



# CARING ABOUT FUTURE GENERATIONS



Sustainable Development Reports of Uzbekneftegaz JSC are available in electronic format in the State, Russian and English languages on the Company's website

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## MESSAGE FROM THE CHAIRMAN OF THE BOARD

*Dear colleagues and partners,*

Uzbekneftegaz Joint Stock Company presents to your attention its Sustainability Report for 2022, which discloses to the fullest extent possible the results of its activities in the field of corporate governance, environmental and social responsibility.

Uzbekneftegaz JSC is a key player in the oil, gas and petrochemical industries of Uzbekistan. As the largest state-owned company in Uzbekistan, the Company bears full responsibility to the people and the state. The Company fulfils the most important mission of ensuring the country's energy security and makes a significant contribution to its economic and social development.

The Company strives to implement the best corporate practices and standards in the field of sustainable development in its operations. In 2022, the Company made significant progress in improving corporate governance and ensuring environmental and social responsibility.

Improving corporate ESG practices is inextricably linked to increasing business transparency. That is why the Company's management decided to issue the first Sustainability Report in addition to the Annual Report for 2021. This Sustainability Report, the second of its kind, has significantly expanded the scope

of disclosures on the Company's ESG practices and the initiatives underway to improve them.

The key event of the reporting year for the Company was the commissioning of the Uzbekistan GTL plant, which produces high-quality petroleum products from natural gas. The GTL, or gas-to-liquid, technology used at the plant significantly reduces greenhouse gas emissions.

Uzbekneftegaz JSC considers rational use of natural resources as one of the most important components of sustainable development. While the Company used 35.4 million litres of water in its operations in 2021, this has decreased to 28.6 million litres in 2022. In the future, it is planned to continue implementing innovative approaches aimed at reducing the consumption of water resources.

Together with partners from the most reputable consulting companies, Uzbekneftegaz JSC continues to improve its business processes and develop its corporate governance system. A PDCA (Plan-Do-Check-Act) cycle approach has been implemented in production activities to ensure high reliability of production processes.

An important component of the corporate strategy of Uzbekneftegaz JSC is investment in the most valuable asset – human capital. The enthusiasm and high professionalism of the Company's

employees are the driving force behind its success and continuous growth. Uzbekneftegaz JSC invests in their development and qualifications to ensure that the team reaches its maximum potential and brings greater value. While in 2021, 9,016 employees were covered by training and development programmes, in 2022 the number is 9,195. Taking care of its employees, the Company creates a strong, cohesive and motivated team.

Uzbekneftegaz's HR policy encourages staff diversity and seeks to maximise the involvement of locals. The Company is particularly proud that 100 per cent of senior managers in the regions where it has a presence are locals.

Uzbekneftegaz JSC has a Code of Corporate Ethics, which defines the rules of conduct mandatory for all employees regardless of their position. In doing business, the Company endeavours to adhere to generally accepted norms of business ethics and expects the same from its partners. In 2022, the Company recorded no incident of ethical non-compliance.

Effective corporate governance system is the basis for successful long-term development of Uzbekneftegaz JSC. The Company is building a system that will be transparent and based on high standards of ethics, taking into account the interests of all stakeholders, and will ensure maximum

results in achieving its strategic goals. The Company continuously develops processes and procedures in accordance with best practices and international standards. In 2022, Uzbekneftegaz JSC was highly rated based on the results of independent diagnostics of the corporate governance system, which once again confirms the effectiveness and reliability of the chosen management model.

The Company's sustainable development requires determination and perseverance in achieving its goals. Uzbekneftegaz JSC strives to become the leading company in the industry in the region and continues to actively invest in technologies and processes to ensure that it meets the expectations of its various stakeholders and maintains a strong market position. The transformation of Uzbekneftegaz JSC is aimed at creating an innovative and responsible company ready to overcome modern challenges.

In conclusion, it should be emphasised once again that the Company continues to focus on sustainable development. Recognising the significance and benefits of international standards, it strives to meet them in all areas of its operations. After all, only through continuous efforts and partnership, we can achieve even greater success and prosperity in the future.

## HIGHLIGHTS FOR 2022



**TOTAL DIRECT AND INDIRECT GHG EMISSIONS** (Scope I and Scope II, according to GGP methodology)

**6.27**  
million tonnes CO<sub>2</sub>e  
-3.72% (2021)



**WATER WITHDRAWAL VOLUME**

**28.6**  
million litres  
35.4 million litres in (2021)



**RESULTS OF CORPORATE GOVERNANCE ASSESSMENT ACCORDING TO THE METHODOLOGY OF THE STATE COMMITTEE OF THE REPUBLIC OF UZBEKISTAN FOR ASSISTANCE TO PRIVATISED ENTERPRISES**

**800**  
points out of 1,200 possible  
(high level)



**SAVINGS DUE TO LOCALISATION OF PRODUCTION AND EXPANSION OF COOPERATION TIES**

**372.9**  
million \$



**ENERGY SAVINGS THROUGH MEASURES TO REDUCE ENERGY CONSUMPTION**

**25.9**  
million kWh



**SHARE OF WASTE TRANSFERRED FOR RECYCLING**

**90%**



**NET PROFIT**

**2,853**  
billion UZS (USD 258.3 million equivalent)  
+188% (2021)



**SHARE OF SENIOR MANAGEMENT IN THE REGIONS OF OPERATION FROM THE LOCALS**

**100%**



**TOTAL EMPLOYEES COUNT**

**35.5**  
thousand



**COVERAGE OF EMPLOYEES BY THE COLLECTIVE BARGAINING AGREEMENT**

**100%**



**INTERNATIONAL CREDIT RATINGS**

**Fitch Ratings** - 'BB-', Outlook Stable  
**Standard & Poor's** - 'BB-', Outlook Stable



**NUMBER OF EMPLOYEES TRAINED**

**9,195**  
people



**BUSINESS ETHICS COMPLIANCE**

No incidents of business ethics non-compliance.

## PROFILE OF UZBEKNEFTEGAZ JSC GRI 2-1

Uzbekneftegaz JSC (the "Company") is the largest state-owned company of the Republic of Uzbekistan operating in the field of oil and gas production and processing. The Company and its subsidiaries carry out all types of work in the production cycle of the oil and gas industry, including geological exploration, drilling and production of hydrocarbons, their transportation and storage, as well as production and sale of petroleum products to consumers.

Uzbekneftegaz JSC is a modern vertically integrated company comprising over 60 enterprises, including 8 joint ventures. The Company's head office is in Tashkent.

As a key player in the oil and gas industry of the Republic of Uzbekistan, the Company plays a strategic role in the country's economy. At the end of the reporting year, the Company's contribution to the country's GDP was 5.3%, while the Group's enterprises generated 3.4% of total revenues to the state budget. The Company is the country's

largest employer with a total staff of 35,500 employees as of the end of 2022.

100% of the Company's voting shares (99.94% of the total number of shares) are owned by the state. At the beginning and end of 2022, the Ministry of Finance of the Republic of Uzbekistan was the holder of the Company's voting shares, on 1 March 2023 the shares were transferred to the Agency for Strategic Reforms under the President of the Republic of Uzbekistan. 0.06% of the total number of shares are preference shares and are owned by non-state investors.

The credit ratings assigned to the Company by Fitch Ratings and Standard & Poor's correspond to the country credit ratings of the Republic of Uzbekistan ('BB-', Outlook Stable).

In November 2021, the Company placed Eurobonds worth USD 700 million on the London Stock Exchange with a coupon rate of 4.75% and a maturity date of November 2028.

## COMPANY MILESTONES GRI 2-1

In 2022, Uzbekneftegaz JSC celebrated its thirtieth anniversary. The Company was established on 3 May 1992, in accordance with the Decree of Islam Karimov, the President of the Republic of Uzbekistan, "On Establishment of Uzbekneftegaz, the Uzbek State Oil and Gas Concern"<sup>1</sup>. In December of the same year, the Company was transformed into Uzbekneftegaz National Oil and Gas Corporation<sup>2</sup>.

In December 1998, Uzbekneftegaz was transformed into Uzbekneftegaz National Holding Company<sup>3</sup>, and in July 2017 it was reorganised into a Joint Stock Company<sup>4</sup>.

<sup>1</sup> Decree No. UP-393 dated 3 May 1992 of the President of the Republic of Uzbekistan "On Establishment of Uzbekneftegaz, the Uzbek State Oil and Gas Concern".

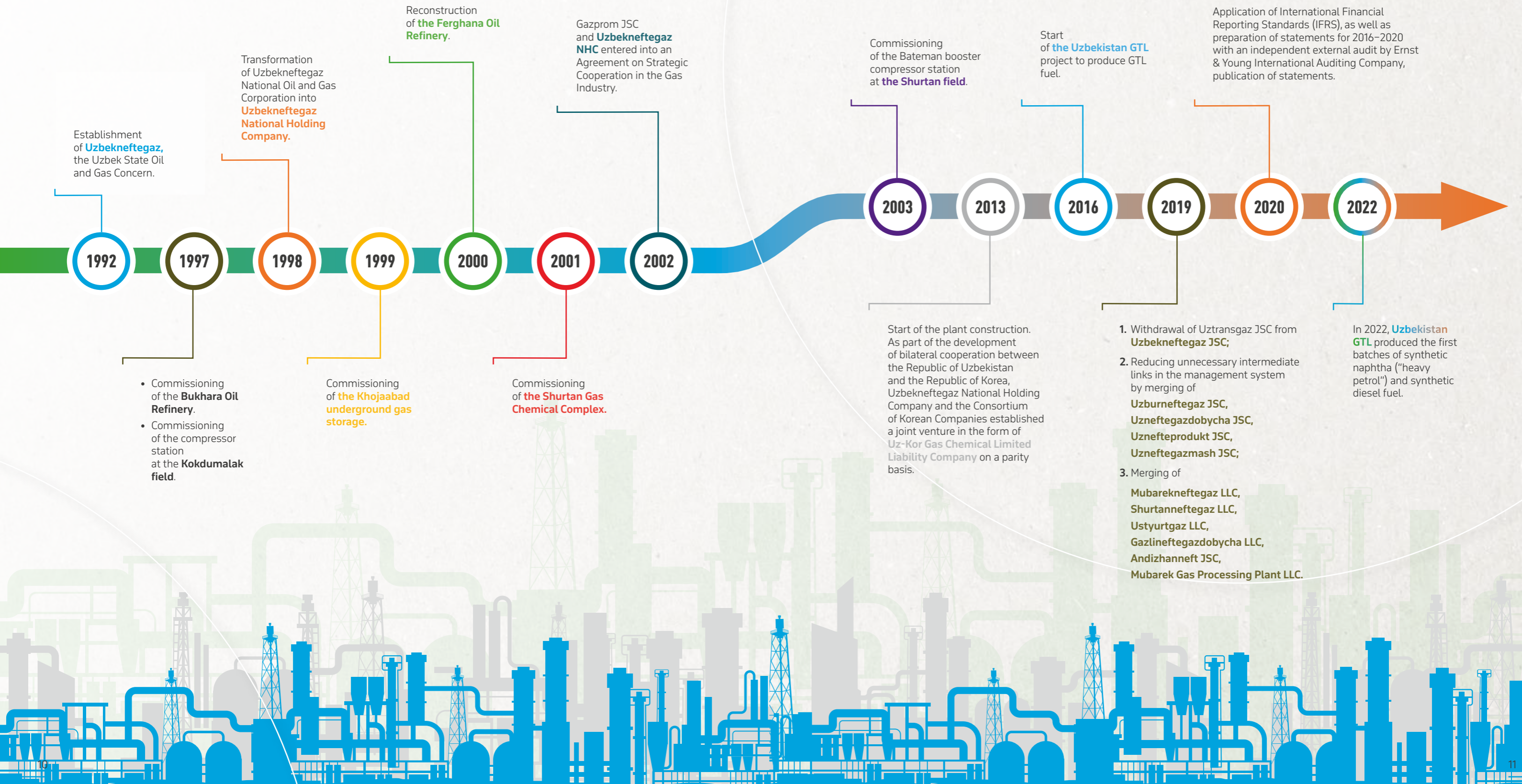
<sup>2</sup> Decree No. UP-518 dated 23 December 1992 of the President of the Republic of Uzbekistan "On Transformation of the Uzbek State Oil and Gas Concern into Uzbekneftegaz National Oil and Gas Corporation".

<sup>3</sup> Decree No. UP-2154 dated 11 December 1998 of the President of the Republic of Uzbekistan "On Transformation of Uzbekneftegaz National Oil and Gas Corporation into Uzbekneftegaz National Holding Company".

<sup>4</sup> Decree No. PP-3107 dated 30 June 2017 of the President of the Republic of Uzbekistan "On Measures to Improve the Management System of the Oil and Gas Industry".

# ABOUT THE COMPANY

# COMPANY MILESTONES



# CORPORATE STRATEGY

GRI 2-1, GRI 2-6

## Mission and Vision

**OUR MISSION:**

To be an efficient commercial company focused on sustainable provision of consumers with high-quality fuel and energy resources.

**OUR VISION:**

To be a leading company in hydrocarbon production and processing.

## STRATEGIC GOALS, OBJECTIVES AND PRIORITIES

### Strategic goals of Uzbekneftegaz JSC

**Uzbekneftegaz JSC sets two strategic goals that are in line with the Company's role in the country's economy and aimed at implementing the state policy in the energy sector:**

- GOAL 1**

Dynamic development of the fuel and energy industry of the Republic of Uzbekistan, ensuring balanced and sustainable activities at all stages of its reforming and technological updating, taking into account the strategic interests of the state, providing for further economic growth, improving the quality of life of the population and strengthening the nation's energy security.
- GOAL 2**

Meeting the growing consumer demand for fuel and energy products at affordable, competitive prices that ensure return on investment, providing for the upgrade and reconstruction of existing fuel and energy enterprises, construction of new facilities based on highly efficient technologies for the production and processing of energy resources, improvement and automation of the metering and control system for electricity and natural gas at all stages of gas supply, diversification of fuel and energy resources with the development of the use of renewable energy sources, implementation of appropriate geological and technical measures (aimed at increasing hydrocarbon reserves in the subsoil and increasing their production).

**The main objectives of the Company within the framework of improving fuel and energy supply are:**

- OBJECTIVE 1**

Increasing the economy's energy efficiency whilst simultaneously decreasing energy intensity, including through the creation of economic mechanisms to stimulate the rational use of energy resources by consumers.
- OBJECTIVE 2**

Increasing production efficiency and introducing advanced technologies for geological exploration and processing of fuel and energy resources to meet the demand for fuel and energy products in the face of growing consumption.
- OBJECTIVE 3**

Reducing the level of equipment wear and tear through a phased upgrade, increasing the reserve capacity of power generating and power transmission equipment.
- OBJECTIVE 4**

Development and expansion of the use of renewable energy sources and their integration into the unified energy system of the Republic of Uzbekistan.

**To implement its corporate strategy, the Company is operating in the following priority areas:**

- PRIORITY 1**

Sustainable energy supply to the economy and improvement of overall quality of life based on the most efficient use of the existing and further expansion of the industry's production capacities.
- PRIORITY 2**

Upgrade and construction of energy facilities required to ensure the effective functioning of the local market by introducing advanced information and communication technologies.
- PRIORITY 3**

Ensuring an increase in explored reserves of hydrocarbons in the subsoil and an increase in their production, including by improving the efficiency of exploration and production equipment.
- PRIORITY 4**

Increase in the extent of advanced processing of hydrocarbon raw materials, production of petrochemical products and alternative fuels by introducing modern innovative technologies.
- PRIORITY 5**

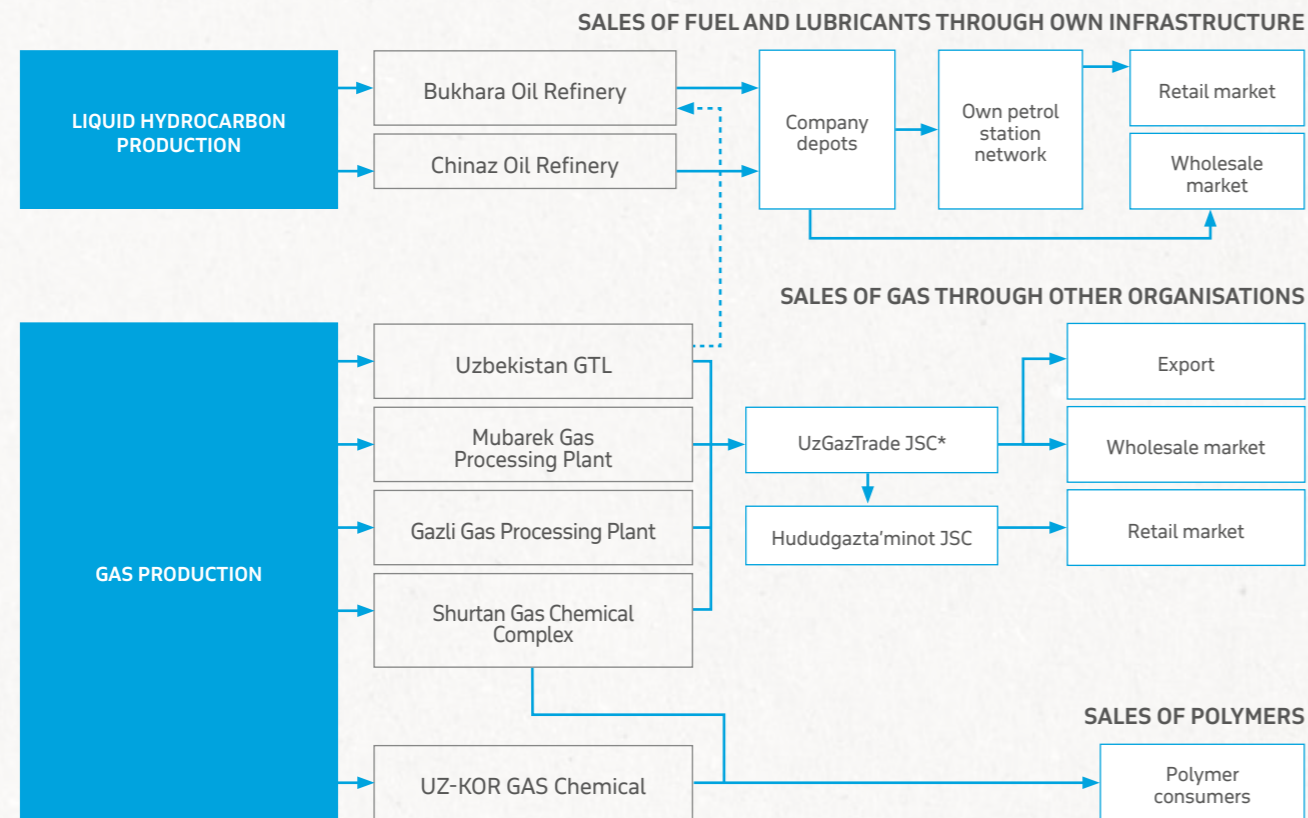
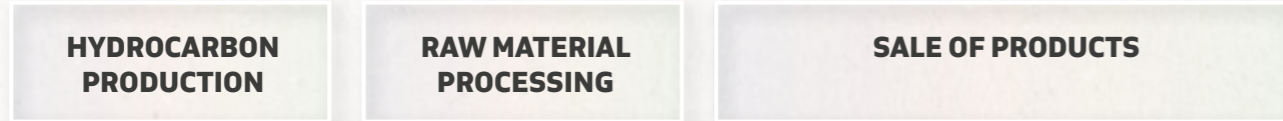
Creating a comfortable social and investment environment to attract primarily long-term foreign direct investment.
- PRIORITY 6**

Improving corporate governance, increasing the transparency of financial and economic activities of organisations in the fuel and energy industry.

# BUSINESS MODEL AND CORPORATE STRUCTURE OF UZBEKNEFTEGAZ JSC GRI 2-6

Uzbekneftegaz JSC carries out all types of work in the production cycle of the oil and gas industry, including geological exploration, drilling

and production of hydrocarbons, their transportation and storage, as well as production and sale of petroleum products to consumers.

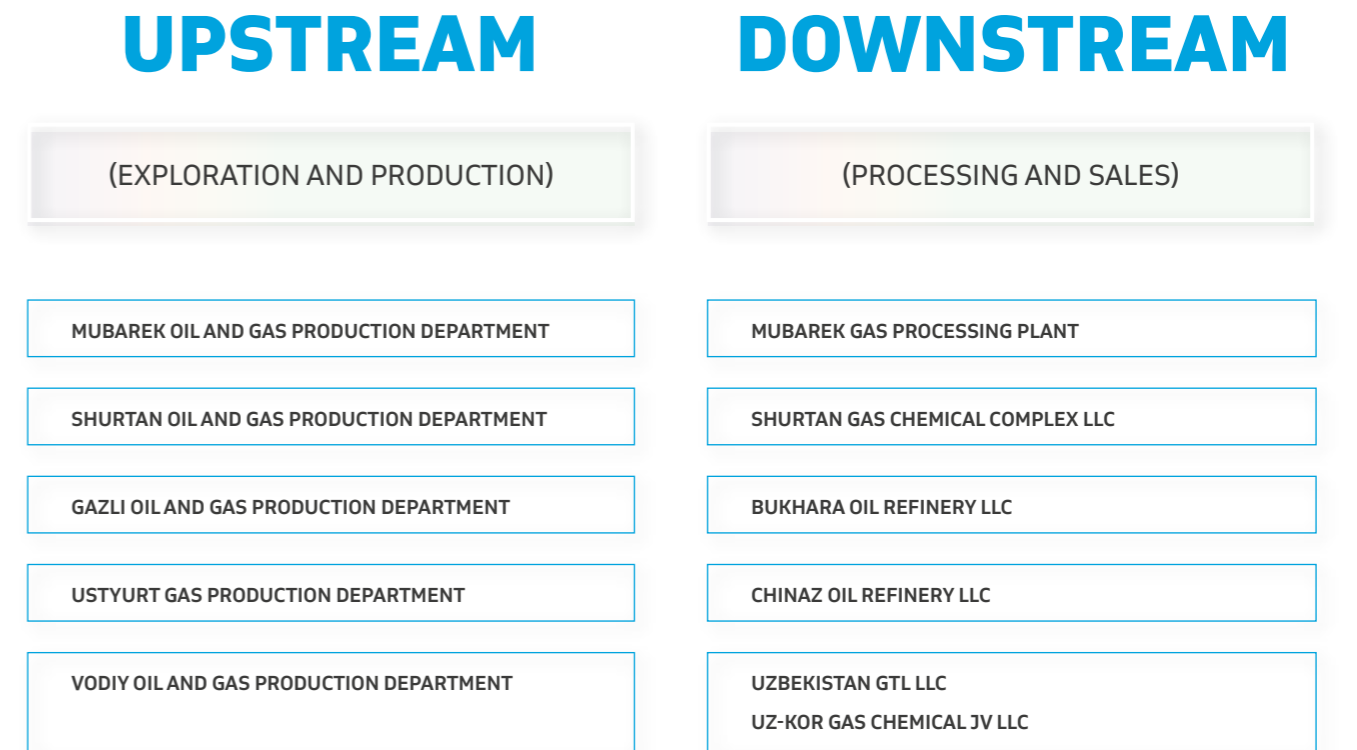


\* UzGazTrade JSC was established on the basis of Decree No PP-280 dated 15 June 2022 of the President of the Republic of Uzbekistan "On Additional Measures to Reform the Natural Gas Market" and since its establishment has been acting as a single operator in the natural gas market. Prior to the establishment of UzGazTrade JSC, similar functions were performed by Uztransgaz JSC.

The Company's organisational structure directly includes 6 production units, including four Oil and Gas Production Departments (Mubarek, Shurtan, Gazli and Vodiy), Ustyurt Gas Production Department and Mubarek Gas Processing Plant. Four subsidiaries of Uzbekneftegaz JSC (Shurtan Gas Chemical Complex LLC, Bukhara Oil Refinery LLC, Chinaz Oil Refinery LLC and Uzbekistan GTL LLC) specialise in hydrocarbon processing.

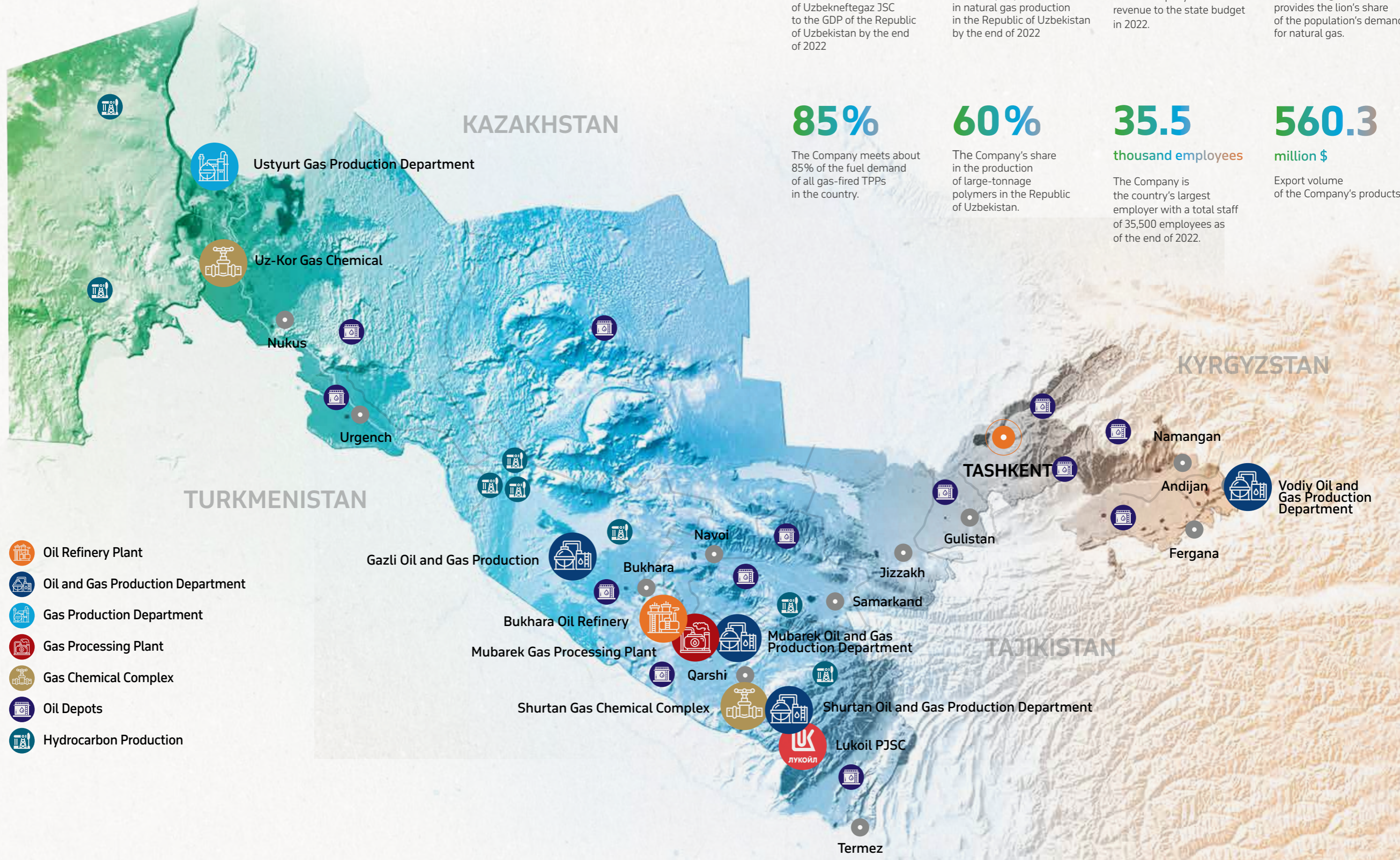
companies, a specialised scientific journal, Journal of Oil and Gas LLC, and UZLITINEFTGAZ JSC, which carries out research and design work in the oil and gas industry and provides environmental and industrial safety services. The Company is a member of a number of joint ventures (Asia Trans Gas JV LLC, Uz-Kor Gas Chemical JV LLC, Kokdumolagkaz JSC, etc.). A complete list of the Company's subsidiaries and affiliates is given in Appendix.

Uzbekneftegaz JSC carries out retail sales of fuels and lubricants through its own infrastructure, including 14 oil depots operating as separate legal entities, and the republican retail network of UNG Petro LLC, including 69 petrol stations, 6 gas stations and 2 CNG stations. The Company also includes six oilfield service



# GEOGRAPHY OF ACTIVITIES

GRI 2-6



- Oil Refinery Plant
- Oil and Gas Production Department
- Gas Production Department
- Gas Processing Plant
- Gas Chemical Complex
- Oil Depots
- Hydrocarbon Production

**5.3%**

Contribution of Uzbekneftegaz JSC to the GDP of the Republic of Uzbekistan by the end of 2022

**63%**

The Company's share in natural gas production in the Republic of Uzbekistan by the end of 2022

**3.4%**

of the Company's total revenue to the state budget in 2022.

Uzbekneftegaz JSC provides the lion's share of the population's demand for natural gas.

**85%**

The Company meets about 85% of the fuel demand of all gas-fired TPPs in the country.

**60%**

The Company's share in the production of large-tonnage polymers in the Republic of Uzbekistan.

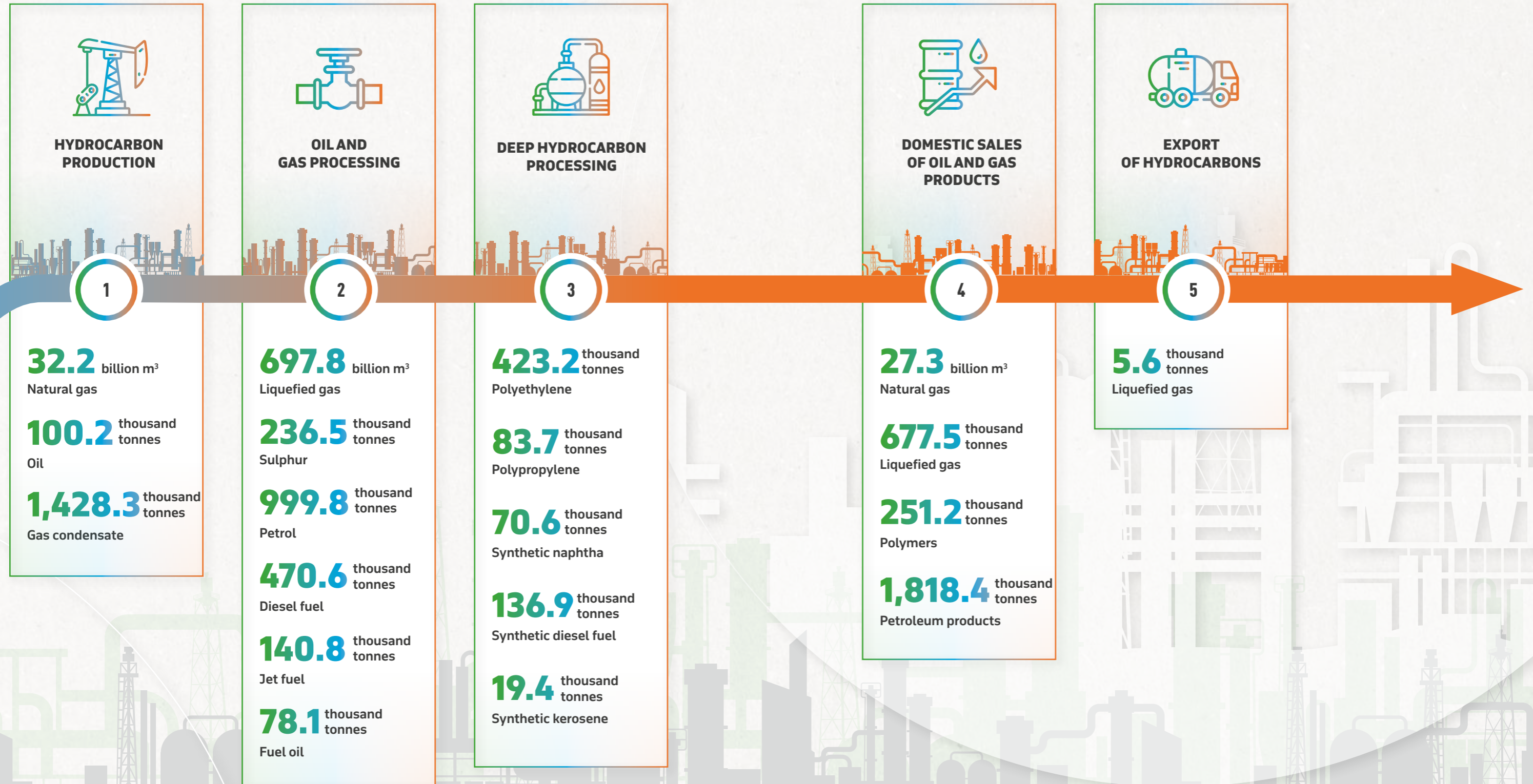
**35.5**

**thousand employees**  
The Company is the country's largest employer with a total staff of 35,500 employees as of the end of 2022.

**560.3**

**million \$**  
Export volume of the Company's products

# PRODUCTION OF MAIN PRODUCTS IN 2022



# RESOURCE PORTFOLIO AND PRODUCTION FACILITIES

GRI 2-6, GRI 301-1

## Estimated Reserves

A total of 296 hydrocarbon fields have been discovered in the Republic of Uzbekistan, of which 124 are developed by the Company. The fields developed by the Company account for approximately 41.2% of the country's total hydrocarbon reserves.

In 2022, the consulting company DeGolyer & MacNaughton (USA) audited hydrocarbon reserves at 114 of the Company's main fields in accordance with international PRMS standards. According

to the audit results, total natural gas reserves amounted to 641.6 billion m<sup>3</sup>, including proved reserves of 140.1 billion m<sup>3</sup>. Total reserves of liquid hydrocarbons (oil and gas condensate) amounted to 17.6 million tonnes, including proved reserves of 10.2 million tonnes. The estimated period of development of total reserves, excluding their possible future growth, is 18 years, and of proved reserves – 11 years.

ESTIMATED HYDROCARBON RESERVES AT 114 OF THE COMPANY'S LARGEST FIELDS AS OF 2022

Type of raw materials	Natural gas	Oil and gas condensate
UOM	billion m <sup>3</sup>	million tonnes
Proven reserves	140.1	10.2
Probable reserves	405.6	4.5
Possible reserves	96.0	2.9
<b>Total reserves</b>	<b>641.6</b>	<b>17.6</b>





**UZBEKNEFTEGAZ**

## PRODUCTION FACILITIES

The Company's production facilities are concentrated in the Kashkadarya, Bukhara, Navoi, Andijan regions and the Republic of Karakalpakstan. Hydrocarbon production is carried out by five production units of the Company, including four Oil and Gas Production Departments and one Gas Production Department. The Company's key products are natural and liquefied gases.

