sanitary and infectious safety were created for those who continued their work. Employees and workplaces were equipped with all the necessary means against the spread of the virus: they were provided with masks, gloves, thermal imagers, medicines, sanitizers, quartz devices and other medical and technical equipment. We have repeatedly strengthened the cleaning of the premises, carried out explanatory work, actively followed the instructions of regional and republican sanitary doctors.

**AT THE BEGINNING OF 2021, IN THE INTERESTS OF SAFETY, THE COMPANY'S OFFICE IN SHYMKENT WAS MOVED TO ANOTHER BUILDING, WHERE ONLY THE COMPANY'S STAFF IS BASED WITHOUT THE PRESENCE OF EXTERNAL ORGANISATIONS. THE FORMER BUILDING PRESENTED RISKS OF INFECTION DUE TO INCREASED CONGESTION. ➤**

**OUR EMPLOYEES ARE OF PARAMOUNT VALUE TO US, AND DESPITE THE GROWING ECONOMIC PRESSURE, WE ARE TRYING TO RETAIN VALUABLE PERSONNEL AND PROVIDE THEM WITH ALL POSSIBLE ASSISTANCE.**







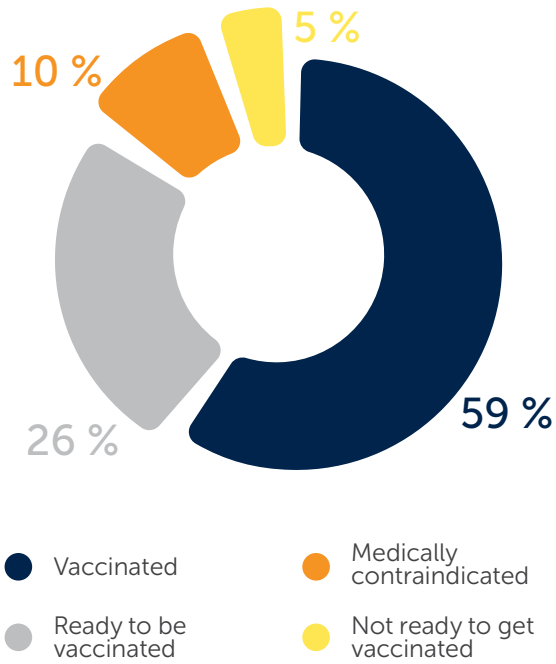
▶ Checkpoints to administrative offices and canteens are equipped with temperature measurement devices. Moreover, we have engaged the medical staff of Industrial Medical Solutions LLP for control, which provides monitoring, consulting and other types of assistance to our employees during the process of organising work, the movement of people at facilities and compliance with sanitary requirements.

To improve the possibility of medical evacuation of patients from the mine in case of such a need, two all-terrain vehicles have been converted into ambulances. These cars are equipped with all the necessary modern medical equipment.

During the entire time of the coronavirus pandemic challenges, we have minimised all official movements and business trips, our employees have switched to almost full remote working, any contacts that do not have an urgent need have been minimised. Employees of administrative offices regularly undergo PCR for availability of antibodies against coronavirus.

Thus, we can state that Inkai shows maximum concern for the health of its employees and takes all necessary measures to prevent the spread of the COVID-19 coronavirus. Certainly, our measures cannot guarantee complete safety, since the risks of infection are caused by a number of factors, but it is important for us to ensure full equipment, activity and readiness in this regard.

Vaccination statistics at the Company as of July 1, 2021







# CORPORATE GOVERNANCE

## THE CORPORATE GOVERNANCE STRUCTURE OF THE COMPANY



GENERAL MEETING OF THE PARTICIPANTS



SUPERVISORY BOARD

AUDIT COMMITTEE

TECHNICAL COMMITTEE



GENERAL DIRECTOR



The Company’s management bodies:

- 1. The General Meeting of the Participants** – is the supreme authority of the Company. General Meeting of the Participants, regardless of how its competence is defined in the Charter, has the right to take into consideration any issue related to the Company’s activities, however, the General Meeting of the Participants should not initiate consideration or cancellation of decisions of the Supervisory Board on certain issues.
- 2. The Supervisory Board** is the supreme governing body of the Company, which performs general management of the Company’s activities, including the activities of the General Director. The procedure for the work of the Supervisory Board and the powers of the Members of the Supervisory Board are regulated in accordance with the Company’s Charter, the legislation of the Republic of Kazakhstan and the Regulations on the Supervisory Board. The Supervisory Board manages the current activities and is accountable to the General Meeting of the Participants. The members of the Supervisory Board are appointed by the General Meeting of Participants in accordance with the Company’s Charter, which states the following:
  - The Supervisory Board consists of five members, two of whom are appointed as advised by Cameco and three members are appointed as advised by Kazatomprom.
  - Members are appointed for a term of not more than five years and may be re-elected for an unlimited number of terms.
  - Employees of the Company, including the CEO, cannot be such members.
  - The Chairman must be a member and is elected by the members of the Supervisory Board. The Chairman is initially elected as advised by Cameco, then this right alternates between Kazatomprom and Cameco every two years, with the next transfer of the right being carried out two years after Cameco proposes the candidacy of the first Chairman.

The Supervisory Board meetings are held at least four times a year and may be held more often, as far as it is necessary for effective management. The decisions of the Supervisory Board are made by a majority of the votes of the members present at the meeting, with the exception of those issues that are provided for by the Charter as requiring the unanimous consent of the members.

According to the Charter, the Supervisory Board has the right to make decisions on the approval of budgets and work plans, development strategies, policies and other internal documents, the number of employees and their schedules, as well as to make decisions on the conclusion of transactions, on the rejection of any agreements and on other issues provided for in the document.

- 3. The control is carried out by the Audit Committee (the “Committee”).** The General Meeting of the Participants appoints the members and the Chairman of the Committee. The main internal documents regulating the Committee’s work procedure are the Company’s Charter and the Regulations on the Audit Committee. According to the Charter, the Committee must have at least two members, of which at least one was elected as advised by each Participant, while the members cannot be persons who are employees of our Company. The members of the Committee are appointed for a term of not more than five years. The Committee is responsible for ensuring the effectiveness and integrity of financial reporting systems, information management systems and internal control systems, as well as for monitoring accounting and financial reporting procedures, internal auditors and the internal audit program, monitoring compliance with laws and regulations, and its policies in the code of conduct and business ethics, and conducting preventive measures to identify security problems.

The Committee has the right to conduct audits of the Company’s financial and accounting operations at any time. The Committee also submits regular reports to the Supervisory Board and the General Meeting of the Participants on its work.

Internal control and audit

To ensure the entity’s goals regarding operational efficiency and effectiveness, reliable financial reporting and compliance with laws, regulations and policies, the Company operates an internal control and audit system.

Internal audit and control are carried out by an authorised person who is accountable to the Committee. Since the end of 2019, the Company has established an Internal Auditor position.

- A report on the activities of the Internal Auditor is submitted to the Committee on a quarterly basis. The Committee approves the Audit Plan for the coming year. The annual plan is drawn up on the basis of a risk-oriented approach, the emphasis of which is placed on the processes within the Company that affect the economic, environmental and social development of the Company. Where necessary, the Committee can give additional tasks.

In the near future, the Regulation on the Internal Auditor is planned to be submitted for approval by the Committee. This Provision calls for determining the procedure for organising the work, the legal status and the basis of activity (powers, tasks, functions and responsibilities) of the Internal Auditor. In the course of work, the Internal Auditor is guided by the International Fundamentals of Professional Internal Audit Practice developed by the International Institute of Internal Auditors.

The Technical Committee provides assistance to the Supervisory Board in the performance of its duties to control technical and economic issues related to the Company’s activities. The main internal document regulating the procedure for the work of the Technical Committee is the Regulation on the Technical Committee. The Technical Committee is assigned by the Supervisory Board. Each Participant nominates at least one representative to the committee, and the Company nominates two members. The Supervisory Board appoints the chairman of the Technical Committee, who is usually the General Director or a person appointed by the General Director. The Committee’s responsibilities include studying, analysing and providing data on technical and economic issues related to the Company’s activities, providing recommendations to the Supervisory Board on pre-project decisions and on annual and multi-year mining plans, annual estimates of research works, as well as analysing the report on reserves and resources at the end of the year.

Providing recommendations to the Supervisory Board, the General Meeting of the Participants and (if assistance is required with clarification of technical, economic and other issues) the Committee as related to the above issues.

CORPORATE  
SOCIAL  
RESPONSIBILITY  
MANAGEMENT

IN THE ORGANISATIONAL  
STRUCTURE OF OUR COMPANY  
THERE IS  
**SOCIAL PROJECTS  
DIVISION,**  
WHICH CARRIES OUT ACTIVITIES ON  
CORPORATE SOCIAL RESPONSIBILITY  
(CSR).

Being a joint venture formed by two leading companies in the uranium sector, we strive for comprehensive and sustainable development, in line with our Participants, thus voluntarily supporting the decision to conduct all our activities in a socially-oriented manner.

In order to comply with our mission, vision and corporate values, the Company aims to meet the high standards of corporate social responsibility.

The main principles and aspects in corporate social responsibility are regulated by the CSR Policy.

For the effective functioning of the management system, we support the principle of “involvement” of each employee and the corresponding structural unit. Thus, the responsibility of a particular department includes the relevant areas of activity in the organisation.



## The Company's CSR Policy sets the following strategic goals:

- Achievement and maintenance of Social Stability Rating at a level not lower than "high" by implementing a set of necessary measures and projects. A research to determine the Social Stability Rating should be carried out by third-party organizations and according to the methodology of Samruk-Kazyna Group JSC;
- Increasing labour productivity by creating and developing convenient, safe, work and leisure environment, maintaining health, increasing motivation of the employees, preventing any factors that negatively affect the employees;
- Achieving the support and recognition of the local community as being a socially responsible enterprise through implementation of a set of necessary measures and projects that are agreed with local executive bodies and/or public organizations;
- Achieving satisfaction of the customers (buyers of the final product of the Company), the business community and strengthening the Company's image at the international level by implementing the CSR Policy and compliance with the Agreement to promote the Principles of the UN Global Compact and ISO 26000:2010 Guidance on social responsibility.

## The main areas of activity in the field of CSR:

- Functioning of the Quality Management, Occupational Health and Safety System
- Environmental protection and energy saving
- Lean Manufacturing
- Personnel development
- Labour relations
- Anti-corruption activities and transparency of business conduct
- Contribution to the socio-economic development of the Sozak district of Turkestan oblast
- Corporate culture



## Department

## Scope of responsibility

### Social Projects Division

- Assistance in ensuring the implementation of the CSR Policy
- Assistance in the development of social infrastructure of the Company and Taiqonyr
- Organization of interaction with government bodies, associations, industry trade unions, communities, local population, Company employees and other stakeholders
- Organization and development of internal communications at the Company
- Coordination of measures to stabilize and improve the Social Stability Index
- Management of risks and factors that negatively affect social stability within the group of employees, as well as the image and reputation of the Company and its Members

### Legal Support Department

- Compliance with laws, rules and regulations

### HR Directorate

- Local content
- Material benefits
- Equality and diversity
- Staff training and development
- Compliance of activities with the labour legislation

### Industrial Safety Directorate

- Workplace safety
- Waste management
- Compliance with laws, rules and regulations

### Procurement and Inventory Department

- Purchases from reliable and socially responsible suppliers
- Compliance with the local content requirement
- Compliance with laws, rules and regulations

### Quality Management Sector

- Audit
- Corrective actions

### Social Projects Division

- Transportation safety
- Compliance with the laws, rules and regulations applicable to transport

### All

- Conducting career guidance work at schools and colleges of the Turkestan region



# RISK MANAGEMENT

GRI 102-15

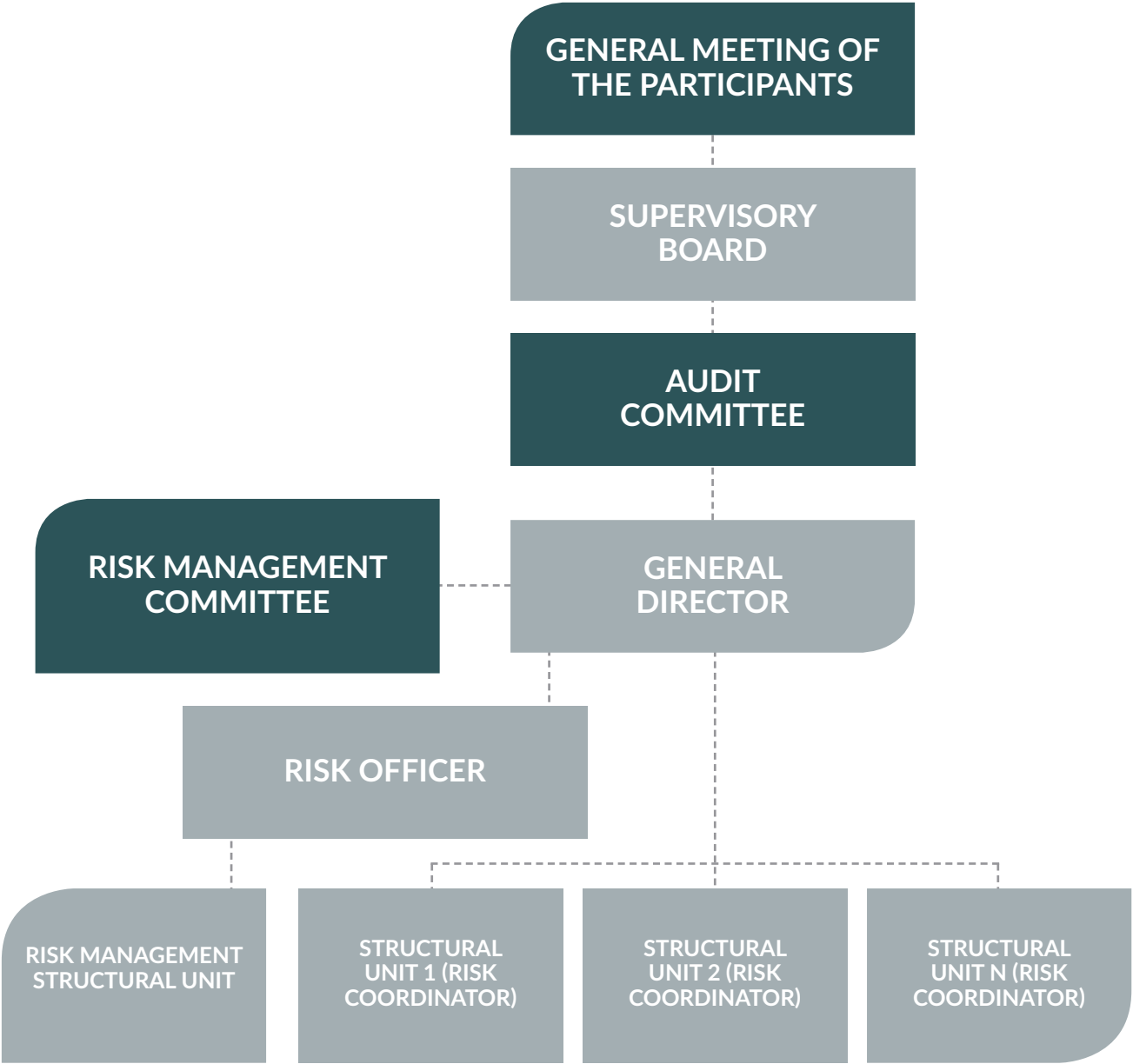
One of the key components of the Company's corporate governance system is the Risk Management System (RMS). Within the framework of the RMS, a Risk Management Committee has been established and is operating in the Company for risk planning and management. Moreover, at the moment we are implementing the PM2 system in the Company, which will significantly improve the quality of decisions made at all levels and improve the efficiency of business processes.

To maintain the risk management system, the Company has adopted a Risk Management Policy. The policy highlights the goals and objectives of the RMS, the main principles, assessment, management, risk monitoring, structure, functioning and other aspects of the RMS.

The structure of the RMS in the Company ensures the flow of information-vertically and horizontally. The information received vertically from the bottom up provides the Company's Management, the Risk Management Committee, the Supervisory Board and the General Meeting of the Participants with information about current activities, about risks taken in the course of activities, their assessment, control, response methods and the level of their management. Top-down solutions ensure that the Company's structural units are informed of the goals, strategies and tasks set. The horizontal transmission of information implies the interaction of structural units, employees responsible for risk management.



RMS organisational structure



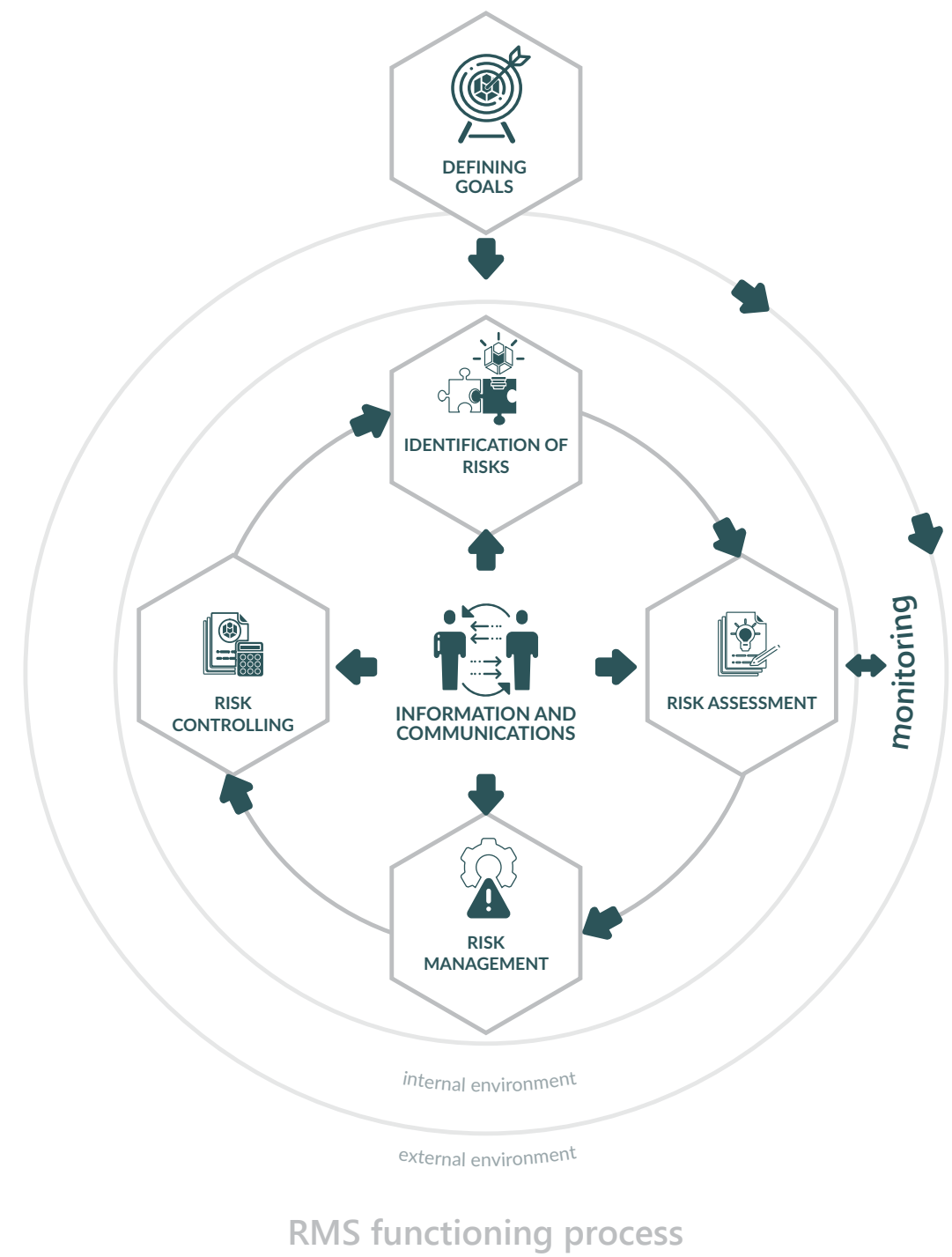
## The main risks and measures for optimisation

All identified risks of the Company are divided into five main categories (in accordance with the COSO methodology): strategic, financial, operational, investment and legal. Risk assessment is carried out quarterly in the Company, registers and risk maps are developed and approved as well.

THE COMPANY **APPLIES INTERNATIONAL STANDARDS AND PRACTICES IN RISK MANAGEMENT AND INTERNAL CONTROL**, AS WELL AS IN NAC KAZATOMPROM JSC, THE PARENT COMPANY. THESE INCLUDE THE COSO INTERNAL CONTROL AND RISK MANAGEMENT STANDARDS, **ISO 31000:2018 RISK MANAGEMENT – GUIDELINES**; AS WELL AS REGULATORY DOCUMENTS ON RISK MANAGEMENT AND INTERNAL CONTROL OF SWF SAMRUK-KAZYNA JSC.







RMS functioning process

**The Company's main risks and risk management measures**

Risk management takes place in the context of certain goals and objectives within the framework of strategies, development plans and other internal documents. Together with the risk register, the

Company's risk appetite is determined every year. To manage key risks, the Company develops action plans on an annual basis. The risk owners are responsible for the implementation of preventive risk management measures.



► We identify the following sustainability risks as the main ones:

- Non-authorized strikes of employees and local communities
- Occupational injury
- Environmental risk
- U selling price below the 2020 budgeted value
- Economic damage to the Company by unfair actions on the part of employees or third parties
- Compromised confidentiality, integrity and availability of information assets
- Growing rate of the Company key personnel turnover
- Compliance risk
- Pandemic risk
- Consequences of regulatory noncompliance
- Tax risk

**CASE STUDY**

To manage environmental risks, industrial environmental control is carried out at the sources of emissions and control points of the sanitary protection zone, control of discharges of pollutants; monitoring of soils, vegetation, snow, water from artesian wells for household and technical purposes is carried out; monitoring of observation wells of the drinking horizon of the well fields, the landfill of solid waste and the low level radioactive wastes landfill is carried out. Waste management of production and consumption — timely collection, sorting and disposal of waste is carried out on a contractual basis with a specialised organisation; planting of green spaces; implementation of a plan of environmental measures.



