



# SUSTAINABILITY REPORT

2022–2023<sup>1/2</sup>



JV INKAI LLP



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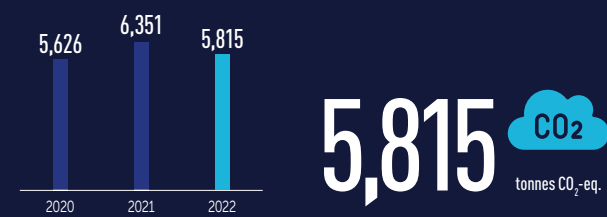


# KEY INDICATORS

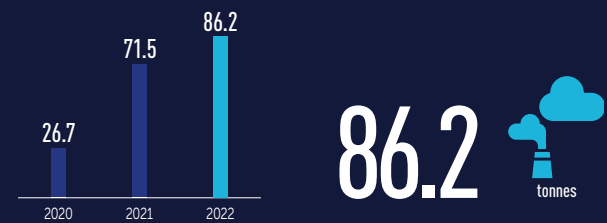


## ENVIRONMENTAL INDICATORS

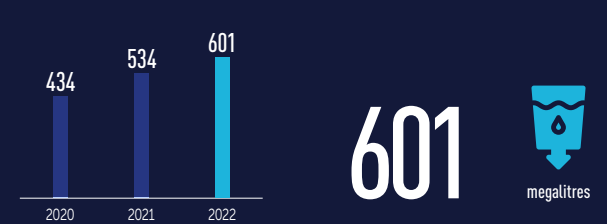
### TOTAL GREENHOUSE GAS EMISSIONS (Scope 1)



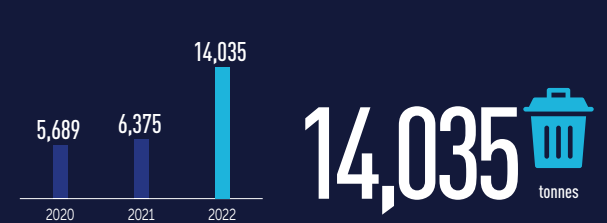
### POLLUTION EMISSIONS



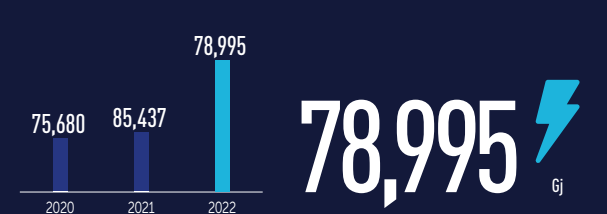
### TOTAL WATER CONSUMPTION



### TOTAL WASTE GENERATED

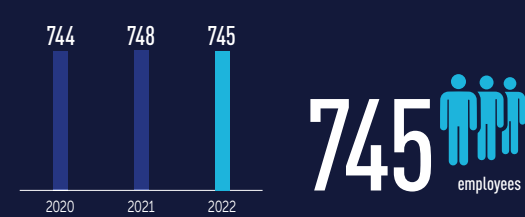


### ENERGY CONSUMED FROM NON-RENEWABLE FUEL SOURCES

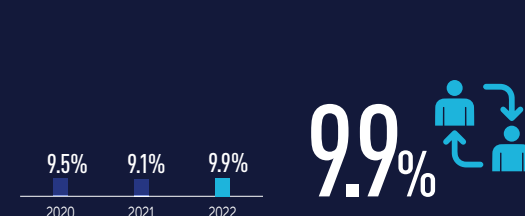


## SOCIAL INDICATORS

### TOTAL HEADCOUNT



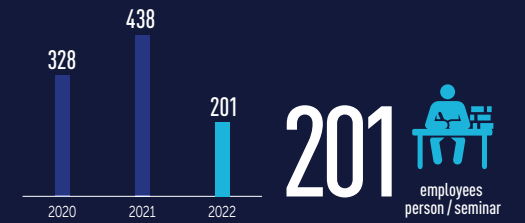
### STAFF TURNOVER RATE



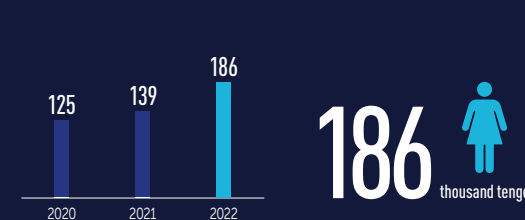
### ACCIDENTS



### TRAINING

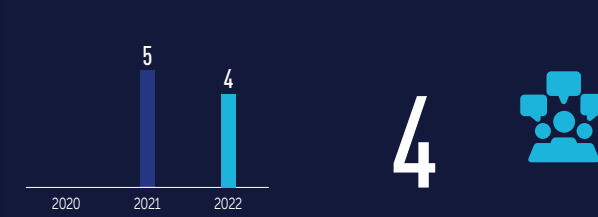


### AVERAGE WOMEN'S SALARY ON STARTING POSITIONS

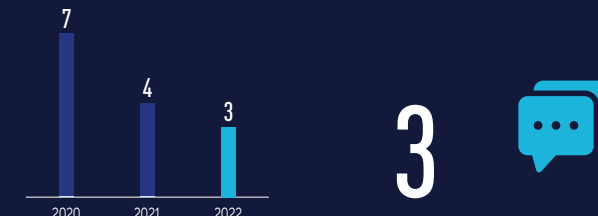


## CORPORATE GOVERNANCE

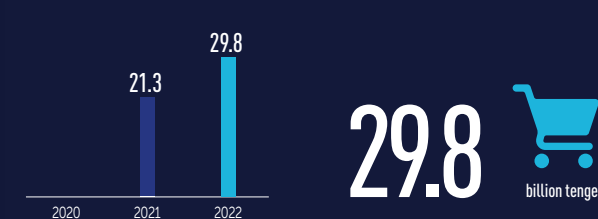
### GENERAL MEETINGS OF PARTICIPANTS



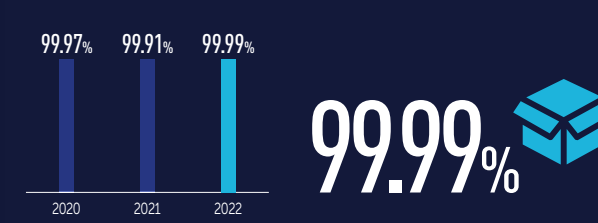
### RECEIVED COMPLAINTS AND ENQUIRIES



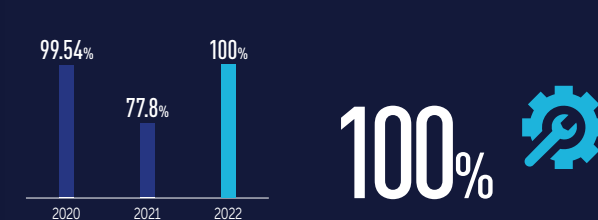
### PROCUREMENT



### SHARE OF LOCAL SUPPLIERS IN PURCHASES (goods)

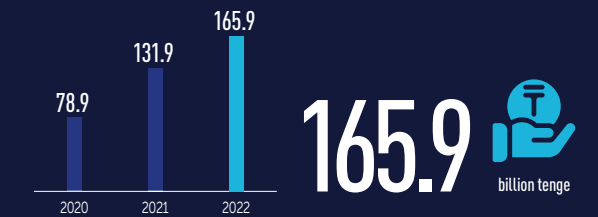


### SHARE OF LOCAL SUPPLIERS IN PURCHASES (services)

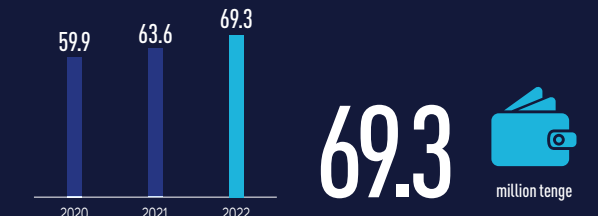


## ECONOMIC INDICATORS

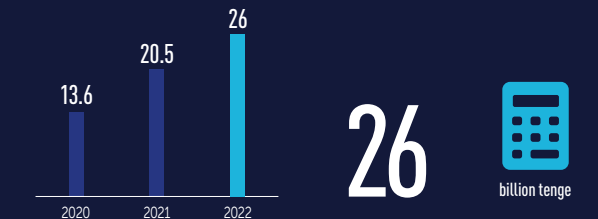
### REVENUE



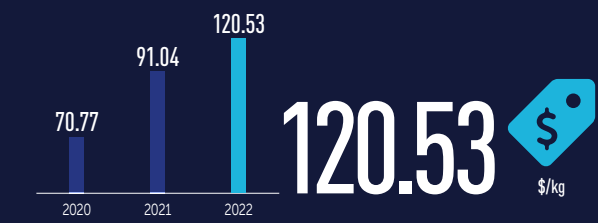
### SOCIAL EXPENSES



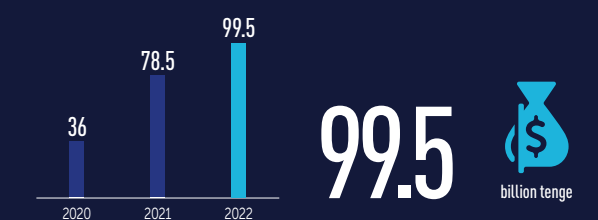
### INCOME TAX EXPENSES



### SELLING PRICE OF PRODUCTS



### NET PROFIT



# KEY INDICATORS 1/2 2023



## ENVIRONMENTAL INDICATORS

TOTAL GREENHOUSE GAS EMISSIONS (Scope 1)

3,139

tonnes CO<sub>2</sub>-eq.



POLLUTION EMISSIONS

83.7

tonnes



TOTAL WATER CONSUMPTION

318

megalitres



TOTAL WASTE GENERATED

14,035

tonnes



ENERGY CONSUMED FROM NON-RENEWABLE FUEL SOURCES

41,905

Gj



## SOCIAL INDICATORS

TOTAL HEADCOUNT

745

employees



STAFF TURNOVER RATE

5.7%



ACCIDENT

1



TRAINING

99

employees person / seminar



AVERAGE WOMEN'S SALARY ON STARTING POSITIONS

209

thousand tenge



## CORPORATE GOVERNANCE

GENERAL MEETINGS OF PARTICIPANTS

8



RECEIVED COMPLAINTS AND ENQUIRIES

4



PROCUREMENT

23.3

billion tenge



SHARE OF LOCAL SUPPLIERS IN PURCHASES

100%

goods



SHARE OF LOCAL SUPPLIERS IN PURCHASES

100%

services



## ECONOMIC INDICATORS

REVENUE

66.9

billion tenge



SOCIAL EXPENSES

67

million tenge



INCOME TAX EXPENSES

9.3

billion tenge



SELLING PRICE OF PRODUCTS

123.7

\$/kg



NET PROFIT

36.4

billion tenge







Nurgaliyev  
Askar  
Kadyrbekovich  
General Director's

## SUSTAINABLE USE OF RESOURCES

### Dear Colleagues and Partners!

Joint Venture Inkai LLP structures its work in a sustainable way considering economic, environmental and social impact of our operations. We are committed to take into account the interests of all stakeholders, including employees, partners, shareholders, and local residents, when making key operational and strategic decisions.

As part of the current risk assessment program, management analyzes the impact of anti-Russian sanctions on the Company's operations. To date, the sanctions have not had a significant impact on the Company's operations, although the resulting market uncertainty caused by the conflict between Russia and Ukraine has led to significant volatility in the spot price of uranium and the exchange rate of the national

currency. Due to the conflict and military actions, in 2022 the uranium product delivery route for Cameco was changed to the trans-Caspian route. The Company constantly monitors the potential impact of sanctions on its operations.

We support the UN Sustainable Development Goals initiative and strive to take part in solving these main challenges of the modern world. We have chosen 8 priority Goals for ourselves, where, as we believe, we can provide the most significant result and benefits for society. These selected Sustainable Development Goals provide the foundation and framework for not only our environmental and social agenda, but also our long-term corporate strategy.

GRI 2-22

## 99 Increasing the operational and financial performance of Inkai plays a big role for the economy of the country and the regions where we operate...

We are committed to the conservation of ecosystems and the sustainable use of resources in all our operations. We have made it our mission to be a world-class leader in the nuclear industry in the area of occupational and industrial safety, environmental protection and quality. The in-situ leaching method used by Inkai is the most environmentally friendly way to mine uranium, with minimal environmental impact. As part of supporting the strategy of the Republic of Kazakhstan to achieve carbon neutrality by 2060, at the end of 2022, we managed to reduce the indicator of greenhouse gas emissions (Scope 1) by 9%.

Currently, our Company employs more than 700 people. We are aware of our responsibility for creating and developing comfortable and safe working conditions, maintaining health, and increasing the motivation of the Company's employees. All employees of the Company are covered by an integrated occupational health and safety management system. More than 1.5 thousand inspections of facilities were carried out.

In the social area, we ensure effective personnel management, support professional development, and create an inclusive environment. We are also working on a number of public and charitable projects. We value the contribution of employees and support their professional development and growth. More than 200 people have been trained as of today at Inkai, ensuring the development of the Company and operational efficiency with their professionalism and responsible attitude to work. Inkai is interested in making a real contribution to the development of communities and

regions, assumes responsibility for providing social support to the local population of the Taiqonyr village, and implements a number of social projects.

Increasing the operational and financial performance of Inkai plays a big role for the economy of the country and the regions where we operate, primarily in the Turkestan region, where we mine minerals. In 2022, the Company's revenue amounted to 165.9 billion tenge, which is 26% more than in 2021. The Company continues to show strong growth and rapid development.

Today, the Company continues to do everything possible for long-term sustainable development even in conditions of uncertainty and global geopolitical tension. Commitment to the principles of sustainable development and taking into account the interests of all stakeholders allowed us to feel confident in the face of the challenges of 2022. I am confident that energy, optimism and coordinated work will allow us to continue to cope with all challenges.

Best regards.  
Askar Nurgaliyev



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# PREPARATION APPROACH

## GRI 2-1, 2-3, 2-4

The Company brings to your attention the Sustainability Report (Sustainability Report. Report) for 2022 and the first half of 2023. This Report is a document that discloses information about the Company's activities in the area of economic, environmental, social aspects and corporate governance. Being a socially responsible business, the Company is committed to increasing the transparency of information about its activities by publishing this Report. In 2022, there were no significant changes in the methods for calculating indicators.

The Company's 2022–2023 Report is the third stand-alone Sustainability Report in Inkai's history, and going forward, the Company plans to continue the practice of publishing non-financial reports annually, reaffirming its commitment to increase the transparency of its operations and demonstrate economic, social and environmental performance and commitment.

The Sustainability Report has been prepared in accordance with the Standards of the Global Sustainability Reporting Initiative (GRI Standards (in accordance)), and we also make partial disclosures in accordance with the Sustainability Accounting Standard (SASB). The application of standards and the index of GRI and SASB standard elements are published in Appendix 1. In addition, the Report discloses information about the Company's contribution to the implementation of the priority UN Sustainable Development Goals and describes activities.

The process of Report preparation and disclosure of material topics is coordinated by the Company's Corporate Development Department with the active participation of all involved structural units. The Report is verified and finally approved by the General Director.

## REPORTING BOUNDARIES

### GRI 2-2

The Report provides information about the Company's activities for the period from January 1, 2022 to July 1, 2023. The scope of the Report includes only JV Inkai LLP, a legal entity registered in Kazakhstan. The financial data is presented in accordance with the Company's audited financial statements prepared pursuant to the International Financial Reporting Standards. The content of the Report was determined based on the prepared list of material topics, which meets the requirements of applied GRI Standards.

## REPORT'S EXTERNAL ASSURANCE

### GRI 2-5

The procedure of the Report's external assurance was not performed. However, the Company recognizes the importance of the external assurance of sustainable development information and is considering future assurance of non-financial information.



# MATERIAL TOPICS

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

The main goal of Inkai is to ensure progress and development in all areas relevant to our activities. We have assessed the materiality of topics that are important to the Company in terms of economic, environmental or social impact, and we have also paid special attention to the views of all of the Company's stakeholders, both internal and external. The evaluation included three stages: conducting a benchmark analysis with similar companies, gathering the opinions of stakeholders and compiling a list of material topics. The topics presented in the table below are those areas of activity in which we are striving to improve our performance in accordance with the requirements of the world's leading rating agencies.



## 1. BENCHMARK ANALYSIS

- ▶ analysis of publicly available information about the Company;
- ▶ comparative analysis of material topics disclosed by similar companies;
- ▶ analyzing the requirements of rating agencies in the ESG area.



## 2. GATHERING THE OPINION OF STAKEHOLDERS

- ▶ conducting an online survey among internal and external stakeholders;
- ▶ conducting interviews with the Company's management regarding the significance of the economic, environmental or social impact on the environment, economy and society.



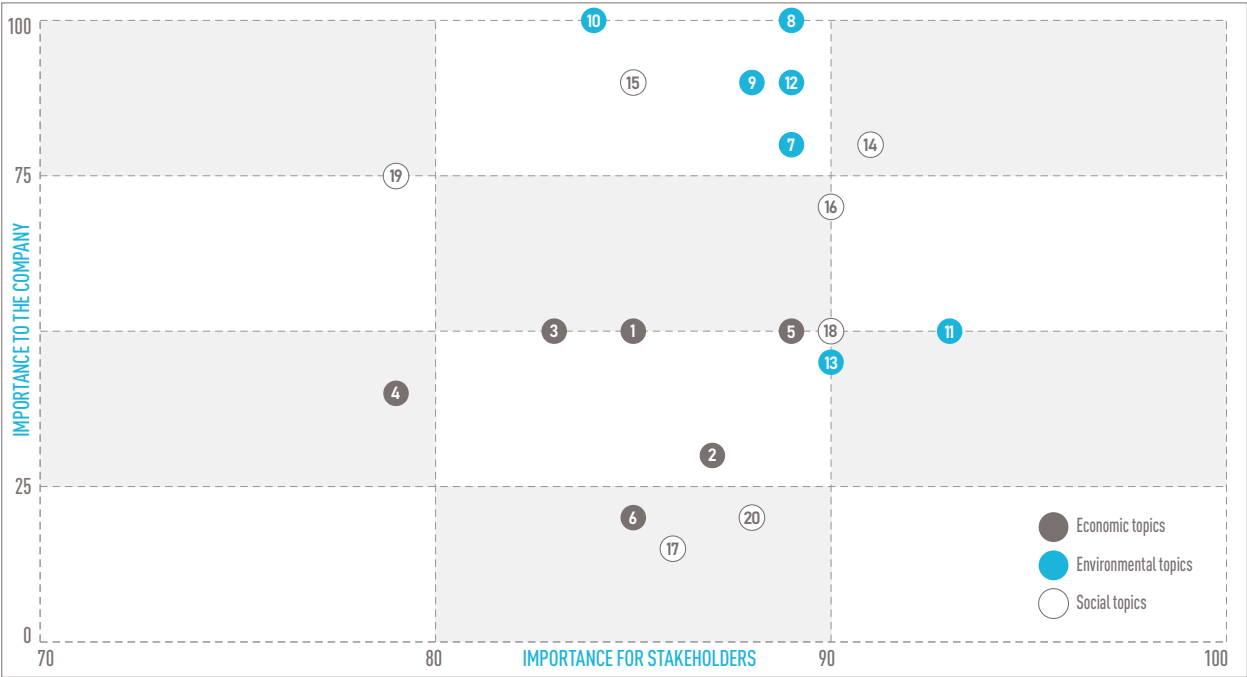
## 3. COMPILING A LIST OF MATERIAL TOPICS

- ▶ finalization of the list of material topics;
- ▶ approval of the list of material topics.

