



# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2023


SEPTEMBER 2024

[www.steppegold.com](http://www.steppegold.com)







An aerial photograph of a large industrial facility, likely a precious metals processing plant. The facility features several large, rectangular containment ponds lined with blue material, which are filled with a dark, viscous liquid. These ponds are interconnected by a network of pipes and channels. To the right of the ponds, there are several large, yellow industrial buildings with flat roofs. The surrounding area is a mix of dry, brownish ground and some green vegetation. The overall scene suggests a large-scale industrial operation in a remote or semi-remote location.

# **MONGOLIA'S PREMIER PRECIOUS METALS COMPANY**



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## Acronyms Used in this Report

MRPAM	Mineral Resources and Petroleum Authority of Mongolia
NR	Nature Reserve
EMP	Environmental Management Plan
EIA	Environmental Impact Assessment
ESG	Environmental, Social, and Governance
GO	Governor's Office
MNMA	Mongolian National Mining Association
IUCN	International Union for Conservation of Nature
GRI Index	Global Reporting Initiative Index
SDG	Sustainable Development Goals
MMHI	Ministry of Mining and Heavy Industry
LTI	Lost Time Injury
OHS	Occupational Health and Safety

## Glossary

Bagh	Primary Administrative Unit in Local Self-Government, and Equals to Sub-District
Soum	Secondary Subdivisions Outside the Capital City, and Equals to District
Province	Largest Subdivisions Outside the Capital City, and Equals to Capital city
Local Area	Tsagaan Ovoo Soum of Dornod Province
Local Region	Eastern Region of Mongolia Consists of Three Provinces including Dornod, Sukhbaatar, and Khentii
Local Government	Government Administration of Tsagaan Ovoo Soum of Dornod Province

## Currency rate

US \$1.00	MNT 3,465.74 (2023)
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### Elst Boon Bagh of Tsagaan Ovoo Soum

Established:	1960
Area:	1834 km <sup>2</sup> unique combination of Gobi, Khangai, and Steppe landscapes
Population:	817 (248 families)
Ethnicity:	Buryat
Livestock:	78,527 (6,666 horses, 7,200 cattles, 47 camels, 34,925 sheeps, and 29,689 goats)

### Tsagaan Ovoo Soum of Dornod Province

Established:	1929
Area:	650,200 hectares, comprising the Dornod Mongolian Flat Steppe and Valley of the Gal River
Population:	3,853 (1,218 families)
Ethnicity:	Buryat and Khalkh
Location:	130 km from the Choibalsan City of Dornod Province and 560 km from the Ulaanbaatar City
Livestock:	312,693 (41,448 horses, 32,891 cattles, 727 camels, 142,959 sheeps, and 94,668 goats) * Dec 2023

# STEPPE GOLD LIMITED

## VISION

We recognize that our greatest asset is our people and prioritize environmental sustainability. Our goal is to become a nationally leading precious metals mining company that meets world-class standards.

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## VALUE

### MONGOLIA'S

Our values are driven by the energy and expertise of talented young professionals, dedicated to advancing responsible mining practices rooted in Mongolian engineering and a forward-thinking mindset.

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### PREMIER

We create value by fostering a culture that emphasizes quality and responsibility at every level, positioning ourselves as a leader in the industry.

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### PRECIOUS METALS COMPANY

Our core principle is to operate in full compliance with Mongolian law and international standards, while expanding our operations beyond gold to other precious metals.



# STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Dear Shareholders,

Steppe Gold is proud to present the 2023 Environmental, Social, and Governance (ESG) Report.

Since our founding in 2016 and our listing on the Toronto Stock Exchange in 2018, we have made significant progress in advancing our operations in a short time. In 2020, we completed the construction of the ATO Gold Mine and commenced production. By 2023, we published our first ESG report, highlighting initiatives undertaken between 2018 and 2022. As we continue our expansion, our commitment to responsible mining and sustainable development remains unwavering at every stage of our operations.

In 2023, we dedicated significant effort to implementing ISO standards: ISO 14001 for Environmental Management, ISO 45001 for Occupational Health and Safety, and ISO 9001 for Quality Management. We are pleased to have successfully obtained certification for all three systems in the first half of 2024.

Our company's most valuable asset is our highly skilled workforce, who are devoted to ensuring a safe and healthy working environment. As of May 2024, we have achieved one million man-hours without a recordable injury, an accident to our focus on safety.

Steppe Gold is deeply committed to fostering local talent. Currently, 99.9% of our employees are Mongolian, with 75% from the local community. In Tsagaan-Ovoo Soum, where the ATO Gold Mine is located, one in four residents is employed through our operations. This not only boosts local employment but also supports the development of young professionals and strengthens local entrepreneurship through supplier partnerships.

A cornerstone of our operations is the strong relationship we have built with the local community.

Between 2018 and 2023, we invested a total of 139.84 billion MNT in the first phase of the Altan Tsagaan- Ovoo project, with an additional \$150 million USD secured for the Phase II Expansion.

We contributed 34.12 billion MNT to state and local budgets, with 15.6 billion MNT directly supporting local budgets through taxes and fees.

In 2018, we signed a cooperation agreement with the authorities of Dornod Province and Tsagaan-Ovoo Soum in alignment with the launch of the Altan Tsagaan- Ovoo project. Our implementation rate of this agreement reached 98.6% in 2023, with total donations and contributions to the local community amounting to 10.3 billion MNT.

Our commitment to education is equally significant, with over 1,760 local students receiving scholarships since 2017. We are dedicated to minimizing adverse environmental impacts through avoidance, prevention, rehabilitation, and compensation. We emphasize transparency with stakeholders and ensure our operations uphold the principles of sustainable development.

Steppe Gold established a climate policy as part of our ESG strategy, set the 2022 baseline greenhouse gas emissions, and conducted a verified inventory in 2023 for accuracy and transparency. We also joined Mongolia's national "Billion Trees" movement throughout the duration of our mining activities. In support of this initiative, we are conducting a feasibility study and implementing planned actions. Furthermore, since 2018, we have conducted continuous environmental monitoring and control at the Altan Tsagaan-Ovoo site, with a 94% implementation rate of our 2023 Environmental Management Plan.

Our vision is to prioritize the health and safety of our employees, responsibly manage environmental impacts, and support the sustainable social and economic development of local communities. We are committed to transparency and accountability, working to create long-term value through mutually beneficial cooperation with all stakeholders.

Together, let us pioneer responsible mining, fostering sustainable development and empowering communities in Mongolia.

**Bataa Tumor-Ochir**

Chairman and CEO, Steppe Gold Limited



# OUR BUSINESS AT GLANCE

## KEY MILESTONES

- 2016 – Steppe Gold Company was founded in Mongolia.
- 2017 – Acquired the Altan Tsagaan-Ovoo (ATO) and Uudam Khundii projects.
- 2018 – Completed Initial Public Offering (IPO) on the Toronto Stock Exchange, raising CA\$25 million.
- 2019 – Launched the first phase of the ATO project, establishing a heap leach facility and concentration plant.
- 2020 – Achieved first production at the ATO Gold Mine and commenced full-scale operations.
- 2021 – Updated mine reserves to reflect growth.
- 2023 – Secured full financing for ATO Phase II Expansion, and extended LOM to 2036.
- 2024 – Completed the Boroo Gold transaction and became Mongolia's leading gold producer.
- 2026 – Expected to commence ATO Phase II production.



## ATO Gold Mine

The ATO Gold Mine is a multi-phase precious metals project fully owned by Steppe Gold Ltd and encompassing a single mining license over 5,492.63 hectares. Open pit mining operations commenced in 2020, initially focusing on near-surface oxide ores. As of Q2 2024, the ATO mine produced over 110,000 ounces of gold and 200,000 ounces of silver.

The ATO Mine has significant mineral reserves which will support operations through 2037. The company is advancing the Phase 2 Expansion, expected to be completed by mid-2026, and will target an annual average production of 90,000 ounces of gold equivalent from fresh rock ores.

The ATO mine is equipped with the necessary infrastructure to sustain ongoing open-pit operations

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### ATO Phase II Expansion:

- 1.3 million ounces of gold equivalent to be recovered in 12 years with payable ounces of approximately 1.03 million.
- Construction is on track, fully financed with \$150 million project facility.
- First gold concentrate from Phase II by mid-2026, with 90,000 ounces of gold equivalent annually.

ATO Gold Mine is located in Tsagaan Ovoo soum, Dornod Province of Eastern Mongolia, 660 km east of the Ulaanbaatar, the capital of Mongolia, 120 km northwest of Choibalsan, the provincial capital of Dornod Province, 38 km west of Tsagaan Ovoo soum.





INTRODUCTION

# ABOUT THIS REPORT

This report marks Steppe Gold's second sustainability report, presenting the company's Environmental, Social, and Governance (ESG) performance for 2023. It is intended for all investors and outlines our initiatives in environmental protection, climate change mitigation, occupational health and safety, corporate social responsibility, and the implementation of governance strategies.

We have aligned our reporting with key international standards, including the Sustainability Accounting Standards Board (SASB) Reporting Standards, the Global Reporting Initiative (GRI), and the Environmental, Social, and Governance (ESG) Reporting Index of the Hong Kong Stock Exchange (HKEX). This report provides both quantitative and qualitative data on key aspects of these standards, with references to the corresponding indices provided in the Appendix.





**Quick Reference: HKEX, SASB, and GRI**

Topic Description	HKEX	SASB	GRI	Section Reference
Climate Change and Greenhouse Gas Emissions	KPI A1.1 KPI A1.2 KPI A4.1	EM-MM-110a.1 EM-MM-110a.2	N/A	Environment
Energy Management	KPI A2.1 KPI A2.3	EM-MM-130a.1	N/A	Environment
Water Management	KPI A3.1 KPI A2.2 KPI A2.4	EM-MM-140.a.1 EM-MM-140.a.2	GRI 303-1 GRI 303-2 GRI 303-3	Environment
Water Management	KPI A1.3 KPI A1.4 KPI A1.5 KPI A1.6	EM-MM-150a.4 EM-MM-150a.6 EM-MM-150a.7 EM-MM-150a.8 EM-MM-150a.9 EM-MM-150a.10	GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5	Environment
Biodiversity	N/A	EM-MM-160.a.1 EM-MM-160.a.3	GRI 304-1 GRI 304-3	Environment
Health and Safety	KPI B2.1 KPI B2.2 KPI B2.3	EM-MM-320a.1	GRI 403-2 GRI 403-5 GRI 403-6 GRI 403-9	Social
Human Capital	KPI B1.1 KPI B1.2 KPI B3.1 KPI B3.2 KPI B4.1 KPI B4.2	EM-MM-000.B EM-MM-210a.3 EM-MM-310a.2 EM-MM-310a.2	GRI 102-8 GRI 405-1	Social
Community	KPI B8.1 KPI B8.2	EM-MM-210b.1 EM-MM-210b.2	GRI 413-1 GRI 203-1 GRI 203-2 GRI 201-1	Social
Governance & Strategy		Core Content	GRI 102-18 GRI 102-20 GRI 102-26 GRI 102-40 GRI 102-43 GRI 102-44 GRI 102-47	Governance
Ethics & Transparency	KPI B7.1 KPI B7.2 KPI B7.3	EM-MM-510a.1	N/A	Governance
Product	KPI B6.1 KPI B6.2 KPI B6.4 KPI B6.5	N/A	GRI 102-2	About Steppe Gold
Supply Chain	KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4	N/A	GRI 204-1	About Steppe Gold

INTRODUCTION

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) PRIORITIES AND SCOPE

Steppe Gold's 2023 Environmental, Social, and Governance (ESG) Report aligns with the United Nations Sustainable Development Goals, focusing on topics that are integral to the company's sustainable development strategy. As a company that prioritizes openness, transparency, and accountability, we engage regularly with key stakeholders—including investors, employees, local governing bodies, citizens, non-governmental organizations, and media outlets—through meetings, events, and dialogues throughout the year. We also actively monitor and report on the implementation of our activities via social media and news outlets, ensuring that feedback is promptly addressed and resolved.

Our strong collaboration with stakeholders and their active participation have enabled us to jointly identify key environmental, social, and governance issues and plan corresponding actions. In alignment with the revised priorities of the 2023 National Economic Development Plan, we have placed a stronger emphasis on mitigating climate change and integrating renewable energy solutions. This report highlights 17 key topics across the three pillars of environment, society, and governance.





Focus areas	Alignment with SDGs	Identified Material Issues
Environment	 Climate Action	 Climate Change Energy Management Greenhouse Gas Emission
	 Life on Land	 Environmental Management Biodiversity
	 Affordable and Clean Energy	 Energy Management
	 Clean Water and Sanitation	 Water Management
	 Responsible Consumption and Production	 Water Management Mine Closure
Social	 Decent Work and Economic Growth	 Employment of local people
	 Reduced Inequalities	 Human Rights
	 Good Health and Well-Being	 Health and safety
	 Gender Equality	 Diversity and inclusion
	 Sustainable Cities and Communities	 Local Community Youth Development
Governance	 Peace, Justice, and Strong Institutions	 Ethics Transparency
	 Partnerships for the Goals	 Governance Strategy Compliance

# ENVIRONMENT



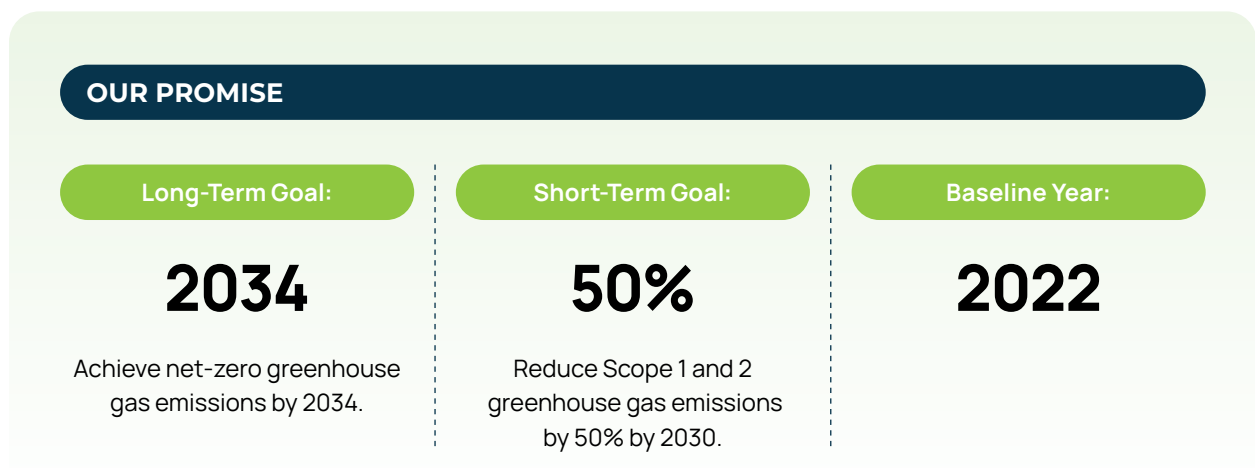


## ENVIRONMENT

# CLIMATE CHANGE

In 2023, Steppe Gold recalculated its greenhouse gas emissions from operations, benchmarking them against 2022 figures and thoroughly validating baseline data. As part of this effort, the company developed and integrated a comprehensive climate policy into its overall Environmental, Social, and Governance (ESG) strategy. Our ambitious goal is to reduce emissions by 50% by 2030 and achieve net-zero emissions by 2034. To reach this target, we are committed to minimizing greenhouse gas emissions, implementing the 10 Million Trees program, and actively participating in the carbon market.

Steppe Gold's climate strategy is built on three key pillars: transitioning to renewable energy, enhancing energy efficiency, and adopting sustainable mining practices. Through these initiatives, we not only reduce our environmental footprint but also reinforce transparency and accountability in our sustainability efforts.



Steppe Gold's commitment to net-zero emissions aligns with the objectives of the Paris Agreement, which aims to limit global temperature rise to within 2 degrees Celsius above pre-industrial levels. The mining industry plays a critical role in achieving the Paris Agreement's targets, and Steppe Gold is leading by example in sustainable gold production with its ambitious emissions reduction goals. Through these efforts, we are contributing to a more sustainable future for the industry and beyond.

Figure: Environmental Impact Mitigation Plan

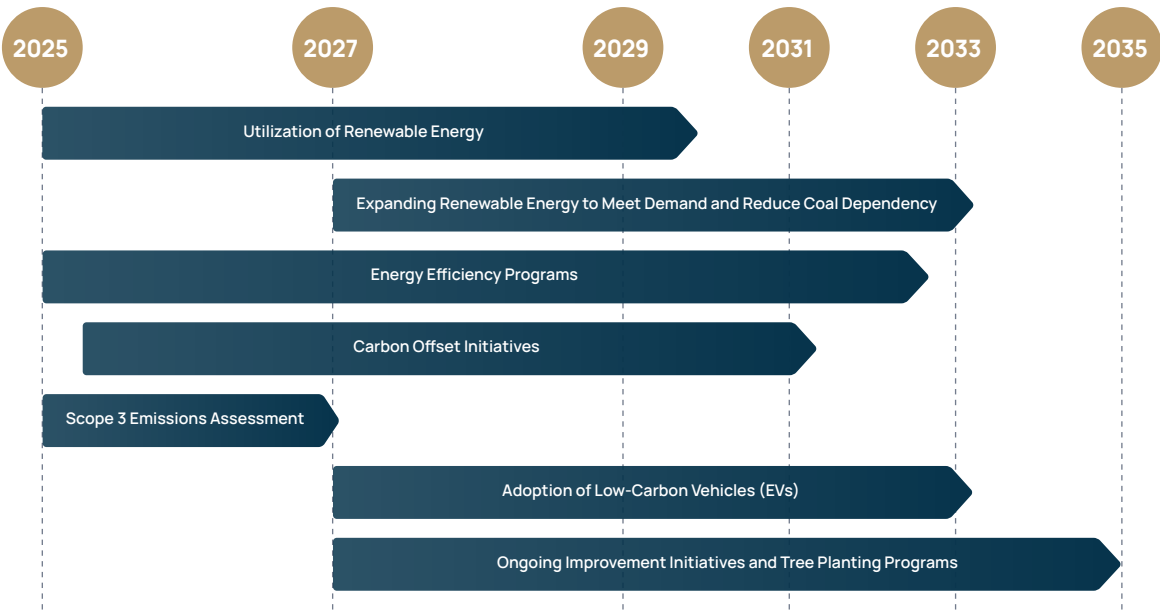


Figure: Steppe Gold's Long-Term and Short-Term Climate Goals for Scope 1 and 2 Emissions

