



UZBEKNEFTEGAZ

STEWARDSHIP FOR PROSPEROUS FUTURE

SUSTAINABILITY REPORT FOR 2021

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MESSAGE FROM THE CHAIRMAN OF THE BOARD

GRI 102-14

Mehridin ABDULLAYEV

Chairman of the Board

DEAR COLLEAGUES AND PARTNERS,

The key goal of Uzbekneftegaz JSC is to strengthen the fuel and energy sector of the Republic of Uzbekistan, its balanced development, technological modernization and its reformation. This work is aimed at ensuring the country's energy security and economic growth, and, as a result, improving the quality of life of the citizens of the country. As part of our activities and with our daily work, we strive to create new opportunities for the population of Uzbekistan and contribute to the prosperity of our state and economics.

In addition, we focus on the long-term perspective and build our work based on the principles of sustainable development, taking into account the economic, environmental and social impact of our operating activities.

We provide a stable energy supply to the economy based on the efficient use of the industry's potential. We are working on the modernization and construction of energy facilities, improving the efficiency of equipment and increasing the processing depth. We are aiming to ensure the sustainable economic growth of the country, which is impossible without the efficient operation of the energy industry. In addition, we monitor our environmental and social impacts to ensure that this growth is balanced and sustainable.

Uzbekneftegaz JSC is working consistently on improving the quality of sustainability management. The Company's management constantly focuses on this area. When making key management and strategic decisions, we take into account the opinions and interests of a wide range of stakeholders: the state, owners, customers and partners, employees, and society.

The choice of priority areas for sustainable development is based on the principle of materiality: we assess areas where the impacts of the organization on society are the most significant, and it is on these impacts that we work primarily. In addition, we ensure the consistency of our work with the UN's Sustainable Development Goals, which represent the main global challenges for the modern world. As part of its operating activities, Uzbekneftegaz seeks to make a significant contribution to solving these global and local challenges.

Our environmental priority has been to reduce the company's carbon footprint and protect atmospheric air. Last year, in particular, we worked on the projects to improve the efficiency of steam boilers and other equipment. We also carry out compensatory tree planting and actively participate in the "Yashil Makon" national project. Another important environmental area of work is the sustainable use of water resources. In 2021, our work was focused on projects to reduce the wastewater disposal and improve the quality of its treatment. Separate projects are being implemented for environmental improvement in the regions.

In the social area, we ensure effective personnel management, support professional development, and create an inclusive environment for our employees. We are also working on a number of community and charity projects. Last year, the Company invested approximately UZS 64.2 billion (USD 6.06 million equivalent) in the development of education and professional training of the personnel. Almost UZS 69.5 billion (USD 6.56 million equivalent) was invested in the development of sports, medicine and the social well-being of society. In 2021, prevention of the negative impact of the coronavirus pandemic and protecting our employees also was an important part of our work.

We continue to improve the quality of corporate governance and ensure the transparency of our work. In 2021, we were highly rated based on the results of the corporate governance diagnostics, and we intend to maintain it in the future.

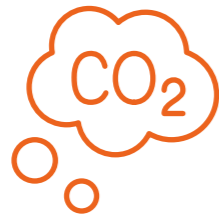
Uzbekneftegaz JSC undertakes voluntary commitments to care for the environment and care for people. As part of our activities and commitments, we are ready to actively participate in overcoming the challenges of sustainable development and support the balanced growth of the country's economy. In the future, the interests of a wide range of stakeholders and the principles of sustainability will remain the focus of everything we do.

Sincerely,
Chairman of the Board,
Mehridin Abdullayev.

OVERVIEW OF KEY SUSTAINABILITY INDICATORS

ENVIRONMENTAL

TOTAL GHG EMISSIONS
(Scope 1+2)



4.56 million tonnes CO₂ equivalent

2020: **4.3** million tonnes CO₂ equivalent

DECREASE IN TOTAL WATER WITHDRAWAL BY



12% to 35,421 megaliters

2020: **39,543** megaliters

WASTE TREATMENT



94% of waste was transferred for reuse

6% of waste was recycled

SOCIAL

TOTAL EMPLOYEES COUNT



37.7 thousand

COLLECTIVE BARGAINING AGREEMENT



100% of employees are covered by collective bargaining agreements

NUMBER OF EMPLOYEES WHO RECEIVED professional training



9016 people

CORPORATE GOVERNANCE

ETHICAL VIOLATIONS and violations of the Code of Conduct



0 cases

RESULT OF THE EVALUATION OF THE COMPANY'S CORPORATE GOVERNANCE SYSTEM (high level)



805 points

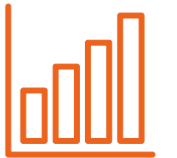
THE SHARE OF SENIOR MANAGEMENT IN THE REGIONS OF OPERATION hired from the local population



100%

ECONOMIC

NET PROFIT



5,515 billion UZS (USD 495 million)

increased by **17%**

SAVINGS DUE to localization of production and expansion of cooperative links



USD 321 million

CREDIT RATING was assigned by international credit rating agencies on the level

S&P Global Ratings

FitchRatings

BB-

EUROBONDS were successfully placed on the London Stock Exchange in the amount of



USD 700 million

The background of the entire page is a high-angle photograph of an oil refinery. It shows numerous large white storage tanks, a complex network of pipes, and several tall distillation columns under a clear blue sky. A large, semi-transparent blue flame graphic is overlaid on the right side of the image.

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MISSION AND STRATEGY

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-9, 102-10, 102-13, EM-EP-000.A, EM-EP-000.C

STRATEGIC DEVELOPMENT VISION OF UZBEKNEFTEGAZ JSC FOR 2020–2030

Uzbekneftegaz JSC (hereinafter – “Uzbekneftegaz”, the “Company” or the “Group”) is a modern, multi-level and vertically integrated company comprising over 50 enterprises – including 13 joint ventures, 10 main hydrocarbon production and processing enterprises, as well as a number of supervised enterprises. The Company commenced its business operations in 1992 as the only one oil and gas producing company in the Republic of Uzbekistan. As of 2021, the Company ranks 11th in terms of natural gas production in the world.

The activities of the oil and gas industry cover the entire chain of oil and gas operations from geological exploration, development of oil and gas fields, drilling, production to hydrocarbon processing, production of petroleum products, oil and gas and chemical equipment as well as providing consumers with petroleum products.

MISSION:

The Company's mission is to be an efficient commercial company focused on sustainable supply of high-quality fuel and energy resources to the Republic.

THE MAIN GOALS OF THE COMPANY ARE:

- Fast-paced development of the fuel and power industry of the Republic of Uzbekistan, ensuring balanced and sustainable activities at all stages of its reforming and technological upgrading, 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;
- Meeting the growing needs of consumers in the products of the fuel and power industry at affordable, competitive prices that ensure a return on investment, providing for the upgrade and reconstruction of existing enterprises in the fuel and energy industry, the construction of new facilities based on highly efficient technologies for the production and processing of energy resources, the improvement and automation of the electricity metering and control system 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, the implementation of appropriate geological and technical measures aimed at increasing hydrocarbon reserves in the subsoil, and increasing the production of these products.

THE MAIN TASKS OF THE COMPANY ARE:

- Increasing production efficiency and introducing advanced technologies for geological exploration and the processing of fuel and power resources to meet the demand in growing consumption for products of the fuel and energy industry;
- Increasing the economy's energy efficiency whilst simultaneously decreasing energy intensity through the creation of economic mechanisms to stimulate the rational use of energy resources by consumers;
- Reducing the level of the equipment wear rates through a phased upgrade, increasing the reserve capacity of both natural gas production and production of liquefied gas;
- Development and expansion of the use of renewable energy sources and their integration into the unified energy system of the Republic of Uzbekistan.

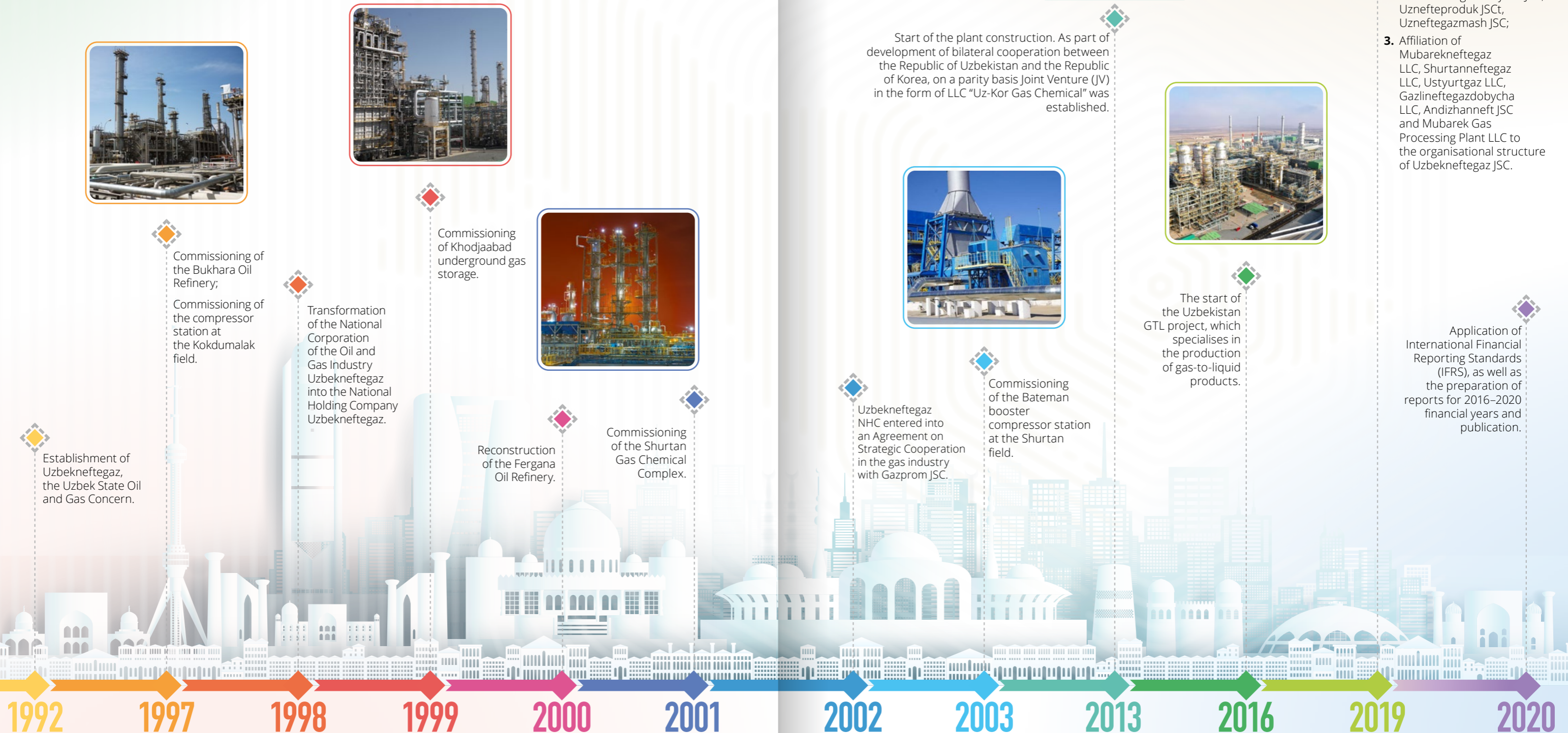
THE MAIN PRIORITY AREAS:

In order to successfully complete the above tasks and to achieve high results, it is necessary to ensure the implementation of the following main priority areas:

1. Sustainable energy supply to the economy and improving overall quality of life based on the most efficient use of the existing and further expansion of the industry's production capacities;
2. Upgrade and construction of energy facilities required to ensure the effective functioning of the local market by introducing advanced information and communication technologies;
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;
4. Increase in the extent of advanced processing of hydrocarbon raw materials, production of petrochemical products and alternative fuels by introducing modern innovative technologies;
5. Creating a comfortable social and investment environment to attract primarily long-term foreign direct investment
6. Improving corporate governance, increasing the transparency of financial and economic activities of organisations in the fuel and energy industry.



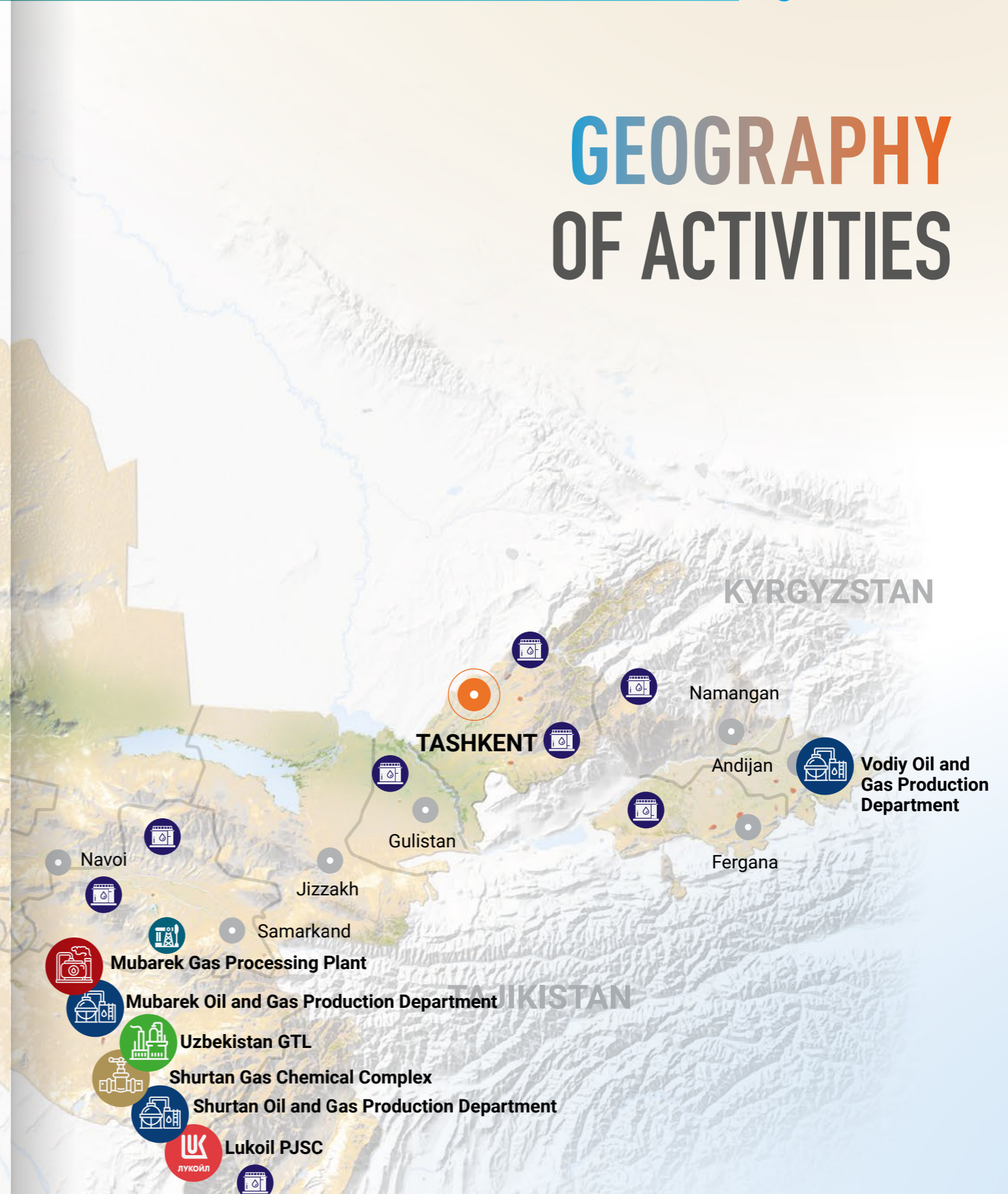
COMPANY MILESTONES



GEOGRAPHY OF ACTIVITIES



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



MAIN OIL AND GAS PRODUCING FIELDS:

MUBAREK OIL AND GAS PRODUCTION DEPARTMENT



Production and processing of natural gas and gas condensate, oil fields, two types of gas: high- and low-sulphur gas.



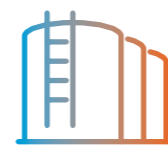
Headcount – **3,757** employees.



Operations areas: Kashkadarya, Bukhara and Navoi regions.



1,416 oil and gas wells.



Production is **16,350** million cubic metres of gas, **317.7** thousand tonnes of condensate.

SHURTAN OIL AND GAS PRODUCTION DEPARTMENT



Production and processing of natural gas and gas condensate, oil fields, sulphur and liquefied gas.



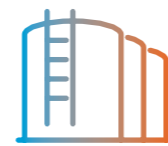
Headcount – **3,826** employees.



Operations areas: Kashkadarya region.



297 oil and gas wells.



Production is **9,139.0** million cubic metres of gas, **337.2** thousand tonnes of condensate, **186.9** thousand tonnes of liquefied gas, **2.1** thousand tonnes of sulphur.

USTYURT GAS PRODUCTION DEPARTMENT



Production of natural gas and gas condensate.



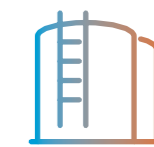
Headcount – **630** employees.



Operations areas: the Republic of Karakalpakstan in Kungrad and Muynak regions.



125 gas condensate wells.



Production is **3,873.9** million cubic metres of gas, **52.9** thousand tonnes of condensate.

GAZLI OIL AND GAS PRODUCTION DEPARTMENT



Production of natural gas, gas condensate, and liquefied natural gas, 2 types of gas: average-sulphur gas and gas without sulphur.



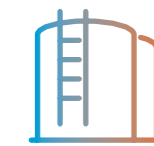
Headcount – **1,512** employees.



Operations areas: Bukhara region.



244 gas wells.



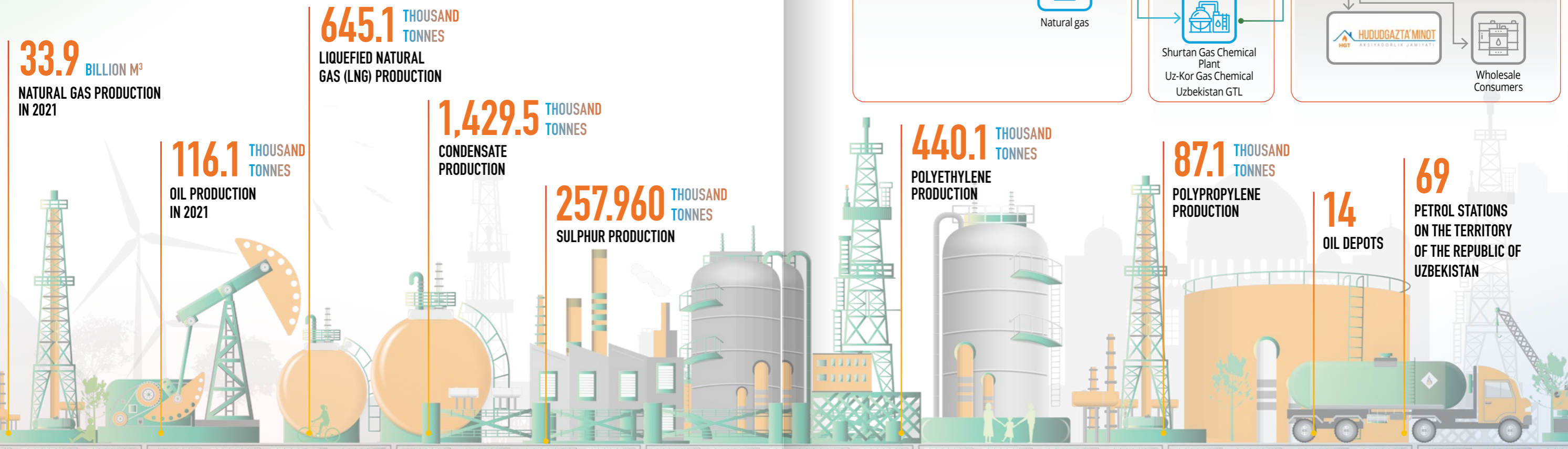
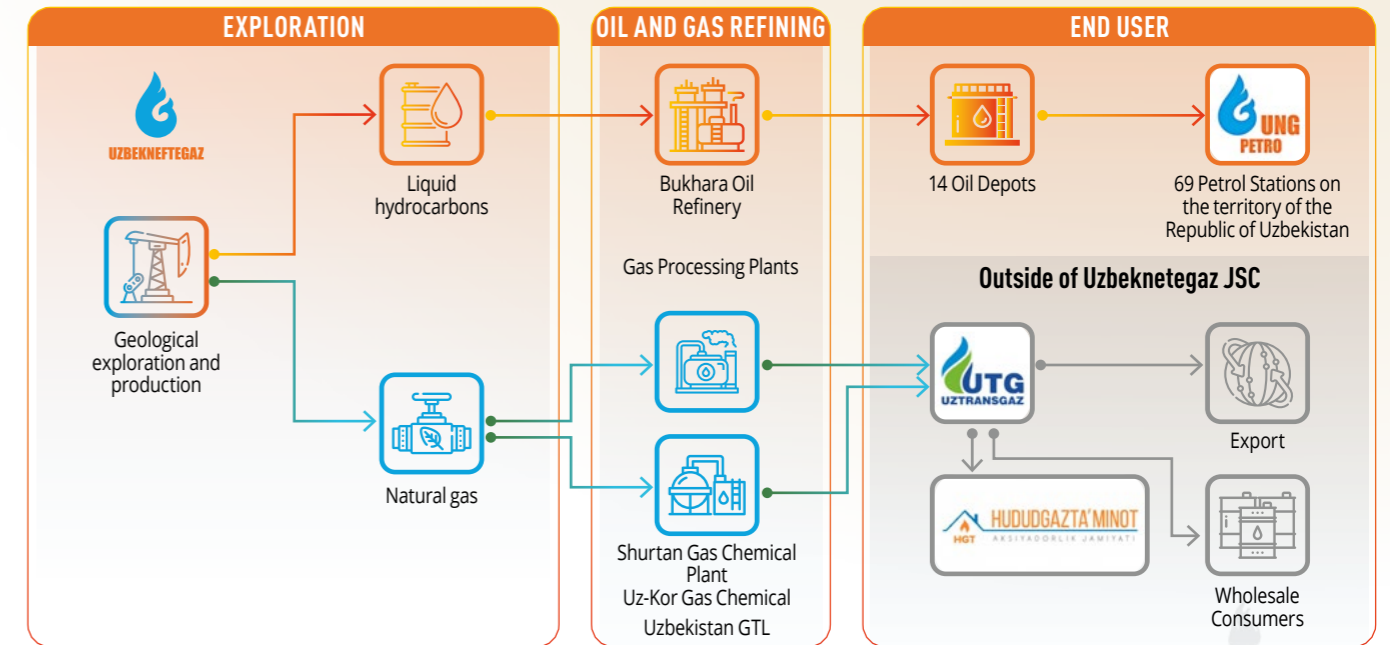
Production is **4,494.4** million cubic metres of gas, **98.8** thousand tonnes of condensate.

In addition to producing fields, Uzbekneftegaz has: six oil and gas processing plants, 14 oil depots located in nine regions of the country and a retail chain for the sale of products of UNG Petro LLC, entities engaged in research, design activities, as well as providing services in occupational health, safety and environment (O'ZLITINEFTEGAZ JSC, Journal of Oil and Gas LLC), five service providers and four educational institutions financed by the Company's funds.

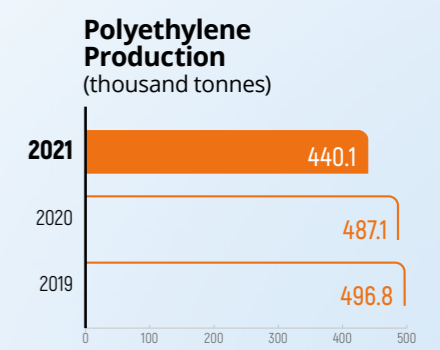
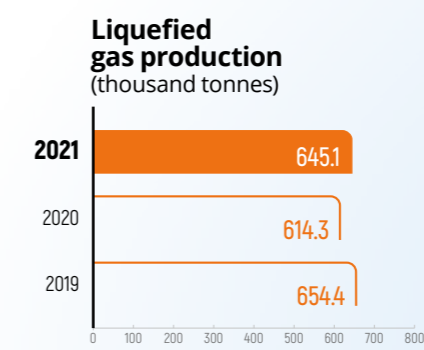
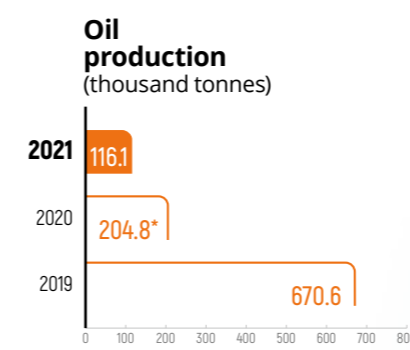
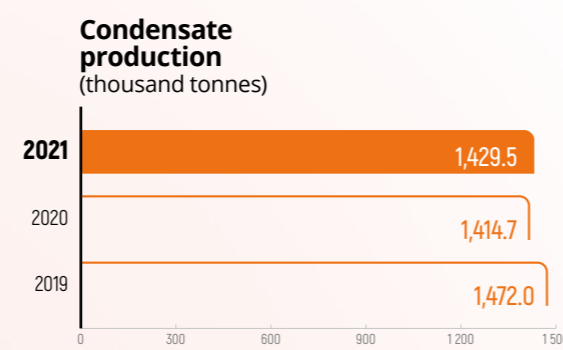
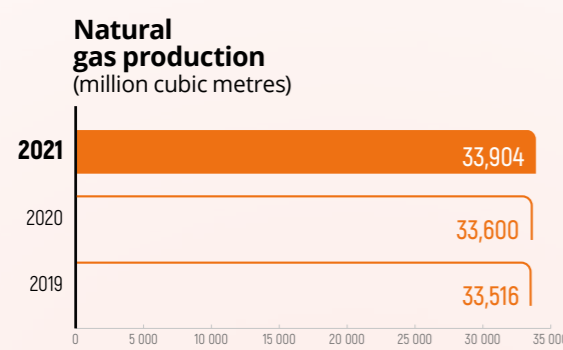
BUSINESS MODEL

Uzbekneftegaz, being a backbone company in the national oil and gas industry, facilitates the implementation of the concept for the development of the oil and gas industry of the Republic of Uzbekistan and will continue to do so until 2030. This concept defines the country's medium- and long-term tasks to improve fuel and energy supply.

The Company implements major tasks of the Government and the President of the Republic of Uzbekistan in order to increase the production of hydrocarbons, meet the needs of the economy and the population in oil and gas products by processing natural gas and oil products.



- 1 Geological exploration
- 2 Well-drilling
- 3 Hydrocarbons production
- 4 Oil and Gas processing
- 5 Extensive purification
- 6 Transportation and storage of petroleum products
- 7 Oil product sales



* Oil fields transferred to Jizzakh Petroleum LLC JV

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GRI 102-29

THE SUSTAINABILITY MANAGEMENT SYSTEM

Uzbekneftegaz JSC recognises the importance of its impact on economic development, the environment and society, and is continuously refining the Company's sustainable development management system to mitigate and remediate any adverse negative impacts. The principles and objectives in the field of sustainable development are integrated into the overall strategy and key business processes.

When determining priority areas of activity in sustainable development, Uzbekneftegaz JSC is guided by the UN Sustainable Development Goals for the period up to 2030, as well as the provisions of other international standards and initiatives in this area.

Priority areas of Uzbekneftegaz JSC in sustainable development:

- 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 issues of sustainable development management have been integrated in the responsibility at all levels of the Company's corporate governance system. 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, in line with the functional areas, are responsible for setting goals and implementing specific activities. In 2022, it is planned to create an ESG Implementation Unit under the Department of Transformation and Operational Efficiency, which will be responsible for systemic sustainability management, coordination of initiatives and increasing the information transparency of the sustainable development activities.

In 2022, the Company is planning to introduce the practice of issuing sustainability reports in line with the standards of the Global Reporting Initiative (GRI) and SASB every year. Reports publication will be coordinated by the ESG Implementation Department.

The main functions of ESG Implementation Department would be:

- On-going improvement and integration of sustainable development into the Company's business processes;
- Defining and monitoring progress towards goals related to key ESG aspects;
- Identification of risks in the social, environmental areas and the corporate governance;
- Effective engagement with all stakeholders;
- Professional development of employees in sustainable development;
- Implementation of initiatives in the main sustainable development area.



CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SUSTAINABLE DEVELOPMENT GOALS



We strongly support the UN Sustainable Development Goals (SDGs) and understand that business plays a key role in promoting and 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 value and jobs, developing people all while running our business responsibly. The Company recognises the importance of all 17 UN SDGs and, as part of its activities, strives to make a due contribution to their achievement and realisation. Based on the strategic goals of Uzbekneftegaz, we have set 13 priority UN SDGs for ourselves to which the Company makes its strongest contribution.



3 GOOD HEALTH AND WELL-BEING Goal 3: ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

- Our impact:**
- Provision of health coverage insurance to all employees and investing in medical facilities for employees;
 - Provision of ongoing safety training for all employees and compliance with international health and safety standards;
 - Making investments into social infrastructure projects aimed at taking care of employees' health and promoting a healthy lifestyle.

- Key events in 2021:**
- Implemented measures to prevent the negative impact of the coronavirus pandemic for the purpose of social protection of employees;
 - 889 employees received preferential treatment in rehabilitation centres;
 - 84 sporting events were held for the Company's employees;
 - Functional diagnostics department was set up at the polyclinic at the Shurtan gas chemical complex – a day hospital and an internal emergency room.
 - UNG Medline – opening a medical center for employees and their families.

UZS 68,952.3 million (USD 6.5 million) – total expenditure on the development of sports, medicine and social welfare of society

4 QUALITY EDUCATION Goal 4: ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

- Our impact:**
- Provision of financial support to employees who wish to pursue professional education;
 - Engagement into partnerships with local and foreign institutions of higher education;
 - Provision of grants for talented young people;
 - Organising training and internship programs for current students.

- Key events in 2021:**
- Memorandum was signed between JSC Uzbekneftegaz and the Tashkent Institute of Chemical Technology to further develop mutually beneficial cooperation in education and research in order to integrate education and production
 - Memorandum of cooperation was signed with Tashkent State Technical University;
 - Action roadmap was developed for further strengthening of scientific-technical and industrial cooperation between Bukhara Oil Refinery and JSC O'ZLITINEFTGAZ.

UZS 64,150.7 million (USD 6.05 million) – total expenditure on the development of education and employee training



Goal 5:
ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

Our impact:

- We conduct widespread work to increase the socio-political activity of women and to create conditions for the realization of their abilities and opportunities in various spheres;
- We do not tolerate any form of discrimination against female employees in the workplace.

Key events in 2021:

- The “Leader and Women” meeting was organised at the Shurtan gas and chemical complex, where the conditions that have to be created for working women at the enterprise and the problems they face were discussed in detail;
- Took measures to retrain women in various spheres, including advanced training, aimed at increasing the legal awareness and culture of working women;
- Financial assistance was provided to 65 young mothers on maternity leave, at a cost of 83.7 million UZS (USD 7,900).

A Public Council on Women’s Issues was created at each of the Company’s enterprises



Goal 6:
ENSURE ACCESS TO WATER AND SANITATION FOR ALL

Our impact:

- 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 neutralization of microorganisms contained in the wastewater.

Key events in 2021:

- System of wastewater treatment from harmful substances and their reuse was established within Company’s enterprises;
- Construction of an evaporation pond to prevent the discharge of domestic and industrial wastewater from the operations of the Gazliy Gas Processing Plant;
- Installed HIGH FLOW filters at the Shurtan oil and gas production facility;
- Reconstructed the existing treatment facilities at the Shurtan gas-chemical complex, with a capacity of 360 cubic metres per day and an increase in treatment capacity to 1,000 cubic metres per day.

35,421.6 megalitres – total amount of water withdrawn (2020: 39,543.8 megalitres)



Goal 7:
ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

Our impact:

- 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.

Key events in 2021:

- 3 DE-25/14-GM steam boilers were installed at Bukhara Oil Refinery, Shurtan and Gazli Oil and Gas Production Departments were fully repaired resulting in increase of energy efficiency of steam boilers from 75-80% to 90-92%;
- Carried out 10 measures to improve thermal protection of devices and equip them with energy efficient and energy saving devices.