To build the materiality matrix, the results of internal and external indicators on the horizontal and vertical axes of the matrix, respectively, were used. The rating scale used in the matrix ranges from 1 to 5 points.

An online stakeholder survey was prepared, which was attended by representatives of the Company's shareholders, suppliers, associations, local government authorities, banks, partners and customers. Each sustainability topic was asked to be rated on a scale of 1 to 5 in terms of materiality, where 1 means "not material", 2 means "insignificant materiality", 3 means "medium materiality", 4 means "relatively high materiality", 5 – "the highest or critical degree of materiality".

	MATERIAL TOPICS	MATERIALITY FOR THE COMPANY	MATERIALITY FOR STAKEHOLDERS
1	Financial performance	50%	85%
2	Market presence	30%	87%
3	Indirect economic impacts	50%	83%
4	Procurement practices	40%	79%
5	Anti-corruption	50%	89%
6	Technologies and innovation	20%	85%
7	Energy	80%	89%
8	Water resources	100%	89%
9	Conservation of land and biodiversity	90%	88%
10	Waste	100%	84%
11	Air quality	50%	93%
12	Waste and tailings	90%	89%
13	Environmental compliance	45%	90%
14	Employment	80%	91%
15	Occupational health and safety	90%	85%
16	Training and development of employees	70%	90%
17	Emergency preparedness	15%	86%
18	Diversity and equal opportunities	50%	90%
19	Local communities	75%	79%
20	Radiation safety	20%	88%







# CORPORATE PROFILE

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## COMPANY'S PRINCIPAL ACTIVITIES

The Company's main activity is the exploration, development, production, processing, export, and sale of uranium mined at the Inkai deposit. The Company mines uranium by in-situ leaching at the Inkai deposit in the Suzak district of the Turkestan region.

The in-situ leaching method involves circulating solutions through ore-bearing formations to dissolve uranium and pump it to the surface for subsequent extraction. As a result, this approach leads to minimal surface disturbance and does not lead to the formation of waste rock or enrichment tailings. The next step is the addition of chemicals, after which uranium is precipitated in special containers. The resulting mass is dried out and thereafter represents the finished product in the form of a yellow powder.

### TYPES OF ACTIVITIES:



**GEOLOGICAL STUDY AND EXPLORATION OF URANIUM**



**URANIUM MINING**



**WHOLESALE TRADING AND EXPORT OF FERROUS AND NON-FERROUS METAL ORES**



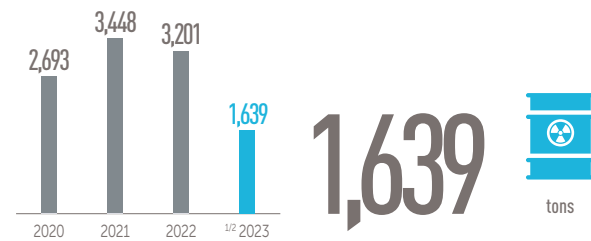
**PRODUCTION OF OTHER CHEMICAL PRODUCTS**

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.



## PERFORMANCE INDICATORS

### OUTPUT OF FINISHED PRODUCTS



As of January 1, 2023, the total volume of ore reserves of the deposits (including annual depletion) is 127 thousand tons of uranium. The total volume of mineral resources (including reserves) is 148 thousand tons of uranium.



## THE COMPANY OPERATES AN INTEGRATED MANAGEMENT SYSTEM IN ACCORDANCE WITH INTERNATIONAL STANDARDS:

ISO 9001:2015 – Quality Management System

ISO 14001:2015 – Environmental Management System

ISO 45001:2018 – Occupational Health and Safety Management System



## COMPANY'S PARTNERSHIPS AND MEMBERSHIP IN ASSOCIATIONS

GRI 2-28

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.



**IAEA**  
International Atomic Energy Agency  
INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)

IAEA, the International Atomic Energy Agency, is the world's leading intergovernmental organisation for scientific and technical cooperation in the nuclear area.



**ATAMEKEN**  
ATAMEKEN NATIONAL CHAMBER OF ENTREPRENEURS OF THE REPUBLIC OF KAZAKHSTAN ON TURKESTAN REGION

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**

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.



THE COMPANY HAS IDENTIFIED 8 PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS (UN SDGS):



BUSINESS MODEL



**MISSION**

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



**VALUES**

Company's corporate values:

- ▶ safety;
- ▶ responsibility;
- ▶ professionalism;
- ▶ development;
- ▶ our team.



**VISION**

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

VALUE CREATION

EMPLOYEES

*The Company's headcount is 745 employees.*

Inkai employees are the core value of the Company, which both the daily operations and the sustainable development of the Company depend on. Inkai strives to create the best working conditions for its employees, provide them with social benefits and preferences, and assist in continuous learning and development.

PARTICIPANTS

*Ownership interest in Company: Kazatomprom – 60%. Cameco – 40%.*

The Company carries out its activities in the interests of the participants and is committed to improve operational efficiency in order to increase the authorized capital.

SUBSIDIARIES AND ASSOCIATES

*Inkai is one of the participants of Uranenergo LLP.*

Inkai contributes to the development and social stability of its subsidiary, Uranenergo LLP, in order to increase profits and ensure the strategic development of the Company.

STATE

Inkai, as the holder of the Subsoil Use Contract, interacts with state authorities on the implementation of legal requirements and the proper use of the country's resources and uranium mining.

PUBLIC ORGANISATIONS AND LOCAL POPULATION

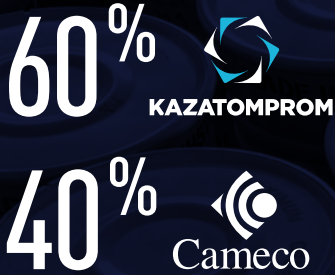
The Company closely cooperates with public organisations and contributes to the development of relationships with local communities, providing the population with jobs, observing contractual obligations to maintain the local ecosystem and develop the social environment.

Geological study and exploration of uranium	Uranium mining by in-situ leaching at the Inkai deposit.
Uranium mining	
Wholesale trading of ferrous and non-ferrous metal ores	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.
Production of other chemical products	Concentration of uranium on the process of sorption on an ion-exchange anion exchanger (sor bent). Desorption of uranium and production of finished products in the form of export quality uranium peroxide.

LIST NUMBER OF EMPLOYEES



SHARE OF PARTICIPATION IN JV INKAI LLP

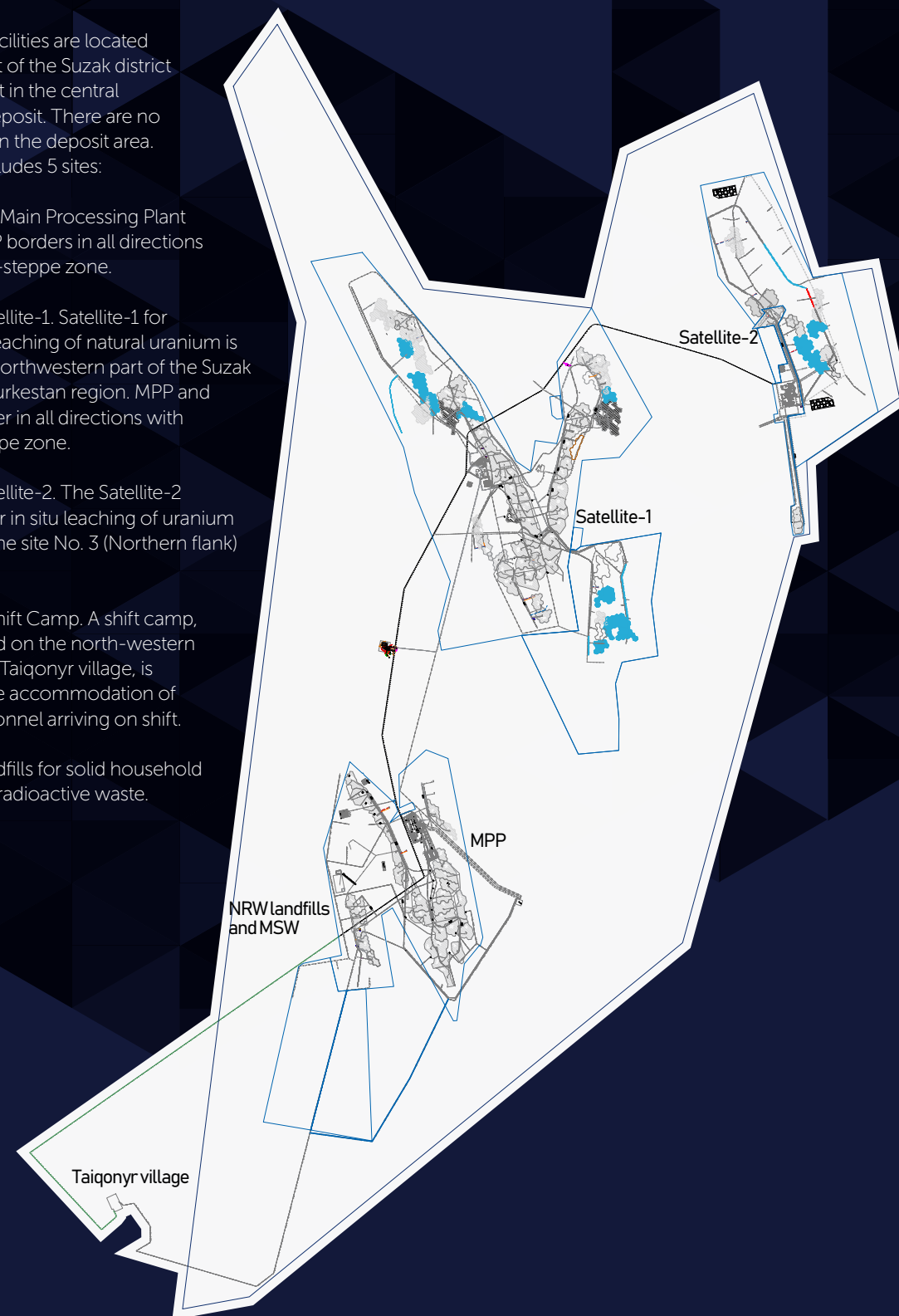




## GEOGRAPHY OF ACTIVITIES

Our production facilities are located in the western part of the Suzak district of Turkestan oblast in the central part of the Inkai deposit. There are no large settlements in the deposit area. The enterprise includes 5 sites:

- Site No. 1 is the Main Processing Plant (MPP). The MPP borders in all directions with the desert-steppe zone.
- Site No. 2 is Satellite-1. Satellite-1 for underground leaching of natural uranium is located in the northwestern part of the Suzak district of the Turkestan region. MPP and Satellite-1 border in all directions with the desert-steppe zone.
- Site No. 3 is Satellite-2. The Satellite-2 industrial site for in situ leaching of uranium production at the site No. 3 (Northern flank) of Inkai deposit.
- Site No. 4 is a Shift Camp. A shift camp, which is located on the north-western outskirts of the Taiqonyr village, is intended for the accommodation of the Inkai's personnel arriving on shift.
- Site No. 5 is landfills for solid household waste and low radioactive waste.



## RISKS AND INTERNAL CONTROL

GRI 2-12

### OUR GUIDING DOCUMENTS:

- Law of the Republic of Kazakhstan "On Joint Stock Companies" dated May 13, 2013 No. 415-II;
- International Standard ISO 31000:2018;
- COSO Standards;
- Risk Management Policy;
- Regulation on Internal Control System;
- Insurance Policy;
- Banking Policy;
- Regulation on Ensuring Business Continuity.

Internal environment



External environment

The risk management system of Inkai LLP was developed in accordance with ISO 31000:2018 international standards and COSO standards. The key role in building and implementing an effective risk management system in the Company is played by the Supervisory Board, the Audit Committee, the Risk Committee, the General Director, as well as the heads of all structural units. An equally important contribution is made by the Company's Risk Officer, who is responsible for coordinating strategic projects in terms of risk disclosure and analysis, as well as for ensuring that risk management is integrated into other business processes and developing a risk culture within the Company.

At the same time, the current risk management system provides for the involvement of each employee of the Company in the risk management process, so that when making both strategic decisions and when performing daily operational tasks, employees are guided by approved risk management principles.



## THE COMPANY'S MAIN RISK MANAGEMENT PRINCIPLES ARE:

**INTEGRITY** – consideration of the elements of the overall risk of the Company and its enterprises in the context of the RMS;

**OPENNESS** – a ban on considering the RMS as autonomous or separate;

**STRUCTURALITY** – the complex risk management system has a clear structure;

**AWARENESS** – risk management is accompanied by the availability of objective, reliable and up-to-date information;

**CONTINUITY** – the risk management process is carried out on an ongoing basis;

**CYCLICITY** – the risk management process is a constantly repeating built cycle of its main components;

**CONTINUOUS IMPROVEMENT** – improvement of risk management work, including information systems, procedures and technologies, taking into account strategic objectives, changes in the external environment, and innovations in the global risk management practice.

The goals set by the Company to ensure business continuity in the risk management process are reflected in the Risk Management Policy. Thus, the main goals are the following:

- ▶ Protecting the interests of the Participants;
- ▶ Ensuring the strategic and operational sustainability of the Company;
- ▶ Reducing the losses of the Company in the event of adverse risks for it;
- ▶ Development and application of uniform and consistent approaches to identifying, assessing and managing the risks of the Company, simplifying the procedures for exchanging information about risks vertically (management) and horizontally (experience exchange).

Registers and risk maps of the Company are developed and approved on an annual basis. The Company's risks are classified into the following categories:

- ▶ Strategic risks;
- ▶ Financial risks;
- ▶ Legal risks;
- ▶ Operational risks;
- ▶ Investment risks.

For the purpose of ensuring the sustainable development of the Company's activities, Inkai pays special attention to environmental, social and governance risks (according to the ESG components).

## THE TABLE BELOW PRESENTS THE MAIN ESG RISKS AND MEASURES TO RESPOND TO THEM

### MAIN ESG RISKS

UNAUTHORIZED STRIKES OF WORKERS, LOCAL POPULATION IN THE REGION



OCCUPATIONAL INJURIES



ENVIRONMENTAL RISK



### RISK RESPONSE MEASURES

- ▶ Allocation of funds for social projects
- ▶ Arrangement of additional conditions for the leisure of mine workers
- ▶ Fulfillment of the tasks of the Action Plan on social partnership, internal communications and improvement of the level of social stability within the Company
- ▶ Improvement of the quality of health insurance services
- ▶ Improving the conditions for passing the annual medical examination

- ▶ Conducting audits within the IMS Audit Program for compliance with ISO 45001 and legal requirements
- ▶ Accident investigations with the identification and elimination of root causes
- ▶ OHS training, employee briefing, In-depth familiarization with the specifics of production (Welcome training).
- ▶ Regular practical emergency drills in accordance with the approved ARP
- ▶ Training newly hired employees to conduct health and safety checks, identify and classify Near Miss
- ▶ Performance of OHS inspections in the area of production/occupational safety in accordance with the regulation on production control
- ▶ Promotion of the OHS culture through the placement of various information materials at the sites and the use of LED screens, holding BBS, cascading the principles of Vision Zero

- ▶ Compliance with the program of production environmental control (PEC) and monitoring of emissions into the environment;
- ▶ Strict observance of fire safety rules, periodic monitoring of the performance of fire extinguishing systems;
- ▶ Timely maintenance of boiler houses, diesel power plants, compressors, vehicles and repair work
- ▶ Construction of treatment facilities with biological treatment of wastewater at the OPP, Satellite-1, Satellite-2 sites and in the rotational camp, with a treatment efficiency of at least 85%, allowing for the discharge of wastewater to filtration fields within the MPC limits.
- ▶ Implementation of the Action Plan to prevent leaks and spills of technological solutions in JV Inkai LLP.



## INTERNAL CONTROL SYSTEM

For minimising process risks, the Company effectively operates an internal control system aimed at preventing risks in three key areas:

- ▶ authenticity of financial statements;
- ▶ compliance with laws and regulations;
- ▶ ensuring the efficiency and rationality of operating activities.

The Company's internal control system consists of five interrelated components, taking into account the recommended 17 principles of COSO "Internal Control – Integrated Model" and includes five main components:

- ▶ control environment;
- ▶ risk assessment;
- ▶ control procedures;
- ▶ information and communications;
- ▶ monitoring.

All five components are closely interconnected and function systematically to prevent the Company's risks and ensure the smooth performance of activities.

The internal control system defines and distinguishes the roles of management bodies, heads and employees of structural units. Thus, the Supervisory Board oversees the internal control system, the Audit Committee monitors and evaluates the effectiveness of the system, the Company's management develops and implements internal control processes and procedures. The distribution of responsibility among structural units is based on the system of "three lines of defense", where the first line of defense is the process owners and employees of the Company, the second line of defense is the subdivision responsible for ensuring internal control, and the third line of defense is the Audit Committee. The functions and roles of each line are described in detail in the Regulation on the Company's internal control system.

## INTERNAL AUDIT

For conducting objective internal risk-based audits, the Company has appointed an internal auditor who is functionally accountable to the Audit Committee. The Internal Auditor provides independent and objective information to the Audit Committee on a regular basis, thereby assisting the Company's efficient operation and the proper functioning of risk management and internal control systems.

**The Internal Auditor develops an Audit Plan on an annual basis, which is approved by the Audit Committee. Thus, below is an example of audit engagements defined for the current year:**

- ▶ testing controls during the Financial Closure and Financial Statements preparation process;
- ▶ analysis of the implementation of the "Construction of the refinery shop" project;
- ▶ assessment of the effectiveness of controls in the HR management process;
- ▶ assessment (diagnostics) of the risk management and internal control systems;
- ▶ monitoring recommendations that have been given before.

## EXTERNAL AUDIT

The financial statements of the Company are a part of the consolidated statements of the participant, NAC Kazatomprom JSC. An independent auditor conducted an audit of the Company's financial statements for 2022 and assured their accuracy.



# SUSTAINABILITY STRATEGY

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*The Company is systematically working on developing the quality of sustainable development management. The Corporate Social Responsibility Policy is designated to implement the strategy in such a way that there is a positive effect on the local population, the environment and the long-term plans of the company.*

The Corporate Social Responsibility Policy establishes the following strategic goals:

- ▶ achieving and maintaining a social stability rating not lower than the "high" level through the implementation of a set of necessary measures and projects. Studies to determine the social stability rating should be carried out by third-party organizations according to the methodology of the SWF Samruk-Kazyna JSC group;
- ▶ increasing labor productivity by creating and developing comfortable and safe working and leisure conditions, maintaining health, increasing the motivation of the Company's employees, and

preventing factors that negatively affect the social mood of employees;

- ▶ achievement and support of recognition by the local community as a socially responsible enterprise through the implementation of a set of necessary measures and projects agreed with local executive bodies and/or public organisations.

As part of its health, safety, environmental and quality policy, Inkai is committed to initiating and participating, where appropriate, in global and regional environmental programs and sustainable development projects, and to apply ESG principles in its activities.