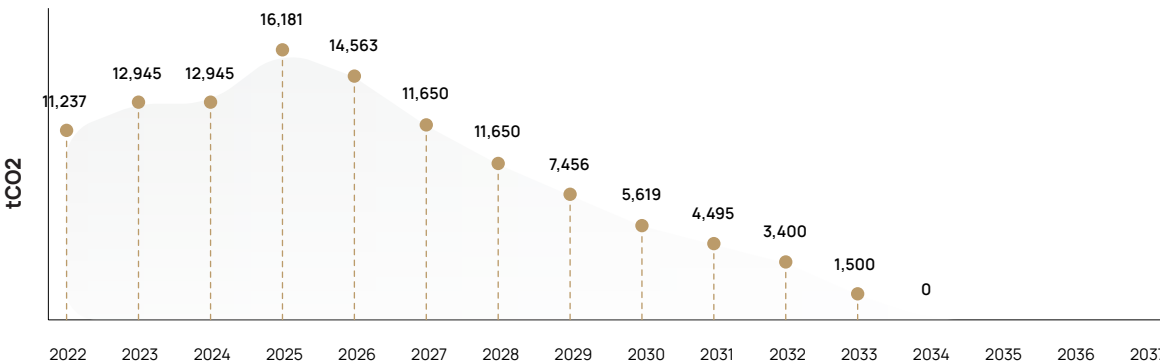
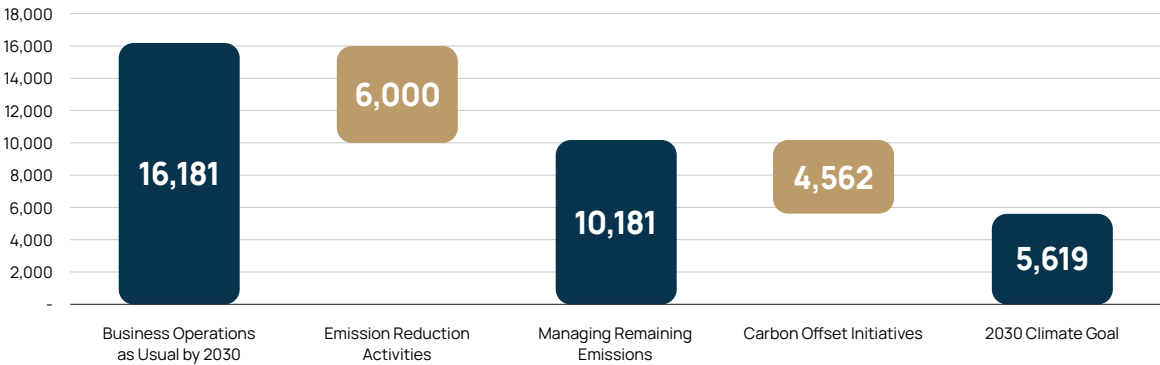
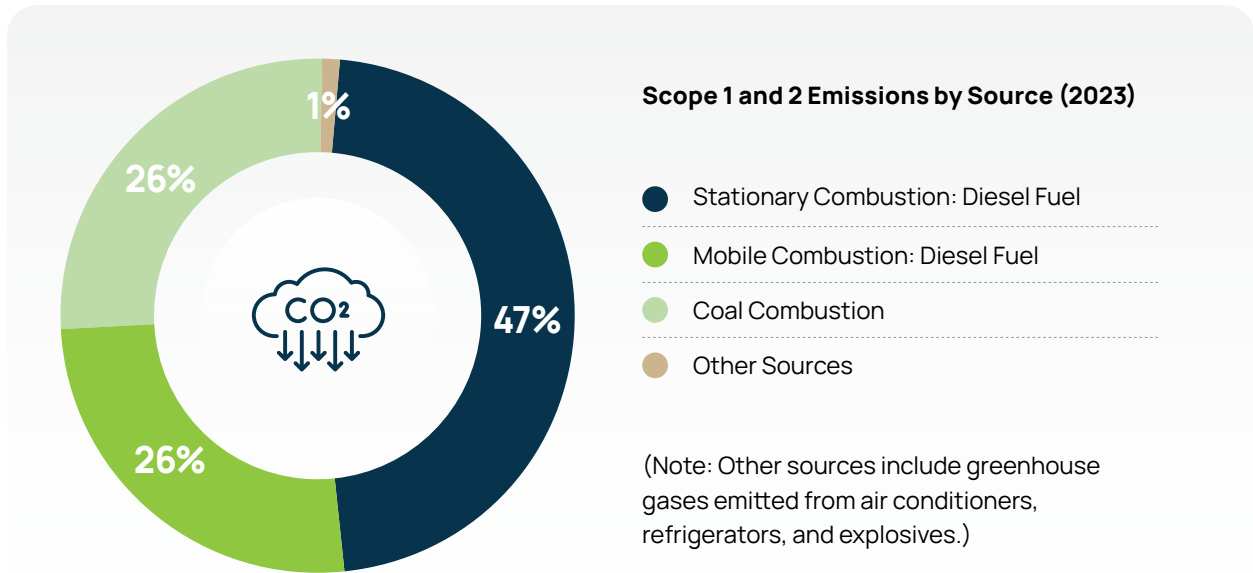


Figure: Environmental Mitigation Initiatives





In line with the IFRS S2 climate-related standard issued by the International Sustainability Standards Board, Steppe Gold established its 2022 baseline level of greenhouse gas emissions, verified by third-party auditors. In 2023, a comprehensive greenhouse gas inventory was conducted by an external professional organization to ensure accuracy and transparency.



#### Steppe Gold's Greenhouse Gas Emissions (2023): Scope 1 and Scope 2

Source	CO2e Emissions (Tons)
Temporary Emissions: Air Conditioning and Cooling Equipment	107.81
Stationary Combustion: Diesel Fuel	6,080.27
Stationary Combustion: Coal	3,390.52
Mobile Combustion: Diesel	3,321.66
Explosives: Ammonium Nitrate Fuel Oil, Emulsion	44.37
<b>Total</b>	<b>12,944.64</b>

To enhance energy efficiency, we continuously seek opportunities to reduce electricity consumption across both project sites and office buildings.

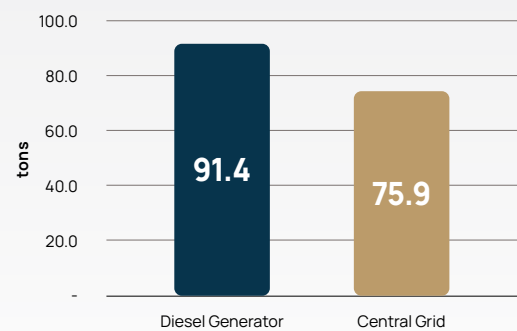
In 2023, the Altan Tsagaan-Ovoo project site consumed 5,674.46 gigajoules of energy, with 1.75% of this total sourced from renewable energy. As a result of our efforts, energy consumption intensity decreased by 212.91 gigajoules compared to the previous year, and renewable energy usage increased by 0.45 gigajoules.

### Energy Management at the Altan Tsagaan-Ovoo Project Site

Topic	SASB code	Metrics	2019	2020	2021	2022	2023
Energy Management	EM-MM 130a.1	Total Energy Consumption (Gigajoules)	1,772.20	4,362.39	3,998.60	5,887.36	5,674.46
		Consumption of Electricity Supplied by the Power Grid	0	0	0	0	0
		Utilization of Renewable Energy	0.3	0.1	1.9	1.3	1.75

In 2023, the Altan Tsagaan-Ovoo gold mine increased its production capacity from 75.0 MW to 101.3 MW by incorporating renewable energy. This transition helped avoid the release of 75.9 tons of carbon dioxide, which would have been emitted had the electricity been sourced from the central grid. Additionally, 91.4 tons of greenhouse gas emissions were prevented by replacing diesel fuel with renewable energy.

**Figure: Emissions Avoided through the Use of Renewable Energy (2023)**





The streetlights at the staff campus of the Altan Tsagaan-Ovoo project were powered by solar panels, and in 2023, renewable energy use extended to additional areas, including the explosives storage facility and cell phone antennas. As part of the second phase of the project, the staff campus is undergoing expansion, with preliminary research assessing the feasibility of powering the new facilities with renewable energy. These findings will be incorporated into the construction design.

In 2023, greenhouse gas emissions from the Altan Tsagaan-Ovoo mine were 13% higher than in the base year of 2022. The following factors contributed to this increase:

- **Coal Consumption:** Coal usage for heating stoves and camp boilers increased by 43%, rising from 1,597.6 tons to 2,793.5 tons.
- **Diesel Consumption:** While diesel consumption for equipment decreased by 15%, overall diesel usage increased by 4%, from 3.33 million liters to 3.46 million liters, due to a 14% rise in the use of diesel generators.
- **New Emission Sources:** In 2023, new emission sources such as explosives (ammonium nitrate fuel oil and emulsions), refrigerants, and air exchangers were included in the emissions calculation, which were not factored in for 2022, further contributing to the overall increase.



Figure: Total Emissions from the Altan Tsagaan-Ovoo Gold Mine (2022 and 2023)



### Combatting Climate Change: Billion Trees Movement

Steppe Gold is actively contributing to Mongolia's fight against climate change by joining the national **'Billion Trees' movement**, initiated by the President of Mongolia. The company has committed to planting and nurturing 10 million trees across 5,260 hectares between 2022 and 2029. In support of this initiative, Steppe Gold LLC conducted a preliminary feasibility study, carried out by a professional organization, and received approval from the relevant departments. This plan was developed based on the principles of stakeholder participation and scientific evidence.

### 10-Million-Tree Planting Project: Core Principles and Focus Areas

#### Guiding Principles:

- Align with the strategy and action plan of the 'Billion Trees' national movement, as outlined by the Government of Mongolia.
- Collaborate closely with local self-governing organizations.
- Partner with forestry professionals, private enterprises, associations, and NGOs, ensuring all efforts are scientifically based.

#### Three Focus Areas:

- Conservation Forest Strips and Agroforestry
- Restoration of Degraded Forests
- Restoration of the Kherlen River Basin's Forest



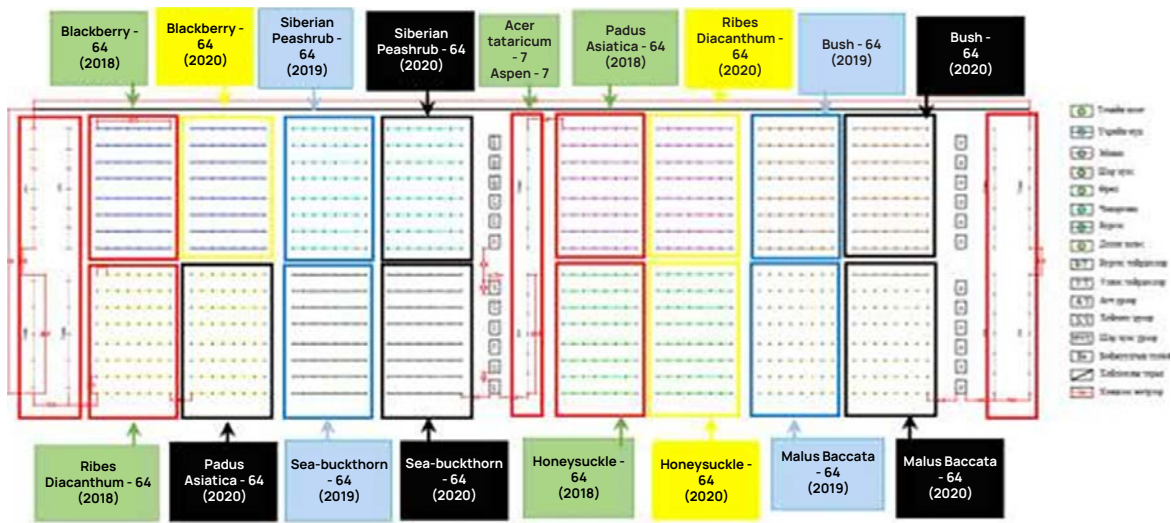
In 2018, a tree nursery was established at the Altan Tsagaan-Ovoo project site. By the autumn census of 2023, a total of 7,230 trees from 11 species—including Elm, Maple, Buckthorn, Poplar, Blackcurrant, Monos, Damlan, Tehin Sheeg, Yellow Acacia, Orul, and Willow—had been planted. In addition, 14,000 saplings from 7 species are currently being cultivated from seeds and branches.

In all tree planting efforts, Steppe Gold adheres strictly to the standards MNS 6258-1:2011 'General Requirements for Preparation and Installation of Seedling Holes' and MNS 62582:2011 'Care for Seedlings of Trees and Shrubs.'





Schematic Diagram of the Experimental Field for Tree Nursery and Cultivation

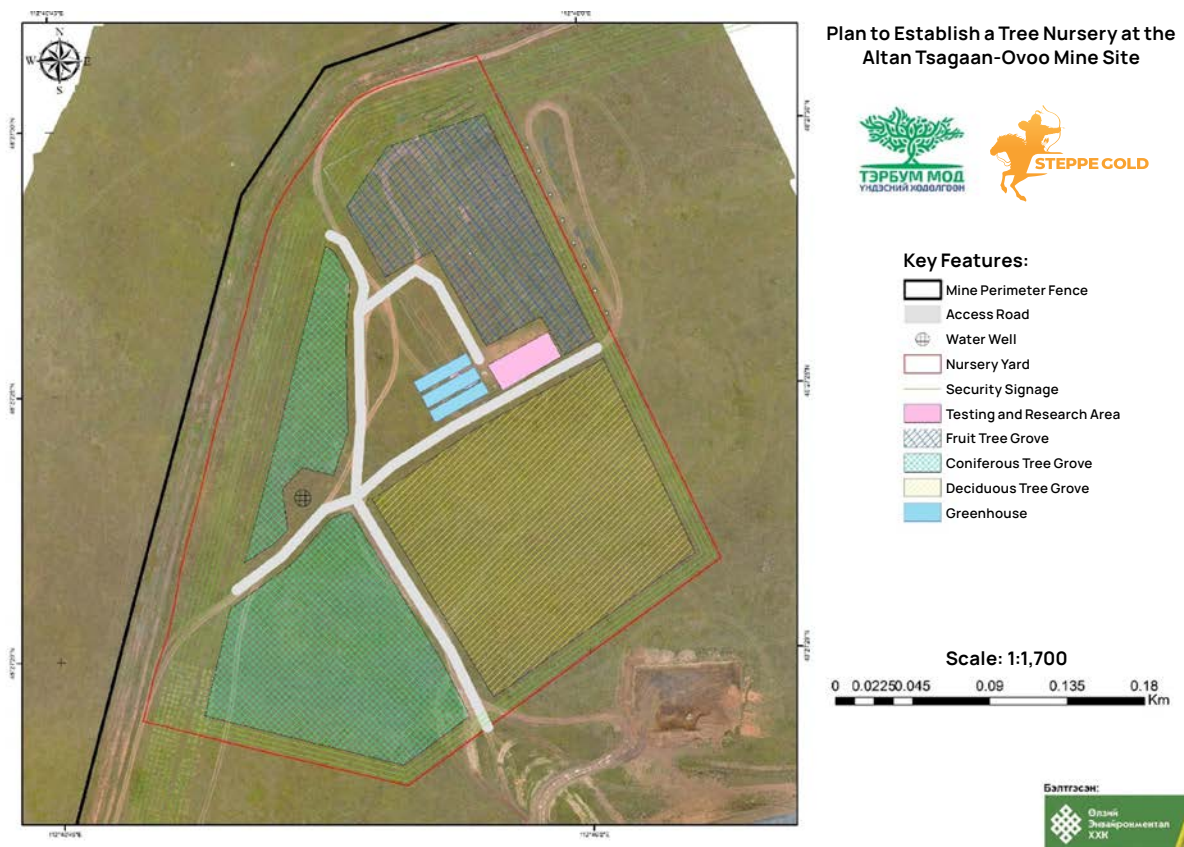


Schematic Diagram of the Experimental Field for Tree Nursery and Cultivation





### Planning the Expansion of the ATO Gold Mine Tree Plantation Area



In 2023, 1,000 twigs from the 7,600 prepared in the spring of 2022 were distributed to Tsagaan-Ovoo. A total of 1,026 twigs were planted, with 5,574 placed in the nursery at the mine site for further cultivation. Additionally, 1,026 poplar and willow trees were planted along the wind protection strip, with 1,026 planted in the spring and 2,004 in the autumn. As part of the fruit tree plantation initiative, 800 saplings comprising 200 each of oleander, monos, sea buckthorn, and gooseberry were planted in the experimental tree breeding field in collaboration with a professional forestry organization.







Each year, an inspection is conducted to assess the survival rate of all trees planted in the nursery, juvenile area, and mine site. The collected data includes details such as species, quantity, size, planting method, and survival rate, which is then compiled and monitored.

This process helps us identify which tree species, planting techniques, and planting times are most effective, ensuring long-term viability and maximizing the positive impact of our reforestation efforts.

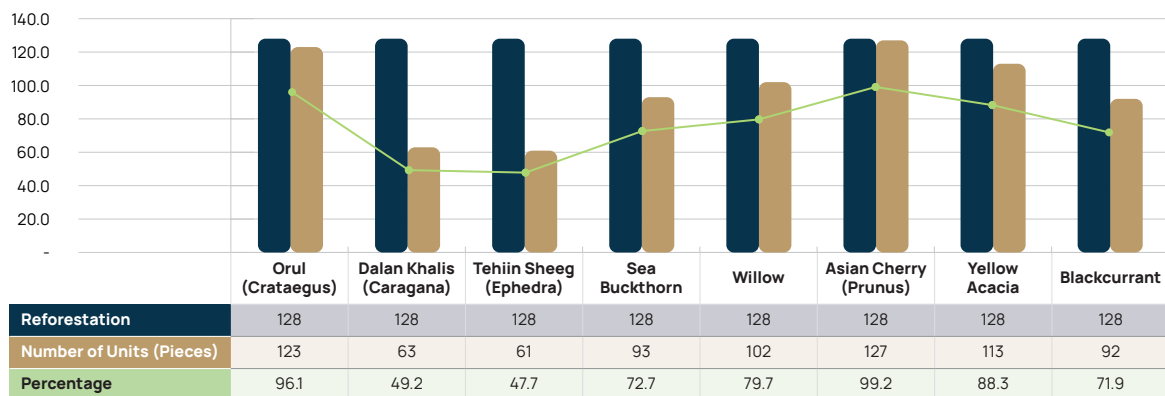
As part of Mongolia's **'Billion Trees' national movement**, initiated by the President of Mongolia, we have signed an agreement to plant 50,000 trees on 30 hectares within the restricted area of Zalaat Valley in the Bogd Khan Mountain Strictly Protected Area. This agreement, endorsed by the Forest Agency (a government implementing body) and the Bogd Khan Mountain Strictly Protected Area, has been approved by the Ministry of Environment and Tourism. We are committed to fully implementing the tasks outlined in this agreement by 2024.



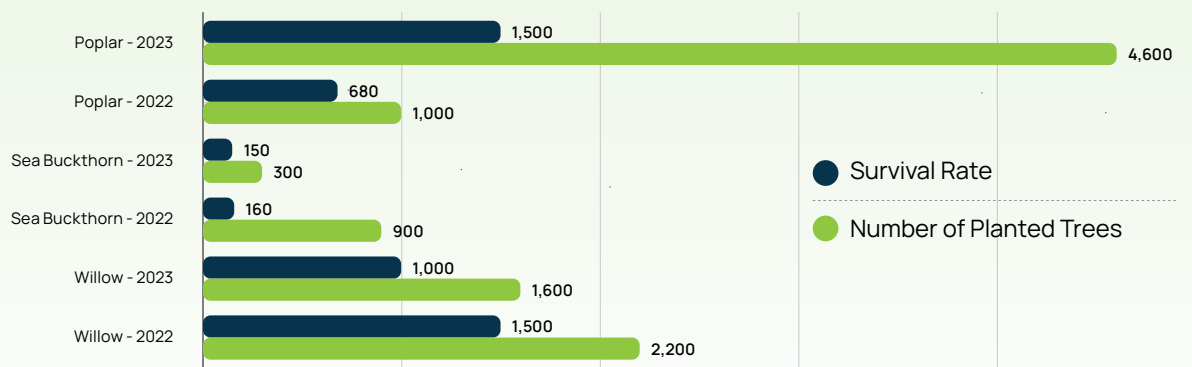




### Tree Area Survival Rate – 2023



### Survival Rate of Trees Planted from Cuttings and Seeds – 2023





## ENVIRONMENT

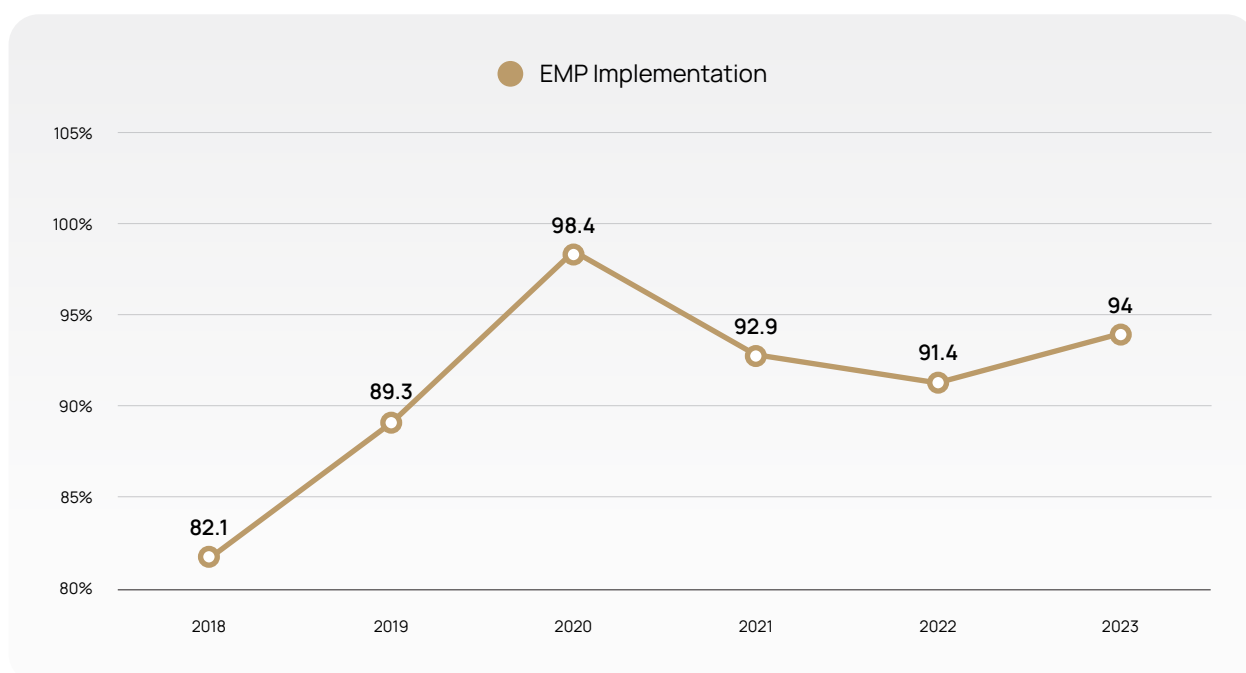
# ENVIRONMENTAL MANAGEMENT

In 2018, the company's CEO approved Steppe Gold's environmental policy, which has since served as the cornerstone of our environmental management efforts. This policy outlines the framework for how we manage, monitor, and mitigate the environmental impact of our projects, focusing on key areas such as air, water, and soil protection, pollution prevention, chemical usage, and water and energy conservation. The policy is regularly updated to reflect any changes in laws, regulations, and operational requirements. For example, in 2023, our environmental management system was renewed in accordance with the ISO 14001 standard.