For timely identification of risks and their management, the Company has an internal control system (For more information, refer to the Internal Control and Audit section). Control over current risks and the implementation of measures to respond to risks is carried out on the basis of regular risk reporting.





## CASE STUDY

- In order to identify risks and opportunities associated with environmental impact, the Company provides for conducting industrial environmental control by laboratory methods; conducting internal inspections of the enterprise by environmental protection specialists for identifying non-compliance with legislative requirements.
- To determine social risks, information is exchanged on a regular basis (on average once a quarter) with activists of the Taiqonyr village (including the paramedic, the school management, and the management of other municipal organisations). In 2019, as part of the ESAP project, a social scan was conducted among the residents of the village. On an annual basis, a study on social stability among the Company's employees is conducted with the involvement of a third party (Center for Social Collaboration and Communications).



## ETHICS AND NORMS

GRI 102-16, 102-17

We strive for high standards of ethical business conduct. The order of ethics and regulations within the Company is regulated by the Business Conduct Policy and is an internal document defining the general intentions and directions of the Company's activities in business conduct and ethics, and approved by the Supervisory Board of the Company. This Policy sets out the basic principles and procedures for ensuring that the Company complies with the requirements of various national and international laws aimed at combating corruption and fraud, as well as other guidelines and standards that form best practices of business behaviour.

The ethical standards of the Company's employees and business partners are reflected in the Code of Conduct and Business Ethics (the "Code") and cover such aspects as:

- Respect for human rights
- Combating corruption and fraud
- Conflict of interest
- Fair and professional relations
- Compliance with the law



- The Code of Conduct and Business Ethics regulates such provisions as insider trading operations with securities, conflicts of interest, relations with partners and suppliers, giving and receiving gifts, and much more. All officials and employees are required to read and comply with the terms of the Code. The General Director of the Company is responsible for ensuring that the Company's activities are carried out in accordance with the provisions of the Code of Conduct and Business Ethics.

EMPLOYEES WHO WANT TO REPORT POSSIBLE VIOLATIONS IN BUSINESS CONDUCT, FRAUD, ACCOUNTING OR AUDIT CAN ADDRESS THEIR MESSAGES DIRECTLY OR ON THE TERMS OF CONFIDENTIALITY BY CONTACTING THE KAZATOMPROM HELPLINE BY PHONE:

**+7 (7172) 45-81-45**

OR BY E-MAIL:

**hotline@kazatomprom.kz**

Our management ensures maximum compliance with the confidentiality of the applicants. Employees who have reported possible violations cannot be unreasonably dismissed, demoted, suspended from work, subjected to intimidation, harassment or discrimination by management.

## ANTI-CORRUPTION MANAGEMENT

GRI 205-1, 205-2

Within the framework of our activities, deliberate actions aimed at extracting personal benefits in the form of payments, rewards and other types of fraud that are actual or potential in nature are not acceptable. The Company has created a position of Compliance Officer, which provides for anti-corruption duties. The fundamental internal documents in combating corporate corruption are:

- Code of Business Conduct and Ethics
- Business Conduct Policy
- Anti-Corruption and Fraud Policy
- Anti-corruption Compliance Manual

These documents define a number of measures regulating the minimisation of corruption risks. We comply with the requirements of Kazakhstan's and Canada's legislation regarding anti-corruption. We comply with the requirements in regards to maintaining reliable bookkeeping and accounting records as well as maintaining an internal control system that meets the requirements of SOX<sup>10</sup> and FCPA<sup>11</sup>.

The Company's employees annually undergo training on anti-corruption issues, including both specialists and senior managers<sup>12</sup>.

Number of employees trained in anti-corruption practices and procedures



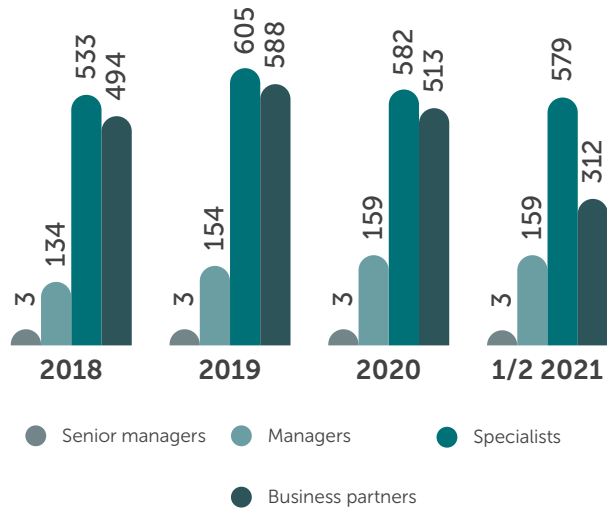
**Note:** As of the first half of 2021, there was no training on anti-corruption practices and procedures

<sup>10</sup> Sarbanes-Oxley Act is a US regulatory act of 2002 that defines the requirements for document management and financial reporting of public companies.  
<sup>11</sup> The Foreign Corrupt Practices Act is a US federal law on combating corruption in international activities, which has an extraterritorial effect.  
<sup>12</sup> Senior managers are the Chief Executive Officer and his deputies.



► Verification of compliance with anti-corruption legislation has also been introduced into the procurement process. There were 61 operations assessed for corruption-related risk in 2020. The number of employees and business partners informed about the existing anti-corruption policies and methods adopted by the Company during the reporting period is as follows:

The number of employees and business partners informed about the existing anti-corruption policies and methods



Informing business partners is carried out during the signing of the contract, which includes a reference to anti-corruption policies.

The Company participates in public anti-corruption events held by state bodies and the quasi-public sector. The Company also participated in the organisation of training/master classes for local government agencies (Anti-Corruption Agency for the Turkestan oblast, departments of entrepreneurship, education and health) on the development of compliance culture.

We annually conduct certification for conflicts of interest, various trainings on anti-corruption behaviour with consideration of practical cases, as well as introductory instruction, which includes familiarisation with policies and procedures. If a conflict of interest is identified, the data is documented in the report and addressed to the Commission and the Company's Supervisory Board, and subsequently recommendations are developed for the relevant department and an action plan is drawn up to eliminate the conflict.

## INTERACTION WITH STAKEHOLDERS

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

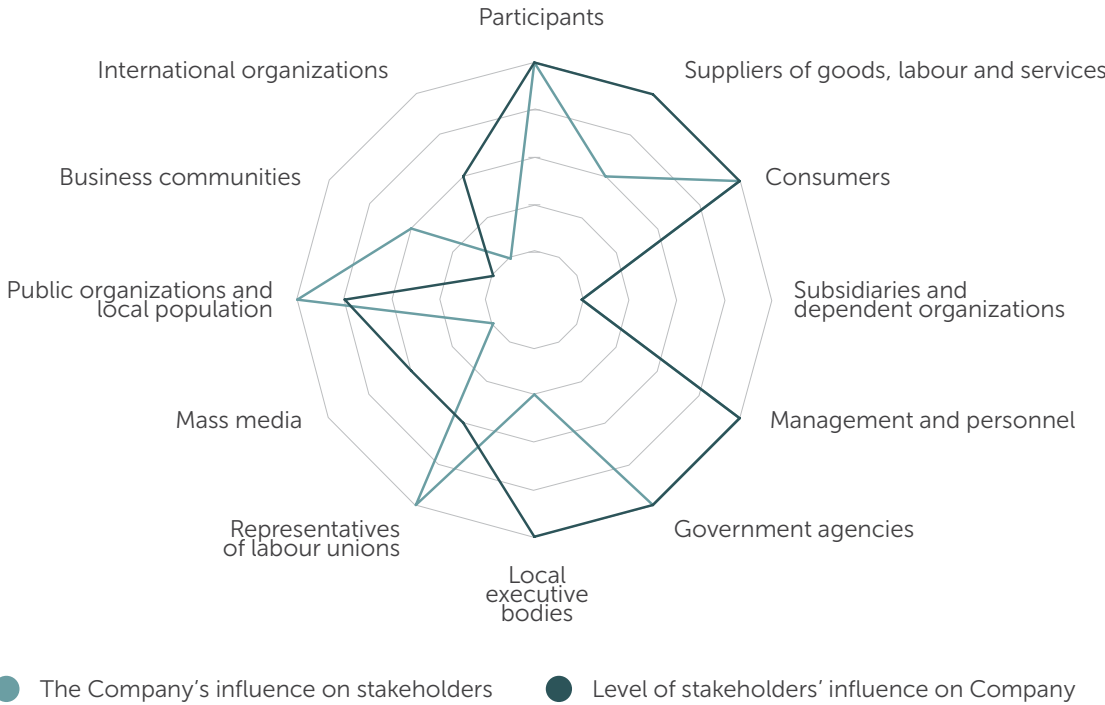
Our Company's activities in sustainability are aimed at ensuring maximum benefits for both the region of presence and the economy of the Republic of Kazakhstan, as well as creating conditions for the cost of participation by increasing the economic efficiency of activities, mitigating risks and identifying new opportunities for stakeholders.

The main categories of the Company's stakeholders are shareholders, employees of the Company, business communities, local communities, contractors and government agencies.

Interaction with stakeholders is based on the principles of openness and transparency of the Company's activities, as well as on the basis of GRI Standards and the AA1000 Stakeholder Engagement Standard (AA1000SES). In accordance with these standards, in order to build effective interaction, it is necessary to apply the «involvement» method, according to which the interests of key stakeholders are taken into account at all stages of the Company's activity management process. This implies the involvement of stakeholders in the discussion of significant topics and important issues, potential risks and limits of responsibility. The identification and evaluation of the relevant topics for the stakeholders of the Company is carried out not only for the purposes of preparing a Sustainability Report, but also to identify significant topics for the development of strategic goals and identification of risks.

We constantly monitor and account for stakeholders, compiling and updating the list of stakeholders and analysing their interests, influence and interaction process. Thus, the Company identifies the following main groups of stakeholders with whom it interacts for various purposes and interests.

► The Company's stakeholder map





List of stakeholders and issues of interaction

**Participants**



Compliance with the interests of participants, the Company's development program, increase in the share capital.

**Suppliers of goods, labour and services**



Quality of goods, works and services

**Consumers**



Long-term mutually beneficial relations.

**Uranenergo LLP**



Profit growth and annual dividends, social stability in Uranenergo LLP.

**Management and personnel**



Efficiency of management and personnel, management of the current activities of the Partnership, decision-making on issues of activity, labour relations with the employer, directly perform their work under an employment contract, social stability in the team.

**Government agencies**



Subsoil use contracts.

**Local executive bodies**



Contribution to the sustainability of the regions of presence, modernisation and development of the uranium industry, taking into account the current socio-economic situation and the tasks of regional and sectoral development.

**Representatives of labour unions**



Promotion of social stability, regulation of labour relations and conflict resolution.

**Mass media**



Informing stakeholders about the Company's activities.

**Public organisations and local population**



Creating a favourable environment for the Company's activities.

**Business communities (Associations, National Chamber of Entrepreneurs, Association of legal entities)**



The opportunity to enlist the support of organisations in the rule-making process with guaranteed protection of the rights and legitimate interests of the Company in state bodies;

Participation in the process of forming legislative and other regulatory rules of business operation.

**International organisations**



Access to key legal and political resources of organisations; Opportunities to apply international standards, guidelines, methodology in the Company's practice;

Opportunities to exchange experience, improve competence.

Our channels of communication with stakeholders

**Internal**

- Corporate newspaper, messengers
- Hotline
- General meetings of employees
- Meetings with corporate governance bodies

**External**

- Mass media
- Social networks
- Official website of the Company
- Hotline
- Personal communication with external stakeholders
- Sustainability Report (from 2021)

Kazatomprom and Cameco, being equity participants of the Company, represent the most prioritized group of stakeholders. It is especially important for us to respect the interests of the Participants and increase their authorised capital through implementation of approved Development Program of the Company. Our Participants are also our consumers and, in this regard, interaction with them is a multilateral and regulated process.

On a constant basis, we interact with the Ministry of Labour and Social Protection of the Population of the Republic of Kazakhstan and the Statistics Committee of the Ministry of National Economy of the Republic of Kazakhstan on subsoil use and

socio-economic reporting, respectively. In the context of interaction with government agencies, the Company's priority aspects are ensuring compliance with legislative and regulatory requirements, stability and sustainability of the business, creation and preservation of jobs. In addition, being a major exporter of uranium products in the world's raw materials markets, we represent the country's economic interests in the international arena. These are economic, political and image benefits for the country through the prism of the development of the uranium industry in the Republic of Kazakhstan. Contribution to sustainable development of the regions of presence, modernisation and development of the uranium industry, taking into account the current socio-economic situation and the tasks of regional and sectoral development are the main subjects of our interaction with the local executive bodies of the Turkestan region and the city of Shymkent.

From external stakeholders, we monitor interaction with public organisations and the local population, such as cultural centres, school and preschool institutions, and periodically provide them with financial assistance for the improvement of public and infrastructural facilities.

We identify, classify, prioritise our stakeholders based on our strategic goals, influence and interests of the stakeholders, degree of influence exerted on the Company and/or on the stakeholders, and priority issues of risk management and sustainable development in general.

Our Company is one of the founders of Uranenergo LLP that was established to transmit and distribute electric power to the uranium mining enterprises of Kazatomprom. We cooperate with Uranenergo LLP on principles of corporate governance and in accordance with the legislation of the Republic of Kazakhstan.



► Identification of material topics

GRI 102-46, 102-47

This Report is the first report of the Company and is prepared in accordance with GRI standards, the reporting standards in sustainability. GRI standards define the methodology for determining materiality through the prism of compliance with the principles for determining the content of the report, such as stakeholder involvement, the context of sustainable development, identifying the most significant/material aspects and ensuring the completeness of information disclosure.

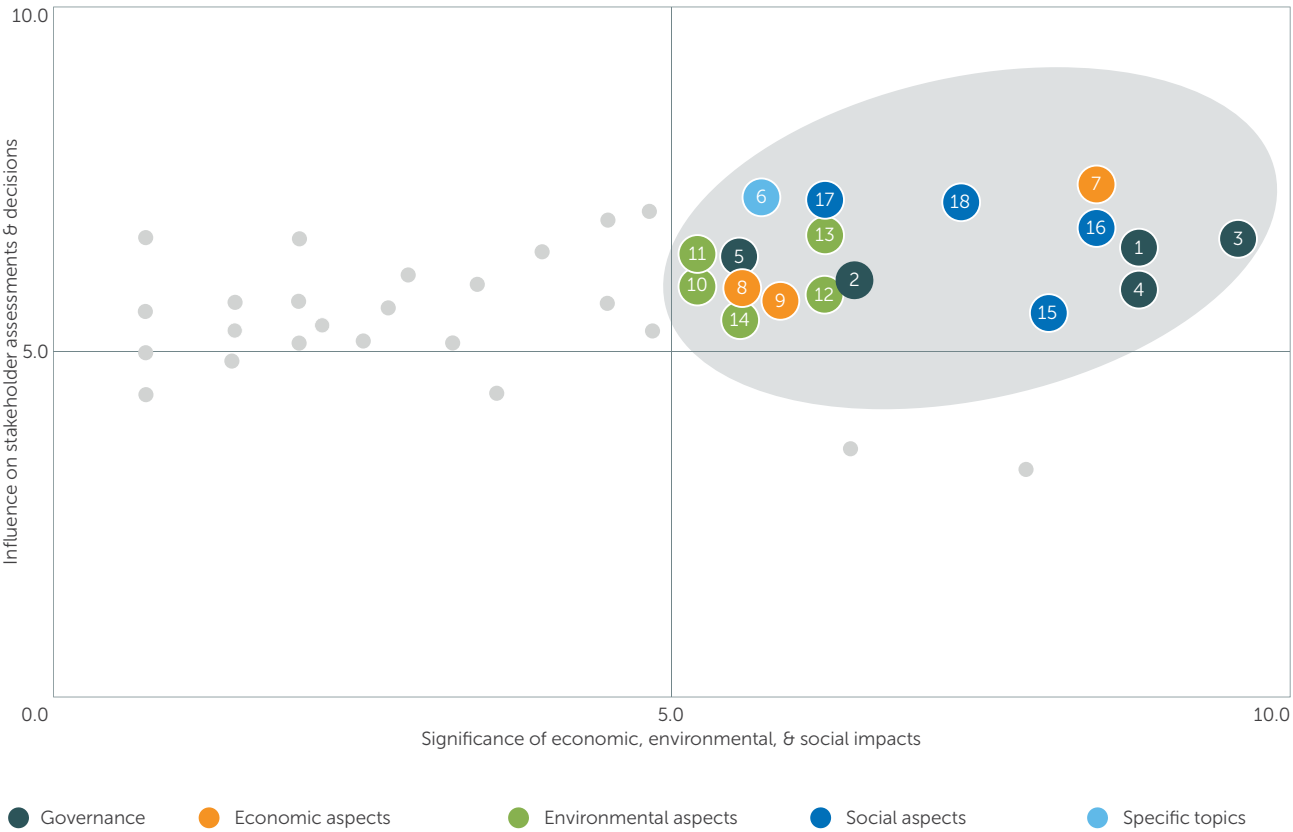
The process of preparing the Report is based on the identification of material aspects. Thus, we have prepared a list of potentially material aspects, including various topics in social and economic areas, environmental protection and corporate governance issues, as well as specific industry issues. During the identification of significant topics, the opinion of internal and external stakeholders were taken into account, including the results of interviews with managers, a survey of stakeholders,

practices of similar companies, media reviews and global trends in the mining industry.

We have compiled a list of stakeholders and conducted an online survey among them, where we asked for their opinion and assessment about potential significance of aspects that are prioritized for them and have the greatest impact on stakeholders. The list of potentially material aspects consisted of 53 topics with 99 respondents taking part in our survey.

According to the results of the assessment, 18 significant topics in corporate governance, economic, environmental and social impacts were identified, therefore, we constructed a Matrix of material aspects.

► Materiality matrix



The following material aspects are identified from this Matrix:

Governance	Economic aspects	Environmental aspects	Social aspects	Specific topics
1 Company strategy	7 Economic performance	10 Energy consumption/energy efficiency	15 Employment	6 Response to the COVID-19 pandemic in 2020-2021
2 Ethics and integrity	8 Indirect economic impacts	11 Water consumption	16 Labour/Management relations	
3 Corporate governance	9 Taxes	12 Emissions	17 Safety and health in the workplace	
4 Stakeholder engagement		13 Waste management	18 Training and education	
5 Internal control and audit		14 Measures and costs for environmental protection		

In this Sustainability Report, we did our best to disclose information about the identified significant aspects covering the reporting period — 2020 and the first half of 2021, whereas some data are presented in dynamics since 2018.





## MEMBERSHIP IN ASSOCIATIONS AND EXTERNAL INITIATIVES

GRI 102-12, 102-13

We are members of several business communities, such as the Chamber of Entrepreneurs of the Turkestan region, the Nuclear Society of Kazakhstan association, the International Atomic Energy Agency (IAEA).

The purpose of these interactions is to participate in international agreements and initiatives, the possibility of applying international standards, guidelines, methodology in the Company's practice, the possibility of exchanging experience, as well as improving competence in cooperation with other enterprises and the business community. We interact with the following business communities and organisations in order to develop our commercial and business opportunities:

### International organisations

#### International Atomic Energy Agency (IAEA)

The IAEA, the International Atomic Energy Agency, is the world's leading intergovernmental organisation for scientific and technical cooperation in the nuclear area. The Agency was founded within the framework of the United Nations (UN) in 1957. The main slogan of the IAEA is Atom for Peace and Development. Its activities are aimed at the safe application of nuclear science and technology for peaceful purposes, which contributes to the maintenance of international peace, security and the achievement of the goals of the UN Organisation in sustainability.

We interact with the IAEA through our Participants and reports, the use of methodologies, instructions and the exchange of experience.



### Business communities

#### Chamber of Entrepreneurs of Turkestan region

The Chamber of Entrepreneurs of Turkestan region is a territorial division of Atameken National Chamber of Entrepreneurs of the Republic of Kazakhstan, which was established on October 13, 2013 in accordance with the Law of the Republic of Kazakhstan "On the National Chamber of Entrepreneurs of the Republic of Kazakhstan". The Chamber is a non-profit, self-governing organisation that unites business entities in order to create favourable conditions for development based on an effective partnership between business and government. The activities of the Chamber of Entrepreneurs of Turkestan region are aimed at supporting and developing entrepreneurship, protecting the rights and legitimate interests of entrepreneurs, strengthening the negotiation process of business with the authorities, as well as involving entrepreneurs in the process of developing regulatory legal acts.



#### Nuclear Society of Kazakhstan

The Nuclear Society of Kazakhstan (NSK) was established in 1993 and is a non-profit organisation that unites legal entities in the form of an association. The Company actively operates in Kazakhstan and abroad. NSK is an association of Kazakh enterprises of nuclear science and industry. The main goal of the association is to achieve more extensive knowledge in the use of atomic energy for peaceful purposes for the development of the productive forces of the Republic of Kazakhstan and improvement of the welfare of its citizens.



These partnerships provide an opportunity to enlist the support of organisations in the rule-making process with guaranteed protection of the rights and legitimate interests of the Company in state bodies; the opportunity to participate in the process of forming legislative and other regulatory rules of business. Such interactions also provide access to key legal and political resources of organisations, provide opportunities for applying international standards, guidelines, methodology in the Company's practice, opportunities for exchanging experience and improving competence.