110,900 GJ – renewable energy consumption in 2021 (2019: 30,605 GJ, 2020: 37,806 GJ)



Goal 8:
PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

Our impact:

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

Key events in 2021:

- The share of local suppliers was increased to 28% (2020: 23%);
- From 2019 to 2021, a list of more than 50 domestic manufacturers specializing in production for the oil and gas industry and services was formed for future partnerships;
- Created 380 new jobs after the opening of the Uzbekistan GTL plant.
- 102 jobs were created due to the launch of the Uchkir gas processing plant on the basis of the Uchkir LDS of the Gazli OGPD

USD 321 million – reduction of imports in 2021 due to localisation of production and expansion of cooperation links



Goal 9:
BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

Our impact:

- Developing the infrastructure in the regions where we operate as part of social partnership programs with local communities;
- Conducting the scientific research and developing technologies together with scientific institutes and foreign companies;
- Increasing the financing of scientific research and rationalization activities

Key events in 2021:

- Announced contests for employees of departments and enterprises on the following topics: “The Best Innovative Idea”, “The Best Rationalization Proposal” and “Introduction of New Equipment and Advanced Technologies”;
- Memorandum of cooperation was signed with the University of Geological Sciences in order to integrate education;
- Carried out repair and renovation work on social facilities;
- Implemented the process of production and delivery of innovative development – floating pontoons – at Bukhara Oil Refinery together with the Academy of Sciences.

UZS 51,3 billion (USD 4.8 million) – was allocated to the improvement of infrastructure and creating better living conditions in remote regions of the country



Goal 10:
REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES

Our impact:

- 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.

Key events in 2021:

- Revised the Regulation on Personnel Management, which provides equal opportunities for men and women during the recruitment process;
- Opened an early intervention centre for children with special needs.

UZS 306 billion (USD 28.8 million) – the total amount of the Company’s sponsorship activities aimed at developing social infrastructure and low-income families



Goal 11:
MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

Our impact:

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

Key events in 2021:

- Nine units of ISUZU buses and two truck lifts worth 4.6 billion UZS (USD 434 thousand equivalent) were purchased to improve the transportation links of Bukhara region;
- In Kashkadarya province, sponsorships worth 38 billion UZS (USD 3.6 million equivalent) were allocated to provide clean drinking water for residents of Guzar district;
- A 180-seat school was built at the Company's expense in the Konlikul district of the Republic of Karakalpakstan.

UZS 8,764.1 million (USD 827 thousand) – the Company's contribution to improving regional ecology



Goal 12:
ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

Our impact:

- Conducting implementation works to save the energy by installing solar power plants, photovoltaic panels and solar water heaters;
- Conducting training sessions for employees on energy conservation and energy efficiency;
- Using treated domestic wastewater for watering forest plantations;
- Recycling and reusing the generated waste.

Key events in 2021:

- 20 solar collectors, two solar photovoltaic stations and 150 solar photovoltaic lamps were installed;
- 94% of waste was transferred for reuse, and 6% of waste was recycled;
- reduced the total amount of water consumed by 12% compared to 2020 due to measures aimed at rational water use.

595,000 kWh – electricity savings as a result of implementing alternative energy source installations



Goal 13:
TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

Our impact:

- Calculating and report greenhouse gas emissions;
- Conducting industrial environmental monitoring of emission sources;
- Improving the energy efficiency of the Company's operations.

Key events in 2021:

- Specialists of the Company took part in the seminar "Assessment of climatic risks in Uzbekistan", organised by the CAREC Environmental Centre within the framework of the program on coordination of climate change and mitigation of its impact on the Aral Sea region;
- Planted 198,703 seedlings of fruit trees in order to offset greenhouse gas emissions;
- Carried out 23 activities to improve the working condition of electrical appliances and lighting fixtures and reduce electricity consumption by replacing low loads.



Goal 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

Our impact:

- Reducing corruption incidence and illegal actions at the Company's enterprises;
- Improving anti-corruption compliance control systems;
- Not operating in low-tax and off-shore jurisdictions.

Key events in 2021:

- There were organised training seminars within 21 enterprises of the Company on the topic of "Large-scale reforms in combating corruption and conflicts of interest, the latest innovations in legislation";
- 94% of employees were trained according to the latest Compliance Policy;
- Diagnostics of corporate governance was carried out;
- A procedure for evaluating the effectiveness of anti-corruption work was established.

805 points – results of the evaluation of the Company's corporate governance system (high level)



Goal 17:
STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

Our impact:

- Supporting sustainable development initiatives promoted by the global community;
- Continuously improving measures for industrial and environmental safety and occupational health and safety at the Company's facilities.

Key events in 2021:

- Developed an adsorbent of domestic production by Bukhara Oil Refinery with the Research Institute;
- Jointly with JSC "Uzbekneftegaz" and JSC "Uzkimyosanoat" in order to reduce the damage caused by SO₂ gas at the joint venture Uz-Kor Gas Chemical implemented the project "Production of household soda from carbon dioxide".



MATERIAL TOPICS

GRI 102-44, 102-46, 102-47, 102-49

We have evaluated the significance of the topics in accordance with the best practise prescribed under the GRI standard to place an emphasis in the report on the material topics in terms of ESG. The procedure for selecting the material topics is an analytical process that includes the following steps: conducting an internal analysis of the importance of topics, a shareholder input collection, and compilation of a list of material topics. The evaluation considered two primary criteria: the significance of the economic, environmental, or social impact and impact on the judgments and decisions of stakeholders. In addition, the requirements of rating agencies regarding the disclosure of material topics were considered when conducting a benchmark analysis, and a comparison was made between the disclosure of indicators among peer companies of the oil and gas industry.

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

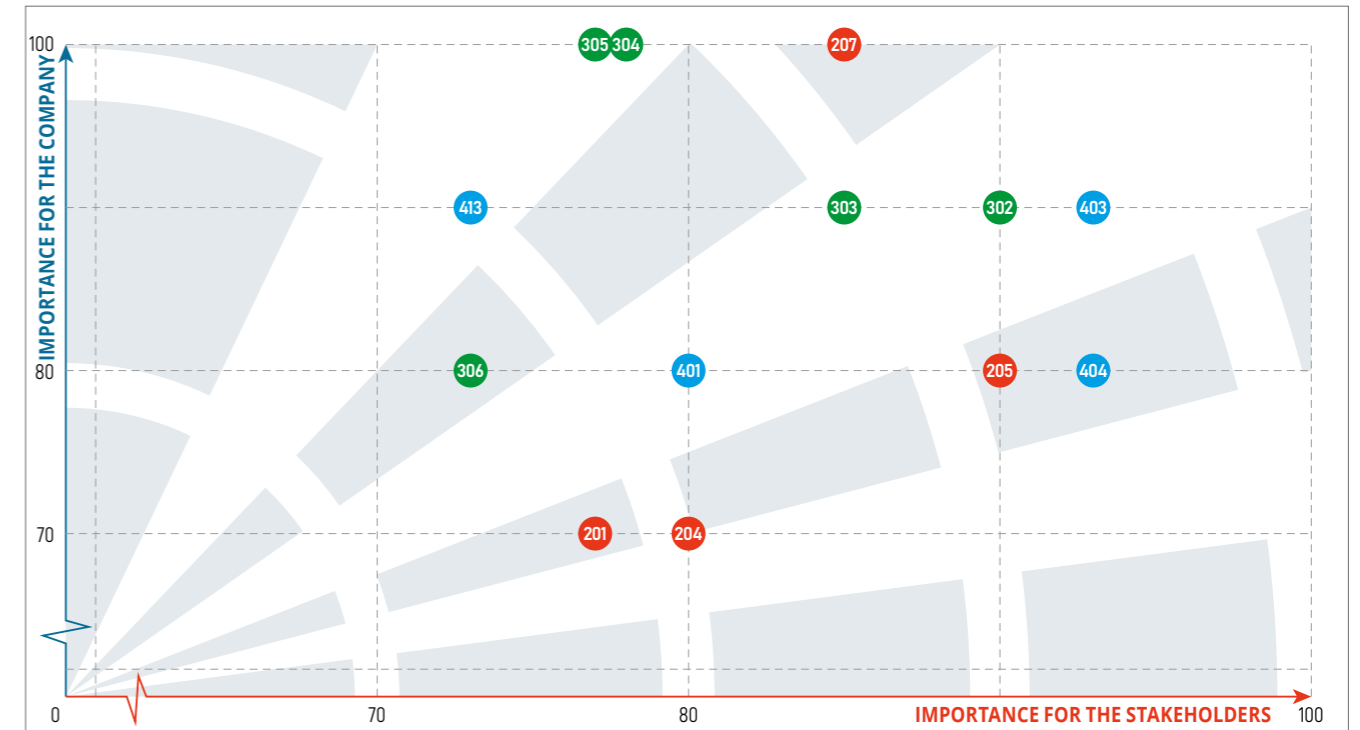
An online stakeholder survey was prepared, which was attended by representatives of shareholders, the Company, suppliers, associations, local government authorities, banks, partners, and clients. Every sustainable development topic was proposed to be rated on a scale of 1 to 5 in terms of importance, where 1 means “not important”, 2 – “insignificant importance”, 3 – “medium importance”, 4 – “relatively high importance”, 5 – “the highest or critical importance”.



Based on the 2021 materiality assessment results, 13 topics were disclosed within the GRI and SASB standards, for which the materiality matrix is presented on the next page.



MATERIALITY MATRIX



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

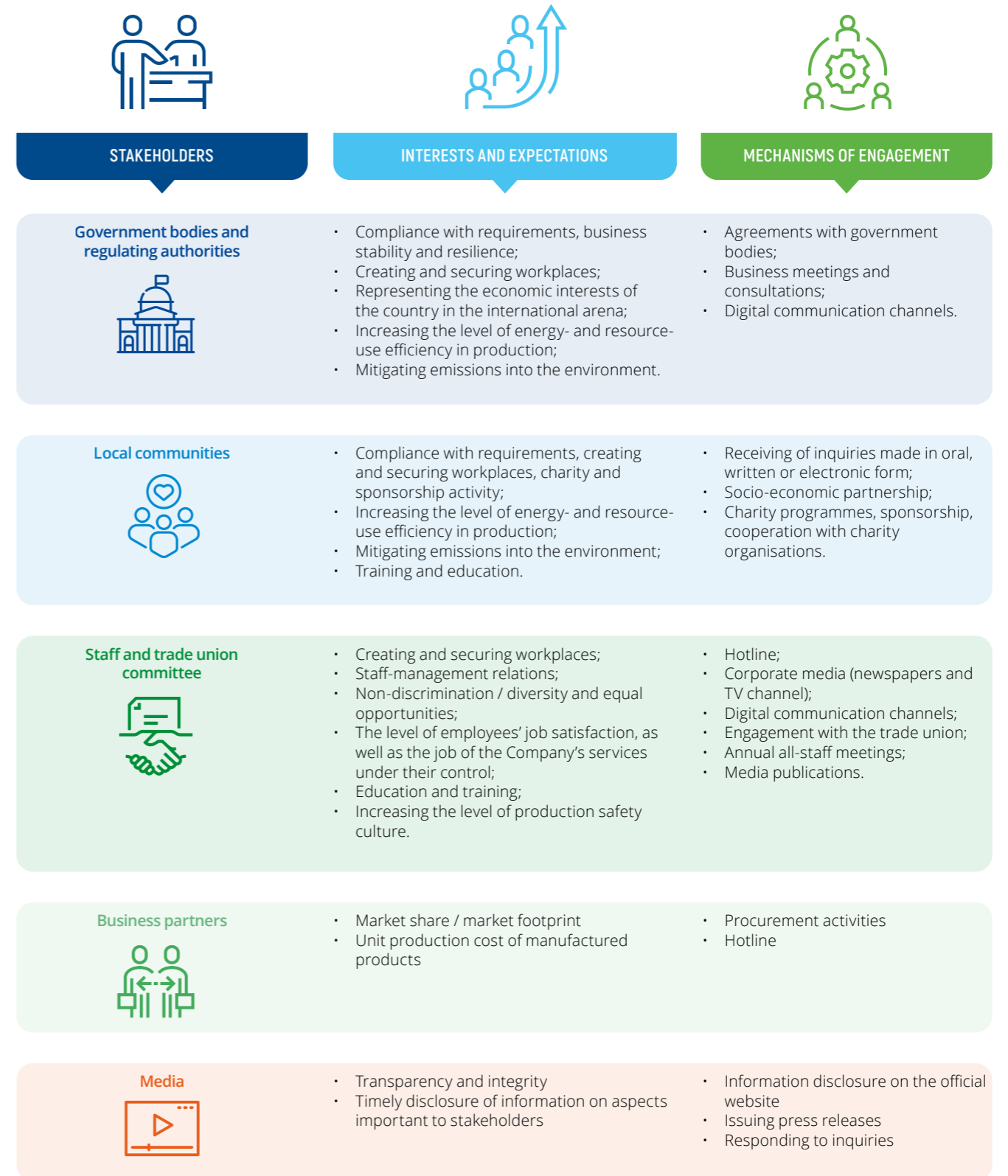
GRI 102-40, 102-42, 102-43, 102-44, 413-1

Uzbekneftegaz recognises the importance of the opinions and expectations of all stakeholders, and each year works to improve the engagement processes. The Company's approach is based on the principles of openness, trust and mutual respect. In carrying out its activities, the Company strives to protect the interests of stakeholders by responding to inquiries and feedback received from them.

Uzbekneftegaz provides a full production cycle: from the exploration and production of hydrocarbons to their processing and transportation of oil and gas products.

Due to such a complex structure and scale of activity, the Company interacts with a wide range of stakeholders, which include local, state and international organisations.

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 instruments of engagement are corporate reporting, the Company's website, forums, exhibitions, meetings and other activities, publications in the media and the Company's official pages on social networks as well as a hotline.



CARING ABOUT EMPLOYEES

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CHAIRMAN OF THE MANAGEMENT BOARD STATEMENT FOR SOCIAL RESPONSIBILITY

Uzbekneftegaz JSC employs more than 37 thousand specialists. The Company is one of the largest employers in the country. The social aspect of our sustainable strategy primarily focuses on effective HR management, providing opportunities for our employees, and upholding their rights.

Our strategy for human resources management is centred on fostering diversity, which is the cornerstone of the organization's successful long-term development and ensures that the Company's workforce is made up of members of various social groups who represent various points of view and perspectives. Our goal was to expand the number of women in managerial positions and the company's workforce in particular. Additionally, we are aiming to create a workplace where everyone is treated with respect and has their interests taken care of, regardless of their gender, age, nationality, religion, or other social traits. Uzbekneftegaz has a Women's Affairs Committee, which provides support, protection of women's rights and their interests. The Company conducts a range of activities aimed at creating equal opportunities for women.

In our Company, we respect the right to freedom of association. 100% of our employees are covered by the Collective Agreement, which has proven to be a useful tool for collaborative, mutually beneficial cooperation with the team. The Trade Union of the employees of Uzbekneftegaz JSC is an important pillar for the development of our organization.

One of the priorities of our social policy is the professional training of employees, providing opportunities for their career development in

the future. For this purpose, in 2021 we introduced a system of continuous personnel development. More than 9,000 employees completed various types of training last year.

We have started work on developing an internal social stability rating so that our personnel policy may continue to evolve consistently in 2021. We work hard to comprehend our employees' viewpoints and interests and to give them a comfortable working atmosphere.

The primary focus of our operating activities continues to be ensuring occupational health and safety, thus we put a lot of effort into it. Effective risk management, injury and occupational disease prevention are important to us. We offer medical services to our staff. In addition to our current efforts, in 2021 we continued to put a variety of safeguards in place to stop the COVID-19 coronavirus infection from spreading.

Additionally, we actively support the local communities in the regions in which we operate. We sponsored events and invested in healthcare and education infrastructure in 2021. In this work, we aim to comprehend the region's most significant vulnerabilities and to contribute to the resolution of people's most pressing problems.

Sincerely,
Chairman of the Management Board,
Mehridin Abdullayev.

CARING ABOUT EMPLOYEES

Highlights for 2021:



37.7 thousand people – headcount



14% – staff turnover rate



10.8% women from the total average headcount



100% employees are covered by the Collective Agreement

Goals:

- 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 directors on 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 security sector.

Our Guiding Documents:

- Labour Code of the Republic of Uzbekistan;
- Personnel Recruitment and Retention Policy of Uzbekneftegaz JSC;
- Personnel Management Policy of Uzbekneftegaz JSC;

- Collective Agreement of Uzbekneftegaz JSC;
- Employment Agreement of Uzbekneftegaz JSC;
- Regulations on Key Performance Indicators for employees of Uzbekneftegaz JSC;
- Policies and Regulations on HR Training and Development;
- Regulations on the Procedure for Conducting a Qualification test for managers and specialists of Uzbekneftegaz JSC;
- Regulations on the Procedure for Work Placement Internships for Employees of Organizations in the Oil and Gas Industry in the Executive Branch of Uzbekneftegaz JSC;
- Lists of employees trained on the Code of Corporate Ethics and on Anti-Corruption Policy for the last 3 years;
- Law of the Republic of Uzbekistan "On Education".

HR Management

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

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

HR matters in the Company are regulated by the HR Department, which is supervised by the Head HR Department, who 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 facilitates the career growth of employees by providing youth development programmes and decent wages, and creates conditions for a healthy lifestyle by initiating sports activities. As part of the social

protection of employees in 2020 and 2021 in responding to the pandemic, the Company has arranged the provision of medical care to sick employees or those having symptoms of coronavirus infection, as well as those with pneumonia and their close relatives. In case of fatality caused by coronavirus infection, the employee's family had been paid monetary compensation of UZS 20 million (USD 1,802 equivalent), and in case of a mild form of the disease, treatment was provided at home at the Company's expense.

We are committed to creating proper working conditions for our employees, ensuring equal opportunities for professional development, and observing rights. The Company's HP Policy had been drawn up jointly with experts in accordance with international standards. As a result, in 2021, a KPI System and a Recruiting Policy were introduced in a pilot

mode, and strategic social indicators were identified for all subdivisions of the Company. All KPIs must be approved with the business plan for each year. According to the HR Policy, the Company strives to attract and develop talented and motivated employees who share corporate values and are able to effectively solve current and future tasks as part of the Company's strategic growth. Currently, 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.

About substantial changes in the activities of the Company, pursuant to the Article 102 of the Labour Code of Uzbekistan, an employer shall notify an employee in writing (with a signature) of the intention to terminate the employment contract within the following time-frames: at least two months in advance upon termination of the employment contract due to changes in technology, organisation of production and labour, a reduction in the scope of work that resulted in a change in the number (staff) of employees or a

change in the nature of work. Also, it is important to note that when considering at a meeting of the trade union committee the employer's proposal to terminate the employment contract with the employee at the initiative of the employer, the employee shall participate in person.

The use of information technology in human resources management is an important factor in increasing efficiency and reducing costs for HR management functions. By the end of 2022, the ICT Department and the Digitalization and Automation Project Office plan to complete the implementation of the Personal UNG project aimed at automating personnel records (more than 10,000 employees are registered in the system).

The Company acknowledges that human resources are a key factor in the effectiveness of any organisation. Therefore, in its HR Policy, the Company is guided by high corporate values and makes professionalism, teamwork, efficiency and responsibility its first choice.



As part of risk management to manage business risks associated with employees, the Human Resources Department and the Organisational Development and Incentives Department have introduced 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;
- Implementation of high-quality recruiting within the Company.

2021 RESULTS ON STRATEGIC MANAGEMENT OF HR ISSUES

1 In a pilot mode, KPI metrics were introduced and defined according to international standards.

2 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 improved.

3 A system of the employees' continuous professional development has been introduced.

4 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.

5 Quotas have been adopted for entering into agreements with students of tertiary educational institutions in priority areas of the industry. Memoranda of cooperation had been signed with Tashkent State Technical University.

Staff Composition

GRI 102-7, 401-1, 401-3, 405-1, 405-2

As of December 27, 2021, the headcount was 37,706 people, which is 9% less than in 2020 (40,099 people). The largest share of personnel is accounted for by the production part, 61%. In 2021, compared to 2020, staff turnover increased by 9% and reached 14% in 2021. The decrease in the headcount of Uzbekneftegaz JSC and the increase in staff turnover in the reporting year was due to the restructuring of the Company and the transfer of non-core assets that were previously part of the organisational structure for achieving operational efficiency. 97 facilities were transferred to executive authorities and other government bodies without loss of jobs. The headcount structure by gender was not changed.

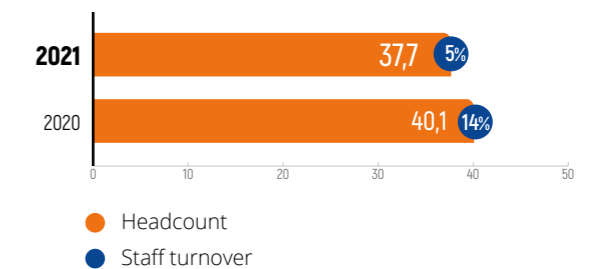
Breakdown of personnel by functional division



- Managers 5.1%
- Specialists 13.4%
- Support staff 7.1%
- Service staff 13.6%
- Operational staff 60.7%

Indicator	2021	2020
Total	37,706	40,099
Men	33,635	35,945
Women	4,071	4,154
Under 30	7,982	8,590
30-50	22,931	24,467
Over 50	6,703	7,042
Indicator	2021	2020
Total turnover rate	14%	5%

Headcount and staff turnover, thousand



STAFF STRUCTURE BY GENDER

Gender	Total headcount	Managers	Specialists	Support staff	Service staff	Operational staff
Women	10.8%	5.5%	13.9%	28.6%	25%	5.3%
Men	89.2%	94.5%	86.1%	71.4%	75%	94.7%

Categories of Employees of Uzbekneftegaz JSC:

- **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 contractors working in production facilities.

The proportion of women in the total number of employees as of 31 December 2021 is 10.8% (10.7% in 2020). 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 and difficult 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. There are no separate statistics on wages for women or men. The average salary for an entry-level job for the period from January 1, 2021 to December 31, 2021 at the central office of Uzbekneftegaz JSC was UZS 2,948,800 (USD 267 equivalent) and UZS 1,984,934 (USD 180 equivalent) at production facilities for both genders.

Staff Structure by Age Groups as of December 31, 2021

Indicator	Heads of Functional Subdivisions and Departments					
	Managers	Specialists	Technical staff	Operational staff	Service staff	
Headcount, employees	314	1,616	5,071	8,492	22,905	5,132
<i>including by gender:</i>	-	-	-	-	-	-
Men	312	1,512	4,368	1,906	21,689	3,848
Women	2	104	703	762	1,216	1,284
<i>including by age:</i>	-	-	-	-	-	-
Under 30	3	66	1,012	579	5,073	1,249
30-50	278	1,108	3,218	1,562	13,764	3,091
Over 50	33	442	841	527	4,068	792
<i>including by vulnerable groups:</i>	-	-	-	-	-	-
People with health conditions or impairments	-	6	10	15	36	24

The staff selection and recruitment policy at Uzbekneftegaz JSC does not have criteria for selecting and promoting employees based on age. The average age of employees is 37.7 years, since the majority of the Company's employees are male, working in the production department that involves excessive physical labour.

Social Climate Among Personnel and Social Stability Rating

The Company puts a great emphasis on the motivation and psychological make-up of employees. 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 work to collect annual data by conducting employee surveys to create an internal social stability rating.

Surveys covered the important topics as follows:

- 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.

Staff Social Support Policy

GRI 102-41, 201-3, 401-3, 401-2, 402-1

Labour relations in the Company are regulated under the Labour Code of the Republic of Uzbekistan, as well as in compliance with other local regulations. The Company assumes responsibility for ensuring compliance with labour rights, providing employees with benefits and guarantees provided for by labour legislation. Each employee is hired in accordance with the legislation of the Republic of Uzbekistan.

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. In 2021, the Collective Agreement was 100% implemented.

100% employees are covered by the Collective Agreement

Collective Agreement

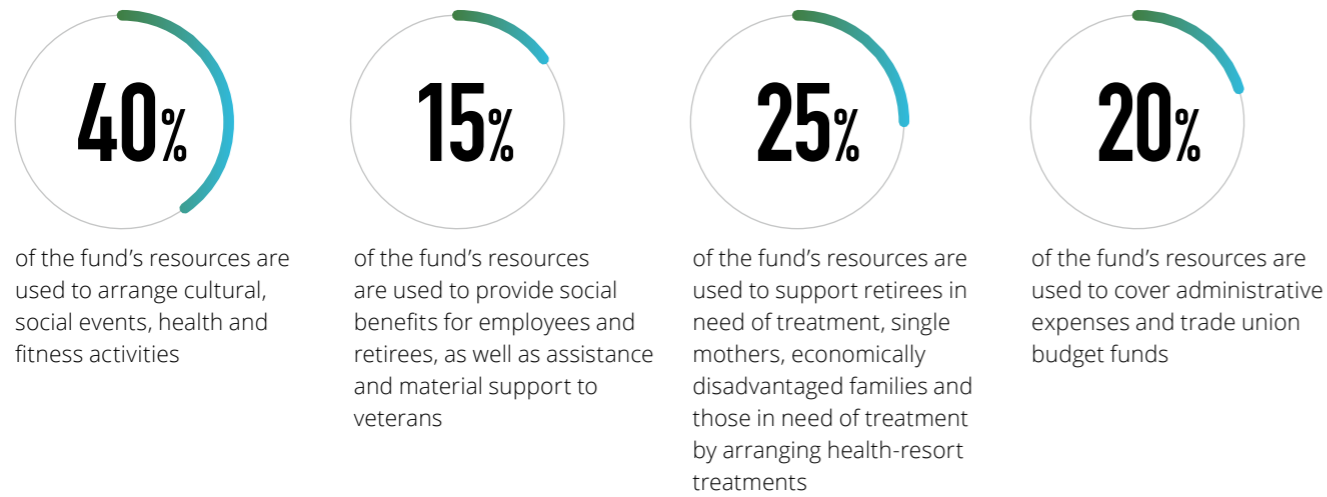
The Collective Agreement was drawn up in accordance with the Labour Code of the Republic of Uzbekistan and is a local statutory act that regulates labour, socio-economic relations between the employer and employees. The collective agreement of workers in Uzbekneftegaz JSC was concluded on February 19, 2020 for a term of three years and covers 100% of the Company's employees.

The representatives of the parties monitor if the employer and employees 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-members 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,

Trade Union Committee

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

The Trade Union Committee is responsible for the labour fund of the Company, and ensures that the funds transferred by employees and Company would provide them with the benefits as follows:



Information on the amount of payments from the trade union of financial aid to employees of the headquarters and administrative units of Uzbekneftegaz JSC

Number of employees	Amount	Notes
2021		
2,540	UZS 1,430,244,580 (USD 128 thousand equivalent)	Including for the COVID-19 treatment, the financial aid of UZS 486,251,090 (USD 44 thousand equivalent) was provided to 597 employees.
2020		
1,899	UZS 961,483,829 (USD 87 thousand equivalent)	Including for the COVID-19 treatment, the financial aid of UZS 121,340,102.00 (USD 10.9 thousand equivalent) was provided to 172 employees.

In accordance with the Labour Code of the Republic of Uzbekistan, each 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 3 years. As

of December 31, 2021, out of 470 employees eligible for maternity/paternity leave in the reporting period, 185 took leave.

Indicator	Total	Men	Women
The number of employees eligible for maternity/paternity leave in the reporting period	470	0	470
The number of employees who took maternity/paternity leave in the reporting period	185	0	185
The number of employees which should have returned to work in the reporting period after the end of maternity/paternity leave	87	0	87
The number of employees who have returned to work in the reporting period after the end of their maternity/paternity leave	95	0	95
The number of employees who returned to work upon the completion of maternity/paternity leave and continued to work within 12 months after returning to work	73	0	73
Return to work rate (%)	109		
Retention rate (%)	77		

EMPLOYEE SOCIAL BENEFITS

FREE MEDICAL CARE

- Conducting a medical check-up every six months;
- Medical services for family members of employees, as well as retirees of Uzbekneftegaz JSC;
- Payment for medicines and healthcare devices (registered in the Republic of Uzbekistan) to disabled people who have suffered an injury or work-related illness at that enterprise.

ON THE OCCASION OF A FIRST MARRIAGE

Lump sum financial assistance to employees of the Company and children of employees (one family member) in the amount of ten-times the minimum wage established in the Republic of Uzbekistan.

HEALTH-RESORT TREATMENT

Effective efforts are being made to improve the health of workers and their families. Based on the statements of the workers, 296 employees from the trade union budget account and 174 employees from the social insurance budget were treated in health resorts located in Uzbekistan. In addition, 523 employees of plants and subdivisions of the Company and their families rested in the resort UNG Toshkent Dengizi Oromgokhi LLC, which is owned by Uzbekneftegaz JSC and was put into operation in June 2021.

RECREATION OF THE EMPLOYEES' CHILDREN IN SUMMER HEALTH-IMPROVEMENT CAMPS

In the 2022 summer season, 9,408 children of employees are planned to be sent to health camps.

ASSISTANCE TO THE STAFF WITH CHILDREN OF PRESCHOOL AGE

A 30-minute break is provided every three hours to women with toddlers up to 2 years old.

PROVISION WITH PENSION

For an employee, upon retirement 8% of his/her current monthly salary for each year of work in the industry shall be paid, and an employee with a total length of service in the industry of 20 years or more, 12% of the current monthly salary for each year of work in the industry shall be paid.

ON THE OCCASION OF A NEW YEAR

The trade union, together with the Company's administration office organizes New Year's gifts or cash compensation for the children of employees aged under 14 years old (to one of the parents) at the expense of the Company. The amount of the compensation payment is defined based on the financial capabilities of the Company in agreement with the trade union.

FINANCIAL ASSISTANCE IS PROVIDED TO EMPLOYEES BECAUSE OF A SERIOUS ILLNESS AND ECONOMIC HARDSHIP

In addition to the benefits provided for in the Collective Agreement, in line with the relevant joint resolutions between the trade union and the Management Board of the Company.

ON THE OCCASION OF THE BIRTH OF A CHILD

Lump sum financial assistance to employees (per one family member) in the amount of 1.2 times the minimum wage.

EMPLOYEE DEVELOPMENT

Highlights for 2021:



482 new jobs were created in 2021



9,016 – the number of employees who had been trained



218 – the number of employees who had been sent for international internships

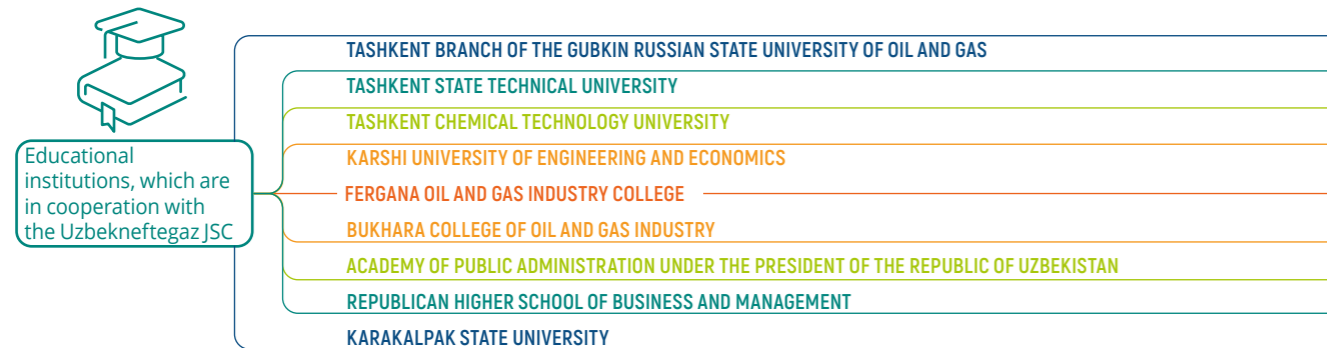


USD 174 thousand was allocated on employee training

Creating New Jobs

Based on the programme for 2021, 380 new jobs were created in the Company. For instance, 102 new jobs are planned to be created as part of the programme to increase hydrocarbon production for the period 2017–2021 at the construction sites of a propane-butane mix production unit, a liquefied gas storage facility, and a gas dehydration unit

using zeolite. Plans exist to create 61 new jobs at the Mubarak Alan compressor station 2 under the construction projects of the Stage 2 and the Zevar compressor station, as well as 117 new jobs as part of the project for expanding the production capacities of the Shurtan Gas Chemical Complex, at the project for the production of gas-to-liquids fuel (Uzbekistan GTL).