Steppe Gold complies with relevant provisions of the Laws on Environmental Protection, Minerals, and Environmental Impact Assessment, as well as the Development of Environmental Management Plans as approved by Order No. A/618 (2019) from the Minister of Environment and Tourism. In line with these regulations, we develop an annual Environmental Management Plan (EMP), which is reviewed, approved by the Ministry of Environment and Tourism, and implemented throughout the year.

As part of the 2023 EMP, Steppe Gold implemented measures to minimize the negative environmental impacts of mining operations. These efforts included preventive actions, rehabilitation programs, and countermeasures to address potential environmental risks. We worked closely with research, analysis, audit, and training organizations to monitor ongoing projects and assess any environmental risks. These monitoring programs were conducted by professional organizations, with the involvement of local communities to ensure transparency and foster collaboration.

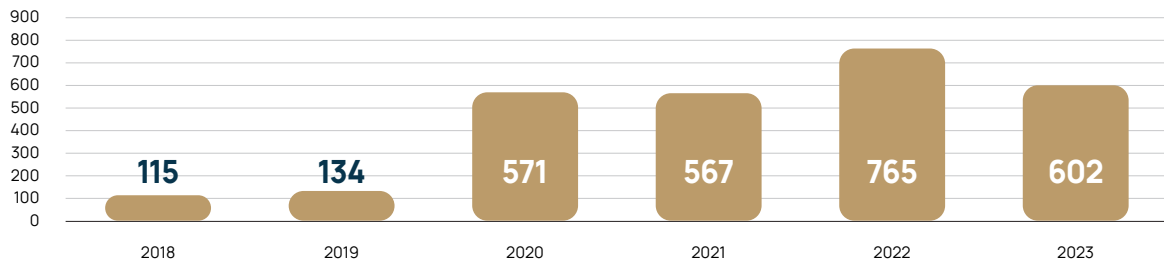
The strong execution of our Environmental Management Plan demonstrates Steppe Gold's commitment to continuous improvement in environmental protection, minimizing operational impacts, and preserving the local ecological balance. Our environmental performance continues to strengthen year after year, reflecting our dedication to responsible mining practices.



## ENVIRONMENTAL TRAINING

In 2023, a total of 602 participants attended the environmental protection training and seminars organized by Steppe Gold. On average, each employee completed 60 minutes of training focused on environmental best practices, regulations, and sustainability initiatives.

Number of Participants Who Received Environmental Training and Instruction:



## ENVIRONMENTAL MANAGEMENT SYSTEM

In 2023, Steppe Gold Company initiated the implementation of the MNS ISO 14001 Environmental Management System standard. As part of this process, a consulting service contract was signed, and a gap analysis was conducted to identify the actions required for compliance with the standard.

Based on the results of the gap analysis, a comprehensive plan was developed and executed to ensure full alignment with ISO 14001 requirements. We are targeting certification of our Environmental Management System by the first quarter of 2024.

## ENVIRONMENTAL MANAGEMENT ACTIVITIES

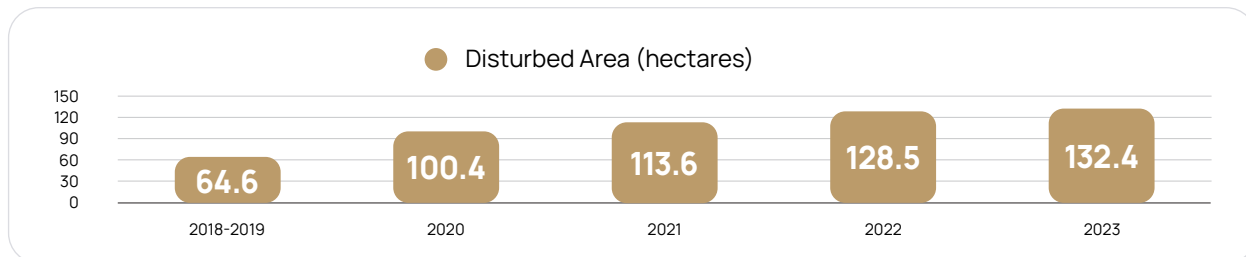
At Steppe Gold, we place a strong emphasis on environmental stewardship in all our activities. Our primary focus is to minimize any potential negative impacts through open communication with stakeholders and the careful management of environmental risks. We prioritize avoiding, preventing, mitigating, and restoring environmental impacts, and work to safeguard against any residual risks that may arise.



## ENVIRONMENT

# LAND MANAGEMENT AND SOIL CONSERVATION

The overall planning of the mine emphasizes minimizing disruption to untouched land throughout its operations. As of 2023, a total of 132.4 hectares of land has been cleared for use.



At the mine site, Steppe Gold has developed and implemented a Land Excavation Permit procedure. According to this procedure, a permit form must be completed and approved prior to any new land excavation. In 2023, a total of five new areas were excavated, including the gas station fire zone, grounding area, topsoil pile expansion, spare parts storage area, and equipment park area, covering a total of 3.84 hectares.

Additionally, 850 m<sup>3</sup> of topsoil was removed, with 30-40 cm of topsoil excavated from the newly mined areas and stored in designated topsoil piles. As of 2023, a total of 402,409.9 m<sup>3</sup> of topsoil is stored in two designated topsoil piles, covering 132.4 hectares, which include areas such as campgrounds, roads, mines, crushers, and factories. These storage practices are in full compliance with applicable standards.

## Topsoil Stockpiles



## ENVIRONMENTAL MONITORING AND ANALYSIS

Environmental monitoring and analysis are essential components of our operations, enabling us to identify and implement measures to avoid and mitigate the negative impacts of mining activities on critical ecological elements such as water, air, soil, flora, and fauna.



### Impact on Soil Quality

A total of 140 soil samples were analyzed across eight sessions, with 39 indicators measured at 26 monitoring points.

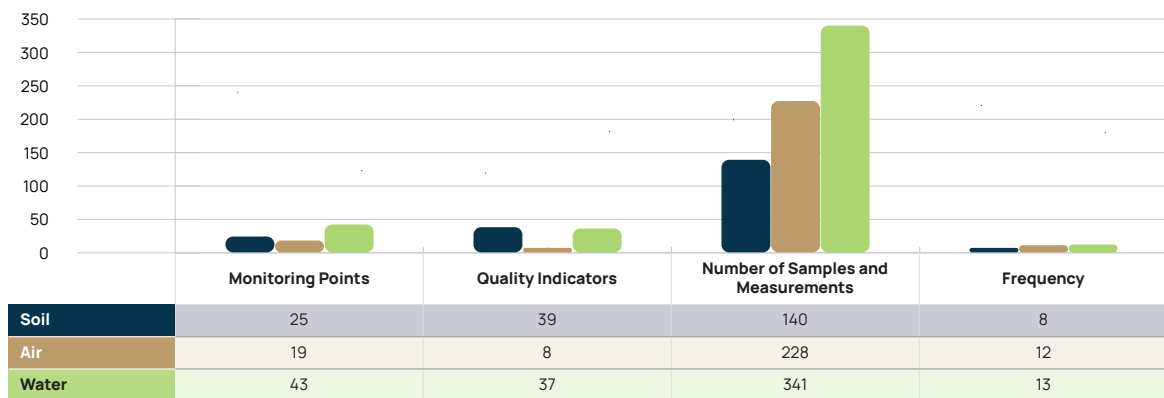
### Dust Measurement

Dust levels were measured 12 times throughout the year, with 228 measurements taken at 19 monitoring points across the mine site.

### Water Quality Control

Laboratory analyses were conducted for 37 parameters at 43 water monitoring points, with 341 water samples analyzed across 13 repetitions.

#### Key Environmental Monitoring Performance Metrics



Automatic level gauges have been installed in 1 of the 14 monitoring wells established to assess potential groundwater impacts from technological activities near the heap leaching area. We are currently working to integrate these gauges into the unified state groundwater monitoring system. For the remaining 13 monitoring wells, groundwater levels are measured manually every seven days using a hand-held level measuring device, with the data recorded in our environmental database.



## WATER USAGE

We regularly monitor our water consumption by installing certified meters at each water source. In 2023, a total of 76,832 m<sup>3</sup> of water was used for mine operations, ensuring accurate tracking and responsible water management.

Water Management								
Topic	SASB Code	Metrics		2019	2020	2021	2022	2023
Water Management	EM-MM-140a.1	Total Clean Water Usage (Cubic Meters)	Drinking Water (Groundwater)	6,472	6,539	7,013	7,020	8,786
			Industrial Use Water (Groundwater)	7,400	21,935	26,542	29,135	61,691
			Open Pit Leachate	-	-	-	-	6,355
		Percentage of Freshwater Withdrawn from Baseline Areas with High or Very High Water Stress		0	0	0	0	0
		Percentage of Freshwater Used from Baseline Areas with High or Very High Water Stress		0	0	0	0	0
	EM-MM-140a.2	Number of Incidents of Non Compliance Associated with Water Quality Permits, Standards, and Regulations		1	0	1	0	0

For all mining operations, water usage is conducted in full compliance with the Water Law of Mongolia and its accompanying legal regulations. We obtain approval from the Water Department and sign contracts with the water basin administration before using water as permitted. Professional-grade meters have been installed in the water supply wells to ensure accurate monitoring. Water consumption is calculated monthly under local supervision, and payments are made in accordance with the contract.

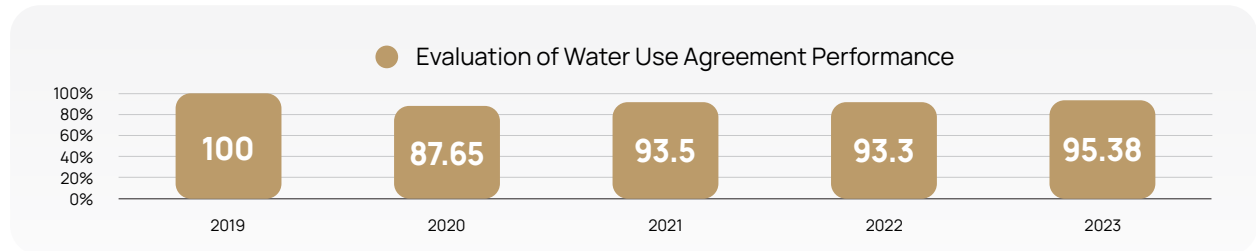
In 2023, a total of 8,786 m<sup>3</sup> of water was used for the domestic needs of mine employees, while 68,046 m<sup>3</sup> was used for industrial purposes.

Nº	Purpose of Use		Amount of Water Used (m³)	
1	For Drinking and Domestic Use in the Employee Camp		8,786	
2	For Industrial Use	Use in the Processing Plant	51,752	68,046
		Irrigation for Trees and Green Areas	2,538	
		Road and Site Irrigation	278	
		Water for Construction and Development Activities	708	
		Water Used for Drilling	150	
		Water Used in Sanitary Facilities	6,265	
		Dewatering	6,355	
Total			76,832	

In the first stage of the Altan Tsagaan-Ovoo mine, we utilize heap leaching technology, which enables us to recycle up to 95% of the water used through a closed-loop system.

Steppe Gold has contributed a total of 248.6 million MNT to the local budget as payment for water usage, in full compliance with Mongolia's Water Law and related legal regulations. In 2023 alone, 93.92 million MNT was paid for water usage.

Additionally, as part of our commitment to responsible water management, we sign an annual water use agreement with the Kherlen River Basin Administration, which oversees water management in the region. The implementation of this agreement is reviewed each year to ensure compliance and sustainability.



In 2023, we developed guidelines for conducting an independent water audit to assess the effectiveness of our water management practices. This audit is planned for the first quarter of 2024.

### PROTECTION OF SURFACE WATER POINTS AND WELL SOURCES

To date, we have successfully fenced and protected a total of eight spring sources. In 2023, we safeguarded the Naran and Bayangol wells in Tsagaan-Ovoo soum, Dornod Province. Our innovative fencing design, which does not require digging holes or installing posts in the soil, ensures that the natural water flow of the springs remains unaffected. This environmentally friendly approach has become a model for the region, with other mining companies now widely adopting our design for protecting spring sources.

Nº	Well Name	Year Fenced	Location
1	Naran	2019	Dornod Province, Tsagaan Ovoo Soum
2	Guntsengeleg	2020	Dornod Province, Tsagaan Ovoo Soum
3	Ulaan Ereg	2021	Dornod Province, Bulgan Soum
4	Khunkhershand	2021	Dornod Province, Tsagaan Ovoo Soum
5	Bider	2022	Dornod Province, Tsagaan Ovoo Soum
6	Erveekhei	2022	Dornod Province, Tsagaan Ovoo Soum
7	Naran (extension)	2023	Dornod Province, Tsagaan Ovoo Soum
8	Bayangol	2023	Dornod Province, Tsagaan Ovoo Soum

**Figure: Fenced and Protected Well Source**





ENVIRONMENT

## WASTE MANAGEMENT

We are committed to minimizing waste generated from all our operations through effective sorting, reuse, and the provision of recyclable materials to designated recycling facilities. We ensure that any remaining waste is disposed of safely and in an environmentally responsible manner.

To enhance our waste management practices, we acquired and operationalized several pieces of equipment in 2023, including a plastic bottle press, a waste material crusher, a bone crusher, an oil filter press, and a turbo burner for incinerating wiping materials.



Waste Management								
Topic	SASB Code	Metrics		2019	2020	2021	2022	2023
Waste Management	EM-MM-150a.4	Total Weight of Non-Mineral Waste (tons)		135.00	103.33	156.55	235.64	268.62
		Total Weight of Waste Rock (tons)		0	637,183	829,396	419,620	532,261.05
		Total Weight of Recycled Waste Rock (tons)		0	0	0	0	0
		Total Weight of Recycled Plastic Waste (tons)		1.06	5.12	2.77	2.75	6
	EM-MM-140a.2	Total Weight of Hazardous Waste (tons)	Medical Waste	0	0.043	0.185	0.019	0.019
			Chemical Waste	0	16.89	9.56	40.19	47.65
			Contaminated Oil	0	0	12.4	20	10
		Total Weight of Recycled Hazardous Waste (tons)	Contaminated Oil Transferred to Recycling Company	0	0	12.4	20	10
		Number of Significant Violations Related to Hazardous Waste and Waste Management	Spill Incident Records	0	12	7	5	6

We have implemented several initiatives to reduce non-hazardous waste, including the transition to electronic signatures to minimize paper usage in the workplace, replacing single-use plastic water bottles for camp staff with reusable metal containers, and providing training for all employees on reducing food waste.

In 2024, we plan to further decrease plastic and paper consumption at the source and explore additional waste reduction opportunities by analyzing tangible results from our ongoing efforts.









## ENVIRONMENT

# BIODIVERSITY

Steppe Gold Company complies with the relevant provisions of the Law on Environmental Impact Assessment, including Appendix 2 of Government Resolution No. 374 (2013), Articles 5.2 and 5.3 of the Environmental Impact Assessment Procedure, and Appendix 2 of Ministerial Order A-117 (2014) issued by the Minister of Environment and Green Development. This order outlines the Methodology for Environmental Impact Assessment as specified in Article 3.3.6.

In accordance with these regulations, the company has engaged professional organizations to conduct baseline studies on biodiversity around the mine site and has developed and implemented a medium-term management plan for biodiversity offset measures.

In 2023, we undertook ten initiatives aimed at assessing and protecting rare wildlife species within the project area, implementing measures for their reintroduction, supporting regional ecosystem stability, and safeguarding surface water sources and springheads.

Numerous studies have confirmed that the 5,492.63 hectares of land under the Altan Tsagaan-Ovoo project's license do not overlap with any protected areas, nor do they contain habitats for endangered species.

Biodiversity Impacts							
Topic	SASB Code	Metrics	2019	2020	2021	2022	2023
Biodiversity Impacts	EM-MM-160a.3	Percentage of proved reserves in or near sites with protected conservation status or endangered species habit	N/A	N/A	N/A	N/A	N/A
		Percentage of probable reserves in or near sites with protected conservation status or endangered species habit	N/A	N/A	N/A	N/A	N/A

## A wildlife monitoring study was conducted over a 3,000 km<sup>2</sup> area within the mining license zone.

A wildlife monitoring study was conducted over a 3,000 km<sup>2</sup> area within the mining license zone. In August 2023, the focus of the monitoring was to determine the distribution, population density, and abundance of ungulate species in the steppe and Gobi desert ecosystems surrounding the project site. The study encompassed five linear transects, each 60 km long and 9.5 km wide, extending up to 50 km from the mine site.

As part of the monitoring, the population of goitered gazelles (*Procapra gutturosa*) was estimated to range between 1 and 5,600 individuals per herd, with a total of 14,203 individuals recorded. Unfortunately, the gender ratio of the herds could not be determined during the survey. Approximately 99% of the goitered gazelle herds were observed in flat areas, foothills, and valleys between small mountains.

In addition to goitered gazelles, the survey recorded various dominant steppe mammals and birds, including foxes, corsac foxes, marmots, steppe eagles, saker falcons, hares, and several species found in wetland areas, such as white-naped cranes, demoiselle cranes, black-necked cranes, and geese.

Date	Total Recorded Herds	Individuals per Herd	Total Recorded Individuals
2019	22	1-2,546	13,629
2020	16	1-1,500	7,003
2021	57	2-212	2,190
2022	45	1-4,100	13,847
2023	11	1-5,600	14,203

Figure: Wildlife Monitoring Study

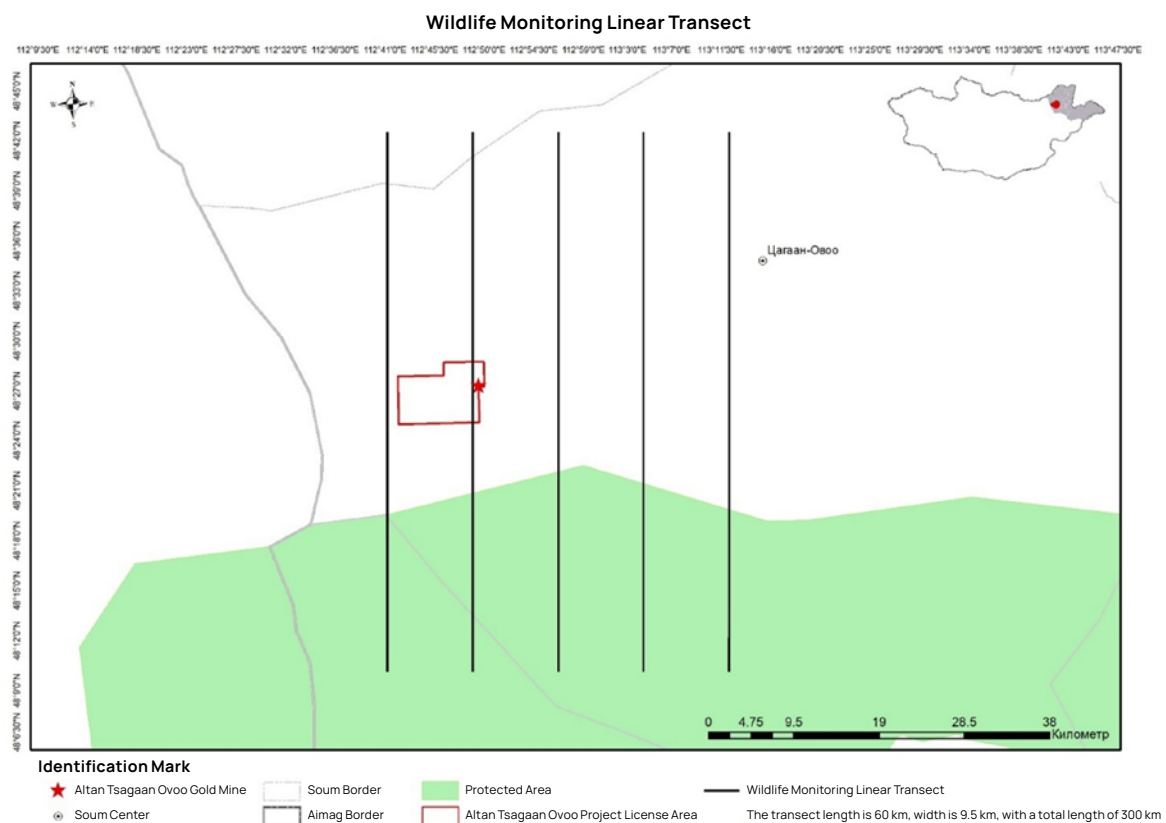


Figure: Photograph of Goitered Gazelle Recorded During Monitoring



### Increase the Population and Habitat Range of Rare Animals – Reintroduce 100 Marmots

The marmot is a vital species that plays a crucial role in maintaining ecological balance within the steppe ecosystem. In recent years, its population has significantly declined due to illegal hunting. As part of the mine's biodiversity conservation management plan, we have reintroduced a total of 300 marmots over a three-year period to support the stability of the regional ecosystem. For example, in 2021 and 2022, 200 marmots were reintroduced into the Toson Hulstai Nature Reserve and surrounding areas, including Tsagaan-Ovoo and Khulunbuir Soums.

