UPDATED FROM MARCH 2023 VERSION



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Table 1: List of Acronyms

Acronym	
ACs	Affected Communities
BCS	Broad community Support
CI	Community Investment
CDS	Community Development Strategy
CSR	Corporate Social Responsibility
E&S	Environmental and social
EIA	Environmental Impact Assessment
EITI	Extractive Industries Transparency Initiative
ESIA	Environmental and Social Impact Assessment
FPIC	Free, Prior, and Informed Consent
GOA	Government of Armenia
GM	Grievance Mechanism
IFC	International Finance Corporation
ILO	International Labour Organization
LG	Local Government
MENR	Ministry of Energy and Natural Resources
MNP	Ministry of Nature Protection
NGO	Non-government Organization
PAC	Project-affected Communities
PAP	Project-affected Persons
PS	Performance Standards
ROA	Republic of Armenia
SLO	Social License to Operate
SEP	Stakeholder Engagement Plan
SMS	Social Management System
TBD	To be Determined
ZCMC	Zangezur Copper Molybdenum Combine

1. INTRODUCTION

The original Stakeholder Engagement Plan (SEP) was developed in March 2023, in accordance with international good practice, to guide stakeholder engagement across Zangezur Copper-Molybdenum Combine (ZCMC). This updated version reflects developments since its initial preparation and incorporates relevant changes in the Company's operations, stakeholder landscape and engagement.

Stakeholder engagement is a continuous process of interaction with direct and indirect stakeholders, building and maintaining relationships based on mutual trust, sharing information and knowledge, responding to concerns and grievances of stakeholders, and maintaining Social License to Operate (SLO).

The purpose of SEP:

- Good understanding of local context and perceptions
- Stakeholder mapping and analysis
- Maintaining continuous open engagement at all project phases based on mutual trust and respect
- Understanding and managing stakeholder expectations
- Avoiding and/or mitigating risks, creating opportunities for shared values and responsibilities

Engagement with stakeholders is carried out through disclosure of information, regular consultations, meetings, and informed participation. Social and related Policies adopted by ZCMC, require constructive and consistent engagement that incorporate stakeholder feedback and concerns in decision making processes.

The SEP will be updated periodically in line with ZCMC project needs: it will summarize engagement, issues and project milestones for the reporting period, guide engagement for the coming years, and Project phases, as appropriate[1].

1.1 OBJECTIVES AND SCOPE

The scope of the SEP covers engagement in all areas where ZCMC has presence throughout the operational activities and covers relevant activities throughout the project lifecycle, including current operations, expansion and closure, as applicable. SEP represents a systematic and ongoing approach for identifying, informing, consulting and engaging with stakeholders who may be affected by or have an interest in ZCMC's activities.

This SEP is focused on engagement with primarily external stakeholders, including affected communities, local government authorities, civil society organizations, groups with special interests, while internal engagement is covered through separate procedures. It does not cover suppliers, contractors, ZCMC employees: engagement with these groups is generally part of a company's core business operations and is governed by established policies, procedures and national regulations.

Stakeholder engagement will be conducted in an inclusive, transparent, culturally appropriate manner, based on the needs, perspectives and circumstances of different stakeholder groups, including vulnerable. ZCMC will maintain constructive relationships with stakeholders through regular communication, meaningful consultation and timely responses to concerns and feedback.

[1] This SEP is subject to revision, as per the ESIA to be commissioned regarding Project enlargement.

As needed, additional engagement plan or Addendum to this SEP will be developed for public disclosure and consultation to address specific project activities or environmental and social impacts. These plans will be disclosed followed by consultation with relevant stakeholders.

In case of land acquisition and/or resettlement, engagement activities will be established to ensure that affected people are adequately informed and consulted on impacts, compensation entitlements, eligibility criteria, livelihood restoration measures and available grievance channels throughout the implementation of these activities.

Key objectives of SEP:

- **Ensure timely and accessible information disclosure:** Provide stakeholders with relevant, accurate and up-to-date information about ZCMC's operations, project activities, potential environmental and social impacts, mitigation measures. Disclose information in an appropriate and timely manner, commensurate with and acceptable for local culture and language understandable for stakeholders including vulnerable groups.

- **Promote inclusive stakeholder engagement**: Guide ZCMC on engagement principles throughout different Project phases, that could include tailored approaches for various social groups, as foundation for open, transparent and respectful relationships with stakeholders; reduce the risk of stakeholders becoming misinformed or dissatisfied because of misconceptions or rumors.

- **Identify and address stakeholder concerns, insights and expectations:** Ensure that stakeholders have opportunities to provide feedback, express their views, perceptions on decisions that may impact them to allow ZCMC incorporate their input in its decision-making processes; manage the expectations of stakeholders for the mutual benefit of ZCMC and the community.

- **Ensure accountability and feedback to stakeholders:** Report back to communities and other stakeholders on discussions and commitments made. The outcomes of consultations explain how stakeholder feedback has been considered.

- **Provide a mechanism for grievances**: Provide accessible, transparent and culturally appropriate channels through which stakeholders can raise their questions, concerns and complaints, and ensure that grievances are properly recorded, assessed and addressed in a timely manner, without retaliation.

- **Ensure regulatory and international standards compliance:** Ensure that ZCMC meets Government of Armenia statutory requirements as well as relevant international environmental and social standards and best industry practices.

1.2 BACKGROUND, PROJECT FOOTPRINT

Since its founding in 1951, ZCMC has grown to become a recognized leader in the mining industry in its home country of Armenia. The state-owned enterprise was privatized as a closed joint-stock company in 2005 and was the country's fourth largest employer in 2011. For almost 70 years, ZCMC has been among the largest taxpayers. High-quality reserves and large-scale corporate responsibility programs distinguish ZCMC from other mining companies in the region, while the company's size allows it to produce enormous volumes of ore – 22 million tons annually and still achieve impressive operating efficiency. The Company mainly mines and processes Armenia's long-lived and thoroughly proven deposits of molybdenum and copper.

ZCMC is located in the South-Eastern part of Republic of Armenia, Syunik Region; 30km West from Kapan town - at the administrative territory of Kajaran town. The operation of mine started in 1951. Up until 1954 the extraction was exclusive of sub-surface type, from 1954 up to 1962 - combined type (sub-surface and surface), while after 1962 the mining was exclusive of surface type. The Company was established as a state-owned enterprise in 1951. In 2004 ZCMC was privatized.