## RISK MANAGEMENT IN THE AREA OF SUSTAINABLE DEVELOPMENT

Regular risk analysis allowed the Company to feel confident in the face of the 2022 challenges. Sustainability risks play the most significant role in the Company's activities, as they cover all key areas of Inkai and include the well-being and safety of employees and all those involved, the impact on the region of presence, economic and financial stability and the management system, which in turn introduces and integrates the values of sustainable development into the Company's activities.

All employees at different levels are involved in the risk management system, but the main responsibility for the introduction and implementation of the principles of sustainable development and risk management in this area lies with the governing bodies and the top management of the Company.

The Company takes into account the following factors when evaluating the potential impact of activities:

- ▶ opinions of stakeholders, including vulnerable groups of the population that may influence or be influenced by the Company's activities;
- ▶ potential conflicts that could jeopardize the Company's operations.

## UN SUSTAINABLE DEVELOPMENT GOALS

The choice of priority areas for sustainable development is based on the principle of materiality: we assess where the impacts of the organization on society are the most significant, and we first of all work particularly on these impacts. In addition, Inkai ensures the consistency of its work with the UN Sustainable Development Goals, which represent the main global challenges for the modern

world. The Company, as part of its operations, seeks to make a significant contribution to solving these global and local issues.

Recognizing the importance of all 17 UN SDGs, we have adopted 8 of them that are most relevant to the Company and strive to contribute to their implementation.



**3 GOOD HEALTH AND WELL-BEING**  
Ensure healthy lives and promote well-being for all at all ages

### OUR CONTRIBUTION:

- ▶ providing medical insurance to all employees of the Company;
- ▶ supplying employees with PPE;
- ▶ following the 7 OHS golden rules of Inkai;
- ▶ supporting projects aimed at promoting a healthy lifestyle.

### MAIN ACTIVITIES FOR 2022–2023:

- ▶ 705 employees completed mandatory medical examination in 2022;
- ▶ accidents successfully prevented in 2022;
- ▶ 1,465 inspections of facilities were carried out in 2022.



**7 AFFORDABLE AND CLEAN ENERGY**  
Ensure access to affordable, reliable, sustainable and modern energy for all

### OUR CONTRIBUTION:

- ▶ implementing initiatives to reduce electricity consumption;
- ▶ conducting energy audits and applying the recommendations received;

### MAIN ACTIVITIES FOR 2022–2023:

- ▶ phased replacement of fluorescent lamps;
- ▶ phased replacement of LED spotlights;
- ▶ introduction of capacitor units.



**4 QUALITY EDUCATION**  
Ensure inclusive and quality education for all and promote lifelong learning

### OUR CONTRIBUTION:

- ▶ providing financial support to employees who wish to obtain professional education;
- ▶ supporting partnerships with educational institutions;
- ▶ allocating grants for the children of employees.

### MAIN ACTIVITIES FOR 2022–2023:

- ▶ 201 employees completed training in 2022



**8 DECENT WORK AND ECONOMIC GROWTH**  
Promote inclusive and sustainable economic growth, employment and decent work for all

### OUR CONTRIBUTION:

- ▶ creating safe working conditions;
- ▶ creating jobs in the region of presence;
- ▶ deducting taxes and other obligations to the state budget.

### MAIN ACTIVITIES FOR 2022–2023:

- ▶ The staff turnover rate in 2022 was 5.7%;
- ▶ 72 employees hired in 2022.



**Build resilient infrastructure, promote sustainable industrialisation and foster innovation**

#### OUR CONTRIBUTION:

- ▶ contributing to the socio-economic development of the village of Taiqonyr;
- ▶ conducting research to determine the index of social stability;
- ▶ we implemented the 1C UPP financial data automation system, the Y-Soft SafeQ printing process optimization system, ATC Alcatel, Clever Touch, TrueConf communication systems and the "Knowledge Base" training portal.

#### MAIN ACTIVITIES FOR 2022–2023:

- ▶ The 4g network coverage was arranged for the residents of Taiqonyr village;



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

#### OUR CONTRIBUTION:

- ▶ evaluating and reporting on greenhouse gas emissions;
- ▶ carrying out industrial environmental monitoring of emission sources

#### MAIN ACTIVITIES FOR 2022–2023:

- ▶ installation of a solar system for heating the DHW line;
- ▶ reduction of GHG emissions (Scope 1) to 815 tons of CO<sub>2</sub>-eq.
- ▶ start recuperator on compressor GA-315.



**Ensure sustainable consumption and production patterns**

#### OUR CONTRIBUTION:

- ▶ implementing the project "Lean Manufacturing". The concept of the project is to increase labour productivity, reduce costs and losses, and improve product quality;
- ▶ managing wastes through the reduction, removal and disposal.

#### MAIN ACTIVITIES FOR 2022–2023:

- ▶ each employee of the Company has the right to initiate an improvement or modernization project, which includes safety, work and product quality, cost and labor productivity;
- ▶ The Vinkom corporate portal provides automation of production processes and includes the Lean Production section.



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

#### OUR CONTRIBUTION:

- ▶ there are no reserves or other specially protected natural lands in the territories of our production projects or the territories bordering them;
- ▶ we take into account the issues of impact on biodiversity when planning planned activities;
- ▶ we constantly monitor the impact of the project on flora and fauna;
- ▶ we make maps of habitats, on which various places (environments) of habitats disturbed by mining are outlined.

#### MAIN ACTIVITIES FOR 2022–2023:

- ▶ regular clean-up events for cleaning the territory from garbage and dead wood;
- ▶ creation of a nursery farm for tree seedlings, landscaping of a rotational camp and a mine;
- ▶ on an annual basis, planting saxaul on an average of 2 hectares per year on the territory of the mining allotment;
- ▶ environmental monitoring.

# STAKEHOLDER ENGAGEMENT

GRI 2-29, 413-1

Inkai believes that the guarantor of improving the activities and increasing the production and economic indicators of the Company are the people who influence its activities. Continuous dialogue with stakeholders allows us to respond to emerging risks in a timely manner and make appropriate decisions to prevent them.

The Company has built a transparent stakeholder engagement mechanism and developed a Stakeholder Engagement Plan that displays a list of key stakeholders, an assessment of the importance of each stakeholder for the Company, the degree of influence of the Company on the stakeholder and the level of interaction of the Company with stakeholders, as well as measures to inform stakeholders.

STAKEHOLDER GROUP	KEY MATTERS	ENGAGEMENT METHODS
<b>PARTICIPANTS</b>	<ul style="list-style-type: none"> <li>▶ Compliance with the interests of the participants</li> <li>▶ Inkai development program</li> <li>▶ Increasing the authorized capital</li> <li>▶ Dividends</li> </ul>	<ul style="list-style-type: none"> <li>▶ Reporting</li> <li>▶ Holding meetings, business correspondence</li> <li>▶ Posting up-to-date public information on the corporate website</li> <li>▶ Discussion by the Supervisory Board and other governing bodies of the progress in meeting the expectations of participants</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>▶ Company's solvency</li> <li>▶ Long-term contracts</li> <li>▶ Local content in purchased goods, works, services (GWS)</li> <li>▶ GWS quality</li> </ul>	<ul style="list-style-type: none"> <li>▶ Posting up-to-date public information on the corporate website</li> <li>▶ Negotiations, correspondence</li> <li>▶ Contracts</li> <li>▶ Sustainability report</li> </ul>
<b>CONSUMERS</b>	<ul style="list-style-type: none"> <li>▶ Long-term mutually beneficial relationship</li> <li>▶ Market share/Market presence</li> <li>▶ Labeling of products and services</li> <li>▶ Marketing communications</li> <li>▶ Minimisation of environmental emissions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Posting up-to-date public information on the corporate website</li> <li>▶ Negotiations, correspondence</li> <li>▶ Contracts</li> <li>▶ Sustainability report</li> </ul>
<b>SUBSIDIARIES AND ASSOCIATES</b>	<ul style="list-style-type: none"> <li>▶ Growth of profit and annual dividends</li> <li>▶ Social stability in subsidiaries and associates</li> <li>▶ Training and education</li> <li>▶ Increasing the level of production safety culture</li> <li>▶ Market share/Market presence</li> <li>▶ Labeling of products and services</li> </ul>	<ul style="list-style-type: none"> <li>▶ Participation in meetings of governing bodies</li> <li>▶ Posting up-to-date public information on the corporate website</li> <li>▶ Negotiations, correspondence</li> <li>▶ Contracts</li> <li>▶ Sustainability report</li> </ul>

<b>MANAGEMENT AND PERSONNEL</b>	<ul style="list-style-type: none"> <li>▶ Management and personnel efficiency</li> <li>▶ Management of the Company's current activities; making operating decisions</li> <li>▶ Labor relations with the employer</li> <li>▶ Direct performance of work under an employment contract</li> <li>▶ Social stability within the staff team</li> <li>▶ Training and education</li> <li>▶ Increasing the level of production safety culture</li> </ul>	<ul style="list-style-type: none"> <li>▶ Informing about the current activities of the Company through all available communication channels</li> <li>▶ Negotiations, correspondence</li> <li>▶ Labor relations</li> <li>▶ Employer's acts</li> <li>▶ Sustainability report</li> </ul>
<b>GOVERNMENT AUTHORITIES</b>	<ul style="list-style-type: none"> <li>▶ Compliance with the requirements</li> <li>▶ Business stability and resilience</li> <li>▶ Creating and maintaining jobs</li> <li>▶ Representing the economic interests of the country in the international arena</li> <li>▶ Increasing the level of energy and resource efficiency of production</li> <li>▶ Minimisation of environmental emissions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Informing about the current activities of the Company through all available communication channels</li> <li>▶ Negotiations, correspondence</li> <li>▶ Reporting</li> <li>▶ Sustainability report</li> <li>▶ Monitoring of legislative changes</li> </ul>
<b>LOCAL EXECUTIVE BODIES</b>	<ul style="list-style-type: none"> <li>▶ Contribution to the sustainable development of the regions of presence</li> <li>▶ Modernisation and development of the uranium industry, taking into account the current socio-economic situation and the tasks of regional and industry development</li> <li>▶ Creating and maintaining jobs</li> <li>▶ Social stability in the region of operations</li> <li>▶ Sponsorship and charity/Indirect economic impact</li> <li>▶ Increasing the level of energy and resource efficiency of production</li> <li>▶ Minimisation of environmental emissions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Informing about the current activities of the Company through all available communication channels</li> <li>▶ Negotiations, correspondence</li> <li>▶ Reporting</li> <li>▶ Sustainability report</li> </ul>
<b>WORKFORCE REPRESENTATIVES</b>	<ul style="list-style-type: none"> <li>▶ Promoting social stability</li> <li>▶ Regulation of labor relations and conflict resolution</li> <li>▶ Respect and protection of workers' rights</li> </ul>	<ul style="list-style-type: none"> <li>▶ Informing about the current activities of the Company through all available communication channels</li> <li>▶ Negotiations, correspondence</li> <li>▶ Sustainability report</li> </ul>
<b>Mass media</b>	<ul style="list-style-type: none"> <li>▶ Informing stakeholders about the Company's activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Providing materials for publication</li> <li>▶ Sustainability report</li> </ul>

<b>PUBLIC ORGANISATIONS AND LOCAL POPULATION</b>	<ul style="list-style-type: none"> <li>▶ Creation of a favorable environment for the Company's activities</li> <li>▶ Minimisation of emissions to the environment (emphasis on the quality of drinking water)</li> <li>▶ Assistance in solving problems of the village infrastructure</li> <li>▶ Assistance in finding employment for village residents</li> <li>▶ Social stability among the residents of the village</li> <li>▶ Assistance in solving transport problems for access to the district center</li> <li>▶ Assistance in solving problems of the medical care system</li> </ul>	<ul style="list-style-type: none"> <li>▶ Meetings with the population and leaders of public organisations</li> <li>▶ Distribution of information materials</li> <li>▶ Installation of an information display board to display up-to-date information on water quality, gamma background and other environmental indicators in the Taiqonyr village</li> <li>▶ Sustainability report</li> </ul>
<b>BUSINESS COMMUNITIES</b> (Associations, National Chamber of Entrepreneurs, ALE)	<ul style="list-style-type: none"> <li>▶ Membership fee</li> <li>▶ Involvement in business community issues</li> <li>▶ Participation in the process of developing legislative and other regulatory rules for business operations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Participation in business community conferences</li> <li>▶ Negotiations, correspondence</li> <li>▶ Posting up-to-date public information on the corporate website</li> <li>▶ Sustainability report</li> </ul>
<b>INTERNATIONAL ORGANISATIONS</b>	<ul style="list-style-type: none"> <li>▶ Participation in international treaties, investments</li> <li>▶ Access to key legal and political resources of organisations</li> <li>▶ Possibilities of applying international standards, guidelines, methodology in the practice of the Company</li> <li>▶ Opportunities to exchange experience, improve competence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Posting on the corporate website of up-to-date public information about the Company as it becomes available</li> <li>▶ Negotiations, correspondence</li> <li>▶ Sustainability report</li> </ul>





# ENVIRONMENTAL RESPONSIBILITY

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## HIGHLIGHTS:

- ▶ total greenhouse gas emissions (Scope 1) were **5,815 tons of CO<sub>2</sub>-eq** in 2022;
- ▶ the volume of energy consumption from non-renewable fuel sources in 2022 amounted to **78,995 GJ**;
- ▶ **602.5 megaliters** of total amount of water consumed in 2022;
- ▶ **197 tons** of waste were sent for disposal;
- ▶ there are no specially protected natural lands in the Inkai production area;
- ▶ Inkai does not negatively impact biodiversity value.

## GOALS:

- ▶ ensuring compliance with the requirements of the environmental legislation of the Republic of Kazakhstan;
- ▶ minimising the impact of the production processes of the nature user on the environment and human health;
- ▶ increasing the efficiency of the use of natural and energy resources;
- ▶ prompt proactive response to emergency situations;
- ▶ increasing the level of compliance with environmental requirements;
- ▶ increasing the production and environmental efficiency of the environmental protection management system.

## OUR GUIDING DOCUMENTS:

- ▶ legislation of the Republic of Kazakhstan;
- ▶ Environmental Code of the Republic of Kazakhstan and other laws and regulations in the area of environmental protection of the Republic of Kazakhstan;
- ▶ Occupational Health, Safety, Environment and Quality Policy;
- ▶ requirements of international standards adopted by Inkai.

We strive to become a world-class leader in the nuclear industry in the area of occupational health and safety, environmental protection (EP) and quality in all activities based on measurable actual results. Technologies and mining methods used at the Company's production sites have the least impact on the ecological environment of the region.

The management of environmental responsibility issues at Inkai is assigned to the OHS Department, which reports to the General Director.



The Company is certified for compliance with the international standard ISO 14001-2015 – "Environmental Management Systems".

GRI 2-23, 2-24, 2-27, 307-1

The Company has approved the Action Plan for Environmental Protection for 2021–2030 and reports on the implementation of measures on a quarterly basis.

The Action Plan for Environmental Protection for 2021–2030 defines the following 8 priority areas:

1. air basin protection;
2. protection and rational use of water resources;
3. protection of land resources;
4. production and consumption waste management;
5. radiation, biological and chemical safety;
6. protection of flora and fauna;
7. research, survey and other developments;
8. environmental education and propaganda.

For each area, the categories of necessary activities, their regularity and expected environmental effect were determined. Production monitoring is an element of production environmental control, performed to obtain objective data at regular intervals.

As part of the implementation of production environmental control, the following is performed:

- ▶ operational monitoring;
- ▶ monitoring of emissions into the environment;
- ▶ impact monitoring.

Based on Chapter 14 of the Environmental Code of the Republic of Kazakhstan for industrial sites, the Company has developed a Production Environmental Control Program (PEC) for the period up to 2030.

The Production Environmental Control Program includes:

1. a mandatory list of parameters monitored in the process of production monitoring;
2. the period, duration and frequency of production monitoring and measurements;
3. information about the methods used for conducting production monitoring;
4. sampling points and measurement locations;
5. methods and frequency of record keeping, analysis and reporting of data;
6. the schedule of internal audits and the procedure for eliminating violations of the environmental legislation of the Republic of Kazakhstan, including internal tools for responding to non-compliance;
7. mechanisms for ensuring the quality of instrumental measurements;
8. protocol of actions in emergency situations;
9. organizational and functional structure of employees' internal responsibility for carrying out production environmental control.

Within the PEC, instrumental (laboratory) measurements and analyzes are carried out for chemical and radiological contamination of emissions, discharges, ground and surface (artesian) waters, and soil in accordance with an agreement with a specialized organisation. At the same time, monitoring is carried out through observation wells of geotechnological polygons located outside the contours of the blocks and inside the blocks on the Uvanas aquifer.

## ENVIRONMENTAL MONITORING

Timely arrangement of work to ensure the monitoring of pollutants is the responsibility of the Company. We ensure the timely execution of an agreement with a specialized organisation for monitoring emissions and (or) discharges of pollutants. Sampling, storage, transportation and preparation for analysis are carried out in accordance with the approved standard of NAC Kazatomprom JSC 5.3.3-2017 "Typical program for production environmental control of an underground well leaching enterprise".

## INVESTMENTS IN NATURE PROTECTION ACTIVITIES

The Company annually allocates a significant amount of investment in nature protection activities. In 2022, 141 million tenge was invested in environmental activities, while in the first half of 2023, 4.5 million tenge was allocated.

## INCREASING THE CULTURE OF ENVIRONMENTAL PROTECTION

Inkai regularly monitors compliance with the standards and requirements of the legislation of the Republic of Kazakhstan and the Subsoil Use Contract. In this regard, no environmental fines, sanctions and litigation against the Company have been identified for 2022–2023.



## ACTION PLAN FOR 2023:

- ▶ Construction of stations for the biological treatment of municipal wastewater at the MPP, Satellite-1 and Satellite-2 sites.
- ▶ Construction of a car wash at the MPP site to prevent pollution of the land cover.
- ▶ Planting saxaul in the mine area to prevent desertification and land degradation.
- ▶ Construction of a decontamination facility to reduce the volume of low radioactive waste (LRW) generation at the MPP and Satellite-1 sites.
- ▶ Conducting research work "Comprehensive research on the protection of birds from the impact of power lines".
- ▶ Carrying out research work "Development of measures in terms of ensuring the environmental foundations of sustainable development for waste management (ZERO WASTE), the transition to a green economy".
- ▶ Carrying out research work "Introduction and implementation of the Program of integrated environmental and social research".
- ▶ Carrying out industrial monitoring of the environment at sources of emissions, discharges, as well as at the border of the SPZ.
- ▶ Holding clean-up events for cleaning the territory from garbage, as well as landscaping the rotational camp and production facilities
- ▶ Conducting training courses, competitions at production sites on environmental protection issues.
- ▶ Development of promotional materials on environmental protection.
- ▶ Construction of equipped sites for temporary collection and storage of municipal waste.
- ▶ Implementation of measures to reduce greenhouse gas emissions (decarbonization).
- ▶ Carrying out activities for the disposal of production and consumption waste with special organizations.
- ▶ Carrying out works on dust suppression on technological roads of the enterprise.
- ▶ Installation of catalytic converters for purification of exhaust gases in motor vehicles.
- ▶ Carrying out research work "Reuse of drill cutting waste".