In 2023, additional marmots were reintroduced to Oont Enger, located within the territory of the 3rd team of Tsagaan-Ovoo Soum, and were handed over to the local "Altashyn Kholboo" nature conservation society. The reintroduced marmots are entrusted to local nature conservation associations, established with the participation of local herders, to protect them from illegal poaching.

**Figure: Marmot Reintroduction Measures**



### Installation of Artificial Bird Nests and Perches in Toson Khulstai Nature Reserve

As part of the mine's biodiversity conservation management plan, 300 artificial bird nests are planned for installation in the Toson Khulstai Nature Reserve and its surrounding areas. This initiative aims to enhance the stability of the steppe ecosystem, preserve ecological balance, and control rodent overpopulation.

To date, significant progress has been made: 81 bird nests and perches were installed in 2020, followed by 50 in 2022, and an additional 20 in 2023, bringing the total to 151. These installations have been officially handed over to the Dornod Province Nature Conservation Administration for ongoing management and oversight.



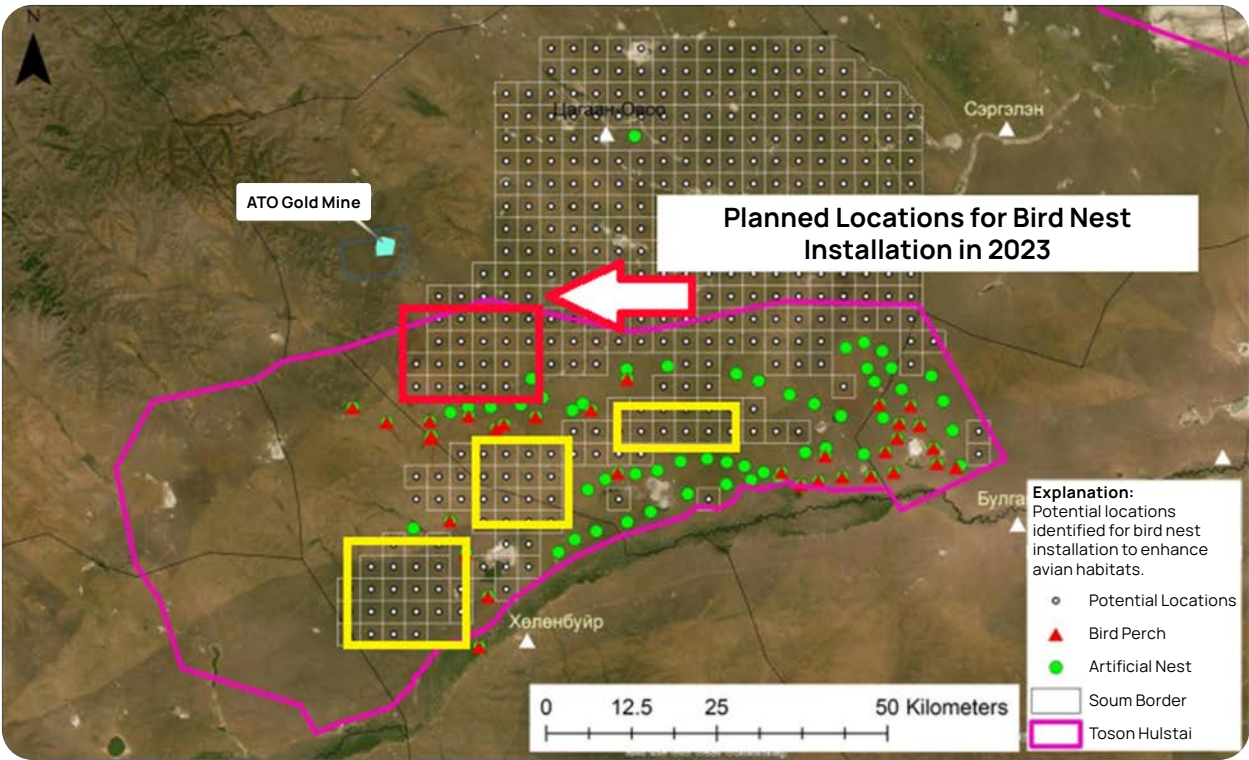


Figure: Installed Bird Nests and Perches





## Rehabilitation of Disturbed and Abandoned Lands

As part of the construction of a paved road in Khulunbuir Soum, Dornod Province, we undertook technical rehabilitation on a 4-hectare area that had been disturbed by material extraction and left without restoration. The rehabilitated area has been officially handed over to the state commission.



## Collaborating to Improve the Protection Management of Toson Hulstai Nature Reserve

In our efforts to enhance the protection management of the Toson Hulstai Nature Reserve, we partnered with the Nature Protection Administration of Dornod Province to establish a natural regeneration area within the reserve. This area, measuring 30x18 meters, is designed for studying vegetation cover and assessing the impacts of overgrazing and human activities by comparing the conditions inside the regeneration area with those outside.





ENVIRONMENT

# MINE CLOSURE AND REHABILITATION

In compliance with Mongolian law, we developed a preliminary mine closure and rehabilitation plan in 2018, prior to commencing mining operations. The implementation of mine rehabilitation and closure will adhere to relevant Mongolian laws, regulations, standards, and methodologies, while also incorporating international best practices and guidelines.

These include Mongolia's Minerals Law, Environmental Impact Assessment Law, Land Law, Subsoil Law, and the Law on Toxic and Hazardous Chemicals, as well as environmental, health, and safety guidelines from the International Finance Corporation (IFC), Integrated Mine Closure Planning, the International Cyanide Management Code, and other applicable recommendations and standards.

The following principles will guide the mine closure and rehabilitation process:









The Mine Closure and Rehabilitation Plan, along with the required financial costs, is revised quarterly. As of December 31, 2023, the estimated financial requirement for environmental rehabilitation at the Altan Tsagaan-Ovoo mine is projected to be \$2.6 million, with a total of 132.4 hectares of disturbed land. In 2023, we successfully completed rehabilitation work on 17.59 hectares of land, including exploration roads, multiple access routes, and unused areas, and handed over the rehabilitated areas to the state commission.

Area of Land Rehabilitated (hectares)	Date					Total
	2019	2020	2021	2022	2023	
	1.95	1.11	12.61	0.84	1.08	

## REHABILITATION TRIALS AND RESEARCH FOR MINE CLOSURE

### Seed Bank Establishment and Research on Native Plants

To identify the most suitable seed species for mine closure rehabilitation, we annually collect and prepare seeds from perennial plants found on and around the mine site. These seeds are then utilized in experimental rehabilitation efforts.

### Experimental Planting of Perennial Plants in Different Soil Types

The Altan Tsagaan-Ovoo mine is primarily a gold-polymetallic deposit. Due to its mineralogical composition, certain areas of the surrounding soil and waste piles formed during mining may contain elevated levels of chemical elements.

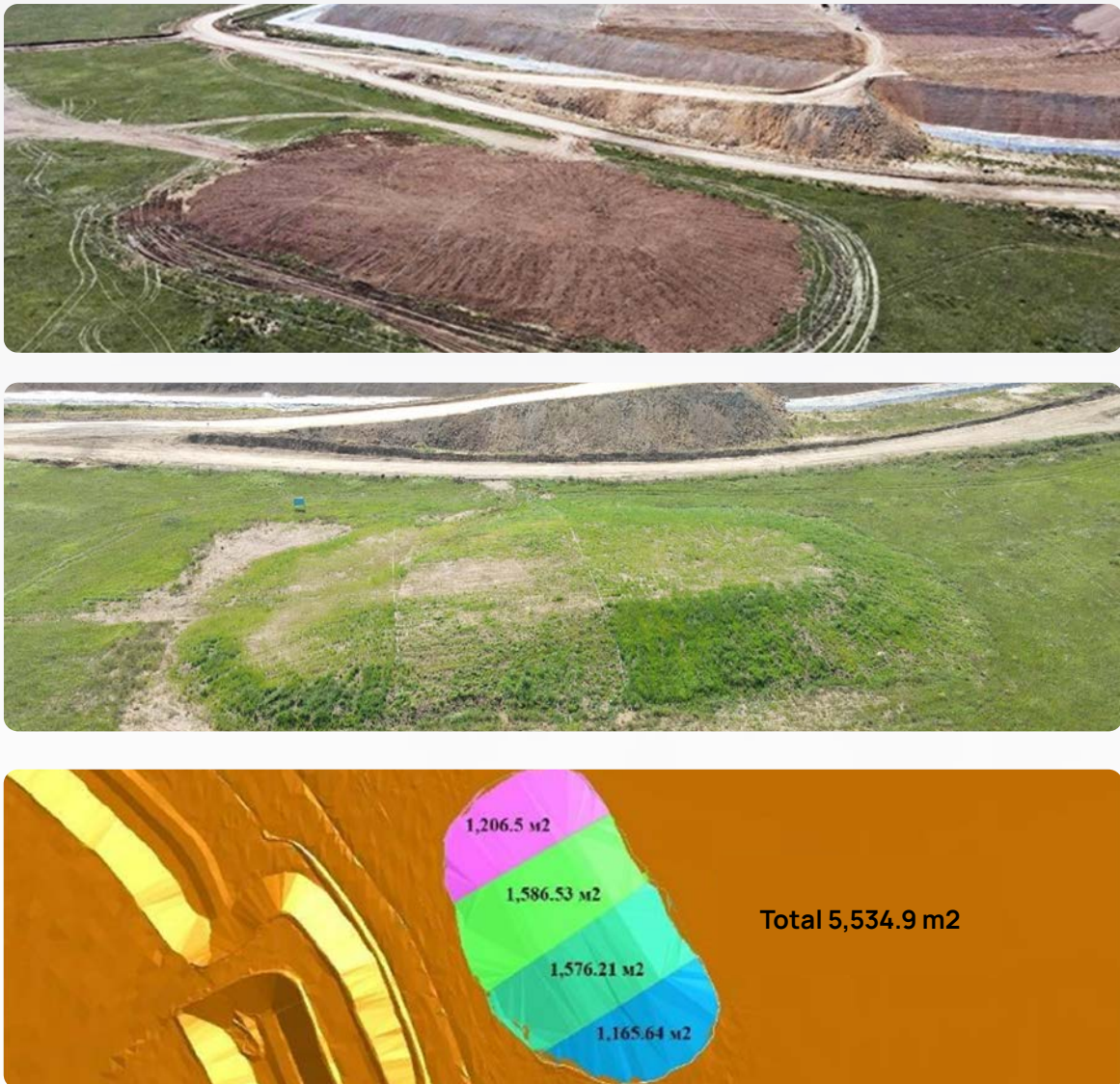
To address this issue, we are conducting experimental phytoremediation by planting perennial plants in soils with varying qualities, including areas with higher concentrations of specific chemical elements. In 2023, we initiated an experiment to plant 10 species of trees, shrubs, and perennials across four different soil environments. A total of 40 test plots, each measuring 4 m<sup>2</sup>, were prepared,

### Waste Pile Rehabilitation Experiment

To ensure effective mine closure, the 2023 Environmental Management Plan included an experimental rehabilitation initiative for waste rock piles. As part of this initiative, technical and biological rehabilitation was conducted over a 5,534.9 m<sup>2</sup> area of a small clay material waste pile, utilizing 1,698.85 m<sup>3</sup> of fertile soil. Four species of pasture plants were planted, both as mixtures and individually, in various configurations to facilitate the rehabilitation experiment.



**Figure: Waste Pile Divided into Four Sections**



We plan to continue this research in 2024, collaborating with a professional organization to conduct a comprehensive biodiversity study. The results will contribute to a foundational database that is essential for determining optimal solutions for mine closure rehabilitation.





# SOCIAL



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# HUMAN RIGHTS

Steppe Gold is committed to upholding the principle of respecting human rights across all its operations. This commitment is reflected in our Human Resources Policy, the company's Code of Business Conduct and Ethics, and other relevant procedures. In 2023, we updated our policy documents to emphasize workforce planning, enhance employee skills, and foster an environment that supports professional growth, development, and well-being. Our core principles focus on providing equal pay, fair incentives, and promoting sustainable development.

We maintain a zero-tolerance policy towards human rights violations, discrimination, and any form of violence. This principle is fully integrated into our Code of Business Conduct and Ethics and our Human Resources Policy. Each year, all employees, including new hires, are required to familiarize themselves with these policies and confirm their commitment by signing a compliance form. This process ensures that every employee aligns with and commits to upholding the company's human rights principles.

Additionally, we conduct annual training for all employees on the company's Code of Business Ethics, policies, human rights, employee engagement, open communication, equality, and fairness.

## WE PRIORITIZE THE HEALTH AND WELL-BEING OF OUR EMPLOYEES

We are dedicated to creating a healthy and safe workplace founded on mutual respect, fairness, and unity. To achieve this, we:

- **Do not tolerate discrimination** in the workplace.
- **Establish a fair and impartial system** for receiving and addressing employee feedback and complaints.
- **Value diversity** and ensure that both permanent and contracted employees are treated fairly, providing equal opportunities for participation at all levels of the organization.
- **Offer fair, performance-based compensation** and rewards.
- **Promote and maintain a workplace culture** free from drugs and alcohol.
- **Recognize and respect employees' freedom** to form and join unions.

These principles are integrated into all relevant human resources policies and procedures, including the Human Resources Policy, Open Communication Policy, Code of Business Conduct and Ethics, Internal Labor Procedure, Payroll Procedure, Confidentiality Procedure, Annual Leave and Payroll Procedure, Recruitment and Selection Procedure, Performance Evaluation Procedure, Training and Personal Development Procedure, Employee Information Collection, Processing, and Storage Procedure, Disciplinary Procedure, Travel Procedure for Roster, Travel Budget Procedure, Petition and Complaints Procedure, and the Prohibition of Abuse, Discrimination, and Sexual Harassment at Workplace Procedure.

We strictly adhere to these policies and procedures within our unified management system, ensuring full compliance with the relevant laws of Mongolia.







## SOCIAL

# HUMAN - PRECIOUS CAPITAL

The Board of Directors and executive management of Steppe Gold prioritize human development as the core of the company's operations, implementing modern and advanced management practices. A key focus has been the preparation of a highly skilled national workforce with the necessary knowledge and intellectual capacity. To achieve this goal, Steppe Gold is committed to making hiring decisions based solely on job qualifications, without regard to age, gender, ethnicity, religion, or sexual orientation, while particularly prioritizing local communities. This commitment is realized through a sustainable human resources policy that ensures the fair and equal application of labor regulations to all employees, both permanent and contracted.

## Skilled National Team

**Proven Success:** By building a skilled national team, we have successfully conducted operations and gained sustained support from our investors.

## KEY HUMAN RESOURCES ACHIEVEMENTS

### Valuing Our Employees

Since the company's founding, we have consistently prioritized the health, safety, and overall working and living conditions of our employees. In 2023, as part of our ongoing initiatives to enhance health protection and reduce risks, we implemented several key actions, including:

- Health screenings for all employees.
- Enrollment of each employee in a health insurance plan, providing coverage for medical services and expenses up to 50,000,000 MNT.
- Coverage for each employee under an accidental liability insurance plan for up to 20,000,000 MNT.
- Enrollment of all mine employees in employer-sponsored insurance, offering coverage equivalent to up to 36 months' salary.
- Evaluation and certification of the working conditions of all employees by a professional organization.

## Valuing Our Employees' Families

As part of our corporate social responsibility, we recognize the importance of our employees' families just as much as our employees themselves. In 2023, we focused on the following initiatives:

- **Health Insurance:** We provided health insurance services for employees' children, fully covering one child from each employee's family under the health insurance plan.
- **Gifts for Children:** Each year, we give age-appropriate gifts to employees' children for New Year's and Children's Day. Additionally, we continue the tradition of providing gifts to all children under the age of 12 in Tsagaan-Ovoo Soum.
- **Support for New Parents:** Mothers caring for newborns are given the opportunity to work remotely with full pay, while fathers are granted 10 days of paid leave. A financial allowance of 600,000 MNT is provided for each newborn.

## Employee Benefits, Incentives, and Salary Increases

By decision of the CEO, the following benefits were provided in 2023:

- A one-time bonus equivalent to one month's base salary was awarded to all employees in recognition of their achievements and productivity.
- In celebration of the New Year, each employee received a bonus of 500,000 MNT.
- Additionally, in April 2023, the salaries of all mine employees were increased by 10%.

Following the recommendations of our human resources strategy for implementing an integrated management system, we successfully introduced a performance evaluation system, achieving a 95% completion rate for employee evaluations.

## Employee Engagement Activities

We actively support sports programs and initiatives to promote employee health and encourage productive use of their free time. For example, we provide access to a sports hall every week where employees can engage in a variety of sports and spend time together in a productive manner. This opportunity is open to all employees.

During the national Naadam festival, we also uphold a tradition of organizing sports competitions at the mine, including basketball, volleyball, table tennis, chess, and checkers.

Our annual 'Steppe Retreat' event focuses on promoting teamwork and features different themes each year. In 2023, the event was themed 'Let's Play,' which included traditional games. The company continues to implement initiatives aimed at improving employee engagement, fostering a positive work environment, and developing teamwork skills. These efforts are crucial in building a motivated and cohesive workforce.



## EMPLOYEES AND CONTRACTORS

Steppe Gold's human capital, including contractors, has consistently grown since 2019. Over the past five years, we have been recognized as the leading employer in the soum and local region based on the total number of employees working at the mine. As of 2023, 99% of our total workforce comprises Mongolian employees, with 75% being local residents from the soum and surrounding area. However, the total workforce has decreased by 10% compared to the previous year.

Workforce Number - Metrics							
Topic	SASB Code	Metric	2019	2020	2021	2022	2023
Total Number of Employees and Percentage of Contractors	EM-MM-000.B	Total number of employees	242	230	286	290	269
		Total number of contractors	150	120	195	280	213
		Percentage of Contractors in the Total Workforce	38%	34%	41%	49%	44%
		Total Number of Permanent and Contracted Employees	392	350	481	570	482

Employee Turnover - Metric							
Topic	SASB Code	Metric	2019	2020	2021	2022	2023
Turnover Rate by Age	KPI B1.2	Total number of employees	253	240	230	286	290
		Total number of contractors	242	230	286	290	269
		Percentage of Contractors in the Total Workforce	17	18	20	35	48
		Total Number of Permanent and Contracted Employees	392	350	481	570	482
		Age Group of Resigned Employees					
		20-30	5	3	3	8	11
		30-40	5	9	3	3	12
		40-50	0	1	1	2	4
		50+	1	1	0	0	5
		Total Number of Resigned Employees	11	14	7	13	32
		Turnover Rate of Resigned Employees by Age Group					
		20-30	2	1.3	1	2.7	3.93
		30-40	2	3.8	1	1	4.29
		40-50	0	0.4	0.3	0.7	1.43
		50+	0	0	0	0	1.78

By ensuring robust protection of employee rights and fostering fair labor relations, there have been no recorded strikes since the commencement of operations at the Altan Tsagaan-Ovoo mine. Although our employees have the right to join industry trade unions and associations, there are currently no members.