The following structures are part of ZCMC: open pit mine, including overburdens, processing (enrichment) plant, "Artsvanik" operating tailing dam and auxiliary infrastructures. The operating open-pit mine is located 1.7-2.5km South-West from Kajaran town – 2180m -2300m above the sea level, in the upper stream of the right bank of Voghji river. The enrichment plant is in the administrative area of Kajaran town – 1825m above the sea level. The distance between enrichment plant and residential area is 300 meter (Picture 1).

ZCMC is a single operation comprised of three units:

- ✓ The open pit mine
- ✓ The processing plant
- ✓ The Artsvanik tailing storage facility



Figure 1: Operating open-pit mine and enrichment plant

Operating "Arstvanik" tailing dam is located at the Arstvanik gorge – 34.5 km far from the processing plant. The tailings dam is 900 meters above sea level. The main processing infrastructures under ZCMC operation are shown in Figure 2.

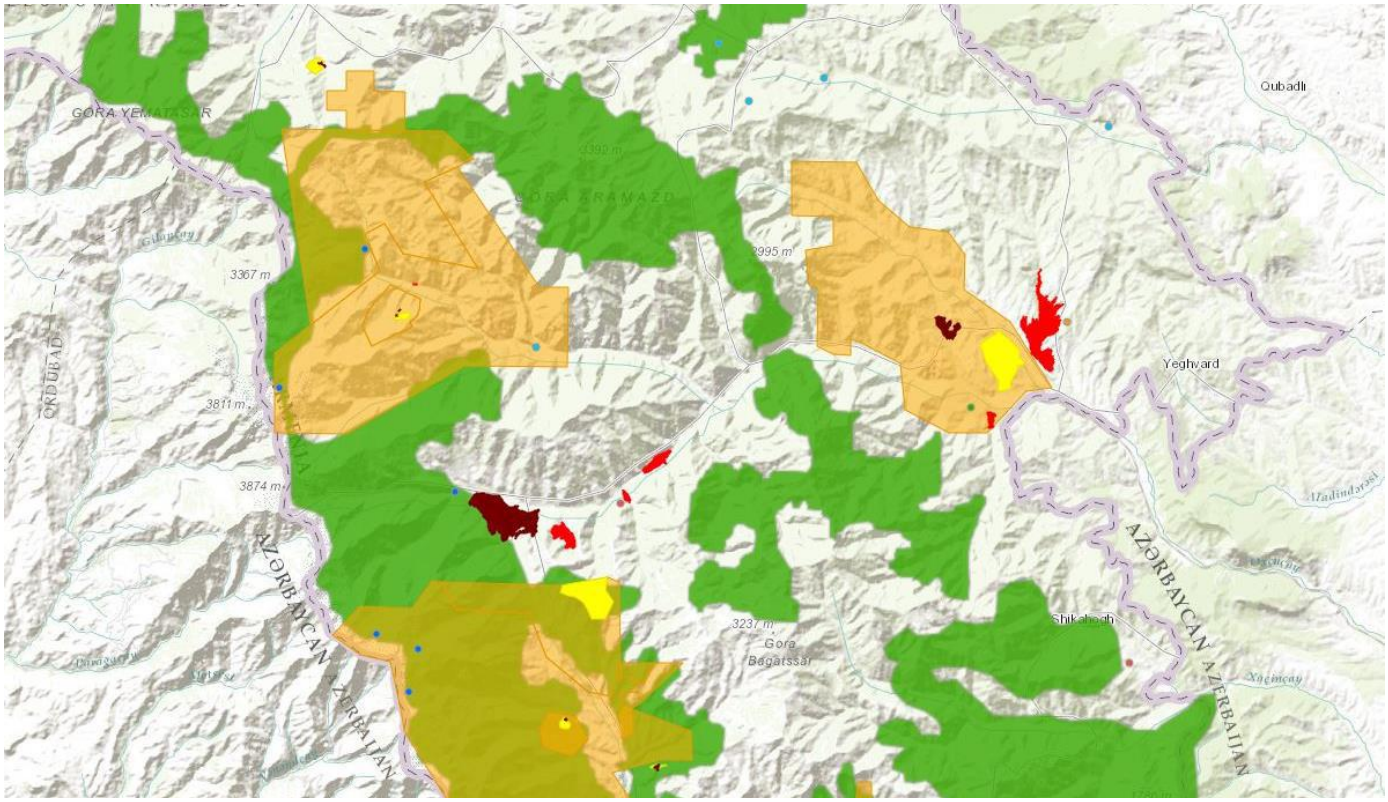


Figure 2: Location of ZCMC open pit mine and Artsvanik tailing dam

34.5 km long slurry pipeline starts from the processing plant and reaches the Artsvanik tailing dam through high-speed route, which is mainly passing across the left bank of Voghji river. The main part of the slurry pipeline goes through the tunnels and the rest through the surface. The slurry pipeline consists of two lines - one is working and the other is for the reserve.

2. LEGISLATION, RELATED POLICIES

This SEP and other policy documents are inter-related and are integral part of ZCMC adherence to best practices:

- ✓ Sustainability policy
- ✓ Grievance Mechanism
- ✓ Occupational Health and Safety Policy
- ✓ Whistleblowing Policy
- ✓ Human Rights Policy
- ✓ Social Policy
- ✓ Local Employment Policy
- ✓ Code of Conduct

2.1 LEGAL INSTRUMENTS, NATIONAL REGULATIONS

The mining sector in Armenia is primarily regulated by the Mining Code, which was adopted in in November 2011 and entered into force on 1 January 2012. Since then, the Code has been amended several times, including significant revisions in 2014 and 2020, as well as amendments in 2021 and 2022, aimed at strengthening and improving the regulatory framework governing mineral resource management and mining operations, thus bringing consistency between various legal requirements. Through support from

the World Bank, Armenia undertook broader reforms of mineral sector policy and associated legislation during 2021–2023, resulting in the adoption of the Mineral Sector Policy in May 2023. The mining sector is administered by the Ministry of Territorial Administration and Infrastructure, while the Ministry of Energy and Natural Resources (MENR) is responsible for relevant environmental policies and regulatory oversight.