Staff Training and Development

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

JSC Uzbekneftegaz is committed to be a fair employer and have a long-term positive impact on the communities in which the Company lives and operates. Our selection and recruitment policy enables us to take action to raise employee awareness and culture and to fairly reward our employees. In line with our Recruitment Policy, the employee selection and the further development of human capital in our Company has a direct impact on the ability of our enterprise to retain qualified specialists, which in turn improves our Company's operational and financial performance.

One of the fundamental and goal-directed elements of the HR Management Policy is to develop employees' skills, invest in their training to enhance their level of knowledge, instil modern skills in managing oil and gas operations, technological and technical and economic management in the course of work, in accordance with international standards. All this will be needed for the development of new types of business related to the expansion of the use of renewable energy sources and their integration into the unified energy system of the Republic of Uzbekistan.

Personnel training and development activities are carried out on the basis of the Law of the Republic of Uzbekistan "On Education", National Programme for Personnel Training. Currently, over 37,000 people work at the enterprises and organisations operated by the Company. For the purpose of the further development and improvement of the training of highly qualified personnel for the oil and gas industry of

the country, to expand international cooperation in tertiary education, by decree of the President of the Republic of Uzbekistan dated January 12, 2007 No. PP-564, the Tashkent branch of the Russian State University of Oil and Gas named after I.M. Gubkin was established. The university is included in the organisational structure of Uzbekneftegaz JSC. During 2012–2020, 1397 students graduated from this university.

Average Number of Training Hours per Employee in 2021

	Managers and Specialists		Field Employees		Total Employees Trained
	Number of employees who received training	Average number of training hours	Number of employees who received training	Average number of training hours	
Total:	1,292	40	3,151	40	4,443
				Females	Males
Average number of training hours per employee in 2021				40	40

Professional Development Program for Managerial and Production Personnel in 2021:

Enterprise	Number of Employees	Managers and Specialists	Field Workers
The Company's Central Office	230	230	0
Mubarek Oil and Gas Production Department	968	150	818
Shurtan Oil and Gas Production Department	731	55	676
Gazli Oil and Gas Production Department	692	78	614
Ustyurt Oil and Gas Production Department	118	43	75
Mubarek Gas Processing Plant	1,218	142	1,076
Vodiy Oil and Gas Production Department	21	8	13
Total:	3,978	706	3,272

Also, Tashkent State Technical University, Tashkent Chemical Technological Institute, Karshi Engineering-Economics Institute, Bukhara Engineering and Technological Institute and other academic institutions have been providing the enterprises with qualified personnel. Nowadays, 856 students are studying 8 academic programmes in the branch.

Over the recent years, with the growing number of young people interested in the oil and gas sector, particular attention has been paid to improving their educational and professional opportunities. In 2021, 680 quotas were allocated to the Fergana Professional College of Oil and Gas Industry, of which 305 quotas are for face-to-face training, 325 for correspondence (online) training, and 50 for part-time (evening) training. The Bukhara and Fergana Colleges of the oil and gas industry are working to provide industry enterprises with personnel with vocational secondary

education. Currently, a total of 1036 students are studying 13 educational programmes in these colleges, of which: 860 students study at the Bukhara College of Oil and Gas Industry, 176 students study at the Fergana College of Oil and Gas Industry. Also, currently, 297 students are studying in the academic lyceum of the Tashkent branch of the Russian State University of Oil and Gas named after I.M. Gubkin.

Significant emphasis is placed on the work placement internships. Thus, Shurtan Gas Chemical Complex and the experience of the foremen and employees working there serve as a great school for future specialists. As a result of the joint efforts made by the Complex and academic institutions, at present, 479 students have completed internships under contracts concluded with more than 18 educational institutions.

Workers of the industry improve their leadership skills and professional knowledge at the Academy of Public Administration under the President of the Republic of Uzbekistan, the Graduate School of Business and Entrepreneurship, as well as at UNG Training LLC and other training centres.

In 2021, employees of Uzbekneftegaz JSC participated in the following conferences, training sessions and experience exchange events:

- International Conference “Integrity in Business, International Practices and Standards”;
- A training course “IFRS – The Basics” was held for 20 employees of the of Accounting and Corporate Reporting Department;
- Webinars for employees on “Practical Aspects of Internal Audit” in accordance with the international standards ISO 45001:2018 and ISO 14001:2015;
- As part of the CIMA (Chartered Institute of Management Accountants) certification, 17 specialists completed the training course “Effective Management of Business Operations”;
- A training workshop on the changes made to the International Petroleum Resources Management System (PRMS), organised jointly by Uzbekneftegaz JSC and the American company DeGolyer and MacNaughton Corp.;
- Enhancement training courses under the programs “Project Management in the Oil and Gas Complex” and “KPI and HR Management in the Governance System” jointly with Gazprom JSC;
- A training workshop jointly with Uzbekneftegaz JSC and employees of the Interregional State Tax Inspectorate for Large Taxpayers on the innovations introduced into the practice of the Tax Code of the Republic of Uzbekistan in the new edition, that entered into force on January 1, 2020;
- A training workshop for youth on organising effective work with volunteers.

Currently, 37 employees of the industry are doing the Master’s programme at the Graduate School of Business and Entrepreneurship. A total of 9,016 employees completed various types of training in 2021. Out of which more than 450 employees had attended the courses organised by foreign academic institutions and companies.

Based on the needs of oil and gas enterprises in managerial personnel, the Company encourages the initiatives of

promising employees to study at the Academy of Public Administration under the President of the Republic of Uzbekistan and at the Graduate School of Business and Entrepreneurship. In 2021, 4 employees of Uzbekneftegaz JSC completed a refresher course and advanced professional training at the Academy of Public Administration, 6 employees completed a course at the Graduate School of Business and Entrepreneurship.

Within the period from 2017 to 2021, under the programme of Uzbekneftegaz JSC to train personnel for a plant for the production of gas-to-liquids fuel (GTL), a total of 160 selected young specialists, including the best graduates of the oil and gas profile of the republic, attended practical and theoretical training in production workshops and facilities of the Bukhara Oil Refinery. Following the results of final examinations, all 160 already experienced specialists were transferred to Uzbekistan GTL to work at the GTL plant.

In 2021, UZS 1,939.12 million (USD 174 thousand equivalent) were allocated to academic institutions for the training of highly qualified personnel. In 2022, due to large-scale investment projects and an increase in production capacity, the budget for training is planned to be increased by almost 30% up to UZS 2,770.18 million (USD 250,000 equivalent).

A great deal of attention in Uzbekneftegaz JSC is paid to conducting scientific research at the facilities. In 2021, 18 employees had academic degrees. In line with instructions of the Chairman of the Board, together with the International Development Association of the World Bank, the project “Improving the Energy Efficiency of Industrial Enterprises” is being actively implemented. As part of the project, teaching professors have studied plants and fields, and also conducted research on microturbine units from flared associated gas.

In 2021, the departments of Uzbekneftegaz JSC submitted 49 applications on pressing issues requiring scientific support. The applications were subsequently sent to scientific institutions in the industry and the government for consideration. As a result, 99 proposals were received for the implementation of the submitted applications, taking into account the proactive work of scientific institutions.

Labour Pool

In 2021, together with the completion of construction and installation activities at the Uzbekistan GTL plant, intensive efforts were made to replenish the plant’s labour pool with

high-potential young specialists. In this regard, cooperation was established with local tertiary educational institutions for employee training. Candidates are selected to the labour pool in two stages: a written examination in academic areas

and an oral interview. In order to select suitable personnel for the plant, a competitive recruitment examination was held for 400 students of the Karshi Engineering-Economics Institute.

DIVERSITY AND EQUAL OPPORTUNITIES FOR EMPLOYEES

Highlights for 2021:

GRI 202-1, 405-1



Salary of the entry-level specialist is **165%** above the national minimum wage



11% – the share of female representation among employees



5% – the share of female representation in managerial positions

in Uzbek soums (UZS 10,594 = USD 1, average annual exchange rate in 2021)

Enterprise	The Minimum National Wage for the Period 1.01.2021 – 31.12.2021		Average Salary for an Entry-Level Position for the Period 1.01.2021 – 31.12.2021	
	For men	For women	For men	For women
UNG central office	747,300 (USD 67)	747,300 (USD 67)	2,948,800 (USD 267)	2,948,800 (USD 267)
Other enterprises	747,300 (USD 67)	747,300 (USD 67)	1,984,934 (USD 180)	1,984,934 (USD 180)

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, religious beliefs, etc.

As of December 27, 2021, the Company’s headcount included 716 retirees and 91 employees with disabilities. Employees with disabilities, as well as the employees with dependent disabled children, are provided with additional benefits and guarantees, and the necessary social assistance and support.

The gender composition of the Company’s employees reflects the peculiarities of working in the oil and gas industry, where men comprise a large share of the workforce. The gender imbalance is common in this sector, although working conditions are generally equal. The imbalance relates to

the fact that hard physical labour is required, where women prefer not to be involved.

There are initiatives and strategies to ensure the sociocultural 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 disabilities and other specific physical abilities. In the reporting year, the structure of the Company’s staff has not significantly changed.

The Company has had a Women’s Affairs Committee since 2020, whose main tasks are as follows:

- 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.

More specifically, in 2021, the Company carried out large-scale work to increase the social and political activity of women, to create conditions for the realisation of their capabilities and talents in various fields.

- In particular, in 2021, at the Shurtan Gas Chemical Complex, "A Leader and Women" meeting was held, where the conditions that need to be created for women working at the enterprise had been discussed in detail;
- On March 8, 2021, on the occasion of International Women's Day, a group of women who have successfully participated in industrial and public activities in the workshops of the Mubarek Gas Processing Plant received a two-day tourist trip to Samarkand city;

Plans for 2022:

- Developing Human Rights Policy and appointing responsible departments for the Policy implementation;
- Continuation of conduction of the social surveys about employee satisfaction within the Company and introducing a procedure for having a dialogue between employees and managers to increase employee satisfaction;

- Automation of the system for accepting new CVs via the Company's website;
- 95 employees of the Company will be sent abroad for in-service training;
- Automation of HR records management through the UNG Personnel programme, a system for keeping personal files of the Company's staff for further processing of big data;
- Holding a scientific and technical conference at the Uzbekistan GTL plant on "The Role of Youth in the Training and Production Cluster";
- Enhancing the engagement of international specialists to the Company to obtain best practices in the field of labour protection and safety, as well as maintenance and reliability of process equipment at manufacturing enterprises to transform and improve the efficiency of the Company's business processes;
- Visiting Azerbaijani Oil and Gas Plant SOCAR in order to expand cooperation in the oil and gas sector between companies and exchange experience in the areas of "Maintenance and Repair of Industrial Equipment and Reliability of Technological Equipment" and "Studying Approaches in the System to Improve the Efficiency of Production Processes";
- Launching the scholarship programme of the GTL Company, which provides material and social support for talented students to expand the training programme for the Plant for the Production of Liquid Synthetic Fuel – Uzbekistan GTL.



OCCUPATIONAL SAFETY AND HEALTH

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

Highlights for 2021:



UZS 48 billion (USD 4.5 million equivalent) – costs of the OHS-related activities



20 enterprises of the Company were certified according to ISO 45001 (OHSAS 18001)



3,805 employees (10%) completed OHS training

Our Guiding Documents:

- The Law of the Republic of Uzbekistan "On Industrial Safety of Hazardous Production Facilities" No. ZRU-57 dated September 28, 2006;
- The Law of the Republic of Uzbekistan "On Amendments and Additions to the Law of the Republic of Uzbekistan "On Labour Protection" No. ZRU-410 dated September 22, 2016;
- The Law of the Republic of Uzbekistan "On Fire Safety" No. ZRU-226 dated 30.09.2009;
- The Labour Code of the Republic of Uzbekistan;
- The Decree No. 271 dated December 10, 2008 "On Additional Measures to Implement the Law of the Republic of Uzbekistan "On Industrial Safety of Hazardous Production Facilities";
- The Decree No. 291 dated May 19, 2020 "On Further Activities to Implement the Law of the Republic of Uzbekistan "On Industrial Safety of Hazardous Production Facilities";
- The Decree No. 784 dated October 2, 2018 "On Approval of the Regulations on the Procedure for Conducting an Industrial Safety Examination and Issuing an Expert Opinion";
- The Decree No. 286 dated June 6, 1997 "On Approval of the Regulations on the Investigation and Recording of the Workplace Accidents and Other Damage to the Health of Employees Related to the Performance of Their Professional Duties";
- The Decree No. 1066 dated December 31, 2018 "On Measures to Improve the Activities of the Ministry of Employment and Labour Relations of the Republic of Uzbekistan";
- Integrated Management System for Health, Safety and Environmental Protection in Uzbekneftegaz JSC;
- Health, Safety and Environmental Policy.

Occupational Safety and Health Management

GRI 102-11, 403-1, 403-2, 403-7, 403-8, EM-EP-320a.2, EM-MD-540a.4, EM-RM-320a.2

In Uzbekneftegaz JSC, ensuring safe working conditions for both the Company's employees and workers of the contractors has always been the highest priority. The Company strives to continuously raise the level of our occupational health and safety management system by applying the best practices, and actively involving employees in existing corporate programmes.

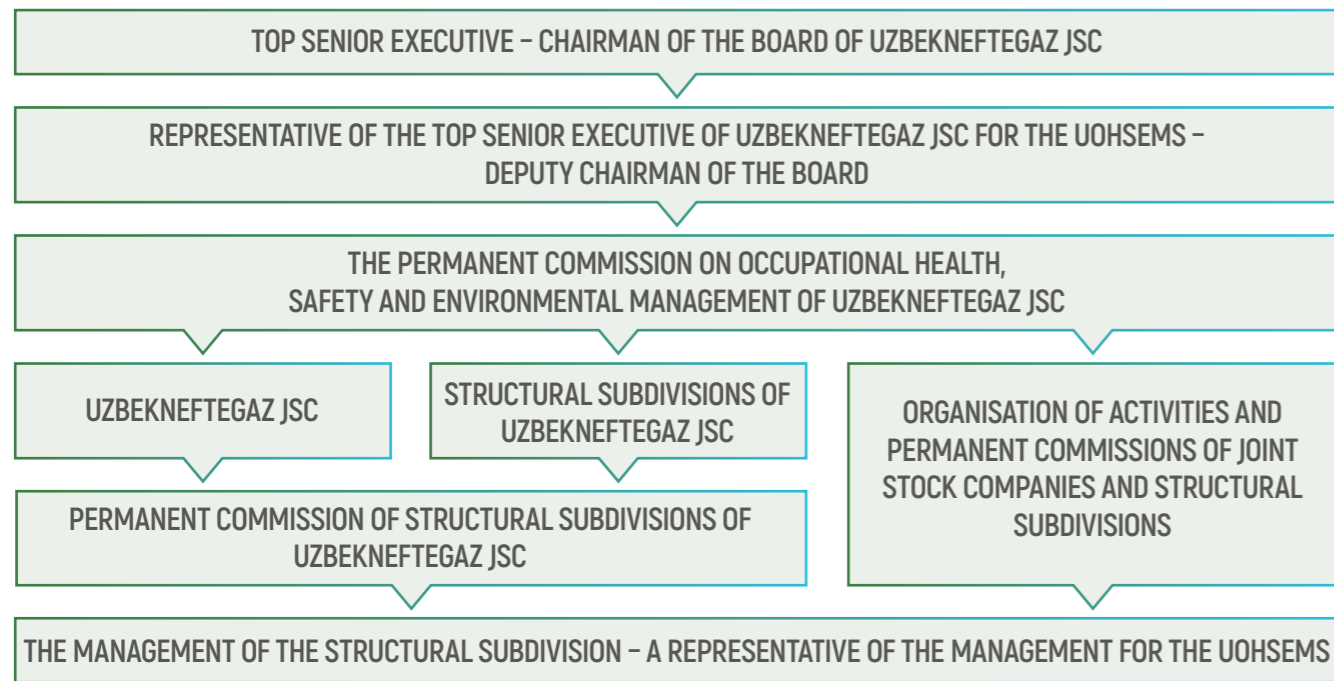
To ensure proper control over the operations, OHS issues in Uzbekneftegaz are regulated by the Unified Occupational

Health, Safety and Environment Management System (UOHSEMS). This management system has been designed, introduced, 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 2021, 19 enterprises of the Company have been ISO 45001 (OHSAS 18001) certified, and the Company plans to continue to increase this number. In addition, in running its business, Uzbekneftegaz strives to comply with other international and national requirements.

Introduction of the Occupational Health and Safety Management System according to the ISO 45001 international standard (OHSAS 18001)

	2021	2020	2019
The number of enterprises in which the system was implemented in line with ISO 45001 (OHSAS 18001)	19	17	15

Chart of the structure of the Unified Management System for Occupational Health, Safety and Environment in Uzbekneftegaz JSC



The UOHSEMS structure includes representatives of all levels of the Company's management in this area. The main tasks of the OHS 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 engineers in the work to ensure safe working conditions and the involvement of a wide range of workers, trade union activists in it.

One of the key processes of the occupational health and safety management system is the risk management process. 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. Identification of hazards, evaluation, management of risks and environmental aspects, 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. A group of employees who have been trained and have adequate engineering and technical experience assess the risks and environmental aspects. The subdivisions and officials responsible for planning, ensuring, implementing and controlling production processes play a major role in assessing risks and environmental aspects.

All risks associated with each of the identified hazards are analysed, assessed and prioritised according to the need 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"> • A group of employees is selected to conduct a risk analysis; • The goals and objectives of the risk analysis being carried out are clearly set; • The analysed hazardous production facility is defined and its brief description is provided; • The criteria for existing risks are defined; • Sources of information about a hazardous production facility are identified and described.
2 Hazard identification	<ul style="list-style-type: none"> • Identification and clear description of all sources of hazards and ways (scenarios) of their implementation.
3 Risk assessment	<ul style="list-style-type: none"> • Determination of the rate of occurrence of initiating and all undesirable events; • Evaluation of the consequences of the occurrence of undesirable events. • Generalisation of risk assessments.
4 Drawing up recommendations for risk mitigation	<ul style="list-style-type: none"> • Drawing up risk mitigation measures based on the results of risk assessments.

Furthermore, operations and core activities, products and services associated with risks in occupational health and safety are constantly monitored and inspected. At the end of the monitoring, a report with the list of activities is to

be drawn up, which contributes to the improvement of the system of occupational health and environmental safety in the subdivisions of Uzbekneftegaz JSC.

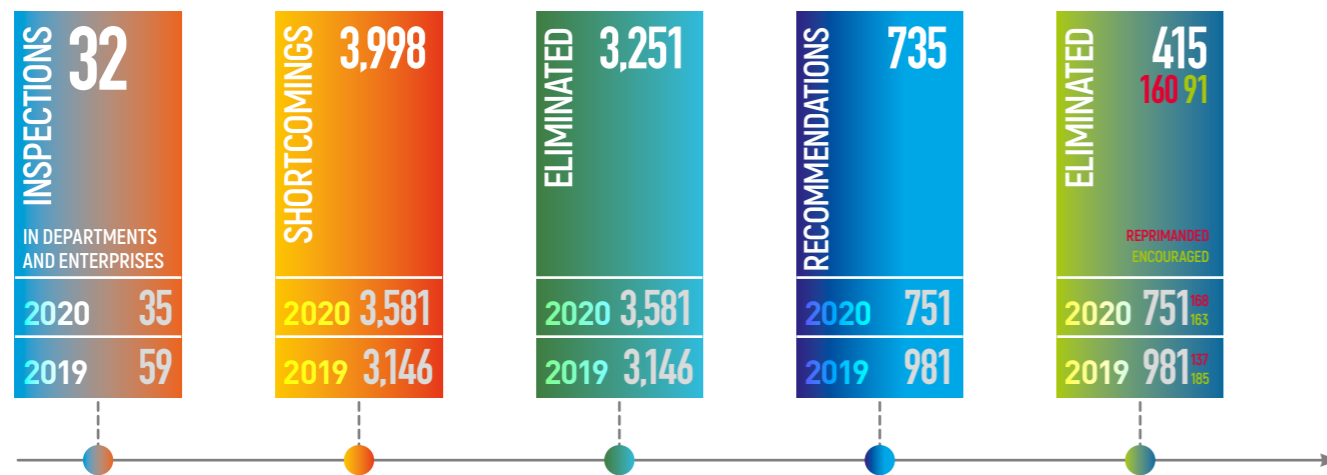
In 2021, a total of 3,998 shortcomings were identified during the monitoring period:

The Company is actively working to eliminate the identified deficiencies. For these purposes, 73 reports with the lists of activities were presented to the heads of departments and enterprises and 735 recommendations were issued.

Reprimands were administered against 160 employees who have enabled a number of shortcomings in occupational health, safety and environment, and 91 employees were encouraged.



It should be noted that with a decrease in the number of subordinate enterprises, control and audit are carried out more carefully, due to which the number of identified deficiencies becomes greater.



There are also ways to quickly respond to 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 the 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;

- Consulting (informing) employees of stakeholders on activities to be conducted during incidents and emergency situations.



In 2021, special tactical training exercise was held at Gulistan Oil Depot LLC, focussed on methods for eliminating natural and man-made emergencies. During the exercise, the state of readiness of the employees of Gulistan Oil Depot LLC to perform their functional duties was checked, they were trained in the rules of behaviour and protection in emergency situations, measures and methods of providing first aid to the injured. At the end of the exercise, the enterprise was recognised as "Ready" for conducting activities in emergency situations, their elimination, as well as the protection and defence of the facility.

Ensuring Health and Safety at Work

GRI 403-3, 403-4, 403-6, 403-7

Uzbekneftegaz actively monitors the compliance with health and safety requirements in all types of production operations, including the 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. Also, the Company strictly monitors compliance with sanitary and hygienic standards and requirements, as well as rational work and rest schedules for employees.

Each facility of Uzbekneftegaz has a first aid post with staff available to provide medical assistance. All posts are equipped with medicines and necessary medical devices. In accordance with government requirements, the Company's employees are provided with the following medical services:

- Emergency medical assistance in the form of air medical service and ambulance;
- Pre-medical treatment in a day-care first-aid station;
- 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.

In 2021, 28,753 employees of Uzbekneftegaz underwent a medical examination, of which 3,789 employees were recommended treatment and 583 employees were sent for medical treatment.

Injury Prevention

GRI 403-2, 403-5, 403-6, 403-9, EM-EP-320a.1, EM-RM-320a.1

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 workplace injuries, which is a very important production task, is inseparable from the continuous improvement of the system for recording and reviewing the causes of workplace accidents.

In 2021, there had been recorded 2 incidents, which is 50% lower than in 2020 (4 incidents). 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.

Based on the results of investigations in accordance with the requirements of the UOHSEMS, the main occupational injuries in 2021 were received in a fire (an accident on the 2nd line of the propane-butane mix production plant of the Shurtan OGPD) and electric shock (an accident in Gulistan Oil Depot LLC related to electrical safety).

	2021	2020
The number of employees who underwent the mandatory annual medical examination in the Company	28,753	30,781
The number of employees who require follow-up medical care	3,789	931

Each employee has an individual medical record and a medical examination report, which are kept in the Department of Industrial and Environmental Safety, Health and Labour Safety for recording and reviewing occupational diseases. Employees can be treated for diseases in any health care centre. During the treatment period, the Company covers the costs in accordance with the standards established by law. In addition, employees are eligible for medical services based on the decisions of the Collective Agreement and the Trade Union Committee. As well as according to the annual programme, fitness and sports events are held.



Throughout 2021, the departments and enterprises of Uzbekneftegaz JSC have been regularly working to prevent the spread of the Coronavirus infection COVID-19 and improve preventive measures. To prevent the spread of coronavirus infection in subordinate departments and enterprises, 1.8 million pieces of medical masks, 75.8 thousand pieces of hard soap, 1.6 million pairs of medical gloves and 89 thousand pieces of antiseptics were purchased. To ensure the social protection of employees during the lockdown, those having Coronavirus infection and suspected pneumonia were treated at the Company's expense. To ensure safety, employees of our departments and enterprises were tested for COVID-19 free of charge. In total, 35,334 employees were tested for COVID-19 during the reporting period, and 32,456 employees were fully vaccinated.

The Number of Occupational Accidents Among the Company's Employees

	2021	2020	2019
Total number of recorded occupational injuries (accidents)	2	4	7
Total number of occupational injuries with severe consequences (excluding fatal cases)	0	1	3
Total number of accidents with resulted in death	2	3	4

The Main Types of Occupational Injuries

Types of Occupational Injuries	2021	2020	2019
1) During implementation of works at height		3	1
2) In the case of fire	1		
3) During implementation of works on a drilling rig		1	2
4) During implementation of works with load lifting equipment			
5) In the case of electric shock	1		1
6) During the conduction of maintenance and repair of equipment			2
7) During the repairing of a lathe			1

To achieve the set goals on time and ensure the health and safety of employees, the Company annually invests substantial amounts in this area. In the reporting year,

the total expenses on health and safety amounted to more than UZS 48 billion (USD 4.53 million equivalent).

Occupational Health and Safety Spending

Indicator	2021	2020
The amount invested in OHS, in UZS	48 billion (USD 4.53 million equivalent)	50.340 billion (USD 4.75 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.



In 2021, 3,805 of our employees attended OHS training and 6,570 employees attended induction training. Also, 100 people were trained at the training centre under the Ministry of Employment and Labour Relations, 14 people were trained in the first aid course at the UNG Training centre, and 47 people were trained in the fire safety course.

Above all, in order to prevent injuries and ensure safe working conditions, Uzbekneftegaz 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.

Furthermore, training and experience sharing was arranged for 66 engineering and technical employees of Gasli OGPD at Shurtan GCC LLC, Shurtan OGPD, Uzbekistan GTL, and Bukhara Oil Refinery. Our employees also attended online training courses offered by foreign countries:

- At Petronas, the Malaysian Institute on the "Best Practices in the Field of Health and Environment, Safety and Maintenance in the Oil and Gas Industry" course;
- At "ECOPSY", the Russian company on the "How to Create a Culture of Development in the Company?" course.

Plans for 2022:

- Step-by-step control and monitoring of working conditions of employees 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 policies for employees;
- Carrying out regular testing of knowledge in the OHS among the management, managers of the Company and members of the Permanent Commission;
- Activities to improve the knowledge and skills of employees in the field of environmental protection, first aid and fire safety;
- Continuing implementation of activities aimed at preventing the spread of Coronavirus;
- Continuing introduction of international standards ISO 45001 and ISO 14001 in the Company's subdivisions;
- Continuing the printing 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 capacities in the field of industrial safety. Introducing such a system will automate the processes of information sharing, create a single database of hazardous production facilities, and increase the level of protection against accidents and incidents at hazardous production facilities.



CONTRIBUTION TO THE SOCIO- ECONOMIC DEVELOPMENT

Regional Development and Local Communities

57



CONTRIBUTION TO THE SOCIO-ECONOMIC DEVELOPMENT

GRI 102-1, 103-2, 103-3, 203-1, 413-1, EM-EP-210b.1

Highlights for 2021:



UZS 306 billion (USD 28.8 million equivalent) – the total amount of sponsorship provided by the Company

Our Guiding Documents:

- Regulations on the Provision of Charity and Sponsorship Support of Uzbekneftegaz JSC;
- Internal Anti-Corruption Policy of Uzbekneftegaz JSC.

Uzbekneftegaz JSC pays particular attention to social support of the regions of the Republic of Uzbekistan where the Company performs its activities. The Company seeks to contribute to the development of the regions where it operates by implementing social and charity projects.

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.

Commitment to the UN Sustainable Development Goals in the Social Aspect

To support the UN Sustainable Development Goals, the Company plans to spend up to 3% of its net profit to facilitate social development by performing the following activities:

- For the purpose of supporting the Sustainable Development Goal 3 (Good Health and Wellbeing), the Company pays social benefits, supports families and youth;
- For the purpose of supporting the Sustainable Development Goal 4 (Quality Education), the Company provides support to the programmes being implemented for students of tertiary and secondary education institutions by paying their tuition fees, providing scholarships for employees at local and foreign universities, and funding for industrial work placement);
- For the purpose of supporting the Sustainable Development Goal 8 (Decent Work and Economic Growth), every year the Company creates new jobs across the country, and is the third largest taxpayer in the Republic of Uzbekistan;
- For the purpose of supporting the Sustainable Development Goal (Sustainable Cities and Communities), the Company is actively engages in charity projects for the provision of urban amenities and landscaping, finances the creation and maintenance of infrastructure facilities of high cultural and social value such as kindergartens, healthcare camps, sports centres and clubs, medical and cultural institutions.

REGIONAL DEVELOPMENT AND LOCAL COMMUNITIES

Highlights for 2021:



UNG Medline – opening a medical centre for employees and their families



482 new job places created



UZS 2 billion (USD 188 thousand equivalent) were allocated for the completion of the reconstruction of the Alisher Navoi park in the Andijan region



A school for 180 students was built thanks to the Company's funds in the Konlikul district of the Republic of Karakalpakstan

As instructed by the country's Leadership, following its visits across the regions of the country, Uzbekneftegaz JSC finances the construction of social assets.

In 2021, the Company implemented the following initiatives and projects in the regions of its footprint:

- | | |
|---|---|
| Opening of a medical centre for employees and their families | <p>To provide quality medical services to employees and their families working at the enterprises under Uzbekneftegaz JSC, as well as to the population of Mubarek, the therapeutic, cardiological, neurological, gynaecological, surgical units for 65 beds, as well as a polyclinic for 150 visits, an advanced laboratory were established.</p> <p>On March 19, 2021, an official opening of the UNG Medline medical centre took place.</p> |
| Opening of a school and child-care institutions in the Konlikul district | <p>In the Konlikul district of the Republic of Karakalpakstan, thanks to the finance of Uzbekneftegaz JSC, a school for 180 students and child-care institutions for 60 and 150 children respectively were built.</p> |
| Support for healthcare organisations | <ul style="list-style-type: none"> • The Company purchased and transferred 15 stationary and portable equipment sets for UZS 32.2 billion (USD 3.04 million equivalent) to healthcare institutions in the Bukhara region. • In the Zhondor district, a PCR machine and 1 unit of a specialised vehicle (vacuum truck) worth UZS 700 million (USD 66,000 equivalent) were purchased for a medical association. A centralised oxygen station was built in the district medical association for UZS 2.4 billion (USD 226,000 equivalent). |
| Support for the well-being of the local population | <ul style="list-style-type: none"> • Sponsorship funds of UZS 4 billion were transferred to the International Fund for Saving the Aral Sea. • In the Bukhara region, a Culture and Spirituality Centre was built in the centre of the Alat design, and a gym worth UZS 102 billion (USD 9.62 million equivalent). • To improve cities and districts of the Bukhara region, 9 units of ISUZU buses and 2 units of aerial work platform worth UZS 4.6 billion (USD 434 thousand equivalent) were purchased. • In Kashkadarya region, to provide residents of the Guzar district with clean drinking water, under the sponsorship activity, UZS 38 billion (USD 3.6 million equivalent) was transferred. • A major renovation of UZS 3.4 billion (USD 20.9 thousand equivalent) was carried out at school No. 72 in the Guzar district. The buildings of a vocational school, a kindergarten, three secondary schools, a children's and youth sports school and a football academy were renovated and equipped for UZS 2.9 billion (USD 273.7 thousand equivalent). |

Furthermore, the Company has also implemented the initiatives as follows:

- In the Surkhandarya region, sponsorship funds of UZS 30 billion (USD 2.8 million equivalent) were allocated for the reconstruction and expansion of the gas supply system;
- To provide the residents of Arslonboili village of the Kumkurgan district with clean drinking water, a 190-metre well was drilled for a total cost of UZS 1.1 billion (USD103.8 thousand equivalent), and a 3.8 km long drinking water supply system was installed. As a result, more than 220 rural households were provided with clean drinking water;
- In Tashkent, the old 5-storey building of the Institute of Immunology and Human Genomics under the Academy of Sciences has been completely renovated and equipped with furniture;
- A new 2-storey laboratory facility was built on the territory of the Tashkent State Technical University. Currently, the classrooms are being equipped with the necessary modern geological equipment, models and devices;
- In the Andijan region, sponsorship funds of UZS 2 billion (USD188.7 thousand equivalent) were allocated to complete the reconstruction of the Alisher Navoi Culture and Leisure Park in Khanabad city).

