

ZCMC

ZANGEZUR
PRESERVING
VALUES

2023

SUSTAINABILITY
REPORT

2023

FROM STRATEGY TO SUSTAINABLE RESULTS

Zangezur Copper Molybdenum Combine CJSC



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AT A GLANCE

Revenue

\$795.8 million



Total concentrate production

225,042 wmt

Number of employees at the end of 2023

4,666



Female employees

1,026



Male employees

3,640



Workers from local communities

4,134 people

New hired employees

335 people

Employee turnover rate

5.5%

Employees are members of the Trade Union

99%

On average, each employee received

2.5 hours of training

Total GHG emission

1,070,988 metric tons of CO₂ equivalent



Scope 1 GHG emissions

76,218

Scope 2 GHG emissions

226,913

Scope 3 GHG emissions

767,857

Total CO₂ absorbed

3,503 kg

Total energy consumption

3,022,836 gigajoules

Total volume of water withdrawn

47,164 megalitres

Total waste generated

36,384,525 metric tons

Area restored

40 hectare

Total volume of water discharge

36,692 megalitres

Investments in local communities

20.2 million USD





STATEMENT FROM THE GENERAL DIRECTOR

GRI 2-22



Roman Khudoli

General Director



I AM PLEASED TO PRESENT ZCMC'S 2023 SUSTAINABILITY REPORT, MARKING OUR THIRD CONSECUTIVE YEAR OF COMPREHENSIVE REPORTING. SINCE ASSUMING THE COMPANY MANAGEMENT, OUR UNINTERRUPTED COMMITMENT TO SUSTAINABILITY REPORTING DEMONSTRATES OUR DEDICATION TO POSITIONING ZCMC AMONG THE COMMUNITY OF RESPONSIBLE MINING COMPANIES THAT CONSISTENTLY AND TRANSPARENTLY DISCLOSE THEIR ESG PERFORMANCE.

We strive to align our reporting with the latest industry standards and practices each year. This year's report not only adheres to GRI standards but also complies with SASB, and, as in previous years, includes a carbon footprint report aligned with TCFD recommendations. Achieving this level of reporting is particularly significant in our region and our sector. While we take pride in this accomplishment, it is not our sole objective.

Our sustainability strategy is focused on the gradual and thoughtful adoption of industry standards across all environmental, social, and governance pillars. While we are committed to fully aligning with leading international standards, we recognize this is a journey. Realizing that this ambition requires sustained and diligent effort, we take a measured, step-by-step approach. This is particularly true for a company with a legacy spanning over 70 years. Importantly, this process must be harmonized with our broader corporate development strategy.

The evolving landscape of challenges demands innovative approaches, particularly the adoption of advanced technologies. Digitalization, automation, unmanned operations, and artificial intelligence are no longer concepts for the distant future—they are essential for maintaining our competitiveness today.

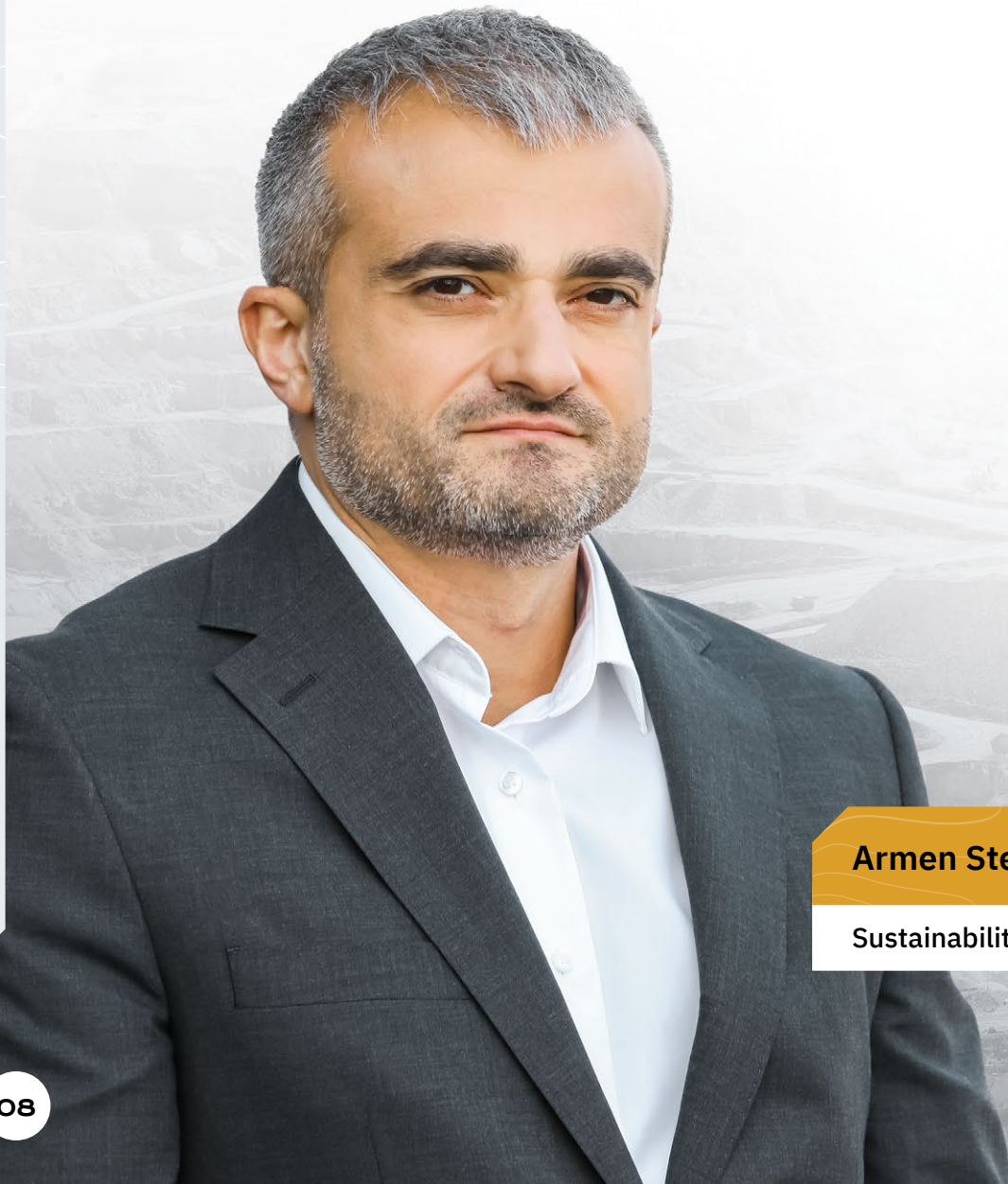
For me, sustainability is inseparable from integrating these cutting-edge technologies and modern management practices across our operations. It forms the foundation of a holistic strategy to advance the company's technological capabilities, enhance productivity, and effectively manage risks. We are committed to pursuing this vision in our journey towards sustainable management.

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STATEMENT FROM THE SUSTAINABILITY DIRECTOR

GRI 2-22



Armen Stepanyan

Sustainability Director



HONOURED, THAT ZCMC'S THIRD ANNUAL SUSTAINABILITY REPORT IS MARKING ANOTHER CRITICAL STEP IN OUR JOURNEY TOWARD GREATER TRANSPARENCY, ACCOUNTABILITY, AND SUSTAINABLE GROWTH.

As we continue to refine our efforts, we highly value the thoughtful feedback and constructive dialogue from all our stakeholders—your insights play a vital role in driving our progress and ensuring continuous improvement.

This year represents a pivotal moment for us. Building on the foundations of our inaugural TCFD study in 2022, a first of its kind in Armenia, we are proud to announce that our 2023 report fully aligns with the Global Reporting Initiative (GRI) standards and has been benchmarked against the Sustainability Accounting Standards Board (SASB) requirements. This milestone reflects our deep commitment to leading in sustainability reporting regionally and within our industry.

However, our commitment extends far beyond reporting. We strive to embed sustainability KPIs across all operations fostering a culture of shared responsibility throughout the organization. Sustainability is not just about collecting and reporting data — it is about delivering tangible performance and making impactful changes.

In this Report, we candidly share our achievements and the challenges ahead. Despite facing considerable hurdles in 2023, we launched several projects to bolster our environmental, social, and governance (ESG) performance. From enhancing dust control measures and improving water efficiency to strengthening our policies, each initiative demonstrates our resolve. Yet, we acknowledge that gaps remain, and addressing these will be a priority as we advance.

A key focus for us moving into 2024 is setting clear and ambitious emission reduction goals while also tackling the complex waste management issue. Health and safety continue to be cornerstones of our strategy. While we have implemented new policies, we aspire to build a proactive culture of safety where responsibility is ingrained in our day-to-day operations, not just enforced through corrective actions.

It is with deep regret that I must also address a tragic incident that occurred in the summer of 2024—a fatal accident on-site. This devastating event is a stark reminder of the work to strengthen our safety culture further. We are resolute in making this an urgent priority in the coming years, recognizing that no sustainability success can be celebrated without ensuring the well-being of our people.

ZCMC remains a critical pillar of Armenia's industrial sector, and our sustainability efforts aim to align our operations with global best practices. While we are proud of our strides, we recognize that the journey toward sustainability excellence is ongoing. We are committed to continuously improving, driven by our dedication to creating long-term value for our stakeholders and the communities we serve.

We move forward with renewed determination and seek the continued support of all our stakeholders. This Report is more than just a document; it is a roadmap to uniting us and pursuing our shared sustainability ambitions.



01

ABOUT ZCMC

GRI 2-1

THE “ZANGEZUR COPPER MOLYBDENUM COMBINE” CLOSED JOINT STOCK COMPANY (ZCMC, THE COMPANY) IS THE LEADING MINING COMPANY IN THE REPUBLIC OF ARMENIA, FORMING AN OPERATIONAL HISTORY OF MORE THAN 70 YEARS SINCE ITS ESTABLISHMENT IN 1951.

Copper concentrate production in 2023

201,332

wmt

Molybdenum concentrate production in 2023

23,710

wmt

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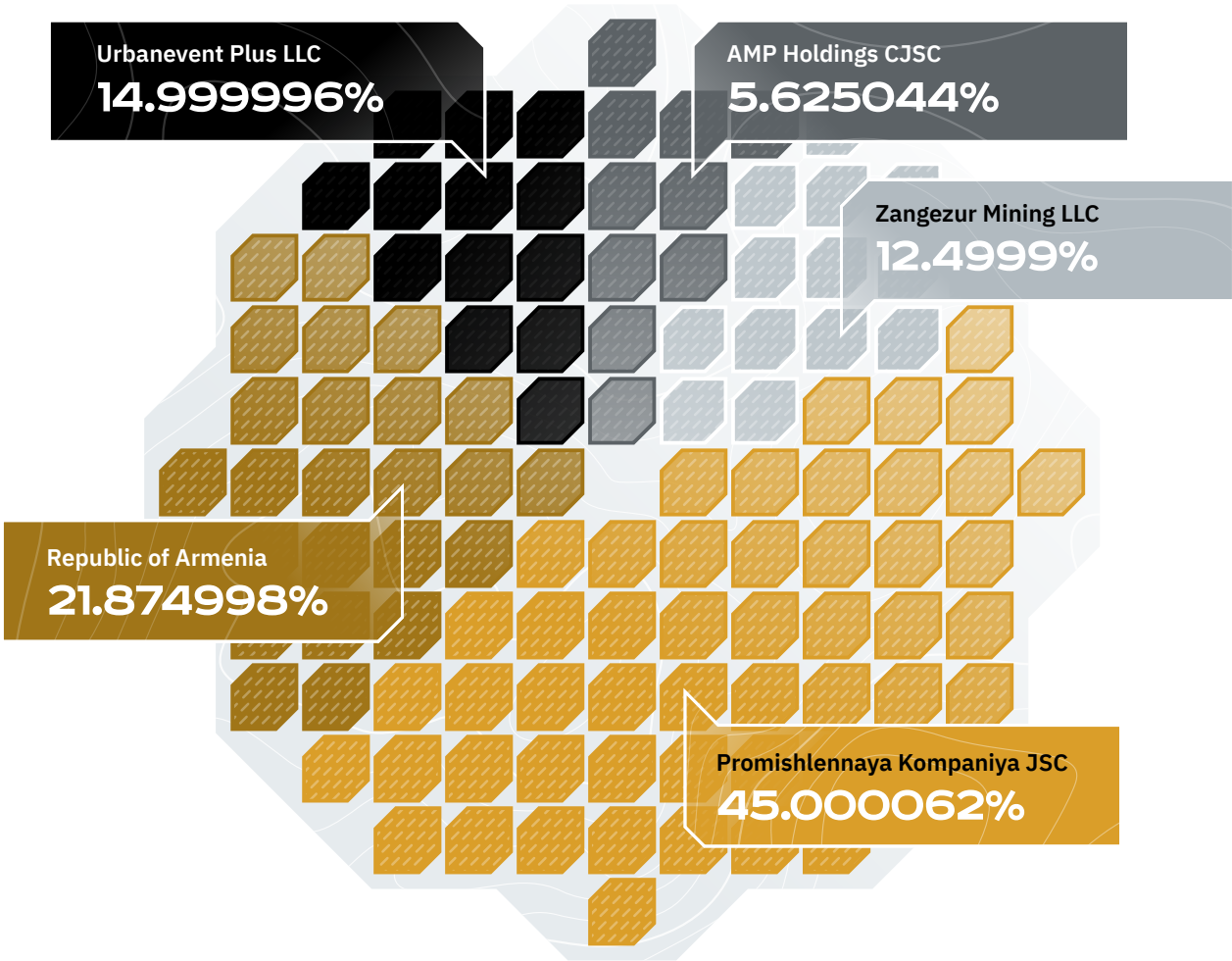
In the Voghji Valley in southeast Armenia, ZCMC operates within the Kajaran and Kapan communities in Syunik, the country’s second-largest region. The assets managed by the Company contain significant proven and probable reserves of molybdenum and copper.

The Company is licensed to extract and process

22

million tonnes of ore annually until 2041

AS OF 31 DECEMBER 2023, THE SHAREHOLDER STRUCTURE WAS AS FOLLOWS:



ENGAGEMENT: TAKING A HIGH LEVEL OF COMMITMENT TO THE INDUSTRY

GRI 2-28

We are committed to contributing to the industry at both national and international levels and to creating a sustainable future for the mining sector in Armenia. We participate in prominent industry associations and advocacy organizations to reflect our commitment to transparency, ethical business practices, and sustainable development. Through different associations, we aim to bring sustainable solutions, increase awareness, and engage in meaningful dialogue with stakeholders on mining and ESG matters where necessary.

MEMBERSHIP ASSOCIATIONS

Union of Miners and Metallurgists of Armenia (UMMA) – an industry association that serves as a platform for discussing pertinent issues impacting the mining sector.

Engagement with UMMA enables us to collaborate with our industry peers and contribute to formulating policies and regulations, which will help the development of the industry. We strive to foster a legislative environment that promotes responsible and sustainable mining through participation in discussions, studies of legislative projects and initiatives, and presentations of collective opinions to the Government and relevant authorities. The First Deputy General Director of ZCMC is the Chairman of UMMA.

The Extractive Industries Transparency Initiative – through which countries and companies commit to disclose information along the extractive industry value chain.

We are committed to the principles and standards set forth by EITI. This membership demonstrates our dedication to transparency and accountability in the mining sector, as the Company is committed to fully engaging in EITI implementation, contributing to evaluation and decision-making, and encouraging public debate concerning the extractive industries. This collaboration helps ZCMC ensure the transparency of its financial performance and contribute to the responsible management of the revenues for the benefit of the Armenian people. ZCMC’s representative in MSG is the Sustainability Director.

Our active involvement in these associations and initiatives demonstrates ZCMC’s dedication to industry leadership, collaboration, transparency, and advocacy for responsible and sustainable mining practices. At ZCMC, we believe that our active participation will drive continuous improvement and ensure the overall progress and sustainability of the mining industry in Armenia and beyond. ZCMC is also committed to social responsibility and community engagement

through the “Zangezur Copper and Molybdenum Combine” Charity Foundation.

In 2023, the First Deputy General Director of ZCMC, also the Chairman of UMMA, organized an open discussion with NGOs and major mining companies in Armenia. The discussion focused on sustainable solutions, innovation, environmental concerns, and communication.



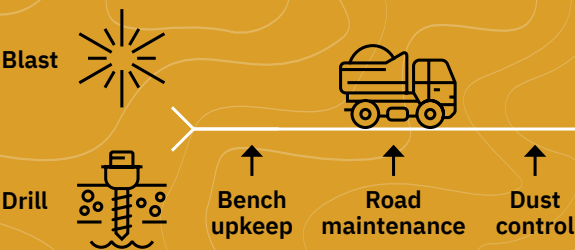
BUSINESS MODEL AND VALUE CHAIN: ADHERING TO RESPONSIBLE AND ACCOUNTABLE BUSINESS

GRI 2-6

Tailings disposal

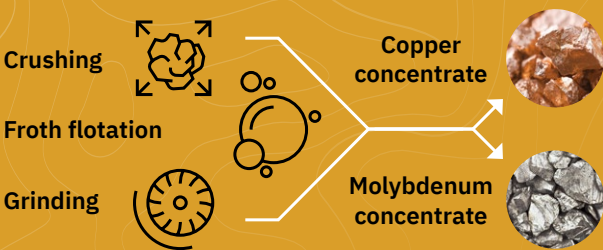


Ore mining



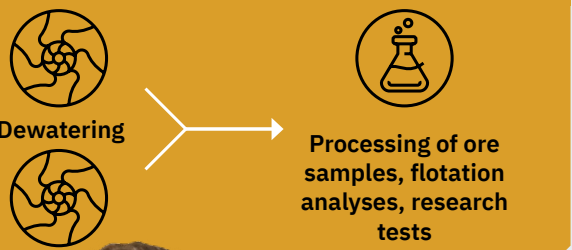
Our Company operates the most substantial deposit in the Caucasus, located in Kajaran, Syunik region. The mine employs drill and blast techniques for ore and waste rock extraction, followed by haul truck and shovel operations.. Road maintenance, bench upkeep, and dust control are essential, as the mine benefits from generally clear ore and waste boundaries, which help reduce loss and dilution.

Processing



ZCMC specializes in extracting copper and molybdenum ore, which is processed to produce two separate concentrates: copper and molybdenum. Our processing plant is a continuously operating facility with an established track record of increasing throughput over the last few years. The plant employs conventional methods such as crushing, grinding, and froth flotation to produce separate concentrates of copper and molybdenum. These concentrates are dewatered in two distinct facilities. Additionally, quality control procedures are in place at the plant, including laboratories equipped to handle ore samples, perform flotation analyses, and conduct research tests to ensure product quality.

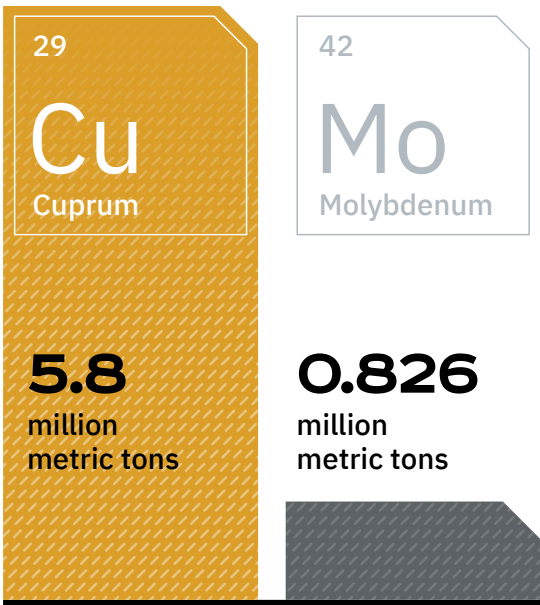
Dewatering and quality control



Tailings material generated during processing is transported to the Artsvanik tailings storage facility (TSF), which is located in the Kapan community. The upstream-constructed TSF also features a retaining dam for associated water management and is designed to contain residues from mining and ore processing. The processing plant and TSF are connected by pipelines and channels along the Voghji River's left bank.

Geological explorations have revealed that the Kajaran ore basin possesses 2.1 billion metric tons of proven ore reserves. Of this reserve, 5.8 million metric tons of copper, and 0.826 million metric tons of molybdenum.

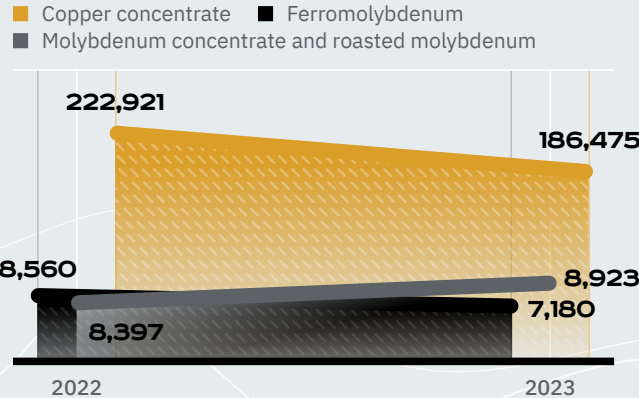
ORE RESERVES IN THE KAJARAN ORE BASIN



Copper is one of the most common and versatile metals used worldwide today. It is a mainstay in industrial steel production. It has also become indispensable in developing renewable energy: the electrical conductor industry consumes up to 60% of the global refined copper output to manufacture various cables and wires.

Molybdenum is a catalyst widely used in the petroleum industry and is also used to produce alloys, such as steel. In the steel industry, molybdenum oxide and ferromolybdenum, derived from molybdenum, are primarily used for corrosion resistance, strengthening, and heat resistance.

THE SALES VOLUMES PER CONCENTRATE TYPE (DRY METRIC TONNES)





SUPPLY CHAIN RESPONSIBILITY: AIMING AT APPLYING A SUSTAINABLE APPROACH IN ALL ASPECTS OF OUR BUSINESS

GRI 3-3

At ZCMC, supply chain management operates across all levels, ensuring the uninterrupted extraction and processing of minerals into concentrates. The supply chain involves procuring equipment, transporting raw materials, and managing logistics. The copper and molybdenum concentrates are then supplied to downstream entities for refining and production, serving industries worldwide. They are distributed in China, Korea, Russia, Bulgaria, Belgium, Netherlands, etc. Super-

vised by the Executive Director, the Commercial Directorate includes the Purchases and Supply Division, headed by the Deputy Commercial Director. The Tender and Purchase Committee also oversees the Company’s procurement process. The latter is responsible for discussing and approving goods or services depending on the size, project significance, and other factors that require the Committee to be involved. The existence of this Committee ensures that purchases of mentioned

“Procurement Policy of Zangezur Copper Molybdenum Combine CJSC” (the Procurement Policy)

The Procurement Policy outlines the fundamental principles and directions of the Company’s procurement activities. It specifies the group of authorized individuals responsible for approving procurement requests, establishes the rules for publishing tenders, defines criteria for selecting suppliers or contractors, and sets the principles for fulfilling contractual obligations and managing relationships. Additionally, it provides mandatory instructions for the procurement procedure.

“Regulations on the Procedure for Procurement of Goods, Works, and Services of Zangezur Copper Molybdenum Combine CJSC” (the Regulation)

The Regulation addresses procedural aspects of the procurement process for works, services, and goods to satisfy the Company’s requirements. It defines the main procurement principles, forms, and types of procurement, outlines the procedure for concluding and executing contracts, details the process for investigating complaints, and covers other procedural matters.

goods or services are made in a fair, transparent, and efficient manner. It is worth noting that this Committee’s mandatory participants, including the CSO, aim to strengthen the sustainable purchases. In 2023, the supply chain management system remained unchanged, with the update being new procurement-related documentation.

In 2023, ZCMC worked with a third-party consultant to develop a plan for analyzing gaps in its procurement processes. We aim to identify areas for improvement, assess specific procurement needs, and apply relevant international standards to boost efficiency, sustainability, material quality, and supplier delivery performance while reducing costs. The analysis will use ISO 20400:2017 as a critical standard for sustainable procurement. Other standards, like ISO 9001/9004, ISO 10845, and ISO 31000, will also be considered based on the Company’s specific needs and objectives.

Adherence to all pertinent regulatory laws related to product and service information and labeling remains paramount throughout our operations. This ensures the safe use and production of products and delivery of services.

We acquire a technical description of the requested product or service upon receiving a supplier’s response. The specialists evaluate the technical specifications before accepting a supplier. This step ensures transparency in sourcing components. For specific product categories, we mandate the provision of Material Safety Data Sheets, specifically emphasizing materials that may pose environmental or social risks. For instance, we prioritize verifying the absence of mercury content.

Our assessment procedures encompass 100% of our significant product and service categories, monitoring compliance with all regulatory and Company standards.

The total materials used to produce and package the Company’s primary products are listed below during the reporting period.

MATERIALS USED IN PRODUCTION AND PACKAGING IN 2023

GRI 301-1

NAME	2022	2023
Oil Nigrol, litre	4,654	3,513
Lubricants, litre	101,469	98,587
Balls, ton	15,275	14,982
Lime, ton	14,225	16,803
Pine Oil, ton	77	89
Foaming ton	232	250
Xantogenate 90%, ton	348	473
Sodium Hydrosulfate 70%, ton	11,003	11,750



01
02
03

ECONOMIC IMPACT

OUR ECONOMIC CONTRIBUTION SPANS LOCAL AND NATIONAL DIMENSIONS, SUPPORTING ECONOMIC DEVELOPMENT AND COMMUNITY WELL-BEING AT VARIOUS LEVELS. SEVERAL INTERNAL DOCUMENTS, INCLUDING THE THE SUSTAINABILITY POLICY, THE STAKEHOLDER ENGAGEMENT PLAN, AND OTHER RELATED POLICIES, HAVE GUIDED THE COMPANY'S ECONOMIC IMPACT MANAGEMENT.

ZCMC`s total revenue in 2023

\$795.8
million

ZCMC's total contribution to the state budget in 2023

\$192.3
million

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NATION-WIDE IMPACT: CONTRIBUTING RESPONSIBLY TO THE ECONOMY AND COMMUNITIES

GRI 3-3

THE INTERNAL DOCUMENTS OUTLINE THE COMPANY'S STRATEGY FOR MANAGING FINANCIAL RESOURCES, INVESTMENTS, AND COMMUNITY RELATIONS, ENSURING THAT ITS ECONOMIC ACTIVITIES ARE IN LINE WITH SUSTAINABLE DEVELOPMENT GOALS SET BY THE COMPANY.

The CEO, CFO, and CSO play crucial roles in strategic decision-making and policy approval regarding the Company's influence on the country's economy. The Chief Financial Officer is specifically tasked with implementing economic policies, managing financial operations, and monitoring compliance with economic impact strategies at the operational level.

We evaluate the effectiveness of the Company's economic impact management through regular audits, stakeholder feedback, and performance metrics, such as the percentage of local procurement and investments in community infrastructure. These evaluations help to ensure the Company's economic contributions are consistent with its strategic goals and stakeholder expectations. Engagement with stakeholders, including local communities, government agencies, and non-governmental organizations, facilitates the communication of the Company's economic impact strategies. Regular consultations and feedback mechanisms ensure that the Company's actions are attuned to the needs and concerns of its stakeholders, thereby enhancing the effectiveness of its economic contributions.

Our medium-term goal is to enhance economic resilience and sustainability by increasing local procurement and investing in community infrastructure. The objective is to raise the percentage of regional suppliers, improve transparency in financial reporting, and broaden community engagement initiatives. To achieve this goal, we plan to expand the scope of community needs assessments and boost investments in local infrastructure projects. A Local Procurement Plan is being developed to realize the goals and objectives of the Local Procurement Policy drafted in fall 2023.



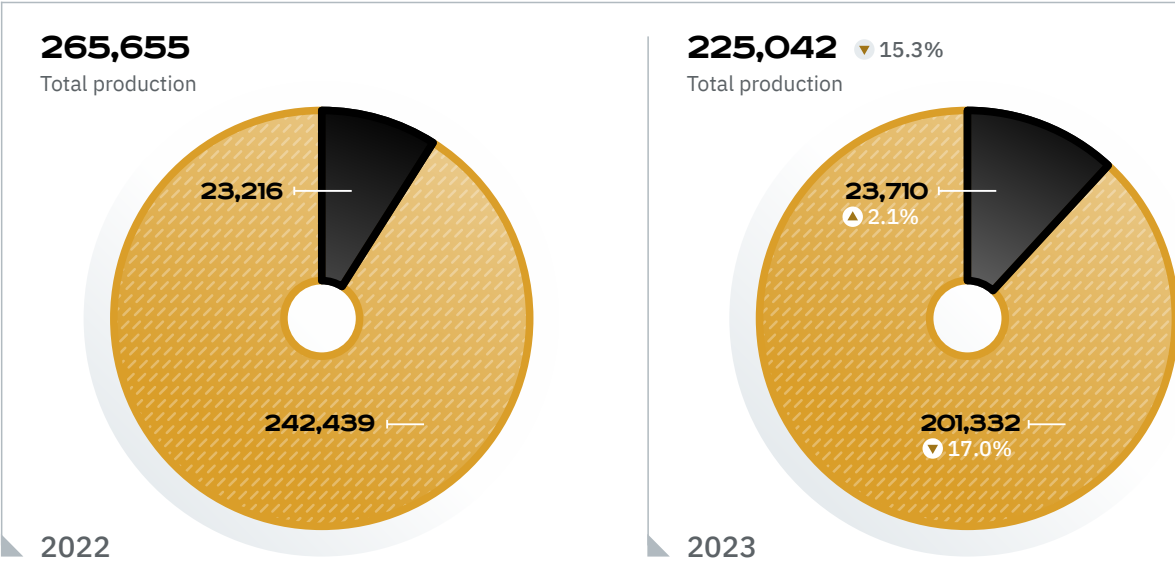
ECONOMIC IMPACT IN NUMBERS

GRI 201-1, SASB EM-MM-000.A

ZCMC IS ONE OF THE WORLD'S LEADING PRODUCERS OF MOLYBDENUM. IN 2023, CONCENTRATE PRODUCTION (CU AND MO) TOTALLED 225,042 TONS, A REDUCTION OF APPROXIMATELY 15% FROM THE PREVIOUS YEAR, 2022.

CONCENTRATE PRODUCTION IN 2023, IN WMT

Copper (Cu) Molybdenum (Mo)



In 2023, ZCMC generated a total revenue of

\$795.8 million ▼ 3.2%

Our Company maintained its status as Armenia's largest taxpayer for the year 2023. During 2023, ZCMC's total contribution to the state budget amounted to

\$192.3 million ▼ 6.5%

Corporate income tax

\$56.7 million

Royalties

\$135.6 million

ZCMC is among the largest employers in Armenia. In 2023, its employees reached

4,666 ▲ 1.7%



Wages and benefits in 2023 amounted to

\$117.1 million ▲ 17.3%

ZCMC's social contributions to community investments totaled

\$20.2 million ▲ 36.5%

The company incurred operating expenses totalling

\$290 million (the same amount as in 2022)

No dividends were paid during 2023.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED, IN MILLION USD¹

Indicator	2022	2023
1. Direct economic value created	822.1	795.8
Income (revenue)	822.1	795.8
2. Allocated economic value	610.3	619.5
Operating expenses	290.0	289.9
Wages, salaries, other payments, and employee benefits	99.8 ²	117.1
Payments to capital providers	0	0
Payments to the state, including:	220.5	212.5
Taxes	128.9	56.7
Royalties	76.8	135.6
Investments in local communities	14.8	20.2
3. Retained economic value	211.8	176.3

¹ The financial data is reported on an accrual basis for the year 2023, as reflected in the audited annual financial statement.

² The "Wages, salaries, other payments, and employee benefits" item, initially reported at USD 80.2 million in the Sustainability Report 2022, did not include all components. The full value of the item amounts to USD 99.8 million.



INDIRECT ECONOMIC IMPACT

GRI 203-2

ZCMC IS ONE OF THE LEADING CONTRIBUTORS TO THE NATIONAL ECONOMY, PLAYING A SIGNIFICANT ROLE THROUGH THE TAXES IT PAYS AND EXTENSIVE ENGAGEMENT WITHIN THE SUPPLY CHAIN. THE COMPANY HAS IDENTIFIED A SIGNIFICANT INDIRECT ECONOMIC IMPACT MULTIPLIER RANGING FROM 3 TO 5.

An employment assessment estimates that up to 15,000 jobs are indirectly created through the Company's operations. This significant figure includes jobs generated in the region and broader economy through various channels, such as:

- Supply chain engagement: Jobs are created by suppliers who provide goods and services to ZCMC. In response to the Company's needs, these suppliers expand their workforce, hiring additional personnel to meet the increased demand.
- Employee spending: Economic activities spurred by the spending patterns of ZCMC employees in local economies, which support local businesses and service providers.
- Company spending: Investments and expenditures by ZCMC in local infrastructure and services that lead to job creation in sectors like construction, transportation, and retail.

