



STRIVING FOR PROGRESS Uztransgaz JSC



Sustainability Report
2020

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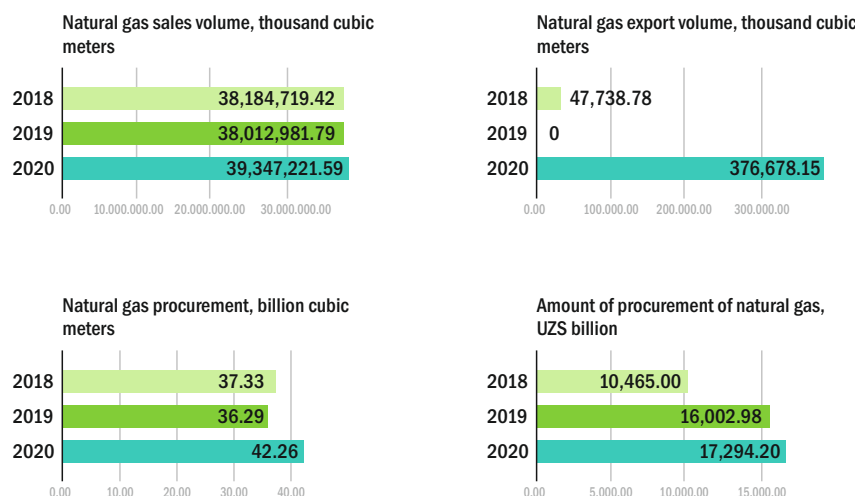
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KEY PERFORMANCE INDICATORS

GRI 102-7

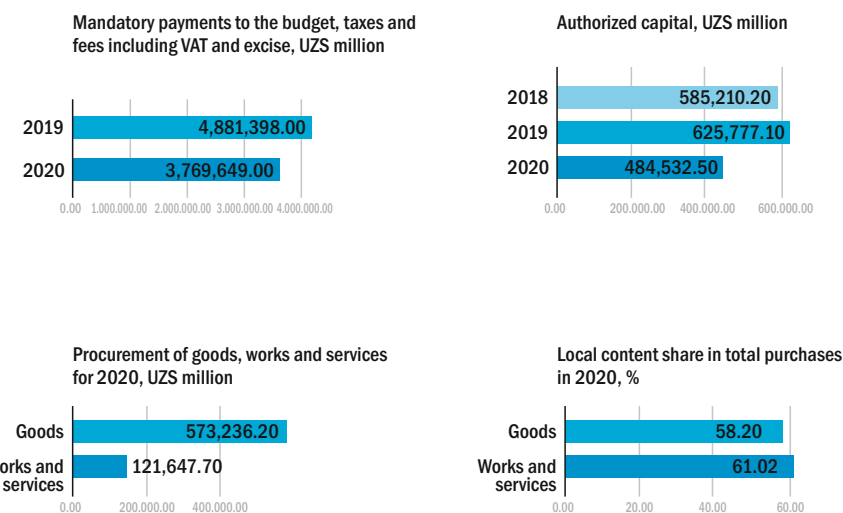
Sales and exports of gas



Financial performance

The financial indicators were taken from the approved financial statements, which were prepared in accordance with the National Accounting Standard (hereinafter - NAS).

Income, UZS million		
Company	2019	2020
Uztransgaz JSC	-2,072,644.8	-3,527,543.1



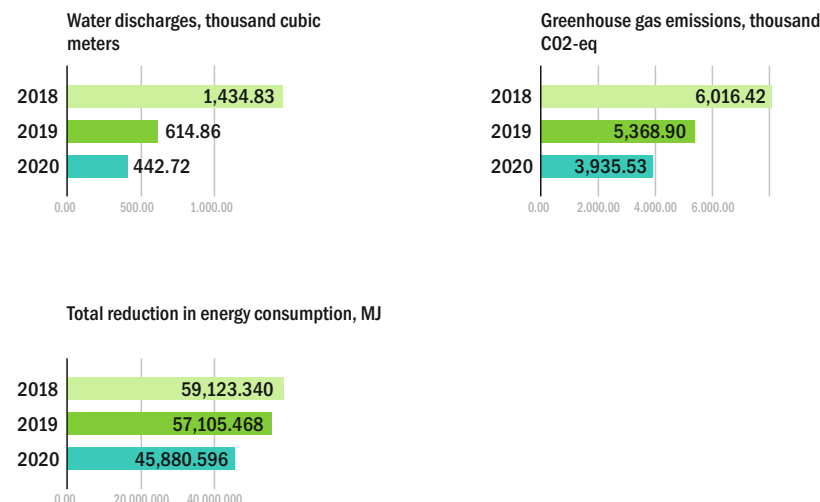
13,298 km
main gas pipelines

419
gas distribution stations

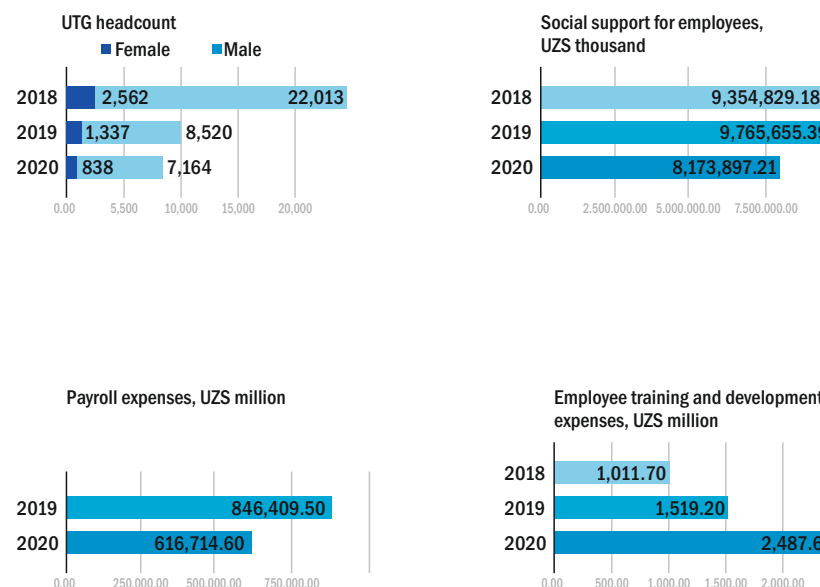
99.49%
of shares are held by the Ministry of Finance of the Republic of Uzbekistan

Individuals and legal entities hold
0.51%
shares

Environmental performance



Social responsibility, health and safety performance



23
compressor stations

2
underground gas storages

0
occupational injuries recorded in 2020

MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE BODY

GRI 102-14

**Our goal is to do
our work with high
quality for the
prosperity of the
Republic of Uzbekistan
and well-being of its
population.**

BEHZOT NARMATOV
Chairman of the
Executive Body
Uztransgaz JSC



Dear Readers!

On behalf of the management of the joint stock company and the team of Uztransgaz staff directly involved in these major efforts, we are bringing to your attention a Sustainable Development Report, which covers the Company's performance for 2020 and future outlook.

The primary goal of Uztransgaz JSC is the uninterrupted provision of consumers of Uzbekistan with natural gas. It is planned to implement several investment projects through engagement of International Financial Institutions and the best international practices in gas transmission to improve the functioning of the gas transmission system of the Republic of Uzbekistan. The implementation of these projects will enable to provide natural gas to the most remote and inaccessible regions of the Republic, reduce losses and leakages of natural gas, eliminate seasonal variations in the supply of natural gas to consumers, and increase the throughput of the gas transmission system. In 2020, the preparation of a feasibility study of the Programme for Upgrading the Gas Pipeline System of the Republic of Uzbekistan with the Introduction of a Dispatching, Monitoring and Management Center for Gas Infrastructure Facilities (SCADA) Phase 1 investment project will be completed. The project aims to replace obsolete and worn-out equipment with a new one that meets international standards, refurbish main gas pipelines and roll out SCADA, which will enable reliable and uninterrupted operations of main gas pipeline facilities, save fuel and lubricants, decrease the level of air pollutant emissions, and improve the environmental situation both in the regions and in the Republic as a whole, saving electric energy consumption, releasing funds for the required operating and repair costs, for the maintenance of equipment, due to an increase in the turnaround time and an increase in the service life of the units.

While ensuring the efficient functioning of the gas transmission system of the Republic of Uzbekistan, Uztransgaz JSC puts a great emphasis on ensuring safe working conditions for the Company's employees.

One of the priorities of the Company is the unfailed implementation of safety measures at production facilities. The activities of all business units of the Company are conducted in compliance with the standards of the integrated management system ISO 45001. The Company regularly holds activities aimed at reducing injuries and the number of emergencies. In 2020, no cases of occupational injuries were recorded in the Company and its business units.

Clearly, the main driver of a cohesive organization is its people. The human capital development is also one of the key priority areas of the Company. Extensive work has been undertaken in this area: staff development and training programs, competitive wages, assessment of employee key performance indicators, social benefits and guarantees. Within the reporting period, more than 1400 employees were trained using the funds of the Company. An essential contribution to the development of human capital is made by the Trade Union Committee and the Society's Youth Union.

We try to strengthen the team spirit, ensure rights to equal and decent working conditions for all employees of the Company, and prepare experts in their areas of expertise ready to carry out their activities with a clear understanding of the matter and achieve the general corporate goals of the Company.

In March 2020, a Youth Conference was held in Urgench, Khorezm region. Young professionals from all business units of the Company, representatives of Urgenchtransgaz UE, Kamchik DCPS, Transgazengineering LLC participated in the conference.

An open dialogue between professionals and the Chairman of the Management Board of the Company took place. This practice is beneficial for the interaction and better understanding between the management of the Company and its professionals.

Dear Readers! 2020 has been a particularly important year for the Company in terms of the experience gained over a wide range of activities. We give careful consideration to the suggestions of the stakeholders. We maintain information transparency and openness. We introduce the best practices for the further harmonious and balanced development of Uztransgaz JSC.

BEHZOT NARMATOV
Chairman of the Executive Body
Uztransgaz JSC



This integrated Annual Report of Uztransgaz JSC (hereinafter referred to as the Company) is the first comprehensive report disclosing the operating and financial performance of the Company.

The report aims to ensure transparency and clarity of its activities to stakeholders by covering the Company's approach to sustainable development, social, economic and environmental responsibility.

The Company has adopted an annual reporting cycle presenting the performance from January 1, 2020 to December 31, 2020, as well as details of plans for 2021.

The report contains consolidated information on the Central Office and business units of Uztransgaz JSC for the 2020 calendar year.

Sustainability management

Uztransgaz JSC is aware of the importance of its influence on the economy, the environment and society, striving for the growth of long-term value and ensures its sustainable development in line with the interests of all stakeholders. The Company aims to ensure alignment of its economic, environmental and social goals for sustainable development over the long term.

Uztransgaz JSC shares the initiative of the United Nations (hereinafter abbreviated as the "UN") on sustainable development and seeks to contribute to the achievement of specific sustainable development goals (hereinafter abbreviated as the SDGs) by doing business responsibly, minimizing the

The financial position and production performance of the Company are presented using the consolidated data of the Company with the administrative support of the relevant units of the Company.

The report has been compiled in accordance with the Core option of compliance with the requirements of the Global Reporting Initiative Sustainability Reporting Standards (hereinafter abbreviated as "GRI").

In order to enable benchmarking and comparability of data by specific indicators, the information is presented in the form of multi-year trends.

The report on sustainable development of Uztransgaz JSC is approved by the resolution of the Chair of Executive body and is communicated to stakeholders through the distribution of the printed version and publication in Russian and English on the corporate website: <https://www.utg.uz/ru/>.

environmental impact, applying best practices of corporate governance and human resource management. While recognizing the importance of 17 UN SDGs aimed at solving significant economic, social and environmental issues, the Company has identified 6 priority goals in the field of environmental protection and labour protection for its business pursuant to the Resolution of the Cabinet of Ministers (hereinafter abbreviated as the "RCM") of the Republic of Uzbekistan No. 841 dated October 20, 2018 On Measures for the Implementation of National Goals and Tasks in the field of Sustainable Development for the period until 2030.

The company integrates the following SDGs into its operations:

SUSTAINABLE DEVELOPMENT GOALS



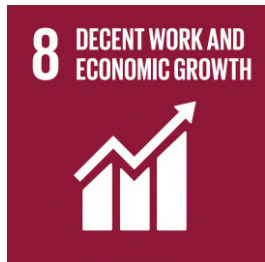
3. Ensure healthy lives and promote well-being for all at all ages.



6. Ensure availability and sustainable management of water and sanitation for all.



7. Ensure access to affordable, reliable, sustainable and modern energy for all.



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



12. Ensure sustainable consumption and production patterns.



13. Take urgent action to combat climate change and its impacts.

ABOUT THE COMPANY

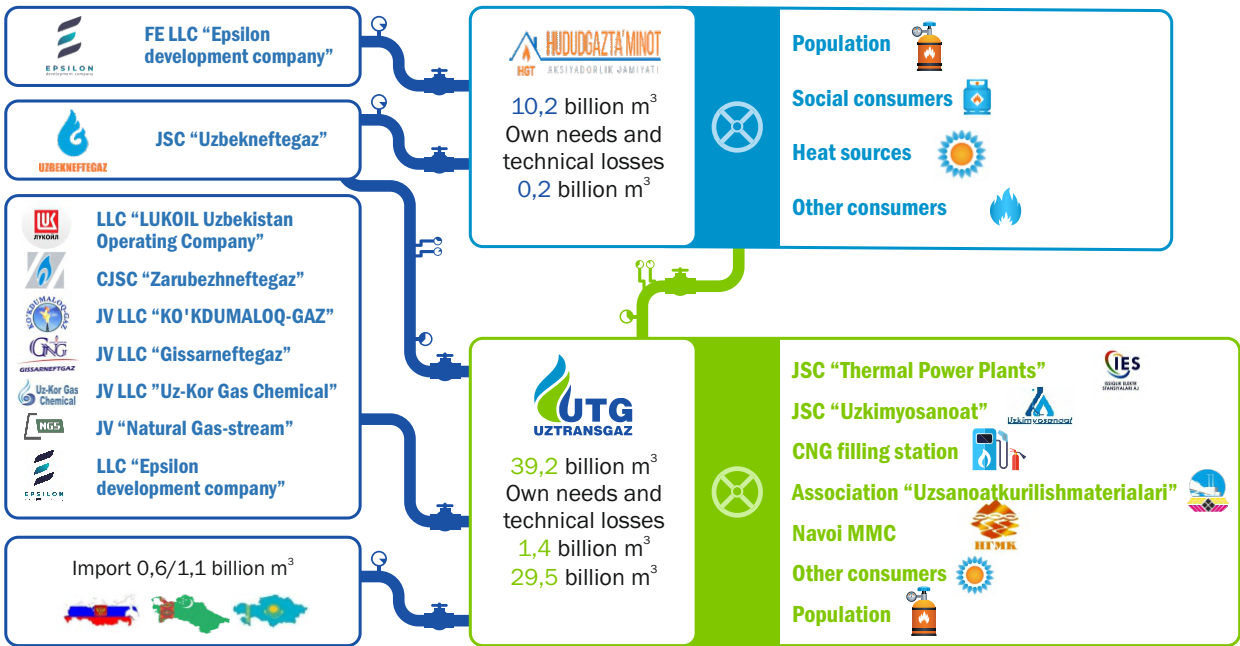
Company profile

Uztransgaz Joint Stock Company is a guaranteed provider of natural gas for the Republic of Uzbekistan, ensuring uninterrupted supply of natural gas to consumers in the country, and engaged in the gas transportation, transit and exports. Owing to such significant areas of the Company's activities as gas supply, a considerable part of the country's strategic enterprises is supplied with natural gas, an environmentally sound fuel resource. Also, tens of millions of houses and apartments in the country are provided with heat, light and comfort.

Pursuant to the Decree of the President of the Republic of Uzbekistan No. DP-2154 dated December 11, 1998 "On the Restructuring of the Uzbekneftegaz National Oil and Gas Industry into the Uzbekneftegaz National Holding Company" and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 523 dated December 15, 1998 "On the Establishment of the Uzbekneftegaz National Holding Company and its Activities", Uztransgaz Joint Stock Company was founded on the basis of the Uztransgaz state association. The company has been separated from Uzbekneftegaz JSC in accordance with the Decree of the President No. DP-4388 dated July 9, 2019, and the share of Uzbekneftegaz JSC in the authorized capital of Uztransgaz JSC was transferred to the Agency for Management of State Assets of the Republic of Uzbekistan. Furthermore, this year, Hududgazta'minot JSC was established on the basis of the territorial gas supply branches of Uztransgaz JSC with the Agency for Management of State Assets set as its state shareholder.

Uztransgaz JSC is a natural monopolist for pipeline transportation of natural gas, wherefore the activities of the Company are governed by the Law of the Republic of Uzbekistan "On Natural Monopolies".

Natural gas trading scheme



GRI 102-1, 102-2, 102-4, 102-5, 102-7, 102-9

The authorized capital of the Company is 609,983,046 ordinary registered shares with a par value of UZS 1,000 each. The Ministry of Finance of the Republic of Uzbekistan holds 99.49% of shares of Uztransgaz JSC, which is the central executive body within the Cabinet of Ministers responsible for leadership and cross-sector coordination in the national finance area. Members of the workforce of enterprises and organizations of the industry, as well as other individuals and legal entities own 0.51% of the Company's shares.

The key areas of activities of the Company in accordance with the Decree of the President No. DP-4388 are as follows:

- purchase of natural gas from gas production and processing enterprises, including joint ventures and foreign entities operating under production sharing agreements;
- transportation, including export and import of natural gas, as a single operator;
- sales of natural gas under direct contracts to consumers connected to main gas pipelines;
- sales of natural gas under commission agreements with Hududgazta'minot JSC for consumers connected to gas distribution grids.

Hududgazta'minot JSC, in its turn, has been purchasing, supplying, storing and selling liquefied gas to households and social facilities, as well as the operation of gas distribution grids and associated equipment in compliance with the regulatory requirements for safe operation.

The Company purchases natural gas from suppliers at market prices and sells it at approved tariff rates. The Agency for Price Regulation under the Ministry of Finance sets tariff rates, and the Cabinet of Ministers of the Republic of Uzbekistan approves them.

The total amount of natural gas sold in 2020 equalled 39.35 bln cubic meter. The indicator is 1.3 bln cubic meter higher compared to 2019. The total volume of gas transported in 2020 equalled 51.74 bln cubic meter. Also, being a single export operator, the Company exported 376.7 mln m3 of natural gas to the People's Republic of China.

The total amount of natural gas transported in 2018-2020, bln m³

Products	2018	2019	2020
Total gas transported	54.00	56.80	51.74
Own gas transported	53.1	52.19	47.09
Gas transited from Turkmenistan	0	4.05	3.76
Ga transited from Kazakhstan	0.85	0.53	0.89
Underground gas storage	2.06	1.77	2.23

During the reporting period, in accordance with the Decree of the President of the Republic of Uzbekistan No. PP-4388 dated July 9, 2019 "On Measures to Provide the Economy and the Population with Sustainable Energy Resources, Financial Recovery and Improvement of the Oil and Gas Management System", Hududgazta'minot JSC has been undergoing restructuring. This has included the transfer of property of the regional gas supply branches to Hududgazta'minot JSC, which would fully assume the operations functions of gas distribution grids and related equipment while meeting the regulatory requirements of safe operation rules, as well as the purchase, supply, storage and sales of liquefied gas to civilians and community facilities.

Development history

Year	Event details
1962	The development of the gas field began, including the transshipment of the gas pipelines of Bukhara-Ural and Central Asia-Center.
1973	Uzbekgazzanoat Production Association was established, Uztransgaz Joint Stock Company began to develop as a separate gas transportation company.
1978	Experimental use of the underground storage facility began, and the following year, the gas storage facility at the Gasli gas field began.
1992	In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 585 dated December 23, 1992, Uztransgaz Joint Stock Company was established on the basis of specialized divisions of Uzbekgazzanoat Production Association as part of Uzbekneftegaz national oil company.
1999	According to the Resolution of the Cabinet of Ministers No.169 dated April 30, 1996, experimental use of Heubad gasoline stations was launched through a well-developed capacity of Heubad oil and gas fields. Pursuant to the Decree of the President of the Republic of Uzbekistan No. UP-2154 dated December 11, 1998 "On the Restructuring of the Uzbekneftegaz National Oil and Gas Industry into the Uzbekneftegaz National Holding Company and the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated December 15, 1998, Uztransgaz JSC was incorporated as an Public Joint Stock Company".
2006	In accordance with the Decree of the President of the Republic of Uzbekistan No. 438 dated August 8, 2006 "On Measures to Improve the Organization of Activities of Uztransgaz Joint Stock Company, Shape a Unified Policy in the Field of Development and Utilization of Natural Gas Distribution Grids", an effective system of transport and sales management was created. Uztransgaz Joint Stock Company was reorganized by transferring gas supply companies from Uzkommunhizmat Uzbek Agency and a joint venture of Uztransgaz Joint Stock Company to Uztransgaz Joint Stock Company to provide consumers with all types of gas on the basis of gas supply facilities. Six interregional enterprises were established.
2009	The construction of Ahangaran-Pungan, a 165-kilometer and unique main gas pipeline with the Ahangaran compressor station through the Kamchik pass was completed and put into operation to supply natural gas to consumers in the Ferghana valley. The gas pipeline passes through the slopes of the Cura mountains.
2019	Uztransgaz JSC has been separated from Uzbekneftegaz JSC in accordance with the Decree of the President No. 4388 dated July 9, 2019 and the share of Uzbekneftegaz JSC in the authorized capital of Uztransgaz JSC was transferred to the Agency for Management of State Assets of the Republic of Uzbekistan. Also, this year, Hududgazta'minot JSC was established on the basis of the regional gas supply branches of Uztransgaz JSC by appointing the Agency for Management of State Assets as its state shareholder.

GEOGRAPHIC FOOTPRINT

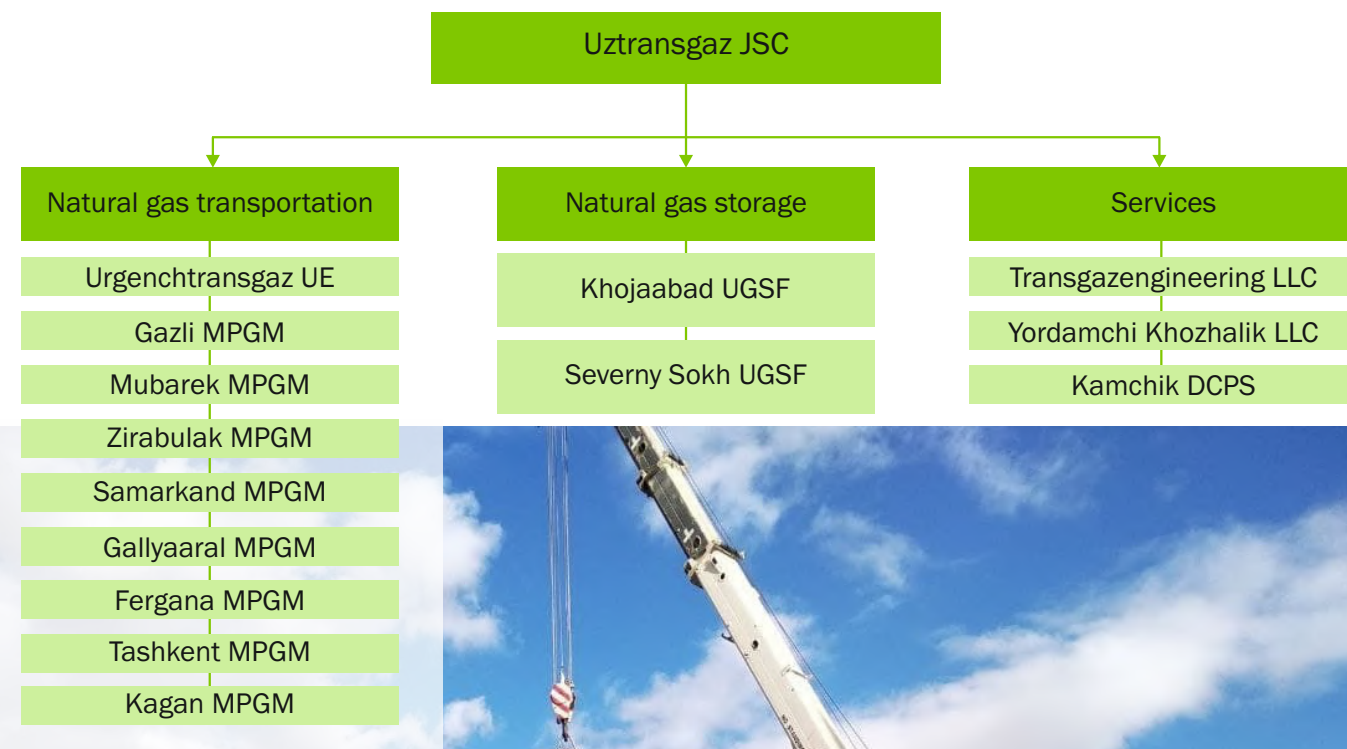
Company structure

GRI 102-4

The Company's structure consists of 8 enterprises for the transportation of natural gas, 2 enterprises for the storage of natural gas. All structural units are located in 7 regions of the Republic of Uzbekistan and in Tashkent, and are significant places of operations in the activities of the Company. More detailed information on the location of the Company's structural units is provided in Table 1 of Appendix 3.

The Central Office of the Company combines the tasks and functions of the executive body and is directly responsible for the production process management.

Business units and associated companies under direct control are as follows:



Supply chain

GRI 102-6, 102-9, 102-10

The Republic of Uzbekistan has a relatively wide network of branches and adequate main gas pipeline systems that enable transporting natural gas not only to local consumers, but also exporting to other countries.

As part of its activities Uztransgaz JSC operates more than 13.2 thousand kilometers of gas pipelines and single-strand gas pipeline branches. This system covers all regions of the country and has access to the gas transmission systems of neighbouring countries - Turkmenistan, Kazakhstan, Kyrgyzstan and Tajikistan.

The major flow of natural gas enters the main gas pipelines from the Kashkadarya region, Bukhara-Khiva and Ustyurt regions. Natural gas is consumed mainly in the north and east, in the areas where large industrial centers are located and the areas with high concentrations of population, which include Tashkent city, Tashkent, Fergana and Andijan regions.

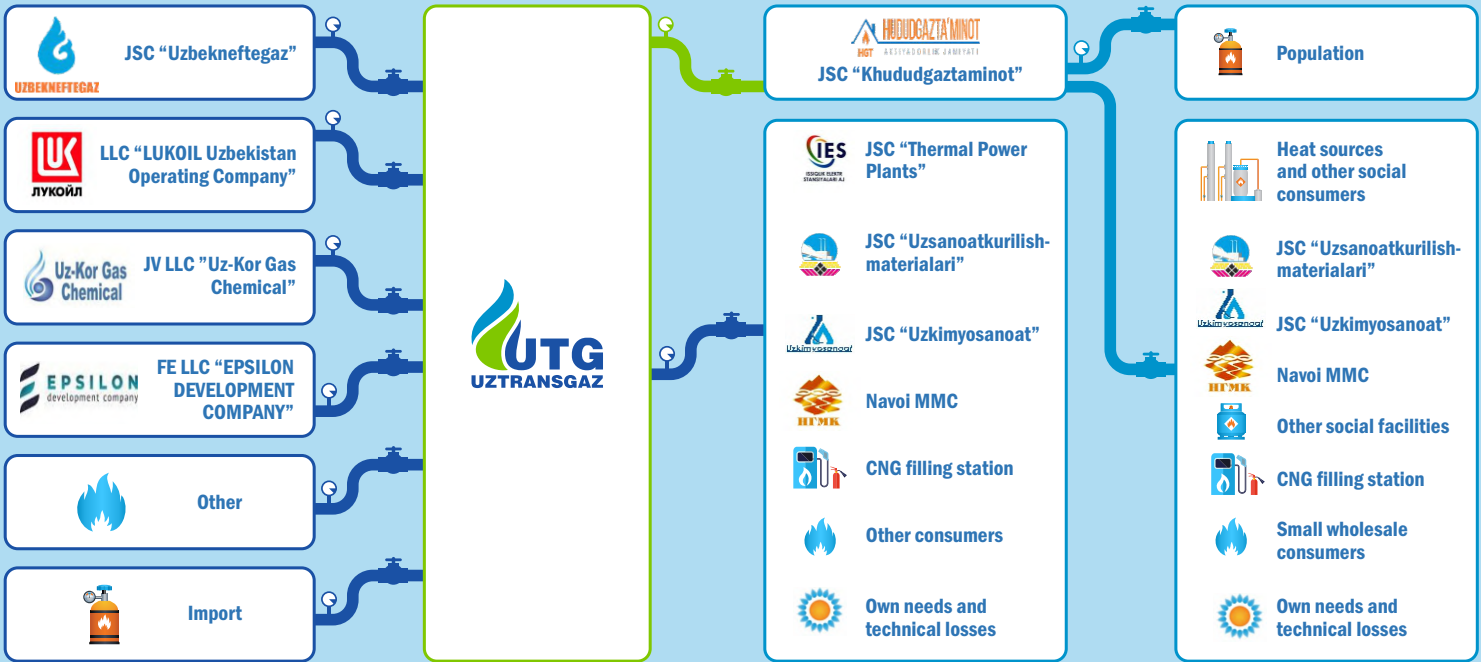
Natural gas is distributed by the main areas as follows:

- natural gas sales to industrial enterprises with a direct access to the main gas pipeline of the Company;
- natural gas exports;
- natural gas injection into underground storage facilities;
- natural gas consumption for own needs and process losses.

The current pattern of natural gas trade is as follows:



The current pattern of natural gas trade is as follows:



In 2020, the Company purchased 42.26 bln cubic meters of natural gas for UZS 17,294.20 million. In particular, the Company purchased 40.86 bln CBM of natural gas from local and foreign gas suppliers, as well as imported 1.4 bln cubic meters natural gas from Turkmenistan.

Natural gas suppliers

Mubarek GPP	Andijanneft JSC	Natural Gas-Stream LLC JV
Mubarek OGPD	Gissarneftegaz LLC JV	Zarubezhneftegaz JSC
Shurtan OGPD	Kokdumalagkaz JV	New Silk Road Oil and Gas LLC JV
Ustyurt GPD	Uz-Kor Gas Chemical LLC JV	Shurtan Gas Chemical Facility LLC
Gazli OGPD	LUKOIL Overseas Supply and Trading LTD	EPSILON DEVELOPMENT COMPANY LLC FE

Company breaks down its consumers into three categories:

- major strategic consumers, which include 16 enterprises;
- main consumers, which include 7 enterprises;
- wholesale consumers, which include 342 buyers.

In 2020, the Company sold natural gas through gas distribution stations to 365 clients in all regions of the Republic of Uzbekistan as is revealed in the table below.

Natural gas buyers broken down by region

No	Region	Number of consumers
1	Tashkent region	44
2	Namangan region	42
3	Syrdarya region	37
4	Andijan region	36
5	Khorezm region	33
6	Jizzakh region	31
7	The Republic of Karakalpakstan	30
8	Samarkand region	30
9	Kashkadarya region	29
10	Fergana region	23
11	Bukhara region	12
12	Navoi region	12
13	Surkhondarya region	6
Total		365

More detailed information about the Company's consumers is available in Table 3, Appendix 3. During the reporting period, there were no major modifications in the organization and its supply chain.

Key corporate events in 2020

GRI 102-44

Date	Event details
June	<i>Transfer of natural gas consumers</i> Since June 18, 2020, natural gas consumers connected to the main gas transportation system of Uztransgaz JSC, except for major strategic enterprises, has started to gradually transfer to the gas distribution networks of Hududgazta'minot JSC with the renewal of natural gas supply contracts.
July	<i>Natural gas sales functions</i> Since July 1, 2020, Uztransgaz JSC has been assigned with the functions of selling gas under direct natural gas contracts to Hududgazta'minot JSC and consumers connected to the main gas transmission system.
July	<i>Natural gas sales functions</i> Since July 2, 2020, Hududgazta'minot JSC has started acquiring natural gas from Uztransgaz JSC under a sale and purchase agreement when delivered through the main gas transmission system.
July	<i>Re-registration of the outstanding debt</i> Since July 2020, the process of re-registration of the outstanding receivables and payables for natural gas supplied to the domestic market (except for consumers connected to the main gas transmission system) from Uztransgaz JSC to Hududgazta'minot JSC has begun.
July	<i>Automation of the monitoring and metering system</i> Since July 2020, Uztransgaz JSC has started to implement an automated system for natural gas monitoring and metering for all categories of consumers.
July	<i>Staffing changes</i> On July 20, 2020, at the General Meeting of Shareholders of the Company due to the expiry of the term of office of the present membership of the Supervisory Board of the Company, a new composition of the Supervisory Board was defined
October	<i>Staffing changes</i> In line with the Decree of the President of the Republic of Uzbekistan No. UP-6096 dated October 27, 2020 “On Measures for Expedited Transformation of State-owned Enterprises and Privatization of State Assets”, it was approved to staff a minimum of 30 percent of the members of supervisory boards and a minimum of three managerial positions on the Management Board of Uztransgaz JSC with qualified international specialists by involving actively foreign professionals in this area through an international competition, including from among compatriots, to the Supervisory Board and the Management Board of the enterprise by July 1, 2021.
December	<i>Acquisition of shares</i> On December 14, 2020, the Ministry of Finance of the Republic of Uzbekistan became the major shareholder of Uztransgaz JSC according to the instruction of the depot N60/20 for the transfer of securities.