### GAZLI OIL AND GAS PRODUCTION DEPARTMENT



- Natural gas
- Liquefied gas
- Gas condensate



Bukhara region



Average Headcount

**1,503**



Number of wells (gas producing)

**244**



Oil and gas condensate

**2.5** million tonnes

### MUBAREK OIL AND GAS PRODUCTION DEPARTMENT



- Natural gas
- Liquefied gas
- Gas condensate
- Oil



Kashkadarya, Bukhara and Navoi regions



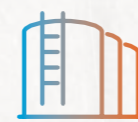
Average Headcount

**3,729**



Number of wells (oil and gas producing)

**1,416**



Design Annual Gas Production Capacity

**35.6** billion m<sup>3</sup>

### USTYURT OIL AND GAS PRODUCTION DEPARTMENT



- Natural gas
- Gas condensate



Republic of Karakalpakstan



Average Headcount

**720**



Number of Wells (gas condensate)

**125**



Design Annual Gas Production Capacity

**5.5** billion m<sup>3</sup>

### SHURTAN OIL AND GAS PRODUCTION DEPARTMENT



- Natural gas
- Liquefied gas
- Gas condensate
- Sulphur



Kashkadarya region



Average Headcount

**3,489**



Number of wells (oil and gas producing)

**297**



Design Annual Gas Production Capacity

**16.0** billion m<sup>3</sup>

### VODIY OIL AND GAS PRODUCTION DEPARTMENT



- Natural gas
- Gas condensate



Andijan region



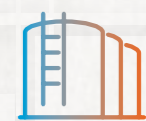
Average Headcount

**80**



Number of wells (gas producing)

**3**



Design Annual Gas Production Capacity

**130** million m<sup>3</sup>



# UZBEKNEFTEGAZ

## PROCESSING FACILITIES

Processing facilities are represented by one structural unit of Uzbekneftegaz JSC – Mubarek GPP, four subsidiaries with 100% interest (Shurtan Gas Chemical Complex LLC, Bukhara Oil Refinery LLC, Chinaz Oil Refinery LLC and Uzbekistan GTL LLC) and Uz-Kor Gas Chemical JV LLC with 50% interest of the Company.

The plants produce commercial and liquefied gas, various types of hydrocarbon fuels and other petrochemical products. Processing plants use both domestically produced and imported raw materials. In 2022, Uzbekneftegaz enterprises processed a total of 1,732,000 tonnes of raw materials, including 1,207,000 tonnes of domestically produced raw materials, 453,000 tonnes of imported raw materials and raw materials received under tolling schemes.

### MUBAREK GAS PROCESSING PLANT

<ul style="list-style-type: none"> <li>Commercial gas</li> <li>Liquefied gas</li> <li>Gas condensate</li> <li>Industrial sulphur</li> </ul>	Kashkadarya region	Average Headcount <b>3,124</b>	Design Raw Material Processing Capacity per Year. Natural gas <b>30</b> billion m <sup>3</sup>

### SHURTAN GAS CHEMICAL COMPLEX LLC

<ul style="list-style-type: none"> <li>Commercial gas</li> <li>Liquefied gas</li> <li>Gas condensate</li> <li>Granulated sulphur</li> <li>Granulated polyethylene</li> </ul>	Kashkadarya region	Average Headcount <b>3,775</b>	Design Raw Material Processing Capacity per Year. Natural gas <b>4.0</b> billion m <sup>3</sup>

### BUKHARA OIL REFINERY LLC

<ul style="list-style-type: none"> <li>Petrol, Jet kerosene</li> <li>Diesel fuel, Fuel oil,</li> <li>Liquefied petroleum gas,</li> <li>Hydrocarbon solvents,</li> <li>Industrial sulphur</li> </ul>	Bukhara region	Average Headcount <b>3,542</b>	Natural gas (Design capacity) <b>30</b> billion m <sup>3</sup>

### CHINAZ OIL REFINERY LLC

<ul style="list-style-type: none"> <li>Diesel fuel</li> <li>Fuel oil</li> <li>Hydrocarbon solvents</li> </ul>	Tashkent region	The plant is currently under reconstruction.	Oil (Design capacity) <b>117</b> thousand tonnes

### UZBEKISTAN GTL LLC

<ul style="list-style-type: none"> <li>Jet kerosene</li> <li>Diesel fuel</li> <li>Naphtha</li> <li>Liquefied gas</li> </ul>	Kashkadarya region	Average Headcount <b>974</b>	Natural gas (Design capacity) <b>3.6</b> billion m <sup>3</sup>

### UZ-KOR GAS CHEMICAL JV LLC

<ul style="list-style-type: none"> <li>Granulated polyethylene</li> <li>Granulated polypropylene</li> <li>Pyrolysis distillate</li> <li>Pyrolysis oil</li> </ul>	Republic of Karakalpakstan	Average Headcount <b>&gt;1,500</b>	Natural gas (Design capacity) <b>4.5</b> billion m <sup>3</sup>

# UZBEKISTAN GTL PLANT LAUNCH

GRI 2-6, GRI 301-1

The most significant event of 2022 in the activities of Uzbekneftegaz JSC was the launch of the Uzbekistan GTL plant producing synthetic liquid

fuel from purified methane produced by Shurtan Gas Chemical Complex. Production is carried out under licence from Chevron Corporation (USA), Haldor Topsoe (Denmark) and Sasol Ltd (South Africa).

	<p>Chevron Corporation (USA) is the licensor of the isocracking process for the separation of naphtha by catalytic cracking.</p>
	<p>Haldor Topsoe (Denmark) is the licensor of hydrocarbon gas synthesis technology integrated into the SPD production process.</p>
	<p>Sasol Ltd. (South Africa) is the sole licensor of the project, granting the plant the right to use SPD technology, which is the basis for the production of synthetic fuels.</p>

Implementation of the Uzbekistan GTL project started in 2009 on the basis of Decree No. PP-1206 dated 12 October 2009 of the President of the Republic of Uzbekistan "On Measures to Implement the Project "Production of Synthetic Liquid Fuel from Purified Methane Produced by Shurtan Gas Chemical Complex". To implement the project in December 2009, Uzbekistan GTL JV LLC was established with parity

shares of Uzbekneftegaz JSC, Malaysia's Petronas International Corporation LTD and South Africa's Sasol Synfuels International PTY Limited (currently Sasol Ltd.). In 2016, Uzbekneftegaz JSC bought out the shares of foreign participants in the capital of Uzbekistan GTL LLC and became the sole owner of the plant.



### It is interesting:

On the night of 22-23 July 2012 in Shurtan, Kashkadarya region, Uzbekistan, a huge luminous image of a synthetic liquid fuel plant under construction was lit up. The area of the image was 750,000 m<sup>2</sup>, and its creation required 1,012,840 LED lamps. The event was registered in the Guinness Book of Records as the creation of the largest light image. The previous world record of this kind using 50 thousand lamps was registered in the Netherlands in 2010.

In July 2022, the first batches of synthetic naphtha and synthetic diesel fuel were produced at the Uzbekistan GTL plant. The plant's design capacity allows it to produce 307,000 tonnes of jet fuel, 724,000 tonnes of diesel fuel, 437,000 tonnes of naphtha and 53,000 tonnes of liquefied gas per year.

## History of the Uzbekistan GTL Project

<p><b>AUGUST 2009</b></p>	<p>Start of preliminary design</p>
<p><b>DECEMBER 2009</b></p>	<p>Registration of Uzbekistan GTL LLC</p>
<p><b>SEPTEMBER 2011</b></p>	<p>An Investment Agreement was entered into between the Government of the Republic of Uzbekistan represented by the Ministry of Foreign Economic Relations, Investments and Trade, Uzbekneftegaz NHC, Uzbekistan GTL LLC, Sasol Synfuels International Netherlands Cooperatief U.A. (the Netherlands) and Petronas International Corporation Ltd.</p>
<p><b>JULY 2012</b></p>	<p>Holding the ceremony of laying the foundation of the plant and presentation of the project trade mark – OLTIN YO'L GTL.</p>
<p><b>DECEMBER 2013</b></p>	<p>Execution of the EPC Contract for the construction of the plant with the Consortium of Hyundai Engineering Co. Ltd., Hyundai Engineering and Construction Co., Ltd. (Republic of Korea) and Enter Engineering Pte. Ltd. (Singapore)</p>
<p><b>SEPTEMBER 2015</b></p>	<p>Completion of preparation of the construction site of the future plant in Kashkadarya region</p>
<p><b>NOVEMBER 2016</b></p>	<p>Completion of basic design and notification to the general contractor of the start of work under the EPC Contract</p>
<p><b>DECEMBER 2016</b></p>	<p>Completion of the feasibility study. Attracting financing from the Fund for Reconstruction and Development of the Republic of Uzbekistan</p>
<p><b>FEBRUARY 2017</b></p>	<p>Shavkat Mirziyoyev, the President of the Republic of Uzbekistan, visits the construction site</p>
<p><b>MAY 2020</b></p>	<p>Mechanical completion</p>
<p><b>JUNE 2022</b></p>	<p>Start of production of synthetic petroleum products</p>



## SUSTAINABILITY MANAGEMENT SYSTEM

GRI 2-12, GRI 2-13, GRI 2-14

Uzbekneftegaz JSC recognises the importance of its impact on economic development, the environment and society, and is continuously refining its sustainability management system to minimise and remediate any adverse negative impacts. Sustainability principles and objectives are integrated into the overall strategy and key business processes.

When determining the priority areas of activity in sustainable development, Uzbekneftegaz JSC is guided by the goals and objectives of the UN Global Agenda for Sustainable Development, enshrined in the UN General Assembly Resolution 70/1 of 15 September 2015 "Transforming our world: the 2030 Agenda for Sustainable Development", as well as the provisions of other international standards and initiatives in this area.

### Priority areas of Uzbekneftegaz JSC in sustainable development:

- Improving energy efficiency;
- Reducing the Company's carbon footprint;
- Protection of the atmospheric air;
- Sustainable use of water resources;
- Ensuring industrial safety;
- Diversity and equal opportunities;
- Staff development and support;
- Charity and community projects;
- Effective corporate governance;
- Transparency and disclosure.

The Company's corporate governance system provides for the involvement of all divisions and senior management in sustainable development activities and the responsibility of all management employees for the performance of these activities:

- The Supervisory Board and its Committees have an important role to play in shaping the strategy and setting priorities, assessing risks and monitoring sustainability performance.
- The Management Board is involved in the processes of environmental, socio-economic impact management and risk management and monitors the results of activities in sustainable development.
- Responsibilities for the direct management of various aspects of sustainable development

are distributed among the subdivisions of the Company, which are responsible for setting goals and implementing specific activities.

In 2022, the ESG Implementation Department was established in the Company's organisational structure as an independent department responsible for systemic sustainability management, coordination of initiatives and increasing the information transparency of the sustainable development activities.

Since 2022, the practice of issuing annual sustainability reports in line with the standards of the Global Reporting Initiative (GRI) has been introduced. The ESG Implementation Department coordinates this work.

## SUSTAINABILITY MANAGEMENT

# THE COMPANY'S CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS

GRI 2-12, GRI 2-13, GRI 2-14

We strongly support the UN Sustainable Development Goals (SDGs) and understand that business plays a key role in achieving these goals. The Company contributes to the socio-economic development of the communities and regions in which we operate by supplying energy, creating economic values

and jobs, developing people all while running our business responsibly. The Company recognises the importance of all 17 UN SDGs and strives to make a due contribution to their achievement and realisation. Based on the strategic goals of Uzbekneftegaz, we have set 12 priority UN SDGs, for ourselves to which the Company makes its strongest contribution.

UN SDGs	Our impact	Key events in 2022	Key indicators/results
<p><b>SDG 3:</b> Ensure healthy lives and promote well-being for all at all ages</p>	<p>Provision of health coverage insurance to all employees and investing in medical facilities for employees;</p> <p>Provision of ongoing safety training for all employees and compliance with international health and safety standards;</p> <p>Implementation of infrastructure projects aimed at taking care of employees' health and promoting a healthy lifestyle.</p>	<p>23,945 employees of Uzbekneftegaz JSC underwent a medical examination, following the results of which 977 employees were sent for medical treatment;</p> <p>1,384 employees received HSE training;</p> <p>4,157 employees received HSE induction training;</p> <p>A family sports competition was held under the motto "Sport is the foundation of our strong family";</p> <p>Together with the administration of Bukhara region, a new sports complex was built and commissioned;</p> <p>A marathon was held in Kashkadarya region under the motto "Youth for a healthy lifestyle".</p>	<p>Total expenditure on the development of sports, medicine and social welfare of the society – UZS 71,411.5 million.</p>
<p><b>SDG 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Provision of financial support to employees who wish to pursue professional education;</p> <p>Engagement into partnerships with local and foreign institutions of higher education;</p> <p>Provision of grants to talented young people;</p> <p>Organising training and internship programmes for students and graduates.</p>	<p>The first stage of selection for employment of graduates of the Branch of the Gubkin Russian State University of Oil and Gas in Tashkent was held;</p> <p>A Memorandum of Cooperation with the New Uzbekistan University has been signed;</p> <p>The international scientific and technical conference "The Innovative Approaches in the Development of Educational and Production Cluster in the Oil and Gas Industry" was held;</p> <p>A Memorandum of Understanding was signed between UNG Training Centre, Bukhara College of Oil and Gas Industry and Kogalym Polytechnic College (Russia)</p>	<p>Total expenditure on the development of education system and employee training – UZS 36,413.0 million.</p>



**SDG 5:**  
Achieve gender equality and empower all women and girls

Widespread work to increase the socio-political activity of women and to create conditions for the realisation of their abilities and opportunities in various spheres;

Suppression of any form of discrimination against female employees in the workplace.

A seminar "Additional Safeguards Introduced for Women in the Labour Laws in 2023" was held;

Financial assistance was provided to women in the Women's Notebook and families in the Iron Notebook;

Uzbekneftegaz JSC accepted the Order of the State Committee for Family and Women Affairs of the Republic of Uzbekistan No. 10/1-525 dated 11 November 2022 on holding events at the enterprises of the industry dedicated to the International Day for the Elimination of Violence against Women, declared by the UN General Assembly;

2,393 female employees underwent early cancer screening tests;

Research on the social status of women from low-income families, single women who have lost their breadwinner, women with disabilities, and women with children with disabilities was conducted, and financial assistance to representatives of these groups was provided.

A Public Council on Women's Issues was established at each of the Company's enterprises.



**SDG 6:**  
Ensure availability and sustainable management of water and sanitation for all

Introducing innovative mechanisms for rational water use, application of water recycling supply, reuse of treated wastewater as irrigation;

Exploring opportunities for cooperation in designing technology for industrial water treatment and preparation, and construction of treatment facilities;

Conducting scientific experiments on the neutralisation of microorganisms contained in the wastewater.

A set of environmental protection measures was carried out aimed at transition to a more rational use of natural resources with a focus on reducing the volume of harmful emissions into the atmosphere, the volume and pollution of wastewater, as well as wastewater treatment in accordance with established standards;

Modern water consumption meters at the boiler houses of the Gazli Oil and Gas Production Department were installed in order to save technical and drinking water;

The Company's enterprises have implemented wastewater treatment and recycling processes.

Reduction in water withdrawals from 35.4 million litres in 2021 to 26.6 million litres in 2022.



**SDG 7:**  
Ensure access to affordable, reliable, sustainable and modern energy for all

Implementing initiatives to reduce electricity consumption;

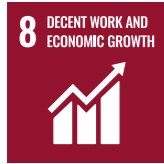
Improving the automated system for keeping records of electricity consumption;

Conducting energy audits according to international standards and applying the recommendations received.

20 photovoltaic panels, 22 solar collectors, 74 solar floodlights were installed;

A set of measures was developed to expand power supply through alternative energy sources at strategically important oil and gas refining facilities.

Consumption of electricity obtained from alternative sources totalled 263.1 thousand kWh.



**SDG 8:**  
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Creating jobs in the regions where we operate;  
Paying taxes and other liabilities to the state budget;  
Actively supporting localisation and cooperation programmes in order to support local entrepreneurship.

The share of local suppliers was increased to 28%;  
The plan to reduce imports was exceeded by 123.7%;  
974 new jobs were created after the opening of the Uzbekistan GTL plant.

From 2020 to 2022, imports of foreign products were reduced by USD 1 billion, including USD 863.2 million (86.3%) due to localisation of production and USD 177.8 million (17.7%) due to increased cooperation ties.



**SDG 10:**  
Reduce income inequality within and among countries

Providing equal opportunities in hiring, career development and promotion for all employees;  
Sponsoring low-income families;  
Providing free medical and therapeutic services to all employees.

Full coverage of the Company's employees by the Collective Bargaining Agreement;  
Availability of an extensive social package for the Company's employees;  
Implementation of social programmes to support vulnerable segments of the population.

The Company's expenditures on the development of social infrastructure and assistance to vulnerable groups totalled UZS 176,749.8 million.



**SDG 11:**  
Make cities and human settlements inclusive, safe, resilient, and sustainable

Landscaping in the regions where we operate by planting seedlings of drought- and disease-resistant trees and shrubs;  
Improving the regions where we operate by proving logistical support;  
Creating conditions for provision of clean drinking water to the local population.

Purchase of pipes to provide gas to houses in Karlik and Khojamubarek villages, Mubarek district, Kashkadarya region;  
Construction of a school and kindergarten in the Konlikul district of the Republic of Karakalpakstan;  
Construction of kindergartens in Zhondor and Konlikul districts of Bukhara region;  
Reconstruction of historical gates and improvement of the alley adjacent to the memorial complex in Shaikhantokhur district of Tashkent;  
Recultivation of 830.4 hectares of disturbed land and planting of 143,750 seedlings of fruit and ornamental trees.

The Company's expenditures on environmental protection activities totalled UZS 12.6 billion.



**SDG 12:**  
Ensure sustainable consumption and production patterns

Installing photovoltaic panels and solar collectors;  
Conducting training sessions for employees on rational use of energy resources and energy efficiency improvement;  
Using treated domestic wastewater for watering forest plantations;  
Recycling and reusing the generated waste.

20 photovoltaic panels, 22 solar collectors, 74 solar floodlights were installed;  
90% of waste was transferred for reuse, and 10% of waste was recycled;  
780.3 tonnes of industrial waste was transferred for recycling;  
Participation of the Company's specialists in the conference "Recycling of Polyethylene Terephthalate and Polymers – 2022" in Moscow.

Energy savings through measures to reduce energy consumption totalled 25.9 million kWh.



**SDG 13:**  
Take urgent action to combat climate change and its impacts

Reporting of greenhouse gas emissions;  
Industrial environmental monitoring of emission sources;  
Improving the energy efficiency of the Company's operations.

Organisation of Save Aral – 2022 marathon in Bukhara region;  
Emissions were reduced by 1.15 thousand tonnes below the standard values;  
RES generating units were installed in structural subdivisions.

Total direct (Scope I) and indirect (Scope II) greenhouse gas emissions in 2022 were 6.27 million tonnes of CO<sub>2</sub>e.



**SDG 16:**  
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Carrying out measures to prevent corruption offences and illegal actions at the Company's enterprises;  
Improving the compliance control system;  
No operating in offshore jurisdictions.

An anti-corruption policy seminar was held for employees;  
A total of 9,299 Company employees received anti-corruption training;  
50 employees were trained in the international standard ISO 37001:2016 (Anti-Corruption Management Systems);  
1,814 applications from legal entities and individuals were reviewed.

The Company's corporate governance system received a score of 800 out of a maximum possible 1200 points (high level) when assessed according to the methodology of the State Committee of the Republic of Uzbekistan for Assistance to Privatised Enterprises.



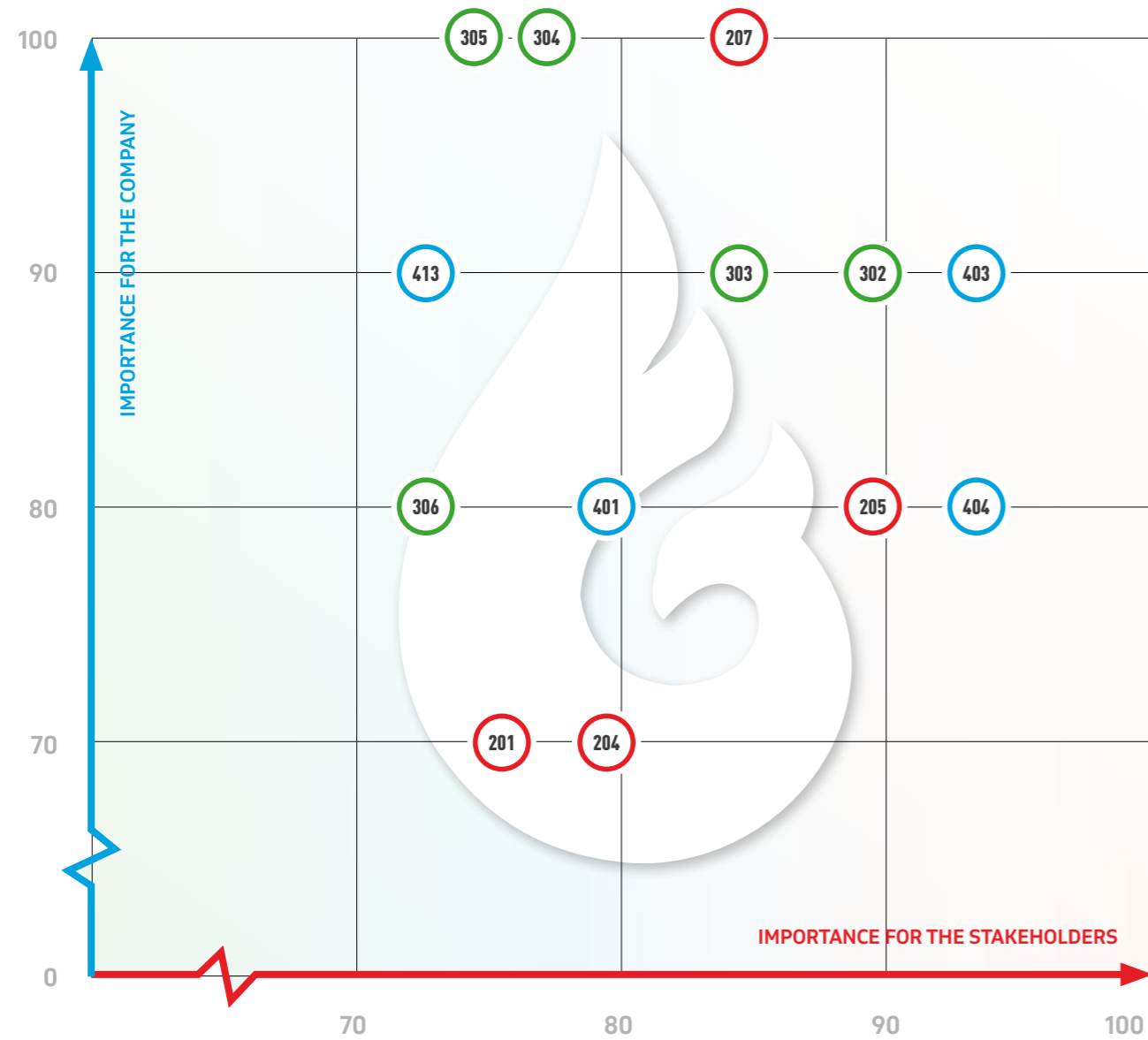
**SDG 17:**  
Strengthen the means of implementation and revitalize the global partnership for sustainable development

Supporting sustainable development initiatives promoted by the global community;  
Implementing measures to ensure industrial and environmental safety, occupational health and safety of employees at the Company's facilities.

Cooperation with Carbon Limits AS, a Norwegian consulting company was started on issues related to reducing greenhouse gas emissions and combating climate change.



### MATERIALITY MATRIX



## MATERIAL TOPICS

GRI-3

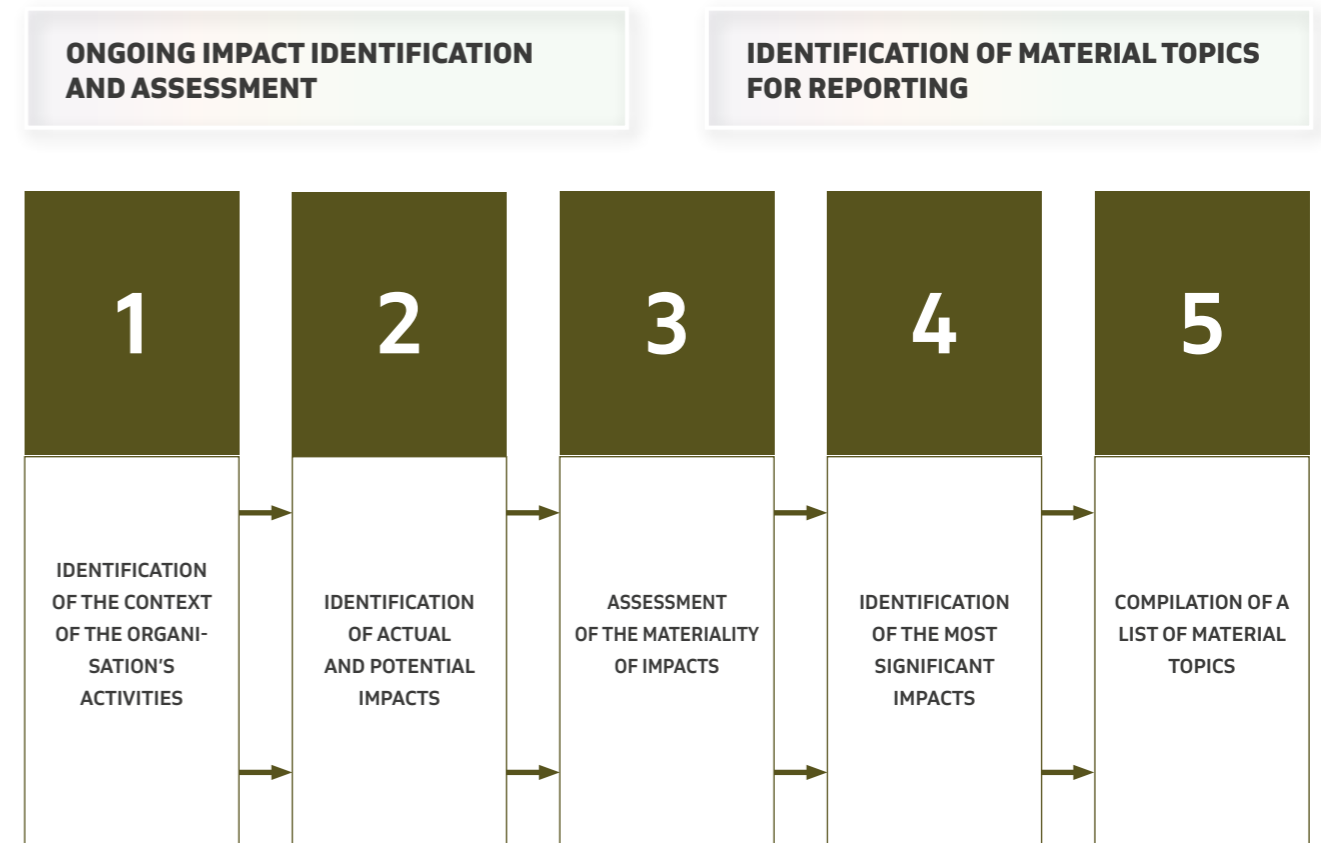
As part of the preparation of this Report, the materiality of topics was assessed in accordance with the requirements of the GRI-3 standard (2021). The list of material topics was generated by conducting a comparative analysis of the topics, taking into account the views of stakeholders. The main assessment criteria were the significance of the impact of the Company's activities on the environment, society and economy, as well as the impact on the judgements and decisions of stakeholders. When analysing the materiality of topics, the requirements of rating agencies regarding the disclosure of material topics and the disclosure practices of similar companies in the oil and gas industry were taken into account.

An online stakeholder survey was conducted, which was attended by representatives of the Company's shareholders, suppliers, associations, local government authorities, banks, partners, and clients. Each sustainability topic was proposed to be rated on a scale of 1 to 5, where 1 means "not important", 2 - "insignificant importance", 3 - "medium importance", 4 - "relatively high importance", and 5 "the highest or critical importance".

To visualise the results obtained, a materiality matrix was built, on which the vertical scale shows the importance of topics for the Company and the horizontal scale shows the importance of topics for stakeholders.

Based on the results of the assessment, 13 material topics were identified and disclosed within this Report in accordance with the requirements of GRI standards.

### Approach to identifying material topics



## Results of materiality assessment of topics

GRI	Topic	Importance for the Company	Importance for the Stakeholders
201	ECONOMIC PERFORMANCE	70%	77%
204	PROCUREMENT PRACTISES	70%	80%
205	ANTI-CORRUPTION	80%	90%
207	TAX	100%	85%
302	ENERGY CONSUMPTION	90%	90%
303	WATER	90%	85%
304	BIODIVERSITY AND LAND CONSERVATION	100%	78%
305	EMISSIONS	100%	77%
306	WASTE	80%	73%
401	EMPLOYMENT	80%	80%
403	OCCUPATIONAL HEALTH AND SAFETY	90%	93%
404	TRAINING AND EDUCATION	80%	93%
413	LOCAL COMMUNITIES	90%	73%

## STAKEHOLDER ENGAGEMENT

GRI 2-29

Uzbekneftegaz JSC realises the importance of the opinions and expectations of all stakeholders and strives to increase the efficiency of interaction with them. The Company's communications with stakeholders are based on the principles of openness, trust and mutual respect. The Company strives to protect the interests of stakeholders by responding to requests from them and providing feedback in a prompt manner.

Due to the scale of its operations and the complexity of its organisational structure, the Company interacts with a wide range of stakeholders,

including central and local government authorities, foreign and domestic partners and investors, members of the public and the media. Responsible functional and structural subdivisions are involved in the identification of the main stakeholder groups and coordination of engagement with them on an ongoing basis.

The key channels of engagement are corporate reporting, correspondence, the Company's website, forums and social networks, publications in the media, as well as a hotline.





# CARING ABOUT EMPLOYEES

## KEY INDICATORS FOR 2022



**35.5**  
thousand people

**HEADCOUNT**



**100%**  
employees

**EMPLOYEES ARE COVERED BY THE COLLECTIVE AGREEMENT**



**13.6%**

**STAFF TURNOVER RATE**



**1,423**  
employees

**WERE TRAINED IN HSE**



**53.9**  
billion UZS (USD  
5.9 million equivalent)

**OCCUPATIONAL HEALTH AND SAFETY COSTS**



**11.05%**

**WOMEN FROM THE TOTAL AVERAGE HEADCOUNT**



**20**  
of the Company's  
enterprises

**HAVE BEEN CERTIFIED ACCORDING TO ISO 45001**  
(Occupational Health and Safety Management System)

### Goal within the framework of the implementation of the Company's Sustainable Development Policy:

- Increase in women's representation on the Supervisory Board and Management Board up to 10% by 2025;
- Increase in women's representation on the staff up to 20% by 2030;
- Increase in the share of independent members in the Supervisory Board up to 30% by 2025;
- Annual expenses up to 3% of the Company's net profit for social benefits and payments for employees, student support programmes, charity projects and provision for the social sector support.

## Guiding regulations and internal documents of the Company:

- Constitution of the Republic of Uzbekistan;
- Labour Code of the Republic of Uzbekistan;
- Education Act No. ZRU-637 dated 23 September 2020 of the Republic of Uzbekistan;
- Protection of Women against Harassment and Violence Act No. ZRU-561 dated 2 September 2019 of the Republic of Uzbekistan;
- Guarantees of Equal Rights and Opportunities for Women and Men Act No. ZRU-562 dated 2 September 2019 of the Republic of Uzbekistan;
- Industrial Safety of Hazardous Production Facilities Act No. ZRU-57 dated 28 September 2006 of the Republic of Uzbekistan;
- Fire Safety Act No. ZRU-226 dated 30 September 2009 of the Republic of Uzbekistan;
- Decree No. UP-87 dated 7 March 2022 of the President of the Republic of Uzbekistan "On Measures to Further Accelerate Work on Systemic Support for Families and Women";
- Resolution No. PP-146 dated 1 March 2022 of the President of the Republic of Uzbekistan "On the Organization of the Activities of the State Committee for Family and Women";
- Resolution No. 486 dated 14 August 2020 of the Cabinet of Ministers of the Republic of Uzbekistan "On the Establishment of Women's Public Councils in the Republic of Karakalpakstan, Regions, the city of Tashkent, and the Districts (Cities)";
- Resolution No. 271 dated 10 December 2008 of the Cabinet of Ministers of the Republic of Uzbekistan "On Further Measures to Implement the Industrial Safety of Hazardous Production Facilities Act";
- Resolution No. 291 dated 19 May 2020 of the Cabinet of Ministers of the Republic of Uzbekistan "On Further Measures to Implement the Industrial Safety of Hazardous Production Facilities Act";
- Resolution No. 286 dated 6 June 1997 of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of the Regulations on the Investigation and Registration of Industrial Accidents and Other Health Injuries of Employees Related to the Performance of their Work Duties";
- Uzbekneftegaz JSC Personnel Recruitment and Retention Policy No. 24 dated 15 April 2022;
- Personnel Management Policy of Uzbekneftegaz JSC No. 24 dated 15 April 2022;
- Collective Agreement of Uzbekneftegaz JSC for 2020–2022 dated 19 February 2020;
- Employment Agreement of Uzbekneftegaz JSC;
- Regulations on Key Performance Indicators for employees of Uzbekneftegaz JSC;
- HR Training and Development Policy;
- Regulations on the Procedure for Conducting a Qualification Test of Managers and Specialists of Uzbekneftegaz JSC;
- Regulations on the Procedure for Work Placement Internships for Employees of Organisations in the Oil and Gas Industry in the Executive Branch of Uzbekneftegaz JSC No. 72-1-69 'c' dated 31 December 2020.

## HR MANAGEMENT

GRI 3-3, GRI 401-1

Uzbekneftegaz JSC values its employees and seeks to become one of the best employers in the Republic of Uzbekistan. To achieve this goal, we continuously improve our working conditions, motivate our employees and provide equal opportunities for career growth. The Company recognises that the key

driver of any organisation's performance is its human resources. Therefore, the Company's human resources policy is guided by high corporate values and prioritises professionalism, teamwork, efficiency and responsibility.

## Principles of HR policy of Uzbekneftegaz JSC:

- Key role of human capital
- Focus on staff development
- Quality HR management
- Strategic partnership with leading educational institutions of the Republic of Uzbekistan
- Strategic planning of human resources
- Competitive and equal pay between genders
- Focus on creating the added value of the Company and investment attractiveness for local and foreign investors

HR matters in the Company are regulated by the HR Department, which is supervised by the Head of the HR Department and is responsible for the selection, adaptation and development of the Company's human resources, including employee training, performance management, corporate culture development and remuneration management. Uzbekneftegaz JSC provides equal conditions for career growth for all employees regardless of gender, age, origin and nationality, implements youth development programmes, ensures a decent wages, and creates conditions for employees to lead a healthy lifestyle.

We are committed to creating comfortable working conditions for our employees, ensuring equal opportunities for their professional development and respecting their labour rights. The Company's HR policy was developed jointly with experts from the Asian Development Bank. In 2021, a KPI System and a Recruiting Policy were introduced in pilot mode, and strategic social indicators were identified for all subdivisions of the Company. All KPIs must approved with the business plan for the relevant year.

The Company's HR policy is aimed at attracting and developing talented and motivated employees who share corporate values and are able to effectively address current and future challenges within the goals and objectives of the corporate strategy. To make the recruitment process in departments and enterprises under Uzbekneftegaz JSC transparent, competitive examinations are announced in the media and social networks for filling vacant positions.

The use of information technology in HR management is an important factor in increasing efficiency and reducing costs of HR management functions.

In 2022, the ICT Department and the Digitalisation and Automation Project Office completed the implementation of the Personal UNG project aimed at automating personnel records (more than 10,000 employees are registered in the system).