## IN 2022, THE COMPANY IMPLEMENTED THE FOLLOWING MEASURES IN THE ENVIRONMENTAL PROTECTION AREA:

- ▶ The "Nature in Focus" competition was held, dedicated to World Environment Day, in which 87 employees of the Company took part. In addition to a photo contest, the mine hosted a competition under the slogan "Give waste a second life!", the purpose of which was to make products and things from waste. Additionally a presentation was organised on the topic "7 simple tips to help nature".
- ▶ A clean-up event was held to clean the territory from garbage and dead wood, create a nursery for tree seedlings, landscaping the rotational camp and the mine;
- ▶ A mobile building for radiation safety and environmental protection was put into operation to perform various radioecological works;
- ▶ A plant for crushing plastic waste was put into operation;
- ▶ An event was held to plant saxaul on the territory of the mine to prevent desertification and land degradation on an area of 2 hectares;
- ▶ Production monitoring of the environment was carried out;
- ▶ The environmental protection raining was held at production sites;
- ▶ Measures have been taken to dispose of production and consumption waste;
- ▶ In the summer period, work was carried out to suppress dust on the technological roads of the enterprise.





# ATMOSPHERIC EMISSIONS

GRI 305-1, 305-4, EM-MM-110a.1, EM-MM-110a.2

Inkai supports the strategy of the Republic of Kazakhstan to achieve carbon neutrality by 2060. The Company shares UN Sustainable Development Goal 13 and the Paris Agreement, which call for urgent action to combat climate change and its impacts. In this regard, the Company pays special attention to reducing greenhouse gas emissions and reducing the carbon footprint, the use of environmentally friendly and alternative energy sources, and measures to minimise the environmental impact in the supply chain.

There are 125 emission sources at production facilities, including 60 organized ones. The main sources of impact on the atmospheric air are the technological equipment of industrial sites, including boiler houses, diesel power plants, compressors, warehouses for sulfuric acid, ammonium nitrate.

The main fuel used for boilers is diesel fuel. The automatic mode of operation of boiler houses, according to the operational performance and heat load, ensures the completeness of fuel combustion, prevents valley emissions and maintains the optimal emission of

combustion products. Purification of exhaust gases from boiler plants is not provided for by the construction project.

The fugitive sources of emissions in the mine area are the settling unit, sand pits, settling pits and sludge reservoirs.

Every quarter, jointly with a specialized laboratory, production environmental monitoring of emission sources is carried out. If exceedance standards are identified, then an action plan will be drawn up to prevent excesses. Also, the heads of the sites, according to the schedule plan, carry out preventive maintenance of their technological equipment, the purpose of which is the trouble-free and safe operation of the equipment, as well as compliance with environmental parameters during operation.

**Measures to reduce direct greenhouse gas emissions:**

- compliance with established standards for pollutant emissions;
- carrying out regular monitoring of emissions;
- Continuous improvement of emissions management activities.

GREENHOUSE GAS EMISSIONS	½ 2023	2022
Direct greenhouse gas emissions (Scope 1), tons of CO <sub>2</sub> -eq	3,139	5,815
Specific greenhouse gas emissions (Scope 1), tons of CO <sub>2</sub> -eq / tons of uranium)	1.97	1.82

## MONITORING OF ATMOSPHERIC EMISSIONS

GRI 305-7, EM-MM-120a.1

Minimising emissions of pollutants into the atmosphere is an important aspect of Inkai's nature protection activities. The Company strives to reduce the negative impact of its own production on air quality by constantly introducing technological improvements.

When making decisions related to air quality, the Company tries to take into account the interests and expectations of all stakeholders. Interaction with residents of a nearby settlement, authorized state regulatory bodies, local executive bodies, public environmental organisations takes place by familiarizing them with project documentation

on planned activities during public hearings, involving stakeholders during sampling and familiarizing them with the results of analyzes with the involvement of independent laboratories.

In 2022, the volume of pollutant emissions into the atmosphere amounted to 86.2 tons. The growth of pollutant emission volumes relates to the fact that the Company adjusted the draft maximum allowable emissions (MAE) due to the addition of new sources (compressor, diesel power plant) and expansion of drilling operations.

EMISSIONS OF POLLUTANTS, tons	July 01, 2023	2022	2021	2020
NOx emissions	13.4	15.9	14.4	2.8
SOx emissions	13.8	18.7	9.3	1.6
Emissions of solids	6	10.1	10.1	6.3
CO emissions	32.3	34.6	26.5	10.5
Volatile organic compounds	3.9	1.7	2.6	4.7
Other	14.3	5.2	8.6	0.8
Total	83.7	86.2	71.5	26.7

The Company plans to switch the hot water boilers in the boiler house from diesel fuel to liquefied gas, as well as the construction of a photoelectric power plant to supply power to the camp sites.





# ENERGY CONSUMPTION AND ENERGY EFFICIENCY

GRI 302-1, 302-3, EM-MM-130a.1

## OUR GUIDING DOCUMENTS:

- ▶ Law of the Republic of Kazakhstan "On Electric Power Industry" dated July 9, 2004 No. 588-II;
- ▶ Law of the Republic of Kazakhstan "On Energy Saving and Energy Efficiency Improvement" dated January 13, 2012 No. 541-IV;
- ▶ Rules for the use of electrical energy, approved by the Order of the Minister of Energy of the Republic of Kazakhstan dated February 25, 2015 No. 143;
- ▶ Order of the Minister for Investments and Development of the Republic of Kazakhstan dated March 31, 2015 No. 394 "On approval of energy consumption standards"; No. 407 "Requirements for the energy efficiency of technological processes, equipment, including electrical equipment" (as amended and supplemented as of June 05, 2018); No. 406 "On establishing requirements for the energy efficiency of buildings, structures, constructions and their elements that are part of the building envelope"; No. 399 "Rules for determining and revising energy efficiency classes of buildings, structures, constructions" (as amended and supplemented as of June 05, 2018); No. 389 "On establishing requirements for the energy efficiency of transport";
- ▶ Standard of the Republic of Kazakhstan ISO 50001-2019 "Energy management systems. Requirements and instructions for use".

## ENERGY EFFICIENCY GOALS

- ▶ implementation of measures based on the results of the energy audit;
- ▶ implementation of the recommendations of the conducted energy audit;
- ▶ efficient use of diesel fuel;
- ▶ optimisation of energy-intensive equipment modes;
- ▶ efficient use of electric power;
- ▶ preparation of annual plans of energy saving measures;
- ▶ introduction of alternative sources of electricity;
- ▶ optimisation of technological processes;
- ▶ efficient planning of diesel fuel reserves.

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 VOLUME OF ENERGY CONSUMED FROM NON-RENEWABLE FUEL SOURCES, GJ

Fuel types*	½ 2023	2022	2021	2020
Diesel fuel	38,893	72,697	70,733	79,204
Gasoline	3,012	6,298	4,947	6,372
Total	41,905	78,995	75,680	85,576

## ELECTRICITY CONSUMPTION

	½ 2023	2022
Electricity, GJ	70,265	168,056
Specific electricity consumption, GJ / ton of products	44.1	52.5

## RENEWABLE ENERGY SOURCES

Inkai currently does not directly generate or consume energy from renewable sources. Nevertheless, the Company is considering the option of a partial or

complete transition to renewable energy sources in the long term.

## REDUCING ENERGY CONSUMPTION

GRI 302-4

In pursuance of the state policy in the area of energy saving and to determine the potential for energy saving and energy efficiency improvement, the Company conducts energy audits every five years. Following the results of the last energy audit (2020), a conclusion was formed and issued on energy saving and energy efficiency improvement of the Company.

Recommendations based on the results of the energy audit are divided into the following 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.

According to the recommendations, the Company has developed an Energy Saving and Efficiency Action Plan, which includes:

1. Use of renewable sources;
  - ▶ Installation of solar water heaters;
2. Energy saving measures;
  - ▶ Phased replacement of fluorescent lamps;
  - ▶ Phased replacement of LED spotlights;
  - ▶ Introduction of capacitor units;
3. Energy equipment measures;
  - ▶ Installation of compressor recuperator.

As a result of the implementation of the Company's initiatives in the first half of 2022, it was possible to reduce the volume of electricity consumption by 1,546 GJ, which is 2 times more than the same indicator for 2020 (885 GJ).

# WATER CONSUMPTION

## OUR GUIDING DOCUMENTS:

- ▶ Water Code of the Republic of Kazakhstan;
- ▶ Rules for monitoring the quality of water in reservoirs and streams;
- ▶ General requirements for the protection of surface and groundwater from pollution by oil and oil products;
- ▶ other normative legal acts of the Republic of Kazakhstan on the rational use of the country's water resources.

### GRI 303-1, 303-2

Realizing our responsibility to reduce the consumption of natural resources, we strive to effectively manage water resources at the stages of abstraction, water supply and wastewater treatment. The main source of water intake at Inkai is reservoir water; wells are equipped with flow meters, which helps to keep records. The volume of water intake in 2022 amounted to 662.6 megalitres. The main reason for the increase in water consumption is the increase in production indicators. In the first half of 2023, the volume of water intake amounted to 348.4 megalitres. After the intake, the water is distributed by 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 main impact of the Company's activities on water resources is the volume of water consumption. But this factor is also minimised, since the production facilities use technologies for the multiple reuse of industrial water, thereby increasing the volume of recycled water. The impact from the discharge of used water is excluded due to the absence of discharges to the terrain and natural water bodies.

### GRI 303-3, EM-MM-140a.1

At the Company's production projects, underground water is taken for industrial and household needs. The sampling is carried out in accordance with the obtained permit for special water use, issued by the territorial division of the Committee for Water Resources under the Ministry of Ecology, Geology and Natural Resources of the Republic of Kazakhstan. The water bodies from which the Company draws water are not sensitive to the impact of anthropogenic factors due to their size, role or status of vulnerability according to the IUCN Red List of Ecosystems.

## WATER INTAKE BY SOURCES, megaliters

	½ 2023	2022	2021	2020
Total volume of water intake (underground sources)	348.4	662.6	620.2	492.3

### GRI 303-2, 303-4

Waste water of the enterprise is represented by industrial and domestic wastewater. For production in the technological process, a closed loop drainless scheme is adopted. The resulting production effluents of the enterprise are returned to the technological process. Household wastewater is discharged by gravity into septic tanks for mechanical treatment. After settling, clarified wastewater is collected in a collection well and transported by a submersible pump to the filtration fields.

## WATER DISCHARGE BY DIRECTION, megaliters

	½ 2023	2022	2021	2020
Total volume of discharged water	29.9	60.2	86.4	58.2

### GRI 303-5

The total amount of water consumed by the Company in 2022 was 601.8 megalitres, 13% higher than in 2021. The main reason for the increase in the volume of water consumed at the Company's facilities in 2021 is the increase in the production capacities of enterprises and the number of employees involved in the work of these enterprises.

## WATER CONSUMPTION, megaliters

	½ 2023	2022	2021	2020
Total water consumption	318.4	602.5	533.8	434





# WASTE MANAGEMENT

## OUR GUIDING DOCUMENTS:

- ▶ Environmental Code of the Republic of Kazakhstan dated January 02, 2021, section 19 "Waste";
- ▶ Sanitary rules "Sanitary and epidemiological requirements for the collection, use, application, disposal, transportation, storage and burial of production and consumption waste";
- ▶ Rules for ensuring occupational safety for tailings and sludge facilities of hazardous production facilities;
- ▶ Waste classifier approved by Order of acting Minister of Ecology, Geology and Natural Resources of the Republic of Kazakhstan dated August 6, 2021 No. 314.

**GRI 306-1, 306-2, 306-3, 306-4, 306-5, EM-MM-150a.7, EM-MM-150a.8, EM-MM-150a.10**

Production and consumption waste management is carried out in accordance with the Waste Management Program developed and approved by the management of Inkai. The waste management program provides for the organization of a system for monitoring, collecting, processing, accumulating and transmitting environmental information.

The objectives of the mining waste management program are:

- ▶ 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 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.

The following types of waste are generated at the facilities of Inkai LLP:

- ▶ municipal waste (municipal solid waste) and industrial waste generated during operations not directly related to the extraction of minerals.
- ▶ mining industry waste represented by non-radioactive drill cuttings.
- ▶ radioactive waste.

According to the Environmental Code of the Republic of Kazakhstan, activities for the collection, storage, transportation and disposal of radioactive waste are carried out in accordance with the legislation of the Republic of Kazakhstan on the use of atomic energy and are not considered in this Program.

Inkai performs the following waste management operations:

- ▶ accumulation of waste at the place of their formation in specially equipped places;
- ▶ transportation of waste for the purpose of their disposal (burial) at their own landfills;
- ▶ transportation of waste for the purpose of their transfer to specialized organisations for disposal or utilisation;
- ▶ removal (burial) of waste at own landfills.

In 2022, 207 tons of hazardous and 13,828 tons of non-hazardous waste were generated. There is an increase in the volume of generated waste compared to the previous year. This was influenced by the increase in the Company's production.

### WASTE GENERATED, tons

Name of waste	1/2 2023	2022	2021	2020
Hazardous waste	77	207	162	201
Non-hazardous waste	11,181	13,828	6,213	5,481
Total waste generated	11,258	14,035	6,375	5,682

Waste disposed of by landfill includes:

- ▶ non-radioactive drill cuttings;
- ▶ low radioactive waste;
- ▶ municipal waste;
- ▶ sewer sludge.

### TOTAL VOLUME OF WASTE SENT FOR DISPOSAL (tonnes)

	1/2 2023	2022	2021	2020
Non-radioactive waste	74	197	147	196
Non-hazardous waste	—	—	—	—
Waste sent for disposal	74	197	147	196

For the purpose of implementing measures to reduce the negative impact of landfilled waste on the environment, the Company plans to arrange activities for the separate collection of municipal waste, the transfer of sorted waste for disposal and burial to specialized organisations, and the closure of the Inkai landfill.



# BIODIVERSITY CONSERVATION

## OUR GUIDING DOCUMENTS:

- ▶ Environmental Code of the Republic of Kazakhstan dated January 2, 2021, Section 16 "Land Protection";
- ▶ Law of the Republic of Kazakhstan "On Specially Protected Natural Territories" dated July 7, 2006 No. 175;
- ▶ Land Code of the Republic of Kazakhstan dated June 20, 2003 No. 442;
- ▶ Order of the Minister of Health of the Republic of Kazakhstan "On approval of hygienic standards for the safety of the environment" dated April 21, 2021 No. KP ДСМ-32.

## GRI 304-1, EM-MM-160a.1, EM-MM-160a.3

The total area of land owned, leased and managed by the Company is 13,900 hectares. There are no reserves or other specially protected natural lands on the territory of the Company's production area or the territories adjacent to it. Inkai does not adversely affect the value of biodiversity, characterized by a list of protected statuses (for example, IUCN Protected Area Management Categories, Ramsar Convention, national legislation).

The action plan included the implementation of clean-up events, cleaning the territory of debris and dead wood, the creation of a nursery farm for tree seedlings, planting greenery in the field camp and mine, collection, sorting and transportation for disposal of production and consumption waste, environmental monitoring. A mobile building for the radiation safety and environmental protection was put into operation to carry out various radioecological works, as well as a plant for crushing plastic waste (bottles) was installed and prepared for operation.

*To minimise the negative impact on the environment on the territory of the mining allotment, the Company annually plants saxaul in the form of seeds on an area of 2 hectares, which contributes to the prevention of wind erosion, and also helps to combat land desertification. In total, as of 2022, more than 28 hectares of saxaul have been planted.*

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

## PLANS:

- ▶ preparation for the implementation of the "Program for the protection of birds from the impact of power lines";
- ▶ annual planting of saxaul along technological roads;
- ▶ landscaping of the shift camp.





# WORKPLACE SAFETY

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OHS training	60
Injuries at workplaces	61
Emergency preparedness and response	62
Radiation safety	63

## HIGHLIGHTS:

- ▶ **0 accidents in 2022** and 1 accident in the first half of 2023;
- ▶ **1,465** inspections of facilities in 2022;
- ▶ investments in labor protection activities amounted to **290 million tenge**.

## GOALS:

- ▶ Minimisation of risks in the area of industrial safety to a practically achievable level;
- ▶ Prevention and prevention of accidents and incidents at work;
- ▶ Improvement of production and consumption waste management;
- ▶ Prevention of environmental pollution;
- ▶ Improving the safety culture of workers.

## OUR GUIDING DOCUMENTS:

- ▶ Occupational safety management system program
- ▶ Inkai's 7 OHS golden rules;
- ▶ Occupational Health, Safety, Environment and Quality Policy;
- ▶ Regulation on Occupational Health and Safety Department;
- ▶ Guide to the Integrated Management System;
- ▶ Management program for the suppliers of goods, works and services;
- ▶ Instruction "Occupational safety risk management";
- ▶ Evacuation of office employees in case of fire or earthquake;
- ▶ Accident Response Plan;
- ▶ Civil Defense Plan;
- ▶ Emergency Response Action Plan;
- ▶ Other internal documents specifying the Occupational Health and Safety Department and its subdivisions.

## COMPLIANCE WITH INTERNATIONAL STANDARDS:

**GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9**

- ▶ **ISO 45001:2018** Occupational health and safety management system



## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

The main provisions for ensuring labor safety are regulated by the Occupational Health, Safety, Environment (OHSE) and Quality Policy approved by the Supervisory Board. The Company believes that ensuring and maintaining safe working conditions and occupational safety when performing work, creating conditions for increasing the experience and awareness of employees, training is a system of careful planning and continuous work. Inkai's approach to occupational health and safety (OHS) is based on the commitment of leaders at all levels to prioritize safety, create a culture of zero tolerance for violations and conduct effective assessment, mitigation and management of risks. OHS issues in Inkai are regulated by the Occupational Health and Safety Department (OHS Department). The Company's General Director is responsible for the implementation and achievement of the goals set by the OHSE and Quality Policy. In 2023,

the fire safety, civil defense and emergency response function was transferred from the Safety Department to the OHS Department due to changes in the organizational structure of NAC Kazatomprom JSC.

The Company has implemented an integrated occupational health and safety management system

(OHSMS) in accordance with the legislative requirements of the Republic of Kazakhstan considering the best practices and pursuant to international standards, which covers 100% of the Company's employees. The system is focused on ensuring the safety of employees of the Company and contractors, subcontractors, when they perform work and provide services on the territory of the Company.

## THE OHSMS MAIN PRINCIPLE IS CONTINUOUS DEVELOPMENT AND IMPROVEMENT, WHICH IS PRESENTED IN THE FIGURE BELOW





## OHS GOLDEN RULES

For the purposes of reducing the likelihood of accident risks in the OHS area, the Company implements initiatives under the concept of zero injuries and the concept of zero tolerance for the violation of industrial safety requirements.

The “Zero Injuries” concept is implemented by the Company through the adoption of 7 “Golden Rules” of production with zero injuries and safe working conditions (Vision Zero), developed by the International Social Security Association (ISSA).

The “Company’s Golden Rules” are the key minimum requirements for the safe performance of work aimed at preserving the health and life of the Company’s employees and suppliers developed based on the international best practices in the area of labor protection and analysis of information about accidents that occurred in the Company and other subsidiaries, associates of NAC Kazatomprom JSC;

The Golden Rules fully comply with the requirements of the legislation of the Republic of Kazakhstan and International Occupational Health and Safety Standards. Employees of the Company and contractors should demonstrate commitment to the issues of labor protection, occupational and fire safety. Awareness, acceptance and adherence to the Golden Rules is a basic requirement of Inkai safety culture.

The Company is entitled to apply a zero-tolerance policy for violations of these rules and take disciplinary action, including termination of the employment contract if necessary. The employee has the right to suspend any work if he/she considers that the performance of the work is unsafe for the health of the performers.