Support for Families in Need of Social Support

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, the Bukhara Oil Refinery, as part of the Mehr Ushing campaign, together with representatives of the leadership of the Karaulbazar district, have visited low-income households and provided them with the required support;
- As part of the campaign dedicated to the 30th anniversary of the Republic of Uzbekistan, low-income and in need households of the Karaulbazar district were provided with food along with holiday gifts;
- Representatives of the Jizzakh Oil Depot LLC and subordinate branches visited 30 households in need of financial assistance and support in all districts of the Jizzakh region;
- The day before the celebration of public holidays (Navruz, May 9 – a Day of Memory and Honor, Independence Day), the Trade Union Committee of Uzbekneftegaz JSC together with the administration office provide labour veterans working in the Company, retirees, low-income families, people with disabilities, children and families from orphanages with a set of material assistance and food.



ENVIRONMENTAL RESPONSIBILITY

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CHAIRMAN OF THE MANAGEMENT BOARD STATEMENT FOR ENVIRONMENTAL RESPONSIBILITY

JSC Uzbekneftegaz is committed to reducing environmental impacts throughout the entire supply chain and as part of its operations. We are working to reduce resource consumption, emissions, and waste, as well as to preserve and support the ecosystem of our country.

An international standard-compliant environmental management system is in place at the Company. There is fruitful cooperation with government agencies and environmental authorities. The Company closely monitors compliance with environmental requirements and the fulfilment of its obligations. An environmental action plan is developed annually, where environmental impacts are monitored.

Actions to counteract climate change is a significant component of JSC Uzbekneftegaz's environmental policy. A lot of attention is paid to energy efficiency issues in particular; by taking steps to increase equipment efficiency and introducing energy-saving technology, we are able to optimize energy usage. In addition, last year we continued to work on the development of renewable energy sources. We have set ourselves the goal of reducing greenhouse gas emissions by 2030 and achieving zero emissions on Scope 1 and 2 by 2050, which is an ambitious undertaking for us, and every year, a variety of actions are performed in this direction. In 2021, the work was mainly focused on the production of more environmentally friendly goods and on planting compensatory trees.

Significant water resources are needed by the oil and gas industry, and managing them effectively is one of the key objectives of our work in the environmental protection sector and one of the priority tasks for the country. Water use was 10% lower in 2021 as a result of rational consumption and the use of recycled water supplies.

As part of the development of effective waste management, last year we continued to work on the delivery of industrial waste for reuse by third-party organizations and recycling. This allowed us to increase the volume of waste rejected for disposal and materials returned to the production cycle.

As part of the "Yashil Makon" national project, JSC Uzbekneftegaz is conducting extensive work on creating agricultural plots and planting trees, landscaping, caring for trees, creating parks and forest nurseries. We plan to keep taking an active part in the execution of this important initiative for the country.

The work planned for 2022 includes a range of measures to reduce the consumption of fuel and energy resources, environmental monitoring, land reclamation, tree planting, and waste management.

Sincerely,
Chairman of the Board,
Mehridin Abdullayev.

ENVIRONMENTAL RESPONSIBILITY

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

Highlights for 2021:



By the end of 2021, **16** enterprises are ISO 14001 certified



UZS 2.3 billion (USD 216.5 thousand equivalent) is the total amount of compensation payments for environmental pollution and waste disposal



30 out of 30 enterprises were transferred to an electronic system for making compensation payments for negative environmental impact

Our Guiding Documents

- The Law of the Republic of Uzbekistan dated December 09, 1992 No. 754-XII "On Nature Protection";
- The Law of the Republic of Uzbekistan dated December 27, 2013 No. ZRU-363 "On Environmental Control";
- Health, Safety and Environmental Policy;
- Permits, licences, approvals in accordance with the requirements of the legislation of the Republic of Uzbekistan (waste generation standards, Maximum Permissible Emission (MPE), Maximum Allowable Discharge (MAD), etc. for each enterprise);
- Plans for environmental protection and sustainable use of natural resources.

Environmental Management

EM-EP-160a.1, EM-MD-160a.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 system has been developed, introduced, 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 2021, 16 enterprises of the Company have been ISO 14001 certified and the Company is planning to continue to increase this number. In addition, in carrying out its activities, Uzbekneftegaz strives to comply with other international and national requirements.

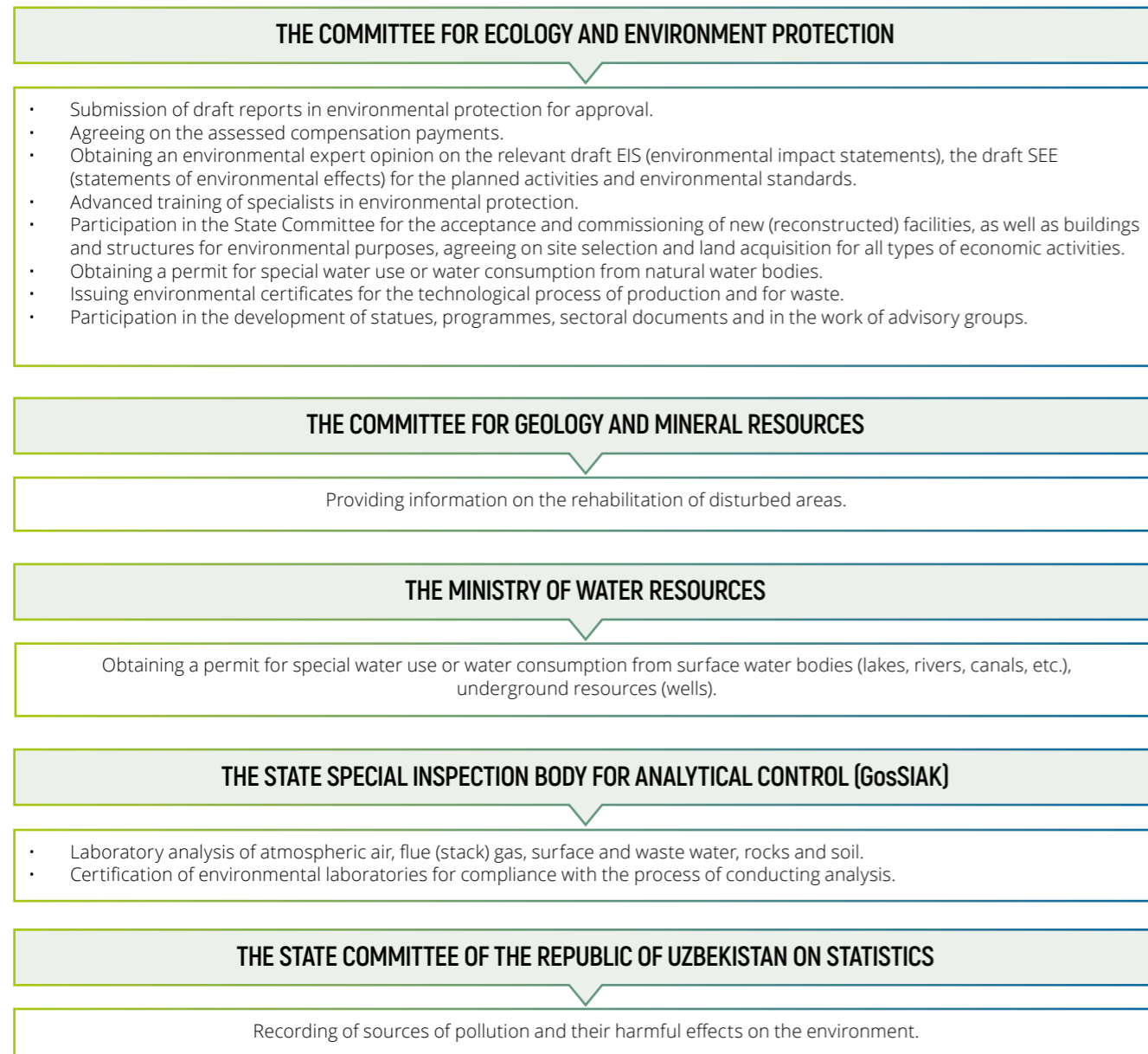
Introduction of the Occupational Health and Safety Management System According to ISO 14001 International Standard

	2021	2020	2019
Number of enterprises where the system was introduced according to ISO 14001	16	14	11

This system 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.

Furthermore, Uzbekneftegaz JSC considers it important to maintain a clear and transparent system of liaison with government authorities on environmental issues.

Engagement with Government Authorities and Specialised Organisations of the Environmental Department in the Field of Environmental Protection



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.

To achieve set goals, the main tasks of the Environmental Protection 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;
- 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.

Environmental Compliance

GRI 307-1

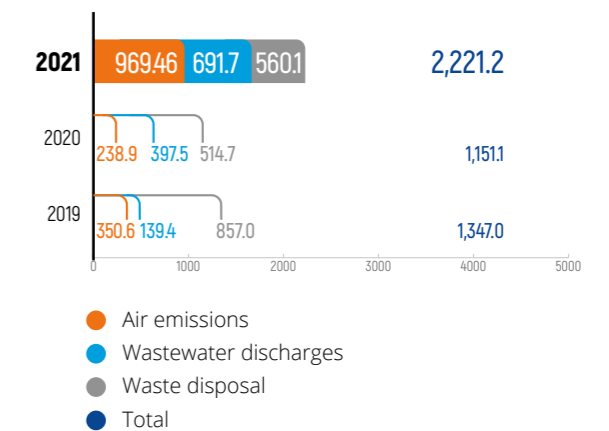
To ensure transparency, save time and prevent corruption when submitting reports on environmental protection by the departments and enterprises of the system, the process of submission of reports on the payment of compensations for negative environmental impact and environmental impact assessment documents has been digitised. In 2021, all (30 out of 30) departments and enterprises in the Company were transferred to the electronic system for making compensation payments for negative environmental impact

In 2021, the total amount of compensation payments for environmental pollution and waste disposal was UZS 2.2 billion (USD 209 thousand equivalent), which is 22% more than the total amount of payments in 2020. 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). Also, in some part, the intensive development of the industry influenced, the increase in the number of fields under development, the volume of production and processing of hydrocarbons is associated with an increase in emissions and discharges of pollutants.

According to the ISO 14001:2015 standard, the Company's production facilities conduct an environmental impact assessment and identification of environmental risks to establish the compliance of the planned or ongoing economic and other activities with environmental requirements, and determine the admissibility of the implementation of the object of environmental expert review. Registers are compiled with ranking and identification of major environmental aspects, and a list of measures to reduce / prevent negative environmental impacts.

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 2021.

Compensation Payments for Environmental Management, UZS thousand



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;

- Continue to implement ISO 14001 international standards in the Company's subdivisions;
- Continue to monitor compliance with established requirements and standards for environmental protection.

CLIMATE CHANGE

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

Highlights for 2021:



2.8 million GJ – total electricity consumption



110,900 GJ – energy consumption from renewable sources



93 billion GJ – energy savings

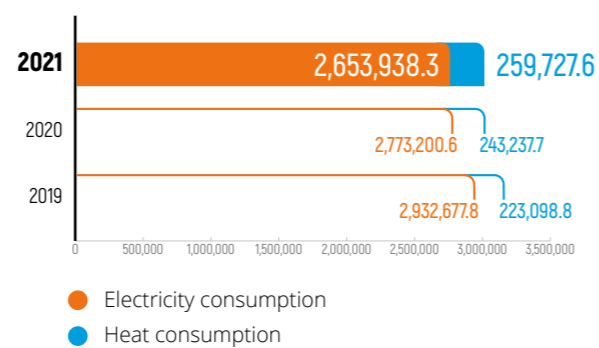


4.56 million tonnes of CO₂-eq – total greenhouse gas emissions (Scope 1 and 2)

Our Guiding Documents:

- Regulatory and technical documentation approved by the Decree of Uzbekneftegaz JSC dated March 5, 2021 No. PP-110:
 - NGH 39.0-239:2020 "Energy Saving Management System in Uzbekneftegaz JSC";
 - NGH 39.0-240:2020 "Regulations on Reporting Formats for the Implementation of the Energy Saving Programme at the Enterprises of Uzbekneftegaz JSC";
 - NGH 39.0-241:2020 "Energy Passport of the Consumer of Fuel and Energy Resources of Uzbekneftegaz JSC";
 - NGH 39.0-242:2020 "Target Indicators of Energy Efficiency of the Activities of Entities and Organisations of Uzbekneftegaz JSC for Gas Production and Processing, Drilling of Wells and Processing of Oil and Condensate".
- The Regulations approved by the order of Uzbekneftegaz JSC dated October 15, 2021 No. 448:
 - NGH 39.0-261:2021 JSC Uzbekneftegaz. Inventory, Fuel and Energy Resources. Organisation of Activities Aimed at Saving of Resources and their Sustainable Use".
- Gazprom Standard 102-2011 "Inventory of Greenhouse Gas Emissions".

Energy Consumption, GJ



Energy Consumption

GRI 302-1, 302-3, 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.

With a view to the implementation of the Presidential Decree of the Republic of Uzbekistan, 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. It should be noted that all electricity meters in the system collect data accurately, quickly and simultaneously. Also, the APCMS system enables consumers of electricity to quickly receive information about consumption, form accurate balances and effectively reduce losses.

In 2021, there has been an increase in fuel consumption from non-renewable sources, where the total consumption of non-renewable fuels reached 85,896,410.7 GJ. The main changes were affected the volumes of consumption of diesel fuel (an increase of 98.9%), process gas (an increase of 92.2%) and gasoline (a decrease of 49.3%). These changes are explained by the fact that the number of developed fields located in remote hard-to-reach areas has increased, for which, due to the lack of gas filling stations, vehicles running on diesel fuel are used. In addition, in 2021, there was an intensive development of the industry, the volume of production and processing of hydrocarbons compared to 2020.

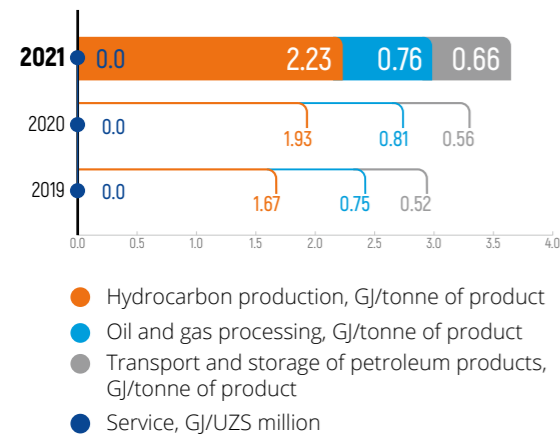
Consumption of Non-Renewable Fuels

Types of fuel	Measure of Unit	2021	2020	2019
Fuel gas	million m ³ /year	2,284.74	2,141.60	2,150.85
Process gas	million m ³ /year	178.17	92.68	104.89
Leaks	million m ³ /year	1.67	1.61	1.33
Gasoline	tonne/year	5,724.05	11,278.34	7,123.27
Diesel fuel	tonne/year	38,885.71	19,545.97	16,275.65
Liquified petroleum gas	tonne/year	4,032.91	3,496	5,272.05
Compressed natural gas	thousand m ³ /year	380.43	346.02	337.02

During the reporting year 2021, the consumption of electricity and heat by the Company reached 2.756 million GJ and 62 thousand GJ, respectively. Compared to 2020, there is a decrease in electricity consumption by 0.6% and an increase in heat consumption by 6.8%.

The highest energy intensity indicator among production processes relates to hydrocarbon production – 2.23 GJ/tonne of product. The intensity of energy consumption in oil and gas processing reached 0.76 GJ/tonne of product, and the transport and storage of petroleum products – 0.66 GJ/tonne of product. Indicators of service work processes are irrelevant due to the specific nature of the structural area.

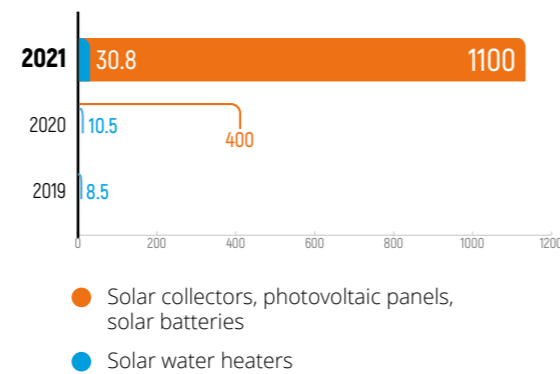
Energy Intensity by Structural Areas



In 2021, Uzbekneftegaz drew up a plan to save energy, increase energy efficiency, introduce energy-saving devices, develop the introduction of renewable energy sources and sustainable use of energy. It comprised the activities as follows:

1. Energy saving due to the installation of a solar power plant, a photovoltaic panel and a solar collector – 27 activities;
2. Improving the working condition of electrical appliances and illuminating devices and reducing electricity consumption by replacing low loads – 23 activities;
3. Reduction of electricity consumption due to the systematic monitoring of the operating mode of electrical appliances and lamps – 19 activities;
4. Reduction of energy losses by compensation of reactive power in power systems – 6 activities;
5. Reduction of electricity consumption by monitoring the control circuit of electrical appliances by using a frequency converter – 2 activities;
6. Disposal of flare farms and regenerative gases – 3 activities;
7. Reduction of fuel consumption by using steam boilers, fire regenerators, heating furnaces based on the parameter chart – 9 activities;
8. Improvement of thermal protection of devices, equipping with energy-efficient and energy-saving devices – 10 activities;
9. Introduction of systematic monthly monitoring of approved standards for fuel and energy consumption – 2 activities.

Consumption of Renewable Forms of Energy, GJ



For the purpose of reducing energy consumption in line with the activities approved for 2021, work is under way to introduce alternative (renewable) energy sources at the Group's enterprises. In total: 1) 13 projects with a capacity of 500 W were implemented for the introduction of solar panels, 2) 20 projects with a capacity of 50 W, 3) Yudon with a capacity of 100 W, 4) 210 with a capacity of 120 W, 5) 42 with a capacity of 150 W and 6) 115 with a capacity of 200 W for the introduction of solar projectors. As a result of these activities, in 2021, the total consumption of energy from renewable sources reached 110,900 GJ, which is 2.9 times higher than the indicator in 2020.

As of January 1, 2022, because the activities at all points have been completed:

- Actual energy savings totalled 93 billion GJ, the plan was implemented by 104.75% and efficiency of UZS 11.6 billion (USD 1.093 million equivalent) was achieved;
- Actual savings in fuel gas consumption totalled 784 thousand GJ, the plan was implemented by 108.2% and the efficiency of UZS 6.1 billion (USD 578.2 thousand equivalent) was achieved.

Uzbekneftegaz GTL is one of the modern industrial enterprises with high performance. The plant produces high-pressure steam with the sustainable use of the thermal energy of the flue gas emitted into the atmosphere from the synthesis furnace. In order to save natural gas reserves and reduce exhaust gas emissions, heating the air supplied to the furnace improves energy efficiency and reduces fuel gas consumption by 15%. Thus, natural gas reserves are conserved by shaping a culture of energy conservation and efficiency.

Greenhouse Gas Emissions

GRI 305-1, 305-2, 305-4, EM-EP-110a.1, EM-EP-110a.3, EM-MD-110a.1, EM-MD-110a.2, EM-RM-110a.1, EM-RM-110a.2

Uzbekneftegaz is targeting to address the issues related to reduction of greenhouse gas (GHG) emissions in the medium and long run by reducing energy intensity and improving the energy efficiency of production. As part of its commitment to achieving Sustainable Development Goal 13 "Climate Action", the Company has set targets to reduce GHG emissions (Scope 1 and 2) by 25% by 2030 and to reduce the carbon footprint (Scope 1 and 2) to 0 by 2050.

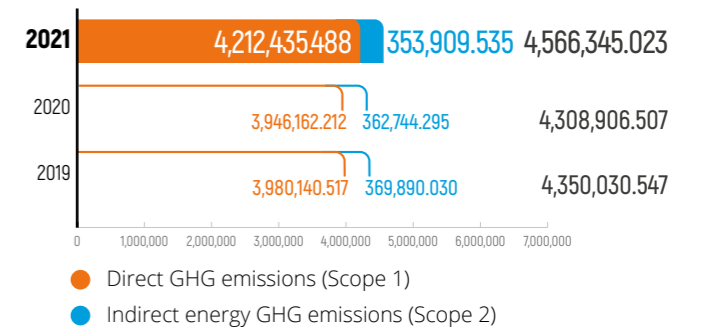
It is possible to achieve the goal of reducing greenhouse gas emissions and environmental impact by the implementation of technical activities in the following priority areas:

- Introduction of cost-effective and energy-efficient technologies into the hydrocarbon production system. This is accomplished, on the one hand, by creating joint ventures with foreign companies or with their participation in production sharing agreement (PSA) projects that bring their experience and new technologies. On the other hand, this is accomplished by contributing to the improvement of technologies of its own scientific achievements;
- Introduction of technologies for deep gas processing with the production of highly liquid gas chemical products;
- Use of alternative fuels and energy sources.

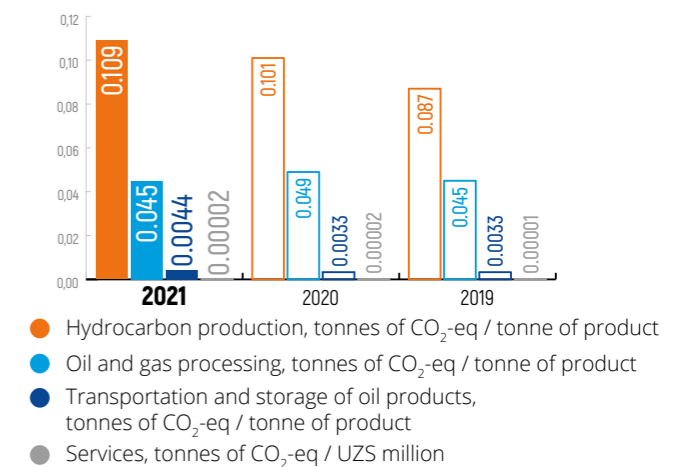
In this respect, a number of major investment activities for the disposal of GHG emissions have been implemented. The main part of the previously flared associated gases is now being successfully disposed of. Only a small share of the flare gases remains at the processing plants to maintain a standby fire on the line of emergency gas and volume discharges.

In 2021, the greenhouse gas emissions totalled 4.566 million tonnes of CO₂-eq, of which direct GHG emissions was 4.212 million tonnes of CO₂-eq, and indirect energy emissions – 354 thousand tonnes of CO₂-eq. The total emissions produced in 2021 increased by 5.96% compared to the previous year. The increase was due to an increase in the number of developed fields. It should be noted that the main sources of emissions are production processes for the extraction of hydrocarbons and oil and gas processing, while the intensity of GHG emissions (Scopes 1 and 2) for them totalled 0.109 tonnes of CO₂-eq/tonne of products and 0.045 tonnes of CO₂-eq/tonne of products, accordingly in 2021.

Greenhouse Gas Emissions, tonnes CO₂-eq



Greenhouse Gas Emission Intensity (Scope 1+2) by Structural Areas



Key activities aimed at mitigating the impact on climate change and the atmosphere:

- The production of environmentally friendly and high-quality diesel fuel of Euro-4 and Euro-5 classes began at the Bukhara Oil Refinery and a certificate of product conformity was received;
- In December 2021, pilot operation was launched for the construction of a plant for the production of synthetic fuel by Uzbekistan GTL LLC;
- At the Uz-Kor Gas Chemical joint venture, the resulting carbon dioxide emissions are transferred for processing as feedstock to the Uzkhimprom enterprise.
- To compensate for GHG emissions, as well as to implement Yashil Makon national project, at the enterprises of Uzbekneftegaz JSC, in 2021, instead of the 191,110 planned under the program, 198,703 seedlings of fruit trees and decorative trees and bushes were planted.

Furthermore, in accordance with the approved Technical Policy for the Sustainable Use of Energy Resources and Reducing the Energy Intensity of Production, activities were drawn up and implemented, including those to reduce GHG emissions.

Climate Change Plans for 2022:

- Activities to improve the working condition of electrical appliances and illuminating devices, installation of energy-saving devices, reduction of electrical load, reduction of electricity consumption;
- Activities to install devices that reduce the operating time of electrical appliances and lamps to reduce electricity consumption by regular monitoring of the operating mode;
- Activities to save energy by installing a solar power plant, a photovoltaic panel and a solar collector;

- Activities to save fuel gas due to the reusing of heating energy;
- Activities to save fuel gas by using steam boilers, fire regenerators, heating furnaces based on parameter charts, the introduction of systematic monitoring of compliance with approved fuel and energy consumption standards;
- Activities to improve the thermal insulation of devices, save fuel gas by equipping energy-efficient and economical devices.

In addition, there is an approved plan by the Company to reduce greenhouse gas emissions for 2022 by implementing of organisational and technical activities to save: fuel gas – 40,442.9 tonnes, electric energy – 9,985.3 tonnes, oil products – 719.5 tonne, in accordance with the Energy Efficiency Technical Policy of Uzbekneftegaz JSC.



Chimgan mountains

CARING FOR THE ENVIRONMENT

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

Highlights for 2021:



UZS 9.6 billion (USD 900 thousand equivalent) is the total amount of costs for environmental activities



28,713.9 megalitres is the total water consumption



123.8 thousand tonnes are the total pollutant emissions into the atmosphere



94% of the generated waste was transferred for reuse and **6%** of the waste was recycled



850,642 hectares of disturbed land were rehabilitated and **198,703** seedlings of fruit trees and decorative trees and bushes were planted

Our Guiding Documents:

- The Law of the Republic of Uzbekistan “On Environmental Control”;
- SanPiN (sanitary regulations and standards) of the Republic of Uzbekistan No. 0293-11. The List of Maximum Permissible Concentrations (MPC) of Atmospheric Pollutants in the Populated Areas on the territory of the Republic of Uzbekistan;
- SanPiN of the Republic of Uzbekistan No. 0300-11. Sanitary Rules and Standards for Organising the Collection, Inventory, Classification, Handling, Storage and Disposal of Industrial Waste in Uzbekistan;
- GOST 12.1.007-76. SSBT. Harmful Substances. Classification and General Safety Requirements;
- NGH 39.0 –140:2012. Methodology for Calculating Atmosphere Pollutant Emissions by Oil and Gas Producing and Oil and Gas Processing Enterprises;
- ISO 14001:2015 “Environmental Management Systems. Requirements and Guidance for Use”;
- Action Plans for environmental protection and sustainable use of natural resources.

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.



International best practices in the field of occupational safety, health, and environmental management are being introduced at the Shurtan Gas Chemical Complex. The eco-analytical laboratory in the complex is equipped with advanced production equipment from prestigious companies from the leading countries of the world (USA, Germany, Switzerland, Russia). This laboratory conducts analysis of domestic and industrial wastewater, toxic gases emitted into the atmospheric air, as well as monitoring in settlements, ditches and water bodies located near the site. In addition, continuous analysis will be carried out to control the atmospheric air at the campsite. By using a specialised auto laboratory, the analysis of water, air and soil of the facilities surrounding the complex, as well as wastewater generated as a result of domestic and industrial processes of the complex, is carried out in line with schedules approved by the Department of Ecology and Environmental Protection of the Kashkadarya region.

To protect the atmospheric air, sustainably use natural resources, regulate the process of handling production and consumption waste, as well as protect the flora and fauna, a Road Map of Uzbekneftegaz JSC has been drawn up for the 2020–2022 period. During the period under review,

Water Conservation

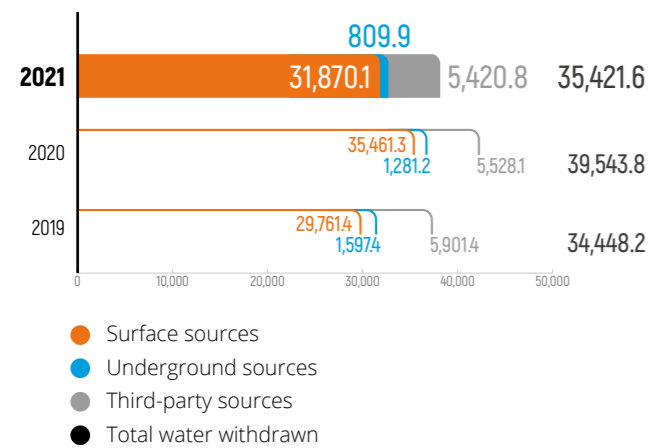
GRI 303-1, 303-2, 303-3, 303-4, 303-5, EM-EP-140a.1, EM-RM-140a.1

Uzbekistan is among the countries with limited water resources. In this regard, Uzbekneftegaz is aware of the importance of sustainable use of water. The Company continually seeks to improve its water management system and is guided by the UN 2030 Agenda for Sustainable Development, including "Ensure Availability and Sustainable Management of Water and Sanitation for All". The Company has set a goal 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. In addition, recycled water is used at oil and gas processing facilities: Mubarek GPP, Shurtan OGPD, Shurtan GCC LLC and Bukhara Oil Refinery LLC.

In 2021, the total water withdrawn was 35,421.6 megalitres, which is 10% lower than in 2020. Over the past three years, surface water resources have remained the main source of water intake. 100% of the withdrawn water is fresh.

Total Water Withdrawal, thousand m³ or megalitres

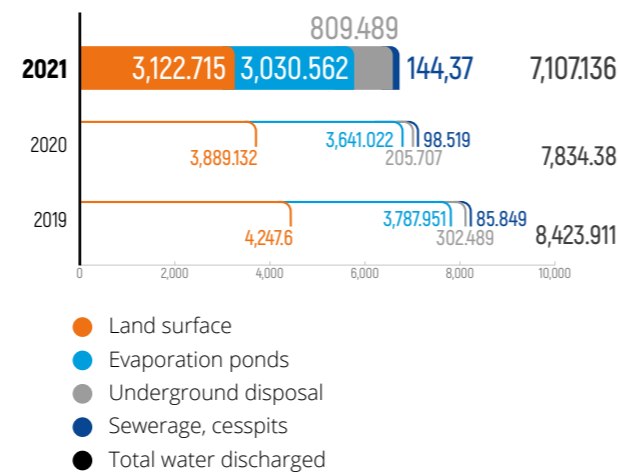


US\$ 9.6 billion (USD 900 thousand equivalent) were spent on 141 out of 165 activities to implement the Action Plan for Environmental Protection and Sustainable Use of Natural Resources.

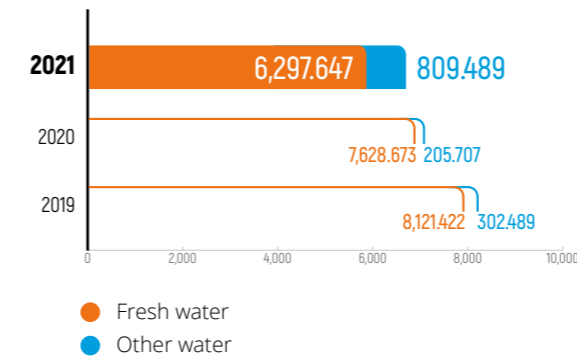
As for the enterprises of Uzbekneftegaz JSC, according to which environmental standards are being drawn up, the planned effluents correspond to the Maximum Allowable Discharge (MAD) on the land surface and into water bodies. Effluent from the Company's facilities is discharged on the land surface, into the collector and drainage system, evaporation ponds, cesspits and sewers. The quality of water discharged from the facilities of Uzbekneftegaz JSC complies with the standard.

The total water discharged in 2021 was 7,107.1 megalitres. There has been a positive decrease compared to 2020 (7,834.4 megalitres). It should be noted that 88% of the discharged water is freshwater (less than 1,000 mg of dissolved solids/litre). The treatment methods used comprise biological, physical-chemical and physical water treatment. At some enterprises, such as Shurtan OGPD, Shurtan GCC LLC, Mubarek GPPT, treated domestic wastewater is used for irrigation of forest ranges. According to the project at Uzbekistan ZhTL LLC, wastewater will be completely reused for its own needs after treatment.