The indirect economic impacts of ZCMC contribute positively to local and national employment. The multiplier effect of job creation aligns with national development agendas aimed at economic growth and the reduction of unemployment. From a stakeholder perspective, the indirect benefits of employment generation address community priorities for stable jobs, enhanced local services, and overall economic development. ZCMC's operations support broader social objectives beyond the immediate scope of mining and production.

Education and skills programs for employees form part of the Company's indirect impacts. By enhancing the workforce's skills, including temporary and contractual workers, ZCMC improves job prospects for individuals and elevates the labor force's overall quality within its operational reach.

An employment assessment estimates that up to

15,000
jobs indirectly created





PROCUREMENT: BOOSTING THE REGION'S ECONOMY BY PROMOTING LOCAL SUPPLIES

GRI 204-1

We are committed to empowering independent and economically viable communities around ZCMC. In 2023, the Company drafted a Local Procurement Policy (LPP), and the social team was expanded by two additional staff members to pursue the objectives of the LPP.

Since 2023, we have been diligently developing and analysing a database that details ZCMC's acquisitions of goods and services. This analysis, which covers geographical distribution, expenditure, and the nature of the goods or services procured from 2018 to 2023, is about more than just numbers. It is about uncovering emerging trends, patterns, and potential opportunities that could significantly enhance our local sourcing efforts. We also focus on two to three specific sectors where we see considerable potential to increase local procurement efforts in 2024 and 2025.

Additionally, our Company is focused on expanding regional procurement by boosting the proportion of purchases made within the region of operation, as opposed to those made in the capital, Yerevan. To achieve this, we are exploring the potential of partnering with local retailers and manufacturers to source items such as paper products and clothing. This strategic approach will improve our local procurement and strengthen our ties with the local business community.

The total procurement of goods and services in 2023 amounted to USD 316 million. The total share of goods purchased equaled 47%, and that of services amounted to 53%. In 2023, 75% of the procurement budget (goods and services) was spent in the Republic of Armenia (USD 237 million).

A total of 1,254 companies and suppliers from different countries were involved in ZCMC's procurement activities, compared to 1,139 companies in 2022. Local companies had the most significant share in both years (864 entities, or 69%, in 2023, compared to 839 entities, or 74%, in 2022). Russia followed them (187 entities, or 15%, in 2023, compared to 154 entities, or 14%, in 2022).

The substantial percentage of local procurement reflects ZCMC's strong commitment to supporting the local economy by engaging with suppliers within the same geographic region as the Company.

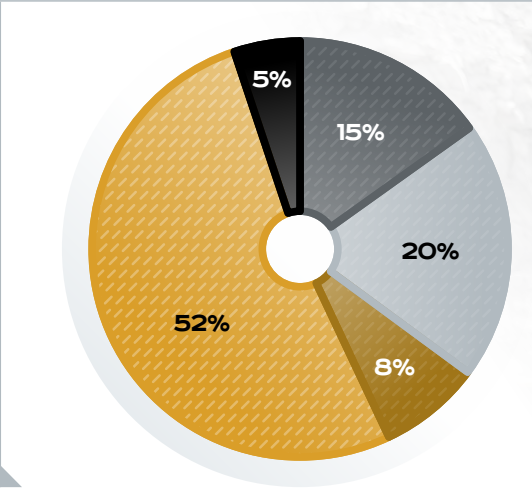
In 2023, USD 148 million was spent on procurement of goods. Armenia's share in this is 52%, and the total share of other countries is 48%.

ZCMC's procurement of goods and services created 1,234 jobs in local companies in 2023 (the average of 34% of these companies' workforce).



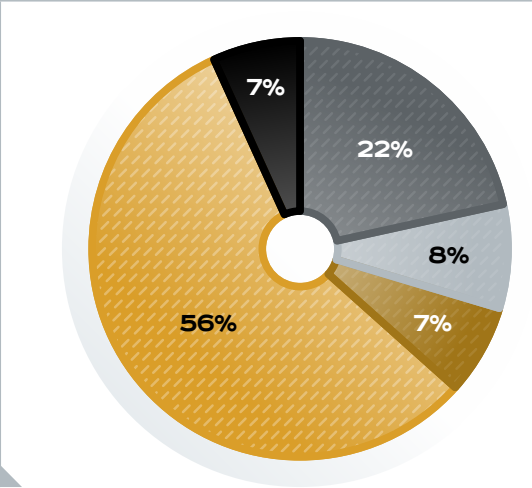
GEOGRAPHY OF PROCUREMENT OF GOODS PER AMOUNT IN 2023³

■ Russia ■ EU ■ China ■ Armenia ■ Other



GEOGRAPHY OF PROCUREMENT OF GOODS PER NUMBER OF COMPANIES IN 2023

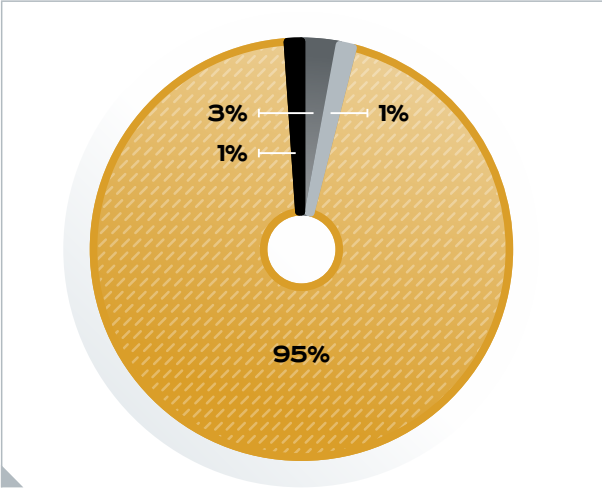
■ Russia ■ EU ■ China ■ Armenia ■ Other





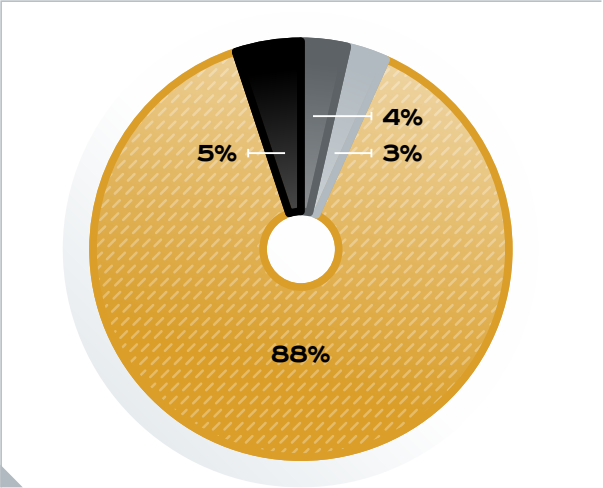
GEOGRAPHY OF PROCUREMENT OF SERVICES PER AMOUNT IN 2023³

■ Russia ■ EU ■ Armenia ■ Other



GEOGRAPHY OF PROCUREMENT OF SERVICES PER NUMBER OF COMPANIES IN 2023

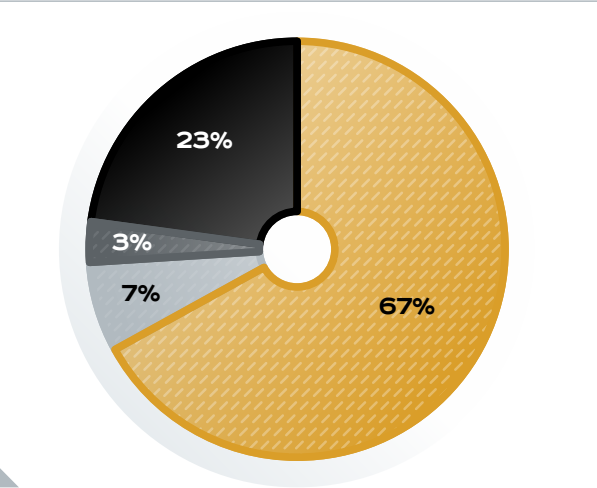
■ Russia ■ EU ■ Armenia ■ Other



For the reporting period, USD 168 million was spent on purchasing services from several countries grouped into five categories. The largest proportion of services (96%) was purchased from Armenia, followed by Russia (3%).

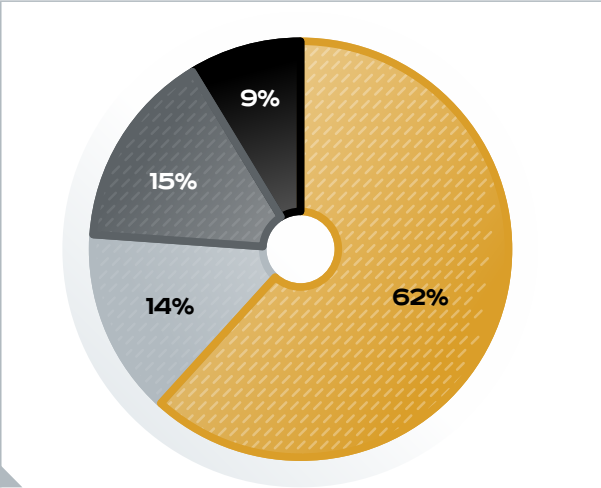
PROCUREMENT OF GOODS FROM ARMENIA PER REGION IN 2023⁴

■ Yerevan ■ Kapan ■ Kajaran ■ Other



PROCUREMENT OF SERVICES FROM ARMENIA PER REGION IN 2023⁴

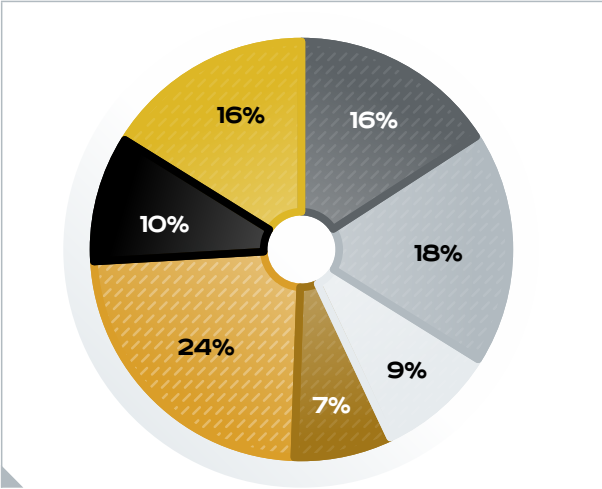
■ Yerevan ■ Kapan ■ Kajaran ■ Other



In 2023, the remarkable proportion of local suppliers comprised companies from Yerevan, with 574 entities or 66%⁵. Kapan and Kajaran were represented by 121 companies (14%) and 24 companies (3%), respectively⁶. Other regions of Armenia accounted for 145 companies, making up a share of 17%⁷.

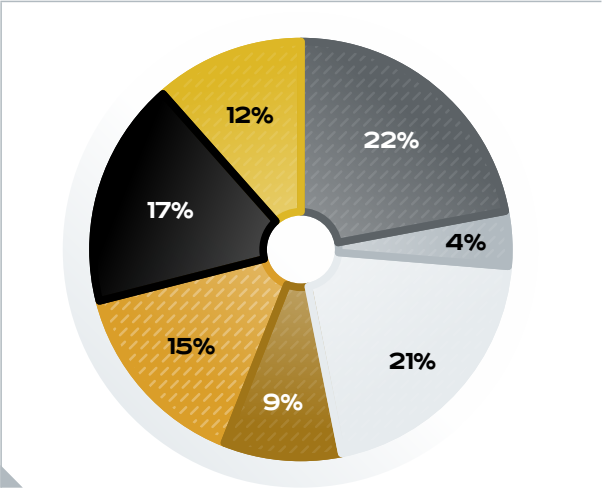
CATEGORIES OF GOODS PURCHASED IN 2023

■ Fuel ■ Spare parts ■ Steel balls
■ Raw materials ■ Fixed assets
■ Reagents ■ Other



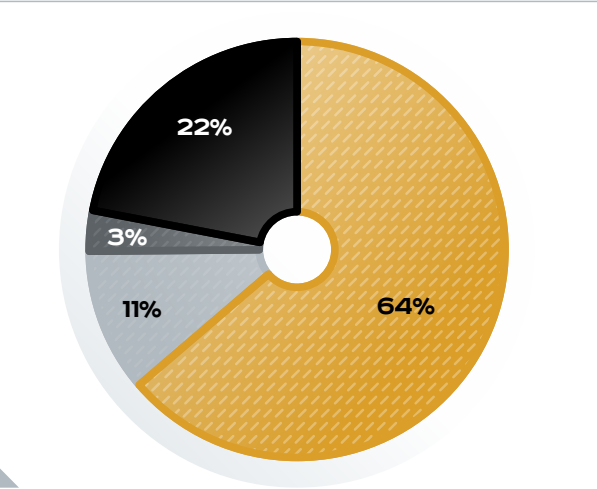
CATEGORIES OF SERVICES PURCHASED IN 2023

■ Energy ■ Drilling/blasting operations
■ Raw material processing ■ Outsource services
■ Technical services ■ Logistics ■ Other services



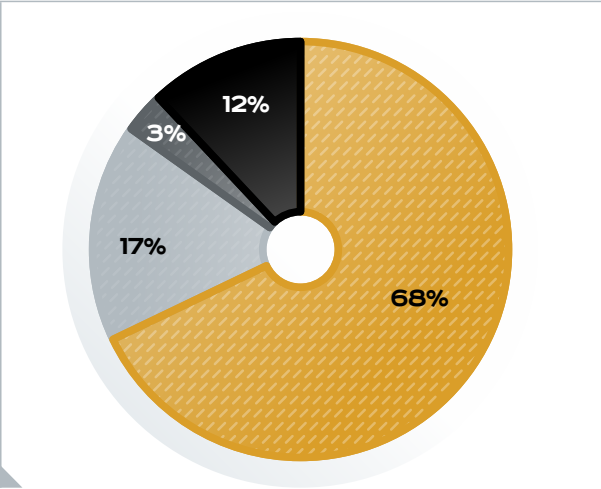
GEOGRAPHY OF LOCAL SUPPLIERS OF GOODS IN 2023 IN ARMENIA

■ Yerevan ■ Kapan ■ Kajaran ■ Other



GEOGRAPHY OF LOCAL SUPPLIERS OF SERVICES IN 2023

■ Yerevan ■ Kapan ■ Kajaran ■ Other



⁴ 'Other' includes Kotayk, Armavir, Lori, Vayots Dzor, Ararat, etc.

⁵ Compared to 565 entities, or 67%, in 2022.

⁶ In 2022, these numbers were 113 companies, or 14%, and 26 companies, or 3%, respectively.

⁷ Other regions were presented with 135 companies in 2022, with a share equal to 16%.

³ 'Other' countries include UAE, South Africa, Canada, Kenya, USA, Switzerland, etc.



TAX GOVERNANCE: INTEGRATING TAX COMPLIANCE INTO OUR STRATEGY

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

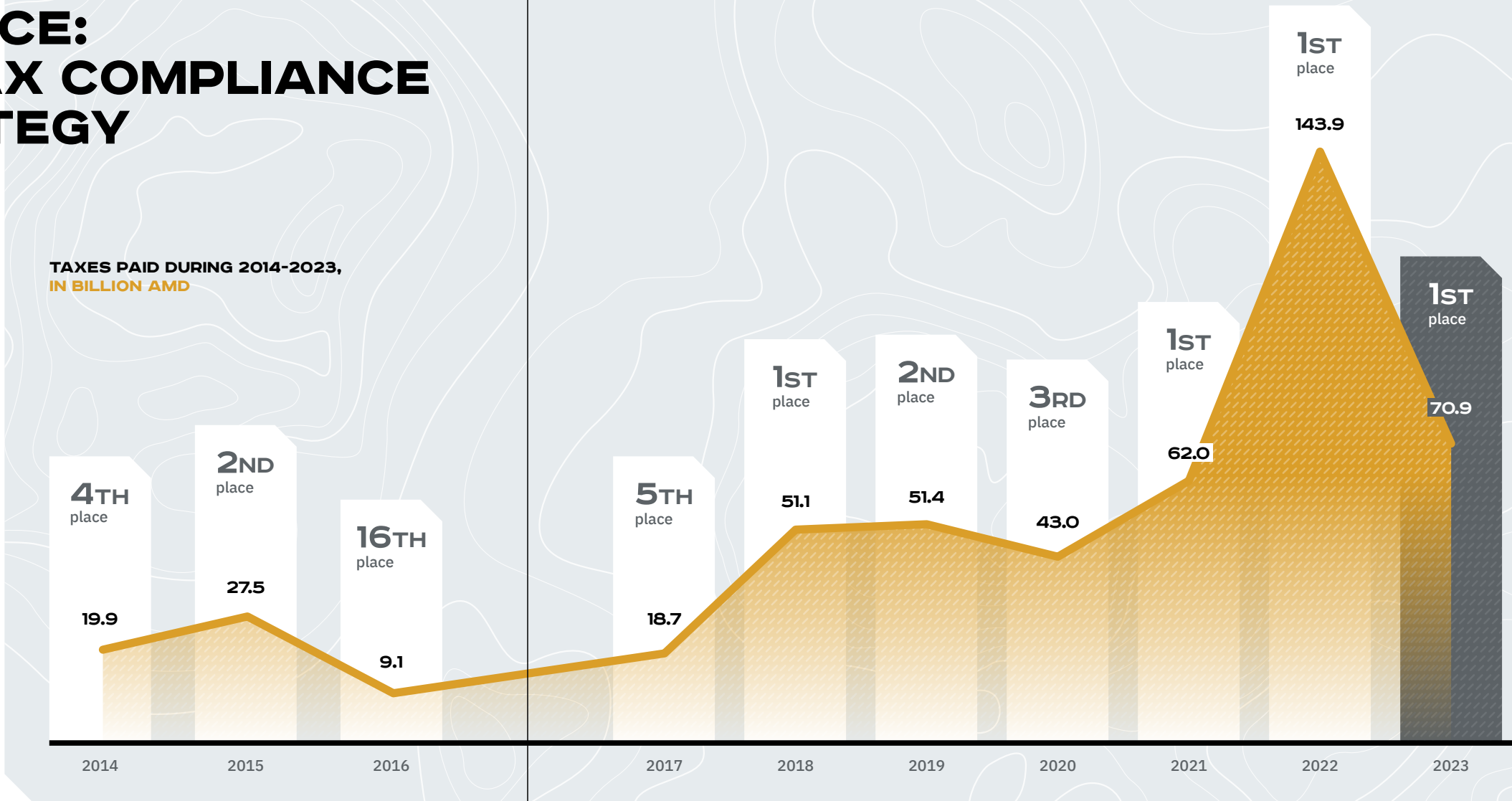
We ensure compliance with the tax regulations of RA jurisdiction by timely and accurately filing tax returns, paying taxes due, and adhering to all statutory obligations. Our Company takes a proactive approach to tax management, ensuring that it stays abreast of changes in tax legislation and practices robust internal controls to mitigate any risks related to tax compliance.

Our approach to tax compliance is embedded throughout the Company by integrating tax compliance into ZCMC’s financial and operational procedures. This includes regular training for relevant staff, internal audits, and continuous updates to reflect changes in tax legislation.

Internal audits and annual third-party reviews evaluate compliance with the tax governance and control framework. These reviews assess the effectiveness of the tax controls and ensure that our Company’s tax practices are robust and compliant with applicable laws. The findings from these evaluations are used to continuously improve the tax governance framework, ensuring that any identified issues are addressed promptly.

Our Company implements an annual review of its tax practices by an independent third-party auditor to assure the accuracy and completeness of its tax disclosures. The external assurance helps verify that the Company’s tax reporting is transparent, accurate, and compliant with regulatory requirements. The results of these external reviews, including any assur-

TAXES PAID DURING 2014-2023,
IN BILLION AMD



ance statements or reports, reinforce stakeholder confidence in ZCMC’s tax governance and compliance practices. Potential risks are evaluated and prioritized based on their impact and likelihood.

We employ a proactive approach to managing and mitigating tax risks. This includes establishing clear procedures for tax reporting, engaging in regular dialogue with tax authorities, and seeking external expertise when necessary.

Tax Strategy aligns with the Company’s overall objectives and is overseen at the highest executive level. CEO determines the frequency of the Tax Strategy ensuring that it remains relevant and current with any regulatory or business environment changes. ZCMC’s Tax Strategy is integrated into its broader business strategy, supporting the Company’s financial stability and operational efficiency. By managing tax obligations effectively, ZCMC ensures it can reinvest in its business and support long-term growth. The CFO ensures compliance

with the Tax Strategy and oversees the implementation of tax policies, ensuring that tax practices align with legal requirements and managing tax-related risks.

ZCMC takes pride in being the largest taxpayer in the country. It is worthwhile noting that the Company has maintained this position for three consecutive years after the ownership change. The table below demonstrates ZCMC’s place in the list of top taxpayers during the last 10 years.

STAKEHOLDER ENGAGEMENT: MANAGING CONCERNS RELATED TO TAX ISSUES

GRI 207-3

WE HAVE IMPLEMENTED MECHANISMS FOR COLLECTING AND CONSIDERING OUR STAKEHOLDERS' VIEWS, GRIEVANCES, AND CONCERNS, INCLUDING EMPLOYEES, LOCAL COMMUNITIES, AND GOVERNMENTAL BODIES. THUS, WE GATHER INPUT ON TAX-RELATED ISSUES THROUGH REGULAR MEETINGS, SURVEYS, AND FEEDBACK CHANNELS.

The Company informs stakeholders about its tax strategies and policies through transparent communication channels. Any concerns raised by stakeholders are taken seriously and addressed promptly to maintain trust and accountability. This includes a whistleblower policy that allows for the confidential reporting of any suspected unethical or illegal behaviour related to tax practices. The Company also provides channels for employees and stakeholders to report concerns (Grievance Mechanism), ensuring that all reports are investigated thoroughly and addressed appropriately.

We maintain regular and proactive communication with tax authorities to ensure compliance with all relevant tax regulations. This includes participation in consultations and prompt responses to any

inquiries or audits conducted by tax authorities. By fostering a collaborative relationship with tax authorities, ZCMC aims to ensure transparency and mutual understanding regarding tax matters, which helps resolve any issues efficiently and maintain compliance.

Our Company engages in public policy advocacy by participating in industry associations and forums to discuss and develop tax policies. This involvement allows ZCMC to shape fair and effective tax policies that align with industry best practices and promote sustainable economic growth. ZCMC advocates for equitable tax policies that support the long term sustainability of the mining industry. The Company collaborates with other stakeholders to ensure that tax regulations consider the unique challenges and opportunities within the sector.

FINANCIAL INFORMATION OF THE COMPANY'S ENTITIES FOR 2023, THOUSAND USD

Zangezur Copper Molybdenum Combine CJSC		Ler-Ex LLC	
Indicators	Corresponding Information for the Resident Entity	Indicators	Corresponding Information for the Resident Entity
Primary activities of the organization	Mining	Primary activities of the organization	Mining
Number of employees (as of 31.12.2023)	4,666	Number of employees (as of 31.12.2023)	114
Revenues from third-party sales	795,787	Revenues from third-party sales	3,104
Revenues from intra-group transactions with other tax jurisdictions	0	Revenues from intra-group transactions with other tax jurisdictions	0
Profit/loss before tax	363,308	Profit/loss before tax	(262.79)
Tangible assets other than cash and cash equivalents	PPE — 547,932	Tangible assets other than cash and cash equivalents	PPE -2,046
	Inventory — 96,670		Inventories — 150
Corporate income tax paid on a cash basis	29,263	Corporate income tax	0
Corporate income tax accrued on profit/loss	56,671		



CORPORATE GOVERNANCE: UPHOLDING INTEGRITY IN LEADERSHIP

02
03
04

ZCMC STRIVES TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE. OUR FRAMEWORK AIMS TO UPHOLD INTEGRITY, TRANSPARENCY, AND ACCOUNTABILITY IN OUR OPERATIONS, FOSTERING STAKEHOLDER TRUST AND SUPPORTING OUR LONG-TERM OBJECTIVES.

Confirmed incidents of corruption involving the Company or its employees in 2023

0

incidents of corruption

Female members of the Board of Directors in 2023

14%

- 1
- 2
- 3**
- 4
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- 6
- 7
- 8
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OUR CORPORATE GOVERNANCE PRINCIPLES

We understand the need to continuously improve our governance structure to comply with the highest industry standards and are committed to continuing our efforts aimed at improvement. Our Core Principles are:

Transparency and accountability



We prioritize transparency and accountability in all aspects of our governance. Providing clear, accurate, timely information is crucial for maintaining stakeholder trust. To support this, we:

- Publish financial reports and documents on sustainability updates to keep stakeholders informed.
- Hold regular meetings with shareholders for direct engagement with the Company's management and the Board of Directors.
- Implement internal controls and auditing processes to ensure the integrity of our financial and operational data.

Our governance practices extend beyond mere compliance with regulatory requirements. We strive to foster a culture of openness and trust. We adhere to the EITI principles for transparency and accountability in the mining sector. Furthermore, we are committed to following the GRI recommendations in sustainability reporting, which are aligned with the TCFD framework and SASB standards.

Responsibility



Responsibility is integral to our operations. Our decisions impact many stakeholders, including employees, customers, suppliers, communities, and the environment. Our commitments include:

- Conducting business ethically and with integrity.
- Upholding fair labor practices and safe working conditions throughout our supply chain.
- Reducing our environmental impact through sustainable practices.
- Supporting the communities where we operate through social and economic initiatives.

Our approach goes beyond business concerns to address broader social and ecological responsibilities.

Risk management



Managing risk is essential in achieving our goals and protecting stakeholder interests. ZCMC's risk management framework helps us identify, assess, and mitigate risks affecting our business. Our approach includes:

- Risk assessments to identify emerging threats.
- Applying risk mitigation strategies such as financial controls, operational safeguards, and crisis management plans.
- Fostering a risk-aware culture where employees are equipped to manage risks effectively.

This proactive risk management allows us to navigate uncertainties and pursue sustainable growth.

GOVERNANCE AND MANAGEMENT BODIES: EXECUTING WELL-STRUCTURED AND TRANSPARENT CORPORATE GOVERNANCE PRACTICES

GRI 2-17, GRI 2-9



BOARD OF DIRECTORS

GRI 2-12

The Board of Directors (BoD), supported by the General Meeting of Shareholders, is the Company's second-highest governance body.

The BoD periodically reviews the effectiveness of all governance and management processes to ensure they remain robust and responsive. Such reviews include examining how strategies and policies are implemented within the Company and their outcomes, ensuring continuous governance, and impact management improvement.

The schedule of reviews is established in the Charter of ZCMC, in the Regulations for the BoD as per the regulatory framework, and in the Law of the RA "On Joint-Stock Companies."

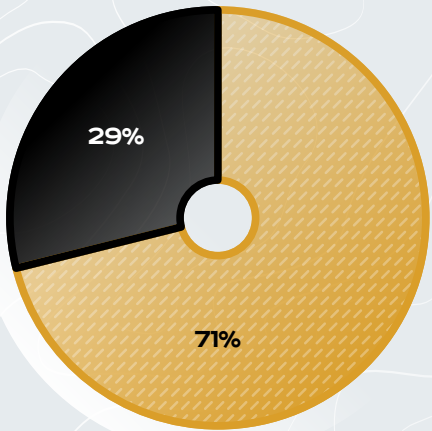
Within the framework of its responsibility, the Company's policies and strategies are also subject to BoD approval.

The BoD consists of two executive and five non-executive members. Among the members, one female and six male representatives are on the BoD.



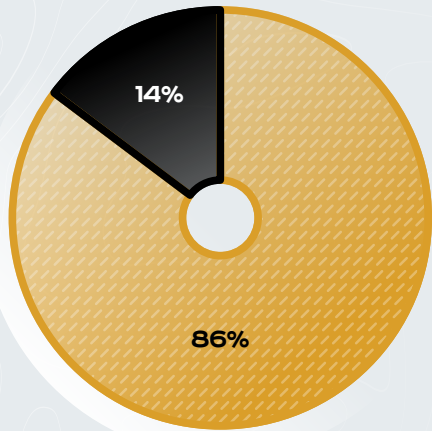
DIVERSITY OF THE BOD BY COMPOSITION

■ Executive members ■ Non-executive members



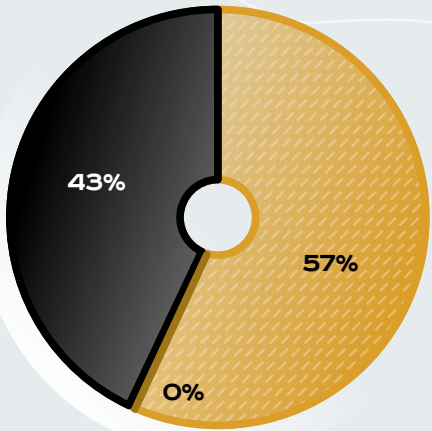
DIVERSITY OF THE BOD BY GENDER

■ Female members ■ Male members



DIVERSITY OF THE BOD BY AGE GROUP

■ Under 30 years old ■ 30-50 ■ Over 50 years old



THE CHAIRMAN OF THE BOARD OF DIRECTORS

GRI 2-11

The Chairman of the BoD is separate from the executive body, a structure that ensures a governance framework where strategic oversight and management remain distinct. This separation underscores our unwavering commitment to maintaining clear distinctions between governance and executive management. This commitment is crucial in preventing conflicts of interest and enhancing the Company's adherence to high standards and good corporate governance practices, thereby instilling confidence and security in our stakeholders.

The Board of Directors meetings (sessions) are held with flexibility, allowing joint participation of the BoD members (including by telephone, telecommunication, or other means of communication through intercommunication of the participants with each other in real-time mode) or by remote voting (by inquiry) unless the Charter of ZCMC provides different opportunities. This adaptability

in meeting formats was particularly useful in 2023 when two Board of Directors meetings were held.

The BoD meetings are initiated when necessary but not less than once every six months. The Chairman takes the initiative, but a meeting can also be requested by a member of the BoD, the Audit Committee, the executive body, the auditor, or

shareholders holding ten or more percent of voting shares. This process ensures that all key stakeholders have a voice in decision-making.

The BoD chairman chairs the meetings. In case of the chairman's absence, upon the BoD's decision, one of the BoD's members will carry out the Chairman's duties.

GENERAL DIRECTOR

GRI 2-12

The General Director of ZCMC, as the sole executive body, is chiefly responsible for managing the Company's daily activities. This includes developing (updating) and representing the approval of its purpose, value, or mission statements, strategies, policies, and goals, particularly those related to sustainable development. The General Director operates based on the ZCMC Charter, Regulation on the General Director, and the Law of the RA "On Joint-Stock Companies."

While the General Director handles day-to-day management, the broader strategic and sustainable objectives are overseen in a robust collaboration with the BoD and under the ultimate oversight of the General Meeting of Shareholders.

The General Director's authority encompasses all aspects of managing the Company's day-to-day operations, except for matters that fall under the exclusive jurisdiction of the General Meeting and the BoD. Furthermore, the Deputy General Director, who also acts as the Head of the Legal Department, holds a position in the BoD and is responsible for overseeing the provision of legal support to the Company.

The Company holds weekly meetings under the leadership of the Executive Director, in collab-

oration with the General Director, ensuring the attendance of other Directors and Department Heads. These gatherings are essential for immediately exchanging information on operational advancements and pressing issues. During these meetings, each Department Head delivers a report on the previous week's activities and discusses plans for the forthcoming week. Within the Company's management structure, a Technical Committee has been established, which convenes nearly every week and is overseen by the Executive Director.

GRI 2-16

Critical concerns related to the operations of the respective Departments are communicated directly to the General Director during these weekly or other scheduled meetings. If needed, additional individual meetings are arranged between the General Director and Department Heads or Deputy Directors to delve deeper into specific issues. During the reporting period, critical concerns were raised at the level of the General Director. These concerns have been assessed thoroughly and reported accordingly. It is important to note that this proactive approach to addressing concerns demonstrates our commitment to effective management. Such concerns typically involve operational challenges, strategic decisions, or risk management issues.



NOMINATION AND SELECTION PROCESS: MONITORING COMPLIANCE WITH INTERNAL AND EXTERNAL REGULATIONS

GRI 2-10

The Board of Directors of ZCMC is comprised of members elected by the General Meeting of Shareholders. The ZCMC Charter governs the election process, the Regulations for the Board of Directors of ZCMC, and the RA Law “On Joint-Stock Companies.” This structured approach ensures that the BoD is elected through due procedures to represent shareholder interests effectively.

DELEGATION OF RESPONSIBILITY FOR MANAGING IMPACTS: TARGETING HIGH-LEVEL RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT

GRI 2-13

The General Director and the BoD collectively manage impacts, while the sustainability director is responsible for sustainable development management. This approach ensures that decisions regarding significant impacts are made at the highest level of governance, incorporating a broad perspective that aligns with our strategic objectives.