The Law on Environmental Impact Assessment and Expert Examination (EIA Law adopted in 2014) stipulates Armenian regulatory requirements in terms of stakeholder engagement. According to the law, project proponents intending to start up a Project, are required to hold public hearings to notify stakeholders about their intention and to provide relevant documents for the proposed project. The public hearings on the intended activity are organized in cooperation with the MNP to present the EIA/ShMAG report. Several public hearings were held to present the project description and the environmental impact assessment outcomes. Minutes of each public hearing are submitted to the MNP. Key documents regarding the EIA approval process are made available to the public in Armenian on the MNP website -http://www.mnp.am//images/files/ezrakacutyun/geotim.PDF

Constitution of RA (amended in 2015)
Codes
RA Code on Mineral Resources (2012)
RA Civic Code (1998)
RA Labor Code (2004)
RA Land Code (2001),

Laws
RA Law on Environmental Impact Assessment and Expert Examination (2014)
RA Law on State Regulation of Technical Security Assurance (2005)
RoA Law On the Employment of Population and Social Protection in Case of Unemployment (2005, amended in 2010)
RA Law on Equal Rights and Equal Opportunities for Women and Men (2013)
RA Law on Seismic Protection (2002)
RA Law on Population Protection in Emergency Situations (2011.)
RA Law on the Protection and Use of Fixed Cultural and Historic Monuments and Historic Environment (1998),
RA Law on Freedom of Information (September 23, 2003),
RA Law on Alienation of Property for the Needs of Society and State (2006).

2.2 ZCMC CORPORATE POLICIES

The following Policies, updated in 2024, provide summary of the respective policies and demonstrate ZCMC's commitment to international best practices.

Sustainability policy - ZCMC is committed to promoting responsible and sustainable practices across its operations and business relationships. It aims to continuously improve its environmental, social and governance (ESG) performance by adopting and developing sustainable practices that minimise adverse impacts and contribute to the well-being of the affected communities. ZCMC recognises that stakeholders, including employees, local communities, shareholders, civil society organisations and contractors, have valid expectations for the Company to conduct its activities in responsible, transparent and sustainable manner, creating shared value and long-term benefits.

The Company is committed to complying with Armenian legislation and aligning its operations and business practices with international standards and good practices, including the UN SDGs, UN Global Compact, IFC Performance Standards, ICMM Mining Principles and GISTM.

Grievance Mechanism (GM) – originated in 2022, then subsequently updated periodically, it provides clear steps and channels of filing or communicating community concerns and complaints: receipt, registration, categorization, investigation, coordination with other departments, outcome and response, as well as reporting and improvement of GM based on continuous monitoring of GM management.

Occupational Health and Safety – ZCMC recognizes that its people are its most valuable asset and is committed to maintaining high standards of occupational health and safety across all its operations. The Company considers health and safety a shared responsibility and recognizes that employees, contractors, local communities, shareholders and other stakeholders have the right to expect a strong safety culture and a "safety first" approach in all its activities. ZCMC is committed to achieving its goal of "zero harm" by preventing workplace injuries, occupational illnesses and incidents, and continuously improving its health and safety performance.

Whistleblowing Policy –the Policy aims to promote a culture of lawful, ethical and responsible business conduct, supported by openness, integrity and accountability. The Company encourages employees and other stakeholders to report, including anonymously, any suspected illegal, unethical or unsafe conduct or practices.

Social Policy – this policy reinforces Company's commitment for proper management of social issues as high priority, including affected communities and their households, employees, their socio-economic conditions, vulnerability, human rights, cultural heritage, work conditions, health and safety, etc. ZCMC invests efforts and resources to minimize potential negative impacts and maximize positive impacts.

Human Rights Policy – reflects ZCMC's commitment in protecting human rights at its operations, respecting and supporting the well-being and human rights of company employees, their families, and the communities within the operations area of influence. ZCMC will ensure that all its businesses comply with all applicable regulations, and it will strive to uphold all laws and regulations where ZCMC does business and adopt and apply international standards where national laws are less stringent.

Local Employment Policy - ZCMC is committed to support local employment, adhering to international best practices, in line with the UN Sustainable Development Goal 8 and international Labor Organization (ILO): Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. This Policy is a demonstration of ZCMC commitment and intent to hire locally to the extent feasible. If the necessary skills or experience is not readily available locally, cannot be trained or prepared for the required time, candidates will be sought regionally or nationally. Where candidates are available both locally and regionally or nationally, with similar skills and experiences, priority will be given the local communities and residents.

Code of Conduct - Sets guidance in translating ZCMC core values into business operations and representing them in the workplace, in communities it operates and marketplace. The Code of Conduct reflects Company's expectations and positioning on work ethics, standards of conduct and behavior that will be visible for all our stakeholders: co-workers, host communities, local authorities, government, civil society and wider society. ZCMC is dedicated to ensuring that its business is conducted according to ethical, professional and legal standards. Company is committed to creating a workplace that is free from harassment and discrimination, where all employees are respected and provided with an appropriate

environment with equal opportunities and which encourages safe work performance, ethical and honest conduct.

2.3 IFC PERFORMANCE STANDARDS

The International Finance Corporation (IFC) standards are the bases for best and widely applied practices by not only mining but various industries (forestry, infrastructure, oil and gas, etc.). IFC 8 Performance Standards (PS) contain specific recommendations and requirements in the areas of environmental and social sustainability, land acquisition and resettlement, community health, health and safety, cultural heritage, etc.

PS 1 *Assessment and Management of Environmental and Social Risks and Impacts* elaborates on the effective community engagement, disclosure of project-related information, consultation with local communities on. It emphasizes the key principles for engagement:

- **Free** (free of external manipulation, interference, coercion, or intimidation),
- **Prior** (prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information)
- **Informed Consent** (which is in a culturally appropriate local language(s) and format and is understandable to stakeholders and Affected Communities)

ZCMC is not working directly with IFC in any capacity: nevertheless, ZCMC senior management is open to applying best international practices, to ensure best performance standards and practices.

2.4 EITI

The Extractive Industries Transparency Initiative (EITI) is a global standard promoting the open and accountable management of oil, gas and mineral resources.

The EITI Standard requires information along the extractive industry value chain from the point of extraction, how the revenue makes its way through the government, how it benefits the public. This includes how licenses and contracts are allocated and registered, who are the beneficial owners of those operations, what are the fiscal and legal arrangements, how much is produced, how much is paid, where are those revenues allocated, and what is the contribution to the economy, including employment. The EITI seeks to strengthen government and company systems, inform public debate and promote understanding.