Water discharge, by areas



Discharge of fresh and other water



Thus, water consumed at the enterprises of Uzbekneftegaz JSC in 2021 totalled 35,421.6 megalitres compared to 39,543.8 megalitres of water consumed in 2020. Reducing the consumption of water resources over the past

Air Protection

GRI 305-7, EM-EP-120a.1, EM-MD-120a.1, EM-RM-120a.1

Uzbekneftegaz considers the issues of reducing pollutant emissions and ensuring air quality a high priority. The main impact that the Company has on the atmospheric air is related to pollutant emissions in the course of production activities. Key emission categories are sulphur dioxide, hydrocarbons, carbon monoxide and nitrogen oxides. The highest pollution occurs during the processing and production of hydrocarbons. Emissions during transportation and storage of petroleum products, as well as during services, are minor.

By defining air protection as one of the priorities in the field of sustainable development, a goal was set to reduce sulphur

The Significant Air Emissions, tonnes

Pollutant emissions	2021	2020	2019
NOx	5,378.10	4,174.93	5,065.64
SOx	89,501.76	89,105.51	89,498.44
Solid substances	453.098	835.216	1,755,454
CO	27,090.68	17,567.40	17,313.91
Volatile organic compounds	1,458.85	479.33	485.55
Total	123,882.48	112,162.39	114,119

3 years was achieved through sustainable use, the use of in-plant water recirculation, the reuse of treated wastewater in irrigation, as well as the withdrawal of oil fields from the oil and gas production enterprises of the Company.

In 2021, the construction of an evaporation pond commenced to prevent the discharge of domestic and industrial wastewater generated by the activities of the Gazli GPP directly into the land surface. Currently, according to the project, excavations in the service evaporation pond are 100% completed, and in the industrial evaporation pond are 90% completed. In addition, planning is ongoing for building of an isolated evaporative basin in order to prevent the discharge directly into the land surface of industrial wastewater discharged from the technological processes of the condensate park of the Gazli Gas Processing Plant, shops No. 2 Dayakhatin, No. 3 Kumli, No. 4 Kulbeshkak and Tumaris.

dioxide emissions by up to 35% by 2030. To achieve this goal, the Company on a regular basis implements activities to monitor the atmospheric air condition at the facilities. During 2021, as part of the eco-analytical monitoring for environmental protection, 17,795 atmospheric air samples were taken in line with the analysis schedule.


In 2021, air pollutant emissions at Uzbekneftegaz facilities totalled 123.8 thousand tonnes. Over the past three years the largest contribution to air pollution is stored behind sulfur dioxide (SO₂) and carbon monoxide (CO).

The main sources of emissions are gas compressor units, boiler houses, heating furnaces, heat regenerators, diesel power plants (emergency), metalworking machines, process equipment (blowing) and power technology units (combustion). The total emissions do not exceed the established standards for maximum permissible concentrations of pollutants. However, it should be noted that the total emissions directly from the Mubarek GPP was 1.22 times higher than the established figure. The Company is trying to improve this situation in the future by implementing activities aimed to reduce sulphur dioxide emitted into the atmosphere.

In addition, in 2021, activities were implemented to reduce pollutant emissions:

- Converting of vehicles to LPG (liquefied petroleum gas);
- Production of ecological fuels;
- Equipping with energy-efficient and energy-saving equipment and improving thermal protection.

A step-by-step introduction of an automated system analysis of the environmental impact of production facilities is planned for the period 2021–2023. It is expected that as an outcome of this project, the system for recording and monitoring the air on the territory of the Company's enterprises will be improved. In 2021, a total of UZS 3.4 billion (USD 320 thousand equivalent) were spent on the implementation of activities aimed at air quality assurance.



The Company has established an operational working group that determines activities to reduce harmful greenhouse gas emissions into the atmosphere due to the enterprises of the industry, the production of new high value-added products from carbon dioxide. In 2021, together with Uzbekneftegaz JSC and Uzkimyosanoat JSC, to reduce the harm caused by SO2 and establish the production of high value-added products, the Uz-Kor Gas Chemical Joint Venture implemented the "Production of Household Soda from Carbon Dioxide Project".

WASTE MANAGEMENT

GRI 306-1, 306-2, 306-3, 306-4, EM-RM-150a.1

The business activities of Uzbekneftegaz JSC are inevitably associated with the generation of waste. For the purpose of preventing the negative impact of waste on the environment, the Company, on an ongoing basis, plans and implements activities to minimise waste at its own production facilities, and to transfer waste to licensed entities for their handling and disposal. In turn, licensed entities carry out waste management in accordance with the statutes of the Republic of Uzbekistan.

The main types of waste generated in the course of Uzbekneftegaz activities are ferrous scrap, waste aluminium oxide, polymer waste, low molecular weight polymer, spent oils, waste tires and oil sludge. In 2021, the generated waste totalled 12,830.7 tonnes, consisting predominantly of waste of Hazardous Classes IV and V (low-hazardous and non-hazardous waste). It should be noted that there is a substantial decrease in the toxic waste (7%, 77% and 25% for waste of Hazardous Classes I, II and III, accordingly).

Waste Generated, tonnes

Waste	2021	2020	2019
Hazardous Class I	1.1	1.2	1.5
Hazardous Class II	806.2	3,783.0	2,832.1
Hazardous Class III	634.5	851.2	2,559.6
Hazardous Class IV	7,113.9	3,605.6	6,251.3
Hazardous Class V	4,275.1	3,605.6	3,161.9
Total waste generated	12,830.7	11,846.5	14,806.4

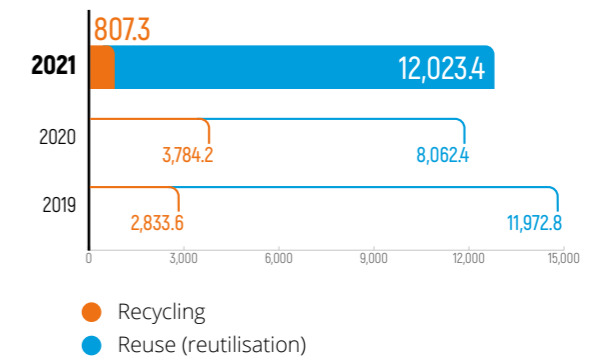
To reduce the negative impact of production waste, as well as decrease compensation payments, Uzbekneftegaz enterprises transfer production waste on a contractual basis for recycling as a raw material in the production of various building materials. In this regard, industrial waste generated during the production process can also be considered as expensive raw materials and auxiliary substances for the production of additional products.

As part of the sustainable waste management, the following activities are being implemented at the Company's facilities:

- sending generated waste of ferrous and non-ferrous metals for processing;
- sending used oil for processing;
- demercuration of used fluorescent lamps;
- sending waste coal for recycling;
- sending spent used zeolite for recycling;
- sending polymeric waste for processing;
- recycling of glass and paper waste;
- organisation of preliminary waste sorting, solid household waste disposal.

Uzbekneftegaz JSC continues to implement activities in this realm, and also reviews the possibility of selling other types of industrial waste for recycling. In 2021, the entire waste generated was sent for recycling, 94% of the waste was transferred for reuse, and 6% of the waste was recycled.

Waste Management, tonnes



Clearing treatment of domestic wastewater with Eichhornia and Pistia plants at the Mubarek Gas Processing Plant

Biodiversity Conservation

GRI 304-1, 304-2

The issues related to biodiversity conservation in the regions of operations remain a priority for Uzbekneftegaz JSC. There are no oil and gas industry facilities within conservation areas. A number of fields for the extraction of hydrocarbon raw materials, located near the reserves, do not affect the biodiversity of conservation areas: the Kyzylsu Reserve, the State Karakul Reserve, the Dengizkul State Ornithological Reserve, the Sudochye State Ornithological Reserve.

At each proposed facility, before its construction, the Company assesses the risk of activities for species of animals and plants listed in the Red Book under the developed environmental pre-project standards of the Statement on Environmental Consequences and reports on environmental consequences and the relevant decisions. 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.

When developing deposits, there are no significant direct impacts on biodiversity due to the remote location of facilities. Oil and gas facilities are sources of local impact within their industrial zones; there is practically no cumulative effect on the territory of reserves. However, the Company recognises the potential indirect impacts associated with the introduction of pollutants from point sources and changes in the distribution of wildlife due to the use of transport infrastructure.

To mitigate the impact of the oil and gas industry on the environment in implementing activities related to land use and biodiversity, schedules have been drawn up for the rehabilitation of disturbed lands 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 2021, 850,642 hectares of disturbed land were rehabilitated and 198,703 seedlings of fruit trees and decorative trees and bushes were planted.



Furthermore, in order to improve the environment in the structural subdivisions of Uzbekneftegaz JSC, enterprises are implementing the Yashil Makon national project at their facilities. As part of this project, at the initiative of the leadership of Uzbekneftegaz JSC, an agricultural plot of 120 hectares was allocated in the Guzar district of the Kashkadarya region. More than 72,000 fruit trees, decorative trees and bushes were planted on this agricultural plot. To date, work on landscaping, protection of trees and bushes, and expansion of green spaces is underway on the territory of the Shurtan Gas Chemical Complex.

In addition, the Shurtan Gas Chemical Complex has scheduled a number of activities to increase the number of nurseries, localise decorative trees imported from abroad that suit to the climate of the regions, taking into account soil fertility, establish “green parks” and “green public parks”, care for decorative and fruit trees, revise the tree irrigation system, ensuring its effective functioning, installation and maintenance of drip irrigation systems.

Caring for the Environment Plans for 2022:

- Regular eco-analytical monitoring, including analysis of wastewater, sources of pollution on the atmosphere, air, sanitary protection zone in line with the schedule;
- Activities aimed at rehabilitation of disturbed lands and planting of fruit trees and decorative bushes;
- Activities aimed at the demercuration of used fluorescent lamps, the disposal of household waste and the processing of industrial waste.



Mountain landscape between Samarkand and Shakhrisabz



CORPORATE GOVERNANCE

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CHAIRMAN OF THE SUPERVISORY BOARD STATEMENT FOR CORPORATE GOVERNANCE

An effective corporate governance system is the basis for the successful long-term development of JSC Uzbekneftegaz. We are developing a system that will be open, grounded in the highest ethical principles, take into consideration the interests of all stakeholder groups, and enable us to guarantee the best outcome in the pursuit of strategic objectives. For this purpose, we are constantly developing our processes and procedures as per the best practices and international standards.

Following PwC's independent assessment of the corporate governance system in 2021, JSC Uzbekneftegaz was highly rated and showed a further improvement in the indicator.

We are striving to continuously improve the transparency of the organisation's activities. That is why, in addition to the Annual Report, this year we have issued the Sustainability report that complies with the GRI Standards, which is one of the most highly demanded and recognized international standards for the disclosure of non-financial information. We hope that this report will become the basis for building an effective dialogue with a wide range of stakeholders.

JSC Uzbekneftegaz ensures a transparent dividend policy based on a balance of short-term and long-term interests of stakeholders. According to the results of 2020, the sum of paid dividends was more than 1,126.2 billion soums (1,124.7 billion soums on common shares, 1.5 billion soums on preferred shares).

The Company has a Code of Corporate Ethics, which defines the rules of conduct and is mandatory for all employees, regardless of their position, which is also applicable to our counterparties. There are 8 channels of communication available to JSC Uzbekneftegaz for appeals and complaints about ethical, anti-corruption, and legal infractions. An appeal may be submitted anonymously. All appeals are taken into account and brought to the attention of the Chairman of the Board.

Uzbekneftegaz is constantly working in the area of combating corruption and reducing corruption risks. In 2021, individual business units were assessed for corruption risks. Anti-corruption training was being developed and key relevant specialists were trained in anti-corruption techniques using the international standard ISO 37001:2016.

In 2022, we are planning to establish the Ethics and Anti-Corruption Committee. We will work to attract independent members to the Supervisory Board and expand the criteria for diversity of members of the Supervisory Board. As part of the impending IPO, several initiatives to advance the corporate governance structure are planned. In particular, a department for investor relations will be created. Additionally, we want to create and update internal papers on ESG-related compliance control.

Sincerely,
Chairman of the Supervisory Board,
Mehridin Abdullayev.

CORPORATE GOVERNANCE

GRI 102-10, 102-18, 102-20, 102-22, 102-23, 102-24, 102-25, 202-2

Highlights for 2021:



100% is the share of senior management in the Company hired from the representatives of the local population within the Supervisory and Management Boards



805 points – the results of the assessment of the Company's corporate governance system (high level)

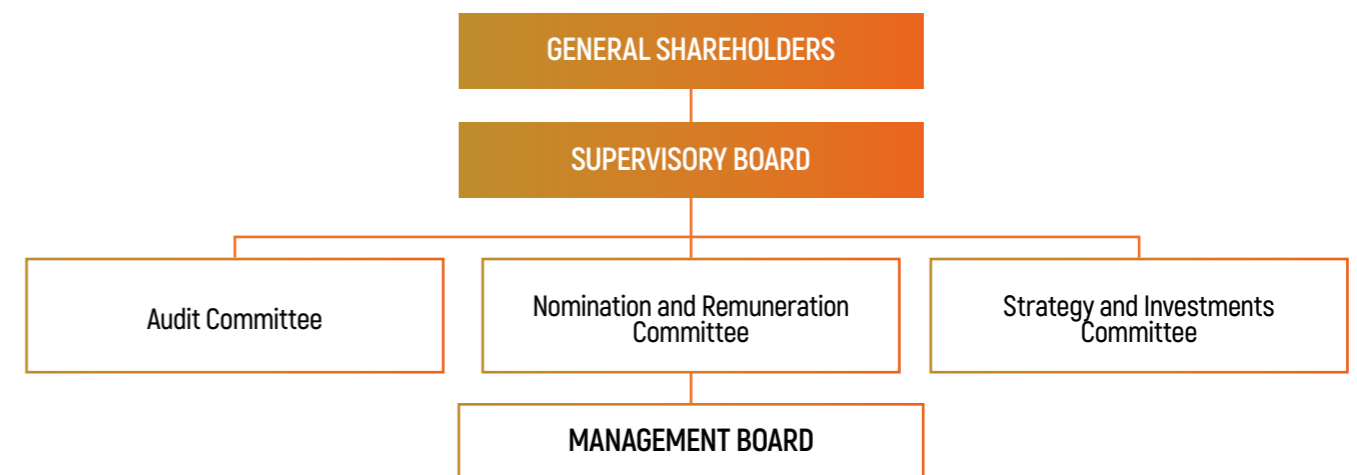
Our Guiding Documents:

- Articles of Association of Uzbekneftegaz JSC dated September 30, 2021;
- Regulations "On the Supervisory Board of Uzbekneftegaz JSC" dated September 13, 2021;
- Regulations "On the Audit Committee of the Supervisory Board of JSC Uzbekneftegaz" dated September 27, 2021;
- Regulations "On the Nomination and Remuneration Committee under the Supervisory Board of Uzbekneftegaz JSC" dated December 28, 2021;
- Regulations "On the Strategy and Investments Committee under the Supervisory Board of Uzbekneftegaz JSC" dated December 28, 2021;
- Regulations "On the Management Board of Uzbekneftegaz JSC" dated June 10, 2019;
- Regulations "On the Dividend Policy of Uzbekneftegaz JSC" dated December 11, 2020.

The corporate governance system of Uzbekneftegaz is a set of processes aimed at governing and controlling the Company's activities, as well as a system of relationships between shareholders, the Supervisory Board, the Management Board, and stakeholders to ensure the effective organisation of the Company's activities, upgrade, technical and technological re-equipment of production facilities, manufacturing of competitive products and its export to foreign markets.

The competences of the Company's management bodies are delineated and specified in the Charter of Uzbekneftegaz JSC and internal documents.

CORPORATE GOVERNANCE STRUCTURE OF THE COMPANY



The Governing 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 Corporate Governance Code is the main document that serves as a basis for development and improvement of the Company's **corporate governance practices**, approved by the decision of the Commission on Increasing the Efficiency of Joint Stock Companies and Improving the Corporate Governance System dated December 31, 2015.

The Code was drawn up in line with the laws of the Republic of Uzbekistan and international principles of good corporate governance, including fundamental principles such as:

- Accountability;
- Transparency;
- Reliability;
- Compliance with high moral values and ethics;
- Focus on ensuring sustainable development of the Company in the long term.

In 2021, the following corporate governance tasks were completed:

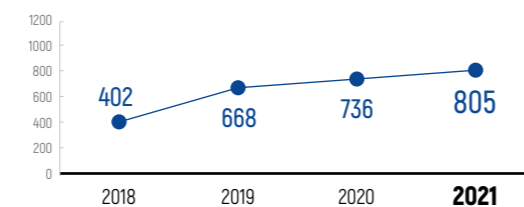
Decisions of the Shareholder and the Supervisory Board	1) 6 shareholder decisions were made (13 issues); 2) 26 meetings of the Supervisory Board were held (85 issues).
The Corporate Governance System improvement	At the year-end 2021, following the assessment of the corporate governance system, the Company scored 805 points (high level).
Information disclosure	413 material facts were disclosed; 2) Annual report, list of affiliates, Articles of Association and internal regulations, information about members of the Supervisory Board and the Audit Committee and other information in accordance with legal requirements.
Approval of the Charter and internal regulations	1) The Charters of the Company were developed in a new edition (2 editions) and their state registration has been ensured; 2) The Shareholder and the Supervisory Board approved 7 internal regulatory documents of the Company.
Changes in authorised capital	1) During the reporting period, additional shares in an aggregate amount of UZS 62,595,000 (USD 5.9 thousand equivalent) were issued; 2) The authorised capital of the Company was reduced from UZS 32.7 trillion (USD 29.6 billion equivalent) to UZS 21.5 trillion (USD 19.5 billion equivalent).
Dividend payment	At the year-end 2020, dividends of UZS 1,126.22 billion (USD 993 million equivalent) were paid to shareholders

The Company prioritises the improvement of the corporate governance system. In this area, in 2021, a diagnosis of the corporate governance of Uzbekneftegaz JSC was carried out by the Big Four company (PwC). As part of this project, external consultants carried out work to evaluate the corporate governance mechanism. As a result of the diagnostics, recommendations were received, which the Company plans to implement starting from 2022.

An independent assessment of the corporate governance system of Uzbekneftegaz JSC following the results of 2021 was carried out by an independent body in order to implement the recommendations of the Corporate Governance Code, as well as based on the decision of the Supervisory Board. An independent assessment was conducted using a survey approved by the State Committee for the Republic of Uzbekistan for the Promotion of Privatised Enterprises and the Development of Competition and the Scientific and Educational Centre for Corporate Governance. According to the results of an independent assessment, the level of

the Company's corporate governance system was recognised as "high" (805 points or 67% of the maximum possible result – an improvement by 9.4% compared to 2020).

Results of the corporate governance evaluation



An independent assessment of the corporate governance system is carried out annually in order to implement the recommendations of the Corporate Governance Code, based on the decision of the Supervisory Board of the Company. The annual stable growth of the assessment

of the corporate governance system is associated with an increase in certified enterprises according to ISO standards, implementation of ERP in the procurement activities of the Company, positive financial results and publication of financial statements in accordance with international standards. The corporate governance system was assessed in the following areas:

1. Evaluation of preparation procedures for implementation of the Corporate Governance Code;
2. Assessment of compliance with the recommendations of the Corporate Governance Code;
3. Evaluation of compliance with the organisational structure of Uzbekneftegaz JSC;
4. Assessment of competitive selection;
5. Assessment of transition to publication of financial statements in accordance with IFRS and ISA;
6. Assessment of modern management systems implementation (ISO, ERP, R&D, etc.);
7. Evaluation of information policy;
8. Evaluation of financial results.

The General Meeting of Shareholders

According to the Decree of the President of the Republic of Uzbekistan dated October 27, 2020 No. UP-6096 "On Measures to Accelerate the Reform of Enterprises with the Participation of the State and the 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 common shares or 99.94% of all shares of the Company. Preference shares without voting rights make up 0.06% of the total number of all shares and are held by individuals and other legal entities.

Share Capital Structure

- Total number of shares – 42,486,946,702;
 - of which: simple – 42,462,508,839;
 - privileged – 24,437,863;
- The nominal value of a share is UZS 500 (USD 0.05 equivalent);
- Total number of shareholders is 57,704.

In 2021, the Sole Shareholder made 6 decisions related to 13 issues (in 2020: 21 decisions related to 48 issues), including:

- Approval of the new version of Articles of Association of Uzbekneftegaz JSC;

- Election of members of the Supervisory Board of the Company;
- Decrease in the authorised capital of the Group;
- Entering the Company's shares into the Quotation List of RSE "Toshkent" stock exchange;
- Issuing additional shares of the Company;
- Extending the powers of the members of the Management Board of the Company;
- Approval of a new version of the regulations on the Supervisory Board.

Dividend Policy

Since December 2020, the Company has operated 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 follows the residual policy of dividend payments, meaning that the dividend payout fund is formed after the need for generating its own financial resources is satisfied at the expense of profit, ensuring the full realisation of the Company's investment opportunities.

The size of dividends is calculated based on the amount of the Company's net profit specified in the Company's financial statements, the reliability of which is confirmed by an independent audit organization.

When calculating the amount of dividends, the following principles are respected:

- Transparency of the mechanism for determining the size of dividends;
- Balance of short-term (receiving income) and long-term (development of the Company) interests of shareholders;
- Focus on increasing the investment attractiveness and the Company's capitalisation rate.

The amount of dividends on ordinary shares depends on the results of the Company's financial and economic performance for the reporting period.

The amount of dividends on preferred shares is determined in line with the Articles of Association of the Company and, in the case of inadequate net profit of the Company, is paid from its reserve fund.

The Dividend History for 2020

Dividend per ordinary share	UZS 27.89 (USD 0.003 equivalent)
Dividend per preferred share	UZS 125 (USD 0.012 equivalent)
Total dividends paid on ordinary shares	UZS 1,124.77 billion (USD 108.7 million equivalent)
Total dividends paid on preferred shares	UZS 1.5 billion (USD 149 thousand equivalent)




THE SUPERVISORY BOARD

The Supervisory Board assures the general management of the Company's activities. Decisions of the Supervisory Board are made in accordance with the procedure stipulated by the law and the Articles of Association of Uzbekneftegaz.

Candidates to the Supervisory Board of Uzbekneftegaz JSC 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 of Uzbekneftegaz JSC are elected by the General Meeting of shareholders by cumulative voting for a term of office up to 1 year.

COMMITTEE DESIGNATIONS:

-  – Audit Committee
-  – Nomination and Remuneration Committee
-  – Strategy and Investments Committee



Ravshan Ayupovich Gulyamov (54)

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 Saidabbasovich Sultanov (54)

Deputy Chairman of the Supervisory Board

Chairman of the Committee: 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 NCC. In 2019–2022 he held a position of the Minister of Energy of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Ruslanbek Kuroltayevich Davletov (42)

Member of the Supervisory Board

Membership in committees: 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:

Ruslanbek Davletov has working experience in the Research Centre on Democratisation and Liberalisation of Judicial Legislation and Ensuring Independence of Judicial System within the Supreme Court under the Supreme Court (Deputy Director), Office of the President of the Republic of Uzbekistan (head of the sector for Coordinating the Activities of the Senate and the Legislative Chamber of the Service for Cooperation with the Oliy Majlis, Political and Public Organisations). Currently, he holds the position of Minister of Justice of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Omonullo Zabihullaevich Nasritdinkhojaev (51)

Member of the Supervisory Board

Membership in committees: 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 Nasritdinkhojaev has 20 years of experience in the financial sector in leadership positions. Omonullo Nasritdinkhojaev held a position of a Deputy Head of the Credit Suisse Representative Office in Uzbekistan, Director for Finance and Economics at South Ural Mining and Processing Company LLC, Director for Strategy and Investment at Baikal Mining Company LLC. Currently, he is the First Deputy Minister of Finance of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Bobur Kalandarovich Abdinazarov (39)

Member of the Supervisory Board

Chairman of the Committee: 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. Bobur Abdinazarov held a position of a Chief Economist of the Department of Accounting and Auditing Methods under the Ministry of Finance of the Republic of Uzbekistan, Director of the Tariff Policy and Reform Department under the State Enterprise of the Ministry of Finance, Deputy Minister of Economic Development and Poverty Reduction of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Akmalhon Zhurakhonovich Ortikov
(42)

Member of the Supervisory Board

Membership in committees: 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: Finance Department of the Khokimiyat of Namangan Region (head), Finance 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 is holding a position of the Director of the State Assets Management Agency of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Mubin Muhidinovich Mirzaev (53)

Member of the Supervisory Board

Chairman of the Committee: AC

Appointed: 2021

Qualifications:

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

Skills and experience:

Mubin Mirzaev held a position of the Deputy Director of the Department of Monetary Policy and Economic Analysis under the Central Bank of the Republic of Uzbekistan, Director of the Department of Monetary Policy and Economic Analysis under 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 for Macroeconomic Policy, Development of Basic Industries and work with international financial institutions. Currently, he is holding a position of the First Deputy Chairman of the State Tax Committee of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan

Issues Considered by the Supervisory Board

- Decisions issued by the President of the Republic of Uzbekistan and the Government – 7;
- Related-party transactions and major transactions – 7;
- Quarterly management reports – 5;
- Conclusions of the Audit Committee – 4;
- Internal regulatory documents – 7;
- Participation in the authorised capital of legal entities – 12;
- Procurement (including imported goods) – 4;
- Sponsorship – 7;
- Assessment of the corporate governance system – 3;
- Issues related to the issuance of securities – 3;
- Other issues – 26.

During 2021, the only change in the composition of the Supervisory Board was the re-election of Supervisory Board members in September 2021. The share of the Supervisory and Management Board within the corporate footprint, hired from among the representatives of the local population, in the Supervisory Board in 2021 is 100%.

In 2021, the Supervisory Board held 26 meetings and considered 85 issues.

COMMITTEES UNDER THE SUPERVISORY BOARD

In order to carefully consider and work in detail on the issues within the competence of the Supervisory Board, and to provide recommendations, three committees have been established and are functioning under the Supervisory Board:

1. **Audit Committee;**
2. **Strategy and Investments Committee;**
3. **Nomination and Remuneration Committee.**

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

Committees under the Supervisory Board are established from non-executive members of the Supervisory Board. However, the Audit Committee and Nomination and Remuneration Committee should be composed of independent members of the Supervisory Board. The Strategy and Investment and Audit Committees should include at least one independent member of the Supervisory Board. If it is impossible to comply with the requirements of this paragraph due to objective reasons, the Committees should be composed of the current members of the Supervisory Board of the Company with priority inclusion of independent members into the Committees.

THE 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 within the framework of corporate governance system;
- Control over procurement activities.

THE 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.

THE STRATEGY AND INVESTMENTS COMMITTEE

is aimed at developing recommendations for the Supervisory Board on issues related to the strategic development of the Company, including in the field of ESG and its effective investments. The functions of the Strategy and Investment Committee include:

- Making recommendations on the strategic and priority areas of the Group's activities;
- Development of the purchasing and investment policy of the Group;
- Assessment of promising investment projects and studying their impact on the increase in the value of shares.

THE MANAGEMENT BOARD

The Management Board is responsible for the current management of the Company's activities, except for making decisions on issues within the competence of the General Meeting of Shareholders and the Supervisory Board. The competence of the Board is determined by the Articles of Association and the Regulations "On the Board of Uzbekneftegaz JSC". The size of remuneration of the members of the Management Board is directly dependent on the key performance indicators of Uzbekneftegaz JSC.



Mehridin Razzoqovich Abdullayev (53 years)

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 Abdullayev 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 the Bukhara Region, First Deputy Chairman of the Management Board of the National Bank for Foreign Economic Affairs, Deputy Minister of Finance of the Republic of Uzbekistan, First Deputy Akim of the Bukhara Region for Economics and Entrepreneurship, Deputy Chairman of the Accounts Chamber of the Republic of Uzbekistan.

Citizenship: The Republic of Uzbekistan



Shahzod Shukhratovich Alirizaev (33 years)

First Deputy Chairman of the Management Board for Localization 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 experience in management of more than 10 years: at Eriell Corporation s.r.o. held the position of the Head of Tender Management Group, in Neftegazinvest he served as the Acting Director, as well as the Chief Specialist of the Business Development Department of E.G. Management B.V. (Netherlands).

Citizenship: The Republic of Uzbekistan



Alisher Saifullaevich Mustafayev (55 years)

Deputy Chairman of the Management Board for Production

Appointed: 2019

Qualifications:

- Tashkent Polytechnic Institute (1990) (The Republic of Uzbekistan).

Skills and experience:

Alisher Mustafayev has more than 25 years of experience in the oil and gas industry. He worked in companies such as Muborakneftegaz (Temporary Acting Chief Engineer), Natural Gas-Stream (General Director), Uztransgaz (Chairman of the Management Board).

Citizenship: The Republic of Uzbekistan



Mukhtor Mustafaevich Temirov (48 years)

Deputy Chairman of the Management Board for Construction and Transport

Appointed: 2019

Qualifications:

- Tashkent Institute of Irrigation and Agricultural Mechanization Engineers (1996) (The Republic of Uzbekistan);
- Tashkent State University of Economics (2000) (The Republic of Uzbekistan);
- Tashkent State University of Economics (2002) (The Republic of Uzbekistan).

Skills and experience:

Mukhtor Temirov has more than 20 years of experience in the manufacturing sector. Prior to Uzbekneftegaz, he served as the Chairman of the Meeting of founders of the limited liability company MVM Construction of Kashkadarya region, Deputy Head of the Development Service of the unitary subsidiary Shurtan Gas Chemical Complex, Deputy General Director of Enter Engineering.

Citizenship: The Republic of Uzbekistan



Ulugbek Murodiloevich Ashurov (45 years)

Deputy Chairman of the Management Board for Construction and Transport

Appointed: 2017

Qualifications:

- Bukhara Institute of Food and Light Industry Technologies (1999) (The Republic of Uzbekistan).

Skills and experience:

Ulugbek Ashurov has more 20 years of experience in the finance sector, as well as in the Government of Uzbekistan. He held a position of the Head of the Department for Financing Local Self-Government Institutions under the Ministry of Finance of the Republic of Uzbekistan, Inspector of the Accounts Chamber of the Republic of Uzbekistan, Leading Inspector of the Group for the Targeted Use of Budgetary Funds and Extra-Budget Funds of the Accounts Chamber of the Republic of Uzbekistan, Deputy Chairman of the Management Board of Uztransgaz JSC for Economy.

Citizenship: The Republic of Uzbekistan



Kabul Muhammadievich Tukhtayev (60 years)

Deputy Chairman of the Management Board for Geology

Appointed: 2019

Qualifications:

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

Skills and experience:

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

Citizenship: The Republic of Uzbekistan

For the purpose of ensuring ongoing control over the current activities of the Company, meetings of the Management Board are held on a regular basis. The Management Board regularly submits reports on financial and economic activities, progress in the implementation of the annual business plan, etc. to the General Meeting of Shareholders and the Supervisory Board.

Remuneration

GRI 102-35, 102-36

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 amounts of remuneration of the Management Board members, depending on the key performance indicators of the Company.

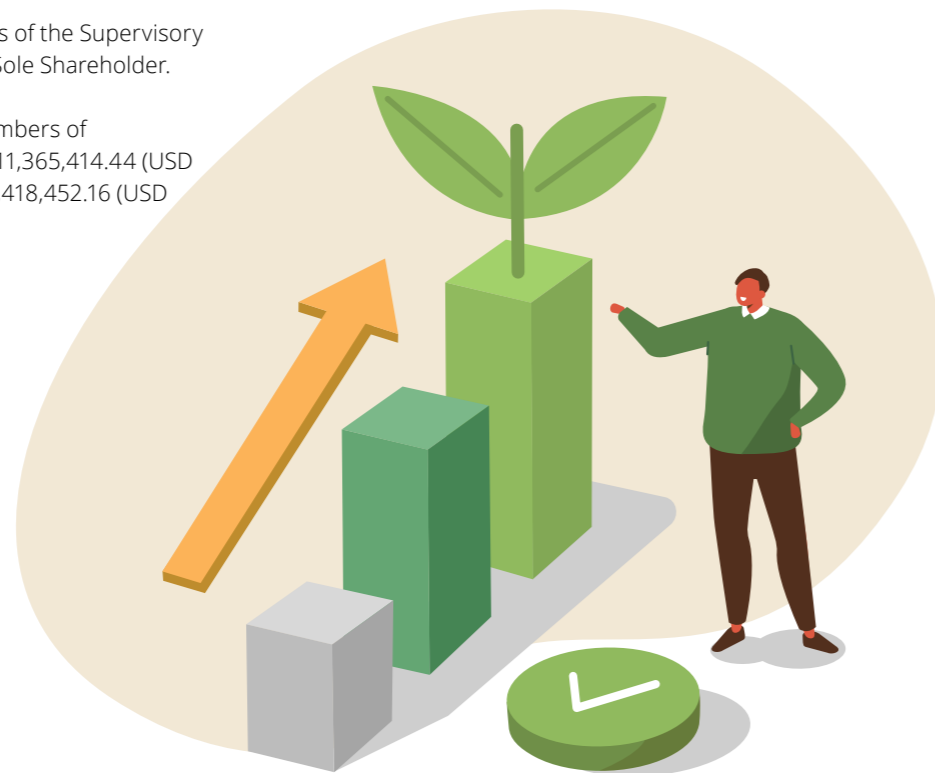
The conditions and amounts of bonus payments for members of the Management Board are approved by the Supervisory Board upon the recommendation of the Nomination and Remuneration Committee. Consultants are not engaged in this process.