We are currently considering the prospects of joining the UN Global Compact, which promotes ten principles in human rights and labour relations, anti-corruption and environmental protection. It is important for us to implement best corporate governance practices and remain a responsible participant in our network of stakeholders.



# ENVIRONMENTAL PROTECTION MANAGEMENT

WE STRIVE TO BECOME A  
WORLD-CLASS LEADER IN  
THE NUCLEAR INDUSTRY  
IN INDUSTRIAL SAFETY,  
ENVIRONMENTAL PROTECTION  
AND QUALITY IN ALL TYPES  
OF ACTIVITIES BASED ON  
MEASURABLE ACTUAL  
RESULTS, BEST PRACTICES AND  
MINIMISING THE RISKS OF  
ACCIDENTS AT HAZARDOUS  
PRODUCTION FACILITIES

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

OUR PRIORITIES  
ARE ENSURING SAFE  
WORKING CONDITIONS  
AND PROTECTING  
HEALTH OF EMPLOYEES,  
PROTECTING THE  
ENVIRONMENT, AS  
WELL AS ENSURING THE  
QUALITY OF PROCESSES

ENVIRONMENT

NATURE IN FOCUS



To solve these tasks, the Company has implemented and currently operates an Integrated Management System that combines the requirements of standards for occupational health and safety, environmental protection and quality in accordance with the current legislation of the Republic of Kazakhstan, which is based on the best domestic and foreign practices and in accordance with the requirements of international standards ISO 45001:2018, ISO 14001:2015 and ISO 9001:2015.

We strictly adhere to the principles of conducting business processes which are based on the best industry practices and standards. In 2021, the Company once again successfully passed the Intertek re-certification audit according to international standards:

**CERTIFICATE OF REGISTRATION**

**JV Inkai LLP**

Head office: 124, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

Branch office: 10, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

has been registered by Intertek as conforming to the requirements of:

**ISO 45001:2018**

The management system is applicable to:

Occupational health and safety management system

Intertek

Calvin Mikhelson  
President, Business Assurance

Intertek

Intertek

**CERTIFICATE OF REGISTRATION**

**JV Inkai LLP**

Head office: 124, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

Branch office: 10, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

has been registered by Intertek as conforming to the requirements of:

**ISO 14001:2015**

The management system is applicable to:

Environmental management system

Intertek

Calvin Mikhelson  
President, Business Assurance

Intertek

Intertek

**CERTIFICATE OF REGISTRATION**

**JV Inkai LLP**

Head office: 124, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

Branch office: 10, B. K. 02, Sarykhanovskaya Street, Almaty Region, Kazakhstan

has been registered by Intertek as conforming to the requirements of:

**ISO 9001:2015**

The management system is applicable to:

Quality management system

Intertek

Calvin Mikhelson  
President, Business Assurance

Intertek

Intertek

**ISO 45001:2018**  
Occupational health and safety management systems

**ISO 14001:2015**  
Environmental management systems

**ISO 9001:2015**  
Quality management systems

➤ In addition, the Company was rewarded with a diploma «For high achievements in quality» from National Center for Expertise and Certification JSC demonstrating its commitment to maintaining an appropriate level of activity management at all stages of production.

Since 2016, we have approved and implemented a Policy in occupational health, safety, environmental protection and quality, which applies to all structural divisions of the Company and contracting organisations. The Company's policy sets the following goals:

- Minimising risks to a reasonably practicable level, ensuring technical, environmental and radiation safety
- Prevention of environmental pollution, rational use of natural resources
- Striving to minimise the volume of industrial waste
- Caring attitude to the health of employees, continuous improvement of working conditions, and prevention of accidents at workplace
- Ensuring safe and stable development of the Company, constantly improving the safety and quality of technological processes, products and services
- Ensuring high-quality process management and optimisation

• Improving the efficiency of production control and internal audit on compliance with legal requirements in industrial and environmental safety at the Company's plants in accordance with international standards ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015.



**Environmental safety**, as an integral part of national security, is a prerequisite for sustainable development and serves as a basis for preserving natural systems and maintaining the appropriate quality of the environment.



NATURE IN FOCUS



At the present stage of development of the Republic of Kazakhstan in a number of regions, the negative environmental consequences of anthropogenic activities have reached such a scale that the normalisation of the environmental situation is possible only through comprehensive environmental measures. Accordingly, the validity and timeliness of measures directly depend on the availability of operational and objective information about the current and projected state of the environment.

MAIN INTERNAL REGULATIONS IN ENVIRONMENTAL PROTECTION



Health, safety, environment and quality (SHEQ) policy



Conducting meetings on safety, environmental protection and radiation safety



Identification of environmental aspects and determination of their significance

Procedure for organising and conducting work at environmentally hazardous facilities

Production environment control program



Waste management program

Collection and disposal of production and consumption waste

Handling of solid household municipal waste

ENVIRONMENTAL IMPACT

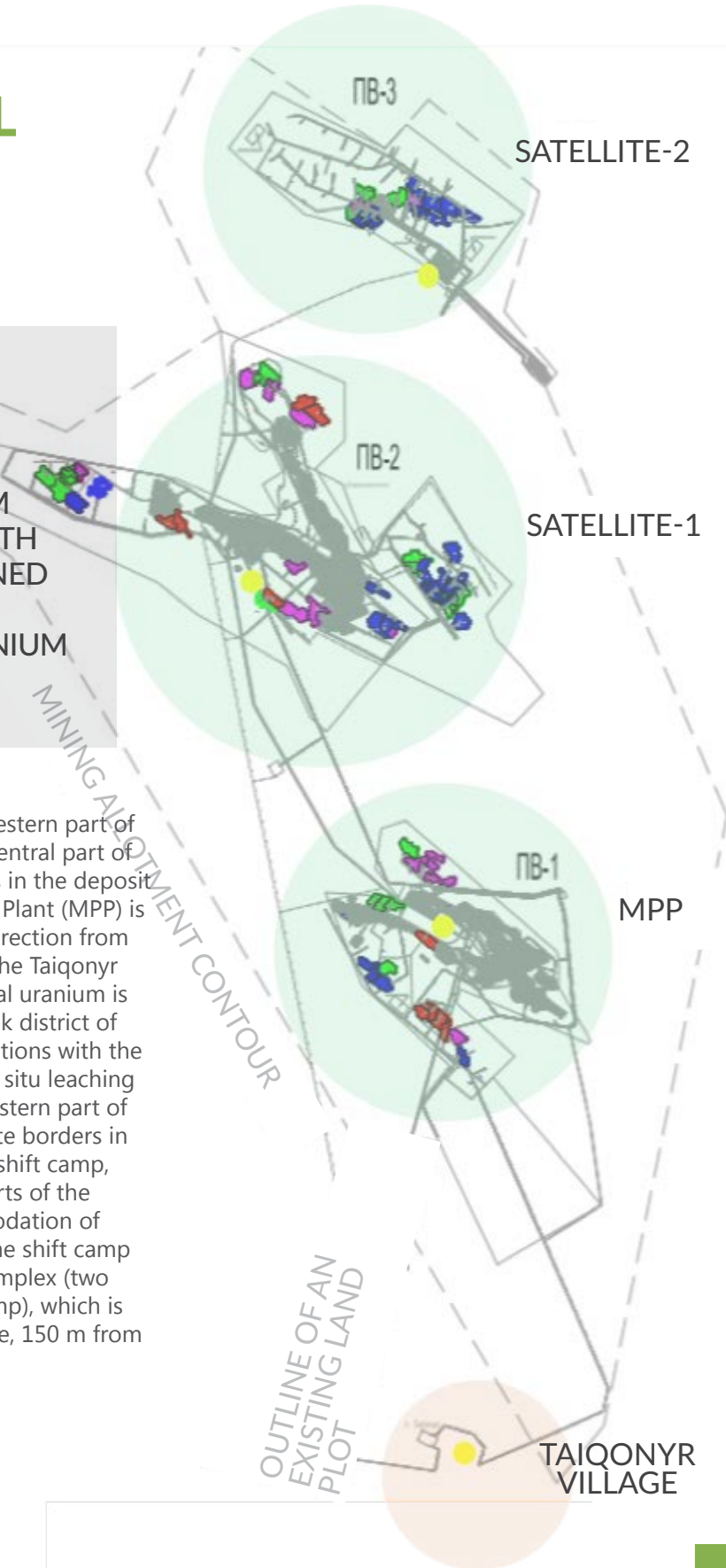
GRI 307-1

THE MAIN ACTIVITY OF THE COMPANY

IS THE EXTRACTION OF URANIUM THROUGH IN-SITU LEACHING WITH THE PROCESSING OF THE OBTAINED SOLUTIONS TO THE FINISHED PRODUCT IN THE FORM OF URANIUM AND ITS COMPOUNDS

Our production facilities are located in the western part of the Suzak district of Turkestan oblast in the central part of the Inkai field. There are no large settlements in the deposit area. The nearest site of the Main Processing Plant (MPP) is located at a distance of 10 km in the north direction from the shift camp and the nearest settlement - the Taiqonyr village. The mine for in situ leaching of natural uranium is located in the north-western part of the Suzak district of the Turkestan oblast. MPP borders in all directions with the desert-steppe zone. The Satellite-2 site for in situ leaching of natural uranium is located in the north-western part of the Suzak district. The Satellite-1 industrial site borders in all directions with the desert-steppe zone. A shift camp, which is located on the north-western outskirts of the Taiqonyr village, is intended for the accommodation of the Company's personnel arriving on shift. The shift camp includes an administrative and residential complex (two residential buildings, an office and a shift camp), which is located on the territory of the Taiqonyr village, 150 m from the shift camp.

INKAI SITUATIONAL DEVELOPMENT PLAN





In the environmental protection action plan for 2021-2030 we identified 8 priority areas, for which we have set the amount of funds to be allocated for the next ten years. These are:

1. Air pollution control
2. Protection and rational use of water resources
3. Protection of land resources
4. Management of production and consumption waste
5. Radiation, biological and chemical safety
6. Protection of flora and fauna
7. Research, survey and other developments
8. Environmental education and public awareness campaign

For each direction, the categories of necessary measures, their regularity and the expected environmental effect were determined.

Production monitoring is an element of industrial environmental control performed to obtain objective data with a specified frequency. As part of the implementation of industrial environmental control, the following actions are carried out:

- Operational monitoring
- Monitoring of emissions into environment
- Monitoring of the impact

Industrial environmental monitoring in accordance with Article 132 of the Environmental Code of the Republic of Kazakhstan will be carried out by an accredited laboratory or on the basis of calculations of the level of emissions into the environment according to the actual volume of consumption of natural, energy and other resources (Chapter 14, Article 129, paragraph 3 of the Environmental Code).

On the basis of Chapter 14 of the Environmental Code of the Republic of Kazakhstan, the Company has developed a Program of industrial environmental control for the period up to 2030 for industrial sites.

**Program of industrial environmental monitoring includes:**

1. Obligatory list of parameters traced in the process of production monitoring
2. Period, duration and frequency of production monitoring and measurements
3. Information on applied methods of production monitoring
4. Sampling points and locations of measurements
5. Methods and frequency of accounting, analysis and communication of data
6. Schedule of internal inspections and procedure on rectification of breaches of environmental legislation of the Republic of Kazakhstan including internal instruments of response to con-compliance
7. Mechanisms ensuring the quality of instrumental measurements
8. Protocol of actions in off-nominal situations
9. Organisational and functional structure of internal responsibility of employees for production environmental control

# ENVIRONMENTAL MONITORING

Production monitoring is carried out for all enterprises in accordance with the standards and in full scope, regardless of their location and size. Production monitoring data is transmitted and used for calculating regulatory discharges and emissions of enterprises.

Special attention is paid to the monitoring of environmental components in the zone of active pollution and on the border of the sanitary protection zone of the enterprise. If there are divisions within the enterprise that have independent sanitary protection zones, monitoring is performed for each of these divisions separately.

Timely organisation of work to ensure the monitoring of pollutants is the responsibility of the Company. We ensure timely conclusion of a contract with a specialised organisation for monitoring emissions and (or) discharges of pollutants. Sampling, their storage, transportation and preparation for analysis is carried out in accordance with the approved ST NAC 5.3.3-2017 "Standard program of industrial environmental monitoring of an underground well leaching enterprise".

It is planned to conduct environmental studies on the territory under consideration to determine the assessment of the environmental situation, study and predict the impact on the environment of various sources of pollution included in the technological scheme of the enterprise.

## Water

GRI 303-1

Impressive volumes of water resources are used daily in the implementation of the Company's production processes. Realising the responsibility of reducing the consumption of natural resources, including water, we strive to effectively manage water resources at the stages of intake, water supply and wastewater treatment.

**In matters of water resources management, our Company is guided by all legal requirements, including:**

### GOST 17.1.3.07

**Procedures for quality control of water in reservoirs and stream flows**

### GOST 17.1.3.05 (CMEA standard 3078)

**General requirements for surface and underground water protection against pollution by oil and oil products**





Order of the Minister of National Economy of the Republic of Kazakhstan dated March 16, 2015 No. 209 „Sanitary and epidemiological requirements for water sources, places of water intake for economic and drinking purposes, economic and drinking water supply and places of cultural and domestic water use and safety of water bodies”.

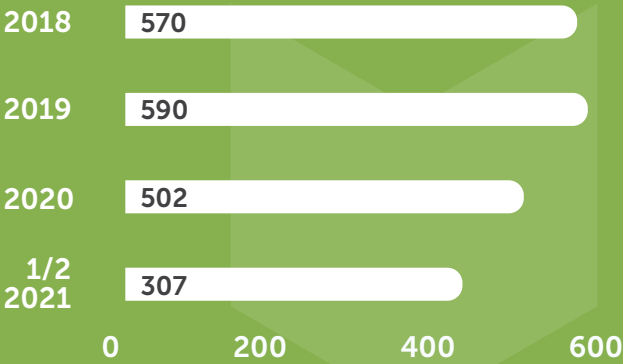
The main source of water intake is reservoir water, wells are equipped with flow meters, which helps to keep records.

The volume of water intake in 2020 amounted to 502 thousand cubic meters, which is 15 % less than in 2019. The main reason for the reduction in water

consumption is quarantine during the coronavirus pandemic. In the first half of 2021, the volume of water intake amounted to 307 thousand m<sup>3</sup>.

After the intake, the water is distributed according to the production areas according to the needs, after which the used water is discharged to the filtration fields. All the requirements applied to the discharged wastewater are determined by the current state regulatory legal acts concerning water quality (sanitary rules and regulations). The volume of discharged wastewater equals to the volume of water intake.

The total volume of water intake, thousand m<sup>3</sup>

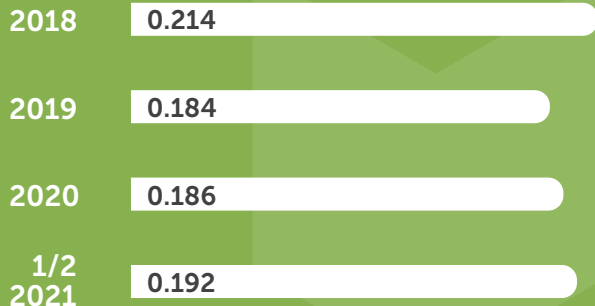


Wastewater volume by year, thousand m<sup>3</sup>

## Wastewater volume

2018 — 570  
2019 — 590  
2020 — 502  
1/2 2021 — 307

Specific indicator of water intake, thousand m<sup>3</sup>/ton of finished products



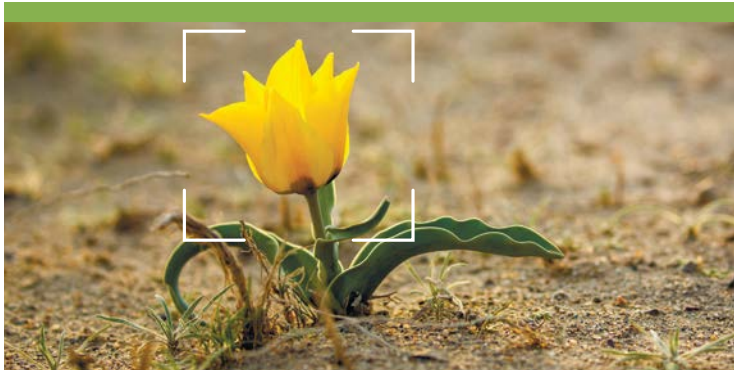
## Energy

GRI 302-1, 302-2, 302-4

Energy saving is becoming an increasingly urgent problem every year. Limited energy resources resulted in high energy costs, which creates additional risks and costs for companies. Rational use of energy resources is one of the main directions of adaptation to the challenges of our time.

The Company follows all the necessary energy saving requirements in its processes and strives to continue improving the corresponding indicators. The regulatory documents in use include:

- LAW OF THE REPUBLIC OF KAZAKHSTAN DATED JANUARY 13, 2012 NO. 541-IV "ON ENERGY SAVING AND ENERGY EFFICIENCY IMPROVEMENT"
- ORDER OF THE MINISTER FOR INVESTMENT AND DEVELOPMENT OF THE REPUBLIC OF KAZAKHSTAN DATED MARCH 31, 2015 NO. 394 "ON APPROVAL OF ENERGY CONSUMPTION STANDARDS"; NO. 407 "REQUIREMENTS FOR ENERGY EFFICIENCY OF TECHNOLOGICAL PROCESSES, EQUIPMENT, INCLUDING ELECTRICAL EQUIPMENT" (WITH AMENDMENTS AND ADDITIONS AS OF JUNE 5, 2018); NO. 406 "ON ESTABLISHING REQUIREMENTS FOR ENERGY EFFICIENCY OF BUILDINGS, STRUCTURES, STRUCTURES AND THEIR ELEMENTS THAT ARE PART OF ENCLOSING STRUCTURES"; NO. 399 "RULES FOR DETERMINING AND REVISING ENERGY EFFICIENCY CLASSES OF BUILDINGS, STRUCTURES, STRUCTURES" (WITH AMENDMENTS AND ADDITIONS AS OF JUNE 5, 2018); NO. 389 "ON ESTABLISHING REQUIREMENTS FOR ENERGY EFFICIENCY OF TRANSPORT"
- ST RK ISO 50001-2019 ENERGY MANAGEMENT SYSTEMS. REQUIREMENTS AND INSTRUCTIONS FOR USE



Our main initiatives to reduce energy consumption implemented in 2020:

- STEP-BY-STEP REPLACEMENT OF FLUORESCENT LAMPS WITH LED TECHNOLOGIES
- THE USE OF SUBMERSIBLE PUMPS OF LOWER POWER ON LOW-FLOW WELLS
- REACTIVE POWER COMPENSATION AT TRANSFORMER SUBSTATIONS
- ADJUSTMENT OF WEATHER-DEPENDENT REGULATORS



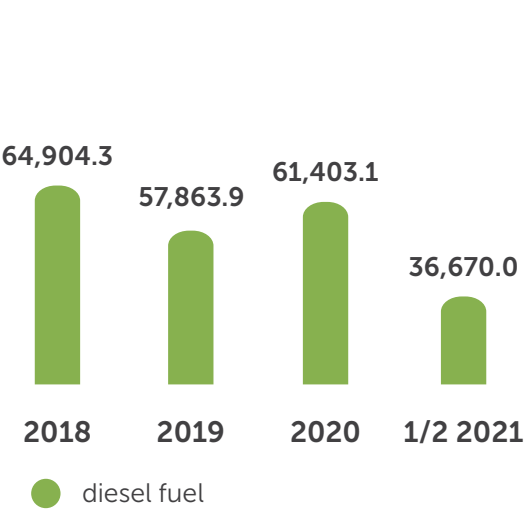


**Goals and key performance indicators (KPIs) in reducing energy consumption and improving energy efficiency:**

- Efficient use of electric power
- Preparation of annual plans of energy saving measures
- Optimisation of energy-intensive equipment modes
- Implementation of measures based on the results of the energy audit
- Introduction of alternative sources of electricity
- Efficient use of diesel fuel
- Optimisation of technological processes
- Efficient planning of diesel fuel reserves
- Implementation of the recommendations of the conducted energy audit

In 2020, an energy audit of the Company's facilities was conducted. For the first time, such energy audit was conducted in 2014. According to the results of the last energy audit, an opinion on energy saving

Total energy consumption — diesel fuel, GJ



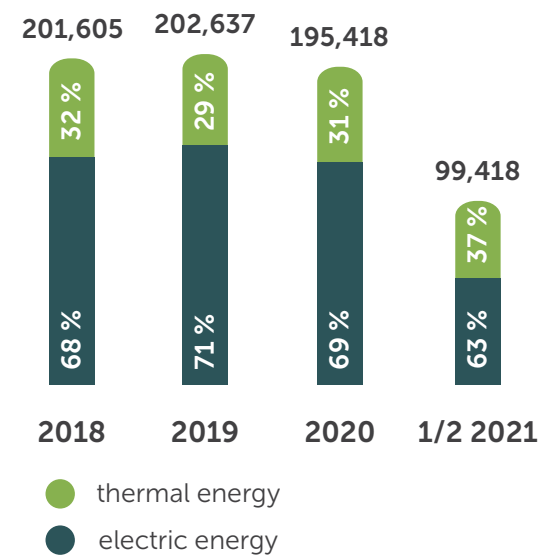
and energy efficiency improvement of the Company was formed and issued. The recommendations issued imply a set of proposals that cover the following four areas:

1. Measures to save boiler and furnace fuel
2. Energy saving measures
3. Measures to save motor fuel
4. Recommendations for sealing window and door openings of buildings, as well as joints between the wall and the roof

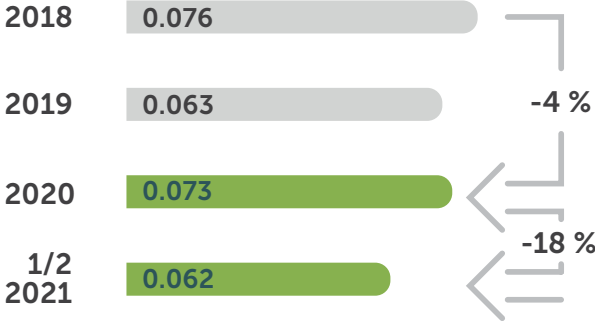
The total energy consumption in 2020 amounted to 61.4 thousand GJ, which is 6.1 % more than in 2019. The same indicator for the first half of 2021 is 36.7 GJ. The main resource is diesel fuel. Since May 11, 2021, the solar system has been put into operation, the volume of generated and consumed energy amounted to 7.08 GJ.