Activity Metrics							
Topic	SASB Code	Metric	2019	2020	2021	2022	2023
Labor Relations	EM-MM-130a.1	Number and duration of strikes and lockouts	0	0	0	0	0

## GENDER EQUALITY

At Steppe Gold, we implement an equal pay policy across all levels of employment. Male and female candidates are selected for the same positions based on merit, and we provide equal opportunities and compensation for all roles.

The following table illustrates the gender distribution of employees at both the project site and the head office. We are dedicated to maintaining a compensation and incentive policy that is independent of gender.

Gender Distribution of Employees and Contractors	Employees (2023)		Contractors (2023)	
	Male	Female	Male	Female
ATO Mine Site	214	15	145	68
Corporate Office	10	30	0	0

We are currently in the process of developing comprehensive diversity and inclusion goals and initiatives that will be implemented across the organization. These efforts are expected to significantly enhance diversity and inclusiveness in the workplace.

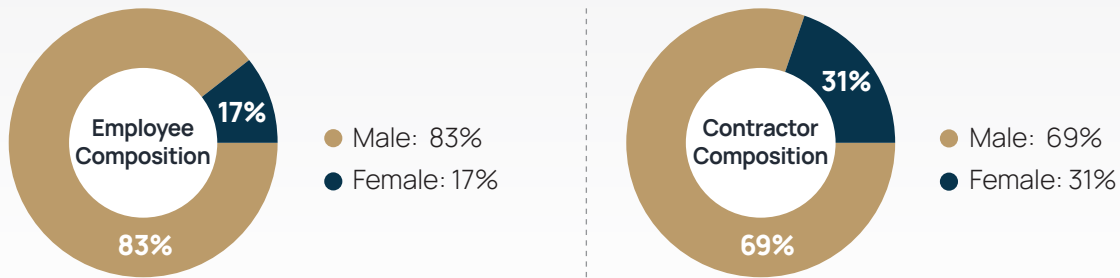
The table below illustrates the percentage of the female workforce at each employment level.

Female workforce representation statistics	2019	2020	2021	2022	2023
Board of Directors	14%	14%	14%	14%	29%
Mid-level management	14%	14%	14%	14%	20%
All employees	10%	10%	10%	11%	17%
All contractors	N/A	N/A	N/A	20%	31%



In line with the national trend in Mongolia's mining sector, male employees continue to dominate our workforce. However, in 2023, the representation of female employees increased by 6%, and the percentage of female contract workers grew by 11% compared to the previous year. Women make up 29% of Steppe Gold's Board of Directors and 20% of middle management, which is above the national and international industry averages for the mining sector. As of December 2023, women accounted for 17% of the company's permanent employees and 31% of contract workers.

#### COMPANY AND CONTRACTORS' EMPLOYMENT STATISTICS



#### TRAINING & DEVELOPMENT

In 2023, we approved a comprehensive training plan that identified the training needs of employees across all departments. This plan was developed in accordance with relevant Mongolian laws and regulations, ensuring that specialized training is provided by licensed professional organizations. Training sessions are categorized by topic, such as chemical handling and pressure vessel and pipeline operation.

By implementing the Training and Development Policy, we successfully conducted a series of training programs aimed at improving employee skills and enhancing productivity. Each employee's skills are evaluated using a skills assessment form and matrix, and individualized training plans are developed and approved by department heads.

The company's training programs are organized into four key areas, with regular training sessions provided:

1. **Specialized Training Programs:** Conducted with licensed professional organizations, tailored to specific conditions and requirements.
2. **Collaborative Training Programs:** Conducted in partnership with professional organizations, in compliance with relevant laws and regulations.
3. **Skill Enhancement and Leadership Development:** Programs for employees, including additional training for middle management and managers.
4. **Internal Training Requirements:** Knowledge-sharing sessions organized by the company's departments.

In 2023, we conducted 19 external training programs, reaching a total of 1,007 employees (with some employees attending multiple sessions). Of these participants, 94.8% were male and 5.2% were female. On average, each employee participated in six training sessions, accumulating 48 hours of external training over the course of the year.

External Training – Metric			
Total Workforce	Gender Ratio	Total Trainings Conducted	Total Training Hours
1007	Female 23, Male 984	19	424 hours

External Training Categories – Metric				
Nº	Training	Average Training Hours per Employee	Training Hour	Number of Employees Who Attended Training
1	Crane Integrity Supervisor	12	24	1
2	Overhead Crane Operator	12	24	16
3	Rigger/Signalman	8	16	91
4	Forklift Operator	12	24	25
5	Manipulator Crane Operator	12	24	46
6	Forklift Loader Operator	12	24	27
7	Bobcat Equipment Training	12	24	25
8	Safety in Cargo Unloading Operations	12	24	17
9	Low-Pressure Boiler Operator	8	16	18
10	Compressor Operator	8	16	87
11	Pressure Vessel and Pipeline Supervisor	8	16	30
12	Working at Heights Training	16	32	76
13	Conveyor Belt Training	16	32	12
14	Pressure Vessel and Pipeline Worker	8	16	93
15	Confined Space Lockout/Tagout Training	16	32	86
16	Safety for High-Temperature Work	16	32	84
17	Chemical Handling Training	8	16	116
18	General Occupational Safety and Health Training for All Employees	8	16	136
19	Occupational Safety and Health Training for Middle Management	8	16	21

## Internal Training

In 2023, internal Occupational Safety and Health (OSH) training was assessed based on the hours allocated to 'New Employee Training' and 'Refresher Training.' A total of 207 employees participated, with each employee averaging 2 training sessions and 16 training hours throughout the year.



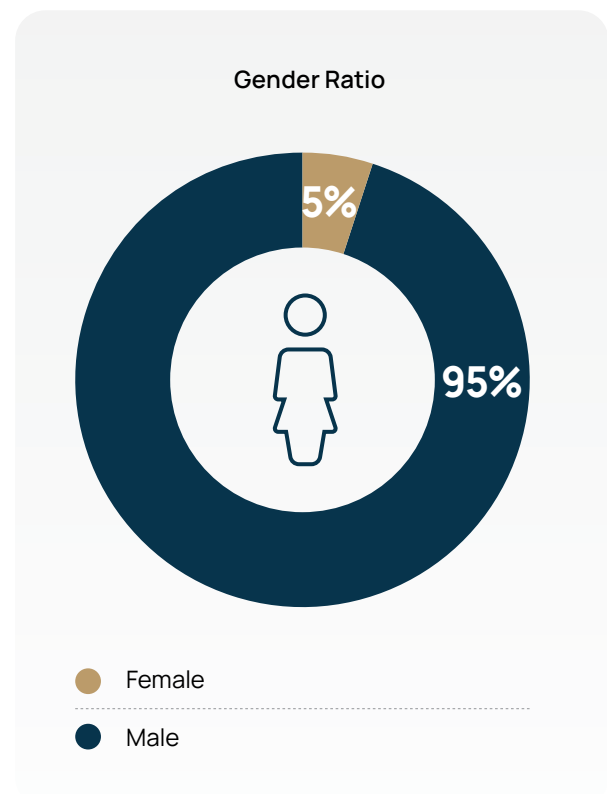
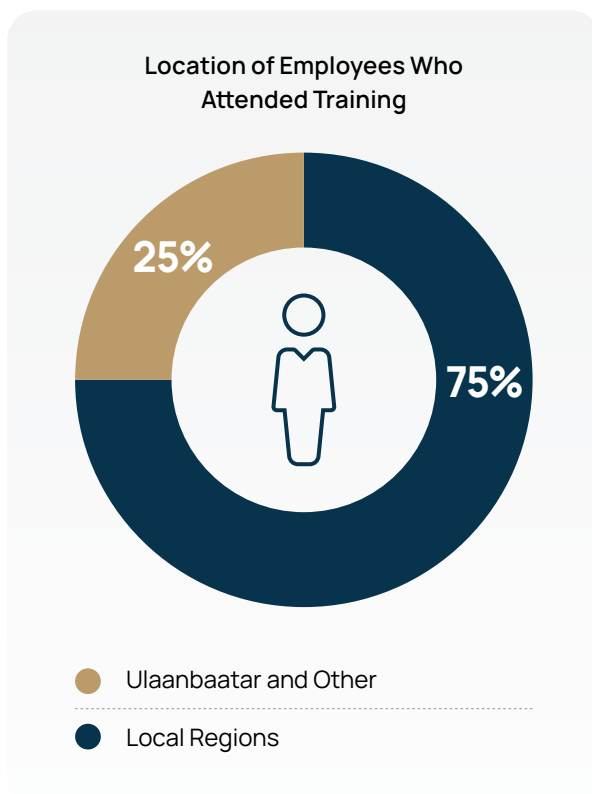
Internal Training - Metric		
Total Number of Employees Participating in Training (including multiple attendances)	Total Trainings Conducted	Total Hours Spent
207	83	97 hours

In 2023, the Human Resources Department conducted training sessions on the company's Code of Business Ethics and the newly updated internal procedures. A total of 601 employees attended, averaging 6 training sessions and 32 training hours per employee.

Internal Training - Metric		
Total Number of Employees Participating in Training (Including Multiple Attendances)	Total Trainings Conducted	Total Hours Spent
601	14	32 hours

In 2023, a total of 1,815 employees participated in both internal and external training programs. On average, each employee attended 14 training sessions, accumulating a total of 96 training hours per employee.

The table below illustrates that 75% of the mine's workforce consists of local employees, while 25% are from other provinces and cities. When categorized by gender, 95% of the employees who participated in the training were male, and 5% were female.



# HEALTH AND SAFETY

## Occupational Safety and Health Policy

Steppe Gold is committed to adhering to the laws and regulations related to occupational safety and health in Mongolia, as well as applicable legal documents and standards. Our policy aims to manage and mitigate potential risks in the workplace to an acceptable level while ensuring a safe and healthy work environment that meets occupational safety and health (OSH) requirements for sustainable production.

Under the motto "Safety is a Measure of Success," we prioritize daily safety operations. We strive to create a healthy and safe environment for all our permanent and contracted employees, as well as for visitors to the mine site.

Steppe Gold operates in compliance with the Occupational Safety and Health Law of Mongolia and related legal documents and standards. We actively manage potential workplace risks, aiming to establish an environment that meets OSH requirements for sustainable operations. To achieve these objectives, we have implemented the following measures as part of our unified management system, ensuring compliance and continuous improvement:

- **Health Screenings:** All employees underwent health screenings, and 100% were enrolled in accidental insurance.
- **Updating OSH Procedures:** We organized the phased updating of all OSH procedures to align with our unified management system.
- **Safety Training:** All permanent and contracted employees participated in safety training, in accordance with the requirements outlined in the Minister of Labor and Social Protection's Order A/173, ensuring adherence to safety protocols and guidelines in the workplace.
- **Hazard Identification:** We identified potential hazards and risks for both permanent and contracted employees, as well as local residents, implementing planned control measures to ensure compliance with safety standards.
- **Emergency Preparedness:** We ensured compliance with relevant plans for implementation during emergencies.

Steppe Gold is committed not only to ensuring the safety of its employees but also to providing a healthy and conducive working environment. In our efforts to establish a workplace that meets OSH requirements at the mine site, we have implemented the following activities:

## Employee Health Protection

Every employee at Steppe Gold has access to primary care services for preventive health measures and work-related illnesses or psychological issues, ensuring they can seek professional advice and assistance at any time. In 2023, we implemented several key initiatives to enhance employee health protection:



- **Comprehensive Health Screenings:** All new hires underwent thorough health screenings for preventive measures.
- **Periodic Health Assessments:** All employees participated in periodic health assessments tailored to their specific professions and working conditions.
- **Health Program Implementation:** We established a health program designed to support employees' well-being.
- **Accidental Insurance Coverage:** All employees were covered by accidental insurance.

**To identify hazards and risks that may affect both permanent and contracted employees, as well as local residents, we implemented the following control measures:**

- **Discrepancy Monitoring:** We monitored the registration and correction of discrepancies identified in the workplace.
- **Risk Assessments:** A total of 25 risk assessments were conducted and reviewed.
- **Safety Training:** To enhance employees' knowledge of safety, we prepared and presented 304 safety highlights on various topics.
- **Planned Workplace Inspections:** We conducted 105 Planned Workplace Inspections across all departments and subcontractor companies, taking corrective actions on identified discrepancies.
- **Tire Inspections:** We performed 6 tire inspections.
- **Speed Measurements:** For safety purposes, we conducted 54 speed measurements.
- **Alcohol Breathalyzer Tests:** Breathalyzer tests were administered 34 times, involving a total of 1,603 employees.
- **Safety Meetings:** We held 36 meetings with health and safety personnel from contracted companies to discuss improvements in safety practices.

**To ensure compliance with the emergency response plan, we undertook the following actions:**

- **Collaboration with Government Agencies:** We worked with government agencies responsible for emergency response.
- **Equipment Readiness:** We ensured the readiness of equipment and tools for emergency situations at the mine.

**To ensure employee participation in occupational health and safety (OHS) activities, we undertook the following actions:**

- **OHS Council Meetings:** We regularly organized OHS council meetings as scheduled.
- **Ongoing Surveys:** We conducted ongoing surveys to gather feedback from all employees regarding OHS issues, identifying needs and expectations, and assessing OHS culture.

Additionally, the employee camp at the mine is under 24-hour security, with security personnel consistently enforcing camp rules and regulations for both employees and visitors.

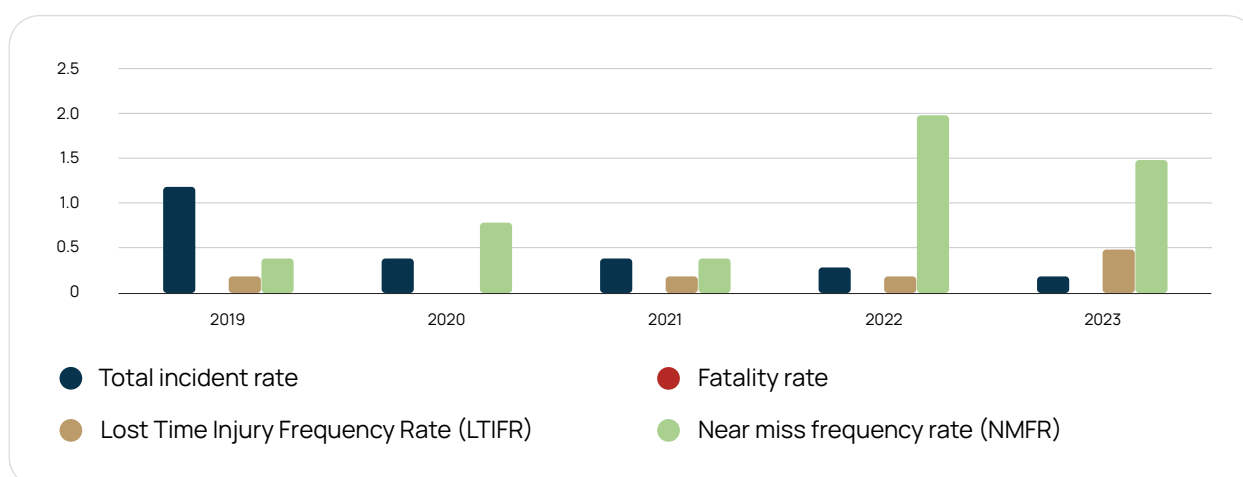
## WORKPLACE SAFETY

To promote transparency and create an environment of open communication regarding health and safety issues, we empower employees to take responsibility for maintaining a safe workplace. Every employee is required to undergo comprehensive training to effectively report incidents and injuries, enabling them to identify potential hazards and risks, address them proactively, and implement preventive measures.

In the event of any accident or injury, the Occupational Safety and Health (OSH) Department conducts thorough investigations to identify root causes and prevent recurrence. We are committed to implementing the ISO 45001 Occupational Health and Safety Management System standard. By adopting this standard, we aim to establish a robust framework for identifying, assessing, and managing health and safety hazards and risks, ensuring compliance with legal requirements, and fostering continuous improvement.

A comparison of health and safety data from 2019 to the end of 2023 indicates positive trends: there were no reported fatalities during this period, and both the number of accidents and near-miss incidents consistently decreased. Additionally, the duration and frequency of occupational health and safety (OHS) training sessions have increased, reflecting our commitment to enhancing workplace safety.

Workforce Health and Safety							
Topic	SASB Code	Metrics	2019	2020	2021	2022	2023
Workforce Health and Safety	EM-MM-320a.1	Total incident rate	1.2	0.4	0.4	0.3	0.2
		Fatality rate	0	0	0	0	0
		Lost Time Injury Frequency Rate (LTIFR)	0.2	0	0.2	0.2	0.5
		Near miss frequency rate (NMFR)	0.4	0.8	0.4	2.0	1.5
		OHS training for employees (man-hour)	1,104	1,365	1,840	2,620	3,140
		OHS training for contractors (man-hour/)	1,584	1,905	2,560	2,500	2,930



## OHS TRAININGS & WORKSHOPS

We consistently implement training plans and programs to manage workplace risks related to occupational health and safety (OHS). Since 2019, the Human Resources Department has collaborated with the OHS Department to conduct 19 different training sessions for employees at the Altan Tsagaan-Ovoo mine, in accordance with the relevant regulations established by the Ministry of Labor and Social Protection of Mongolia. Additionally, each year, Steppe Gold ensures that both permanent and contracted employees participate in specialized training conducted by professional organizations for high-risk workplaces, as mandated by law.

In 2023, we organized two types of internal training sessions under our OHS program:

- New Employee Training: Conducted 110 times for 324 participants.
- Guest Training: Held 77 times for 319 participants.

On average, each employee attended 2 training sessions per year, accumulating a total of 16 training hours per employee.

Total Number of Employees Participating in Training	Total Number of Training Sessions Conducted	Total Training Hours Completed
643	187	478

As part of the Occupational Health and Safety (OHS) training program, we conducted a series of training sessions focused on emergency response measures, including additional refresher courses. In 2023, these efforts engaged a total of 6,070 participants, accumulating 21,548 training hours. Furthermore, we consistently provided additional training on occupational safety and health, as well as specialized training for both permanent and contracted employees working at the mine.





SOCIAL

## LOCAL COOPERATION

Steppe Gold prioritizes collaboration with local companies and is committed to providing job opportunities for local residents. As of December 20, 2023, a total of 453 employees are working across 12 organizations operating at the Altan Tsagaan-Ovoo mine. This workforce includes 287 employees from Dornod Province, of which 142 are from Tsagaan-Ovoo Soum, 128 are from Ulaanbaatar, and 38 are from other local areas.





## SOCIAL

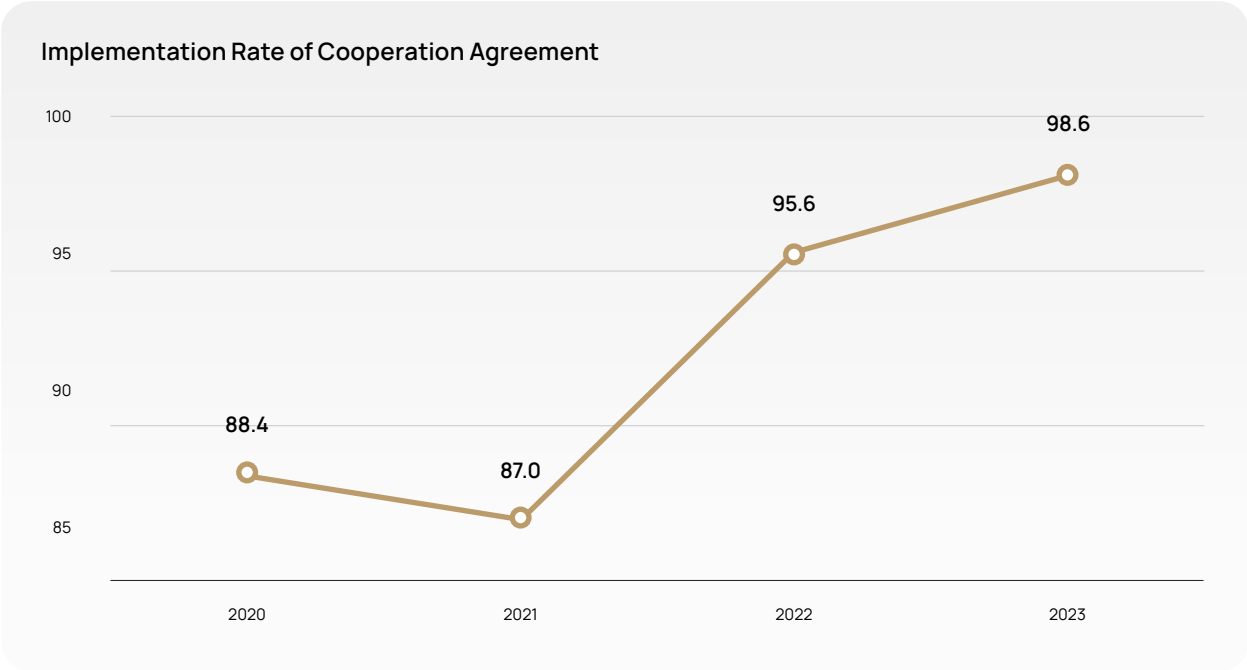
## LOCAL RELATIONS

Since its establishment, Steppe Gold has focused on contributing to the social and economic development of the eastern region of Mongolia through the Altan Tsagaan-Ovoo project, creating value in the process. We are dedicated to improving livelihoods and fostering local development through projects and programs that promote long-term sustainability in the region. To achieve this goal, we are strengthening collaboration with key stakeholders, including local governments and residents, while enhancing their participation.