The amount of remuneration for members of the Supervisory Board is approved by the decision of the Sole Shareholder.

The total amount of remuneration for members of the Supervisory Board in 2021 was UZS 211,365,414.44 (USD 19.9 thousand equivalent) (2020: UZS 199,418,452.16 (USD 18.8 thousand equivalent))¹.

Plans for 2022:

- Establishment of a Corporate Secretarial Service;
- Establishment of the Ethics and Anti-Corruption Committee;
- Updating existing internal regulatory documents in accordance with international principles;
- Implementing activities to attract independent members to the Supervisory Board;
- As part of preparation for the IPO:
 - Drafting an agreement to regulate relations with shareholders in accordance with the Premium Listing Principles;
 - Imposing restrictions on the appointment of current civil servants as members of the Supervisory Board to comply with UK and OECD corporate governance principles;
- Increasing the diversity criteria for members of the Supervisory Board, including gender, social origin, and age;
- Introducing the requirements for candidates to the Supervisory Board, including knowledge of the oil and gas industry, management experience, experience in the petrochemical industry, etc.;
- Establishment of an Investor Relations Service.



¹ All financial performance indicators for 2021 are presented according to the financial statements prepared in line with IFRS based on the results of the 12 months of 2020, and published on the Company's website.

BUSINESS ETHICS AND COMPLIANCE

GRI 102-16, 102-17, 102-30, 102-33, 102-34, 205-1, 205-2

Highlights for 2021:

8 communication channels intended for inquiries and complaints

1,820 registered inquiries

0 cases of ethical violations and business conduct

Our Guiding Documents:

- Code of Corporate Ethics;
- Anti-Corruption Policy;
- Regulations on the Conflict of Interest Management;
- Regulations on Internal Control of Uzbekneftegaz JSC;
- Regulations for Receiving and Processing Inquiries Received via Communication Channels of Uzbekneftegaz JSC;
- Methodological Guidelines for Organising Anti-Corruption Training for Employees of Uzbekneftegaz JSC;
- Regulations on the Department of Financial and Compliance Control of Uzbekneftegaz JSC;
- Regulations on Charity and Sponsorship

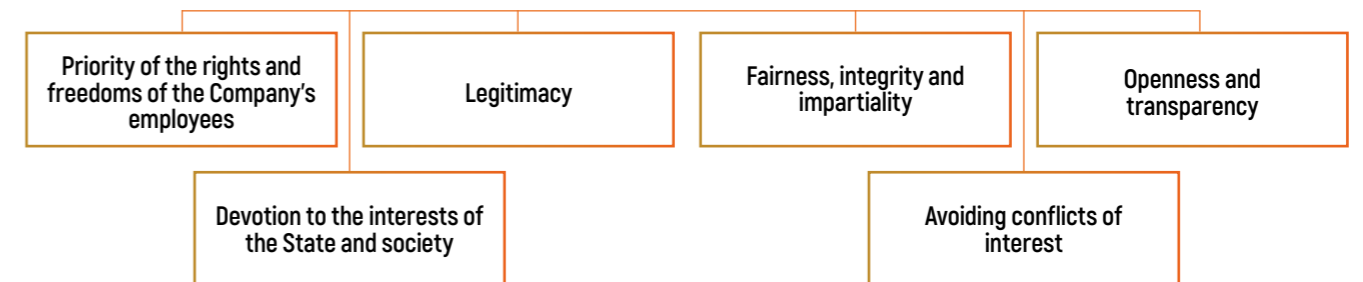
Supporting the legal mechanism as the foundation for the implementation of all legal and ethical standards in the Company is one of the major and significant constituents of the Company, requiring strict adherence to internal standards of corporate ethics and a responsible approach,

both on the part of the Leadership and on the part of the Company's employees.

The current Code of Corporate Ethics of Uzbekneftegaz JSC was approved on October 12, 2020 by the decision of the sole owner of ordinary shares of Uzbekneftegaz JSC. The Code is built upon the requirements of the laws of the Republic of Uzbekistan and local regulations of the Company, as well as the goals and values that the Company 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 interested parties, including contractors, counterparties, and in managing conflicts-of-interest, as well as arguable points.

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

PRINCIPLES OF BUSINESS ETHICS



Upon hiring, a new employee is introduced to the norms and principles of business communication as part of the mandatory training for employees organised by the HR Department and Department of Financial and Compliance Control.

In 2021, efforts were made by the Company to raise compliance awareness at production facilities. For instance, 94% of the total number of oil depot employees were trained on the Compliance Policy. By the end of 2022, Uzbekneftegaz JSC plans to cover 100% of employees at plants and in departments with a training system.

	Plants and Enterprises	Departments	Oil Depots
Total number of employees trained on Compliance issues	3,652	2,751	4,222
Percentage of employees trained on Compliance issues	29%	28%	94%

Along with the Code of Corporate Ethics, Regulations on the Management of Conflicts of Interest was approved. In line with the Regulations, it is not allowed to illegally enter into contractual obligations in the course of procurement or other activities, provide employment assistance to close relatives, or abuse official powers in favour of one of the parties in resolving a conflict of interest.

According to the procedure, an employee fills out a declaration of conflict of interest, then the Ethics Committee convenes, which studies in-depth the information about the conflict of interest and decides on the results of the evaluation. There were no conflicts of interest in 2021.

Feedback Channels

Channels of communication were established at Uzbekneftegaz JSC to register inquiries 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 control of inquiries.

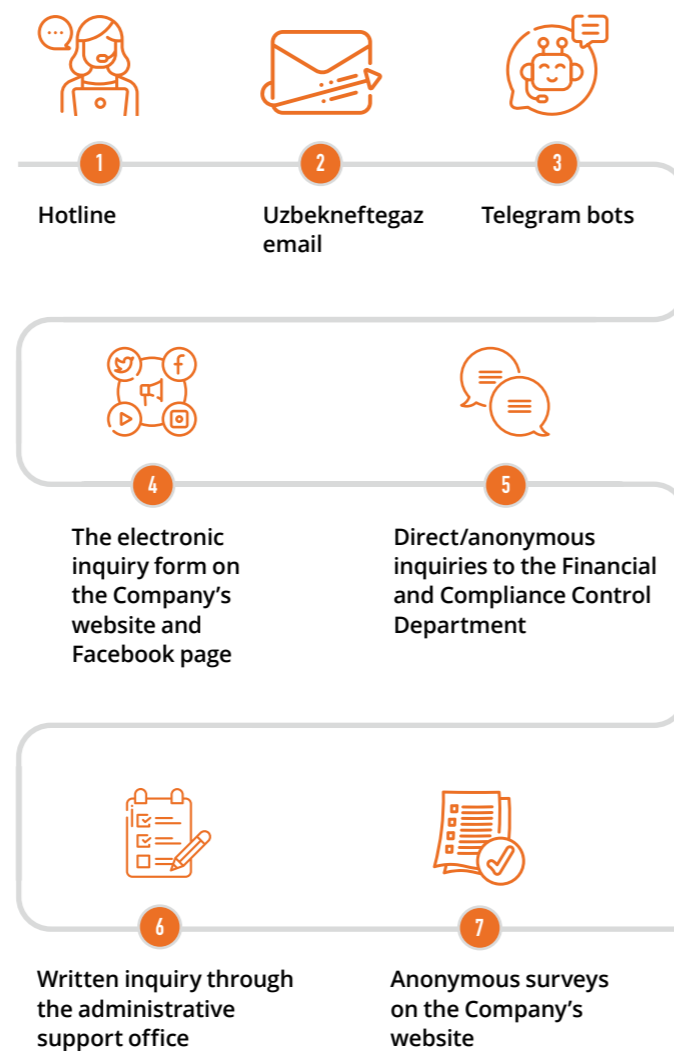
In accordance with the Regulations for Receiving and Processing Inquiries Received via the Communication Channels of Uzbekneftegaz JSC, when considering inquiries, their category should be determined (for instance, inquiries related to employment, violations of labour protection, violations in the field of ethics, etc.). Each inquiry is given a level of urgency for setting priorities when providing a response. The term of review is from 15 to 30 days from the date of receipt of the inquiry by the Company. When sending anonymous inquiries, full confidentiality is guaranteed, no sanctions against the inquiry and protection from prosecution are ensured. Based on the results of consideration of the inquiry, the responsible officer of the Financial and Compliance Control Department officially notifies the person making the inquiry of the outcomes of review.

The Unit of Complaints and Inquiries of Individuals and Legal Entities generates and sends a report to the Chairman of the Management Board on received communications on a quarterly basis. Statistics on the number of inquiries is disclosed on the official website of Uzbekneftegaz JSC.

In 2021, out of a total of 1,820 recorded inquiries, 115 inquiries were addressed to the Financial and Compliance Control Department related to business ethics, anti-corruption and compliance issues. On an annual basis, the department conducts an anonymous survey among employees to identify violations. Thus, in 2021, 1,010 employees from 25 system enterprises participated in the survey.

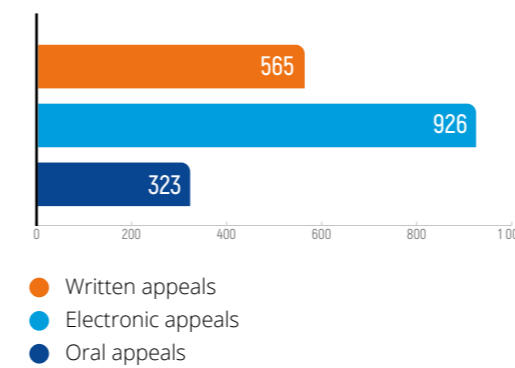
Information about communication channels and the principles of their operation is additionally brought to the attention of employees via training and briefings, posting information on special stands of the Company, by mailing via corporate e-mail and in other ways.

AVAILABLE FEEDBACK CHANNELS:

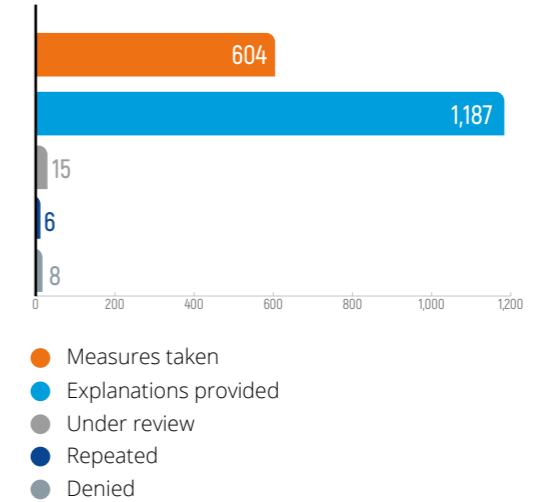


STATISTICS OF COMMUNICATIONS RECEIVED VIA THE UNIT OF COMPLAINTS AND INQUIRIES OF INDIVIDUALS AND LEGAL ENTITIES UNDER THE DEPARTMENT FOR THE MANAGEMENT APPARATUS AFFAIRS:

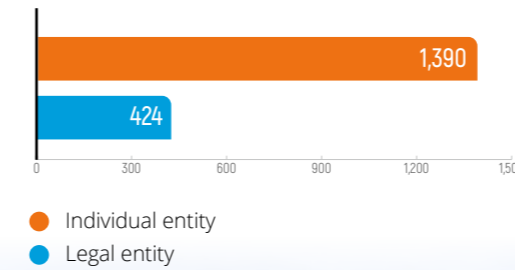
Form of appeal



Measures adopted



Categories of persons



0 cases of business conduct violations for 2019–2021



Autumn in Uzbekistan

ANTI-CORRUPTION

GRI 205-1, 205-2, 415-1, EM-EP-510a.2

Highlights:



617 – total number of transactions assessed for risk related to corruption



50 employees were trained according to the ISO 37001:2016 international system

Our Guiding Documents:

- Methodological Guidelines for Organising Anti-Corruption Training for Employees;
- Anti-Corruption Policy;
- Regulations for Receiving and Processing Inquiries Received via Communication Channels;
- Regulations on Charity and Sponsorship;
- ISO 37001:2016 Anti-bribery Management Systems – Requirements with Guidance for Use;
- The United Nations Convention against Corruption (UNCAC);
- OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions.

One of the most essential principles of the Company's activities is the non-acceptance of corruption in all forms and manifestations. The Company drew up and adopted the Anti-Corruption Policy in accordance with the requirements of the anti-corruption legislation of the Republic of Uzbekistan, the Code of Business Ethics of Uzbekneftegaz JSC and the Articles of Association of Uzbekneftegaz JSC, and also considers the requirements of international conventions and standards.

The Anti-Corruption Policy is intended to perform the following tasks: informing employees, as well as stakeholders about measures to prevent corruption cases, responsible observance of the principles of the Policy, familiarisation and subsequent implementation of measures to mitigate the risks of corruption.

According to the document, the key elements of the anti-corruption compliance system are as follows:

1. Tone at the top;
2. Regular analysis of corruption risks;
3. Basic anti-corruption documents, systematic and proportionate with the identified risk anti-corruption procedures;
4. Officials and subdivisions responsible for combatting corruption;
5. Informing, training and consulting;
6. Whistleblowing channels;
7. Monitoring, control and reporting on combating corruption.

In 2021, the total number of operations in the Company and in structural subdivisions (departments, oil and gas processing plants and tank farms) assessed for risks related to corruption was 617. The assessment identified corruption risks associated with violations of procurement rules, the illegal provision of charitable assistance and improper benefits and remuneration in order to obtain a commercial advantage, as well as the making of unapproved payments.



Participation in political activities

The Company does not participate in political activities with the direct or indirect purpose to influence public officials or other persons to make decisions affecting the maintenance or expansion of Uzbekneftegaz JSC activities, or if such participation may be perceived as an attempt to exert such influence.

In accordance with paragraph 8.4. of the Uzbekneftegaz JSC Anti-Corruption Policy, the Company does not finance political activities and does not otherwise support political organizations, parties, movements and initiatives, their candidates and members, election and campaigning campaigns and other political activities.

Anti-corruption measures

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

1. Objectivity and scientific character;
2. Practicality;
3. Consistency and the systematic approach;
4. Availability;
5. Differentiated approach;
6. Continuous improvement of methods and forms of training.

In 2021, as part of training, 50 employees received certificates of completion of the ISO 37001:2016 – Anti-Bribery Management Systems course.

The Company holds a round table on improving the system of anti-corruption compliance control every year, where representatives of the Accounts Chamber of the Republic of Uzbekistan, the UNDP and international consultants participate. Uzbekneftegaz seeks to introduce effective compliance control measures at Uzbekneftegaz enterprises, which is in line with the country's overall anti-corruption agenda. In light of this, in 2021, on behalf of the Chairman of the Board of Uzbekneftegaz JSC, in order to counter corruption and offences in the construction industry, a Working Group was established headed by the Financial and Compliance Control Department by engaging qualified specialists of the Group. Following the conducted detailed investigations, violations of the procurement rules were revealed and excessive amounts of procurement costs were identified.



Palace of International Forums

IMPLEMENTED ANTI-CORRUPTION PROCEDURES

Conflict of interest management

A

2,089 employees of Uzbekneftegaz JSC and enterprises of the system filled out a declaration of conflict of interest. 244 cases of kinship were identified and measures were taken to minimize the conflict of interest in 152 cases as a result of the study.

Screening of job applicants

D

During the reporting period, 331 candidates were hired by companies and enterprises of the system. In total, the Department of Financial and Compliance Control provided opinions on 263 hired employees in accordance with the procedure established in the Company.

Anti-corruption clause

B

During the reporting period, an anti-corruption clause was included in 9,373 contracts of the Company and system enterprises.

Gifts

E

A total of 2,680 business gifts were given by the Company and the system entities in 2021, the appropriateness of all of which has been coordinated with the Department of Financial and Compliance Control and the regional compliance inspectors.

Verification of Counterparties

C

During inspection of counterparties of Uzbekneftegaz JSC and system enterprises 467 out of 558 checked counterparts received positive references and 91 counterparties received negative references due to deficiencies, conflict of interests and other factors.

Charity and Sponsorship

F

For 737 requests for charitable and sponsorship assistance, received by Uzbekneftegaz JSC and enterprises of the system, the Department Financial and Compliance Control Department provided positive feedback on 491 of them and provided charitable and sponsorship assistance.

Identified Violations and Response Measures

- According to the results of studies conducted in system enterprises and organizations in 2021, a total of UZS 717.9 billion (USD 67.8 million equivalent) of various violations were revealed (of which UZS 91.9 billion (USD 8.6 million equivalent) of deficit and misuse, UZS 57.8 billion (USD 5.5 million equivalent) of damage to society, UZS 219.9 billion (USD 20.76 million equivalent) of other errors and omissions, UZS 237.7 billion (USD 22.43 million equivalent) of cases of unauthorized sales of products delivered for responsible storage at oil depots).
- Topical and remote studies conducted by compliance officers in the regions revealed the financial violations which amounted to UZS 153.9 billion (USD 14.5 million equivalent).
- Information about offences was identified in 39 thematic studies, amounting to UZS 251.3 billion (USD 23.7 million equivalent) and was sent to law enforcement agencies for legal assessment.
- Of these, criminal proceedings were initiated in 28 cases by the relevant law enforcement agencies and in 4 cases the sum of the damage was covered in the course of the pretrial investigations. In 28 of these cases, criminal proceedings were instituted by the relevant law enforcement agencies and in five cases the shortcomings were identified and investigative measures are being carried out

The Company continues working in this area and is **planning** to implement the following activities **in 2022**:

- Drawing up and update internal compliance control documents related to ESG-aspects;
- Designing a system of management reporting, internal procedures for managing risks and maintaining the effectiveness of internal control systems;
- Undertaking audit procurement processes, including the processes to improve the efficiency of anti-corruption systems;
- Arranging constructive measures approved by senior management to identify corruption cases and maintain statistical reporting;
- Drawing up an annual Action Plan aimed at training employees in the rules of business ethics, covering the entire Group of the Company, particularly in the area of human rights, anti-corruption and ethical standards;
- Establishing an independent Anti-Corruption Committee responsible for the control and prevention of corruption cases, active cooperation with the Agency and the Anti-Corruption Committee, including partial integration of anti-corruption government programmes into the Company's activities.
- A Memorandum of Cooperation was signed between the Department of Financial and Compliance Control and the Agency for Counteracting Corruption of the Republic of Uzbekistan on the organisation of activities, in connection with which appropriate measures are taken to develop bilateral relations;
- For prompt obtaining of the information on corruption and other offences in JSC Uzbekneftegaz and system enterprises there will be installed automated 24-hour hotline

RISK MANAGEMENT

GRI 102-15

Highlights:



75 recorded risks in the register

Our Guiding Documents:

- Regulations on Risk Management;
- Resolution of the Management Board No. 73 on the Introduction of a Unified Risk Management System in Joint-Stock Companies and Entities of Uzbekneftegaz JSC;
- Register of Risks of 1-2 Categories (critically high, moderately high and critically medium) of Uzbekneftegaz JSC.

The Regulations on Risk Management is an underlying document that regulates the introduction of corporate governance principles and the timely implementation of measures to reduce and prevent possible risks in the production and economic areas. The Long-Term Business Development Department is responsible for the coordination and implementation of the goals specified in the Regulations.

According to the approved Regulations, the Risk Management Committee was established, which is responsible for the implementation of the Unified Risk Management System (URMS) and the fulfilment of obligations and activities, including:

1. Risk identification and assessment;
2. Development of the Company's risk management activities, including employee training, qualitative and quantitative risk assessment;
3. Keeping the top management of the Company and its entities informed;
4. Maintaining risk records.

To define the parameters, scale and potential impact of risks on the Company's activities, every month, each subdivision develops and enters a list of potential risks according to the matrix, assigning one of three rates of risk significance: "high", "medium" and "low".



The Unified Risk Management System (**URMS**) was designed and implemented

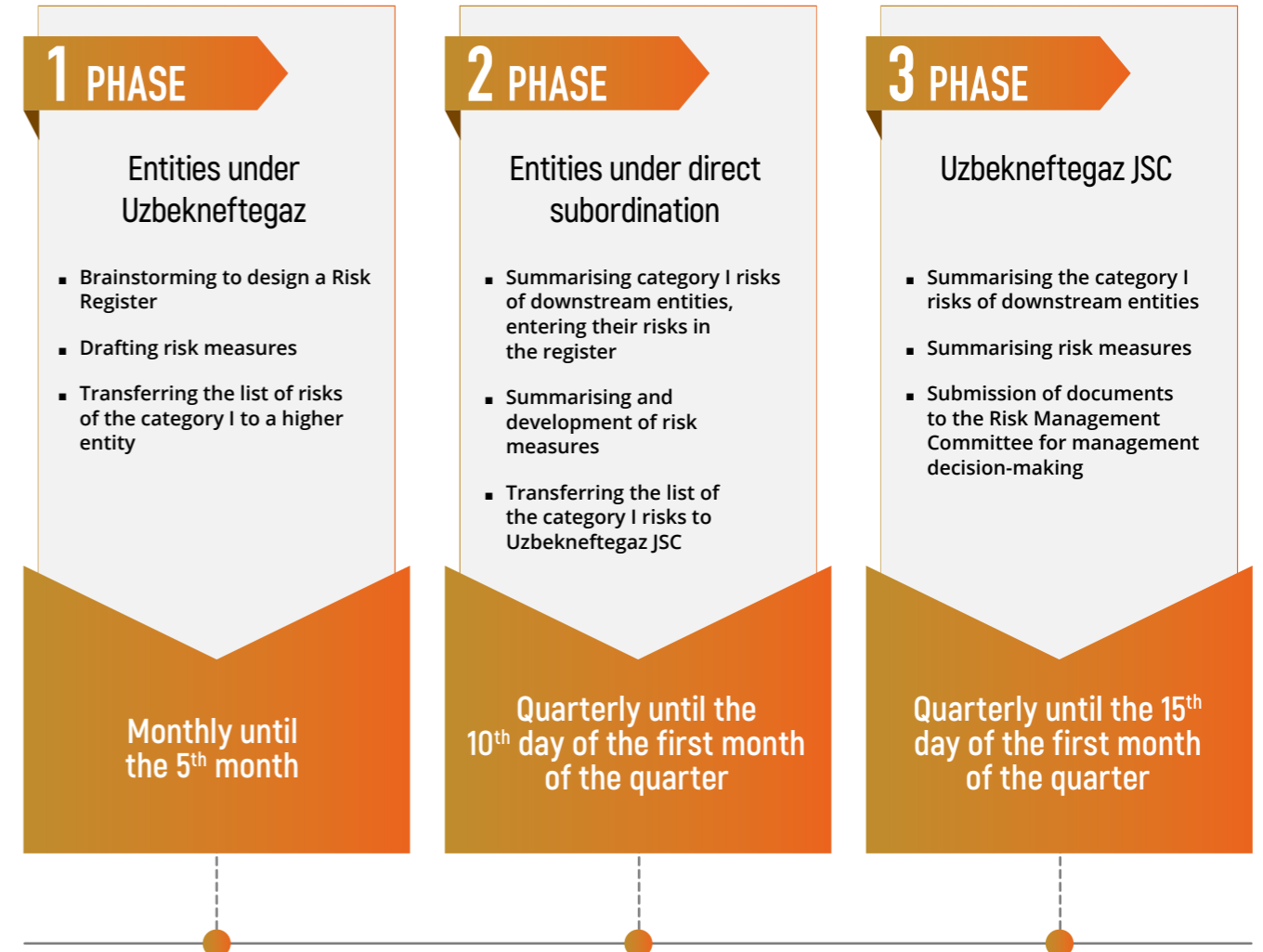
The Risk Register is reviewed at a collegial meeting once every quarter. At the meeting, the level of impact of risks on the financial and operational activities of the Company, the nature of their occurrence and mitigating measures are examined. As of 2021, 75 risks are identified in the register, including environmental ones. For instance, one of the high risks is that the detection of leaks and failure of gas pipelines during long-term operation can have serious environmental and financial consequences for the Company. The absence of chemical reagents in the process of oil production and treatment is regarded as a medium level of risk, and can lead to unstable operation or wear of equipment, non-compliance with the required oil quality and disruption of the technological process.

The main risk areas are related to the following indicators:

- People;
- Financial indicators;
- Assets;
- Production process;
- Reputation.

The Company monitors risks, which makes it possible to track the result of preventive actions and mitigating factors to deal with the consequences of risks. The purpose of monitoring is to track the status of the implementation of the steps, as well as timely informing the risk team and responsible persons about emerging risks.

RISK MONITORING SCHEME ACCORDING TO THE URMS



Plans for 2022:

- Development of a separate Sustainability Risks Register in cooperation with the ESG Implementation Department;
- The review of the activities of the Risk Management Department, its organizational structure and functional responsibilities in accordance with the comprehensive diagnosis of corporate governance of the Company;
- Development of a new version of the Risk Management Regulations in accordance with the latest international standards;
- Revision of the procedure for introducing changes to the risk matrix, particularly, the transition from monthly review of the risk matrix to quarterly review;
- Revision of the organisational structure of the Risk Unit and its functional responsibilities;
- Drawing up the detailed rules for organising the process of managing production and non-production risks;
- Development of Key Performance Indicators for the Head of the Risk Unit;
- Conducting a comprehensive training program for all key parties directly related to the Risk Unit, including potential risk owners.

TRANSFORMATION

Transformation Map of the Company	103
Key Projects and Implementation Status for 2021	104

At the present time, national oil and gas companies are key players in the global industry, accounting for 58% of the world's reserves and 56% of hydrocarbon production. Taking a leading role in emerging economies, such companies are called to be custodians of national resources and energy security.

Taking a leading role in countries with emerging economies, those companies are called upon to be the custodians of national resources and energy security.

One of such company is Uzbekneftegaz JSC – the modern multilevel vertically-integrated organisation, uniting more than 50 profile legal entities, including 13 joint ventures, 10 productions on production and processing of hydrocarbons, as well as a number of supervised industrial and scientific-technical blocks.

According to the decision of the management of the Republic of Uzbekistan for the last 2 years systemic measures on transformation of Uzbekneftegaz JSC were envisaged: structural reorganisation, improvement of operational efficiency and corporate management, privatisation through initial public offering (IPO) and solution of other tasks at the current stage of reforms being implemented in Uzbekistan.

In order to systematically implement and coordinate the ongoing changes, the Department of Transformation and Operational Efficiency was created in the structure of the Company in 2020.

After the creation of the Department of Transformation and Operational Efficiency many useful collaborations with leading consulting companies were established in 2021. This allowed us to compare the maturity of the Company's current business practices with the world leaders in the oil and gas industry, identify the main areas for further transformation and to form a list and roadmap of measures for consistent improvement.

TRANSFORMATION MAP OF THE COMPANY

OPERATIONAL EFFICIENCY		Operational Efficiency of Well Maintenance and Repair		<ul style="list-style-type: none"> Reliability management system was implemented at Bukhara Oil Refinery and Shurtan Gas Chemical Complex New Technical Policy was approved
		Operational Excellence Initiatives		<ul style="list-style-type: none"> Implementation of operational efficiency project initiatives with EY An analysis of the effectiveness of production efficiency indices
		Implementation of the Target Model		<ul style="list-style-type: none"> Reliability management system is being implemented
		Operating Efficiency of the Drilling and Workover Operations		<ul style="list-style-type: none"> Key initiatives to transform drilling processes and workover operations were identified Processes and measures are being implemented to improve the operational efficiency of drilling processes according to international practices

CORPORATE AND STRATEGIC DEVELOPMENT		IFRS		Financial statements are prepared according to IFRS , audited and published
		Credit Rating		Credit rating at BB- level was issued by S&P and Fitch rating agencies

DIGITALISATION AND AUTOMATISATION		The Concept of Automation and Digitalization		A roadmap has been created with detailed passports of initiatives
		Project Office for Automation		Project office established for digitalization and automation
		Implementation of Digitalization Strategy		Automation systems and digitalization of business processes are being implemented

CORPORATE AND STRATEGIC DEVELOPMENT		Company's Strategy		Elaboration of a mid- and long-term development strategy (until 2040)
		Corporate Governance Model		Implementation of a modern corporate governance system
		IPO preparation		Bringing the Company into the compliance with pre- and post-listing requirements of stock exchanges

ORGANISATIONAL DEVELOPMENT		HR Policy		HR policy was developed and implemented in accordance with international standards
		Optimisation of organisational structure		Optimisation of organisational structure and withdrawal of non-core units from Uzbekneftegaz JSC system
		KPI		KPI system was implemented

KEY TRANSFORMATION PROJECTS



INCREASING THE OPERATIONAL EFFICIENCY AND RELIABILITY OF PRODUCTION PROCESSES 1

Since December 2019, the project of improvement of operational efficiency and reliability of production processes has been implemented jointly with Ernst & Young company.

The project was aimed to compare all key indicators of production processes of Uzbekneftegaz JSC with the best international practices.

After completion of diagnostics there was carried out detailed analysis of fulfillment of equipment repair processes, which makes the most significant part of expenses of the Company.

As a result Ernst & Young experts suggested new approaches and modern methods to provide reliable, continuous and effective work of equipment, to reduce total costs and developed new organizational structures of manufacturing enterprises that will help to provide better cooperation for realization of discovered opportunities.

THE PROJECT CONSISTED OF 8 MAJOR PHASES, AND AS OF THE END OF 2021, THE PROJECT HAD COMPLETED THE FOLLOWING WORK PHASES:

- A study of equipment reliability and availability in offices and facilities was conducted.
- 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.
- A target business process model was created.
- 277 employees of the executive office and production sites were trained in maintenance and repair approaches and the calculation of operational efficiency indices. Change leaders were identified among the employees who underwent training.
- A strategy for equipment operation and maintenance was developed at the SHCC. Classification and categorization of equipment at the Shurtan Gas Chemical Complex, Shurtan Oil and Gas Production Division, Mubarek Gas Processing Plant and Mubarek Oil and Gas Production Division was carried out. Key performance indicators were defined to ensure reliable operation.
- A technical policy defining the goals and objectives of the M&R system development was developed. A detailed plan for implementing the Technical Policy in the field of maintenance and repair was prepared.
- Detailed terms of reference for automation of the production process management system in terms of MRO was developed. Measures aimed at changing reliability management and maintenance and repair processes at the Shurtan Gas Chemical Complex and Bukhara Oil Refinery are being implemented. Reliability management services have been established at these enterprises.
- Project results have been evaluated and key performance indicators of production processes have been calculated.



IMPROVEMENT OF OPERATIONAL EFFICIENCY OF DRILLING AND WORKOVER OPERATIONS 2



Jointly with RLG International Inc. (Canada) the project of improving operational efficiency of drilling and workover operations has been undertaken.

- As part of the project, the activities of Uzneftgazkudukta'mirlash JSC and Uzneftegazburgilash Ishlari LLC were studied and analyzed, namely their production potential, production planning and management processes, operational rhythm in the field of well repair and construction.
- Based on the results of the study of production processes and analysis, recommendations for cost optimization and improvement of production and economic indicators were developed.
- By the end of 2021, in order to implement the recommendations of RLG International Inc. consultants to reduce non-productive time, the current drilling equipment maintenance strategy was analysed, and work was started to develop an effective maintenance and repair strategy.



KPI IMPLEMENTATION 3

EY In 2020–2021 together with the consultants of Ernst & Young the organizational basis for the introduction of the KPI system was prepared in the Company.