To manage staff risk, the Personnel Training and Development Department and Organisational Development and Incentives Department have implemented the following practices:

- maintaining HR policy and staff turnover level;
- control and monitoring of violations of labour discipline;
- maintaining appropriate staff on demand;
- Improving the staff qualifications;
- Implementing high-quality recruiting within the Company.

The Company pays great attention to employee motivation and psychological mood in the team. The main factors influencing the social climate are vertical and horizontal relationships between employees, departments, corporate culture, as well as various constituents of the working environment (organisation and working conditions, motivation system). In 2021, Uzbekneftegaz JSC began large-scale effort to collect annual data by conducting employee surveys to create an internal social stability rating. Surveys cover the following topics:

- employee satisfaction with the employer;
- employee satisfaction with the level of wages;
- preferred systems of motivation;
- opportunities for professional growth and professional development;
- opportunity to speak openly to managers.

## Key 2022 achievements in the strategic management of HR issues:

- An automated compliance programme for Uzbekneftegaz JSC has been created. The daily reporting of employees, the entering of plans and tasks, the automatic generation of general information by entering the monthly table, training results, GPS attendance and KPI system functions have been finalised.
- A system of the employees' continuous professional development has been introduced.
- A list of candidates for participation in a workshop organised in cooperation with foreign partners, including Baker Hughes GE Company, has been compiled and their participation has been ensured.
- Quotas have been approved for entering into contracts with students of higher educational institutions in priority areas of the industry. Memoranda of Cooperation have been signed with the Tashkent State Technical University.

## STAFF COMPOSITION

GRI 3-3, GRI 202-1, GRI 401-1, GRI 405-1, GRI 405-2

As of 31 December 2022, the Company's headcount was 35,551 employees, which is 6.1% less than in 2021. The decrease in the headcount of Uzbekneftegaz JSC

and relatively high level of staff turnover in 2021–2022 was due to the optimisation of the Company's organisational structure and the transfer of non-core assets.

### STAFF COMPOSITION BY GENDER AND AGE

	2022	2021	2020
Total, including:	35,551	37,706	40,099
Men	31,623	33,635	35,945
Women	3,928	4,071	4,154
Under 30	6,618	7,982	8,590
30-50	22,332	22,931	24,467
Over 50	6,601	6,703	7,042
<b>Staff turnover rate</b>	<b>13.6%</b>	<b>14.0%</b>	<b>5.0%</b>

The Company's personnel structure includes the following categories of employees:

- managers are employees holding the positions of heads of subdivisions; top managers, deputy managers, heads of departments (units and shops), deputy heads of departments, administration offices (units and shops), chief specialists;
- specialists are employees holding the positions of engineers by areas of activity;
- support staff are employees who, in line with their job duties, ensure and maintain the activities of executives and specialists while developing and implementing management decisions;

- service staff are employees of engineering and technical services, cleaning personnel, employees of the forwarding service;
- operational staff are employees working at production facilities.

The largest categories of employees are operational staff (59.97%) and specialists (15.06%).

### FUNCTIONAL CATEGORIES OF EMPLOYEES

	Headcount	Share of total headcount
Managers	2,077	5.84%
Specialists	5,354	15.06%
Support staff	1,789	5.03%
Service staff	5,012	14.10%
Operational staff	21,319	59.97%
<b>Total</b>	<b>35,551</b>	<b>100%</b>

The staff selection and recruitment policy of Uzbekneftegaz JSC does not have criteria

for selecting and promoting employees based on age. The average age of employees is 38 years.

### STAFF STRUCTURE BY FUNCTIONAL CATEGORIES AND AGE AND GENDER GROUPS

	Managers	Heads of Subdivisions	Specialists	Support staff	Operational staff	Service staff
Headcount, employees	314	1,763	5,354	1,789	21,319	5,012
<i>including by gender:</i>						
Men	312	1,666	4,620	1,136	20,253	3,636
Women	2	97	734	653	1,066	1,376
<i>including by age:</i>						
under 30	3	71	923	429	4,317	875
30-50	277	1,210	3,548	1,015	13,191	3,091
over 50	34	482	883	345	3,811	1,046
<i>including by vulnerable groups:</i>						
People with disabilities	-	6	22	13	35	37

The proportion of women in the total number of employees as of 31 December 2022 was 11.05% (10.8% in 2021, 10.7% in 2020), and women hold 5% of management positions. Uzbekneftegaz JSC does not tolerate gender discrimination and selects candidates based on their professional experience, qualifications and personal achievements. The low proportion of women in the headcount reflects the peculiarities of working in the oil and gas industry, where a significant proportion of the workforce is made up of men due to dangerous working conditions and involves physically demanding working conditions and work in the fields.

In Uzbekneftegaz JSC, the amount of employee wages does not depend on the gender of the employee, and, in this regard, there are no separate statistics on wages for women and men. In the reporting year, the average salary for an entry-level job at the central office and production facilities was UZS 3,391,120 and UZS 1,984,934 (USD 307 and USD 180 equivalent at the average annual exchange rate), respectively, which is higher than the minimum wage (from 1 January to 31 December 2022 – UZS 920,000) by 269% and 116%, respectively.

PROPORTION OF WOMEN IN CERTAIN FUNCTIONAL CATEGORIES OF EMPLOYEES, IN % OF TOTAL HEADCOUNT

	All staff	Managers	Specialists	Support staff	Service staff	Operational staff
Women	11.05%	0.28%	2.06%	1.84%	3.87%	3.0%
Men	88.95%	5.56%	13.0%	3.2%	10.23%	56.97%

## LABOUR PRACTICES

GRI 2-30, GRI 3-3, GRI 402-1, GRI 406-1, GRI 407-1, GRI 408-1, GRI 409-1

Labour relations in the Company are regulated under the Labour Code of the Republic of Uzbekistan and other local regulations. Uzbekneftegaz JSC assumes responsibility for observing labor rights, providing employees with benefits and guarantees provided for by the labour laws. Each employee is hired in accordance with the laws of the Republic of Uzbekistan.

In accordance with the requirements of Article 102 of the Labour Code of the Republic of Uzbekistan, the Company warns employees in writing of its intention to terminate the Employment Agreement due to changes in technology, production and labour organisation, reduction in the scope of work, resulting in a change in the number (staff) of employees or change in the nature of work at least two months in advance. When considering the employer's submission on the termination of the Employment Agreement with an employee on the employer's initiative, the employee must personally participate in a meeting of the Trade Union Committee.

**The Collective Agreement of Uzbekneftegaz JSC** was concluded on 19 February 2020 for a period of three years and covers 100% of the Company's employees. The Collective Agreement was drawn up in accordance with the Labour Code of the Republic of Uzbekistan and is a local normative legal act regulating labour and socio-economic relations between the employer and employees.

The representatives of the parties monitor if the employer and employee abide by the conditions prescribed in the Collective Agreement by conducting

a systematic review of the results at extended joint meetings of the workforce. When amendments are to be made to the Collective Agreement, the employer shall notify all employees of the amendments to the text no later than 30 business days before signing it. Individual and team-member conflicts, as well as disputes are considered in accordance with the legislation of the Republic of Uzbekistan. At the same time, according to the Collective Agreement, it is recommended to understand the principles of social partnership and mutual respect to resolve the conflict within the Company. In all structural subdivisions of the Company, commissions for labour disputes have been established according to the conditions specified in the Collective Agreement.

The Collective Agreement includes a comprehensive package of benefits and obligations of the employer for labour protection, staff health improvement and their social security. Uzbekneftegaz JSC, on an ongoing basis, organises various social activities (contests, holidays), improves working conditions, trains and develops employees, helps to create a favourable environment in teams, transfers powers and delegates responsibilities within teams, and involves employees in making major decisions.

The Board of the Trade Union Committee of Uzbekneftegaz JSC represents the interests of all employees of the Company in negotiations on the Collective Agreement, as well as on issues of labour legislation and trade unions. Stakeholder engagement on the activities of social social units is carried out through trade union committees and social development functions of subdivisions of Uzbekneftegaz JSC.

**The Joint Trade Union Committee** of Uzbekneftegaz JSC, on the basis of the approved work plan for 2022, implemented a number of measures on the development of social partnership,

labour remuneration, labour protection, health improvement of employees and their families, control over timely payment of monthly wages to employees, cultural, educational, sports and recreational work.

## SOCIAL GUARANTEES

GRI 3-3, GRI 401-2, GRI 401-3, GRI 403-6

### Parental Leave

In accordance with the Labour Code of the Republic of Uzbekistan, every employee of Uzbekneftegaz JSC is provided with maternity or paternity leave to care for a child until the child's attainment of the age of two years, with payment of benefits for this period

in accordance with the procedure established by laws. In 2022, out of 2,423 employees eligible for maternity/paternity leave in the reporting period, 449 employees took leave.

### MATERNITY/PATERNITY LEAVE IN 2022

	All staff	Men	Women
Number of employees eligible for maternity/paternity leave in the reporting period	2,423	-	2,423
Number of employees who took maternity/paternity in the reporting period	449	-	449
Number of employees who were expected to return to work in the reporting period after the end of maternity/paternity	152	-	152
Number of employees who returned to work in the reporting period after the end of maternity/paternity leave	129	-	129
Number of employees who returned to work upon the completion of maternity/paternity leave and continued to work for 12 months after returning to work	110	-	110
<b>Return to work rate (%)</b>	<b>93%</b>	-	<b>93%</b>
<b>Retention rate (%)</b>	<b>63%</b>	-	<b>63%</b>

## Social Benefits

Employees of the Company and its subsidiaries have access to an extensive social package paid directly by the Company and its employees' Union.

### COMPOSITION OF THE SOCIAL PACKAGE OF UZBEKNEFTEGAZ JSC EMPLOYEES

<b>Medical care</b>	<p>The Company pays for its employees to have access to the following types of medical services:</p> <ul style="list-style-type: none"> <li>• Medical check-up once a year;</li> <li>• Medical services for family members of employees, as well as retirees of Uzbekneftegaz JSC;</li> <li>• Payment for medicines and healthcare devices (registered in the Republic of Uzbekistan) for persons disabled from a labour injury or injured at work.</li> </ul> <p>In 2022, 1,001 employees of the Company were treated on preferential terms at the UNG Medline Multidisciplinary Clinical Hospital relating to Uzbekneftegaz JSC. Cancer screening was also conducted for 2,393 female employees of the Companies, which resulted in 205 women being sent for further diagnosis and treatment if they were diagnosed or suspected of having cancer.</p>
<b>Health resort treatment</b>	<p>Based on the applications from employees, 674 employees were granted preferential vouchers to the Zomin, Oktosh, Chinabad, Turon, Chortok, Chimion, Buston, Umid Gulshani and other health resorts relating to the Federation of Trade Unions of Uzbekistan, located in the territory of Uzbekistan, 314 employees at the expense of the Trade Union budget (UZS 896,191.8) and 360 employees at the expense of the social insurance budget (UZS 1,083,482.0) have spent their holidays and improved their health. In addition, 1,173 employees and their family members spent their holidays on favourable terms in the resort UNG TOSHKENT DENGIZI OROMGOHI LLC, which is relating to Uzbekneftegaz JSC.</p>
<b>New Year's gifts for children</b>	<p>The Joint Trade Union Committee together with the Company's administration organises New Year's gifts or cash compensations for the children of employees under 14 (to one of the parents) at the Company's expense. The amount of compensation payment is defined based on the Company's financial capabilities, in agreement with the Trade Union.</p> <p>In 2022, 20 thousand children of employees received New Year's gifts, and a total of UZS 4 billion 277 million were spent on the purchase of gifts.</p>
<b>Material assistance on the occasion of the birth of a child</b>	<p>Lump sum financial assistance to employees in the amount of 1.2 times the minimum wage. In 2022, the total amount of material assistance to employees on the occasion of the birth of a child was UZS 1 billion 411 million, which is 1.36 times higher than the level of 2021.</p>
<b>Material assistance on the occasion of the first wedding</b>	<p>Lump sum financial assistance to employees of the Company and children of employees (only one family member) in the amount of ten-times the minimum wage. In 2022, the total amount of financial assistance to employees on the occasion of the first wedding was UZS 6,337,300,000 (UZS 6,277,326,900 in 2021).</p>
<b>Recreation of employees' children in summer health camps</b>	<p>In 2022, a joint decision of the Management Board of Uzbekneftegaz JSC and the Presidium of the Joint Trade Union Committee was adopted to organise recreation of employees' children in children's health camps. A total of 10,203 children were sent on holiday, including 398 children from low-income families, orphans in need of social protection, disabled children and children from orphanages, and 271 children from ecologically unfavourable zones in the Aral Sea region of the Republic of Karakalpakstan.</p> <p>In the 2023 summer season, over 10 thousand children of employees are planned to be sent to children's health camps.</p>
<b>Assistance to employees with children of preschool age</b>	<p>A 30-minute nursing break is provided every three hours to women with children under 2 years old, and a 1-hour break is provided every three hours to women with children under 2 years old. Nursing breaks are considered paid work time.</p> <p>Lump sum financial assistance is provided to employees with disabled children in the amount of one minimum wage for the purchase of school uniforms and school supplies.</p> <p>Women with children of preschool age (6-7 years old) are given one day off before the start of the school year to prepare their children for school.</p>
<b>Retirement benefit</b>	<p>Upon retirement, an employee is paid a lump sum benefit equal to 8% of his/her current monthly salary for each year of service in the industry, and an employee with a total of 20 or more years of service in the industry is paid 12% of his/her current monthly salary for each year of service in the industry.</p> <p>In 2022, 185 persons of retirement age were provided with lump sum financial assistance and valuable gifts before retirement. A total of UZS 1,270,090.4 from the Company's funds and UZS 26,715.1 from the Trade Union budget were spent for this purpose.</p>

### Financial assistance to employees due to serious illness and economic hardship

The Company's Management Board and its employees' Trade Union made a joint decision to provide additional support to representatives of socially vulnerable groups. In 2022, a total of 1,040 persons outside the Company's staff, including persons with disabilities, persons in need of care due to serious illness, and persons in difficult financial circumstances, received assistance. For this purpose, UZS 667,206.3 were spent from the Company's funds and UZS 117,748.9 from the Trade Union budget.

## STAFF TRAINING AND DEVELOPMENT

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

Personnel development is one of the key priorities of the HR policy of Uzbekneftegaz JSC, as the availability of quality human capital is an indispensable condition for growth in the scale and efficiency of business. The Company invests in training its employees to improve their professional qualifications and to equip them with modern skills in oil and gas operations management, technological, technical and economic management while carrying out operations in accordance with international standards.

The process of additional professional training of the Company's employees is conducted in accordance with the provisions of Education Act No. ZRU-637 dated 23 September 2020 of the Republic of Uzbekistan. In 2022, a total of 9,195 employees of Uzbekneftegaz Group companies were trained, including 2,393 managers and specialists and 6,802 workers. Of the trainees, 6.1% (564 employees) were women.

More than 400 employees were trained under professional retraining programmes of foreign educational institutions and organisations. The average number of training hours per employee was 40 hours.

### NUMBER OF EMPLOYEES COVERED BY PROFESSIONAL TRAINING IN 2022

	All staff	Managers and specialists	Workers
Uzbekneftegaz Group, including:	9,195	2,393	6,802
Uzbekneftegaz JSC	3,218	983	2,236
The Company's Central Office	294	294	-
Mubarek Oil and Gas Production Department	783	215	568
Shurtan Oil and Gas Production Department	694	118	576
Gazli Oil and Gas Production Department	209	93	116
Ustyurt Oil and Gas Production Department	131	68	63
Mubarek Gas Processing Plant	1,104	194	910
Vodiy Oil and Gas Production Department	3	1	3
<b>Subsidiaries of Uzbekneftegaz JSC</b>	<b>5,977</b>	<b>1,410</b>	<b>4,566</b>

The Company's employees undergo professional retraining at the Academy of Public Administration under the President of the Republic of Uzbekistan, the Higher School of Business and Entrepreneurship, as well as at UNG training LLC and other training centres. As of the end of the reporting period, 35 employees of the Company were studying at the Master's programme of the Higher School of Business and Entrepreneurship (Tashkent).

In 2022, Uzbekneftegaz employees participated in the following conferences, trainings and experience exchange events:

- International Conference "Innovative Approaches to the Development of Educational and Production Cluster in the Oil and Gas Industry";
- Advanced training courses on the programmes "Monitoring the Economic Efficiency of Investment Projects" and "Methods and Tools of Project Management" jointly with Gazprom JSC;

- Internships and exchange of experience on the programmes "Study of Approaches in the System of Increasing the Efficiency of Production Processes", "Maintenance and Repair of Industrial Equipment and Reliability of Process Equipment", "HR Management" and "KPI Management System" jointly with SOCAR (Azerbaijan);
- Advanced training courses at the IT Park Tashkent Digital Technology Training Centre on software training and information technology;
- Advanced training courses at the Academy of the General Prosecutor's Office on the programme "Ensuring Effective Organisation of Departmental Anti-Corruption Measures";
- Advanced training courses at Schlumberger on the programme "Application of Modern Technologies for Seismic Data Interpretation";
- Internships at LUKOIL PJSC on the programmes "Introduction to Digital Technologies and Industrial Facilities", "Modern Methods of Gas Production", "Design and Drilling of High-Tech Wells", "Modern Methods of Geological Work", "Control and Measuring Instruments, Automation Tools and Modern Measuring Instruments" and "Human Resources Management: Personnel Motivation Management, Use of Modern Methods of Modern Recruitment Methods, Personnel Development and Assessment".

## COOPERATION WITH HIGHER AND SECONDARY SPECIALISED EDUCATIONAL INSTITUTIONS

GRI 3-3, GRI 413-1

Being a backbone enterprise of the industry, Uzbekneftegaz JSC contributes to providing the oil and gas sector with highly qualified personnel. To this end, the Company has established long-term cooperation with a number of educational institutions in the Republic of Uzbekistan, including Tashkent State Technical University, Tashkent Institute of Chemical Technology, Karshi Institute of Engineering and Economics, Bukhara Institute of Engineering and Technology and a number of others.

Currently, over 35.5 thousand employees work at the enterprises and organisations operated by the Company. In order to further develop and improve the training of highly qualified personnel for the oil and gas industry of the Republic of Uzbekistan, to expand international cooperation in tertiary education, the Tashkent Branch of the Gubkin Russian State University of Oil and Gas was established by Decree No. PP-564 dated 12 January 2007 of the President of the Republic of Uzbekistan. The University is included in the organisational structure of Uzbekneftegaz JSC. During 2012–2022, 1,882 students graduated from this University. As

of the end of 2022, the Branch had 737 students in 9 fields of study.

The Bukhara and Fergana colleges of Oil and Gas Industry provide the enterprises of the industry with personnel with vocational secondary education. A total of 1,122 students are currently enrolled in these colleges, including 910 students at the Bukhara College of Oil and Gas Industry and 212 students at the Ferghana College of Oil and Gas Industry. In addition, 322 students study at the Academic Lyceum of the Tashkent Branch of the Gubkin Russian State University of Oil and Gas.

Uzbekneftegaz JSC pays serious attention to the organisation of work placement internships of students at its enterprises. The Company has entered into agreements on organising work placement internships with more than twenty universities and colleges, under which more than 3,000 students have completed internships.

## The largest educational institutions with which the Company cooperates:

- Tashkent Branch of the Gubkin Russian State University of Oil and Gas
- Tashkent State Technical University
- Tashkent Institute of Chemical Technology
- Karshi Institute of Engineering and Economics
- Bukhara Institute of Engineering and Technology
- Karakalpak State University
- Bukhara College of Oil and Gas Industry
- Fergana College of Oil and Gas Industry
- Academy of Public Administration under the President of the Republic of Uzbekistan
- Republican Higher School of Business and Management

## DIVERSITY AND EQUAL OPPORTUNITIES

GRI 3-3, GRI 406-1

The Company's HR policy contains a number of anti-discrimination provisions:

- Fair treatment of all employees of the Company and personnel of contractors, based on respecting their dignity, without any discrimination;
- When hiring, no-discrimination on any of the possible grounds, including gender, age, race or nationality, religion beliefs, etc.

There are initiatives and strategies to ensure the socio-cultural diversity of the workforce, as part of which the Company attracts, facilitates development, and promotes talented employees regardless of race, sexual orientation, religious beliefs, age, gender, or whether they have disability and other specific physical abilities. In the reporting year, the structure of the Company's staff has not significantly changed.

As at 31 December 2022, the Company's headcount included 716 retirees and 91 employees with disabilities. Employees with disabilities, as well as employees with dependent disabled children, are provided with additional benefits and guarantees, and the necessary social assistance and support.

The imbalance in the gender composition of employees, about 90% of whom are men, is due to the specifics of work in the oil and gas industry, which involves hard physical labour.

In 2020, the Company established a Women's Affairs Committee, which performs the following tasks:

- Supporting women, protecting their rights and legitimate interests, preparing proposals

to increase the role and activity of women in public and political life;

- Providing timely social, legal, psychological and material support to women requiring such assistance, as well as women in difficult social conditions, including women with disabilities;
- a comprehensive review of issues related to the rights and legitimate interests of women, organising social surveys in order to identify the most pressing issues and providing solutions;
- providing women's organisations in the system with methodological and practical support.

In 2022, the Company carried out large-scale work to increase the social activity of women and create conditions for the realisation of their abilities and opportunities in various fields. In particular, the following activities were carried out:

- With the participation of employees of the Company's Legal Department, workshops and training sessions "The Constitution is a Guarantee of Human Rights and Freedoms" and "Additional Guarantees Introduced for Women in the Labour Laws in 2023" dedicated to the Constitution Day were held. As part of the workshops held, Professor F. Mukhitdinova of the Tashkent State Technical University explained in detail the provisions of Protection of Women from Harassment and Violence Act No. ZRU-561 dated 2 September 2019.
- From 25 November to 10 December 2022, the industry's primary organisations took an active part in the 16 Days of Activism against Gender Violence campaign, dedicated to the International Day for the Elimination of Violence against Women declared by the UN General Assembly.

# OCCUPATIONAL HEALTH AND SAFETY

GRI 3-3, GRI 403-1, GRI 403-2, GRI 403-3, GRI 403-4, GRI 403-5,

GRI 403-6, GRI 403-7, GRI 403-8, GRI 403-9, GRI 403-10

## Occupational Health and Safety Management

Uzbekneftegaz JSC considers one of its main priorities to ensure safe working conditions for both its own employees and employees of contractors. The Company strives to continuously raise the level of its existing occupational health and safety (OHS) system by applying best practices and actively involving employees in existing corporate programmes.

To ensure proper control, the Company's OHS issues are regulated by the Unified Occupational Health, Safety and Environment Management System (UOHSEMS). This management system has been designed, implemented, maintained and improved in accordance with the requirements of ISO 9001:2015, ISO 45001:2018 (OHSAS 18001), ISO 14001:2015 and GOST 12.0.230 – 2007.

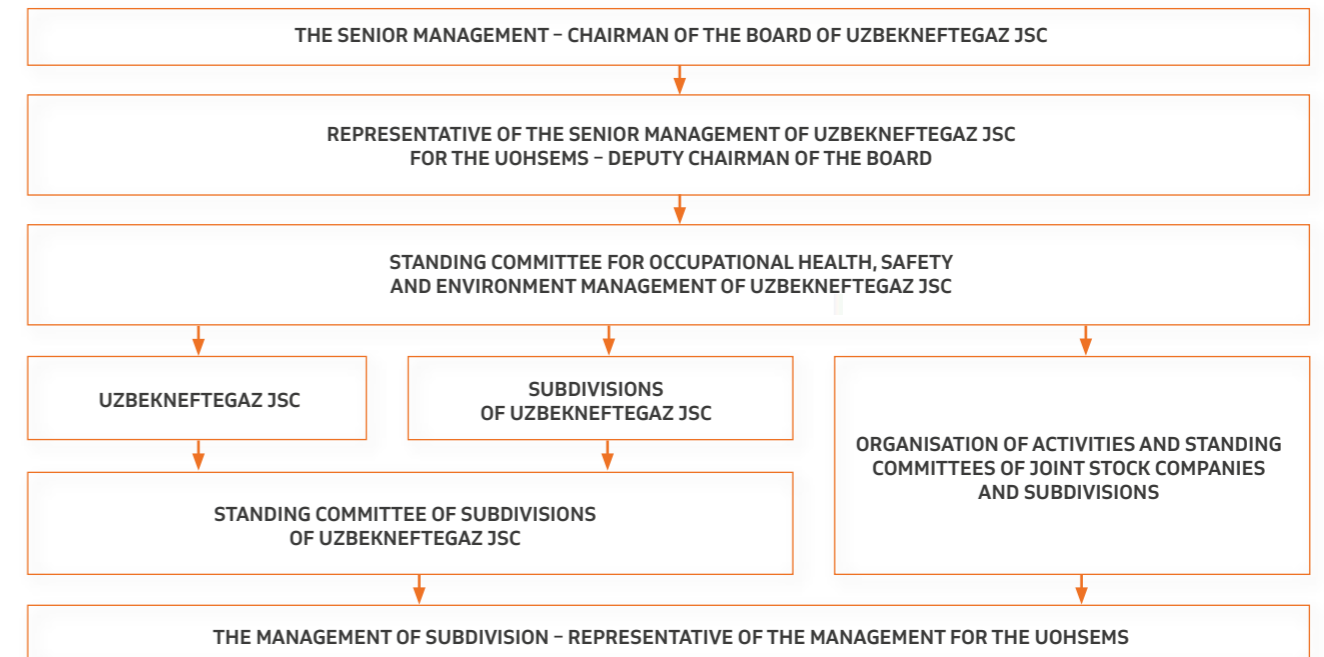
By the end of 2022, 20 enterprises of the Company have been ISO 45001 (OHSAS 18001) certified, and the Company plans to continue to increase this number. In addition, when running its business, Uzbekneftegaz JSC strives to comply with other international and national requirements..

### IMPLEMENTATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM ACCORDING TO THE ISO 45001 INTERNATIONAL STANDARD (OHSAS 18001)

	2022	2021	2020
Number of enterprises in which the system was implemented in line with ISO 45001 (OHSAS 18001)	20	19	17



### CHART OF THE STRUCTURE OF THE UNIFIED OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM (UOHSEMS) IN UZBEKNEFTEGAZ JSC



The UOHSEMS structure includes representatives of all levels of the Company's management. The main OHS tasks of the Company and its subdivisions within this system are:

- Improving the organisation of processes in occupational health and safety at all levels of production management;
- Ensuring safe working conditions for employees of the Company and contractors;
- Mainstreaming sanitary and technical working conditions;
- Strengthening workplace and shop-floor discipline;
- Sanitary services for employees;
- Ensuring timely and adequate investigation and recording of occupational accidents and elimination of their causes;
- Increasing the responsibility of managers and engineers for occupational health and safety;
- Increasing the activity and interest of the workforce, employees and IT specialists in the work to ensure safe working conditions and the involvement of a wide range of workers and trade union activists in it.

One of the key processes of the occupational health and safety management system is the process of managing risks arising in the course of production activities. Risk management aims at prevention of injuries and occupational diseases at work, prevention or mitigation of the impact of harmful and hazardous production factors, including from accidents at hazardous production facilities, on employees, contractors, visitors and other stakeholders. Hazard identification, assessment, management of risks and environmental aspects, and the occurrence of accidents are carried out when developing an industrial safety declaration at hazardous production facilities, as well as based on the results of assessment of workplaces.

The Company regularly invests in maintaining the health of its employees and ensuring occupational safety. In the reporting year, total OHS expenditures totalled more than UZS 53.9 billion (USD 5.9 million equivalent).

Indicator	2022	2021	2020
Amount of OHS investments	UZS 53.9 billion (USD 5.9 million equivalent)	UZS 48.0 billion (USD 4.5 million equivalent)	UZS 50.3 billion (USD 4.8 million equivalent)

Corporate programmes aimed at implementing a whole range of preventive safety measures have been drawn up. During the entire period of its operations, the Company has been extensively sharing its experience and its best practices in organising systematic activities aimed at improving the safety culture at various meetings and forums, holding meetings and round-tables at the local level, as well as presenting relevant reports at the occupational health and safety conferences.

Above all, in order to prevent injuries and ensure safe working conditions, Uzbekneftegaz JSC pays particular attention to improving the level of safety culture among its staff. All employees of enterprises, including managers, are required to have training, briefing, knowledge testing and recertification, in the manner and terms established for their professions and types of work by government supervision and control bodies.

In 2022, 1,384 employees of the Company attended OHS training, 4,157 employees attended induction

### The following OHS activities are planned for 2023:

- Conducting step-by-step control and monitoring of working conditions at production facilities;
- Administering regular medical examinations of employees, organising the required activities for their recovery;
- Entering into agreements with insurance companies and obtaining insurance certificates for employees;
- Conducting periodic OHS knowledge testing among the management, Company executives and members of the Standing Committee;
- Activities to improve employees' knowledge and skills in environmental protection, first aid and fire safety;
- Continued implementation of measures aimed at preventing the spread of Coronavirus;
- Continued implementation of international standards ISO 45001 and ISO 14001 in the Company's subdivisions; continued release of the monthly information magazine Akhborotnoma in the Uzbek and Russian languages;
- Implementation of a project to create a unified automated system for monitoring production facilities in the field of industrial safety. The introduction of such a system will automate the information exchange processes, create a single database of hazardous production facilities, and increase the level of protection against accidents and incidents at hazardous production facilities.

training. 39 people were trained at the training centre under the Ministry of Employment and Labour Relations, 33 people were trained on the First Aid course at the UNG Training centre and 30 people were trained on the Fire Safety course. Training and exchange of experience was arranged for 53 engineering and technical staff of Gazli Oil and Gas Production Department at Shurtan Gas Chemical Complex LLC, Shurtan Oil and Gas Production Department, Uzbekistan GTL LLC and Bukhara Oil Refinery.

In addition, the Company's employees completed online training at foreign training centres, including at the Petronas Institute in Malaysia on the "Best Practices in Health, Safety, Environment, Security and Maintenance in the Oil and Gas Industry" course and at ECOPSY, the Russian company, on the "How to Create a Culture of Development in a Company?" course.

## Occupational Health and Safety Risk Management

Risk and environmental assessments are carried out by a team of staff trained and with sufficient engineering expertise. The leading role in the risk and environmental assessments is played by units and officials who plan, ensure, execute and control production processes. All risks associated with each of the identified hazards are analysed, assessed

and prioritised as necessary to eliminate or reduce the level of occupational risk. Thereby, both normal conditions for the functioning of production facilities and cases of deviations in operations associated with incidents and possible emergency situations are reviewed.

Phases of risk analysis		The activities conducted
1.	Planning and organisation of the work	<ul style="list-style-type: none"> <li>• A group of employees is selected to conduct a risk analysis.</li> <li>• The goals and objectives of the risk analysis are clearly set.</li> <li>• The analysed hazardous production facility is defined and its brief description is provided.</li> <li>• The criteria for existing risks are defined.</li> <li>• Sources of information about a hazardous production facility are identified and described.</li> </ul>
2.	Hazard identification	<ul style="list-style-type: none"> <li>• Identification and clear description of all sources of hazards and ways (scenarios) of their implementation.</li> </ul>
2.	Risk assessment	<ul style="list-style-type: none"> <li>• Determination of the rate of initiating and all undesirable events.</li> <li>• Assessment of the consequences of the occurrence of undesirable events.</li> <li>• Generalisation of risk assessments.</li> </ul>
4.	Drawing up recommendations for risk mitigation	<ul style="list-style-type: none"> <li>• Drawing up risk mitigation measures based on the results of risk assessments.</li> </ul>

Operations and core activities, products and services associated with occupational health and safety risks are constantly monitored and inspected. At the end of the monitoring, a report with the list of activities is drawn up, which contributes to the improvement of the system of occupational health and safety in the subdivisions of Uzbekneftegaz JSC.

In 2022, a total of 4,363 violations were identified during monitoring, and the Company is actively working to eliminate them. For this purpose, 84 reports were presented to the heads of departments and enterprises and 483 recommendations were issued. Reprimands were administered against 190 employees who have committed violations in occupational health, safety and environment, and 118 employees were encouraged.

- There are always ways to quickly respond possible emergencies in the Company. Readiness for an adequate response of Uzbekneftegaz JSC

to emergency situations (incidents) is ensured by the following actions:

- Identification and recording of possible incidents based on the results of the identification of hazards and risks in occupational health and safety, and the results of a special assessment of working conditions;
- Development and approval of a Possible Emergency Response Plan (PERP), safety data sheets, with specifying measures aimed at reducing the negative impact on the health of employees and property of the Company;
- Availability and implementation of plans and schedules for employee briefing and training, conducting training sessions or drills to prevent, localise accidents and eliminate their consequences;
- Advising (informing) employees of stakeholders about actions in emergency situations.



In 2022, a special tactical exercise on Joint Actions of the Facility Management, Rescue Systems and Services of the Ministry of Emergency Situations, the State Subsystem for Prevention and Response to Emergencies in Case of Emergencies and Fires was held at the Zewarda Facility of Mubarek Oil and Gas Production Department. The exercise tested the practical skills of the attendees in carrying out emergency rescue operations, emergency response at the facility and their independent and reliable leadership in the implementation of civil protection measures, occurrence of incidents related to terrorist acts, fires, explosions and natural disasters. At the end of the event, the company was deemed "ready to respond emergency situations, to eliminate them, as well as to protect and defend the facility".

## Ensuring Occupational Health and Safety

Uzbekneftegaz JSC actively monitors compliance with OHS requirements in all types of production operations, including construction, repair and operation of industrial facilities and structures. For timely identification and elimination of potentially hazardous elements, all industrial facilities and structures shall be inspected and have routine and major repairs.

The Company also takes measures to ensure the safety of production equipment and processes. For these purposes, employees of departments and enterprises of the system are provided in a timely manner with summer and winter special clothing and special footwear, dairy products and food. The Company also strictly monitors compliance with sanitary and hygienic standards and requirements, as well as rational work and rest schedules for employees.

Each facility of Uzbekneftegaz JSC has a first aid post with staff available to provide professional medical assistance if necessary. All posts are equipped

In 2022, there had been recorded 2 accidents, which is 50% lower than in 2020 (4 accidents). The improvement of indicators is associated with the adoption of a set of measures to prevent accidents, and the improvement of the occupational health and safety management system, as well as an increase in the level of labour and production discipline.

with medicines and necessary medical devices.