Vehicles consume two types of fuel: diesel and gasoline. Throughout the entire period since 2018, there has been a decrease in fuel consumption by vehicles. The reduction in diesel fuel consumption in 2020 compared to 2018 was 26 %, while gasoline - 18 %.

Consumption of electric and thermal energy, GJ

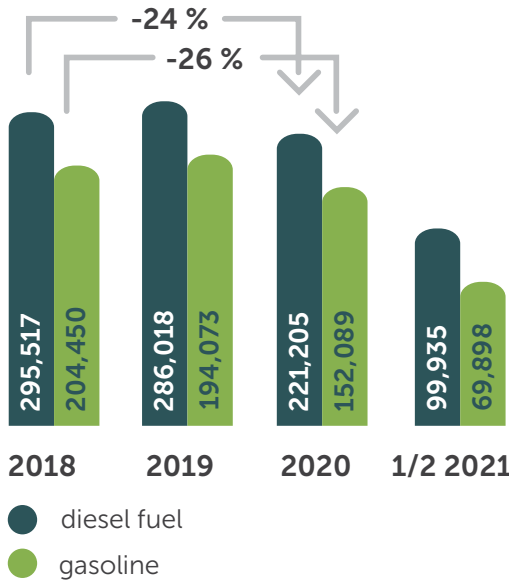


Energy intensity of finished product production thousand GJ/ton



The Company plans to use wind energy. In 2021, a research work has been initiated on the feasibility of introducing wind turbines. At the moment, the Company does not have its own generation. In 2022, it is planned to purchase 4 wind turbines with a total capacity of 145 kW, 3 of 15 kW and 1 of 100 kW.

Fuel consumption by vehicles, in liters



**CASE STUDY**

In 2020, we conducted works to intensify the technological modes of operation of the processing complexes of SAT 1 and 2, as a result, it was possible to exclude heating of process solutions in the summer period (heating was delivered by burning diesel fuel in boiler rooms), which eventually allowed to reduce diesel fuel consumption by 67,747 tons in 2020, with an economic effect amounting to 14,219 tenge/annum. The consumption of compressed air used for process control has been reduced. As a result, the reduction in electric power consumption amounted to 11.5 kW/hour or 1,507 tenge/annum.





Emissions

GRI 305-1, 305-2, 305-7

Based on the approach to managing indicators in the environmental protection, we have provided the following measures to reduce direct greenhouse gas (GHG) emissions:

- Compliance with the established standards for emissions of pollutants
- Conducting regular monitoring of emissions
- Continuous improvement of emission management activities

Among the list of environmental requirements, the Company applies all the necessary legislative norms, including:

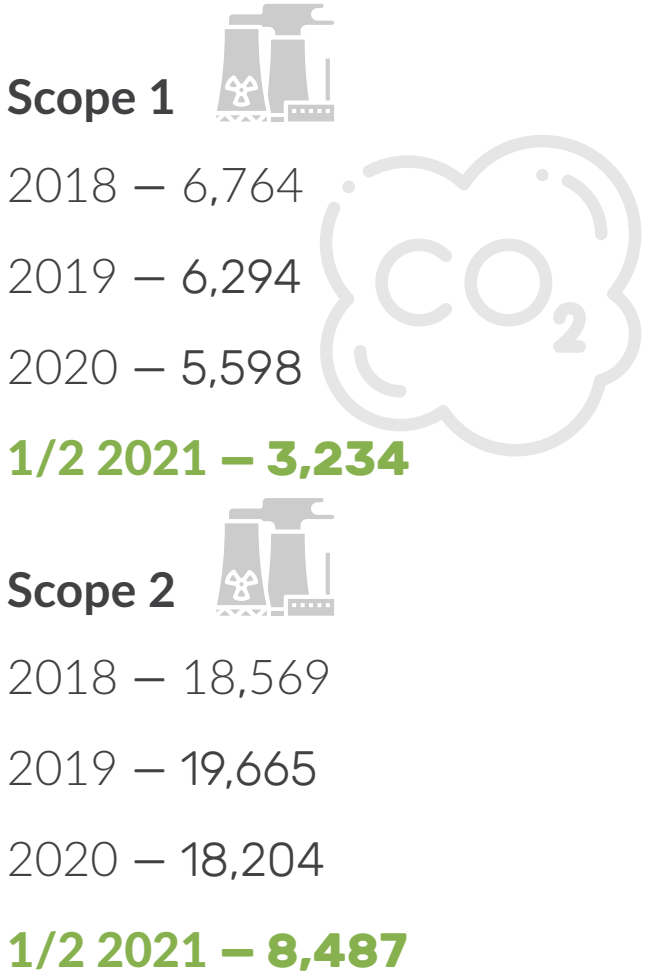
GOST 17.2.3.01

Atmosphere. Air quality control regulations for populated areas;

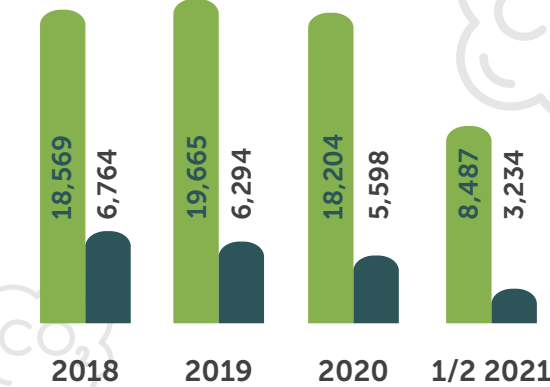
GOST 17.0.0.02

Meteorological assurance of the control over the contamination of the atmosphere, surface waters and soil.

Gross direct (SCOPE 1\*) and indirect (SCOPE 2\*) GHG emissions, tCO<sub>2</sub> in equivalent



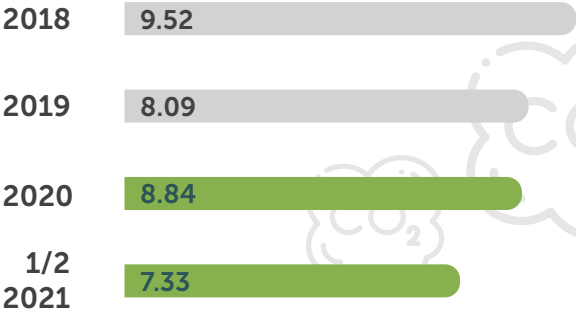
Direct (Scope 1) и indirect (Scope 2) emissions of GHG, tCO<sub>2</sub> in the equivalent



- Scope 1
- Scope 2

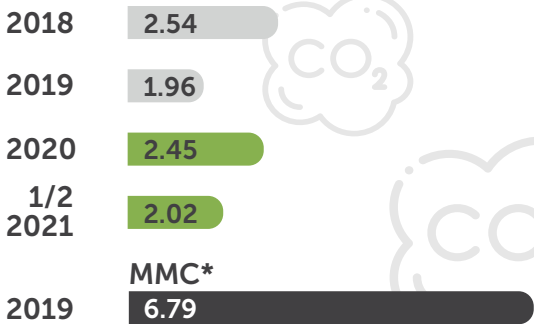
\* Direct emissions of greenhouse gases - emissions of greenhouse gases from sources owned or controlled by the Company.  
\*\* Indirect greenhouse gas emissions - greenhouse gas emissions from the production of energy purchased by the Company for its own consumption.

Specific greenhouse gas emissions (Scope 1 + Scope 2) tCO<sub>2</sub> per ton of finished products

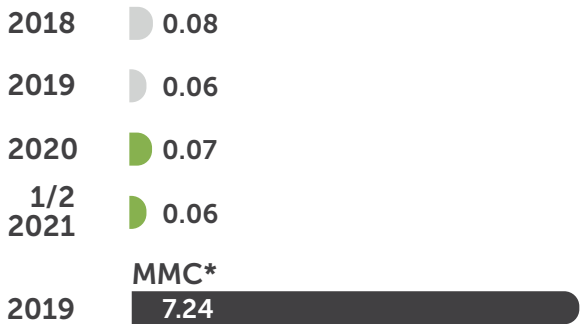


The calculation of GHG emissions is based on the ratio of the energy volume of direct and indirect emissions to the unit of output. The methodology was used by the calculation of the consulting company Engineering Consultants LTD 2011, which conducted an assessment of emissions from Cameco deposits in Canada. This calculation method is recommended for use as a tool for calculating GHG emissions from fields.

Specific direct emissions of greenhouse gases (Scope 1) tCO<sub>2</sub>-eq / ton of finished product



Specific energy intensity, thousand GJ/t



\* Indicators are compiled on the basis of three large mining companies (MMC) in Kazakhstan for 2019. Data taken from publicly available information sources

Significant emissions into the atmosphere, tons

Emissions of pollutants into the atmosphere (tons)	2018	2019	2020	½ 2021
NO <sub>x</sub>	2.4	2.8	2.4	5.5
SO <sub>x</sub>	0.6	0.8	1.6	2.7
Volatile organic compounds (VOC)	3.7	0.2	0.1	0.03
Solid particles	9.0	9.0	6.0	2.3
Hydrogen sulphide	0.001	0.001	0.002	0.0002
Ammonia	0.1	0.1	0.1	3.4
Soot	0.3	0.2	0.3	0.3
Methane	3.1	3.5	3.9	0.3
CO <sub>x</sub>	10.7	12.3	10.5	9.2

The Company's direct GHG emissions do not exceed 20 thousand tons, and we are also not subject to quotas. The main sources of emissions are boiler houses, diesel power plants, and transport. Energy specialists and employees of the Transport Division carry out measures to save diesel fuel and gasoline. The areas of production and landfills are growing, respectively, the distance between working points increases, which results in an increase in fuel

consumption for transport. For boiler houses, fuel consumption is approximately the same annually and the savings depend on the reduction of the heating season time (depends on the outside air temperature).



Waste

GRI 306-2

The existing Waste Management Program assumes separate collection of waste in the places of their generation. The program was developed in accordance with the Rules for the development of the Waste Management Program approved by the Order of the Minister of Energy of the Republic of Kazakhstan No. 146 dated November 25, 2014.

PROGRAM GOALS:

- **ACHIEVING THE ESTABLISHED INDICATORS AIMED AT GRADUALLY REDUCING THE VOLUME AND LEVEL OF HAZARDOUS PROPERTIES OF ACCUMULATED WASTE**
- **IMPROVING THE ENVIRONMENTAL SITUATION AT THE WASTE DISPOSAL SITE AND THE ADJACENT TERRITORY**
- **DETERMINATION OF THE ORDER OF DISPOSAL OF ACCUMULATED PRODUCTION AND CONSUMPTION WASTE, TRANSITION TO A QUALITATIVELY NEW LEVEL OF WASTE DISPOSAL**
- **STIMULATING MEASURES TO MINIMISE, RECYCLE AND PROCESS WASTE, REDUCING THE AMOUNT AND VOLUME OF ACCUMULATED WASTE**
- **ENSURING EFFECTIVE CONTROL OF THE PROCESS OF SAFE WASTE MANAGEMENT**
- **COMPLIANCE WITH ENVIRONMENTAL AND SANITARY-EPIDEMIOLOGICAL REQUIREMENTS AND IMPLEMENTATION OF WASTE MANAGEMENT MEASURES**

This program is applicable to all structural divisions of the Company. The program describes a step-by-step procedure for the management of production and consumption waste, regulates the methods of waste disposal in places of temporary storage for subsequent disposal, identifies waste, provides for an action plan for the prevention of accidents.

The contractor under the contract collects, segregates and disposes of all generated waste at the mine. The resulting waste is divided by type into different containers and, as it is filled, it is taken out for disposal. Accounting for the generated and disposed waste is carried out by environmental management specialists at the mine.

Employees of the contractor organisation carry out separate collection of waste on a daily basis and arrange them by type in appropriate containers. Cardboard-paper and plastic waste are pressed. The waste is exported to the contractor's base and partially transferred under the contract to a third party with the registration of supporting documents. An audit of the contractor organisation that performs segregation and waste disposal is conducted annually. Due to the pandemic in 2020, the contractor was not audited for compliance with legislative requirements. The contractor carries out the processing of industrial waste (crushed waste pipes made of high-density polyethylene — HDP) and the production of new HDP pipes with sale on the market.

The contractor provides data on the amount and type of waste in the form of a certificate for the correct accounting of waste, as well as provides information on the disposal of waste carried out by a third party.

Wastewater discharges to filtration fields, generation of production and consumption waste, formation of low-radioactive waste are considered as the most significant environmental impacts. To reduce the discharge of pollutants in wastewater, it is planned to build a biological treatment plant in the shift camp, at MPP, Satellite-1, Satellite-2. Design and survey works are being carried out in 2021 and construction and installation works are planned for 2023. In 2021, work was carried out to clean sewage septic tanks of wastewater. During the cleaning, 150 tons of silt sludge were cleaned. The work performed helped to prevent exceeding the maximum permissible concentrations in wastewater and excluded exceeding the content of pollutants in the water outlets.

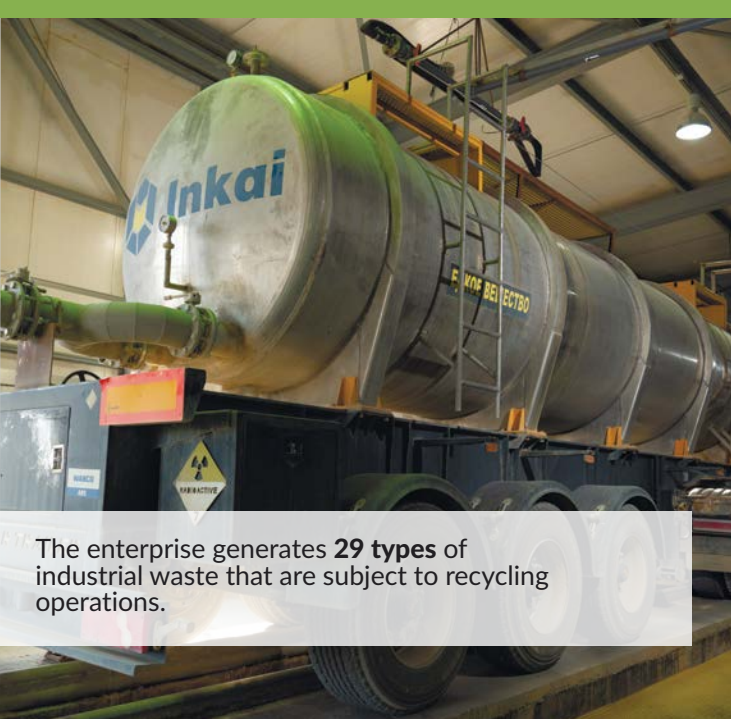
We are working to reduce waste generation, correct sorting and increase the share of recycled waste. Moreover, we are implementing a lean production

- project to reduce the formation of low-radioactive waste.

The enterprise has a landfill of household solid waste, the total land area of which is 9.83 hectares. The estimated service life is about 25 years. The volume of the trench for the disposal of household solid waste is 2.36 thousand tons cubic meters. The landfill is designed for the centralised collection and disposal of solid waste from household services (canteens, dormitories) and estimates from the territories of the shift camp, MPP, Satellite-1 and Satellite-2.

Waste of the IV hazard class is subject to burial at the landfill of solid waste. According to the amount of gross and specific composition of pollutants released into the atmosphere, the object belongs to the 1st category of danger. The landfill has been operating since 2008. The estimated volume of accumulated waste for 2020 is 347,669 tons. Waste is stored without compaction, in an organised manner. The amount of waste over the past three

and a half years: 2018 — 32,776 tons, 2019 — 34,263 tons, 2020 — 18 tons and in 2021 – 19 tons.



The enterprise generates **29 types** of industrial waste that are subject to recycling operations.

Volume of the main types of waste, tons

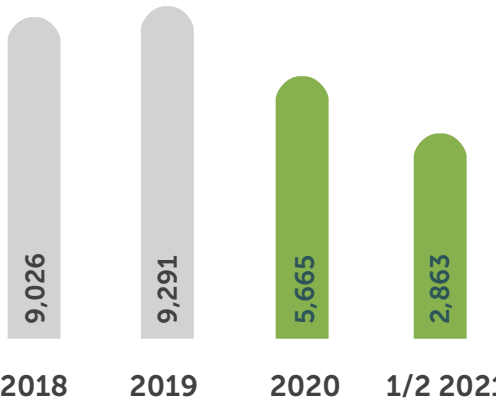
Indicator	2018	2019	2020	½ 2021
Total volume of hazardous waste generation, including:	9,026	9,291	5,665	2,863
Drilled cuttings	7,942	8,407	5,114	3,028
Industrial waste (used oil, scrap metal, used tires, etc.)	284	308	354	331
Low radioactive waste	800	576	196	25
Household solid waste	33	34	23	19



NATURE IN FOCUS

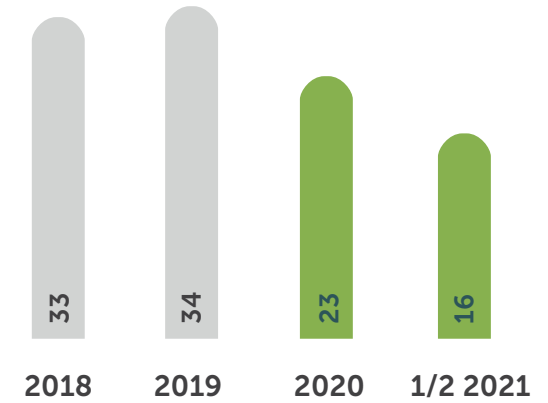


Volumes of hazardous waste generation, tons



Plastic and HDP (high-density polyethylene) pipes are reused during the construction of the wellfield landfill (equipment and consumables are partially dismantled from spent blocks and installed on newly built ones), partially during the installation of racks, gazebos, benches, for drip irrigation, fencing of the territory. Due to the small volumes of formation the accounting for reused plastic, wood, HDP and metal waste is not carried out by the

Volumes of non-hazardous waste generation, tons



contractor. HDP pipes are processed and new ones are released, the rest of the waste is sent further for processing to third parties.

Volume of hazardous and non-hazardous waste by method of treatment, tons

Hazardous waste:	2018	2019	2020	½ 2021
Reuse (HDP Pipe D50)	0	0	0	4,400
Reuse (HDP Pipe D63)	0	0	0	1,600
Disposal	321	278	356	334
Burial	8,774	9,017	5,334	2,565
Recycling	0	0	0	0
Transfer to a designated organisation	321	278	356	334
Non-hazardous waste:				
Burial	33	34	23	16

➤ The total area occupied by the waste of the enterprise for temporary storage is 112.0 square meters, for long-term storage it is 7,000 square meters for low radioactive waste and 1,500 square meters for household solid waste.

18 places of temporary storage (accumulation) of waste are organised on the territory of the enterprise located in production and warehouse premises. Waste generated as a result of the production activity of the enterprise is subject to export to its own landfills or specialised enterprises engaged in the processing, use or neutralisation of waste.

When organising places of temporary storage (accumulation) of waste, certain measures have been taken in order to ensure environmental safety. The equipment of temporary storage (accumulation) sites was carried out while taking into account the hazard classification, physical and chemical properties, reactivity of the waste generated, as well as taking into account the requirements of the relevant GOST (Russian standard) and building codes.

## RADIATION SAFETY IN ENVIRONMENTAL PROTECTION

Ensuring radiation safety in the Company is carried out in accordance with the developed and approved internal regulatory documentation of the Company. Policies and procedures were developed in accordance with the current requirements of the legislation of the Republic of Kazakhstan in nuclear energy use.

The Company has 16 policies and procedures on radiation safety. The main ones are:

- Radiation safety regulation at the facilities of JV Inkai LLP
- Ensuring the Quality of Radiation Safety program
- Radiation Safety at the Facilities of JV Inkai LLP working instruction
- Radiation Control program

All the above policies and procedures are adapted to the standards and legislative requirements of the Republic of Kazakhstan. The list of requirements for radiation control and radiation monitoring of the environment is fully implemented in the Company. In the reporting period, no exceeding of the control and permissible levels was registered. The levels of radiation-hazardous factors at the enterprise as a whole and at its individual sites remain stable. The values of radiation factors on the production territory, the territory of the sanitary protection zone and on the territory of the residential zone remained unchanged or differ slightly, within the measurement error.

There are no health risks for the local population of the Taiqonyr village. All technological processes are carried out in compliance with the necessary requirements for radiation and industrial safety.

As part of measures to reduce radiophobia among the local population, explanatory work and meetings with the local population of Taiqonyr were held before the COVID-19 pandemic.





## NATURE IN FOCUS

### THE RADIATION MONITORING PROGRAM PROVIDES FOR A SURVEY OF THE RADIATION BACKGROUND OF INDUSTRIAL PREMISES AND INDUSTRIAL SITES. THE RADIATION EXAMINATION IS CARRIED OUT IN ACCORDANCE WITH REGULATORY, METHODOLOGICAL AND LEGISLATIVE DOCUMENTS IN FORCE ON THE TERRITORY OF THE REPUBLIC OF KAZAKHSTAN:

- The Law "On Radiation Safety of the Population"
- Hygienic norms "Sanitary and hygienic standards and requirements for ensuring radiation safety"
- Sanitary rules "Sanitary and epidemiological requirements for ensuring radiation safety"

If the exposure dose exceeds the standard one (33  $\mu$ R/hr), soil samples will be taken to determine the nature of radiation contamination. Radioecological monitoring is carried out once a year.