Armenia began the process of becoming an EITI member in July 2015. On June 27, 2016, the first meeting of the Armenian EITI Multi-Stakeholder Group took place. By letter dated 28 December 2016, the Government of Armenia formally submitted its application for candidate status. The EITI in Armenia creates a platform for the government, companies and civil society to hold a dialogue on financial accountability in the extractive industries. The EITI Multi-Stakeholder Group (MSG) of the Republic of Armenia comprises 13 core members, representing three constituencies: five representatives from the Government of Armenia, four from mining companies, and four from civil society. In addition, each constituency is represented by alternate members to ensure continuity of participation.

3. KEY ELEMENTS OF STAKEHOLDER ENGAGEMENT

This section summarizes the key elements of ZCMC's stakeholder engagement process: it describes the Company's approach to stakeholder engagement, stakeholder identification and consultation, information disclosure, grievance management, and ongoing monitoring and reporting. Together, they represent a framework for meaningful, inclusive and transparent engagement throughout ZCMC's operations in all project phases.

3.1 STAKEHOLDER ENGAGEMENT APPROACH

ZCMC is committed to maintaining an open, continuous and proactive interaction with the affected and adjacent communities and wider stakeholders throughout its operations in all project phases. ZCMC recognizes the importance of meaningful stakeholder engagement in building trust, maintaining social license and ensuring that stakeholder concerns and interests are considered in the management of its activities.

Project-affected communities, also referred to as "local" communities have the right to:

- Receive timely, relevant and accurate information about ZCMC's operations, project activities, potential environmental and social impacts, mitigation measures and performance, in a transparent and accessible manner.
- Participate in decision-making processes regarding ZCMC Project that affect their interests and livelihoods, as well access to natural resources, through public consultations, hearings, formal and informal meetings.
- Access fee information on ZCMC social management and other plans regarding Company performance, risk management and mitigation.
- Engage where appropriate and practical, and promote opportunities for community representatives to participate, where appropriate, in joint monitoring and the communication of monitoring results related to Project implementation: blasting, environmental monitoring, community-based surveys and other field activities.

To safeguard these rights, ZCMC will ensure that stakeholder consultation and engagement are guided by the following principles:

Transparency and timely information disclosure – Provide stakeholders with relevant, accurate and timely information about ZCMC's activities, potential environmental and social impacts, potential risks and mitigation measures. Information will be channeled in formal and informal settings, through community meetings, public hearings, etc., in a clear and local language, to ensure accessibility for different stakeholder groups, including the vulnerable.

Inclusiveness and non-discrimination – ZCMC will ensure open and accessible engagement to stakeholders, without any discrimination against gender, age, ethnicity, etc. Attention will be given to vulnerable and disadvantaged groups, including women, older people, or people with barriers to participation. Engagement will consider local context: traditions, cultural sensitivities and norms, specific stakeholder needs.

Meaningful consultation and participation - Consultation will be conducted through open, two-way dialogue at all stages of project implementation, to allow stakeholders convey their views, concerns and feedback without manipulation, intimidation or fear of retaliation, before relevant decisions are finalized. ZCMC will seek to maintain constructive relationships and broad community support. Where practical, these consultations will be held in their own communities to promote transparency, participation and trust building.

Responsiveness and accountability - ZCMC will ensure that stakeholder feedback, concerns and recommendations are properly documented, considered and addressed in decision-making processes. Communities and wider stakeholders will be informed about consultation outcomes, decisions and actions taken by ZCMC. In cases where stakeholder suggestions cannot be met, ZCMC will provide explanations and clarifications.

Grievance management, monitoring and continuous engagement – ZCMC will ensure accessible channels for stakeholders to raise their questions, concerns and complaints, while ensuring proper record keeping and management of grievances in timely manner, including responses to complainants. Stakeholder engagement is an ongoing process that will be monitored, to ensure effectiveness of engagement and constructive relationships throughout ZCMC's operations.

3.2 STAKEHOLDER IDENTIFICATION, PRIORITIZATION

Stakeholders are defined as "*persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively*"[2].

Stakeholder identification, assessment and acknowledgment of their needs, perceptions and expectations regarding the mine project are essential for effective and proactive engagement. Different phases of the Project require different engagement strategies and approaches, taking into consideration the specific characteristics and interests of affected and adjacent communities, as well as wider society.

Prioritizing stakeholders is determined by assessing the level of their influence and interests in the Project, the nature and degree of potential impacts on them, and their capacity to participate meaningfully in engagement processes. Attention will be given to vulnerable groups to ensure that their voices, concerns and interests are adequately represented, heard and considered, regardless of their level of influence. Therefore, prioritization is a key factor when developing engagement methods with them.

Prioritization takes into consideration the following criteria:

- **Level of impact:** The extent of direct or indirect impacts on stakeholders affected by the Company's activities such as actual and potential environmental and social impacts, both positive and adverse.
- **Level of influence:** The extent of stakeholder influence on the Company's operations, decisions and activities.
- **Level of interest:** The degree of stakeholders' interest in Company's activities, performance and future developments (expansion, etc.).
- **Vulnerability:** The extent of certain stakeholder groups being more susceptible to project impacts or facing barriers to effectively participate in engagement processes.

Based on this assessment, stakeholders are assigned different engagement priorities, which determine the nature and intensity of engagement:

[2] IFC Stakeholder Engagement Good Practice Handbook (2007)

- **High priority – Manage closely:** Stakeholders that are directly affected by the Company's operations and are exposed to significant environmental and/or social impacts, and those with a high level of influence or interest. Engagement with this group involves regular consultations, perception surveys, proactive communication, tracking concerns and follow-up on agreed actions.
- **Medium priority – Keep informed and consult:** Stakeholders with a relevant interest in or influence on the Company's activities, but with a comparatively lower degree of direct exposure to impacts. Engagement includes periodic joint consultations, information sharing and updates on key Project activities, environmental, social and other issues.
- **Lower priority – Monitor and keep informed:** Stakeholders with indirect or limited interest in the Company's activities, and low level of exposure to impacts or influence. In this case, engagement involves regular monitoring and disclosing updates about the Project through fact sheets, Newsletter, media notifications.

Stakeholder prioritization and engagement approaches are not static and will be reviewed periodically and updated to reflect changes in Project activities and expansion, potential new and current impacts, stakeholder interests and community circumstances. Prioritization process is inclusive and concerns and interests of various stakeholder groups are considered.

Stakeholders were identified during the Environmental Impact Assessment, the information on the affected communities was subsequently updated in the Social Impact Assessment Report of the Changes in the Project of Kajaran Copper-Molybdenum Mine Resources Extraction.

