



Corporate Social Responsibility Committee  
Annual report

Baku 2019

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## INTRODUCTION

“AzerGold” Closed Joint-Stock Company was established according to the Decree no 1047 dated February 11, 2015 by the President of the Republic of Azerbaijan. The Company is carrying out the study, research, exploration, management, as well as extraction, processing and sale of precious and non-ferrous metal ore deposits, implementation of new technologies in this field, modernization and efficient use of material and technical base, performance of other activities related to the development of the industry.

Efficient use of natural resources, application of sustainable development concept and social responsibility are the fundamental principles of AzerGold Closed Joint Stock Company. The Company is well-aware about possible impacts of the study, exploration, operation, and management activities on the environment, residents and communities living in production areas, as well as their rights. AzerGold is regulating such impacts within the framework of its Corporate Social Responsibility Policy.

Corporate Social Responsibility Policy of AzerGold CJSC is developed and regularly updated, taking into account the national legislation, best international practices in the field of mine engineering, “Equator Principles for determining, assessing and managing environmental and social risk in project finance”, and UN Guiding Principles on Business and Human Rights.

Social Responsibility Policy of the Company covers following high-priority directions:

- Work with residents and communities
- Environmental protection
- Provision of safe labor condition and protection of human rights at workplace

Corporate Social Responsibility Policy is developed and implemented by Corporate Social Responsibility Committee, which has been operating since October, 2017. The Committee is a collegial body and issues periodic reports about its activity. Within the framework of its corporate social responsibility policy, the Committee carries out long-term projects which have an execution period of or over 1 (year), or require periodic implementation every year.

## LONG-TERM PROJECTS

### “Contribution to cultural heritage –Chovdar Barrows”

During the construction of the third heap leach pad by “AzerGold” CJSC, old cemetery was discovered in February 2019. Therefore, the Company immediately stopped construction work in the site. Within the framework of the agreement signed between “AzerGold” CJSC and the Institute of Archaeology and Ethnography of Azerbaijan National Academy of Sciences, archaeological excavations in the area started in May, 2019 with the support of Heydar Aliyev Foundation.

More than 6000 showpieces were found from 156 graves during archeological excavations which continued for 5 months.

Scientists believe that above-mentioned excavations attract due attention with their rich archaeological materials and are the first complex archaeological research that will allow obtaining extensive information on economic life, ideological views, social and public structures of ancient people. According to preliminary analysis, the cemetery found in Chovdar Ore Processing Area dates back to the Last Bronze – Early Iron Age (the end of the 2<sup>nd</sup> millennium BC – the beginning of the 1<sup>st</sup> millennium).



It is worth reminding that the analogies of these graves are found in the western regions of our Republic, Karabakh, in the territory of Nakhchivan Autonomous Republic. Archaeological materials relate to Khojaly-Gadabay culture, which was widespread during the Last Bronze and Early Iron Age. The tribes of Khojaly-Gadabay culture which were engaged in nomadic summer pasture cattle-breeding had economic and cultural ties with the tribes living in neighboring areas, even with the distant Mediterranean coasts and the Indian Ocean

surroundings.

The Institute of Archaeology and Ethnography is envisaged to specify the composition of artefacts through relevant laboratory analyses, which will determine the territories and countries which ancient people had commercial relations with, and such other detailed information will be obtained. Furthermore, in compliance with the relevant agreement, the bone samples found in the graves are expected to be sent to foreign laboratories for isotope and radiocarbon analysis. Following this research, the exact date of the graves, causes of death of the buried people, food ration, economic life and relations will be defined. It is also planned to involve a foreign expedition

for further researches at the next stages of the project.

The actions taken towards the protection of showpieces and implementation of relevant researches were presented to the public on November 28, 2019. The event was organized upon an initiative of Heydar Aliyev Foundation, and with the support of BP Azerbaijan, “Icharishahar” State History and Architecture Reserve Department, “AzerGold” CJSC, and “Atelier Erich Pummer”, the Austrian company. More than 100 local and foreign guests were highlighted about the Project



through this event. The exposition which included various examples of material-cultural heritage discovered during the excavations was exhibited in “Dash Salnama” Museum.

The implementation of “Contribution to cultural heritage – Chovdar Barrows” Project has resulted in:

- proving with scientific evidences once again that Azerbaijan was one of the most ancient civilization centers of the world;
- obtaining rich historical and scientific information about Last Bronze and Early Iron Age;
- enriching the Archeological museum with new showpieces;
- Encouraging the companies and industrial enterprises towards protection of cultural heritage;
- Supporting the discovery and preservation of historical heritage for future generation;
- Promoting sensitivity in the society to our country’s historical background

## SHORT TERM PROJECTS

### Training on Adaptation of small and medium-sized agricultural economies to climate changes

Despite the fact that, Azerbaijan is a country which does not have significant impacts on climate changes due to gas emissions, it is still in the group of countries which are sensitive to the negative impacts caused by climate changes. Lack of potable water sources, location along the coastal border, strong agricultural traditions, large potential for agricultural industry requires taking preventive measures against the consequences of such changes.