No other employees are specifically delegated to manage impacts. The General Director, operating under the guidance and oversight of the BoD, issues orders and instructions that are mandatory for all employees. This structure allows for cen-

tralized control and consistent implementation of policies across the Company.

The current governance framework needs to stipulate a formalized process or frequency for senior executives or other employees to report back to the BoD on sustainable development. However, the BoD maintains the exclusive authority to approve internal policies, including amendments, to ensure that the BoD remains informed and involved in high-level decisions that affect ZCMC’s impacts on the economy, environment, and people. The General Director ensures the implementation and adherence to these policies through regular oversight and control mechanisms.

REMUNERATION: ALIGNING THE PAY WITH STRATEGIC GOALS AND OPERATIONAL TARGETS

GRI 2-19

The remuneration structure of the Board of Directors and senior executives is crafted to ensure alignment with our strategic goals and operational targets. We bolster our competitive strategy by occasionally employing bonuses or recruitment incentives to attract top talent, which are aligned with our Company’s long-term objectives and the expected contributions of the recruitment.

Termination policies and related compensation are structured to ensure fair treatment. Predefined contractual terms and the Labor Code of the RA govern these. It is important to note that the Company does not provide additional retirement benefits. Such benefits are provided only per the Labor Code of the RA.

Our remuneration policies for senior executives and governance body members are intricately linked to their role in managing impacts on the economy, environment, and societal interactions. The performance metrics integrated into these remuneration policies emphasize sustainable growth, responsible environmental stewardship, and positive community impacts. Performance indicators include but are not limited to financial performance, compliance with environmental regulations, and contributions to social initiatives.

GRI 2-20

The Executive body determines remuneration policies. The Company has also an active Trade Union. There is a Collective Agreement in place.

ANNUAL GENERAL MEETING

Our Company holds an Annual General Meeting each year between February and June 30th. This meeting is a formal platform for addressing the Company’s performance and strategic direction. The Annual General Meeting and any extraordinary meetings provide an opportunity to discuss and make decisions within the authorities defined in the ZCMC’s Charter.

COMMITTEES OF THE GENERAL MEETING

To ensure effective corporate governance and transparency, the General Meeting established two committees: the Audit Committee and the Counting Committee. However, we are considering increasing the number of Committees to manage sustainability and other matters effectively.



Audit Committee

(elected by the General Meeting)

Responsibilities

- control over the financial and economic activities;
- monitoring of the implementation of decisions of the management bodies of the Company;
- checking the consistency of the Company's documents with laws, other legal acts, and the Charter.

Rights

- examination of annual results of the financial and economic activities of the Company;
- examination of the financial-economic activities of the Company by its initiative, by the decision of the General Meeting or the BoD, and by the request of shareholder(s) owning at least 10 percent of the Company's voting shares.

Counting Committee

(elected by the General Meeting)

The list of potential members:
The Counting Committee excludes the members of the BoD, the Audit Commission, the General Director, and persons suggested as candidates for the mentioned positions.

Responsibilities

- ensures the procedure stipulated for voting, the shareholder's right to participate in it;
- implements the vote count, summarizes the voting results, prepares the protocol, and transfers the voting bulletins to the archive of ZCMC.

Rights

- decides on the quorum of the General Meeting of Shareholders.

If the Committee is not formed, the Secretary of the Company's Board of Directors (the Corporate Secretary) performs the corresponding functions.

COMPLIANCE WITH REGULATIONS

GRI 2-27, GRI 206-1

Minor cases of non-compliance with laws and regulations occurred during the reporting period. The details are presented in Appendix 3.

NUMBER AND OUTCOMES OF LEGAL ACTIONS

FOR THE REPORTING PERIOD, NO LEGAL ACTIONS HAVE BEEN PENDING OR COMPLETED AGAINST THE COMPANY CONCERNING ANTI-COMPETITIVE BEHAVIOR, VIOLATIONS OF ANTITRUST, OR MONOPOLY LEGISLATION. THIS INDICATES COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS PERTAINING TO COMPETITIVE CONDUCT.

GRI 417-3

No reportable incidents were directly linked to non-compliance with regulations concerning marketing or communications. However, we did have a marketing/communications response to possible non-compliance issues related to governance, followed by our immediate communications and explanation of all raised concerns.

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ANTI-CORRUPTION: ENSURING STRICT ADHERENCE TO INTERNATIONAL AND LOCAL LAWS, STANDARDS AND POLICIES

GRI 3-3, GRI 205-1, SASB EM-MM-510A.1

Our approach to anti-corruption management is based on strict adherence to international and local laws, ethical standards, and internal policies. The Company prioritizes maintaining integrity in all business dealings and has a zero-tolerance policy towards corruption.

During the reporting period, we implemented various activities to promote high ethical business standards and a strong stance against corruption. These activities included employee induction courses to raise awareness about anti-corruption and the Company's policies and reinforce reporting mechanisms for suspected violations. The Company also maintained its zero-tolerance policy towards any form of corrupt practices.

The Sustainability Director is responsible for implementing Anti-corruption Policy at our Company with the Head of the Security Department, depending on the nature of an issue. This role includes overseeing compliance with the Policy, conducting investigations into suspected violations, and providing guidance to employees on ethical business practices.

We provide our employees with various tools and mechanisms to combat corruption, a dedicated whistleblower hotline, regular audits, and strict record-keeping requirements. The Company also engages in due diligence when dealing with

third parties and ensures that all contracts include clauses that uphold ZCMC's anti-corruption standards.

The new Anti-corruption Policy is being implemented and will be adopted until the end of 2024. We plan to follow this Policy in the medium term.

Although we are still developing and formalizing the Company's Anti-corruption Policy and Regulation, we regularly assess all our operations to identify potential corruption-related risks. These assessments ensure that the Company will remain vigilant against corruption even before the formal policies are finalized. They reflect our commitment to maintaining integrity and transparency across all levels of operation.

Given that the Anti-corruption Policy and respective Regulations are currently under development, specific details of significant risks identified are based on preliminary assessments. These risks are identified through ongoing monitoring and evaluation processes within the Company's operations, which we conduct to manage and minimize possible vulnerabilities in procurement processes, interactions with public officials, and contract management. However, it was noted that no specific incident or operation was classified as a high-risk area due to the Company's strong internal controls and compliance mechanisms. The risk assessment

process highlighted the importance of continuously monitoring and improving these controls to prevent potential corruption-related issues.

Based on the additional gap analyses, we have decided to develop a Procurement Procedure to manage all possible risks and expect to complete the development in 2024.

ZCMC is actively working to establish a set of anti-corruption measures. In the interim, the Company employs standard best practices and compliance checks to mitigate identified risks.

The Company engages external auditors to assess different procedures, and within the framework of those assessments, they independently evaluate the anti-corruption measures, providing an independent evaluation of their effectiveness.

We acknowledge the importance of aligning with the Republic of Armenia's legislative acts to prevent corruption and bribery and adhere to applicable international legal standards. Developing ZCMC's policies and regulations which include anti-corruption activities will strengthen this alignment, ensuring our legal compliance and ethical conduct.

Full implementation of the Anti-corruption Policy and training for governance body members and employees are scheduled for 2024-2025. This timeline reflects the Company's strategic approach, which involves careful planning, resource allocation, and continuous monitoring to ensure thorough preparation and effective implementation of these critical policies.

GRI 205-2

These policies and procedures will be communicated across our Company upon completion and approval for internal buy-in and commitment. The communication strategy will include detailed sessions to oversee thorough understanding and

compliance by all governance body members. It will be segmented by employee categories and regions to tailor the messaging appropriately. We also plan to extend the communication of our Anti-corruption Policy to all business partners, categorized by type and area, ensuring that external partners align with the Company's anti-corruption standards.

These sessions will focus on critical areas of anti-corruption, tailored to the needs and risks identified in different regions. The training will be designed according to employee categories and areas, thus ensuring coverage and understanding across our Company.

GRI 205-3

During the reporting period, we have not faced any confirmed incidents of corruption involving the Company or its employees. Consequently, there were no instances in which employees were dismissed or disciplined for such activities, and no confirmed incidents led to the termination or non-renewal of contracts with business partners due to violations related to corruption. No public legal corruption cases have been brought against our Company or its employees during the reporting period.

Our Company is part of the Extractive Industry Transparency Initiative (EITI) community. It provides regular updates of all required financial and related data per EITI requirements, which are disclosed on the EITI Armenia, ensuring further transparency of ZCMC's financial and relevant activities.

The Company adheres to the International Chamber of Commerce (ICC) Rules of Conduct and Recommendations to Combat Extortion and Bribery. ZCMC's implementation of various organizational guidelines is governed by the 10th Principle of the United Nations Global Compact. Our Company must also comply with the RA Law on "Combating Money Laundering and Terrorism Financing."

GRIEVANCE MECHANISM: ADDRESSING CONCERNS THROUGH A STRUCTURED PROCESS

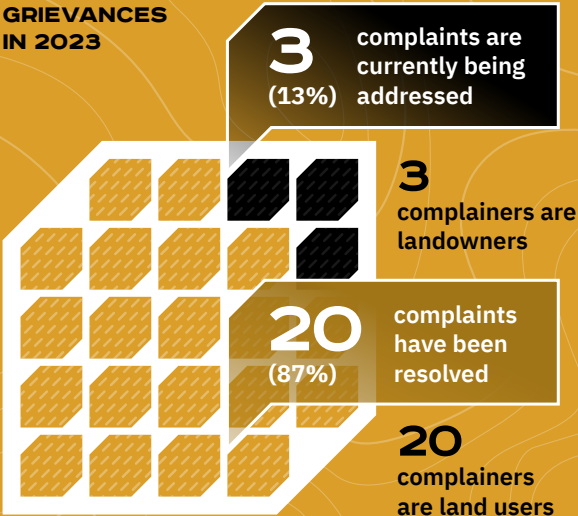
GRI 2-25, GRI 2-26

We implemented a Grievance Mechanism (GM), including electronic record keeping, in the fourth quarter of 2022. The GM is a formal document prepared as part of the Stakeholder Engagement Plan (SEP). It is an essential part of the Company and a key performance indicator for stakeholder engagement. It is an official process and an integral part of the social management system. The GM is designed to help identify issues early on and prevent and resolve problems before they are inflated and turned into a serious dispute or an irreversible impact. The GM seeks to resolve concerns promptly, using a clear and transparent consultative process that is culturally appropriate and readily accessible. A designated team is working on the GM, including electronic logs and periodic reporting on grievances, field visits to verify information, evaluation of the grievance details, etc. This Mechanism shall not impede access to judicial or administrative remedies; it demonstrates our unwavering commitment to addressing community grievances impartially. It also promotes confidence between ZCMC and the affected and broader communities as prime system users. We inform the affected communities about the Mechanism during the stakeholder engagement process and various community-based surveys and visits.

ACCORDING TO THE GM, OUR COMMITMENT INCLUDES, BUT IS NOT LIMITED TO:

-  ensure that the Company's activities comply with the legislation of the RA and applicable international laws
-  aim to align with best international practices, including the International Finance Corporation (IFC) Performance Standards and the International Council on Mining and Metals (ICMM) principles
-  manage grievances in an accessible, predictable, fair, and transparent manner
-  confidentially treat grievances unless the Grievance is publicized
-  conduct thorough investigations of grievances received
-  provide training to all employees of the Company about the GM
-  monitor the effectiveness of grievance management and regularly review and update the objectives and tasks related to handling grievances based on performance data and stakeholder feedback

GRIEVANCES IN 2023



Since GM was established and implemented in fall 2022, the first full reporting year was 2023. In 2023, 23 grievances were filed, of which only two were submitted verbally and filed; the rest were submitted in writing. Several monitoring visits were conducted to determine and/or assess the validity of the complaint. The process indicates that people trust the system and feel comfortable filing the complaints, knowing that the Company takes necessary actions. All 23 grievances relate to land or property damage due to ZCMC operations, with some going back to 2019 or earlier. Three complainers out of 23 in 2023 are landowners, with 20 being land users.

Twenty complaints (87%) have been resolved, with a fair compensation of roughly USD 23,000 paid for damage to lands, gardens, or other property. The remaining three complaints (13%) are currently being addressed.

THE AVERAGE CASE CLOSURE TIME LASTS 2 TO 6+ MONTHS.

No health-related grievances have been received in 2023. During the community visits, people raise general comments and concerns about community health, which are usually linked to the monthly payments they receive from ZCMC. They perceive this payment as “compensation” for the impact, including health, while it is aimed at compensating the community members for the land use.

There is a common perception in the region and the country that mining is directly linked to perceived higher cancer rates in mining communities. However, available data does not support this belief. The Company is actively working to provide accurate information to relevant audiences, ensuring they are well-informed. An article published in September 2023, titled “Syunik has the lowest number of cancer cases,” refers to data from the RA Ministry of Health, showing that Syunik has the fewest cancer patients compared to other regions, including Lori region and Yerevan, which have higher rates.

In spring 2023, ZCMC financed a “Needs assessment and perception survey” in five villages within the Syunik community, which identified primary and secondary needs. It is important to note that community health was not raised in either category, reaffirming the absence of specific health needs.

INNOVATIONS: KEEPING UP WITH THE GLOBAL TRENDS

We are committed to staying at the forefront of industry innovations, recognizing their importance for maintaining competitiveness and improving resource management, particularly in water conservation and other natural resources critical to copper and molybdenum mining. We are implementing a thickener system, a key technology widely used in the mining industry to separate solids from liquids. This system will allow the Company to recycle and reintegrate water into our production processes. It will be crucial in reducing water consumption, a widespread issue in the copper and molybdenum mining sector.



SUSTAINABILITY APPROACH

OUR SUSTAINABILITY CORE PRINCIPLES FOCUS ON RESPONSIBLE RESOURCE MANAGEMENT, COMMUNITY ENGAGEMENT, AND CONTINUOUS ENVIRONMENTAL, SOCIAL, AND OHS PERFORMANCE IMPROVEMENT.



12 priority Goals are identified by the Company, to which ZCMC makes the most significant contribution:





SUSTAINABILITY MANAGEMENT SYSTEM: INTEGRATING SUSTAINABILITY INTO OUR CORE STRATEGY

GRI 2-23, GRI 2-24

THE SUSTAINABILITY DIRECTORATE, A FUNDAMENTAL ENTITY IN OUR ORGANIZATION, OVERSEES FUNCTIONS OF SUSTAINABILITY PRACTICES IMPLEMENTATION WITH DILIGENCE AND EXPERTISE.

The Board of Directors and top management also play crucial roles in strategic oversight and decision-making. ZCMC’s sustainable development efforts are guided by documents such as the Code of Conduct and Environmental, Social, and Occupational Health and Safety Management System. These documents outline the Company’s commitments and standards. The Company has also updated its Sustainability Policy to solidify its approach further.

Our Company is committed to sustainable development through a risk management framework that integrates health, safety, environmental practices, stakeholder engagement, and governance. Focusing on continuous improvement and strategic oversight ensures that our operations align with corporate responsibilities and community needs. This Report presents the most essential and detailed information and our sustainable contributions within the sections dedicated to crucial material topics.

The changes made during the reporting period were aimed to foster stronger relationships with stakeholders, including local communities, government bodies, and NGOs.

Additionally, we have set strategic goals in ESG, including targets for reducing environmental impact, improving safety, and enhancing community engagement.

For 2024, we aim to integrate sustainability into our operations by setting specific goals such as implementing new environmental management measures, improving safety performance, and increasing community engagement efforts. Planned activities include expanding renewable energy use, strategizing community development projects, and enhancing sustainability reporting practices.

MATCHING THE PERFORMANCE WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

ZCMC recognizes the importance of the United Nations’ Sustainable Development Goals and considers them crucial for implementing its sustainability framework and everyday activities. Due to the specifics of our operations, the Company has identified 12 priority goals to which ZCMC makes the most significant contribution.



Company’s contribution

ZCMC places utmost importance on the health and safety of its workforce, including both its own employees and those of its contractors. The Company is dedicated to fostering a work environment that is both safe and welcoming for its staff, guests, and all individuals associated with its activities. This dedication is in line with the Company’s objective of attaining “zero harm” and eliminating incidents in the workplace.

A total number of employees underwent medical screenings

3,001
of which 496 were female

Key results for 2023

An extensive plan was crafted to address potential emergencies at the open pit and tailings facility. A significant exercise, in collaboration with the Ministry of Emergency Situations, was carried out to evaluate the effectiveness of the incident response. This exercise, centered on the tailings delivery system, proved to be effective, and insights gained were integrated into continuous improvements of the incident management systems.

A new guideline titled “Near misses, incidents, and accidents reporting, investigation, and accounting” was introduced to enhance the documentation and analysis of safety incidents. This effort is designed to spot potential risks and patterns, thereby facilitating the adoption of preventative actions, and boosting safety outcomes.

Number of employees received training in First Aid

4,409





Company’s contribution

ZCMC provides opportunities for continual professional development and capacity building for its workforce. Training programs are an essential component of this commitment, ensuring employees at all levels receive the necessary knowledge and skills to enhance their performance and contribute effectively to the Company’s goals.

The training programs provided are thorough, covering essential training to guarantee that all staff members are current with the most recent industry standards and safety guidelines. Furthermore, ZCMC conducts informational meetings to ensure employees are well-informed about the latest technological and procedural advancements in the industry.

Key results for 2023

The Training Centre, outfitted with modern facilities, was established to offer extensive education and training programs, particularly in occupational health and safety. The specialized training sessions conducted included:

Working at height, with
379 attendees

Riggers, with
418 attendees

Operating in confined spaces, with
195 attendees

Firefighting, with
161 attendees

Additionally, 325 employees from contracting firms took part in different training modules, improving their skills to safely meet the requirements of their positions.



Company’s contribution

ZCMC recognizes the crucial importance of water, given that the Company’s mining production operations significantly rely on ample water resources. Water is utilized for production, technical, and domestic purposes. Enhancing water efficiency remains a principal objective for our Company.

To address this, ZCMC has formulated a Water Management Plan that complies with both local regulations and international benchmarks, which includes monitoring water usage, and the processes related to its consumption.

Primarily, ZCMC adheres to local industry-specific standards, while also following IFC standards. In conjunction with the Plan, the management of water resources is conducted in accordance with the Water intake and discharge permit issued by the Ministry of Environment.

Key results for 2023

A project plan for a thickener installation was developed in collaboration with an international specialist company. This project aims to thicken tailing slurry and enable the reprocessing of about 25% of the technical water used in the enrichment process. The construction is scheduled to begin in 2024, with operations starting in 2025. Should the project prove successful, there are plans to increase the volume of water that can be reused.

Additionally, a collaborative project with the Kajaran community has been initiated to treat community sewage water. The purchase of the respective treatment plant is scheduled for 2024 and construction is planned to start in 2025.

A risk evaluation of water intake locations was performed using a 5x5 matrix, adhering to the ISO 14001-2015 standards.

A monitoring strategy was also established, in line with IFC and ISO guidelines, and incorporating best international practices.

In 2024 we plan to start a comprehensive water balance study, that would inform the Water management plan.



Company’s contribution

ZCMC’s energy management strategy is centered on optimizing energy consumption to minimize both costs and environmental footprint. This involves a monitoring and management of energy use throughout all its operations.

The Company remains dedicated to overseeing its energy consumption with an emphasis on enhancing energy efficiency. ZCMC is committed to the adoption and execution of initiatives aimed at conserving energy and improving energy efficiency.

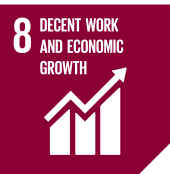
Key results for 2023

Energy efficiency and saving measures were carried: upgrade to more energy-efficient equipment, optimization of process operations to reduce energy use, implementation of an Energy Management System to monitor and control energy consumption more effectively, adoption of advanced energy monitoring technologies to enhance data accuracy and enable more effective energy management.

Measures to improve energy efficiency and conservation were implemented, including the replacement of existing equipment with more energy-efficient alternatives, refining operational processes to lower energy consumption.

Our Company had contributed to the UN project in Kajaran on covering the city buildings with materials that decrease the use of power during winter periods.

In 2023, ZCMC also initiated and completed a Need assessment project in the community of Syunik. The Company has committed to start the installation of individual solar panels and water tanks.



Company’s contribution

ZCMC cultivates an inclusive work environment that honors the dignity of every employee. We are committed to offering equal career advancement opportunities and launching programs designed to develop and polish our employees’ skills. Creating a safe workplace and upholding an atmosphere that is welcoming and devoid of discrimination are among our top priorities.

Key results for 2023

The ZCMC team welcomed
335 new members
with 256 of these recruits coming from the local communities of Kajaran and Kapan.

The turnover rate stood at
5.5%
which is lower than the rate experienced in 2022.

Additionally, a grading system was introduced.



Company’s contribution

ZCMC is continually on the lookout for innovative approaches to enhance leadership within its workforce, optimize resource management, and guarantee the sustainability of its activities. To achieve this, the Company not only cultivates home-grown ideas but also adopts and implements concepts from external sources, including the integration of industry innovations into our operations.

Key results for 2023

The digitalization initiative was advanced by setting up an ERP system.



Company’s contribution

ZCMC is dedicated to improving the quality of life in local communities through investments in health, education, and cultural initiatives, as well as projects that support local economic growth and environmental preservation. The Company places a high priority on maintaining and enhancing local infrastructure and agricultural lands, which are vital for the economic resilience of these communities.

Furthermore, ZCMC is committed to fostering local procurement practices to stimulate the local economy, reduce reliance and job expectations on ZCMC, and encourage the development of more economically self-sufficient communities in the vicinity of ZCMC.

Key results for 2023

In 2023, the Company formulated a Local Procurement Policy (LPP), and to further the goals of the LPP, the social team was augmented with two additional members.

A total of

\$148 million

was spent on the procurement of goods, with the share of Armenia equaled 52%.

A total of

\$168 million

was spent on the purchase of services, with the share of Armenia equaled 96%.



Company’s contribution

ZCMC’s economic impact extends across both the local and national landscapes, showcasing its profound influence on economic growth and the welfare of communities at multiple levels.

Compliance with all relevant regulations concerning product and service information and labelling is crucial, ensuring that products and services are used safely.

As a player in the mining and metals sector, the Company focuses on mining copper and molybdenum-rich ore, which is then processed into copper and molybdenum concentrates. These materials are vital for the manufacture of various daily products and play a significant role in enhancing living standards and contributing to the global “green transition”. We are dedicated to producing and providing these materials in a manner that is safe, responsible, and efficient.

Key results for 2023

Upon receiving a response from a supplier, our initial step is to obtain a technical description of the product or service in question. Our team of experts conducts a thorough review of the technical specifications before proceeding with a supplier. For specific categories of products, it is essential to provide Material Safety Data Sheets, especially for materials that could pose environmental or social hazards. For example, ensuring that there is no mercury content is a priority for us.

We engage in partnerships with companies that are well-versed in environmental regulations. We offer extensive guidance to local suppliers, stressing the critical importance of complying with regulatory norms.

At ZCMC, our supply chain management encompasses all aspects of our operations, guaranteeing the uninterrupted extraction and processing of minerals into concentrates. This includes the acquisition of equipment, transportation of raw materials, and logistics management. The produced copper and molybdenum concentrates are then delivered to downstream partners for further refining and production, catering to industries across the globe, including markets in China, Korea, Russia, Bulgaria, Belgium, the Netherlands, and others.



Company’s contribution

ZCMC has formulated an Environmental Policy and Climate Change Policy that promote the efficient use of energy, the adoption of sustainable transportation methods, and the reduction of GHG emissions. Additionally, the Company has established a Sustainable Development Strategy aimed at incorporating sustainable practices throughout its operations. Furthermore, ZCMC has prepared a Climate Risk Assessment Report, offering recommendations for embedding climate-related considerations into its financial and operational strategies, consistent with the recommendations of the TCFD.

We have put further efforts into better adjusting ZCMC’s corporate governance to strengthen our approach to climate change adaptation and reducing GHG emissions.

These changes include:

- Broadening the scope of the Environmental Department and Sustainability Directorate, enabling an integration of climate-related responsibilities throughout the Company.
- Revising internal policies to establish more rigorous GHG emission reduction goals, along with including explicit plans for climate adaptation. Increasing the focus on sustainability reporting and ensuring that our approaches are in harmony with global climate agreements and standards.

Key results for 2023

An in-depth climate risk analysis was performed to assess and understand the potential effects of climate change on our business activities. This evaluation pinpointed critical risks, including the impact of severe weather conditions on the continuity of operations and the integrity of infrastructure. The 2022 assessment, which remains relevant for 2023, identified 18 transitional and physical risks.

In the year of 2023, we undertook various initiatives aimed at lowering our greenhouse gas (GHG) emissions. These initiatives encompassed the adoption of more energy-efficient machinery, the enhancement of energy efficiency throughout our operations, and an increase in the use of renewable energy sources within our energy portfolio.

Furthermore, in 2023, the landscaping team of Environmental Department planted and maintained 16,279 trees, flowers, and shrubs. Monitoring conducted at the start of 2024 revealed that the total amount of CO₂ absorbed amounted to 3,502.76 kg. This absorption represents a CO₂ offset of 0.000327059% of the total CO₂ emitted.



Company’s contribution

ZCMC conscientiously avoids conducting operations in areas recognized for their high biodiversity value, especially those adjacent to sensitive ecosystems or protected areas. Our planning methodologies include environmental evaluations to guarantee that our operations do not negatively impact vital ecosystems.

Our objectives in biodiversity aim to safeguard and bolster local ecosystems, with strategies to enhance the populations of indigenous species, control invasive species, and rehabilitate disrupted habitats. We also carry out periodic biodiversity surveys and implement specific measures to lessen potential effects, demonstrating our dedication to environmental conservation and sustainable practices.

Our approach is designed to reduce adverse effects and proactively contribute to the biodiversity of the areas where we operate.

Annually, following the completion of each level of the dam, we undertake rehabilitation efforts using the original topsoil removed for the TSF operations. This progressive reclamation is conducted at our own cost, in addition to the contributions made to the national state budget for this purpose.

To address or lessen significant environmental impacts, we employ various strategies, including reshaping land-forms, reinstating native plant life, managing water run-off, and monitoring environmental indicators like soil and water quality. These measures are crucial for reducing our environmental footprint and fostering sustainable land management practices post-operation.

Key results for 2023

“The Mining Metallurgy Institute” CJSC undertook a project that involved drilling

53 boreholes

each with a diameter of 1,500 mm, in the tailings.

A Stability Assessment for the Artsvanik Tailings Storage Facility was commissioned.

A thorough biodiversity survey was carried out within our operational zones, cataloguing both indigenous species and those newly observed. Actions to control invasive species, notably Ailanthus altissima, were intensified to safeguard native ecosystems. Initiatives for habitat restoration were launched, including the planting of local flora to bolster wildlife habitats.

A 5.2-hectare area surrounding the Artsvanik TSF saw progressive recultivation, while a larger

40 hectare

area as subject to biological restoration and reclamation efforts, including the planting of

10,700 trees

to form a protective forest belt.

Progress was achieved in executing closure and restoration strategies, with notable successes in rehabilitating disturbed lands, executing effective revegetation efforts, and stabilizing terrains to avert erosion. These measures have significantly aided in the restoration of local ecosystems and the safe closure of facilities.



Company’s contribution

ZCMC places a high emphasis on upholding integrity in all its business transactions, adopting a strict zero-tolerance stance against any form of corruption.

Key results for 2023

Various activities were implemented to promote high ethical business standards and a strong stance against corruption, which included the induction courses for employees to raise awareness about anti-corruption and the Company’s policies, and the reinforcement of reporting mechanisms for suspected violations.

No incident or operational aspect was deemed high-risk, thanks to the robust internal controls and adherence to compliance protocols in place.



Company’s contribution

ZCMC engages with leading industry groups and advocacy bodies, demonstrating our dedication to transparency, ethical conduct, and sustainable growth. Our goal is to foster sustainable practices, heighten awareness, and provide education on ESG issues as needed. We are devoted to contributing to a sustainable future for the mining industry in Armenia and making a positive impact on the sector both nationally and globally.

ZCMC consistently evaluates its partners and supports the project initiatives of NGOs. This engagement allows ZCMC to enhance awareness about its mining activities, serves as a reliable source to gain insights on community wellbeing and community perceptions of the mine, ensuring the presence of ZCMC through NGO activities, and enhances NGOs’ capacities (in areas such as planning, proposal development, reporting, and accountability).

Key results for 2023

The First Deputy Director of ZCMC, who is also the Chairman of UMMA, facilitated an open forum involving NGOs and key mining firms in Armenia. This dialogue focused on sustainable practices, innovation, environmental issues, and effective communication.

Funding was directed to 14 organizations to facilitate the implementation of their projects. This assistance is regularly offered to groups running their own initiatives, such as programs benefiting disabled children, the elderly, war veterans, educational efforts, agricultural projects, etc., aiding them with their administrative or programmatic costs. This support is provided without any formal contract with ZCMC and includes contributions to entities like the Union of Miners and Metallurgists of Armenia (UMMA) and various local NGOs.

Around

\$1.2 million

was distributed through these means to support their activities.

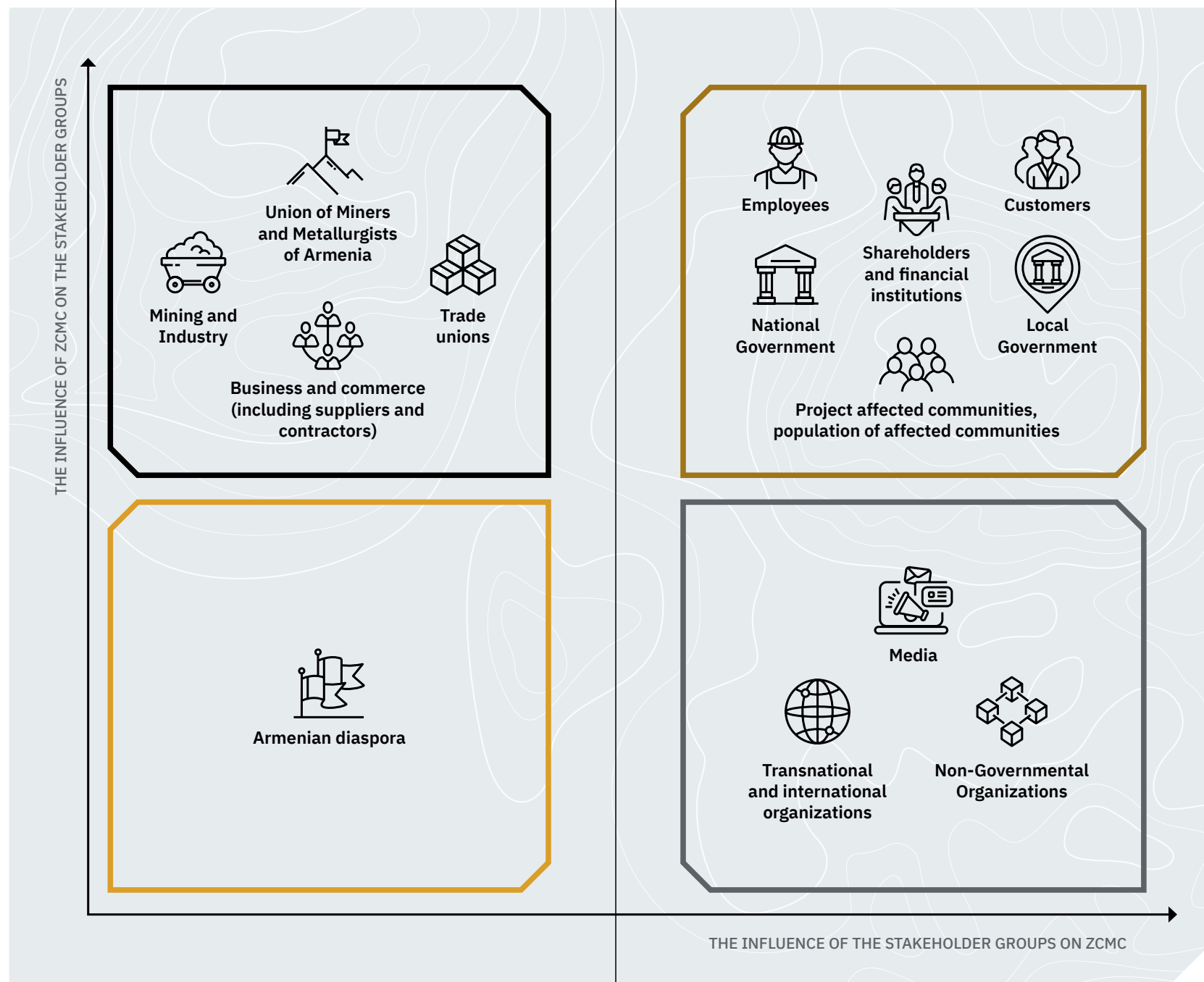
STAKEHOLDER ENGAGEMENT

GRI 2-29

ENGAGING WITH STAKEHOLDERS⁸ IS A CONTINUOUS PROCESS OF COMMUNICATION WITH BOTH DIRECT AND INDIRECT PARTIES INVOLVED, FOSTERING AND PRESERVING TRUST-BASED RELATIONSHIPS, EXCHANGING INFORMATION AND INSIGHTS, ADDRESSING STAKEHOLDERS' ISSUES AND COMPLAINTS, AND UPHOLDING THE SOCIAL LICENSE TO OPERATE.