Mission and strategic areas of the Company

GRI 102-12, 102-16

The activities of Uztransgaz JSC has a strategic significance for the development of the entire economy of Uzbekistan and affect the interests of a wide range of stakeholders.

The mission of Uztransgaz JSC is to ensure the supply of natural gas to the domestic market, as well as to build up the export and transit capacity of the Republic of Uzbekistan.

The Company’s vision. Uztransgaz JSC is a competitive and fastest growing company that provides a wide range of services for the transportation and export of gas through a modern pipeline system, operates in accordance with the best practices in the field of sustainable development, environmental protection and ensuring process safety.

Currently, the Company is guided by the Concept for the Provision of the Republic of Uzbekistan with Oil and Gas Products for 2020-2030, which has been drawn up by the Ministry of Energy of the Republic of Uzbekistan to ensure the further sustainable development of the oil and gas industry in a single fuel and energy complex. This concept defines the goals and objectives of the long-term development of the country's oil and gas industry for the medium and long term, priorities and guidelines, as well as mechanisms to ensure the efficiency of the government energy policy at certain stages of its practical implementation, ensuring the achievement of targets.

The company has identified four strategic growth priorities:

Strategic priorities



Increasing export capacity and diversifying natural gas export routes.



Stable supply of natural gas consumers, both within the Republic of Uzbekistan and abroad, in line with the terms of the agreements signed.



Bringing and implementing investment projects aimed at expanding the gas pipeline system and controlling the existing facilities of main gas pipelines.



Sustainable use of fuel and energy resources in gas transportation and gas distribution systems introducing state-of-the-art technologies to reduce energy consumption and increase the energy efficiency in operations.



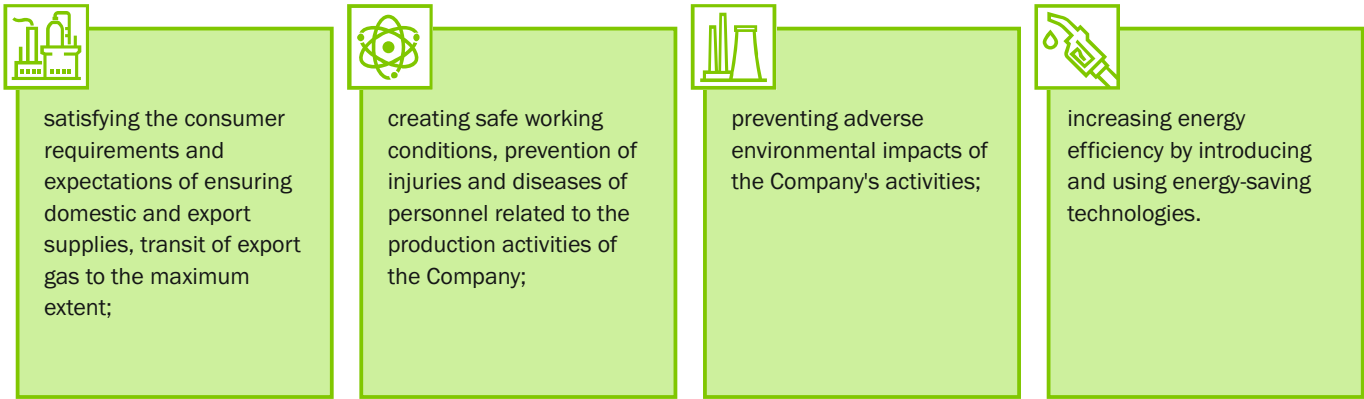
The Company has set the following targets in line with its strategic goals:

Targets	2020 target achievement status
Upgrading and revamping the existing gas pipeline system, development of transit capacity.	Upgrading and revamping the existing gas pipeline system through the implementation of 3 major projects: - Upgrading the gas pipeline system of the Republic of Uzbekistan with the introduction of SCADA system. The first phase of the project is underway: the feasibility study is at the approval stage. UzLITneftegaz JSC has prepared the feasibility study. - Upgrading the gas pipeline system of the Republic of Uzbekistan with the introduction of SCADA system. The second phase of the project is underway: a technical audit has been initiated in cooperation with representatives of Marubeni corp. by a grant from the government of Japan. - In line with the Programme for Increasing the Efficiency of the Main Gas Transportation System of the Republic of Uzbekistan in 2021-2023, measures are scheduled to revamp, construct, and repair 504 km of main gas pipelines; of those 189 km of pipelines are to be revamped: - Bukhara - Ural main gas pipeline, II line, DN 1020 mm, section 472-528 km with a length of 56 km; - Gazli - Nukus main gas pipeline, I line, DN 1220 mm, section 21-43 km, 167-188 km with a length of 43 km; - Gazli - Kagan main gas pipeline, I line, DN 1020 mm, section 0-27 km, 78-112 km with a length of 61 km; - BST main gas pipeline, section 0-29 km with a length of 29 km. Construction of main gas pipelines with a length of 315 km: - Gazli - Kagan main gas pipeline, DN 1220 mm, 140 km; - Yangier-Akhangaran main gas pipeline, DN 1220 mm, construction of a section of 30-125 km with a length of 95 km; - Construction of an 80 km section along the SATS-II gas pipeline.
Creating attractive and transparent conditions for investments, as well as the use of various financial instruments (eurobonds, etc.) to raise financing.	The roadmap to implement this task was approved. The Company intends to start achieving this target from 2021.
Creating a competitive pricing system that enables a fair profitability for the Company.	The Company intends to start achieving this target from 2021.
Publishing financial statements in accordance with International Financial Reporting Standards (IFRS), on economic, social and environmental issues, in line with the Global Reporting Initiative (GRI).	- Pursuant to the Decree No. PP-4388, paragraph 12 and based on IFRS standards, the Company has defined the way to prepare a statement of financial position, whereby the date of transition from the national standard to the international standard in Uztransgaz JSC has been set for January 01, 2018 year, that is, the first period of adoption. International audit companies were involved in the preparation of statements and independent external audit in cooperation with international consultants in accordance with IFRS standards for 2018, 2019 and 2020. - In collaboration with the Asian Development Bank, KPMG international company has been conducting a fair value measurement of the non-current assets of the Uztransgaz JSC Group in accordance with the requirements of international standards as of January 1, 2018. - In collaboration with international consultants of KPMG international company, work has been underway to prepare consolidated financial statements for 2018, 2019 and 2020 in accordance with IFRS standards. - Actuarial Consultant company has been preparing an actuarial accounting report on non-current obligations of Uztransgaz JSC to employees as of December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020. - Uztransgaz JSC and Deloitte audit company entered into an agreement to conduct an external audit of the consolidated financial statements pursuant to IFRS standards for 2018, 2019 and 2020, and an audit is underway to obtain positive results for 2018, 2019.
A phased and total transformation into a completely new company in line with the principles of the International Standards of Accounting and Reporting (ISAR).	The Company schedules implementing the task from 2021.

Integrated management system

Underpinning the Company's approach to managing the economic, environmental and social aspects of its operations is the commitment to the best international practices in sustainable development. Company has been maintaining a policy in the field of an integrated management system (hereinafter referred to the "IMS"). The IMS certificate was issued for the period from May 25, 2020 to May 24, 2023.

The Integrated Management System Policy defines the main priorities and value-based orientations that the Company will adhere to in relation to all its consumers, employees, and other stakeholders, and determines the main strategic priorities for the IMS, including quality management, environmental management, occupational health and safety management, and energy management. The main directions of the Policy in the field of IMS are as follows:



In particular, the Company is guided by the principles and provisions set out in the international standards as follows:

- ISO 9001:2015 Quality Management Systems. Requirements;
- ISO 14001:2015 Environmental Management Systems. Requirements with guidance for use;
- ISO 45001:2018 Occupational Health and Safety Management System. Requirements;
- ISO 50001:2018 Energy Management System. Requirements with guidance for use.

At the time of the reporting period, ten structural units of the Company were certified for all the IMS areas. Urgenchtransgaz UE is certified only to ISO 9001:2015 - Quality Management System. However, the Company has been conducting preparations for obtaining other three certificates.

Compliance with the standards in the field of quality management, environment, health and safety and energy of most of the Company's enterprises indicates that the management system, internal and external processes meets the highest standards in this area, recognized worldwide.

The management of the Company and its units, all employees of the Company, the Technical Policy Department of the Executive Office of the Company, internal auditors of the IMS are responsible for the application of the requirements of the IMS policy.



The Company has been actively involved in various professional and industry initiatives that facilitate the sharing of professional experience and addressing the challenges relevant to the industry level. Since October 27, 2020, the Company has been a member of the Chamber of Commerce and Industry of the Republic of Uzbekistan in the Tashkent region. The agreement provides for the interaction between the parties in such significant areas in business and legal activities as the protection of rights and legitimate interests, the promotion of entrepreneurial activity, education and training, bringing foreign investment, etc.

The main objective of the Chamber of Commerce is to establish a class of owners, to create of best possible legal, economic and social conditions for the implementation of entrepreneurial initiatives, to develop a win-win partnership between the business community and public control and administration authorities, as well as to strengthen guarantees for the protection of the rights and legitimate interests of business entities. The Chamber of Commerce and Industry endeavours to provide comprehensive assistance in improving the business environment and investment climate. Many large organizations of the neighbouring countries and beyond are members of the Chamber of Commerce and Industry.

REPORT PREPARATION PROCESS

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

Stakeholder engagement

To achieve the Company's strategic goals, effective collaboration with stakeholders is important. Uztransgaz JSC builds its relations with all stakeholders based on trust, openness and mutually beneficial cooperation, enabling to understand their interests and meet expectations. The Company has been constantly taking measures to establish a dialogue and long-term cooperation and stakeholder relationship management.

Also, the relationship of Uztransgaz JSC with its business units performing activities in the area of responsibility of the Company is built on their mutual interest in ensuring human safety, including the Company's employees and contractors, other people (civilians, visitors, etc.) in the place of operations.

The stakeholder engagement process of Uztransgaz JSC, which is based on best practices, enables the Company to timely assess

and identify the interests and proposals of various stakeholder groups holding dialogues and other events to improve collaboration.

The Company updates and holds an open dialogue with all stakeholders on the IMS issues related to all areas of this policy on a regular basis. Also, a special mechanism for receiving and considering requests from employees through a hotline and a corporate portal is available at the Company. Thus, the Company creates conditions for an open demonstration of its commitments and intentions in the area of quality management, labour safety, environment and energy efficiency.

Identifying stakeholders

Given the complex structure and scale of activities of Uztransgaz JSC, the Company interacts with a wide range of stakeholders including government, local authorities, and international organizations.

Uztransgaz JSC has identified groups of stakeholders together with all structural units and organizations of the Company, with which the Company has been working closely as part of its activities. Key stakeholder groups of Uztransgaz JSC are as follows:

No	Stakeholders
1	Managers and employees
2	Shareholders
3	Subsidiaries and associates
4	Business partners
5	Suppliers of goods, works and services
6	Government authorities
7	International organizations
8	Regulators
9	Energy industry
10	Funding organizations
11	Lenders
12	Trade Unions

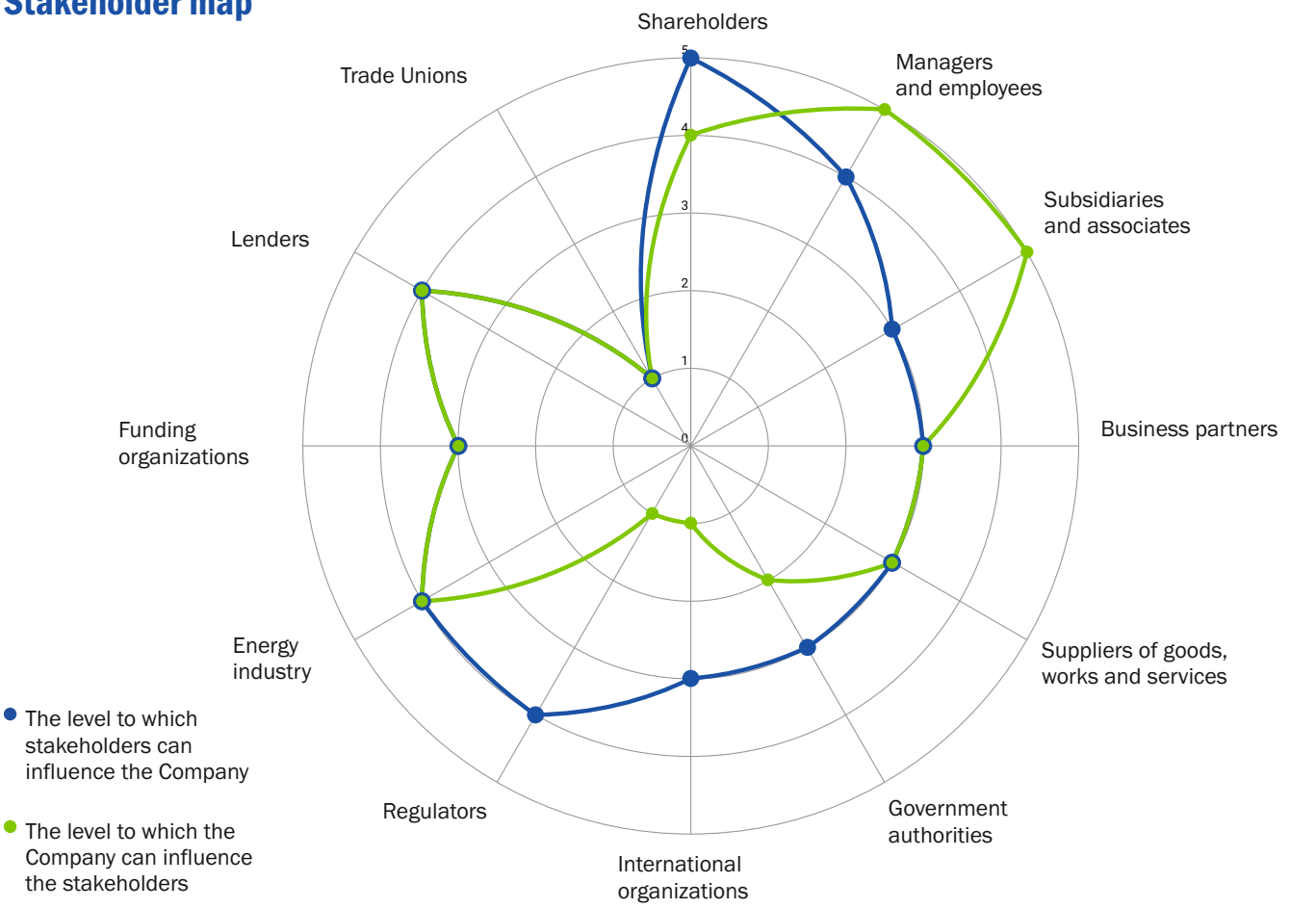
The Company has selected the stakeholders for interaction based on the 3 principles as follows:

- 1 Engagement – the extent to which the activities of stakeholders are related to the activities of the Company.
- 2 Impact – the extent to which a stakeholder is able to influence the activities of the Company.
- 3 Materiality - a contribution that a stakeholder makes to the activities of Uztransgaz JSC by making certain decisions in favour of the Company.



To identify, assess and systematize stakeholder groups, a Map of Stakeholder of Uztransgaz JSC was approved. The Map reflects the results of the assessment of the significance of stakeholders. When creating the Map of Stakeholders, the Company assessed the level to which stakeholders can influence the Company and the level to which the Company can influence the activities of stakeholders on a five-point scale, where 1 is the lowest level and 5 is the highest level, based on specific interaction parameters. The approved stakeholder map is as follows:

Stakeholder map



Engaging with our stakeholder in 2020

Managers and employees

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Corporate mail and portal of Uztransgaz JSC - Satisfaction study (surveys) - Employee training and development - Sports and cultural events - Hotline	- Workplace safety - Providing opportunities for personal and professional growth - Provision of social guarantees - Fulfillment of the Company's obligations under the Collective Agreement - Ensuring a decent standard of living	On an ongoing basis

Activities implemented in 2020

- 20,661 benefits and social guarantees were provided to employees.
- A Youth Conference was held in Urgench, Khorezm region.
- The information between employees and the Company was shared via the corporate portal of Uztransgaz JSC during the remote work period.

Shareholders

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- General Meeting of shareholders, the Supervisory Board and the Management Board of the Company - Quarterly and annual reports on financial performance	- Compliance with the principles and requirements of the Charter of the Company, the Law "On Joint Stock Companies and Protection of Shareholder Rights", the Corporate Governance Code of the Republic of Uzbekistan - Compliance with the principle of equality of opportunity and treatment of all shareholders	When summing up the results of the Company's activities (quarterly, annually)

Activities implemented in 2020

- An Annual General Meeting of shareholders was held, where 14 issues were raised, and the relevant decisions were adopted.
- 7 Extraordinary General Meetings were held, where 21 issues were raised, and the relevant decisions were adopted.

Suppliers of goods, works and services

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Preparing the relevant documents for the uninterrupted supply of natural gas to consumers - Meetings, negotiations	- Unbiased and effective selection of suppliers and contractors through tendering procedures in key areas of the Company's activities - Stability and financial sustainability of the Company - Compliance with contractual obligations	On an ongoing basis

Activities implemented in 2020

- 42.264 bln m3 of natural gas was purchased from production organizations in line with DP-4388 for transportation as a single operator.

Government authorities

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Regular reporting - Involvement in the development of legal acts, programmes, industry-related documents and in the activities of consulting groups and expert platforms, where key issues of the oil and gas industry are discussed in Uzbekistan - Conclusion of business contracts, agreements and cooperation agreements	- Upgrading production facilities of the Company - Compliance with applicable laws - Payment of taxes and mandatory payments - Information openness and transparency - Minimising the adverse impact of the Company's activities on the environment - Economic and social stability within the corporate footprint	Upon the request of one of two sides and on an ongoing basis

Activities implemented in 2020

- Activities have been launched for the implementation of the points determined by the Decree of the President of the Republic of Uzbekistan No. DP-6010 and No. DP-6096, by the Decision of the President of the Republic of Uzbekistan No. DP-4388.

Business partners with whom the Company cooperates and who cooperate with the Company to obtain mutual benefits, achieve strategic goals, etc.

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Industry regulations - Negotiations, meetings - Web resources of the Company	- Compliance with ethical principles of the Company - Fair competition - Timely and strict implementation of the contract conditions - Mutually beneficial cooperation	On an ongoing basis

Activities implemented in 2020

- Partners were provided with information on all requests received.

Subsidiaries and associates

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Reporting on the Company's activities - Cultural, sports events held by the Company - Conducting audits - Negotiations, meetings	Regular monitoring of the activities of business units, by giving particular focus to the specifics of the work process	On an ongoing basis (reporting period)

Activities implemented in 2020

- Making decisions on key issues in the activities of business units and organizations.
- Taking part in General Meetings.

Trade Unions

Trade Unions

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Conclusion of agreements - Holding regular meetings of employees, representatives of the management of Uztransgaz JSC and Trade Unions - Jointly organized sports, health and cultural activities	- Compliance with the labour legislation of the Republic of Uzbekistan, including ensuring social and labour rights and interests of Trade Union members - Implementation of the Company's obligations under the Collective agreement	On an ongoing basis

Activities implemented in 2020

- The Company held an open conference for its employees summarizing the results of its activities.
- Business units of Uztransgaz JSC reported on their performance on site, on financial activities to the joint Trade Union Committee two times for the reporting year.

Funding organizations

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Presentation and disclosure on the Company's activities - Entering into agreements - Round table to discuss and identify promising points for cooperation in support of the gas sector	Compliance with the rules and principles of bilateral agreements	Upon the request of one of two sides and on an ongoing basis

Activities implemented in 2020

- The project documentation was drawn up.
- A state examination was carried out.

Lenders

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Disclosure - Entering into contracts	Compliance with the rules and principles of bilateral agreements	On an ongoing basis

Activities implemented in 2020

- In 2020, three loan agreements between Uztransgaz JSC and banks of Uzbekistan have been approved at the Extraordinary Meeting of shareholders. Loan disbursements were made in line with the repayment schedule on a settled basis.

International organizations

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Participation in international energy conferences - Consulting	- Compliance with the rules and principles of bilateral agreements - Commitment to adopt international experience to improve the quality of the gas transportation system	Upon the request of one of two sides

Activities implemented in 2020

- Meetings were held with the Asian Development Bank, the World Bank, the European Bank for Reconstruction and Development. Also, the Project Implementation Plan has been drawn up and projects have been launched.

Energy industry

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Development of Road Maps - Drafting regulatory documents in the gas transportation sector	Timely supply of natural gas to consumers	Upon the request of one of two sides and on an ongoing basis

Activities implemented in 2020

- The Development Plan of the Company for a period ahead was approved.

Regulators

Stakeholder engagement methods	Stakeholder requirements and expectations	Rate of engagement with stakeholders
- Business correspondence - Negotiations, meetings, conferences - Corporate reporting	- Strict compliance with the requirements of regulations and laws - Compliance with the Corporate Governance Code - Adherence to the principles of corporate responsibility and sustainable development - Implementation of international standards	Upon the request of one of two sides and on an ongoing basis

Activities implemented in 2020

- Defining the pricing policy for the sales of natural gas and liquefied gas to consumers.
- In line with the Schedule of Prices and Tariff Rates approved by the Cabinet of Ministers dated July 30, 2019 No. 633, from August 15, 2019, Uztransgaz JSC adopted tariffs for natural gas and prices for liquefied gas sold to the population and large-scale consumers.

As part of the preparation of this Sustainability Report, the Company has engaged with all groups of stakeholders by requesting information to obtain their permission to participate in the Survey to identify material topics for disclosure.

Principles of the Report preparation

GRI 102-46

During the preparation of this report the Company had been following the reporting principles of the GRI Standards, the provisions of the Corporate Governance Code and other internal documents of the Company. In particular, the following principles have been applied in the preparation of this Report:

- Stakeholder inclusiveness. Taking stakeholders' views into consideration. The Company has a consistent approach to engage with stakeholders, enabling it to reflect the relevant information in the report.
- Sustainable development context. The Report provides information on the production activities of the Company and the impact of its activities on the economy, society and the environment of the country.
- Materiality. The Report specifies material topics, issues and indicators of the economic, environmental and social impact of the Company's activities. The materiality of the information in the Report is revealed based on the assessment by the Company's management of its performance for the reporting period and the opinions of stakeholders.
- Completeness. The Report provides information on all areas of the Company's activities in the area of sustainable development for the reporting period in line with the GRI standards: Core Option).

Identification of material topics of the Report

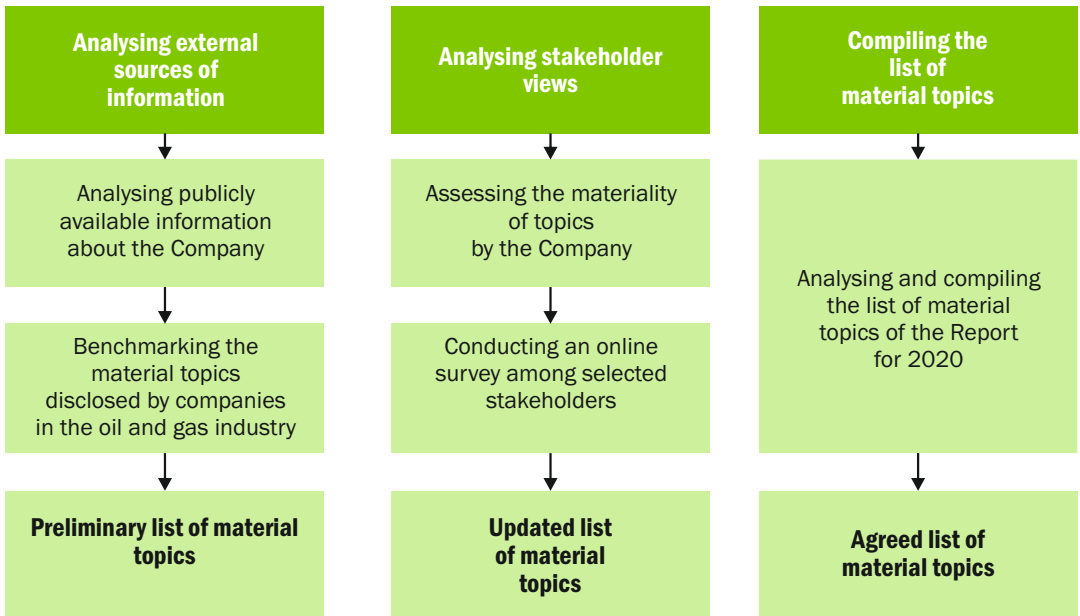
GRI 102-46, 102-47

In order to comply with the GRI Standards, the Company has identified material topics that are essential for the selected stakeholder groups and for the Company.

Approach to identifying material topics

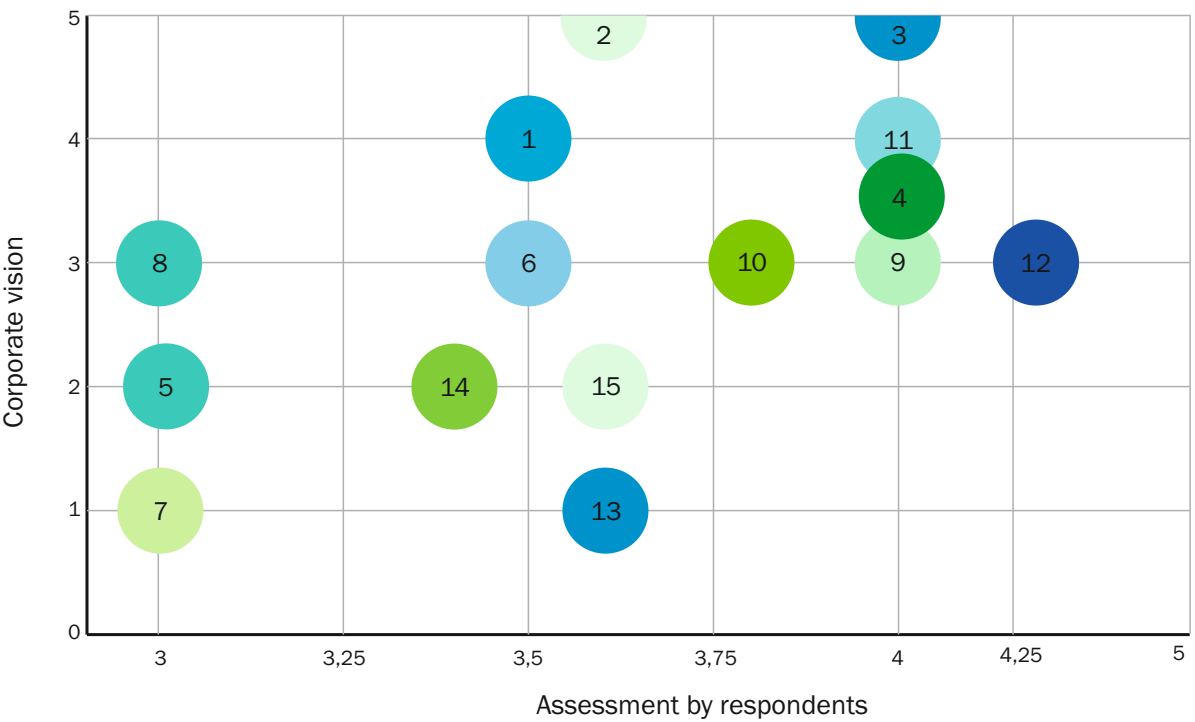
When drafting the list of material topics, publicly available information about the Company had been analysed and material topics disclosed by the Companies in the field of transportation and the oil and gas industry had been benchmarked. The compiled preliminary list was adjusted by obtaining an assessment of the materiality of each topic from the Company's management and survey responses from stakeholders. An online stakeholder survey was conducted among 12 groups selected by the Company based on the Google Forms digital platform.

The process for compiling a list of material topics is as follows:



The final list of material topics has been reflected in the Materiality Matrix as follows:

Materiality matrix



The final assessment by stakeholders was obtained by calculating the average of all weights received from respondents to surveys conducted via Google Forms digital platform. Thus, based on the results of the analysis of the stakeholder opinions and the assessment of the materiality of the topics, the Company identified 15 material topics comprising topics from each category: economic, environmental, and social topics.

An agreed list of material topics is as follows:

№	GRI index	Index name
Economic topics		
1	GRI 201	Economic Performance (2016)
2	GRI 204	Procurement Practices (2016)
3	GRI 205	Anti-corruption (2016)
Environmental topics		
4	GRI 302	Energy (2016)
5	GRI 303	Water and Effluents(2018)
6	GRI 305	Emissions (2016)
7	GRI 306	Waste (2020)
8	GRI 307	Environmental Compliance (2016)
Social topics темы		
9	GRI 401	Employment (2016)
10	GRI 402	Labour/Management Relations (2016)
11	GRI 403	Охрана труда и безопасность (2018)
12	GRI 404	Тренинги и обучение (2016)
13	GRI 405	Diversity and Equal Opportunity (2016)
14	GRI 406	Non-discrimination (2016)
15	GRI 419	Socioeconomic Compliance (2016)

Report scope and boundaries

GRI 102-45, 102-46, 102-48, 102-49

This integrated Annual Report discloses the activities of Uztransgaz JSC and all its structural units and entities.

The operational and financial performance of the Company are included in the Consolidated Financial Statements for 2020 section. The Company's consolidated financial statements for the current reporting period include the financial performance of the Head Office and all structural units and entities of the Company.

When making disclosures for 2020, the Company implemented the practice of disclosing indicators over two- and three-year dynamics. On top of that, for a more complete presentation of information, the Report reflects events that occurred before the reporting period and Development Plans after 2020 for various areas of the Company.

In this integrated Annual Report for 2020, the boundaries of the topics of specific indicators of the GRI standard are set for completeness of disclosure in the relevant sections.

The Report is the first sustainability report of the Company. For this reason, the reflection of significant changes in the list of material topics and the boundaries of topics in comparison with previous reporting periods is not applicable.

Feedback

The Appendices' section of this Report contains a feedback form for readers. The feedback form is aimed at developing the reports of subsequent periods by obtaining assessments and suggestions from stakeholders. Uztransgaz JSC would appreciate filling out the feedback form in order to develop the Sustainability Report for subsequent periods.

Independent assurance

GRI 102-56

The procedure for external assurance of the consolidated annual report for 2020 was not carried out. However, the Company is aware of the importance of external assurance of information in the field of sustainable development and is considering the possibility of confirming non-financial information in the future.

Also, the Company plans to conduct an audit with international audit companies in order to certify the Company's financial statements for 2018, 2019, 2020 in 2021.

Corporate governance structure

Uztransgaz JSC views corporate governance as a key factor in the growth of the Company's value, its competitiveness, and investment attractiveness. In this respect, continuous improvement of the corporate governance system and observance of the interests and rights of shareholders is a top priority for the Company.

The major tasks of the corporate governance system of the Company are to increase the transparency of activities, draw up a long-term Strategic Plan, compile internal regulations, address the issues related to quality assurance, industrial safety, compliance with the principles of environmental friendliness and energy efficiency.

Uztransgaz JSC builds the corporate governance system of the Company in accordance with the laws of the Republic of Uzbekistan, the corporate Governance Code of the Company and the Corporate Governance Rules for state-owned enterprises.

The highest governing body of Uztransgaz JSC is the General Meeting of shareholders. The Supervisory Board, elected at the General Meeting of shareholders, conducts general management of the Company's activities, sets the strategy and development prospects, devises tactics and medium-term tasks for the Company.

The Corporate Governance Structure of Uztransgaz JSC is as follows:



General Meeting of Shareholders

The General Meeting of Shareholders is the highest governing body of the Company acting in accordance with the Law of the Republic of Uzbekistan “On Joint Stock Companies and Protection of Shareholders Rights”, the Charter of the Company and the Regulations “On the General Meeting of Shareholders of Uztransgaz JSC.