## PROCEDURE FOR SUSPENDING UNSAFE WORK

Procedure for suspending unsafe work includes the following actions:



SUSPEND



NOTIFY



CORRECT



RECOVER

## INKAI’S OHS SEVEN GOLDEN RULES:

1. RULE NO. 1: ROAD SAFETY
2. RULE NO. 2: WORK PERMIT FOR THE PRODUCTION OF WORKS
3. RULE NO. 3: ISOLATION OF HAZARDOUS ENERGY SOURCES
4. RULE NO. 4: CHEMICAL SAFETY
5. RULE NO. 5: SAFETY IN LIFTING OPERATIONS
6. RULE NO. 6: SAFETY WHEN WORKING AT HEIGHT
7. RULE NO. 7: PERSONAL PROTECTIVE EQUIPMENT

## PARTICIPATION OF EMPLOYEES IN OHS

GRI 403-4

Worker participation is an important component of the OHS management program. The Company’s management undertakes to involve employees and

their labor protection representatives in consultations, information and training on all OHS aspects related to their work, including emergency preparedness.

## OHS RISK MANAGEMENT

GRI 403-2, 403-7

OHS risks are accompanying factors of the Company’s production activities, purchased products and services provided by contractors/subcontractors.

In the Company, the process of assessing and managing OHS risks is organized taking into account the requirements of ISO 45001, laws and regulations of the Republic of Kazakhstan in the area of industrial safety, in conjunction with the requirements of the current integrated risk management system.

Inkai has implemented the Working Instruction “OHS Risk Management” (the “Instruction”) to describe the procedure for assessing OHS risks. The main objectives of the Instruction are to prevent OHS accidents and minimise related negative consequences for people and

the environment, as well as to distribute responsibility and involve employees at all levels. The Instruction applies to all sites and facilities of the Company, including contracting organisations, and fully covers processes for identifying hazards and assessing OHS risks.

**The Company identifies five types of hazards, which under certain conditions may lead to accidents and related negative consequences:**

- ▶ physical;
- ▶ chemical;
- ▶ biological;
- ▶ psychophysiological;
- ▶ social.

## OHS RISK ASSESSMENT AT THE STAGES OF ACTIVITY

When planning and performing activities, during construction, reconstruction, expansion, technical re-equipment, operation, conservation, and liquidation of existing production facilities, the following is carried out:

- ▶ basic assessment of significant risks – OHS risk assessment at designing stages;
- ▶ risk assessment of projects/changes at workplaces – identification of new or changed hazards and OHS risk assessment at the operation stage considering the adequacy (compliance with requirements) of the applied control measures;
- ▶ risk assessment of scheduled/unscheduled work tasks – identification of hazards and development of measures for non-standard types of work, high-risk work that is not fully controlled by other pre-existing means;
- ▶ individual/continuous risk assessment – analysis of hazards before each employee starts work using the “Five Steps of Safety” methodology.

## ACCIDENT INVESTIGATION

All incidents related to the activities of the Company are investigated in accordance with the Instruction “Investigation of Incidents and Accidents”. This Work Instruction describes the process for managing OHS incidents.

Incident management includes the following activities:

- ▶ initial notification;
- ▶ localization and immediate elimination of incident consequences;

- ▶ appointing a commission to conduct an investigation;
- ▶ identification of root causes and corrective actions to prevent their recurrence;
- ▶ incident reporting.

The Instruction applies to all activities performed by the Company and Suppliers operating on the Company’s sites.

### NUMBER OF FACILITY INSPECTIONS FOR THE LAST THREE YEARS

Indicator	½ 2023	2022	2021	2020
Total facility inspections carried out	873	1,465	1,540	934

## OHS TRAINING

GRI 403-5, 404-1

In the Company, the process of training and checking the knowledge of employees is continuous and is carried out with all employees of the organisation. The timeliness of briefings and training and testing of knowledge on labor protection and industrial safety of employees is one of the key functions of the OHS Department.

OHS training programs for employees

- ▶ Safety and labor protection for the working staff
- ▶ Safety and labor protection for engineering staff
- ▶ Leadership “Effective management of labor protection taking into account the human factor”;
- ▶ First aid treatment;
- ▶ Preparation and application of work permits.

## CONTRACTOR MANAGEMENT

GRI 403-8

In order to establish a unified procedure for compliance with OHS requirements for contractors, subcontractors when they perform work and provide services, and to ensure interaction within the Company, the Program for Management of Suppliers of Goods, Works and Services was developed and approved. The Program establishes requirements that supplement the legislation of the Republic of Kazakhstan in force. The requirements of the Program are communicated to all suppliers of the Company.

This Program has been developed to implement the strategic objectives and main area specified in the Company’s OHS Policy. Management of occupational safety performance among suppliers is achieved by reducing risks, defining occupational safety performance criteria, monitoring and reporting on occupational safety performance, and using the obtained data for continuous development, providing feedback and considering it when choosing a supplier for subsequent works and services.

## INJURIES AT WORKPLACES

GRI 403-9, EM-MM-320a.1

In 2022, the Company successfully prevented the occurrence of accidents. However, there was 1 accident in the first half of 2023, when the worker suffered

a closed fracture. After identifying the cause of the incident, a corrective action plan was drawn up to prevent them in the future.

### NUMBER OF ACCIDENTS AT WORK AMONG EMPLOYEES

Indicators	½ 2023	2022	2021	2020
<b>For all employees</b>				
Total number of recorded occupational injuries (accidents)	1	0	0	2
Lost Time Injury Frequency Rate (LTIFR) <sup>1</sup>	0.65	0	0	0.29
Total number of occupational injuries with severe consequences (excluding fatal cases)	0	0	0	0
Total number of fatal accidents	0	0	0	0
Fatality Rate Ratio	0	0	0	0
Total hours worked	763,619	1,515,071	1,480,313	1,339,827

<sup>1</sup> The formula for calculating the coefficient (number of lost time accidents) \* 200,000 / (total hours worked)



## EMERGENCY PREPAREDNESS AND RESPONSE

Inkai pays special attention to the prevention of and response to emergencies. Responsible divisions of the Company follow strictly regulated duties in accordance with the legislation of the Republic of Kazakhstan. The boundaries of responsibility in this area are clearly divided between the Security Department and OHS Department.

As part of providing emergency preparedness, the Company has developed an Accident Response Plan (ARP). The ARP establishes a unified approach and requirements, including the procedure for notifying officials who must be notified of an accident, interaction with government agencies, landowners, organisations; measures to rescue people, localize the accident site, eliminate the accident and its consequences, as well as other organisational and technical measures aimed at eliminating accidents as soon as possible and with the least damage.

The Company has developed a Civil Defense Plan (CD Plan) to protect the personnel of the Company and contractors, facilities and territory, reduce damage and losses in the event of military conflicts. Preparation for the civil defense includes advance implementation of civil defense measures defined in Article 21 of the Law of the Republic of Kazakhstan "On Civil Protection".

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. The Company has approved an Emergency Response Action Plan developed in accordance with the legislation of the Republic of Kazakhstan to implement a set of measures to protect the employees of the Company and contractors, facilities and territory of the mine and the population living nearby from dangers arising from emergencies and military conflicts or as a result of these conflicts.

In order to prevent natural or man-made emergencies (accidents, fires, explosions, terrorist attacks, etc.) and minimise the risks of their occurrence, a number of preventive measures is carried out 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.

**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 emergency response skills;
- ▶ on conducting emergency rescue and urgent work;
- ▶ on ways 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.

## RADIATION SAFETY

The Company has approved internal regulatory documentation for ensuring radiation safety. All requirements for radiation safety of technological processes are met. As part of measures to reduce radiophobia among the population of Taiqonyr village, explanatory activities are being carried out. Radioecological monitoring in the Company is carried out once a year. There were no radiation incidents in Inkai in 2022.

Production radiation control at the enterprise is carried out by the OHS Department.

The sources of radiation hazard at the Company's production facilities are natural radionuclides of the uranium-thorium series contained in process solutions, finished products, core material, radioactive waste, on the surface of process equipment, workplaces, vehicles and packages.

**The following types of ionizing radiation occur at the Company's production facilities:**

- ▶ alpha radiation;
- ▶ beta radiation;
- ▶ gamma radiation.

### RADIATION HAZARDS

**When performing work at the Company's production sites, employees are exposed to the following radiation hazards:**

- ▶ external irradiation;
- ▶ internal irradiation due to the ingestion into the body of long-lived alpha-active isotopes contained in the air;
- ▶ internal irradiation due to the ingestion into the body of short-lived radon daughters contained in the air;
- ▶ internal irradiation due to the transfer into the body of the removed radioactive contamination.

### PRODUCTION RADIATION CONTROL

Production radiation control includes:

- ▶ individual dosimetric control of groups "A" and "B" workers;
- ▶ radiometric control of workplaces, environmental objects.
- ▶ Individual dosimetric control of groups "A" and "B" workers includes;
- ▶ determination of external gamma irradiation doses;
- ▶ determination of internal irradiation doses from radon daughters;
- ▶ determination of internal irradiation doses from long-lived alpha-active isotopes.



## ACTION PLAN FOR 2023

- ▶ Arrange and hold training for production staff on courses "Safety Culture";
- ▶ For new heads of departments, organize training on courses "Leadership in the area of occupational safety";
- ▶ Improving the system of isolation of hazardous energy sources during maintenance and repair of equipment by acquiring additional blocking devices;
- ▶ Implementation of research work "Research work in the area of environmental protection to develop measures to ensure the environmental foundations of sustainable development in waste management, transition to a green economy in accordance with the unified international standard GRI (Zero Waste)";
- ▶ Implementation of research work "Research work on the introduction and implementation of the Integrated Environmental and Social Research Program in accordance with the GRI Standards (ESAP)";
- ▶ Commencement of construction of a biological treatment plant at the MPP, Satellite-1, Satellite-2 sites;
- ▶ Conduct training alerts and emergency drills to improve the readiness of employees to respond to emergencies;
- ▶ Acquisition of inertial blocking devices to improve the safety of work performed at height;
- ▶ Implement the process of renting workwear, footwear, and other personal protective equipment to improve the quality of PPE used;
- ▶ Preparation of an action plan for the transition to a green economy and the reduction of greenhouse gas emissions.

## The results of the implementation of OHS activities for 2022:

- ▶ As of December 31, 2022, the Company had 915 days without LTI (lost time injury). The total number of days without LTI was 957 days (until February 11, 2023)
- ▶ In 2022, JV Inkai LLP took the 1st place in the Paryz competition in the nomination "The best enterprise in the area of labor protection in the Turkestan region".
- ▶ A training course for production personnel "Isolation of hazardous energy sources" was developed and introduced. For equipment, a matrix of isolation of hazardous energy sources has been developed to visualize and standardize shutdown and blocking of equipment during repair work.
- ▶ Root cause analysis of all incidents was carried out with the development of corrective actions to prevent similar or more severe cases.
- ▶ In 2022, the employee of JV Inkai LLP, the 5th category operator of geotechnological wells, Bekmuratov Saken Sansyzbaiuly, took the second place in the competition among the working personnel of subsidiaries, affiliates and jointly controlled organisations of NAC Kazatomprom JSC to be awarded the Prize of the Chairman of the Management Board of NAC Kazatomprom JSC for achievements in the area labor protection, occupational safety, radiation safety, and environmental protection and was awarded a certificate of honor and a cash prize.
- ▶ For the cardiopulmonary resuscitation skills training, a Laerdal "Little Anne QCPR" model simulator was purchased and put into operation.
- ▶ The emergency showers in the places where hazardous chemicals are used have been upgraded at the mine.
- ▶ To control the safety of high-risk work, 2 multichannel gas analyzers of the VENTIS PRO5 model and 3 anemometers were purchased and put into operation.
- ▶ In order to ensure road safety for vehicles of contractors, 20 units of autonomous Omnicomm Light 2.0 GPS trackers in the "Visitor" modification with a battery life of at least 3 days were purchased.







# OUR PEOPLE

Headcount	70
Talent management	72
Social benefits	74
Personnel training and development	76
Remuneration system	80
Social responsibility	81

## HIGHLIGHTS:

- ▶ Headcount as of July 1, 2023 is **745** employees;
- ▶ **5.7%** staff turnover rate;
- ▶ **14%** women of total headcount as of July 1, 2023;
- ▶ **201** trained employees (per person/seminar) in 2022.

## GOALS:

- ▶ decrease in the staff turnover rate;
- ▶ ensuring equality of opportunities and socio-cultural diversity;
- ▶ improving the efficiency of personnel performance;
- ▶ continuous training and development of employees.

## OUR GUIDING DOCUMENTS:

- ▶ Laws and regulations of the Republic of Kazakhstan;
- ▶ Labor Code of the Republic of Kazakhstan;
- ▶ HR Policy;
- ▶ Talent Management Rules;
- ▶ Employee Certification Rules;
- ▶ Onboarding Rules;
- ▶ Collective Agreement;
- ▶ Regulation on Remuneration, Financial Incentives and Social Support;
- ▶ Regulation on Training and Development of Employees;
- ▶ Other internal documents assigning responsibility on the Human Resources Department and its structural units.

## HR POLICY VALUES

### HEALTH, SAFETY AND ENVIRONMENT

- ▶ People's safety and environmental protection are fundamental elements of our work. We all take responsibility for continuous improvement of the safety of our workplace and the quality of our environment.

### PEOPLE

- ▶ 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.

### DECENCY

- ▶ Through personal and professional integrity, we lead by example, earn trust, fulfill our obligations, and conduct our business in an ethical and correct manner.

### EXCELLENCE

- ▶ We are committed to achieving excellence in everything we do. We strive to use our full potential and inspire others to do the same through leadership, collaboration and innovation.

## PERSONNEL MANAGEMENT

Personnel matters in the Company are regulated by the Human Resources Department, which reports directly to the CEO and is responsible for the selection, induction and development of human resources, including employee training, performance management, development of corporate culture and management of remuneration.

HR policy ensures the transformation of the HR function from a supportive administrative function to a strategic partner of business units. All managers of the Company are responsible for the implementation of the HR Policy. The HR management budget complies with the principles of reasonableness, transparency, necessity and sufficiency, while also serving to implement the Company's strategy. The use of information technologies in the area of personnel management is an important factor in increasing efficiency and reducing HR management costs.

### HR POLICY PRINCIPLES:

- ▶ The key role of personnel;
- ▶ Meritocracy;
- ▶ Focus on staff development;
- ▶ High-quality personnel management;
- ▶ Strategic partnership;
- ▶ Strategic planning of human resources
- ▶ The principle of self-learning organisation;
- ▶ Competitive salary;
- ▶ Focus on creating added value for the Company.

### MAIN FUNCTIONS OF THE HUMAN RESOURCES DEPARTMENT:

- ▶ Recruitment of employees;
- ▶ Training and development;
- ▶ Talent management;
- ▶ Performance evaluation;
- ▶ Remuneration management;
- ▶ Corporate culture management;
- ▶ Regulation of labour relations;
- ▶ HR records management;
- ▶ Onboarding of a new employee.





# HEADCOUNT

GRI 2-7, 2-8, 202-2, 401-1, 402-1, 405-1, EM-MM-000.B

As of July 1, 2023, the headcount was 745 employees. According to the requirements of the labour legislation of the Republic of Kazakhstan, no one in Inkai can be subjected to any discrimination in the exercise of labour rights based on origin, social and economic background, official position, gender, race, nationality, language, attitude to religion, beliefs, place of residence, age, as well as belonging to public associations. The Company does not use child labour, does not practice forced labour, and recognises the equal rights of all employees, regardless of their race, religion and gender.

Labour relations in the Company are regulated in accordance with the Labour Code of the Republic of Kazakhstan, as well as other local regulations. The Company assumes responsibility for ensuring compliance with labour rights, providing employees with benefits and guarantees provided for by labour legislation. Each employee is hired in accordance with the legislation of the Republic of Kazakhstan. When working conditions change, in particular, due to changes in the arrangement of production related to the reorganisation or changes in economic, technological conditions, working conditions and/or a reduction of the employer's scope of work, it is allowed to change employee's working conditions while continuing to work. That said, this change is done in accordance with the employee's specialty or profession of appropriate qualification. Employees are notified no later than 15 calendar days in advance.

## HEADCOUNT AND STAFF TURNOVER

	1/2 2023	2022	2021	2020
Inkai	745	745	748	744
Staff turnover	5.7%	9.9%	9.1%	9.5%
Women	102	104	106	110
Men	643	641	642	634

The staff turnover rate as of July 1, 2023 is 5.7%. The share of women in the total number of employees as of July 1, 2023 is 13.6%. The gender balance among employees reflects the characteristics of the mining industry, where a large proportion of the workforce is made up of men due to dangerous and physically demanding working

conditions. However, the Company has diversity initiatives and strategies in place that recruit and promote talented employees regardless of race, religion, age, and gender. The staff structure of the entire Company and its management team reflects the diversity in terms of age.

## TOTAL NUMBER OF EMPLOYEES UNDER AN EMPLOYMENT CONTRACT AT JULY 1, 2023

MEN		WOMEN	
Permanent contract	Term contract	Permanent contract	Term contract
617	26	97	5

1 employee of the Company works part-time. Shift work and normal weekly hours apply.

The total number of employees, who are not employees of the Company, as of July 1, 2023 is 31 people. These workers were recruited as part of the program implementation.

## TOTAL NUMBER OF EMPLOYEES BY TYPE OF EMPLOYMENT AS OF JULY 1, 2023

MEN		WOMEN	
Full-time	Part-time	Full-time	Part-time
643	-	101	1

In the age structure of employees, the main share is accounted for by employees from 30 to 50 years old (547 people or 73%), employees under 30 years old and over 50 years old account for 15% and 12%, respectively. Due to

the production specifics of the Company, the majority of employees operate on the territory of industrial facilities in the Turkestan oblast.

## NUMBER OF EMPLOYEES BY JOB CATEGORY AS OF JULY 1, 2023

INDICATOR	EXECUTIVE SENIORS	MANAGERS	SPECIALISTS	WORKERS
Headcount, employees	3	109	295	337
<i>including by gender:</i>				
men	3	87	229	323
women	-	22	66	14
<i>including by age:</i>				
under 30	-	4	45	61
30-50	3	96	228	220
over 50	-	9	22	56
<i>including by vulnerable groups:</i>				
people with disabilities	-	-	-	6

- ▶ Executive seniors are the General Director and Deputy General Directors
- ▶ Managers are the first and second level managers (Director, Head, Chief Manager, Manager)

- ▶ Specialists are office employees, specialists, highly qualified specialists
- ▶ Workers are drivers, operators, installers, locksmith, laboratory assistants

## SHARE OF SENIOR MANAGEMENT RECRUITED FROM THE LOCAL COMMUNITY AS OF JULY 1, 2023

JV Inkai	RK citizens	Citizens of other countries
Total number of senior employees (Supervisory Board)	2	1
Total number of employees from the middle level (all heads of divisions, departments, units, etc.)	107	2

# TALENT MANAGEMENT

The Talent Management Rules (hereinafter referred to as the Rules) regulate the unified process of succession planning for employees, determine the procedure for forming a talent pool and organizing their development.

## THE MAIN PRINCIPLES OF TALENT MANAGEMENT ARE:

- ▶ talent pool – responsibility of the management team;
- ▶ development of professional potential;
- ▶ matching the talent pool to the Company's needs in the medium and long term;
- ▶ the validity of decisions made based on the principle of meritocracy, transparency and fairness;
- ▶ discussion of career plans is an integral part of performance evaluation procedure for the talent pool;
- ▶ development of the career of employees who are not limited to the framework of their department.