For instance, in accordance with Article 42.1 of the Minerals Law of Mongolia and Government Resolution No. 179 of 2016, we signed a tripartite cooperation agreement on April 26, 2019, with the Governor's Office of Dornod Province and the Governor of Tsagaan-Ovoo Soum. This agreement focuses on developing infrastructure related to environmental protection, mining operations, and industrial establishment, as well as creating additional job opportunities.



The implementation, performance outcomes, and reporting of this agreement are managed by the Local Cooperation Committee, which consists of nine members representing all parties involved. This committee conducts annual evaluations to assess the effectiveness of the agreement. Over the past three years, the performance of the cooperation agreement has consistently exceeded 85%, reflecting the collective efforts and accountability of all parties involved.



We have consistently fulfilled our commitments to support local sustainable development by contributing both directly and indirectly to the economy through construction projects, employment opportunities for local residents, project financing, and local procurement. For instance, we actively support local government initiatives aimed at improving living standards and enhancing the quality of life for residents by providing job opportunities, empowering herders, and purchasing goods, products, and services from local producers and suppliers.

Local Relations							
Topic	SASB Code	Metric	2019	2020	2021	2022	2023
Local Relations	EM-MM-210b.2	Number and duration of non-technical delays	0	0	0	0	0

Through our consistent efforts, we have established transparent, fair, and active collaboration with key stakeholders, including local government, residents, and herders. As a result, there have been no incidents of downtime due to non-technical interruptions since the project implementation began. For example, we hold annual meetings with the residents of the Elst Buun bagh in Tsagaan-Ovoo Soum, where the Altan Tsagaan-Ovoo project is located, to exchange information regarding the implementation of the Environmental Management Plan. We continuously disseminate information to the public in the affected areas, fully adhering to our principles of transparency and accountability in our operations.



## LOCAL INVESTMENT

Steppe Gold is committed to contributing to local sustainable development throughout all phases of the Altan Tsagaan-Ovoo project. Our policy emphasizes creating jobs and sourcing necessary work, services, and procurement from local residents and businesses. Additionally, as part of our corporate social responsibility initiatives, we strive to positively impact all segments of society, including education for students and youth, sports, livestock farming, and the preservation of indigenous cultural heritage.

To achieve these objectives, we have successfully implemented several projects and programs in collaboration with local self-governing bodies and community leaders. In 2023, we invested a total of 1,747,806,430 MNT in projects and programs based on requests from citizens and businesses.

Investment in Local Projects and Programs	
Construction of a Sports Complex	440,209,906 MNT
Well Drilling Program	264,000,000 MNT
Support for Small and Medium Enterprises	150,000,000 MNT
Student Scholarship Program	146,446,810 MNT
Road Maintenance and Repair	97,358,000 MNT
Livestock Development Program	60,000,000 MNT
Ger Supply Program	49,000,000 MNT
Hot Water Supply Construction	45,000,000 MNT
Public Road Lighting	11,121,402 MNT
Support Provided Based on Requests from Enterprises	
Total Support for Requests from Government Agencies	315,185,367 MNT
Support for National and Local Competitions: Assistance for events organized in Tsagaan-Ovoo Soum, as well as support for national sports teams and athletes participating in international competitions	85,656,945 MNT
Support for Unified Waste Management Site: Funding for purchasing equipment required for the unified waste management site in the Soum Center, addressing challenges caused by weather conditions and livestock infectious diseases	83,828,800 MNT

### Support Program for Small and Medium Enterprises and Household Production

In 2023, we provided 150 million MNT in support to the Cooperative Development Fund in collaboration with government administrative organizations, aimed at assisting household production and small and medium enterprises (SMEs). A total of 16 project proposals were submitted by SME entrepreneurs, and based on the selection committee's decision, 6 projects were approved.

Representatives of the Soum's Citizens' Representative Khural (CRH) established a supervisory board responsible for overseeing the approved projects and programs. This board monitors the progress and repayment of the selected projects and provides regular reports back to the CRH.



The project financing and progress are illustrated in the following table:

Nº	Sector of Project Implementation	Funding (MNT)	Project Progress
1	Auto Repair	30,000,000	100%
2	Sewing	15,000,000	100%
3	Support Services	54,000,000	50%
4	"Bershger Khad" Cooperative	15,000,000	100%
5	Vegetables	18,000,000	100%
6	Dumpling	18,000,000	100%
<b>Total Funding</b>		<b>150,000,000</b>	

**Result:** Job opportunities have been created in the local area, allowing small and medium enterprises to operate sustainably without the burden of high interest rates.

## CONSTRUCTION

In 2022, we successfully implemented the integrated heating system for the soum center.

**Result:** This connection now services approximately 30 government and service buildings and facilities.

Additionally, we began constructing a sports complex designed for both national and local sports events, as well as a public hot water facility for the residents of the soum, achieving 20% project completion.

**Result:** This initiative helps bridge the urban-rural divide and improves the quality of life for local residents.



### PROGRAM FOR THE PROTECTION OF HISTORY AND CULTURAL HERITAGE

The Altan Tsagaan-Ovoo mine operates in Tsagaan-Ovoo Soum, Dornod Province, an area inhabited by the Buryat people. In recognition of this cultural heritage, we initiated the “Ugay Culture” project in 2021, aimed at preserving and promoting the traditional customs, lifestyle, and unique artifacts of the Buryat people for future generations. We have consistently worked to implement this project each year.

In 2023, as part of this initiative, we prepared documentary films and recordings showcasing the unique and traditional customs of the Buryat people. This project is set to continue and will be made available to the public in the fourth quarter of 2024.



In collaboration with the Local Government of Tsagaan-Ovoo Soum, we funded the establishment of a cultural corner at the local school, aimed at preserving and passing on our historical and cultural heritage to future generations. This cultural corner features a glass showcase displaying Buryat clothing and accessories, with explanatory exhibits created in cooperation with the school's labor teachers.

To promote and disseminate our cultural heritage—both tangible and intangible—and to support local athletes, we provide monthly stipends to the national sports and wrestling teams from Tsagaan-Ovoo Soum, aiding their participation in international and national competitions.

Result: Notable athletes continue to achieve success at the provincial and national levels.



## PROJECTS TO IMPROVE LIVELIHOODS OF HERDERS

The impact of our mining operations affects certain pastures and migration routes of local herders. Reducing the negative impacts on these herder households and their nomadic lifestyles, while providing tangible support to their livelihoods, is one of our primary objectives under our social responsibility framework. In this context, we implement programs aimed at supporting herders' livelihoods, including training in pasture management planning, conducting pasture rotation trials, breeding high-quality livestock, cultivating feed crops, and providing access to water sources.

The Altan Tsagaan-Ovoo project area is located in a semi-arid region with limited natural water resources, making it essential to enhance local access to drinking water. Therefore, Steppe Gold has traditionally implemented the **'Water Source' program**, aimed at improving pasture water resources for herders. As of 2023, we have established approximately 20 engineered water points.

**Result:** Herders now utilize groundwater for their domestic needs and can water their livestock throughout the year.

Since 2019, we have also implemented the **Youth Livestock Support Program**. This initiative aims to improve the livelihoods of herders and preserve the nomadic lifestyle by passing it on to young families. Specifically, the program provides targeted households with 200 goats for one year, allowing them to keep the offspring while transferring the original herd to the next selected household. This enables these families to establish their own livestock and enhance their livelihoods. To date, we have distributed a total of 800 goats to targeted households based on decisions made by the local Citizens' Representative Khural.

Additionally, since 2020, we have implemented the **Ger Supply Program** to support individuals with incomes below the poverty line. As of 2023, we have provided a total of 33 million MNT worth of traditional gers to 18 households in collaboration with the local administrative office.

## YOUTH DEVELOPMENT AND PARTICIPATION

We believe that a visionary and educated citizen is a valuable asset to the nation. With this conviction, we have defined our company's strategy to support youth development and engagement, prioritizing investments in human capital in Mongolia. Since 2017, we have actively included students from Tsagaan-Ovoo Soum in Dornod Province, as well as from Shinejinst and Bayan-Undur Soums of Bayankhongor Province, in our scholarship program. As of the end of 2023, we have awarded a total of \$550,000 in scholarships to 1,670 students studying at national and international universities, with approximately 700 of these students benefiting from scholarships in Tsagaan-Ovoo Soum.

**Result:** Specialists who were previously lacking in local government agencies and service organizations have been trained and are now employed in general education schools, health centers, the Soum's Local Government Office, and various service organizations.

## REGIONAL CONFERENCE

The Mongolian National Mining Association (MNMA), in collaboration with the Ministry of Mining and Heavy Industry (MMHI), the Mineral Resources and Petroleum Authority (MRPA), and the Extractive Industries Transparency Initiative (EITI) Council, organized the “Responsible Mining Day” event in a regional format. The purpose of this event is to effectively communicate the benefits and impacts of the mineral resources sector to stakeholders, promote mining projects that operate responsibly, and enhance collaboration among industry participants.

The event was held in the following locations:

- Erdenet, Khangai region: May 5-6, 2023
- Darkhan, Central region: July 6, 2023
- Altai, Western region: September 14-15, 2023
- Choibalsan, Dornod Province: November 16-17, 2023

The “Responsible Mining Day” attracted over 250 attendees, including representatives from the Ministry of Mining and Heavy Industry, the Mineral Resources and Petroleum Authority, the Ministry of Environment and Tourism, the Mongolian National Mining Association, the Environmental Police, the Trade Union Alliance, industry journalists, as well as the Governor and staff of Dornod Province. Also in attendance were representatives from the Citizens' Representative Khural, the Governor's Offices of Sukhbaatar and Khentii Provinces, and various organizations and businesses engaged in exploration and extraction activities in the Eastern region.

As a key organizer of the event, Steppe Gold Company collaborated with the Dornod Province Local Government Office to provide an on-site presentation of the Altan Tsagaan-Ovoo project, highlighting its operations to all attendees.





# GOVERNANCE



Steppe Gold is committed to effective corporate governance practices that support responsible and ethical business conduct. The company upholds the highest standards of integrity, transparency, and accountability in its business affairs and has adopted the following policies to promote these values:

- **Code of Business Conduct and Ethics** (2018)
- **Anti-Corruption and Bribery Policy** (2018)
- **Whistleblower Policy** (2018)
- **Transparency Communication Policy** (2022)
- **Policy on Disclosing Company Information** (2018)
- **Securities Trading Policy** (2018)





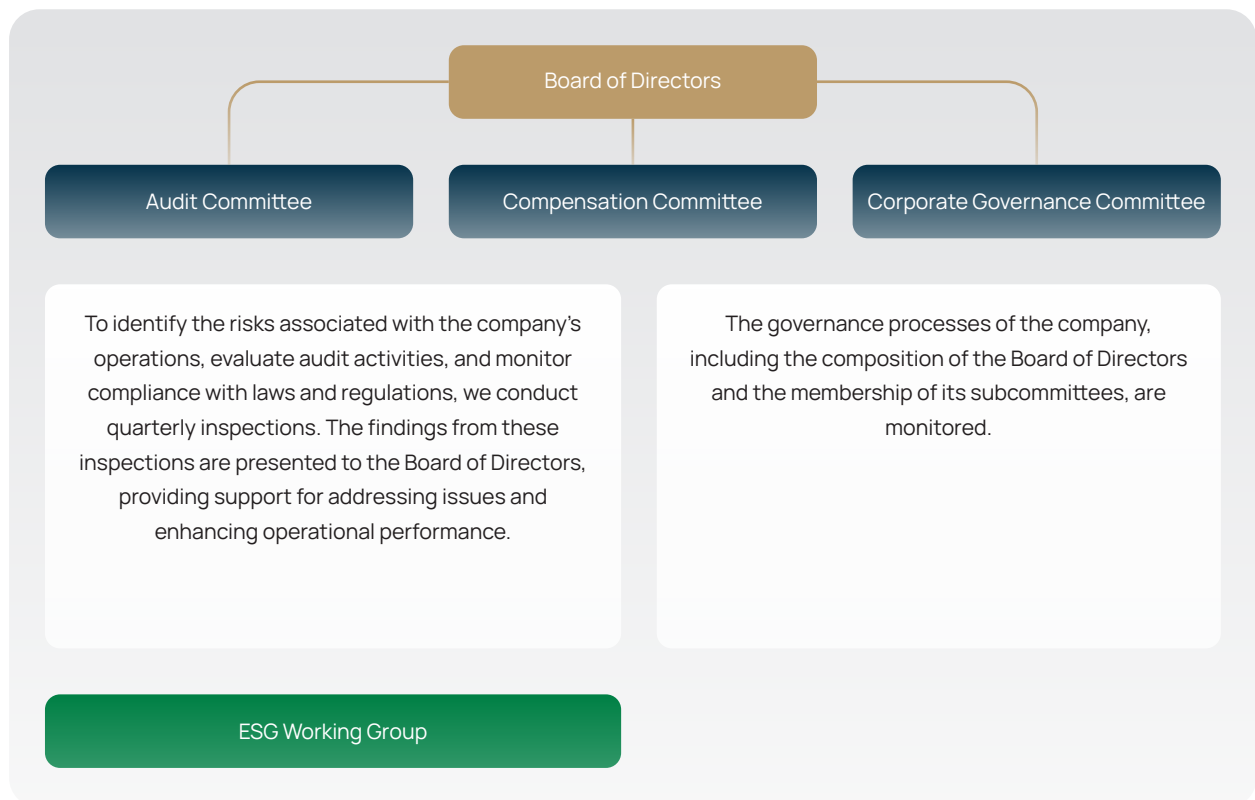
## GOVERNANCE

# GOVERNANCE & COMMITMENT TO ESG

Steppe Gold Company strives to be a leading national producer of precious metals committed to responsible mining practices. Our primary objective is to ensure the safety of our employees, contractors, and the local community. By defining sustainability as a core value and an integral part of our business model, we aim to create long-term value for all stakeholders.

## Board Management Oversight on ESG

Steppe Gold deeply values sustainability and considers social, economic, and environmental matters at all levels of governance, including the Board of Directors, which is dedicated to maintaining the highest standards of integrity and accountability through its management committees:



The Board of Directors comprises members with extensive knowledge and experience in mining, metallurgy, geological engineering, finance, economics, environmental issues, and climate change. Additionally, the Board is tasked with defining the company's sustainability vision and overseeing related activities. Monitoring key performance indicators of sustainability is a fundamental responsibility of the Board. The Audit Committee, led by a climate change expert, oversees the sustainability working group and provides guidance to the environmental team.

In 2022, a professional organization conducted an assessment of greenhouse gas emissions, establishing baseline conditions. Building on this, in 2023, the sustainability working group initiated a plan outlining both short-term and long-term actions to be implemented in this area.

# ESG STRATEGY & PRINCIPLES

## ESG Policy

- Ensure the health and safety of company employees and local residents.
- Calculate greenhouse gas emissions from all company operations and implement short and long-term strategies to reduce these emissions annually.
- Implement measures to mitigate negative environmental impacts, proactively assess potential risks, and conduct regular studies on mine closure and rehabilitation.
- Focus on making a tangible contribution to the local economy and sustainable development, supporting the education of young people, and protecting cultural heritage.

The company's ESG strategy is built upon the following key areas:

- Strengthening sustainable, long-term relationships with employees and local communities, thereby enhancing value.
- Reducing the environmental footprint and contributing to environmental protection while intensifying research efforts aimed at mine closure and rehabilitation.
- Increasing the use of renewable energy, integrating the latest equipment and innovations, and implementing measures to reduce greenhouse gas emissions.

Ensuring the health and safety of our employees is one of the most important policies at Steppe Gold. Therefore, we strictly adhere to the relevant laws of Mongolia and international standards in all our operations. From the very first day of our operations, we have recognized our social responsibility, collaborating with stakeholders to develop and implement our local development and environmental management plans. Our commitment to responsible mining, coupled with the dedication and expertise of our talented workforce, is a source of pride for us.

## Our Principles

- Ensure the health and safety of employees and local residents.
- Operate without any accidents or injuries on the mine site.
- Minimize negative impacts on the environment while restoring and protecting natural ecosystems.
- Fully support and contribute to local sustainable development.



## GOVERNANCE

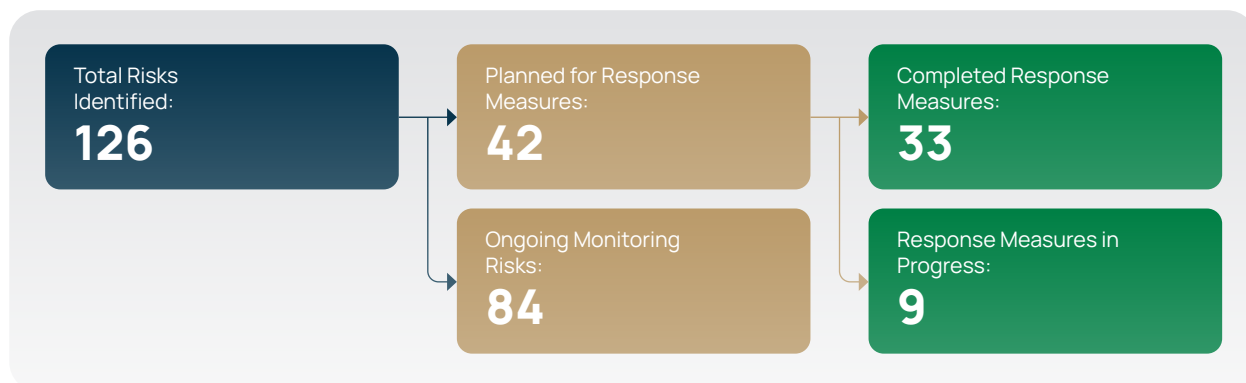
# RISK MANAGEMENT

As part of our sustainable development strategy, risk management is organized and implemented by the Internal Audit Department. In accordance with the approved risk management procedures, each department assesses its specific risks twice a year, covering all aspects and processes of the company's operations. The detailed risk assessments from each department are consolidated and analyzed, resulting in a comprehensive report submitted to the Audit Committee and management. This risk assessment identifies potential risks that could impact business operations and includes recommendations for mitigation and preventive measures, along with ongoing monitoring of their implementation.