In accordance with government requirements, the Company's employees are provided with the following medical services:

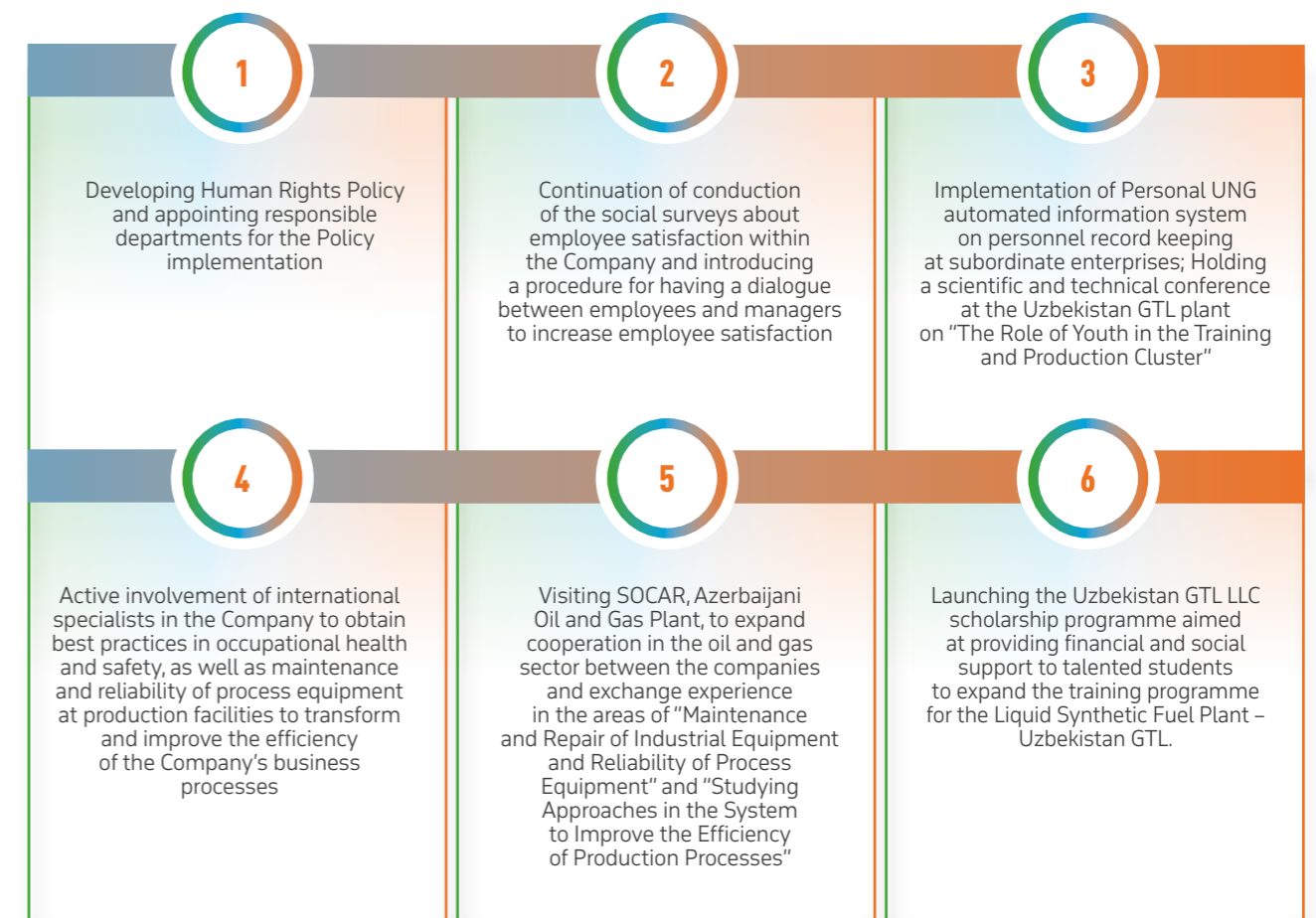
- Emergency medical care, including by air ambulance;
- Pre-medical care at a day care centre;
- Qualified medical care in a medical centre with a shift rotation schedule;
- Mandatory medical examination of employees, including daily pre-shift examination and annual periodic check-up.

The Company, on a regular basis, investigates, records and reviews accidents to fully review the circumstances and causes, identify shortcomings and draw up measures for their further prevention. The process of preventing occupational injuries, which is a very important production task, is inseparable from the continuous improvement of the system for recording and reviewing the causes of occupational accidents.

## NUMBER OF OCCUPATIONAL ACCIDENTS AMONG THE COMPANY'S EMPLOYEES

	2022	2021	2020
Total number of recorded occupational injuries (accidents)	2	2	4
Total number of occupational injuries with severe consequences (excluding fatal accidents)	-	-	1
Total number of fatal accidents	-	-	3
Main Types of Occupational Injuries			
Types of Occupational Injuries	2022	2021	2020
When working at height	1	-	3
In case of fire	-	1	-
When working on a drilling rig	-	-	1
When working with lifting equipment	-	-	-
In case of electric shock	-	1	-
When performing repair work	1	-	-
When repairing a lathe	-	-	-

## HR Policy Objectives for 2023



## HIGHLIGHTS FOR 2022:

### Our Guiding Documents:

Regulations on the Provision of Charity and Sponsorship Support of Uzbekneftegaz JSC, approved by Resolution No. 67 dated 28 September 2020 of the Board of Uzbekneftegaz JSC



**117**

billion UZS  
(USD 10.6 million equivalent)

**THE COMPANY'S EXPENDITURES ON CHARITY AND SPONSORSHIP ACTIVITIES**

## PRINCIPLES AND PRIORITIES OF THE COMPANY'S CHARITY ACTIVITIES

GRI 3-3, GRI 203-1, GRI 203-2, GRI 413-1, GRI 415-1

Charity and sponsorship activities of Uzbekneftegaz JSC is one of the elements of the Company's corporate social responsibility and is aimed at developing and improving the quality of life of the community in the main regions of the Company's operations.

- When carrying out charity and sponsorship activities, the Company is guided by the principles:
  - Legality;
  - Transparency and openness of the Company's mentioned activities;
  - Efficiency in achieving public-significant goals;
  - Control over the aid provided, including as part of the analysis of its recipients/final recipients, their reporting on the target use of funds;
  - Direct and targeted assistance.
- The priority areas for Uzbekneftegaz JSC to provide charity and sponsorship are as follows:
  - Environmental protection;

- Support for children from disadvantaged families, low- income families, orphans, orphanages, nursing homes for elderly, and disabled people;
- Physical training and sport;
- Healthcare;
- Holding state and national traditional events and holidays;
- Provisions of amenities in cities, towns and villages-auls;
- Support for the population in the elimination of the consequences of natural disasters.
- The Company does not provide charity to the following groups:
  - Political parties, organisations, movements or political persons;
  - Commercial organisations;
  - Religious institutions;
  - Current government officials;
  - Institutions exercising control and supervision functions in relation to the Company.

# CONTRIBUTION TO THE SOCIO-ECONOMIC DEVELOPMENT OF THE REGIONS OF OPERATIONS

# COMMITMENT TO THE UN SUSTAINABLE DEVELOPMENT GOALS IN THE SOCIAL ASPECT

GRI 3-3, GRI 203-1, GRI 203-2, GRI 413-1, GRI 415-1

The company plans to spend 3% of net profit to support the UN Sustainable Development Goals in the area of social development

UN SDGs	The Company's planned activities
<p><b>SDG 3:</b> Ensure healthy lives and promote well-being for all at all ages</p>	<ul style="list-style-type: none"> <li>• Payment of social benefits;</li> <li>• Family and youth support.</li> </ul>
<p><b>SDG 4:</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>Supporting tertiary and secondary education programmes for students through:</p> <ul style="list-style-type: none"> <li>• student tuition fees;</li> <li>• scholarships for employees at local and overseas universities;</li> <li>• funding for industrial work placement.</li> </ul>
<p><b>SDG 8:</b> Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> <li>• Creation of new jobs;</li> <li>• Payment of taxes and other payments to the budget.</li> </ul>
<p><b>SDG 11:</b> Make cities and human settlements inclusive, safe, resilient, and sustainable</p>	<ul style="list-style-type: none"> <li>• Participation in charity projects for landscaping and gardening;</li> <li>• Financing the creation and maintenance of infrastructure facilities of high cultural and social significance, such as kindergartens, health camps, sports complexes and clubs, medical and cultural institutions.</li> </ul>

## The Company's Charity Initiatives in the Regions of Operations

GRI 3-3, GRI 203-1, GRI 203-2, GRI 413-1, GRI 415-1

In the reporting year, the Company implemented the following charity initiatives:

<b>Opening of educational institutions</b>	<p>The Company financed the construction of the following facilities:</p> <ul style="list-style-type: none"> <li>• A school for 180 students and kindergarten in the Konlikul district of the Republic of Karakalpakstan;</li> <li>• Kindergartens for 100 children in the Zhondor and Konlikul districts of the Bukhara region.</li> </ul>
<b>Opening of social infrastructure facilities</b>	<ul style="list-style-type: none"> <li>• Construction of the Centre of Culture and Spirituality in the Bukhara region;</li> <li>• Construction of a gym in the Zhondor district of the Bukhara region;</li> <li>• Purchase of 3,003 metres of pipes to supply gas to the Karlik and Khojamubarek villages of the Mubarek district of the Kashkadarya region.</li> </ul>
<b>Support for socio-cultural and environmental heritage</b>	<ul style="list-style-type: none"> <li>• Reconstruction of historical gates and improvement of the alley adjacent to the memorial complex in Shaykhontohur district of Tashkent;</li> <li>• Contribution to the International Fund for Saving the Aral Sea in the amount of UZS 4 billion.</li> </ul>
<b>Arranging for mass sports events</b>	<p>Holding the second stage of the Save Aral-2022 Marathon. Employees of enterprises, organisations and military units of the Karaulbazar district, youth and volunteers, as well as employees of Bukhara Oil Refinery took part in the Marathon.</p>

As instructed by the Chairman of the Board of Uzbekneftegaz JSC, oil and gas production departments, oil refineries and oil depots provide support to the households in need of social support on a regular basis. In particular, on the eve of the holidays Nowruz, Day of Memory and Honour, Ramadan Hayit, Eid Al Fitr, Independence Day, Constitution Day, New Year, food packages were

handed over to the employees of the system, labour veterans who contributed to the development of the industry and are now retired, as well as families in need of social support. In addition, on the occasion of the New Year, sets of New Year's gifts were purchased for children with disabilities; the gifts were donated to the Mehribonlik Social Mutual Aid Society for Disabled Persons.

## Creation of New Jobs

GRI 3-3, GRI 203-1, GRI 203-2, GRI 413-1, GRI 415-1

As part of the Local Employment Programme, the Company created 208 new jobs, including:

- 20 new jobs as part of the project to build a booster compressor station at the Mubarek Oil and Gas Production Department;
- 34 new jobs as part of the Shurtan Oil and Gas Production Department's project to build a gas pre-treatment unit at the natural gas gathering area;
- 119 new jobs as part of the programme to increase hydrocarbon production for 2017-2022;

- 35 new jobs as a result of the Uzbekistan GTL project.

Plans for the development of hydrocarbon production at existing fields envisage the creation of 168 new jobs, including 140 at the Uglevodorodnoye field, 12 at the Yuzhny Tandirchi field, and 16 new jobs as part of the project for the construction of the third low-temperature gas separation line at the Arslan gas production area.



# ENVIRONMENTAL RESPONSIBILITY

## HIGHLIGHTS FOR 2022:



**12.6**  
billion UZS  
(USD 1,181,000 equivalent)

**THE TOTAL COST OF ENVIRONMENTAL PROTECTION ACTIVITIES**



**17**  
out of 30 enterprises  
of the Company

**HAVE BEEN ISO 14001 CERTIFIED** (Environmental Management System) by the end of 2022



**2.2**  
billion UZS (USD 199 thousand equivalent)

**IS THE TOTAL AMOUNT OF COMPENSATION PAYMENTS FOR ENVIRONMENTAL POLLUTION AND WASTE DISPOSAL**



**ALL ENTERPRISES HAVE BEEN TRANSFERRED TO AN ELECTRONIC SYSTEM FOR MAKING COMPENSATION PAYMENTS FOR NEGATIVE ENVIRONMENTAL IMPACT**



**2.7**  
million GJ

**TOTAL ELECTRICITY CONSUMPTION**



**263.1**  
thousand kWh (947.16 GJ)

**ENERGY CONSUMPTION FROM RENEWABLE SOURCES**



**25.9**  
million kWh (93,114.0 GJ)

**ENERGY SAVINGS THROUGH MEASURES TO REDUCE ENERGY CONSUMPTION**



**6.27**  
million tonnes of CO<sub>2</sub>e

**TOTAL DIRECT AND INDIRECT GHG EMISSIONS** (Scope I and Scope II, according to GGP methodology)



**115.9**  
thousand tonnes

**AIR POLLUTANT EMISSIONS**



**90%**  
of the waste generated

**WAS TRANSFERRED FOR REUSE,** and 10% of waste was recycled



**830.4**  
hectares

**OF LANDS DISTURBED WERE rehabilitated** and 143,750 seedlings of fruit and ornamental trees were planted

## Guiding legislative acts, the Company's internal documents and international standards:

- Nature Protection Act No. 754-XII dated 9 December 1992 of the Republic of Uzbekistan;
- Environmental Control Act No. ZRU-363 dated 27 December 2013 of the Republic of Uzbekistan;
- Resolution No. 14 dated 21 January 2014 of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of the Regulations on the Procedure for Development and Approval of Draft Environmental Standards";
- Health, Safety and Environmental Policy;
- Permit documentation in accordance with the requirements of the legislation of the Republic of Uzbekistan (Waste Generation Limits (WGL), Maximum Permissible Emission (MPE), Maximum Permissible Discharge (MPD), etc. for each enterprise);
- SanPiN No. 0293-11 of the Republic of Uzbekistan. List of maximum permissible concentrations (MPC) of pollutants in the atmospheric air of residential areas in the territory of the Republic of Uzbekistan;
- SanPiN No. 0300-11 of the Republic of Uzbekistan. Sanitary rules and regulations for the organisation of collection, inventory, classification, neutralisation, storage and disposal of industrial waste in the Republic of Uzbekistan;
- GOST 12.1.007-76. Occupational Safety Standards System. Hazardous Substances. Classification and General Safety Requirements.
- NGH 39.0-140:2012. Methodology for calculating emissions of pollutants into the atmosphere for oil and gas producing and oil refineries;
- ISO 14001:2015 Environmental Management Systems. Requirements with Guidelines for Use;
- Plans for Environmental Protection and Sustainable Use of Natural Resources.



## ENVIRONMENTAL MANAGEMENT SYSTEM

GRI 2-12, GRI 2-13, GRI 2-14, GRI 3-3, GRI 203-1, GRI 203-2, GRI 413-1, GRI 415-1

Environmental protection is an integral part of the Company's activities. Environmental management is covered by the Unified Occupational Health, Safety and Environment Management System (UOHSEMS). This management system has been designed, implemented, maintained and improved

in accordance with the requirements of ISO 9001:2015, ISO 45001:2018 (OHSAS 18001), ISO 14001:2015 and GOST 12.0.230 – 2007. This UOHSEMS comprises representatives of all levels of the Company's management, from senior management to the structural subdivision for environmental issues. A more detailed diagram of the structure of UOHSEMS is presented in the Occupational Health and Safety section.

### UZBEKNEFTEGAZ JSC CONSIDERS IT IMPORTANT TO MAINTAIN A CLEAR AND TRANSPARENT SYSTEM OF LIAISON WITH GOVERNMENT AUTHORITIES ON ENVIRONMENTAL ISSUES.

#### THE COMMITTEE FOR ECOLOGY AND ENVIRONMENT PROTECTION

- Submission of draft reports in environmental protection for approval.
- Agreeing on the assessed compensation payments.
- Obtaining an environmental expert opinion on the relevant draft EIS (environmental impact statements), the draft SEE (statements of environmental effects) for the planned activities and environmental standards.
- Advanced training of specialists in environmental protection.
- Participation in the State Committee for the acceptance and commissioning of new (reconstructed) facilities, as well as buildings and structures for environmental purposes, agreeing on site selection and land acquisition for all types of economic activities.
- Obtaining a permit for special water use or water consumption from natural water bodies.
- Issuing environmental certificates for the technological process of production and for waste.
- Participation in the development of statutes, programmes, sectoral documents and in the work of advisory groups.

#### THE COMMITTEE FOR GEOLOGY AND MINERAL RESOURCES

Providing information on the rehabilitation of disturbed areas.

#### THE MINISTRY OF WATER RESOURCES

Obtaining a permit for special water use or water consumption from surface water bodies (lakes, rivers, canals, etc.), underground resources (wells).

#### THE STATE SPECIAL INSPECTION BODY FOR ANALYTICAL CONTROL (GosSIK)

- Laboratory analysis of atmospheric air, flue (stack) gas, surface and waste water, rocks and soil.
- Certification of environmental laboratories for compliance with the process of conducting analysis.

#### THE STATE COMMITTEE OF THE REPUBLIC OF UZBEKISTAN ON STATISTICS

Recording of sources of pollution and their harmful effects on the environment.

By the end of 2022, 17 out of 30 Company's enterprises have been ISO 14001 certified (Environmental Management System), and the Company plans to certify other enterprises in the future. In addition,

when running its business, Uzbekneftegaz JSC strives to comply with other international and national requirements.

### IMPLEMENTATION OF THE OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM ACCORDING TO THE ISO 45001 INTERNATIONAL STANDARD

	2022	2021	2020
Number of enterprises in which the system was implemented in line with ISO 45001	17	16	14

Since 2019, Uzbekneftegaz JSC has been operating the Environmental Safety Service, which is responsible for monitoring compliance with the requirements of the UOHSEMS and environmental legislation, and managing activities in environmental protection and sustainable use of natural resources at the enterprises of Uzbekneftegaz JSC. Such operations include handling of greenhouse gas emissions, setting standards, monitoring, recording and implementation of measures to reduce emissions.

- Informing government and other organisations, as well as citizens about changes in the environment, forecasts about environmental health, use of natural resources and appropriate measures taken.

In line with the approved Occupational Health, Safety, Environment Policy and identified significant environmental aspects that affect the environment, goals and objectives are being set to prevent, reduce and control environmental impacts.

The main tasks of the Environmental Safety Service are:

- Measures focussed on identification, prevention and avoidance of violation of the requirements of the legislation in environmental protection and sustainable use of natural resources;
- Environmental screening, identifying situations that may lead to environmental pollution, unsustainable use of natural resources;
- Efficiency of environmental activities and determination of compliance with environmental requirements of planned or ongoing economic and other activities;
- Observance of the rights and legitimate interests of government and economic management bodies, economic entities, fulfilment of their obligations in the field of environmental protection and sustainable use of natural resources;

Apart from identifying environmental risks, the Company has drawn up, implemented and maintains procedures to identify the possibility of occurring catastrophes or emergencies that may have an impact on the environment, and how the Company will respond to them. In addition, the Company has established mechanisms aimed at preventing or mitigating negative impacts on the environment caused by actual disasters or emergencies. There were no environmental accidents at the Uzbekneftegaz enterprises in 2022.

## ENVIRONMENTAL COMPLIANCE

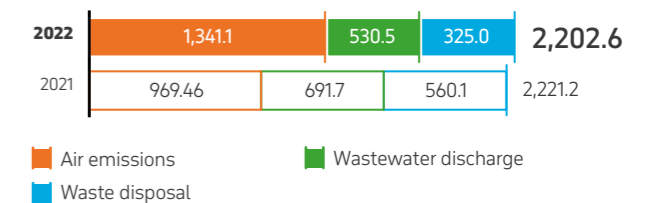
GRI 3-3, GRI 307-1

To ensure transparency, save time and prevent corruption when submitting reports on environmental protection by the departments and enterprises of the system, the process of submission of reports on the payment of compensations for negative environmental impact and environmental impact assessment documents has been digitised.

In 2022, the transfer of all departments and enterprises to the electronic system for making compensation payments for negative environmental impacts was completed. In 2022, the total amount of compensation payments for environmental pollution and waste disposal was UZS 2.2 billion (USD 199 thousand equivalent), which is 22% more than the total amount of payments in 2021. One of the main reasons for such

an increase in indicators is the release of a new decree from the Cabinet of Ministers which introduced new indexation of payment coefficients for pollutant emissions, discharges and waste (on average, 2 times). On the other hand, the growth in payments was partly driven by increased production.

### COMPENSATION PAYMENT FOR ENVIRONMENTAL MANAGEMENT, in UZS million



### The Environmental Responsibility Plans for 2022:

- Development of plans and measures for environmental protection;
- Survey, analysis and reporting on the implementation of environmental activities of enterprises;
- Development of environmental regulations for industry facilities;
- Continued implementation of ISO 14001 international standards in the Company's subdivisions;
- Continued monitoring of compliance with established requirements and standards for environmental protection.

## ENERGY CONSUMPTION

GRI 3-3, GRI 302-1, GRI 302-3, GRI 302-4

Efficient use of energy is a crucial element of the system to tackle climate change. To enhance the organisation of the energy supply and energy consumption management system, the entities under Uzbekneftegaz JSC have implemented an energy management system that ensures the interaction between various functional subdivisions at all levels of management and regulates the main energy efficiency management processes in accordance with the requirements of the ISO 50001:2018 International Standard

Pursuant to Decree No PP-4422 dated 22 August 2019 of the President of the Republic of Uzbekistan "On accelerated measures to improve energy efficiency of economic and social sectors, introduction of energy-saving technologies and development of renewable energy sources", a Road Map was drawn up to improve the energy efficiency of economic and social

sectors and the development of renewable energy sources. In 2020, as part of the implementation of the instructions specified in the Road Map, an Automated Power Consumption Metering System (APCMS) was introduced to record and analyse electricity consumption.

Automatic metering systems prevent the risks of incorrect data collection, manual labour and human error. All electricity meters in the system collect data accurately, quickly and simultaneously. The APCMS system enables consumers of electricity to quickly receive information about consumption, form accurate balances and effectively reduce losses.

At the end of 2022, the Company's electricity and heat consumption totalled 745.1 thousand kWh and 5,222,018.9 Gcal, which is 2.36% and 3.07% lower than in 2021, respectively.

## DYNAMICS OF ELECTRICITY AND HEAT CONSUMPTION

	Electricity consumption, thousand kWh	Electricity consumption, GJ	Heat consumption, Gcal	Heat consumption, GJ
2022	745,683.8	2,684,461.7	5,222,018.9	21,864,593.1
2021	762,685.4	2,745,667.4	5,382,787.3	22,537,730.4
2020	750,520.1	2,701,872.4	5,575,297.0	22,343,768.5

Total consumption of fuel gas was 2,217 million m<sup>3</sup> in 2022, i.e. 2.9% below the 2021 level. In the reporting year, consumption of diesel fuel (by 18.1%), petrol (by 16.2%) and liquefied petroleum gas (by 7.9%) also decreased. The decrease in resource consumption was due to a general decline in hydrocarbon production and processing.

At the same time, the consumption of process and compressed natural gas increased by 18.9% and 72.5%, respectively, due to an increase in the number of wells in use as a result of new wells drilled and wells returned to operation after workover, as well as the conversion of motor vehicles to gas fuel.

## CONSUMPTION OF NON-RENEWABLE FUELS

Type of fuel	UOM	2022	2021	2020
Fuel gas	million m <sup>3</sup>	2,217.7	2,284.7	2,141.6
Process gas	million m <sup>3</sup>	211.8	178.2	92.7
Leaks	million m <sup>3</sup>	1.5	1.7	1.6
Petrol	tonne	4,795.9	5,724.1	11,278.3
Diesel fuel	tonne	31,868.3	38,885.7	19,546.0
Liquefied petroleum gas	tonne	3,716.5	4,032.9	3,496.0
Compressed natural gas	thousand m <sup>3</sup>	656.0	380.4	346.0



The Uzbekistan GTL plant is one of the examples of enterprises using highly efficient technologies to reduce energy consumption. In the Fischer-Tropsch synthesis of liquid hydrocarbons, a constant temperature is maintained in the LTFT reactor by circulating water through coils located inside the reactor. As the water flows through the coils, it is converted into steam, which is collected in steam drums and used to generate electricity by steam turbines. The capacity of generators running on the steam produced is 66 MWh. This approach reduces gas consumption for electricity generation by 15%

## REDUCTION OF ELECTRICITY CONSUMPTION FROM TRADITIONAL SOURCES DUE TO INTRODUCTION OF ALTERNATIVE ENERGY SOURCES, THOUSAND KWH

	2022	2021	2020
Solar panels and solar thermal generators	2079	477.5	50.5
Solar water heaters*	55.3	119.4	16.8

\*Electricity consumption is reduced by replacing electric water heaters with solar water heaters.

In 2022, the enterprises continued to introduce autonomous generating capacities based on renewable energy sources. A total of 13 projects were implemented to install solar panels with a capacity of 500 W, 20 projects with a capacity of 50 W, 210 projects with a capacity of 120 W, 42

projects with a capacity of 150 W and 115 projects with a capacity of 200 W. As a result of these activities, the total energy consumption from RES was about 165 GJ in 2022, which is 2.8 times higher than the 2021 level.

## As of 1 January 2023 due to completion of activities in all locations:

- Actual electricity savings totalled 25.9 million kWh, the target was reached by 104.6%, and costs were reduced by UZS 11.64 billion (USD 1,053,803.7 equivalent);
- Actual fuel gas savings totalled 23,295 million m<sup>3</sup>, the target was reached by 106.6% and costs were reduced by UZS 4.64 billion (USD 420,072.9 equivalent).

**In 2022, Uzbekneftegaz JSC developed a Plan to save energy, increase energy efficiency, introduce energy-saving devices, develop the introduction of renewable energy sources and sustainable use of energy. The Plan provides for the implementation of the following measures aimed at increasing the energy efficiency of production:**

- Energy saving due to the installation of a solar power plant, a photovoltaic panel and a solar collector (20 activities);
- Improving the working condition of electrical appliances and illuminating devices and reducing electricity consumption by replacing low loads (23 activities);
- Reduction of electricity consumption due to the systematic monitoring of the operating mode of electrical appliances and lamps (19 activities);
- Reduction of energy losses by compensation of reactive power in power systems (6 activities);
- Reduction of electricity consumption by monitoring the control circuit of electrical appliances by using a frequency converter (2 activities);
- Disposal of flare farms and regenerative gases (3 activities);
- Reduction of fuel consumption by using steam boilers, fire regenerators, heating furnaces based on the parameter chart (9 activities);
- Improvement of thermal protection of devices, equipping with energy-efficient and energy-saving devices (10 activities);
- Introduction of systematic monthly monitoring of approved standards for fuel and energy consumption (2 activities).

# GREENHOUSE GAS EMISSIONS

GRI 3-3, GRI 305-1, GRI 305-2, GRI 305-5

One of the priorities of Uzbekneftegaz JSC in the field of environmental protection is to reduce greenhouse gas (GHG) emissions in the medium and long term by reducing energy intensity and improving energy efficiency of production. As part of its commitment to achieving Sustainable Development Goal 13 "Take urgent action to combat climate change and its impacts", the Company has set targets to reduce GHG emissions (Scope I and Scope II, according to GGP methodology) by 25% by 2030 and to completely level its carbon footprint by 2050.

It is possible to achieve the goal of reducing greenhouse gas emissions and environmental impact by the implementation of technical activities in the following priority areas:

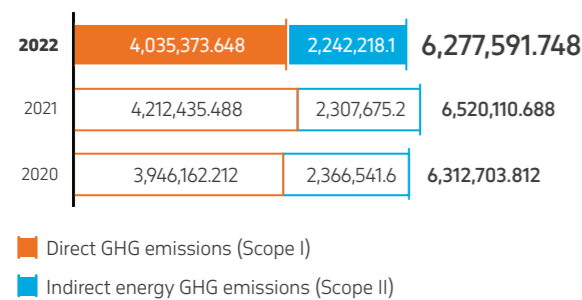
- Implementation of cost-effective and energy-efficient technologies into the hydrocarbon

In 2022, total GHG emissions were 6.3 million tonnes of CO<sub>2</sub>e, of which direct GHG emissions were 4.0 million tonnes of CO<sub>2</sub>e and indirect emissions were 2.2 million tonnes of CO<sub>2</sub>e. Emissions produced in 2022 decreased by 3.72% compared to the previous year due to lower production volumes. The main sources of emissions are hydrocarbon production processes and oil and gas refining, and the intensity of direct and indirect GHG emissions (Scope I and Scope II) from these processes was 0.108 tonnes and 0.045 tonnes of CO<sub>2</sub>e, respectively.

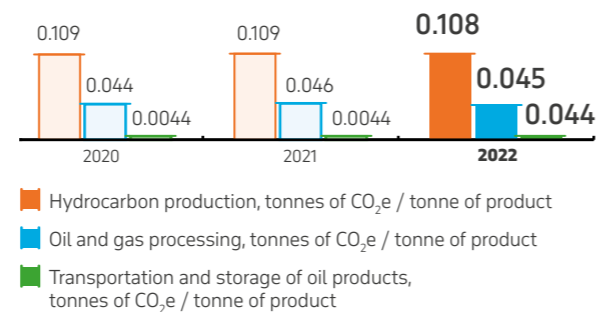
production system. This is achieved, on the one hand, by establishing joint ventures with foreign companies or with their participation in production sharing agreement (PSA) projects that bring their expertise and new technologies, and on the other hand, by contributing their own scientific achievements to the improvement of technologies;

- Implementation of technologies for deep gas processing with the production of highly liquid gas chemical products;
- Use of alternative fuels and energy sources.
- To date, the Company has implemented measures to introduce GHG emission disposal technologies. The main part of the previously flared associated gases is now being successfully disposed of. At the same time, only a small fraction of the flare gases remains at the processing plants to maintain a standby fire at the emergency gas discharge line.

GREENHOUSE GAS EMISSIONS, tonnes of CO<sub>2</sub>e



GREENHOUSE GAS EMISSION INTENSITY (Scope I+II) by Structural Areas



The following GHG emission reduction measures were implemented in 2022:

- Replacement of catalysts and repairs at the sulphur production units of the Mubarek Gas Processing Plant and Shurtan Gas Chemical Complex in order to improve conversion to sulphur of waste acid gas emissions;
- Launch of the Uzbekistan GTL plant producing environmentally friendly synthetic fuel to Euro-5 standards;
- Implementation of recycling of carbon dioxide emissions from the Uz-Kor Gas Chemical plant. The recycling is carried out at the facilities of Uzkhimprom;
- To compensate GHG emissions as part of the implementation of the Yashil Makon nationwide project, 143,750 seedlings of ornamental and fruit trees were planted at the enterprises of Uzbekneftegaz JSC in 2022 against the planned number of 115,286 seedlings.

The Company approved the GHG Emissions Reduction Plan for 2023, which assumes a reduction of GHG emissions in 2023 by 40,442 tonnes of CO<sub>2</sub>e by implementing organisational and technical measures to save fuel gas (21,861.0 tonnes of CO<sub>2</sub>e), electric power (24,716.1 tonnes of CO<sub>2</sub>e), and petroleum products (327.6 tonnes of CO<sub>2</sub>e).

# ENVIRONMENTAL PROTECTION

In accordance with the Action Plan for environmental protection and sustainable use of natural resources for 2020–2022, approved by the Chairman of the Board of Uzbekneftegaz JSC, the Company's departments and enterprises, on an ongoing basis, control over the reduction of the negative environmental impact, conservation of natural resources, and complying with the requirements, established by laws and regulations. Records are kept and environmental and analytical monitoring of pollutant emissions, wastewater discharges and the formation, placement, storage and disposal of waste is conducted in line

with the control schedule approved and agreed with the departments under the State Committee for Ecology.

To protect atmospheric air, sustainably use natural resources, regulate the handling of production and consumption waste, and protect fauna and flora in 2021, the Environmental Action Plan for 2022 was developed and UZS 12.6 billion (USD 1,343,000 equivalent) was spent on its implementation in the reporting period.



The Shurtan Gas Chemical Complex implements best practices in occupational health, safety, and environment. The plant's ecoanalytical laboratory is equipped with modern instruments manufactured by the world's leading manufacturers. The laboratory analyses domestic and industrial wastewater, toxic gases emitted into the atmospheric air, and monitors pollution in the adjacent territory. It is planned to launch continuous monitoring of the atmospheric air condition in the camp.

## WATER CONSERVATION

GRI 3-3, GRI 303-1, GRI 303-2, GRI 303-3, GRI 303-5, GRI 303-5

Water resources of the Republic of Uzbekistan are limited, therefore Uzbekneftegaz JSC realises the importance of their sustainable use. The Company continually seeks to improve its water management system. In its water conservation activities, the Company is guided by SDG 6 "Ensure availability and sustainable management of water and sanitation for all", within the framework of which the Company plans to reduce water consumption by 35% by 2030.

Enterprises of Uzbekneftegaz JSC consume water from surface (rivers, water storage basis, canals), underground (artesian wells) sources and collector-drainage systems. Water is used for industrial, domestic and drinking and fire-fighting needs. A number of oil and gas processing facilities (Mubarek Gas Processing Plant, Shurtan Oil and Gas Production Department, Shurtan Gas Chemical Complex LLC and Bukhara Oil Refinery LLC) use recycled water.

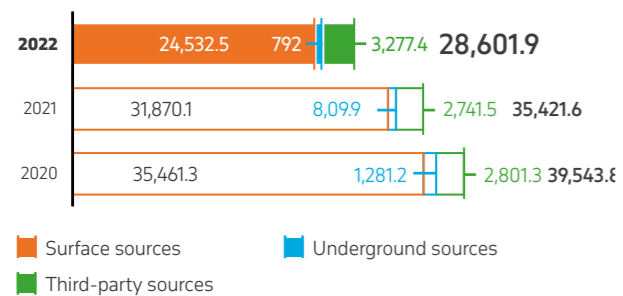
Total water withdrawn was 28.6 million litres in 2022, i.e. 24% below the 2020 level. Surface water resources remain the main source of water intake for the last three years. 100% of the water withdrawn is fresh water. Reduction of water resources consumption over

the last 3 years was achieved through sustainable use, application of water recycling, reuse of treated wastewater for irrigation, as well as withdrawal of oil fields from the Company's oil and gas production enterprises.

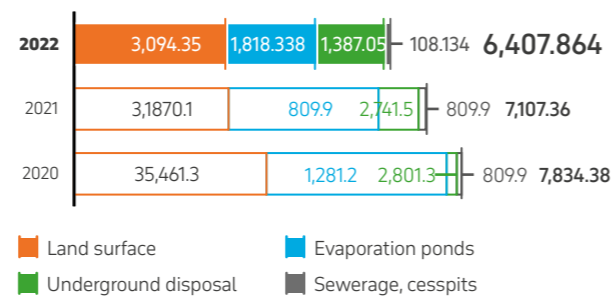
The Company observes the limits of maximum permissible discharges to the terrain and water bodies at production facilities for which the relevant requirements have been established. Wastewater from the Company's facilities is discharged to the terrain, collector-drainage system, evaporation ponds, cesspools and sewers. The quality of water discharged from the facilities of Uzbekneftegaz JSC corresponds to the limits.

The total amount of water discharged in 2022 was 6.4 million litres, 0.7 million litres below the 2021 level, 78% of the water discharged is fresh water (dissolved solids concentration less than 1,000 mg per litre). Discharged water undergoes biological, physico-chemical and physical treatment. At the facilities of Shurtan Oil and Gas Production Department, Shurtan Gas Chemical Complex LLC and Mubarek Gas Processing Plant, treated domestic wastewater is used for irrigation of forest plantations; at the Uzbekistan GTL plant, wastewater is reused in full after treatment.

TOTAL WATER WITHDRAWAL (FRESH WATER), thousand m<sup>3</sup>



WATER DISCHARGE, BY AREAS, thousand m<sup>3</sup>



In 2022, the Bukhara Oil Refinery introduced a technology for biological aftertreatment of industrial and domestic wastewater using higher aquatic plants and obtained a permit to use treated wastewater for irrigation of forest plantations in the sanitary protection zone. Hydro-insulated evaporation ponds for industrial and formation wastewater were commissioned at the Gazli GPP to avoid discharge of formation wastewater directly to the terrain.

## AIR PROTECTION

GRI 3-3, GRI 305-7

Along with the reduction of GHG emissions Uzbekneftegaz JSC carries out consistent systematic work to reduce emissions of pollutants into the atmospheric air in the process of production activities. The most significant volumes of pollutants are emitted during hydrocarbon production and refining; emissions during the transport

and storage of petroleum products, as well as during service operations are insignificant.