In addition, ZCMC is gathering annual *Socio-economic Baseline Data* from all affected communities on several key categories, including gender segregated data on demography, employment, migration patterns, social infrastructure, vulnerable groups, challenges facing the community and priority needs. Over time, this data allows ZCMC to generate a comprehensive understanding of each community, identify socio-economic trends and emerging issues, assess changes in the overall livelihood of communities and better understand evolving community perceptions and priorities. This, together with stakeholder feedback and consultations feed into the Company's environmental and social risk management and engagement planning.

3.3 PROJECT-AFFECTED COMMUNITIES

The affected communities are those whose livelihoods, access to resources, social or cultural heritage and activities might be affected by the Project operations. These communities will also be affected through employment, procurement and business opportunities that ZCMC suggests.

The following communities have been identified as Project affected communities:11 rural communities of Chapni, Sevaqar, Kajaran, Kajarants, Achanan, Lernadzor Artsvanik, Erkenants, Vardavank, Bargushat and Syunik; and 2 urban communities – Kajaran and Kapan.

Direct or secondary impact area is considered as an adjacent impact zone, determined by proximity to site, Project infrastructure, transport corridors, etc. These communities are adjacent either to Zangezur Copper-Molybdenum mining pit including overburdens or to the tailing dam. The distances of the communities from Kapan regional centre for rural communities and from Yerevan for communities are presented below, along with population.

Table 2: Distance of communities from Kapan and Yerevan

	Impact area /type	Community	Community size/ population[3]	Distance from Kapan/km	Distance from Yerevan/km
Urban	Secondary impact area	Kapan	37314	-	320
	Direct impact area	Kajaran	7083	26	356
Rural	Direct impact area	Kajarants	242	27	358
	Direct impact area	Lernadzor	386	21	340
	Secondary impact area	Sevakar	237	9-10	300-310
	Secondary impact area	Achanan	244	6	300
	Secondary impact area	Chapni	155	10	310
	Secondary impact area	Artsvanik	863	14	300
	Secondary impact area	Syunik	790	6	296
	Secondary impact area	Erkenants	64	9	330
	Secondary impact area	Bargushat	53	1.6	310
	Secondary impact area	Vardavank	80	10	305

The spheres and sources of mining impacts on the communities located in impact area are listed below[4].

Table 3: Mining impacts

Community	Mining impacts
Kajaran town	The open-pit mine, processing plants and auxiliary infrastructures of ZCMC are in the administrative territory of Kajaran town. The main part of ZCMC labor is from Kajaran town.
Achanan	The slurry pipeline for nearly 4 km is passing through the territory of community. The community is adjacent to the "Artsvanik" tailing of nearly 5 km long border at the north-eastern part of the community.
Artsvanik	"Artsvanik" tailing dam is located at the territory of Artsvanik community. During 1973-2016, 626 hectares of communal agricultural lands were allocated to the tailing dam and are not usable for agriculture afterward.
Chapni	The community is adjacent to Arstvanik tailing dam
Sevaqar	The community is adjacent to Arstvanik tailing dam. 13 hectares of communal lands of the industrial category were allocated to the ZCMC for the expansion of the tailing dump.
Syunik Community	Voghji river and its tributary Norashenik which are in ZCMC impact zone are passing through the territory of the community**.**
Lernadzor	Lernadzor community is adjacent to Kajaran town where ZCMC main processing plants and open-pit mine is located. The slurry pipelines connecting processing plant and tailing dam are passing through the territory of community. Part of ZCMC labor is from Lernadzor Community.

[3] Source: Baseline data on population in the affected communities, 2025

[4] Source: http://www.zcmc.am/arm/

Kajarants village	Kajaran village is adjacent to Kajaran town where ZCMC main processing plants and open pit mine is located. Residents from the Kajaran community are employed in ZCMC.
Kapan town	The river Voghji under impact zone of ZCMC passes through the territory of Kapan town. Part of ZCMC labor is from Kapan town.
Erkenants	
Bargushat	
Vardavank	

3.4 STAKEHOLDER ENGAGEMENT TO DATE

Public hearings, meetings with national, regional and local administration, respective Mayors and community representatives, local NGOs and other groups have been held regularly and on an as-needed basis in the past several years.

Table 4 below summarizes the internal and external stakeholders, the respective methods of engagement and the stakeholders' role vis-à-vis ZCMC and its operations; and the level of influence and engagement priority for each group.

Table 4: Internal and External Stakeholders, Level of Influence

Stakeholders/group	Engagement method	Stakeholder role in relation to ZCMC
National Government • Ministry of Nature Protection • Ministry of Natural Resources • Ministry of Agriculture • Ministry of Finance and Economy • Ministry of Economic Development and Investments • Ministry of Territorial Administration and Development • Ministry of Emergency Situations • Ministry of Health • Ministry of Labour and Social Affairs • Ministry of Education • Syunik Marzpetaran ***Influence - High***	• Environmental and social impact assessment reports, management plans • Annual Sustainability Reports • Environmental monitoring by state authorized bodies • Official correspondence and regular meetings • Public consultation meetings ***Engagement priority – High***	• Policy, legislation development in mining and industry • Regulatory role and responsibility • As needed, support ZCMC through enforcement of national legislation and policy on resettlement, land acquisition, community relations. • Ensure law and order, public safety and promote public and confidence to allow ZCMC operate smoothly, timely, in a safe and stable environment • Safeguard security
Local Government • Syunik marz – Governor's office • Kapan – Municipality • Kajaran – Municipality • Affected communities – village representatives ***Influence - High***	• Environmental and social impact assessment reports, management plans, monitoring documents • Official correspondence • Official Meetings • Public consultation meetings • Informal meetings • Ad-hoc meetings with Mayors, other officials and community leaders, as needed ***Engagement priority – High***	• Political oversight • Cooperation with ZCMC in matters of coordination of key environmental, social or other areas (impact assessment, monitoring, reporting) • Safeguarding government policies and legislations at local level • Establish partnership between ZCMC on subsidiary and community projects • As needed, act as facilitators and arbitrators in resolving community complaints, turmoil and grievances • Represent the interests of their groups
Business and commerce • Chamber of Commerce • Local suppliers, service providers • ZCMC Contractors • Business community representatives Influence - Medium	• Company web site and social media • Official correspondence • Official meetings and consultations • Partnerships, local procurement	• Chamber of Commerce representing the mining industry interest • Adhering to ZCMC good practices and policies (Human rights, Grievance mechanism, Code of Conduct, etc.)