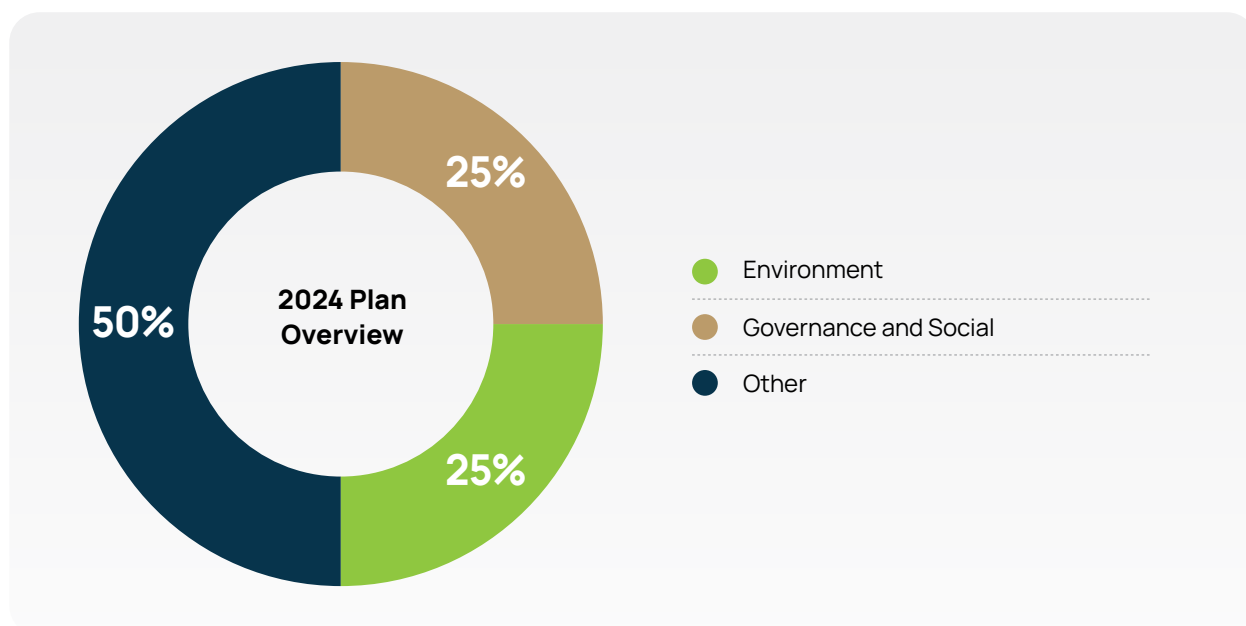
In 2023, a total of 126 risks were identified and documented across the company. Out of the 42 risks for which response measures were planned, 33 have been successfully implemented, while 9 remain incomplete and will progress based on future actions and timelines. The remaining 84 risks will be continuously monitored by the relevant departments to ensure that preventive measures are in place.



## Summary of 2023 Risk Assessment



In the 2024 plan, 50% of the initiatives will focus on environmental, governance, and social issues. Climate change has emerged as one of the most significant challenges facing society and the environment. Therefore, the Internal Audit Department plans to conduct an audit on "Disaster Risk Preparedness." Additionally, an audit will be conducted on "Organizational Culture" within the framework of the company's governance and social responsibility.



We conduct scheduled risk assessments encompassing the company's overall operations and management activities. Furthermore, we have established specific objectives to measure and monitor risks related to climate change. As a result, we have not only identified the risks posed by climate change to the company but also the risks associated with transitioning to a green economy, along with the opportunities arising from these changes.

Based on the identified climate-related risks, we have developed a comprehensive climate strategy. With the support of the Internal Audit Department, the Audit Committee, and all relevant team members, this initiative was implemented with the assistance of professional consultants to identify climate change-related risks and opportunities.



## GOVERNANCE

## LEGAL AND REGULATORY COMPLIANCE

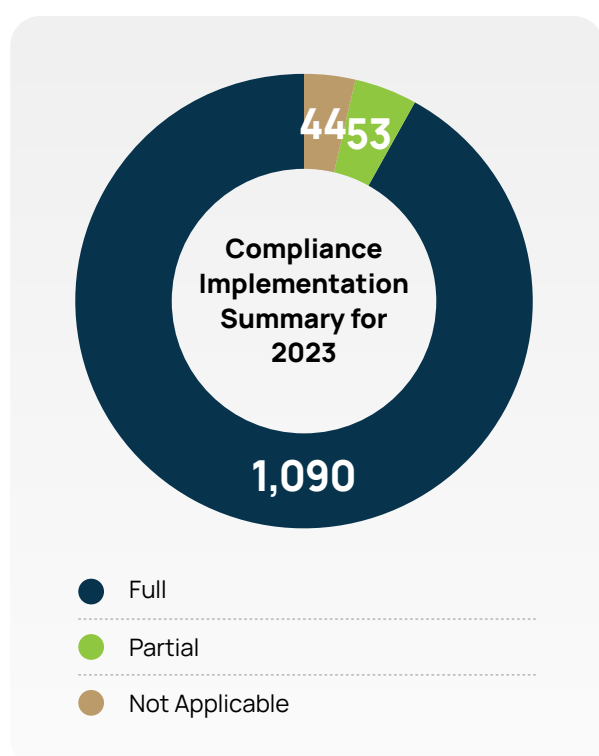
In 2023, we established the “Compliance Assessment Procedure” to define the relevant laws and regulations of Mongolia applicable to the company’s operations. This procedure ensures that any amendments or updates are systematically integrated and adhered to. According to this procedure, compliance assessments developed by each department are consolidated, and the appointed personnel for the year oversee their implementation.





The implementation rates of compliance assessments for each department in 2023 are presented in the table below:

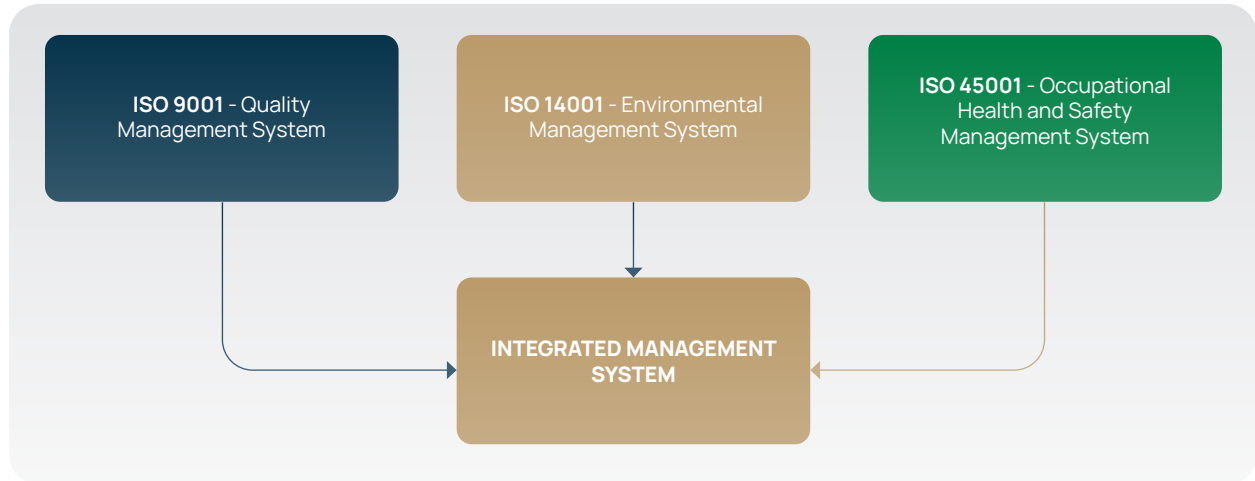
Compliance Implementation				
Departments	Full	Partial	N/A	Total
Environment	97.6%	0.4%	2.1%	100%
Construction and Development	99.4%	0.6%	0.0%	100%
Human Resources	100.0%	0.0%	0.0%	100%
Occupational Health and Safety	73.6%	22.6%	3.8%	100%
Crusher and Heap Leach	78.2%	6.4%	15.4%	100%
Finance	100.0%	0.0%	0.0%	100%
Maintenance	91.1%	2.2%	6.7%	100%
Processing Plant	60.0%	18.3%	21.7%	100%
Administration and Procurement	100.0%	0.0%	0.0%	100%
Mine	84.4%	12.5%	3.1%	100%
Local Community Relations	87.0%	8.7%	4.3%	100%
Legal Compliance and Permitting	90.0%	10.0%	0.0%	100%
Information Technology and Monitoring	100.0%	0.0%	0.0%	100%
Internal Audit	75.0%	25.0%	0.0%	100%
<b>Total</b>	<b>91.8%</b>	<b>4.5%</b>	<b>3.7%</b>	<b>100.0%</b>



In 2023, the company was required to comply with a total of 1,187 laws, regulations, and standards. Of these, 1,090, or 91.8%, have been fully complied. The remaining 4.5% were assessed as partially compliant, while 3.7% were found to be non-compliant. The company plans to take corrective actions in 2024 to ensure full compliance with these outstanding requirements.

## Integrated Management System

In 2023, we organized the implementation of the following three standards from the International Organization for Standardization (ISO) with the aim of obtaining certification by the first quarter of 2024:



The implementation of the ISO 14001 Environmental Management System and the ISO 45001 Occupational Health and Safety Management System standards marks a significant step in fulfilling our commitments from the previous year and strengthening our operations.

In Mongolia, mining projects are mandated by law to conduct rigorous environmental impact assessments. We have completed the environmental impact assessment for the ongoing project in accordance with detailed evaluation procedures. Based on the results of these assessments, we have developed and approved a five-year Environmental Management Plan. This plan includes legally binding commitments to mitigate and prevent negative impacts on the environment, as well as to implement necessary compensation measures.

We consistently regulate social issues such as labor relations, health, and safety in accordance with relevant laws and regulations. The Constitution of Mongolia, adopted in 1992, serves as a fundamental legal document that embodies justice, freedom, human rights, equality, and the rule of law, significantly influencing our operations. Furthermore, we adhere to the Labor Law of Mongolia, which was enacted in 1999 and amended in 2001. This law governs various aspects of labor relations, including the rights and responsibilities of employees, labor contracts, labor disputes, working conditions, management, monitoring, inspections, and accountability.

Additionally, the law prohibits child labor and includes essential provisions to protect minors from exploitation. We strictly comply with these legal requirements. Our Human Resources policy, internal labor procedure, recruitment and selection procedure, payroll procedure, disciplinary policy, and travel procedure for roster are meticulously monitored and approved at the management level, ensuring adherence across all operational levels of the company.

The legal team at Steppe Gold is responsible for ensuring full compliance with legislation in the company's daily operations. They regularly monitor the legislative process for new laws and communicate necessary updates to the management team.

## RESPONSIBILITY FOR PRODUCT MANUFACTURING

Gold is a strategically important product that accounts for approximately 10% of Mongolia's export revenue and serves as a crucial guarantee for reducing the country's economic risks. Our primary partners are commercial banks, which purchase our gold and sell it to the Bank of Mongolia. The central bank then delivers the acquired gold to its contracted refining facilities for processing. The refined gold is prepared for sale in foreign currency and stored in international financial institutions.

The sale of gold plays a vital role in increasing Mongolia's foreign currency reserves and ensuring the stability of the Mongolian tugrik. This activity is implemented by the central bank in accordance with the relevant legislation governing the Precious Minerals Fund. Organizations holding gold mining licenses have their gold samples verified by the Precious Metals Assay Office, after which they sell the gold to the Bank of Mongolia and commercial banks. Throughout the production process, we strictly adhere to applicable legal provisions, including the Civil Code of Mongolia, the Law on the Bank of Mongolia, and the regulations governing the operations of the Precious Minerals Fund.

In 2023, the Bank of Mongolia purchased a total of 17.8 tons of gold, with Steppe Gold LLC contributing 26,931 ounces to this amount. This significant production has made a major contribution to the economic development and stability of Mongolia.

The table below compares the production volume of this project in 2023 with figures from the previous four years:

Activity Metrics							
Topic	SASB Code	Metrics	2019	2020	2021	2022	2023
Activity Metrics	EM-MM-000.A	"Produced Metal Ore (meters/ton)"	369,258.49	699,203.67	833,594.17	922,051.46	913,343.12
		Au (ounces)	-	33,154.36	12,011.51	33,300.10	26,931
		Silver (ounces)	-	35,563.53	29,704.74	46,607.16	80,585

### Project Phases

The first phase of the project, which involves processing oxidized ore through heap leaching technology to produce gold and silver doré, is ongoing. Currently, we are focusing on the development of the second phase, which aims to process primary ore.

In the second phase of the project, a flotation beneficiation plant will be established to process primary ore and produce concentrates of lead, zinc, and pyrite for market distribution. We have secured the financing necessary for the environmental, social, and governance (ESG) reporting related to the second phase of the "Altan Tsagaan-Ovoo" project in 2023. Our goal is to achieve an annual production output of 100,000 ounces starting in 2025, with plans extending over a 12-year period.



Additionally, Steppe Gold is implementing the “**Uudam Khundii**” exploration project, which covers an area of 14,400 hectares in the western part of Mongolia, specifically in Bayankhongor Province. This special license is co-owned with the local government in an 80/20 ratio, marking the establishment of the first contract of its kind. Steppe Gold is also conducting research on potential exploration opportunities and new projects to pursue in the future.

## SUPPLY CHAIN MANAGEMENT

Steppe Gold prioritizes the responsible operation of its suppliers. All contracts for the procurement of goods and services with contractors and suppliers include requirements that reflect alignment with our business culture and ethics, as well as policies for combating corruption and ensuring transparency in accordance with our business policies and regulations.

Furthermore, we emphasize the development of a unified supply chain management system based on Environmental, Social, and Governance (ESG) principles. This ensures that the services provided by our suppliers do not have a negative impact on the environment, are free from child labor exploitation, and uphold human rights standards.

Activity Metrics							
Topic	HKEX Code	Metrics	2019	2020	2021	2022	2023
Contractors and Suppliers	KPI B5.1	Total Number of Contractors	150	311	463	599	806
		Total Number of Suppliers	49	188	288	334	370
		Number of Domestic Suppliers	49	185	282	325	360
		Number of International Suppliers	0	3	6	9	10

We are committed to improving the social and economic conditions of the communities where we operate, supporting small and medium-sized enterprises, and prioritizing local suppliers in our procurement activities. Our focus is particularly on local business owners, vulnerable groups, women, and the elderly.

In 2023, we made a total procurement expenditure of 4,262,020,286.50 MNT (four billion two hundred sixty-two million twenty-eight thousand two hundred sixty-six Mongolian Tugriks) for various essential goods and services necessary for the operation of the Altan Tsagaan-Ovoo mine. This expenditure includes meat, dairy products, all types of food items, household goods, clean water, waste transportation, coal transportation, disinfection services, natural lime, gravel, crushed stone, textile products, and freight transportation services.

We have established procurement and service agreements with approximately 10 registered businesses and individuals in the local tax office for the aforementioned goods and services. These agreements encompass purchasing, executing work, transportation, and collaborative efforts.

Product Type	Coverage Period	Total Purchase Amount (₮)
Meat	2023.01.01-2023.11.30	611,916,640.00
Milk and Dairy Products	2023.01.01-2023.11.30	21,352,300.00
Vegetables and Eggs	2023.01.01-2023.11.30	221,963,910.00
Household Goods	2023.01.01-2023.11.30	210,368,102.00
Food Products	2023.01.01-2023.11.30	729,766,106.00
Bottled Water	2023.01.01-2023.11.30	211,820,000.00
Household Goods	2023.01.01-2023.11.30	69,779,154.00
Coal and Transport Services	2023.01.01-2023.11.30	31,333,200.00
Disinfection and Sanitation	2023.01.01-2023.11.30	12,533,200.00
Lime	2023.01.01-2023.12.05	1,729,483,780.00
Coal	2023.01.01-2023.12.05	107,216,000.00
Coal	2023.01.01-2023.12.05	296,015,894.50
Sample Bags	2023.01.01-2023.12.05	8,472,000.00
<b>Total</b>		<b>4,262,020,286.50</b>

Additionally, we have developed a supplier selection procedure that evaluates contractors based on criteria related to work performance, labor relations, compensation, non-discrimination, workforce composition, and occupational safety. We plan to implement this procedure in our operations starting in 2024.

# BUSINESS ETHICS AND TRANSPARENCY

Steppe Gold is committed to conducting its business ethically and with integrity. We established our Business Ethics Code in 2018, which serves as the foundation of our operational ethics and compliance framework. This Ethics Code, approved by the company's Board of Directors, is adhered to by employees, management, contractors, suppliers, and consultants at all levels. We believe in taking responsibility for our actions and complying with this code. In 2023, as part of the implementation scheme of our Business Ethics Code, all company employees were trained on anti-corruption practices.

The Human Resources Department conducts training on the Business Ethics Code for all employees, management, and contractors, certifying the results of the training each year. Additionally, the Internal Audit Department organizes fraud awareness training for all employees during the International Fraud Awareness Week, which occurs every November. The company has also established a centralized mechanism for reporting fraud or suspicious activities, encouraging employees to share information about potential risks. During the internal audit process, we share knowledge on how to prevent and manage potential fraud risks.

We implement an "Open Door Policy" aimed at providing all employees with the opportunity to work in a healthy and pleasant environment. Through this policy, we strive to foster mutual trust among all employees and maintain an open flow of communication. We believe that this policy creates the necessary conditions for resolving issues smoothly and efficiently. Employees are encouraged to express any work-related concerns, suggestions, or requests directly to their supervisors, creating opportunities to collaboratively address challenges.

In alignment with Steppe Gold's commitment to ethical and responsible business conduct, we have implemented processes for responsible accounting, internal control, auditing, and inspections. This reflects our policy of striving to meet all legal and regulatory requirements related to our business activities. Through our whistleblower policy, we ensure active participation from all management and employees. This policy governs the process of reviewing and addressing complaints and feedback submitted by company employees or third parties, clearly defining the relevant standards and principles.

Complaints or information are received by the Director of the Internal Audit Department via email or a designated mailbox, ensuring the highest level of confidentiality. These issues are then assigned to the relevant authorities, and responses are provided within 30 days. If a complaint or feedback pertains to financial matters, the Director of the Internal Audit Department is responsible for reporting it to the Audit Committee for resolution.



## STAKEHOLDER COLLABORATION

**Open and transparent communication, alongside the effective and equitable participation of stakeholders, is a fundamental component of our sustainability strategy.** We regularly share updates on our mining operations, environmental management initiatives, and efforts supporting local development through our social media channels and official company website.

We actively engage with a diverse group of stakeholders, including shareholders, employees, local and government authorities, relevant departments and agencies, academic and research institutions, professional associations, businesses, other mining companies, customers, suppliers, civil society organizations, and local community representatives. This comprehensive stakeholder engagement ensures that our operations are aligned with the needs and expectations of all parties involved.