### Environmental initiatives and expenditures

GRI 102-12, GRI 307-1

In addition to complying with the basic requirements of legislation in environmental protection, we are implementing a number of various initiatives. Thus, the main current environmental measures include the following works and initiative projects:

- ESAP Project
- Vision Zero Program
- Behavioural safety audits
- IT solutions "Smart helmets", "Remote Expert", and "Body worn cameras"
- Recultivation processes of polygons
- The project "Improvement and landscaping of the mine"
- Implementation of the Green Office concept
- Measures to improve the flora and fauna of the region: planting of saxaul, landscaping of production sites and a shift camp
- Information about the implementation of the "MAL zhan AMAN" project

- Eco challenge "World Cleanup Day"
- Waste collection, sorting, storage and disposal
- Construction of biological wastewater treatment plants at MPP, Satellite-1 and Satellite-2
- Radiation safety audit
- Inventory taking of emission sources
- Assessments of biodiversity in the territory of the mine allotment
- Energy audit
- Replacement of mercury lamps with energy-saving LED lamps
- Installation of solar water heaters at production facilities
- Monitoring of underground waters based on the results of the research "Calculation and justification of inter-well distances of observation well networks"

An important issue for the Company is the closure of production after the end of the term of the subsoil use contract, taking into account the requirements/wishes of all interested parties, on which the Company's activities have a great influence. The Company plans to initiate reclamation processes of landfills without waiting for the contract completion date.





Our employees are involved in the development of the Green Office concept. At the initiative of our employees, we regularly collect wastepaper, used batteries and plastic lids.

## 2020



- In September 2020, the Eco challenge **World Cleanup Day** was held: 225 poplar seedlings were planted in the shift camp and poplar stems were planted at the sites.
- In November 2020, in order to minimise the negative impact on the environment, haloxylon was planted in the form of seeds on an area of **2 hectares** in the territory of the Company's mine allotment, which helps to prevent wind erosion, as well as helps to combat land desertification. In total, as of 2020, more than **24 hectares of saxaul** have been planted.



- In 2020, the **Risk assessment analysis** map was introduced to identify hazards and assess risks during the activities of departments.
- As part of the implementation of the **MAL zhan AMAN** project, in 2020, KAP purchased and transferred reflective collars to Kazatomprom-SaUran LLP in the amount of 1,350 pieces for cattle, for centralised collection and subsequent transfer to the Akimat of the Suzak district free of charge. The goal of the **MAL zhan AMAN** project is to minimise the risk of an accident involving cattle at night.



- We have signed a contract with a third-party company for the collection, sorting, storage and disposal of waste. The contractor is not only engaged in waste disposal, but also collecting, sorting on the territory of the mine for further disposal. Moreover, we have signed an agreement on the development of design and estimate documentation with the implementation of engineering and survey work on the project: **Construction of biological wastewater treatment plants at MPP, Satellite-1 and Satellite-2**. Construction is planned for 2022-2023.



- In the first half of 2020, an energy audit was conducted, and **energy-saving measures** were approved based on its results.



- The average annual level of exposure to the personnel of the "A" group for 2020 was **0.94 mSv**, and the maximum value of the individual radiation dose was **2.08 mSv**. This is about one-tenth of the maximum level of **20 mSv** set by international standards. These figures show a tendency to reduce the level of impact on the staff of group A.
- On an annual basis, to verify the Company's compliance with sanitary standards, **an audit is conducted** for compliance with legislative requirements in radiation safety with the involvement of a specialised organisation.
- In 2020, a **re-inventory of all sources of emissions** at the Company's facilities was carried out to improve control and management.

## 2021

- As part of the roadmap plan, **measures were taken to assess biodiversity** in the territory of the Company's mine allotment territory. The work is still ongoing in 2021.



- Work is underway to replace mercury lamps with **energy-saving LED lamps**.
- Recuperators for stationary compressors were installed at **Satellite-1** (it is planned to be installed at the **Satellite-2** site in 2021).
- The technological process of processing productive solutions was intensified in order to reduce energy consumption and emissions.



- In 2021, a solar water heater was installed on **Satellite-1**, and it is also planned to install it on MPP site in 2021.
- In 2021, it is planned to install **weather-dependent regulators** at all boiler houses.
- On March 27, 2021, we took part in the international environmental action **Earth Hour**, turning off the electricity in the shift camp.



We are aimed at carrying out an all-encompassing scope of work in the issues of occupational health and safety and environmental protection for the future of the coming years. Our vision takes into account the introduction to a new level or the development of:

- impact detection monitoring systems;
- assessment of existing environmental monitoring programs;
- assessment and reporting of greenhouse gas emissions Scope 1 and 2;
- updated technological regulations, drawing up a map of habitats on which critical places (environments) of habitat are outlined;
- social scanning with cartographic materials reflecting the locations of land and water users and preparation of an enterprise interaction Plan based on information obtained during social scanning;
- an improved mechanism for filing and handling complaints in accordance with international best practices;
- forecasts of the formation of radioactive waste, with a schedule of uranium extraction (with confirmed accuracy) and a comparison of the volume of formation of low-radioactive metal waste with the throughput capacity of service providers for the decontamination of radioactive scrap metal;
- the updated elimination program.

### Determination of the scope of work and assessment of the cost of liquidation work at the closure of the mine

We are continuously improving the set of measures related to the closure of the mine. For the next two years, a schedule has been approved for the implementation of programs for planning the completion of the life cycle of enterprises (closure/elimination), which include:

- coordination of closing criteria with stakeholders (regulatory authorities and local communities)
- adjustment of the liquidation program to reflect current design decisions and production plans, using realistic closing criteria, assumptions and current cost estimates
- regular review of liquidation programs and related cost estimates to ensure that closure obligations are met and sufficient resources are allocated
- participation in technical meetings, seminars and training sessions conducted by the IAEA on decommissioning of uranium production facilities, reclamation of uranium deposits and objects of uranium heritage

### Improvement of underground waters monitoring based on the results of the research "Calculation and justification of inter-well distances of observation well networks"

Monitoring of the state of underground water and control over the distribution of technological solutions is carried out on an ongoing basis in accordance with internal approved regulatory documents.

One of the areas of work that were carried out within the framework of this action plan is the development of a "Methodology for designing observation well networks for monitoring underground water during in-situ leaching". In the process of reviewing the draft of this document, it was decided to conduct a research work on the topic "Calculation and justification of inter-well distances of observation well networks" to confirm and justify the technical decisions taken during the development of the methodology. Currently, this research is in the process of development. After the preparation of the R&D report, the methodology will be finalised, and the methodology will be approved as an internal regulatory document of the Company.

### Further implementation of the Plan

To strengthen our commitments in sustainability, we are actively implementing the ESAP, which includes measures in the following areas in terms of ecology:

- Monitoring of water, soil and air
- Accounting for biodiversity (vegetation, wild animals, nomadic pastoralism)
- Waste management (disposal)
- Management in environmental protection and interaction with the local population
- Planning for the completion of the life cycle of enterprises (closure/ liquidation)
- Occupational health and industrial safety

## CASE STUDY

The Company plans to implement a project for the 4th quarter of 2021 to assess the existing environmental monitoring programs (for all components — groundwater, surface water, soil, sediments and air).

The assessment is carried out taking into account potential risks and in order to ensure the collection and interpretation of data in such a way as to demonstrate that the enterprise does not have an impact on objects (ecology, biodiversity, nearby land users and water resources).

The following issues are considered as part of the analysis:

- Sources of pollution (may include gas stations, sulphuric acid storage, and other dangerous substances)

- Location of potential impact objects
- Possible channels/ways of influence
- Compliance with the requirements of individual installations and monitoring/sampling facilities
- Sampling and data collection procedures
- Use of laboratories and other research centers
- Intensity of individual monitoring programs
- Reporting procedures

As a result of this work, it is planned to develop new or expanded environmental monitoring programs for all environmental components with their introduction to all production facilities (sites) of non-produced assets.



# LEAN MANUFACTURING

The concept of lean production implies the elimination of all types of losses in the management of a manufacturing enterprise. We pay special attention to the involvement of each employee in the process of process optimisation.

In the interests of increasing production efficiency and using the creative potential of employees, a lean manufacturing project was initiated. The basic principles and procedure of work related to this project are regulated by the document "Regulations on the introduction of lean manufacturing" (hereinafter, the "Regulations"). The objective of this project is to introduce and develop a culture of lean production and a system of continuous improvement of production processes in the Company. The culture of lean production involves increasing labour productivity, reducing costs, losses, and improving product quality.

This regulation applies to all employees, structural divisions, including employees working through an out staffing company. This Provision defines the procedure for the following:

- initiation of projects by senior management
- initiation of employee-led projects
- assistance in the initiation and implementation of projects
- conditions and requirements for the selection of projects
- choosing the methodology of design and project management
- design of the project by DMAIC
- design of the Kaizen project

- economic justification of projects and types of savings
- review and evaluation of projects
- project completion
- conducting "The best production site organised according to the 5S system" competition
- instructions for the development of a Standards Operational Procedure (SOP)
- recommendations for the design of SOP
- the procedure for approving the SOP

The need to improve labour safety, reduce costs, improve the quality of work performed and increase productivity is determined by the initiative of the General Director of the Company or the head of a structural division.

According to the concept of Lean manufacturing, each employee of the Company has the right to initiate a project for improvement or modernisation, which includes safety, quality of work and products, cost and productivity of labour.

The project consists of a project leader, a project sponsor, a lean manufacturing engineer responsible for the development of the SOP and a working group. A project leader can attract experienced employees to the project for expert opinion. Moreover, a project leader can also be assisted by the OE (Operational Excellence) team, which includes a lean manufacturing engineer, a direct supervisor and a process owner. The OE team helps to draw up necessary technical and economic justifications and calculations, organise technical assistance in preparing the Project Charter, work on the decisions of the project leader and conduct pilot work, prepare production and participation in the implementation of the project.

## ► The organisation of the project goal is formulated in accordance with the criteria of SMART:

- **Specific** – focus on a specific problem/process
- **Measurable** – the problem must be quantifiable
- **Achievable** – availability of resources and authority to achieve the goal
- **Relevant** – achieving the goal should be significant for the business
- **Time bound** – the period of the problem's existence and the time frame for achieving the goal should be indicated



NATURE IN FOCUS





After registration and signing of the Charter/passport of the project, the projects are registered in the Lean master plan. The decision on the implementation of the project is made by the OE committee, the further implementation of the project is monitored by the OE committee under the guidance of the coordinator on a quarterly basis. If the project implementation fails, the initiator of the project is directly notified by manager. After the project is successfully presented to the OE committee and is adopted, the project is considered finished.

The Company also operates a 5S system, which helps to organise and optimize the workspace.



#### IMPROVING EMPLOYEE SAFETY CULTURE

##### STATUS: COMPLETED

- Building a training ground on the territory of the mine
- Conducting training of employees for emergency situations
- Training industrial safety employees
- Training employees working in the management of the technological process

#### OPTIMISATION OF RESTORATION AND REPAIR TIME

##### STATUS: IMPROVED

- Reduction of airlift pumping time from 22 hours to 17-18 hours without deterioration of the RVR process
- Reduction of fuel consumption by 20-25 %

#### ORGANISATION OF THE "GREEN FUTURE" CONSERVATION CENTER

##### STATUS: COMPLETED

- Improving the environment
- Mass planting of grown seedlings in the autumn period of the current year



#### INSTALLATION OF A DRIP IRRIGATION SYSTEM FOR GREEN SPACES ON THE TERRITORY OF THE BOTTOM-HOLE TREATMENT SITE

##### STATUS: COMPLETED

- Reduction of uncontrolled water consumption
- The use of illiquid materials in the organisation of the irrigation system
- Landscaping of the territory
- Release of working personnel

#### SECONDARY USE OF THE REMNANTS OF PIPE PRODUCTS UPVC 90/8

##### STATUS: COMPLETED

- Re-use of materials
- Pollution abatement
- Improving the quality of technological wells under construction



#### OPTIMISATION OF MATERIAL CONSUMPTION DURING THE CONSTRUCTION OF THE HDP

##### STATUS: COMPLETED

- Strapping and connecting wells using the remnants of pipes and used material

#### STANDARDISATION AND OPTIMISATION OF FINISHED PRODUCTS PACKAGING

##### STATUS: IMPROVED

- Reduction of the amount of wood waste from 0.15 to 0.04 cubic meters
- Reduction of the time for packing GP from 9 hours 40 minutes to 7 hours

#### BSECONDARY USE OF THE REMNANTS OF PIPE PRODUCTS HDP 110

##### STATUS: COMPLETED

- Re-use of materials
- Pollution abatement
- Ensuring the continuous process of construction of technological wells





GRI 103-1, 103-2, 103-3, 403-2

## MANAGEMENT OF LABOUR PROTECTION AND INDUSTRIAL SAFETY ISSUES

BEING AWARE OF THE SPECIFICS OF OUR ACTIVITIES AND THE SCALE OF INFLUENCE OF THE URANIUM INDUSTRY, WE STRIVE TO CREATE SAFE WORKING CONDITIONS FOR EMPLOYEES, CONTRACTORS, SUPPLIERS AND OTHER BUSINESS PARTNERS WHO CARRY OUT ACTIVITIES IN THE INTERESTS OF THE COMPANY.

THE MAIN PROVISIONS IN OCCUPATIONAL SAFETY ARE REGULATED BY THE HSE AND QUALITY POLICY. THIS POLICY WAS APPROVED BY THE DECISION OF THE COMPANY'S SUPERVISORY BOARD. AS MENTIONED EARLIER, THE COMPANY HAS IMPLEMENTED AN INTEGRATED OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM, WHICH COMBINES THE REQUIREMENTS OF STANDARDS FOR OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION MANAGEMENT SYSTEMS IN ACCORDANCE WITH THE CURRENT LEGISLATION OF THE REPUBLIC OF KAZAKHSTAN, WHILE TAKING INTO ACCOUNT BEST PRACTICES IN ACCORDANCE WITH ISO 9001:2015, ISO 45001:2018, ISO 14001:2015.

PEOPLE IN FOCUS

# INDUSTRIAL SAFETY



**The HSE policy approved the following goals in industrial safety (hereinafter, IS):**

- Minimising risks to a reasonably practicable level, ensuring technical, environmental and radiation safety
- Careful attitude to the health of employees, continuous improvement of working conditions and prevention of accidents at workplace
- Ensuring safe and stable development of the Company, constantly improving the safety and quality of technological processes, products and services
- Improving efficiency of production control and internal audit on compliance with legal requirements in industrial and environmental safety at the Company's plants in accordance with international standards ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015
- Interaction with the local population, regulatory authorities and other stakeholders on the impact and overall performance indicators in responding to the changing needs of customers,

as well as the state of working conditions, environmental protection, radiation safety in the Company and ensuring their awareness

**HSE policies and procedures are as follows:**

- HSE and quality policy
- IS risk management
- Registration and application of work permits in the production of high-risk works
- Application of the right to stop unsafe work
- Blocking of equipment with the posting of warning tags
- Production control regulation

- Behavioural safety audit
- Conducting meetings on HSE and radiation safety
- Monitoring and measurement of performance indicators in the IS
- GWS Supplier Management Program
- Occupational health and safety

The Department of Industrial Safety (hereinafter, DIS) is responsible for the management system in occupational safety and health. In turn, the General Director of the Company is responsible for the implementation and achievement of the goals set by HSE policy.

The DIS monitors key indicators to assess the quality of IS management system's functionality. The key

indicators are classified in the following areas: occupational health and safety, training, health protection, environmental protection, radiation safety. For each key indicator, a responsible person is identified, who, in accordance with the established frequency, makes the necessary measurements and provides information on indicators for the purpose of monitoring activities in the field of IS to management, participants and relevant state bodies, other interested persons in the prescribed form.





List of key indicators for monitoring activities in IS

Monitoring indicators	Monitoring period	Regulatory documents	Person responsible for providing data
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>Injury frequency coefficient (frequency factor)</b>	Quarterly (not later than the 15th day of the month) Annually (not later than January 20)	Accident classification and calculation according to HS-19 "Investigation of accidents, incidents and breakdowns"	<b>Reporting, Accounting and Analysis Engineer</b>
<b>LTIFR<sup>13</sup> (according to Kazatomprom methodology)</b>	Quarterly (not later than the 15th day of the month) Annually (not later than January 20)	Accident classification and calculation according to HS-19 "Investigation of accidents, incidents and breakdowns"	<b>Reporting, Accounting and Analysis Engineer</b>
<b>Number of days lost due to accidents</b>	On the fact of the accident incident	-	<b>Reporting, Accounting and Analysis Engineer</b>
<b>Conducting comprehensive and targeted inspections in Inkai and contracting entities</b>	According to the schedule	Inspections are carried out according to the approved schedule under REG-HSE-03 "Regulations on Production Control"	<b>Head of Safety Control Division/ Safety Engineer</b>
<b>Implementation of production control schedule of levels 2, 3 and 4</b>	Weekly (according to the schedule for each unit)	Inspections are carried out according to the approved schedule under REG-HSE-03 "Regulations on production Control"	<b>Reporting, Accounting and Analysis Engineer</b>
<b>Implementation of behavioural safety audit schedule</b>	Weekly (according to the schedule for each unit)	Behavioural safety audit is conducted in accordance with the regulation REG-HS-58 "Behavioural safety audit"	<b>Reporting, Accounting and Analysis Engineer</b>
<b>Pyramid of incidents (death, severe injury, minor injury, dangerous actions, dangerous conditions/ near miss, inconsistencies)</b>	Weekly	Accident classification according to HS-19 "Investigation of accidents, incidents and breakdowns"	<b>Head of Safety Control Division/Safety Engineer/ Reporting, Accounting and Analysis Engineer</b>
<b>Graphical representation of the ratio of the frequencies of various accidents and dangerous situations. It includes information obtained from primary notifications of incidents, dangerous actions/ dangerous conditions Near Miss, inconsistencies recorded in electronic logs, WO, dangerous actions, dangerous conditions reports</b>	Quarterly	Classification of dangerous situations according to Annex 2 "Classification of nonconformities" to this instruction	-
	Annually		
<b>Categories of nonconformities of identified deviations</b>	Monthly (not later than the 5th day of the month)	The classification of nonconformities is carried out in accordance with Annex 2 "Classification of nonconformities" to this instruction	<b>Reporting, Accounting and Analysis Engineer</b>
<b>The general level of danger of the enterprise</b>	Annually (not later than January 15)	The level of danger is determined in accordance with the order of the Minister for Investment and Development of the Republic of Kazakhstan "On approval of the Rules for determining the general level of danger of a hazardous production facility" dated 26 December 2014	<b>Health, Safety and Environment Engineer</b>

<sup>13</sup> LTIFR (Lost time injury frequency rate) is the coefficient of the frequency of injuries with temporary disability.



Monitoring indicators	Monitoring period	Regulatory documents	Person responsible for providing data
TRAINING			
Safety training (by type of training) of employees	Quarterly	Employee training under programs: <ul style="list-style-type: none"><li>• PRG-HSE-13</li><li>• PRG-HSE-27</li><li>• PRG-HSE-28</li></ul>	Training Engineer
HEALTH PROTECTION			
Cases of occupational diseases of employees	Quarterly	Investigation in accordance with the HS-19 instruction "Investigation of accidents, accidents and accidents"	Head of Safety Control Division/ Safety Engineer
Number of cases of alcohol and drug substances used by employees	Weekly	Screening for the detection of cases is carried out in accordance with HS-03 "Mandatory medical examinations and medical care"	Safety Inspector
Number of cases of medical evacuation of employees	Weekly	-	Safety Inspector
Number of employees working in harmful working conditions	Annually	Harmful working conditions are determined during the mandatory periodic certification of production facilities according to working conditions	Health, Safety and Environment Engineer
RADIATION SAFETY			
Maximum radiation dose of Group A personnel for 12 months	Quarterly	REG-RP-08 Radiation Monitoring regulation	Lead Radiation Safety Engineer/ Radiation Safety Engineer
Average radiation dose of employees	Quarterly	REG-RP-08 Radiation Monitoring regulation	Lead Radiation Safety Engineer/ Radiation Safety Engineer
The average dose of the 10 most exposed workers for the quarter	Quarterly (information for 12 months)	REG-RP-08 Radiation Monitoring regulation	Lead Radiation Safety Engineer/ Radiation Safety Engineer
The state of the air of workplaces (according to the list) is the average value of the concentration of long-lived alpha nuclides <sup>14</sup> in the air of working premises, Bq/m <sup>3</sup>	As required	Measurements are made in accordance with the provision	Lead Radiation Safety Engineer/ Radiation Safety Engineer
The state of the air of workplaces (according to the list) is the average value of radon EEVA <sup>15</sup> in the air of working premises, Bq/m <sup>3</sup>	The reporting period is on a quarterly basis	REG-RP-08 "Radiation monitoring", working instructions RP-08-07 "Measurement of levels of radiation-hazardous factors"	-
Exceeding the level of radon EEVA above the permissible levels	-	In case of detection of exceeding the control/permissible levels, an investigation is conducted in accordance with HS-19 "Investigation of accidents, incidents and breakdowns"	Lead Radiation Safety Engineer/ Radiation Safety Engineer

<sup>14</sup> long-lived isotopes.  
<sup>15</sup> EEVA - equivalent equilibrium volume activity.



## PRODUCTION RISKS

Risks in IS are not only the risks of the Company's production activities, but also the associated risks when purchasing products and services provided by the contractors.