In 2022, air pollutant emissions from Uzbekneftegaz facilities totalled 106.5 thousand tonnes. Over the last three years, sulphur dioxide (SO<sub>2</sub>) and carbon monoxide (CO) emissions have been the largest contributors to air pollution.

AIR EMISSIONS, TONNES

Type of emissions	2022	2021	2020
Nitrogen oxides (NO <sub>x</sub> )	6,464.1	5,378.1	4,174.9
Sulfur oxides (SO <sub>x</sub> )	74,125.1	89,501.8	89,105.5
Solids	530.55	453.1	835.2
Carbon monoxide (CO)	25,229.5	27,090.7	17,567.4
Volatile organic compounds	142.2	1,458.9	4,174.9
<b>Total emissions</b>	<b>106,491.4</b>	<b>123,882.5</b>	<b>112,162.4</b>

To control air pollutant emissions, the Company carries out periodic monitoring of atmospheric air conditions at its production facilities. In 2022, a total of 42,082 atmospheric air samples were taken.

The main sources of emissions are gas compressor units, boiler houses, heating furnaces, fire regenerators, diesel power plants (emergency), metalworking machines, process equipment (blowing) and power technology units (combustion). The total emissions do not exceed the established limits for maximum permissible concentrations of pollutants. However, it should be noted that the total emissions directly from the Mubarek GPP was 1.22% higher than the established limit.

The Company aims to reduce emissions of sulphur oxides, which have the largest share in total emissions, by 35% by 2030. To this end, measures are being taken to reduce the volume of sulphur dioxide gas emitted into the atmosphere. In addition, in 2022,

other activities were carried out to reduce air pollutant emissions, including:

- conversion of motor vehicles to LPG (liquefied petroleum gas);
- production of ecological fuels;
- equipping with energy-efficient and energy-saving blocks and improving thermal protection.

The Company is carrying out a phased introduction of an automated system for analysing the environmental impact of its production facilities. This project, scheduled for completion in 2023, will result in an improved system for recording and controlling the condition of atmospheric air at the Company's facilities.

The total cost of measures to ensure air quality at the Company's facilities and reduce air pollutant emissions from its production facilities totalled UZS 2.26 billion (USD 212 thousand equivalent).



The Company has an operational working group that identifies measures to reduce emissions of harmful gases into the atmosphere at industry enterprises and to produce new high value-added products from carbon dioxide. The Uzbekistan GTL plant was commissioned in 2022, utilising waste vapour energy in various processes, including electricity generation. A project is being developed to use waste vapour energy to generate electricity at the Mubarek GPP.



## WASTE MANAGEMENT

GRI 3-3, GRI 301-2, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4

The main types of waste generated in the course of Uzbekneftegaz JSC activities are ferrous scrap, waste aluminium oxide, polymer waste, low molecular

weight polymer, spent oils, waste tyres and oil sludge. The Company's operations generate mainly low-hazard and non-hazard waste (Hazard Classes IV and V). In 2022, the generated waste totalled 12,830.7 tonnes, a decrease of 18.2% from 2021.

### WASTE GENERATED BY THE COMPANY'S PRODUCTION FACILITIES, TONNES

Waste Hazard Class*	2022	2021	2020
Hazard Class I	0.6	1.1	1.2
Hazard Class II	1,083.9	806.2	3,783.0
Hazard Class III	394.2	634.5	851.2
Hazard Class IV	6,303.5	7,113.9	3,605.6
Hazard Class V	2,707.1	4,275.1	3,605.6
Total waste generated	10,489.1	12,830.7	11,846.5

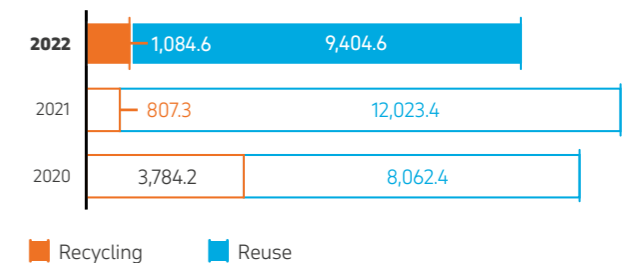
\* Waste hazard class is determined in accordance with the provisions of Resolution No. 14 dated 21 January 2014 of the Cabinet of Ministers of the Republic of Uzbekistan "On Approval of the Regulations on the Procedure for Development and Approval of Draft Environmental Standards"

### As part of the waste management process, the Company carries out the following activities:

- transfer of waste oil for recycling;
- demercurisation of used fluorescent lamps;
- transfer of waster coal for recycling;
- transfer of used zeolite for recycling;
- transfer of polymer waste for recycling;
- recycling of glass and paper waste;
- pre-sorting of rubbish, removal of household waste.

The Company continuously takes measures to reduce waste generation at its production facilities and transfers waste to licensed organisations for neutralisation and disposal, with some production waste being used as raw material for the production of various construction materials. In 2022, the entire waste generated was sent for recycling, 90% of waste was transferred for recycling or reuse, and 10% of waste was transferred to other specialised companies for disposal.

### WASTE MANAGEMENT, tonnes



## BIODIVERSITY CONSERVATION

GRI 3-3, GRI 304-1, GRI 304-2

Production facilities of Uzbekneftegaz JSC are not located within conservation areas. A number of hydrocarbon fields are located near reserves (the Kyzylsu Reserve, the Karakul State Reserve, the Dengizkul State Ornithological Reserve, the Sudochye State Ornithological Reserve), but do not affect the biodiversity of conservation areas.

As part of the EIA procedure, for each projected construction site, an assessment of the risk of activity for species of flora and fauna listed in the Red Book of the Republic of Uzbekistan and the IUCN List is determined.

At the same time, the Company recognises the possibility of latent negative impacts on animal habitats due to the use of transport infrastructure and point source emissions of pollutants.

The Company has developed Disturbed Land Reclamation Plans for 2021–2022 and 2022–2025. According to the Strategy for the Conservation of Biological Diversity in the Republic of Uzbekistan for the period 2019–2028, activities are being implemented for landscaping, use of drip irrigation systems for irrigating forest covers and the overall conservation of biological diversity. As part of the activities implemented in 2022, 830.4 hectares of disturbed land were rehabilitated and 143,750 seedlings of fruit trees and decorative trees and bushes were planted.



### Participation in the Yashil Makon National Project

The Yashil Makon National Project was launched on the initiative of Shavkat Mirziyoyev, the President of the Republic of Uzbekistan, in November 2021 in order to preserve natural resources and ensure ecological diversity. As part of this Project, an agricultural plot of 120 hectares was allocated in the Guzar district of the Kashkadarya region on the initiative of the management of Uzbekneftegaz JSC. More than 72,000 fruit trees, decorative trees and bushes were planted on this agricultural plot. In addition, the Company's production facilities work on landscaping, localisation of decorative trees imported from abroad that suit to the climate of the regions, taking into account soil fertility, creation of "green parks" and "green public parks", care of decorative and fruit trees, improvement of the tree irrigation system, ensuring its effective functioning, installation and maintenance of drip irrigation systems.





# CORPORATE GOVERNANCE

## HIGHLIGHTS FOR 2022:



**100%**

SHARE OF SENIOR MANAGERS HIRED FROM LOCAL COMMUNITIES IN THE REGIONS OF OPERATION



**800**

out of 1,200 points (high level)

RESULTS OF ASSESSMENT OF THE COMPANY'S CORPORATE GOVERNANCE SYSTEM



**8**

communication channels

ARE FUNCTIONING FOR COMPLAINTS AND APPEALS



**61**

risks

WERE INCLUDED IN THE COMPANY'S RISK REGISTER



**617**

measures

WERE TAKEN TO REVEAL POSSIBLE CORRUPTION OFFENCES



**50**

employees of

THE COMPANY WERE TRAINED IN THE INTERNATIONAL STANDARD ISO 37001:2016 (Anti-Corruption Management Systems)



NO INCIDENTS OF BUSINESS ETHICS VIOLATIONS WERE RECORDED IN THE REPORTING PERIOD

### Our Guiding Documents:

- Articles of Association of Uzbekneftegaz JSC, approved by Shareholder Resolution dated 15 June 2022;
- Resolution No. 73 dated 24 March 2018 of the Management Board of Uzbekneftegaz JSC "On Implementation of a Unified Risk Management System in Joint Stock Companies and Enterprises of Uzbekneftegaz JSC";
- Regulations "On the Supervisory Board of Uzbekneftegaz JSC", approved by Shareholder Resolution dated 30 May 2022;
- Regulations "On the Audit Committee of the Supervisory Board of Uzbekneftegaz JSC", approved at the meeting of the Supervisory Board dated 21 May 2022;
- Regulations "On the Nomination and Remuneration Committee of the Supervisory Board of Uzbekneftegaz JSC", approved at the meeting of the Supervisory Board dated 28 December 2021;
- Regulations "On the Strategy and Investments Committee of the Supervisory Board of Uzbekneftegaz JSC", approved at the meeting of the Supervisory Board dated 28 December 2021;
- Regulations "On the Anti-Corruption and Ethics Committee of Uzbekneftegaz JSC", approved at the meeting of the Supervisory Board dated 21 May 2022;
- Regulations "On the Management Board of Uzbekneftegaz JSC", approved by Shareholder Resolution dated 30 May 2022;
- Regulations "On the Dividend Policy of Uzbekneftegaz JSC", approved by Shareholder Resolution dated 11 December 2020;
- Corporate Governance Code approved by the Minutes of the Meeting of the Commission for Enhancing the Performance of Joint Stock Companies and Improving the Corporate Governance System No. 9 dated 31 December 2015;
- Regulations on Risk Management No. 37 dated 24 March 2018;
- Regulations on the Management of Conflicts of Interest;
- Regulations on Internal Control of Uzbekneftegaz JSC;
- Anti-Corruption Policy of Uzbekneftegaz JSC, approved by Decision of the sole holder of ordinary shares No. 15 dated 12 October 2020;
- Regulations on Review and Processing of Messages Received via Communication Channels of Uzbekneftegaz JSC;
- Methodological Guidelines on Organisation of Anti-Corruption Training of Uzbekneftegaz JSC Employees;
- Regulations on the Financial and Compliance Control Department of Uzbekneftegaz JSC;
- Regulations on Charity and Sponsorship;
- Register of the Most Sensitive Risks (critically high, moderately high and critically medium) of Uzbekneftegaz JSC.



## CORPORATE GOVERNANCE SYSTEM

GRI 2-9

The corporate governance system of Uzbekneftegaz JSC is a set of processes ensuring management and control over the Company's activities, as well as a system of relations between shareholders, the Supervisory Board, the Management Board and stakeholders to ensure effective organisation of the Company's activities, modernisation, technical and technological re-equipment of production facilities, production of competitive products and their export to foreign markets.

The document in accordance with which corporate governance is carried out in the Company is the Corporate Governance Code (CGC) approved by the Resolution of the Commission for Enhancing the Performance of Joint Stock Companies and Improving the Corporate Governance System dated 31 December 2015.

The fundamental principles of corporate governance are:

- accountability;
- transparency;
- reliability;
- compliance with high moral values and ethics;
- focus on ensuring sustainable development of the Company in the long term.

Improvement of corporate governance is one of the priority areas of internal corporate policy. In 2021, in preparation for the IPO, the consulting company PricewaterhouseCoopers assessed the corporate governance system of Uzbekneftegaz JSC. Based on the assessment results, recommendations were given and used in further work.

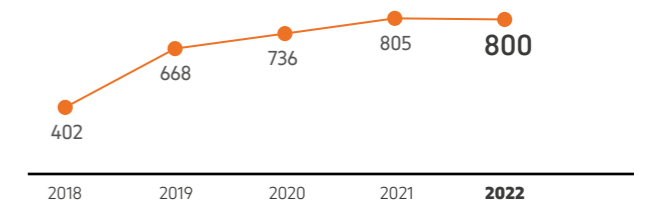
In 2022, an independent assessment of the Company's corporate governance system was carried out to ensure that the Company's corporate governance practices comply with the recommendations of the Corporate Governance Code approved by the Commission for Enhancing the Performance of Joint Stock Companies and Improving the Corporate Governance System. The independent assessment is based on a questionnaire approved by the State Committee of the Republic of Uzbekistan for Promotion of Privatised Enterprises

and Competition Development and the Scientific and Educational Centre for Corporate Governance and takes into account the following aspects:

- Procedures for preparing for the implementation of the Corporate Governance Code;
- Compliance with the recommendations of the Corporate Governance Code;
- Compliance with the organisational structure of Uzbekneftegaz JSC;
- Competitive selection procedures;
- Transition to publishing financial statements in accordance with IFRS and ISA;
- Implementation of modern management systems (ISO, ERP, R&D, etc.);
- Information policy;
- Financial performance.

According to the results of the independent assessment, the level of the Company's corporate governance was recognised as "high" (800 points out of a possible 1,200, or 67% of the maximum possible score).

### RESULTS OF THE CORPORATE GOVERNANCE ASSESSMENT



### Corporate Governance Improvement Plans for 2023:

- Preparation for the Initial public offering of Uzbekneftegaz shares;
- Alignment of existing internal regulatory documents with international principles and standards;
- Assessment of corporate governance according to the methodology developed by the Asian Development Bank.

## SHARE CAPITAL STRUCTURE

GRI 2-1

According to Decree No. UP-6096 dated October 27, 2020 of the President of the Republic of Uzbekistan "On Measures to Accelerate the Reform of Enterprises with State Participation and Privatisation of State Assets", the owner of ordinary shares of the Company

is the Ministry of Finance of the Republic of Uzbekistan. The Ministry of Finance of the Republic of Uzbekistan owns 100% of the ordinary shares, or 99.94% of all shares of the Company. Non-voting preference shares make up 0.06% of the total number of all shares and are held by individuals and other legal entities.

### INFORMATION ON THE COMPANY'S SHARE CAPITAL STRUCTURE AS AT 31 DECEMBER 2022

Total number of shares, including:	42,486,946,702
ordinary	42,462,508,839
preference	24,437,863
Nominal value per share	UZS 500
Total number of shareholders	57,704 individuals and legal entities

## DIVIDEND POLICY

GRI 2-1

The Company has a Dividend Policy, which is mainly aimed at establishing a transparent and easy-to-understand mechanism for shareholders to decide on the payment of dividends, define the amount, procedure and time of their payment. The Company adheres to the residual dividend policy, which means that the dividend payout fund is formed after the need to form its own financial resources to fully realise the Company's investment opportunities has been met at the expense of profits.

Dividends are calculated on the basis of the Company's net profit as shown in the Company's financial statements, the reliability of which is confirmed by an independent audit organisation.

The following principles are observed when calculating the amount of dividends:

- transparency of the mechanism for determining the amount of dividends;
- balancing the short-term (income generation) and long-term (Company development) interests of shareholders;
- focus on increasing the Company's investment attractiveness and capitalisation level.

The amount of dividends on ordinary shares depends on the results of the Company's financial and economic activities for the reporting period. The amount of dividends on preference shares is determined in accordance with the Company's Articles of Association and in case of insufficiency of the Company's net profit is paid from the reserve fund.

### DIVIDEND HISTORY FOR 2020–2022

	2020	2021	2022
Dividend per ordinary share	UZS 5.98	UZS 27.89	UZS 23.64
Dividend per preference share	UZS 125	UZS 125	UZS 125
Total dividends paid on ordinary shares	UZS 335.8 billion	UZS 179.3 billion	UZS 1,330.1 billion
Total dividends paid on preference shares	UZS 1.2 billion	UZS 2.2 billion	UZS 1.7 billion

## DISCLOSURES

GRI 2-29

Issues of disclosure of information on the activities of Uzbekneftegaz JSC are regulated by the Regulations on the Information Policy of Uzbekneftegaz JSC, approved by Decision No. 9 dated 5 October 2016 of the Board of Governors of Uzbekneftegaz NHC. The purpose of the Information Policy is to ensure openness and transparency of the Company's activities by meeting the information needs of shareholders, investors, professional securities market players and other interested parties for reliable information about the Company and its activities.

The Information Policy is aimed at full exercise of stakeholders' rights to receive reliable information about the Company and its activities that is essential for making investment and management decisions, as well as protection of confidential information. Mandatory disclosures are made:

- on the Unified Corporate Information Portal (the official website of the authorised state securities market regulator);
- on the Company's corporate website;
- in mass media as provided by applicable law.



## GOVERNANCE BODIES

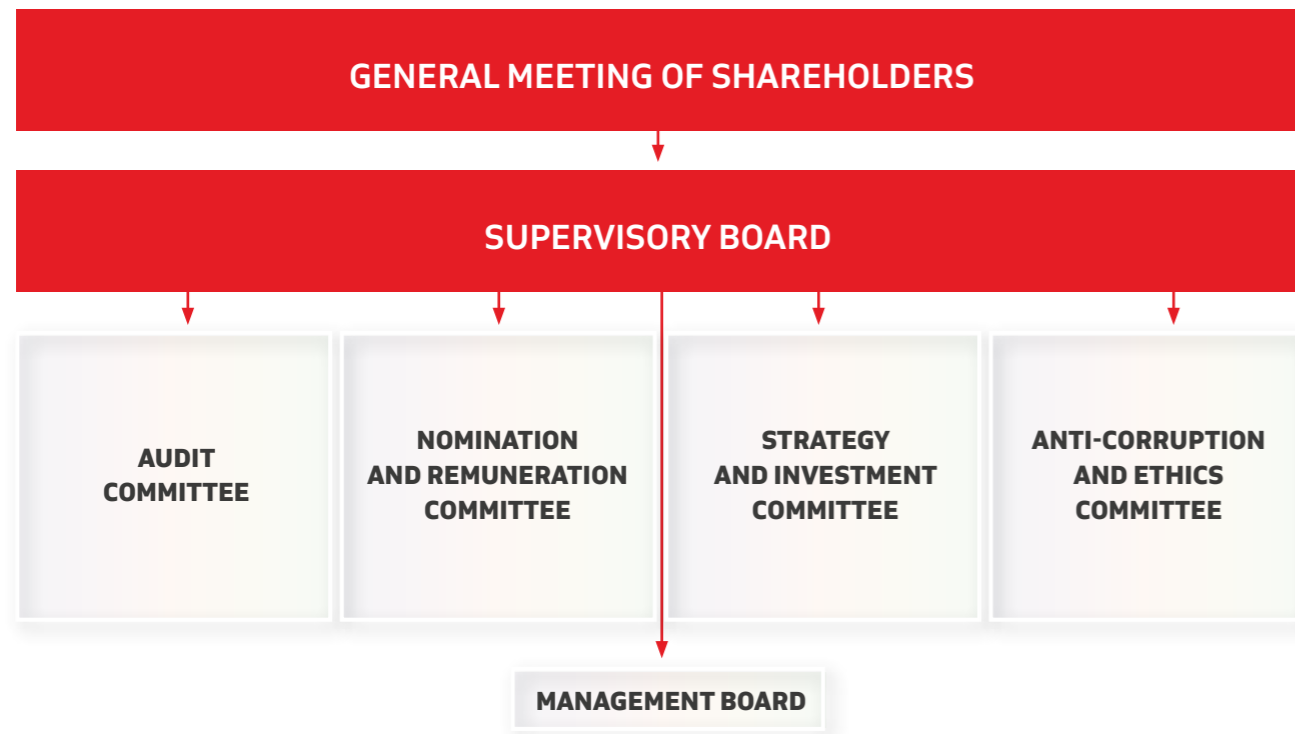
GRI 2-9

The Governance Bodies of the Company are:

- The supreme body is the General Meeting of Shareholders;
- The management body is the Supervisory Board;
- The executive body is the Management Board.

The competence of the Company's Governance Bodies is delineated and set out in the Articles of Association and internal documents of Uzbekneftegaz JSC.

### Corporate Governance Structure of the Company



## THE GENERAL MEETING OF SHAREHOLDERS

GRI 2-9

The General Meeting of Shareholders is the supreme governance body of the Company. The exclusive competence of the General Meeting of Shareholders includes:

- amendments to the Articles of Association of the Company or approval of a new version of the Articles of Association of the Company, except for amendments to the Articles of Association of the Company made by resolution of the Supervisory Board related to increase

of the authorised fund (capital) of the Company and reduction of the number of authorised shares of the Company;

- reorganisation of the Company;
- winding-up of the Company, appointment of a winding-up person (Winding-Up Board) and approval of interim and final balance sheets at winding-up;
- determination of the quantitative composition of the Supervisory Board of the Company, election of its members and early termination of their powers;

- reduction of the authorised fund (capital) of the Company;
- acquisition of own shares;
- determination of the limit of authorised shares;
- approval of the Company's organisational structure, election (appointment) of the Chairman and members of the Management Board and early termination of their powers;
- approval of the annual report, as well as the Company's development strategy for the medium and long term, with its specific timing based on the main directions and objectives of the Company's activities;
- distribution of the Company's profits and losses;
- hearing reports of the Supervisory Board of the Company on matters within its competence, including compliance with the statutory requirements for the management of the Company;
- making decisions on determining an audit organisation to conduct a mandatory audit, on the maximum amount of payment for its services and conclusion (termination) of a contract with it;
- splitting and consolidation of shares;
- setting limits on remunerations and (or) compensations payable to the Chairman

and members of the Company's Management Board;

- making decisions on the Company's entering into major transactions and transactions with affiliates in cases stipulated by the Joint Stock Companies and Protection of Shareholders' Rights Act of the Republic of Uzbekistan;
- approval of regulations on internal control, dividend policy, and conflict of interest procedures;
- annual approval of reports of audit organisations.

In 2022, the Company's sole holder of ordinary shares made 12 decisions on 27 matters (2021 – 6 decisions on 13 matters, 2020 – 21 decisions on 48 matters), including:

- approval of the new version of the Company's Articles of Association;
- election of members of the Company's Supervisory Board;
- extension of the authorities of the members of the Company's Management Board;
- approval of the new version of the Supervisory Board Regulations;
- approval of the new version of the Company's Management Board Regulations.



## THE SUPERVISORY BOARD

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-17, GRI 3-3, GRI 202-2

The Supervisory Board assures the general management of the Company's activities. Candidates to the Supervisory Board are elected by shareholders (shareholder) who in the aggregate own at least 1% of the Company's ordinary shares, no later than 90 days after the end of the Company's financial year. Members of the Supervisory Board are elected for a term of office of three years by the General Meeting of Shareholders by cumulative voting.

Decisions of the Supervisory Board are made in accordance with the procedure stipulated

by the laws of the Republic of Uzbekistan and the Articles of Association. In 2022, the Supervisory Board held 2 meetings at which 13 agenda items were considered on the following topics:

- implementation of decisions of the President and the Government of the Republic of Uzbekistan (3 items);
- adoption of internal regulatory documents (1 item);
- participation in the authorised capital of other legal entities (1 item);
- procurement (2 items);
- sponsorship (1 item);
- other issues (5 items).

### Membership of the Supervisory Board



**RAVSHAN  
GULYAMOV**

(55 YEARS OLD)

*Chairman of the Supervisory Board*

**Appointed:** 2021

**Qualifications:**

- Tashkent State University (1992) (the Republic of Uzbekistan);
- Australian National University (1998) (Australia).

**Skills and experience:**

Ravshan Gulyamov held the positions of the Minister of Economy, Minister of Foreign Economic Relations, Investment and Trade, Executive Director of the Reconstruction and Development Fund. Currently, he is an Advisor to the President of the Republic of Uzbekistan on the development of sectors of the economy, the implementation of investment and foreign trade policy.

**Citizenship:** the Republic of Uzbekistan



**ALISHER  
SULTANOV**

(56 YEARS OLD)

*Deputy Chairman of the Supervisory Board*

*Chairman of the NRC*

**Appointed:** 2021

**Qualifications:**

- A.F. Mozhaisky Military Engineering Institute of the RSMF of the USSR, Leningrad (USSR)

**Skills and experience:**

Alisher Sultanov has more than 20 years of experience in management and engineering at the enterprises of the oil and gas industry. In 2015–2018 he was the Chairman of the Management Board of Uzbekneftegaz NHC. In 2019, he took the position of the Minister of Energy of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan



**RASULBEK  
DAVLETOV**

(43 YEARS OLD)

*Member of the Supervisory Board*

*Member of the NRC*

**Appointed:** 2021

**Qualifications:**

- University of Warwick UK (2001) (United Kingdom);
- University of World Economy and Diplomacy (2003) (the Republic of Uzbekistan);
- Tashkent State University of Economics (2007) (the Republic of Uzbekistan);
- The Academy of Public Administration under the President of the Republic of Uzbekistan (2010) (the Republic of Uzbekistan).

**Skills and experience:**

Rasulbek Davletov has worked at the Research Centre for the Democratisation and Liberalisation of Judicial Legislation and the Independence of the Judiciary of the Supreme Court (Deputy Director) and at the Office of the President of the Republic of Uzbekistan (Head of the Sector for the Coordination of the Activities of the Senate and Legislative Chamber of the Service for Cooperation with the Oliy Majlis and Political and Public Organisations). Currently, he holds the position of Minister of Justice of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan



**OMONULLO  
NASRITDINKHODJAEV**

(52 YEARS OLD)

*Member of the Supervisory Board*

*Member of the AC*

**Appointed:** 2021

**Qualifications:**

- Tashkent State University (1994) (the Republic of Uzbekistan);
- SDA Bocconi School of Management (2002) (Italy);
- Harvard Business School (2016) (USA).

**Skills and experience:**

Omonullo Nasritdinkhodjaev has 20 years of experience in the financial industry in senior management positions. He was Deputy Head of Credit Suisse Representative Office in the Republic of Uzbekistan, Director for Finance and Economics at South Ural Mining and Processing Company LLC, Director for Strategy and Investments at Baikol Mining Company LLC. Currently, he holds the position of First Deputy Minister of Finance of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan



**BOBUR  
ABDINAZAROV**

(40 YEARS OLD)

*Member of the Supervisory Board*

*Chairman of the SIC*

**Appointed:** 2021

**Qualifications:**

- Tashkent State University of Economics (2003) (the Republic of Uzbekistan);
- International University of Japan (2010) (Japan).

**Skills and experience:**

Bobur Abdinazarov has more than 15 years of experience in finance, accounting and auditing. He was Chief Economist of the Department of Accounting and Auditing Methods of the Ministry of Finance of the Republic of Uzbekistan, Director of the Tariff Policy and Reform Department of the Ministry of Finance. Currently, he holds the position of Deputy Minister of Economic Development and Poverty Reduction of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan



**AKMALHON  
ORTIKOV**

**(43 YEARS OLD)**

*Member of the Supervisory Board*

*Member of the SIC*

**Appointed:** 2021

**Qualifications:**

- Tashkent State University of Economics (2001) (the Republic of Uzbekistan).

**Skills and experience:**

Akmalhon Ortikov has 20 years of experience in government agencies, including: Financial Department of the Khokimiyat of Namangan Region (Head), Financial Department of the Khokimiyat of Fergana Region (Head), Ministry of Economy for Demography, Development of the Social Sphere and Improving the Living Standards of the Population (Deputy Minister), Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan (First Deputy Minister).

Currently, he holds the position of Director of the State Assets Management Agency of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan



**MUBIN  
MIRZAEV**

**(54 YEARS OLD)**

*Member of the Supervisory Board*

*Chairman of the CA*

**Appointed:** 2021

**Qualifications:**

- Tashkent State University (1993) (the Republic of Uzbekistan);
- Tashkent Financial Institute (2001) (the Republic of Uzbekistan);
- National Graduate Institute for Policy Studies (2002) (Japan).

**Skills and experience:**

He was Deputy Director of the Monetary Policy and Economic Analysis Department of the Central Bank of the Republic of Uzbekistan, Director of the Monetary Policy and Economic Analysis Department of the Central Bank of the Republic of Uzbekistan, Deputy Minister of Finance of the Republic of Uzbekistan, First Deputy Minister of Economy of the Republic of Uzbekistan on Macroeconomic Policy, Development of Basic Industries and Work with International Financial Institutions. Currently, he holds the position of First Deputy Chairman of the State Tax Committee of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan

## Committees under the Supervisory Board

In order to scrutinise and elaborate on issues within the competence of the Supervisory Board and to provide recommendations thereon, four Committees have been established and are functioning under the Supervisory Board:

1. Audit Committee;
2. Strategy and Investment Committee;
3. Nomination and Remuneration Committee;
4. Anti-Corruption and Ethics Committee (established in 2022).

When electing members of the Committees, their professional background, knowledge and experience in the activities of the relevant Committees, other special knowledge necessary for members

of the Committees to exercise their powers, the available possibilities and time for the performance of functions by members of several Committees are taken into account.

The Committees under the Supervisory Board shall be composed from among the members of the Supervisory Board. In accordance with the regulations governing the Committees, one of the requirements should include at least one independent member of the Supervisory Board as a member of the Committee.

However, due to the impossibility of complying with the above requirements for objective reasons, the Committees should be composed on the basis

of the approved composition of the Supervisory Board of the Company.

### Audit Committee

Ensures effective monitoring over the financial and operating performance of the Company, assisting the Supervisory Board through consultations and compiling of recommendations on the following issues:

- control over ensuring the correctness and completeness of accounting (financial) statements;
- control over ensuring the reliability and validity of the internal control system and risk management activities;
- ensuring the independence and impartiality of internal and external audit;
- monitoring the effectiveness of the system of informing about fraudulent activities by employees and third parties, as well as other possible violations in the Company's activities;
- monitoring the implementation of measures taken by the Company's management as part of the corporate governance system;
- control over procurement activities.

### Nomination and Remuneration Committee

reviews and draws up recommendations for the Supervisory Board when making decisions on nomination and remuneration. The functions of the Nomination and Remuneration Committee include:

- reviewing candidates for the Group's management bodies, setting qualification requirements for them and establishment of a personnel reserve for these bodies;
- development of conditions for early termination of employment contracts with members of the Management Board;
- organisation of retraining and further development of members of the Company's management bodies in order to increase their level of knowledge and study world practice;
- development of nomination and remuneration policies and submission of proposals to the Supervisory Board, as well as monitoring the implementation and compliance with these policies.

### Strategy and Investment Committee

develops recommendations to the Supervisory Board on issues relating to the Company's strategic development, including ESG and its efficient investments.

The functions of the Strategy and Investment Committee include:

- providing recommendations on strategic and priority areas of the Company's activities; development of the Company's procurement and investment policies;
- assessing promising investment projects and studying their impact on increasing shareholder value.

### Anti-Corruption and Ethics Committee

Makes recommendations to the Supervisory Board on the issues of:

- conflict of interest;
- anti-corruption control;
- compliance with legal requirements and internal regulations of the Company;
- assisting in resolving ethical situations.

## THE MANAGEMENT BOARD

GRI 2-9, GRI 3-3, GRI 202-2

The Management Board performs day-to-day management of the Company's activities, except for making decisions on matters within the competence of the General Meeting of Shareholders and the Supervisory Board. The competence of the Management Board is determined by the Articles of Association and the Regulations "On the Management Board of Uzbekneftegaz JSC".

The election of the Chairman and members of the Management Board, as well as the extension/termination of the powers of the Management Board, is carried out by the General Meeting of Shareholders

on the basis of proposals of the Supervisory Board with the relevant recommendation of the Nomination and Remuneration Committee.

Remuneration of the Management Board members is directly dependent on the Company's key performance indicators.

In order to ensure continuous control over the Company's day-to-day operations, meetings of the Management Board are held on an ongoing basis. The Management Board regularly submits reports to the General Meeting of Shareholders and the Supervisory Board on financial and economic activities, progress in implementing the annual business plan, etc. within the established deadlines.

### Membership of the Management Board as of 31.12.2022

**MEHRIDDIN  
ABDULLAEV**

**(54 YEARS OLD)**

*Chairman of the Management Board*

**Appointed:** 2020

**Qualifications:**

- Tashkent State University of Economics (1993) (the Republic of Uzbekistan);
- Tashkent State University of Law (2005) (the Republic of Uzbekistan).

**Skills and experience:**

Mehridin Abdullaev has over 30 years of experience in the financial sector.

Previously, he held the positions of Head of the Main Department of the Central Bank of Bukhara Region, First Deputy Chairman of the Board of the National Bank for Foreign Economic Activity, Deputy Minister of Finance of the Republic of Uzbekistan, First Deputy Akim of Bukhara Region for Economy and Entrepreneurship, Deputy Chairman of the Chamber of Accounts of the Republic of Uzbekistan.

**Citizenship:** the Republic of Uzbekistan

**BEKHZOD  
USMANOV**

**(45 YEARS OLD)**

*First Deputy Chairman of the Management Board for Transformation Issues*

**Appointed:** 2022

**Qualifications:**

- Tashkent State University of Law (2005) (the Republic of Uzbekistan).
- The University of Manchester (2001) UK;
- Tashkent Institute of Chemical Technology (2016) (the Republic of Uzbekistan).

**Skills and experience:**

Bekhzod Usmanov has extensive, more than 16 years of management experience:

In 2007–2010, he held the position of Head of the Legal Department of Coca Cola Bottlers Uzbekistan Ltd.;

He worked for 10 years as Legal Advisor, Head of Legal Department, Acting CEO, Commercial Director, Business Development Director at Uzbekistan GTL, and in 2020 he was appointed Head of Transformation and Operational Efficiency Department at Uzbekneftegaz JSC.

**Citizenship:** the Republic of Uzbekistan

**SHAHZOD  
ALIRIZAEV**

**(34 YEARS OLD)**

*First Deputy Chairman of the Management Board for Localisation and Cooperation*

**Appointed:** 2019

**Qualifications:**

- Tashkent State University of Economics (2009) (the Republic of Uzbekistan);
- Tashkent State University of Economics (2011) (the Republic of Uzbekistan).

**Skills and experience:**

Shahzod Alirizaev has extensive, more than 10 years of management experience:

at Eriell Corporation s.r.o. he held the position of Head of Tender Management Group; served as Acting Director, as well as Chief Specialist of the Business Development Department of E.G B.V. Management (Netherlands).

**Citizenship:** the Republic of Uzbekistan

**RUSTAM  
SHEROV**

**(45 YEARS OLD)**

*Deputy Chairman of the Management Board for Production*

**Appointed:** 2022

**Qualifications:**

- Tashkent State Technical University (2000) (the Republic of Uzbekistan);
- Tashkent State Technical University (2002) (the Republic of Uzbekistan).

**Skills and experience:**

Rustam Sherov has extensive, more than 23 years of management experience:

Previously, he held the positions of Head of Geological Service of Kokdumalak field of Muborakneftgaz, Deputy Head of Oil and Gas Production of Uzgeoburgneftgazdobyicha JSC, Head of Oil and Gas Production and Gas Processing Department of Uzneftgazdobyicha JSC, Deputy Head of Central Production and Operating Service, Chief Engineer – First Deputy Chairman of the Management Board of Uzneftgazdobyicha JSC, Deputy Chairman of the Management Board for Production of Uzneftgazdobyicha JSC, Acting Chairman of the Management Board of Uzneftgazdobyicha JSC, Head of the Mubarek Oil and Gas Production Department, Director of the Mubarek Oil and Gas Production Department, Deputy Chairman of the Management Board for Production of Uzbekneftgaz JSC, Deputy Chairman of the Management Board for Production and Processing of Uzbekneftgazdobyicha JSC.