	Engagement priority –Medium	
Mining and Industry ***Influence - Medium***	• Company web site and social media • Regular meetings: coordination, joint consultations on various topics • Joint efforts to promote international best practices in the industry ***Engagement priority –Medium***	• Collaborate around issues of road and general safety • Exchange visits as needed, exchange of best practices • Share tested and proved stakeholder engagement and social investment strategies • Engage on shared issues or concerns: incidents affecting one company that might impact others • As needed, collaborate around issues regarding mining legislation or legal instruments.
Non-Governmental Organizations • Community-based organizations • Special interest groups • Syunik Karate Federation • Syunik Football Federation • Local NGOs ***Influence – Medium to High depending on interests***	Company web site and social media Meetings and public consultations Monitoring documents Annual Sustainability Report Other Public documents and reporting ***Engagement priority –Medium***	• Collaborate and build partnerships on community investment initiatives • As needed, discussions on community issues and grievances relating to operational impacts • Ensure presence in project-affected communities through partnership programs, raising awareness and passing along information on Company's commitment to local development. • Represent the interests of their individual groups
Transnational and international organizations: • UN • World Bank Group • EBRD • EU • other organizations ***Influence – Medium to Low, depending on involvement***	Company web site and social media Official correspondence Official admission, meetings and consultations Environmental and Social impact assessment reports Monitoring documents Annual Sustainability Reports ***Engagement priority –Medium***	
Media ***Influence - Medium***	Company web site and social media Annual Sustainability Reports ***Engagement priority –Medium***	• Help disseminate information from ZCMC for public use • Attend and publicize ZCMC programs and events • Publish articles, interviews on ZCMC and mining industry for education and awareness
Project affected Communities, population of affected communities	• Formal and informal meetings at the communities; • Environmental and social impact assessment reports, management plans, monitoring reports • Grievance Mechanism • Information boards	• Engage and attend stakeholder consultation and other activities, where practical, in their communities to increase transparency, trust and promote continuous dialogue • Openly share their concerns, perceptions or views with ZCMC

	• Company web site and social media • Information leaflets, informational boards • Sensitization meetings to discuss issues of mutual concern and interests • TV announcements, radio or print media announcements • Periodic community focus group meetings (with specific community interest groups • Citizens' admissions at ZCMC office • Information dissemination with community leaders and members, informal meetings, door to door visits, leaflet or Newsletter distribution, hand-outs, etc., on Project updates, important events, etc.	• Provide feedback, participate in regular rapid assessments, surveys and the like
Influence - High	***Engagement priority – High***	
Employees • ZCMC employees and their family members • Workers engaged through contractor companies • Management and Leadership Teams	• Ongoing meetings with combine employees • Internal circulation information leaflets • Information provided by the contract which contains information on human rights and responsibilities; • Grievance Mechanisms • Information boards • Journal published by the company quarterly • Staff meetings • Company web site and social media • Information provided by the contract • Instruction seminars, trainings, meetings • Information boards	• Contractual relationship • Information sharing – help disseminate information to the community • Recipient of information relating to ZCMC operational plans
Influence - High	***Engagement priority – High***	

3.5 STAKEHOLDER ENGAGEMENT HIGHLIGHTS

Table 4 above provides a range of stakeholder engagement and communication methods with different groups as part of ongoing consultation, indicating illustrative level of influence and engagement priority depending on the level of involvement and interests.

ZCMC Sustainable Development team established a ***Social Management System (SMS)*** that includes electronic records and data of a) community and wider requests; b) grievance log; c) meetings log and d) visitor log[5]. This system aims to ensure proper documentation of key aspects of engagement, tracking and monitoring stakeholder engagement for the given period.

A Community Grievance Mechanism (CGM) has been developed in 2022 as an essential pillar and key performance indicator for stakeholder engagement, as part of the SMS. It has been subsequently and substantially updated and revised in 2025 to reflect detailed official process and steps to manage community grievances. The Grievance Mechanism (GM) is designed to help identify issues early on, prevent and/or resolve issues before they are inflated and turned into a serious dispute or an irreversible impact. It demonstrates Company's commitment in taking community grievances seriously and addressing them impartially. It also promotes confidence between ZCMC and the affected and wider communities as prime users of the system. The GM seeks to resolve concerns promptly, using a clear and transparent consultative process that is culturally appropriate and readily accessible. This mechanism shall not impede access to judicial or administrative remedies.

In addition, a separate document was generated in 2026, "***Procedure for Property Damage***", to lay out key steps to address grievances on property damage only[6]. Both community and property-related grievances are logged and tracked within the same system, to ensure consistency, efficiency and accountability.

To ensure accessibility, ZCMC has dedicated places, close to local government offices, public places, for individuals or groups to easily access and leave their written grievances in Grievance boxes. Most grievances and concerns are filed in writing and logged in in grievance log. They can be also conveyed online, electronically, to a dedicated email through the Company website. Grievance boxes are available at ZCMC offices. Finally, separate Grievance boxes are available at ZCMC offices for complaints from ZCMC workers, managed by Human Resources.

ZCMC – Grievance Submission Form[7]

<table>
<tr><td>Full Name</td><td colspan="2"></td></tr>
<tr><td>Organization/Position</td><td colspan="2"></td></tr>
<tr><td colspan="2" rowspan="2">Address:</td><td>Telephone/mobile/Fax:</td></tr>
<tr><td>E-mail:</td></tr>
<tr><td colspan="3">Preferable means to send a response:</td></tr>
</table>

[5] Meetings and Visitor logs were established in 2023: both tracked, analyzed and reported periodically.
[6] Currently with Legal Department for final review and clearance by Senior management.
[7] Complainants are free to use any form they deem appropriate.

Details of the grievance (any important details; date of incident, location, etc.).

Relevant staff has been guided in identifying incidents and grievances, and record keeping. Continuous support is being provided to social team personnel to engage with stakeholders while ensuring respect to local context and culture.

The GM electronic log was established in 2022-23: since then, the team is tracking the grievances, providing detailed analysis in semi-annual Social Performance Reports. For period 2024-2026, 63% (54) of grievances were on property damage caused by Company operations, while 37% (32) on health insurance and monthly payments. 94% of all grievances are resolved mostly within the established timeframe, with the rest close to completion.