The Company's risk assessment and management process in IS is organised while taking into account the requirements of ISO 45001, regulatory legal acts of the Republic of Kazakhstan in IS, in conjunction with the requirements of the current integrated risk management system.

**Guided by the above-mentioned policies and procedures, we form a comprehensive multi-stage management process, minimising the following risks in HSE:**

- Violation of the tightness of pipelines of chemicals (sulphuric acid), technological solutions
- Accidents with vehicles during transportation of rich eluate, sulphuric acid, finished products
- Working with caustic chemicals (sulphuric acid), which poses a danger to personnel in case of violation of safety rules
- Management of the Company's vehicles
- Lifting operations
- Working in a confined space
- High-risk work that is carried out according to the safety permit
- Work at height.
- Any incident in HSE and radiation safety (hereinafter referred to as "risks") can be prevented by timely identifying hazards, assessing risks and taking the necessary management measures
- Responsibility of the Company's management, heads of departments in terms of planning and providing the necessary resources to assess and maintain risks at an acceptable level
- Continuous and systematic nature of risk assessment and management that ensures the priority of preventing accidents (dangerous events) before responding to them
- Involvement of employees at all levels in the assessment and management of risks that they may affect by their activities, intervention in dangerous actions and conditions
- Documenting risk assessments and management-related measures
- Mandatory consideration of high risks when making decisions on management level
- Allocation of responsibility for risk assessment and management
- Accumulation and preservation of knowledge and experience in risk management
- Any employee of the Company, contractor organisation or an individual contractor has the right to refuse to perform work related to hazards, if the necessary risk management measures (measures for safe work) are not provided, as well as to suspend the performance of unsafe work, which an employee has witnessed.

**Assessment and management of risks in IS are the basis for achieving the Company's strategic goals and corporate culture in IS and is based on the following principles:**



The risk assessment of work assignments is carried out by drawing up a **Risk assessment analysis map**. Risk assessment analysis map is compiled by employees who are directly involved in the work. The responsible work manager should lead the risk assessment and risk assessment analysis map preparation team.

**Risk assessment analysis maps are compiled under the following conditions:**

- It is mandatory for all types of high-risk work, for which registration of a work permit is required. At that, standard operating procedures (SOP) should be developed for standard high-risk work on the basis of risk assessment analysis cards, which can be applied in the future with work permits instead of risk assessment analysis cards
- By the decision of the head of the department, object for non-standard works<sup>16</sup>
- According to the decision of the work manager for any work, the performance of which, according to the expert assessment, will be safer when analysing risks.

**The preparation of the risk assessment analysis card is carried out in the following order:**

1. Visual assessment of the workplace — the risk assessment group or, at least, the representative of the group performing and/or planning the work should visually assess the workplace where the work will be performed
2. Hazard identification — the risk assessment team determines the hazards associated with each stage or operation and records them in the risk assessment analysis map form in the

"Danger" section. Hazards include those that have already occurred (for example, accidents/incidents/inconsistencies) that were identified earlier (the previous form of risk assessment analysis maps), and those that were identified by someone from the risk assessment team

3. Development of appropriate control measures: the risk assessment team identifies and develops appropriate control measures for each type of hazard and records them in the risk assessment analysis map form in the "Management measures" section. The selected control measures should ensure the lowest possible levels of risk
4. Coordination of measures with the group participants — responsible work manager reviews the completed risk assessment analysis map form along with the risk assessment team to make sure that all participants support the information contained in the document. All personnel involved in the preparation of the risk assessment analysis map must confirm that, in their opinion, the established control measures will be effective to protect the health and safety of the employee
5. Implementation of measures — the responsible work manager implements the control measures specified in the risk assessment analysis map form before the start of work. The manager or authorised person involved in this activity organises any specialised equipment, training and modifications of the working environment/equipment used, as indicated in the completed risk assessment analysis map
6. Monitoring of implementation: before starting work, the responsible work manager must make sure that all the control measures specified in the risk assessment analysis map are implemented.

Managers and employees are collectively responsible for conducting a hazard analysis of the work. All employees involved in the performance of work are required to participate in the analysis of the danger level of work. If the work is transferred between two shifts, the incoming shift should be informed about the hazard analysis of the work and should familiarise itself with the risk assessment analysis map.

Responsible work managers and employees involved in the development of the risk assessment analysis map should be trained according to «Hazard Identification and risk assessment» training program and have the necessary skills to conduct a hazard analysis of work and design the risk assessment analysis map

<sup>16</sup> Non-standard work shall mean an episodic or rare work (not included in the list of high-risk work) performed by one or more employees, which are associated with hazards, the impact of which can result in an accident or injury.



**Safety first** is the first principle in our production activities, which we adhered to when implementing digital transformation in 2020. The company has prioritised the safety of its employees and implemented new digital solutions: "Remote Expert", "Body worn cameras" have minimised many risks in terms of personnel health and production processes.



INJURY RATES

The Company is responsible for ensuring the safety of employees and contractors in the workplace. Along with effective management of IS risks, we strive to improve the culture of occupational health and safety at the Company. In 2020, there were two injuries with temporary disability, whereas there were no such incidents in the first half of 2021. Two injuries that occurred in 2020 are due to mechanical and chemical types of processes. The overall rate of accidents with disability in 2020 was 0.3 (per 200,000 man-hours).

There were no fatal injuries during the reporting period.



In order to prevent the recurrence of accidents, a number of corrective measures were taken while investigating the incidents. This investigation is carried out in accordance with **Investigation of accidents and accidents internal procedure**.

Company injury rates

Indicator	2018	2019	2020	½ 2021
Total number of injuries with temporary disability (without fatalities)	2	1	2	0
Number of lost working days	45	23	55	0
LTIR <sup>17</sup>	0.32	0.15	0.3	0.00

<sup>17</sup> LTIR = Number of injuries / Man-hours worked \* 200,000.

TRAINING

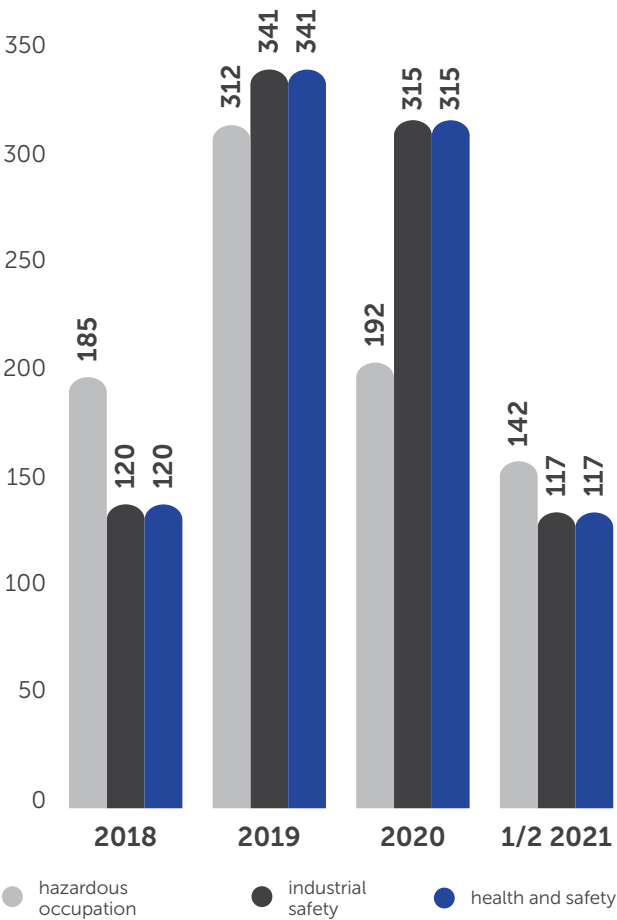
We pay close attention to purposeful improvement of safety culture at work. All our employees use personal protective equipment in accordance with GIIP<sup>18</sup>.

In addition, the Company has established the "Behavioural safety audit" regulation, the general purpose of which is to conduct explanatory conversations between the employee and the auditor with subsequent registration and analysis of the results, consolidate the skills of safe performance of both daily work and one-time tasks, as well as changing the behaviour of an employee during performance of a production task, as a result of which there is a risk of injury to the employee or others.

In 2020, our employees participated in technical meetings, seminars and training sessions conducted by the IAEA to ensure the industrial and radiation safety of uranium production facilities. At the moment, a program is being developed to update emergency response plans to eliminate risks to the health and safety of surrounding land users.

<sup>18</sup> GIIP – Good International Industry Practice.

The number of employees who completed the trainings, by directions of the courses





## Behavioural safety audit

The general purpose of behavioural safety audits is to consolidate the skills of safe performance of both daily work and one-time tasks, as well as changing the behaviour of an employee while performing a production task, as a result of which there is a risk of injury to the employee or others, as well as conducting explanatory conversations between the employee and the auditor with subsequent registration and analysis of the results.

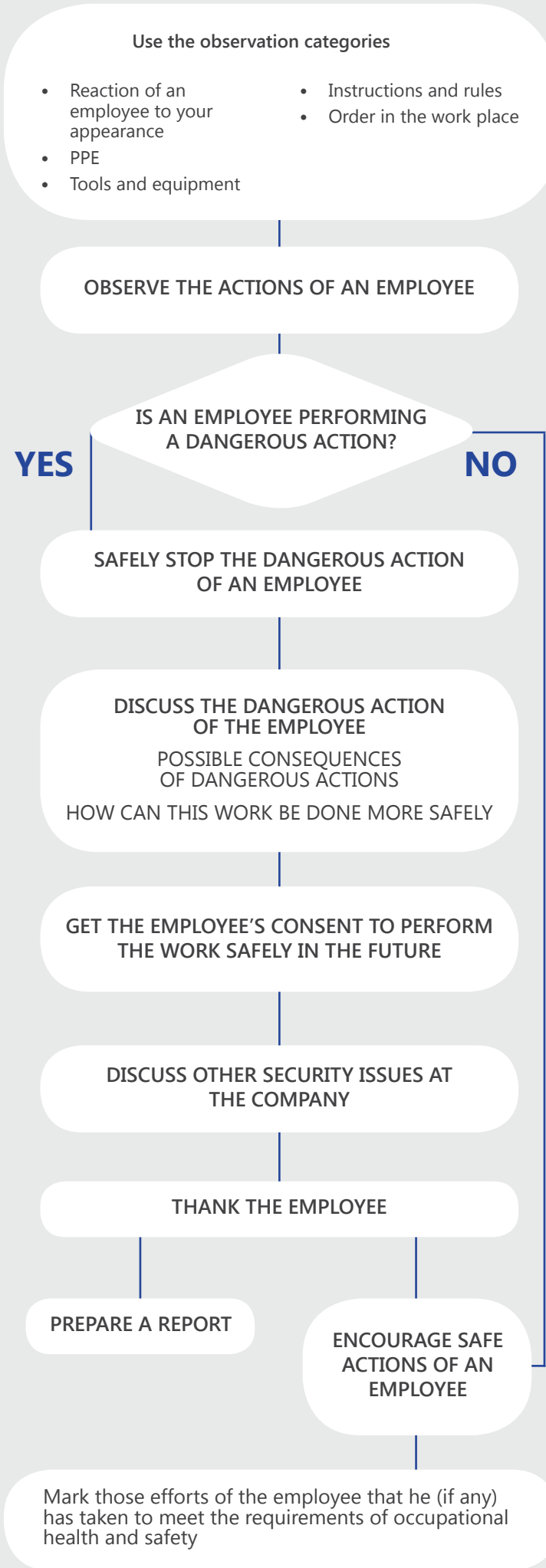
Behavioural audit makes it possible to control risks that carry industrial nature and occupational diseases, increase production efficiency. It is also an effective training mechanism, which makes it possible to assess how much an employee's actions follow the regulations/ work instructions and rules and to perform work more safely.

The behavioural safety audit is an element of improving the level of industrial safety and is aimed at identifying, preventing dangerous conditions and dangerous actions of the Company's employees and suppliers of goods, labour and services.

### The correct implementation of the behavioural safety audit allows to solve the following tasks:

- Changing the existing assessment of hazards in the workplace
- Identification of strengths and weaknesses of the industrial safety and labour protection management system
- Promoting a better understanding of workplace safety requirements
- Raising awareness of employees in occupational safety issues
- Determination of the probability of occurrence of the risk of injury and possible consequences
- Demonstration of commitment to the principles of safe work
- Development of a safety culture
- Identification of priority measures to reduce the risk

The scheme of actions when conducting a behavioural audit



Starting from

**2019**

we conduct regular behavioural safety audit among employees.

Presently,

**3,434 audits**

were conducted.

## EMERGENCY PREPAREDNESS

Uranium mining poses a risk of a number of potential emergencies. In this regard, the Company carries out comprehensive work to ensure the readiness of the enterprise for emergencies and takes all necessary measures. As part of the work carried out, check-ups of the state of industrial safety and readiness for the elimination of accidents are carried out. To ensure continuous improvement of processes, accident response plans are regularly reviewed, as well as training sessions are conducted on an ongoing basis with the involvement of professional emergency services.

### Emergency risk management

The Company uses an extensive list of tools for managing the risks of emergency situations. All possible risks are regulated and managed by approved legal acts, for example:

- SEC-17 Evacuation of office workers in case of fire or earthquake
- REG-SEC-02 Accident Response Plan Regulation
- REG-SEC-03 Civil Defence Plan Regulation
- REG-SEC-04 Emergency Response Action Plan Regulation



► In order to prevent natural or man-made emergencies (accidents, fires, explosions, terrorist attacks, etc.) and minimise the risks of their occurrence, the Safety Department carries out a number of preventive measures aimed at ensuring the fire, physical and nuclear safety of the production sites of the mine and the shift camp. The Company's facilities are fully equipped with an automatic fire and security alarm system, including:

- CCTV system
- Access control system
- Fire and security alarm system
- Automatic fire extinguishing system

The health of all the above-mentioned systems is monitored on a daily basis. On an annual basis, contracts are concluded with contractors for the provision of services for:

- Fire prevention and extinguishing
- Conducting emergency rescue operations
- Protection of the entire territory of the mine

Moreover, for timely response in the event of an emergency, a number of regulatory documents have been developed that reflect the algorithm of priority actions in the event of their occurrence, and also provide for measures aimed at maximising possible losses among personnel and material damage.

### Emergency prevention and response

Our Company pays special attention to the prevention and response to emergency situations. The responsible divisions of the Company follow strictly regulated duties in accordance with Section 4 of the Law of the Republic of Kazakhstan On Civil Protection. The boundaries of responsibility in this area are clearly divided between the Safety Department and the Industrial Safety Department.

### Training of employees in emergency protection

One of the important components of emergency prevention and preparedness for them is regular training of employees and conducting drills. Planned and unscheduled emergency trainings and drills are carried out at mine production sites to prepare the Company's employees for the implementation of:

- Civil protection measures
- On the skills of actions in an emergency
- On conducting emergency and emergency work
- According to the methods of salvation and mutual assistance

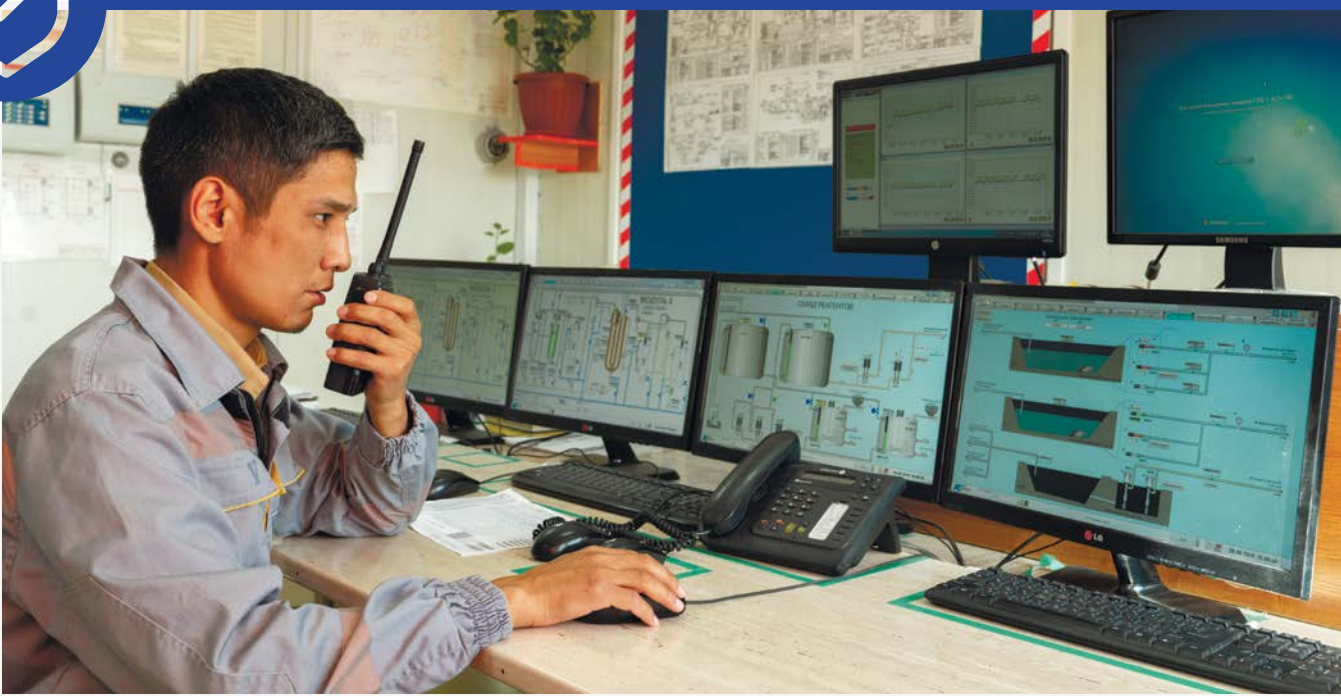
Participation in these events is mandatory for the Company's employees and contractors, as well as operational services (fire, emergency rescue, medical and security services), including the civil protection development at the Company.





Responsibilities in emergency prevention and response

Security Division	Industrial Safety Directorate
<ul style="list-style-type: none"><li>• Implementation of measures to ensure fire safety at the Company's facilities</li><li>• Implementation of civil defence measures</li><li>• Organisation of monitoring systems, including the use of civil protection notification means, protection of objects from emergencies</li><li>• Development of measures to increase the stability of the functioning of the facility, to provide life support to the population in case of possible emergencies</li><li>• Creation of a reserve of financial resources and material and technical means</li><li>• Informing and promoting knowledge on civil protection</li><li>• Ensuring the readiness of human resources and state budget for emergency response and their consequences</li><li>• Development of action plans and training on preparedness for emergency response and their consequences</li><li>• Training employees on civil protection, training senior staff and specialists of civil protection management bodies</li><li>• Forecasting and assessment of the risks of possible emergencies</li></ul>	<ul style="list-style-type: none"><li>• Implementation of production control in industrial safety</li><li>• Development of safety data sheets, measures to increase the stability of the functioning of the facility, as well as to provide life support to the population in case of possible emergencies</li><li>• Creation of a reserve of financial resources, stocks of food, medicines, material and technical means and temporary housing for employees</li><li>• Informing and promoting knowledge on civil protection</li><li>• Development of action plans and conducting exercises, trainings, classes on preparedness for emergency response and their consequences</li><li>• Forecasting and assessment of the danger of possible emergencies</li><li>• Development and implementation of measures to prevent the harmful effects of hazardous production factors and their consequences at relevant production facilities</li><li>• Declaration of industrial safety of hazardous production facilities</li></ul>



CASE STUDY

- According to the schedule of emergency trainings and drills, in order to verify the effectiveness of the Accident Response Plan, the safety department, together with mine operational services, civil protection development and the Company's employees, conducts emergency training and drills at the facility with mandatory notification of the department of Industrial Safety Committee for the Turkestan oblast. In addition, in order to increase the quality level of combat training of the personnel on the fire service of Kutkarushy Tau-ken LLP, fire-tactical classes are held according to the approved schedule. Daily classes on fire drill are held at the locations of fire posts. Employees of the Security Division conduct quarterly inspections of fire stations at all mine production sites, during which the combat training of service personnel is checked by announcement of a drill. The time spent on the drill is monitored. In order to increase the combat capability of the emergency rescue service of Ort Sondirushi JSC, tactical classes on conducting emergency rescue operations are conducted according to the approved schedule, which members of the civil protection development are necessarily involved in.
- In order for employees to acquire knowledge and skills on the organisation and implementation of civil protection measures, the Security Division conducts quarterly training in civil protection with the employees of the Company and contractors, including training on emergency situations and incidents, seismic training and evacuation training in the event of a fire. Reports on the conducted trainings are sent to territorial authorised body for emergency situations. In order to comply with the requirements of the Order of the Ministry of Emergency Situations of the Republic of Kazakhstan No. 276 dated June 9, 2014 and to train employees of organisations and the population in fire safety measures, the Company's employees are trained in fire and technical standards in a specialised training center.



## PERSONNEL MANAGEMENT SYSTEM

**OUR EMPLOYEES** PLAY AN IMPORTANT AND KEY ROLE IN THE COMPANY AND ARE THE KEY TO SUCCESS IN THE LONG TERM. IN ADDITION TO THE FAVOURABLE DYNAMICS OF PRODUCTION INDICATORS, ORGANISED TEAMWORK ALSO SIGNIFICANTLY AFFECTS THE EFFICIENCY OF THE COMPANY'S ACTIVITIES. WE STRIVE TO PROVIDE COMFORTABLE WORKING CONDITIONS, PROMOTE PROFESSIONAL GROWTH OF EMPLOYEES AND IMPROVE SOCIAL CONDITIONS IN THE COMPANY.