## THE TALENT MANAGEMENT PROCESS INCLUDES THE FOLLOWING STAGES:

- ▶ determining the list of key positions;
- ▶ selecting candidates and approving pools of successors;
- ▶ forming a pool of mentors;
- ▶ organising the development of successors.

## RECRUITMENT PROCESS

The main factors of the Company's recruitment policy are a transparent and fair approach, provision of equal opportunities and an objective assessment during selection. The Company uses various sources of personnel search, which include the recruiting program hrekap.kazatomprom.kz, various job sites, social networks, and a professional network of contacts. Inkai cooperates with the Zhas Orken and Izbasar programs to find young talents.

For creating an efficient and transparent staff recruitment system, the Company has established appropriate standards that meet the requirements of the law and the principles of Inkai personnel management.

In the first half of 2023, the number of hired employees amounted to 43 people (7 women and 36 men). In 2022, the number of newly arrived employees amounted to 72 people (11 women and 61 men).

## ONBOARDING OF NEW EMPLOYEES

Inkai has developed the Onboarding Rules aimed at ensuring a faster accession to office of a new employee of the Company. The duration of the adaptation period coincides in time with the duration of the probationary period provided for in the Labor Code of the Republic of Kazakhstan. The HR Department, the immediate supervisor of the employee and the new employee are involved in the process of onboarding a new employee.

### Onboarding of a new employee includes the following steps:

- ▶ **employment and execution of an employment contract in the manner prescribed by the legislation of the Republic of Kazakhstan;**
- ▶ **familiarization of a new employee with job descriptions, a newcomer booklet, introductory e-learning, safety briefing, acquaintance with the team, acts of the employer;**
- ▶ **if necessary, assigning a mentor to a new employee with an additional payment for mentoring for a certain period in accordance with the terms of the Company's Collective Agreement;**
- ▶ **setting 3-5 goals according to SMART criteria for the probationary period.**

## HR BOT PLATFORM

In April 2022, the Company launched the HR bot platform, which is an automated online communication to improve the onboarding process for new employees.

## BENEFITS OF IMPLEMENTING A BOT:

### FOR EMPLOYEES:

- ▶ clear and transparent onboarding system process;
- ▶ growth of NPS (net promoter score/customer focus) among employees;
- ▶ full information about all working conditions;
- ▶ fast and effective adaptation to the team and socialization.

### FOR MANAGERS:

- ▶ increasing employee engagement;
- ▶ prompt provision of information and settlement of organizational issues;
- ▶ quick step-up of an employee to an effective level.

### FOR HR DEPARTMENT:

- ▶ improvement and growth of CSI and HR brand;
- ▶ evaluation of recruitment quality;
- ▶ automation of the entire onboarding process;
- ▶ instant feedback guarantee for every new employee;
- ▶ continuous monitoring of employee engagement and mood.

## NUMBER OF HIRED EMPLOYEES

Indicator	1/2 2023	2022	2021	2020
Total	43	72	70	53
Men	36	61	65	43
Women	7	11	5	10
Under 30	16	32	29	18
30 to 50	26	37	40	32
Over 50	1	3	1	3
Astana city	0	1	0	1
Shymkent city	10	10	12	17
Turkestan region	33	61	58	35

Indicator	1/2 2023	2022	2021	2020
Total staff turnover rate	6%	10%	9%	9%
Men	5%	10%	9%	9%
Women	9%	13%	8%	14%
Under 30	5%	11%	12%	13%
30 to 50	6%	9%	8%	8%
Over 50	7%	15%	11%	13%
Astana city	-	100%	-	-
Shymkent city	14%	10%	13%	21%
Turkestan region	5%	10%	9%	8%



# SOCIAL BENEFITS

GRI 401-2, 401-3

Social support for employees is an integral part of the Company's personnel management system. Inkai strives to create the most comfortable working conditions and a favorable socio-psychological atmosphere.

The Company's social package includes the following social benefits (in excess of those established by law):

- ▶ 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".
- ▶ Parental leave. The Company provides 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.
- ▶ Medical insurance. The Company provides employees with voluntary health insurance in case of illness provided for in the contract with an insurance company. In 2022, 783 employees were insured for the amount of 145 million tenge, while in 2023 (as of July 1, 2023) 740 employees were insured for the amount of 141 million tenge.
- ▶ Health resort treatment. The Company reimburses costs under documents submitted to employees who received sanatorium treatment and have worked in the Company for at least 2 years. In the first half of 2023, 100 employees (and in 2022, 319 employees) were reimbursed by the Company for the costs under submitted documents.
- ▶ 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.
- ▶ Financial aid. The financial assistance provided to our employees is aimed at payments at the birth of a child, marriage, large families, in honour of the anniversary dates of employees, in the event of the death of close relatives and other cases.
- ▶ Payment for long-term temporary disability. The Company issues social benefit payments for long days of disability (more than 21 calendar days).
- ▶ 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 2022, 282 employees received medical report payment in the amount of 35 million tenge.

In accordance with the Labor Code of the Republic of Kazakhstan, each employee is granted parental leave. In 2022, 216 employees were eligible for parental leave (193 men and 23 women), of whom 26 (9 men and 16

women) took advantage of this opportunity. As of the first half of 2023, 29 employees (15 men and 14 women) out of 226 eligible employees have taken parental leave.

## NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE

Indicator	½ 2023			2022		
	Total	Men	Women	Total	Men	Women
Number of employees entitled to maternity/paternity leave in the reporting period	226	202	24	216	193	23
Number of employees who took maternity/paternity leave in the reporting period	29	15	14	26	10	16
Number of employees who were supposed to return to work in the reporting period after the end of maternity/paternity leave	15	1	14	16	9	7
Number of employees who returned to work in the reporting period after the end of maternity/paternity leave	4	0	4	4	2	2
Number of employees who returned to work at the end of maternity/paternity leave and continued to work within 12 months after returning to work	4	2	2	0	0	0

## COLLECTIVE AGREEMENT

GRI 2-30

In August 2021, a new Collective Agreement was executed for 2021–2026 between the Company represented by the General Director and the workforce represented by employee representatives. According to the new Collective Agreement, the amount of financial support for birth, burial, marriage, paid surgery and treatment, participants in the Great Patriotic War, payment for sanatorium treatment, and incentives for non-working pensioners (previously employed by the Company) was increased.

The Collective Agreement of the Company defines the relations of the Employer and the Workforce to further increase the efficiency and quality of work, improve working conditions, and exercise the rights, duties and powers of the Workforce and the interests of employees, and regulates social and labor relations.

The Collective Agreement applies to the Employer and Employees of the Company, on whose behalf the Collective Agreement is executed, and employees who have joined it on the basis of a written application.

A scheduled revision of the agreement is performed every 5 years, each employee has the right to voice his/her opinion on the provisions of the document. We are among the few advanced companies in Kazakhstan, whose employees have signed the Collective Agreement. This action relates to the best practice of sustainable development and shows the level of maturity of the management approach in the area of corporate social responsibility.



# PERSONNEL TRAINING AND DEVELOPMENT

GRI 404-1, 404-2, 404-3

Inkai actively supports the commitment of its employees to continuous learning. Training and development of employees is one of the main priorities of the Company's personnel activities. We implement the best and most advanced educational practices in the area of industrial safety, human rights, labor protection and professional training.

The Regulation on "Training and Development of Employees" determines the goals, basic principles, procedure, conditions and mechanism for implementing the training process for the Company's employees. The purpose of the Regulation is to ensure the sustainable success of the Company by increasing the efficiency of employees by forming, developing and maintaining the required level of qualification of employees that meets the needs of the Company, taking into account current requirements and prospects for strategic development.

The principles of training and development of the Company's employees are:

- ▶ training effectiveness and commitment to results;

- ▶ anticipatory nature of training and development – training should support the Company's strategic development goals;
- ▶ expediency – the choice of training activities should correspond to the needs for training;
- ▶ integrity of the development system, continuity and systematic training;
- ▶ employee responsibility for their own training and development;
- ▶ active learning according to the 70:20:10 principle;
- ▶ 10% is determined by the Employer, taking into account employee wishes.

The monitoring of the process of training and development of employees includes keeping records of their attendance at training events and assessing the quality and effectiveness of the training received by employees by conducting a survey. In 2022, 201 employees were trained. The average number of training hours for men is 29 and for women – 21.

## AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE IN 2022 BY CATEGORIES OF EMPLOYEES

Year	MANAGERS AND SPECIALISTS		WORKERS		Total trained employees
	Number of trained employees	Average number of training hours	Number of trained employees	Average number of training hours	
2022	174	26.5	27	36.2	201
2023	83	20.9	16	36.5	99

## AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE IN 2022 BY GENDER

Year	WOMEN		MEN		Total trained employees
	Number of trained employees	Average number of training hours	Number of trained employees	Average number of training hours	
2022	62	21.6	139	29.5	201
2023	19	15.6	80	25.3	99

## PROFESSIONAL DEVELOPMENT PROGRAMS

TYPE OF PROGRAM	PROGRAM SUMMARY
Regulations on employee training and development	<p>Drawing up an Individual Development Plan (IDP)</p> <p>The 70:20:10 principle is an approach to organizing learning, which is based on balanced development: the right combination of practice and theory according to the 70:20:10 model. This model is an agent of change, promotes effective and efficient learning, achieving high labor productivity, development of thinking, and change and development of behavior.</p>
Rules for managing the grading of working personnel	<p>The competition for the assignment of grades is held according to the following algorithm:</p> <ol style="list-style-type: none"> <li>1. A mailing is communicated about any grading quota. The mailing list indicates the name of the position and the number of quotas, as well as the deadline for accepting applications to participate in this competition. If necessary, in agreement with the management of the subdivision and the mine, the deadline for collecting applications is additionally extended to cover everyone who wants to increase the grade.</li> <li>2. After collecting applications, groups are formed to undergo training and pass tests in the areas of professional activity and OHS matters (night and day shifts of participants are taken into account). All participants go through 3 stages of the competition: <ul style="list-style-type: none"> <li>Stage 1 – training and passing the OHS test (1.5-2 hours)</li> <li>Stage 2 – training and passing the professional activity test (1.5-2 hours)</li> <li>Stage 3 – interview with the members of Qualification Commission (QC).</li> </ul> </li> </ol> <p>OHS questions are developed by training engineers of the OHS Department (at least 40 questions).</p> <p>Questions on areas of activity are developed by the heads of structural units (at least 15-20 questions).</p> <p>Questions are made in Russian and Kazakh languages.</p> <p>When conducting OHS training and passing the test, the immediate supervisor and HR BP must be present.</p> <p>The composition of the QC is determined by order and mandatorily includes one of the representatives of the Workforce.</p> <p>To ensure a valid assessment of participants, the following is strictly observed when arranging the 3rd stage of the competition:</p> <ul style="list-style-type: none"> <li>▶ each participant is interviewed individually;</li> <li>▶ the participation of the same number of QC members is ensured;</li> <li>▶ all participants are asked the same questions;</li> <li>▶ the number of questions from each interviewer is from 1 to 3;</li> <li>▶ only precise and measurable questions, suggesting accurate answers shall be applied;</li> <li>▶ questions are asked both in Russian and in Kazakh, to provide a complete and exhaustive response, participants may respond in the language of their choice (Kaz/Rus).</li> </ul> <p>Completion form – Minutes of the meeting of the qualification commission with decisions – assignment of one or another grade, enrollment in the personnel reserve and "on the spot".</p> <p>The following evaluation criteria are also taken as a basis – the availability/unavailability of a disciplinary sanction, work experience</p> <p>Based on the results of assigning grades to working personnel, an increase in salaries is provided in the following amounts:</p> <ul style="list-style-type: none"> <li>▶ increase in salary by 7% upon transfer to the 5th grade;</li> <li>▶ increase in salary by 10% upon transfer to the 6th grade.</li> </ul> <p>Increases on transfers are made according to the Company's analysis, in accordance with internal justice and gradual leveling among the working staff.</p> <p>The following is considered:</p> <ul style="list-style-type: none"> <li>▶ Actual rate/salary;</li> <li>▶ Harmful working conditions or normal;</li> <li>▶ Internal/external justice;</li> <li>▶ Capacities of the payroll budget</li> </ul>



Internal training rules	<p>Internal training is aimed at:</p> <ul style="list-style-type: none"><li>▸ spreading the necessary knowledge and skills among the Company's employees;</li><li>▸ obtaining the necessary knowledge and skills by an employee without a long break from work;</li><li>▸ applying by an employee of the acquired skills in everyday practice;</li><li>▸ spreading corporate culture;</li><li>▸ identifying talents and leaders among line personnel, as well as promoting their development.</li></ul>
Talent management	<p>The main principles of talent management are:</p> <ul style="list-style-type: none"><li>▸ talent pool is the responsibility of the management team;</li><li>▸ development of professional capabilities;</li><li>▸ compliance of the pool of successors with the needs of the Company in the medium and long term;</li><li>▸ validity of decisions made based on the principle of meritocracy transparency and fairness;</li><li>▸ discussion of career plans is an integral part of the performance evaluation procedure for the pools of successors;</li><li>▸ career development of employees is not limited to the scope of their unit.</li></ul> <p>The formation of a pool of successors is carried out based on the results of employee performance evaluation, taking into account the requirements, listed below:</p> <p>The list of potential candidates for the management pool is formed from among the employees that were allocated to the following cells in the talent map:</p> <ul style="list-style-type: none"><li>▸ High leadership potential;</li><li>▸ High potential.</li></ul> <p>The list of potential candidates for the functional pool is formed from among the employees that were allocated to the following cells in the talent map:</p> <ul style="list-style-type: none"><li>▸ High potential;</li><li>▸ Expert.</li></ul>

1. Mailing every month based on the results of the events in terms of personnel development policy, personnel succession, and stimulating the growth of internal talents.

2. April 24, 2022 – launch of the HR bot platform (relevant for employees hired from April 30, 2022). Automated online communication works through instant messengers based on tree-like dialogues and topologies.

Benefits from Bot implementation:

For employees:

- Clear and transparent adaptation system process;
- Growth of NPS (index of consumer loyalty/customer focus) among employees;
- Full information about all working conditions;
- Fast and effective adaptation to the team and socialization.

For managers:

- Increasing employee engagement;
- Prompt provision of information and settlement of organizational issues;
- Employee's quick move to an effective level.

For HR:

- Improvement and growth of CSI and HR brand;
- Evaluation of recruitment quality;
- Automation of the whole adaptation process;
- Instant feedback guarantee for every new employee;
- Continuous monitoring of employee engagement and mood;
- Cool dashboard.

PARTNERSHIP WITH EDUCATIONAL INSTITUTIONS

As part of initiatives to expand partnerships with educational institutions, the Company reached an agreement to assist in the development of the system of technical and vocational education.

No.	Name of educational institution
1.	Kazakhstan Nuclear University
2.	Corporate University "Samruk Kazyna"

CERTIFICATION OF EMPLOYEES

For the purposes of forming a highly qualified staff, ensuring the possibility of an objective and reasonable movement of personnel, stimulating the growth of professionalism and knowledge level of employees, the Company has developed the Employee Certification Rules.

- The main objectives of certification are:
- determination of the level of professional and qualification training;
  - promoting the development of employees and increasing labor motivation;
  - performance evaluation;
  - identification of the individual training needs;
  - establishing the compliance/non-compliance with the position held or the work performed;
  - formation of a pool of talents and successors (personnel reserve) and identification of the possibility of employee rotation.

EMPLOYEE PERFORMANCE EVALUATION

Employee performance evaluation is an integral part of the development and advancement of Inkai employees.

PERFORMANCE EVALUATION GOALS

- emergence of the potential of an employee by identifying strengths and areas of development in competencies;
- optimization of the Company's internal processes by increasing the efficiency of each employee.

PERFORMANCE EVALUATION STAGES

- competence assessment and performance evaluation in the Ekap system (1. Employee self-assessment, manager assessment. 2. Review meetings: Employee – manager. 3. Functional calibration sessions. 4. Assessment final: management decisions. 5. Feedback. 6. Final calibration session);
- formation of the Talent Map;
- identification of talents and further professional development (retraining/magistracy, short/medium-term training).



# REMUNERATION SYSTEM

GRI 202-1

Inkai is committed to providing fair compensation to its employees in accordance with their contribution to the success of the Company. In 2021, the Company implemented a unified remuneration system of Kazatomprom. The conditions and procedure for the remuneration of the Company's employees are determined in accordance with the staffing table, the salary scheme, grade, official salary/tariff rate and are reflected in Employment Contracts. To evaluate positions in the Company, the point-factor method of assessment is used, developed and presented by the international consulting company Korn Ferry/Hay Group.

Encouraging and rewarding high-performing employees is critical to maintaining a high level of motivation. The Company seeks to provide its employees with remuneration at or above the average market values. The standard salary for starting positions is higher than the national minimum wage. Thus, the monthly salary for a starting position for women (as of July 1, 2023) is 209 thousand tenge, which is almost three times higher than the minimum wage in the country according to 2022 data.

AVERAGE SALARY FOR A STARTING POSITION IN 2023 (thousand tenge)

For men	For women	National minimum wage
217	209	70



## 2022 RESULTS:

- ▶ As part of the diagnosis of HR culture, which was held in 2020–2021 throughout the entire system of NAC Kazatomprom JSC and the Project for Replication of the Target Model for Personnel Management, development areas were identified to improve the Employer Brand.
- ▶ One of the important processes, which needed attention, was Automation of the Onboarding Process for new employees.
- ▶ At the same time, the HR Department has implemented/improved the existing approach for the adaptation of new employees of JV Inkai LLP.
- ▶ JV Inkai LLP was awarded the title of HR Messenger SUPERHERO.

# SOCIAL RESPONSIBILITY

GRI 3-1, 203-1, 413-1

JV Inkai assumes responsibility for providing social support to the local population of Sholakkorgan rural district and Taiqonyr village through the implementation of social projects.

*We strive to implement charitable projects and programs aimed at solving socially significant issues for the residents of Sholakkorgan rural district and Taiqonyr village. Activities in this area are carried out by the Social Projects Department.*

The Company's subsoil use contract provides for the allocation of significant funds for the development of the regions of presence. In accordance with the terms of the Subsoil Use Contract, Inkai made mandatory contributions in 2022 to the budget of the Turkestan region in the amount of 69.3 million tenge and in the first half of 2023 contributions of 67 million tenge were made. When implementing short-term projects aimed at improving the lives of the local population, taking into account their needs, positive feedback has been repeatedly received from the local population and local executive bodies.

## COMPLAINTS MECHANISM:

All enquiries from the local population are received in writing through the Company's office according to the working instructions "Complaints mechanism" under No. SD-02, Version No. 1 dated January 25, 2023. Further, complaints are forwarded to the Social Projects Department for execution. In 2022 and in the first half of 2023, no complaints were received from the local population.





## SOCIO-ECONOMIC PROJECTS

in Sholakkorgan rural district and Taiqonyr village (Turkistan region) in the period from 2022 to the first half of 2023

### For 2022:

- ▶ Arrangement of a festive table for honoring veterans of the Great Patriotic War and persons equated to them of Sozak region on the occasion of the "Victory Day in the Great Patriotic War" (Zhenis project);
- ▶ Purchase of gifts (food set) for the children of the Taiqonyr village on the occasion of the "Children's Day";
- ▶ Purchase of coal for low-income families of Sozak region in winter period;
- ▶ Purchase of New Year's gifts for children from low-income families of Sozak region;
- ▶ Transfer of funds to the budget of the region's local executive body for the socio-economic development of the region and the development of its infrastructure according to the Contract.

