

**REPORT**  
**on the work of the Compliance - Service**  
**for the first 9 months of 2023y.**

According to the staff schedule of the Joint Stock Company “Uzmetkombinat” (here in after - the Company), **5 staff** units have been allocated to the Compliance - Service under the Supervisory Board, of which **4 are** filled by employees. At present, the recruitment process for **1 vacant** positions is in progress.

The work plan of the Compliance - Service for 2023 consisting of **15 items** was approved by the Supervisory Board of the Company on December 14, 2022. Fulfillment of **11 items** of the work plan is fully ensured, the remaining **4 items** are under control.

On April 11, 2023, the Program of Measures consisting of **9 items** was approved, aimed at improving the Company's activities in the direction of ensuring transparency. **4 items** of the program have been fully implemented. Work is underway on **5 items** of the program.

On May 24, 2023 was approved the program of measures to reduce the risks of violation of competition law requirements in the Community system of **7 points. 2 items** of the program have been fully implemented. Work is underway on **5 items** of the program.

At the same time, an appeal of the Company’s General Director - Chairman of the Council to employees - employees and the public on anti-corruption issues was developed and communicated to the employees.

Sections “Anti – corruption” and “Open Information” were introduced on the Company's official website [www.uzbeksteel.uz](http://www.uzbeksteel.uz). These sections contain internal documents, information planned for publication, appropriate (*hotline and e-mail*) communication channels for sending appeals, social videos and information on responsible Compliance - officers, and constant monitoring of the updating of this information.

For the expired period of the current year, the Compliance - Service received **14 executive** documents, the execution of all documents was ensured.

For the 9 months of 2023 Compliance - service has conducted an assessment of **142 functions** of **25 structural-organizational** units and departments of the executive apparatus of the Combine on the basis of the Methodology for assessing corruption risks, registered by the Ministry of Justice of the Republic of Uzbekistan on August 31, 2022 for № 3383 (identification and assessment of corruption risks).

On July 17, 2023 the Program (Roadmap) of **136 points** on prevention of corruption risks was approved.

The Compliance - Service developed and implemented a risk map of production, financial, economic and other activities of Uzmetkombinat JSC, which included a description of **229 risks** in such groups as strategic, operational, financial and compliance risks (compliance risks).

In addition, for 9 months of the current year, **249 candidates** hired on a competitive basis were checked.

In accordance with the recommendations developed by the Compliance Service, the HR Department supervised the completion of annual declarations (including in case of transfer to another position) on conflict of interest by employees of all structural and territorial subdivisions of the Works. At the initiative and recommendation of the Compliance - Service, the HR Department introduced anti-corruption clauses into labor contracts.

### ***Procurement process***

For the purpose of efficiency of organization and safety of implementation of procurement process by the Company, Compliance - service has checked for reliability and compliance with international, western and European sanctions **611 current** and potential counterparties (since May - **920 in total**) of “Uzmetkombinat” JSC, **139 conclusions** were given on them. Within the framework of checking counterparties for reliability in accordance with the established requirements, the presence of counterparties' debts to the state budget (taxes, deductions to IIB), its status (operating company or not in the relevant register), affiliation, presence of conflict of interest, its functioning in offshore zones, bankruptcy risks, etc. is checked.

Within the framework of the updated Regulations on Compliance - Service, approved by the Supervisory Board of “Uzmetkombinat” JSC on September 12, 2023 (Protocol № 12), Compliance - Service has been delegated the function of checking the validity of the pricing policy of the procurement process. To date, **35 applications** have been considered within the framework of the expert examination of prices for procurement of goods (works and services) conducted by Compliance Service, according to the results of which the excess of prices by **6,146,681,162.00 soums** has been revealed, in connection with which appropriate recommendations on optimization of price parameters of procurement procedures have been given.

### ***Training seminars***

In the reporting period Compliance - Service organized and conducted **7 general** and special training seminars on risk management and anti-corruption issues with participation of foreign expert with involvement of managers and leading specialists of structural and regional divisions of “Uzmetkombinat” JSC.

On the initiative of Compliance - Service **36 risk-coordinators** were appointed from each structural subdivision and production shop. During the special training seminars the main emphasis was made on training of the appointed risk-coordinators in terms of identification and specific risks in production, financial and economic and other activities of “Uzmetkombinat” JSC and development of appropriate recommendations for their reduction and elimination.