Sharing information through various channels, conducting consistent consultations, organizing meetings, and facilitating informed involvement achieves interaction with a broad spectrum of stakeholders.

Stakeholders were assessed based on two criteria: the influence of the stakeholder groups on ZCMC and the influence of ZCMC on the stakeholder groups. The results are presented in a stakeholder map below, which reflects the final stakeholder categories.



In 2023, our Company enhanced its stakeholder engagement practices, emphasizing transparency and collaboration. As part of the Social Management System (SMS), an electronic meetings log was launched in 2023. This log will be updated annually to include external meetings with partners, NGOs, government authorities, schools, local businesses, and the like. Thus, in 2023, forty meetings were held and thoroughly documented. The records summarize the participants, topics discussed, follow-up actions, and observations.

Additionally, the SMS includes electronic records of all written requests received by ZCMC from local communities, regional and local governments, individuals, groups, and organizations. These records show detailed information on applicants, their geography and sector, the requested and granted amount, and other relevant data.

⁸ According to the GRI, a stakeholder is an individual or group that has an interest that is affected or could be affected by the organization's activities.



HUMAN CAPITAL: THE HEARTBEAT OF ZCMC'S SUSTAINABLE SUCCESS

GRI 3-3

AT ZCMC, WE BELIEVE THAT OUR PEOPLE ARE OUR GREATEST ASSET, AND OUR COMMITMENT TO HUMAN CAPITAL REFLECTS THIS BELIEF.



As of the end of 2023,
ZCMC employed

4,666
individuals

Our employee turnover rate
remains at

5.53%



WE DEMONSTRATE THIS THROUGH OUR ROBUST AND COMPREHENSIVE TRAINING PROGRAMS THAT FOSTER PROFESSIONAL GROWTH AND DEVELOPMENT AND STRATEGIC EMPLOYEE MANAGEMENT. BUT WHAT TRULY SETS US APART IS OUR DEEP COMMITMENT TO DIVERSITY AND INCLUSION. THIS COMMITMENT IS ABOUT CREATING JOBS AND BUILDING A THRIVING COMMUNITY WHERE EVERYONE FEELS INCLUDED AND PART OF A LARGER WHOLE, REGARDLESS OF THEIR BACKGROUND. BELOW IS A LOOK AT HOW WE MANAGE, DEVELOP, AND SUPPORT OUR WORKFORCE.

REGULATIONS AND PERSONNEL MANAGEMENT: ADAPTING TO GLOBAL STANDARDS

In 2023, ZCMC underwent a significant transformation in how we manage our human resources. Our Personnel Management division was restructured into the Human Resources Management Division, aligning with international HR standards to enhance the efficiency and transparency of our operations. This transformation was led by the Head of the Administrative Department, who reports directly to the Deputy General Director and oversees this vital function.

The recruitment process at ZCMC has also been refined. A specialized Human Resources Management Division unit was established in 2023 to handle recruitment, hiring, and personnel rotation. This unit manages the entire process—from receiving a vacancy request to shortlisting candi-

dates based on technical skills and social frameworks and ensuring an adequate evaluation. Final selections are made by the initiating unit, ensuring a perfect fit for both the role and our Company culture.

Our commitment to employee engagement and retention is unwavering. We demonstrate this through various incentives, including half-year and year-end bonuses and special monetary awards on the Day of Metallurgist. In 2023, 70 individuals were honored with the mentioned material awards to mark ZCMC's 70th anniversary. Additionally, we are increasing the transparency of our employee management practices and strongly emphasizing skills development because we believe that our employees are integral to our success.

NAVIGATING CHANGE: EFFECTIVE COMMUNICATION AND DIGITAL TRANSFORMATION

GRI 402-1

Change is inevitable, and we ensure that our Company manages it smoothly. Under the RA Labor Code, we provide a minimum notice period of three days for operational changes. Employees are informed via email or written notification, ensuring precise and timely communication.

2023 WAS A YEAR OF SIGNIFICANT MILESTONES FOR ZCMC:



We developed a new grading system to recognize and reward employee contributions better.



We established a Training Centre dedicated to employee skills development and attestation.



The successful establishment of an ERP system represents one of the Company's digitalization initiatives, streamlining operations and enhancing efficiency.



We drafted a Training and Skills Development Plan, set to be approved by the General Director in 2024.

These achievements are in line with the goals outlined in our 2022 Sustainability Report, including alignment with IFC & ICMM standards, workforce diversity enhancement, fostering a zero-discrimination work environment, and attaining 100% coverage for essential mining training.



STAFF COMPOSITION AND TURNOVER: BUILDING A LOCAL, STABLE WORKFORCE

GRI 2-7

As of the end of 2023, ZCMC employed 4,666 individuals, with men making up 78% (3,640) of the workforce. A significant majority (88.6%, or 4,134 employees) were hired from the local communities of Kajaran and Kapan, reflecting our commitment to local employment. The workforce is predominantly permanent and remarkably stable, with only four part-time employees, underscoring the reliability of our employment practices.

Our employee turnover rate remains impressively low at 5.53%, a clear indicator of our employees’ satisfaction and our Company’s stability. On average, each employee received 2.5 hours of training last year, and nearly 22% of our workforce comprises women. Our commitment to fair wages is also evident, with minimum wage for employees set higher than the national legal requirements.

A significant majority of employees were hired from the local communities of Kajaran and Kapan

88.6%

Share of women in our workforce comprises

22%

LEVERAGING EXTERNAL EXPERTISE: ENGAGING NON-EMPLOYEES

GRI 2-8, SASB EM-MM-000.B

In 2023, ZCMC employed 30 non-employees under direct service contracts, primarily consultants providing translation services and expertise in administration, legal, and business consulting. The relevant departments integrate these non-employees into our operations, reflecting our reliance on specialized external skills to complement our internal capabilities.

There were no significant fluctuations in the number of non-employees during and between reporting periods at ZCMC. This stability indicates a consistent level of engagement with non-employee workers, reflecting steady operational needs and contractual relationships.

EMPLOYEES AND CONTRACTORS

Indicator	Unit of measurement	2022	2023
Total employment ⁹	people	5,087	5,268
Number of contractors ¹⁰	people	500	602
Percentage of contractors	%	9.83	11.43

⁹ This indicator comprises from the own workers of ZCMC and contractors.
¹⁰ The count of non-employees is compiled based on actual head counts, which ensures precise and verifiable data. Data is reported as observed at the end of the reporting period, providing a definitive snapshot of non-employee engagement at a specific time.



HIRING: FOSTERING LOCAL EMPLOYMENT

The senior management team at ZCMC includes 27 managers overseeing strategic divisions of the Company's daily operations. When recruiting for leadership positions, we consider local economic, social, and cultural conditions, ensuring that our leaders are skilled and well-integrated into the local context. A vital part of this is our significant investment in local universities, particularly in the Syunik region, to develop future leaders and specialists. Our pre-attestation program supports the professional development of community employees, helping them transition into leadership roles.

GRI 401-1

In 2023, ZCMC welcomed 335 new employees, a vibrant addition representing 7.24% of the workforce. The majority of these new hires were male (259), with a significant number under 30 years old (105), reflecting our focus on bringing in fresh, youthful talent. 256 representatives of new hires were from the local communities of Kajaran and Kapan, while the rest were from other regions and abroad.

However, the turnover rate in 2023 was 5.5%, with 256 employees leaving the Company. The highest turnover rates were observed among women (6.1%), employees over 50 years old (15.9%), and those from other regions of Armenia and abroad (12%). The primary reason for turnover was retirement. ZCMC is actively analyzing the mentioned trends to improve its retention strategies.

NEW EMPLOYEE HIRES, PEOPLE (BY GENDER, AGE GROUP, AND REGION)

Indicator	2022	2023
By gender		
Men	402	259
Women	84	76
By age group		
Under 30 years old	180	105
30-50 years old	252	181
Over 50 years old	54	49
By region		
Local (Kajaran and Kapan communities)	397	256
From other regions of RA and abroad	89	79
Total new hires	486	335





DIVERSITY AND INCLUSION: A NON-DISCRIMINATORY WORKPLACE

GRI 3-3, GRI 406-1

We are committed to fostering a diverse and inclusive workplace at ZCMC. Our Code of Conduct currently governs our diversity and inclusion policies, and we are working to update these documents to reflect an explicit non-discrimination approach. This update will include establishing a specific structure or designating a responsible person to manage these efforts.

We integrate a non-discrimination approach into all operations, ensuring fair and equitable employee treatment.

GRI 405-1

DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES, PEOPLE

Indicator	2022						2023					
	Men	Women	Under 30 years old	30-50	Over 50 years old	Total	Men	Women	Under 30 years old	30-50	Over 50 years old	Total
Board of Directors	7	1	-	4	4	8	6	1	-	3	4	7
Executive positions	17	3	1	16	3	20	24	3	1	21	5	27
Laborers	3,557	1,010	541	2,659	1,367	4,567	3,616	1,023	603	2,875	1,161	4,639
Total employees	3,574	1,013	542	2,675	1,370	4,587	3,640	1,026	603	2,897	1,166	4,666

Over the past three years, no discrimination on gender, age, ethnicity, political opinion, or social origin was detected or recorded at ZCMC. We have initiated a procedure for recording, investigating, and resolving discrimination cases through a newly drafted Grievance Policy and respective Mechanism. This Policy covers issues related to stakeholder engagement, impacts on land rights, unfulfilled promises, limited opportunities for employment and training, environmental concerns, and more. Our commitment to a discrimination-free workplace is unwavering, and we will continue to uphold this standard.

TRAINING AND DEVELOPMENT: INVESTING IN OUR WORKFORCE

GRI 404-1

ZCMC is committed to the continuous professional development of its employees. In 2023, we established a dedicated Training Centre under the Administrative Department's supervision, facilitating individuals' participation in various training sessions. There were 13,927 participants in different training sessions throughout the reporting period. This number indicates robust engagement across the workforce in personal and professional growth activities. A wide range of exciting and diverse training sessions was held, including First Aid training (completed by 4,409 employees) and induction training for 4,225 employees, totaling approximately 39,500 hours. Additionally, 223 employees participated in pre-attestation training, with a total duration of 335 hours.

TRAINING IN 2023
(BY GENDER AND EMPLOYEE CATEGORY)

Indicator	People	Total hours	Average hours
By gender			
Male employees	3,640	9,100	2.5
Female employees	1,026	2,565	2.5
Total employees	4,666	11,665	2.5

Average hours on training (except H&S training)

2.5
hours per employee

The equality of average training hours between men and women employees reflects ZCMC's commitment to gender inclusivity in development opportunities. The training extended to all categories of employees across all departments, reinforcing a unified approach to skill development across the Company.

GRI 404-2

ZCMC implements various programs and helps enhance the skills of its workforce, mainly targeting blue-collar workers, engineering staff, and middle managers. The programs offered encompass mandatory training that ensures all personnel are updated with the latest industry standards and safety protocols. Additionally, ZCMC organizes information sessions to keep employees informed about technological and procedural updates within the industry.

Professional development courses are regularly provided to foster the growth of employees' expertise and ensure progressive career trajectories within the Company. Pre-attestation evaluations are conducted to assess the readiness and competency of employees in their respective roles. Moreover, ZCMC offers specialized courses for heavy truck drivers, including theoretical and practical components. These courses are designed to ensure that drivers are proficient in handling complex machinery safely and efficiently, which is crucial for employee safety and operational success.

Line management assesses the effectiveness of training and attestation programs through dedicated evaluation forms. The Training Centre/Administrative Department accumulates and analyzes this information to improve the quality of skills enhancement/attestation programs.

GRI 404-3

ZCMC is implementing a standardized system for conducting regular performance and career development reviews across its workforce. This initiative, led by the Training Centre, enhances personal performance assessments and supports employee career growth.

By establishing a structured approach, this initiative will facilitate regular employee performance evaluations and align development opportunities with individual career aspirations, leading to enhanced overall productivity. The anticipated review system will cover various employee categories and ensure that all staff, irrespective of gender or role, receive equitable attention and resources to foster their professional growth.

Once implemented, this system will support ZCMC's strategic objectives by aligning individual performance with the Company's long-term goals. It will make each employee an integral part of our mission and aid in identifying and cultivating potential within ZCMC.



REMUNERATION AND BENEFITS: SUPPORTING EMPLOYEE WELLBEING

GRI 401-2

ZCMC IS COMMITTED TO THE WELL-BEING AND SAFETY OF ITS EMPLOYEES, RECOGNIZING THAT BENEFITS PLAY A CRUCIAL ROLE IN SUPPORTING THE COMPANY'S WORKFORCE. OUR BENEFITS PACKAGE IS A TANGIBLE EXPRESSION OF THIS COMMITMENT, DESIGNED TO ENSURE THAT FULL-TIME EMPLOYEES, ESPECIALLY IN OUR CORE OPERATIONAL AREAS OF KAJARAN AND KAPAN, ARE WELL-CARED FOR IN BOTH THEIR PROFESSIONAL AND PERSONAL LIVES.

COMPREHENSIVE BENEFITS FOR EMPLOYEES

We provide a wide range of benefits that are standard for our employees, ensuring they have the support they need to thrive:

- **Health Insurance:** Our employees and their families enjoy extensive health insurance coverage, which provides them with reassurance for their healthcare needs.
- **Healthcare Services:** Besides health insurance, the ZCMC Charity Foundation funds healthcare services not covered by insurance separately, ensuring that our employees and their families have access to necessary medical care.
- **Disability and Invalidity Coverage:** In case of the unfortunate event of an on-site incident, ZCMC provides support in addition to the state-mandated disability and invalidity coverage, further ensuring our employees are protected.
- **Parental Leave and Retirement Provisions:** Parental leave and retirement benefits are

aligned with the RA Labor Code, providing our employees with the necessary time and financial support during significant life events.

- **Free Meals:** To support our employees during their working hours, we provide free meals in the ZCMC Canteen. Additionally, those working in specified areas and on different shifts receive free meals at their workplace, ensuring they are well-nourished throughout their workday.
- **Sports and Child Daycare Facilities:** As part of our organizational structure, we offer access to sports facilities and childcare services, including a sports complex and two kindergartens.

It is important to note that the robust and comprehensive benefits mentioned are available to all types of employees, except non-employee workers engaged in a service contract. It is also worth mentioning that life insurance and stock ownership are not provided to any employee of the Company.

GRI 401-3

PARENTAL LEAVE

Parental leave	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of employees entitled to maternity or childcare leave (according to the RA Labor Code)	1,013	3,574	4,587	3,640	1,026	4,666
Number of employees who took maternity and parental leave	1	30	31	1	53	54
Number of employees who returned to work at the end of the leave	-	20	20	-	8	8
Number of employees who returned to work in the previous year at the end of maternity/ paternity leave and were still working after 12 months	-	25	25	-	8	8
Return to work rate (%)	-	66.67	64.52	-	15.09	14.81
Retention rate (%)	-	125	125	-	100	100

COMMITMENT TO FAIR COMPENSATION

GRI 202-1, GRI 405-2

In addition to these benefits, ZCMC ensures that employees receive a monthly gross salary exceeding the minimum wage stipulated by law, with no gender-specific wage differentiation. This commitment to equitable compensation practices is a policy and a principle we uphold uniformly across our operations in Kajaran and Kapan. In 2023, the average salary for employees at ZCMC was 11 times higher than the minimum wage determined by the law.

We are proud to maintain a 1:1 ratio of basic salary and remuneration of women to men, illustrating our unwavering commitment to gender equality across all employee categories. We regularly review and audit our employment contracts to oversee compliance with these standards, reinforcing our dedication to fairness and equality.

By providing these comprehensive benefits, ZCMC supports the well-being and safety of our employees and fosters a motivated and loyal workforce, which is essential to our long-term success and sustainability.



1:1

RATIO

of basic salary and remuneration of women to men

EMPLOYEE VOICE: ENGAGING AND EMPOWERING OUR WORKFORCE

GRI 3-3, GRI 2-30, SASB EM-MM-310A.1

AT ZCMC, WE ARE COMMITTED TO STAKEHOLDER ENGAGEMENT, PARTICULARLY WITH EMPLOYEE UNIONS AND REPRESENTATIVES. IN 2023, 99% OF OUR WORKFORCE (4,619 EMPLOYEES) WERE MEMBERS OF THE TRADE UNION, AND THEIR EMPLOYMENT TERMS AND WORKING CONDITIONS WERE COLLECTIVELY NEGOTIATED THROUGH BARGAINING AGREEMENTS. THIS ENGAGEMENT HAS BEEN CRUCIAL IN SHAPING OUR LABOR RELATIONS POLICIES, ENSURING THAT THEY ARE IN LINE WITH THE NEEDS AND EXPECTATIONS OF OUR WORKFORCE, AND WE REMAIN DEDICATED TO THIS ALIGNMENT.

We are developing a Code of Conduct and Human Rights Policy at ZCMC. These documents are designed to uphold and protect our employees’ rights to form and join unions, engage in collective bargaining, and participate in decision-making processes. This ongoing development underscores our commitment to ensuring employee rights and participation.

Our commitment to maintaining positive labor relations is reflected in our successful negotiation of a new collective bargaining agreement in 2023, which included improved employee benefits and

working conditions. The effectiveness of our collective bargaining processes is assessed through regular reviews of employee feedback, grievance procedures, and compliance audits.

As we move forward, ZCMC aims to enhance its engagement with employee representatives and ensure that all collective bargaining processes are transparent and inclusive. We are committed to improving the negotiation framework, increasing employees’ awareness about their rights, and fostering a cooperative and supportive work environment.



05
06
07

HEALTH AND SAFETY

ZCMC IS COMMITTED TO CREATING A SAFE AND ACCESSIBLE WORK ENVIRONMENT FOR ITS EMPLOYEES, VISITORS, AND ALL INDIVIDUALS CONNECTED TO ITS OPERATIONS. THIS COMMITMENT ALIGNS WITH THE COMPANY’S GOAL OF ACHIEVING “ZERO HARM” AND PREVENTING WORKPLACE INCIDENTS.

Employees who completed occupational safety training in 2023

4,409
people

Average training in OH&S duration in 2023

23
hours per employee

- 1
- 2
- 3
- 4
- 5
- 6**
- 7
- 8
- 9

OCCUPATIONAL HEALTH AND SAFETY: PRIORITIZING THE SAFETY AND WELL-BEING OF OUR EMPLOYEES AND THE COMMUNITIES

GRI 3-3, GRI 403-1, GRI 403-7, GRI 403-8

The Sustainability Director oversees the Health and Safety Department, responsible for the Company’s health and safety initiatives. Recognizing the stakeholders’ growing expectations and requirements, an additional group of H&S standards control specialists was formed within the Department during the reporting year. The mentioned personnel is aimed to support the Health and Safety Department’s initiatives to oversee compliance with internal regulations, health and safety requirements, and other relevant guidelines by employees and contractors.

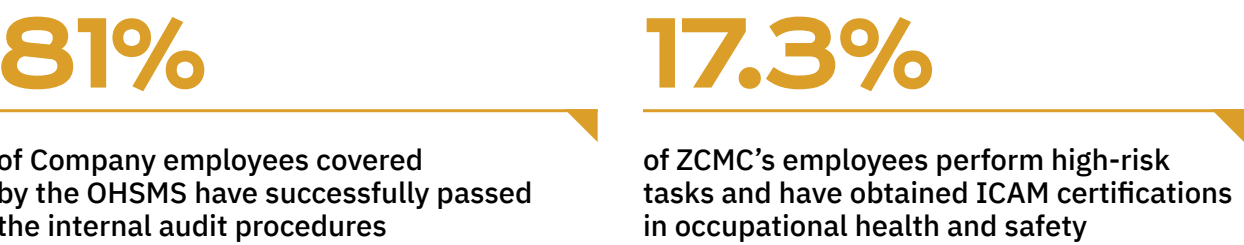
A critical foundation of ZCMC’s commitment to health and safety is its Occupational Health and Safety (OH&S) Management Plan, which serves as the primary guiding document for all health and safety measures within the Company. ZCMC adheres to local legislation requirements, including the RA Labor Code, and implements international best practices and standards, such as ISO 45001, OSHA, IFS, and ILO. The internal legal acts integrate both local and international standards, further solidifying ZCMC’s commitment to health and safety. These internal documents are regularly updated to reflect regulation changes and incorporate the latest best practices.

One of the major new initiatives in 2023 was implementing internal mass alcohol testing and revising its disciplinary action procedures related to alcohol consumption. These changes reflect the Company’s ongoing efforts to enhance its health and safety practices.

The following legal requirements govern ZCMC’s health and safety practices:

- Order of the RA Ministry of Health on “Hygienic classification of work according to harmful and hazardous factors of the production environment, work process severity, and tension indicators” (N 2.2-002-05, Chapters 8, 10, 11, 13, 15, and 17).
- RA Labor Code (Articles N2, N156, N168, N178).
- RA Law on the State Regulation of Technical Safety.
- Decision of the RA Government on the Procedure of Mandatory Initial (on acceptance of work) and Periodic Medical Examination.
- Decision of the RA Government on Approving the Technical Regulation of Personal Protection Equipment.

Our Company recognizes that its Occupational Health and Safety Management System (OHSMS)



extends beyond its employees to encompass the well-being of all individuals within its premises, including employees, contractors, visitors, and students. ZCMC’s OHSMS covers nearly all employees (96.9%) and a significant portion of contractors (non-employees¹¹) (almost 100%). Notably, 81% of the Company employees and 100% of contractors covered by the OHSMS have successfully passed the internal audit procedures. This high coverage and audit success rate reflect ZCMC’s commitment

to ensuring a safe and healthy work environment for all individuals within its premises.

OHSMS is especially crucial for those working in hazardous or harmful conditions with higher risks. The Company prioritizes the safety of these individuals and implements measures to mitigate potential hazards. Nearly one-fifth (17.3%) of ZCMC’s employees perform high-risk tasks and have obtained ICAM certifications in occupational health and safety to ensure their competency and safety.

NUMBER OF ZCMC’S EMPLOYEES COVERED BY THE OH&S MANAGEMENT SYSTEM

Indicator	2022		2023	
	people	% of the total number of employees	people	% of the total number of employees
Number of people covered by ZCMC’s Occupational Health and Safety Management System	4,367	95.2	4,487	96.2
Number of people covered by ZCMC’s Occupational Health and Safety Management System that passed the internal audit procedure	≈3,500	≈76	≈3,634	≈78

NUMBER OF NON-EMPLOYEES (CONTRACTORS) OF ZCMC COVERED BY THE OH&S MANAGEMENT SYSTEM

Indicator	2022		2023	
	people	% of the total number of employees	people	% of the total number of employees
Number of non-employees (contractors) covered by ZCMC’s Occupational Health and Safety Management System	≈500	≈100	≈602	≈100
Number of non-employees (contractors) covered by ZCMC’s Occupational Health and Safety Management System that have undergone an internal audit procedure	≈500	≈100	≈602	≈100

¹¹ Workers who work under service contracts are not classified as employees but whose work is controlled by ZCMC.

We assess the effectiveness of our Occupational Health and Safety Management System (OHSMS) through an approach that includes auditing, risk assessment, and performance monitoring.

Auditing plays a crucial role in monitoring compliance with safety regulations and identifying areas for improvement. It involves assessments conducted by ZCMC's Health and Safety Department, independent third-party auditors, and government inspection bodies. These audits evaluate workplace policies, processes, procedures, and systems to identify potential risks and ensure adherence to safety standards.

Our Company complements its auditing program with risk assessment and performance monitoring, which involves identifying and mitigating potential hazards and analyzing near misses, accidents, injuries, and production incidents. These indicators provide valuable insights into the effectiveness of the OHSMS and highlight areas where improvements are needed.

CONTRACTOR MANAGEMENT: EXTENDING SAFETY AND WELLBEING MEASURES TO NON-EMPLOYEES

Our Company prioritizes the safety of its contractors and their employees through a contractor management system. This system ensures that all contracted services meet safety regulations and contribute to the Company's overall safety performance. This system covers the entire lifecycle of contracted services, from selection and acquisition to use and monitoring. ZCMC's Contractor Management Standard outlines specific obligations for contractors in compliance with OH&S requirements. By overseeing compliance with safety standards and contractual obligations, we minimize risks associated with contracted services and promote a safe work environment.

All contractors must complete ZCMC's Induction Training Program, conducted by the Company's Health and Safety Department. We continuously

To enhance occupational safety, we have developed an Action Plan for responding to potential emergencies at open pit and tailings facility. This plan adheres to local standards, ensuring a coordinated and effective response during an incident. The document outlines the specific responsibilities of the Heads of Company Department in emergencies. The document also includes a contact list for emergency notification. This list includes Company management and key stakeholders from the surrounding community, government agencies, and emergency services (RA inspection bodies, the Ministry of Emergency Situations, and the Mountain Rescue Service). We ensure that all relevant parties are promptly informed and involved in the response effort. Following any incident, we conduct a thorough investigation to determine the root cause and identify areas for improvement. This investigation adheres to national legislation and the ICAM method, ensuring an objective event analysis.

check whether the contractor company employees have permission to perform high-risk work before a work permit is issued to work on the Company's premises. While ZCMC monitors the compliance of contractor employees with safety regulations, the ultimate responsibility for ensuring proper certification lies with the contractor companies.

At ZCMC, safety is more than just a requirement; it's a culture we actively cultivate across every aspect of our operations, including with our contractors. ZCMC collaborates with its contractor companies, continuously refining its contractor management process to enhance safety standards and implement additional measures. This ongoing collaboration fosters a safety culture and ensures that all individuals working on ZCMC's premises are adequately equipped to perform their tasks safely and effectively.

ZCMC ACHIEVEMENTS IN 2023

Implementation and Maintenance of ISO 45001 Standards:

ZCMC prioritizes adhering to ISO 45001 standards, which requires an understanding of workplace risks. The process begins with a gap analysis, identifying areas where current practices fall short of ISO 45001 requirements. Based on this analysis, ZCMC develops an implementation plan outlining the steps necessary to oversee compliance. It includes documenting all requirements, training employees, and implementing necessary policies, procedures, and system changes. ZCMC recognizes that maintaining compliance is an ongoing process requiring continuous monitoring and improvement.

Establishment of Safety Incentives and Penalties System:

Establishing safety incentives and a penalty system is one of the tools we use to reinforce the safety culture. For 2024, we plan to strengthen the system, including monitoring and identifying drugs and alcohol, and install alcohol testing devices at the entrances of ZCMC's main facilities to eliminate possible risks.

Enhancing Labor Protection and Industrial Safety Indicators:

ZCMC is committed to enhancing labor protection and fostering a strong safety culture within the Company. In 2023, ZCMC developed a new standard on "Near misses, incidents, and accidents reporting, investigation, and accounting" to improve the reporting and analysis of safety-related events. This initiative aims to identify potential hazards and trends, enabling ZCMC to implement preventive measures and improve its safety performance.

Conducting ESG and Safety Trainings:

(Please refer also to the Safety Training and Emergency Prevention section for details)

MEDIUM-TERM PLANS

- Achieve zero alcohol presence at the workplace.
- Minimize incidents.
- Renew electrical equipment and wiring.
- Modernize workshops with new equipment and digitize operations to reduce physical labor, protecting workers from hazardous conditions.
- Elevate safety culture as a management priority, incorporating weekly safety discussions into meetings to share best practices and address emerging concerns.

HAZARD IDENTIFICATION AND RISK ASSESSMENT: PROVIDING A SAFE AND HEALTHY WORK ENVIRONMENT

GRI 403-2

We continuously monitor workplace risks through internal and external audits to prevent accidents and ensure a safe environment. Our Health & Safety (H&S) Department conducts regular inspections to identify and address new or recurring hazards. The annual Hazard Identification and Risk Assessment (HI & RA) process and assessments after significant changes help us stay proactive in managing risks. This collaborative process involves employees and supervisors to ensure timely and effective mitigation strategies.

Our highly qualified team, comprising engineers and experienced personnel, performs risk assessments and develops practical solutions to mitigate identified risks. If critical risks are detected, we halt work in the affected area until corrective measures are implemented, including hazard removal, equipment replacement, or engineering solutions.

We continue to address workplace challenges such as excessive noise, vibration, dust, lighting, and temperature control by implementing dust extraction systems, soundproof booths, air conditioning, and enhanced lighting. Personal protective equipment (PPE) is provided to safeguard employees against potential hazards.

Collaboration plays a vital role in shaping our safety culture. Employees are encouraged to report dangerous conditions immediately, and a dedicated hotline ensures quick action. We enforce strict accountability for safety violations, and in collaboration with the Trade Union, we ensure that all employees work in safe conditions without fear of retaliation.

By strengthening our culture of safety and transparency, we aim to maintain a healthy, safe, and supportive work environment for all at ZCMC.

HEALTH PROTECTION AND MEDICAL EXAMINATIONS: DEDICATED TO ENHANCING LIVING AND WORKING CONDITIONS

GRI 403-3

The Company provides various health services and invests in preventive initiatives to mitigate health risks. ZCMC is responsible for advising and guiding employees and their family members on the requirements for establishing and maintaining a safe and healthy work environment that will protect physical and mental health at work.

Early identification and management of health risks help our Company take proactive steps to prevent the development and spread of occupational diseases among employees. For this

reason, we implement preliminary and periodic medical examinations for our employees, ensuring their well-being and safety. These examinations follow the directives of the Government of the Republic of Armenia and are carried out by licensed preventive health organizations. The RA Ministry of Health certifies these organizations to provide the necessary medical care and services. A dedicated doctor in the Health & Safety (H&S) Department manages the entire medical examination process to maintain high standards of care.

In 2023, ZCMC conducted medical examinations for

3,001 employees

Women

496



Men

2,505



No reported cases of occupational diseases reflect the effectiveness of ZCMC's health measures.

A total of

112

primary diseases were identified, showcasing the thoroughness of the health screening process.

Due to health considerations, it was identified that three employees must switch to another job/position.

ZCMC contractors are also required to provide medical check-ups for their employees, ensuring they are safeguarded against occupational hazards.

GRI 403-10

DURING THE PREVIOUS THREE YEARS, NO OCCUPATIONAL DISEASES WERE DETECTED IN THE COMPANY.

HEALTHCARE AND SPORTS ACTIVITIES: PRIORITIZING EMPLOYEES' ACCESS TO NON-OCCUPATIONAL MEDICAL AND HEALTHCARE SERVICES

GRI 403-6

We have contracted several clinics and hospitals to ensure the healthcare services for our employees. We provide health insurance and make financial contributions through the ZCMC Charity Foundation. The range of medical services includes annual preventive examinations, outpatient medical care, inpatient medical care, treatment of chronic diseases, ophthalmology, dentistry, and additional services.

The Company recognizes that heavy physical work can lead to health risks, and regular

physical activity helps improve workers' overall health, fitness, and quality of life. In addition to providing professional healthcare services, the Company has established programs for various sports activities, including basketball, volleyball, and football. These programs are part of ZCMC's efforts to promote a healthy lifestyle among its workers. The Company's sports teams frequently achieve notable success, highlighting the effectiveness of these initiatives in enhancing employee wellbeing.



ACCIDENTS, INJURIES, AND FATALITIES: ACKNOWLEDGING THE IMPORTANCE OF ACCIDENT PREVENTION

GRI 403-2

The accident investigation is an essential component of an effective OH&S Management System. Collecting data on incidents and near misses can identify the root causes of accidents, implement corrective measures, monitor legal compliance, save costs, and prevent future occurrences. We continuously record and investigate all accidents

on our territory with the participation of employees, contractors, and visitors. Accident investigations are carried out according to the requirements of RA legislation and the ICAM method. Investigations based on the ICAM method help to identify root causes and contributing factors of accidents.

GRI 403-9, SASB EM-MM-320A.1

INJURY RATES (EMPLOYEES OF ZCMC)

Indicator	2022	2023
Number of fatalities related to ZCMC's operations (units)	0	0
Fatalities related to ZCMC's operations (%)	0.00	0.00
Number of serious injuries related to ZCMC's operations (excluding fatalities) (units)	2	2
Severe injury rate related to ZCMC's operations (%)	59	32
Number of LTI (units)	5	11 ¹²
Lost Time Injury Frequency Rate (LTIFR) (%)	0.62	1.4
Total number of working hours (man-hours)	8,016,696	8,009,520
The main types of occupational injuries recorded in each reporting year	struck-by equipment falling from high cuts	falls, fractures

INJURY RATES (EMPLOYEES OF CONTRACTORS)

Indicator	2022	2023
Number of fatalities related to ZCMC's operations (units)	0	0
Fatalities related to ZCMC's operations (%)	-	-
Number of serious injuries related to ZCMC's operations (excluding fatalities) (units)	0	0
Severe injury rate related to ZCMC's operations (%)	-	-
Number of LTI (units)	0	2
Lost Time Injury Frequency Rate (LTIFR) (%)	-	-
Total number of working hours (man-hours)	≈1,946,000	≈2,719,080

IN 2023, NO WORK-RELATED INJURIES RESULTED IN THE DEATH OF EMPLOYEES. THE ALL-INCIDENCE RATE PER 1,000,000 MAN-HOURS IS 1.4, AND PER 200,000 MAN-HOURS IS 0.27.