The Corporate Social Responsibility Committee of “AzerGold” CJSC organized training on “Adaptation of individual agricultural economies to climate change” in partnership with Regional Development Public Union under Heydar Aliyev Foundation on April 11-14 and June 19-20, 2019. Within the scope of the project,

about 100 small and medium-sized entrepreneurs from Ganja-Gazakh, Aran, Lankaran and Nakhchivan, the economic regions characterized as sensitive to climate changes and distinguished for the most developed agricultural traditions, were involved in the training aimed at enlightening the participants about modern scientific, legal and economic methods on adaptation to climate changes. Thus, two trainings which continued for totally 6 days were held on the topic of “Adaptation of individual agricultural economies to climate change”. The training targeted effective management of agricultural economies exposed to climate changes and solution of the problems associated with adaptation to climate changes in the agricultural field. The training which aimed at supporting land management in terms of climate changes, improving social welfare of the population in the regions, drawing the community’s attention to the problem of climate changes and contributing to UN Strategy of “Global Goals for Sustainable Development” achieved following results:

- Entrepreneurs acquired practical knowledge about the privileges stipulated under the legislation for agricultural economies exposed to climate changes;
- Entrepreneurs attained appropriate skills for effective management of agricultural economies exposed to climate changes;
- Entrepreneurs benefited from the opportunity of getting acquainted with innovations in agricultural field;
- More than 15 experts specialized in this field made presentations;
- Attention of business community was drawn to the problem of climate change;
- A good communication platform was established among the individual economies representing various economic regions;

It is worth noting that, AzerGold’s Training project “Adaptation of individual agricultural economies to climate changes” implemented in 2019 jointly with Regional Development Public Union of Haydar Aliyev Foundation became the winner for its objective of combating climate change and its impacts, which is included in 17 Sustainable Development Goals adopted by UN General Assembly. Notably, AzerGold is the first and only public company honored with “National CSR” present.

#### Installation of water pipeline to Chaykend village

In April 2019, the residents from Chaykend village of Dashkasan district appealed to AzerGold CJSC with a request for the rehabilitation of the existing old water pipeline. In the light of this request, the Company made a decision to construct a new water pipeline on its own funds. With the assistance of the Executive Power of Dashkasan Region, the composition of potable water source was analyzed in the laboratory and new water pipeline at 1600 m length was installed from the source up to Chaykend village.

On August 21, the representatives of AzerGold CJSC held a meeting with the residents of Chaykend village on the occasion of commissioning a new water well. The meeting was attended by the officials from the Executive Power. The locals expressed deep gratitude to AzerGold CJSC for the support provided by the Company in the region. The residents noted that, the new pipeline completely solved the water supply problem in the village.



### ECOLOGICAL PROJECTS

In accordance with its ecological policy, “AzerGold” takes regular and targeted actions towards mitigation of environmental impacts during exploration, extraction and processing works. The company attaches particular importance on the protection of ecological balance, carries out regular dust measurement works and analysis of the samples taken from the earth, water basins and water reservoirs under the ecological monitoring program. All kinds of wastes generated as a result of production process are managed in accordance with relevant law.

With the initiative of IDEA Public Union and in furtherance of ecological policy, “AzerGold” launched a municipal solid waste separation project on December 2019.

Within the framework of the Project, solid waste separation started in Chovdar Ore Processing Area of the Company. Thus, according to the contract awarded between “AzerGold” CJSC and “AzEkol” LLC, plastic bottles, paper and other plastic wastes were sorted and collected in special boxes. These wastes will be handed over to the above-named company for re-cycling.

The awareness-raising training was organized in Chovdar Ore Processing Area with the view to mitigate the environmental impacts, enlighten the participants about the procedure of collecting and separating the plastic bottles. The participants were trained about the role of waste separation in reducing the negative impacts on environment, requirements of disposal and recycling process and such other issues.

“AzerGold” CJSC, operating based on international standards, took practical measures in accordance with the law for the disposal of mercury generated as a result of production, without harming the environment or human health

Thus, in order to conduct the sale of mercury generated during production, “AzerGold” CJSC studied the local market, and due to the lack of demand, pursued appropriate negotiations with several foreign companies within the framework of certain conditions. In this regard, the Company concluded a contract with Singapore’s company “Asia Mercury” which meets all

requirements and offers more favorable terms, as well as complies with the conditions of KYC (Know Your Customer) and “Due Diligence” procedures. As a result, “AzerGold” CJSC successfully exported a consignment weighing 1,163 kilograms of mercury wastes generated during the production process in Chovdar Ore Processing Area to Singapore, thereby making its contribution to environmental protection and gaining profit around 40,000 manats.

The export was carried out by taking into consideration the requirements of the international Minamata Convention, which regulates this process at the international level. The Convention aims at systematically implementing the measures to prevent the effects of mercury on human health and the environment.

Regular tree-planting campaigns and greenspace expansion actions are held for the protection of environment and conservation of ecosystem. About 8 thousand trees and shrubs have been planted for this purpose. In the furtherance of such actions and within the framework of the cooperation with “Regional Development” Public Union and IDEA Public Union, the company launched a new greenspace expansion project towards protection of the environment. More than 500 acorns were stocked from the forest in Balakan district. 100 thousand seeds collected from oak acorns have been planted in compliance with agrotechnical procedures and the process is ongoing. Main purpose of the Project is to ensure environmental protection through these actions and eliminate the potential negative impacts on the nature during the operation in the mining fields. It is worth noting that, oak seedlings will be used in tree-planting campaigns and will allow expanding the greenspace for about 40 hectares

#### PROVISION WITH EMPLOYMENT AND FINANCIAL ASSISTANCE

The Committee frequently received appeals related to provision with employment opportunities and financial assistance. Some criteria, i.e. whether the applicant is from socially vulnerable group and settled in the area located adjacent to mining plant were taken into account while reviewing the applications. Upon such review, 13.5% of applicants were provided with employment since the Committee started its operation.

Moreover, the Committee received several appeals for financial assistance from a vulnerable group of society. Upon review, 80% of these appeals were evaluated as positive and the applicants were provided with one-time financial assistance taking into account the average monthly salary in the country.