By Decree of the Management Board No. 76 of November 23, 2021 the Regulation “On Key Performance Indicators of Employees of Uzbekneftegaz JSC” was approved.

Calibration sessions on explanation of the KPI system and setting of indicators were held for the company’s management under the guidance of Deputy Chairmen of the Management Board.

KPIs of Heads of subdivisions for Q4 2021 were developed and approved.

Currently, work is underway to revise the current remuneration policy in order to align it with the payment of incentives under the KPI system.

DEVELOPMENT OF A MID- AND LONG-TERM DEVELOPMENT STRATEGY 5

Within the framework of execution of the Decree of the President of the Republic of Uzbekistan No. PF-6096 by 27 October 2020 a consulting company was attracted from the Big3 to develop the strategy of Uzbekneftegaz JSC. The main objective of the project was to develop a mid- and long-term development strategy in the areas of:

- Production and Exploration;
- Oil Refining;
- Gas Chemistry;
- ESG;
- Marketing and Sales.

The main objective of the project was the improvement of the financial and operational efficiency of the Company and adapting the strategy of Uzbekneftegaz JSC to changes in the industry (including changes in the gas industry model, a shift in ESG, regulation).

Diagnostics of activity in the designated segments has been carried out at the moment.

IPO PREPARATION 4

ROTHSCHILD

As part of preparations for the IPO, an agreement was signed with Rothschild & Cie to provide financial advisory services.

As part of Stage 1 of the project, on the recommendation of Rothschild & Cie, consultants on audit, legal due diligence, strategy and corporate governance were engaged on the subject of IPO readiness.

Under the coordination of Rothschild & Cie, a significant amount of work with respect to identifying and addressing gaps in the various business elements of the Company, developing roadmaps, implementing recommendations to meet pre- and post-listing requirements on international platforms.

EY Audit Consultant – an agreement was concluded with Ernst & Young audit company on rendering services on assessment of Uzbekneftegaz JSC’s preparedness for initial public offering (IPO) in the sphere of accounting and financial reporting. Within the project the consultant carried out comprehensive diagnostics for compliance with necessary and sufficient requirements for public offering. Based on the results of the work, the report of the consultant outlined the identified gaps between the current state and the applicable pre- and post-listing requirements in the context of the areas and developed recommendations.

pwc Consultant on corporate governance – an agreement was signed with PricewaterhouseCoopers consulting company to provide services for implementation of a modern corporate governance system. The consultant assessed the current level of corporate governance and identified key areas for improvement in accordance with international practices.

WHITE & CASE The legal consultant – White & Case law firm – began providing services to support the IPO, the analysis of corporate documentation, as well as a risk assessment of the concluded agreements.

DIGITALIZATION AND AUTOMATION OF PROCESSES 6

With the goal to implement the initiatives in accordance with the Decree of the President of the Republic of Uzbekistan No. UP-6079 dated 5 October 2020 “On Approval of the Strategy “Digital Uzbekistan – 2030” and measures for its effective implementation”, a systematic approach to the projects of automation and digitalization of business processes of the company was prepared.

ИКС ХОЛДИНГ Therefore, starting from February 2021 till November 2021 the attracted IT-group IKS holding carried out works on the development of the Concept of Digitization of the fuel and energy complex of the Republic of Uzbekistan for 2021–2025 (the project – “TSIFROTEK”).

As a result of this work, IKS Holding developed a list of initiatives and a roadmap for digitalization and automation of business processes in the company.

WITHIN THE FRAMEWORK OF THE PROJECT, IKS HOLDING CARRIED OUT DIAGNOSTICS OF THE CURRENT STATE OF THE COMPANY ENTERPRISES DIGITALIZATION LEVEL IN THE FOLLOWING AREAS:

- main production processes
- General corporate processes
- IT infrastructure and information security
- operating model

In order to gradually implement the directions proposed in the Concept and the road map, in September 2021 the Project Office of Digitalization and Automation was formed, consisting of graduates of oil and gas and other technical universities, who began to develop a framework for the implementation of initiatives. At the same time, their training and advanced training on the basis of INHA University laboratory on SAP program.

BASED ON THE RESULTS OF DIAGNOSTICS, A DRAFT ROAD MAP WAS ELABORATED WITH OVER 140 INITIATIVES AIMED AT IMPLEMENTING THE ERP SYSTEM. THE PROJECT OFFICE IS IMPLEMENTING THE FOLLOWING ACTIVITIES:

- digitization of auxiliary equipment passports at production sites and oil depots
- implementation of “1C: Warehouse” program at the depots of directorates and plants
- development of a unified automated KPI management system
- development of terms of reference for the pre-project survey prior to the ERP project

In the future after the introduction of initiatives, the Project Office will be transformed into a separate legal entity and will be engaged not only in serving Uzbekneftegaz, but also the development of solutions needed for private businesses and government organizations on a commercial basis.

INNOVATIONS

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INNOVATIONS

Key projects in 2021:



Implementation of a satellite system for digitalization of the geoinformation system of oil and gas facilities



Installation of more than **100** units of high-tech equipment in the central laboratory of the Uzbekistan GTL plant



Completion of work to upgrade the zeolite gas purification process at the Shurtan Gas Chemical Complex



Development of a domestically produced adsorbent by Bukhara Oil Refinery in collaboration with Uzbek Chemical-Pharmaceutical Research Institute

Our Guiding Documents:

- Presidential Decree of 29 October 2020 PF-6097 "Implementation of the Concept of Development of Science until 2030 in 2020–2022";
- Decree of the President of the Republic of Uzbekistan "On measures to improve the quality of continuous education and the performance of science in the fields of chemistry and biology;
- The Decree of the President of the Republic of Uzbekistan "On approval of the Strategy of innovative development of the Republic of Uzbekistan for 2022–2030".

The management of Uzbekneftegaz JSC pays special attention to the development of scientific and technical potential of the Company, especially to the creation and application of innovative solutions which can be applied to operational and production activities. The Department for Implementation of Innovation Projects and Innovative Activities is responsible for this area.

Along with this, in order to develop and implement innovative developments into production, as well as to train personnel in the field of science, the concept of creating a research center on the basis of industry enterprises is currently being developed.

Researchers from higher educational institutions of the Republic of Uzbekistan provided practical assistance in 2021 to conduct more than 15 production and laboratory tests at the following production enterprises:

Berdak Karakalpak State University	Karshi Institute of Engineering and Economics	Bukhara Engineering and Technological Institute
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Currently, practical work is underway to implement this system planned for the 1st quarter of 2022 in LLC Bukhara Tank Farm LLC, Marokand tank farm LLC, Pakhti Tank Farm LLC and Chinabod Tank Farm LLC.

AS A RESULT OF THE IMPLEMENTATION OF THE PLANNED WORKS, AN AUTOMATED PRODUCT ACCOUNTING SYSTEM WILL BE IMPLEMENTED AT:

52 vertical steel tanks in the tank fleet of Pakhti Tank Farm LLC

35 vertical steel tanks in the tank fleet of Bukhara Tank Farm LLC

18 vertical steel tanks in the tank farm of Chinabad Tank Farm LLC

46 vertical steel tanks in the tank fleet of Marokand Tank Farm LLC

As a result, in order to automatise the control of petroleum products in tanks, all tanks in the tank farm are displayed on the computer in a convenient graphical form and entered into the program.

At the initiative of the Chairman of the Board of Uzbekneftegaz JSC the roadmap for implementation of Automated System of Operational Dispatch Management (ASODM) has been drawn up at the structural subdivisions of the Company.

Implementation processes of Automated System of Operative Dispatch Control (ASDCC) and 5 server devices and 6 video walls have been started at Ustyurt Gas Production Plant.

With the assistance of this system it is planned to bring processes to a new quality level using modern methods when all parameters of technological processes-compressor units, flow rate, level, pressure, pressure difference, temperature will be gathered in mimic diagrams in unified animated form which allows watching simultaneous and previously occurring processes. This ensures the improvement of technical and economic indicators of the industry and contributes to its further development. At present, all gas compressors are under the control of the Department which is carrying out installation and adjustment program work in order to transmit primary gas treatment parameters to the Central Dispatch Service by means of automated systems.



President of the Republic of Uzbekistan Shavkat Mirziyoyev visited the pavilion on localization and cooperation of Uzbekneftegaz enterprises

IN 2021, THE COMPANY ACHIEVED THE FOLLOWING RESULTS IN INNOVATION ACTIVITIES:



Laboratory upgrade

More than **100 units of modern high-tech equipment** have been installed in the central laboratory of the Uzbekneftegaz GTL plant, which enables to improve the accuracy of the results obtained, eliminates human error and increases productivity. In total, the laboratory can conduct up to 4,000 analyses per day to monitor the quality of raw materials and finished products, as well as conduct research and development to improve the quality of petroleum products.



Adsorbent development

The Bukhara Oil Refinery, together with the Research Institute, **designed the domestically produced adsorbent Uz-AD-1** and began experimental tests in the existing production in order to purify hydrogen-containing gas from chlorides in a catalytic reforming unit. The adsorbent was designed using local raw materials.



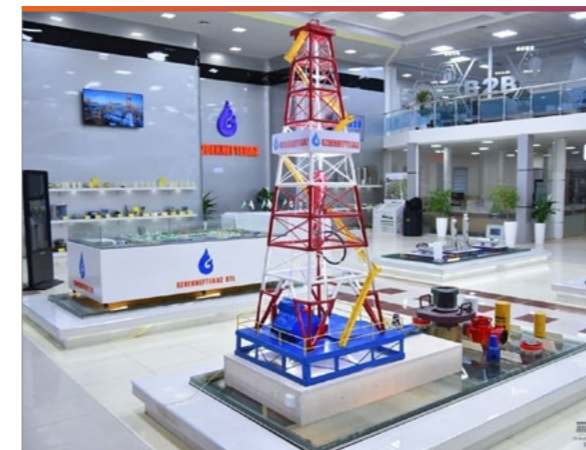
Floating pontoons production

The Bukhara Oil Refinery, together with Kimyoviy Texnologiya LLC at the Institute of General and Inorganic Chemistry under the Academy of Sciences of the Republic of Uzbekistan, produced and delivered 7236 **upgraded floating pontoons (docks)** to the enterprise (patent No. SAP 01058 Pontoons for Tanks).



Digitalisation of facilities

A **satellite system to digitise the geographic information system of oil and gas facilities** was introduced. Specialists use mobile Geographic Information System (GIS) applications. For instance, when identifying projected pipelines in line with geographic information, all data contained in programmes (topographic, geological, environmental, etc.) are displayed in GIS, enabling specialists to choose the best options for laying pipelines based on aerial photographs obtained through the space global satellite system.



Expansion of the cooperation ties

A project website to create an online exhibition of finished products of the Company's enterprises, the necessary raw materials, components and materials has been designed. The online exhibition includes a virtual 360-degree overview of each product, as well as detailed information on the technical features of the product, which in turn serves as a positive incentive for the development of such factors as the intensity and efficiency in establishing cooperation ties with domestic producers.



Upgrading the Gazli Gas Processing Plant

- To provide a high-speed communication network, fiber-optic communication cables with a total length of more than 50 kilometers have been laid within the GGPP.
- Servers, communication cabinets and a video wall were installed for the automated control system of the control room in the premises of the Production Dispatching Service for monitoring production processes online.
- To organize a digital document flow in the Production Dispatching Service, laboratory and administrative building, as well as for Internet and IP telephony systems, 6,000 meters of cable were laid and a server room was arranged.

Cooperation with tertiary educational institutions

Currently, the plant, with the support of the Chairman of the Board of Uzbekneftegaz JSC and the Ministry of Innovative Development, together with research institutes, are implementing innovative solutions and modern technologies that facilitate scientific and technological progress in the oil and gas industry in full-scale.

In particular, the Chemical Pharmaceuticals Research Institute of Uzbekistan (Uzcfti) has designed a domestic adsorbent of the import-substituting type Uz-AD-1 of 5.150 kg, and pilot tests of the adsorbent loaded on the operating production unit 21D06 have begun. The result of this cooperation was savings in foreign currency in the amount of USD 20,000.

On February 9, 2021, an agreement was signed between Shurtan GCC LLC and the Tashkent Financial Institute on cooperation and the provision of innovative services for the commercialisation of scientific and innovative solutions. Under this agreement, the electronic programmes Procedure for Assessing and Determining the Economic Effectiveness Rating of Business Enterprises and Scoring Model for a Comprehensive Analysis of the Financial Position of Business Enterprises were installed in the complex. Experts from the economic sphere of the enterprise have attended the training, held as a presentation.

Particular attention is given to the analysis of workforce productivity of enterprises, the efficiency of fixed assets, cost analysis, analysis of production and sales of products, while much emphasis is put on the indicators of economic effectiveness.

To date, the Gazli Oil and Gas Production Department has successfully completed work on the implementation of an Automated Dispatch Control System (ADCS). This work was carried out by the Department of Technical Regulation of Production of Uzbekneftegaz JSC under the guidance of specialists from the Metrology and Automation Department together with specialists from the metrology service and the contractor.



Plans for 2022:

- With the involvement of foreign consulting agencies;
- Expansion of cooperation with foreign universities (Gubkin Russian State University of Oil and Gas Innopolis University), as well as with oil service companies (Schlumberger).
- Changing the operating model of innovation activities in the company, as well as the creation of a new innovation management system with the involvement of foreign consulting agencies.
- Creation of a fund to support innovation activities in the company, which will significantly increase the number of innovative projects. Major projects until 2026 will include:
 - Production of import-substituting catalysts “UzCAT (total project cost is UZS 56 billion (USD 5.28 million equivalent));
 - Production of maleic anhydride (total project cost is UZS 670 billion (UZS 63.25 million equivalent));
 - Aromatic hydrocarbons production (total project cost is UZS 1.252 billion soums (USD 118 thousand equivalent));
 - Production of innovative protein food additives for animals from natural gas (total project cost is UZS 760 billion (USD 71.7 million equivalent));
 - Installation of steam turbine unit at Mubarek Gas Processing Plant with a capacity of 16 MW/h (total project cost is UZS 58.4 billion (USD 5.5 million equivalent)).

ECONOMIC PERFORMANCE

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OVERVIEW OF FINANCIAL AND OPERATING ACTIVITIES

Uzbekneftegaz JSC has been taking a leading role in the economy of the Republic of Uzbekistan. In 2021, the output of natural gas production at Uzbekneftegaz JSC totalled 33.9 billion cubic meters, which makes it the 14th largest gas producing company in the world. Over the course of its activities, the Company has achieved the recognition of foreign partners from the developed countries of the world and has a successful experience cooperating with well-known foreign companies in the implementation of modern oil and gas practises and process equipment, the development and introduction of advanced technologies and the creation of new production facilities.

GRI 102-7, 201-1

Highlights for 2021:



UZS 20,716 billion (USD 1.86 billion equivalent) – revenue for the 2021 reporting year



UZS 5,515 billion (USD 495 million equivalent) – net profit in the 2021 reporting year



UZS 1,351 billion (USD 122.5 million equivalent) – accrued income tax



Eurobonds worth **USD 700 million** were placed on the London Stock Exchange (LSE)



Credit ratings were assigned at the level of **BB-** by international rating agencies

Our Guiding Documents:

- The International Financial Reporting Standards (IFRS);
- The International Standards on Auditing (ISA);
- The Presidential Decree of the Republic of Uzbekistan dated July 9, 2019 No. 4388 “About Measures for the Sustainable Provision of the Population and the Economy with Energy Resources, Financial Recovery of the Oil and Gas Industry and Improvement of its Management System”;
- The Presidential Decree of the Republic of Uzbekistan dated February 24, 2020 No. PP-4611 “About Additional Measures for the Transition to International Financial Reporting Standards”;
- Article 102 of the Law of the Republic of Uzbekistan “On Joint-Stock Companies and Protection of the Rights of Shareholders”.

Uzbekneftegaz JSC makes a great contribution to the economy of the Republic of Uzbekistan by paying taxes, developing import substitution, creating jobs and purchasing products of domestic manufacturers, guided by the principles of operational excellence, financial transparency, and responsible oil and gas production to provide a positive input to socio-economic development of regions where the Company operates, and create long-term value for stakeholders. The Company observes financial discipline and timely fulfils all its financial liabilities.

As a result of extensive activities carried out by the Chairman of the Board of Uzbekneftegaz JSC, an international audit company issued a clean audit opinion for the report of Uzbekneftegaz JSC for 2016–2021. The consolidated financial statements have been prepared in line with International Financial Reporting Standards (IFRS). During 2021, systematic work has continued to obtain a corporate credit rating.

APPROACHING THE INTERNATIONAL FINANCIAL MARKET

By the Presidential Decree of the Republic of Uzbekistan dated February 3, 2021 and the Resolution of the Cabinet of Ministers dated November 3, 2021, 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.

This, in turn, 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 consolidated financial statements in accordance with IFRS;
- International rating agencies Fitch Ratings and S&P Global Ratings assigned a corporate rating of “BB-” with a stable outlook;
- The organising banks CitiGroup, J.P. Morgan and MUFG were engaged to issue bonds.



FitchRatings

S&P Global Ratings

citigroup

J.P.Morgan

MUFG

Key Figures of the Company

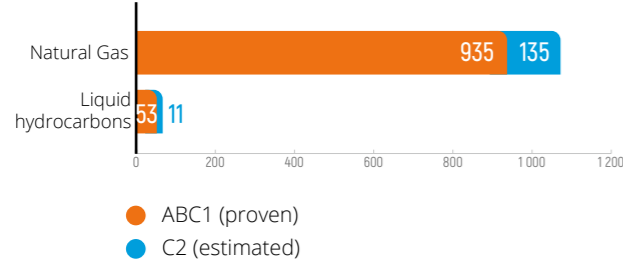
in UZS billion (UZS 10,623.44 = USD 1, average annual rate in 2021)

Indicator	2021	2020	2019	%
Revenue	20,716	19,354	23,198	+7.04%
Cost of sales	(7,926)	(7,288)	(9,871)	+8.75%
EBITDA	10,270	9,486	7,924	+8.26%
Total debt/EBITDA	4.5x	3.6x	3.9x	(3%)
Net profit	5,515	4,704	589	+17.2%
Capital expenditures	1,327	1,120	330	+18.4%
Net debt	(38,735)	(31,641)	(36,274)	+22.4%
Dividends paid	(179)	337	-	-
Cash flow from operating activities	6,594	5,838	8,956	+12.9%

Key Financial Highlights for 2021:

- Revenues for 2021 increased by 7.04% and totalled UZS 20.716 billion (USD 1.86 billion equivalent) due to an increase in natural gas production at the new, previously unknown fields in the Early Jurassic deposits.
- Capital expenditures increased by more than 18% to UZS 1.327 billion (USD 119 million equivalent). A substantial increase in capital expenditures is associated with the implementation by the Company of four major investment projects aimed at increasing production capacities.
- Net profit in 2021 totalled UZS 5.515 billion (USD 495 million equivalent), an increase of 17% compared to the same period in 2020. The increase of this financial indicator is associated with the average annual growth of total exports.
- The net debt/EBITDA ratio compares the Company's total liabilities and shows how the Company is able to repay its loan portfolio obligations. In 2021, this figure increased substantially due to the need for major investments in the Shurtan GCC and in the programme to increase hydrocarbon production.
- In 2021, the Company decided not to pay dividends for the following reason: dividends are paid out of the Company's retained earnings, which is the total amount of profit accumulated over time that was not distributed as dividends in previous years or otherwise used. In light of large investment projects that require substantial capital investments, the General Meeting of shareholders of Uzbekneftegaz JSC decided not to pay dividends.

Reserves of the Company for 2020-2026, million tonnes



The raw material base of hydrocarbons at Uzbekneftegaz JSC includes reserves of more than 54 fields according to PRMS¹ standards across the Republic of Uzbekistan. According to ABC1²+C2³ standards, natural gas reserves make up only 1.1 trillion cubic metres, and liquid hydrocarbons – 64 million tonnes.

Significant Investment Projects

GRI 102-10

The Group's investment projects have a major impact on the development of the regional economy and make a substantial contribution to the improvement of infrastructure. Their implementation also has an important social effect, i.e., investment projects provide employment

Expansion of the Shurtan GCC

Expansion of the production SGCC for the production of additional polymers

PROJECT START-UP:	2024–2026
TOTAL COST:	USD 1.85 billion
Oil and gas raw materials:	
Naphtha	up to 430 thousand tonnes
Liquefied gas	up to 53 thousand tonnes
Production growth:	
Polyethylene	up to 280 thousand tonnes
Polypropylene	up to 100 thousand tonnes
Pyrolysis distillate	up to 50 thousand tonnes



- Natural gas 66.8%
- Liquid hydrocarbons and finished petroleum products 21.9%
- Liquefied gas 8.8%
- Other products 2.4%

for the population of local regions. In the reporting year, amid the market trends and growth in financial results, the Group increased the amount of capital investments. This enabled the Company to accelerate the implementation of a number of projects in the gas and oil business.

Programme to increase hydrocarbon production

Programme to increase hydrocarbon production

IMPLEMENTATION PERIOD:	2022–2026
TOTAL COST:	USD 4.8 billion
Production growth (2020–2030):	
Natural gas	up to 127.7 BCM
Gas condensate	up to 2.3 million tonnes
Activities:	
3D seismic	10,244 sq. m.
Well drilling	385 units
Complicated workover of wells	272 units
Commissioning of technological facilities	42 units, comprising BCS (UCS) – 26 units. (96 MW) Gas pipelines – 510 km

¹ PRMS (Petroleum Resources Management System) is an oil resource estimation system that reflects the exact number of aggregate reserves available for production over the life of the field.

² ABC1 – proven hydrocarbon reserves.

³ C2 – probable hydrocarbon reserves.

For the purpose of financing a project to expand the production of Shurtan GCC for the production of additional polymers, Gazprombank JSC of Russia allocated a loan of USD 300 million. Furthermore, efforts are being

made together with the China Development Bank and other financial institutions to attract loan funds based on the principle of project financing.

Direct Economic Value Generated and Distributed

GRI 201-1

In 2021, retained economic value (profit for the year) increased substantially compared to the same indicator for 2020 by 17.2%. Operating expenses in 2020–2021 decreased by more than 25% from 2019, which indicates an increase in

the Company's operating efficiency. The savings made from the implementation of initiatives was UZS 5.171 million (USD 464 thousand equivalent) for 2020–2021.

Initiatives have been taken in the following areas to improve operational efficiency:

Areas	Initiatives	Savings (in UZS million)
Technology and Energy	• Replacement of chemicals and branded wheel blades with more efficient ones	2,552.0 (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 (M&R), well workover	• Reducing a standby time and well workovers • Reducing the duration of development activities and M&R	1,303.82 (USD 123 thousand equivalent)
Other activities	• Disposal of non-core assets	1,038.6 (USD 98 thousand equivalent)

in UZS billion (UZS 10,623.44 = USD 1, average annual rate in 2021)

	2021	2020	2019
Direct economic value generated			
1 Income	24,697	23,023	23,845
Direct economic value distributed, incl.			
2 Operating expenses	(12,011)	(12,194)	(16,483)
3 Payroll	(2,473)	(2,044)	(2,247)
4 Interest and dividend expenses	(286)	(324)	(833)
5 Taxes other than income tax	(2,278)	(1,971)	(2,169)
6 Income tax expense	(1,351)	(1,000)	(775)
7 Other expenses	(421)	(636)	(747)
8 Social expenses (investment in local communities)	(362)	(150)	(2)
Retained economic value (profit for the year)	5,515	4,704	589

TAXATION

GRI 207-1, 207-2, 207-3, 207-4

Taxation-Related Guiding Documents:

- The Constitution of the Republic of Uzbekistan;
- The Tax Code of the Republic of Uzbekistan dated December 30, 2019, No. ZRU-599;
- The Law “On the State Tax Service” dated August 29, 1997 No. 474-I;
- The Resolution of the Legislative Chamber of the Oliy Majlis of the Republic of Uzbekistan “On the State Budget of the Republic of Uzbekistan, the Budgets of State Special-Purpose Funds and the Main Areas of Tax and Budget Policy for 2019” dated November 17, 2018 No. 2119-III;
- Regulations on the State Tax Committee of the Republic of Uzbekistan approved by Appendix No. 1 to the Resolution of the Cabinet of Ministers dated April 17, 2019 No. 320;
- The Presidential Decree of the Republic of Uzbekistan “On the Concept of Improving the Tax Policy of the Republic of Uzbekistan” dated June 29, 2018, No. UP-5468;
- The Presidential Decree of the Republic of Uzbekistan “On the Projection of the Main Macroeconomic Indicators and Parameters of the State Budget of the Republic of

- Uzbekistan for 2019 and Budget Targets for 2020–2021” dated December 26, 2018, No. PP-4086;
- The Presidential Decree of the Republic of Uzbekistan “On Measures to Further Improve the Tax Policy of the Republic of Uzbekistan” dated September 26, 2019, No. UP-5837;

Uzbekneftegaz JSC is one of the largest taxpayers in the country, which strictly complies with the tax law of the Republic of Uzbekistan. The Group is contributing substantially to local socio-economic development in the form of tax payments to the regional and State budgets. In 2021, the Company accrued income tax of UZS 1.351 billion (UZS 122.5 million equivalent).

According to the State Tax Committee, at the end of 2021, tax revenues in the country totalled UZS 103.6 trillion (USD 9.34 billion equivalent). 63.3% of total tax revenues in Uzbekistan came from the top 10 taxpayers, among which JSC Uzbekneftegaz ranks third.

EFFECTIVE TAX RATES IN THE REPUBLIC OF UZBEKISTAN:



In 2021, Uzbekneftegaz JSC allocated UZS 6.5 trillion (USD 589 million equivalent) to the budget. Payments on the accrued tax are calculated and made.

As of January 1, 2022, receivables for oil products supplied by Uzbekneftegaz JSC to ministries, departments and enterprises make up UZS 2,236.3 billion (USD 202.7 million equivalent), and accounts payable make up UZS 47.5 billion (USD 4.3 million equivalent).

Taxes Other Than Income Tax

in UZS billion (UZS 10,623.44 = USD 1, average annual rate in 2021)

	2021	2020
Tax on subsoil use	1,624	1,593
Property tax	217	108
Excise tax	190	91
Land tax	169	33
Other taxes	78	146
Total taxes other than income tax	2,278	1,971

Income Tax

The main components of the income tax expense for the years ended 31 December are as follows:

in UZS billion (UZS 10,623.44 = USD 1, average annual rate in 2021)

	2021	2020
Current tax expense	1,202	562
Deferred tax expense	149	438
Income tax expense specified in the consolidated income statement	1,351	1,000

The Company holds strong views on the assessment and accounting of its current income tax debt and its tax base in assets and liabilities complies with the tax legislation of the Republic of Uzbekistan. Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for tax purposes.

Organisation of control

To accomplish our goals, we have implemented highly regulated tax accounting and reporting processes, as well as control methods

When keeping tax records, we comply with statutes and regulations, and internal documents of the Company, including the Tax Code, International Financial Reporting Standards (IFRS) and the Law of the Republic of Uzbekistan “On Subsoil”.

Late payment and incorrect calculation of tax entails liability in accordance with the Tax Code. This also leads to additional taxation by the tax authorities for previous tax periods based on incorrectly calculated taxes. This may change the Company's future business and sustainable development strategies or prevent it from achieving its goals. Thus, the Company organises tax control and planning in a timely manner and monitors payments to the budget. The tax authorities constantly monitor the calculated and paid tax payments by the Company. In the event of any unclear points, this will be communicated through my.soliq.uz electronic portal.

Tax planning

When assessing tax risks, the management will consider certain areas of non-compliance with tax laws that the Company is unable to contest or does not believe it will be able to successfully challenge as possible liabilities, if additional taxes are assessed by the tax authorities.

Taxable income is assessed in accordance with the tax legislation that came into force on January 1, 2021. Deferred income tax is calculated on temporary differences on assets and liabilities at the expected rates set by the tax authorities as at 31 December 2021.

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

Engagement with tax authorities and other stakeholders

The Company stands for transparent engagement and open communication with the tax authorities, ensuring the provision of all necessary reporting on time pursuant to the legislation of the Republic of Uzbekistan.

The Company seeks to clarify uncertain tax issues where possible by sending requests about 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 workshops on amendments made to the Tax Code and Tax legislation 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 State Tax Service when determining the tax liabilities of taxpayers through explanatory and substantiating documents on situations identified as a result of inspections or control measures by the tax authorities.

PROCUREMENT ACTIVITIES

GRI 102-9, 102-10, 103-1, 103-2, 103-3, 204-1, 413-1

Highlights for 2021:



2,944 contracts were signed for a total amount of UZS **4,369.5 billion (USD 412.4 million)**



USD 489.92 million – imports for the 2021 reporting year, which is 13% higher than the previous year



28% – the total share of local content in procurement activities



14% – the share of Uzbekneftegaz JSC in procurement through a single cooperation portal of the Republic of Uzbekistan

Our Guiding Documents:

- The Law of the Republic of Uzbekistan “On Public Procurement”;
- The Decree of the Cabinet of Ministers of the Republic of Uzbekistan dated March 10, 2020 No. 136 “On the Programme for Localising the Production of Goods in the Domestic and Foreign Markets for 2020–2021”;
- The Presidential Decree of the Republic of Uzbekistan dated August 24, 2019 No. PP-4426 “On Further Increasing the Responsibility of the Government and Business Management Bodies and Local Executive Authorities for the Introduction of a New System for Localising Production and Accelerating Cooperation Ties between the Branches of Industry”;
- The Presidential Decree of the Republic of Uzbekistan dated July 2, 2021 No. PP-5571 “On Additional Measures to Ensure Transparency and Improve the Efficiency of Public Procurement”;
- The Regulations on the Department for Locating of Production Facilities and Development of Cooperation Ties PP No. 21;
- The Regulations on Procurement Document Flow through Electronic Tenders at Uzbekneftegaz JSC;
- The Procurement Policy of Uzbekneftegaz JSC, based on the experience of international enterprises, approved by the decision of the Board No. 58 dated August 23, 2021;
- Anti-Corruption Clause.

The Procurement Department of Uzbekneftegaz JSC is responsible for the quality of procurement procedures and the implementation of a unified Procurement Policy.

To ensure the transparency of the procurement process and create an adequate competitive environment, from January 1,

2020, the Company must provide complete information about all buyers together with a special information portal (exarid.uzex.uz), the official websites ung.uz and enderweek.uz. This information is to be placed in other open media as well. In addition, the official reports of the Committee on the Procurement Results are published on a special information portal for public discussion for 3 days.

Ensuring efficient procurement activities with the aim to comply with the principles of sustainability is an integral part of the Company’s activities. The main principles of the procurement activities of Uzbekneftegaz JSC are:

- Transparency both in terms of 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 potential suppliers;
- Promoting fair competition through competitive selection – using a multi-vendor evaluation and selection process whenever possible and appropriate;
- Control – exercising effective control over the procurement process;
- Support for local suppliers under the programme for locating production facilities – support for domestic manufacturers where possible, or if required by applicable law;
- Compliance with all applicable statutes and prevention of illegal actions by any of the participants in the procurement process;
- Timeliness of provision of goods, performance of work or provision of services.

Being a national leader in oil and gas production and having a wide scale of business, Uzbekneftegaz JSC pays particular 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

relationships with suppliers is an ongoing commitment and is based on sharing of skills, experience and goals.

In 2021, the Company placed great emphasis on innovations applied in procurement processes to improve operational processes through internal audits, as well as maintaining a positive change-oriented vision to anticipate the future needs.

Participation in Exhibitions

To establish ongoing liaison with entrepreneurs, the Department for Organising Exhibition Activities during the pandemic for the first time among the enterprises of the Republic of Uzbekistan organised a network virtual exhibition. At this exhibition, all relevant information on more than eight thousand products was posted, of which for more than four thousand types of products technical specifications were posted on the portal. In the second half of 2021, about five thousand visits from more than 40 countries were recorded on the Virtual Exhibition portal. Portal users have made more than 30,000 operations. In 2021, 605 agreements worth UZS 495 billion (USD 46.7 million equivalent) and 248 memoranda of cooperation were signed at regional fairs.

exhibited a stand at intersectoral industrial fairs in May in the Bukhara region, in June in the Republic of Karakalpakstan, in July in the Fergana region, in September in the Kashkadarya region, in November in Karakalpakstan city, in November in Tashkent city at the following exhibitions:

- “Made in Uzbekistan” exhibition of national products held on the territory of Technopark LLC on March 12, 2021 in Tashkent;
- Regional Intersectoral Industrial Fair, on May 27-29 in Bukhara;
- Industrial Fair and Cooperation Exchange in the Republic of Karakalpakstan in Nukus, on June 17-18, 2021;
- Industrial Fair and Cooperation Exchange in Termez, on June 24-26, 2021.