¹² Only in 4 out of 11 cases, in addition to first aid, did employees undergo a medical examination at the medical facility and lose half a working day.

CRITICAL INCIDENT MANAGEMENT: EFFECTIVELY MANAGING CRITICAL IMPACTS AND STAKEHOLDER INTERESTS

GRI 3-3

We aim to strengthen our incident management framework further and are committed to managing critical incidents' positive and negative impacts. Through proactive risk management and continuous improvement, we aim to minimize disruptions and protect the interests of our stakeholders. Regular engagement with local communities and industry partners ensures that our incident management strategies align with broader expectations. Key priorities are enhancing training programs, updating response plans, and improving communication within the Company and with stakeholders.

We maintain internal documentation — emergency action plans that govern our critical incident management processes. The Sustainability Director leads the operational implementation, ensuring coordinated and efficient responses across all departments.

Internal reviews and audits assess the effectiveness of our critical incident management. This helps us continually improve our processes and prepare to handle situations effectively. We aim to adopt the latest industry standards and integrate new technologies for better incident tracking and reporting.

In 2023, we conducted a significant drill organized with the Ministry of Emergency Situations to test our incident response capabilities. The drill was organized around the tailing delivery system. The OH&S team of ZCMC and the MES team organized a firefighting dam and rescued people during the emergency. The exercise provided significant insights, and the lessons learned have been incorporated into our ongoing efforts to enhance the incident management system.



SAFETY TRAINING AND EMERGENCY PREVENTION: ENSURING EMPLOYEE AWARENESS

GRI 403-4, GRI 403-5, SASB EM-MM-320A.1

We ensure our employees’ participation in safety-related training and discussions and the joint hazard identification and risk management processes. Employees raise their opinions during discussions to solve problems, improve the working area, and enhance working conditions. Their proposals form the basis for decision-making. The decisions made by the respective Directors of ZCMC are discussed with the management personnel of the workshops, as they act as employees’ representatives.

To ensure practical training, we conduct a training needs analysis. This process includes determining the number of employees requiring safety training, identifying their professions, work environments, associated risks, and the specific courses they need to complete. Training selection is also

informed by past incidents, near misses, and accidents in various production areas. Employees’ initial skills are assessed through pre-training tests, and training is tailored accordingly. Post-training quizzes measure the knowledge gained, allowing us to evaluate the program’s effectiveness.

The Health and Safety Department organizes OH&S courses, some of which are mandatory on an annual basis, while others are planned and implemented by ZCMC based on the requirement of high risk.

Training courses aimed at recognizing hazards and risks in the workplace mainly include people working in dangerous, harmful factories because high-risk jobs are more likely to lead to accidents.

IN 2023, THE FOLLOWING SPECIALIZED TRAININGS WERE CONDUCTED:

Working at height

379 participants

Riggers

418 participants

Operating in confined spaces

195 participants

Firefighting

161 participants

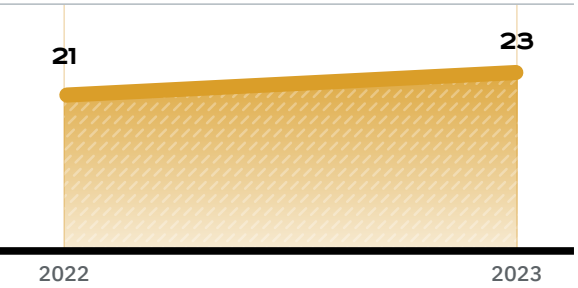
Employees who underwent training in OH&S in 2023

4,409

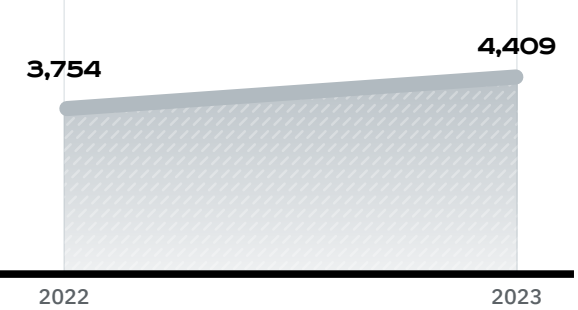
with an average training duration of 23 hours per employee

TRAINING OF EMPLOYEES ON OCCUPATIONAL HEALTH AND SAFETY

The average number of hours of occupational health and safety training per employee (own employees), hours



Number of employees trained in occupational health and safety (own employees)



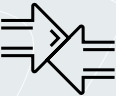
Extending our commitment to safety beyond our immediate employees, we also ensure that personnel from contracting companies receive the necessary training. In 2023, 325 employees from contractor companies participated in various training modules, enhancing their capabilities to navigate the demands of their roles safely.

UNION AGREEMENTS

As part of the Company’s commitment to fostering a safe and supportive work environment, employees are provided with access to local formal union agreements. These include providing personal protective equipment, participating workers’ representatives in health and safety inspections, regular audits and accident/incident investigations, training and professional education, and protection against reprisals. In addition, ZCMC collaborates with the Trade Union representatives within the Company. The Union’s objectives include:



Representing and protecting employees’ labor and related social rights to the employer and third parties



Ensuring coordination of interests between employees and employers in collective labor relations at various levels of social partnership



Participating in the development and implementation of production programs at the employer’s invitation



Submitting recommendations to the employer to improve working and rest conditions, introduce new equipment, ease manual labor, revise production norms, and adjust labor remuneration



Cooperating with the employer on matters of reward and encouragement for Trade Union members



Discussing disciplinary issues involving Trade Union members at the employer’s request



LOCAL COMMUNITIES

WE ARE COMMITTED TO MANAGE RISKS AND OPPORTUNITIES RELATED TO COMMUNITY RIGHTS AND INTERESTS IN ALL AREAS OF OPERATIONS.

ZCMC community investments in 2023

\$20.2
million

Transfers to NGOs for partnerships and financial support in 2023

\$1.2
million

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9



SOCIAL PROJECTS AND INFRASTRUCTURE DEVELOPMENT: COMMITTED TO ENHANCING THE QUALITY OF LIFE IN LOCAL COMMUNITIES

GRI 3-3, SASB EM-MM-210B.1

Economic Rights and Interests:

We ensure that our operations contribute positively to the local economy through employment opportunities, fair wages, and transparent payment practices. Additionally, we focus on respecting and enhancing local infrastructure and agricultural land, which are crucial for the community's economic stability.

Environmental Rights and Interests:

Our ecological responsibility includes maintaining clean local air and water quality and ensuring safe discharge and disposal of waste. This commitment is central to our operational practices and community engagements.

Social Rights and Interests:

ZCMC prioritizes access to adequate health-care, education, and housing for communities affected by our operations. We believe that supporting these fundamental rights is essential for sustainable community relations.

Cultural Rights and Interests:

We are dedicated to protecting places of cultural significance, such as sacred and burial sites, and recognizing their importance to community identity and heritage.

All the rights and interests mentioned are integrated into our operational standards and procedures and monitored regularly to track compliance and improvement.

We are committed to aligning with the International Finance Corporation's (IFC) Performance Standards to promote safety, transparency, and respect in our operations. According to the Performance Standard 4, we prioritize the safety and well-being of local communities by implementing safety measures, regularly conducting health assessments, and maintaining open communication to ensure their security around our operational sites.

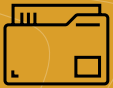
As outlined in Performance Standard 5, we engage transparently with affected communities and pro-

vide them with fair compensation and assistance regarding land acquisition and resettlement.

Respecting cultural heritage is part of our approach and central to our values. Following Performance Standard 8, we conduct cultural impact assessments before any site development and work closely with local heritage organizations to ensure that critical cultural sites are preserved or appropriately managed.

Our business partners, including contractors, subcontractors, suppliers, and joint arrangement partners, are expected to adhere to the same community rights and interests standards as ZCMC. Audits regarding our social responsibility policies are mandatory as part of our contracts.

OUR COMMUNITY-FOCUSED PRACTICES ARE APPLIED THROUGHOUT ALL LIFECYCLE STAGES OF OUR OPERATIONS:



Pre-bid:

Evaluation of community impacts before any site acquisition.



Exploration and Appraisal:

Community social impact and environmental impact assessments to identify potential risks and benefits.



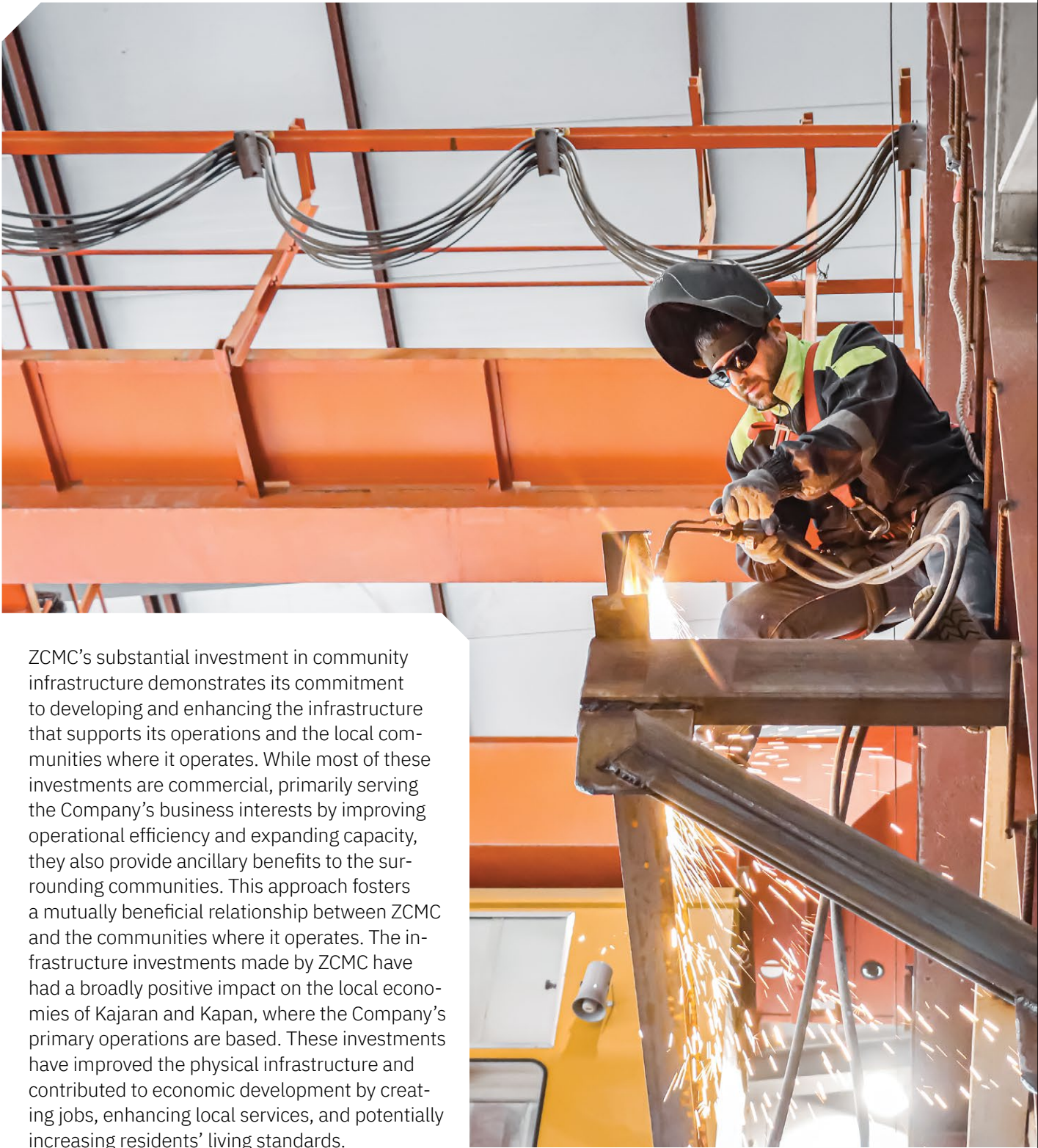
Site Development and Mineral Production:

Implement strategies to mitigate risks and enhance community benefits during active operations.



Closure, Decommissioning, and Restoration:

Ensuring that sites are returned to safe and usable conditions, often exceeding regulatory requirements.



ZCMC’s substantial investment in community infrastructure demonstrates its commitment to developing and enhancing the infrastructure that supports its operations and the local communities where it operates. While most of these investments are commercial, primarily serving the Company’s business interests by improving operational efficiency and expanding capacity, they also provide ancillary benefits to the surrounding communities. This approach fosters a mutually beneficial relationship between ZCMC and the communities where it operates. The infrastructure investments made by ZCMC have had a broadly positive impact on the local economies of Kajaran and Kapan, where the Company’s primary operations are based. These investments have improved the physical infrastructure and contributed to economic development by creating jobs, enhancing local services, and potentially increasing residents’ living standards.



Creating jobs:
The construction and maintenance of community development projects generate employment opportunities for residents.



Enhancing local services:
Improved infrastructure, such as roads and utilities, facilitates access to essential services and improves the overall quality of life.



Potentially increasing the standard of living:
Infrastructure investments can contribute to a higher standard of living for residents by creating jobs and improving local services.

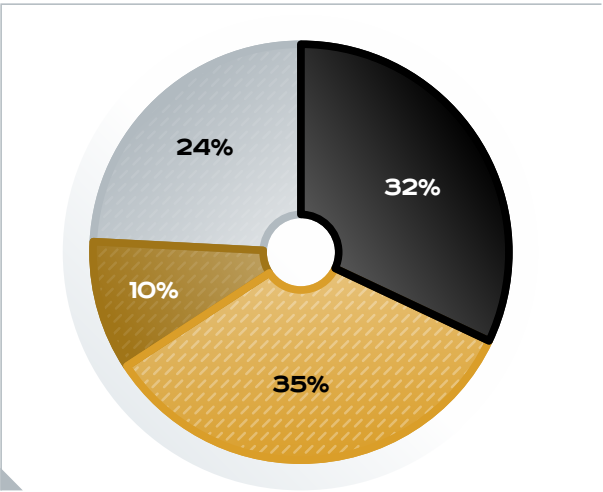
	Kajaran	Kapan	Syunik Region	RA other regions	Total USD	Sectoral proportion %
Social aid including aid to individuals, communities, infrastructure development, construction	2,342	3,292	643	419	6,695	33.2%
Subvention	1,388	964			2,351	11.7%
Tuition fee, support to educational institutions	576	247		506	1,329	6.6%
Medical treatment, health facilities	934	421	61	158	1,574	7.8%
Development of sports (including Syunik FC)	153	1,380	46	304	1,884	9.3%
Cultural events (including Syunik TV)	75	60	716	153	1,004	5.0%
Ministry of Defense, military units				1,928	1,928	9.6%
Support to organizations and funds (health, social, disabled, mining)			274	948	1,222	6.1%
Financial aid to employees	302			16	318	1.6%
Airport and airplane maintenance		1,854			1,854	9.2%
Total kUSD	5,769	8,219	1,740	4,431	20,159	



We recognize the importance of balancing our operational goals with the needs of the local communities. We conduct community needs assessments to ensure that infrastructure projects align with the community’s needs. These assessments help determine the specific infrastructure and services required to support sustainable development in the region. The results of these assessments directly shape our planning and execution processes, ensuring they meet the community’s real needs and foster positive relationships between the Company and local stakeholders. A key example of such an approach is community-based social infrastructure projects, where both communities and local government speak about the most critical areas of development. These include rural infrastructure and subvention projects, such as schools, road repair, water system upgrades, etc.

GEOGRAPHIC OF COMMUNITY INVESTMENTS, EXCLUDING AIRPORT AND AIRPLANE MAINTENANCE

■ Kajaran ■ Kapan ■ Syunik Region ■ RA other regions



PARTNERSHIP PROJECTS AND FINANCIAL SUPPORT

Partnership projects and NGO financial support comprise about 6% of the community investment, totaling approximately USD 1.2 million. Upon approval, these projects are implemented with agreed-upon targets, expected results, and activities reflected in binding agreements with each partner. We regularly monitor project activities: summary reports are generated after each trip; partners provide quarterly progress and financial reports through agreed-upon templates as part of their accountability. In 2023, we partnered with 18 NGOs and other organizations to implement various initiatives. This ensures regular engagement with them that:

- It provides a platform for us to raise awareness about mining operations.
- Serves as a reliable source for gaining insights on community well-being and perceptions of the mine, ensuring the presence of ZCMC through NGO activities.
- Enhances NGOs’ capacities (planning, proposal writing, reporting, accountability).

In 2023, support funds were allocated to 14 organizations. Such support is regularly extended without formal agreement to organizations running their programs, including the Union of Miners and Metallurgists of Armenia (UMMA) and various local NGOs.

COMMUNITY ENGAGEMENT, GRIEVANCE, AND HUMAN RIGHTS: ADDRESSING CONCERNS AND RESPONDING TO COMMUNITY NEEDS EFFECTIVELY

GRI 3-3, SASB EM-MM-210A.3

We use various communication methods and interaction channels to engage with local communities. These include public meetings, stakeholder consultations, grievance mechanisms, and direct communication through the social team, media, and regional media outlets. Common topics of concern include the impact of ZCMC’s operations on the environment and local health, land use issues, and requests for more investment in regional infrastructure and services. Our Company actively addresses these concerns through its engagement strategies and operational adjustments.

Equally important is grievances record-keeping as an indicator of engagement and a reliable source for data analysis, tracking perceptions and concerns within the communities and broader stakeholders. Records of meetings were launched in 2023, summarizing the topics discussed and questions raised.

In 2023, a total of 40 meetings were held. In addition to these meetings, regular engagement is conducted with local and regional authorities (formal and informal) to discuss various aspects of ZCMC operations, subvention or other activities, and areas of cooperation. Topics of the meetings include:

- Monitoring visits and meetings with partner organizations to discuss project progress, issues, reporting requirements, plans, and proposed projects. The field and office visits allow NGOs and other partner organizations to gain valuable insights into ZCMC’s corporate identity, Social Corporate Responsibility efforts, priority areas for community support, and procedural guidance. Internal Monitoring Reports are generated to summarize the visits, findings, and observations from these visits.
- Introduction meetings with NGOs and local businesses, where they learn about ZCMC social investments, potential areas for cooperation, and procurement opportunities from local vendors. During these sessions, ZCMC clarifies Company policies, procedures, approaches to local procurement, and priority areas for community investment. Follow-up visits ensure ongoing constructive engagement and open communication.
- Community meetings are held to engage with locals, discuss issues related to ZCMC operations, and hear their perceptions, concerns, and feedback. These meetings, along with others mentioned above, are summarized in the Meetings log within the SMS.
- Initial meetings will be held with the Kajaran and Kapan municipalities to introduce the plans and the strategy for ZCMC operations.



We emphasize community feedback and actively incorporate it into our decision-making processes.

Examples of community feedback in action:

- Infrastructure projects: community feedback has influenced the design and location of infrastructure projects: potable water supply, upgraded schools and kindergartens for the children, enhanced accessibility and services to children with disabilities aimed at social inclusion, improved access to education; children and youth development through sport and culture programs; reliable commute between the communities through transportation support. All these initiatives have enhanced rural infrastructure that aligns with the needs of communities.
- Environmental management: community input helped to shape ZCMC's ecological management practices, ensuring that the Company operates responsibly and sustainably.

GRI 413-1

Our local community development programs are based on needs assessments, baseline data collection, and annual community requests analysis. In 2023, two needs assessments (Spring and Fall) were conducted to gather community insights, ensuring gender-balanced participation. Summary Reports from both assessments detail each survey community's priority needs and sectors collected from key informants and focus groups. These surveys also included sections on perceptions of communities on mines in general and ZCMC specifically. Based on the "shared value, shared responsibilities" approach, the assessments identified priority areas that benefit the community and ZCMC. National security concerns, challenges related to drinking water, and a lack of natural gas in certain areas were consistent issues raised by target communities.

In addition to the surveys, the Baseline Data Collection initiative has been ongoing since 2022, compiling information on demographics, employment, current infrastructure, agriculture, migration, community challenges, and priority needs in each affected community. This database is updated annually, helping us monitor trends and identify critical issues facing the communities and their pressing needs. The baseline data of the respective initiative and the Assessment Survey findings complement each other and provide a bigger picture of the communities in terms of needs and existing infrastructure, livestock, etc., that serve as good indicators of socioeconomics and livelihoods.

Key documents regulate our community engagement activities, including the Social Management Policy, Sustainable Development Policy, and Stakeholder Engagement Plan. These documents outline



the guidelines and processes for interacting with local communities and ensure that the Company's activities align with its commitment to social responsibility and transparency.

The Stakeholder Engagement Plan (SEP), prepared in 2022, includes stakeholder mapping and electronic records of public events and community interactions. While no formal community consultation committees exist, a dedicated Social Team regularly discusses critical issues and concerns with municipalities, community heads, and vulnerable groups.

Since fall 2022, we have also implemented a formal Grievance Mechanism, ensuring that all grievances (including details on grievance topics, geography, and actions taken by ZCMC) are electronically logged, tracked, and addressed transparently.

GRI 413-2

Our operations, including those with significant potential impacts on local communities, are detailed in the current Social and Environmental Impact Assessment (ESIA), with an update expected in 2024-2025. This document, along with the SEP, baseline data, and other sources, outlines the location of operations, significant impacts, and the vulnerability and risk factors affecting local communities. The updated ESIA will detail the strength and quality of the governance of regional and national institutions around local communities, natural resource consumption, and the intensity, duration, reversibility, and scale of impacts. This approach ensures that ZCMC addresses its operations' positive and negative effects on local communities.

OUR ACHIEVEMENTS IN 2023:



Transitioning Social Investments:

The Company has focused on shifting social investments towards sustainable and independent community development.



Aligning with Governmental Developmental Plans:

ZCMC has aligned its projects with local and national government plans, particularly in infrastructure, sport, and education.



Focus on Regional Development:

Emphasis has been placed on developing the regions of Kapan and Kajaran and enhancing local infrastructure and services.



Training and Workshops on ESG and Safety:

ZCMC conducted numerous inductions/trainings, of which 625 people participated. The topic was "How to reuse," which aimed at improving the understanding of waste and its management. Statistical data on plastic pollution were provided, and the severity of the problem and its possible consequences were discussed. After familiarizing themselves with the negative aspects of plastic, participants were given fabric bags to replace plastic bags at the end of the course.



Ongoing GM Implementation:

The Grievance Mechanism has been actively used and continuously improved to address community concerns effectively.



ESTABLISHING A HUMAN RIGHTS FRAMEWORK TO PROTECT COMMUNITY RIGHTS

SASB EM-MM-210A.1, SASB EM-MM-210A.2, SASB EM-MM-210A.3, GRI 2-23, GRI 2-24

OUR DUE DILIGENCE PRACTICES AND PROCEDURES CONCERNING UPHOLDING THE PRINCIPLES COVERED IN HUMAN RIGHTS FRAMEWORKS ARE AS FOLLOWS:



Human Rights Practices

Our approach to human rights is rooted in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, ensuring freedom of association, prevention of forced and child labor, fair wages, and non-discrimination. We also follow the United Nations Guiding Principles on Business and Human Rights, focusing on due diligence processes. In line with the Voluntary Principles on Security and Human Rights, we manage security practices to safeguard human rights.



Operating in Conflict Areas

There are no proven or probable reserves in conflict zones or indigenous lands.



Governance and Compliance

Our governance structures ensure adherence to our human rights and due diligence policies deeply embedded in our corporate culture and day-to-day operations.



Due Diligence Across the Board

Our due diligence process is applied throughout all project stages — before, during, and after operations. We carefully consider local and regional contexts to ensure our practices are fitting and sensitive to cultural and situational factors.



Collaboration with Business Partners

Our commitment to ethical standards extends to all our partnerships. We collaborate closely with contractors, suppliers, and partners to ensure they meet our standards. In cases where challenges arise, we engage openly to align practices with our ethical commitments.





APPLYING A ZERO-TOLERANCE POLICY TOWARD CHILD LABOR

SASB EM-MM-210B.1, GRI 408-1

We do not engage in or condone child labor in any operations or business relationships. We anticipate zero tolerance for child labor to all suppliers and partners through contractual agreements and compliance audits.

Due to stringent labor policy enforcement and supplier audits, we do not have operations or

associated suppliers classified under significant risk categories for child labor. All operations and suppliers in Armenia are subject to national labor laws prohibiting child labor, thereby mitigating risk. All operational sites and suppliers are regularly audited to ensure compliance with legal standards against child labor.

APPLYING STRICT POLICIES AGAINST FORCED OR COMPULSORY LABOR

SASB EM-MM-210B.1, GRI 409-1

We have conducted thorough risk assessments and can confirm that none of our Company's operations or direct suppliers are considered at risk for forced or compulsory labor incidents. All operations are carried out within jurisdictions that uphold strict labor laws against forced or compulsory labor, and we ensure compliance through regular audits and checks.

We remain vigilant, maintaining strict hiring practices and supplier assessments to ensure all employment is voluntary and compliant with the highest standards of human rights and labor laws.

ENSURING THE ABSENCE OF NON-TECHNICAL DELAYS THROUGH REGULAR ASSESSMENTS

SASB EM-MM-210B.2

We regularly assess non-technical delays, such as those arising from community grievances, the availability and development of local content, access to adequate infrastructure, community actions, and challenges associated with land access. Strategic plans are developed to address these challenges proactively and to seize opportunities for community development and cooperation.

We did not experience any shutdowns during the reporting period because of non-technical delays. We actively engage with regulatory bodies to expedite processes related to delays due to pending permits.

There were no delays due to community protests and political instability. We have enhanced our community engagement strategies to address local concerns better and mitigate future disruptions. Our risk management team continues to monitor the situation closely and adjust operational plans accordingly.





08

ENVIRONMENTAL AND CLIMATE SUSTAINABILITY

AS THE LEADING MINING COMPANY IN THE COUNTRY OPERATING THE LARGEST COPPER AND MOLYBDENUM DEPOSIT IN THE CAUCASUS REGION, WE PAY CLOSE ATTENTION TO THE ECOLOGICAL IMPACT OF OUR OPERATIONS. WE ARE COMMITTED TO MINIMIZING THIS IMPACT AT EVERY STAGE OF OUR ACTIVITIES.

In 2023, the Environmental Department's landscaping workers planted and cared for

16,279

units of trees, flowers, and bushes

In 2023, we recultivated 5.2 hectares near the Artsvanik TSF and undertook a larger

40

hectare restoration initiative

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9



ENVIRONMENTAL PROTECTION: COMMITTED TO MINIMIZING OUR ENVIRONMENTAL IMPACT

The Sustainability Director oversees our environmental efforts and manages the Environmental Department. This department addresses ZCMC’s day-to-day environmental matters and challenges, tracks/monitors compliance with local regulations, and implements the Company’s strategy of adopting international environmental standards through regular internal audits, risk assessments, and continuous monitoring.

We strongly emphasize engaging with stakeholders, including local communities, regulatory authorities, and environmental organizations. Their input is invaluable in driving the continuous improvement of our environmental practices, ensuring their effectiveness and alignment with our broader sustainability objectives.

The Company operates under an Environmental Management Framework built around 12 dedicated Management Plans. Each plan addresses a specific area, such as Waste, Water, Soil, Air, Hazardous Materials, and Biodiversity management. This structured approach guarantees that our environmental responsibilities are effectively managed and fully integrated with regulatory requirements and extensive sustainability goals.

SASB EM-MM-160A.1, SASB EM-MM-110A.2

Based on our Environmental Management Framework, our environmental management plans are applied across all asset lifecycle stages. This includes the pre-bid phase, when the Company evaluates potential site acquisition, exploration, appraisal, site development, production, closure, decommissioning, and restoration. These plans reflect our internal standards, developed in collaboration with a third-party organization, ensuring a consistent and rigorous approach to managing environmental responsibilities throughout the lifecycle of our operations.

COMMITMENT TO GLOBAL STANDARDS

We aim to align our operations with internationally recognized environmental standards, such as the IFC Performance Standards. We have already obtained ISO 14001 certification for environmental management, which underlines our commitment. Additionally, we plan to get an ESG rating on a global platform, reinforcing our commitment to responsible and sustainable mining practices. These initiatives underscore our dedication to enhancing transparency, improving ESG performance, and integrating sustainability into every facet of our business operational activities.

CLIMATE CHANGE ADAPTATION AND RESILIENCE: COMMITTED TO TRANSPARENCY AND ACCOUNTABILITY IN ENVIRONMENTAL MANAGEMENT

GRI 3-3, SASB EM-MM-110A.2

Our commitment to monitoring and reporting our environmental impact, including GHG emissions, reflects our dedication to long-term ecological stewardship and strengthens our position as a responsible leader in the mining industry.

Our approach to managing climate change is regularly evaluated through performance reviews, GHG audits, and benchmarking against industry standards. This way forward helps us to remain aligned with our strategy and make appropriate changes and improvements, instilling confidence in our stakeholders about our adaptability and resilience. We conduct annual audits of our greenhouse gas emissions, internally and frequently utilize independent third-party assurance to ensure transparency and accuracy.

In 2023, we introduced several initiatives to reduce GHG emissions, such as upgrading to energy-efficient equipment, optimizing energy use, and increasing our reliance on renewable energy sources. The strategy still needs fin-tuning, as it hasn’t yet yielded any tangible results, and we are recognizing it. However, we are ready to invest into a long-term strategy to ensure the milestones we strive to achieve.

To support our climate change adaptation and GHG emissions reduction efforts, we have made improvements in corporate governance, including:

- We are expanding the Environmental Department and the team of the Sustainability Directorate to integrate climate-related responsibilities across the organization,
- We are setting more ambitious GHG reduction targets and incorporating climate adaptation strategies,
- We are increasing our focus on sustainability reporting and aligning with international climate frameworks.

We have developed an Environmental Policy for sustainable transportation, energy efficiency, and GHG emissions reduction, which is set for adoption in 2024. Our current Sustainable Development Strategy and Climate Risk Assessment Report outline further plans to incorporate climate considerations into our operations and business planning, which aligns with TCFD guidelines.

Looking ahead to 2024, we remain committed to reducing GHG emissions and enhancing our resilience to climate change through expanding renewable energy projects, energy efficiency measures, and integrating climate risk considerations into business strategies.





CLIMATE RISKS MANAGEMENT: TARGETING LOWER CARBON FOOTPRINT AND ENHANCING RESILIENCE TO CLIMATE- RELATED RISKS

MEASURES TO REDUCE EMISSIONS

While we acknowledge that our policies and day-to-day operations aimed at emissions reduction need to develop further to yield results, we are on our way to implementing several measures to enhance those efforts:

Preventive measures implemented:



Operational Efficiency:

Continuous assessment and enhancement of processes to minimize wastage and optimize energy use.



Resource Management:

Promoting recycling and efficient use of raw materials.

Mitigation efforts:



Renewable Energy Integration:

Initiating a shift towards renewable energy to decrease reliance on fossil fuels.



Carbon Capture Technologies:

Investing in technologies to capture and store carbon emissions.

Adaptation Initiatives:



Risk Assessment:

Engaging experts to understand potential climate risks and adapt infrastructure accordingly.



Community Engagement:

Collaborating with local communities to build resilient and adaptive climate conditions.



Employee Awareness and Training:

Conducting regular workshops, training sessions, and awareness campaigns to ensure employees are informed and engaged in sustainability efforts.



WE CONTINUALLY MONITOR THE PROJECTS AND THEIR DEVELOPMENT TO ENSURE THAT ALL THE ABOVE INITIATIVES LEAD TO TANGIBLE RESULTS AND ADAPT TO NEW CHALLENGES.

RISK ASSESSMENT

In 2023, we conducted a Climate Risk Assessment to identify and evaluate the potential impacts of climate change on our operations. This process highlighted vital risks, including extreme weather events and their possible effects on operational continuity and infrastructure integrity. Overall, during the assessment of 2022, which remains relevant for 2023, a total of 18 transitional and physical risks were identified. **The top 4 risks are:**



Scarcity of water resources:
a reduced flow of the Voghji River due to climate change poses a risk to production processes.