The procedure for holding the General Meeting of Shareholders is aimed at ensuring the compliance with the shareholder rights and meets all the requirements of the current legislation, as well as the world's best corporate governance practices.

The Company endeavors to ensure equal and fair treatment of all shareholders when they exercise their right to participate in the corporate governance. The primary way for shareholders to exercise their rights is to participate in the Annual General Meeting of Shareholders and in the Extraordinary General Meetings of Shareholders.

Annual General Meeting of Shareholders

On September 29, 2020, the Annual General Meeting of Shareholders of the Company was held. During the meeting the following issues were considered:

- on approval of the agenda of the Annual General Meeting of shareholders, the number and names of the members of counting commission and the term of its powers;
- on review of the progress report for 2019 prepared by the Supervisory Board;
- on review of the assurance report of the financial and economic performance of the Company for 2019 in line with the national accounting standards prepared by the external audit function;
- on review of the auditor's report of the financial and economic performance of the Company for 2019 prepared by the internal audit function;
- on review of the report of the Audit Committee on the financial and economic performance of the Company for 2019;
- on approval of the Annual Report of the Executive Body of the Company on the financial and economic performance for 2019;
- on approval of the balance sheet, profit and loss statement in line with the financial and economic performance of the Company for 2019.
- on approval of the distribution of the Company's net profit (loss) in line with the financial and economic performance for 2019, as well as the size, procedure and schedule of dividend payment;
- on approval of the Internal Regulations of the Company;
- on expanding the powers of the members of the Supervisory Board and Audit Committee of the Company;
- on expanding the powers of the Chairman of the Management Board of the Company.
- on approval of the Annual Report of the Company for 2019;
- on approval of the organizational structure of the Company and the Executive Body;
- on approval of transactions that may be entered into with affiliated entities of the Company before the date of the General Meeting of Shareholders until 2020.

Extraordinary General Meeting of Shareholders

Also, 7 extraordinary meetings were held. At the meetings, 21 issues were considered in the areas as follows:

- financial and economic activities;
- election of new candidates to the Supervisory Board and Audit Committee;
- entering into loan agreements.

Dividend policy

The dividend policy of Uztransgaz JSC approved on August 19, 2017 is aimed at ensuring the growth of the capitalization of the Company. Balance of interests of the Company and its shareholders, increased investment attractiveness of the Company, respect and strict observance of the rights of shareholders provided for by the current laws of the Republic of Uzbekistan, the Charter of the Company and its internal documents underpin the dividend policy.

The Policy sets out the payout amount on ordinary shares up to 10% of the Company's net profit, and on preferred shares at the rate of 25% to the par value per share. The Supervisory Board of the Company submits recommendations to the General Meeting of Shareholders on the payout amount on shares and the payout procedure. The amount of dividends cannot exceed the payout amount recommended by the Supervisory Board.

The Supervisory Board determines the payout amount on shares based on the factors below:

- net profit amount according to the data of the financial statements, the fairness of which is confirmed by the auditor's report;
- scale of the reserve and other funds provided for by the Charter of the Company;
- approved Business Plan and Development Strategy of the Company.

Dividend payout for 2018-2020, UZS

Period for which dividends are paid	Start of payout	Payout amount per share, UZS	Payout amount, UZS
01.01.2018 – 31.12.2018	30.06.2019	250	786,250,000
01.01.2019 – 31.12.2019	29.09.2020	250	786,250,000
01.01.2020 – 31.12.2020	29.06.2021	250	786,250,000

The total payout amount in 2020 at the end of 2019 equaled UZS 250 per ordinary share of the Company and the total amount of payment equaled UZS 786,250,000.

Executive Body

Collective Executive Body of the Company (hereinafter referred to as the "Management Board") is a body under the Supervisory Board that provides support, control and implementation of decisions made by the Supervisory Board. The Management Board reports to the Supervisory Board for the activities performed to achieve the goals of the Company. The Chairman of the Management Board leads the Management Board, and is elected at the General Meeting of Shareholders.

The primary objectives of the Management Board are to manage all financial and economic activities of the Company and implement the Development Strategy. While making efforts to achieve the goals, the Management Board is guided by the following basic principles: transparency, good faith, consistency, reasonableness, as well as observance of the rights and interests of the Company's shareholders and accountability to the General Meeting of Shareholders and the Supervisory Board of the Company.



Management Board composition

No	Full name	Position
1	Ulugbek Khusanovich Sayidov	Chairman of the Management Board
2	Muzaffarkhon Khasankhonovich Nazhmitdinov	First Deputy Chairman of the Management Board for Production - Chief Engineer
3	Zhasur Kasimovich Shamsiev	First Deputy Chairman of the Management Board for Localization, Enhancing of Cooperative Ties within the Industry and Information Technologies
4	Alisher Ismailjanovich Mirzamakhmudov	Deputy Chairman of the Management Board for Finance and Marketing between 01.01.2020 and 01.07.2020.
5	Bakhtiyor Rustamovich Mamatkarimov	Deputy Chairman of the Management Board for Finance and Marketing between 19.10.2020 and 31.12.2020.
6	Avaz Abrorovich Alimov	Deputy Chairman of the Management Board for Long-term Development and Investments
7	Shokhrukh Pulat ugli Ulughuzhayev	Director of Legal Affairs Department

During 2020, 39 meetings in person and in absentia were held by the Company's Management Board.

In total, the Management Board of the Company made decisions on 262 agenda issues considered, 262 instructions were given, while as of December 31, 2020, there are no uncompleted instructions.

Attendance at the Management Board Meetings in 2020

Members of the Management Board	Attendance at meetings		
	Number of meetings attended	Meetings attended, %	Term of office in the Management Board during the reporting period
Ulugbek Khusanovich Sayidov	39/39	100%	01.01.2020 – 31.12.2020
Muzaffarkhon Khasankhonovich Nazhmitdinov	39/39	100%	01.01.2020 – 31.12.2020
Zhasur Kasimovich Shamsiev	39/39	100%	01.01.2020 – 31.12.2020
Alisher Ismailjanovich Mirzamakhmudov	23/23	100%	01.01.2020 – 01.07.2020
Bakhtiyor Rustamovich Mamatkarimov	2/2	100%	19.10.2020 – 31.12.2020
Avaz Abrorovich Alimov	39/39	100%	01.01.2020 – 31.12.2020
Shokhrukh Pulat ugli Ulughuzhayev	39/39	100%	01.01.2020 – 31.12.2020

As part of the meetings, inter alia, issues were considered and relevant decisions were made in the following key areas:

- upgrading the gas pipeline system of the Republic of Uzbekistan;
- financial and economic performance and issues related to the activities of the Youth Union;
- control and enforcement of government instructions.

Audit Commission

The Audit Committee is the in-house control body of the Company performing the functions of internal legal and financial and economic control over the activities of the Company, its business units and organizations recorded on the Company's balance sheet. The Audit Committee's activities are aimed at ensuring the legitimate interests and rights of all shareholders.

The activities of the Audit Committee are regulated by the legislation of the Republic of Uzbekistan, delegated legislation by government authorities, the Company's Regulations on the Audit Committee, and other internal documents.

The Audit Committee consists of three members and is elected for a term of one year by the decision of the General Meeting of Shareholders. All members of the Audit Committee of the Company have university degrees in Law and Economics and a background related to financial reporting and accounting.

All major issues are addressed at the Audit Committee meetings held according to the approved schedule.

Corporate Governance plans for 2021

In line with the Decree of the President of the Republic of Uzbekistan No. UP-6096 dated October 27, 2020 “On Measures for Expedited Transformation of State-owned Enterprises and Privatization of State Assets”, the Company has been attracting qualified international professionals, including from among compatriots, to the Supervisory Board and to the Management Board of the Company starting from the end of 2020. The Company intends to complete this process of hiring international specialists by July 1, 2021.

Supervisory Board

GRI 102-18

The Supervisory Board has overall authority over the activities of the Company, except for the matters that fall exclusively within the competence of the General Meeting of Shareholders in line with the Law and the Charter. In its activities, it is guided by the Law, recommendations of the Corporate Governance Code, the Charter of the Company, and other internal documents.

The main tasks of the Supervisory Board are as follows:

- ensuring the implementation of the medium and long-term Development Strategy;
- control over the activities of the Management Board and implementation of annual Business Plans;
- ensuring information transparency, completeness, reliability and unbiased public information and oversight over the implementation of the Company's information policy;
- monitoring over the organization of the internal control and risk management system;
- ensuring the implementation of the dividend policy, clearing of conflict of interest;
- protection of the rights and legitimate interests of the Company's shareholders.

In line with the Law and the Charter of the Company, members of the Supervisory Board are elected by weighted voting at the General Meeting of Shareholders. The total number is 9 members for a one-year term. Candidates who have received the highest number of votes are deemed elected to the Supervisory Board of the Company, and persons elected to the Supervisory Board of the Company may be re-elected an unlimited number of times. Members of the Supervisory Board shall not be members of the Audit Committee of the Company. The Chairman of the Supervisory Board of the Society is elected by members of the Supervisory Board from among its members by a simple majority of votes from the total number of members of the Supervisory Board.

Supervisory Board Composition

On July 20, 2020, at the Company's General Meeting of Shareholders due to the expiry of the term of office of the current Supervisory Board of the Company, a new Supervisory Board membership comprising 9 persons was defined.

The Chairman of the Supervisory Board is Timur Amindzhanovich Ishmetov, the Minister of Finance of the Republic of Uzbekistan.

All members of the Supervisory Board of the Company have a high highest professional standing, significant expertise in various industries and have the necessary knowledge and competencies in financial reporting, asset management, legal studies, project management, business planning, and strategic planning.

No	Full name	Position	Role in the Supervisory Board
1	Timur Aminjanovich Ishmetov	Minister of Finance	Chairman of the Supervisory Board
2	Bobur Kalandarovich Abdinazarov	Deputy Minister of Economic Development and Poverty Reduction	Member of the Supervisory Board
3	Khudayor Khurramovich Meliev	Deputy Minister of Justice	Member of the Supervisory Board
4	Sanzhar Sabriddinovich Kurbonaliev	Deputy Head of Department under the State Agency for Asset Management	Member of the Supervisory Board
5	Ulugbek Ubaidullaevich Gaziev	Head of Department under the State Agency for Asset Management	Member of the Supervisory Board
6	Ghairat Mukhamadievich Sadiev	Head of Department under the Ministry of Finance	Member of the Supervisory Board
7	Akmal Khakimovich Muratov	Associate Professor, the Department of International Finance and Investments, the University of World Economy and Diplomacy	Member of the Supervisory Board
8	Timur Abdumukhtorovich Alibekov	Head of Department under the State Agency for Asset Management	Member of the Supervisory Board
9	Boriykhon Abirkhanovich Khodzhikhanov	Chief Specialist of the Cabinet of Ministers	Member of the Supervisory Board

Supervisory Board performance results

The Chairman of the Supervisory Board convenes a meeting of the Supervisory Board of the Company on his own initiative, at the request of a member of the Supervisory Board and Audit Committee, the Executive Body of the Company, a shareholder holding a minimum of one percent of the voting shares of the Company, as well as other persons specified in the Charter of the Company.

Attendance at meetings of the Supervisory Board for 2020

Member of the Supervisory Board	Attendance at meetings		Term of office in the Supervisory Board during the reporting period
	Number of meetings attended	Meetings attended, %	
Timur Aminjanovich Ishmetov	8/8	100%	20.07.2020 – 31.12.2020
Bobur Kalandarovich Abdinazarov	8/8	100%	20.07.2020 – 31.12.2020
Khudayor Khurramovich Meliev	8/8	100%	20.07.2020 – 31.12.2020
Sanzhar Sabriddinovich Kurbonaliev	8/8	100%	20.07.2020 – 31.12.2020
Ulugbek Ubaidullaevich Gaziev	8/8	100%	20.07.2020 – 31.12.2020
Ghairat Mukhamadievich Sadiev	8/8	100%	20.07.2020 – 31.12.2020
Akmal Khakimovich Muratov	8/8	100%	20.07.2020 – 31.12.2020
Timur Abdumukhtorovich Alibekov	8/8	100%	20.07.2020 – 31.12.2020
Boriykhon Abirkhanovich Khodzhikhanov	8/8	100%	20.07.2020 – 31.12.2020

In 2020, the Supervisory Board held 8 in person meetings. During the meetings 80 issues were considered and relevant decisions were made, including on the following key areas of the Company's activities:

- financial and economic activities;
- strategic development.

Remuneration of the Supervisory Board members

Members of the Supervisory Board are paid remuneration and/or reimbursed for expenses related to the performance of their functions during their term of office. Members of the Supervisory Board of the Company receive remuneration as follows:

- Basic (fixed) pay. Basic remuneration is paid to members of the Supervisory Board for the proper discharge of their functions for managing the Company and for achieving financial results set out in the annual Business Plan.
- Additional (bonus) pay. This type of remuneration is paid to members of the Supervisory Board for effective management of the Company in the reporting year, based on the results of an independent assessment of the corporate governance system and financial performance of the Company.

Integrated management system

GRI 102-11, 102-12

To ensure an adequate level of control and sustainable development, the Company has introduced and operates an Integrated management system (hereinafter - the "IMS").

IMS is an integral part of the Corporate Governance system and meets the requirements of the following international standards:

- ISO 9001:2015 - Quality Management System;
- ISO 14001:2015 - Environmental Management System;
- ISO 45001:2018 - Occupational Health and Safety System;
- ISO 50001:2018 - Energy Management System.

IMS is premised on the procedures as follows:

- Documented Information Management;
- Integrated Management System Internal Auditing;
- Management of Nonconformities and Corrective Actions;
- Infrastructure Management;
- Hazard Identification and Risk Assessment;
- Personnel Management;
- Identification of Environmental Aspects;
- Interaction with Contractors;
- Emergency Preparedness;
- Energy Planning and Energy Efficiency Analysis.

The Company pays particular attention to further improvement of the IMS. Every year, departments and divisions formulate and set goals and activities, which should be approved by the Chairman of the Management Board. Apart from that, in line with the provisions of international standards, the Technical Policy Division annually reviews the IMS. Based on the results, relevant decisions are made to improve the IMS.

Also, the Company annually conducts an internal audit of the IMS. The working groups comprising members of Permanent Commissions (hereinafter - the "PC") of the Central Office and business units of the Company perform the internal audit activities. To carry out its operational responsibilities, the PC is guided by the orders of Uztransgaz JSC and business units, in line with the Procedure for Managing Internal Audits of the Company's Management System.

During the reporting period, working groups of the PC of business units conducted internal audits of the IMS. Also, between May 18 and May 22, 2020, Uztransgaz JSC conducted a re-certification audit of IMS for compliance with the requirements of international standards ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018.

As part of the implementation of projects to meet the requirements of international standards, the Company has been working in close collaboration with CERT International, a Certification Body, independent auditors confirming compliance of the Company's IMS with the requirements of the selected ISO standards.

In 2020, following the review, the auditors of the Certification Body issued 6 minor findings and 15 recommendations, based on which an Action Plan to Address Findings and Implement the Recommendations of Auditors for 2021 was drawn up. In line with results of the audit conducted in accordance with the certification procedures, the Certification Body issued a Certificate confirming that the management system of Uztransgaz JSC in the field of "Transportation, Storage, Distribution and Sales of Natural Gas" complies with the requirements of ISO 9001:2015, ISO 14001:2015 , ISO 45001:2018, ISO 50001:2018. Certificate number No. IMS-0270/A, with the issue date - May 25, 2020.

The Certificate and exhibit on the compliance of the Company's management system with the requirements of ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 are provided below:



Also, 65 employees of the Company from various departments, including members of the Management Board had a training course on IMS in 2020. The training was conducted by CERT Academy Group, a private enterprise. The list of departments and divisions whose employees had been trained on IMS in 2020 is presented in Table 13, Appendix 3.

The Company is steadily advancing towards achieving its goals in the field of compliance with international standards in various areas. The core areas of the activities to improve the IMS for 2021, in addition to maintaining the IMS in full compliance with the standards, are as follows:

- Holding training events to raise awareness of employees and their competencies in the IMS. In 2021, training is scheduled for 80 employees.
- Conducting a supervisory audit by CERT International, a certification body.
- Preparations for receiving other ISO certifications.
- Receiving ISO 14001:2015, ISO 45001:2018, ISO 50001:2018 certificates for Urgenchtransgaz UE.

Sectoral Council for Science and Engineering under Uztransgaz JSC

In order to facilitate the improvement of the mechanism for preparing and expediting the consideration and examination of preliminary design and project documentation for investment projects, a Sectoral Council for Science and Engineering (hereinafter - the "SCSE") of the Company was established.

SCSE was established in line with the RCM of the Republic of Uzbekistan No. 285 dated May 15, 2017 "On Measures to Promote the Accountability of Organizations of Project Initiators for the Timely and Quality Implementation of Investment Projects", as well as in compliance with the Decree of the President of the Republic of Uzbekistan No. PP-4388 dated July 9, 2019 "On Measures to Provide the Economy and the Population with Sustainable Energy Resources, Financial Recovery and Improvement of the Oil and Gas Management System" and the Order of the Ministry of Energy of the Republic of Uzbekistan No. 11 dated April 16, 2019.

The main tasks of the SCSE are as follows:

ensuring the development of a strategy (programmes) for the enhancement of the gas transportation system of the industry for the medium and long-term outlook, taking into account the recent trends in world markets, rolling out of the cutting-edge technologies for the storage and transportation of natural gas;

implementation of projects engaging scientists and practitioners of leading institutions to conduct an in-depth analysis of the world-wide market of advanced technologies and equipment that meet modern requirements for storage and transportation of natural gas, energy and resource conservation, as well as environmental standards;

consideration of scientific and project ideas, holding professional discussions on proposed investment projects and decisions made, assistance to the industry leadership in the preparation of technical specifications for the development of FS/TEA for investment projects;

analysis of proposals of both local and foreign investors and companies for the design, construction, renovation and upgrade of industrial enterprises, issuing a review sheet on the feasibility of collaboration with them;

giving recommendations on engaging of qualified engineering and consulting companies to prepare pre-design documentation for investment projects;

consideration of bidding documents for their statutory compliance, alignment with the project implementation objectives, terms of reference and project documentation;

setting out clear tasks for project organizations that provide for selecting modern technologies and equipment, discussion of FS/TEA of investment projects, which had been prepared by them;

defining priority areas in the field of scientific activities, research and developments, technical and HR policy of the sector.

SCSE comprises a number of highly qualified industry professionals, employees of research institutes, higher education institutions, independent companies, and other industry-based enterprises. The membership is approved by the decision of the Company. In 2020, the SCSE consisted of 26 members.

Heads of departments and divisions of the Central Office, heads of enterprises and business units are responsible for ensuring timely and quality preparation of materials for meetings of the Company's SCSE.

In 2020, 7 SCSE meetings were held, where the average attendance rate was 76%, and 8 issues were considered, including on the following core areas of the Company's activities:

- provision of consumers with natural gas;
- improvement of financial and economic activities;
- upgrading the Company's gas transportation system.

Following the meetings held, 13 decisions were made, 8 of them were implemented by the end of 2020, and the implementation of 5 instructions had been postponed to 2021. For more details on the meeting attendance please refer to Table 2, Appendix 3.

Internal audit function GRI 102-18

The Company's Internal Audit Function was established in 2015 in line with RCM No. 215 dated October 16, 2006. Internal Audit function is a business unit directly subordinated and accountable to the Supervisory Board.

The main tasks of the Function are to provide the Supervisory Board with independent and unbiased information to ensure effective management of the Company by introducing a systematic approach to improving risk management, internal control and corporate governance systems, as well as to timely submit recommendations to management bodies to address identified gaps.

When performing its functional duties, the Internal Audit Function is guided by the Regulations "On the Internal Audit Function of Uztransgaz JSC, the laws of the Republic of Uzbekistan, and the Company's internal documents.

Following the results of audits, the relevant quarterly summary reports are drawn up. The reports comprise analytical and final sections. The Internal Audit Function is responsible for assessing the measures taken to eliminate breaches and improve the efficiency of the Company's financial and economic activities.

In 2020, in accordance with the Annual Audit Plan of the Internal Audit Function for 2020, four audits were conducted. In particular, a comprehensive audit of production, operational and financial processes was performed at the MGPM and the UGSF of the Company.

In 2020, based on the results of audits conducted by the Internal Audit Function, more than 10 cases of breaches were identified and more than 20 recommendations were issued relating to revenue and receivables recognition, tax calculation, disposal of the Company's assets, inventory of assets, etc. In regard to all the recommendations issued by the Internal Audit Function in 2020, the audited entities have drawn up and got approved activity plans to address the identified inconsistencies.



Plans for 2021

The following activities of the Internal Audit Function are scheduled for 2021:

- workshops on the adoption of IFRS;
- consulting and methodological support in accounting and taxation.

Anti-corruption

GRI 103-1, 103-2, 103-3, 205-3

In its day-to-day activities, the Company is guided by the principles of transparent, ethical business behavior with good faith. Also, it works systematically to identify and combat corruption and fraud in all forms and manifestations. Corruption risk assessment is the basis for the adoption and implementation of the Company's anti-corruption policy.

The main internal documents regulating anti-corruption matters in the Company are as follows:

- Code of Conduct of Uztransgaz JSC;
- Anti-Corruption Policy of Uztransgaz JSC.

The Anti-Corruption Policy of Uztransgaz JSC was approved on September 30, 2020 and was drawn up in line with the requirements of the anti-corruption legislation of the Republic of Uzbekistan, the Code of Conduct. The principles and norms specified in the policy:

The United Nations Convention against Corruption (adopted by Resolution No. 58/4 dated October 31, 2003 at the 51st plenary meeting of the 58th United Nations General Assembly in New York);

The Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (adopted in Istanbul on January 21, 1997);

The Criminal Law Convention on Corruption (signed at Strasbourg on September 27,1999, ETS No.173);

The Code of Administrative Responsibility of the Republic of Uzbekistan;

The Law of the Republic of Uzbekistan "On Combating Corruption" No. URK-419 dated January 03, 2017.

This policy presents the Company's position in the fight against corruption and defines a single set of principles supported by the Company and business units and enterprises in the course of their activities. As part of the implementation of the Anti-Corruption Policy of the Company, Uztransgaz JSC has been working to create an anti-corruption culture, prevent corruption, resolve and prevent conflicts of interest. In particular, the main tools and mechanisms used by the Company in order to combat corruption are as follows:

- anti-corruption monitoring;
- corruption risks identification, assessment and management;
- promoting an anti-corruption culture;
- prevention of conflicts of interest;
- informing employees and contractors;
- functioning of channels for feedback and informing about the facts of corruption;
- preparing notice boards to raise awareness of corruption.

The Compliance Control Division is in charge of the implementation of the Anti-Corruption policy in the Company. The Division includes employees with an extensive professional background, expertise, skills, and competencies. In line with the Anti-Corruption Policy, the heads of the Compliance Control Division and heads of business units are responsible for preventing corruption and other violations.

It should be noted that according to the results of the evaluation of the management approach to corruption prevention, it is planned to hire new employees to the Division in 2021. They will be responsible only for the effective and fair implementation of anti-corruption procedures.

The Company has a well-developed system of internal communications enabling the Company's management to receive up-to-date information from any employee and other stakeholders about alleged facts of corruption, as well as other abuses and violations. The Company assures the confidentiality of information related to all employees and other entities who report corruption offenses. There is a special web portal for sending inquiries and complaints, which is available at:

- <https://corp.utg.uz/>.

All inquiries and complaints received are immediately accepted for consideration and handling in line with the effective laws.

At the end of 2020, there were no confirmed cases of corruption.

Also, in accordance with the Anti-Corruption Policy, the Company does not directly provide charitable assistance and sponsorship to government authorities, commercial and non-commercial organizations, their representatives, as well as other entities. Charitable assistance and sponsorship can be provided by the Company only in agreement with the Compliance Control Division.

Corporate ethics, resolution of corporate conflicts and conflicts of interest

GRI 102-16

Uztransgaz JSC has a Code of Conduct, which was introduced on April 13, 2020 to ensure compliance with the principles of professional conduct and the basic rules of professional behavior of employees of the Central Office and business units of the Company. The Code sets out the most important rules for business conduct and stakeholder relations, as well as defines the responsibilities of officials and employees of the Company to prevent conflicts of interest.

In line with the approved Code, an employee of the Company should perform his/her professional activities on the basis of the principles as follows:

Legitimacy	Fairness
Precedence of the rights, freedoms and legitimate interests of citizens	Integrity
Patriotism and fidelity to duty	Avoiding conflicts of interest
Commitment to the interests of the State and the society	Impartiality

When introducing the Code of Conduct, the Human Resource Management Department organized activities aimed at familiarizing each employee with the Code of Conduct and their responsibilities. Also, this department oversees the observance of the Code by employees of the Central Office and business units of the Company.

In turn, the heads of the business units of the Company are responsible for ensuring that employees comply with the Code, in particular, their functions include:

- getting every employee familiarized with the Code;
- ensuring that all employees of business units on-site perform their work activities in the special clothing allocated to them to comply with safety measures;
- informing about taking measures in the manner prescribed by the Labour laws and regulations in relation to managers and employees failing to comply with the Code of Conduct.

The Ethics Committee comprising a minimum of 5 members elected from among executive officials of the Central Office consider violations of the Code. In its activities, the Committee is guided by the laws and regulations of the Republic of Uzbekistan, the Charter of Uztransgaz JSC and the "Regulations on the Ethics Committee" of Uztransgaz JSC .

The main tasks of the Committee are as follows:

- monitoring of compliance by the Central Office of the Company with the laws of the Republic of Uzbekistan, the Charter of the Company and the Code of Conduct;
- assisting employees with issues related to ethical rules;
- taking preventive cations in line with the ethical rules to prevent conflicts of interest;
- taking measures to resolve conflicts of interest in the rules of conduct through a trade-off;
- organizing a preliminary investigation to prevent the use of disciplinary measures against employees in case of non-compliance with the rules of conduct;
- compiling suggestions for amending and supplementing the Code of Conduct.

The basis for convening a meeting of the Committee is a written complaint of the employee (regardless of position held) to the Committee about any case of violation of the rules of conduct. The Committee examines the complaint filed by the employee about the violation of ethics standards and makes a decision in line with the rules of the Code of Conduct. The Committee performs its activities in accordance with the current laws and regulations. The minutes of the meetings of the Committee are stored in the archive of Uztransgaz JSC as a separate document.

ECONOMIC PERFORMANCE

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

Management approach

The oil and gas industry of Uzbekistan is the largest segment of the economy and is of fundamental strategic importance for the development of the whole economy of the country. Being a guaranteed provider of natural gas for the Republic, Uztransgaz JSC annually makes a considerable contribution to increasing the socio-economic capacity of the country and to the development of the regions within its footprint:

- ensuring significant regional budget revenues by paying taxes;
- providing jobs to local people and providing social support;
- supporting domestic manufacturers and increasing local content share in procurement.

Following the results of 2020, the Company paid UZS 3,769,649 million taxes and other mandatory payments including VAT and excise. The amount comprised payments of all business units of Uztransgaz JSC to the national budget. In addition, the Company employs 8,002 people country-wide, providing not only stable wages, but also social support for employees and their families. Funds allocated by the Company for employee compensation in 2020 totalled UZS 616,714.6 million.

When performing its activities, the Company is guided by the annually approved balance of resources and distribution of natural gas approved by the Government of the Republic of Uzbekistan to manage its economic performance. The Company monitors and consolidates the annual demand for natural gas and is involved in drafting of the annual Balance.

At the time of the reporting period, the Company's net revenue from gas sales do not cover production costs resulting in negative gross revenues. Thus, the Company has limited effect on the economic performance due to the high administrative regulation of prices by the government.



The impact of the pandemic on economic performance

The COVID-19 pandemic has had a restrictive effect on the Company's core activities following the decline in demand for gas exports and a decline in the collectability of the amount from consumers for the gas sold. Thus, the volume of natural gas exports decreased by 65% in 2020.

Medium-term plans

As of the reporting period, about 90% of the Company's revenue is gained from the sales of natural gas, and 10% from export services. Hence, the purchase of natural gas at market prices, which is higher than the price approved by the Cabinet of Ministers of the Republic of Uzbekistan, the selling price of Uztransgaz JSC, and a decline in natural gas production at Uzbekneftegaz JSC, the main gas supplier for the Company, has had an adverse impact on the Company's economic performance.

In 2020, the Company assessed its approach to economic efficiency management and drew up plans for the subsequent years. In view of the challenges raised in the gas industry in recent years, the Company expects to complete drafting of the development strategy for transforming the business model in collaboration with an international consulting company, approve a new methodology for setting natural gas tariff rates, start to expand its gas transportation activities within the country, and export gas in 2021.

Pursuant to the Decree of the President of the Republic of Uzbekistan No. UP-6010 "On Additional Measures to Improve the Mechanism for the Sales of Natural Gas and Electricity" dated June 18, 2020, natural gas consumers connected to the main gas pipeline system of Uztransgaz JSC (except for large strategic enterprises) should be gradually transferred to gas transmissions grids of Hududgazta'minot JSC with the renewal of natural gas supply contracts until December 31, 2021. Upon completion of this process, Uztransgaz JSC will sell gas only to strategic consumers such as power grids, chemical enterprises and construction firms. The implementation of these initiatives is crucial for the Company's further development.

Direct economic value generated and distributed

GRI 102-7, 201-1

The economic performance indicators presented below reflect the Company's contribution to the country's economy. These financial indicators were taken from the approved financial statements, which were prepared in accordance with NAS.

Direct economic value generated and distributed in 2019-2020, UZS mln

№	Indicators	2019	2020
1	Net revenue (exclusive of commodity tax)	19,581,748.4	18,764,000.6
2	Total costs	25,878,256.4	25,020,075.7
3	Production cost, including:	17,217,507.4	19,940,812.0
3.1	Production material costs, including:	15,643,724.9	18,510,115.5
3.1.1	purchase of raw materials	13,627,703.0	15,854,527.9
3.1.2	materials (purchased)	198,777.9	104,237.9
3.1.3	production work and services	954,364.2	1,706,830.1
3.1.4	natural raw materials	962.6	1,523.1
3.1.5	all types of fuel purchased from third parties	49,210.9	18,687.2
3.1.6	purchased energy of all types	201,112.6	264,707.2
3.1.7	gas consumption for own needs and losses	611,593.6	559,602.2
3.2	Production labour costs	358,991.1	372,588.5
3.3	Single social payment	89,091.3	45,548.1
3.4	Depreciation of property, plant and equipment related to production	926,461.5	774,645.8
3.5	Other production costs	199,238.5	237,914.1
4	Gross profit (loss) from sales	2,364,241.0	-1,176,811.4
5	Expenses for the period, including:	2,695,142.0	882,849.8
5.1	Sales costs, including:	1,433.4	1,650.6
5.2	Production labour costs	116,424.9	103,484.4
5.2.1	key management compensation	47,411.4	63,969.9
5.2.2	single social payment	11,762.6	8,067.3
5.2.3	depreciation of administrative PPE	11,998.2	3,939.0

5.2.4	other administrative expenses	45,252.8	27,508.2
5.3	Other operating expenses, including:	2,577,283.7	777,714.8
5.3.1	mandatory payments to the budget, taxes and fees	113,312.9	114,691.5
5.3.2	extraction tax	29.6	35.0
5.3.3	water consumption tax	1,461.4	1,860.3
5.3.4	property tax	8,268.1	12,638.8
5.3.5	land use tax	6,526.5	8,688.4
5.3.6	other taxes	97,027.4	91,468.9
5.3.7	contributions to specialized government funds	0.0	0.0
5.3.8	payment for non-material services and bank services	44,069.1	31,451.5
5.3.9	benefits and incentives	440,007.0	180,156.2
5.3.10	fees of the Bureau of Enforcement	888,641.8	172,298.5
5.3.11	sponsorship	144,325.1	51,565.3
5.3.12	other operating expenses	946,927.8	227,551.9
6	Other income from core activities	802,258.4	728,322.2
7	Profit (loss) from core activities	471,357.4	-1,331,339.0
8	Income from financing activities, including:	3,431,998.2	2,004,494.2
8.1	dividend income	3,221.9	27,502.7
8.2	interest income	1,887.1	0.0
8.3	income from long-term leasing	430.4	0.0
8.4	foreign exchange gains	3,426,458.9	1,976,672.4
8.5	other income from financing activities	0.0	319.0
9	Expenses from financing activities, including:	5,965,607.1	4,196,413.9
9.1	interest on bank loans and loans from other financial institutions	48,320.9	223,992.9
9.2	interest expense on financial leasing of property	0.0	0.0
9.3	foreign exchange losses from foreign currency transactions	5,737,053.8	3,972,421.0
9.4	other finance costs	180,232.4	0.0

10	Profit before tax, including:	-2,062,251.5	-3,523,258.7
10.1	income tax	10,393.2	4,284.4
11	Net profit (loss)	-2,072,644.8	-3,527,543.1

The above economic indicators for 2019 cover data from all structural enterprises of the Company and 14 territorial gas supply branches. Also, the data for 2020 includes the economic indicators of all structural enterprises of the Company.