**Citizenship:** the Republic of Uzbekistan

**SHUKHRAT  
DAULETIYAROV**

**(45 YEARS OLD)**

*Deputy Chairman of the Management Board for Construction and Transport*

**Appointed:** 2022

**Qualifications:**

- Tashkent Institute of Design, Construction and Maintenance of Automobile Roads (1999) (the Republic of Uzbekistan);
- Tashkent Institute of Design, Construction and Maintenance of Automobile Roads (2001) (the Republic of Uzbekistan);
- Academy of Public Administration under the President of the Republic of Uzbekistan (2006) (the Republic of Uzbekistan).

**Skills and experience:**

Shukhrat Dauletliyarov has extensive, more than 23 years of experience in management in the road construction industry:

Previously, he held the positions of Deputy Head of Department, Head of Department for Technical Monitoring of Construction, Reconstruction and Repair of Roads of the Republican Road Fund under the Ministry of Finance of the Republic of Uzbekistan, Deputy Director of the Executive Directorate of the Republican Road Fund – Head of Department for the Programme of Construction, Reconstruction, Repair and Implementation of the Concept of Public Roads, Assistant Minister of Finance of the Ministry of Finance of the Republic of Uzbekistan, Deputy Head of the Department of Construction and Repair of Highways of the State Committee of Highways of the Republic of Uzbekistan, Leading Inspector of the Chamber of Accounts of the Republic of Uzbekistan for Monitoring and Supervision of the Implementation of Investment Projects with the Participation of Strategic Enterprises, Acting Deputy Chairman of the Management Board of Uzbekneftegaz JSC.

**Citizenship:** the Republic of Uzbekistan

**SARDOR  
MIRZAEV**
**(38 YEARS OLD)**
*Deputy Chairman  
of the Management Board  
for Economics and Finance*
**Appointed:** 2022

**Qualifications:**

- Tashkent Institute of Finance (2005) (the Republic of Uzbekistan).

**Skills and experience:**

Sardor Mirzaev has extensive, more than 15 years of management experience:

Previously, he held the positions of Deputy Head of the Financial Department of the Fergana Region Hokimiyat, Chief Auditor-Controller of the Main Audit and Revision Department of the Ministry of Finance of the Republic of Uzbekistan, First Deputy Head of the Audit and Revision Department of the Fergana Region – Head of the Budget Discipline Control Department, Inspector, Leading Inspector of the Local Budget Formation and Development Group of the Chamber of Accounts of the Republic of Uzbekistan, Chief Inspector of Information Analytical Department for Identification of Additional Sources of Income and Analysis of Expenditures, Head of the Audit and Revision Department of the Authorities of State Power and Administration, Justice, Prosecutor's Office and Other Expenses of the Chamber of Accounts of the Republic of Uzbekistan, Head of the Audit and Revision Department of the Chamber of Accounts of the Republic of Uzbekistan on Expenditures for Social and Public Support Expenses.

**Citizenship:** the Republic of Uzbekistan

**KABUL  
TUKHTAEV**
**(61 YEARS OLD)**
*Deputy Chairman  
of the Management Board  
for Geology*
**Appointed:** 2019

**Qualifications:**

- Tashkent State Technical University
- (1985) (the Republic of Uzbekistan).

**Skills and experience:**

Kabul Tukhtaev has 20 years of experience in geology. He served as Deputy General Director of the Joint Stock Company Uzneftgazkazibchikarish, Head of the Unitary Enterprise Central Engineering and Technological Service for Exploration and Drilling, General Director of Uzneftgazkazibchikarish Joint Stock Company.

**Citizenship:** the Republic of Uzbekistan

**IKBOLJON  
OBIDOV**
**(42 YEARS OLD)**
*Head of the Accounting  
and Corporate Reporting  
Department – Member  
of the Management Board*
**Appointed:** 2020

**Qualifications:**

- Tashkent State University of Economics (2001) (the Republic of Uzbekistan).

**Skills and experience:**

Ikboljon Obidov has 20 years of experience in accounting. In 2019, he held the position of Deputy Chairman of the Management Board for Economics and Finance of Uznefteprodukt JSC.

Since 2020, he has been Head of the Accounting and Corporate Reporting Department.

**Citizenship:** the Republic of Uzbekistan

**AMIN  
ABDURAKHIMOV**
**(41 YEARS OLD)**
*Head of the Legal Department –  
Member of the Management  
Board*
**Appointed:** 2020

**Qualifications:**

- Tashkent State University of Law (2004) (the Republic of Uzbekistan);
- Tashkent State University of Economics (2009) (the Republic of Uzbekistan).

**Skills and experience:**

Since 2004, he has held positions in the Legal Department of Uzbekneftegaz JSC.

**Citizenship:** the Republic of Uzbekistan

## Membership of the Management Board as of the date of the Report


**BAKHODIRJON  
SIDIKOV**
**(44 YEARS OLD)**
*Chairman of the Management  
Board*
**Appointed:** 2023

**Qualifications:**

- Tashkent Institute of Finance (2005) (the Republic of Uzbekistan);
- Tashkent State Technical University (2005) (the Republic of Uzbekistan).

**Skills and experience:**

Bakhodirjon Sidikov has more than 17 years of management experience:

Previously, he held the positions of Head of Department at UZLITINEFTGAZ JSC, at Uztyazhneftgazkhimproekt, Director at Subsidiary Compaby Neftegazinvest, Deputy Director for Corporate Affairs, Director for Corporate Affairs, and Financial Director at Uzbekistan GTL JV. Then he held the positions of Deputy Head of the Main Department of Forecasting and Investment Programmes of Uzbekneftegaz JSC – Director of Neftegazinvest LLC, Head of the Perspective Development and Investment Department of Uzbekneftegaz JSC – Director of Neftegazinvest LLC, Deputy Chairman of the Management Board of Uzbekneftegaz JSC for Perspective Development and Investment, Head of Information and Analytical Department of Geology, Fuel and Energy Complex, Chemical and Metallurgical Industry of the Cabinet of Ministers of the Republic of Uzbekistan. Then he held the position of Chairman of the Management Board of Uzbekneftegaz JSC. He worked as Chief Specialist, Director of the Project Office for Oil and Gas Network Reform under the Ministry of the Republic of Uzbekistan, Director of the Project Office for the Implementation of the Investment Project "Development of Yoshlik 1 Mine" of Almalyk Mining and Metallurgical Complex JSC, Deputy Chairman of the Management Board of Uzbekneftegaz JSC for Geology.

**Citizenship:** the Republic of Uzbekistan

**BEKHZOD  
USMANOV**
**(45 YEARS OLD)**
*First Deputy Chairman  
of the Management Board  
for Transformation Issues*
**Appointed:** 2022

**Qualifications:**

- Tashkent State University of Law (2005) (the Republic of Uzbekistan).
- The University of Manchester (2001) UK;
- Tashkent Institute of Chemical Technology (2016) (the Republic of Uzbekistan).

**Skills and experience:**

Bekhzod Usmanov has extensive, more than 16 years of management experience:

In 2007–2010, he held the position of Head of the Legal Department of Coca Cola Bottlers Uzbekistan Ltd.;

He worked for 10 years as Legal Advisor, Head of Legal Department, Acting CEO, Commercial Director, Business Development Director at Uzbekistan GTL, and in 2020 he was appointed Head of Transformation and Operational Efficiency Department at Uzbekneftegaz JSC.

**Citizenship:** the Republic of Uzbekistan



**SHAHZOD  
ALIRIZAEV**

**(34 YEARS OLD)**

*First Deputy Chairman  
of the Management  
Board for Localisation  
and Cooperation*

**Appointed:** 2019

**Qualifications:**

- Tashkent State University of Economics (2009) (the Republic of Uzbekistan);
- Tashkent State University of Economics (2011) (the Republic of Uzbekistan).

**Skills and experience:**

Shahzod Alirizaev has extensive, more than 10 years of management experience:

at Eriell Corporation s.r.o. he held the position of Head of Tender Management Group;

served as Acting Director, as well as Chief Specialist of the Business Development Department of E.G B.V. Management (Netherlands).

**Citizenship:** the Republic of Uzbekistan



**RUSTAM  
SHEROV**

**(45 YEARS OLD)**

*Deputy Chairman  
of the Management Board  
for Geology and Production*

**Appointed:** 2022

**Qualifications:**

- Tashkent State Technical University (2000) (the Republic of Uzbekistan);
- Tashkent State Technical University (2002) (the Republic of Uzbekistan).

**Skills and experience:**

Rustam Sherov has extensive, more than 23 years of management experience:

Previously, he held the positions of Head of Geological Service of Kokdumalak field of Muborakneftgaz, Deputy Head of Oil and Gas Production of Uzgeoburneftgazdobycha JSC, Head of Oil and Gas Production and Gas Processing Department of Uzneftgazdobycha JSC, Deputy Head of Central Production and Operating Service, Chief Engineer – First Deputy Chairman of the Management Board of Uzneftgazdobycha JSC, Deputy Chairman of the Management Board for Production of Uzneftgazdobycha JSC, Acting Chairman of the Management Board of Uzneftgazdobycha JSC, Head of the Mubarek Oil and Gas Production Department, Director of the Mubarek Oil and Gas Production Department, Deputy Chairman of the Management Board for Production of Uzbekneftgaz JSC, Deputy Chairman of the Management Board for Production and Processing of Uzbekneftgazdobycha JSC.

**Citizenship:** the Republic of Uzbekistan



**ODIL  
TEMIROV**

**(46 YEARS OLD)**

*Deputy Chairman  
of the Management Board  
for Processing*

**Appointed:** 2023

**Qualifications:**

- Tashkent Institute of Chemical Technology (1999) (the Republic of Uzbekistan);
- Tashkent Institute of Chemical Technology (2005) (the Republic of Uzbekistan).

**Skills and experience:**

Odil Temirov has extensive, more than 11 years of management experience:

He held the positions of Deputy Technical Manager of the Uzbekistan GTL JV, Director of Unitary Subsidiary Shurtan Gas Chemical Complex, Deputy Chairman of the Management Board for Deep Processing, Chairman of the Management Board of Uzkimyosanoat JSC, First Deputy Chairman of the Management Board of Uzkimyosanoat for Production, Localisation, Expansion of Cooperation in Industry and Information Technology.

**Citizenship:** the Republic of Uzbekistan



**KAKHRAMON  
KHAKIMOV**

**(43 YEARS OLD)**

*Deputy Chairman  
of the Management Board  
for Regime and Human  
Resources*

**Appointed:** 2023

**Qualifications:**

- National University of Uzbekistan named after Mirzo Ulugbek (2001) (the Republic of Uzbekistan).

**Skills and experience:**

2021–2023 Deputy Director of the State Assets Management Agency of the Republic of Uzbekistan

**Citizenship:** the Republic of Uzbekistan



**AMIN  
ABDURAKHIMOV**

**(41 YEARS OLD)**

*Head of the Legal Department –  
Member of the Management  
Board*

**Appointed:** 2020

**Qualifications:**

- Tashkent State University of Law (2004) (the Republic of Uzbekistan);
- Tashkent State University of Economics (2009) (the Republic of Uzbekistan).

**Skills and experience:**

Since 2004, he has held positions in the Legal Department of Uzbekneftgaz JSC.

**Citizenship:** the Republic of Uzbekistan

## REMUNERATION

GRI 2-20, GRI 2-21

The remuneration of members of the Supervisory and Management Boards is governed by the Regulations "On the Supervisory Board of Uzbekneftegaz JSC" and the Procedure for Remuneration of the Management Board of Uzbekneftegaz JSC. Among other things, the short-term strategy (business plan) approved by the Supervisory Board of Uzbekneftegaz JSC defines annual remuneration of the Management Board members depending on the key performance indicators of the Company.

The terms and amounts of bonuses for the Management Board members are approved by the Supervisory Board upon the recommendation of the Nomination and Remuneration Committee. The amount of remuneration for members of the Supervisory Board is approved by the decision of the Sole Shareholder. Third-party consultants are not involved in this process.

The total amount of remuneration for members of the Supervisory Board in 2022 was UZS 190,154,307.69 (in 2021, UZS 215,550,377.61; in 2020, UZS 199,418,452.16).

## BUSINESS ETHICS

GRI 2-26

Supporting the legal mechanism as the basis for implementation of all legal and ethical standards in the Company is one of the important and significant elements requiring strict compliance with internal standards of corporate ethics and a responsible approach on the part of both management and employees of the Company.

The current Code of Corporate Ethics of Uzbekneftegaz JSC (hereinafter – the Code of Corporate Ethics) was approved on 12 October 2020 by the decision of the sole holder of ordinary shares of Uzbekneftegaz JSC. The Code is based on the requirements of the laws of the Republic of Uzbekistan and local regulations of the Company, as well as the goals and values it follows in its activities. According to the Code, responsibility for compliance with the principles and rules of internal

conduct and internal regulations applies not only to all subdivisions of the Company, but also to all stakeholders, including contractors, counterparties, in managing conflicts of interest, as well as in resolving disputes.

The Company has defined its own principles of business ethics, which are mandatory for all employees, regardless of their official powers. They are equally important and have high priority for the Company.

Upon employment, each employee is familiarised with the norms and principles of business communication as part of mandatory training for employees organised by the HR Department and the Financial and Compliance Control Department.

### PRINCIPLES OF BUSINESS ETHICS

PRIORITY OF THE RIGHTS AND FREEDOMS OF THE COMPANY'S EMPLOYEES

LEGITIMACY

FAIRNESS, INTEGRITY AND IMPARTIALITY

OPENNESS AND TRANSPARENCY

DEVOTION TO THE INTERESTS OF THE STATE AND SOCIETY

AVOIDING CONFLICTS OF INTEREST

## COMPLIANCE CONTROL AND CONFLICT OF INTEREST MANAGEMENT

GRI 2-15, GRI 2-16, GRI 2-26, GRI 2-27

In 2022, the Company made efforts to raise compliance awareness at production facilities. For instance, in order to explain the content and essence of internal

regulatory documents aimed at reducing corruption risks, regional compliance inspectors organised 113 training seminars attended by 6,051 employees of the Company and its subsidiaries.

### TRAINING OF THE COMPANY'S EMPLOYEES ON COMPLIANCE ISSUES

	Enterprises of Subsidiaries	Departments	Oil Depots
Total number of employees trained in compliance issues	1,213	2,472	5,614
Percentage of employees trained in compliance issues	10%	25%	100%

The Company has the Conflict of Interest Management Regulations, according to which it is not allowed to illegally enter into contractual obligations in procurement or other activities, provide employment assistance to close relatives, or abuse of authority in favour of one of the parties when resolving a conflict of interest. According to the procedure, an employee completes a conflict of interest declaration, after

which the Ethics Committee reviews the information provided.

As of the end of the reporting year, 5,043 employees of Uzbekneftegaz JSC and its subsidiaries submitted a conflict of interest declaration. Based on the results of the study, cases of conflict of interest were identified and measures were taken to eliminate them.



## ANTI-CORRUPTION

GRI 2-26, GRI 2-27, GRI 3-3, GRI 205-1, GRI 205-2, GRI 205-3

One of the most essential principles of the Company's activities is the non-acceptance of corruption in all forms and manifestations. The Company has developed and adopted an Anti-Corruption Policy

in accordance with the requirements of the anti-corruption laws of the Republic of Uzbekistan, the Code of Business Ethics of Uzbekneftegaz JSC, the Articles of Association of Uzbekneftegaz JSC, as well as the requirements of international conventions and standards.

### Anti-corruption activities include:

- informing employees and stakeholders about measures to prevent corruption cases;
- responsible compliance with the principles of the Anti-Corruption Policy;
- familiarisation with measures to minimise corruption risks and their subsequent application.

### Key elements of the anti-corruption system:

- tone at the top;
- regular analysis of corruption risks;
- availability of fundamental anti-corruption documents;
- anti-corruption procedures that are systemic and proportionate to the identified risk;
- activities of officials and subdivisions responsible for anti-corruption activities;
- informing, training and consulting;
- existence of effective whistleblowing channels;
- monitoring, control and reporting on anti-corruption activities.

An Anti-Corruption section was launched on the Company's official website, which contains the following information:

- Address by the Chairman of the Management Board of Uzbekneftegaz JSC;
- Local regulations;
- Communication channels;
- FAQs;
- Form for participation in the anonymous anti-corruption survey.

As one of the preventive anti-corruption measures, the Company has developed Methodological Guidelines for Organising Anti-Corruption Training in the form of recommendations and instructions for the Company's employees. The basic principles of employee training are:

- objectivity and scientificity;
- practicality;
- consistency and systematicity;
- availability;
- differentiated approach;
- continuous improvement of training methods and forms.

In 2022, 9,299 employees completed anti-corruption training, including 1,213 employees of plants and enterprises, 2,472 employees of departments, and 5,614 employees of oil depots.

The Company holds an annual round table on improving the anti-corruption compliance control system, which is attended by representatives of the Chamber of Accounts of the Republic of Uzbekistan, the United Nations Development Programme and international consultants. Uzbekneftegaz JSC endeavours to introduce effective compliance control measures at its enterprises, which is in line with the country's overall anti-corruption agenda.

On 9 December, in connection with the International Anti-Corruption Day, round tables were organised in Uzbekneftegaz JSC and system organisations together with representatives of law enforcement agencies.

In order to explain the content and essence of internal regulations aimed at reducing corruption risks, regional compliance inspectors organised 113 training seminars attended by 6,051 employees of the department, plants, enterprises and oil depots. During the training sessions, round tables were held on the topics "Anti-Corruption Policy", "Code of Corporate Ethics", "Conflict of Interest Management", "Charity and Sponsorship", "Business Gifts and Hospitality Expenses", "Due Diligence" and others.

Employees of the Financial and Compliance Control Department completed a training course at the Academy of the General Prosecutor's

Office of the Republic of Uzbekistan on "Ensuring the Organisation of Effective Anti-Corruption Measures", and also attended training seminars organised by the United Nations Development Programme and the Anti-Corruption Agency of the Republic of Uzbekistan on "Introduction of a System of Rating and Evaluation of the Effectiveness of Anti-Corruption Measures". In addition, 2 employees of the Financial and Compliance Control Department attended a training seminar on "Risk Management in the Oil and Gas Industry" in the Republic of Kazakhstan (Almaty).

In order to further improve the efficiency of anti-corruption procedures and as a result of studying local regulations (regulations, job descriptions, etc.) and business processes at the system entities of

Uzbekneftegaz JSC, a list of 870 corruption risks (including 444 high, 304 medium and 122 low level) was compiled. The system's departments, plants and enterprises identified 394 corruption risks in 169 subdivisions and identified 287 relevant mitigation measures. Oil depots identified 476 corruption risks in 326 subdivisions and identified 390 relevant mitigation measures.

The Financial and Compliance Control Department of Uzbekneftegaz JSC launched an anonymous survey aimed at identifying cases of corruption offences. 19,287 (66%) of the 29,415 employees of Uzbekneftegaz JSC and system enterprises participated in the survey, of which 3,467 (18%) employees participated in the survey in electronic format.

### Anti-Corruption Procedures Implemented in 2022

<i>Conflict of Interest Management</i>	<i>Anti-Corruption Clause</i>
5,043 employees of Uzbekneftegaz JSC and enterprises of the system filled in a conflict of interest declaration. Based on the results of the study, 762 cases of kinship were identified, in 33 cases relations of the Company's employees with other enterprises were identified, in 12 cases close relatives of the Company's employees worked for counterparties and competing enterprises.	During the reporting period, an anti-corruption clause was included in 3,529 contracts of the Company and its enterprises.
<i>Due Diligence</i>	<i>Screening of Job Applicants</i>
In the course of due diligence of counterparties of Uzbekneftegaz JSC and system enterprises, 783 out of 871 checked counterparties received positive references and 88 counterparties received negative references due to deficiencies, conflict of interest and other factors.	During the reporting period, the companies and enterprises of the system received 588 applications for the review of job applicants, of which 538 candidates received favourable opinions and 50 candidates received negative opinions due to deficiencies, conflicts of interest and other factors.
<i>Gifts</i>	<i>Charity and Sponsorship</i>
In total, in 2022, the Financial and Compliance Control Department and regional compliance officers examined the appropriateness for all business gifts given.	In Uzbekneftegaz JSC, on the basis of 20 applications for charitable and sponsorship assistance, UZS 103.2 billion were issued, and in system enterprises, on the basis of 77 applications, UZS 119.8 billion were issued, all of which were preliminarily checked by the Financial and Compliance Control Department.



### Identified Violations and Response Measures

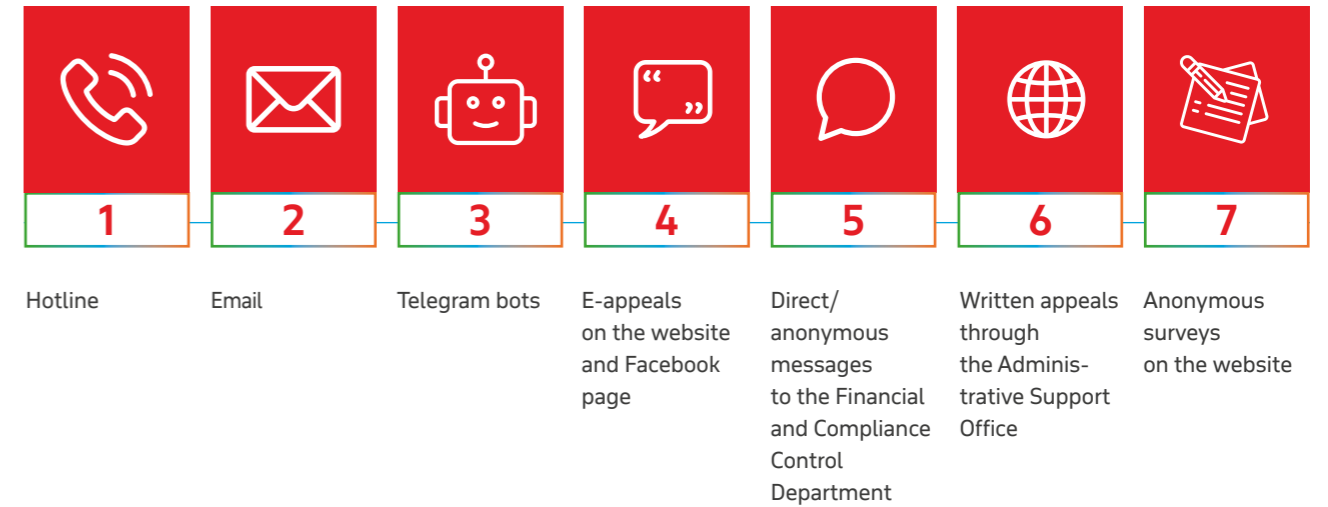
Based on the results of inspections conducted at system enterprises and organisations in 2022, various offences were identified, the total damage from which amounted to UZS 420.9 billion (UZS 113.5 billion – deficit and misuse of funds, UZS 5.4 billion – direct damage, UZS 250.2 billion – other errors and omissions, UZS 51.8 billion – unauthorised sale of products delivered for responsible storage at oil depots).

As a result of thematic and remote inspections conducted by compliance inspectors, financial violations worth UZS 174.5 billion were identified in the regions.

Information on offences worth UZS 170.5 billion identified in 2022 during 15 thematic inspections have been sent to law enforcement agencies for legal assessment.

**Planned Anti-Corruption Initiatives and Measures:**

- Signing of a memorandum of cooperation with the Prosecutor General's Office and the Anti-Corruption Agency of the Republic of Uzbekistan;
- Control and monitoring of funds to be recovered on the basis of writs of execution with the bodies of the Executive Bureau under the Prosecutor General's Office of the Republic of Uzbekistan;
- Control and monitoring of funds to be recovered on the basis of writ of execution with the Bureau of Compulsory Enforcement under the Prosecutor General's Office of the Republic of Uzbekistan;
- Identification of possible corruption risks in the activities of the Company and its subsidiaries and application of control measures in relation to them;
- Monitoring of measures to minimise corruption risks using software and elimination of newly identified factors;
- Examination of contracts entered into by the Company for compliance with sanctions requirements;
- Study of transportation, storage and sale of products, accounts receivable and accounts payable, correct reflection of assets in accounting reports and compliance with financial and economic activities in accordance with applicable regulations, as well as prevention of embezzlement;
- Organisation and holding of training seminars based on the Methodological Guidelines on Organisation of Anti-Corruption Training of Uzbekneftegaz JSC employees on anti-corruption issues;
- Organisation of intensive seminars, preventive and educational events for employees of the central office, plants, departments and oil depots on the organisational and methodological basis of activities, goals and objectives of the Financial and Compliance Control Department;
- Conducting anonymous surveys involving employees of the Company and its subsidiaries, as well as counterparties (partners), aimed at preventing corruption and assessing corruption risks;
- Introduction of a hotline to prevent corruption risks and to study appeals;
- Formation of feedback mechanisms with the population in order to assess the effectiveness of the implemented anti-corruption measures, as well as the study of public opinion through social surveys;
- Implementation of operational measures in case of reports on law violations or corruption cases in the system of Uzbekneftegaz JSC jointly with the Anti-Corruption Agency and law enforcement agencies.



**FEEDBACK CHANNELS**

GRI 2-16, GRI 2-26, GRI 2-29

Communication channels in Uzbekneftegaz JSC are established to register appeals from employees and third parties related to ethical, anti-corruption and legal issues. The Department for the Management Apparatus Affairs and the Department of Financial and Compliance Control are responsible for recording and controlling the processing of appeals.

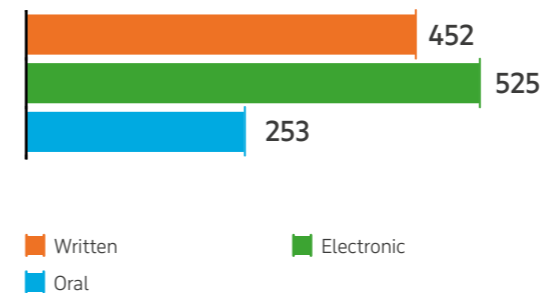
According to the Regulations for Receiving and Processing Messages Received via the Communication Channels of Uzbekneftegaz JSC, when considering appeals, their category is determined (e.g., messages related to employment, labour safety violations, ethics violations, etc.). Messages are reviewed within 15 to 30 days from the date of receipt, depending on the degree of urgency assigned to them. Upon review, the responsible officer of the Financial and Compliance Control Department officially notifies the applicant of the outcomes of review.

The Department of Complaints and Appeals of Individuals and Legal Entities generates a report on received messages on a quarterly basis and sends it to the Chairman of the Management Board. Statistics on the number of appeals is disclosed on the official website of Uzbekneftegaz JSC.

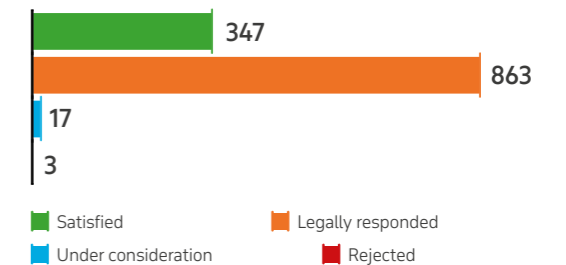
During the reporting period, Uzbekneftegaz JSC received a total of 1,230 appeals, including 1,118 from individuals and 112 from legal entities. As a result of review, 347 appeals were satisfied, legal explanations were given for 863 appeals. Three appeals were rejected for objective reasons, 17 appeals were under review at the end of the reporting year.

**STATISTICS OF APPEALS RECEIVED VIA THE DEPARTMENT OF COMPLAINTS AND APPEALS OF INDIVIDUALS AND LEGAL ENTITIES UNDER DEPARTMENT FOR THE MANAGEMENT APPARATUS AFFAIRS:**

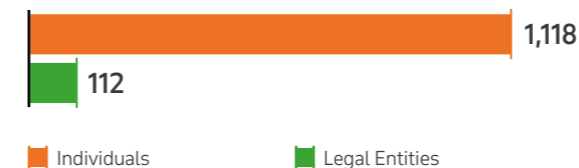
FORM OF APPEAL



FEEDBACK



APPEALS FROM



**0 INCIDENTS**  
OF BUSINESS CONDUCT VIOLATIONS FOR 2019-2022

## RISK MANAGEMENT

The fundamental document regulating risk management in the Company is Risk Management Regulations No. 73 dated 24 March 2018, which defines the procedure for taking timely measures to mitigate and prevent possible risks in the production and economic area. Responsibility for coordination of introduction of risk management principles at the enterprises of Uzbekneftegaz JSC is borne by the Risk Management Department under the Long-Term Business Development Department.

The Company has implemented a Unified Risk Management System, the responsibility for improvement of which lies with the Risk Management Committee reporting to the Chairman of the Management Board. The functions of this body also include the implementation of measures within the risk management business process, including:

- assessment of identified risks;
- development and implementation of the Company's risk measures, including employee training, qualitative and quantitative risk assessment;
- ensuring that senior management of the Company and organisations are informed;
- risk accounting.

The Company conducts risk monitoring on a regular basis, which allows tracking the result of preventive actions and mitigating factors to neutralise the consequences of risks. The purpose of monitoring is to track the progress of implementation of the steps taken, as well as timely informing the risk team and responsible persons about emerging risks.

To determine the parameters, scope and potential impact of risks on the Company's activities, each subdivision develops and enters into the risk register a list of potential risks on a monthly basis, in accordance with the approved matrix, assigning risks one of three levels of significance (high, medium or low). Only risks of the high category are included in the register.

The Company's risks are mainly localised in the following areas:

- people;
- financial indicators;
- assets;
- production process;
- reputation.

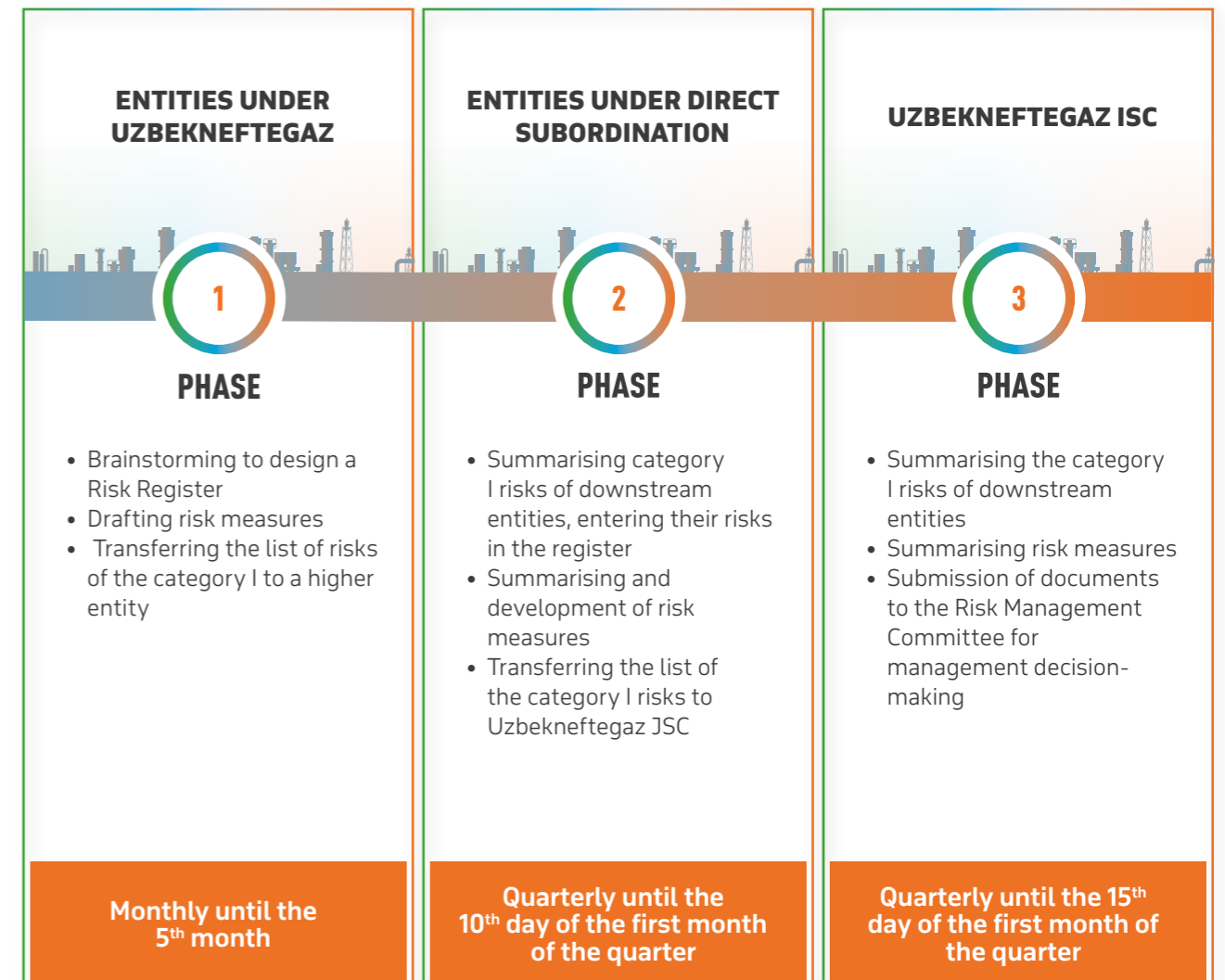
Risks have been identified in all areas of the Company's activities, including environmental, human resources, property, financial, contractual, production and reputational. For instance, one of the risks strongly affecting the Company's reputation is the dissemination of inaccurate and unsubstantiated information about the Company's activities in the media and social networks. And one of the risks that have the most negative impact on the work of employees and the environment is open fire or industrial gas leaks. In addition, a downgrade in the Company's credit rating is a risk that simultaneously affects the Company's global reputation and financial performance. It was determined that the lack of spare parts and assemblies in the Company's production units is a risk that has a great impact on production activities.

The risk register is peer reviewed once every three months. The level of their impact on the Company's financial and operating activities, the nature of their occurrence and measures to minimise them are analysed. At the end of 2022, 61 risks were included in the register.

### Activities to improve the Unified Risk Management System planned for 2023:

- Revision of the current Regulations on Risk Management;
- Organising seminars to improve the risk culture of the Company's employees;
- Appointment of risk coordinators from among employees of the Company's structural subdivisions;
- Creation of a risk register, as well as the development of appropriate measures to mitigate the impact of risks;
- Collection of information on existing risks and measures to minimise them, their analysis, submission of consolidated quarterly data to the Risk Committee;
- Provision by the Risk Committee of reports on the current state of the risk management system to the Supervisory Board and the General Meeting of Shareholders of Uzbekneftegaz JSC;
- Development of a special electronic platform to digitise the input, storage, sharing and collation of risk management information and to enable risk managers and risk coordinators to connect and use it;
- Development and implementation of an experience exchange programme for specialists and experts in the field of risk management together with foreign oil and gas companies.

### Risk Monitoring Scheme According to the URMS





## ESG TRANSFORMATION

## KEY AREAS OF THE COMPANY'S TRANSFORMATION

GRI 2-23, GRI 2-24

Since 2017, the Government of the Republic of Uzbekistan has been implementing comprehensive and multidimensional reforms covering all spheres of the country's life. As part of this process, Uzbekneftegaz JSC is to undergo a number of major organisational and economic changes aimed at improving operational efficiency, enhancing corporate governance and improving its financial position.

In November 2018, Uzbekneftegaz JSC, with technical assistance from the Asian Development Bank (ADB), prepared a corporate transformation plan to reform and restructure the Company.