The GM data analysis and findings are currently incorporated in ZCMC Annual Sustainability and other Reports. They will be reflected in SEP updates as well.

Newsletters – periodic newsletters have been published in the past as another tool for outreach, information dissemination, sensitization on various topics, interviews, illustration of ZCMC employees and their achievement. They will be posted in ZCMC website once it is revised and updated.

Information Boards- Although over 80% of Armenia's population has access to internet, ZCMC is committed to making its outreach multi-layered and maximally wide. Therefore, Information Boards are installed in the affected communities, as well in various locations within the Combine as source of information to provide updates or announcements in areas of social, environmental, general operations and activities. These Boards will be checked regularly for accuracy and up-to-date information.

Company website – the website underwent a major revision. It now includes electronic versions of key documents and assessments regarding permits, Annual Sustainability Reports, Company Policies, Annual Financial Reports in 3 languages (Armenian, Russian, English); as well Newsletters, Newsfeed, Career announcements, events.

Public Relations and Communications - ZCMC is securing open channels of communications not just within the community but with all external stakeholders in Armenia and beyond. Our communication strategy clearly indicates the commitment for regular updates on the project and the developments in the company for all external audiences. Since 2022 the company has adopted a pro-active communications approach, with regular exposure of the company management to public scrutiny. This includes participation in and organization of public events (conferences, public discussions), interviews, press conferences. Since 2022 company top management had over 20 media appearances, both as face to face interviews as well as press conferences. The company is open to media visits and media tours are organized both upon request and upon necessity stemming from milestone events.

The company sends regular press releases to more than 300 media representatives providing company updates. All media inquiries are followed up, and the requested information is provided.

Since 2022 the company has added a LinkedIn and Instagram accounts to its social media platforms in addition to an actively updated Facebook account. Stakeholder comments, if appropriate and relevant are responded to.

Material information disclosure - ZCMC's internal policy requires disclosure of material information to external stakeholders in a due and timely manner. We classify material information any information that

may in any manner impact the company, our stakeholders, our shareholders or their decisions or may be considered important for the communities or the nation due to the exposure of our operations.
Materiality of the information is assessed by the management team prior to disclosure and if deemed material it is disclosed to the public via all or some of the channels of communications mentioned above.

Annual Sustainability Reports – in 2021 ZCMC published its first Sustainability report to communicate its vision and sustainability goals to wider stakeholders, provide information on ZCMC operations for the reporting period, discussions on significant impacts on environmental, social and governance. Since then, Sustainability Reports are published and posted in ZCMC site, highlighting Company operations, contributions to local economy, employment, local procurement and economic development, social investments and engagement, among other technical areas (economic impact, environmental, occupational health and safety, etc.

Summary of Engagement, 2023-26– record keeping and tracking is a key indicator for proper stakeholder engagement. Electronic log of meetings, public hearings are established that are tracked regularly and reported. They provide valuable records of meetings, themes, meeting parties, purpose, as well key issues raised by wide range of stakeholders. Records for this period contains about 200 engagement activities with local communities, local government, public organizations, individuals. On the same note, for period 2023-26, about 2520 visitors are logged in the Visitor log, including community and local government representatives, school students, University professors and students, contractors, suppliers, etc. This provides

Reporting – Social Performance Reporting is designed to provide semi-annual updates on key areas of social performance, including community investments, community-based partnerships, stakeholder engagement, GM, local procurement initiatives, and annual procurement trends, among other relevant themes.

4. FUTURE ENGAGEMENT

Future engagement refers to the next 3-4 years , and summarizes engagement for the reporting period. The purpose of engagement is to:

- maintain social license to operate and broad community support
- nurture trust and sustain constructive relationships with stakeholder groups
- keep stakeholders informed: share project-related information, operational changes with potential influence on their communities
- Seek and incorporate their feedback and input in various policy documents, reports and community development initiatives.

Table 5: Future Engagement Summary

Stakeholder groups	Engagement method, areas
Government of Armenia: Ministry of Economy, Ministry of Energy and Natural Resources; Ministry of Nature Protection; Ministry of Territorial Administration; Ministry of Urban Development; Ministry of	Consultations and monthly meetings Regular updates on project operations Discussions on support for Regional Development Plans Disclosure of reports: Annual Sustainability Report Annual updates

Labor and Social Affairs, Ministry of Health, etc.	
Syunik Governor and Mayors	Ongoing regular meetings: information and updates Consultations on emerging issues Discussions on ZCMC contributions for Regional Development Plans Discussions on community investment models and programs Project notifications Sharing results of joint investments and contributions
Directly affected communities Local government representatives Traditional leadership Opinion-makers in communities	Monthly; as needed basis; specific events meetings General information meetings Engage communities to discuss on community projects and initiatives; Work with communities to identify mechanism for participatory monitoring; areas of mutual interest for community investment; Monitoring visits to project sites Household surveys, and other field studies Focus group discussions: community priority needs Joint environmental monitoring Annual baseline data update Public disclosure of key project documents: SEP, etc. Disclosure of Project-related documents Information Boards, information dissemination: brochures, leaflets, etc. Grievance mechanism Sensitization on emerging issues: disclosure event, consultation effort. Ad-hoc meetings; sharing results of community surveys Information sharing on employment opportunities Dissemination of Project-related information
Project affected people (PAP): farmers, households, vulnerable groups	Small group meetings Ad-hoc and as-needed information meetings, Focus group discussions
NGOs, Community-based organizations (CSO) Local business community representatives	Regular information meetings Meetings to discuss areas of mutual interest Discussions on partnerships Local procurement initiatives Consultations on small business opportunities
International organizations: United Nations, ADB, etc.	Information meetings Discussions on potential partnerships and programs of mutual interest
Implementing partners	Monthly or by-monthly meetings and updates Information meetings on project implementation Discussions on project progress, emerging issues Monitoring and office visits Introduction and consultations on Company approaches to community investments Collecting feedback on project effectiveness
ZCMC employees, suppliers and contractors	Regular meetings Discussions and consultations on health and safety Safety shares, sensitization meetings Consultations on human rights, Code of conduct, etc. Consultations and meetings on employee grievances Ad-hoc meetings as needed

Groups, Sport Clubs (Syunik Football, etc.) Educational entities, local colleges, etc.	Regular meetings Discussions on potential collaboration (skills learning, etc.) for community projects Meetings on programs progress supported by ZCMC Fund
Media, social media and professional platforms	Regular articles Interviews: environmental awareness, technologies used Updates on ZCMC operations highlights

4.1 FURTHER ENGAGEMENT, SOCIAL INVESTMENTS

ZCMC has demonstrated a strong commitment to providing financial contributions and investing in community development to strengthen stakeholder relationships, generate sustainable benefits for target communities, and support socio-economic development in the affected and wider communities. These investments are guided by the needs and priorities of local communities informed by ongoing stakeholder engagement, socio-economic assessments and baseline data. They reflect not just ZCMC's good will and corporate responsibility, but more importantly, its commitment to foster stable and resilient local economies. By supporting community development, ZCMC aims to create an enabling environment for local employment and recruitment, strengthen local procurement opportunities, and build broader community support for its operations.