The wages and salaries of the Company are based on the sum of items of salaries of the process staff, executive staff, as well as benefits and incentives. The Company's operating expenses include:

- taxes;
- benefits and incentives;
- non-material services and bank services;
- sponsorship;
- fees of the Bureau of Enforcement under the General Prosecutor's Office of the Republic of Uzbekistan.

Procurement system and local content development

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

One of the principles of procurement is to provide all potential suppliers with equal opportunities to participate in the procurement process. The procurement system of Uztransgaz JSC is based on the principles of openness, competitiveness and reasonableness. An important aspect when selecting a supplier of goods, works and services is to perform procurement procedures in strict compliance with the procurement methodology of the Company without violations affecting the outcomes.

The Company's procurement process comprises the main stages as follows:

- formulating an annual demand;
- approving a technical specialist;
- selecting a supplier;
- entering into and implementing a procurement contract.

When making procurement decisions, the Company gives a priority attention and provides support for the purchase of the products (raw materials, materials, resources and services) that:

- have qualitative characteristics meeting the relevant requirements, and are the best in comparison to alternative options (similar);
- have higher efficiency levels in terms of energy and/or energy consumption;
- are more environmentally friendly goods, i.e. those that have been produced with the least negative impact on the environment;
- have the lowest risks to public health and damage to the property of the Company during their transportation, storage, and consumption.

The Department of Procurement and Cooperative Ties oversees the procurement processes of all business units of the Company. All procurement procedures of Uztransgaz JSC are regulated by the Law of the Republic of Uzbekistan "On Public Procurement" No.ZRU-472 dated April 9, 2018 and by the Decree of the President of the Republic of Uzbekistan No. PP-3953 dated September 27, 2018 "On Measures to Implement the Law of the Republic of Uzbekistan "On public procurement". In addition, in 2020, the Company performed procurement activities in line with the three orders as follows:

1. The Order No.440 dated October 25, 2019.
2. The Order No. 78 dated June 3, 2020.
3. The Order No.79 dated June 3, 2020.

Suppliers for Uztransgaz JSC and its business units and enterprises are selected in an open tender, bidding, auctions and by a request for quotation processes, in line with the method for the procurement of goods. Auctions are held for goods worth up to 5,000 reference calculation values (hereinafter - the "RCV"), while tenders for the purchase of goods, works and services are held if the RCV amount is between 5,000 - 25,000 RCV under one contract.

In line with the Order No. 78 dated June 3, 2020, all departments of the Company can formalise contracts in the due manner for services, for an amount not exceeding the equivalent of 5,000 times reference calculation value under one contract, except for import contracts. Goods, works and services in the amount exceeding the equivalent of 5,000 times reference calculation value under one contract, and all import contracts are should be procured by the Department for Procurement and Cooperative Ties of Uztransgaz JSC in accordance with the established procedures, except for construction activities, which should be procured by the Department of Design and Construction. The heads of business units and enterprises are responsible for ensuring legal compliance when entering into contracts. Also, they are responsible for the reasonableness of demand for material and technical resources and the procurement scope.

Having realized the impact of procurement processes on the performance of the Entity, the Company has started the process of automation of its procurement processes. The procurement system provides for the use of 4 main platforms to select suppliers for Uztransgaz JSC and its enterprises under direct

control by an open tender and request for quotations. As of the reporting period, the Company uses the following electronic platforms:

1 Cooperation.uz platform is designed to implement procurement procedures relating to the locally-based producers. This platform was implemented in line with the Decree of the President No. DP-4812 dated August 21, 2020 to support locally-based producers.	2 Emilliydokon.uzex.uz/ platform is designed for holding tenders and bidding with various suppliers.
3 Spot platform is used for the procurement of highly liquid goods specified by the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 90 dated May 7, 2008.	4 Uzex exarid platform is an electronic system designed for public procurement.

Uztransgaz JSC supports domestic commodity producers by increasing the proportion of purchased goods from locally-based producers and works (services) done by local people. A competitive tender for the purchase of goods of foreign origin is held if the quality of the domestic goods is not appropriate or if the goods are not produced in Uzbekistan.

Since the end of 2020, the Company has been implementing an initiative to localize purchased products, which is being implemented as part of the Decree of the President No. DP-4812 dated August 21, 2020. The objective of this initiative is to support domestic commodity producers in increasing the volume and range of domestic industrial products and to expand the involvement of domestic commodity producers in the public procurement system. In line with this initiative, when evaluating bidder proposals, a 15% preference is given to goods of local origin, subject to the participation of two or more domestic commodity producers in the tender.

The company is evaluating its procurement management approach on an ongoing basis to identify areas for further improvement. As a result of the assessment carried out in 2020, a localization plan for 2020-2021 was developed, according to this plan, the production of electrodes in Urgench was localized, and a contract was also concluded with the Bukhara Technological Institute on the development and localization of the chemical material odorant.

The Company has a Department for Localization and Import Substitution, which is subordinate to the First Deputy Chairman of the Board for Localization, Expansion of Cooperation in Industry and Information Technologies. The department coordinates the preparation of proposals to the Ministry of Economy and Industry of the Republic of Uzbekistan on the inclusion of projects in the formation of the State Localization Program, coordinates the monitoring system for the implementation of localization projects, and also ensures the effective and timely implementation of localization projects.

In general, 4,798 contracts were signed for the purchase of goods, works and services, for a total of UZS 694.8 bln, net of natural gas in 2020.

The total amount of the contracts signed for the purchase of goods, works and services for 2020, UZS bln

Entity	Total	Goods	Works and services
Uztransgaz JSC	694.8	573.2	121.6

The amount of goods, works and services purchased from companies being tax residents of the Republic of Uzbekistan, regardless of the citizenship of their employees, and the country of origin of goods, in 2020 had been UZS 408 billion. The Company's procurement indicators presented below enable it to measure this support effort from local suppliers.

The total amount of contracts signed in 2020 for the purchase of goods, works and services with companies being tax residents, UZS bln

Entity	Total	LC proportion, %	Goods		Works and services	
			Amount	LC proportion, %	Amount	LC proportion, %
Uztransgaz JSC	694.8	59	573.2	58.2	121.6	61.02

At the end of 2020, the proportion of local content in the procurement of Uztransgaz JSC: goods - 58.2%, works and services - 61.02%. The above indicators reflect the consolidated data for all business units and entities of the Company, excluding the data of Subsidiary Farming LLC. More detailed information by region is presented in Table 4, Annex 3.

Medium-term plans

In 2021, the Company intends to continue implementing its procurement practice in line with corporate principles and standards. In addition, it will continue monitoring the proportion of local content in the procurement of goods, works and services in accordance with the above-mentioned Decree of the President and Resolution of the Cabinet of Ministers of the Republic of Uzbekistan.

The Company has planned to shift to the electronic format in formulating the annual demand plan via the internal program named “Procurement”. Also, at the national level, it is planned to roll out an electronic procurement system, which will become a single platform for running public procurement in electronic format from January 1, 2022.

Socioeconomic compliance

GRI 103-1, 103-2, 103-3, 419-1

Compliance with laws and regulations in the social and economic area is a mandatory requirement aimed at protecting the rights of employees and conducting transparent business activities. Compliance with the requirements of socioeconomic legislation has an effect on the financial performance of the Company and can be quantified as a direct economic value for enterprises that meet the requirements.

In terms of socioeconomic area, when performing its activities the Company follows the requirements of the Tax Code and the Code of Administrative Responsibility and other laws.

In 2020, the total monetary value of fines for non-compliance with the socioeconomic requirement amounted to UZS 15 billion, where 59% of the fines were issued for non-compliance with the requirements of the Tax Law. Tax penalties included late payment of excise tax and others.

The amount of monetary fines for 2018-2020, UZS mln

Category	2018	2019	2020	Reasons/ Circumstances
Penalties on taxes	35,051.9	4,355.3	8,938.5	Fines and penalties for non-compliance with tax legislation
Other fines	202.2	671.8	6,269.4	
Total monetary value of significant fines	35,254.2	5,027.2	15,207.9	

The above indicators reflect data on the Central Office, 8 MGPMs and 2 UGSFs. Data of business units and entities of Urgenchtransgaz UE, Transgazengineering LLC, Subsidiary Farming LLC, Kamchik Directorate are not included in the above indicators.

Other types of fines reflected in the table comprise:

- acknowledged fines, penalties, forfeits and other types of sanctions for non-compliance with the terms of business contracts;
- penalties for past-due debts;
- fines for gas quality;
- financial sanctions by inspection bodies when receiving large income from consumers and losing a case;
- idle time charges for delayed rail cars.

It should be noted, that owing to the fact that Uztransgaz JSC has accounts payable of approximately USD 2.5 billion resulting from the sales of natural gas to consumers at low approved prices compared to the procurement price. Other fines in the above table include charges for overdue accounts payable and other penalties.

The supervising Deputy Chairman of the Management Board of the Company has been evaluating management in this area, and constantly monitoring the activities of the departments responsible for payment of taxes on a timely basis. As of the reporting period, there were no non-monetary sanctions or cases brought through dispute resolution mechanisms in the social and economic areas.

Medium-term plans

The Company seeks to reduce the adverse impact of fines and penalties for non-compliance with laws and regulations in the social and economic area on the financial performance of the Company. In 2021, the Company intends to improve the system for collecting and submitting tax returns in order to achieve positive indicators in this area.



ENVIRONMENTAL RESPONSIBILITY AND WORK AREA SAFETY

Management approach

The objectives for management of labour safety, industrial safety and environmental protection are directly related to the principles of strategic management of Uztransgaz JSC in the area of environmental safety. They are based on the six strategic principles of the UN SDG - 3, 6, 7, 12, 13, 15.

Environmental responsibility is an important aspect in the process of gas transportation through main gas pipelines, as well

as during underground storage of gas, since it affects almost all components of the environment. Priority areas for the Company in terms of environmental protection include management of greenhouse gas emissions, waste management and increasing energy efficiency.

The main directions for the implementation of measures to minimize the negative impact from the activities of Uztransgaz JSC and mitigate the effects of climate change include the following tasks:

- reduction of losses during transportation and distribution of gas;
- efficient use of energy resources;
- upgrading of gas compressor stations;
- upgrading of the gas pipeline system;
- implementing modern technologies for gas supply distribution and metering.

At the time of the reporting period, Uztransgaz JSC is implementing projects aimed at mitigating climate change. One of such projects is a project to upgrade the gas pipeline system with implementation of effective technologies to control losses of hydrocarbon resources during transportation, which allows to increase the throughput of gas pipelines and provide densely populated areas of the republic with a sufficient quantity of natural gas.

Health, safety and environmental management system

In Uztransgaz JSC, the health, safety and environmental management system has been developed on the basis of the best international practices and is based on the following standards: ISO 14001, ISO 45001. Since 2020, the Company has implemented a quality, health, safety and environmental management system as per ISO 9001, ISO 14001 and ISO 45001. Enterprises with a significant level of energy consumption will be certified for compliance with the ISO 50001 standard from 2021. The effectiveness of management systems is regularly confirmed by external auditors.

As required by international standard ISO 14001:2015 - Environmental management systems, when determining the aspects and impacts on the environment in all business units of

the Company included in the scope of the IMS, as well as in the direct interaction of third-party organizations with the Company, the management system is applicable in identifying impacts and planning their management.

At enterprises, environmental safety is managed by environmental engineers. General control is carried out by the Health, Safety and Environment Division of the Company.

The health, safety and environment reports are submitted to the heads of business units at least once a year, where a further analysis of the identification of all aspects of impacts, the accuracy of their assessment is carried out, and the necessary measures for environmental management are identified.

GRI 102-12, 103-1,
103-2, 103-3

Energy consumption and energy saving

The main goal of the Company in the area of energy management is to increase energy efficiency through the rational use of energy resources, the implementation and application of energy-saving technologies.

The production processes of Uztransgaz JSC are quite energy-intensive, due to which the urgent task for the Company is to search and implement solutions to reduce the consumption of energy resources. The energy consumption pattern of Uztransgaz JSC includes various types of energy resources, such primary sources are electricity and fuel.

At the time of the reporting period, the Company has a procedure approved on 28 April 2017 for energy planning and energy efficiency analysis, which defines a unified procedure for conducting the energy analysis, determining methods for controlling energy consumption and improving energy performance indicators, within the Energy Management System in compliance with international standard ISO 50001, and based on the existing integrated management system of the Company operating as per the requirements of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System). As per this document, the analysis of energy use and consumption is carried out at the level of the organization, at the level of business units, processes and sub-processes and will be updated at least once a year, and in case of significant changes in equipment, systems and processes.

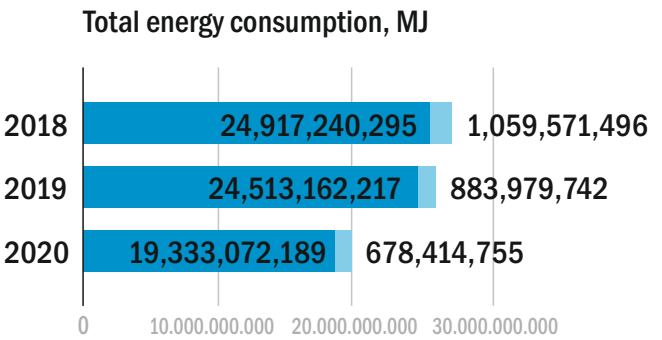
Further, the analysis determines the base values of the energy characteristics, the calculation of the forecast values and the plan for collecting information along with the development of measures to improve energy efficiency. The baseline level of energy consumption is set for 3 years and is coordinated with the relevant departments, divisions and business units of the Company, in particular with the Ministry of Energy and state Inspection of the Republic of Uzbekistan "Uzgosenergonadzor". Based on the baseline level of energy consumption, the values of energy consumption are calculated as per the production plans

GRI 103-1, 103-2, 103-3, 302-1, 302-3, 302-4

for the upcoming period. In case of any changes in equipment, systems and processes, the analysis of energy use and consumption is revised.

This procedure is mandatory for all business units within the scope and distribution limits of the energy management system and is based on international standard ISO 50001:2018, the IMS guidance and other instructions. The effectiveness of management systems is regularly confirmed by independent auditors from CERT International. Baseline indicators for saving fuel and energy resources due to the implementation of measures for 2020 for Uztransgaz JSC are given in Table 5 of Appendix 2.

Energy is consumed during transportation and underground storage of gas. In 2020, a total of 20.011 million MJ of energy was consumed, where 97% of energy was consumed when transporting natural gas. The total energy consumption for 2020 was 22% lower compared to 2019, which shows the effectiveness of the implemented energy efficiency initiatives. These energy consumption costs are recorded as per meter.



*Source conversion factor: 1 kWh = 3.6 MJ; 1 Gcal/h = 4,184 MJ.
Fuel (liquid): 1 ton of oil equivalent (toe) = 41.868 GJ.
Energy carriers: 1 ton of diesel fuel = 1.02 toe; 1 ton of gasoline = 1.04 toe;
1 thousand m3 LNG = 0.8225 toe; 1 ton of LPG = 1.1 toe. Natural gas:
1 m3 = 37,000 MJ.

The quantity of electricity consumed in 2020 amounted to 2,315.9 million MJ, while the quantity of thermal energy consumed amounted to 44.8 million MJ. Analyzing the data on the consumption of thermal energy, it should be noted that the consumption of thermal energy has been decreasing by an average of 9% since 2018 with slight fluctuations.

The data on consumption of electricity and thermal energy for 2018-2020, MJ

Indicator	2018	2019	2020
Electricity	2,364,893,791	2,122,700,706	2,315,947,150
Heating	49,095,976	40,561,788	44,814,113

*Source conversion factor: 1 kWh = 3,6 MJ; 1 MKcal/hr = 4184 MJ

Diesel fuel, gasoline, fuel and process gases, liquefied petroleum gas (hereinafter - LPG), and compressed natural gas (hereinafter - CNG) are used as energy carriers from non-renewable energy sources. In 2020, gas fuel and LPG consumption decreased by an average of 23% compared to the previous year, reflecting the Company's progress in reducing fuel consumption from non-renewable sources.

Consumption of non-renewable types of fuel for 2018-2020, MJ

Fuel type	2018	2019	2020	Change, %
Diesel fuel	45,404,723	56,235,827	66,815,824	△ + 18.8
Gasoline	8,086,013	6,872,173	6,906,311	△ + 0.5
Gas fuel	23,455,077,000	23,102,660,000	17,514,394,000	▽ - 24.2
fuel	22,931,675,000	22,712,894,000	17,109,947,000	▽ - 24.7
technological	523,402,000	389,766,000	404,447,000	△ + 3.8
CPG	41,202,881	28,234,079	22,525,541	▽ - 20.2
CNG	13,051,407	39,877,386	40,084,005	△ + 0.5

**Conversion factor: Fuel (liquid): 1 ton of oil equivalent (toe) = 41.868 GJ. Natural gas: 1 m3 = 37,000 MJ.*

The above types of fuel are used in the process of technological purging of equipment, applied in energy technology units and for filling cars up with gasoline.

In order to increase the energy efficiency of technological processes, a need arises to reduce the consumption of natural gas for own needs and technological losses. Realizing this need, the Company is implementing measures on this initiative and is improving its performance. Thus, 561.71 million cubic meters of natural gas were consumed in the reporting period for own needs, which is 13% lower than in 2019. It should be noted that these costs are directly dependent on the goods-and-transportation work and the flow of natural gas into the gas pipeline system, as well as the availability of materials and equipment.

In 2020, the quantity of consumption of renewable energy - electricity - amounted to 166.208 MJ (52.68 thousand kWh). The generation of electricity from renewable sources was due to the introduction of photovoltaic batteries to supply power to the administration building “CS-3B Yangier.”

In the reporting period, 56,164,349 MJ of electricity were sold, exceeding the indicators of 2019 by 21%. Also, the volume of sold thermal energy amounted to 4,999,880 MJ in 2020.

Being aware of the environmental value and efficiency of using renewable energy sources, the Company has drawn up an action plan that focuses on the installation of 14 solar water heaters and the installation of 131 LED lamps equipped with photovoltaic panels and motion sensors for 2021.

Intensity of energy consumption

The types of energy considered when calculating the intensity of energy consumption within the organization are electricity and fuel. To calculate this ratio, the Company uses two indicators: gas transportation and underground gas storage. Cubic meter of natural gas was chosen as a specific indicator (denominator) used in the Company.

Intensity of energy consumption for 2018-2020, MJ/m3

Indicator name	2018	2019	2020
Gas transportation	0.46	0.43	0.37
Underground gas storage	0.51	0.5	0.3

In 2020, the intensity of energy consumption during gas transportation amounted to 0.37 MJ/m3, and during underground gas storage it was 0.3 MJ/m3, which is 0.06 MJ/m3 and 0.2 MJ/m3 less, respectively, compared to the previous year.

Reduction of energy consumption

The main strategic directions for the development of energy saving and energy efficiency of the group are the upgrading of technological equipment, the implementation of energy-saving technologies, the optimization of the generation and consumption of thermal energy, and the development of its own sources of energy generation. The relevance of the implementation of projects to improve the energy efficiency of technological processes is associated with the need to reduce the consumption of natural gas for own needs and technological losses, reduce the energy intensity of production and reduce greenhouse gas emissions into the environment.

The Company has a schedule for the implementation of organizational and technical measures to reduce energy losses at production facilities for 2020-2022. This schedule includes 111 measures to save fuel and energy resources such as natural gas, electricity and oil products for 2020. The document reflects the total cost of the implementation of measures and sources of financing. Sources of financing are foreign investments, loans and own funds.

Based on the energy analysis conducted, measures are being developed aimed at reducing energy consumption, their rational use and increasing energy efficiency.

When developing the measures, government decrees and industry programs in the area of energy saving, internal documents of the Company such as №29-SEE-01 “Temporary manual for the development and implementation of organizational and technical measures to save electricity and thermal energy” are considered. This internal document reflects the methodology for calculating the savings in electricity and thermal energy for production needs. Further, at all levels of implementation of measures, control of their implementation is ensured - on a quarterly basis, the Company's business units submit a report on the actual amount of savings in electricity and thermal energy, with calculations confirming the achieved savings for each item of the measures.

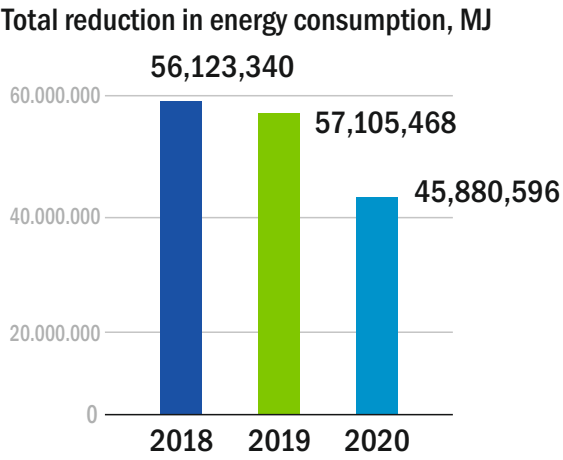
In 2020, 17 energy saving measures were implemented, which are planned to continue in the future. It should be noted that the implementation of the relevant measures is applicable to business units such as the main gas pipeline administrations and underground gas storage enterprises. The implemented measures are listed below:

№	Measures
1	Implementation of photovoltaic batteries for power supply of the administrative building “CS-3B Yangier”.
2	Replacement of outdated exciters of synchronous electric motors with digital microprocessor-based exciters.
3	Replacement of perimeter lighting fixtures for compressor stations and gas distribution stations with LED fixtures.
4	Construction of a new zero-lift pumping station of the Kungrad Department of Process Water Supply (hereinafter – DPWS) with 75 kW units and the first lift pumping station with 160 kW units.
5	Replacement of high-pressure pumps SCPHW 850-600 with 2000 kW electric motors with low-pressure pumps SCPHW-850-240 with 800 kW electric motors with frequency control of an electric drive at the 3-lift pumping station of the Kungrad DPWS.
6	Phased implementation of modern cathodic protection stations with data transmission function.
7	Optimization of the operating mode of compressor stations by regulating the power factor.
8	Switching of power transformers to standby mode depending on the mode of gas transportation.
9	The use of a variable frequency drive on the auxiliary equipment of the gas transmission unit.
10	Optimization of the operating mode of pumping units of water supply systems.
11	Reduction of energy consumption by reducing the running time of the air compressor of Gazli MGPM.
12	Reduction of electricity consumption after upgrading of the heat supply system in Gazli city with BMK-3.0 unit of Gazli MGPM.
13	Reduction of electricity consumption after upgrading of the boiler house with the installation of the ENKOM-1 boiler at CS-1 Kagan.
14	Reconstruction of the solar hot water supply system of the administrative building of the Company's central office.
15	Installation of electricity generation using OCR technology at Khodjaabad UGSF.
16	Installation of solar water heaters in the building of the ABK Uztransgaz JSC, Gazli MGPM and Urgenchtransgaz UE.
17	Reduction of electricity consumption after upgrading of the boiler house with the installation of Urgench and Akchalok MGPM under Urgenchtransgaz UE.

In addition, 2 measures were taken to save thermal energy. These measures included the use of the heat of the exhaust gases of the gas turbine unit for the heating of working sites in the Ahangaran compressor station, Gazli MGPM and replacement of wooden window frames with fiberglass in Urgenchtransgaz UE, Severny Sokh UGSF and Gazli MGPM.

Since 2018, the Company has been reducing energy consumption. Thus, in 2020, the reduction in energy consumption amounted to 45,880,596 MJ of electricity in kind, which is 20% lower than in 2019 and 23% lower than in 2018.

In 2018 and 2019, the reduction in energy consumption was achieved as a result of the reduction in production capacity for underground gas storage, and in 2020 by reducing electricity consumption.



**Source conversion factor: 1 kWh = 3.6 MJ; 1 Gcal/h = 4184 MJ. Fuel (liquid): 1 ton of oil equivalent (toe) = 41.868 GJ. Energy carriers: 1 ton of diesel fuel = 1.02 toe; 1 ton of gasoline = 1.04 toe; 1 thousand m3 CNG = 0.8225 toe; 1 ton of LPG = 1.1 toe. Natural gas: 1 m3 = 37,000 MJ.*

Mid-term goals

The procedure for energy planning and energy efficiency analysis of the Company is updated every 5 years. Consequently, at the beginning of 2021, the Company is planning to approve a new procedure that will be effective until 2026.

Additionally, at the end of 2021, there is a plan to launch the implementation of projects to reduce energy consumption. There is a plan to install solar water heaters and implement photovoltaic batteries at the facilities. Also, the Company plans to reduce electricity consumption by upgrading boiler houses at Urgench MGPM,

Akchalok MGPM and UE Urgenchtransgaz. At the Sarymai water treatment plant, it is planned to upgrade the pumping station using energy-saving technologies, at Khojaabad UGSF - the electricity generating unit using the Organic Rankine Cycle technology, which is a reliable way of converting heat into electricity for use in renewable energy sources (biomass, geothermal energy, solar energy) or to improve energy efficiency in the industry. The Company also plans the shutdown of all low-load standby transformers in the boiler station house and the water intake at a capacity of 2*160 kVA (kilovolt-ampere).

Environment protection

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

The gas transportation industry is one of the energy-intensive industries that are inextricably linked with performing complex and hazardous work, as well as with constant impact on the environment. The main objectives of the Company in the area of environmental protection are the prevention or reduction of negative impacts on the environment, rational use of natural resources, identification and implementation of measures to improve the environmental condition near and at the facilities of the Company.



Uztransgaz JSC’s operation and maintenance of gas transmission system facilities include 13,298 km of main gas pipelines, 2 underground gas storage stations, 23 compressor stations and 419 gas distribution stations. The gas transportation system of the Company covers all regions of the Republic of Uzbekistan, each having a unique flora and fauna, being a valuable component of the biodiversity of the Central Asian region. However, there are no transportation and underground gas storage facilities in protected natural and adjacent areas.

Uztransgaz JSC has developed the action plan for environmental protection and rational use of natural resources for 2020-2025. This plan contains 133 activities with a description of planned costs for all business units of the Company in the following 4 areas:

protection of water resources;

protection of atmospheric air;

protection of land and mineral resources, waste disposal and processing;

protection of flora and fauna.

The Company has a procedure for identifying environmental aspects, which was developed as per the requirements of international standard ISO 14001:2015 in order to describe the procedure for identifying aspects, assessing impacts and developing further measures to reduce them, as well as to plan and manage them during interaction with by third parties and in all business units of the Company except Urgenchtransgaz UE, Transgazengineering LLC and Kamchik DCPS.

As per this procedure, in each business unit, the executive head organizes work to identify environmental aspects and monitors the results of this work together with engineers and technicians and other craft labour. The identification of aspects and impacts on the environment is carried out in several stages. First, the divisions of the enterprise identify aspects and impacts on the environment that are associated with input materials, resources used, results of intermediate operations and finished products, with the formation of all types of waste, air emissions, discharges to water and ground. Second, an environmental impact assessment is carried out by determining the significance of an aspect, measuring the likelihood of the impact and assessing the rank of the impact.

Further, all data on the results of the identification of environmental aspects and impact assessment are recorded and stored in the business units of the Company. After completing the identification of environmental aspects and impacts, the results of the assessment are communicated to

the personnel by conducting an individual familiarization of the work done, explaining the need to comply with legal and regulatory requirements and performing other actions that are measures to control risks associated with environmental aspects. Consistently, the executive heads of business units analyse the relevance of identifying hazards and assessing risks at least once a year.

When designing new facilities and upgrading existing facilities, an assessment of the impact of the planned activity on the environment is carried out, in which, in order to prevent and minimize the identified potentially negative impact, pertinent activities are developed and implemented.

The Company follows international environmental initiatives to reduce greenhouse gas emissions, introduce energy-saving technologies and use renewable energy sources. Environmental services actively cooperate with the State Committee on Ecology of the Republic of Uzbekistan and other specialized organizations on environmental protection.

The Company allocates significant funds for environmental protection measures. In 2020, the total costs for the entire Company amounted to UZS 277,026.879 thousand.

The amount of costs for environmental protection measures for 2018-2020, UZS thousand

Indicator	2018	2019	2020
Amount of costs	141,463.715	4,699,262.004	277,026.879

In 2020, the important measures contributing to environmental activities were:

- implementation of the project "Upgrading the gas pipeline system of the Republic of Uzbekistan with the introduction of the SCADA system";
- participation as experts in the preparation of the first biennial report on the ecology of the Republic of Uzbekistan, which was prepared by the Center of the Hydrometeorological Service with the financial support of the Global Environment Facility, technical and methodological support of the UN Environment Program;
- preparation of materials on the assessment of greenhouse gas emissions jointly with the "Carbon Limits" Company and the Asian Development Bank.

Emissions of direct greenhouse gases of Scope-1

GRI 103-1, 103-2, 103-3, 305-1

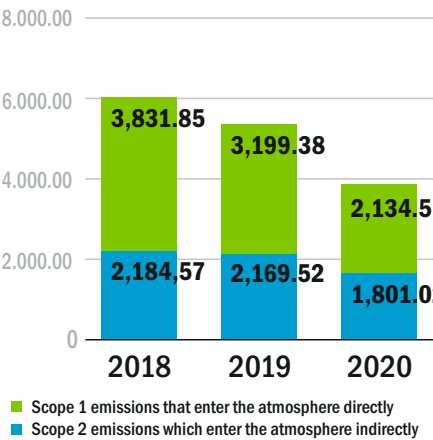
In order to prevent and reduce the negative impact on the atmospheric air, the Company is taking measures to optimize all significant environmental aspects. Measures to manage the impact of emissions are the whole range of work including operation of technological and auxiliary equipment, meeting fire safety requirements, training personnel in industrial safety, departmental control and audits. Also, the Company strictly adheres to the rules of the instruction for the safe operation, transportation and storage of compressed gas cylinders.

The main factor affecting the atmospheric air on the part of the Company is emissions that are released during purging and bleeding of technological equipment, pipelines, and as a result of leaks from flange connections of pipeline valves during transportation and underground storage of gas.

Direct emissions of greenhouse gases of the Company, which are included in Scope-1, are methane, carbon dioxide and nitrous oxide released into the atmosphere as a result of purging of technological equipment. Indirectly, as a result of gas combustion in power-technology units, methane and carbon dioxide are released into the atmosphere. The Company's facilities do not produce ozone-depleting substances and do not generate CO2 emissions from the combustion or decomposition of biomass.

The amount of the Company's greenhouse gases that enter the atmosphere directly and indirectly has been gradually decreasing over the past three years. In 2020, the total of greenhouse gas emissions of Scope-1 was 3,935.53 tons of CO2-eq., and did not exceed the values of the established standards. In the reporting period, total emissions decreased by 27% compared to 2019 due to the upgrade of the gas pipeline system, which reduces leaks that contribute to methane emissions.

Total volume of greenhouse gas emissions, t. CO2-eq.



The year 2020 was set as the base year for calculating the amount of greenhouse gases in the Company as per the Decree of the President of the Republic of Uzbekistan dated 9 July 2019 No. PP-4388, clause 12. Regarding the method of consolidation, the statistics of emissions are indicated for the facilities directly controlled by the Company on the basis of ownership.

The Company annually carries out an inventory count and internal assessment of greenhouse gas emissions and other emissions into the atmosphere, where the most significant sources of emissions are identified. When calculating emissions, the Company considers the “Global Warming Potential” factor, which establishes the degree of influence of the emissivity of one unit of mass of methane relative to the corresponding unit of carbon dioxide over a certain period of time. In particular, the Company uses the following “Global Warming Potential” factors:

- factor of conversion of methane into t. CO2-eq., - 21;
- factor of conversion of nitrous oxide into t. CO2-eq. - 310.

When calculating emissions, the following methods are used: RH39.0-140:2012 “Methodology for calculating emissions of pollutants for oil and gas production and oil and gas processing enterprises” PJSC “O’ZLITINEFTGAZ”, and standard of the Gazprom organization 102-2011 “Inventory count of greenhouse gas emissions”.

Uztransgaz JSC strives to reduce greenhouse gas emissions by 10% by 2030 compared to 2010 level, and continues its efforts to build adaptive capacity, reduce the risks of the adverse impact of climate change.

Other significant air emissions

GRI 305-7

Air pollution in the area of the Company's facilities is due to emissions of 8 elements into the atmosphere. The key category is a mixture of saturated hydrocarbons of the CnH2n+2 type, accounting for 96% of the total emissions. Saturated hydrocarbons enter the atmosphere as a result of technological purging of equipment and during gas combustion in power technology units.