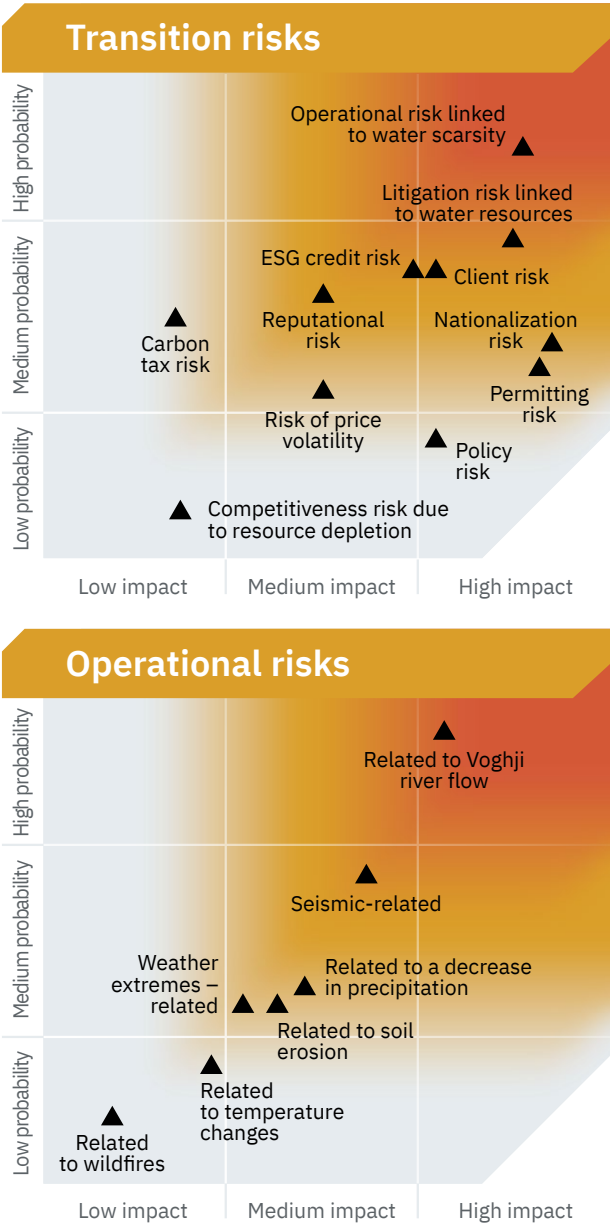
Litigation related to water usage:
possible conflicts over water usage with local communities.



Client risk:
the decarbonization strategies of clients increase demand for products with a lower carbon footprint. This represents a risk of losing clients if not aligned with their decarbonization targets.



ESG credit risk:
financing challenges due to stringent ESG requirements and a low ESG rating score.



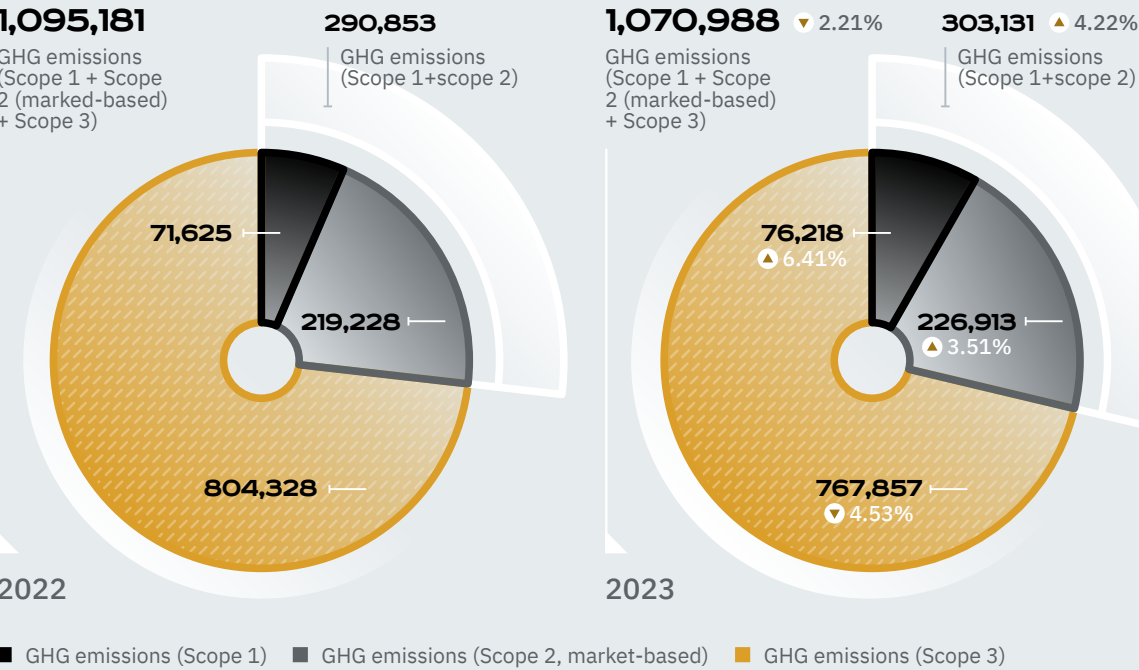
The primary driver of physical climate risks for our operations is the increased frequency and intensity of extreme weather events. Storms, floods, and heat waves threaten our facilities and supply chains, highlighting the urgent need for resilience measures.

GHG EMISSIONS: TARGETING THE IMPROVEMENT OF PRODUCTION EFFICIENCY

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

In 2023, greenhouse gas (GHG) emissions reached 1,070,988 metric tons of CO₂ equivalent. The Scope 1 emissions resulted from mobile fuel combustion, mainly diesel¹³. Most emissions, totalling 767,857 metric tons of CO₂ equivalent, were classified as Scope 3 emissions. Notably, GHG emissions associated with processing sold products accounted for approximately 25% of the total emissions.

AMOUNTS FOR TYPES OF GREENHOUSE GAS EMISSIONS (IN METRIC TONS OF CO₂ EQUIVALENT)

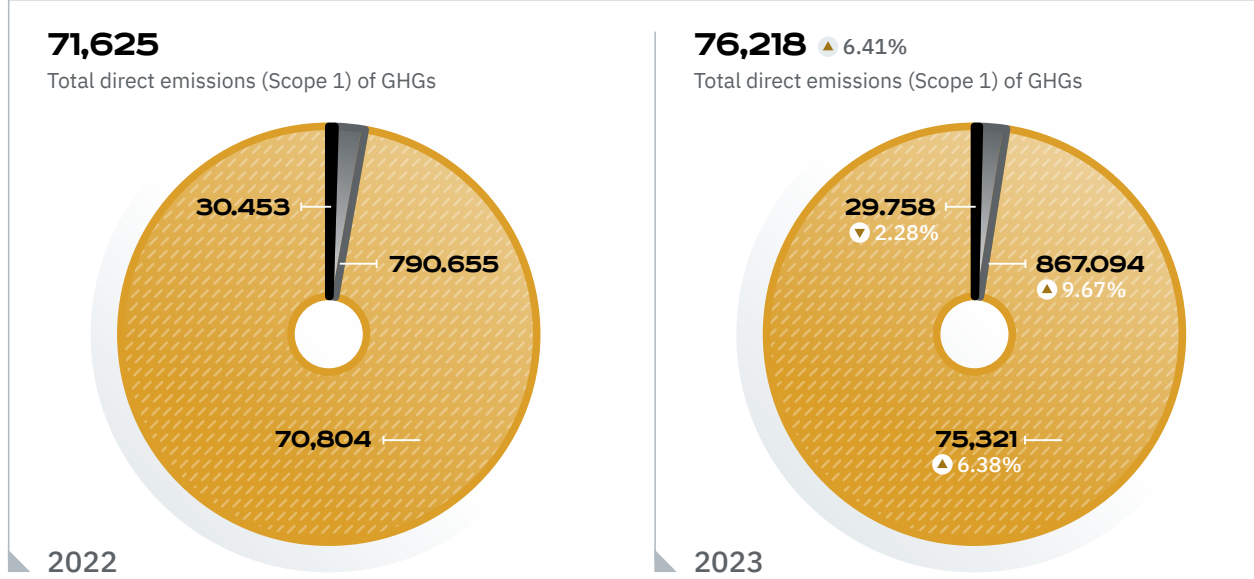


¹³ Total GHG emissions from stationary fuel combustion (equipment and heating system) equaled 11,570 tCO₂-eq. Total GHG emissions from mobile fuel combustion equaled 64,647 tCO₂-eq, of which emissions from used diesel GHG were 62,080 tCO₂-eq, and from used petrol GHG emissions – 2,567 tCO₂-eq.

GRI 305-1, SASB EM-MM-110A.1

DIRECT GREENHOUSE GAS EMISSIONS (IN METRIC TONS OF CO₂ EQUIVALENT)

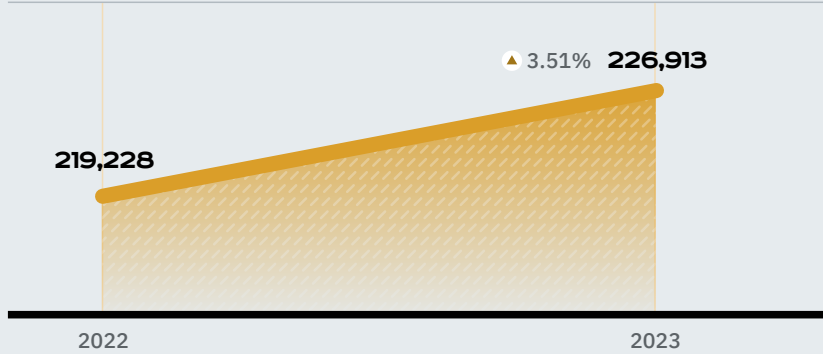
■ Methane (CH₄) ■ Carbon dioxide (CO₂) ■ Nitrous oxide (N₂O)



GRI 305-2

The total volume of indirect emissions (Scope 2) of greenhouse gases (location-based and market-based¹⁴) equaled 226,913 metric tons of CO₂ equivalent in 2023, showing an increase of 3.51% compared to 2022.

TOTAL VOLUME OF INDIRECT EMISSIONS (SCOPE 2) OF GREENHOUSE GASES (IN METRIC TONS OF CO₂ EQUIVALENT)¹⁵



¹⁴ For location-based Scope 2 emissions, grid electricity emission factors were taken from CDM Standardized Baseline ASB0038-2021: Grid emission factor for the electricity system of the Republic of Armenia. The emission factor on power sector emissions is 0.43596. For market-based Scope 2 emissions, a supplier-provided emission factor was used.

¹⁵ The gases included in the calculation (e.g., CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) were not comprehensively calculated due to data availability issues.

GRI 305-3

The total volume of other indirect emissions (Scope 3) of greenhouse gases amounted to 767,857 metric tons of CO₂ equivalent in 2023, showing a decrease of 4.53% compared to 2022.

THE SCOPE 3 GREENHOUSE GAS EMISSIONS (IN METRIC TONS OF CO₂ EQUIVALENT)

Indicator	2022	2023	Percentage change
Category 1. Purchased Goods and Services	123,989	121,907 ¹⁶	-1.68
Category 2. Capital Goods			
Category 3. Fuel- and Energy-Related Activities, not Included in Scope 1 or Scope 2	51,492	91,930 ¹⁷	78.53
Category 4. Upstream Transportation and Distribution	54,266	29,317	-45.98
Category 5. Waste Generated in Operations	-	-	-
Category 6. Business Travel	185	252	36.22
Category 7. Employee Commuting	35,121	31,086	-11.49
Category 9. Downstream Transportation and Distribution	132,996	123,544	-7.11
Category 10. Processing of Sold Products	406,279	369,821 ¹⁸	-8.97
Total other indirect emissions (Scope 3) of GHGs	804,328	767,857	-4.53

¹⁶ For this value, 74,572 tCO₂-eq is in the activity-based method, and 47,335 tCO₂-eq is in the spend-based method.

¹⁷ This emission consists of 1,501 tCO₂ for natural gas (excluding liquefied natural gas (LNG)) carriers, 75,978 tCO₂ for electricity carriers, and 14,451 tCO₂-eq for diesel and petrol carriers.

¹⁸ This comprises 9,311 tCO₂-eq FeMo production and 360,510 tCO₂-eq Cu production.

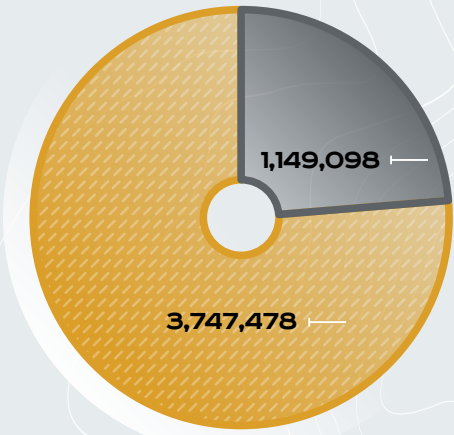




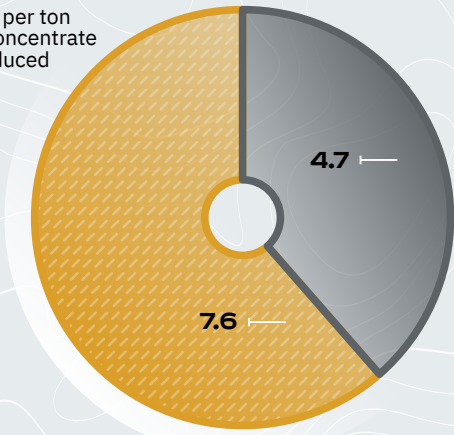
ENERGY CARRIERS, 2023

■ Primary energy carriers (fuels) ■ Secondary energy carriers

Total energy carriers
4,896,576
GJ



Total energy carriers
12.6
GJ / per ton
of concentrate
produced



INTENSITY OF GREENHOUSE GAS EMISSIONS PER TON OF CONCENTRATE PRODUCED,
PER SALES, AND PERSON

Indicator	GHG intensity		
	per ton (tCO ₂ -eq./t)	per sales (tCO ₂ -eq./ EURO million)	per person (tCO ₂ -eq./ employee)
Scope 1	0.33	104	16
Scope 2	0.97	308	49
Scope 3	3.8	1,250	197
Scope 1 + Scope 2	1.3	412	65
Scope 1 + Scope 2 + Scope 3	5.1	1,662	262

SPECIFIC GREENHOUSE GAS EMISSIONS (CARBON INTENSITY) PER REVENUE

Indicator	Unit of measurement	2022	2023	Percentage change
Total GHG emissions (Scope 1 and 2)	metric tons of CO ₂ equivalent	290,853	303,131	4.22
Specific GHG emissions (Scope 1 and 2)	metric tons CO ₂ of equivalent / thousand drams	0.000812	0.000971	19.52
Revenue	thousand drams	358,163,585	312,305,560	-12.80

Water scarcity impacted our production levels, forcing the Company to operate at a relatively low capacity, as water is one of the crucial elements of production and the impact is visible in GHG emissions. The GHG emissions are interconnected with it, as the Enrichment Plant is the biggest emitter. A possible increase in production volumes, connected with the availability of water resources, in 2024 compared with 2022 and 2023 may increase GHG emissions. The dynamics of annual indicators show that in 2024, we may be able to work at total capacity.

Our environmental activities include large-scale landscaping programs in the Company's operation area and affected communities to offset CO₂ emissions.

In 2023, the Environmental Department's landscaping workers planted and cared for 16,279 units of trees, flowers, and bushes. As of early 2024, monitoring revealed that the total amount of CO₂ absorbed by these plants is 3,502.76 kg, representing a CO₂¹⁹ offset of 0.000327059% of the total emissions.

Among the plant species under the Company's care, Catalpa small, Catalpa tall, poplar, and plan-tain poplar were identified as the most efficient in absorbing carbon dioxide, with absorption capacities of 521.42 kg, 1,261.29 kg, 911.85 kg, and 288.72 kg, respectively.

¹⁹ Emitted CO₂ is calculated as Scope 1 + Scope 2 (market-based) + Scope 3 and equals to 1,070,988 tCO₂-eq./yr.



ENERGY CONSUMPTION AND RENEWABLE RESOURCES: AIMING AT OPTIMIZING ENERGY USE TO REDUCE ENVIRONMENTAL IMPACT

GRI 3-3

Our energy management strategy monitors and manages consumption across all operations. Regular energy audits and performance metrics help us pinpoint areas for improvement.

We update our energy-saving initiatives throughout the year, such as upgrading equipment, optimizing processes, and implementing systems to better energy use monitoring and control.

Looking ahead to 2024, our goals include reducing energy consumption, increasing our use of renewable energy, and enhancing overall efficiency. Key actions will focus on developing our Energy Monitoring System, deploying new energy-saving technologies, and improving staff training in energy efficiency.

These initiatives combine technological advancements with ongoing stakeholder engagement to lower operational costs, minimize environmental impact, and meet global sustainability standards.

GRI 302-1, SASB EM-MM-130A.1

The Company’s primary energy source is electricity. We purchase electricity from the Armenian Nuclear Power Plant and the free market, taking advantage of relatively lower costs. Thus, 62% of our energy consumption is sourced from grid electricity.

Diesel is primarily used for machinery, technique, and production of heavy trucks (open pit). Petrol is mainly used for passenger vehicles in the Company’s workshops and sites.

TOTAL ENERGY CONSUMPTION (IN GIGAJOULES)

Indicator	2022	2023	Percentage change
Diesel products	803,171	882,594	9.89
Petrol products	37,281	38,264	2.64
Natural gas	249,160	228,240	-8.40
Purchased or acquired electricity ²⁰	1,810,278	1,908,113	5.40
Total Consumption from Non-Renewable Sources ²¹	2,899,890	3,057,211	5.43
Electricity sold	-	34,375 ²²	-
Total Energy Consumption	2,899,890	3,022,836	4.24

²⁰ Primarily sourced from the Armenian Nuclear Power Plant.

²¹ ZCMC did not use any renewable energy source in 2022 and 2023.

²² The Company possesses energy storage capabilities, allowing it to store surplus electricity and sell it to the “Agarak” Grid.



GRI 302-3

The energy intensity ratio was calculated better to understand the energy efficiency of ZCMC’s production processes. This ratio helps monitor and manage energy consumption with the output of copper-molybdenum concentrate.

The energy intensity ratio in 2023

13.43
GJ/ton

ENERGY INTENSITY BASED ON THE OUTPUT OF COPPER-MOLYBDENUM CONCENTRATE²³

Indicator	Unit of measurement	2022	2023	Percentage change
Total energy consumption	GJ	2,899,890	3,022,836	4.24
Energy Intensity	GJ/ton	10.91	13.43	23.10
Copper-molybdenum concentrate	tons	265,655	225,042	-15.29

ENERGY INTENSITY BASED ON REVENUE

Indicator	Unit of measurement	2022	2023	Percentage change
Total energy consumption	GJ	2,899,890	3,022,836	4.24
Specific energy consumption	GJ/thousand drams	0.0081	0.0097	19.55
Revenue ²⁴	thousand drams	358,163,585	312,305,560	-12.80

GRI 302-4

The increase in energy consumption in 2023 was due to increased production compared to 2022. Despite this, we continue to monitor and manage energy usage, focusing on energy efficiency. The Company remains dedicated to pursuing energy conservation and efficiency initiatives, although their impact may take time to reflect in the overall consumption data.

²³ Data for this calculation were gathered from various departments within ZCMC, including the Production and Maintenance Departments. The methodologies and conversion factors used for these calculations follow industry standards and have been verified by the Company’s internal audit team to ensure accuracy and consistency.

²⁴ The Revenue of ZCMC CJSC and Ler-Ex LLC is presented.



WATER STEWARDSHIP: TARGETING EFFICIENT WATER USE THROUGHOUT THE OPERATIONS

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

Water is an essential resource for our mining operations, underpinning everything from production to household use. Water scarcity in the region is affecting our production capabilities, leading to instances where our Company might not operate at full capacity. Recognizing its importance, we have developed a Water Management Plan that aligns with local legislation and international standards, ensuring efficient water use and quality control.

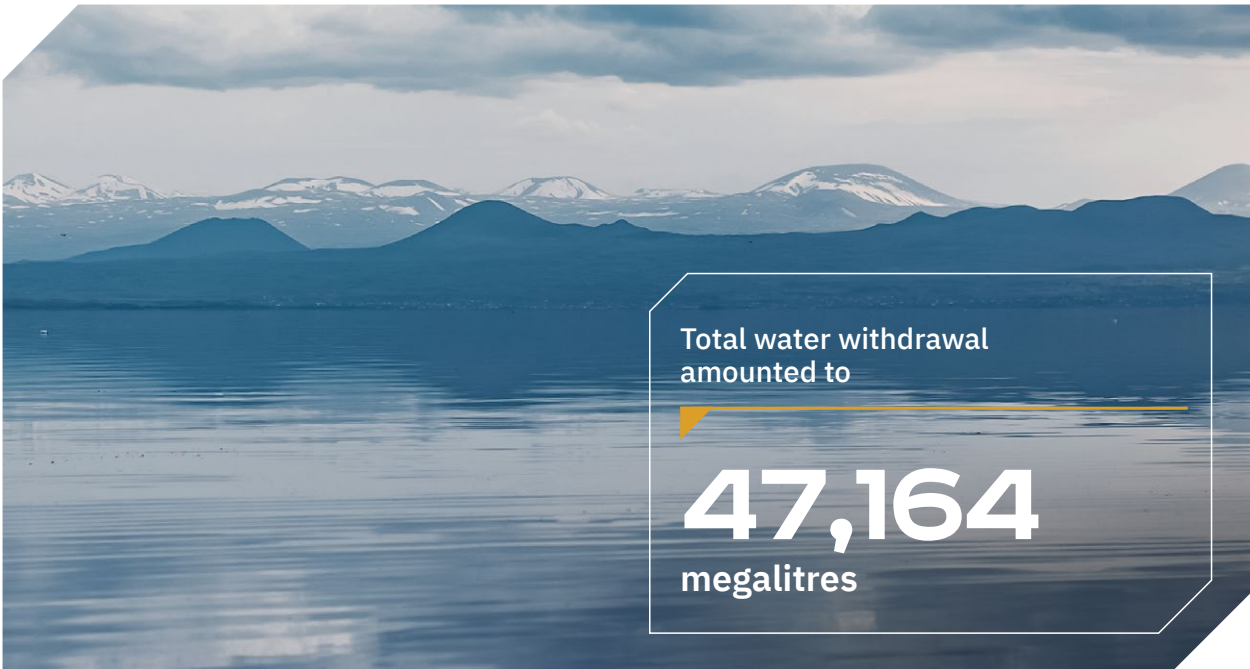
The Plan, approved by our General Director, is guided by local sector-specific regulations and the International Finance Corporation (IFC) standards. Additionally, we comply with the water intake and discharge permits issued by the Ministry of Environment, ensuring the responsible management of water resources.

Our water management practices adhere to the “Individual Norms of Water Use and Drainage of Water No. 88”, which are in effect until 2027. These norms establish strict discharge limits to protect water quality based on the Maximum Permissible Limits of pollutants defined by the Ministry of Environment.

The Sustainability Director and the Environmental Department oversee our water management efforts. At the same time, the Production Service Department within the Production Directorate ensures the efficient use of water across all operational processes.

We operate 13 water intake points, including Makanajur, Sakhar 1 and 2, and Voghji, which channel water to the Mill plant reservoirs. A single discharge point near the Artsvanik TSF directs pond water back into the Achanan River. In contrast, water from other pumping stations is safely discharged into the Geghi River and Lernadzor Stream. Water discharged into the Voghji River sometimes increases the permissible limits after passing through sedimentation basins, which is under the loop of the Company, and few solutions are discussed to solve this issue.

In 2023, we conducted a risk assessment of our water intake points, part of the ISO 14001:2015 standard, using a 5x5 matrix to identify potential hazards. Given water’s critical role in production, this assessment enables us to mitigate the risks of water scarcity driven by climate change.



GRI 303-2, GRI 303-3, SASB EM-MM-140A.1

TOTAL VOLUME OF WITHDRAWN WATER (IN MEGALITRES)²⁵

Indicator	2022	2023	Percentage change
Total volume of water withdrawn	49,088	47,164	-3.92
surface waters, including swamps, rivers, lakes	48,943	47,027	-3.91
third-party waters (municipal and other water supply systems)	145	137	-5.52

Total water withdrawal amounted to 47,164 megalitres. We use 11 intake points, the “Artsakh” drainage tunnel, and the Kajaran, Kapan, and Yerevan water supply networks. The more significant part of this volume was used for technical purposes and dust settling, while the remainder was used for communal-domestic purposes.

The classification of withdrawn water indicates that 44,006.997 megalitres are freshwater, with total dissolved solids (TDS) ≤ 1000 mg/l, while 3,157.293 megalitres fall into the category of other water, with TDS >1000 mg/l.

According to the World Resources Institute’s (WRI) Water Risk Atlas tool, Aqueduct, no regions are classified as having High (40–80%) or Extremely High (>80%) Baseline Water Stress. However, areas with moderate-to-middle Baseline Water Stress, where stress exceeds 20%, include Sakhar River-point Sakhar-1/+ Sakhar-2/+ Pukhrut River-point Pukhrut and Voghji River-point Voghji.

²⁵ No groundwater, seawater, or industrial water was used.



TOTAL VOLUME OF DISCHARGED WATER (IN MEGALITRES)²⁶

Indicator	2022	2023	Percentage change
Total volume of water discharge by destination	41,359	36,692	-11.28
surface water, including	41,320	36,654	-11.29
water from third-party sources	39	38	-2.56
Total volume of water discharge by quality categories	41,359	36,692	-11.28
freshwater	0	23	-
other water	41,359	36,669	-11.34

BREAKDOWN OF THE TOTAL VOLUME OF WATER DISCHARGED IN 2023

Discharge Points	Effluent Category	Quantity of Effluents (in megalitres)	Discharge Information
Achanan River (Norashenik tributary of Voghji River)	other water (technological waste waters)	36,631	waters of the Artsvanik tailings pond
Geghi River	normative clean freshwater	11	excess / surpluses of cooling waters of the 1st recovery pumping station
Lernadzor stream	normative clean freshwater	11	excess / surpluses of cooling waters of the 2nd recovery pumping station
Voghji River	industrial normative clean freshwater	1	discharged from the cutting site of the staples samples after mechanical cleaning (does not require further cleaning)
Sewage collector of Kajaran City	industrial and domestic, requires cleaning	20	wastewater from domestic use
Sewage collector of Kapan and Yerevan cities	domestic, requires cleaning	18	wastewater from domestic use
Total Discharge		36,692	

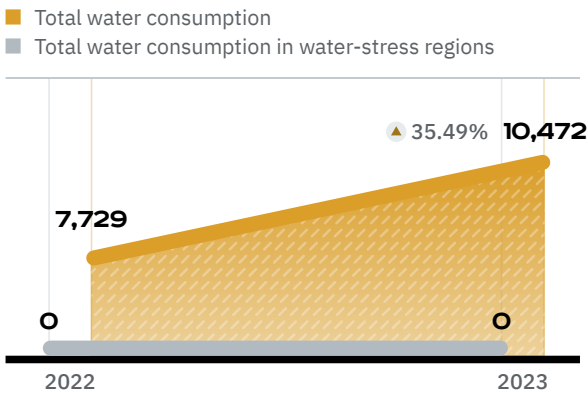
Monitoring is regularly conducted at water discharge points to identify substances of concern. The monitoring plan has been developed following IFC recommendations and is part of the ISO framework while considering best international practices. To ensure transparency and accountability, we submit our monitoring report to the Ministry of Environment quarterly²⁷.

GRI 303-5, SASB EM-MM-140A.1

After accounting for discharge, total water consumption amounts to 10,472.4 megalitres, representing 1.954% of the total water volume across all relevant rivers and tributaries (535,994.6 megalitres).

The recorded change in water storage volume in the Geghi reservoir stands at 8,930.8 megalitres. This data is compiled based on continuous monitoring and measurements.

WATER CONSUMPTION (IN MEGALITRES)



We work on implementing sustainable solutions to reuse and conserve natural resources. One of the significant projects in this area is the installation of a thickener, which will enable us to thicken the tailing slurry and reprocess approximately 25% of technical water in the Company’s enrichment process. In 2023, we ordered a project design from an international company to incorporate the latest solutions in this field. Given the scale of the project and its associated infrastructure, construction is scheduled to begin in 2024, with operations expected to commence in 2025. If successful, there are plans to increase the water volume further.

The Company plans to order a water balance assessment considering its current production capacity and future objectives in 2024. This assessment will include all our activities, allowing us to optimize water management, anticipate future needs, and identify gaps and actions required to sustain annual production levels.

To manage water resources effectively, we initiated a project in 2023, in collaboration with the Kajaran community, to treat community sewage water. Several discussions have occurred regarding potential solutions, with final decisions expected in 2024. The water is intended for reuse in production, thereby reducing freshwater consumption.

THE MOST SIGNIFICANT WATER USE OCCURS IN THE MILL PLANT (PROCESSING PLANT) DURING THE ORE GRINDING, CRUSHING, AND FLOTATION PROCESS. THAT VOLUME EQUALS 47,026 MEGALITRES, 99.997 PERCENT OF THE TOTAL VOLUME OF TECHNOLOGICAL WATER USED.



²⁶ The volume of wastewater discharged from the Artsvanik tailings pond to the Achanan River was measured and determined using a water meter. In all other cases, the discharge volume was determined by calculation based on the volumes of water used.

²⁷ The report is available on the Ministry of Environment’s website.



WASTE MANAGEMENT: FOCUSING ON RESPONSIBLE WASTE HANDLING, RECYCLING, AND DISPOSAL

GRI 3-3, SASB EM-MM-150A.10, GRI 306-1, GRI 306-2, GRI 306-3, SASB EM-MM-150A.7

We prioritize responsible waste management across all aspects of our operations. The Environmental Department, along with its employees specifically accountable for waste management issues, oversees all stages of the process — from waste classification and collection to disposal — focusing on sustainable practices. A Hazardous Waste Management Plan is also in place to handle high-risk materials effectively.

Our waste management practices are regularly audited, and performance is monitored using key metrics, including waste reduction, recycling rates, and alignment with regulatory standards. Our Waste Management System follows local and international frameworks, such as ISO and IFS standards.

Critical updates in 2023 included improved coordination between departments to enhance waste handling and revisions to the Waste Management Plan to meet new regulations. We have also taken significant steps, such as banning luminescent lamps due to a lack of recycling options and encouraging using fabric bags over plastic.

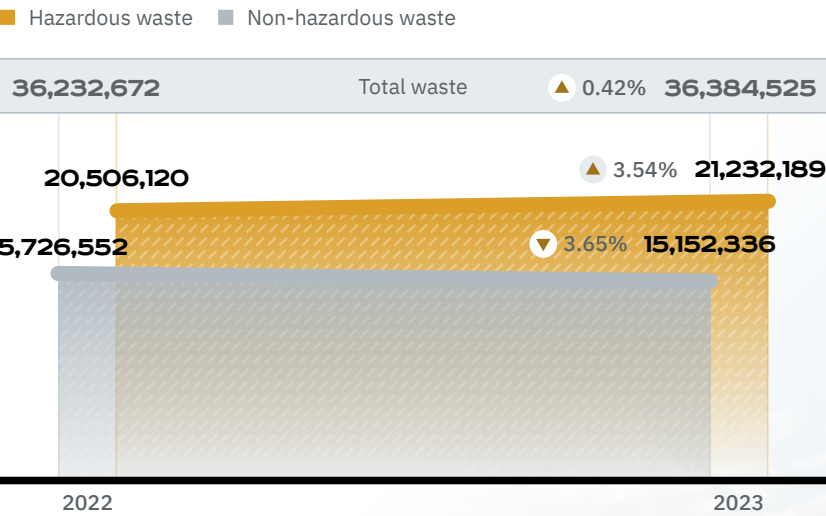
The Company manages various types of waste using specific handling processes. These include:

- Lead and office batteries from vehicles and technical operations,
- Used oils from machinery and vehicle maintenance,
- Scrap metals, contaminated sand, and laboratory waste from metal processing,
- Building materials and textiles contaminated with hazardous materials.

The company works with third-party contractors who have a special license to operate in this field for specialized waste handling processes, including pyrolysis for oils and textiles, and recycling metals into new products. Each month, the Environmental Officer collects waste data from the workshops, maintaining accurate tracking in the Environmental Department’s database to monitor compliance with regulations and effective waste management.

IN 2023, THE COMPANY GENERATED 36,384,525 METRIC TONS OF WASTE, COMPRISING 21,232,189 TONS OF HAZARDOUS WASTE AND 15,152,336 TONS OF NON-HAZARDOUS WASTE. THIS REPRESENTS A 0.42%²⁸ INCREASE IN TOTAL WASTE COMPARED TO 2022.

WASTE GENERATION BY TYPES (IN METRIC TONS)



²⁸ The increase is attributed to the higher volume of construction waste.



GRI 306-4

Out of the total waste generated, 3,613 tons were diverted from disposal through recovery operations. This included materials such as exhausted lead batteries, used engine oils, used diesel oil, and spent pneumatic tires, with a significant portion of waste containing ferrous metals being recycled. Hazardous waste diversion amounted to 1,734 tons, primarily through recycling and preparation for reuse. Non-hazardous waste diversion totalled 1,879 tons, with substantial recycling and preparation for reuse efforts.