### 4G NETWORK FOR THE LOCAL POPULATION

Today, high-speed mobile Internet access and modern mobile services in the Taiqonyr village have become available not only to the Company's employees, but also to the residents of the village, as well as employees of other organisations based on the territory of the Taiqonyr village.

### For the first half of 2023:

- ▶ Provision of one-time assistance to veterans and persons equated to them of the Sozak region on the occasion of the "Victory Day in the Great Patriotic War";
- ▶ Arrangement of a festive table for honoring veterans of the Great Patriotic War and persons equated to them of Sozak region on the occasion of the "Victory Day in the Great Patriotic War" (Zhenis project);
- ▶ Purchase of gifts (food set) for the children of the Taiqonyr village on the occasion of the "Children's Day".

In 2018, through the joint efforts of JV Inkai LLP and Kcell JSC, 3G standard cellular communication was connected for the first time in the Taiqonyr village. A 3G base station has been installed. As part of the improvement of social and living conditions at the initiative of the Company's Management, supported by KAP Technology LLP and Kcell JSC, in June 2023, the 4G mobile network coverage was organized on the territory of the Company's rotational camp and the Taiqonyr village.







# CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-21

## HIGHLIGHTS:

- ▶ 4 general meetings of participants were held in 2022
- ▶ 4 received complaints and enquiries

### GENERAL MEETING OF PARTICIPANTS

### SUPERVISORY BOARD

### GENERAL DIRECTOR

## OUR GUIDING DOCUMENTS:

- ▶ Law of the Republic of Kazakhstan "On Limited Liability Partnerships";
- ▶ Charter;
- ▶ Regulation "On the Supervisory Board";
- ▶ Regulation "On the Audit Committee";
- ▶ Regulation "On the Technical Committee";
- ▶ Regulation "On the General Director";
- ▶ Dividend Policy.

## CORPORATE GOVERNANCE SYSTEM IN THE COMPANY

Inkai's corporate governance system is built on the foundations of transparency, fairness, honesty, responsibility and professionalism. An effective corporate governance system helps to ensure efficient operation, increase the value of the Company's capital and protect the rights of participants and all stakeholders of the Company.

## GENERAL MEETING OF PARTICIPANTS

The General Meeting of the Participants (the "GMP") is the supreme body of the Company and makes decisions on any issues of the Company's activities.

The powers, rights and obligations of the participants are fixed and regulated in accordance with the legislation of the Republic of Kazakhstan and the Charter of the Company.

During the reporting period, the Company held 4 meetings in 2022 and 8 meetings in the first half of 2023.

# GENERAL DIRECTOR

The General Director of the Company manages the Company's operations and plays a key role in improving the efficiency and production and financial performance of the Company. For integrating the strategic vision of the GMP and the Supervisory Board into the current processes of the Company, the General Director submits

quarterly reports on activities and completed actions. The governing bodies annually set KPIs for the General Director to monitor the effectiveness of current activities and compliance with the expectations of the GMP and the Supervisory Board.



**Nurgaliyev Askar Kadyrbekovich**

General Director

Year of appointment: 2023

Citizenship: Republic of Kazakhstan

## AUDIT COMMITTEE

The Audit Committee was established to exercise control over the activities of the General Director and regularly reviews the following matters in the area of sustainable development:

- ▶ Reports on compliance with corporate ethics and anti-corruption requirements;
- ▶ Reports on procurement and management of the Company's supplier network;
- ▶ Management evaluation reports of the internal control system (including the financial reporting control system);
- ▶ Participation in the distribution of dividends to the Company's participants;
- ▶ Fraud investigation reports, monitoring and evaluation of fraud risks.

Meetings of the Audit Committee are held at least four times a year. In the reporting period, the Audit Committee held 16 meetings and considered 76 matters.

## TECHNICAL COMMITTEE

The Technical Committee is a collegiate body that assists the Supervisory Board and the GMP in the performance of their duties to control the technical and economic issues of the Company.

The main functions of the Committee are decision-making in the area of analysis of mining plans, work plans, estimates and costs, licensing, technical problems and solutions, designs, project plans and similar matters.

For the reporting period, the Technical Committee held 11 meetings and considered 63 matters.

# SUPERVISORY BOARD

The Supervisory Board is a body established to exercise control over the activities of the General Director of the Company. Members of the Supervisory Board are elected by the GMP in the following ratio – three members are appointed at the suggestion of Kazatomprom and two members at the suggestion of Cameco. The Chairman

of the Supervisory Board is elected by the members of the Supervisory Board, with representatives from Kazatomprom and Cameco rotating every two years as Chairman. The General Director cannot be elected to the Supervisory Board.

	<b>Caroline Gorsalitz</b> Member of the Supervisory Board, representative of Cameco Corporation  Vice-President for Corporate Development and Legal Affairs of the Cameco Corporation	Year of appointment: 2023  Citizenship: Canada
	<b>Akzholova Aliya Khaidarovna</b> Member of the Supervisory Board, representative of NAC Kazatomprom JSC  Managing Director for Production, NAC Kazatomprom JSC	Year of appointment: 2017 (2023 – reappointment for the 5-year period)  Citizenship: Republic of Kazakhstan
	<b>Dmitriy Barsukov</b> Member of the Supervisory Board, representative of Cameco Corporation  General Director of Cameco Kazakhstan LLP	Year of appointment: 2017 (2023 – reappointment for the 5-year period)  Citizenship: Canada
	<b>Zhakypbekova Subagul Zhakypbekovna</b> Member of the Supervisory Board, representative of NAC Kazatomprom JSC  Director of Accounting and Reporting Department, NAC Kazatomprom JSC	Year of appointment: 2023  Citizenship: Republic of Kazakhstan
	<b>Sultanova Aida Kadirbekovna</b> Member of the Supervisory Board, representative of NAC Kazatomprom JSC  Chief Expert, Legal Department, NAC Kazatomprom JSC	Year of appointment: 2023  Citizenship: Republic of Kazakhstan

The share of senior executives<sup>1</sup> in the region of the Company's operations, hired from among the representatives of the local population<sup>2</sup>, in the Supervisory Board is 60%.

In the reporting period, the Supervisory Board held 28 meetings and considered 102 matters.

In addition, for the purpose of careful consideration and detailed study of matters within the competence of the Supervisory Board, and to provide recommendations to the Supervisory Board and the GMP, the Company has established the Audit Committee and the Technical Committee.

<sup>1</sup> Senior executives are the members of the Supervisory Board.  
<sup>2</sup> Local population – citizens of the Republic of Kazakhstan.

# REMUNERATION AND DIVIDENDS

GRI 2-19, 2-20

Dividends to the Company's participants are paid on the basis of the approved Dividend Policy on the principles of transparency, openness and timeliness. The decision on the distribution of dividends is made by the Company's participants at the annual general meeting.

Members of the Supervisory Board carry out activities on a gratuitous basis, since they are representatives of the Company's participants. The remuneration to the General Director is paid in accordance with the internal procedure based on the results of achieving the annual KPI.

# BUSINESS ETHICS AND COMPLIANCE

GRI 2-23, 2-24, 2-25, 2-16, 205-1

## OUR GUIDING DOCUMENTS:

- Law of the Republic of Kazakhstan "On Combating Corruption";
- Code of Conduct and Business Ethics;
- Business Ethics Policy;
- Anti-Corruption and Fraud Policy;
- Instructions for Compliance with Anti-Corruption Legislation;
- Regulation on the protection of confidential information;
- Policy in the area of labor protection, safety measures, environmental protection, energy saving and quality;
- Information Security Policy;
- Disciplinary Policy;
- Electronic Information and Information Technology Security Program.

Inkai LLP operates on the principles and in the manner aimed at ensuring compliance with the norms of Kazakhstani and international legislation, international principles and business ethics, in accordance with the principles and provisions of the Code of Conduct and Business Ethics and the Business Ethics Policy. Standards and norms of behavior in the area of compliance have been developed and implemented in the Company since 2011.

Also, everyone who works with the Company, including suppliers, partners, consultants, must share the values of the Company and adhere to the principles defined in the Code of Conduct and Business Ethics. The management of the Company sets the tone in establishing and promoting the principles of honesty and fairness and is a model of personal and professional moral conduct.





COMPLIANCE RISKS

The Compliance Officer regularly monitors compliance risks and takes timely measures to prevent these risks.

NAME OF COMPLIANCE RISK FACTORS	RISK RESPONSE MEASURES
Leakage of insider information	<ul style="list-style-type: none"><li>▪ Maintaining and updating the list of the Company’s insiders and communication to the Company’s participants</li></ul>
Legal consequences of corruption offenses (administrative and criminal liability)	<ul style="list-style-type: none"><li>▪ Compliance with the requirements of internal regulations in the area of compliance and anti-corruption legislation;</li><li>▪ Monitoring and updating internal regulations in the area of compliance and anti-corruption legislation</li></ul>
Growth of the sanctions regime established in relation to the Russian Federation and the Republic of Belarus (including cross-sanctions) and its impact on the purchase of GWS, contractual relations with counterparties and the reputation of Inkai	<ul style="list-style-type: none"><li>▪ Verification of counterparties and third parties according to international sanctions lists before executing/signing contracts/transactions</li><li>▪ Collection of information and verification of counterparties and third parties (full structure of owners and management (identification according to the “50% Rule”)</li><li>▪ Monitoring the introduction of new sanctions</li><li>▪ Development of a work instruction/policy on sanctions compliance</li><li>▪ Development and implementation of a sanctions clause in standard contract templates</li><li>▪ Attendance at workshops to explain sanctions compliance, methods for conducting verification</li><li>▪ Automation of the screening process for checking counterparties according to sanctions lists</li></ul>

During the reporting period, the above compliance risks were not identified.

ANTI-CORRUPTION AND FRAUD

Inkai adheres to the zero tolerance policy for corruption and fraud. To ensure high ethical standards and protect the reputation and activities of the Company from unlawful actions of employees and third parties, the Anti-Corruption and Fraud Policy has been developed, which establishes standards of conduct approved in accordance with the law, principles and regulations of the Company.

This Policy includes control measures to combat corruption and fraud and is a guiding document for building a culture of consistent organizational behavior in the Company. The main role in the implementation of the Policy principles is played by management employees who should be aware of illegal, corrupt and fraudulent actions and risks in this area and communicate information to their employees.

Compliance with these principles guarantees not only the effective operation of the Company in the present, but also its sustainable development in the future.

HUMAN RIGHTS

Inkai is strongly committed to the principles of respect for human rights and declares that the life, well-being and rights of all those involved are the main value of the Company and the basic decision-making factor in both the implementation of daily tasks and the approval of strategic goals for sustainable development.

The safety of employees, the development of human resources, equal treatment in interaction with both employees and external stakeholders and intolerance to any kind of discrimination are the foundation on which the Company’s activities are built. These principles are integrated into all Inkai processes. Thus, all relevant internal documents include a clause on the observance of the rights of all persons involved in the Company’s activities, risk procedures include impact on the safety and interests of people, contracts with external contractors and suppliers are also drawn up taking into account the observance of the approved principles in the Company.

CONFLICT OF INTEREST MANAGEMENT

For the prevention of the influence of personal interests of employees and officials on the activities of the Company, Inkai broadcasts information on the need to comply with conflict of interest management requirements everywhere and at all levels.

The Code of Conduct and Business Ethics sets out the basic concepts, approaches and reporting mechanisms in the event of a real or potential conflict of interest to build a common understanding among employees and officials. The existing processes in the Company make it possible to promptly respond to the risks of such conflicts and improve the effectiveness of the conflict of interest management system.

FEEDBACK CHANNELS

GRI 2-16, 2-26

Inkai is aware that for building a culture of high ethical standards and transparent activities of the Company, it is important to involve all employees, suppliers, partners,

representatives of the local community and all other persons involved in the activities of the Company. In this regard, the Company provides the opportunity to immediately report all facts of unethical behavior, corrupt practices and other offenses.

The Company has several channels for reporting violations:

- ▶ direct reporting to the immediate supervisor;
- ▶ oral or written communication to the Compliance Officer;
- ▶ General Director’s hotline;
- ▶ e-mail and hotlines;
- ▶ anonymous enquiries through the common channel of the Hotline of the Samruk-Kazyna JSC group

The hotline makes it possible to confidentially report incidents or alleged facts of corruption, fraud, discrimination, as well as other violations of the legislation of the Republic of Kazakhstan, ethical standards or the Code of Conduct and Business Ethics by any person.

STATISTICS OF RECEIVED COMPLAINTS AND HOT LINE ENQUIRIES:

	Total number	Confirmed cases
2019	7	1
2020	7	0
2021	4	2
2022	3	3
for the first half of 2023	4	partially confirmed – 4

All enquiries and complaints are thoroughly investigated and considered by the Compliance Officer, and in case of revealing supporting data, measures are taken to eliminate the consequences of these violations and prevent similar cases in the Company in the future.

COMPLIANCE TRAINING

GRI 205-2

All principles and provisions in the area of business ethics approved by the Company should be communicated to each employee and unquestioningly implemented at all levels of the Company. For these purposes, the Company conducts training events on an annual basis with the involvement of management and all involved business units. In 2022, a training was held in the area of compliance and anti-corruption legislation, which was attended by 150 employees, including the General Director and Deputy General Directors.

Inkai has an Instruction on Compliance with Anti-Corruption Legislation, according to which the Compliance Officer approves the list of employees for whom mandatory annual training is determined. Also, for the continuous improvement of qualifications and further development of compliance practices in the Company, the Compliance Officer completed training courses on sanctions compliance and the role of forensics in corporate governance.

For implementing an anti-bribery management system in accordance with the international standard ISO 37001:2016, a number of Company employees completed training in early February 2023, within which a list of internal documents was compiled for updating and subsequent steps for implementation.

GRI 415-1

The Company does not support the political activities of any persons and does not finance the activities of political parties and individuals.



# ECONOMIC INDICATORS

Overview of financial and operating activities	94
Taxes	95
Procurement management	97
Development of innovations	99
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HIGHLIGHTS:

- ▶ Revenue for 2022 increased by **26%** and amounted to **165,966 billion tenge**;
- ▶ Net profit amounted to **99,5 billion tenge**;
- ▶ In 2022, the Company accrued for income tax of **26,046 million tenge**.

OVERVIEW OF FINANCIAL AND OPERATING ACTIVITIES

GRI 2-7, 201-1

Our value creation strategy is based on the principles of responsibility, professionalism, financial transparency and responsible extraction and supply of raw materials for clean nuclear energy fuel. The Copany makes a positive impact

on the socio-economic development of the Turkestan region by creating jobs for the local population and paying tax deductions.

KEY FIGURES\*, thousand tenge

Indicator	July 01, 2023	2022	2021	2020
Revenue	66,996,181	165,966,106	131,866,260	78,973,231
Cost of sales	(15,955,866)	(31,687,170)	(27,464,106)	(25,179,044)
EBITDA	51,399,427	133,693,357	108,411,858	57,713,831
Selling price of products, \$ per kg	123,77	120,53	91,04	70,77
Net profit	36,472,838	99,461,422	78,456,246	36,021,296
Cash flow from operating activities	101,695,263	87,391,016,	26,365,578	46,968,256

\* All financial indicators for 2019–2022 are presented in accordance with the financial statements prepared in accordance with IFRS for the 12 months of 2019, 2020, 2021, and first half of 2022 posted on the Company’s website.

- ▶ Revenue for 2022 increased by 26% to 165,966 billion tenge (2021: 131,866 billion tenge) due to an increase in the average annual selling price of uranium to an average of \$120,53 per kg in 2022 (2021: \$91,04 per kg).

▶ The cost of sales of uranium increased compared to the same indicator in 2021 and amounted to 31 billion tenge, due to an increase in the cost of materials and an increase in the payroll fund.
- ▶ A significant increase in the selling price of the product (+32%) is associated with a limited supply of uranium in the market and high demand in the North American and European continents due to the energy crisis amid an aggravated political situation in the first half of 2022.

▶ Net profit amounted to 99.5 billion tenge (2021: 78.5 billion tenge), an increase of 27%.

CREATED AND DISTRIBUTED DIRECT ECONOMIC VALUE

The Company is one of the largest uranium mining entities in the Republic of Kazakhstan, and one of its most significant contributions to the regional social development is the economic value, which Inkai brings to its shareholders and regions of presence by paying mandatory payments to the state budget, creating and maintaining jobs.

The main indicator that characterises the results of the Company’s activities are the created and distributed economic values. The Company derives revenue from sale, transportation, and export of uranium products.

	July 01, 2023	2022	2021	2020
Created direct economic value				
Income	67,237,403	168,031,516	132,501,672	79,473,202
Distributed economic value, including				
Operating expenses	(12,816,050)	(29,061,445)	(21,776,736)	(19,765,888)
Salaries	(3,205,441)	(7,012,764)	(5,537,761)	(4,846,358)
Taxes other than on income	(3,547,919)	(4,923,359)	(4,847,879)	(4,276,067)
Income tax expenses	(9,300,800)	(26,046,840)	(20,546,941)	(13,596,909)
Other costs	(1,827,257)	(1,456,384)	(1,272,258)	(906,763)
Social costs (investment in local communities)	(67,098)	(69,302)	(63,851)	,(59,921)
Undistributed economic value (profit for the year)				
	36,472,838	99,461,422	78,456,246	36,021,296

TAXES

In 2022, the Company accrued for income tax in the amount of 26,046 million tenge. Inkai’s Tax Accounting Policy was approved on April 4, 2019 by the Minutes of the Supervisory Board. Its main goal is to ensure a high level of compliance with the requirements of current tax legislation of the Republic of Kazakhstan and agreements. The Head of the Tax Service is responsible for

exercising control over the application of the provisions of the Tax Accounting Policy. The Company’s employees who are directly or indirectly related to tax accounting and the fulfillment of tax obligations for the Company’s activities are responsible for applying the provisions of the Tax Accounting Policy.