Gas consumption for technological purging of equipment and for the operation of power technology units is defined as gas consumption for own needs. In addition, operating losses are taken into account at the Company's facilities - these are leaks through flange elements of valves and other equipment. Natural gas consumption rates for own needs are determined by calculation, according to industry methods. When calculating, data from passports of technological equipment and technological regulations for the operation of units are used. The actual consumption of natural gas for own needs and operating losses is determined by the automated dispatch control system of the gas pipeline.

In the process of gas transportation, the largest amount of pollutants enters the atmosphere compared to the process of underground gas storage, where the amount of pollutants is only 1–2% of the total emissions.

When calculating pollutant emissions that have an impact on global warming, the methodology RH 39.0-140:2012 is used for oil and gas production and oil and gas processing enterprises of PJSC "O'ZLITINEFTGAZ".

The Company's pollutants that enter the atmosphere are nitrogen oxide (NOx), sulfur oxide (SOx), CO emissions, emissions of solid substances, volatile organic compounds and the 1st class hazard substances. Compared to last year, in the reporting period, an average of 34% decrease in pollutant emissions such as nitrogen oxide, sulfur oxide, CO emissions, emissions of solid substances and volatile organic compounds is observed.

Air emissions of pollutants for 2019-2020, ton

Emissions	Source	2019	2020	Change, %
Nitrogen oxide (Nox)	Gas pumping units, boiler houses, heating furnaces, fire regenerators, diesel power plants (emergency)	913.49	788.73	▽ -13.6
Sulfur oxide (Sox)	Gas pumping units, boiler houses, heating furnaces, fire regenerators, diesel power plants (emergency)	0.57	0.52	▽ -9.7
CO emissions	Gas pumping units, boiler houses, heating furnaces, fire regenerators, diesel power plants (emergency)	3,412.68	2,861.64	▽ -16.1
Emissions of solid substances	Boiler houses, metalworking machines	128.39	0.14	▽ -99.9
Volatile organic compound	Process equipment (purging)	138,445.72	95,612.81	▽ -30.9
1st class hazard substances	Process equipment (purging), energy technology units (combustion)	0.39	0.48	△ +19.3

Of the volatile organic compounds, methane, propane and odorant, which is added to the gas to give it a specific odour, which warns of leaks in order to prevent it in time, are released into the atmosphere. Hazardous air pollutants are represented by substances such as sulfur dioxide, nitrogen oxides and hydrogen sulfide. Of the solids, there are mainly trace impurities of inorganic dust. There are no persistent organic pollutants at Uztransgaz JSC facilities.

Most emissions occur for the reporting period in Gallyaaral, Fergana and Zirbulak MGPM. These entities closely monitor emissions of hazardous air pollutants to ensure the safety of workers and the environment.

Water resources

GRI 103-1, 103-2, 103-3, 303-1, 303-2, 303-4

Uzbekistan is one of the countries with limited water resources. Two-thirds of the facilities of the Company's gas pipeline system are located in areas with a complete lack of water sources, in particular, in the Kyzyl-Kum desert and the Ustyurt plateau. Despite the fact that transportation and underground storage of gas are not water-intensive industries, the above two factors make water resource management one of the most important issues for the Company.

The Company mainly uses water resources for domestic needs (household and drinking needs, filling fire extinguishing systems) and in its production activities in small volumes.

Based on calculations of the required water consumption, an entity concludes an agreement with a branch of the structural water supply management - SUE “Suvokova.” The fixing of forecast values of water consumption indicators is calculated based on requests from water management services based on water consumption standards or based on actual values of water consumption in the previous period. The Company's facilities do not have a material effect on these water sources.

Industrial waste is discharged to the Terrain, evaporation ponds and underground horizons by means of well disposal. Also, household wastewater is discharged into waste pits and sewage, and water is not discharged into water bodies.

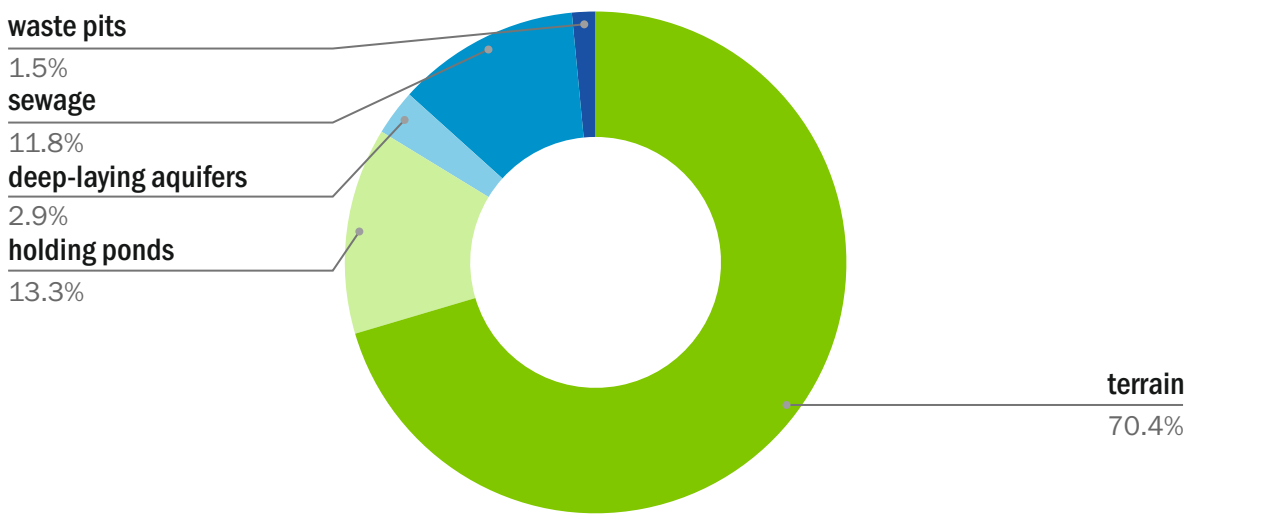
Over the past three years, there has been a decrease in the total volume of wastewater discharges in the Company. In 2020, the volume of wastewater discharges amounted to 442.7 thousand m3. and decreased by 28% compared to 2019 due to a decrease in the volume of water consumption in the Company. This downward trend was also observed in 2019, when the decrease in wastewater discharges in 2019 compared to 2018 amounted to 57%.

Wastewater discharges by disposal facility for 2018-2020, megalitre

Indicator	2018	2019	2020
Planned total water discharges	2,869.92	2,739.54	2,713.10
Actual total water discharges, including to:	1,434.83	614.86	442.72
terrain	1,161	482.6	311.73
holding ponds	210.74	70.93	58.92
deep-laying aquifer	13.64	10.76	13.05
sewag	31.65	31.87	52.32
waste pits	17.8	18.8	6.7

In 2020, a significant decrease in wastewater discharges compared to previous years was due to a decrease in wastewater discharges to terrain, holding ponds and waste pits. In 2020, the main objects to which water is discharged were terrain (70.4%), evaporation ponds (13.3%) and sewage (11.8%).

Type of wastewater, %



The entire volume of water discharged to all areas with water stress over the past three years consisted only of fresh water.

The amount of water discharged to all areas with water stress for 2018-2020, megalitre

Indicator	2018	2019	2020
Total water discharge, including:	1,434.82	614.86	442.71
fresh water	1,434.82	614.86	442.71
other water	0	0	0



Waste generation

GRI 103-1, 103-2, 103-3, 306-1, 306-2, 306-3

When discharging water, the Company follows sanitary rules and norms of the Republic of Uzbekistan No. 0318-15 "Hygienic and Anti-epidemic Requirements for Protection of Water and Reservoirs within the Territory of the Republic of Uzbekistan", which reflect the discharge conditions and quality of discharged water. Over the past three years, the Company has not exceeded the set norm of water disposal. The approved norms of water disposal are indicated in Table 3 of Appendix 2.

The priority substances of concern for which wastewater treatment is conducted are petroleum products. The country has a unified approach to setting discharge limits for priority substances of concern. This approach was developed as per RCM No. 14 "Regulation on the Procedure for the Development and Approval of Draft Environmental Standards" dated 21 January 2014. Table 1 in appendix 2 shows an acceptable concentration for each substance of concern.

When treating water, the Company strives to use ecological equipment and maximize the reuse of water. In particular, the main method of water treatment is mechanical, but physico-chemical and biological methods are also used at a number of facilities. Currently, retreated water is used in Gazli MGPM.

The Company is careful about water resources and strives to reduce the volumes of water consumed through strict control and elimination of leaks. To control the impact of the Company on the environment, monitoring of underground, surface and municipal waters is conducted with laboratory studies of water and monitoring of the degree of waste treatment.

At the beginning of each year, all business units approve a set of measures. Every three years, an inventory count of water consumption and water disposal sources is conducted as per RCM No. 14 "Regulations on the Procedure for the Development and Approval of Draft Environmental Standards" dated 21 January 2014. Also, an annual assessment of the effectiveness of the Company's environmental activities is conducted, including the sections "Water" and "Waste" by collecting and analyzing input data and applying visual inspection. Additionally, "O'zlitineftgaz" JSC prepares a statistical report on water consumption and water disposal under a contract for the Company.

In addition to the above regularly held activities, the main water management activity in 2020 was the assessment of water consumption and wastewater disposal for all business units and facilities of the Company as part of the Environmental Performance Review organized by the United Nations Economic Commission for Europe.

As a result of a responsible approach to water management, in 2020 there was a decrease in water consumption by 40% compared to 2019. The largest reduction was observed at Urgenchtransgaz UE.

Being aware of the importance of effective water management, in 2021 the Company is planning to further reduce water consumption by increasing the share of the use of air-cooled equipment. In addition, the implementation of the project "Reconstruction of the gas pipeline system of the Republic of Uzbekistan with implementation of the SCADA system," which was launched in 2020, will help achieve the Company's stated goals for water management in the short term.

The economic operations of Uztransgaz JSC are inevitably associated with waste generation. In order to prevent the negative impact of waste on the environment, the Company plans and implements the following measures on a regular basis: minimizing waste at its own production facilities and transferring waste to licensed organizations for neutralization and disposal. In turn, licensed organizations conduct waste management as per the legislative acts of the Republic of Uzbekistan.

In addition to taking measures to reduce waste generation, the Company also annually evaluates its management approach to this issue. Additionally, in 2020, the United Nations Economic Commission for Europe conducted an external assessment and prepared a "Carbon emission limitation report." The results of the assessment were satisfactory. As a result of the internal and external evaluations, the Company changed its approach to waste management. In particular, in the reporting period, the responsibility of environmental engineers has increased and control by management has increased compared to previous years.

Under the legislation of the Republic of Uzbekistan, the degree of waste hazard is assessed in five classes. In the process of transportation and underground storage of gas in UGSF, waste of all five hazard classes is generated, and waste of the 5th hazard class prevails - non-toxic waste. In particular, during transportation, waste is generated during the transit of natural gas from Turkmenistan and Kazakhstan. In addition, an increase in the number of repairs and the reconstruction of the linear part of the main gas pipelines, which, as a result, generate ferrous and non-ferrous scrap, has led to an intensive generation of waste. Also, a significant part of waste is spent turbine oils, which belong to the second hazard class and are generated as a result of oil changes at compressor stations.

In 2020, the total generated waste was 955.58 tons, which is 38% less than in the previous year. It should be noted that there is a gradual decrease in the total toxic waste since 2018, while the volume of generated non-toxic hazard class 5 waste has not significantly decreased after a sharp increase in 2019.

Waste generated	2018	2019	2020
Toxic waste generated, including	828.37	536.46	206.49
Hazard class 1	1.65	0.39	0.48
Hazard class 2	39.88	321.27	55.52
Hazard class 3	5.61	8.32	20.83
Hazard class 4	781.23	206.48	129.66
Non-toxic waste generated (hazard class 5)	254.08	1,000.27	749.09
Total waste generated	1,082.45	1,536.73	955.58

The high level of waste generated in 2019 is associated with the upgrade of the gas pipeline system, since extensive work was performed to replace pipelines and metal structures, which generated a great quantity of hazard class five non-toxic waste.

Generated waste is transferred to specialized licensed organizations for disposal and disinfection. Most of the waste of Uztransgaz JSC belongs to the categories of low-hazard and virtually non-hazardous waste - it is ferrous and non-ferrous scrap sent for smelting as per RCM of the Republic of Uzbekistan No. 425 dated 06 July 2018 “On Measures to Improve the Procedure for Handling Scrap, Non-ferrous and Ferrous Waste.”

In addition, hazard class 2 waste - spent turbine oils are transferred for regeneration as per RCM of the Republic of

Uzbekistan No. 258 dated 04 September 2012 “On Approval of the Regulation on the Procedure for Delivery, Collection, Settlement, Storage and Transportation of Ppent Technical Oils.” These rules regulate the entire cycle of waste management, from collection, sorting to the transfer of waste for further removal, disposal, processing.

The Company takes a responsible approach to monitoring waste management procedures. Collection and monitoring of data on waste and identification of the most significant sources of waste is conducted on a regular basis by the ecologist of the central office and business units. The processes used to collect and monitor waste related data are:

- inventory count of waste generation and disposal once every five years;
- preparation of a quarterly unified statistical report 1-ECO.

One of the main measures to reduce waste is the upgrade of the gas pipeline system, the implementation of which started in 2020. This reconstruction, which includes the repairs of gas pipelines and the replacement of technological equipment, will reduce generation of the fifth and second class waste. In particular, ferrous and non-ferrous scrap, sludge from cleaning gas pipelines and purging the gas pipeline system will be reduced.

The plans for 2021 to reduce generated waste include the continuation of the program for the upgrade of the gas pipeline system of the Republic of Uzbekistan with the implementation of a dispatch, monitoring and management centre for gas infrastructure facilities (SCADA), which will positively affect the achievement of the Company's goals in the area of waste reduction.

Compliance with the requirements of environmental legislation

Compliance with the requirements of environmental legislation is an important topic for Uztransgaz JSC, since the Company's production activities have a significant impact on the environment. The Company strives to conduct its production activities as per the legislation of the Republic of Uzbekistan and take appropriate measures to prevent harm to the environment through assessments by internal and external parties. Such assessments include monitoring the management approach and assessment of compliance with the environmental legislation, which are conducted annually.

All business units of the Company included in the range of IMS comply with the requirements of international standards in the area of quality management system, environmental management system, health and safety system and energy management system. Management of compliance with the requirements of the environmental legislation and international standards is conducted by environmental engineers and the HSE department, and general control is exercised by the Permanent IMS Commission.

The Company has a procedure for identifying environmental aspects, which helps an entity understand the impact of its activities on the environment and contributes to the continuous improvement of its activities. The procedure considers both every-day and emergency situations, including industrial and natural emergencies.

This procedure covers the monitoring of all impacts associated with input materials, resources used (electricity, gas, fuel, water, etc.), the results of intermediate operations and finished products, generation of all types of waste and emissions.

Further, after the completion of the identification of environmental aspects and impacts, based on the results of the assessment, a Register of Significant Environmental Impacts is compiled, which is updated at least once a year. The results of the assessment are communicated to the personnel and the personnel are briefed on the work performed and the need to comply with legal and regulatory requirements is explained.

In 2020, the Company did not record any cases of violation of the requirements of the Law "On the environment conservation of the Republic of Uzbekistan" and the regulatory requirements of international standards ISO 14001:2015 "Environmental management systems," ISO 50001:2018 - "Energy management systems," ISO 45001:2018 - "Occupational health and safety management systems."

In the long term, the Central Office and all business units of the Company intend to continue to identify inconsistencies with the environmental legislation of the Republic of Uzbekistan, to identify aspects and manage risks for taking measures to prevent any inconsistencies with the requirements of environmental legislation.

Workplace safety

GRI 103-1, 103-2, 103-3, 102-11

The main goals of the Company in the area of occupational health and safety management (hereinafter - OH&S) are to create safe and healthy working conditions, prevent injuries and diseases associated with professional activities, as well as prevent damage to the health of people in the workplace under management of Uztransgaz JSC. In order to achieve the strategic goal in the area of OH&S, the Company implements modern technologies, techniques and conducts OH&S training to improve occupational safety on a regular basis in all business units and organizations.

In connection with the sale and transportation of flammable, explosive and volatile substances that can lead to accidents in the presence of any fire source or other risk factors, effective OH&S management is an essential subject in the Company's activities.

OH&S management in the Company is conducted by the Health, Safety and Environment Division (hereinafter - HSE Division), which includes 6 full-time employees: 1 head of the Department, 3 chief specialists and 3 leading engineers. The Department provides organizational and methodological guidance to the business units and subordinate enterprises of the Company, also conducts an OH&S audit, training and briefings for employees of the entire Company. The activities of the Department are conducted based on the Policies in the area of quality, occupational safety, technical, industrial and environmental safety of the Company, the Regulations "On the Health, Safety and Environment Division," the personal responsibility of employees for the proper performance of their official duties and individual orders from the management. Additionally, in each business unit where the compressor stations are located, there are operators and managers who are directly involved in the management of OH&S issues at the facilities.



The Company has approved an industry program for the prevention of industrial injuries, increasing the level of industrial safety, labour safety, environmental safety and occupational safety for 2020-2023. At the time of the reporting period, the HSE Department completed the implementation of all goals and objectives that were assigned for 2020.

The implementation of OH&S processes is regulated by the Constitution and the laws of the Republic of Uzbekistan "On Industrial Safety of Hazardous Production Facilities," "On Labour Protection," "On Road Safety", "On Environmental Control," "Regulation on Road Safety in the Oil and Gas Industry" and the requirements of international standards ISO 9001, ISO 14001, ISO 45001.

Also, OH&S issues in the Company are regulated by the following local and international agreements:

- Convention No. 98 of 1949 "On the Application of the Principles of the Right to Organize and Collective Bargaining." Ratified on 30 August 1997;
- Convention No. 100 of 1951 "On Equal Remuneration for Men and Women for Work of Equal Value." Ratified on 30 August 1997;
- Convention No. 103 "On the Protection of Maternity" (as revised in 1952). Ratified on 6 May 1995;
- Convention No. 105 of 1957 "On Abolition of Forced Labor". Ratified on 30 August 1997;
- Convention No. 111 of 1958 "On Discrimination in Respect of Employment and Occupation." Ratified on 30 August 1997;
- Convention No. 122 of 1964 "On Employment Policy." Ratified on 6 May 1995;
- Convention No. 135 of 1971 "On the Protection of the Rights of Employees' Representatives in an Enterprise and the Opportunities Provided to them." Ratified on 30 August 1997;
- Convention No. 138 of 1973 "On the Minimum Age for Admission to Employment." Ratified on 4 April 2008;
- Convention No. 154 of 1981 "On the Promotion of Collective Bargaining." Ratified on 4 April 2008;
- Convention No. 182 of 1999 "On the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor." Ratified on 8 April 2008;
- Convention No. 144 of 1976 "On Tripartite Consultations to Promote the Application of International Labor Standards of the ILO." Ratified on 4 March 2019;
- Convention No. 129 of 1969 "On Labor Inspection in Agriculture." Ratified on 27 August 2019.

In order to effectively manage the approach in the area of management, the Company has introduced a feedback system, which uses several channels: confidential hotline, corporate portal of the Company, an appeal to the HSE Department and the trade union committee. Also, the HSE Department assessed the effectiveness of OH&S management, based on which initiatives were proposed for financing OH&S for the further development of this area in the Company.



Mid-term goals

The Company is well on the way to achieving its OH&S management improvement goals. Based on the strategic goals, the Company has identified the following tasks for 2021:

- Conducting stepwise control and monitoring to inspect the sanitary and hygienic state of facilities, creating conditions for employees of enterprises and departments, as per the OH&S requirements of Uztransgaz JSC as per the schedule approved by the Company's management.
- Control over the medical examination of employees of the Company's business units.
- Analysis of storage conditions for dairy products at industrial facilities and development of measures to eliminate the identified deficiencies.
- Analysis of the state and conducting certification of workplaces at the enterprises and departments of the Company on the basis of conclusions and recommendations for improving the conditions of workplaces. The approximate cost of certification per one workplace is about UZS 250 thousand.
- Continuing implementation of standards ISO 45001:2018, ISO 14001:2015 at the enterprises and departments of the Company.
- Conducting 26 production controls in the area of Health, Safety and Environment as per the schedule.
- Training and qualification upgrading of personnel, including training in occupations and types of work, training in foreign companies.
- Performing joint work with scientific organizations, which includes work on the development of instructions, reference books, etc. The cost of the project is about UZS 1.800 million.
- Development of 17 regulatory documents in cooperation with republican research institutes.

Further, in 2022, the HSE Department plans to create an industrial safety fund in order to finance targeted programs and other measures aimed at improving the working conditions and industrial safety of employees as per RCM No. 267 dated 12 July 2000. The fund will be formed from profits of the Company after taxes and from voluntary contributions from individuals and legal entities and other receipts.

Also, this Department plans to develop briefings in the form of animated videos in order to simplify the delivery of OH&S information to new employees of the Company and will update the Company's Regulation on warning signs as per international standards.

Occupational health and safety management system

GRI 403-1

The Company has an OH&S management system, which was developed based on the IMS. This management system was implemented by the decision of the Company's management and based on the requirements of British standard OHSAS 18001:2007, the application of which allows the organization to manage risks in the management system and improve the efficiency of its functioning.

In May 2020, the Company made the transition to the requirements of international standard ISO 45001:2018 and national standard O'z DSt ISO 45001:2020. Until 2020, the Company operated in the area of OH&S as per OHSAS 18001 standard.

These standards are a single set of local and international requirements aimed at helping organizations ensure the protection of personnel from accidents.

The OH&S management system covers 5,097 employees who are involved in administrative and production activities in all business units of the Company except Urgenchtransgaz UE, Kamchik DCPS, Transgazengineering LLC and "Subsidiary farming" LLC.



Number of jobs covered by the OH&S management system, in 2020

Company name	Number of jobs
In the area of transportation, storage, distribution and sale of natural gas	
Executive office	270
In the area of transportation and distribution of natural gas	
Mubarek MGPM	518
Gazli MGPM	1,021
Kagan and Gazli MGPM*	330
Zirabulak MGPM	526
Samarkand MGPM	196
Gallyaaral MGPM	599
Fergana MGPM	491
Tashkent MGPM	479
In the area of natural gas storage	
UGSF Xo'jaobod	337
In the area of transportation of natural gas	
UGSF Severny Soh	330

*Kagan MGPM was part of Gazli MGPM in 2020

Responsibility for the functioning of the OH&S management system is vested in full-time specialists. At the Company level, coordination and management is carried out by the HSE Department, and the Emergency Preparedness and Security Division coordinates and organizes emergency preparedness. Also, at the level of business units, the HSE divisions / functions and specialists in mobilization and civil protection are responsible for the functioning of OH&S.

Being aware of the need for continuous improvement of the management system, the Company improves OH&S by means of:

- improvement of OH&S indicators through the involvement of personnel and the development of a culture of compliance with health and safety requirements, support for the employees' participation in improving working conditions;
- update and upgrade of equipment, improvement of technologies;
- determining and implementing corrective actions for incidents, communicating information to personnel to prevent repeated incidents.

The Company annually allocates significant financial resources for the development of the OH&S system. In 2020, the total of financial resources for this area amounted to UZS 9.685 million.



Hazard identification, risk assessment and incident investigation

GRI 102-11, 403-2, 403-7

The implementation of the hazard identification and risk assessment processes is regulated by the internal document "Procedure for hazard identification and risk assessment" developed as per international standard ISO 45001:2018. This document was developed in order to determine the process of hazard identification, the procedure for calculating the category of risks and further measures to reduce their degree of occurrence, as well as planning and managing them. This procedure is applied in all business units of the Company within the scope of IMS to identify, assess and manage risks in relation to employees of the Company and employees of subcontractors and visitors.

As per this procedure for hazard identification, assessing risks and opportunities in the area of OH&S, the analysis of the relevance and applicability of the results of hazard identification and risk assessment is conducted at least once a year, as well as randomly in case of changes in technology, equipment used, methods of work and if other factors are identified that may affect hazards and risks. Hazard identification is conducted using the "Hazard Matrix," in which information about a hazard, risk, probability level, risk level, control method and persons at risk for each type of activity is filled in electronically. The form of this matrix is presented in Table 4 of Appendix 2.

If there were no changes in the hazards and risks, and the matrix can be applied without changes, then a protocol on the relevance of the matrix is processed. In 2020, the Hazard Matrix was not updated due to the relevance of the data reflected in the matrix and lack of changes in risks and hazards.

This procedure requires the mandatory participation of common employees in identifying and describing the hazards and risks associated with work performance. When identifying hazards and assessing risks, the results of an assessment of the impact of harmful production factors such as dust, noise, illumination, gas pollution, etc., which is conducted by an independent specialized external organization as per the legislation of the Republic of Uzbekistan on certification and profiling of workplaces, are also taken into account.

The Company has introduced and operates a Uniform Occupational Safety Management System (hereinafter - UOSMS). UOSMS, which is part of the IMS of the Company, was developed and implemented to manage risks in the area of labor protection, industrial and fire safety, achieve goals and fulfill the obligations assumed by the Company in the OH&S Policy .

The main stages of OH&S risk assessment, which are applied in the Company, are:

1. determination of activities, including areas of activity, types of work, operations;
2. identification of the dangers associated with the performance of professional activities;
3. identification of health risks associated with exposure to hazards;
4. identification of workers exposed to a specific hazard;
5. assessment of the severity of possible health damage;
6. assessment of the likelihood that a deviation from the requirements will occur, which could lead to a deterioration in health;
7. assessment of the risk rating as a combination of the severity of the possible damage to health and the likelihood of a work-related event that could result in damage to health.



As part of OH&S management, the Company applies 4 levels of control (monitoring) to prevent and/or reduce risk, which are described below:

- 1) First level of control. When performing the first level of control, a senior operator, who is located within the facility, conducts monitoring during his working hours. Information about detected violations is reflected in the control log by the operator manually.
- 2) Second level of control. This level of control is conducted by engineers in the following four areas at least once every 14 days: fire safety, ecology, energy and industrial safety. Upon completion of the control, the conclusions are recorded in the log manually.
- 3) Third level of control. This level of control is conducted on the basis of an order developed in accordance with UOSMS. This order is approved by the Permanent Commission, which includes engineers of various fields such as metrologists, electricians, mechanics, compressor operators, ecologists. The commission thoroughly checks all facilities once a quarter and records the conclusions in the log.
- 4) Fourth level of control. This level of control is conducted by the OH&S department of the Administrative office of the Company twice a year. As per RCM on OH&S management, the Department develops an order with an attachment and a schedule for monitoring. The attachment of the order reflects all the necessary directions in which the facilities are checked. The commission consists of more than 10 persons from among the specialists of the Executive Office of the Company.

Also, the Company uses the following hierarchy of control application to prevent and minimize identified risks when monitoring facilities:

- elimination of danger if possible;
- changing the technology for performing work, changing materials used and tools or equipment used to safer ones;
- the use of technical controls to identify hazards, or to prevent critical deviations in work or in technological processes;
- training in safe methods of performing work, OH&S requirements, testing OH&S knowledge;
- the use of personal protective equipment.

The quality of the hazard identification and risk assessment processes is ensured by:

- participation in these processes of employees, including engineers and technicians and common employees, as well as employees of contractors associated with the activity in question;
- conducting trainings and clarifications on the methods of hazard identification and risk assessment;
- periodic analysis of the relevance and applicability of the results of hazard identification and risk assessment, considering the actual results of monitoring and control over compliance with OH&S requirements, industrial and fire safety.

The results of the risk assessment, as well as the identified comments in the field of OH&S during the inspection of facilities, are used when determining measures to improve working conditions, increase occupational safety by adjusting instructions for performing work, conducting additional briefings on OH&S, including those related to incidents, to change requirements on the provision of personal protective equipment.

In 2020, 6,450 inspections of facilities of 11 business units were conducted.



The number of inspections conducted in 2018-2020

Company name	2018	2019	2020
Urgenchtransgaz UE	5,938	5,907	6,112
Mubarek MGPM	37	34	38
Kagan MGPM	14	16	21
Gazli MGPM	121	124	82
Zirabulak MGPM	35	31	47
Samarkand MGPM	10	10	16
Gallyaaral MGPM	40	45	41
Tashkent MGPM	6	9	8
Fergana MGPM	31	34	33
Severny soh UGSF	25	29	18
Khodjaobod UGSF	21	30	34
Total inspections of facilities performed	6,278	6,269	6,450

During the inspection, 10,264 comments were made. The comments were made on compliance with the rules and requirements of occupational and industrial safety, as well as fire and road safety.

The results of inspections are one of the main tools through which the HSE Department identifies the need for such measures as staff training, the use of new methodologies to improve the OH&S system.

Every six months, briefing is conducted among employees about responsibility for violation of safety rules and damage caused by accidents at work as per the requirements of the Laws of the Republic of Uzbekistan "On Industrial Safety of Hazardous Production Facilities," "On Occupational Safety," "On Road Safety," "On Environmental Control" and "Regulation on Road Safety in the Oil and Gas Industry."

Under the legislation of the Republic of Uzbekistan, an employee has the right to refuse to perform work associated with a danger to his life and health, if all the required safety measures are not provided at the workplace. In this case, the employee should not be persecuted by his immediate supervisor or management of the Company.

If the employee has a feeling that his/her rights have been violated by the employer, then, under the current legislation, the employee can contact management of the Company, the Trade Union Committee or external state bodies with an appeal, including labor and social complaints. Employees of contractors and subcontractors working in the area of responsibility of the Company can also contact management of the Company. This provision is documented in the IMS Policy of the Company.

Incidents that did not result in accidents are considered by the services involved with the participation of both managers, engineers and technicians and common workers and engineers, and OH&S specialists. Depending on the significance of the incident, representatives of the Trade Union, government departments and other services may be involved.

If a safety accident occurs as a result of the incident, the investigation is conducted as per the Regulation on investigation and recording of accidents at work and other injuries to the health of workers associated with the performance of their labor duties, which was approved by Resolution of the Cabinet of Ministers of the Republic of Uzbekistan No. 286 dated 6 June 1997.

Health care services and healthy lifestyles

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

The Company pays special attention to the preservation and maintenance of the health of its employees. As per the requirements of the legislation of the Republic of Uzbekistan, as well as Regulation No. 200 of the Minister of Healthcare "On Approval of the Regulation on the Procedure for Medical Examination of Employees" dated 10 June 2012, employees of Uztransgaz JSC are provided with a mandatory medical examination, including daily and annual periodic medical services. Also, the Company is carrying out additional work to prevent infectious and non-infectious diseases and injuries.

The Company has a Health care service, whose functions include:

- 1

direct control over the observance of occupational safety rules and regulations by employees;
- 2

analysis of the state and causes of industrial injuries and occupational morbidity;
- 3

introduction of experience in health care management of leading foreign companies;
- 4

participation in the development of labor safety standards, occupational safety rules and regulations;
- 5

organization of certification of workplaces for working conditions;
- 6

provision of health care education and knowledge tests;
- 7

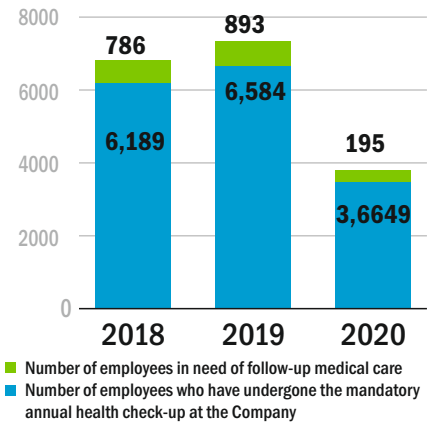
provision of the enterprise with normative and guiding documents on occupational safety and health issues.

The organization ensures the quality of medical services and facilitates employees' access to these services by following all the requirements of the Collective Agreement, whereby the Company's employees are entitled to the following medical services:

- annual and periodic free medical examination;
- financial assistance in case of illness;
- free tickets to wellness centers;
- receipt of free dairy products when working in hazardous conditions.
- provision of subscriptions to fitness facilities, swimming pools.

The number of employees who underwent a mandatory annual medical examination in the Company in 2020 was 3,649 people, according to the results of which 195 employees were identified as needing dispensary observation, which is 78% less than in 2019. A significant decrease in the number of employees who underwent a mandatory annual medical examination in 2020 compared to 2019 is due to the restructuring of the Company.

Indicators for the annual medical check-up, 2018-2020



Based on the results of the medical examination, the trade union committee issues vouchers to health centers and holiday facilities for the Company's employees as per the rules of the Collective Agreement. If serious illnesses are detected among employees, the Company sends them to medical institutions for treatment.