GRI 306-5

In 2023, we directed 36,380,298 tons of waste for disposal. This included large quantities of sludge and tailings, construction waste, overburden, and minimal amounts of wood waste. Hazardous waste disposal was primarily managed through landfilling, with some incineration. Non-hazardous waste was mainly directed to landfills, with minimal incineration.

We are continuously exploring new technologies for waste treatment and recycling to reduce the amount of waste sent to landfills. Our waste management targets are determined based on the types of waste generated, associated recycling and disposal costs, and the Company’s environmental impact. We are actively seeking reliable partners to support these efforts.

Plans are underway to reuse wood waste, and we are currently reviewing a business plan for recycling tires and rubber. We focus on minimizing waste generation and reusing materials wherever possible to benefit both the environment and business growth. By 2025, we aim to increase our recycling rates significantly.

Our solid waste management strategy includes:



Recycling:

Boosting recycling efforts for materials such as metals, plastics, and paper.



Reduction:

Implementing strategies to reduce waste at the source, such as optimizing material use and reducing packaging.



Reuse:

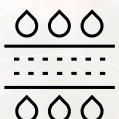
Promoting material reuse, like repurposing treated wastewater for industrial processes.

For hazardous waste, our goals are to:



Reduce volumes:

Set annual reduction targets for hazardous waste and improve waste segregation practices.



Adopt safer alternatives:

Implement processes that minimize hazardous waste generation.

ADDITIONALLY, WE PLAN TO ENHANCE EMPLOYEE TRAINING ON WASTE HANDLING AND SEGREGATION TO ENSURE BEST PRACTICES ARE FOLLOWED ACROSS THE COMPANY.

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AIR QUALITY AND REDUCTION OF EMISSIONS: PROVIDING A HEALTHY AND SAFE WORKING ENVIRONMENT

GRI 3-3

SINCE 2020, WE HAVE FOCUSED ON UPGRADING OUR ASPIRATION SYSTEMS IN THE PRODUCTION FACILITIES TO ENSURE A HEALTHY AND SAFE ENVIRONMENT FOR ITS EMPLOYEES. IN ADDITION, WE ARE WORKING TOWARDS MODERNIZING OUR VEHICLE FLEET TO CONTRIBUTE TO THE REDUCTION OF EMISSIONS RESULTING FROM THE COMPANY'S VEHICLES.

We have established a dedicated team responsible for dust management to address dust emissions. This team oversees the operation of the aspiration system at the primary crushing station, ensuring that collected dust is reused in the enrichment process. Collaborating with the Environmental Department, they also develop and install similar systems at other production facilities.



The Air Quality Management Plan and Pollution Prevention Management Plan monitor pollutants' emissions into the atmosphere. The Sustainability Director and the Environmental Department manage issues related to these emissions.

We adhere to a Monitoring Plan that includes regular measurement and monitoring of all emission limits. If necessary, we take immediate action to eliminate or minimize potential risks. Looking ahead to 2024, we plan to further enhance our monitoring capabilities by increasing the number of monitoring points for air emissions and dust to 12, enabling us to obtain real-time data.

GRI 305-7, SASB EM-MM-120A.1

VOLUME OF POLLUTANT EMISSIONS INTO THE ATMOSPHERE (IN METRIC TONS)

Substance	2022	2023	Percentage change
nitrogen oxides (NOx)	148.04	59.63	-59.72
sulfur dioxide (SOx)	5.82	0.09	-98.45
persistent organic pollutants (POPs)	0.0	0.0	-
volatile organic compounds (VOCs)	0.10	0.08	-20.00
hazardous air pollutants (HAP)	0.0005	0.0000064	-98.72
particulate matter (PM)	712.98	694.47	-2.60
carbon monoxide (CO)	208.98	154.35	-26.14
other polluting emissions ²⁹	16.60 ³⁰	4.31 ³¹	-74.04

Our Monitoring Management System utilizes a monitoring system with air monitors installed at various facility locations. These monitors provide real-time data on air quality.

In 2023, 913 tons of air emissions were registered, according to the Annual Monitoring Report. This data is based on the volume of ore excavated.

²⁹ Mercury (Hg) and lead (Pb) are not being monitored.

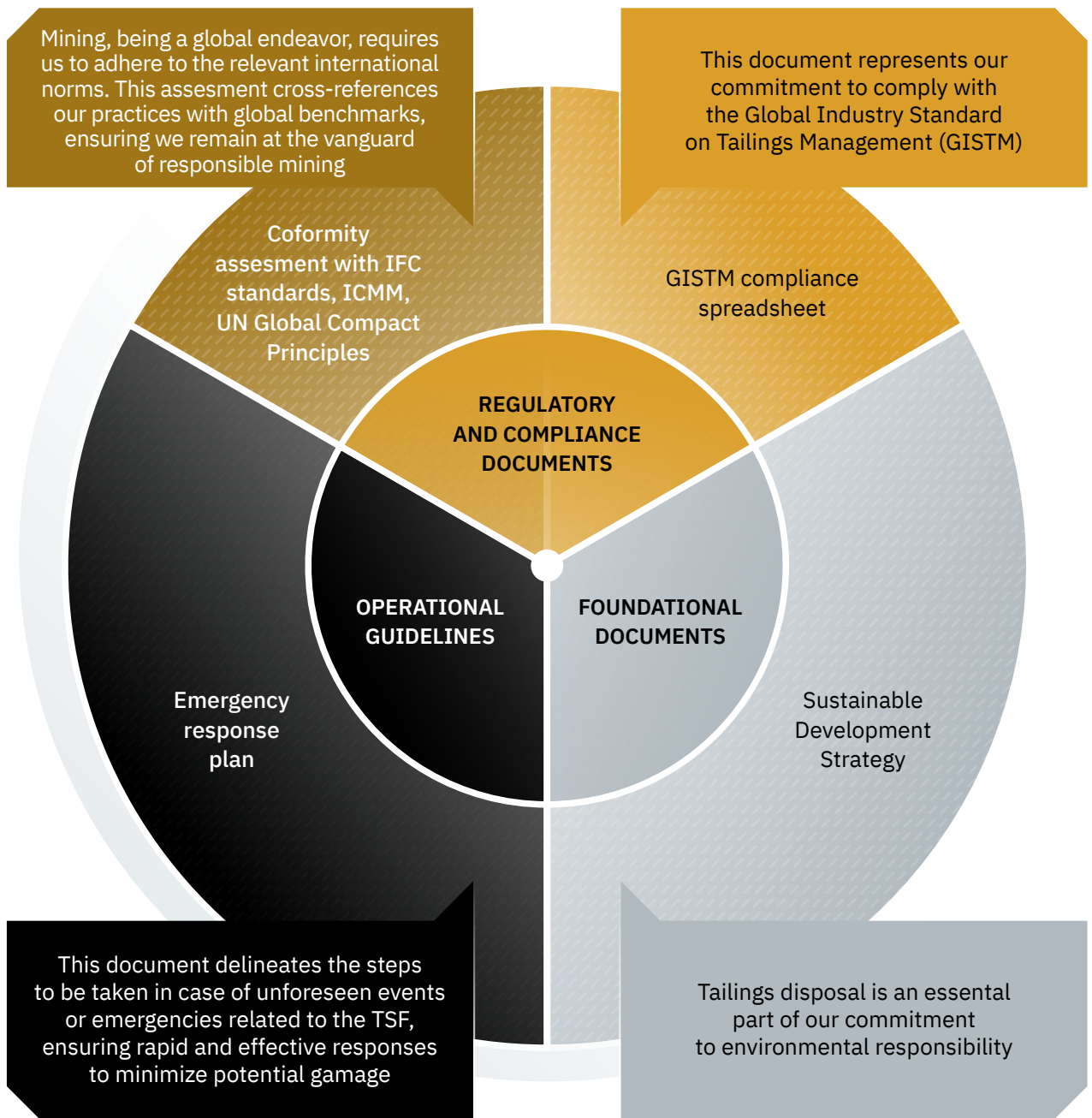
³⁰ Other standard categories of air emissions identified in relevant regulations — Sulfuric acid vapour — 0.104 ton/y + Nitric acid vapour — 0.128 ton/y + Hydrochloride acid vapour — 0.162 ton/y + CxHy (hydrocarbons without VOC) 16.213 ton/y.

³¹ Other standard categories of air emissions identified in relevant regulations — Sulfuric acid vapour — 0.086 ton/y + Nitric acid vapour — 0.106 ton/y + Hydrochloride acid vapour — 0.135 ton/y + CxHy (hydrocarbons without VOC) 3.979 ton/y.



TAILINGS STORAGE FACILITIES: MAINTAINING HIGH STANDARDS OF SAFETY

TSF MANAGEMENT APPROACH



GRI 3-3, SASB EM-MM-540A.1, SASB EM-MM-540A.2, SASB EM-MM-540A.3

The Artsvanik Tailings Storage Facility (TSF) is a strategic asset for our Company, located 34.5 km from the processing plant in the lower stream gorge of the Artsvanik River. Since 1977, the facility has a permitted capacity of 325 million cubic meters, with 313.9 million cubic meters of tailings stored as of 2023.

Safety and environmental stewardship are key priorities in our TSF management. We continuously monitor its stability and operational safety, guided by international standards, including the Canadian Dam Association (CDA) requirements. Internationally well-known experts have developed an Emergency Preparedness and Response Plan. Additionally, we conduct regular third-party audits to monitor compliance with the Global Industry Standard on Tailings Management (GISTM), with the most recent audit completed in Spring 2023.

Recent improvements include stability research by the “Geotechmin” Group and “The Mining Metallurgy Institute” CJSC and installing advanced monitoring technologies, such as online piezometers and vibration devices, to ensure real-time data collection on groundwater levels and dam deformations. This monitoring system is planned to be fully integrated by the end of 2024.

We have implemented several key initiatives to minimize environmental impact, including erosion prevention through tree planting and soil stabilization using polychaete herbs. Additionally, a Tailing Management Plan, aligned with GISTM standards, is scheduled for development in 2025.

Our approach also includes active community engagement. Recognizing the impact of land acquisition resulting in limitation to land access, we support five affected villages with monthly stipends, and the TSF creates job opportunities for local families in Kapan and Kajaran. We strive for social and environmental balance, aiming for GISTM adoption by 2028 and achieving a 10% reduction in water content in the tailings dam by 2026.

Based on recommendations from recent studies, we ordered a new design solution to increase dam stability. The preliminary design solution involved 14 drills, which are currently in operation. The Boreholes, with a diameter of 1500mm, are designed and furnished to decrease the water level in the embankment. The final design is expected to be completed in 2024, and, contingent on weather conditions, we will strive to complete the necessary fieldwork afterward. Along with it, in 2024-2025 we are planning to install seismic sensors in the dam in order to monitor the seismic stability of TSF.

As ZCMC prioritizes safe facility management, we periodically conduct audits and inspections, including technical reviews. These audits are primarily carried out by third parties who assess compliance with industry standards, identify gaps, and help create action plans that serve as a foundation for our annual planning. Through these inspections, we can identify potential risks and evaluate the effectiveness of our mitigation measures.

Adhering to the best international standards, we have commissioned a Stability Assessment for Artsvanik TSF. For this study, we engaged a reputable global company. The assessment includes reviewing previous studies, conducting risk evaluations based on investigations and site visits, and proposing additional investigations to thoroughly assess the dam’s stability. Their recommendations aim to improve the dam’s safety and stability further.



PROTECTION OF BIODIVERSITY: ACTING RESPONSIBLY TO AVOID HARMING CRITICAL ECOSYSTEMS

GRI 3-3, GRI 304-1, GRI 304-2, GRI 304-3, GRI 304-4

We are committed to protecting biodiversity, especially near sensitive habitats or protected regions. Our environmental planning includes rigorous assessments to ensure our activities do not negatively impact critical ecosystems.

Our biodiversity goals focus on enhancing local ecosystems by increasing native species populations, controlling invasive species, and restoring disturbed habitats. Regular assessments and targeted interventions help us mitigate potential impacts, aligning our efforts with sustainability and environmental stewardship.

Our Biodiversity Management Plan guides these efforts, which are aligned with national and international conservation standards³².

The Environmental Department leads these initiatives, overseeing on-the-ground conservation efforts and working with external experts. In 2023, we enhanced our monitoring efforts, discovering native and newly recorded species while strengthening the management of invasive species like *Ailanthus altissima* to protect local ecosystems.

We support local biodiversity through habitat restoration projects. In 2023, we recultivated 5.2 hectares near the Artsvanik TSF and undertook a larger 40-hectare restoration initiative, planting over 10,700 trees to create protective forest layers. This proactive approach ensures the resilience of ecosystems in and around our operational areas.



Our monitoring program provides valuable data on the presence of rare and endangered species. In 2023, we documented species such as *Campanula zangezura* and *Carex oligantha* Steud, along with vulnerable fauna like *Telescopus fallax* and *Vipera rad-dei*. These findings highlight the sensitivity of the local ecosystem and the need for careful management.

We plan to expand our restoration efforts to reclaim 10 hectares in the Artsvanik region in 2024. Our long-term goals include enhancing biodiversity through habitat restoration, expanding species monitoring, and deepening partnerships with conservation organizations.



Our approach is designed to leave a lasting positive environmental legacy by improving ecosystem resilience while contributing to our broader sustainability goals.

³² Among these standards are EBRD Environmental and Social Performance Requirements and IFC/WB Performance Standards (in particular PS6).



MINE CLOSURE, LAND RESTORATION, AND REHABILITATION: COMMITTED TO MINIMIZING NEGATIVE ENVIRONMENTAL IMPACTS

GRI 3-3

AS PART OF OUR COMMITMENT TO SUSTAINABILITY, WE CONDUCT PROGRESSIVE REHABILITATION OF THE TAILINGS STORAGE FACILITY (TSF) EACH YEAR, USING THE TOPSOIL THAT WAS INITIALLY REMOVED FOR THE OPERATION.



This recultivation is performed at our expense and our contributions to the national state budget for recultivation. By incorporating environmental responsibility into our daily operations, we ensure that restoration happens alongside active mining.

Our Mine Closure and Rehabilitation Plan, initially developed in 2016, is being updated to reflect recent developments. Following ICMM recommendations, we evaluated the existing closure cover at the Artsvanik TSF. Based on a study that will be completed in April 2024, we identified an optimized closure design using a 0.5-meter soil cover over a capillary break layer to significantly reduce seepage, ensuring long-term stability under various climate conditions.



We have allocated approximately USD 7.6 million to support these efforts to close and rehabilitate the mine and associated facilities. These funds cover various activities, such as land restoration, infrastructure removal, and ongoing environmental monitoring. Our rehabilitation strategy includes re-contouring landforms, restoring native vegetation, managing water runoff, and monitoring soil and water quality to mitigate ecological impacts effectively.

In 2023, we made substantial progress in our closure and restoration efforts, including successfully rehabilitating disturbed areas, re-vegetation projects, and landscape stabilization to prevent erosion. These initiatives are critical to supporting the recovery of local ecosystems and ensuring the safe closure of our facilities.

To measure the effectiveness of our rehabilitation activities, we track key performance indicators such as restored land area, vegetation coverage, water quality, and biodiversity levels. Regular monitoring allows us to meet our environmental goals and track compliance with industry standards, providing transparency in our progress.

Over the years, we have successfully closed and rehabilitated three tailing dams—Darazami, Voghji, and Pukhrut — following our commitment to responsible environmental management and setting a solid foundation for future mine closures.



APPENDICES

APPENDIX 1

ABOUT THIS REPORT

GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5

This Sustainability Report is intended to communicate ZCMC’s performance outcomes to a broad audience of associated stakeholders. It provides an overview of our contributions to the country’s economic and social well-being and details the environmental dimensions of our operations. Our commitment to maintaining high-quality and effective stakeholder communication is reflected in our adherence to the leading global standards for sustainability reporting.

This Report has been prepared in accordance with the GRI Sustainability Reporting Standards (GRI) and the principles and approaches to sustainability disclosure of the Sustainability Accounting Standards Board (SASB) standards.

The reporting boundaries of non-financial disclosures cover “Zangezur Copper Molybdenum Com-

bine” CJSC and exclude its subsidiaries. In contrast, the financial disclosures include “Zangezur Copper Molybdenum Combine” CJSC and “Ler-Ex” LLC, as in the Audited Consolidated Financial Statement.

ZCMC’s Sustainability Reports are issued annually, with the reporting period aligning with the financial reporting period. This Report provides consolidated data for ZCMC covering the period from January 1 to December 31, 2023. The publication date of the Report is December 6th 2024.

No restatements have been made to data from prior reporting periods unless otherwise indicated in the Report. External assurance has yet to be conducted for this Report; however, the Company recognizes the importance of verification and is exploring the possibility of external assurance for our future reports.

APPENDIX 2

MATERIALITY ASSESSMENT

GRI 3-1

In 2023, we thoroughly analyzed material topics, revealing no significant changes in the Company’s activities and the internal and external environments. Thus, the material topics, which reflect the Company’s most significant impacts on the economy, environment, and people (including impacts on human rights) identified during the preparation of the previous sustainability report, are also considered relevant for the 2023 report preparation.

List of Potential Material Impacts

As an integral aspect of sustainability reporting, we have identified material topics that mutually benefit the Company and our stakeholders. To pinpoint these likely material topics, we analyzed ZCMC’s operations and broader context while also considering industry best practices in sustainability reporting.

Benchmarking was performed against the most significant international mining companies, which discovered the topics they covered. The identified

The materiality assessment process conducted for the identification of material topics involved the following:

- Compilation of a list of potential material impacts;
- Evaluation of the significance of effects through an internal survey;
- Development of the final list of material topics.

topics were then aligned to the material topics revealed by ZCMC. The analysis combined the outcomes of this benchmarking exercise with the analysis of ZCMC’s activities, considering both negative and positive impacts.

This assessment identified 26 initial areas. For ZCMC, these areas represented an actual or potential impact on sustainable development caused by the Company’s activities.

Assessment of the Significance of Impacts: Internal Survey

To evaluate the significance of the ZCMC’s impacts on sustainable development, an internal survey was conducted involving ZCMC management, including Company leadership, department heads,

and division heads responsible for critical areas of ZCMC’s operations such as production, business development, sustainability, finance, energy management, and safety.

Survey participants evaluated ZCMC’s current and potential sustainability impacts based on the following criteria:

- The scale of the impact (how grave the effect is or could be): for example, the degree of improvement in the quality of life and level of environmental degradation.

Final List of Material Topics

At the final stage, the survey results were analyzed, and the ratings for the criteria mentioned earlier were calculated, leading to the compilation of a prioritized list of impacts. Based on survey results, the average impact score (out of 3.0) is 1.8 for the scale and 1.7 for the scope. Impacts with above-average scores

- The scope of the impact (how widespread it is or could be): for example, the number of individuals or the area affected.

A rating scale from 0 to 3 was used, where 0 stands for no impact and 3 presents the highest significance level.

for either scope or scale comprised the preliminary list of material topics, which was further expanded to include topics identified as material by the Company’s experts responsible for preparing the Report. As a result, 19 material topics were identified and presented in the next section.

LIST OF MATERIAL TOPICS

GRI 3-2

- Payments to Governments
 - Employee Management
 - Economic Impact
 - Anti-Corruption
 - Community Engagement
 - Water and Effluents
 - Critical Incident Management
 - Public Policy
 - Closure and Rehabilitation
 - Supply Chain Responsibility
 - Employee Safety
- Freedom of Association and Collective Bargaining
 - Tailings Storage Facility
 - Air Emissions
 - Climate Change Adaptation and Resilience
 - Waste
 - Biodiversity
 - Non-Discrimination and Equal Opportunity
 - GHG Emissions

APPENDIX 3

ENVIRONMENTAL TOPICS

GHG Emissions

CO₂, CH₄, AND N₂O EMISSIONS RESULTED FROM NATURAL GAS, PETROL, AND DIESEL CONSUMPTION IN 2023 (IN METRIC TONS)³³

	Natural Gas	Petrol	Diesel	Total
CO ₂	11,547.748 ³⁴	2,552	61,221.115	75,320.86
CH ₄	15.7276	8.032	5.998	29.76
N ₂ O	6.1418	7.363	853.589	867.09

GLOBAL WARMING POTENTIAL (GWP) FOR GREENHOUSE GASES IN 2022-2023³⁵

Indicator	Unit of measurement	GWP
Carbon dioxide (CO ₂)	t CO ₂	1
Methane (CH ₄)	t CO ₂ -eq/ t CH ₄	28
Nitrous oxide (N ₂ O)	t CO ₂ -eq/ t N ₂ O	265

Waste Management

GRI 306-3, SASB EM-MM-150A.4, SASB EM-MM-150A.7

NON-MINERAL HAZARDOUS WASTE GENERATED IN 2023

Waste type	Metric tons	Class of hazard
Exhausted lead batteries and grunge	9.84	2-nd
Waste of used engine oils	7.75	3-rd
Used diesel oil	116.52	3-rd
Used industrial oil	48.59	3-rd
Used hydraulic oils	52.16	3-rd
Harmfully (inorganically) polluted filter fabrics and sacks	140.93	3-rd
Unsorted copper scrap	1.37	3-rd
Oil-contaminated sand (oil content is less than 15%)	0.10	4-rd
Other laboratory waste and chemical residues	3.97	4-rd
Casting production sand	70.00	4-rd
Welding slag	0.10	4-rd
Exhausted pneumatic tires	485.08	4-rd
Waste containing unsorted ferrous metals (including cast iron and/or steel powder)	1,331.45	4-rd
Construction waste generated from the demolition of buildings	1,091.00	4-rd
Unsorted waste generated from household territories of the Company (except for the huge edge-cuttings)	239.10	4-rd
Other waste of contaminated textile	0.00	4-rd
Oil-sacks sawdust	0.27	4-rd
Oily clothes (greasy shreds)	0.00	4-rd
Total Waste	3,598.23	

³³ Waste-derived and biomass fuels are not used; thus, data on them are not available. Non-combustion emissions are not monitored or controlled; thus, data on them are not available.

³⁴ Values presented in this table are calculated as the product of the volume of fuel consumed and a factor specific to every fuel-greenhouse gas pair.

³⁵ GWP values relative to CO₂ for a 100-year time horizon are taken from the IPCC Fifth Assessment Report — 2014.

NON-MINERAL NON-HAZARDOUS WASTE GENERATED IN 2023

Waste type	Metric tons
Untaminated casted steel scrap in pieces	1,758.84
Untaminated steel shavings	19.77
Waste of pure natural wood	178.01
Pure natural sawdust	0.96
Untaminated plastic container deprived of its consumption properties	0.99
Untaminated rubber items deprived of their consumption properties	78.58
Untaminated aluminum wires unfit for use	1.26
Untaminated cardboard packaging waste	3.33
Paper and cardboard waste generated from office work	5.15
Total Waste	2,046.89

SASB EM-MM-150A.5, SASB EM-MM-150A.6

MINERAL WASTE GENERATED IN 2023

Waste type	Metric tons	Additional information
Hazardous waste	21,228,591	sludge and tailings of Processing Plant
Non-hazardous waste	15,150,289	overburden (waste rock)
Total mineral waste	36,378,880	

GRI 306-4

WASTE DIVERTED FROM DISPOSAL (IN METRIC TONS)

Waste type	2022	2023	Percentage change
Hazardous waste:	787.62	1,733.55	120.10
Preparation for reuse	766.93	137.27	-82.10
Reuse	20.69	1,596.28	7615.22
Non-hazardous waste:	298.08	1,879.24	530.45
Preparation for reuse	148.93	278.99	87.33
Reuse	149.15	1,600.25	972.91
Total	1,085.70	3,612.80	232.76

INFORMATION FOR WASTE DIVERTED FROM DISPOSAL IN 2023

Waste operations	Metric tons
onsite	9.87
offsite	1,723.68
Total hazardous waste	1,733.55
onsite	0.30
offsite	1,878.94
Total non-hazardous waste	1,879.24

GRI 306-5

WASTE DIRECTED TO DISPOSAL (IN METRIC TONS)

Waste type	2022	2023	Percentage change
Hazardous waste:	20,505,331.97	21,229,993.08	3.53
Incineration (with energy recovery)	0.00	0.00	-
Incineration (without energy recovery)	1.91	1.98	3.66
Landfilling	675.10	1,400.10	107.39
Other disposal operations	20,504,654.96	21,228,591.00	3.53
Non-hazardous waste:	15,726,253.95	15,150,305.11	-3.66
Incineration (with energy recovery)	0.00	0.00	-
Incineration (without energy recovery)	0.00	0.00	-
Landfilling	0.00	16.11	-
Other disposal operations	15,726,253.95	15,150,289.00	-3.66
Total:	36,231,585.92	36,380,298.19	0.41

INFORMATION FOR WASTE DIRECTED TO DISPOSAL IN 2023

Waste operations	Metric tons
onsite	21,228,591.00
offsite	1,402.08
Total hazardous waste recovered	21,229,993.08
onsite	15,150,289.00
offsite	16.11
Total non-hazardous waste recovered	15,150,305.11

COMPOSITION OF WASTE DIRECTED TO DISPOSAL IN 2023

Waste type	Metric tons
Hazardous waste:	21,229,993.08
Other laboratory waste and chemical residues	1.98
Casting production sand	70.00
Construction waste generated from the demolition of buildings	1,091.00
Unsorted waste generated from household territories of the Company	239.10
Sludge and tailings of Processing Plant	21,228,591.00
Non-hazardous waste:	15,150,305.11
Waste of pure natural wood	16.11
Overburden	15,150,289.00
Total Waste Directed	36,380,298.19

SASB EM-MM-150A.8**COMPOSITION OF HAZARDOUS WASTE RECYCLED IN 2023**

Waste type	Metric tons
Exhausted lead batteries and grunge	13.670
Waste of used engine oils	6.280
Used diesel oil	108.690
Used hydraulic oils not containing halogens	44.795
Used industrial oil	22,96
Harmfully (inorganically) polluted filter fabrics and sacks	139.570
Oil-contaminated sand (oil content is less than 15%)	0.100
Exhausted pneumatic tires	744.570
Waste containing unsorted ferrous metals (including cast iron and/or steel powder)	515.340
Oily cloths (greasy shreds)	0.300
Total Waste	1,596.275

SASB EM-MM-140A.2**FEES FOR DISCHARGES OF HARMFUL SUBSTANCES AND COMPOUNDS TO THE WATER RESOURCE IN 2023^{27,36}**

Quarter	USD	Metric tons
First quarter	3,903	3,924.24
Second quarter	3,702	3,264.05
Third quarter	3,131	423.58
Fourth quarter	6,588	852.87
Annual total	17,323	8,464.74

SOCIAL TOPICS**Human Capital****COMPOSITION OF PERMANENT AND TEMPORARY EMPLOYEES BY GENDER³⁷**

Indicator	2022			2023		
	Total	Permanent employees	Temporary employees	Total	Permanent employees	Temporary employees
Number of employees as of 31 December of the reporting year	4,587	4,556	31	4,666	4,638	28
Men	3,574	3,552	22	3,640	3,621	19
Women	1,013	1,004	9	1,026	1,017	9

³⁶ Formal enforcement actions that address violations of water quantity regulations and orders, resulting in administrative penalty orders, relate to continuous wastewater discharges from Artsvanik TSF to the Achanan River.

³⁷ Data reported by ZCMC are based on actual head counts taken at the end of the reporting period. This method provides a precise snapshot of our workforce at a specific time point, enhancing the accuracy and reliability of our employment data.

COMPOSITION OF PERMANENT AND TEMPORARY EMPLOYEES BY LOCATION

Indicator	2022			2023		
	Total	Permanent employees	Temporary employees	Total	Permanent employees	Temporary employees
Number of employees as of 31 December of the reporting year	4,587	4,556	31	4,666	4,638	28
Kajaran and Kapan	4,081	4,062	19	4,134	4,115	19
Other regions of Armenia	506	494	12	532	523	9

COMPOSITION OF FULL-TIME AND PART-TIME EMPLOYEES BY GENDER

Indicator	2022			2023		
	Total	Full-time employees	Part-time employees	Total	Full-time employees	Part-time employees
Number of employees as of 31 December of the reporting year	4,587	4,578	9	4,666	4,662	4
Men	3,574	3,573	1	3,640	3,639	1
Women	1,013	1,005	8	1,026	1,023	3

COMPOSITION OF FULL-TIME AND PART-TIME EMPLOYEES BY LOCATION

Indicator	2022			2023		
	Total	Full-time employees	Part-time employees	Total	Full-time employees	Part-time employees
Number of employees as of 31 December of the reporting year	4,587	4,578	9	4,666	4,662	4
Kajaran and Kapan	4,081	4,073	8	4,134	4,130	4
Other regions of Armenia	506	505	1	532	532	0

EMPLOYEE TURNOVER, PEOPLE (BY GENDER, AGE GROUP, AND REGION)

Indicator	2022	2023
by gender		
Men	206	193
Women	67	63
by age group		
Under 30 years old	18	16
30-50 years old	95	55
Over 50 years old	160	185
by region		
Local (Kajaran and Kapan communities)	189	192
From other regions of RA and abroad	84	64
Total turnover	273	256



EMPLOYEE TURNOVER, % (BY GENDER, AGE GROUP, AND REGION)

Indicator	2022	2023
by gender		
Men	5.8	5.3
Women	6.6	6.1
by age group		
Under 30 years old	3.3	2.7
30-50 years old	3.6	1.9
Over 50 years old	11.7	15.9
by region		
Local (Kajaran and Kapan communities)	4.6	4.6
From other regions of RA and abroad	16.6	12.0
Total turnover	6.0	5.5

OTHER TOPICS

ADMINISTRATIVE PENALTIES

Date	Counteragent	Amount, USD	Description
9/18/2023	RA health and labor inspection body	12,740	Penalty for violating the deadlines for obtaining technical certificates of industrial hazardous facilities according to the decision No. 87518/01/02-A issued on 21.08.23.
2/10/2023	Staff of the Kajaran community administration of Syunik marz, RA State administrative institution	1,019	Administrative fine according to Decision No. 451-A, 22.12.2022, legalization of voluntary construction.
3/21/2023	RA health and labor inspection body	911	Administrative penalty for failure to pay the final settlement on time established by Decision No. 0394.
3/15/2023	RA health and labor inspection body	204	As a result of the double inspection of ZPMC CJSC, administrative penalty decision No. 0384, 28.02.2023 for non-compliance of ventilation and aspiration systems of the Enrichment Factory.
11/2/2023	Republican budget	127	Administrative penalty, according to the decision N 628573/20, 28.08.2023, for not publishing the financial report in the prescribed manner and within the time limit.
2/16/2023	Khachatryan Khachatur Levon	28	Penalties according to RAATM Order No. 22120614, for not making the final settlement payment on time.
2/16/2023	Arshakyan Lilit Azat	28	Penalties according to RAATM Order No. 22120614, for not making the final settlement payment on time.
Total		15,056	

APPENDIX 4

ABBREVIATIONS

Aqueduct	WRI's global water risk mapping tool
BoD	Board of Directors
CDM	The clean development mechanism
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CJSC	Closed Joint Stock Company
CO	Carbon Monoxide
CO ₂	Carbon Dioxide
COD	1,5-cyclooctadiene
Cu	Copper
CxHy	Hydrocarbons without VOC
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
ERP	Enterprise Resource Planning
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
FeMo	Ferromolybdenum
GHG	Greenhouse Gas
GISTM	Global Industry Standard on Tailings Management
GJ	Gigajoules
GM	Grievance Mechanism
GRI	Global Reporting Initiative
GWP	Global warming potential
H&S	Health and Safety
HAP	Hazardous Air Pollutants
HFCs	Hydrofluorocarbons
HI & RA	Hazard identification and risk assessment
HMW	Hazardous Materials Waste
HR	Human Resources



ICAM	Incident Cause Analysis Method
ICC	International Chamber of Commerce
ICMM	International Council on Mining and Metals
IFC	International Finance Corporation
IFIs	International Financial Institutions
IFS	International Featured Standards
ILO	International Labour Organization
InSAR	Interferometric Synthetic Aperture Radar
IPCC	The Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
ISO 10845	International Organization for Standardization's standard for Construction Procurement
ISO 14001	International Organization for Standardization's standard for Environmental Management Systems
ISO 14001-2015	The specific version of the ISO standard for Environmental Management Systems
ISO 20400:2017	The specific version of the ISO standard for Sustainable Procurement
ISO 31000	International Organization for Standardization's standard for Risk Management
ISO 45001	International Organization for Standardization's standard for Occupational Health and Safety Management System
ISO 9004	International Organization for Standardization's standard for Quality Management (Quality of an Organization)
IUCN	International Union for Conservation of Nature
JSC	Joint Stock Company
kg	Kilogram
KPIs	Key Performance Indicators
LLC	Limited Liability Company
LNG	Liquefied Natural Gas
LPP	Local Procurement Policy
LTIFR	Lost Time Injury Frequency Rate
m³	cubic meter
Mo	Molybdenum
NF3	Nitrogen Trifluoride
NGO	Non-Governmental Organization
NOx	Nitrogen Oxides
OECD	Organization for Economic Co-operation and Development