The organisational structure of Uzbekneftegaz JSC was reviewed to bring it in line with the best practices used in the oil and gas industry. As part of the first stage of the Company's transformation in accordance with Presidential Decree No. PP-4388 dated 9 July 2019, the following activities were carried out on the basis of proposals developed by the ADB:

- redundant intermediate links in the management system of Uzbekneftegaz JSC were reduced by joining of Uzburneftegaz JSC, Uzneftegazdobycha JSC, Uznefteproduct JSC, Uzneftegazmash JSC to it with the formation in the structure of the executive apparatus of Uzbekneftegaz JSC of appropriate subdivisions ensuring the fulfilment of tasks and functions of the abolished links;
- the Central Office was established, which fully reflects the Company's value chain in accordance with the practice in international oil and gas companies;
- Uztransgaz JSC was withdrawn from Uzbekneftegaz JSC;
- measures to sell non-core assets of Uzbekneftegaz JSC and enterprises within its structure were accelerated.

In accordance with Presidential Decree No. UP-6096 dated 27 October 2020 of the Republic of Uzbekistan, Uzbekneftegaz JSC was included in the list of large state enterprises and economic associations, which are entrusted with the implementation of a number of tasks, including:

- preparation of financial statements on the basis of International Financial Reporting Standards (IFRS);
- obtaining international credit ratings;
- development of a strategy for financial recovery, improving operational efficiency, as well as medium- and long-term development;
- introduction of a modern corporate governance system, providing for the audit of procurement and management systems, as well as the formation of compliance and anti-corruption services;
- staffing with qualified international specialists, etc.

To implement these tasks and systematically coordinate the implementation of changes, taking into account the recommendations of the ADB and the international consulting company Boston Consulting Group, the Transformation and Operational Efficiency Department was established within the Company's structure in 2020, comprising qualified specialists who graduated from universities in the UK, South Korea, the Russian Federation and Italy.

Under the Department, a multi-disciplinary effort involving leading consulting firms was organised and new approaches and various progressive initiatives were developed to improve processes and production technology, reduce energy consumption, increase inventory efficiency, improve reliability and reduce equipment downtime, and strengthen corporate management and transparency.

Currently, in cooperation with professional consultants, banks and auditors, work on the transformation of Uzbekneftegaz JSC is continuing dynamically.

# TRANSFORMATION MAP OF UZBEKNEFTEGAZ JSC

2022-2022	Achievements	2023-2024	Long-Term Plans
<b>01</b>	<b>CORPORATE DEVELOPMENT</b>	<b>05</b>	<b>COMPANY PRIVATISATION</b>
IFRS	100% • Financial statements are prepared in accordance with IFRS, audited in accordance with ISA and disclosed	<b>IPO/SPO</b> Public offerings (IPO/SPO)	10% • <b>Public offering on the</b> local stock market (IPO/SPO).
PRMS	100% • Hydrocarbon reserves are audited in accordance with PRMS.	<b>06</b>	<b>STRATEGIC AND CORPORATE DEVELOPMENT</b>
GRI Standards	100% • ESG reports are prepared and published in accordance with GRI standards	BCG Company's Strategy	90% • Development of the <b>Company's medium- and long-term development strategy</b>
Corporate Credit Rating	100% • Credit ratings <b>BB-</b> , Outlook Stable assigned by <b>S&amp;P and Fitch</b>	Corporate Governance System	80% • Introduction of a <b>modern corporate governance</b> system in accordance with the roadmap
Eurobonds Placing	100% • Eurobonds worth <b>USD 700 million</b> were placed on the <b>London Stock Exchange</b>	Implementation of ESG standards	45% • Implementation of <b>ESG</b> standards into the Company's business processes and publication of the <b>ESG report for 2022</b>
Procurement System	100% • Forensic analysis and audit of the <b>procurement system was carried out</b>	IFRS	90% • Preparation, audit and disclose of <b>IFRS-based</b> annual and semi-annual statements
Compliance Control System	100% • <b>The Compliance Control System</b> was implemented	Corporate Credit Rating	80% • Getting a credit rating <b>from Moody's</b> , rating updates from <b>S&amp;P and Fitch</b>
IPO Preparation	100% • <b>IPO</b> readiness level was analysed; <b>Red flag reports</b> were prepared; <b>Draft business strategy</b> was developed; <b>Equity story</b> was developed	Procurement System	50% • Creation of the <b>Unified System of Regulatory Reference Information (RRI) Management</b> • Implementation of the <b>1C: Logistics system</b> • <b>Warehouse</b> optimisation
<b>02</b>	<b>DIGITALISATION AND AUTOMATION</b>	<b>07</b>	<b>OPERATIONAL EFFICIENCY IMPROVEMENT</b>
Digitalisation and Automation	100% • A roadmap of <b>140</b> initiatives was developed	Management of investment activities and capital construction projects	5% • Development and <b>implementation of investment project management methodology</b> ; • Implementation of <b>a corporate investment project management system</b>
Automation Project Office	100% • Automation and Digitalisation Project Office was established	Drilling and Capital Construction Processes	20% • Improvement of operational efficiency of <b>drilling and capital construction processes</b>
<b>03</b>	<b>OPERATIONAL EFFICIENCY</b>	Production Processes	70% • Implementation of <b>an index-based production efficiency assessment system</b>
Operational Efficiency	100% • Initiatives with economic efficiency of <b>UZS 682 billion</b> were developed; • Economic effect from the implementation of initiatives in the amount of <b>UZS 617.2 billion</b> was achieved; • A unified technical policy was developed and approved; • Reliability Management Services were established at production enterprises	Business Support Centre	10% • Development of a roadmap and implementation of tasks for the establishment of the <b>Business Support Centre</b>
Operational Efficiency of Workover and Drilling	100% • Initiatives were developed to improve the operational efficiency of drilling processes	Implementation of a Target Model	70% • Implementation of a new <b>Technical Policy</b> and a <b>new M&amp;R system</b> in all enterprises
<b>04</b>	<b>HR</b>		
Involvement of foreign specialists	75% • A roadmap of 140 initiatives was developed		

# IMPROVING OPERATIONAL EFFICIENCY AND RELIABILITY OF PRODUCTION PROCESSES

GRI 2-23, GRI 2-24

Since December 2019, the Improving Operational Efficiency and Reliability of Production Processes Project has been implemented jointly with Ernst & Young. The Project was initially designed for 18 months and involves comparing all key indicators of Uzbekneftegaz JSC's production processes with the best international practices.

Upon completion of the diagnostics, a detailed analysis of the processes of equipment repairs, which constitute a major part of the enterprises' expenses, was carried out. As a result, Ernst & Young experts proposed new approaches and modern techniques to ensure reliable, uninterrupted and efficient operation of equipment, reduce overall costs, as well as developed new organisational structures for manufacturing companies that will help to better ensure collaboration to realise the identified opportunities.

## PHASES OF THE IMPROVING OPERATIONAL EFFICIENCY AND RELIABILITY OF PRODUCTION PROCESSES PROJECT

<b>Phase 1</b>	A study of equipment reliability and availability in offices and facilities was conducted.
<b>Phase 2</b>	Current processes ("as is") related to maintenance and repair (M&R) and related processes are described. The current level of automation in production planning, procurement and M&R processes and the most important areas for further process improvements were determined.
<b>Phase 3</b>	A target business process model was created.
<b>Phase 4</b>	277 employees of the executive office and production sites were trained in M&R approaches and the calculation of operational efficiency indices. Change leaders were identified among the employees who underwent training.
<b>Phase 5</b>	A strategy for equipment operation and M&R was developed at the Shurtan Gas and Chemical Complex. Classification and categorisation of equipment at the Shurtan Gas and Chemical Complex, Shurtan Oil and Gas Production Department, Mubarek Gas Processing Plant and Mubarek Oil and Gas Production Department were carried out. Key performance indicators were defined to ensure reliable operation.
<b>Phase 6</b>	The Technical Policy defining the goals and objectives of the M&R System development was developed. A detailed plan for implementation of the M&R Technical Policy was prepared.
<b>Phase 7</b>	Detailed terms of reference for automation of the production process control system in terms of M&R were developed. The process of implementing measures aimed at changing the reliability management and M&R processes at the Shurtan Gas and Chemical Complex and Bukhara Oil Refinery is underway. Reliability management services have been established at these enterprises.
<b>Phase 8</b>	Project results were evaluated and key performance indicators of production processes were calculated.

To improve the reliability of production processes, Reliability Management Services have been established at seven major enterprises: Bukhara Oil Refinery, Shurtan Gas and Chemical Complex, Gazli Oil and Gas Production Department, Mubarek Gas Processing Plant, Mubarek Oil and Gas Production Department, Ustyurt Oil and Gas Production Department, and Shurtan Oil and Gas Production Department. These Services monitor the reliability of critical equipment, collect data on failures and analyse failure statistics. In addition, Reliability Management Services investigates equipment failures and shutdowns affecting production output to identify the root causes (RCA) of shutdowns and develop measures to eliminate recurring failures. During 2022,

a total of 74 such investigations were conducted and more than 200 interventions were developed to prevent recurring equipment failures.

In 2022, categorisation of equipment by failure criticality and analysis of the main operating conditions were carried out. Categories were assigned to 10,900 pieces of equipment, the failure of 254 of which is highly critical in terms of business continuity. In addition, a set of measures was developed to prevent failures.

As part of the implementation of the new fault tolerance management model, regulatory documents providing for the use of the best maintenance

and repair practices (unified technical policy, regulations on maintenance and repair and stop repairs) were developed and adopted. The project has developed a detailed process for planning stopping repairs.

Currently, work is actively underway to implement a target model of production processes, which is based on the creation of a continuous improvement system (PDCA) at production sites, as well as the assessment of key performance indicators of production processes based on the calculation of special indices. The following indices are used to assess the operational efficiency of production processes:

- Production Time Efficiency Index (PTI);
- Process Efficiency Index (PEI);

- Energy Efficiency Index (EEI);
- Well Efficiency Index (WEI);
- Turnover;
- Maturity level of M&R production processes (Reliability).

Calculation of the dynamics of these indices in a year-on-year comparative analysis makes it possible to assess the state of production and operating activities of the Company's upstream or downstream assets.

Based on the analysis of the indices, the potential for operational improvement is identified and measures to improve these indicators will be developed in the future.

# CORPORATE TRANSFORMATION

GRI 2-23, GRI 2-24

In 2021–2022, Uzbekneftegaz JSC has embarked on a large-scale transformation of its production and other asset management system, aimed, among other things, at creating conditions for attracting funding on international capital markets.

In preparation for the IPO, a consulting services agreement was signed with Rothschild & Cie, a financial and holding company, on the recommendation of which corporate governance, audit, legal expertise and strategy consultants from major international companies were engaged to analyse the current state and bring it in line with the listing requirements of stock exchanges.

**A. Corporate governance.** The consulting company PricewaterhouseCoopers (PwC) acted as a corporate governance consultant to diagnose the system and assess the level of corporate governance maturity in terms of generally accepted international practices. PwC consultants have developed a set of recommendations on the following topics:

- Membership of the Supervisory Board and governance (Membership of the SB; Chairman of the SB; Corporate Secretary; Performance Assessment and Development Plans; Shareholder Relations Agreement).
- Dynamics of the SB (Meetings of the SB; Duties and Powers of the SB).
- Committees of the SB (Audit Committee; Nomination and Remuneration Committee).

- Role of the SB in strategy monitoring (Strategy and Performance Monitoring; Annual Strategy Sessions).
- Management of the Executive Body (KPIs of the Management Board; Succession Plan and Appointment of Members of the Management Board).
- Risk Management (Risk Management Structure; Low Risk Awareness and Risk Culture; Department's Working Papers; Risk Management and Risk Reporting).
- Internal Audit (Internal Audit Service; Head of the Internal Audit Service).
- Transparency (Investor Information Support Group; Insider Information Policy; Company Website; Annual Report).
- ESG (ESG targets; Formation of a Separate ESG Business Unit; Lack of a Separate Sustainability Report).
- A roadmap for the implementation of these recommendations was approved by Board Resolution No. 45 dated 7 June 2022 to implement the actions listed above.

**B. Financial audit.** Auditing company Ernst & Young (EY) conducted diagnostics of readiness of Uzbekneftegaz JSC to IPO in terms of accounting and financial reporting. The consultant identified the most critical areas related to the reporting and disclosure process, including:

- Financial reporting process (quick close, account reconciliation, regulated reporting period calendar, public reporting obligations).

- Financial planning and analysis (strategic planning, budgeting, detail and transparency of forecast financial information).
- Treasury (cash flow forecasting, development and implementation of a Treasury Policy on purchase and sale transaction review, foreign exchange risk management, hedging foreign exchange positions, cash management).
- Taxes (income tax, coordination with the tax authorities of potential risks of additional income tax assessment (due to rejection of the submitted income tax return, including tax loss carryforwards for acceptance by the tax authorities).
- IT (IT integration, development of a number of necessary unified corporate IT policies, disaster recovery plan).
- Investor relations (formation of a separate responsible unit with the definition of investor relations and market communications functions).
- Proforma (possible need for preliminary historical information and availability of source data (usually preliminary net assets and profit and loss figures are included in the IPO prospectus)).

To implement these recommendations, the Company's Management Board Resolution No. 347 dated 27 July 2022 approved a roadmap to improve the level of accounting and reporting readiness for the IPO.

### C. Expert review of the internal regulatory framework.

The White & Case law firm acted as a legal adviser on the IPO and conducted an expert review of the Company's internal regulatory framework. White & Case engaged local law firm Centil to review the corporate documentation, and together with them they have now assessed the financial risks of the agreements entered into over the last three years of the Company's operations. In addition, White & Case lawyers provide services in monitoring compliance with sanctions requirements, vetting organisations and banks, and advising on continuing cooperation with existing partners and establishing relationships with potential counterparties.

**D. Development of corporate strategy.** The Boston Consulting Group (BCG), a company from the Big Three management consulting firms, was engaged to develop a medium- and long-term development strategy. The consultant carries out work in the following segments of the Company's business:

- exploration;
- production;
- oil refining and gas chemistry;
- marketing and sales;
- ESG.

The purpose of the above work is to improve the financial and operational efficiency of the Company and adapt the strategy of Uzbekneftegaz JSC to changes in the industry, including the introduction of corporate ESG practices. Based on the results of the diagnostics of the business segments "Exploration and Production", "Oil and Gas Processing and Gas Chemistry", "Sales and Marketing", "Sustainable Development and ESG", BCG generated a report on the strategy of medium- and long-term development of Uzbekneftegaz JSC.

**E. Implementation of ESG practices.** In accordance with the Presidential Decree No PP-4388 dated 9 July 2019, Uzbekneftegaz JSC is tasked with publishing an economic, social and environmental (ESG) report, including in accordance with the Global Reporting Initiative (GRI), starting from the end of 2020.

To this end, various initiatives on sustainable development and implementation of ESG standards have been developed with the involvement of international consulting companies. PwC and BCG diagnosed the Company's ESG profile and developed recommendations on how to improve it; BCG consultants described the as is situation in E (environmental) and S (social) areas, and PwC consultants described it in G (corporate governance) area.

In 2022, the ESG Responsibility Centre was formed and a standalone ESG Implementation Department was established. Competent employees developed a draft of the Company's ESG targets and their indicators, as well as analysed in detail the Company's activities in accordance with the requirements of ESG rating agencies, and based on the analysis developed a "Roadmap of measures to prepare for obtaining an ESG rating".

**F. Improvement of supply chain.** As part of the implementation of the Transformation and Operational Excellence Programme, an action plan was created to improve the supply chain – the Regulatory Reference Information (RRI) Streamlining Project Initiative. The implementation of the initiative is organised into the following three phases:

- Diagnosis of the current situation in RRI, detailed work planning and project management,
- Organisation of business processes and development of methodology for maintaining RRI,

- Design of MDM master data management system, record normalisation and integration system.

- The plan was developed with the involvement of the consulting company KPMG. Phase I implementation was initiated in 2022.

## DIGITALISATION AND AUTOMATION

GRI 2-23, GRI 2-24

Digitalisation and automation of production and business processes of the Company is of a systemic nature and is carried out taking into account the provisions of Presidential Decree No. UP-6079 dated 5 October 2020 of the Republic of Uzbekistan "On Approval of the Strategy "Digital Uzbekistan – 2030" and Measures for its Effective Implementation".

In 2021, IKS Holding, the multidisciplinary IT group, carried out work on the development of the Concept of Digitalisation of the Fuel and Energy Complex of the Republic of Uzbekistan for 2021–2025 (the TSIFROTEK Project). IKS Holding has developed a list of initiatives and a roadmap for digitalisation and automation of business processes in the Company.

In order to gradually implement the areas proposed in the Concept and Roadmap, a Digitalisation and Automation Project Office was formed in September 2021, consisting of graduates of oil and gas and other technical universities, who began to develop a framework for implementing the initiatives.

Recommendations on digitalisation of business processes and a roadmap developed by IKS Holding were used as a basis for the Concept of Digitalisation and Automation of Uzbekneftegaz JSC, which involves automation of production processes and digital transformation of general corporate processes and focuses on optimisation of resource use and phased implementation of ERP system. A key element of the Concept is the formation of a corporate data bus of systems, allowing all internal and external systems to interact with each other.

To implement the Digitalisation and Automation Project Roadmap, technical specifications have been developed for the following information systems:

- UNG-SmartESB (Enterprise Data Bus);
- UNG-DOCFLOW (Document Flow System);
- UNG-HRM (Human Resources Management);

- UNG-LMS (Learning Management System);
- UNG-CMMS (Maintenance Management System);
- UNG-CIMS (Incident Management System);
- UNG-APM (Application Performance Management).

**1C: Warehouse system.** As a result of the implementation of the 1C: Warehouse system, inventory stored in the warehouses of the Company's production facilities was systematised. Improvement of the 1C: Warehouse system involves the introduction of tracking of inventory movement in the warehouses of factories and workshops using barcodes. As part of the project implementation, special scanners and barcode printers were purchased. In accordance with the order of the Chairman of the Management Board, at the beginning of Q4 2022, the 1C: Warehouse system was put into operation at the warehouses of Shurtan Oil and Gas Production Department, Mubarek Gas Processing Plant, Mubarek Oil and Gas Production Department, Gazli Oil and Gas Production Department, Ustyurt Oil and Gas Production Department, and Vodiy Oil and Gas Production Department.

**Automated Maintenance and Repair Management System (UNG-CMMS).** The Automated Maintenance and Repair Management System is designed to facilitate enterprise management, planning maintenance and repair schedules to extend the service life of equipment, spare parts and resources (technical, human, time, etc.).

In order to determine the estimated cost of development and implementation of the UNG-CMMS, in accordance with the instruction of the Chairman of the Management Board, a market research was conducted and commercial offers were received. In accordance with the project standards, the Data Sheet and the Concept of the system were developed. The purpose of reviewing the project concept is to include the project in the electronic project register and for the expert to make a decision on its priority level.

#### **Automated Incident Management and Registration System (UNG-CIMS).**

The Automated Incident Management and Registration System is designed to record dangerous acts committed by employees, conduct related investigations and analyse their results, facilitate the development of relevant internal documents, facilitate the approval and signature processes, and monitor compliance. Currently, market research is being conducted and commercial offers are being analysed to determine the estimated cost of development and implementation of the UNG-CIMS.

#### **Automated Learning Management System (UNG-LMS).**

Learning Management is a distance learning course management system. UNG-LMS is hosted on a server and uses a database to store, deliver and manage all types of content including videos, courses and documents. The system is integrated with the enterprise data bus to interact with other information systems such as human resource management and electronic document management systems. Currently, market research is being conducted and commercial offers are being analysed to determine the estimated cost of development and implementation of the UNG-LMS.

#### **Unified System of Accounting for Production Assets and Digitalisation of Equipment Data Sheets.**

As part of the Digitalisation of Equipment Data Sheets

project, work was carried out to develop an electronic model of equipment data sheets and create a unified database of production assets. As part of the project, a selection of electronic data sheets (approximately 31,000 items) of main and auxiliary equipment was prepared, and a primary database of the Company's production assets was developed.

To ensure the reliability of information on assets, keep records of main and auxiliary equipment of plants, offices and oil depots, the Project Office developed and launched the Unified System of Production Assets Accounting in test mode.

The Repair module is currently under development to monitor the equipment repair process. Also, in order to ensure the completeness of the database, work is being done in cooperation with the relevant agencies on the initiative "Measures to Recover the Data Sheet of Equipment without a Data Sheet or with an Expired Data Sheet".

**Report Dashboard.** As part of the project to create a dashboard form of daily, monthly and annual reports of the Central Production and Operating Department, a draft version of the dashboard was developed in Microsoft Power BI software. Currently, the report table data is being edited for uploading to the dashboard.



## HIGHLIGHTS FOR 2022:



**24,624**

billion UZS  
(USD 2.23 billion equivalent)

REVENUE



**2,853**

billion UZS  
(USD 258.3 million equivalent)

NET PROFIT



**981**

billion UZS  
(USD 88.8 million equivalent)

ACCRUED INCOME TAX



**700**

million USD

EUROBONDS WORTH WERE PLACED ON THE LONDON STOCK EXCHANGE



FITCH RATINGS AND S&P GLOBAL RATINGS REAFFIRMED THE COMPANY'S CREDIT RATING AT 'BB-', OUTLOOK STABLE



**2,992**

contracts

CONCLUDED FOR THE AMOUNT OF UZS 9521.8 BILLION (USD 862.1 MILLION EQUIVALENT)



**429.8**

million USD

REDUCTION IN IMPORTS OF FOREIGN PRODUCTS, WHICH IS 123.7 PERCENT HIGHER THAN PLANNED



**4.1**

trillion UZS

PRODUCTS PRODUCED UNDER THE LOCALISATION PROGRAMME IN 2022, OR 109.8%, ACCORDING TO THE FORECAST, WITH A GROWTH RATE OF 127.7%



**2,497**

contracts

CONCLUDED FOR THE AMOUNT OF UZS 1,651.0 BILLION THROUGH THE UNIFIED COOPERATIVE PLATFORM

# FINANCIAL AND ECONOMIC PERFORMANCE

**Guiding legislative acts, the Company’s internal documents and international standards:**

- Constitution of the Republic of Uzbekistan;
- Tax Code of the Republic of Uzbekistan;
- State Tax Service Act No. 474-I dated 29 August 1997 of the Republic of Uzbekistan;
- State Budget of the Republic of Uzbekistan for 2022 Act No. 742 dated 30 December 2021 of the Republic of Uzbekistan;
- Resolution No. 73 dated 30 December 2021 of the President of the Republic of Uzbekistan On Measures to Ensure the Enforcement of the State Budget of the Republic of Uzbekistan for 2022 Act of the Republic of Uzbekistan;
- Regulations on the State Tax Committee of the Republic of Uzbekistan, approved by Annex No. 1 to the Cabinet of Ministers Resolution No. 320 dated 17 April 2019;
- Decree No. UP-5468 dated 29 June 2018 of the President of the Republic of Uzbekistan On the Concept of Improving the Tax Policy of the Republic of Uzbekistan;
- Decree No. UP-5837 of 26 September 2019 of the President of the Republic of Uzbekistan On Measures to Further Improve the Tax Policy of the Republic of Uzbekistan;
- Resolution No. 4388 dated 9 July 2019 of the President of the Republic of Uzbekistan On Measures for Sustainable Provision of the Population and Economy with Energy Resources, Financial Recovery of the Oil and Gas Industry and Improvement of its Management System;
- Resolution No. PP-4611 dated 24 February 2020 of the President of the Republic of Uzbekistan On Additional Measures for Transition to International Financial Reporting Standards;
- Public Procurement Act No. ZRU-684 dated 22 April 2021 of the Republic of Uzbekistan;
- Resolution No. 136 dated 10 March 2020 of the Cabinet of Ministers of the Republic of Uzbekistan "On the Programme of Localisation of Production of Goods in the Domestic and Foreign Market for 2020–2021";
- Resolution No. PP-4426 dated 24 August 2019 of the President of the Republic of Uzbekistan "On Further Increasing the Responsibility of State and Economic Management Bodies and Local Executive Authorities for the Introduction of a New System of Localisation of Production and Acceleration of Cooperation Ties in Industries";
- Resolution No. PP-5171 dated 02 July 2021 of the President of the Republic of Uzbekistan "On Additional Measures to Ensure Transparency and Improve the Efficiency of Public Procurement";
- Regulations PP No. 21 on the Department for Localisation and Expansion of Cooperative Links;
- Regulations on Procurement Documentation through Electronic Tenders at Uzbekneftegaz JSC;
- Procurement Policy of Uzbekneftegaz JSC based on the experience of international enterprises, approved by Decision No. 58 dated 23 August 2021 of the Management Board;
- International Financial Reporting Standards (IFRS);
- International Standards on Auditing (ISA).



# OVERVIEW OF FINANCIAL AND OPERATING ACTIVITIES

GRI 3-3, GRI 201-1

### ENTERING THE INTERNATIONAL FINANCIAL MARKET

Pursuant to the Decree dated 3 February 2021 of the President of the Republic of Uzbekistan and the Resolution dated 3 November 2021 of the Cabinet of Ministers, to continue ongoing transformation processes and diversify external financing, Uzbekneftegaz JSC with the assistance of the Ministry of Finance, for the first time in its history, successfully placed Eurobonds on the London Stock Exchange in the RegS/144A format and amount of USD 700 million for a period of 7 years. The interest rate of the Eurobond placement is 4.75%.

This is the result of the Company’s systematic efforts to transform and implement the best business practices in the world. These efforts include:

- annual audit of the Company’s IFRS consolidated financial statements by Ernst & Young;
- assignment of a corporate rating of 'BB-', Outlook Stable by international rating agencies Fitch Ratings and S&P Global Ratings;
- attracting organising banks Citigroup, J.P. Morgan and Mitsubishi UFG to issue bonds.

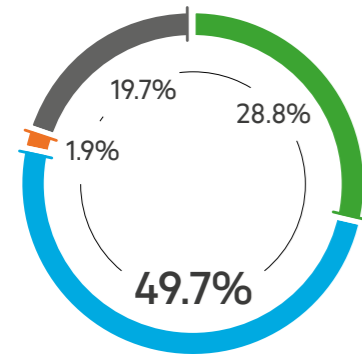
Revenue for 2022 increased by 18.86% to UZS 24,624 billion (USD 2.23 billion equivalent) due to higher exchange prices for polyethylene pellets, liquefied gas, petroleum products amid increased demand in the market. In addition, an increase in the production of oil products, liquefied gas, as well as the production and sale of a new type of product – synthetic fuel due to the commissioning of the GTL plant led to an increase in revenue from product sales.

Net profit in 2022 amounted to UZS 2,853 billion (USD 258.3 million equivalent), which is 48.27% lower compared to the previous year. The decrease in net profit was due to an increase in loan servicing costs as well as foreign exchange loss.

**KEY FINANCIAL FIGURES OF THE COMPANY**

Indicator	2022	2021	2020	2019	Change 2022/2021, %
Revenue	24,624	20,716	19,354	23,198	+18.86%
OPEX	(20,991)	(17,048)	(15,678)	(19,533)	+23.13%
EBITDA	11,147	10,164	9,486	7,656	+9.67%
Total debt/EBITDA	3.68	3.81	3.34	4.74	(3.4%)
Net profit	2,853	5,515	4,704	589	(48.27%)
CAPEX	(5,816)	(10,402)	(11,156)	(19,810)	(44.09%)
Net debt	41,070	38,735	31,641	36,274	+6.03%
Dividends paid	(1,340)	(179)	(337)	-	+648.6%
Cash flow from operating activities	9,109	6,594	5,838	8,956	+38.14%

STRUCTURE OF NET REVENUE BY PRODUCT TYPE FOR 2022



- Natural gas 28.8 % (2021 – 39.3 %)
- Liquid hydrocarbons and finished petroleum products 49.7 % (2021 – 39.4 %)
- Liquefied gas 1.9 % (2021 – 1.8 %)
- Other products 19.7 % (2021 – 19.5 %)

Investment projects of Uzbekneftegaz JSC have a significant impact on the development of the regional economy and make a significant contribution to the improvement of infrastructure. Their implementation also has a significant social effect – investment projects provide employment for the population in the regions.

In the reporting year, amid the market trends and growth in financial results, the Group increased the amount of capital investments. In order to finance the project to expand polymer production at the Shurtan Gas Chemical Complex, Gazprombank JSC (Russia) provided a loan of USD 300 million. In addition, work is underway with the State China Development Bank and other financial institutions to attract credit funds based on the principle of project financing.

Initiatives to improve operational efficiency

Area	Initiative	Economic effect (cost savings), in UZS million
Technology and energy	• replacement of chemicals and branded wheel blades with more efficient ones	2,552 (USD 240 thousand equivalent)
Inventory management	• introduction of an electronic Inventory Management System • use of illiquid material and technical resources in production	265.1 (USD 25 thousand equivalent)
Maintenance and repair, well workover	• reducing a standby time and well workovers • reducing the duration of development activities and M&R	1,303.8 (USD 123 thousand equivalent)
Other activities	• disposal of non-core assets	1,038.6 (USD 98 thousand equivalent)

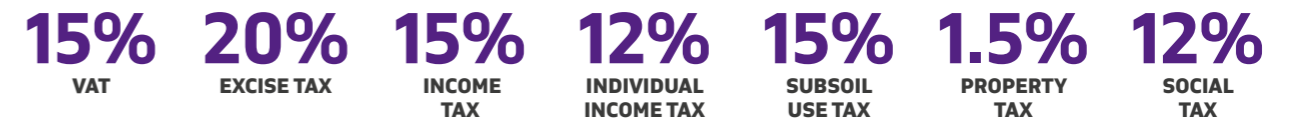
## TAXATION

GRI 3-3, GRI 207-1, GRI 207-2, GRI 207-3

Uzbekneftegaz JSC is one of the largest taxpayers in the country and strictly complies with the tax laws of the Republic of Uzbekistan. The Company is contributing substantially to local socio-economic development in the form of tax payments to the state and regional budgets. In 2022, the Company's accrued tax charge totalled UZS 981 billion (USD 87.4 million equivalent).

According to the State Tax Committee, at the end of 2022, total tax revenues in the country totalled UZS 148.4 trillion (USD 13.2 billion equivalent). 11.8% of total tax revenues in the Republic of Uzbekistan came from the top 10 taxpayers (excluding Navoi and Almalyk Mining and Metallurgical Complexes), among which Uzbekneftegaz JSC ranks first.

EFFECTIVE TAX RATES IN THE REPUBLIC OF UZBEKISTAN:



Taxes other than income tax in UZS billion (UZS 11,225 = USD 1, exchange rate at the end of 2022)

In UZS billion	2022	2021
Subsoil use tax	1,529	1,624
Property tax	639	217
Excise tax	339	190
Land tax	160	169
Other taxes	142	78
<b>Total taxes other than income tax</b>	<b>2,809</b>	<b>2,278</b>

THE MAIN COMPONENTS OF INCOME TAX EXPENSE FOR THE YEARS ENDED 31 DECEMBER ARE AS FOLLOWS:

In UZS billion	2022	2021
Current tax expense	544	1,202
Deferred tax expense	437	149
<b>Income tax expense disclosed in the consolidated income statement</b>	<b>981</b>	<b>1,351</b>

In its activities, the Company adheres to regulated tax accounting and reporting procedures, tax accounting is conducted in strict compliance with the requirements of tax laws. Uzbekneftegaz JSC carries out tax control and planning and monitors the timeliness of tax payments to the budget. The tax authorities continuously monitor the tax payments calculated and paid by the Company, and any ambiguities arising are communicated through the electronic portal.

In assessing tax risks, management of Uzbekneftegaz JSC considers as possible liabilities known areas of non-compliance with tax laws that the Company cannot challenge or does not believe it would be able to successfully challenge if additional taxes were assessed by the tax authorities. The Company stands for transparent interaction and open communication with the tax authorities, ensuring the provision of all necessary reporting within the established deadlines in accordance with the laws of the Republic of Uzbekistan. The Company

seeks to clarify uncertain tax issues where possible by sending requests regarding the official position of the Ministry of Finance of the Republic of Uzbekistan.

To ensure financial transparency and raise employee awareness, the Company, together with the State Tax Committee of the Republic of Uzbekistan, organises seminars on amendments to the Tax Code and tax laws of the Republic of Uzbekistan. According to the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan, since 2022, the information is shared by the bodies of the State Tax Service when determining the tax liabilities of taxpayers through explanatory and substantiating documents on situations identified as a result of audits or control measures carried out by the tax authorities.

The Company does not operate in low tax jurisdictions and does not use aggressive tax planning methods.

## DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

GRI 3-3, GRI 201-1

The Company's gross revenue increased from UZS 24,697 billion in 2021 to UZS 28,712 billion in 2022, while operating expenses increased from UZS 11,935 billion to UZS 15,507 billion. The Company's

operating profit remained virtually unchanged compared to the 2021 level (up 0.4%). At the same time, net income for 2021 is significantly lower than 2022 due to increased loan servicing costs and realised foreign exchange losses.

### DIRECT ECONOMIC VALUE GENERATED UZS BILLION FOR THE PERIOD

	2022	2021	2020	2019
Revenues	28,712	24,697	23,023	24,872
<i>Economic value distributed, incl.</i>				
OPEX	15,507	11,935	11,513	15,115
Wages	2,341	2,473	2,044	2,247
Interest and dividend expenses	3,613	471	915	1,200
Taxes other than income tax	2,809	2,278	1,971	2,169
Income tax expenses	981	1,351	1,000	775
Other expenses	2,098	1,392	437	2,903
Social expenses (investments in local communities)	334	362	150	2
Retained economic value (profit for the year)	2,853	5,515	4,704	589



## PROCUREMENT ACTIVITIES

GRI 3-3, GRI 203-2, GRI 415-1

To ensure transparency of the procurement process and create a healthy competitive environment, from 1 January 2020, the Company mandatorily provides complete information on all buyers on special information portals (exarid.uzex.uz), official websites ung.uz and enderweek.uz and in the media. Official reports of the Commission on the results of procurement are posted on a special information portal for public discussion for 3 days.

Ensuring efficient procurement activities and striving to comply with the principles of sustainable development are an integral part of the Company's activities. The main principles of the procurement activities of Uzbekneftegaz JSC are:

- both transparency with regard to potential suppliers and internal transparency;
- providing equal opportunities for contractors by defining selection criteria that are adequate (including both price and non-price factors), uniform and applicable to all prospective vendors;
- promoting fair competition through competitive selection – using a multi-vendor evaluation and selection process whenever possible and appropriate;
- effective control over the procurement process;
- support for local suppliers under the localisation programme – support for domestic manufacturers where possible, or if required by applicable laws;
- compliance with all applicable statutes and prevention of illegal actions by any of the participants in the procurement process;
- timely provision of goods, performance of work or services.

Being a national leader in oil and gas production and having a wide scale of business, Uzbekneftegaz JSC pays special attention to the efficient and timely meeting of the Company's demand for uninterrupted operations and operational efficiency. Suppliers are the key partners of the Company in strengthening and developing business and strategic partners for achieving the objectives of Uzbekneftegaz JSC as part of improving the fuel and energy sector of the Republic of Uzbekistan. For this reason, deepening and strengthening supplier relationships is an ongoing commitment and is based on sharing skills, expertise and goals.