Stakeholder	Category	Ways to Ensure Participation	Interest in Participation
Shareholders	<ul style="list-style-type: none"> <li>Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Website and email</li> <li>Investor meetings</li> <li>Annual reports</li> <li>One-on-one meetings</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Operations</li> <li>Public relations</li> <li>Financial performance</li> <li>Stock price</li> </ul>
Full-Time and Contract Employees	<ul style="list-style-type: none"> <li>Full-time employees</li> <li>Contract employees</li> <li>Management team</li> </ul>	<ul style="list-style-type: none"> <li>Website and email</li> <li>Announcements and notices</li> <li>Staff briefings</li> <li>Employee meetings</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Operations</li> <li>Employee engagement</li> <li>Career development</li> <li>Environmental performance</li> </ul>
Local Representatives	<ul style="list-style-type: none"> <li>Herders</li> <li>Local residents</li> <li>Youth</li> <li>Women-led businesses</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Social Media</li> <li>Local television</li> <li>Community liaison officers</li> <li>Information exchange meetings</li> <li>Sponsorships and partnerships</li> <li>Mine tours</li> <li>Joint environmental monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to Local Development</li> <li>Participation of Local Civil Society</li> <li>Employment for Local Residents</li> <li>Environmental Impact</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Local Suppliers</li> <li>Non-local Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>One-on-One Meetings and Negotiations</li> <li>Contract Negotiations</li> </ul>	<ul style="list-style-type: none"> <li>Local Procurement</li> <li>Contracts with Local Communities</li> <li>Long-term Collaboration</li> </ul>
Government	<ul style="list-style-type: none"> <li>Governor's Office of Dornod Province</li> <li>Governor of Tsagaan-Ovoo Soum</li> <li>Local Government Agencies</li> </ul>	<ul style="list-style-type: none"> <li>Employment negotiations</li> <li>Website and email communication</li> <li>Compliance audits and inspections</li> <li>Regulatory filings</li> <li>Direct involvement in local issues</li> <li>Mine Site visits</li> <li>Joint environmental monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Royalties, License Fees, Taxes, and Charges</li> <li>Safety</li> <li>Employment</li> <li>Environmental Management and Compliance</li> </ul>

Stakeholders	Category	Ways to Ensure Participation	Interest in Participation
Mining and Exploration Sector	<ul style="list-style-type: none"> <li>Mining and Exploration Sector</li> <li>Business and Professional Associations</li> <li>Local Business Associations</li> </ul>	<ul style="list-style-type: none"> <li>Industry Meetings and Discussions</li> <li>Face-to-face Meetings and Collaboration Agreements</li> <li>Industry Association Membership</li> <li>Mine Site Visits</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Industry Meetings and Discussions</li> <li>Face-to-face Meetings and Collaboration Agreements</li> </ul>
Financial Institutions	<ul style="list-style-type: none"> <li>Central Bank of Mongolia</li> <li>Commercial Banks</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and Oversight</li> <li>Product Purchases</li> <li>Gold Bullion Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Quality Assurance</li> </ul>
NGO's	<ul style="list-style-type: none"> <li>Local Development, Environment, and Mining</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-Face Meetings and Collaboration Opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Citizens, Society, and Environmental Impact</li> <li>Transparency</li> </ul>
Education and Castel Maison	<ul style="list-style-type: none"> <li>Local Schools</li> <li>Eco Club</li> <li>Career Counseling Organizations</li> <li>Research Institutions</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-Face Meetings and Collaboration Opportunities</li> <li>Scholarship Programs</li> <li>Transparency</li> </ul>	<ul style="list-style-type: none"> <li>Educational and Local Development Opportunities</li> </ul>
Media and Social Influencers	<ul style="list-style-type: none"> <li>Local and Central Media Organizations</li> <li>Journalists</li> <li>Social Influencer Associations</li> <li>Local Business Associations</li> </ul>	<ul style="list-style-type: none"> <li>Local and Central Media Organizations (Interviews, Articles and etc.)</li> <li>Familiarization Tour</li> </ul>	<ul style="list-style-type: none"> <li>Transparency</li> </ul>

### Actions Taken to Ensure Open and Transparent Information for Local Communities:

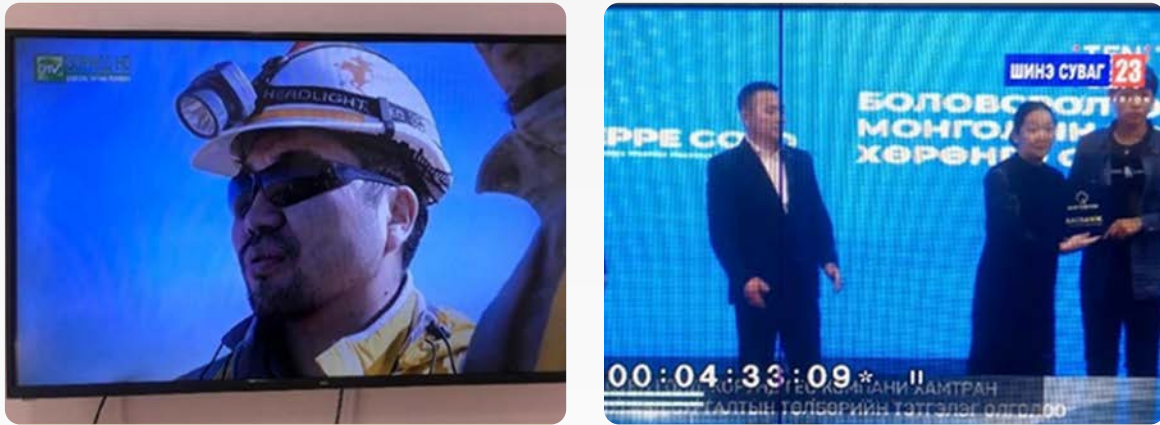
During the reporting year, the company actively participated in two sessions of the Citizens' Representatives Khural (local community meetings) for the administrative units of Tsagaan-Ovoo soum, held in February and October. In these meetings, we provided updates on the progress and implementation of our Environmental Management Plan, ensuring transparency and keeping the local community well-informed.

Figure: Presentation at the Citizens' Representatives Khural (Local Community Meeting)



Steppe Gold Ltd. operates a Facebook page and an official website, [www.steppegold.com](http://www.steppegold.com), where regular updates are posted. In 2023, the company produced and broadcasted 232 hours and 57 minutes of informational and promotional content through local television channels.

Figure: Broadcast of Steppe Gold LLC Information on Local Television



In response to a request from Tsagaan-Ovoo Soum General Education School, 30 teachers and staff members visited the mining site on September 24. During their visit, the company provided information about its operations and the environmental protection measures in place.

Figure: Teachers from Tsagaan-Ovoo Soum General Education School Visiting the Mining Site



On October 6, 2023, Steppe Gold LLC participated in the "Open Tsagaan-Ovoo Soum" sub-program, organized by the Tsagaan-Ovoo Soum Governor's Office, held in the soum center. The company presented details about its operations, the Environmental Management Plan (EMP), and the Occupational Health, Safety, and Hygiene (OHS) measures being implemented. During the event, the company also received feedback and addressed concerns from local residents.



Figure: Providing Information at the “Open Tsagaan-Ovoo Soum” Event



In collaboration with members of the monitoring committee from the 2nd administrative unit of Tsagaan-Ovoo soum, the water quality parameters of hand-dug wells and deep wells used by herders around the mining area were assessed.

In June 2023, together with monitoring committee members elected from the Citizens' Representatives Khural (local community meetings) of the 2nd administrative unit and other units of Tsagaan-Ovoo soum, we measured key parameters such as water levels, pH, electrical conductivity (EC), and total dissolved solids (TDS) for the hand-dug and deep wells within the 2nd administrative unit.

The assessment aimed to cover a total of 102 wells used by herders. However, due to various reasons, including wells being locked, abandoned, or welded shut, measurements were conducted on 60 wells. Among these, 35% showed an increase in water levels, while 65% recorded a decrease.



**A training session on improving pasture management was organized for herders in the 2nd administrative unit of Tsagaan-Ovoo soum as part of the Nature Conservation Partnership's initiatives.**

According to an assessment of pasture yield and condition in the Elst unit of Tsagaan-Ovoo soum, Dornod aimag, the pasture carrying capacity in the 2nd administrative unit has been significantly exceeded. The study revealed that the area can sustain 66,823 sheep units for winter grazing, but currently, 137,517 sheep units are grazing in the area—exceeding the pasture's capacity by 2.05 times.

These findings were presented to the Citizens' Representatives Khural (community meeting) of the 2nd administrative unit, followed by an in-depth discussion with local herders. During the discussion, herders acknowledged the need for collective action to protect their pastures and implement more effective cooperative management strategies. As a preliminary result, the herders agreed to collaborate on safeguarding and managing the pasture more sustainably.

Additionally, students majoring in environmental studies from various universities were selected and hired as interns in the Environmental Department, providing them with valuable practical experience and training in their field.





Two students majoring in environmental studies were selected and hired as interns in the Environmental Department at the Altan Tsagaan-Ovoo mine. The interns, Gantuya and Tögöldör, brought diverse academic backgrounds to the role. Gantuya, a student of Environmental Monitoring and Assessment at the Mongolian University of Life Sciences, and Tögöldör, pursuing a degree in Environmental Engineering at the Hungarian University of Agriculture and Life Sciences, worked at the mine site from July 22 to August 17. During this period, they gained valuable hands-on experience in their respective fields, contributing to ongoing environmental initiatives.





# APPENDIX



## APPENDIX

## HKEX INDEX

Environment			
Disclosure	Code	Disclosure Description	Section Reference
A1 Emissions:	(a)	The Policies	Environment
	(b)	Compliance with relevant laws and regulations that significantly impact the issuer concerning air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.	
	KPI A1.1	The types of emissions and their respective emission data.	Environment > Climate Change
	KPI A1.2	Direct (Scope 1) and indirect energy-related (Scope 2) greenhouse gas emissions (in tons) (e.g., emissions per production unit at a facility).	Environment > Climate Change
	KPI A1.3	Total hazardous waste generated (e.g., waste generated per production unit at a facility).	Environment > Waste Management
	KPI A1.4	Total non-hazardous waste generated (e.g., waste generated per production unit at a facility).	Environment > Waste Management
	KPI A1.5	A description of the planned emission targets and the steps taken to achieve them.	Environment > Waste Management
	KPI A1.6	A description of how hazardous and non-hazardous waste has been managed, including waste reduction targets and the measures implemented to achieve those targets.	Environment > Waste Management
A2: Use of resources	Policy for the effective use of energy, water, and other raw materials		Environment
	KPI A2.1	Direct and indirect energy consumption by type (electricity, gas, oil), total (in 000 kWh) (e.g., energy consumption per production unit at a facility).	Environment > Climate Change / Energy Management
	KPI A2.2	Total water consumption (e.g., water usage per production unit at a facility).	Environment > Water Management
	KPI A2.3	"A description of energy efficiency targets and the measures taken to achieve them."	Environment > Climate Change
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environment > Water Management
	KPI A2.5	Total packaging materials used for finished products (in tons), with reference to the number of units produced, if applicable.	Not Applicable
A3: Environment, Natural Reserves	Policies aimed at minimizing the issuer's significant impact on the environment and natural resources.		Environment > Environmental Management
	KPI A3.1	A description of the significant impacts of activities on the environment and natural resources, along with the actions taken to manage them."	Environment > Environmental Management
A4: Уур амьсгалын өөрчлөлт	Identification of key climate-related issues, policies to mitigate negative impacts, and factors that have influenced or may potentially influence these issues.		Environment > Climate Change
	KPI A4.1	A description of key climate-related issues, the factors that have influenced or may potentially influence them, and the measures taken to address these issues.	Environment > Climate Change



## B. Social

Employment and Labour Practices			
Disclosure	Code	Disclosure Description	Section Reference
<b>B1: Employment</b>	(a)	The Policies	Social > Human Capital
	(b)	Compliance with relevant laws and regulations that have a significant impact on the issuer.	
		Policies on compensation, termination, recruitment, promotion, working hours, leave, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.	
	KPI B1.1	Gender ratio of the total workforce, types of employment (e.g., full-time or part-time), age groups, and geographical regions.	Social > Human Capital
	KPI B1.2	Employee turnover rate by gender, age group, and geographical region.	Social > Human Capital > Employee Turnover
<b>B2: Health and Safety</b>	(a)	The Policies	Social > Health and Safety
	(b)	Compliance with relevant laws and regulations that significantly impact the issuer.	
		Related to ensuring a safe working environment and protecting employees from industrial accidents.	
	KPI B2.1	The number and rate of work-related fatalities over the past three years (including the figures for the reporting year).	Social > Health and Safety > Safety Performance
	KPI B2.2	Lost days due to workplace accidents and injuries.	Social > Health and Safety > Safety Performance
	KPI B2.3	A description of the occupational health and safety policy, the measures implemented in this area, and how these measures are enforced and monitored.	Social > Health and Safety > Safety Performance
<b>B3: Development and Training</b>		A policy for enhancing employees' knowledge and skills, along with a description of the training activities.	Social > Human Capital > Training and Development
	KPI B3.1	The gender ratio and positions (e.g., senior management, middle management) of employees who participated in the training.	Social > Human Capital > Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Social > Human Capital > Training and Development
<b>B4: Labour Standards</b>	(a)	The Policies	Governance > Compliance
	(b)	Compliance with relevant laws and regulations that significantly impact the issuer.	
		Related to the prevention of child labor and forced labor.	
	KPI B4.1	A description of the measures implemented to monitor practices related to child labor and forced labor.	Governance > Compliance
	KPI B4.2	A description of the measures implemented to eliminate such practices.	Governance > Compliance



Operational practices			
Disclosure	Code	Disclosure Description	Section Reference
<b>B5: Supply Chain Management</b>		Policies on managing environmental and social risks of the supply chain.	
	KPI B5.1	Number of suppliers by geographical region.	Governance > Supply Chain Management
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Governance > Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Governance > Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Governance > Supply Chain Management
<b>B6: Product</b>	(a)	The Policies	Governance > Responsible Production
	(b)	Compliance with relevant laws and regulations that significantly impact the issuer.	
		Methods for addressing issues related to health and safety, advertising, labeling, and the confidentiality of supplied products and services, as well as remedies for any damages.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Governance > Responsible Production
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Governance > Responsible Production
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not Applicable
	KPI B6.4	Description of quality assurance process and recall procedures.	Governance > Responsible Production
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Governance > Responsible Production
<b>B7: Anti corruption</b>	(a)	The Policies	Governance > Business Ethics and Transparency
	(b)	Compliance with relevant laws and regulations that significantly impact the issuer.	
		Related to bribery, fraud, and money laundering crimes.	
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Governance > Business Ethics and Transparency
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Governance > Business Ethics and Transparency
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance > Business Ethics and Transparency
<b>B8: Community Investment</b>		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Social > Human Capital > Training and Development
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Social > Community
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Governance > ESG Strategy and Principles

## APPENDIX

# SASB INDEX

Disclosure	Code	Disclosure Description	Section Reference
<b>Greenhouse Gas Emissions</b>	EM-MM110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Environment > Climate Change >
	EM-MM110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Environment > Climate Change >
<b>Energy Management</b>	EM-MM130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Environment > Climate Change >
<b>Water Management</b>	EM-MM140a.1	(1) Clean water supply (2) Total clean water consumption	Environment > Water Management
	EM-MM140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Environment > Water Management
<b>Waste and Hazardous Waste Material Management</b>	EM-MM150a.4	Total weight of non-mineral waste	Environment > Waste Management
	EM-MM150a.5	Total accumulated waste weight	Not applicable
	EM-MM150a.6	Total weight of waste rock generated	Environment > Waste Management
	EM-MM150a.7	Total weight of hazardous waste generated	Environment > Waste Management
	EM-MM150a.8	Total weight of hazardous waste recycled	Environment > Waste Management
	EM-MM150a.9	Number of significant incidents associated with hazardous materials and waste management	Environment > Waste Management
	EM-MM150a.10	Description of waste and hazardous materials management policies and procedures for active and inactive operations	Environment > Waste Management
<b>Biodiversity Impacts</b>	EM-MM160a.1	Description of environmental management policies and practices for active stress	Environment > Biodiversity
	EM-MM160a.2	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Not Applicable
	EM-MM160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Environment > Biodiversity
<b>Security, Human Rights &amp; Rights of Indigenous Peoples</b>	EM-MM210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not Applicable
	EM-MM210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not Applicable
	EM-MM210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Not Applicable
<b>Community Relations</b>	EM-MM210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Social > Community
	EM-MM210b.2	Number and duration of non-technical delay	Social > Community

Disclosure	Code	Disclosure Description	Section Reference
<b>Labor Relations</b>	EM-MM310a.1	Percentage of the active workforce with valid employment contracts	Social > Human Capital > Community > Employees and Contractors
	EM-MM310a.2	Number and duration of strikes and lockouts	Social > Human Capital > Community > Employees and Contractors
<b>Workforce Health and Safety</b>	EM-MM320a.1	(1) MSHA all-incidence rate, (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety, and emergency response training for (a) full-time employees and (b) contract employees	Social > Health and Safety > Safety Performance
<b>Business Ethics &amp; Transparency</b>	EM-MM510a.1	An understanding of management practices for preventing bribery and corruption across the value chain	Governance > Business Ethics and Transparency
	EM-MM510a.2	Production levels in the 20 countries with the lowest scores on Transparency International's Corruption Perceptions Index	Not Applicable
<b>Management of waste storage facilities</b>	EM-MM540a.1	Inventory table for waste storage facilities: (1) facility name, (2) location, (3) ownership type, (4) operational status, (5) construction method, (6) maximum allowable capacity, (7) current amount of stored waste, (8) consequence classification, (9) date of the most recent independent technical inspection, (10) material findings, (11) mitigation measures, (12) emergency preparedness and response plan for the site.	Not Applicable
	EM-MM540a.2	The waste management system and governance structure used to monitor the stability of waste storage facilities	Not Applicable
	EM-MM540a.3	Emergency preparedness and response plan for waste storage facilities	Not Applicable
<b>Activity Metrics</b>	EM-MM000.A	(1) Metal ore (2) Metal product manufacturing	Introduction > About Steppe Gold
	EM-MM000.B	Number of full-time employees and the percentage of contract workers	Social > Human Capital > Community > Employees and Contractors



## APPENDIX

## GRI INDEX

Disclosure	Code	Disclosure Description	Section Reference
<b>General</b>	GRI 102-50	Reporting period	Introduction > About this Report
	GRI 102-52	Reporting frequency	Introduction > About this Report
	GRI 102-53	Contact point for questions regarding the report	Contacts
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	Introduction > About this Report
	GRI 102-55	Claims of reporting in accordance with the GRI Standard	Introduction > About this Report
<b>Organizational profile</b>	GRI 102-1	Name of the organization	Introduction > About Steppe Gold
	GRI 102-2	Activities, brands, products and services	Introduction > About Steppe Gold
	GRI 102-4	Location of operations	Introduction > About Steppe Gold
	GRI 102-5	Ownership and Legal Form	Introduction > About Steppe Gold
	GRI 102-7	Scale of the organization	Introduction > About Steppe Gold
<b>Засаглал ба стратеги</b>	GRI 102-14	Statement from Senior decision-maker	Introduction > Statement from Chairman and Chief Executive Officer
	GRI 102-18	Governance structure	Governance > Governance & Commitment to ESG
	GRI 102-20	Executive-level responsibility for economic, environmental, and social topics	Governance > Governance & Commitment to ESG
	GRI 102-21	Consulting stakeholders on economic, environmental, and social topics	Introduction > Materiality Approach of ESG priorities & Topics
	GRI 102-23	Chair of the highest governance body	Governance > Governance & Commitment to ESG
	GRI 102-26	Role of highest governance body in setting purpose, values and strategy	Governance > Governance & Commitment to ESG
	GRI 102-31	Review of economic, environmental and social topics	Introduction > Materiality Approach of ESG priorities & Topics
	GRI 102-32	Board involvement in sustainability reporting	Governance > Governance & Commitment to ESG
	GRI 102-40	List of stakeholders	Introduction > Materiality Approach of ESG priorities & Topics
	GRI 102-43	Level of stakeholder engagement	Introduction > Materiality Approach of ESG priorities & Topics

Disclosure	Code	Disclosure Description	Section Reference
<b>Governance and Strategy</b>	GRI 102-44	Key topics and areas of focus	Introduction > Key priorities and trends in environmental, social, and governance (ESG) topics
	GRI 102-46	Defining the content and topics of the report	Introduction > Key priorities and trends in environmental, social, and governance (ESG) topics
	GRI 102-47	List of references	Introduction > Key priorities and trends in environmental, social, and governance (ESG) topics
	GRI 103-1	Explanation of the topics and content	Introduction > Key priorities and trends in environmental, social, and governance (ESG) topics
	GRI 405-1	Diversity of the board of directors and employees	Governance > Commitment to ESG
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	Social > Health and Safety > OHS Training and Workshops
	GRI 403-5	Occupational health and safety training for employees	Social > Health and Safety > Occupational health, safety, and well-being
	GRI 403-6	Protection of employees' health	Social > Health and Safety
	GRI 403-9	Work-related accidents and injuries	Social > Health and Safety > Safety Performance
<b>Social</b>	GRI 102-8	Information about full-time and contract employees	Social > Human Capital > Community > Employees and Contractors
	GRI 405-1	Diversity of the board of directors and employees	Social > Human Capital > Community > Employees and Contractors
	GRI 413-1	Impact assessments and development programs, as well as initiatives implemented in collaboration with local communities	Social > Community
<b>Economy</b>	GRI 201-1	Direct economic value generated and distributed	Introduction > About Steppe Gold
	GRI 203-1	Infrastructure investments, projects, and programs	Governance > ESG Strategy & Principles
	GRI 203-2	Significant indirect economic impacts	Social > Community
	GRI 204-1	Proportion on spending on local suppliers	Governance > Supply Chain Management
<b>Environment</b>	GRI 307-1	Non-compliance with environmental legislation	Environment > Environmental Management
	GRI 303-1	Defining water resources as a shared resource	Environment > Water Management
	GRI 303-2	Management of impacts related to water discharge	Environment > Water Management
	GRI 303-3	Water Source	Environment > Water Management
	GRI 304-1	Operational ownership, leased and managed areas, adjacent specially protected territories, and the value of biodiversity outside specially protected areas	Environment > Biodiversity
	GRI 304-3	Protected and restored living environments	Environment > Biodiversity
	GRI 306-1	The significance of impacts related to waste generation and waste management	Environment > Water Management
	GRI 306-2	Management of impacts related to waste	Environment > Water Management
	GRI 306-3	Accumulated waste	Environment > Water Management
	GRI 306-4	Recycling of disposed waste	Environment > Water Management
	GRI 306-5	Waste prepared for disposal	Environment > Water Management

# ENVIRONMENTAL, SOCIAL, AND GOVERNANCE

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