Also, in order to minimize risks in facilities, facility employees undergo basic health checks by medical personnel every day. During the check, a test is made for the presence of alcohol in the body of an employee and blood pressure.

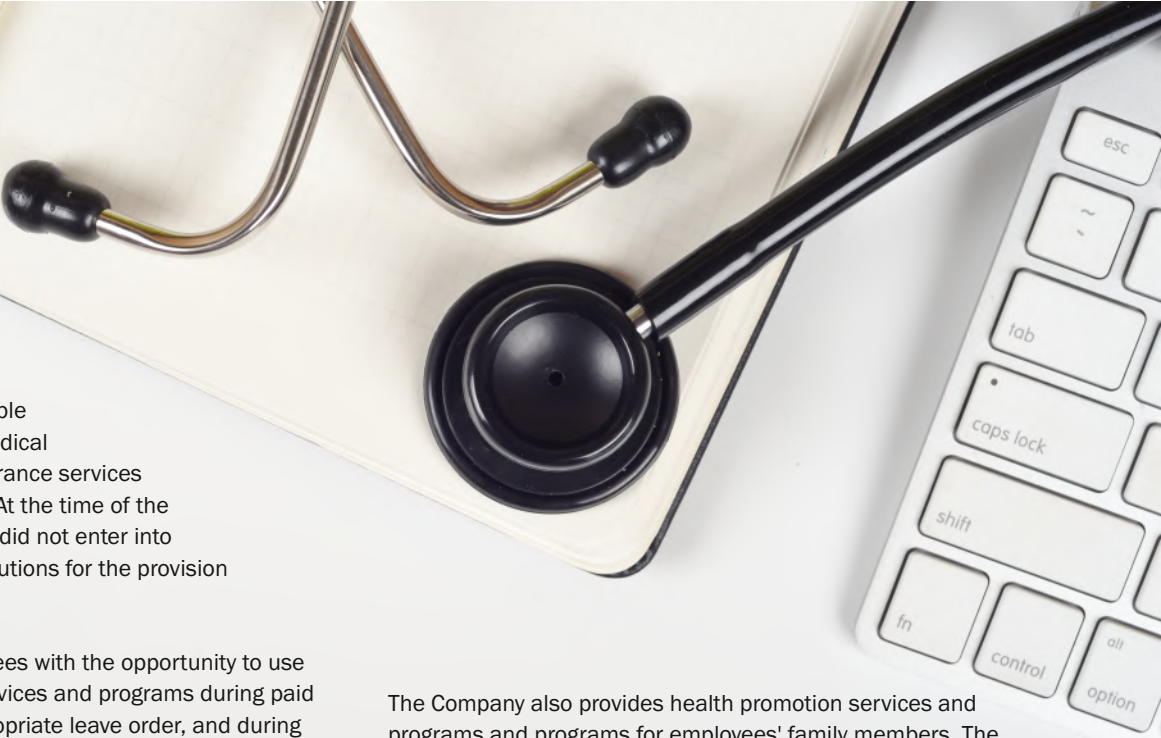
The Company annually undertakes medical and preventive measures. In the reporting period, UZS 200 million were allocated to conduct medical and preventive and sanitary and epidemiological measures, which is 44% less than in 2019.

Indicators	2018	2019	2020
Expenses for sanitary and epidemiological and medical and preventive measures, UZS	289,810,976	361,454,990	200,384,200

The Company takes a responsible approach to the choice of a medical institution in which health insurance services will be provided to employees. At the time of the reporting period, the Company did not enter into agreements with medical institutions for the provision of medical insurance services.

The Company provides employees with the opportunity to use voluntary health promotion services and programs during paid work hours, subject to an appropriate leave order, and during non-working hours. Uztransgaz JSC, together with the Joint Trade Union Committee, makes a work schedule at the beginning of the year on joint work to improve the health of workers. The schedule without fail includes sports and sports events such as chess, checkers, table tennis and futsal. The business units have sports grounds where employees are able to engage in active sports.

The Company also provides health promotion services and programs and programs for employees' family members. The Joint Trade Union Committee of Uztransgaz JSC provides employees and their family members with vouchers to health resorts for health promotion, as well as vouchers to children's health camps for employees' children aged 7 - 13. Access to these voluntary programs is provided to employees as per the rules of the Collective Agreement.



Data confidentiality

The results of medical examinations are a medical secrecy and are provided personally to the employee who underwent a medical examination or to official representatives of employees. Uztransgaz JSC maintains the confidentiality of personal data related to the health of employees as per Law of the Republic of Uzbekistan No. 547 dated 02 July 2019 "On Personal Data." In the Company, the results of medical examinations are provided to the trade union committee of the Company and the HSE department to perform medical and preventive work.



Industrial safety

GRI 403-7, 403-9

Creating safe working conditions, preserving the life and health of employees, ensuring the reliable operation of hazardous production facilities, ensuring fire safety and road safety are one of the priorities of the Company's activities.

Hazardous areas in the Company are gas compressor stations, main gas pipelines and gas distribution points, since these areas have a high noise level and work with a chemically hazardous substance - an odorizing compound, which is added to the gas to give it a distinctive odor.

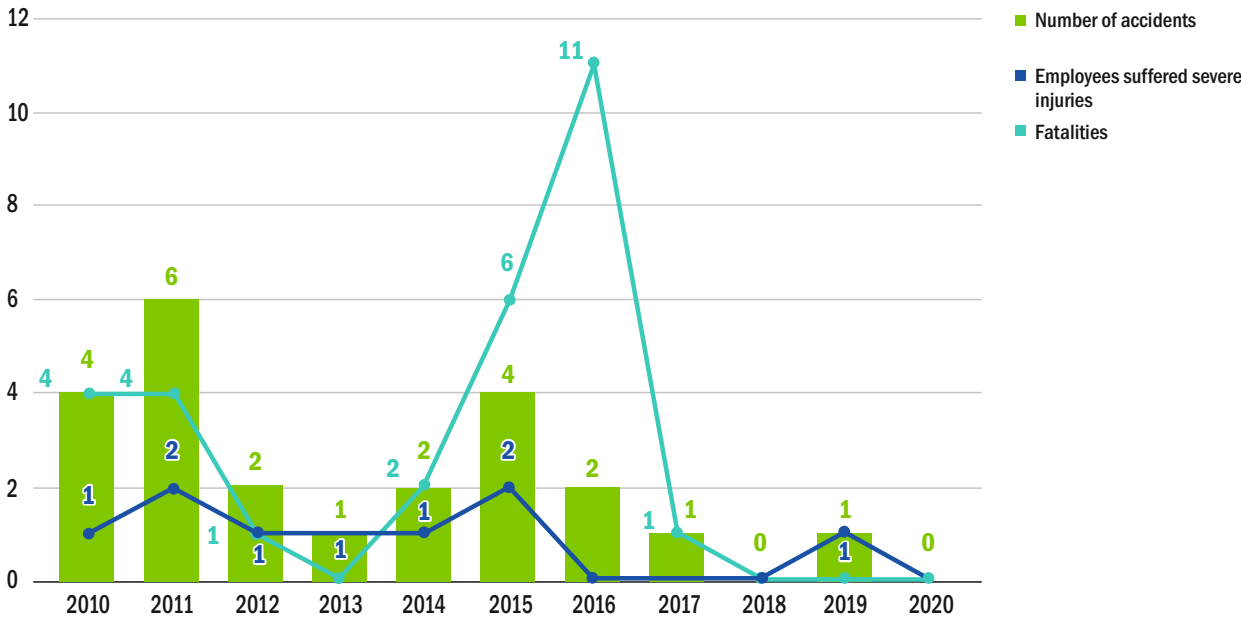
Additionally, the descent and ascent of pump-compressor and drill tubes during workover of wells and all operations performed in a gas-hazardous, electrically hazardous and fire-hazardous environment bear a high risk to human health. During such work, there is a high risk of gas poisoning, electric trauma, falling from height, chemical and thermal injuries, insect bites, sun stroke, harm due to vibration, noise and dust.

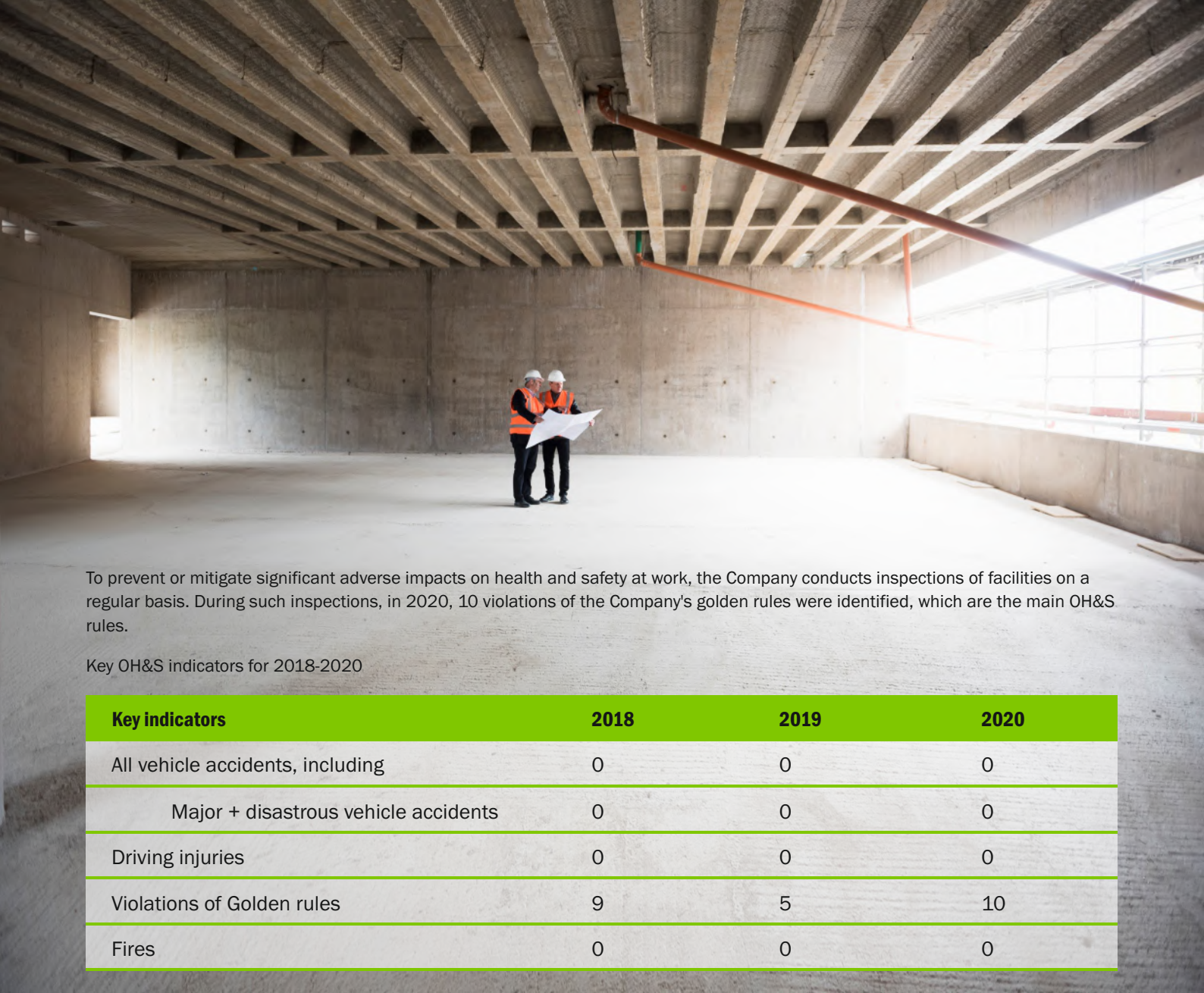
In 2020, the Company had no occupational accidents. Consequently, the occupational injury rate, the severe injury rate and the fatality rate were zero.

However, on 15 April 2019, there was one occupational injury with a heavy degree of consequences, after which the employee of the Company was unable to return to work. The type of industrial injury in 2019 was a closed comminuted fracture of the lower third of the bones of the left cnemis with displacement of bone fragments, a closed fracture of the outer edge of the left cnemis with a satisfactory state of bone fragments.



Analytical information on the work-related incidents' status, 2010-2020





To prevent or mitigate significant adverse impacts on health and safety at work, the Company conducts inspections of facilities on a regular basis. During such inspections, in 2020, 10 violations of the Company's golden rules were identified, which are the main OH&S rules.

Key OH&S indicators for 2018-2020

Key indicators	2018	2019	2020
All vehicle accidents, including	0	0	0
Major + disastrous vehicle accidents	0	0	0
Driving injuries	0	0	0
Violations of Golden rules	9	5	10
Fires	0	0	0

The Company interacts closely with various contractors in its activities. The relationships of Uztransgaz JSC with contractors and other organizations performing work in the area of responsibility and within the territory of the Company are built on their mutual interest in ensuring the safety of people, including employees of contractors and state inspection authorities, visitors and the public. As per the IMS Policy, employees of other organizations performing work in the area of responsibility of the Company must consistently perform the necessary OH&S procedures to ensure the safety of people, preserve their life and health, before starting work and manage the risks associated with activities and actions of employees of organizations. Employees of contractors are subject to the same requirements in the area of industrial and occupational safety, as the employees of the Company.

At the time of the reporting period, Uztransgaz JSC does not keep records of occupational injuries to employees of other organizations due to the fact that the responsibility for maintaining safety measures is imposed on the employees of contractors themselves. Accordingly, in the event of occupational

injuries among employees of contractors, the investigation is conducted by the State Committee for Safety.

In the event of accidents, damage to the health of an employee during natural disasters when performing work duties, as well as on business trips within the territory of the enterprise and beyond, the Company conducts an investigation under the legislation of the Republic of Uzbekistan and compiles an act of form N-1 on the accident. In case of disagreement with the content of act N-1 or in case of violations of the employee's rights, the employee can contact the trade union committee or other representative authority that will investigate such issues. If the employer does not comply with these requirements, the employee, together with the trade union committee, refers to the state technical labor inspector, who will further investigate and make a decision.

Training and briefing on HSE issues

GRI 403-2, 403-4, 403-5

Uztransgaz JSC follows the principle of “Employee Engagement” in management of OH&S issues. The Company has implemented a mechanism for consultation and participation in OH&S issues with personnel, including common employees. Consulting on OH&S issues is conducted by providing an opportunity to review information and exchange views before making decisions to employees, including common employees whose professional activities are affected by the issues in terms of health and safety. The practical implementation of this principle, for example, is the mandatory participation of common employees or their representatives when agreeing the documents establishing OH&S requirements.

All processes of employee participation in the development, implementation and assessment of the OH&S management system are regulated by the collective agreement. Powers and responsibilities are allocated between the employer and the trade union. The participation of employees in the development and implementation of processes is regulated in writing and verbally. However, the Company does not have formal joint health and safety committees between management and employees at the time of the reporting period.

The collective agreement provides for chapter No. 8 on occupational safety, where the duties and powers of the

employer and the trade union are recorded. The trade union organizes the work of public control on occupational safety; and persons in charge of OH&S are elected by voting. The chairmen of trade union committees and the persons in charge of OH&S take an active part in the OH&S Permanent Commissions organized jointly with employers and the trade union committee.

Occupational safety training for employees is a priority for improving the OH&S management system in the Company. Upon admission of a new employee who will work in the facilities of Uztransgaz JSC, the Company organizes a one-month training, after which the employee will take an exam to test knowledge of OH&S rules for the safe performance of functions. Only after successfully passing the exam, the employee can start his work in the Company.

Every year, engineers of various fields complete the industrial safety training. Thus, in 2020, 73 engineers from 11 business units and the central office of the Company completed training in occupational and industrial safety. Training was conducted on 25 OH&S topics and the average number of training hours among employees was 40 hours.

Total number of trained engineers per business units in 2020

Company name	Number of hours	Number of employees who completed training
Central office	40	1
Urgenchtransgaz UE	680	17
Mubarek MGPM	200	5
Kagan MGPM	40	1
Gazli MGPM	120	3
Zirabulak MGPM	160	4
Samarkand MGPM	40	4
GallyaaraI MGPM	200	5
Tashkent MGPM	240	6
Fergana MGPM	200	5
UGSF Severny Soh	280	9
UGSF Khodjaobad	360	9
Total:	2,920	73

Also, in the central office and in all business units of the Company, fire tactical drills and medical drills are conducted.

Total number of fire tactical drills and medical drills in 2020

Indicators	2020
Number of fire tactical drills	500
Number of medical drills	270

The need for certain training courses for engineers and other employees is determined by analyzing the current HSE indicators and per the requirements of the international standards that the Company follows as per the IMS.

As per the internal policy of the Company, the HSE department conducts training for the management team, which includes chief engineers, the chairman of the Company and heads of departments, and the induction for newly hired employees. In 2020, the Company conducted 4,467 inductions separately for each newly hired employee. The number of inductions conducted for newly hired employees of the Company per business units is shown in Table 14 of Appendix 3.

Number of inductions conducted in 2018-2020

Indicators	2018	2019	2020
Number of inductions	4,035	5,658	4,467
Number of employees who completed inductions	4,035	5,658	4,467



SOCIAL RESPONSIBILITY

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

Management approach

As a major employer operating in 7 regions of the Republic of Uzbekistan, Uztransgaz JSC purports to increase the professionalism and efficiency of its employees, strengthen and develop human resources, create conditions for social protection and stability in the team and regions of presence. Being aware of the importance of effective human resource management, the Company is constantly improving the remuneration system and working conditions, and contributing to an increase in the level of social support and the development of training of its employees.

The main goal of personnel management is the formation, development and most effective accomplishment of the personnel potential of the Company. The concept of development of the personnel management system includes a list of tasks that represent the key areas of personnel policy. The key priorities of the personnel policy of Uztransgaz JSC are as follows:

- improving the professionalism of employees by career boosting;
- introduction of advanced methods of personnel management of the Company;
- personnel development not only along the vertical scale of professional growth, but also taking into account the growth and quality of performance indicators;
- management of the talent pool of the Company;
- social protection of employees, full observance of their rights and interests, ensuring safety at work.

In its approach, the HR Department is guided by the HR Policy and internal regulations of the Company. Social and labour relations between the Company and its employees are regulated as per the labor legislation and the collective agreement. The Company also has a “Regulation on personnel rotation in Uztransgaz JSC and business units,” which was approved for the Company's employees to acquire professional skills, to identify their potential for further career advancement, form the talent pool, staff with internal personnel, and identify employees’ management skills.

The Company regularly carries out activities aimed at achieving goals in the area of personnel management and implements a mechanism for monitoring the social conditions of employees of the management staff, business units and contractors located in the area of responsibility of the Company. As part of the implementation of its strategic goal, in 2020 the Company focused on 8 tasks in the area of personnel management, for each of which it took measures. These tasks included the preparation of a report and documents for the promotion of personnel, advanced training and incentives for personnel. More detailed information on these tasks is given in Table 8 of Appendix 3.

One of the main activities, the implementation of which began in 2020, is the recruitment of qualified international specialists in the amount of at least 30 percent to the Supervisory Board, as well as filling at least three managerial positions in the Management Board of the enterprise with foreign specialists in this field, including from among own nationals, through active recruitment on an international competition basis. The implementation of this activity was initiated by the Decree of the President of the Republic of Uzbekistan "On Measures for Accelerated Reform of the Government-linked Enterprises and Privatization of State Assets" and will be completed by 1 July 2021.

In addition, the Company constantly evaluates its approach to the HR policy management. In 2020, an anonymous survey was conducted among employees to determine their satisfaction with HR management procedures. As a result of the assessment, several areas were identified in which changes were made taking into account the views of employees and other stakeholders of the Company. In particular, in 2020, the Company began to develop a new employee remuneration system and implement a program to recruit young specialists to the field of industrial activities.

The Company has a developed feedback system. In cases of complaints, each employee has the opportunity to contact their immediate supervisor, the HR Department, as well as through the official website, confidential hotline, or use the corporate portal of the Company. In addition, depending on the issue and topic of the problem, employees can contact the Trade Union Committee and the Women's Council of the Republic of Uzbekistan.

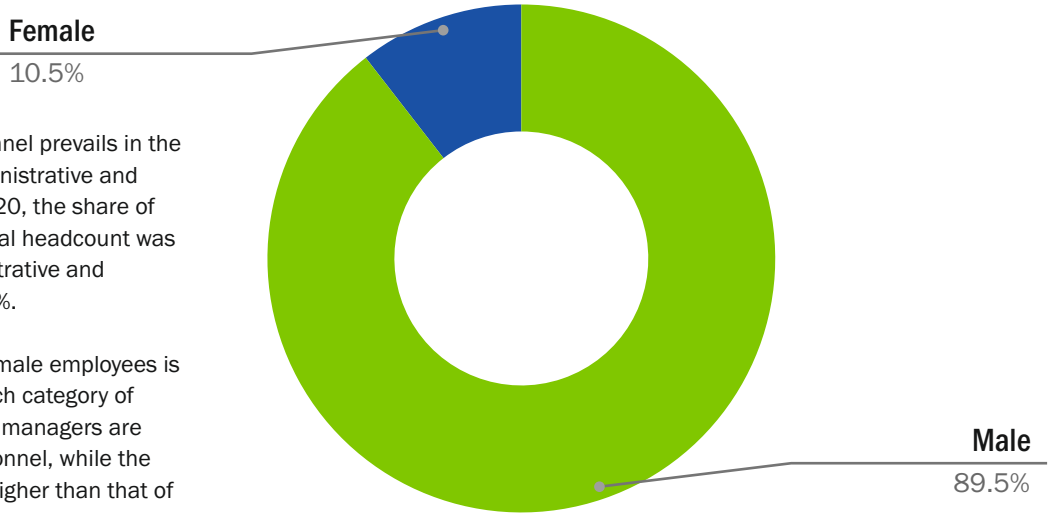
The Company works closely with the Trade Union Committee. The Company interacts with the Trade Union within the framework of social partnership established by the labor legislation of the Republic of Uzbekistan. The main parameters of interaction are issues related to the implementation of the Collective Agreement, including issues of the state of work discipline, consideration of complaints from the work collective, health and safety, provision of social benefits and compensations, etc.

The actual number of employees of the Company at the end of 2020 was 8,002 people. The largest number of employees work in Urgenchtransgaz UE, which accounts for 34% of the total number of employees of the Company. All employees of the Company work under a permanent contract and have full-time employment. The headcount in the reporting period, broken down by business units and by gender, is shown in Table 5 of Appendix 3.

In 2020, under the Agreement on the provision of services, about 20 people were recruited in the executive office. However, the work performed by temporary employees did not have a significant impact on the activities of the Company.

Due to the production specifics of the Company's activities, the number of men among employees traditionally makes up the majority. Thus, at the time of the reporting period, the share of men is 89.5%, women - 10.5%.

UTG employees by gender for the reporting period, %



The share of production personnel prevails in the Company as compared to administrative and management personnel. In 2020, the share of production personnel in the total headcount was 94%, and the share of administrative and management personnel was 6%.

The breakdown of female and male employees is approximately the same for each category of employees. However, all senior managers are represented only by male personnel, while the share of female specialists is higher than that of male specialists.

Breakdown of workers by gender and category for 2020, %

Employee category	Male	Female	Share of employees of each category of total headcount, %
Senior managers	0.57	0	0.51
Heads of business units	1.94	1.78	1.92
Specialists	2.79	8.35	3.37
Workers	94.69	89.85	94.18



By age category, the main share of employees is represented in the group of 30-50 years old - 63.2%, while the share of young people aged under 30 years old is 17.3%, the share of employees over 50 years old is 19.5% of the total headcount.

Number of employees by age category for 2020

Employee category	Under 30 years old	30-50 years old	Over 50 years old
Senior managers	1	23	17
Heads of business units	21	98	35
Specialists	68	174	28
Workers	1,293	4,764	1,480

The number of newly hired employees in 2020 is 592 people or 7.4% of the total headcount. In 2019, this figure was 633 people or 6.4% of the total headcount.

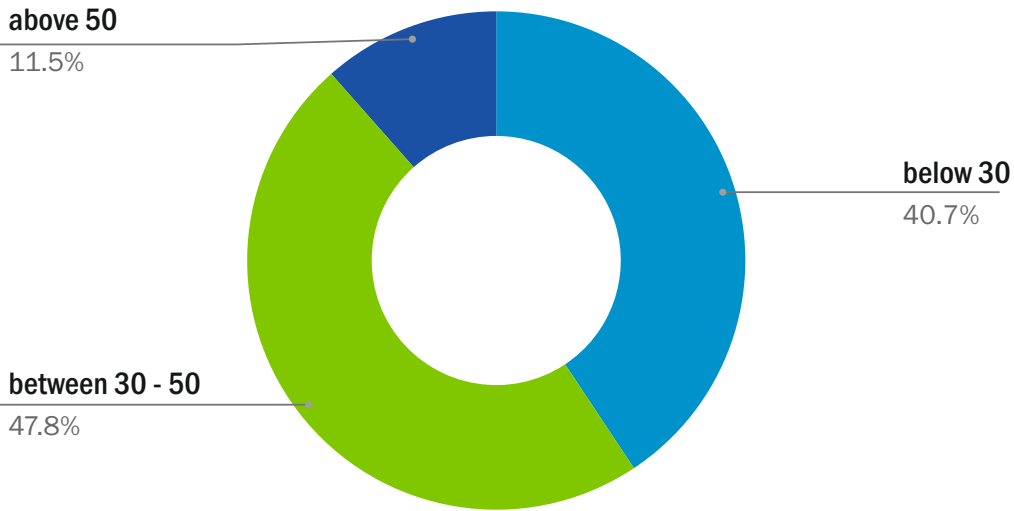
Newly hired employees in 2019-2020, %

Year	2019	2020
% of hired employees	6.4	7.4

When implementing the personnel policy, the focus is on hiring young specialists to the sphere of the Company's production activities. The Company works on the training, selection and placement of personnel among young specialists. The main suppliers of young subject matter specialists are the higher education institutions of the republic.

As such, the share of young people under 30 years old among newly hired employees is 40.5%. Also, the number of newly hired employees 30-50 years old is 47.9%, and over 50 years old - 11.4%.

New hires by age groups for the reporting period, %



At the time of the reporting period, the share of male employees in the total number of newly hired employees was 78.5%, while the share of female employees was 21.5%. More detailed information on the total number of newly hired employees by age group, gender and region for 2019-2020 is presented in Table 6 of Appendix 3.

The number of employees with whom employment was terminated in the reporting period amounted to 425 people, including by age category: under 30 years old - 51%, 30-50 years old - 37.2%, over 50 years old - 50.6%. Also, employees with whom employment was terminated in the reporting period, broken down by gender, have the following indicators: the share of female employees - 20.9%, the share of male employees - 79.1%.

The turnover rate was 19% in 2020, which is 12.7% more than the previous year. This rate is calculated as the ratio of the number of all dismissed employees to the average headcount. More detailed information on the total number of dismissed employees by gender, age and region for 2020 is presented in Table 7 in Appendix 3.

The turnover rate for 2018-2020, %

Year	2018	2019	2020
Turnover rate per calculation procedure adopted by the Company	2.1	6.3	19

HR data is collected by the HR Department from all business units of Uztransgaz JSC, which are included in the financial statements.

Collective Agreement

The Collective Agreement, which was developed for a three-year period and is subject to regular renewal, is the key to protecting labor rights, economic and social guarantees of employees, as well as to regulating employment relations and effective dialogue between the Company and employees.

The Collective Agreement of the Company is applicable to all employees of the executive office and directly reporting business units that are part of the Company, regardless of membership in the trade union. In 2020, the share of Uztransgaz JSC employees covered by Collective Agreements amounted to 100% or 8,002 people.

Under the Collective Agreement, the minimum period for prior notification of employees and their elected representatives about the implementation of significant changes in the business of the Company, which may significantly affect them, is 2 months. Meanwhile, in 2020, there were no cases of filing claims by employees of the Company for non-compliance with this requirement of the labor legislation. Any amendments to the Collective Agreement are made only as agreed by the parties in the manner required by the Labor Code of the Republic of Uzbekistan.

Social support

The personnel is the main potential of the Company, and in this regard, Uztransgaz JSC pays special attention to creating favorable working conditions and ensuring labor guarantees, benefits and compensations.

The Collective Agreement of the Company provides for more than 30 types of social benefits and guarantees for employees and their families, as well as for young people and non-working pensioners.

The benefits package provided to the employees of the Company includes various types of social compensation, benefits and guarantees: insurance products, non-state pension programs, additional benefits and guarantees for young people and women, reimbursement for workers' travel expenses, compensation for non-working pensioners for the cost of potatoes and vegetables purchased for the winter period, full or partial payment of the cost of medical and health resort treatment or surgery, targeted assistance to families with school-age children, provision of one-time financial assistance to employees in various life situations and other benefits.

In 2020, 20,661 social benefits and guarantees were provided to employees of the central office and all business units. More detailed information on the number of benefits and guarantees provided to full-time employees by business units is presented in Table 10 of Appendix 3.

The number of benefits and guarantees provided to full-time employees of Uztransgaz JSC is as follows:

Description of benefits	2019	2020
Insurance products	862	890
Parental leave	63	25
Non-state pension plans	1,369	1,450
Benefits for young people provided in line with the Collective Agreement	50	46
Monthly childcare benefit for children aged up to 2 and 3, paid to women	123	114
Reduced working day and breaks with appropriate pay during working hours for women with children and pregnant women	26	11
Compensation to employees of travel expenses (per diem), in the amount of 35% of the basic calculation value established in the Republic of Uzbekistan	3,256	3,296
Compensation to non-working pensioners who do not receive additional payments for the cost of potatoes and vegetables purchased for the winter period equal to 1 subsistence wage	3,166	0
Full or partial payment of the cost of medical and health resort treatment or surgery to employees, as well as single unemployed pensioners, war and industrial invalids, peacekeeping soldiers and chronically ill	165	122
Targeted assistance to families with school-age children by 1 September delivery of New Year gifts for employees' children	6,457	6,665
One-time financial assistance to employees in various life situations	1,164	1,077
Other social benefits	6,174	6,965
Total:	22,875	20,661



In this table, the provision of one-time financial assistance to employees in various life situations includes benefits to employees when starting a family, the birth of the first child, the death of an employee or a family member, in case of damage as a result of natural disasters and emergencies, and financial assistance to non-working pensioners , war and labor veterans who retired from the Company on the Independence Day, Day of Remembrance and Honors.

In 2018 and 2019, employees were paid financial assistance for the purchase of food products in the autumn and winter period. In 2020, the Collective agreement did not provide for the payment of this assistance due to the revision and approval of a new remuneration system.

The number of employees on parental leave at the end of the reporting period was 61, with the share of women being 100%. When calculating the number of employees who took parental leave, data from the central office, all business units and liquidated enterprises, such as territorial gas supply branches, the information and communication technology center, and others were taken into account.

The number of employees who took parental leave in 2019-2020

Category of employees	2019	2020
Eligible to take parental leave	305	61
Took maternity/paternity leave	445	61
Should have returned from maternity/paternity leave	140	31
Returned from maternity/paternity leave	140	31
Total number of employees who returned to work at the end of maternity/paternity leave in the previous reporting period	492	140
Returned from maternity/paternity leave and continue working for 12 months after returning to work	187	140

Under GRI standards, the return to work rate reflects the ratio of the total number of employees who returned to work at the end of maternity/paternity leave to the total number of employees who should have returned to work after the end of maternity/paternity leave. Also, the retention rate reflects the ratio of the total number of employees retained 12 months after returning to work at the end of maternity/paternity leave to the total number of employees who returned after the end of maternity/paternity leave in the previous reporting period.

In 2019 and 2020, the return to work rate was 100%, which shows that all employees who are required to return after the end of their leave have returned to work. Also, the retention rate was 100% in 2020 and 38% in 2019.

The return and retention rates in 2019-2020, %

Indicators	2019	2020
Return to work rate (share of employees who returned to work after maternity/paternity leave)	100	100
Retention rate (share of those remaining in the organization after returning from maternity/paternity leave)	38	100

In 2019, the cost of social support for employees of Uztransgaz JSC amounted to UZS 8,173.8 million. More detailed information on social support broken down by business units is presented in Table 9 in Appendix 3.

The cost of social support for employees in 2020, UZS thousand

Company	2018	2019	2020
Uztransgaz JSC	9,354,829.18	9,765,655.39	8,173,897.21



Equal opportunity

GRI 103-1, 103-2, 103-3, 405-1, 405-2, 406-1

An effective HR policy is an essential prerequisite for the successful activities of Uztransgaz JSC staff. The Company's approach to personnel encouragement is built on the principles of ensuring a decent level of remuneration, transparency, gender equality, and respect for the rights and interests of employees. When implementing HR and social policy, the Company complies fully with the requirements of labour legislation and does not violate its statutory provisions. In line with the statutory provisions no one may be restricted in his or her labour rights or freedoms or receive any advantages, irrespective of sex, race, ethnicity, language, origin, property, family or social status, occupation, or other circumstances not related to the professional qualities of the employee.