Organisation of control	<ul style="list-style-type: none"><li>• To achieve our goals, we have implemented highly regulated tax accounting and reporting processes, as well as control methods.</li><li>• When maintaining tax records, we comply with regulatory legal acts and internal documents of the Company, including: the Tax Code, the Law on the Enactment of the Tax Code, International Financial Reporting Standards (IFRS), the Law of the Republic of Kazakhstan "On Transfer Pricing and the Pricing Rules for natural uranium concentrate (U3O8).</li><li>• All significant transactions are subject to review and approval at various levels of management within the Company.</li></ul>
Tax planning	<ul style="list-style-type: none"><li>• The Company adheres to the Tax Accounting Policy (TAP) approved by the Supervisory Board. Control over compliance with the Tax Strategy is carried out by the Company's Tax Service.</li><li>• The Company does not operate in low-tax jurisdictions and does not use aggressive tax planning methods.</li><li>• The taxes paid by the Company are consistent with the actual activities carried out, and also consistent with the laws of the jurisdictions of our presence and business strategy, our effective income tax rate was higher than nominal values in 2020 and 2021 (27.4% and 20.75%).</li></ul>
Interaction with tax authorities and other stakeholders	<ul style="list-style-type: none"><li>• The Company stands for transparent interaction and open communication with the tax authorities, ensuring the provision of all reporting required in accordance with the legislation of the Republic of Kazakhstan in a timely manner.</li><li>• We seek to clarify uncertain tax issues where possible by inquiring about the official position of the Ministry of Finance of the Republic of Kazakhstan.</li></ul>

TAXES, thousand tenge

Indicator	July 01, 2023	2022
<i>Country – Republic of Kazakhstan</i>		
<i>Principal activity – exploration, development, production at Inkai deposit, processing, export, and sale of uranium</i>		
Headcount (employees)	745	745
Sales income	66,996,181	165,966,106
Profit (loss) before tax	45,773,638	125,508,262
Tangible assets, net of cash and cash equivalents	104,067,549	95,374,001
Corporate income tax paid	12,559,430	25,409,252
Income tax accrued on profit (loss)	9,774,811	26,503,745
General employee benefits (including applicable taxes)	4,581,925	7,713,673
Tax deductions withheld and paid for employees	322,618	577,284
Sectoral taxes and other taxes or payments to the state	4,589,064	6,004,726

# PROCUREMENT MANAGEMENT

GRI 204-1, 413-1

## OUT GUIDING DOCUMENTS:

- ▶ Law of the Republic of Kazakhstan "On Procurement of Certain Subjects of Quasi-Public Sector";
- ▶ Procurement Procedure of the Sovereign Wealth Fund "Samruk-Kazyna"and organisations, fifty or more percent of the voting shares (interests) of which are directly or indirectly held by Samruk-Kazyna JSC on the right of ownership or trust management;
- ▶ Corporate Social Responsibility Strategy;
- ▶ Procurement Policy;
- ▶ Regulation on Procurement of Goods, Works and Services;
- ▶ GWS Supplier Management Program;
- ▶ Working Instructions on Preliminary Supplier Assessment.

Inkai pays special attention to the implementation of sustainable development principles in the supply chain both domestically and internationally. Our procurement activities are based on the principles of transparency, openness and economic feasibility. One of the key factors for effective management of the supply chain and business continuity is the timely provision with all the necessary resources and timely maintenance of processes with the involvement of external suppliers.

The procurement system is built on the basis of the approved principles and objectives of the Procurement Procedure of NWF Samruk Kazyna JSC. Starting from 2022, changes were made to Inkai's procurement procedures, in accordance with the updated Procurement Procedure of NWF Samruk Kazyna JSC.

The Company makes purchases according to the following principles:

- ▶ transparency – both in relation to potential suppliers and internal transparency;
- ▶ equity and fairness – in relation to supplier selection, by defining selection criteria that are relevant (including both price and non-price factors), uniform and applicable to all potential suppliers;
- ▶ separation of powers – clearly divide the functions and responsibilities between the participants in the procurement process;

- ▶ competitive selection – use processes to evaluate and select from a large number of suppliers whenever possible and when appropriate. If competitive selection is not possible, strict decision control measures should be used;
- ▶ planning – plan procurement activities when possible;
- ▶ control – exercise effective control over the procurement process.
- ▶ support for local suppliers – support Kazakhstani and local suppliers when possible or as required by applicable law;
- ▶ compliance – comply with all applicable legal acts and prevent illegal actions on the part of any of the participants in the procurement process;
- ▶ timeliness – provide goods, works or services in a timely manner;
- ▶ efficiency – optimal, purposeful and efficient use of funds.

The Company's purchases are automated and carried out using the 1C system, which allows the Company to ensure the uninterrupted supply of the necessary GWS based on approved procurement plans.

The total amount of the Company's purchases in 2022 amounted to 29.8 billion tenge and 23.3 billion tenge in the Q1 2023.



INTERACTION WITH SUPPLIERS

JV Inkai LLP approved the Supplier Management Program, according to which the Company’s suppliers are required to comply with the requirements in the area of compliance with the principles of business ethics, environmental protection, health and safety, prevention of any kind of discrimination, forced labor and other aspects that are contrary to norms in the area of social welfare and environmental requirements. When executing contracts, a prerequisite for choosing a supplier is compliance with the requirements for health, safety, environmental protection and radiation safety.

JV Inkai also implements the provisions of the Procurement Procedure of NWF Samruk Kazyna JSC, according to which the Companies, fifty or more percent of the voting shares (interests) of which are directly or indirectly held by Samruk-Kazyna JSC on the right of ownership or trust

SUPPORT FOR LOCAL PRODUCERS

Cooperation between the Company and local suppliers of goods and services contributes to the social and economic development of the region of presence. We are guided by the Corporate Social Responsibility Strategy, giving preference to the purchase of goods and services from local suppliers that meet the requirements of corporate social responsibility. The Company actively supports programs to increase local content, which indirectly supports the employment of a large number of citizens from the local population and contributes to the economic sustainability of these enterprises.

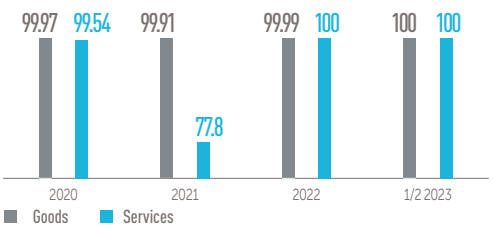
According to the terms of the Company’s subsoil use contract, local content should be at least 40% for goods, and 90% for works and services. At the same time, according to the requirements of NWF Samruk Kazyna JSC, the target parameters are at least 65% in the GWS. Inkai adheres to the approved standards, the share of local content in the Company’s purchases significantly exceeds the established target levels.

management, makes purchases for the category “among organisations of the disabled persons” (hereinafter referred to as ODP), in case of failed purchases, the Company publishes a purchase among Kazakhstani producers, and then on a general basis.

For the effective management of procurement risks, the Company pays special attention to the prequalification process. Inkai has approved an internal document – Work Instructions on Preliminary Supplier Assessment. As part of the qualification selection, in relation to potential suppliers, the Compliance Officer assesses the compliance of potential suppliers with the requirements of national and international laws. Supplier due diligence includes:

- ▶ a preliminary assessment of the supplier and the assignment of a high, moderate or low degree of risk;
- ▶ conducting a risk analysis of the awarded contract.

SHARE OF LOCAL SUPPLIERS WITHIN PROCUREMENT PROCESS, %



The Company’s long-term procurement plans are as follows:

- ▶ maintaining the level of local content in the procurement of GWS;
- ▶ improving sustainable development practices by constantly monitoring the requirements for suppliers in terms of social, environmental and economic aspects;
- ▶ improvement of automation processes and further optimization of the procurement process.

DEVELOPMENT OF INNOVATIONS

Inkai pays great attention to the implementation and improvement of technological solutions. Development of technologies and innovations is one of the most important factors for the effective operation of the Company and adaptation to changing working conditions.

The Company widely uses the Vinkom corporate portal, which provides automation of both production processes and the functions of the corporate center, and includes the following sections:

MODULE 1 – MDP (MINE DEVELOPMENT PLAN)	MODULE 2 – EQUIPMENT	MODULE 3 – WELL AND WELL FIELD CONSTRUCTION
MODULE 4 – PRODUCTION	MODULE 5 – REPORTING	EVENT REGISTRATION MAP
PROJECT MANAGEMENT	LEAN PRODUCTION	OCCUPATIONAL SAFETY
SUGGESTIONS FOR IMPROVEMENT	LIBRARY OF BOOKS	UTILITIES
IT TOOLS		SMART WATCH SCHEDULE



Inkai has a modern technological base, including dozens of information systems that solve production and management tasks, including a financial data automation system – 1C UPP, a print process optimization system –

Y-Soft SafeQ, ATC Alcatel, Clever Touch, TrueConf communication systems and a training portal “Knowledge base”.

IN ADDITION, THE FOLLOWING R&D PROJECTS WERE LAUNCHED:

R&D project	Expected economic effect	Result
Development and manufacturing of an Integrated logging tool combined with an inclinometer and a caliper (ILTIC)	Intensification of the GIS process. Reduced labor costs and time spent on primary logging by 20%	Integrated logging tool combined with an inclinometer and a caliper (ILTIC).  Conducting gamma-ray logging, electric logging and determining the spatial location of wells with measuring the angle of inclination and azimuth, well diameter in one start-up.  Introduction of prototypes of the device (ILTIC) in the production conditions of Inkai.
Introduction of equipment, software and technology for 4D monitoring of the process of uranium mining by the method of radio wave geointrospecty of the inter-well space (RWGI) into the complex of geophysical studies at the mine of the Inkai deposit	Optimization of production processes. Reducing the consumption of sulfuric acid.	Introduction into practice of the geophysical department of equipment, software and technology of radio wave research of the inter-well space using the “4D RWGI” method.  Implementation of RWGI equipment (radio wave geointrospecty) in the production conditions of Inkai.

INKAI ALSO PAYS SPECIAL ATTENTION TO LEAN PRODUCTION AND IMPLEMENTS THE FOLLOWING PROJECTS AS PART OF THIS INITIATIVE:

Project name	Target indicator
Portable process solution control unit	<ul style="list-style-type: none"><li>Reducing the time to transfer assembly</li><li>Reducing the assembly piping period</li></ul>
Changing the design of collectors	Reducing the cost of materials (Economic effect ≈ 5.5 million tenge)
Reducing dead zones in the T-7V deposition cascade	Reducing the number of stops for cleaning and emptying the sedimentation cascade tanks (Economic effect ≈ 10 million tenge)
Reducing the risks of the horizontal displacement of bottomhole	Increasing the productivity of drilling rigs by reducing rejects
Reduced repair costs for SP17 submersible pumps	Reducing the cost of maintenance and repair of well pumps
Optimization of the power line inspection process	Reduced fuel consumption

INFORMATION SECURITY

Information security management of the Company is the most important condition for maintaining information integrity, ensuring business continuity and protecting intellectual property rights and personal information.

The Company has approved the Information Security Policy, the main principles of which are:

- identification and minimisation of risks to which information and information systems of the Company are exposed to a level acceptable to the Company;
- ensuring the confidentiality, availability and integrity of the Company's information assets;
- compliance with international standards, as well as generally accepted industry practices in the area of information security;
- providing secure access to the Company's information resources to those who need it to perform their duties;
- monitoring and evaluating the effectiveness of information management, information resources to achieve continuous improvement in the area of compliance, security and risk management.

For mitigating the risks of leakage of information, which is the property of Inkai, the Company regularly implements the following measures:

- explanatory conversations;
- training;
- regular internal audit of the Company's systems;
- regulatory, legal, organizational, administrative and logistical measures to ensure information security.





# APPENDICES

Tables of GRI and SASB indicators	104
Table of SASB indicators	108
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APPENDIX 1: TABLES OF GRI AND SASB INDICATORS

Standard and indicators	Disclosure	Report page	Report sections	Comments
General reporting elements				
GRI 2: General disclosures				
2-1	Organizational details	18	Corporate profile	The Company is headquartered in Shymkent (Republic of Kazakhstan)
2-2	Entities included in the organization's sustainability reporting	12	About the report	
2-3	Reporting period, frequency and contact point	12	About the report	
2-4	Restatements of information	12	About the report	
2-5	External assurance	13	About the report	
2-6	Activities, value chain and other business relationships	18	Corporate profile	There were no significant changes in the supply chain during the reporting period.
2-7	Employees	70	Our people	
2-8	Workers who are not employees	70	Our people	
2-9	Governance structure and composition	86	Corporate governance	
2-10	Nomination and selection of the highest governance body	86	Corporate governance	
2-11	Chair of the highest governance body	86	Corporate governance	
2-12	Role of the highest governance body in overseeing the management of impacts	86	Corporate governance	
2-13	Delegation of responsibility for managing impacts	86	Corporate governance	
2-14	Role of the highest governance body in sustainability reporting	86	Corporate governance	
2-15	Conflicts of interest	86	Corporate governance	
2-16	Communication of critical concerns	86	Corporate governance	
2-17	Collective knowledge of the highest governance body	86	Corporate governance	
2-18	Evaluation of the performance of the highest governance body	86	Corporate governance	
2-19	Remuneration policies	89	Corporate governance	
2-20	Process to determine remuneration	89	Corporate governance	
2-21	Annual total compensation ratio	86	Corporate governance	The information is not disclosed due to data privacy restrictions

Standard and indicators	Disclosure	Report page	Report sections	Comments
2-22	Statement on sustainable development strategy	8	General director's statement	
2-23	Policy commitments	89	Corporate governance	
2-24	Embedding policy commitments	89	Corporate governance	
2-25	Processes to remediate negative impact	89	Corporate governance	
2-26	Mechanisms for seeking advice and raising concerns	91	Corporate governance	
2-27	Compliance with laws and regulations	40	Environmental responsibility	
2-28	Membership associations	21	Corporate profile	
2-29	Approach to stakeholder engagement	35	Sustainability strategy	
2-30	Collective bargaining agreements	75	Our people	
Material topics				
GRI 201: Economic performance				
201-1	Direct economic value generated and distributed	94	Economic indicators	
GRI 202: Market presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	80	Our people	
202-2	Proportion of senior management hired from the local community	70	Corporate Governance	
GRI 203: Indirect economic impacts				
203-1	Infrastructure investments and services supported	81	Our people	The Company strives to increase its positive impact and minimize the possible negative impact of its operations on local communities. In the reporting period, there were no significant cases of negative impact on the regions of operations.
GRI 204: Procurement practices				
204-1	Proportion of spending on local suppliers	97	Procurement management	Local suppliers - suppliers of goods, works and services in the territory of the Republic of Kazakhstan.
GRI 205: Anti-corruption				
205-1	Operations assessed for risks related to corruption	89	Business ethics and compliance	
205-2	Communication and training about anti-corruption policies and procedures	91	Business ethics and compliance	



Standard and indicators	Disclosure	Report page	Report sections	Comments
<b>GRI 302: Energy</b>				
302-1	Energy consumption within the organization	46	Energy consumption and energy efficiency	
302-3	Energy intensity	46	Energy consumption and energy efficiency	
302-4	Reduction of energy consumption	47	Energy consumption and energy efficiency	
<b>GRI 303: Water and effluents</b>				
303-1	Interactions with water as a shared resource	48	Water consumption	
303-2	Management of water discharge-related impacts	48	Water consumption	
303-3	Water intake	48	Water consumption	
303-4	Water discharge	49	Water consumption	
303-5	Water consumption	49	Water consumption	
<b>GRI 304: Biodiversity</b>				
304-1	Production sites owned, leased or managed by the organization and located in protected areas and areas of high biodiversity value outside their boundaries or adjacent to such areas	52	Biodiversity conservation	
<b>GRI 305: Emissions</b>				
305-1	Direct (Scope 1) GHG emissions	44	Atmospheric emissions	
305-4	Intensity of greenhouse gas emissions	44	Atmospheric emissions	
305-7	Air emissions of nitrogen oxide (NOX), sulfur oxide (SOX), and other significant pollutants	45	Atmospheric emissions	
<b>GRI 306: Waste</b>				
306-1	Waste generation and significant waste-related impacts	50	Waste management	
306-2	Management of significant waste-related impacts	50	Waste management	
306-3	Waste generated	50	Waste management	
306-5	Waste directed to disposal		Waste management	
<b>GRI 307: Non-compliance with environmental laws and regulations</b>				
307-1	Non-compliance with environmental laws and regulations	40	Environmental responsibility	
<b>GRI 401: Employment</b>				
401-1	New employee hires and employee turnover	70	Our people	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74	Our people	
401-3	Parental leave	74	Our people	

Standard and indicators	Disclosure	Report page	Report sections	Comments
<b>GRI 402: Labor/Management Relations</b>				
402-1	Minimum notice periods regarding operational changes	70	Our people	
<b>GRI 403: Occupational health and safety</b>				
403-1	Occupational health and safety management system	56	Workplace safety	
403-2	Hazard identification, risk assessment, and incident investigation	56	Workplace safety	
403-3	Occupational health services	56	Workplace safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	56	Workplace safety	
403-5	Worker training on occupational health and safety	56	Workplace safety	
403-6	Promotion of worker health	56	Workplace safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	56	Workplace safety	
403-8	Workers covered by an occupational health and safety management system	56	Workplace safety	
403-9	Work-related injuries	56	Workplace safety	
<b>GRI 404: Training and education</b>				
404-1	Average annual number of training hours per employee	76	Our people	
404-2	Programs for upgrading employee skills and transition assistance	76	Our people	
404-3	Percentage of employees for whom a periodic performance evaluation is conducted	76	Our people	
<b>GRI 405: Diversity and equal opportunity</b>				
405-1	Diversity of governance bodies and employees	70	Our people	
<b>GRI 413: Local communities</b>				
413-1	Operations with local community engagement, impact assessments, and development programs	35, 81, 97	Stakeholder engagement, Procurement activities, Interaction with regions	

TABLE OF SASB INDICATORS

SASB indicator	Disclosure	Report Page	Report page
Greenhouse Gas Emissions			
EM-MM-110a.1	Gross global Scope 1 emissions, Percentage covered under emissions limiting regulations	44	Atmospheric emissions
EM-MM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	44	Atmospheric emissions
Air quality			
EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N <sub>2</sub> O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	46	Atmospheric emissions
Energy Management			
EM-MM-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	46	Energy consumption and energy efficiency
Water Management			
EM-MM-140a.1	(1) Total fresh water withdrawn (2) Total fresh water consumed (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	48	Water consumption
Waste & Hazardous Materials Management			
EM-MM-150a.7	Total weight of generated hazardous waste	50	Waste management
EM-MM-150a.8	Total weight of recycled hazardous waste	50	Waste management
EM-MM-150a.10	Description of policies and procedures for handling waste and hazardous materials for active and inactive operations	50	Waste management
Biodiversity Impacts			
EM-MM-160a.1	Description of environmental management policies and practices for active sites	52	Biodiversity conservation
EM-MM-160a.3	Percentage of (1) proved reserves (2) probable reserves in or near sites with protected conservation status or endangered species habitat	52	Biodiversity conservation
Health & Safety			
EM-MM-320a.1	(1) MSHA all-incidence rate (2) fatality rate (3) near miss frequency rate (NMFR) (4) Average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	61	Workplace safety
Total number of employees, % contractors			
EM-MM-000.B	(1) Total number of employees (2) Percentage contractors	70	Our people

APPENDIX 2

ABBREVIATIONS AND ACRONYMS	
UN	United nations
CO <sub>2</sub>	Carbon dioxide
GRI	Global Reporting Initiative
U3O8	Triuranium octoxide
PMBok	Project Management Body of Knowledge
ISO	International organization for standardization
EBITDA	Earnings before interest, taxes, depreciation, and amortization
ESG	Environmental social governance
ESRP	Environmental and Social Research Program
COVID-19	Coronavirus disease
ICMI	International Cyanide Management Institute
NOx	Nitric oxide
SOx	Sulfur oxide
CO	Carbon monoxide
IUCN	International Union for Conservation of Nature and Natural Resources
ISSA	International Social Security Association
LTIFR	Lost time injury frequency rate
SMART	Specific, Measurable, Achievable, Relevant, Time bound
HR	Human resources
NPS	Net Promoter Score
CSI	Customer Satisfaction Index
CEO	Chief Executive Officer
COSO	Committee of Sponsoring Organization
PDCA	Plan-Do-Check-Act
LED	Light-emitting diode
TO	Технический осмотр
IT	Information technology
SASB	Sustainability accounting standards board



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GRI 2-3

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2023