Compliance - service has developed “Handbook on anti-corruption compliance system of “Uzmetkombinat” JSC and “Information Guides on Corruption”, special educational programs of advanced training “Obligations of structural and territorial subdivisions in prevention of Corruption and conflict of interests and other offences” and “Organization of anti-corruption system and prevention of corruption”.

### ***Compliance audits***

In the reporting period, the Compliance Service conducted two comprehensive compliance audits:

- Compliance audit of the activities of the subsidiary organization PFC Metallurg LLC (100% share of “Uzmetkombinat” JSC), following the results of which recommendations were given to eliminate the identified shortcomings and omissions, including in terms of the procurement process, working time accounting, contractual activities, personnel management, catering, etc.

Currently, practical measures are being taken to implement the above recommendations on the basis of the developed Roadmap of PFC “Metallurg” LLC;

- Compliance-check of the structural subdivision of UMK “Nutrition Complex” on the organization of input and expenditure accounting of food products, fruit and vegetable products

and other inventory in warehouses, organization of catering in the canteens of the Company, keeping records in accordance with the requirements of SanPIN of the Republic of Uzbekistan, including the availability of braking logs, documents of record of sanitary and hygienic norms and procedures. According to the results of the conducted compliance inspection, the materials were transferred to the Department of Corporate Security and Resource Protection for bringing the guilty employees to responsibility in accordance with the established procedure.

***Awareness-raising and advocacy activities***

In order to carry out a wide explanatory work among the employees of “Uzmetkombinat” JSC in the part of anti-corruption policy and measures on settlement of conflict of interests conducted at the Combine by Compliance - Service **8 audio spots** and **video spots** on the relevant topics were prepared and placed on the website and official Telegram channel of the Company. Within the framework of the mentioned thematic areas, **4 propaganda** materials were developed, which were brought to the attention of employees, partners and counterparties on the official website of the Company and the official Telegram channel.

***Employees’ appeals and organization of “trust communication channels” work***

In the first 9 months of 2023, **5 appeals** were received through communication channels intended for reporting corruption, all appeals were considered at the appropriate level with the involvement of the relevant structural units, the applicants were given written and oral answers.

**UMK\_Anticorbot** was launched in the social network Telegram in order to facilitate communication of the Company's employees about possible corruption and conflict of interest in subdivisions, and a video on how to use this application was prepared and demonstrated. **UMK\_Anticorbot** has **6 sections**, among which are:

- Bribery and corruption;
- Accounting violations;
- Unequal employment and labor conditions;
- Threats to health, safety and the environment;
- Information leakage/destruction;
- Other.

Information in the form of a constantly updated and supplemented report on the organizational work carried out in the reporting and early periods of 2023 on combating corruption and settlement of conflict of interest is systematically entered into the electronic platform "E-anticor.uz" through the OneID system launched by the Agency for Combating Corruption of the Republic of Uzbekistan.

Within the framework of its daily activities Compliance - service has carried out a check of current and potential counterparties of JSC "Uzmetkombinat" for reliability and compliance with international, Western and European sanctions:

**Head of Compliance – service**

**Badalbayev A.A.**

**REPORT**  
**on the work done by the Corporate Security and Resource Protection Department for the first half of 2023.**

During the reporting period the department carried out the following work.

**Office investigations were conducted - 71.** According to the results of which the following was carried out:

- dismissed **22 employees**;
- **39 employees** were deprived of a certain percentage of salary;
- **55 employees** were reprimanded;
- **18 employees** were warned;
- **9 criminal** cases were initiated (based on the results of inventory of finished products of Sergeli branch of Toshkent IKM; shortage of **9,145 tons** of refractory clay in PTNP shop; **2 cases** on shortage of balls, infliction of bodily harm to the senior shift of security guard of military guard Dzhurabaev F.F. and guard of VVO Yarlakabov G.K, **2 cases** on fictitious

certificates, theft of steel billets in the amount of more than **76 pieces**, Insulting and slandering the management of the plant with obscene words in social networks on the Internet).

**26 materials** were submitted to law enforcement authorities for legal assessment of the revealed illegal actions of the Works' employees.

In the course of official investigation and inventory, the theft of inventory items and damage in the amount of **2,558,025,086.1 soums** was revealed, the materials were submitted to law enforcement authorities for consideration.

The damage totaling **84,778,075.1 UZS** was reimbursed. Measures are being taken to compensate the rest of the damage.