GRI 102-8, 103-1, 103-2, 103-3

“ WE VALUE THE CONTRIBUTION OF EACH EMPLOYEE, TREAT EMPLOYEES HONESTLY WHILE SHOWING OUR RESPECT FOR PERSONAL DIGNITY, CREATIVITY AND CULTURAL DIVERSITY. BY BEING OPEN AND HONEST, WE ACHIEVE THE STRONG RELATIONSHIPS THAT WE STRIVE FOR ”

PEOPLE IN FOCUS

# PERSONNEL MANAGEMENT





The key indicators in personnel management are the establishment of a quarterly performance assessment, for structured planning of the development of each of our employees, as well as the introduction of a unified remuneration system.

Our key priorities include an effective incentive system, integration of personnel management principles, optimisation of personnel records management, as well as the development of skills and training of personnel in accordance with the Company's business strategy.

The HR Policy is the main internal regulatory document defining the system of principles, main directions and methods of personnel management. The goal of the HR Policy is to achieve the Company's strategic goals with the help of a productive team that includes qualified and motivated employees.

**Principles of HR policy:**

- The key role of personnel
- Meritocracy<sup>19</sup>
- Focus on staff development
- High-quality personnel management
- Strategic partnership
- Strategic planning of human resources

- The principle of self-learning organisation
- Focus on creating added value for the Company

In addition to the policy, personnel activities are regulated by such documents as the Rules of Talent Management, the Rules of Employee Certification, the Rules for Adaptation of new Employees, the Regulation on Remuneration, the Collective Agreement, Voluntary Medical Insurance and the Assessment of workers/managers.

Our Company strictly complies with the requirements of the labour legislation of the Republic of Kazakhstan and does not violate its norms, according to which no one can be subjected to any discrimination in the exercise of labour rights based on origin, social, official status, gender, race, nationality, language, attitude to religion, beliefs, place of residence, age, as well as membership in behavioural safety audit associations. We do not use child labour, we do not practice forced labour, we recognise the equal rights of all employees, regardless of their race, religion and gender.



**Areas of personnel management**

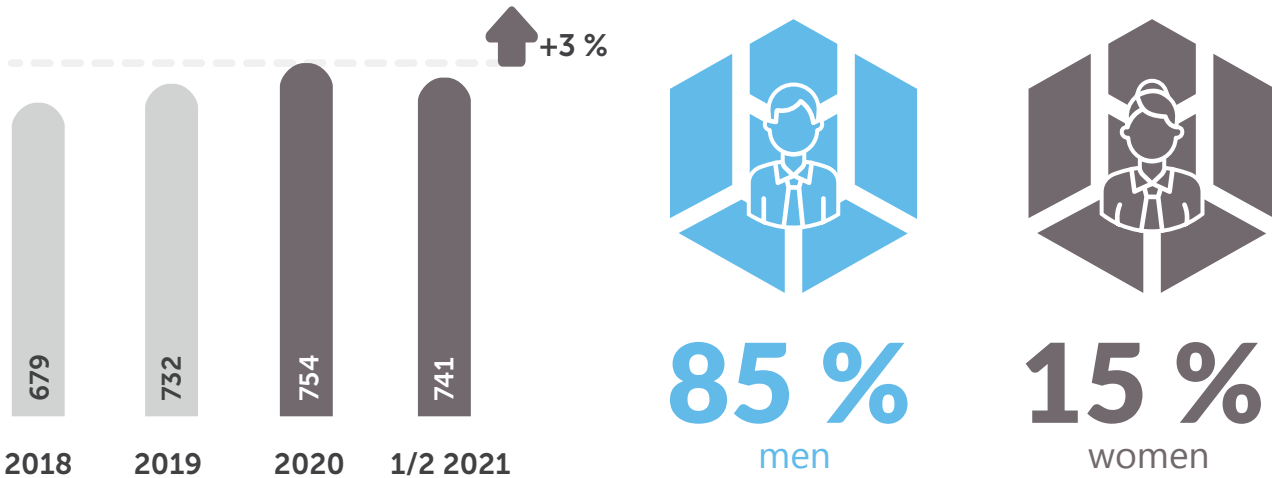


**Personnel structure**

The average number of employees of the Company as of June 1, 2021 is 741 people, which is 1.8 % less than in 2020 (754 persons). The average annual growth rate of the number of employees in the period from 2018 to June 1, 2021 is 3 %.

The average number of employees as of December 31, 2018-2020 and as of June 1, 2021, persons

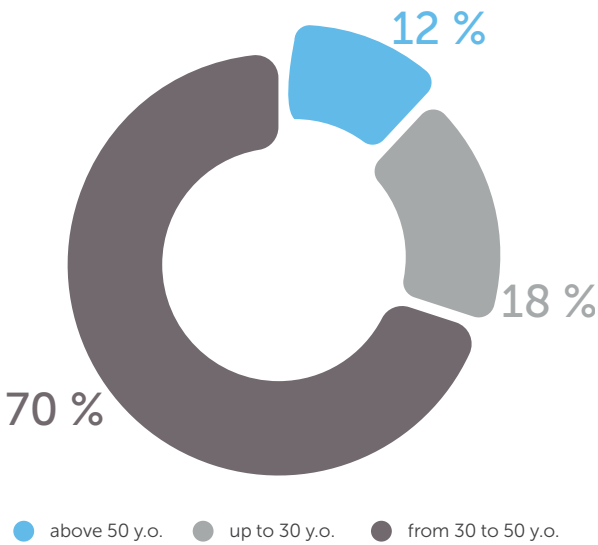
Since 2018, the trend of splitting employees by gender continues, the share of:





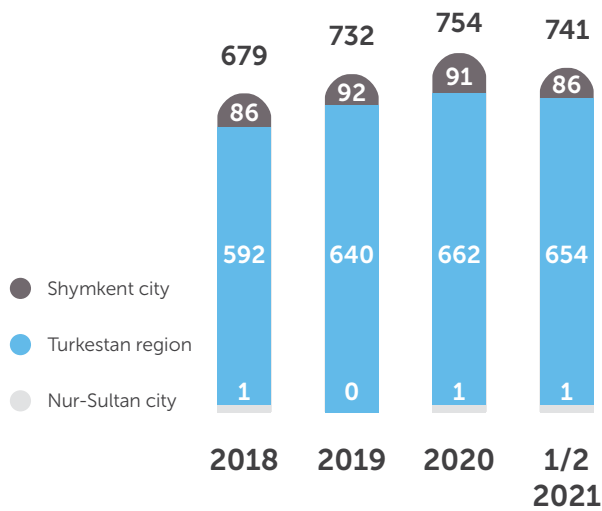
In the age structure of employees, the main share is accounted for by employees from 30 to 50 years old (517 people or 70 %), employees under 30 years old and over 50 years old account for 18 % and 13 %, respectively. In 2021, the number of employees under 30 decreased by 14 % compared to the previous year, this was due to the overcoming of 22 employees of the age threshold (30 years).

The share of employees by age as of June 1, 2021, in %

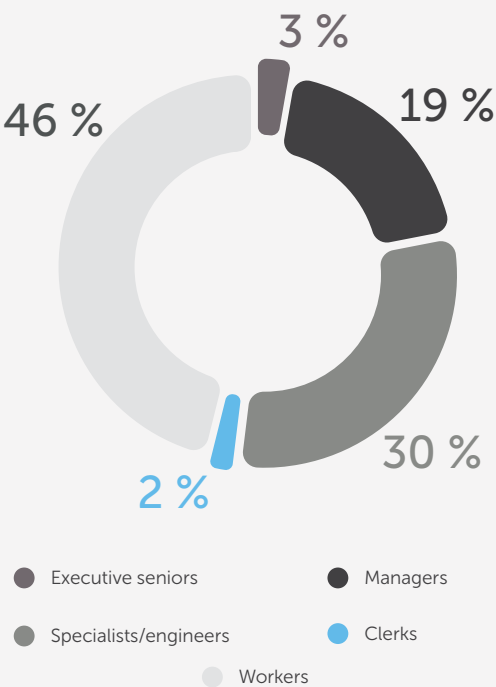


Due to the production specifics of the Company, the majority of employees operate on the territory of industrial facilities in the Turkestan oblast. The central management office and administrative activities of the Company carried out in Shymkent account for an average of 12 % of employees in the period from 2018 to June 1, 2021.

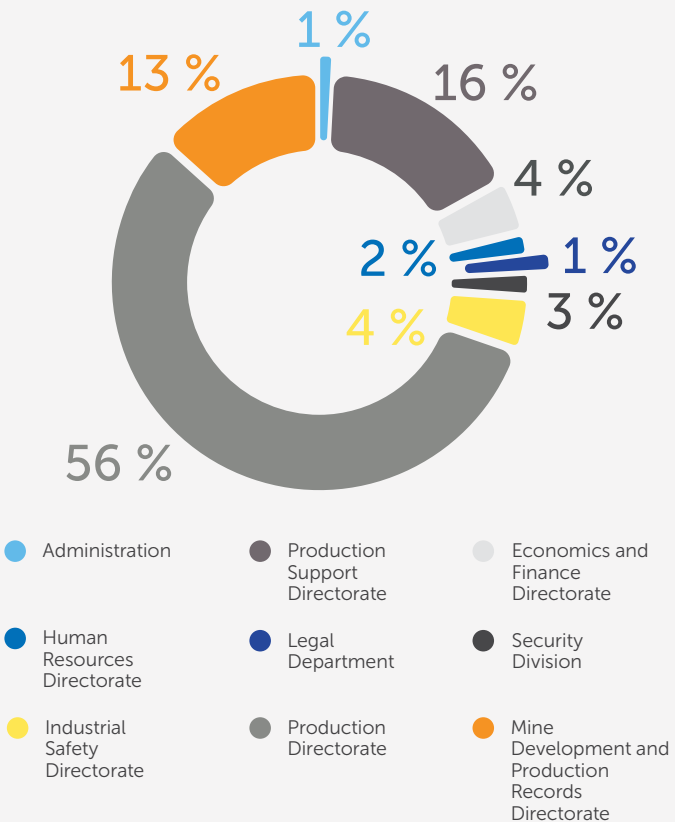
The number of employees by region, persons.



Employee structure as of June 1, 2021, by category



Employee structure as of June 1, 2021, by segments, in %



# EMPLOYEE TURNOVER

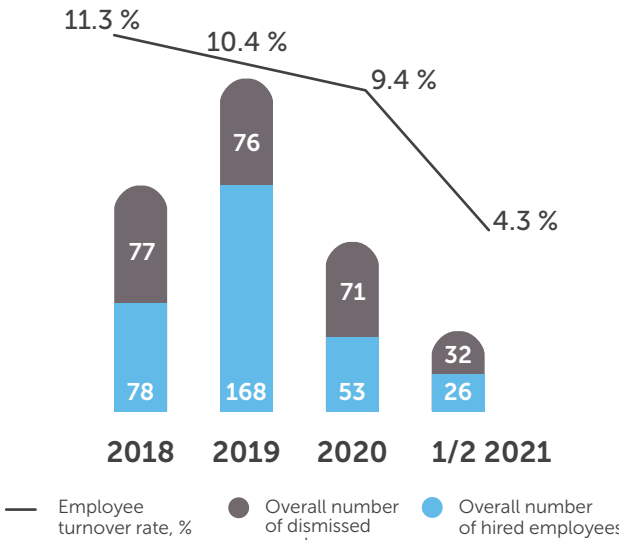
GRI 401-1

The turnover of employee's rate is one of the main criteria for evaluating efficiency and a sign of stable company activity. A high level of turnover can be harmful to the integrity of the Company due to the loss of highly qualified employees, reduced productivity and disruption of the effective operation of business processes.

In 2020, the number of hired employees was 53 people, due to the pandemic, hiring for new vacancies was suspended and was carried out only when necessary. The reason is also an increase in the Company's staffing in 2019. In the first half of 2021, the number of newly hired employees amounted to 26 people. In 2020, employment relations with 71 employees were terminated, and with 26 employees in the first half of 2021.

The turnover of employees in 2021 was 4.3 %, of which 97 % were men, 3 % were women. In 2020, the dynamics of turnover was influenced mainly by women who stopped working after leaving parental leave and due to reaching retirement age.

The total number of dismissed and hired employees, staff turnover rate (%)



PEOPLE IN FOCUS







We pay **special attention to the principles** of ensuring a decent level of wages and respect for the rights of employees. In our Company, there is no difference in the remuneration system and in the salary level of employees depending on gender differences. The system of remuneration and remuneration is **based on the principles of competitiveness**, which contributes to the achievement of the Company's strategic goals in the form of attracting and retaining professional personnel.

## Benefits

### GRI 401-2

We offer our employees a competitive salary in the market, invest in education, develop a mentoring system, and conduct various events to maintain corporate spirit. We provide our employees with a guaranteed social package, which includes various types of social benefits and programs.

The employer provides employees with social leave with the preservation of the average monthly salary:

- For training, internship abroad
- Study leave for preparing and passing tests and exams, performing laboratory work, preparing

and defending a thesis (project), for passing military-trained reserve training programs

- On the occasion of the birth of a child
- For the funeral of direct relatives of the family
- Newly wedded couples for the wedding
- Women who have two or more children under the age of 12 (twelve) once a quarter.

## Types of social benefits available to employees of the Company:



### LIFE INSURANCE

Insurance of an employee against accidents in the performance of his/her labour (official) duties, according to the law of the Republic of Kazakhstan "On mandatory insurance of an employee against accidents in the performance of his/her labour (official) duties".



### PAYMENT OF TRANSPORT ALLOWANCE

The Company makes compensation for the time spent on the way from the place of residence (there may be another region/city) to the place of work and back. Due to the pandemic, the shift schedule has been changed from 14/14 to 21/21 and 28/28 days.



### PARENTAL LEAVE

We provide employees with parental leave, with the preservation of the average salary, minus the amount of social benefits in case of loss of income due to pregnancy and childbirth, carried out in accordance with the legislation of the Republic of Kazakhstan on mandatory social insurance.



### FINANCIAL AID

The financial assistance provided to our employees is aimed at payments at the birth of a child, large families, in honour of the anniversary dates of employees, in the event of the death of close relatives and other cases.



### MEDICAL INSURANCE

We grant employees the right to health insurance provided for in the contract with the insurance company. In 2021, 749 (99 %) employees were insured for the amount of 14.5 million tenge. We also assume that the number of insured employees will increase by the end of 2021. Since 2018 up to nowadays, the total amount of employee insurance amounted to 41.5 million tenge.



### PAYMENT FOR LONG-TERM TEMPORARY DISABILITY

The company issues social benefit payments for long days of disability (more than 21 days). During the pandemic, the number of employees who received this type of payment increased.



### HEALTH RESORT TREATMENT

We provide payment for sanatorium treatment according to the presented vouchers for employees who have worked in the Company for at least 3 years. Due to the pandemic, no trips were carried out by employees in 2020 and 2021.



### ASSISTANCE IN CASE OF LOSS OF WORK ABILITY AND DISABILITY

Sick leave (work injury) and payment according to a medical report (until recovery and/or disability). In 2020, due to a case of injury with disability, 2 employees received 100 % payment, and 4 employees received a medical report payment in the amount of 1 minimum wage.



## Pension contributions

### GRI 201-3

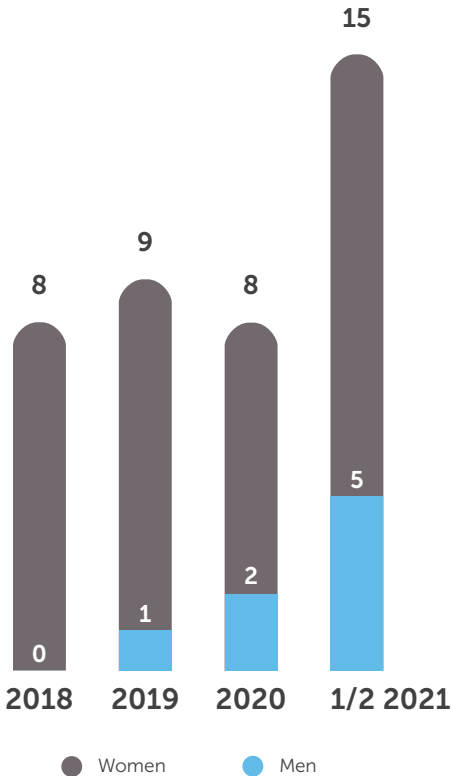
Our Company does not make pension contributions, but in accordance with the Law of the Republic of Kazakhstan “On Pension Provision in the Republic of Kazakhstan”, the income of an employee accepted for calculating mandatory pension contributions to accumulative pension funds is determined in accordance with the procedure established by the Government of the Republic of Kazakhstan.

## Parental leave

### GRI 401-3

In 2021, 75 % of the Company's employees who received parental leave were women, 25 % were men. As of 2020: women — 80 %, men — 20 %. The total number of employees who returned to work at the end of parental leave is equal percentages among men and women for 2021.

Total number of employees who took parental leave, by gender



## Minimum period for notification of changes in the organisation

### GRI 402-1

In case of changes in working conditions, namely in connection with changes in the organisation of production related to the reorganisation or change of economic, technological conditions, conditions of labour organisation and (or) reduction of the amount of work at the employer, it is allowed to change the working conditions of the employee upon the continuation of work in accordance with the profession, corresponding qualifications: they are notified not later than fifteen calendar days in advance.



# TRAINING AND DEVELOPMENT

### GRI 103-1, 103-2, 103-3, 404-1, 404-2, 404-3

The Company pays special attention to the development of employees, so we strive to provide conditions that promote their professional growth, as well as support for a high level of motivation. One of the priorities of the HR Policy is the development and training of employees.

The Rule on Talent Management regulates the unified process of employee succession planning, determine the procedure for forming a pool of successors and organising their development. The main principles of talent management are:

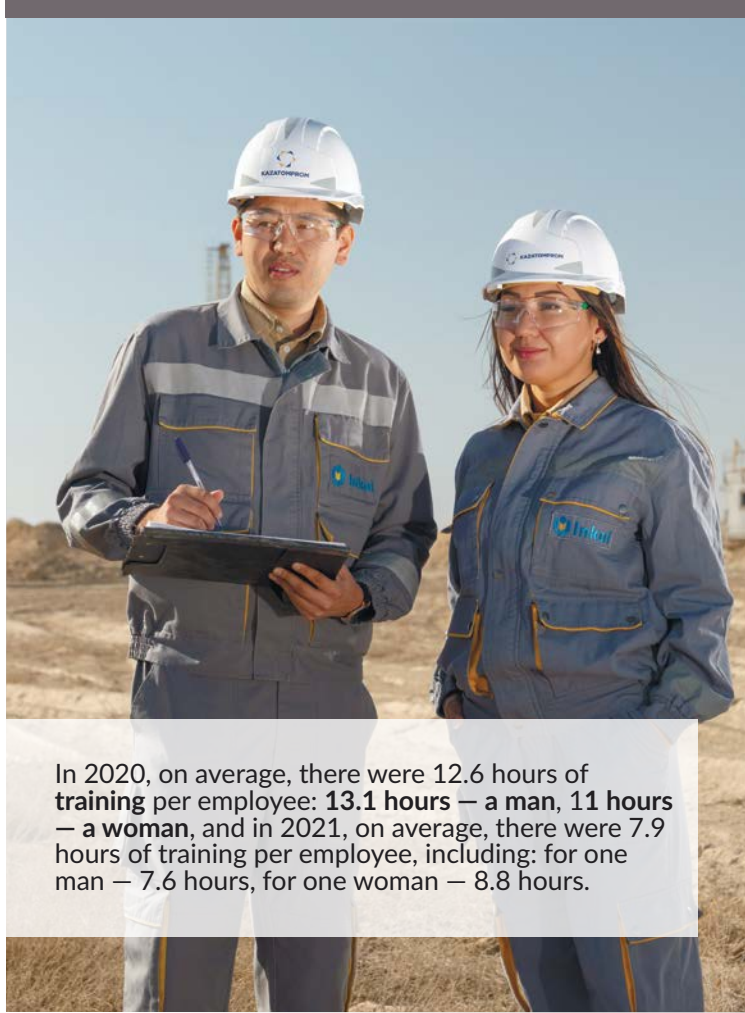
- talent pool (responsibility of the management team)
- development of professional potential
- Matching the successor pool to the Company's needs in the medium and long term
- the validity of decisions made on the basis of the principle of meritocracy, transparency and fairness
- discussion of career plans
- the development of the career of employees who are not limited to the framework of their department

The talent management process includes such stages as determining the list of key positions, selecting candidates and approving pools of successors, forming a pool of mentors, organising the development of successors.

We are working on cooperation with the Kazakhstan Nuclear University, as well as with the programs Zhas Orken and Izbasar to search for young talents.

On April 1, 2021, the Company introduced a unified salary system named KAP. The systems of remuneration in different legal entities were analysed. The main tasks are to calculate wages and total income, evaluate activities and establish quarterly efficiency. Also, at the end of 2020, an assessment of employees using the “360 degrees” method was organised. The purpose of this method is to exclude subjectivism.

On an annual basis, our Company provides training and development of personnel, forms new approaches and development programs for employees (professional development and possession of new professional skills).



In 2020, on average, there were 12.6 hours of training per employee: **13.1 hours — a man, 11 hours — a woman**, and in 2021, on average, there were 7.9 hours of training per employee, including: for one man — 7.6 hours, for one woman — 8.8 hours.

The indicators for 2021 are lower for the reason that only the data for the first half of the year are given. Since 2019, additional development programs and projects have appeared.