In accordance with the resolution of the Cabinet of Ministers of the Republic of Uzbekistan, in 2021, Uzbekneftegaz



Participation of Uzbekneftegaz JSC in the international exhibition “Made in Uzbekistan”

TOTAL PROCUREMENT

● **1,708 contracts** 59.1%

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 722.9 billion (USD 68.2 million equivalent)**

● **60 tenders** 2%

A competition was held for 60 tenders worth **UZS 47.9 billion (USD 4.5 million equivalent)** based on the Law on Public Procurement ORZ-472

● **83 contracts** 2.7%

totalling **UZS 65.5 billion (USD 6.2 million equivalent)** were concluded by selecting the most suitable offers



● **433 contracts** 14.3%

were signed with individual suppliers for a total amount of **UZS 289.2 billion (USD 27.3 billion equivalent)**

● **424 procurement agreements** ..14%

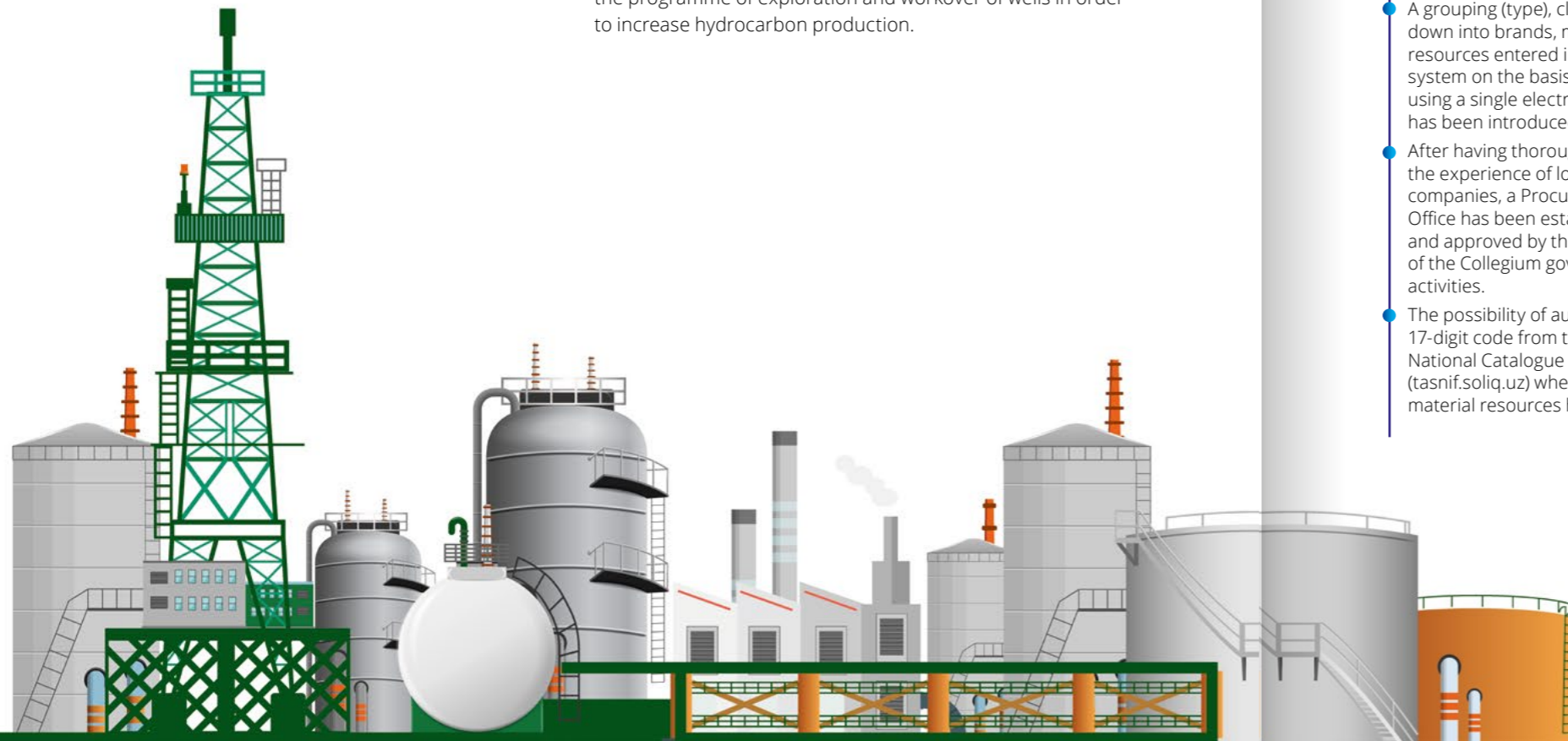
were entered into on the basis of a direct contract with the entities that were previously part of the system and are now disposed) for a total amount of **UZS 646.5 billion (USD 61 million equivalent)**

● **236 contracts** 7.8%

totalling **UZS 2.595.7 billion (USD 245 million equivalent)** were signed on the basis of other legal documents, according to the statements of the President, the Cabinet of Ministers

The Company imports the following products: chemicals (diethylene glycol, methyldiethanolamine, ethanolamine), well oil tubings, casings and steel pipes, process equipment. Goods are imported from China, Russia, Ukraine, Germany and the USA.

As of December 31, 2021, total imports amounted to USD 482.92 million, having increased by USD 55.4 million compared to the corresponding period of 2020. The main reason for the growth in imports is due to hydrocarbons (oil and gas oil) of USD 25.9 million and imports of tubular goods of USD 59.7 million equivalent in accordance with the programme of exploration and workover of wells in order to increase hydrocarbon production.



STREAMLINING AND IMPROVEMENT OF THE PROCUREMENT PROCESS

IMPLEMENTED PROJECTS

- Centralisation of the procurement function at the level of the Management Apparatus by creating and optimisation of headcount of the relevant department.
- Internal regulatory documents for the supply system have been drawn up. In particular, the practice to prevent unreasonable and repeated procurement by involving in production processes products that were stored in the Company's warehouses for many years, and first of all, in the presence of demand for goods and material resources has been introduced.
- An audit of the activities of the Company's procurement function, including on improving the efficiency of anti-corruption systems ("forensics"), and the corresponding opinion on the results of the audit was submitted to the Ministry of Finance of the Republic of Uzbekistan on September 30, 2021.
- An automated system for drafting and agreeing on contracts and requests for payment based on 1C (1C Contract) had been introduced.
- A grouping (type), classification (breaking down into brands, models) of inventory resources entered into the warehouse system on the basis of identification codes using a single electronic national catalogue has been introduced.
- After having thoroughly studied the experience of local and international companies, a Procurement Transformation Office has been established, developed and approved by the relevant decision of the Collegium governing the Office's activities.
- The possibility of automatically attaching a 17-digit code from the "Unified Electronic National Catalogue of Goods and Services" (tasnif.soliq.uz) when recording goods and material resources has been developed.

CURRENT PROJECTS

- Implementation of an Inventory Management System and Barcoding of inventory based on 1C (1C Warehouse) to keep records of material resources, control turnover and manage inventory.
- Development of a system for automating an end-to-end business process: "From placing an order to payment" (P2P) based on 1C (1C MTO)
- Centralisation of the procurement function at the level of the Management Apparatus with the creation of a Supply Matrix.
- Introduction of internal documents of the supply system.

UPCOMING PROJECTS

- Design and introduction of the KPI system for the Department of International Trade Relations.
- Optimisation of the existing warehouse network by upgrading / placing excessive warehouse facilities outside the Company's perimeter.
- Introduction of category management procurement (category management).
- Introduction of a system for automating an end-to-end business process: "From placing an order to payment" based on 1C (1C MTO).
- From January 1, 2022, together with the State Tax Committee of the Republic of Uzbekistan, "E-warehouse" electronic system for recording the movement of goods and material resources will be introduced.



Localisation and Expanding Cooperation Ties

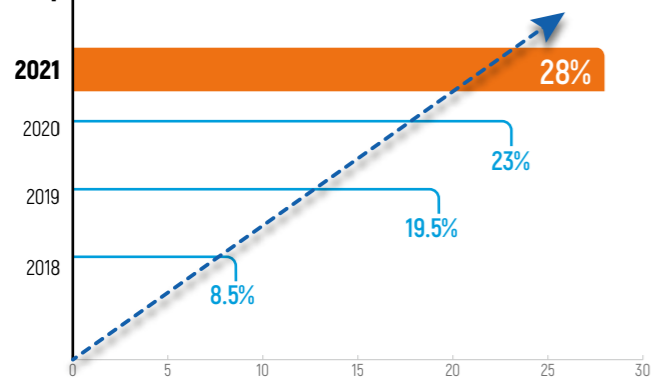
The Company is a strong supporter of programmes aimed at locating production facilities and cooperation, and is also the largest client for a number of companies in the Republic of Uzbekistan, indirectly supporting the employment of citizens, creating new jobs, and contributing to the economic sustainability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

In recent years, the Government of 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 significant improvement, more than tripling the share of domestic producers from 8.5% to 28% in 2021.

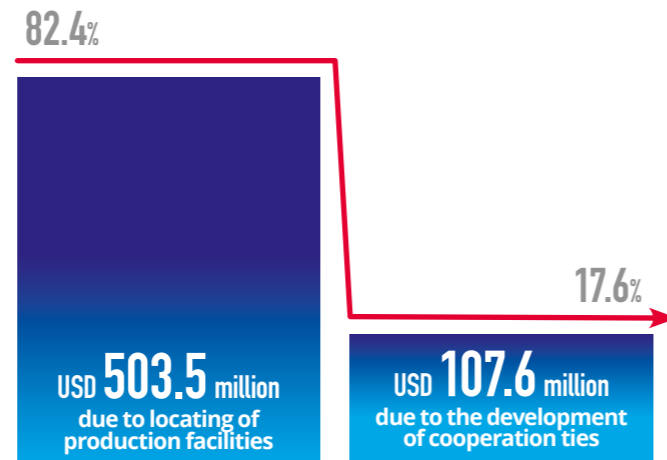
In 2019, a new production locating system was designed, resulting in the development of 38 types of new products worth UZS 4.5 trillion (USD 424.8 million equivalent).

Within the 2019 – 2021 period, a list was compiled consisting of more than 50 domestic producers, which specialise in manufacturing of goods for the oil and gas industry and servicing.

Share of the local suppliers in procurement activities



Reduction in Imports at the Level of the Republic Across Uzbekneftegaz JSC



The major outcome of the activities to expand cooperation ties in 2021 was a decrease in imports by a factor of 1.8 times from USD 865 million in 2018 to USD 486 million compared to the corresponding indicator in 2018.

The Company puts much emphasis on increasing the share of local products in large investment projects implemented by Uzbekneftegaz JSC. As a result, within the framework of the JTL project, Hyundai Engineering prevented the import of products for a total amount of USD 238 million and USD 45 million under the "Increasing Hydrocarbon Production in 2017–2021" programme.

At present, due to the initiatives and the work that the Department for Locating of Production Facilities carried out, the production of the products below for the needs of the JTL plant has been started:

- Jointly with Process and Water Chemicals LLC, the production of 27 different types of chemical reagents was arranged. In 2021, a contract was signed for the production of 11 types of products with a total value of UZS 6.4 billion (USD 604,000 equivalent);
- Jointly with JV Kukil Gaspaks LLC, technical pipe seals were manufactured, and pilot tests worth UZS 1.2 billion (USD 113,000 equivalent) were successfully run.

PRODUCTION OF NEW TYPES OF PRODUCTS AND SERVICES AT THE ENTERPRISES OF UZBEKNEFTEGAZ JSC:



Uzbekistan GTL

The plant began manufacturing **4 types of new products** for the amount of **UZS 2,521.4 billion (USD 238 million equivalent)**: GTL synthetic diesel fuel, GTL synthetic naphtha, GTL synthetic kerosene, GTL liquefied gas.



Bukhara Oil Refinery

The plant began manufacturing **5 types of new products** for the amount of **UZS 163.6 billion (USD 15.4 million)**: EURO-6 diesel fuel, AI-98 gasoline, additional production of JET-A1 aviation fuel, winter diesel fuel and hydrocarbon solvent from GTL synthetic kerosene.



Shurtan Gas Chemical Complex

The complex began manufacturing **2 types of new products** worth **UZS 13.0 billion (USD 1.2 million equivalent)**: polyethylene pipes (SDR 11, 1 MPa) with a diameter of 32 mm to 250 mm for gas and water supply.



Maxsusenergogas

The company began manufacturing **2 types of new products** worth **UZS 12.6 billion (USD 1.19 million equivalent)**: motor pump brand – HYDRO-MEG (for firefighting), overhaul of turboexpanders.

Plans for 2022:

- Increasing the share of national manufacturers up to 30% in corporate procurement composition (28% – the share of local procurement in 2021);
- Reducing imports by USD 351 million equivalent due to cooperation and locating production facilities;
- 19 types of new products are planned to be manufactured for a total amount of UZS 3.3 trillion (USD 311.5 million equivalent) as part of locating production facilities;
- Production of the following imported products in the amount of USD 10 million equivalent together with local manufacturers: chemicals, gas flow meters, pressure gauges and sensors, industrial filters, industrial oils, shut-off and control valves, ball valves and X-trees and high-pressure hoses.

ABOUT THE REPORT

Preparation Approach

GRI 102-32, 102-50, 102-51, 102-52, 102-53, 102-54

The Company brings to your attention the Sustainability Report (hereinafter referred to as the Sustainability Report, or simply, the Report) for 2021. The report highlights the activities and results of Uzbekneftegaz JSC in the area of sustainable development.

Sustainable development matters pertaining to previous periods were included in the Company's Annual Reports, which are available on the Company's Internet resource (www.ung.uz). The Company's Report for 2021 is the first separate sustainability report in the history of Uzbekneftegaz JSC, and in the future the Company plans to continue the practice of annual publication of non-financial reporting, confirming its desire to increase the transparency of its activities and demonstrate economic, social and environmental performance and commitment.

Reporting Boundaries

GRI 102-45

The information on sustainable development presented in this Report relates to the activities of business units and subsidiaries of Uzbekneftegaz JSC (see Appendix 1).

Legal entities included in the organisation's consolidated financial statements include all business units of

Report's External Assurance

GRI 102-56

The procedure for external assurance of this Report for 2021 was not performed. However, the Company recognises the importance of external assurance of sustainability information and is considering the assurance of non-financial information in the future.

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

The process of Report preparation and disclosure of material topics is coordinated by the ESG Sustainability Department of the Company with the active participation of all interested structural subdivisions. The Company's Board of Directors performs verification and final approval of the Report.

Uzbekneftegaz JSC that were covered by this 2021 Sustainability Report.

In other cases, when reporting boundaries for certain indicators differ from that described above, information about business units included in reporting boundaries is provided additionally in the text of the Report.



Night view towards the Uzbekistan Gas-to-Liquid production plant

APPENDICES

APPENDIX 1: Reporting Boundaries

GRI 102-45

NAME OF STRUCTURAL SUBDIVISIONS	MAIN ACTIVITY	Ownership Share as of 31 December 2021
Mubarek Oil and Gas Production Department	Hydrocarbon Extraction	100%
Shurtan Oil and Gas Production Department	Hydrocarbon Extraction	100%
Ustyurt Oil and Gas Production Department	Hydrocarbon Extraction	100%
Gazli Oil and Gas Production Department	Hydrocarbon Extraction	100%
Vodiy Oil and Gas Production Department	Oil and Gas Processing	100%
Mubarek Gas Processing Plant	Oil and Gas Processing	100%
Shurtan Gas Chemical Complex	Oil and Gas Processing	100%
Bukhara Oil Refinery	Oil and Gas Processing	100%
Chinaz Oil and Gas Processing Plant	Oil and Gas Processing	100%
Uzbekistan GTL	Oil and Gas Processing	100%
Makhsusenergogaz JSC	Oil and Gas Processing	100%
Takhiatash Oil Depot	Transportation and Storage of Petroleum Products	100%
Andijan Oil Depot	Transportation and Storage of Petroleum Products	100%
Bukhara Oil Depot	Transportation and Storage of Petroleum Products	100%
Jizak Oil Depot	Transportation and Storage of Petroleum Products	100%
Karshi Oil Depot	Transportation and Storage of Petroleum Products	100%
Navoi Oil Depot	Transportation and Storage of Petroleum Products	100%
Turakurgan Oil Depot	Transportation and Storage of Petroleum Products	100%
Marokand Oil Depot	Transportation and Storage of Petroleum Products	100%
Termez Oil Depot	Transportation and Storage of Petroleum Products	100%
Gulistan Oil Depot	Transportation and Storage of Petroleum Products	100%
Chinabad Oil Depot	Transportation and Storage of Petroleum Products	100%
Kuchluk Oil Depot	Transportation and Storage of Petroleum Products	100%
Fergana Oil Depot	Transportation and Storage of Petroleum Products	100%
Urgench Oil Depot	Transportation and Storage of Petroleum Products	100%
UNG Petro	Sales of Petroleum Products	100%
O'ZLINEFTEGAZ JSC	Research and Development	100%

NAME OF STRUCTURAL SUBDIVISIONS	MAIN ACTIVITY	Ownership Share as of 31 December 2021
Journal of Oil and Gas	Research and Development	100%
Tashkent branch of the Gubkin Russian State University of Oil and Gas	Personnel Training	100%
Bukhara College of Oil and Gas Industry	Personnel Training	100%
Fergana College of Oil and Gas Industry	Personnel Training	100%
UNG Training	Personnel Training	100%
Uzbek Militarized Unit for the Prevention and Elimination of Open Oil and Gas Fountains	Service	100%
Uzneftegaz Kuduktamirlash JSC	Service	100%
Neft Gaz Bino Inshoat LLC	Service	100%
Uzneftgaz Burgulash Ishlari	Service	100%
Muboraksuvtaminot	Service	100%



APPENDIX 2: GRI and SASB Tables

GRI 102-55

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GENERAL REPORTING ELEMENTS					
GRI 102: General disclosures 2016					
102-1	Name of the organization	151	About the Company	Full	
102-2	Activities, brands, products and services	8	About the Company	Full	The Company does not manufacture products or provide services that are prohibited in certain markets
102-3	Location of headquarters	8, 151	About the Company	Full	The Company is headquartered in Tashkent (Republic of Uzbekistan)
102-4	Location of operations	8	About the Company	Full	
102-5	Ownership and legal form	8	About the Company; Corporate Governance; About the Report	Full	
102-6	Markets served	8	About the Company	Full	
102-7	Scale of the organization	37, 118	Overview of Financial and Operating Activities HR Management	Full	
102-8	Information on employees	37	HR Management	Partial	The Company has only open-ended and fixed-term contract types. The Company does not keep statistics on headcount by region, gender and type of employment.
102-9	Supply chain	8, 124	About the Company	Full	There were no significant changes in the supply chain during the reporting period.
102-10	Significant changes to the organization and its supply chain	8, 81, 120, 124	About the Company; Corporate Governance	Full	
102-11	Significant changes to the organization and its supply chain	47	Sustainability Management; Occupational Safety and Health; Environmental Compliance.	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
102-12	External initiatives	22	Contribution to the Achievement of UN Sustainable Development Goals	Full	Participation in the initiatives presented in this section is voluntary.
102-14	Statement from senior decision-maker	2	Message from the Chairman of the Board	Full	
102-15	Key impacts, risks, and opportunities	98	Risk Management	Full	
102-16	Values, principles, standards, and norms of behavior	91	Business Ethics and Compliance	Full	
102-17	Mechanisms for advice and concerns about ethics	91	Business Ethics and Compliance	Full	
102-18	Governance structure	81	Corporate Governance	Full	
102-20	Executive-level responsibility for economic, environmental, and social topics	81	Corporate Governance	Full	
102-22	Composition of the highest governance body and its committees	81	Corporate Governance	Full	
102-23	Chair of the highest governance body	81	Corporate Governance	Full	
102-24	Nominating and selecting the highest governance body	81	Corporate Governance	Full	
102-25	Conflicts of interest	81	Corporate Governance	Full	
102-29	Identifying and managing economic, environmental, and social impacts	20	Sustainability Management	Full	
102-30	Efficiency of the risk management system	91	Risk Management	Full	
102-32	Highest governance body's role in sustainability reporting	130	About the Report	Full	
102-33	Communicating critical concerns	91	Business Ethics and Compliance	Full	
102-34	Nature and total number of critical concerns	91	Business Ethics and Compliance	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
102-35	Remuneration policies	90	Corporate Governance	Full	
102-36	Process for determining remuneration	90	Corporate Governance	Full	
102-40	List of stakeholder groups	30	Stakeholder Engagement	Full	
102-41	Collective bargaining agreements	39	Staff Social Support Policy	Full	
102-42	Identifying and selecting stakeholders	30	Stakeholder Engagement	Full	
102-43	Approach to stakeholder engagement	30	Stakeholder Engagement	Full	
102-44	Key topics and concerns raised	28, 30	Stakeholder Engagement; Material Topics.	Full	
102-45	Entities included in the consolidated financial statements	130, 132	About the Report	Full	
102-46	Defining report content and topic Boundaries	28	Material Topics	Full	
102-47	List of material topics	28	Material Topics	Full	
102-48	Restatements of information	-	Appendix 2: GRI and SASB Tables	Full	This report is the first sustainability report of Uzbekneftegaz JSC.
102-49	Changes in reporting	-	Material Topics	Full	
102-50	Reporting period	130	About the Report	Full	
102-51	Date of most recent report	130	About the Report	Full	
102-52	Reporting cycle	130	About the Report	Full	
102-53	Contact point for questions regarding the report	130, 151	About the Report	Full	
102-54	Claims of reporting in accordance with the GRI Standards	130	About the Report	Full	
102-55	GRI content index	134	Appendix 2: GRI and SASB Tables	Full	
102-56	External assurance	130	About the Report	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 103: Management Approach 2016					
103-1	An explanation of the material topics and its boundaries	35, 42, 47, 56, 63, 66, 71, 91, 118, 124	Material Topics	Full	
103-2	Management Approach and its components	35, 42, 47, 56, 63, 66, 71, 91, 118, 124		Full	The management approach is presented in the Report before each material topic is disclosed.
103-3	Assessment of the management approach	35, 42, 47, 56, 63, 66, 71, 91, 118, 124		Full	The management approach is evaluated as part of the certification and inspection audits of the respective management systems as well as corporate audits. Reports on these activities are contained in the text of the Report.
GRI 201: Economic performance 2016					
201-1	Direct economic value generated and distributed	118	Overview of Financial and Operating Activities	Full	
201-3	Defined benefit plan obligations and other retirement plans	39	Overview of Financial and Operating Activities	Full	
GRI 202: Market presence 2016					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	45	Diversity and Equal Opportunities for Employees	Full	
202-2	Proportion of senior management hired from the local community	81	Corporate Governance	Full	
GRI 203: Indirect economic impacts 2016					
203-1	Infrastructure investments and services supported	56	Contribution to the Socio-Economic Development	Full	Investments and sponsorships to the local communities are provided on a pro bono basis.

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 204: Procurement practices 2016					
204-1	Proportion of spending on local suppliers	124	Procurement Activities	Full	
GRI 205: Anti-corruption 2016					
205-1	Operations assessed for risks related to corruption	91	Anti-Corruption	Full	
205-2	Communication and training about anti-corruption policies and procedures	94	Anti-Corruption	Full	
205-3	Confirmed incidents of corruption and actions taken	94	Anti-Corruption	Full	
GRI 207: Tax 2019					
207-1	Approach to tax	122	Overview of Financial and Operating Activities	Full	
207-2	Tax governance, control, and risk management	122	Overview of Financial and Operating Activities	Full	
207-3	Stakeholder engagement and management of concerns related to tax	123	Overview of Financial and Operating Activities	Full	
207-4	Country-by-country reporting	123	Overview of Financial and Operating Activities	Full	
GRI 302: Energy 2016					
302-1	Energy consumption within the organization	67	Energy Consumption	Full	
302-3	Energy intensity	68	Energy Consumption	Full	
302-4	Reduction of energy consumption	68	Energy Consumption	Full	
GRI 303: Water and effluents 2018					
303-1	Interactions with water as a shared resource	72	Water Conservation	Full	
303-2	Management of water discharge-related impacts	72	Water Conservation	Full	
303-3	Water intake	72	Water Conservation	Full	
303-4	Water discharge	72	Water Conservation	Full	
303-5	Water consumption	72	Water Conservation	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 304: Biodiversity 2016					
304-1	Production sites owned, leased or managed by the organization and located in protected areas and areas of high biodiversity value outside their boundaries or adjacent to such areas	76	Biodiversity Conservation	Full	
304-2	Description of significant impacts of activities, products, and services on biodiversity in protected areas with high biodiversity value	76	Biodiversity Conservation	Full	
GRI 305: Emissions 2016					
305-1	Direct (Scope 1) GHG emissions	69	Climate Change; GHG Emissions	Full	The company has no biogenic CO ₂ emissions in metric tons of CO ₂ equivalent.
305-2	Indirect (Scope 2) GHG emissions	69	Climate Change; GHG Emissions	Full	
305-4	Intensity of greenhouse gas emissions	69	Climate Change; GHG Emissions	Full	
305-7	Air emissions of nitrogen oxide (NOX), sulfur oxide (SOX), and other significant pollutants	73	Climate Change; GHG Emissions	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 306: Waste 2020					
306-1	Waste generation and significant waste-related impacts	74	Waste Management	Full	
306-2	Management of significant waste-related impacts	74	Waste Management	Full	
306-3	Waste generated	74	Waste Management	Full	
306-4	Waste diverted from disposal	75	Waste Management	Full	
GRI 307: Non-compliance with environmental laws and regulations 2016					
307-1	Non-compliance with environmental laws and regulations	65	Environmental Compliance	Full	
GRI 401: Employment 2016					
401-1	New employee hires and employee turnover	37	Staff composition	Partial	The Company keeps records only of total employee turnover for each reporting period. Starting from the next reporting period, the Company will keep records of turnover by age groups, gender and region.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	Staff Social Support Policy	Full	
401-3	Parental leave	37	Staff Social Support Policy	Full	
GRI 402: Labor/Management Relations 2016					
402-1	Minimum notice periods regarding operational changes	39	Staff Social Support Policy	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 403: Occupational health and safety 2018					
403-1	Occupational health and safety management system	47	Occupational Safety and Health	Full	
403-2	Hazard identification, risk assessment, and incident investigation	49, 51	Occupational Safety and Health	Full	
403-3	Occupational health services	48, 49	Occupational Safety and Health	Full	
403-4	Worker participation, consultation, and communication on occupational health and safety	50, 51	Occupational Safety and Health	Full	
403-5	Worker training on occupational health and safety	51	Occupational Safety and Health	Full	
403-6	Promotion of worker health	51	Occupational Safety and Health	Full	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50	Occupational Safety and Health	Full	
403-8	Workers covered by an occupational health and safety management system	51	Occupational Safety and Health	Full	
403-9	Work-related injuries	52	Occupational Safety and Health	Partial	
GRI 404: Training and education 2016					
404-1	Average annual number of training hours per employee	43	Occupational Safety and Health; Employee Development	Full	
404-2	Programs for upgrading employee skills and transition assistance	44	Employee Development	Full	

INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION	LEVEL OF DISCLOSURE	COMMENT
GRI 405: Diversity and equal opportunity 2016					
405-1	Diversity of governance bodies and employees	45	Staff Composition	Full	
405-2	Ratio of basic salary and remuneration of women to men	45	Staff Composition	Full	
GRI 413: Discriminatory presence 2016					
413-1	Operations with local community engagement, impact assessments, and development programs	56	Stakeholder engagement; Procurement activities; Regional Development and Local Communities.	Full	
GRI 415: Public Policy 2016					
415-1	Political contributions	95	Anti-Corruption	Full	



SASB Indicators Table

SASB INDICATOR	DISCLOSURE	REPORT PAGE	REPORT SECTION
GREENHOUSE GAS EMISSIONS			
EM-EP-110a.1	Gross global Scope 1 emissions, Percentage covered under emissions limiting regulations	69	Climate Change; GHG Emissions
EM-MD-110a.1	Gross global Scope 1 emissions, Percentage covered under emissions limiting regulations	69	Climate Change; GHG Emissions
EM-MD-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	69	Climate Change; GHG Emissions
EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.	69	Climate Change; GHG Emissions
AIR QUALITY			
EM-EP-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	73	Air Protection
EM-MD-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	73	Air Protection
EM-RM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	73	Air Protection
WATER MANAGEMENT			
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EM-RM-140a.1	(1) Total fresh water withdrawn (2) Total fresh water consumed (3) Percentage of each in regions with High or Extremely High Baseline Water Stress	72	Water Conservation
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EM-MD-160a.1	Description of environmental management policies and practices for existing sites/operations	63	Environmental Management
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APPENDIX 3: Abbreviations and acronyms

ABBREVIATION / ACRONYM	FULL NAME
AC	Audit Committee
ADCS	Automated Dispatch Control System
APCMS	Automated Power Consumption Metering System
AT	Administrative and technical staff
BCS	Booster compressor station
BI	Business intelligence
CIMA	Chartered Institute of Management Accountants
CO	Carbon monoxide
COVID-19	Coronavirus disease
CO	Carbon monoxide
CO₂	Carbon dioxide
CIL	Carbon-in-Leach
CV	Curriculum vitae
EBITDA	Earnings before interest, taxes, depreciation, and amortization
EIA	Environmental impact assessment
ERP	Enterprise resource planning
EPC	Engineering, procurement and construction
ESG	Environmental social governance
GCC	Gas chemical complex
GHG	Greenhouse gases
GJ	Gigajoule
GPP	Gas processing plant
GPS	Global positioning system
GRI	Global Reporting Initiative
GTL	Gas-to-liquid
HCM	Human Capital Management
HR	Human resources
ICT	Information computer technology
IEC	International Electrotechnical Commission
IFRS	International Financial Reporting Standards
IPO	Initial public offering
ISA	International Standards of Auditing
ISO	International organization for standardization
IT	Information technology
IUCN	International Union for Conservation of Nature
JSA	Job safety analysis
JSC	Joint Stock Company
JV	Joint venture
KPI	Key performance indicator
LIMS	Laboratory Information Management System
LLC	Limited Liability Company
LOTO	Lockout tagout

ABBREVIATION / ACRONYM	FULL NAME
LPG	Liquefied petroleum gas
LSE	London Stock Exchange
LTD	Limited company
LTIFR	Lost time injury frequency rate
M&R	Maintenance and repair
MAD	Maximum Allowable Discharge
MBA	Master of Business Administration
MES	Manufacturing Execution Systems
ML	Middle level
MUFG	Mitsubishi UFJ Financial Group
MW	Megawatt
NAV	Net Asset Value
NHC	National Holding Company
NOx	Nitrogen oxides
NRC	Nomination and Remuneration Committee
OECD	Organization for Economic Cooperation and Development
OGPD	Oil and Gas Production Directorate
OHS	Occupational Health and Safety
OHSAS	Occupational Health and Safety Assessment Series
OS	Operating system
PERP	Possible Emergency Response Plan
PSA	Production Sharing Agreement
PRMS	Petroleum resources management system
PwC	PriceWaterhouseCoopers
RCA	Root cause analysis
S&P	Standard & Poors
SAP	System Application and Product in Processing
SASB	Sustainability accounting standards board
SCADA	Supervisory control and data acquisition
SDG	Sustainable Development Goal
SIC	Strategy and Investment Committee
SOCAR	The State Oil Company of Azerbaijan Republic
SOP	Standard operating procedure
SOx	Sulfur oxides
UN	United Nations
UNCAC	United Nations Convention Against Corruption
UNDP	United Nations Development Programme
UNESCO	The United Nations Educational, Scientific and Cultural Organization
UNG	Uzbekneftgaz
UOHSEMS	Unified Occupational Health, Safety and Environment Management System
URMS	Unified Risk Management System
USA	United States of America
UZS	Uzbek Soum
VP	Vice-President



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