**Informing the Company's management - 55 situation** reports were drawn up. According to the results of which the following was carried out:

- **1 employee** was dismissed;
- **6 employees** were deprived of a certain percentage of salary;
- **13 employees** were "reprimanded";
- 5 employees were warned;
- informed the management about the results of **30 references**;

**11 materials** were submitted to law enforcement agencies for legal assessment of the revealed illegal actions of the plant's employees.

In the course of the inspection, the theft of inventory and damage in the amount of **65,577,181.0 sum** was revealed, the materials were submitted to law enforcement authorities for consideration.

The damage totaling **14,800,000,000.0 soums** was compensated. Measures are being taken to compensate the rest of the damage.

There were **13 inspections** on the basis of complaints received. As a result of which the following was carried out:

- warned **3 employees**;
- informed the management about the results of **8 inquiries**.
- The information on **7 situations** was not confirmed.

Together with the law enforcement bodies on the territory of the republic the facts of illegal circulation of scrap and waste of ferrous metals in the amount of **2704,782 tons** for the total amount of **6,761,955,000 soums** were suppressed, of which **578,470 tons** were sent to the criminal court for application of administrative punishment on **56 materials**, **2126,312 tons** were delivered to the branches of "Ikkilamchikorametallar".

Also, on the instructions of the management, the company takes part in the commission selection of raw materials coming to the plant, in **1 case** the commission returned the raw materials to the supplier (low-quality products).

Servicemen of military unit 99342 drew up **164 protocols** for violation of the pass regime at checkpoints (without an insert for carrying a phone with a camera and flash card - **86**, taking out drawings without proper documents - **2**, incorrect execution of documents when taking out cargo - **15**, damage to property - **2**, damage to a pass - **6**, disobedience to a military officer at the checkpoint - **5**, carrying a disk - **1**, attempted theft (taking out inventory without documents) - **27**, alcohol intoxication - **2**, negligent attitude to their labor duties - **2**).

On the part of the Departmental paramilitary guards **75 protocols** were drawn up for violation of the internal facility regime during the mentioned period (attempted theft of inventory - **11**, dress code and negligent attitude to their labor duties - **61**, carrying gadgets into the territory of the plant - **17**, without any documents - **3**).

**63 computers** were checked for information security rules in Department of Engineers, Power Shop, Vehicle Shop, Capital Construction Management's and **57 employees** were familiarized with the information policy. Explanatory statements were taken from **11 employees** on the revealed violations of the rules.

By means of video surveillance cameras (United Logistic Center, IA, Procurement Department, ICM) **11 violations** of labor regulations by employees were revealed.

Monitoring of information published about the Works in social networks (Facebook, Telegram, YouTube, Google) and comments on them.

According to the publication of posts in Facebook (Workers' Movement), out of 70 participants of the discussion, the involvement of **25 employees** of the Works was identified, information from them was received and presented to the management.

Work was carried out to block access to recording devices and video surveillance systems in **15 branches** of ICM, as well as **234 cameras** were connected to the unified video surveillance system of the plant via the Internet for online monitoring by the video surveillance group and the information security department.

On the mill's information systems:

- **36 users** were blocked on the mail server;
- access to the Internet was restricted for **681 users**;
- **38 users** were blocked in the AD domain system;
- **20 users** were granted access to work with external data carriers by means of antivirus software;
- **183 users** were provided with access to the Internet;
- **229 accounts** were registered in the mill's corporate e-mail;
- **82 users** were provided with access to the wi-fi network;
- **49 users** were registered in the AD domain system;
- **26 users** were provided with Internet without restrictions (NAT), for edo.ijro.uz system and video surveillance systems;
- **131 users** were registered in the remote access VPN system for ICM users;
- **740 Internet** users were inventoried;
- Inventory of **2309 users** of 1C ISMS, divided by categories and professions of users was carried out;
- Cases of hacking and uncontrolled advertising mailing (SPAM) were fixed and prevented in the corporate mail and **2800 domains** were blocked;
- The list of **279 employees** dismissed from the Works was inventoried and access to all information systems was closed.

In the ACS system **384 employees** of the mill were identified in illegal actions and violation of labor discipline.

Explanatory statements were received and explanatory work was carried out for 3 employees of the mill who damaged cameras of the video surveillance system.

Information on **24 branches** of IKM regarding manual input of weights was checked and access was given to IKM weighmasters on **114 trucks** and **6 railcars** to change weighing readings.

**25 cameras** were installed on **5 diesel** locomotives owned by railroad workshop, and remote access was provided via internet for monitoring and control of cargo transportation.

Director of Corporate Security and Resource

Protection Department

T.T. Hojiyev.