The Company complies with the requirements of the following legislative instruments and Conventions of the International Labor Organization, ratified in the Republic of Uzbekistan, while facilitating to prevent discrimination:

- Collective Agreement: Chapter 3, paragraph 3.1.
- Equal Remuneration Convention (No. 100), 1951. Convention concerning Equal Remuneration for Men and Women Workers for Work of Equal Value.
- Abolition of Forced Labor Convention (No. 105), 1957.
- Convention (No. 111) concerning Discrimination in respect of Employment and Occupation, 1958.

A unified approach to labour relations management and remuneration is applied in the Company. All employees of the Company sign an employment contract when being hired. The staffing table in the Central Office and in all business units and entities provides for the grade and salary of an employee only according to his or her position.

All changes in the payroll system are made taking into account the opinions and proposals of government agencies, the Trade Union Committee and employees. Also, the wage floor is revised based on the subsistence wage established by the Decree of the President and resolutions of the Government of the Republic of Uzbekistan.

In 2020, the Company did not evaluate its equal rights management approach and no incidents of discrimination were recorded. In the event of a dispute in this area and when facing discrimination in any form, employees of the Company may

When implementing a payroll system, Uztransgaz JSC adheres to the laws of the Republic of Uzbekistan, in particular, Article 46 of the Constitution of the Republic of Uzbekistan, the Law “On Guarantees of Equal Rights and Opportunities for Women and Men” No. LRU-562 dated September 2, 2019, which governs relations in terms of ensuring equal rights and opportunities for women and men. In line with Collective Agreement applicable to all employees, remuneration level is determined depending on the profession, qualifications of the employee, the complexity and conditions of the work they perform and is made based on the unified wage rate scale.

contact the Human Resource Management Department, the Trade Union Committee, use the hotline and the corporate portal, where they can report incidents of discrimination and resolve similar issues.

In 2019, an Incentive Bonus Scheme was applied to employees of Uztransgaz JSC for their results in performing activities to implement the goals and targets set out by the Company. Bonus payments were granted depending on the individual performance assessment of each employee by the management of the Company and his/her personal contribution to ensuring that the Company implements the established tasks. Bonuses were paid based on the performance review report and in line with the established coefficients to the employee's basic salary in accordance with the adopted regulation. However, in 2020, the employee performance review was not carried out due to the adoption of a new payroll system.



Diversity of governance bodies and employees

Due to the nature of the Company's activities, the share of male workers in the total number of workers and middle managers was 90%, and the share of female workers was 10% as of the reporting period. In 2019-2020, all senior executives were male.

It should be noted that the share of female workers is slowly increasing among specialists. Thus, the share of female specialists was 28% in 2019 and increased by 9% in 2020, accounting for 37% of the total number of specialists.

A high proportion of employees are between 30 and 50 years old: workers - 63.2% (66.3% in 2019), specialists - 64.4% (63.5% in 2019), heads of business units - 63.6% (71.42% in 2019.), senior managers - 56% (74.1% in 2019).

Also, in the reporting period, the number of employees with disabilities in the specialist category was 28 (2 in 2019), in the category of heads of business units - 1 (1 in 2019).

Indicators of diversity of governing bodies and employees for 2019-2020

Indicator	2019				2020			
	Senior managers	Heads of business units	Speci- alists	Workers	Senior managers	Heads of business units	Speci- alists	Workers
Headcount, people	62	217	337	9,241	41	154	270	7,537
including by gender:								
Male	62	193	263	8,002	41	139	200	6,784
Female	0	24	74	1,239	0	15	70	753
including by age:								
under 30 years old	0	12	63	1,782	1	21	68	1,293
30-50 years old	46	155	214	6,129	23	98	174	4,764
over 50 years old	16	50	60	1,330	17	35	28	1,480
including by vulnerable groups:								
People with disabilities	0	1	2	38	0	1	28	0

The indicators in the table reflect the data on the Central Office and all business units of the Company.

Ratio of basic salary and remuneration of women to men

When calculating the ratio of basic salary and remuneration of women to men, the method was based on the average salary of employees of each gender group within each job grade. Thus, the ratio was identified by dividing the average salary of female employees by the average salary and remuneration of women to men in the same grade and multiplying the resulting indicator by 100. Remuneration included any types of bonuses and other types of incentives to employees.

As to Transgazengineering LLC, female managers of business units receive, on average, higher salaries than males in this job category. A similar trend can be observed among specialists at Transgazengineering LLC, Khodjaabad UGSF and Fergana MGPM, as well as among workers of Fergana and Tashkent MGPMs.

However, the Zirabulak MGPM has the lowest ratio of the average salary of women to men in the position grade of heads of business units The average salary of female specialists is considerably low versus the average salary of male specialists at Urgenchtransgaz UE and Samarkand MGPM. Also, a similar low ratio can be observed among workers in the Samarkand and Severnyi Sokh MGPMs.

The ratio of average salary and remuneration of women to men among senior managers was 0, since all senior managers are males. On top of that, this ratio is 0 among the heads of business units 6 MGPMs and 2 UGSFs due to the absence of females in this job category.

Ratio of average salary of women to men by job grades, %

Entity name	Salary ratio among senior managers	Salary ratio among the heads of business units	Salary ratio among specialists	Salary ratio among workers
Central Office	0	93.36	70.11	68.85
Urgenchtransgaz UE	0	93.36	59.59	77.22
Gazli MGPM	0	0	82.69	80.23
Gallyaara! MGPM	0	0	74.60	77.75
Transgazengineering LLC	0	102.9	103.2	0
Kagan MGPM	0	85.4	85.3	74
Mubarek MGPM	0	0	71.7	90.9
Samarkand MGPM	0	0	9.59	48.98
Khojaabad UGSF	0	0	108.1	70.9
Severny Sokh UGSF	0	0	69.6	57.5
Tashkent MGPM	0	0	79.7	105.14
Fergana MGPM	0	0	124.56	108.07
Zirabulak MGPM	0	54.79	77.01	77.37

The average remuneration rate of women is higher than that of men among heads of business units in the Central Office, Transgazengineering LLC, Urgenchtransgaz UE and Kagan MGPM, while the lower ratio of average remuneration in this job grade can be observed in Zirabulak MGPM.

Gazli, Gallyaaral, Mubarek, Kagan, Fergana, Tashkent, Zirabulak MGPMs, and a similar ratio among workers is observed in the Central Office, Gazli, Gallyaaral, Kagan, Mubarek, Fergana, Zirabulak MGPMs, Khojaabad UGSF and Severnyi Sokh UGSF.

Also, a high ratio of the average remuneration among specialists is in the Central Office, Khojaabad UGSF, Severnyi Sokh UGSF,

Average remuneration rate of women to men, by job grade, %

Entity name	Ratio of remuneration among senior managers	Ratio of remuneration among heads of business units	Ratio of remuneration among specialists	Ratio of remuneration among workers
Central Office	0	114.43	125.84	105.46
Urgenchtransgaz UE	0	114.43	95.51	95.58
Gazli MGPM	0	0	104.29	105.07
Gallyaaral MGPM	0	0	112.43	108.65
Transgazengineering LLC	0	133.0	97.8	0
Kagan MGPM	0	107.1	100	103
Mubarek MGPM	0	0	125	125
Samarkand MGPM	0	0	17.01	116.16
Khojaabad UGSF	0	0	104.8	126.2
Severnyi Sokh UGSF	0	0	125.48	126.38
Tashkent MGPM	0	0	117.83	61.96
Fergana MGPM	0	0	124.53	108.01
Zirabulak MGPM	0	16.98	108.66	117.05

Plans for 2021

In addition, the Company has been improving the employee incentive and performance appraisal system. On December 30, 2020, the Regulations "On the procedure for awarding bonuses in line with the results of Uztransgaz JSC Central Office staff performance appraisal" were adopted, which had been drawn up in accordance with the Labour Code of the Republic of Uzbekistan and the standard, internal labour rules the Company. The Regulations are included in the compensation system and set out the procedure for awarding bonus to

employees of the Central Office of the Company based on their performance appraisal results. The bonus system is aimed at motivating and increasing employee performance. On a monthly basis, the system will be applied in proportion to time worked based on the commission review. Thus, effective from 2021, the performance of staff of the Company's Central Office will be assessed according to the new appraisal system.

Employee development

In today's environment, employee training and upgrading skills is relevant for any enterprise. The Company lays special emphasis on the development of its employees, since a good professional education is an important factor in the social protection of employees. The Company has been taking focussed efforts to train its employees in line with the Law of the Republic of Uzbekistan "On Education", the National Programme for Personnel Training.

The Company applies a specific approach to employee development. An essential element is an assessment of the employee's overall performance to get a big picture of the personal skills of each employee and find an approach for professional growth.

The Company's training programs are designed to ensure a high level of work efficiency by advancing the employees' knowledge level, developing the required professional skills and creating a value system that aligns with the current realities.

The Company manages employee development on a centralized basis. However, subsidiaries may also manage employee development procedures on a stand-alone basis. Based on the applications submitted by business units and the Central Office, demand is formulated, and, accordingly, this results in the organization of employee training. The level of satisfaction with the training, as well as the effectiveness is assessed by the trained employees after completion of the training course.

At the time of the reporting period, the main trigger for upgrading professional competencies and employee training is the modernization of the gas transportation system and the modernization of gas distribution stations, which in turn creates the need to improve employee qualifications in this area.

Every year, the Company evaluates the approach to employee development management. Thus, several changes were made to the process of conducting training courses in 2020. Also, the introduction of new training methods is caused by the Company's development process that is formed under the influence of new trends, taking into account the requirements stemming from government resolutions.

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

To upgrade the employee qualifications, an agreement for the training, refresher course and advanced professional training of craft workers, engineers and technicians was signed with Urgenchtransgaz UE, training and rehabilitation center. The training and rehabilitation center was established in line with the Decree of the President No. PK-4388 dated July 9, 2019 and the order of Uztransgaz JSC No. 86/86 dated September 23, 2019. The Center aims at providing training in the Uztransgaz JSC system, including advanced training, refresher course and advanced professional training. In particular, this training center conducts training courses on main gas pipelines and compressor stations. The Center conducts activities in several directions:

- training and refreshing training of personnel for primary qualifications;
- training in the second and third qualifications;
- providing methodology-related guidance in training;
- entering in agreements for the delivery of training services with other enterprises and organizations in accordance with established procedure;
- improvement and coordination of activities.

As of the reporting period, the Company has approved and is conducting refresher courses for operational workers, such as "Grade 4 electric and gas welder", "Grade 3 process compressor operator", "Grade 3 installer of electrochemical protection for underground piping". These courses include an analysis of all the basics and obtaining a complete theoretical foundation to the extent of knowledge required by the grade that the worker is trained on.



In 2020, 1,071 employees from 11 business units were trained at the training center at Urgenchtransgaz UE in the areas as follows:

- Grade 5 and 6 electric welder/certification;
- Grade 4 gas compressor technician;
- Repair and maintenance of electric equipment, grade 4 electrician;
- Grade 5 compressor operator;
- GDS operator (workshop);
- Pressure vessel maintenance worker;
- Driver operating compressed natural gas (methane) and LNG (propane) vehicles.

More detailed information on training courses broken down by business units is presented in Table 13, Appendix 3.

In line with the Collective Agreement, the Company has programs for further employment and career ending management implemented when employees retire or when they stop working for the Company. They are as follows:

▶	Regulations for determining and paying supplement pensions to retirees in the oil and gas industry. Supplement payments are calculated applying a coefficient based on the subsistence wage established in the territory of the Republic of Uzbekistan. The coefficient depends on the total length of service in the oil and gas industry: 15 - 20 years old - 0.24, 20 - 25 years old - 0.28, 25 - 30 years old - 0.32, 30 - 35 years old - 0.36, over 35 years - 0.40.
▶	Payment of a lump-sum allowance of 20% of the official salary for each year worked in the oil and gas industry upon dismissal of an employee due to retirement. This allowance is paid to an employee only once upon dismissal of a pensioner for a well-earned rest by age.

In line with the Decree of the President of the Republic of Uzbekistan "On Measures to Introduce Modern Corporate Governance Techniques in Joint Stock Companies" No.UP-4720, dated April 24, 2015, a program was drawn up to gain relevant knowledge in the corporate governance regulations, in particular, familiarization with modern practices and principles of corporate governance, as well as updating and enchaining the knowledge of specialists, managers, members of the Supervisory Board of the Company.

In 2020, in light of the coronavirus pandemic, training, refreshing courses and programs to upgrade employee skills had been transferred to the online format. The Company realizes that, in any sriris, it is important to invest in the development of its main resource, the human capital.

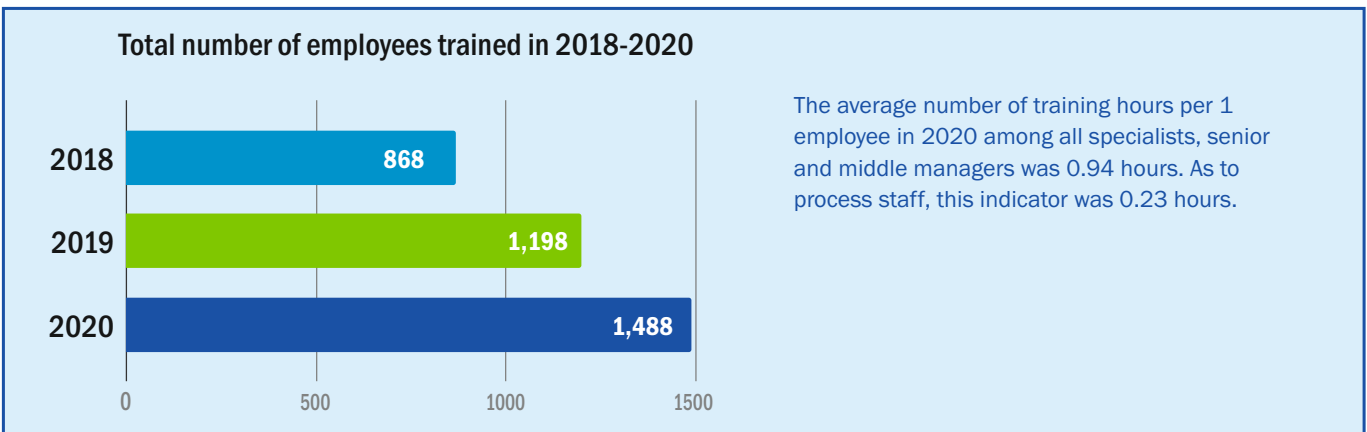
Every year, the Company invests more in the training and development of its employees. In 2020, the total cost of training provided for the employees of the Central Office and business units was UZS 2,487.6 mln, which is 39% higher compared to 2019, and 59% higher compared to 2018.

Costs of training of the Company's employees, UZS mln.

Employee training costs	2018	2019	2020
Uztransgaz JSC	1,011.7	1,519.2	2,487.6

Every year, the total number of employees trained gradually increases, evidencing the Company's commitment to achieving its HR development goals. Within 2018-2020, the total number of employees trained increased by 23.5% on average. In 2020, the Company trained 1,488 employees in 36 areas in 17 educational institutions based on the signed agreements on employee training and refresher training. It should be noted that

when calculating the number of trained employees, the completed training courses are taken into account (for example, if 1 worker has completed two training courses, the number of trained workers is 2). Details on the number of trained workers with a breakdown by educational institution are provided in Table 12, Appendix 3.



Number of employees trained in 2020

Entity	Average training hours per employee per year				Total employees
	Managers and specialists		Workers		
	Number of employees who completed training	Number of training hours	Number of employees who completed training	Number of training hours	
Central Office of Uztransgaz JSC	98	40	0	0	98
Urgenchtransgaz UE	0	0	315	160	315
Gazli main gas pipeline management	30	40	144	160	174
Mubarek main gas pipeline management	20	40	137	160	157
Zirabulak main gas pipeline management	15	40	107	160	122
Gallyaaral main gas pipeline management	7	40	118	160	125
Fergana main gas pipeline management	7	40	207	160	214
Tashkent main gas pipeline management	13	40	148	160	161
Samarkand main gas pipeline management	9	40	64	160	73
Severny Sokh underground gas storage facility	14	40	11	160	25
Khojaabad underground gas storage facility	11	40	4	160	15
Transgazengineering LLC	0	0	7	160	7
Directorate for the construction of the Kamchik pipeline system	2	40	0	0	2
Total	226	440	1,262	1,760	1,488
Average number of training hours per 1 trained employee per year	1.94		1.39		
Average number of training hours per 1 employee per year	0.94		0.23		

*Kagan MGPM was established on November 11, 2020, hence its data was not included in the above table.

15% of employees trained are specialists, middle and senior managers, while 85% are process staff. A high percentage of trained process staff correlates with mandatory training for workers employed at hazardous industrial facilities.

Detailed information on the number of workers trained between 2018-2020 by business units is presented in Table 11, Appendix 3.

Uztransgaz JSC has been closely interacting with the country's higher education institutions. As part of solving tasks set out in staff training, selection of capable and talented young people willing to work in the gas transportation industry, to further improve the production activities of the Company, continue the learning process directly in working conditions, and test the possibilities of independent work as specialist in gas transportation profile, the Company has organized an industrial qualifying internship. Students of higher education institutions have their industrial internship at the relevant enterprises in line with bilateral agreements.

In 2020, the number of mentors was 4, in 2019, there were 21 mentors. Also, in 2020, 4 interns had their industrial internship, while the number of interns in 2019 was 46. The sharp decline in the number of interns in 2020 is related to the pandemic, resulting in restrictive measures to the implementation of the scheduled activities.

Tasks for 2021

In 2021, the Human Resource Management Department is planning to implement a project to prepare briefing materials on the Company's core activities to formulate the newly hired candidate's concept of the tasks and functions assigned. This, in turn, facilitates the onboarding process of a new employee in the Company.



APPENDICES

GRI 102-46

1: Report scope and boundaries*

Business unit name	Report scope						
	1	2	3	4	5	6	7
Central Office of Uztransgaz JSC							
Urgenchtransgaz UE							
Gazli MGPM							
Kagan MGPM							
Mubarek MGPM							
Zirabulak MGPM							
Samarkand MGPM							
Gallyaaral MGPM							
Fergana MGPM							
Tashkent MGPM							
Severny Sokh UGSF							
Khojaabad UGSF							
Transgazengineering LLC							
Subsidiary Farming LLC							
Kamchik DCPS							

*Up until the end of 2020, Kagan and Samarkand MGPMs were part of the Gazli and Zirabulak UMGs, accordingly.

2: Environmental indicators

Table 1

Unified approach to setting discharge limits for priority substances of concern

GRI 303-4

#	Indicators	Permitted concentration, mg/l
1	Suspended substances	30
2	5-day BOD	6
3	COD	40
4	Nitrate nitrogen	25
5	Nitrite nitrogen	0.5
6	Ammonia nitrogen	2
7	Chrome (VI)	0.1
8	Chrome (III)	0.5
9	Iron	0.5
10	Copper	1
11	Zinc	1
12	Dry residue	1,000
13	Sulphates	500
14	Chlorides	350
15	Phosphates	1
16	Phenols	0.001
17	Oil products	0.3

Table 2

GRI 303-4

The approved norms and actual indicators of the Company’s water supply

General indicators for water supply of Uztransgaz JSC

	Water intake, m ³ /year	Period		
		2018	2019	2020
Total:	Standard	16,251.723	36,030.102	36,141.691
	Fact	23,747.370	31,189.388	33,799.635
From surface water	Fact	16,157.615	24,818.671	24,201.819
From groundwater	Fact	3,606.891	3,453.558	3,425.834
Third-party water	Fact	3,982.864	2,917.159	6,171.982

For gas transportation

	Water intake, m ³ /year	Period		
		2018	2019	2020

Total:	Standard	15,694.044	35,420.653	35,457.740
	Fact	23,552.811	30,996.007	33,639.940
From surface water	Fact	15,996.34	24,660.700	24,086.100
From groundwater	Fact	3,577.47	3,422.257	3,385.161
Third-party water	Fact	3,979.001	2,913.05	6,168.679

For underground gas storage

	Water intake, m ³ /year	Period		
		2018	2019	2020
Total:	Standard	557.679	609.449	683.951
	Fact	194.559	193.381	159.695
From surface water	Fact	161.275	157.971	115.719
From groundwater	Fact	29.421	31.301	40.673
Third-party water	Fact	3.863	4.109	3.303

Table 3

GRI 303-4

The approved norms and actual indicators of the Company’s water supply

General indicators for wastewater discharge of Uztransgaz JSC

Period	Breakdown of wastewater discharge volumes, thousand m ³						
	Planned	Fact	Holding ponds	Terrain	Sewage	Waste pits	Well disposal
2018	2,869.925	1,434.826	210.738	1,161.000	31.652	17.800	13.636
2019	2,739.548	614.860	70.928	482.600	31.872	18.700	10.760
2020	2,713.102	442.717	58.92	311.73	52.321	6.700	13.046

For gas transportation

Period	Breakdown of wastewater discharge volumes, thousand m ³						
	Planned	Fact	Holding ponds	Terrain	Sewage	Waste pits	Well disposal
2018	2,810.755	1,409.131	198.679	1,161.000	31.652	17.800	-
2019	2,641.650	582.180	49.008	482.600	31.872	18.700	-
2020	2,613.021	407.273	36.442	311.730	52.321	6.700	-

Underground gas storage

Period	Breakdown of wastewater discharge volumes, thousand m ³						
	Planned	Fact	Holding ponds	Terrain	Sewage	Waste pits	Well disposal
2018	59.170	25.695	12.059	-	-	-	13.636
2019	97.898	32.68	21.92	-	-	-	10.760
2020	100.081	35.524	22.478	-	-	-	13.046

Table 4

GRI 403-1

Hazard and Risk Assessment Matrix template

Type # of activities	Hazards (object or situation liable to cause damage)	Risk (potential damage to health)	Exposed persons	Hazard category	Significance category	Risk category	Control method (link to instructions)	Conclusion
1 N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	H/п

Table 5

GRI 302-4

Organizational and technical initiatives aimed at reduction in consumption of electricity and heating for 2020 for Uztransgaz JSC with baselines

No	Name of enterprises and initiatives	Total	Measurement unit
Section: Electricity			
1	Implementation of photovoltaic cells	33.7	thousand kW/hour
2	Replacement of outdated exciters of synchronous electric motors with digital microprocessor-based exciters	464.55	thousand kW/hour
3	Replacement of lighting fixtures at the compressor station with LED ones	501.4	thousand kW/hour
4	Replacement of lighting fixtures at the GDS with LED ones	311.4	thousand kW/hour

5	Construction of a new zero-lift pumping station of the Kungrad DPWS to replace an obsolete pumping station with 250 kW	1,030	thousand kW/hour
6	Construction of a new first-lift pumping station of the Kungrad DPWS with 160 kW units to replace an obsolete pumping station with 150 kW units	678	thousand kW/hour
7	Replacement of high-pressure pumps of TsNSG 850-600 with 2000 kW electric motors with low-pressure pumps TsNSG-850-240 with 800 kW electric motors with frequency control of an electric drive at the 3-lift pumping station of the Kungrad DPWS	1,350	thousand kW/hour
8	Phased implementation of modern cathodic protection stations with data transmission function	126,2	thousand kW/hour
9	Switching of power transformers to standby mode depending on the mode of gas transportation	4,1	thousand kW/hour
10	The use of a variable frequency drive on the auxiliary equipment of the gas transmission unit	2,950.20	thousand kW/hour
11	Optimization of the operating mode of pumping units of water supply systems	129.3	thousand kW/hour
12	Reduction of energy consumption by reducing the running time of the air compressor (air bleeding is carried out from a gas turbine engine) of Gazli MGPM	508	thousand kW/hour
13	Reduction of electricity consumption after upgrading of the heat supply system in Gazli city with BMK-3.0 unit of Gazli MGPM	328.2	thousand kW/hour
14	Reduction of electricity consumption after upgrading of the boiler house with the installation of the ENKOM-1 boiler at CS-1 Kagan	84	thousand kW/hour
15	nstallation of solar water heaters	8.2	thousand kW/hour
16	Installation of electricity generation using OCR technology at Khodjaabad UGSF	2,000	thousand kW/hour
17	Reduction of electricity consumption after upgrading of the boiler house with the installation of Urgench and Akchalok MGPM under Urgenchtransgaz UE	67	thousand kW/hour

Heating			
1	The use of the heat of the exhaust gases of the gas turbine unit for the heating of working sites	4,710.3	Gcal
2	Replacement of wooden window frames with fiberglass	268.4	Gcal

3: Socioeconomic indicators

Table 1

Location and types of activities of business units and associates under direct control

GRI 102-4

#	Entity name	Location	Types of activities
1	Urgenchtransgaz UE	Khorezm region, Urgench, 61 I.Karimov st.	Natural gas transportation
2	Gazli MGPM	Bukhara region, Gazli	Natural gas transportation
3	Mubarek MGPM	Kashkadarya region, Mubarek	Natural gas transportation
4	Zirabulak MGPM	Samarkand region, Narpay district, Aktash, Gazovikov village	Natural gas transportation
5	Samarkand MGPM	Samarkand region, Samarkand district, Gulobod post office	Natural gas transportation
6	Gallyaaral MGPM	Jizzakh region, Gallyaaral, Gazovikov village	Natural gas transportation
7	Fergana MGPM	Fergana region, Kirguli, 11 Khimikov st	Natural gas transportation
8	Tashkent MGPM	Tashkent, Sergeli district, 22 S.Alimov st.	Natural gas transportation
9	Khojaabad UGSF	Andijan region, Khojaabad village	Natural gas storage
10	Severny Sokh UGSF	Fergana region, Rishtan district, Komsomol p/o	Natural gas storage
11	Transgazengineering LLC	Tashkent,16 Istikbol st.	Construction
12	Yordamchi Khozhalik LLC	Tashkent, 4 Bunyodkor st.	Mixed farming

Table 2

SCSE meeting attendance, 2020

SCSE member	Position held	Attendance at meetings		Term of office in the SCSE during the reporting period
		Number of meetings attended	Meetings attended, %	
U.Kh. Sayidov	Chairman of the Management Board, Chairman of the Sectoral Council for Science and Engineering	7 из 7	100%	01.01.2020 - 31.12.2020
M.Kh. Nazhmitdinov	First Deputy Chairman of the Management Board for Production - Chief Engineer, Deputy Chairman of the SCSE	6 из 7	86%	01.01.2020 - 31.12.2020
Zh.K. Shamsiev	Acting First Deputy Chairman of the Management Board for Localization, Enhancing of Cooperative Ties within the Industry and Information Technologies, SCSE member	3 из 7	43%	01.01.2020 - 31.12.2020
A.A. Alimov	Deputy Chairman of the Management Board for Long-term Development and Investments, SCSE member	6 из 7	86%	01.01.2020 - 31.12.2020
A.I. Mirzamakhmudov.	Deputy Chairman of the Management Board for Finance and Marketing, SCSE member	4 из 7	57%	01.01.2020 - 01.07.2020
B.P. Musayev	Head of the Department of Compressor Station Operations, SCSE member	7 из 7	100%	01.01.2020 - 31.12.2020

U.T. Nuriddinov	Head of the Department of Main Gas Pipeline Operations, SCSE member	7 из 7	100%	01.01.2020 - 31.12.2020
B.I. Mukumov	Head of the Department of Economic Analysis and Labor Management, SCSE member	7 из 7	100%	01.01.2020 - 31.12.2020
Sh.I. Safarov	Head of the Department of Long-term Business Development, SCSE member	7 из 7	100%	01.01.2020 - 31.12.2020
M.Kh. Makhmudov	Head of the Depart of Investment Project Implementation, SCSE member	6 из 7	86%	01.01.2020 - 02.11.2020
Sh.A. Mirzakhmedov	Head of the Department of ICTs, SCSE member	3 из 7	43%	01.01.2020 - 25.03.2020
R.R. Batyev	N/A	2 из 7	29%	26.03.2020 - 06.09.2020
T. Eshonkulov	N/A	2 из 7	29%	07.09.2020 - 13.12.2020
D.A. Sharipov	Head of the Central Office Liaison Department, SCSE member	4 из 7	57%	01.01.2020 - 26.06.2020
M.A. Normatova	NA	3 из 7	43%	27.06.2020 - 31.12.2020
N.M. Zhumayev	Head of the Department of Procurement and Cooperative Ties, SCSE member	7 из 7	100%	01.01.2020 - 31.12.2020
T.A. Ismailov	Head of the Department of Design and Construction, SCSE member	6 из 7	86%	01.01.2020 - 31.12.2020
V.N. Urazov	Head of Health, Safety and Environment Department, SCSE member	2 из 7	29%	01.01.2020 - 13.10.2020
A. Atabayev	N/A	5 из 7	71%	14.10.2020 - 31.12.2020
R.N. Mamukov	Head of the Department for Vehicles and Heavy Equipment Management, SCSE member	6 из 7	86%	01.01.2020 - 31.12.2020
B.A. Nazirov	First Deputy Chairman of the Management Board of O'ZLITINEFTGAZ JSC, (as agreed) SCSE expert	6 из 7	86%	01.01.2020 - 31.12.2020
M.A. Abdurakhimov	Chief Specialist of the Gas Treatment and Transportation Department of O'ZLITINEFTGAZ JSC, (as agreed) SCSE expert	6 из 7	86%	01.01.2020 - 31.12.2020
A.A. Vakilov	Deputy Head of the Department of Operations Control of ASIA TRANS GAS LLC JV gas compressor station, (as agreed) SCSE expert	7 из 7	100%	01.01.2020 - 31.12.2020
S.Yu. Muradov	Deputy General Manager for Construction of ASIA TRANS GAS LLC JV, Ph.D., (as agreed) SCSE expert	6 из 7	86%	01.01.2020 - 31.12.2020
A.M. Norov	Head of the Industrial Safety Inspection of the Oil and Gas Industry under the State Industrial Safety Committee, (as agreed) SCSE expert	7 из 7	100%	01.01.2020 - 31.12.2020
A.I. Isokzhonov	Head of Technical Policy Department, SCSE Secretary	7 из 7	100%	01.01.2020 - 31.12.2020

Table 3

Consumers at gas distribution stations of Uztransgaz JSC
GRI 102-6

Consumer type	Number
Uztransgaz JSC TOTAL	365
Major strategic enterprises:	16
Thermal Power Plants JSC	10
Uzkimyosanoat JSC	3
Navoi Mining and Metallurgical Plant	3
Other major consumers:	7
Ozqurilishmaterialari association of enterprises	4
Fergana Oil Refinery	1
Qiziqum Fosforit Kompleksi LLC	1
Dehqonobod Kaliy Zavodi JSC	1
Wholesale buyers:	342
Compressed natural gas fueling station (CNGFS)	315
Brick	2
Greenhouse	4
Other	21

Table 4

a) Total procurement of goods, works and services in cash equivalent (UZS) for 2020
GRI 204-1

Group segments	Total for 2020, UZS	Goods for 2020, UZS	Works and services for 2020, UZS
Uztransgaz JSC total, UZS	694,883,853,463.982	573,236,161,969.666	121,647,691,494.315
Central Office of Uztransgaz JSC			
in UZS	211,742,109,710.05	191,761,604,389.81	19,980,505,320.24
in USD	27,046,988.65	22,574,676.65	4,472,312.00
Urgenchtransgaz UE	73,321,339,656.51	64,332,743,916.09	8,988,595,740.43
Gazli MGPM	6,461,716,592.01	4,509,370,182.00	1,952,346,410.01

Kagan MGPM	86,202,442.35	29,470,000.00	56,732,442.35
Mubarek MGPM	11,278,100,366.31	5,188,724,356.20	6,089,376,010.11
Zirabulak MGPM	11,787,291,893.95	7,842,820,313.60	3,944,471,580.35
Samarkand MGPM	3,703,393,592.28	3,217,553,980.24	485,839,612.04
Gallyaaral MGPM	16,032,612,967.48	10,304,069,687.93	5,728,543,279.55
Fergana MGPM	6,542,676,836.89	5,254,476,935.72	1,288,199,901.17
Tashkent MGPM	9,873,931,594.81	6,826,709,458.48	3,047,222,136.33
Severny Sokh UGSF	2,240,881,789.96	1,847,300,872.50	393,580,917.46
Khojaabad UGSF	34,893,754,589.30	18,027,248,424.30	16,866,506,165.00
Transgazengineering LLC	18,816,580,763.16	14,675,467,756.16	4,141,113,007.00
Subsidiary Farming LLC	н/п	н/п	н/п
Branches Khududgaztaminot JSC	985,923,284.22	73,651,610.00	912,271,674.22
Kamchik DCPS	419,257,726.22	53,377,628.15	365,880,098.07

* US dollars were converted to Uzbek sums using the average exchange rate for 2020.

b) The total amount of goods, works and services purchased only from local suppliers (UZS) for 2020
2020 roq
GRI 204-1

Group segment	Goods, works and services from local suppliers, UZS	Goods from local suppliers, UZS	Works and services from local suppliers, UZS
Uztransgaz JSC total	408,185,773,805.49	333,944,589,511.18	74,241,184,294.32
Central Office of Uztransgaz JSC			
in UZS	211,742,109,710.05	191,761,604,389.81	19,980,505,320.24
in USD	0.00	0.00	0.00

Urgenchtransgaz UE	73,321,339,656.51	64,332,743,916.09	8,988,595,740.43
Gazli MGPM	6,461,716,592.01	4,509,370,182.00	1,952,346,410.01
Kagan MGPM	86,202,442.35	29,470,000.00	56,732,442.35
Mubarek MGPM	11,278,100,366.31	5,188,724,356.20	6,089,376,010.11
Zirabulak MGPM	11,787,291,893.95	7,842,820,313.60	3,944,471,580.35
Samarkand MGPM	3,703,393,592.28	3,217,553,980.24	485,839,612.04
Gallyaaral MGPM	16,032,612,967.48	10,304,069,687.93	5,728,543,279.55
Fergana MGPM	6,542,676,836.89	5,254,476,935.72	1,288,199,901.17
Tashkent MGPM	9,873,931,594.81	6,826,709,458.48	3,047,222,136.33
Severny Sokh UGSF	2,240,881,789.96	1,847,300,872.50	393,580,917.46
Khojaabad UGSF	34,893,754,589.30	18,027,248,424.30	16,866,506,165.00
Transgazengineering LLC	18,816,580,763.16	14,675,467,756.16	4,141,113,007.00
Subsidiary Farming LLC	N/A	N/A	N/A
Branches Khududgaztaminot JSC	985,923,284.22	73,651,610.00	912,271,674.22
Kamchik DCPS	419,257,726.22	53,377,628.15	365,880,098.07

Table 5

Head count for 2020

GRI 102-8, 401-1

All employees reflected in the table below work under a permanent contract on a full-time basis.