The Company entered into 2,992 contracts for the amount of UZS 9,521.8 billion, including:

- electronic procurement (through electronic and national shops, auctions, cooperation portals and on special trading platforms through electronic exchanges) – 2,055 contracts for the amount of UZS 1,181.0 billion;
- tenders – 11 contracts for the amount of UZS 339.1 billion (according to Public Procurement Act No. ZRU-684);
- by selection of best bids – 125 contracts for the amount of UZS 90.9 billion (according to Public Procurement Act No. ZRU-684);
- with individual suppliers – 225 contracts for the amount of UZS 510.5 billion;
- 576 contracts for the amount of UZS 7,400.3 billion (according to Resolutions of the President of the Republic of Uzbekistan and other regulatory legal documents, implemented mainly through direct contracting).



● **2,055 contracts** ..... **12.4%**

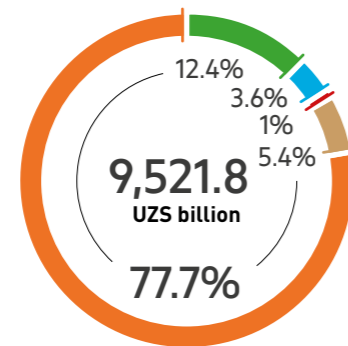
were signed through the electronic Procurement Portal (including electronic and national shops, auctions, cooperation portals and electronic exchanges on special trading platforms) for a total amount of UZS 1,181.0 billion

● **11 tenders** ..... **3.6%**

60 tenders were held for the amount of UZS 339.1 billion based on Public Procurement Act No. ORZ-472

● **125 contracts**..... **1.0%**

for the amount of UZS 90.9 billion were signed by selection of best bids



● **576 contracts** ..... **77.7%**

for the amount of UZS 7,400.3 billion were signed on the basis of regulatory legal documents (according to Statements of the President, the Cabinet of Ministers)

● **225 contracts**..... **5.4%**

for the amount of UZS 510.5 billion were signed with individual suppliers

A balanced approach to procurement and improvement of procurement procedures allowed the Company to save UZS 167.2 billion in 2022.

Pursuant to Decree No. 99 dated 24 January 2022 of the President of the Republic of Uzbekistan "On Measures to Create an Effective System of Production Development and Expansion of Industrial Cooperation in the Country", in order to improve the efficiency of work in the direction of localisation, expansion of production cooperation, as well as transparency of procurement at the production facilities of Uzbekneftegaz JSC, meetings were organised with the participation of leading domestic production enterprises of our republic, representatives of foreign organisations, journalists and bloggers.

On 28 February 2022, a meeting with more than 100 domestic manufacturers, journalists and bloggers was held at the Uzbekistan GTL plant. As part of the meeting, a separate Demonstration Hall was

organised, where a total of more than 3,000 types of products required to meet the needs of the plant were displayed. As a result of the event, 21 memoranda on cooperation with domestic manufacturers were signed for the amount of UZS 1.8 billion.

At the same time, the Company has to import a number of goods that are not produced in the country: chemical reagents (diethylene glycol, methyldiethanolamine, ethanolamine), tubing, casing and steel pipes, and process equipment. Goods are imported from the PRC, Russia, Ukraine, Germany and the USA. In 2022, imports are USD 473.5 million, which is higher than the level of 2021 by USD 9.4 million, or 2.0%. The main imports are hydrocarbon raw materials (oil, gas oil) (USD 331.4 million) and pipe products (USD 96.5 million) used in geological exploration and well workovers.

### Improving the Procurement Process

Completed projects	Current projects	Upcoming projects
<ul style="list-style-type: none"> <li>Centralisation of the procurement function at the level of the Management Apparatus with the creation and optimisation of the staff of the relevant subdivision.</li> <li>Internal regulations for the supply chain were developed. In particular, the practice of avoiding unjustified and repeated purchases was introduced by involving in production processes products that have been stored in the Company's warehouses for many years, and primarily when there is demand for goods and material resources.</li> <li>Inventory management system and stock barcoding on the basis of 1C (1C: Warehouse) for the purpose of material resources accounting, turnover control and stock management was implemented.</li> <li>Centralisation of the procurement function at the level of the Management Apparatus with the creation of a supply matrix.</li> <li>After a thorough study of the experience of local and international companies, a Procurement Transformation Office was established, developed and approved by an appropriate decision of the Board governing the office.</li> </ul>	<ul style="list-style-type: none"> <li>Development of a system for automation of end-to-end business process: "From order to payment" on the basis of 1C (1C: Logistics).</li> <li>Development of the project of the existing warehouse network with modernisation/removal of redundant warehouse facilities outside the Company's perimeter.</li> <li>Implementation of category management.</li> <li>Implementation of an electronic system for accounting the movement of goods and material resources "E-Warehouse".</li> <li>Development and implementation of the KPI system for the Procurement Department.</li> <li>Development of a project to improve the professional competences of supply chain staff.</li> <li>Launching a project to create and implement a unified nomenclature reference information (NRI) together with a consulting company.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of a system for automation of end-to-end business process: "From order to payment" on the basis of 1C (1C: Logistics).</li> <li>Implementation of a project to develop a unified model of warehouse logistics for logistics warehouses and finished product warehouses of Uzbekneftegaz JSC;</li> <li>Implementation of a project to improve the professional competences of supply chain staff.</li> <li>Implementation of a project to create and implement a unified nomenclature reference information (NRI) together with KPMG, consulting company.</li> <li>Creation of a single service for NRI maintaining.</li> <li>Development of integration of systems 1C: Logistics, 1C: Warehouse, 1C: Contract and 1C: Accounting.</li> <li>Development of a project for the formation and implementation of a new operating model of the procurement system together with a consulting company (Procurement Transformation).</li> </ul>



## LOCALISATION AND EXPANDING COOPERATION TIES

GRI 3-3, GRI 203-2, GRI 415-1

The Company is a strong supporter of programmes aimed at locating production facilities and cooperation, and is also the largest client for a number of companies in the Republic of Uzbekistan, indirectly supporting the employment of citizens, creating new jobs, and contributing to the economic sustainability of partner enterprises located in different regions of the country.

In recent years, the Republic of Uzbekistan has been actively promoting a policy of import substitution and the establishment of production facilities for goods imported into the country, which have a steady demand not only in the domestic market, but also in the markets of the Central Asian region and the CIS countries. Since 2018, the Company has made a significant contribution by more than tripling the share of domestic manufacturers in procurement from 8.5% in 2018 to 30% in 2022.

In 2019, a new system of production localisation was established, as a result of which products worth UZS 8.6 trillion were mastered in 57 projects over 3 years. In 2022, production of 19 types of products worth UZS 4.1 trillion was mastered.

The main indicative criterion of the effectiveness of work on expanding cooperation ties is the reduction of imports. Over the past 4 years, imports have decreased from USD 865 million in 2018 to USD 473 million in 2022.

Currently, thanks to the work done in the direction of localisation and expansion of cooperation ties, the production of over 30 types of products for the needs of Uzbekneftegaz JSC has been mastered, including:

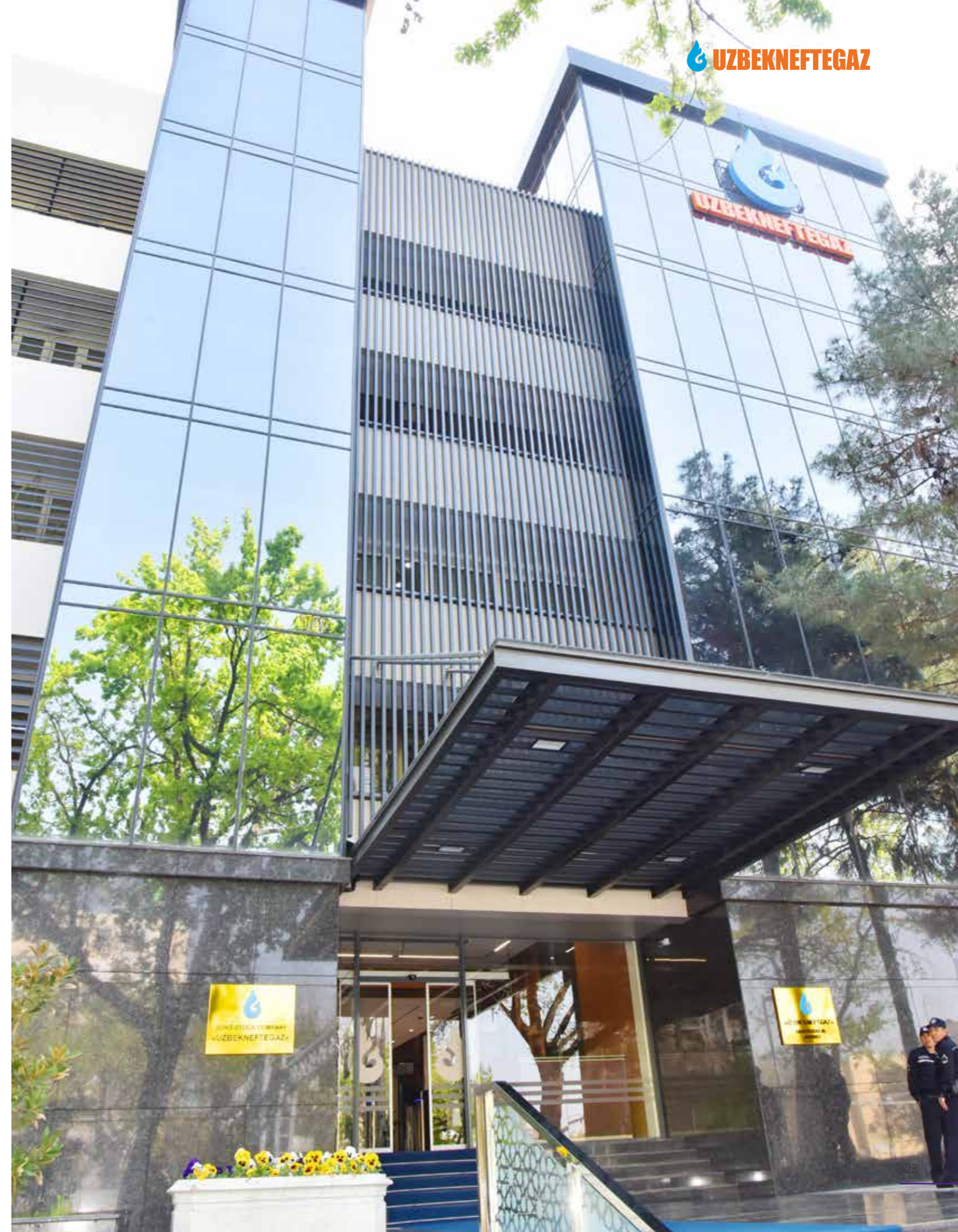
- Process and Water Chemicals LLC – production of 11 different types of chemical reagents, including

chemical elements under Foamtrol AF 1440E, Depositrol SF 5100, Gengard GN 7004, Cortrol OS5614 brands;

- Carbon-Polymer LLC – PTFE gasket and PTFE sealing tape;
- MANOKIP ZAVODI LLC – manometers and sensors measuring gas flow and pressure;
- ZOLOTUE RUNO LLC – iron sulphate, buffer solutions;
- IT MAX LLC – metal-graphite gaskets;
- SPECIAL WORK SERVICE LLC – differential pressure gauges, membranes and diaphragms;
- KARMANA GOLD MINE Private Company – air filters CY-2612;
- Neo Stekloplast LLC – blades for air cooling units;
- GLOBAL WATER ENGINEERING LLC – corrosion inhibitors and descaling agents for reverse osmosis system;
- Shturval LLC – silica gel and activated carbon granules;
- Geotech Motors LLC – Proton-25/160 block – complex equipment for hydrate prevention in wells;
- SDK Group And LLC – industrial air and oil filters;
- Calpet plastic LLC – masterbatch;
- Navoi Azot LLC – new grade caustic soda;
- MakhSusenerGogaz JSC – industrial services, and others.

Over the last three years, under the localisation programme, production of drip irrigation systems (Shurtan Gas Chemical Complex LLC), QuWatt AI-95 gasoline, liquid oxygen (Bukhara Refinery LLC), high-purity nitrogen and hydrogen (Uz-Kor Gas Chemical JV LLC) was mastered, as a result of which the Company significantly reduced the volume of purchases of foreign products.

From 2020 to 2022, imports of foreign products were reduced by USD 1 billion, including USD 863.2 million (86.3%) due to localisation of production and USD 177.8 million (17.7%) due to increased cooperation ties.



## APPENDIX 1. ABOUT THE REPORT

GRI 2-2, GRI 2-3, GRI 2-4

Sustainability Report of Uzbekneftegaz JSC for 2022 highlights the Company's sustainability performance for the period from 1 January to 31 December 2022 and also contains some retrospective and forecast

indicators. The Report has been prepared in accordance with the Global Reporting Initiative Standards (GRI Standards) and the following reporting principles set out in GRI-1 (2021):

- **Accuracy** – correct and detailed data was used in the preparation of the Report;
- **Balance** – the information in the Report is disclosed in such a way as to accurately characterise positive and negative trends;
- **Clarity** – the information is disclosed in a clear and understandable way;
- **Comparability** – the information is disclosed in such a way as to enable comparison of the performance of the reporting and past periods, as well as with the performance of other organisations;
- **Completeness** – the amount of information is sufficient to assess performance for the relevant period;
- **Sustainability context** – the information in this Report is disclosed in the broad context of sustainability;
- **Timeliness** – the Company endeavours to provide information on a regular basis to enable readers of the Report to make timely decisions;
- **Verifiability** – the Report is designed to enable all stakeholders to assess the reliability of the information it contains.

To determine the content of this Report, a stakeholder survey was conducted among shareholders, management, staff, customers, government officials, business partners, media representatives and non-governmental organisations. Based on the results of the survey, the most material topics to be disclosed in the Report were identified. The topics that received the highest ratings from stakeholders, highlighted in yellow in the matrix below, were considered material.

The process of preparing the Report and disclosure of material topics is coordinated by the Company's ESG Implementation Department with the active participation of all structural subdivisions concerned. The review and final approval of the Report is carried out by the Supervisory Board.

The information on sustainability disclosed in the Report relates to the activities of business

units and subsidiaries of Uzbekneftegaz JSC (see Appendix 3). In cases where the reporting boundaries for certain indicators differ from those described above, information on business units included in the reporting boundaries is provided additionally in the text of the Report.

This Report contains revised data on greenhouse gas emissions. The change in the indicators compared to those contained in the Sustainability Report for the previous period was due to changes in the methodology for calculating emissions.

There was no external assurance of the Report. Nevertheless, the Company recognises the importance of external assurance of sustainability information and considers the possibility of certification of non-financial information in the future.

# APPENDICES

## APPENDIX 2. GRI INDEX

GRI 1

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 1: Foundation (2021)</b>			
<b>GRI 2: General Disclosures (2021)</b>			
<b>2-1</b>	About the Company	Profile of Uzbekneftegaz JSC	8
		Company Milestones	10
		Corporate Strategy	12
		Share Capital Structure	80
<b>2-2</b>	Entities included in the organization's sustainability reporting	Appendix 1. About the Report	125
		Appendix 3. List of Subsidiaries and Affiliates	140
<b>2-3</b>	Reporting period, frequency and contacts	Appendix 1. About the Report	125
		Contact Information	147
<b>2-4</b>	Restatement of information	Appendix 1. About the Report	125
<b>2-5</b>	External assurance	There was no external assurance	
<b>2-6</b>	Activities, value chain and other business relationships	Corporate Strategy	12
		Business Model and Corporate Structure of Uzbekneftegaz JSC	14
		Geography of Activities	16
		Resource Portfolio and Production Facilities	20
		Uzbekistan GTL Plant Launch	26
<b>2-7</b>	Employees	Caring about employees	38
<b>2-8</b>	Workers who are not employees	All employees are full-time employees with whom employment contracts have been concluded	

Indicator	Disclosure	Report Section/Comment	Page
<b>2-9</b>	Structure and composition of governance bodies	Corporate Governance System	79
		Governance Bodies	82
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<b>2-10</b>	Nomination and selection of the highest governance body	The Supervisory Board	84
<b>2-11</b>	Chair of the highest governance body	The Supervisory Board	84
<b>2-12</b>	Role of the highest governance body in overseeing the management of impacts	Sustainability Management System	29
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<b>2-13</b>	Delegation of responsibility for managing impacts	Sustainability Management System	29
		Environmental Management System	63
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<b>2-16</b>	Communication of critical concerns	Compliance Control and Conflict of Interest Management	95
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		Feedback Channels	98
		Risk Management	100
<b>2-17</b>	Collective knowledge of the highest governance body	The Supervisory Board	84
<b>2-18</b>	Evaluation of the performance of the highest governance body	No evaluation was carried out in the reporting period.	
<b>2-19</b>	Remuneration policy	Remuneration	94

Indicator	Disclosure	Report Section/Comment	Page
2-20	Process to determine remuneration	Remuneration	94
2-21	Ratio of the annual remuneration paid	Remuneration	94
2-22	Statement on sustainable development strategy	Message from the Chairman of the Board	4
2-23	Policy commitments	Sustainability Management	28
		ESG Transformation	103
2-24	Embedding policy commitments	Sustainability Management	28
		ESG Transformation	103
2-25	Processes to remediate negative impacts	No significant adverse environmental and social impacts were recorded in 2022	
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics	94
		Compliance Control and Conflict of Interest Management	95
		Feedback Channels	98
2-27	Compliance with laws and regulations	Compliance Control and Conflict of Interest Management	95
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2-28	Membership associations	The Company is not a member of any industry associations	
2-29	Approach to stakeholder engagement	Stakeholder Engagement	36
		Disclosures	81
		Feedback Channels	98
2-30	Collective bargaining agreements	Labour Practices	44
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3-2	List of material topics	Material Topics	35

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 201: Economic performance (2016)</b>			
3-3	Management approach	Overview of Financial and Operating Activities	115
		Direct Economic Value Generated and Distributed	118
201-1	Direct Economic Value Generated and Distributed	Overview of Financial and Operating Activities	115
		Direct Economic Value Generated and Distributed	118
201-2	Financial implications and other risks and opportunities due to climate change	No climate impact assessment of the projects financed by the Company has been carried out.	
201-3	Defined benefit plan obligations and other retirement plans	All employees of the Company are covered by the state pension system and pay mandatory pension contributions.	
201-4	Financial assistance received from the Government	In the reporting period, the Company did not receive financial assistance from the Government	
<b>GRI 202: Market presence (2016)</b>			
3-3	Management approach	The Supervisory Board	84
		The Management Board	88
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202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Staff Composition	42
202-2	Percentage of senior management at significant locations of operation that are hired from the local community	The Supervisory Board	84
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		Localisation and Expanding Cooperation Ties	122
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<b>203-2</b>	Significant indirect economic impacts	Contribution to the Socio-Economic Development of the Regions of Operations	56
		Procurement Activities	119
		Localisation and Expanding Cooperation Ties	122
<b>GRI 205: Anti-corruption (2016)</b>			
<b>3-3</b>	Management approach	Anti-Corruption	96
<b>205-1</b>	Operations assessed for risks related to corruption	Anti-Corruption	96
<b>205-2</b>	Communication and training on anti-corruption policies and procedures	Anti-Corruption	96
<b>205-3</b>	Confirmed incidents of corruption and actions taken	Anti-Corruption	96
<b>GRI 207: Taxes (2016)</b>			
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<b>207-1</b>	Approach to tax	Taxation	116
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Indicator	Disclosure	Report Section/Comment	Page
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<b>GRI 301: Materials (2016)</b>			
<b>3-3</b>	Management approach	Resource Portfolio and Production Facilities	20
		Uzbekistan GTL Plant Launch	26
		Waste Management	73
<b>301-1</b>	Materials used by weight or volume	Resource Portfolio and Production Facilities	20
		Uzbekistan GTL Plant Launch	26
<b>301-2</b>	Recycled input materials used	Waste Management	73
<b>301-3</b>	Reclaimed products and their packaging materials	The Standard is not applicable to the Company's operations.	
<b>GRI 302: Energy (2016)</b>			
<b>3-3</b>	Management approach	Energy Consumption	65
<b>302-1</b>	Energy consumption within the organisation	Energy Consumption	65
<b>302-2</b>	Energy consumption outside the organisation	No assessment has been carried out.	
<b>302-3</b>	Energy intensity	Energy Consumption	65
<b>302-4</b>	Reduction of energy consumption	Energy Consumption	65
<b>302-5</b>	Reductions in energy requirements of products and services	The Standard is not applicable to the Company's operations.	
<b>GRI 303: Water and effluents (2018)</b>			
<b>3-3</b>	Management approach	Water Conservation	70
<b>303-1</b>	Interaction with water as a shared resource	Water Conservation	70

Indicator	Disclosure	Report Section/Comment	Page
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<b>303-3</b>	Water intake	Water Conservation	70
<b>303-4</b>	Water discharge	Water Conservation	70
<b>303-5</b>	Water consumption	Water Conservation	70
<b>GRI 304: Biodiversity (2016)</b>			
<b>3-3</b>	Management approach	Biodiversity Conservation	74
<b>304-1</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Conservation	74
<b>304-2</b>	Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation	74
<b>GRI 305: Emissions (2016)</b>			
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<b>305-3</b>	Other indirect (Scope 3) GHG emissions	No assessment has been carried out.	
<b>305-4</b>	GHG emissions intensity	Air Protection	71
<b>305-5</b>	Reduction of GHG emissions	Greenhouse Gas Emissions	68

Indicator	Disclosure	Report Section/Comment	Page
<b>305-6</b>	Air emissions of ozone-depleting substances	The Company's operations do not involve air emissions of trichlorofluoromethane.	
<b>305-7</b>	Air emissions of nitrogen oxide (NOX), sulfur oxide (SOX), and other significant pollutants	Air Protection	71
<b>GRI 306: Waste (2020)</b>			
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<b>306-1</b>	Waste generation and significant waste-related impacts	Waste Management	73
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<b>306-3</b>	Waste generated	Waste Management	73
<b>306-4</b>	Waste diverted from disposal	Waste Management	73
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<b>3-3</b>	Management approach	Environmental Compliance	65
<b>307-1</b>	Non-compliance with environmental laws and regulations	Environmental Compliance	65
<b>GRI 308: Supplier environmental assessment (2016)</b>			
<b>3-3</b>	Management approach	There was no supplier environmental screening.	
<b>308-1</b>	New suppliers that were screened using environmental criteria		
<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken		

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 401: Employment (2016)</b>			
<b>3-3</b>	Management approach	HR Management	40
		Staff Composition	42
		Social Benefits	45
<b>401-1</b>	New employee hires and employee turnover	HR Management	40
		Staff Composition	42
<b>401-2</b>	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Social Benefits	45
<b>401-3</b>	Parental leave	Social Benefits	45
<b>GRI 402: Labor/management relations (2016)</b>			
<b>3-3</b>	Management approach	Labour Practices	44
<b>402-1</b>	Minimum notice periods regarding operational changes	Labour Practices	44
<b>GRI 403: Occupational health and safety (2018)</b>			
<b>3-3</b>	Management approach	Social Benefits	45
		Occupational Health and Safety	50
<b>403-1</b>	Occupational health and safety management system	Occupational Health and Safety	50
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety	50
<b>403-3</b>	Occupational health services	Occupational Health and Safety	50

Indicator	Disclosure	Report Section/Comment	Page
<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety	50
<b>403-5</b>	Worker training on occupational health and safety	Occupational Health and Safety	50
<b>403-6</b>	Promotion of worker health	Social Benefits	45
		Occupational Health and Safety	50
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety	50
<b>403-8</b>	Workers covered by an occupational health and safety management system	Occupational Health and Safety	50
<b>403-9</b>	Work-related injuries	Occupational Health and Safety	50
<b>403-10</b>	Work-related ill health	Occupational Health and Safety	50
<b>GRI 404: Training and education (2016)</b>			
<b>3-3</b>	Management approach	Staff Training and Development	47
<b>404-1</b>	Average hours of training per year per employee	Staff Training and Development	47
<b>404-2</b>	Programmes for upgrading employee skills and transition assistance programmes	Staff Training and Development	47

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 405: Diversity and equal opportunity (2016)</b>			
<b>3-3</b>	Management approach	Staff Composition	42
<b>405-1</b>	Diversity of governance bodies and employees	Staff Composition	42
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	Staff Composition	42
<b>GRI 406: Non-discrimination (2016)</b>			
<b>3-3</b>	Management approach	Labour Practices	44
		Diversity and Equal Opportunities	49
<b>406-1</b>	Incidents of discrimination and corrective actions taken	No incidents of discrimination were recorded in 2022	
<b>GRI 407: Freedom of association and collective bargaining (2016)</b>			
<b>3-3</b>	Management approach	Labour Practices	44
<b>407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The Company does not restrict the right of employees to associate and form trade unions	
<b>GRI 408: Child labour (2016)</b>			
<b>3-3</b>	Management approach	Labour Practices	44
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labour	The Company does not use child labour. No incidents of child labour were recorded at suppliers.	
<b>GRI 409: Forced or compulsory labour (2016)</b>			
<b>3-3</b>	Management approach	Labour Practices	44

Indicator	Disclosure	Report Section/Comment	Page
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labour	The Company does not use forced or compulsory labour. No incidents of forced or compulsory labour were recorded at suppliers.	
<b>GRI 410: Security practices (2016)</b>			
<b>3-3</b>	Management approach	No human rights training was provided.	
<b>410-1</b>	Security personnel trained in human rights policies or procedures		
<b>GRI 411: Rights of indigenous peoples (2016)</b>			
<b>3-3</b>	Management approach	In the reporting year, no incidents of violations involving rights of indigenous peoples were recorded.	
<b>411-1</b>	Incidents of violations involving rights of indigenous peoples		
<b>GRI 413: Local communities (2016)</b>			
<b>3-3</b>	Management approach	Contribution to the Socio-Economic Development of the Regions of Operations	56
		Cooperation with Higher and Secondary Specialised Educational Institutions	48
<b>413-1</b>	Operations with local community engagement, impact assessments, and development programmes	Contribution to the Socio-Economic Development of the Regions of Operations	56
		Cooperation with Higher and Secondary Specialised Educational Institutions	48
<b>413-2</b>	Operations with significant actual and potential negative impacts on local communities	No incidents of negative impacts on local communities were recorded in the reporting year.	

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 414: Supplier social assessment (2016)</b>			
<b>3-3</b>	Management approach	There was no supplier social assessment.	
<b>308-1</b>	New suppliers that were screened using social criteria		
<b>308-2</b>	Negative social environmental impacts in the supply chain and actions taken		
<b>GRI 415: Public policy (2016)</b>			
<b>3-3</b>	Management approach	Strategic Goals, Objectives and Priorities	12
		Contribution to the Socio-Economic Development of the Regions of Operations	56
		Procurement Activities	119
<b>415-1</b>	Public policy	Strategic Goals, Objectives and Priorities	12
		Contribution to the Socio-Economic Development of the Regions of Operations	56
		Procurement Activities	119
<b>GRI 416: Consumer health and safety (2016)</b>			
<b>3-3</b>	Management approach	The Company manufactures products that meet international standards of environmental safety.	
<b>416-1</b>	Assessment of the health and safety impacts of product and service categories		
<b>416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance concerning the health and safety impacts of products and services were recorded in the reporting year.	

Indicator	Disclosure	Report Section/Comment	Page
<b>GRI 417: Marketing and labelling (2016)</b>			
<b>3-3</b>	Management approach	There are no regulatory requirements for product labelling.	
<b>417-1</b>	Requirements for product and service information and labelling		
<b>417-2</b>	Incidents of non-compliance concerning product and service information and labelling		
<b>417-3</b>	Incidents of non-compliance concerning marketing communications		
<b>GRI 418: Customer privacy (2016)</b>			
<b>3-3</b>	Management approach	The Company's activities do not involve the collection and storage of consumer personal data.	
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data		

## APPENDIX 3. LIST OF SUBSIDIARIES AND AFFILIATES

GRI 2-2

Name	Main activities	Share of Uzbekneftegaz JSC in the authorised capital
<b>Subsidiaries</b>		
UZLITINEFTGAZ JSC	Research and Development	<b>51.03%</b>
Uzneftgazquduqta'mirlash JSC	Workover and reconditioning and bringing-in of oil and gas wells	<b>74.00%</b>
Shurtan Gas Chemical Complex LLC	Oil and Gas Processing	<b>100.00%</b>
Bukhara Oil Refinery LLC	Oil and Gas Processing	<b>100.00%</b>
Chinaz Oil Refinery LLC	Oil and Gas Processing	<b>100.00%</b>
Uzbekistan GTL LLC	Oil and Gas Processing	<b>100.00%</b>
Andijan Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Bukhara Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Gulistan Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Jizzax neft baza JSC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Karshi Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Kuchluk Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Marokand Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Navoi Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Takhiatash Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>

Name	Main activities	Share of Uzbekneftegaz JSC in the authorised capital
Termez Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Turakurgan Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Urgench Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Ferghana Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Chinabad Oil Depot LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
UNG Petro LLC	Transportation and Storage of Petroleum Products	<b>100.00%</b>
Journal of Oil and Gas LLC	Print media	<b>100.00%</b>
Qurilish – Montaj Va Ta` Mirlash Boshqarmasi LLC	Construction, assembly and repair	<b>100.00%</b>
UNG Gas Chemical Investment LLC	Financing, construction, ownership, operation and maintenance of the investment project "Production and Capacity Expansion of Shurtan Gas Chemical Complex"	<b>99.00%</b>
Neftgazinnovatsiya LLC	Research, Development and Innovations	<b>96.90%</b>
UNG Bo'stonliq LLC	Construction and Engineering	<b>100.00%</b>
UNG-training LLC	Personnel Training	<b>100.00%</b>
Neft gaz bino inshoot LLC	Working Environment for the Executive Office of Uzbekneftegaz JSC	<b>100.00%</b>
Uzneftgazburghulash ishlari LLC	Well Drilling	<b>100.00%</b>
Muboraksuvta'minot LLC	Water Collection, Treatment and Distribution	<b>100.00%</b>
Mingchinor Sanatoriumasi LLC	Recreational Services	<b>100.00%</b>
Marjon Sanatorium Prophylactorium LLC	Recreational Services	<b>100.00%</b>
UNG Medline LLC	First Aid Treatment	<b>100.00%</b>
Yangisifat LLC	Manufacture of Bricks, Tiles and Other Building Products from Fired Clay	<b>100.00%</b>

Name	Main activities	Share of Uzbekneftegaz JSC in the authorised capital
Chigil Neftgaz LLC	Drilling Operations	100.00%
Shurtangaz Makhsulot LLC	Production and Sales of Liquefied Gas	100.00%
Konstruktorlik va tehnologik hujjatlarni ishlab chiqish markazi LLC	Development of Design and Production Documentation	100.00%
Temir Yul-Khizmat LLC	Carriage of Bulky Goods by Rail, Road and Air Transport	100.00%
Uzgazengineering LLC	Engineering Works, Design, Construction and Commissioning of Production Facilities, Reliable Management of Investment Assets of Enterprises	100.00%
Khodjeyli UP ORTP	Wholesale and Retail Trade	100.00%
<b>Joint Ventures</b>		
KOKDUMALOQ-GAZ JV LLC	Utilisation of Low-Pressure and Associated Gases during Construction of Compressor Stations at Oil and Gas Condensate Fields	62.50%
TATNEFT-UNG JV LLC	Petrol Stations	49.00%
UZ-KOR GAZ CHEMICAL JV LLC	Hydrocarbon Extraction and Processing	50.00%
ASIA TRANS GAS JV LLC	Public Pipeline Transport	50.00%
GISSARNEFTGAZ JV LLC	Geological Exploration and Bringing Fields into Development	55.00%
NATURAL GAS-STREAM JV LLC	Hydrocarbon Exploration, Development, Production, Processing, Transportation, and Sales	50.00%
New Silk Road Oil and Gas JV LLC	Hydrocarbon Exploration, Development, Production, Processing, Transportation, and Sales	50.00%

Name	Main activities	Share of Uzbekneftegaz JSC in the authorised capital
Andijanpetro JV LLC	Oil Production	50.00%
<b>Associates</b>		
Makhsusenergogaz JSC	Services to Pipeline Transport, Oil and Gas Processing Enterprises	40.99%
UNG ENK MOBILE JV LLC	Production of Metal Tanks, Reservoirs and Containers	50.00%
Mingbulakneft JV LLC	Construction and Assembly at Oil and Gas Production, Transportation and Processing Facilities	50.00%
Markaziy Osiyo Sanoat Gas JV LLC	Development, Construction, Operation and Maintenance of GHG	40.00%

## Abbreviations and Acronyms

<b>ADB</b>	Asian Development Bank
<b>APCMS</b>	Automated Power Consumption Metering System
<b>CGC</b>	Corporate Governance Code
<b>CIS</b>	Commonwealth of Independent States
<b>CO<sub>2</sub>e</b>	Carbon dioxide equivalent (a unit of measurement of GHG emissions)
<b>EBITDA</b>	Earnings before Interest, Taxes and Amortisation
<b>Eng.</b>	Engineering Staff
<b>EPC</b>	Engineering, Procurement, Construction
<b>ERP</b>	Enterprise Resource Planning
<b>ESG</b>	Environmental, Social and Governance
<b>F&amp;L</b>	Fuels and Lubricants
<b>FS</b>	Filling Station
<b>FS</b>	Feasibility Study
<b>Gcal</b>	Gigacalorie
<b>GCC</b>	Gas Chemical Complex
<b>GDP</b>	Gross Domestic Product
<b>GGP</b>	Greenhouse Gas Protocol
<b>GHG</b>	Greenhouse Gases
<b>GJ</b>	Gigajoule
<b>GPD</b>	Gas Production Department
<b>GPP</b>	Gas Processing Plant
<b>GRI</b>	Global Reporting Initiative
<b>GS</b>	Gas Station
<b>GTL</b>	Gas-to-Liquid
<b>HR</b>	Human Resources
<b>IFRS</b>	International Financial Reporting Standards
<b>IPO</b>	Initial Public Offering
<b>ISA</b>	International Standards on Auditing
<b>ISO</b>	International Organisation for Standardisation

<b>JSC</b>	Joint Stock Company
<b>JV</b>	Joint Venture
<b>KPI</b>	Key Performance Indicators
<b>kWh</b>	Kilowatt-Hour
<b>LLC</b>	Limited Liability Company
<b>LTFT</b>	Low Temperature Fischer-Tropsch
<b>M&amp;R</b>	Maintenance and Repair
<b>Media</b>	Mass Media
<b>MWh</b>	Megawatt-Hour
<b>OGPD</b>	Oil and Gas Production Department
<b>OHS</b>	Occupational Health and Safety
<b>OR</b>	Oil Refinery
<b>PDCA</b>	Plan-Do-Check-Act
<b>PJSC</b>	Public Joint Stock Company
<b>PRC</b>	People's Republic of China
<b>PRMS</b>	Petroleum Resources Management System
<b>PS</b>	Petrol Station
<b>R&amp;D</b>	Research and Development
<b>RES</b>	Renewable Energy Sources
<b>RRI</b>	Regulatory Reference Information
<b>RSA</b>	Republic of South Africa
<b>SDG</b>	Sustainable Development Goal
<b>TPP</b>	Thermal Power Plant
<b>UN</b>	United Nations Organisation
<b>UOHSEMS</b>	Unified Occupational Health, Safety and Environment Management System
<b>USA</b>	United States of America
<b>Uzbekneftegaz JSC, the Company</b>	Uzbekneftegaz Joint Stock Company
<b>W</b>	Watt

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GRI 2-3

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