For period 2022 and 2025, for example, ZCMC invested approximately $70 M in social and community development initiatives. Social investments are distributed across several sectors: support to local municipalities to tackle large-scale community infrastructure improvements, support to health and social institutions, youth development through sport and art, etc. Impacts and outcomes of investments are summarized below.

Table 6: Community Investments - Impacts and Outcomes, 2022-25

Impact areas	Illustrative outcome indicators
Infrastructure & community development	• 64% of social investments directed to host communities (Kapan and Kajaran), 2025 • Street repairs in Andokavan, Lernadzor, Getishen, and Babikavan. • Cleaning of the Vachagan River channel, construction of new retaining walls, and rehabilitation of existing retaining walls along the Vachagan River basin. • Construction of a new kindergarten in Kajaran (2024). • Design of roof covering renovation works for 8 multi-apartment residential buildings. Kajaran (2025). • Procurement of a 1,000-meter water pipeline for the Shahumyan 8 spring water supply. • Improvement of potable water supply in Artsvanik, Szanak, and Ditsmayr, 2024.
Education and youth development	• Support to several educational institutions: Yerevan State Polytechnic University (establishment of laboratories and building renovations), Yerevan State University, the High School in Goris, and Lernadzor School, etc. • Annual transportation support for rural students and residents traveling to and from Lernadzor. • Support provided to a number of sports clubs, federations, and youth programs in Syunik marz and across Armenia. • In average, 600-700 students supported in Kajaran, Kapan and wider communities to study in various universities in the country and beyond.

Healthcare and social support	• Support to three major healthcare facilities in Kapan and Kajaran, providing regional medical services. • Social assistance provided to over 415 individuals during 2024–2025, including support for vulnerable households. • Individual health support to 1365 individuals (2024), Kajaran; 977 in Kapan • Summar camp for 600 children (Kapan). • Over 400 children with special needs supported through therapeutic, phycological and other services.
Sustainable livelihoods and energy initiatives	• Solar power systems and water heaters installed across Syunik community for 140 households • Solar power plants installed for 26 households in Erkenants (2024-25) • 15–20 households support in Achanan through capacity building and income-generation opportunities (greenhouse) • Innovative marketplace in the region for selling agricultural products directly from local producers by local LLC.
Partnership programs	• On average, around 15 partnership programs annually implemented with local and national NGOs supporting community-based initiatives in areas such as healthcare, rehabilitation services for children and young people with special needs, elderly care, and education.

ZCMC has signed a Memorandum of Understanding with Syunik Municipality to jointly support regional development programs, key for the well-being of the affected communities. Illustrative examples of joint initiatives would include irrigation and potable water infrastructure improvement, rural infrastructure upgrade, development initiatives such as business support, employment opportunities, etc.

A dedicated social team was put in place in 2021-22 to track, monitor and report on community investments.

5. MONITORING AND EVALUATION

Monitoring and evaluation are essential components of effective stakeholder engagement and SEP implementation. ZCMC's Sustainable Development Team is responsible for tracking and evaluating stakeholder engagement activities through regular monitoring, analysis and reporting on social performance.

Monitoring includes assessing the effectiveness of engagement activities, stakeholder feedback, emerging concerns and the Company's responsiveness to the concerns and issues raised. Attention is given to grievance management, including the types and nature of grievances received, their status, average resolution time, and response to the complainants. Mmonitoring findings will inform periodic SEP revisions and improvements to engagement activities.

The key elements of monitoring and evaluation include:

- **Monitoring measures and indicators:** Documenting progress and assessing engagement effectiveness through regular community visits, stakeholder feedback, consultations, opinion and perception surveys, and analysis of grievance data and trends.

- **Responsibilities:** Clearly defining roles and responsibilities of the relevant departments and staff involved in implementing, monitoring and reporting on stakeholder engagement activities.

- **Timing and frequency:** Establishing regular monitoring and reporting intervals to track SEP implementation, assess progress and identify emerging issues requiring attention.

- **Reporting and adaptive management:** Documenting and communicating monitoring results, identifying gaps and areas for improvement, and adjusting engagement methods and activities as needed, in response to changing stakeholder needs, concerns and Project developments.

5.1 ROLES AND RESPONSIBILITIES

Table 7: Roles and Responsibilities

Position, Department	Responsibilities
CEO	Authorizing /providing resources and staff for implementation and monitoring of SEP Authorizing external communications with stakeholders Engaging and working with high-level stakeholders, national and regional government offices, respective ministries
Sustainable Development, Director	Responsible for the management of resources and oversight of SEP implementation Steward of SEP, to ensure proper, smooth, and constructive implementation daily through team members; Communicating key highlights and importance of SEP to other departments; Delegating roles or functions to other departments as needed;
Social department /team within Sustainable Development	Manage SMS and SEP implementation Manage records, update and tracking of grievances, complaints and concerns Responsible for SEP updates or revisions; Manage and report on grievances on a regular basis; Reports to Sustainability Director/senior management on various aspects of stakeholder engagement (meetings, engagement, grievances); Outreach as needed
Social team members	Responsible for record keeping, data collection on all aspects of stakeholder engagement Monthly track of Grievance log Monthly track of Meeting log Monthly track of community request log Visitor log tracking Regular consulting with the affected and adjacent communities Outreach to communities and stakeholders Monitoring reports and updates
Other departments within and beyond Sust. Development: Social, Health and Safety, Environmental	Support stakeholder engagement activities and initiatives; Reach out for various activities Sensitization on environmental issues, community health and safety, public awareness campaigns;

protection, Respective management	Coordinate with responsible departments/personnel in stakeholder engagement initiatives, events or meetings

Approved by	Board of Directors
Issued by	Sustainable Development Directorate
Update	November 8, 2026
Version	2.0

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