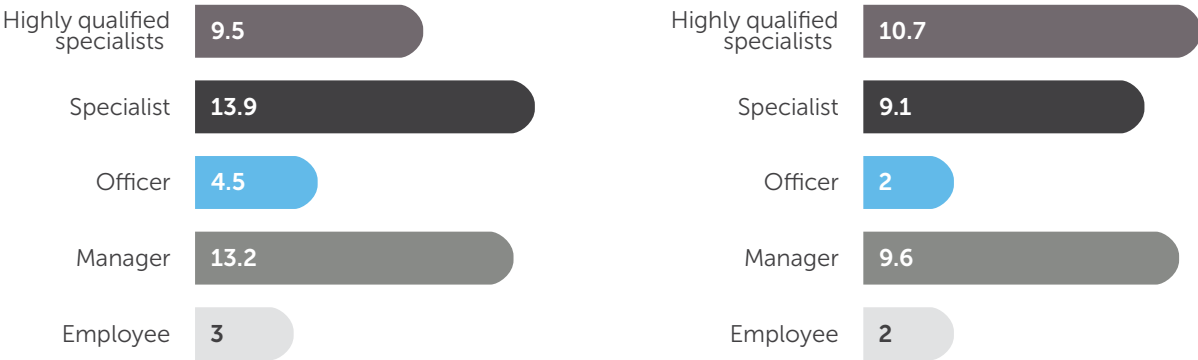


List of development and professional development programs from external providers and internal trainings:

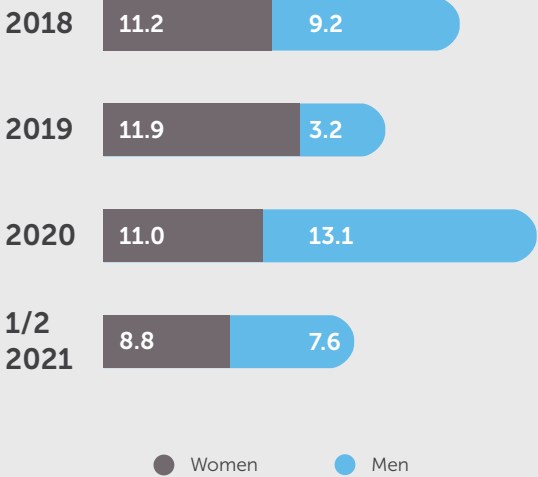
1. Project School of Operational Improvement
2. Critical thinking
3. Basic management skills
4. Modern occupational health and safety management systems
5. Stress management

6. Project management
7. 3 IMS standards
8. Emotional intelligence
9. Labour disputes
10. Risk management
11. Micromine Geological and Mining Information System software

Average number of hours of training in 2020 and 1/2 of 2021 per employee, broken down by category, hour

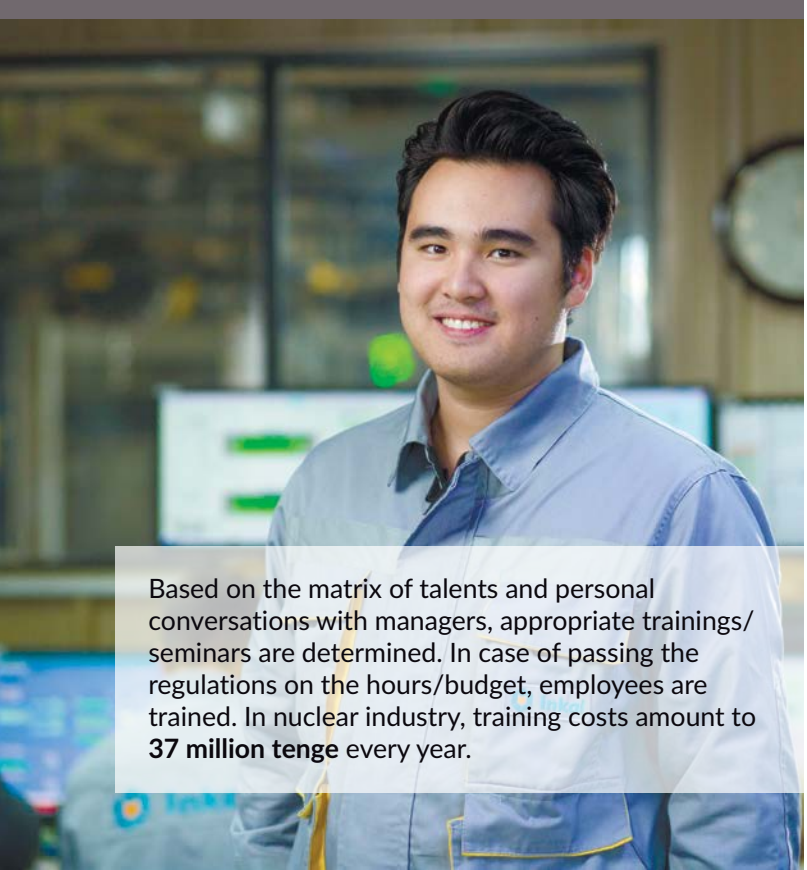
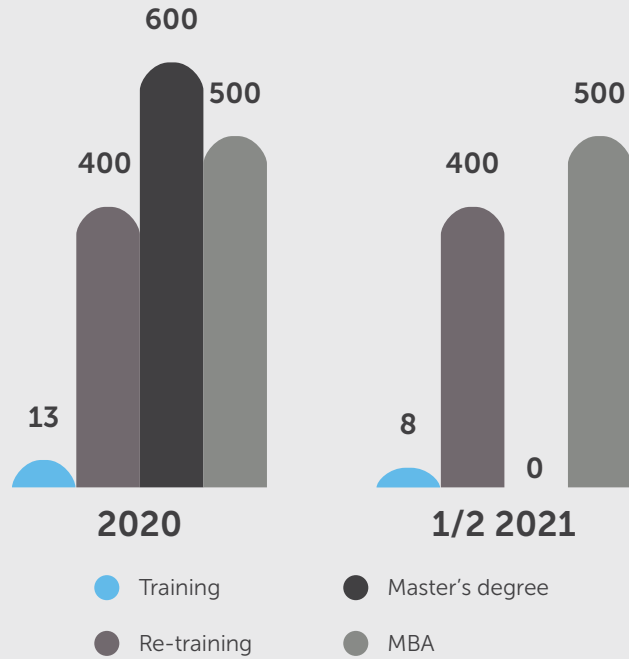


Average number of training hours per year per employee by gender, hour



The number of hours of MBA training, retraining and individual development program for the reporting period are identical. In 2020, there was one employee who studied under the master's program.

Average number of training hours per year per employee by subjects, hour



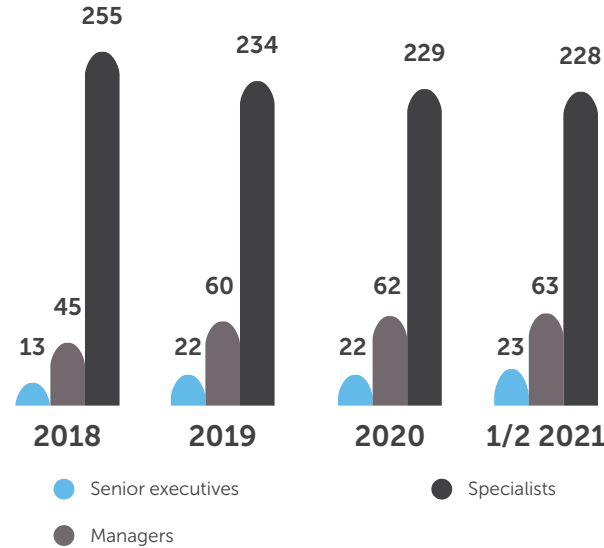
Based on the matrix of talents and personal conversations with managers, appropriate trainings/seminars are determined. In case of passing the regulations on the hours/budget, employees are trained. In nuclear industry, training costs amount to 37 million tenge every year.

The Company also has a widespread internal coaching program, the purpose of which is to ensure the stable success of the Company by improving the efficiency of employees by forming, developing and maintaining the necessary level of qualification of employees that meets the needs of the Company, taking into account current requirements and prospects for strategic development.

At the moment, Policy on Training Planning is being prepared for a more transparent approach to training.

A large proportion of those who passed the performance assessment are specialists — 75 %, followed by middle managers and senior managers, 18 % and 6 %, respectively, for the reporting period (2020-2021).

The number of employees who have passed the performance and career development assessment, broken down by employee categories, persons



In 2021, compared to 2020, the number of training of highly qualified specialists increased by 11.2 %. For all other categories, the number of training hours decreased in 2021. Specialist — by 34.5 %, worker — by 55.5 %, manager — by 28.3 %, worker — by 33.3 %.

- The main goals of internal training are:
- Sharing of the necessary knowledge and skills among the Company's employees
  - Obtaining the necessary knowledge and skills by an employee without a long separation from the production process
  - Application of the acquired skills by the employee in everyday practice
  - Propaganda of corporate culture
  - Identifying talents and leaders among line personnel, as well as promoting to their development



## COLLECTIVE AGREEMENTS

GRI 102-41

In 2017, we signed a Collective Agreement with the working team, represented by delegates elected on behalf of employees. The collective agreement establishes minimum socio-economic guarantees and regulates such provisions as the rationing of working hours, rest time, vacations, salary rates and social benefits, as well as regulates issues of health protection and social protection. The collective agreement of the Company defines the relations of employees in order to increase the efficiency and

quality of work, improve working conditions, and realise the rights and interests of employees.

The collective agreement is signed by each employee at the stage of hiring, the content of this document is reviewed and updated on a regular basis every three years, each employee has the right to voice his opinion on the provisions of the document. We are one of the few leading companies in Kazakhstan, whose employees have signed a Collective agreement. Such an action refers to the best practices of sustainability and shows the level of maturity of the management approach in corporate social responsibility.



## CASE STUDY

- According to the results of 2020, our Company was recognised as one of the best socially responsible enterprises of the Republic of Kazakhstan and received a letter of gratitude from the Ministry of Labour and Social Protection of the Population for participating in the Republican contest Paryz 2020. The Company received the highest rating among the large enterprises of the Turkestan oblast in *The best collective agreement* nomination and took the first place. This category considers collective agreements that significantly improve and strengthen labour and social rights of employees. The majority of employees (90 %) of the Company consistently decide on the list of contracts. The Company's collective agreement was signed in 2018 and will be updated in 2021, since the agreement is signed every 3 years.
- We always strive for comprehensive and sustainable development and highly appreciate the gratitude of the residents of the region and state bodies for the contribution made by the enterprise to the social development of the region.



## COVID-19



Since the beginning of 2020, the main task has been to protect employees from the pandemic and to restructure all processes to adapt to new conditions.

During the COVID-19 pandemic, the Company did not stop production processes, about 300 employees worked in the same mode. We did not make cuts or dismissals, remuneration increased, according to the employment contract, 1.5 % of overtime was paid in double amount.

In order to reduce the mass incidence of illness and adapt to the new situation, the necessary comprehensive measures were taken. Mass events were cancelled, business trips were limited, work was carried out with the Industrial Safety Directorate, the Company's employees were called on a weekly basis, they adapted to the remote working. We have increased the duration of shifts according to the survey of employees from the format 14/14 to the format 21/21 and 28/28. A quarantine zone was organised at the shift camp with attendance of the territory allowed only upon the provision of a negative PCR test.





# SOCIAL SCANNING

GRI 403-6

In 2019, as part of the ESAP project, a social scan of the population of the Taiqonyr village was conducted to better understand the situation among the residents. Social scanning includes the analysis of satellite cartographic materials, visits to settlements, consultations with land users and non-governmental organisations. Within the framework of this project, we have carried out work on:

- identification and mapping of types of water and land use in the surrounding territories, including the migration routes of nomadic pastoralism
- identification of water and land users (potential impact receptors), including the population engaged in nomadic pastoralism
- identification of stakeholders among local communities and non-governmental organisations that pay attention to the environmental and social impacts of enterprises

- creating a profile of the characteristics of stakeholders that is relevant for the effective provision of information, including literacy levels, cultural diversity, language preferences, the presence of vulnerable groups or groups with whom communication may be difficult (for example, women or indigenous peoples), communication methods and customs that must be observed

Also, every year, the Center for Social Collaboration and Communications monitors a social stability index. According to the results, plans are developed to improve the situation.



## AN INDOOR UNIVERSAL SPORTS FACILITY FOR PLAYING BASKETBALL, VOLLEYBALL AND FOOTBALL IN THE COMPANY'S SHIFT CAMP

In order to prepare for internal and external competitions, as well as for the leisure of employees, in 2018, we built a facility for playing mini-football, basketball and volleyball on the territory of the shift settlement. The area of the object is 770 square meters. Game competitions are held among other Kazatomprom entities.



The structure of the indoor sports facility of the hangar type includes the following premises: a sports hall with a combined field for mini football, basketball and volleyball, a women's and men's locker room with 24 seats, a coaching room, a room for spectators with 72 seats, showers and bathrooms next to locker rooms. All rooms are equipped with necessary modern equipment.

The project facility provides: a playing field, changing rooms, showers, bathrooms and a grandstand for spectators.

Thanks to the built sports facility, our athletes have the opportunity to fully prepare for competitions without interrupting their work.



## PROGRAM FOR FINANCING THE EDUCATION OF CHILDREN OF INKAI EMPLOYEES

The purpose of this program is to provide financial assistance to the children of our employees in the form of tuition fees. The candidate of the program can only be a high school graduate or a full-time bachelor's student from the list of higher educational institutions approved by the Company. The grant is given for a period of one academic year with the possibility of annual participation in the competition. The General Director annually approves a committee that consists of at least 5 representatives from divisions. Employees whose children have submitted applications for participation are not allowed to participate in the Committee.

To participate in the competition, a candidate and an employee of the Company must have the citizenship of the Republic of Kazakhstan. The employee must be our permanent employee with an experience of 2 or more years. The age of the candidate should not exceed 22 years, for high school graduates the average score of the certificate is at least 3 out of 5 points, for students — GPA (average score) is at least 2.4 out of 4.





PEOPLE IN FOCUS



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# KEY INDICATORS

## Environmental indicators

Indicator	Measurement unit	2018	2019	2020	½ 2021
<b>Water Intake</b>					
Formation waters	thousand m³	570	590	502	307
<b>Water discharge</b>					
Filter fields	thousand m³	570	590	502	307
<b>Energy consumption (non-renewable)</b>					
Diesel fuel	GJ	64,904	57,864	61,403	36,671
<b>Energy consumption (renewable)</b>					
Solar energy	GJ	-	-	-	7
<b>Electric energy</b>	GJ	136,701	144,773	134,015	62,748
<b>Thermal energy</b>	GJ	64,904	57,864	61,403	36,671
<b>Fuel consumption of vehicles</b>					
Diesel fuel	liter	292,517	286,018	221,205	99,935
petroleum	liter	204,450	194,073	152,089	69,898
<b>Fuel consumption by stationary sources</b>					
<b>Diesel fuel</b>					
Heating boilers	tons	1,796,913	1,615,887	1,705,011	1,027,436
Generating units	tons	12,478	43,987	10,109	27,520
Mobile compressor units	tons	495,343	444,642	219,324	99,466
Other units	tons	5,656	4,424	8,604	1,699
<b>Petroleum</b>					
Other units	tons	5,342	3,308	2,017	557
<b>Gross direct greenhouse gas emissions (Scope 1), including:</b>	tons CO <sub>2</sub> -equivalent	6,764	6,294	5,598	3,235
CO <sub>2</sub>	tons CO <sub>2</sub> -equivalent	6,711	6,244	5,563	3,210
CH <sub>4</sub>	tons CO <sub>2</sub> -equivalent	6.8	6.5	4.8	3
N <sub>2</sub> O	tons CO <sub>2</sub> -equivalent	46	44	30	21
<b>Gross indirect greenhouse gas emissions by location (Scope 2), including:</b>	tons CO <sub>2</sub> -equivalent	18,569	19,665	18,204	8,478
<b>Emissions of pollutants into the atmosphere, including:</b>					
NO <sub>x</sub>	tons	2.4	2.8	2.4	5.5
SO <sub>x</sub>	tons	0.6	0.8	1.6	2.7
Volatile organic compounds (VOCs)	tons	3.7	0.2	0.1	0.029
Particulate matter (PM)	tons	8.9	8.9	6	2.3
Hydrogen sulfide	tons	0.001	0.001	0.002	0.0002
Ammonia	tons	0.05	0.056	0.059	3,39
Carbon black	tons	0.26	0.23	0.23	0,31
Methane	tons	3.09	3.48	3.88	0.35
CO <sub>x</sub>	tons	10.7	12.3	10.5	9.2



Indicator	Measurement unit	2018	2019	2020	½ 2021
<b>The total amount of hazardous waste generated, including:</b>					
Drill cuttings	tons	9,026	9,291	5,665	2,863
Industrial waste	tons	7,942	8,407	5,114	3,028
Low-radioactive waste	tons	285	308	354	331
Municipal solid waste	tons	800	576	196	25
	tons	33	34	23	19
<b>The total amount of non-hazardous waste generated, including:</b>					
Municipal solid waste	tons	33	34	23	16
<b>Method of treating hazardous waste</b>					
Reuse (HDPE Pipe D50)	linear metre	-	-	-	4,400
Reuse (HDPE Pipe D63)	linear metre	-	-	-	1,600
Disposal	tons	322	278	356	334
Burial	tons	8,774	9,018	5,334	2,565
Transfer to a specialized organization	tons	322	278	356	334
<b>Method of treating non-hazardous waste</b>					
Buried	tons	33	34	23	16

## Personnel indicators

Indicator	2018	2019	2020	½ 2021
<b>Average census of employees by gender</b>				
Men	575	622	641	631
Women	104	110	113	110
Total	679	732	754	741
<b>Share of employees by age</b>				
until 30 y.o.	185	195	153	131
30–50 y.o.	409	446	509	517
above 50 y.o.	85	91	92	93
Total	679	732	754	741
<b>Total number of employees under an employment contract (permanent and temporary) by region of the Republic of Kazakhstan</b>				
<b>Shymkent city</b>				
permanent	80	88	87	83
temporary	6	4	4	3
<b>Turkestan region</b>				
permanent	583	631	653	642
temporary	9	9	9	12
<b>Nur-Sultan city</b>				
permanent	1	-	1	1
temporary	-	-	-	-

Indicator	2018	2019	2020	½ 2021
<b>Total number of contractor employees, by gender</b>				
Men	48	26	26	31
Women	9	8	8	6
<b>Total number of hired employees, by gender</b>				
Men	70	144	43	25
Women	8	24	10	1
Total	78	168	53	26
<b>Total number of hired employees, by age</b>				
until 30 y.o.	40	60	18	10
30–50 y.o.	35	104	32	16
above 50 y.o.	3	4	3	-
Total	78	168	53	26
<b>Total number of hired employees, by regions</b>				
Shymkent city	7	20	17	3
Turkestan oblast	10	148	35	23
Nur-Sultan city	1	-	1	-
Total	78	168	53	26
<b>Total number of dismissed and hired employees, staff turnover (%)</b>				
Total number of dismissed employees	77	76	71	32
Total number of hired employees	78	168	53	26
Staff turnover (%)	11.3	10.4	9.4	4.3
<b>Total number of dismissed employees, by gender</b>				
Men	60	66	56	31
Women	17	10	15	1
Total	77	76	71	32
<b>Total number of dismissed employees, by age</b>				
until 30 y.o.	14	19	16	8
30–50 y.o.	39	48	43	18
above 50 y.o.	24	9	12	6
Total	77	76	71	32
<b>Total number of dismissed employees, by region</b>				
Shymkent city	13	14	19	6
Turkestan oblast	64	61	52	26
Nur-Sultan city	-	1	-	-
Total	77	76	71	32
<b>Total number of employees taking parental leave, by gender</b>				
Men	-	1	2	5
Women	8	9	9	15
Total	8	10	11	20



ABBREVIATIONS AND CONTRACTIONS

Indicator	2018	2019	2020	½ 2021
Average number of training hours per year per employee by gender, hour				
Men	9.2	3.2	13.1	7.6
Women	11.2	11.9	11.0	8.8
Total	20.5	15.2	24.1	16.5
Average number of training hours per year per employee, broken down by areas, hour				
Increasing qualifications	10	5	13	8
Retraining	-	400	400	400
Master's degree	-	600	600	-
MBA	-	-	500	500
Average number of training hours per employee by category, hour				
Worker	4.2	31	3	2
Manager	15.1	16.2	13.2	9.6
Clerk	8.1	9.9	4.5	2
Specialist	7.9	17.9	13.9	9.1
Specialist with higher qualifications	15.2	13.4	9.5	10.7
Number of employees who have passed the assessment of performance and career development, broken down by employee categories, people				
Senior executives	13	22	22	23
Managers	45	60	62	63
Specialists	255	234	229	228

BYOD	Bring Your Own Device
Cisco ISE	Cisco Identity Services Engine
CSR	Corporate Social Responsibility
CT	Computer Tomography
DMAIC	Define, Measure, Analyse, Improve, Control
ECG	Electrocardiogram
ERP	Emergency response plan
ESAP	Environmental and Social Action Plan
FCPA	Foreign Corrupt Practices Act
GHG	Greenhouse gases
GIIP	Good International Industry Practice
GRI	Global Reporting Initiative
GWS	Goods, works and services
HDP	High-density polyethylene
hJ	hectojoule
HR	Human Resources
IAEA	International Atomic Energy Agency
IFRS	International Financial Reporting Standards
IMS	Integrated management system
ISO	International Organization for Standardization
IT	Information technologies
IT	Information Technology
JSC	Joint Stock Company
JV	Joint venture
KAP	Kazatomprom
KPI	Key performance indicators
kW	kilowatt
LLP	Limited Liability Partnership
LTD	Limited Trade Development
LTIR	Lost Time. Incidence Rate
MBA	Master of Business Administration
MET	Mineral extraction tax
NAC	National Atomic Company
OE Committee	Operational Excellence Committee
OHS	Occupational health and safety
PM2	Process Manager 2
R&D	Research and development
RK	Republic of Kazakhstan
RMS	Risk management system
SOP	Standard operating procedures
SOX	Sarbanes-Oxley Act
SWF	Sovereign Wealth Fund
UN	United Nations
VOC	Volatile organic compounds



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