OH&S	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OSHA	Occupational Safety and Health Administration
PET	polyethylene terephthalate
PFCs	Perfluorinated compounds
PM	Particulate Matter
POPs	Persistent Organic Pollutants
PPE	Property, Plant, and Equipment
PPE	Personal Protective Equipment
R&D	Research and Development
RA	Republic of Armenia
SASB	Sustainability Accounting Standards Board
SASB EM-MM	Sustainability Accounting Standards Board Code for Mining and Metals, specific to Environmental Management
SDG	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SF6	Sulfur Hexafluoride
SOx	Sulfur Oxides
SRK 2019	Reference to an audit or assessment conducted by SRK Consulting in 2019
TCFD	Task Force on Climate-related Financial Disclosures
tCO2-eq	Carbon Dioxide equivalent in metric ton
TDS	Total Dissolved Solids
TSF	Tailings Storage Facility
UAE	United Arab Emirates
UMMA	Union of Miners and Metallurgists of Armenia
UN	United Nations
UNGC	United Nations Global Compact
USA	United States of America
USD	United States Dollar
VOCs	Volatile Organic Compounds
WRI	World Resources Institute
ZCMC	Zangezur Copper Molybdenum Combine



APPENDIX 5

GRI CONTENT INDEX

Statement of use	ZCMC has reported in accordance with the GRI Standards for the period from January 1, 2023 to December 31, 2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	not applicable

GRI standard	Disclosure	Location	Notes
General Disclosures			
GRI 2 General Disclosures 2021	1. The organization and its reporting practices		
	2-1 Organizational details	About ZCMC	
	2-2 Entities included in the organization's sustainability reporting	About this Report	
	2-3 Reporting period, frequency and contact point	About this Report	
	2-4 Restatements of information	About this Report	
	2-5 External assurance	About this Report	
	2. Activities and workers		
	2-6 Activities, value chain and other business relationships	Business Model and Value Chain: Adhering to responsible and accountable business	
	2-7 Employees	Staff Composition and Turnover: Building a local, stable workforce, Appendix 3	There are no employees at ZCMC on non-guaranteed hours contracts.
	2-8 Workers who are not employees	Leveraging External Expertise: Engaging non-employees	
	3. Governance		
	2-9 Governance structure and composition	Governance and Management Bodies: Executing well-structured and transparent corporate governance practices	The tenure for members of the Board of Directors has not been yet established.
			We do not disclose information on number of other significant positions and commitments held by each member, and the nature of the commitments due to confidentiality reasons.
			We do not currently have independent directors in the Board. As per local legislation we are not required to have independent directors.
	2-10 Nomination and selection of the highest governance body	Nomination and Selection Process: Monitoring compliance with internal and external regulations	

GRI standard	Disclosure	Location	Notes
GRI 2 General Disclosures 2021	2-11 Chair of the highest governance body	Governance and Management Bodies: Executing well-structured and transparent corporate governance practices	
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance and Management Bodies: Executing well-structured and transparent corporate governance practices	
	2-13 Delegation of responsibility for managing impacts	Delegation of Responsibility for Managing Impacts: Targeting high-level responsibility for sustainable development	
	2-14 Role of the highest governance body in sustainability reporting	-	Sustainability Report is reviewed by the Senior Management, including the respective Department involved in the composition of the Report. The Board of Directors is not currently involved in Sustainability Reporting.
	2-15 Conflicts of interest	-	The regulations guiding the conflict of interest are included in the Code of Conduct, which has not approved yet.
	2-16 Communication of critical concerns	Governance and Management Bodies: Executing well-structured and transparent corporate governance practices	
	2-17 Collective knowledge of the highest governance body	Governance and Management Bodies: Executing well-structured and transparent corporate governance practices	For now, we do not have measures to advance the collective knowledge, skills, and experience of the highest governance body. However, the members of General Meeting of Shareholders and Board of Directors have an opportunity to seek professional advice or pursue training on relevant matters as needed.
	2-18 Evaluation of the performance of the highest governance body	-	There is no formal process of evaluation of the performance of the highest governance body.
	2-19 Remuneration policies	Remuneration: Aligning the pay with strategic goals and operational targets	
	2-20 Process to determine remuneration	Remuneration: Aligning the pay with strategic goals and operational targets	



GRI standard	Disclosure	Location	Notes
GRI 2 General Disclosures 2021	2-21 Annual total compensation ratio	–	The information on the highest paid individual remuneration is confidential per Company's policies. Information on total "Management remuneration" is reported annually in the financial statements.
	4. Strategy, policies and practices		
	2-22 Statement on sustainable development strategy	Statement from the General Director Statements from the Sustainability Director	
	2-23 Policy commitments	Sustainability Management System: Integrating sustainability into our core strategy, Establishing a Human Rights Framework to Protect Community Rights	As of 2023 we do not have a separate policy dedicated to the Responsible business conduct, however it's included in the Code of Conduct and other related policies.
	2-24 Embedding policy commitments	Sustainability Management System: Integrating sustainability into our core strategy, Establishing a Human Rights Framework to Protect Community Rights	We have developed a Human Right Policy which is expected to be approved by the end of the year.
	2-25 Processes to remediate negative impacts	Grievance Mechanism: Addressing concerns through a structured process	
	2-26 Mechanisms for seeking advice and raising concerns	Grievance Mechanism: Addressing concerns through a structured process	
	2-27 Compliance with laws and regulations	Remuneration: Aligning the pay with strategic goals and operational targets	
	2-28 Membership associations	Engagement: Taking a high level of commitment to the industry	
	5. Stakeholder engagement		
	2-29 Approach to stakeholder engagement	Stakeholder Engagement	
	2-30 Collective bargaining agreements	Employee Voice: Engaging and empowering our workforce	
Material topics			
GRI 3 Material topics 2021	3-1 Process to determine material topics	Appendix 2	
	3-2 List of material topics	Appendix 2	
Economic impact			
GRI 3 Material topics 2021	3-3 Management of material topics	Nation-wide Impact: Contributing responsibly to the economy and communities	
GRI 201 Economic performance 2016	201-1 Direct economic value generated and distributed	Economic Impact in Numbers	

GRI standard	Disclosure	Location	Notes
Payments to governments			
GRI 3 Material topics 2021	3-3 Management of material topics	Tax Governance: Integrating tax compliance into our strategy	
GRI 201 Economic performance 2016	201-4 Financial assistance received from government	–	During the reporting periods, ZCMC did not receive any financial assistance from the RA Government.
Employee management			
GRI 3 Material topics 2021	3-3 Management of material topics	Human Capital: The Heartbeat of ZCMC's Sustainable Success	
GRI 202 Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration and Benefits: Supporting employee wellbeing	Ratios of standard entry level wage by gender compared to local minimum wage is not disclosed in this Report. We will continue to work on disclosing this metric in the future.
Community engagement			
GRI 3 Material topics 2021	3-3 Management of material topics	Social Projects and Infrastructure Development: Committed to enhancing the quality of life in local communities	
GRI 203 Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Social Projects and Infrastructure Development: Committed to enhancing the quality of life in local communities	
Economic impact			
GRI 3 Material topics 2021	3-3 Management of material topics	Nation-wide Impact: Contributing responsibly to the economy and communities	
GRI 203 Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	Indirect Economic Impact	
GRI 204 Procurement practices 2016	204-1 Proportion of spending on local suppliers	Procurement: Boosting the region's economy by promoting local supplies	
Anti-corruption			
GRI 3 Material topics 2021	3-3 Management of material topics	Corporate Governance: Upholding integrity in leadership	
GRI 205 Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Anti-corruption: Ensuring strict adherence to international and local laws, standards and policies	
	205-2 Communication and training about anti-corruption policies and procedures	Anti-corruption: Ensuring strict adherence to international and local laws, standards and policies	No anti-corruption training sessions were conducted in 2023; however, such trainings are planned for 2024.
	205-3 Confirmed incidents of corruption and actions taken	Anti-corruption: Ensuring strict adherence to international and local laws, standards and policies	



GRI standard	Disclosure	Location	Notes
Additional GRI disclosure(s)			
GRI 206 Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Remuneration: Aligning the pay with strategic goals and operational targets	
Payments to governments			
GRI 3 Material topics 2021	3-3 Management of material topics	Tax Governance: Integrating tax compliance into our strategy	
GRI 207 Tax 2019	207-1 Approach to tax	Tax Governance: Integrating tax compliance into our strategy	
	207-2 Tax governance, control, and risk management	Tax Governance: Integrating tax compliance into our strategy	
	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder Engagement: Managing concerns related to tax issues	
	207-4 Country-by-country reporting	Stakeholder Engagement: Managing concerns related to tax issues	
Supply chain responsibility			
GRI 3 Material topics 2021	3-3 Management of material topics	Supply Chain Responsibility: Aiming at applying a sustainable approach in all aspects of our business	
GRI 301 Materials 2016	301-1 Materials used by weight or volume	Supply Chain Responsibility: Aiming at applying a sustainable approach in all aspects of our business	
GHG emissions			
GRI 3 Material topics 2021	3-3 Management of material topics	Energy Consumption and Renewable Resources: Aiming at optimizing energy use to reduce environmental impact	
GRI 302 Energy 2016	302-1 Energy consumption within the organization	Energy Consumption and Renewable Resources: Aiming at optimizing energy use to reduce environmental impact	
	302-2 Energy consumption outside of the organization	-	The Company does not consume energy outside of the organization.
	302-3 Energy intensity	Energy Consumption and Renewable Resources: Aiming at optimizing energy use to reduce environmental impact	
	302-4 Reduction of energy consumption	Energy Consumption and Renewable Resources: Aiming at optimizing energy use to reduce environmental impact	Data collection on the energy reduction achieved through conservation and efficiency initiatives for 2023 is in progress. The Company is actively preparing to gather and report this information in the near future.
Water and effluents			
GRI 3 Material topics 2021	3-3 Management of material topics	Water Stewardship: Targeting efficient water use throughout the operations	

GRI standard	Disclosure	Location	Notes
GRI 303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	Water Stewardship: Targeting efficient water use throughout the operations	
	303-2 Management of water discharge-related impacts	Water Stewardship: Targeting efficient water use throughout the operations	
	303-3 Water withdrawal	Water Stewardship: Targeting efficient water use throughout the operations	
	303-4 Water discharge	Water Stewardship: Targeting efficient water use throughout the operations	
	303-5 Water consumption	Water Stewardship: Targeting efficient water use throughout the operations	
Biodiversity			
GRI 3 Material topics 2021	3-3 Management of material topics	Protection of Biodiversity: Acting responsibly to avoid harming critical ecosystems	
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protection of Biodiversity: Acting responsibly to avoid harming critical ecosystems	Production activities of the Company do not affect protected environmental areas.
	304-2 Significant impacts of activities, products, and services on biodiversity	Protection of Biodiversity: Acting responsibly to avoid harming critical ecosystems	
	304-3 Habitats protected or restored	Protection of Biodiversity: Acting responsibly to avoid harming critical ecosystems	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Protection of Biodiversity: Acting responsibly to avoid harming critical ecosystems	
GHG emissions			
GRI 3 Material topics 2021	3-3 Management of material topics	GHG Emissions: Targeting the improvement of production efficiency	
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	GHG Emissions: Targeting the improvement of production efficiency	
	305-2 Energy indirect (Scope 2) GHG emissions	GHG Emissions: Targeting the improvement of production efficiency	
	305-3 Other indirect (Scope 3) GHG emissions	GHG Emissions: Targeting the improvement of production efficiency	
	305-4 GHG emissions intensity	GHG Emissions: Targeting the improvement of production efficiency	



GRI standard	Disclosure	Location	Notes
Air emissions			
GRI 3 Material topics 2021	3-3 Management of material topics	Air Quality and Reduction of Emissions: Providing a healthy and safe working environment	
GRI 305 Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Air Quality and Reduction of Emissions: Providing a healthy and safe working environment	
Waste			
GRI 3 Material topics 2021	3-3 Management of material topics	Waste Management: Focusing on responsible waste handling, recycling, and disposal	
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management: Focusing on responsible waste handling, recycling, and disposal	
	306-2 Management of significant waste-related impacts	Waste Management: Focusing on responsible waste handling, recycling, and disposal	
	306-3 Waste generated	Waste Management: Focusing on responsible waste handling, recycling, and disposal, Appendix 3	
	306-4 Waste diverted from disposal	Waste Management: Focusing on responsible waste handling, recycling, and disposal, Appendix 3	
	306-5 Waste directed to disposal	Waste Management: Focusing on responsible waste handling, recycling, and disposal, Appendix 3	
Employee management			
GRI 3 Material topics 2021	3-3 Management of material topics	Human Capital: The Heartbeat of ZCMC's Sustainable Success	
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Hiring: Fostering local employment, Appendix 3	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Remuneration and Benefits: Supporting employee wellbeing	
	401-3 Parental leave	Remuneration and Benefits: Supporting employee wellbeing	
GRI 402 Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Navigating Change: Effective communication and digital transformation	
Employee safety			
GRI 3 Material topics 2021	3-3 Management of material topics	Occupational Health and Safety: Prioritizing the safety and well-being of our employees and the communities	

GRI standard	Disclosure	Location	Notes
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety: Prioritizing the safety and well-being of our employees and the communities	
	403-2 Hazard identification, risk assessment, and incident investigation	Hazard Identification and Risk Assessment: Providing a safe and healthy work environment, Accidents, Injuries, and Fatalities: Acknowledging the importance of accident prevention	
	403-3 Occupational health services	Health Protection and Medical Examinations: Dedicated to enhancing living and working conditions	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Safety Training and Emergency Prevention: Ensuring employee awareness	
	403-5 Worker training on occupational health and safety	Safety Training and Emergency Prevention: Ensuring employee awareness	
	403-6 Promotion of worker health	Healthcare and Sports Activities: Prioritizing employees' access to non-occupational medical and healthcare services	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety: Prioritizing the safety and well-being of our employees and the communities	
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety: Prioritizing the safety and well-being of our employees and the communities	
	403-9 Work-related injuries	Accidents, Injuries, and Fatalities: Acknowledging the importance of accident prevention	
	403-10 Work-related ill health	Health Protection and Medical Examinations: Dedicated to enhancing living and working conditions	
Employee management			
GRI 3 Material topics 2021	3-3 Management of material topics	Human Capital: The Heartbeat of ZCMC's Sustainable Success	
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Training and Development: Investing in our workforce	Data on average training hours by employee category is not available.



GRI standard	Disclosure	Location	Notes
GRI 404 Training and Education 2016			ZCMC currently does not provide transition or dismissal assistance programs aimed at supporting employees through career endings due to retirement or termination. The Company focuses on skill enhancement and professional development during the tenure of employment and does not have formal processes to facilitate post-employment employability or manage career transitions.
	404-2 Programs for upgrading employee skills and transition assistance programs	Training and Development: Investing in our workforce	
	404-3 Percentage of employees receiving regular performance and career development reviews	Training and Development: Investing in our workforce	
Non-discrimination and equal opportunity			
GRI 3 Material topics 2021	3-3 Management of material topics	Diversity and Inclusion: A non-discriminatory workplace	
GRI 405 Diversity and Equal opportunity 2016	405-1 Diversity of governance bodies and employees	Diversity and Inclusion: A non-discriminatory workplace	
Employee management			
GRI 3 Material topics 2021	3-3 Management of material topics	Human Capital: The Heartbeat of ZCMC’s Sustainable Success, Diversity and Inclusion: A Non-Discriminatory Workplace	
GRI 405 Diversity and Equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Remuneration and Benefits: Supporting employee wellbeing	There are no methods and tools used to analyze wages and benefits to identify and eliminate gender gaps.
GRI 406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Diversity and Inclusion: A non-discriminatory workplace	
Community engagement			
GRI 3 Material topics 2021	3-3 Management of material topics	Community Engagement, Grievance, and Human Rights: Addressing concerns and responding to community needs effectively	
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Applying a Zero-tolerance Policy Toward Child Labor	
GRI 409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Applying Strict Policies Against Forced or Compulsory Labor	
GRI 413 Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Engagement, Grievance, and Human Rights: Addressing concerns and responding to community needs effectively	

GRI standard	Disclosure	Location	Notes
GRI 413 Local communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Community Engagement, Grievance, and Human Rights: Addressing concerns and responding to community needs effectively	
Supply chain responsibility			
GRI 3 Material topics 2021	3-3 Management of material topics	Supply Chain Responsibility: Aiming at applying a sustainable approach in all aspects of our business	
GRI 414 Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Supply Chain Responsibility: Applying a sustainable approach in all aspects of our business	The percentage of new suppliers that have passed social security screening is not disclosed in this Report. We are working on integration of sustainability principles into our supply chain.
Public policy			
GRI 3 Material topics 2021	3-3 Management of material topics	—	
GRI 415 Public Policy 2016	415-1 Political contributions	—	ZCMC does not make any political contributions.
Additional GRI disclosure(s)			
GRI 416 Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	—	There were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period.
Additional GRI disclosure(s)			
GRI 417 Marketing and Labelling 2016	417-3 Incidents of non-compliance concerning marketing communications	Remuneration: Aligning the pay with strategic goals and operational targets	
Critical incident management			
GRI 3 Material topics 2021	3-3 Management of material topics	Critical Incident Management: Effectively managing critical impacts and stakeholder interests	
Closure and rehabilitation			
GRI 3 Material topics 2021	3-3 Management of material topics	Mine Closure, Land Restoration, and Rehabilitation: Committed to minimizing negative environmental impacts	
Freedom of association and collective bargaining			
GRI 3 Material topics 2021	3-3 Management of material topics	Employee Voice: Engaging and empowering our workforce	
Tailings storage facility			
GRI 3 Material topics 2021	3-3 Management of material topics	Tailings Storage Facilities: Maintaining high standards of safety	
Climate change adaptation and resilience			
GRI 3 Material topics 2021	3-3 Management of material topics	Climate Change Adaptation and Resilience: Committed to transparency and accountability in environmental management	



APPENDIX 6

SASB CONTENT INDEX

Topic	Metric	Code	Location
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-MM-110a.1	GHG Emissions: Targeting the improvement of production efficiency. Percentage covered under emissions-limiting regulations is not disclosed.
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-MM-110a.2	Environmental Protection: Committed to minimizing our environmental impact, Climate Change Adaptation and Resilience: Committed to transparency and accountability in environmental management. Targets are not disclosed.
Air Quality	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N ₂ O), (3) SOx, (4) particulate matter (PM ₁₀), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	EM-MM-120a.1	Air Quality and Reduction of Emissions: Providing a healthy and safe working environment.
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	EM-MM-130a.1	Energy Consumption and Renewable Resources: Aiming at optimizing energy use to reduce environmental impact.
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	EM-MM-140a.1	Water Stewardship: Targeting efficient water use throughout the operations.
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	EM-MM-140a.2	Appendix 3
Waste & Hazardous Materials Management	Total weight of non-mineral waste generated	EM-MM-150a.4	Appendix 3
	Total weight of tailings produced	EM-MM-150a.5	Appendix 3
	Total weight of waste rock generated	EM-MM-150a.6	Appendix 3
	Total weight of hazardous waste generated	EM-MM-150a.7	Waste Management: Focusing on responsible waste handling, recycling, and disposal. Appendix 3
	Total weight of hazardous waste recycled	EM-MM-150a.8	Appendix 3
	Number of significant incidents associated with hazardous materials and waste management	EM-MM-150a.9	There were no significant incidents associated with hazardous materials and waste management.
	Description of waste and hazardous materials management policies and procedures for active and inactive operations	EM-MM-150a.10	Waste Management: Focusing on responsible waste handling, recycling, and disposal.

Topic	Metric	Code	Location
Biodiversity Impacts	Description of environmental management policies and practices for active sites	EM-MM-160a.1	Environmental Protection: Committed to minimizing our environmental impact.
	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	EM-MM-160a.2	In ZCMC we do not have an acid generation.
	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	EM-MM-160a.3	Not applicable for ZCMC.
Security, Human Rights & Rights of Indigenous Peoples	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	EM-MM-210a.1	Establishing a Human Rights Framework to Protect Community Rights.
	Percentage of (1) proved and (2) probable reserves in or near indigenous land	EM-MM-210a.2	Not applicable for ZCMC.
	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	EM-MM-210a.3	Not applicable for ZCMC.
Community Relations	Discussion of process to manage risks and opportunities associated with community rights and interests	EM-MM-210b.1	Social Projects and Infrastructure Development: Committed to enhancing the quality of life in local communities. Applying a Zero-tolerance Policy Toward Child Labor. Applying Strict Policies Against Forced or Compulsory Labor.
	(1) Number and (2) duration of non-technical delays	EM-MM-210b.2	Ensuring the Absence of Non-technical Delays Through Regular Assessments.
Labor Practices	Percentage of active workforce employed under collective agreements	EM-MM-310a.1	Employee Voice: Engaging and empowering our workforce.
	(1) Number and (2) duration of strikes and lockouts	EM-MM-310a.2	There are no cases of work stoppages/ lockouts/ idle days detected or to be reported by administration (non-technical).
Workforce Health & Safety	1) All-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) direct employees and (b) contract employees	EM-MM-320a.1	Accidents, Injuries, and Fatalities: Acknowledging the importance of accident prevention. Safety Training and Emergency Prevention: Ensuring employee awareness. Specific hours for health, safety, and emergency response training for contract employees are not separately detailed in the provided data. The NMFR data is not available

Topic	Metric	Code	Location
Business Ethics & Transparency	Description of the management system for prevention of corruption and bribery throughout the value chain	EM-MM-510a.1	Anti-corruption: Ensuring strict adherence to international and local laws, standards and policies.
	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-MM-510a.2	Not applicable, as the only country where ZCMC is working is Armenia.
Tailings Storage Facilities Management	Tailings storage facility inventory table: (1) facility name, (2) location, (3) ownership status, (4) operational status, (5) construction method, (6) maximum permitted storage capacity, (7) current amount of tailings stored, (8) consequence classification, (9) date of most recent independent technical review, (10) material findings, (11) mitigation measures, (12) site-specific EPRP	EM-MM-540a.1	Tailings Storage Facilities: Maintaining high standards of safety.
	Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities	EM-MM-540a.2	Tailings Storage Facilities: Maintaining high standards of safety.
	Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities	EM-MM-540a.3	Tailings Storage Facilities: Maintaining high standards of safety.

ACTIVITY METRICS

Activity Metric	Code	Location
Production of (1) metal ores and (2) finished metal products	EM-MM-000.A	Economic Impact in Numbers.
Total number of employees, percentage contractors	EM-MM-000.B	Leveraging External Expertise: Engaging non-employees.

APPENDIX 7

LEGAL NOTICE

“Zangezur Copper Molybdenum Combine” Closed Joint Stock Company
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Գրական Թորթոն Զնայական
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Երևան Պլազա բիզնես
կենտրոն
ՀՀ, ք. Երևան 0015
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To the Board of Directors of Zangezur Copper Molybdenum Combine CJSC

Independent Practitioner's limited assurance report on identified non-financial information included in Zangezur Copper Molybdenum Combine, CJSC's Sustainability Report for the reporting period 1st January 2023 – 31st December 2023

We have been engaged by Zangezur Copper Molybdenum Combine CJSC ('ZCMC' or 'the Company') vide our engagement letter dated 13.09.2025 to provide limited assurance in accordance with the International Standard on Assurance Engagements ('ISAE') 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') issued by the International Auditing and Assurance Standards Board ('IAASB'), on identified non-financial information included in the Sustainability report of the Company for the calendar year ended 31 December 2023 (hereinafter referred to as the "identified Sustainability Information") prepared by management with reference to the Criteria stated below.

Identified Sustainability Information

The Identified Sustainability Information included in the Sustainability Report of the Company for the calendar year ended 31 December 2023, is summarised as below:

Series	GRI standard	GRI disclosure
GRI – 2 General Disclosures	2 – 1	Organizational details
	2 – 2	Entities included in the organization's sustainability reporting
	2 – 6	Activities, value chain and other business relationships
	2 – 7	Employees
	2 – 9	Governance structure and composition

Series	GRI standard	GRI disclosure	
		2 – 10	Nomination and selection of the highest governance body
		2 – 11	Chair of the highest governance body
		2 – 12	Role of the highest governance body in overseeing the management of impacts
		2 – 13	Delegation of responsibility for managing impacts
		2 – 16	Communication of critical concerns
		2 – 23	Policy commitments
		2 – 25	Processes to remediate negative impacts
		2 – 26	Mechanisms for seeking advice and raising concerns
		2 – 28	Membership associations
		2 – 30	Collective bargaining agreements
	203 – Indirect Economic Impacts (2016)	203 – 1	Infrastructure investments and services supported
	204 – Procurement Practices (2016)	204 – 1	Proportion of spending on local suppliers
	205 – Anti-corruption (2016)	205 – 1	Operations assessed for risks related to corruption
		205 – 3	Confirmed incidents of corruption and actions taken
	206 – Anti-competitive Behavior (2016)	206 – 1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
	207 – Tax (2019)	207 – 4	Country-by-country reporting
GRI – 300 Environment	302 – Energy (2016)	302 – 1	Energy consumption within the organization
		302 – 3	Energy intensity (on revenue)
	303 – Water and Effluents (2018)	303 – 3	Water withdrawal
		303 – 4	Water Discharged
		303 – 5	Water Consumption
	305 – Emissions (2016)	305 – 1	Direct (Scope 1) GHG emissions
		305 – 2	Energy indirect (Scope 2) GHG emissions
		305 – 4	GHG emissions intensity (on revenue)

Series	GRI standard	GRI disclosure	
	306 – Waste (2020)	305 – 7	Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions
		306 – 3	Waste generated (Hazardous) and (Non-Hazardous)
		306 – 5	Waste directed to disposal
GRI – 400 Social	401 – Employment (2016)	401 – 1	New employee hires and employee turnover
		401 – 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	402 – Labor/Management Relations (2016)	402 – 1	Minimum notice periods regarding operational changes
	403 – Occupational Health and Safety (2018)	403 – 8	Workers covered by an occupational health and safety management system
		403 – 10	Work-related ill health
	405 – Diversity and Equal Opportunity (2016)	405 – 1	Diversity of governance bodies and employees
	406 – Non-Discrimination (2016)	406 – 1	Incidents of discrimination and corrective actions taken
	408 – Child Labor (2016)	408 – 1	Operations and suppliers at significant risk for incidents of child labour
	409 – Forced or Compulsory Labor (2016)	409 – 1	Operations and suppliers at significant risk for incidents of forced or compulsory labour
	415 – Public Policy (2016)	415 – 1	Political contributions
	416 – Customer Health and Safety (2016)	416 – 2	Incidents of non-compliance concerning the health and safety impacts of products and services
	417 – Marketing and Labelling (2016)	417 – 3	Incidents of non-compliance concerning marketing communications

Topic	SASB Code	Metric
Greenhouse Gas Emissions	EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations
Air Quality	EM-MM-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)

Topic	SASB Code	Metric
Energy Management	EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity
Water Management	EM-MM-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress
Waste & Hazardous Materials Management	EM-MM-150a.4	Total weight of non-mineral waste generated
	EM-MM-150a.5	Total weight of tailings produced
	EM-MM-150a.6	Total weight of waste rock generated
	EM-MM-150a.7	Total weight of hazardous waste generated
	EM-MM-150a.8	Total weight of hazardous waste recycled
	EM-MM-150a.9	Number of significant incidents associated with hazardous materials and waste management
Community Relations	EM-MM-210b.2	(1) Number and (2) duration of nontechnical delays
Labour Practices	EM-MM-310a.1	Percentage of active workforce employed under collective agreements
	EM-MM-310a.2	Number and duration of strikes and lockouts

Our assurance engagement is with respect to the calendar year ended 31 December 2023 information only unless otherwise stated and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report, therefore, do not express any opinion/conclusion thereon.

Boundary

Boundary of the report for non-financial disclosures covers Zangezur Copper Molybdenum Combine CJSC, excluding its subsidiaries.

Criteria

The Company has prepared the Identified Sustainability Information included in the Sustainability report by applying the criterion of "Accuracy" as defined by the Global Reporting Initiative ('GRI') Sustainability Reporting Standards ('the GRI Standards') issued by Global Sustainability Standards Board (GSSB), the guidelines of the Sustainability Accounting Standards Board (SASB) and specific criteria defined by ZCMC as being relevant for its sustainability performance. Such criteria was specifically designed for sustainability performance, and the subject matter information may not be suitable for another purpose.

Management's Responsibilities

The Company's management is responsible for selecting or establishing suitable criteria for preparing the Identified Sustainability Information, taking into account applicable laws and regulations, if any, related to reporting on the Identified Sustainability Information, identification of key aspects, engagement with stakeholders, content, preparation and presentation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes design, implementation and maintenance of internal control relevant to the preparation of the Sustainability Report and the measurement of the Identified Sustainability Information, which is free from material misstatement, whether due to fraud or error.

Practitioner's Independence and Quality Control

We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the requirements of the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the 'IESBA Code') and have the required competencies and experience to conduct this assurance engagement.

Our firm applies International Standards on Quality Management ('ISQM') 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's Responsibility

Our responsibility is to express limited assurance in the form of a conclusion on the Identified Sustainability Information based on the procedures we have performed and evidence we have obtained. We conducted our limited assurance engagement in accordance with the ISAE 3000 (Revised). This standard requires that we plan and perform our engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company's use of the Criteria as the basis for the preparation of Identified Sustainability Information, identifying areas where material misstatement is likely to arise in the Identified Sustainability Information whether due to fraud or error, designing and performing procedures to address identified risk areas as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, evaluating the appropriateness of quantification methods and reporting policies, analytical procedures and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, our work procedures included the following:

- Conducting discussions and interviewing senior executives and department heads to understand the reporting process, governance, systems and controls in place during the reporting period.

- Reviewing the records and relevant documentation including information from audited financial statements or statutory reports submitted by the Company to support relevant performance disclosures within our scope.
- Evaluating the suitability and application of Criteria and that the Criteria have been applied appropriately to the Identified Sustainability Information.
- Selecting key parameters and representative sampling, based on statistical audit sampling tables and agreeing claims to source information to check accuracy and completeness of claims such as source data, meter data, etc.
- Re-performing calculations to check accuracy of claims,
- Reviewing data from independent sources, wherever available,
- Reviewing data, information about sustainability performance indicators and statements in the report.
- Reviewing and verifying information/ data as per the Criteria;
- Reviewing accuracy, transparency and completeness of the information/ data provided;

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Company's Identified Sustainability Information has been prepared, in all material respects, in accordance with the Reporting Criteria.

Inherent limitations

GHG quantification, particularly Scope 3 emissions, involves inherent uncertainty due to data variability, estimation methods, and reliance on third-party information. Scope 3 often uses data from external sources, which may not always be directly measurable, leading to a degree of uncertainty in reported figures. Further, absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Exclusions

Our assurance engagement scope excludes the following and therefore we do not express an opinion/ a conclusion on the same:

- Any disclosure other than those mentioned in the Identified Sustainability Information section above
- Data and information outside the defined reporting period
- Data related to Company's financial statement disclosures, strategy and other related linkages expressed in the Sustainability Report.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, forward looking statements provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.
- Mapping of the Report with reporting frameworks other than those mentioned in Reporting Criteria above.
- This assurance does not extend to forward-looking statements, including goals, targets, projections, and commitments. These are inherently uncertain, subject to change, and outside the scope of assurance. No assurance is provided regarding the realization of

such statements, and actual outcomes may differ materially due to factors beyond the organization's control.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Conclusion

Based on the procedures we have performed and the evidences we have obtained, nothing has come to our attention that causes us to believe that Company's Identified Sustainability Information contained in the Sustainability report for the Calendar year ended 31 December 2023, is not prepared, in all material respects in accordance with the criteria.

Restriction on use

The Assurance statement issued by us shall be prepared and addressed to the Board of Directors of the Company at the request of the Company solely to assist the company in reporting on the Company's Sustainability performance and activities. Accordingly, the Assurance Statement may not be suitable for any other purpose, and should not be used by any other party other than Board of Directors of the Company. The statement does not constitute regulatory certification or securities law verification. To the fullest extent permitted by law, we do not accept or assume any liability or any duty of care for any other purpose or to any other party to whom the Assurance Statement is shown or into whose hands it may come without our prior consent in writing.

Any dispute arising out of or related hereto shall be settled by the Parties amicably through negotiation. Each Party shall give positive consideration to any proposal advanced by the other Party. Should the Parties fail to reach agreement, the dispute shall be settled in accordance with the laws of the Republic of Armenia, and the courts of the Republic of Armenia shall have exclusive jurisdiction over such disputes.

Grant Thornton Consulting CJSC

Grant Thornton Consulting CJSC

30 November 2025