Entity name	Total	Male	Female
Uztransgaz JSC	8,002	7,164	838
Central Office of Uztransgaz JSC	251	187	64
Urgenchtransgaz UE	2,731	2,364	367
Gazli MGPM	1,091	930	161
Kagan MGPM	335	311	24
Mubarek MGPM	521	497	24
Zirabulak MGPM	525	500	25
Samarkand MGPM	188	175	13
Gallyaaral MGPM	593	551	42
Fergana MGPM	484	460	24
Tashkent MGPM	474	431	43
Severny Sokh UGSF	331	324	7
Khojaabad UGSF	334	318	16
Transgazengineering LLC	78	63	15
Subsidiary Farming LLC	31	26	5
Kamchik DCPS	35	27	8

Table 6

a) Number of new employee hires by age, gender and region for 2019
GRI 401-1

Entity	2019						
	New employee hires	New employee hires with disabilities	male	female	under 30 years old	under 30 years old	over 50 years old
Uztransgaz JSC total	633	3	497	136	236	321	76
Central Office of Uztransgaz JSC	56	0	46	10	13	41	2
Urgenchtransgaz UE	178	2	90	88	80	68	30
Gazli MGPM	25	0	21	4	19	4	2
Kagan MGPM	0	0	0	0	0	0	0
Mubarek MGPM	38	0	36	2	14	21	3
Zirabulak MGPM	35	1	33	2	10	22	3
Samarkand MGPM	2	0	2	0	0	2	0
Gallyaaral MGPM	107	0	100	7	42	58	7
Fergana MGPM	49	0	48	1	16	27	6
Tashkent MGPM	80	0	72	8	21	45	14
Severny Sokh UGSF	11	0	11	0	6	3	2
Khojaabad UGSF	5	0	5	0	1	0	4
Transgazengineering LLC	8	0	6	2	4	2	2
Subsidiary Farming LLC	31	0	23	8	5	25	1
Kamchik DCPS	8	0	4	4	5	3	0

b) Number of new employee hires by age, gender and region for 2020
GRI 401-1

Entity	2019						
	New employee hires	New employee hires with disabilities	male	female	under 30 years old	under 30 years old	over 50 years old
Uztransgaz JSC total	592	2	465	127	240	284	68
Central Office of Uztransgaz JSC	31	0	26	5	6	23	2
Urgenchtransgaz UE	181	2	95	86	88	70	23
Gazli MGPM	53	0	47	6	26	24	3
Kagan MGPM	2	0	1	1	0	2	0
Mubarek MGPM	30	0	28	2	18	10	2
Zirabulak MGPM	35	0	30	5	14	18	3
Samarkand MGPM	29	0	28	1	9	15	5
Gallyaaral MGPM	56	0	53	3	26	27	3
Fergana MGPM	27	0	27	0	10	16	1
Tashkent MGPM	56	0	51	5	17	30	9
Severny Sokh underground gas storage facility	12	0	12	0	5	5	2
Khojaabad underground gas storage facility	22	0	21	1	7	11	4
Transgazengineering LLC	37	0	31	6	12	20	5
Subsidiary Farming LLC	11	0	9	2	1	7	3
Kamchik DCPS	10	0	6	4	1	6	3

Table 7
Number of dismissed employees by gender, age group, and region in 2020
GRI 401-1

	2020										
	Total dismissed	male	Staff turnover rate - male,%	female	Staff turnover rate - female,%	under 30 years old	Staff turnover rate - under 30 years old,%	30-50 years old	Staff turnover rate - 30-50 years old,%	over 50 years old	Staff turnover rate - over 50 years old,%
Enterprise											
Uztransgaz JSC total	425	336	79.1	89	20.9	51	12.0	159	37.2	215	50.6
Central Office of Uztransgaz JSC	42	5	11.9	37	88.1	13	31.0	23	54.8	6	14.3
Urgenchtransgaz UE	165	131	79.4	34	20.6	19	11.5	58	35.2	88	53.3
Gazli main gas pipeline management	33	29	87.9	4	12.1	5	15.2	6	18.2	22	66.7
Kagan main gas pipeline management	4	4	100.0	0	0.0	0	0.0	0	0.0	4	100.0
Mubarek main gas pipeline management	21	20	95.2	1	4.8	1	4.8	5	19.0	16	76.2
Zirabulak main gas pipeline management	17	15	88.2	2	11.8	1	5.9	5	29.4	11	64.7
Samarkand main gas pipeline management	11	11	100.0	0	0.0	0	0.0	6	54.5	5	45.5
Gallyaaral main gas pipeline management	17	16	94.1	1	5.9	2	11.8	7	41.2	8	47.1
Fergana main gas pipeline management	17	17	100.0	0	0.0	0	0.0	7	41.2	10	58.8
Tashkent main gas pipeline management	31	29	93.5	2	6.5	3	9.7	14	45.2	14	45.2

Severny Sokh underground gas storage facility	11	11	100.0	0	0.0	1	9.1	0	0.0	10	90.9
Khojaabad underground gas storage facility	18	15	83.3	3	16.7	0	0.0	4	22.2	14	77.8
Transgazengineering LLC	13	11	84.6	2	15.4	2	15.4	6	46.2	5	38.5
Subsidiary Farming LLC	22	21	95.5	1	4.5	3	13.6	16	72.7	2	9.1
Kamchik DCPS	3	1	33.3	2	66.7	1	33.3	2	66.7	0	0.0

Table 8
Human resource management targets for 2020
GRI 401-1, 103-2

HR policy targets formulated in 2020	Activities carried out as part of implementation of these targets
Work with the personnel, paperwork for hiring and dismissal of employees, preparation on travel order requests, annual leaves and sick leaves.	Work with the personnel had been performed, papers for employee hiring and dismissal had been prepared, travel order requests had been issued, labor leaves and sick leaves had been processed.
Paperwork on awards for anniversaries and industry-related holidays	Work had been done to prepare documents for giving awards during anniversaries and industry-related holidays.
Preparation of an annual leave schedule. Compliance with the timely release of employees on their annual leave.	Applications had been collected from all departments to make a schedule of annual leaves.
Drafting a plan for advanced training of employees and sending them to training.	Applications had been collected from all departments to draft a plan for the advanced training of employees.
Preparation and analysis of reports (monthly, quarterly, annual) on staff promotion and upgrading of skills.	The required information had been collected, the reports (monthly, quarterly, annual) on the staff movement and upgrading of skills had been compiled and reviewed.
Selecting candidates for upgrading of skills and training, admission to universities. Organization of industrial internship for students.	The data required to select candidates for upgrading of skills and training, admission to universities had been analyzed

Paperwork for applying for employee pensions.	Archival data for the preparation of documents to apply for employee pensions had been collected.
Preparation of documents for seniority pay, holiday bonuses, etc.	Work had been done to calculate the length of service of employees to prepare documents for seniority pay. Lists of employees for payment of holiday bonus, etc. had been compiled.

Table 9
Social support for Uztransgaz JSC employees, UZS thousand
GRI 401-2

Enterprise name	2018	2019	2020
Central Office of Uztransgaz JSC	442,472.31	632,186.18	545,217.51
Urgenchtransgaz UE	3,442,633.83	1,352,985.53	2,730,990.15
Gazli MGPM	1,445,573.00	2,546,367.30	1,350,970.20
Mubarek MGPM	558,140.70	712,263.50	575,390.00
Zirabulak MGPM	655,512.00	822,153.00	448,070.00
Gallyaaral MGPM	560,636.04	744,715.08	397,685.88
Fergana MGPM	428,788.30	637,033.96	351,661.60
Tashkent MGPM	655,631.66	685,640.50	500,597.57
Samarkand MGPM	0	184,149.00	195,907.40
Severny Sokh UGSF	719,228.60	766,954.50	527,515.60
Khojaabad UGSF	292,698.20	462,757.90	308,733.80
Transgazengineering LLC	119,948.53	79,908.42	148,107.65
Kamchik DCPS	33,566.00	43,156.02	13,879.95
Yordamchi Khozhalik LLC	0	95,384.50	58,790.00
Kagan MGPM	0	0	20,379.90
Total	9,354,829.18	9,765,655.39	8,173,897.21

Table 10

a) The number of benefits and guarantees provided to full-time employees of Uztransgaz JSC, 2019

GRI 401-2

Group segments	Insurance products	Parental leave	Non-state pension programs	Benefits provided for young people in line with the Collective Agreement	Monthly childcare benefit for children aged up to 2 and 3, paid to women	Reduced working day and breaks with appropriate pay during working hours for women with children and pregnant women	Compensation to employees of travel expenses (per diem), in the amount of 35% of the basic calculation value established in the Republic of Uzbekistan	Compensation for non-working pensioners for the cost of potatoes and vegetables purchased for the winter period, equal to 1SW	Full or partial payment of the cost of medical and spa treatment or surgery to employees, as well as single unemployed pensioners, war and industrial invalids, peacekeeping soldiers and chronically ill	Targeted assistance to families with school-age children by 1 September delivery of New Year gifts for employees' children	One-time financial assistance to employees in various life situations	Other social benefits
Uztransgaz JSC total	862	63	1,369	50	123	26	3,256	3,166	165	6,457	1,164	6,174
Gazli MGPM	0	18	227	0	24	0	172	60	0	1,963	188	0
Tashkent MGPM	0	1	58	0	5	0	161	29	0	403	30	0
Mubarek MGPM	0	0	58	0	1	0	285	37	0	312	128	486
Zirabulak MGPM	0	2	81	0	0	0	396	62	0	536	0	3,810
Gallyaaral MGPM	532	4	43	13	8	1	353	89	0	292	55	567
Fergana MGPM	0	1	35	0	3	0	469	40	0	487	0	0
Khojaabad UGSF	0	0	24	0	0	1	68	36	0	270	41	335

Severny Sokh UGSF	330	2	131	0	2	0	73	28	1	601	27	3
Kamchik DOPS	0	1	0	0	0	0	0	0	0	0	0	0
Central Office of the Company	0	6	60	0	6	0	165	29	0	98	18	973
Administration of Subsidiary Farming LLC	0	1	0	0	0	0	0	0	0	0	0	0
Transgazengineering UE	0	0	12	0	3	0	0	0	0	0	0	0
Urgenchtransgaz UE	0	25	637	37	69	24	1,114	2,742	164	1,464	677	0
Transgaztechnikbutlash UE	0	2	3	0	2	0	0	14	0	31	0	0

b) The number of benefits and guarantees provided to full-time employees of Uztransgaz JSC, 2020

GRI 401-2

Group segments	Insurance products	Parental leave	Non-state pension programs	Benefits provided for young people in line with the Collective Agreement	Monthly childcare benefit for children aged up to 2 and 3, paid to wome	Reduced working day and breaks with appropriate pay during working hours for women with children and pregnant women	Compensation to employees of travel expenses (per diem), in the amount of 35% of the basic calculation value established in the Republic of Uzbekistan	Compensation for non-working pensioners for the cost of potatoes and vegetables purchased for the winter period, equal to 15W	Full or partial payment of the cost of medical and spa treatment or surgery to employees, as well as single unemployed pensioners, war and industrial invalids, peacekeeping soldiers and chronically ill	Targeted assistance to families with school-age children by 1 September New Year delivery of gifts for employees' children	One-time financial assistance to employees in various life situations	Other social benefits

Uztransgaz JSC total	890	25	1,450	46	114	11	3,296	0	122	6,665	1,077	6,965
Gazli MGPM	0	8	217	0	25	0	140	0	0	1,709	115	0
Tashkent MGPM	0	1	61	0	6	0	144	0	1	461	59	0
Mubarek MGPM	0	1	62	0	1	0	245	0	0	286	128	510
Zirbulak MGPM	0	0	56	0	0	0	449	0	0	574	168	4,211
Kagan MGPM	0	1	0	0	0	0	0	0	0	0	0	0
Galiyaaral MGPM	560	1	43	20	8	3	237	0	1	325	172	601
Samarkand MGPM	0	0	29	0	0	0	0	0	0	0	0	0
Fergana MGPM	0	1	33	0	2	0	759	0	0	540	0	0
Khojaabad UGSF	0	0	35	0	0	0	34	0	0	308	47	335
Severny Sokh UGSF	330	1	134	0	1	0	68	0	0	654	23	6
Kamchik DOPS	0	1	0	0	0	0	0	0	0	0	0	0
Central Office of the Company	0	5	60	0	5	0	124	0	0	99	41	1,224
Administration of Subsidiary Farming LLC	0	0	0	0	0	0	0	0	0	0	0	0
Transgazengineering UE	0	0	6	0	3	0	0	0	0	75	14	78
Urgenchtransgaz UE	0	4	678	26	62	8	1,096	0	120	1,621	310	0
Nakigazmahshu-skurilish JSC	0	0	33	0	0	0	0	0	0	0	0	0
Transgaztech-nikbutlash UE	0	1	3	0	1	0	0	0	0	13	0	0

Table 11
Total number of employees trained between 2018-2020
GRI 404-1

Entity name	2018	2019	2020
Central Office of Uztransgaz JSC	21	48	98
Urgenchtransgaz UE	459	729	315
Gazli main gas pipeline management	50	159	174
Mubarek main gas pipeline management	37	50	157
Zirabulak main gas pipeline management	20	59	122
Gallyaaral main gas pipeline management	49	43	125
Fergana main gas pipeline management	48	9	214
Tashkent main gas pipeline management	87	31	161
Samarkand main gas pipeline management	NA	established 01.11.2019	73
Kagan main gas pipeline management	NA	NA	established 01.11.2020
Severny Sokh underground gas storage facility	72	42	25
Khojaabad underground gas storage facility	9	27	15
Transgazengineering LLC	13	1	7
Directorate for the construction of the Kamchik pipeline system	3	0	2
Total:	868	1,198	1,488

Table 12
Information about the training of the Company's employees
GRI 404-1

Education institutions	Number of employees
Uzarchiv Agency, the National Archive of Cinema and Photo Phono Documents of Uzbekistan	31
The Civil Protection Institute under the Academy of the Ministry of Emergency Situations	10
SMS SYSTEMS LLC	63
Training center for training and refresher training of employees of financial accounting department, financial authorities, and state-funded organizations under the Ministry of Finance of the Republic of Uzbekistan	5
The Graduate School of Business and Entrepreneurship under the Ministry of Economic Development and Poverty Reduction of the Republic of Uzbekistan	7
Research Institute for Standardization, Certification and Technical Regulation	3
Institute of Retraining and Qualifications Upgrading for Road Transport personnel	21
"Kontekhnazorat Training" scientific and technical center, "Industrial safety" SE	96
Profi Training business school	21
Training and rehabilitation center Urgenchtransgaz UE	1,132
Training course for specialists in customs clearance processes organized by the Brokers Association under the Customs Committee	3
Training center under the Federation of Trade Unions of Uzbekistan	1
Ecology and environmental protection training center	3
Civil affairs and emergency management center of Tashkent Region	10
"Profresurs" scientific society of students	22
Bukhara Regional Department for Emergency Management "Life Safety Training Centre"	53
Kashkadarya Regional Department for Emergency Management "Life Safety Training Centre"	7

Table 13

GRI 404-1

Employee training at the Urgenchtransgaz UE training center

№	Training areas	Duration		Urgenchtransgaz UE	Gazli MGPM	Mubarek MGPM	Zirbulak MGPM	Galiyaaral MGPM	Fergana MGPM	Tasikent MGPM	Samarkand MGPM	Kagan MGPM	Severny Sokh UGSF	Khojaabad UGSF	Amount
		Total	Number of hours												
1.	Gr. 5,6 electric welder/certification	1 week	40	41	4	6	4	0	6	4	2	0	2	0	69
2.	Grade 4 gas compressor technician	1 month	144	6	4	0	1	0	0	0	0	0	0	0	11
3.	Repair and maintenance of electric equipment, grade 5 electrician	1 month	144	5	3	0	4	2	0	0	0	0	0	0	14
4.	Grade 5 compressor operator	3 weeks	120	4	2	0	2	2	0	1	0	0	2	0	13
5.	GDS operator (workshop)	1 week	44	56	100	127	67	115	198	113	57	0	0	0	833
6.	Pressure vessel maintenance worker	1 week	40	20	0	2	4	0	0	1	7	0	10	3	47
7.	Driver operating compressed natural gas (methane) and LNG (propane) vehicles	1 week	40	84	0	0	0	0	0	0	0	0	0	0	84
Total:			NA	216	113	135	82	119	204	119	66	0	14	3	1,071

Table 14

List of departments and divisions, whose employees were trained in IMS in 2020

GRI 102-12

#	Departments and divisions
1	Department of Main Gas Pipeline Operations
2	Central Production Dispatching Department
3	Department of Compressor Station Operations
4	Department of Metrology, Automation and Standardization
5	Health, Safety and Environment Divisio
6	Technical Policy Division
7	Department of Procurement and Cooperative Ties
8	Department of ICTs
9	Department of Long-term Development and Investments
10	Department of Design and Construction
11	Department for Vehicles and Heavy Equipment Management
12	Department of Economic Analysis and Labor Management
13	IFRS Introduction Division
14	Human Resource Management Department
15	Emergency Preparedness and Security Division
16	Department for Natural Gas Exports, Transit and Marketing raza
17	Central Office Liaison Department
18	Affairs Management Division

Table 15

Number of induction sessions conducted for newly hired employees of the Company

GRI 403-5

#	Enterprise name	2018	2019	2020
1	Central Office of Uztransgaz JSC	49	78	44
2	Urgenchtransgaz UE	3,130	4,879	3,570

3	Mubarek MGPM	145	128	119
4	Kagan MGPM	43	75	48
5	Gazli MGPM	15	21	54
6	Zirabulak MGPM	61	50	178
7	Samarkand MGPM	147	5	38
8	Gallyaaral MGPM	107	147	198
9	Khojaabad UGSF	155	102	87
10	Severny Sokh UGSF	74	32	24
11	Tashkent MGPM	62	82	56
12	Fergana MGPM	47	59	51
Total number of induction sessions		4,035	5,658	4,467

4: GRI Content Index

GRI 102-55

GRI Standard	Page number	Exception/ Reason for exception	Reporting segment
General disclosures			
GRI 102: General Disclosures 2016			
102-1 Name of the organization	10		1
102-2 Activities, brands, products, and services	10	Primary brands, products, and services of the Company are not banned in markets.	1
102-3 Location of headquarters	124		1
102-4 Location of operations	10-12,96		1
102-5 Ownership and legal form	10-11,124		1
102-6 Markets served	10-11,13-14,98		1
102-7 Scale of the organization	4-5,10-11,44-45	Total capitalization (for private sector companies) broken down in terms of debt and equity are not applicable.	1

102-8 Information on employees and other workers	78-79,101	There were no part-time employees in the Company in 2020.	1
102-9 Supply chain	10,11,13-14,46-47		1
102-10 Significant changes to the organization and its supply chain	13-14	There were no significant changes in the size, structure, ownership form or supply chain of the organization in 2020.	1
102-11 Precautionary principle or approach	18-19,37-38,64,68	Financial and economic risks are not assessed by the Company, since the Company conducts its activities strictly in accordance with the approved balance of resources and distribution of natural gas in the republic is approved by the Cabinet of Ministers of the Republic of Uzbekistan.	1
102-12 External initiatives	8-9,16,18,37-38,50,113		1
102-13 Membership in associations	18-19		1
102-14 Statement from senior decision-maker	6-7		1
102-16 Values, principles, standards, and norms of behavior	16-17,42		1
102-18 Governance structure	30-34,39	There are no specific formal committees responsible for making decisions on economic, environmental and social issues in the Company.	1
102-40 List of stakeholder groups	20-26		1
102-41 Collective bargaining agreements	78-80		1
102-42 Identifying and selecting stakeholders	20-26		1
102-43 Approach to stakeholder engagement	20-26		1
102-44 Key topics and concerns raised	15,20-26		1

102-45 Entities included in the consolidated financial statements	29		1
102-46 Defining report content and topic boundaries	26-29,91		1
102-47 List of material topics	26-28		1
102-48 Restatements of information	29	There is no restatement of the information provided in previous reports, since this report is the Company's first one.	1
102-49 Changes in reporting	29	There are no significant changes in the List of Material Topics and Boundaries of Topics compared to previous reporting periods, since this report is the Company's first report.	1
102-50 Reporting period	8-9		1
102-51 Date of most recent report	8-9	This is the first Sustainability Report of the Company.	1
102-52 Reporting cycle	8-9		1
102-53 Contact point for questions regarding the report	126		1
102-54 Claims of reporting in accordance with the GRI Standards	8-9		1
102-55 GRI content index	114-124		1
102-56 External assurance	29		1

Material topics			
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundaries	43		1
103-2 The management approach and its components	43	Currently, there is no grievance mechanism applied in the Company.	1

103-3 Evaluation of the management approach	43	The management approach is evaluated by the management of the Company. The results of the evaluation of the management approach had been satisfactory. The areas for improvement have been identified.	1
GRI 201: Economic performance 2016			
201-1 Direct economic value generated and distributed	44-46	Disclosure of economic indicators broken down separately at country, region or market level is not applicable.	1
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundaries	46-48		1
103-2 The management approach and its components	46-48	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Evaluation of the management approach	46-48	The results of the evaluation of the management approach had been satisfactory. The areas for improvement have been identified.	1
GRI 204: Procurement Practices 2016			
204-1 Proportion of spending on local suppliers	46-48		3
RI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundaries	40-41		1
103-2 The management approach and its components	40-41		1
103-3 Evaluation of the management approach	40-41		1
GRI 205: Anti-corruption 2016			
205-3 Confirmed incidents of corruption and actions taken	40-41	In the reporting period, no incidents of corruption had been identified.	1

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its boundaries	51-56		1
103-2 The management approach and its components	51-56	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Оценка управленческого подхода	51-56	External consultants conducted an audit. Based on the recommendations received, activities for 2021 had been developed.	1

GRI 302: Energy 2016

302-1 Energy consumption within the organization	51-52	Disclosure on consumption of electricity for cooling and steam, as well as on the sold cooling energy and steam is not applicable.	4
302-3 Energy intensity	52		4
302-4 Reduction of energy consumption	53-54	Reduction in the consumption of such types of energy as fuel, heating, cooling, steam is not applicable. The basis for calculating the reduction in energy consumption, such as a base year or baseline, is not applicable to the Company.	4

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its boundaries	58-60		1
103-2 The management approach and its components	58-60	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Evaluation of the management approach	58-60	There were no adjustments to the current management approach.	1

GRI 303: Water and Effluents 2018

303-1 Interactions with water as a shared resource	58-60		4
303-2 Management of water discharge-related impact	58-60		4
303-4 Water discharge	58-60	The Company does not keep track of the total water discharge broken down by categories in areas without water stress.	4

GRI 103: Management Approach 2016

103-1 Explanation of the material topic and its boundaries	56-58		1
103-2 The management approach and its components	56-58	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Evaluation of the management approach	56-58	Environmental specialists evaluated the management approach, the results had been satisfactory. Based on the evaluation results, activities for 2021 had been developed.	1

GRI 305: Emissions 2016

305-1 Direct (Scope 1) GHG emissions	56-57	The Company has no biogenic CO2 emissions in metric tons of CO2 equivalent.	4
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	57-58	There are no persistent organic pollutants (POPs) at Uztransgaz facilities	4

GRI 103: Management approach 2016

103-1 Explanation of the material topic and its boundaries	50,61-62		1
103-2 The management approach and its components	50,61-62	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Evaluation of the management approach	50,61-62		1

GRI 306: Waste 2020			
306-1 Waste generation and significant waste-related impacts	61-62		4
306-2 Management of significant waste-related impacts	61-62		4
306-3 Waste generated	61-62		4
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	63		1
103-2 The management approach and its components	63	Currently, there is no grievance mechanism applied in the Company.	1
103-3 Evaluation of the management approach	63	There were no adjustments to the current management approach.	1
GRI 307: Environmental Compliance 2016			
307-1 Non-compliance with environmental laws and regulation	63	There had been no fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations during the reporting period in the Company.	5
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	77		1
103-2 The management approach and its components	77		1
103-3 Evaluation of the management approach	77		1

GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	78-80,101-105	The Company does not keep records of the employee turnover rate by gender, age groups.	1
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	80-82,106-109		1
401-3 Parental leave	80-82		1
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	77		1
103-2 The management approach and its components	77		1
103-3 Evaluation of the management approach	77		1
GRI 402: Labour/Management Relations 2016			
402-1 Minimum notice periods regarding operational changes	78-82		1
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	64-66		1
103-2 The management approach and its components	64-66		1
103-3 Evaluation of the management approach	64-66		1
GRI 403: Occupational Health and Safety 2018			
Health and safety management system	66-67,94	Occupational health and safety management system covers only employees of the Company, employees of other contractors are not covered by this system.	5
403-2 Hazard identification, risk assessment, and incident investigation	68-72,75-76		4

403-3 Occupational health services	71-72	The index is not applicable to employees of other contractors	4
403-4 Worker participation, consultation, and communication on occupational health and safety	75-76	There are no formal joint management-worker health and safety committees.	4
403-5 Worker training on occupational health	75-76,113	The index is not applicable to employees of other contractors	4
403-6 Promotion of worker health	71-72	The index is not applicable to employees of other contractors	4
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68-70,73-74		4
403-9 Work-related injuries	73-74	In 2020, there had been no work-related injuries among workers. The Company does not keep records of injury statistics for employees of contractors.	4
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	87-90		1
103-2 The management approach and its components	87-90		1
103-3 Evaluation of the management approach	87-90		1
GRI 404: Training and Education 2016			
404-1 Average hours of training per year per employee	87-90,111-112	At the time of the reporting period, the indicator had not been calculated by gender.	6
404-2 Programs for upgrading employee skills and transition assistance programs	87-90		3

GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	83-87		1
103-2 The management approach and its components	83-87		1
103-3 Evaluation of the management approach	83-87	In 2020, the Company did not evaluate its management approach in the field of ensuring equal rights.	1
GRI 405: Diversity and Equal Opportunity 2016			
405-1 Diversity of governance bodies and employees	83-84		1
405-2 Ratio of basic salary and remuneration of women to men	83-87		7
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	83-87		1
103-2 The management approach and its component	83-87		1
103-3 Evaluation of the management approach	83-87	In 2020, the Company did not evaluate its management approach on the discrimination.	1
GRI 406: Non-discrimination 2016			
GRI 406-1 Incidents of discrimination and corrective actions taken	83	There were no recorded incidents of discrimination in the Company in 2020.	1
GRI 103: Management approach 2016			
103-1 Explanation of the material topic and its boundaries	48-49		1
103-2 The management approach and its components	48-49	Currently, there is no grievance mechanism applied in the Company.	1

103-3 Evaluation of the management approach	48-49	The results of the evaluation of the management approach had been satisfactory. The areas for improvement have been identified.	1
GRI 419: Socioeconomic Compliance 2016			
419-1 Non-compliance with laws and regulations in the social and economic area	48-49	There had been no non-monetary sanctions and cases brought through dispute resolution mechanisms.	5

5: Abbreviations and Acronyms

Abbreviation / Acronym	Full name
ADB	Asian Development Bank
CNGFS	Compressed Natural Gas Fueling Station
GS	Gasoline Station
JSC	Joint Stock Company
PBH	Portacabin Boiler House
RCV	Reference Calculation Value
GPU	Gas Pumping Unit
GDS	Gas Distribution Station
SUR	State Unitary Enterprise
DCPS	Directorate for Construction of Pipeline System
RTI	Road Traffic Incident
UNECE	United Nations Economic Commission for Europe
ICT	Information and Communication Technologies
IMS	Integrated Management System
ILO	International Labour Organization
LC	Local Content
IFRS	International Financial Reporting Standards
M&R	Materials and Resources

VAT	Value Added Tax
NMH	Non-methane Hydrocarbons
PJSC	Public Joint Stock Company
HAP	Hazardous Air Pollutants
OH&S	Organizational Health and Safety
SCSE	Sectoral Council for Science and Engineering
UN	United Nations
LLC	Limited Liability Company
EP	Environmental Protection
OS	Occupational Safety
ORC	Organic Rankine Cycle
IS	Industrial Safety
GWP	Global Warming Potential
PC	Permanent Commission
DCM	Resolution of the Cabinet of Ministers
DP	Decree of the President
PPE	Personal Protective Equipment
LNG	Liquified Natural Gas
CNG	Compressed Natural Gas
MNM	Mixture of Natural Mercaptans
UGSF	Underground Gas Storage Facility
CC&I	Chamber of Commerce and Industry
FS	Feasibility Study
TEA	Technical and Economic Assessment
MGPM	Main Gas Pipeline Management
DPWS	Department of Process Water Supply
SCPHW	Sectional Centrifugal Pump for Hot Water
SDG	Sustainable Development Goals

PE	Private Enterprise
GRI	Global Reporting Initiative
ICC	International Chamber of Commerce
OCR	Organic Rankine Cycle
SCADA	Supervisory Control And Data Acquisition

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Report date: October 2021

Feedback form

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SELECT FROM THE OPTIONS BELOW THE ONE THAT DESCRIBES YOUR POSITION TOWARDS UZTRANSGAZ JSC:

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☐ Lender

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or associated company

☐ International organization
representative

☐ Supplier

☐ Trade Union
representative

☐ Energy industry
representative

☐ Representative
of government
authorities

☐ Financial organization
representative

☐ Regulatory body
representative

☐ Other (please
specify)

DOES THE REPORT INCLUDE ANSWERS TO YOUR QUESTIONS?

☐ Yes, it does

☐ Partially

☐ No, it does not

PLEASE EVALUATE THE REPORT ACCORDING TO THE CRITERIA BELOW:

	Excellent	Good	Fair	Poor
Relevance and materiality of information	☐	☐	☐	☐
Completeness	☐	☐	☐	☐
Report structure	☐	☐	☐	☐
Design and illustrations	☐	☐	☐	☐
Cohesion and coherence	☐	☐	☐	☐
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WHICH OF THE SECTIONS DO YOU FIND THE MOST INTERESTING AND USEFUL?

WHAT INFORMATION YOU WOULD LIKE TO SEE IN THE NEXT REPORT OF UZTRANSGAZ JSC?

DO YOU FIND IT INTERESTING TO ENGAGE IN A DIALOGUE WHEN DETERMINING THE CONTENT OF THE NEXT SUSTAINABILITY REPORT OF UZTRANSGAZ JSC?

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