



IN TOUCH

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KGC COMMUNITY DEVELOPMENT PLANS FOR 2018

In 2018, Kumtor Gold Company (KGC) will continue funding a number of development projects, which had to stop their activities due to the Interdistrict Court decision on transfer of KGC's assets. KGC has also started financing new projects, aimed at socio-economic development of the southern shore of Issyk-Kul and resumed Donations Committee meetings.



In implementing its programs in the region, the Company abides by the Sustainable Development Strategy of the Issyk-Kul region, which includes the following four components



Collaboration with the youth and support of educational initiatives



Support for the growth and diversity of small and medium-sized businesses



Environment protection



Development of agricultural sector

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SOCIAL INVESTMENTS IN 2018

In 2018, the Company has resumed funding of many projects that were started in 2015, however suspended until October 2017, due to court ruling prohibiting KGC's assets transfer. Development projects are implemented by partner organizations focusing on development of socio-economic environment of the region. We strongly believe that common plans and goals outlined in 2015 will be successfully realized in 2018.

KARAGAT+ PROJECT



Project will continue in 2018 to improve economic conditions of rural community in Issyk-Kul province. Under the project, new greenhouses will be built in the region. Besides, trainings will be organized for local farmers and the results of five-year activity of the project will be settled during the annual fruit-and-berries festival in August.

MICROCREDIT AGENCIES

The Microcredit Agencies (MCA) having successfully started a trend of sustainable development will continue to operate and fund minor businesses by providing lowest-interest loans. For example, the Jeti-Oguz MCA has been independently cover its own operating costs for several years now and doesn't receive additional financing from KGC.

YOUTH MEAN BUSINESS

The project will encourage youth to take over the responsibility and proactively promote economic prosperity of Issyk-Kul region. Young people can complete training and coaching sessions, as well as start moderate income generating businesses.

ONE VILLAGE - ONE PRODUCT

Under the project, it is being planned to open extra facilities manufacturing goods from locally sourced raw materials.

BIO.KG PROJECT

Along with a well-loved Apricot Fest, awareness-raising trainings on new technologies in agricultural sector will be conducted under this project. It will also contain a grant program for youth entrepreneurship.

ENHANCING EDUCATION IN ISSYK-KUL PROVINCE

Under this project that has been laying the ground for the projects main activities, capacity building for teachers and schools' management body will continue in 2018, in order to facilitate more competent preparation of school graduates for university entrance exams in the Kyrgyz Republic.

LOCAL BUSINESS INITIATIVES

KGC funds initiatives focused on increasing and diversifying small and medium businesses. The local business initiatives program will support local entrepreneurs in raising their potential, thus encouraging creation of new jobs, as well as improving and diversifying the sector of services, which do not exist or at insufficient level of quality or quantity.

COMMUNITY-OWNED PROJECTS

The Company annually budgets amounts dedicated to satisfy needs of local communities. Decisions to finance such needs are made collectively by all heads of village councils at the sessions of Regional Cooperation Committee. On the initiative of KGC three committees were established – in Jeti-Oguz, Ton and Balykchy. Jeti-Oguz and Ton Committees consist of the heads of village counties, chairs of village councils, youth representatives, members of public, as well as heads of village administrations. The Committee of Balykchy consists of

the representatives of local councils, youth organizations, and the Mayor of the Town. Considering limited KGC budget and for more efficient use of funds the heads of all village councils select the most preferable proposals via evaluating their priority and then submit them for KGC funding. Examples of such projects include:

- Rehabilitation of water supply infrastructure in Jeti-Oguz and Ton districts, which is one of the most highly demanded projects among local farmers. Each year KGC provides heavy-duty equipment to clean up the channels and daily runoff ponds.
- Access to potable water is another challenging issue in villages of the region. The Company tries to support at least one such project every year.
- Financing construction of large public facilities designed for development of educational and sports initiatives of youth. For instance, since 2013 KGC, rather fully or partially, has financed construction of seven futsal fields in the region.

DONATIONS

In addition to our sustainable community development programs, KGC provides one-off donations, usually in form of equipment or services. We receive many requests for support from across the country. Our Donation Committee that consists of the Company top management and chaired by the KGC President reviews requests and proposals on a monthly basis. All applications are reviewed with respect to compliance with qualification criteria under the Company policies and procedures. On permanent basis, KGC monitors approved requests in order to make sure that the funds are being used for initially intended purposes.



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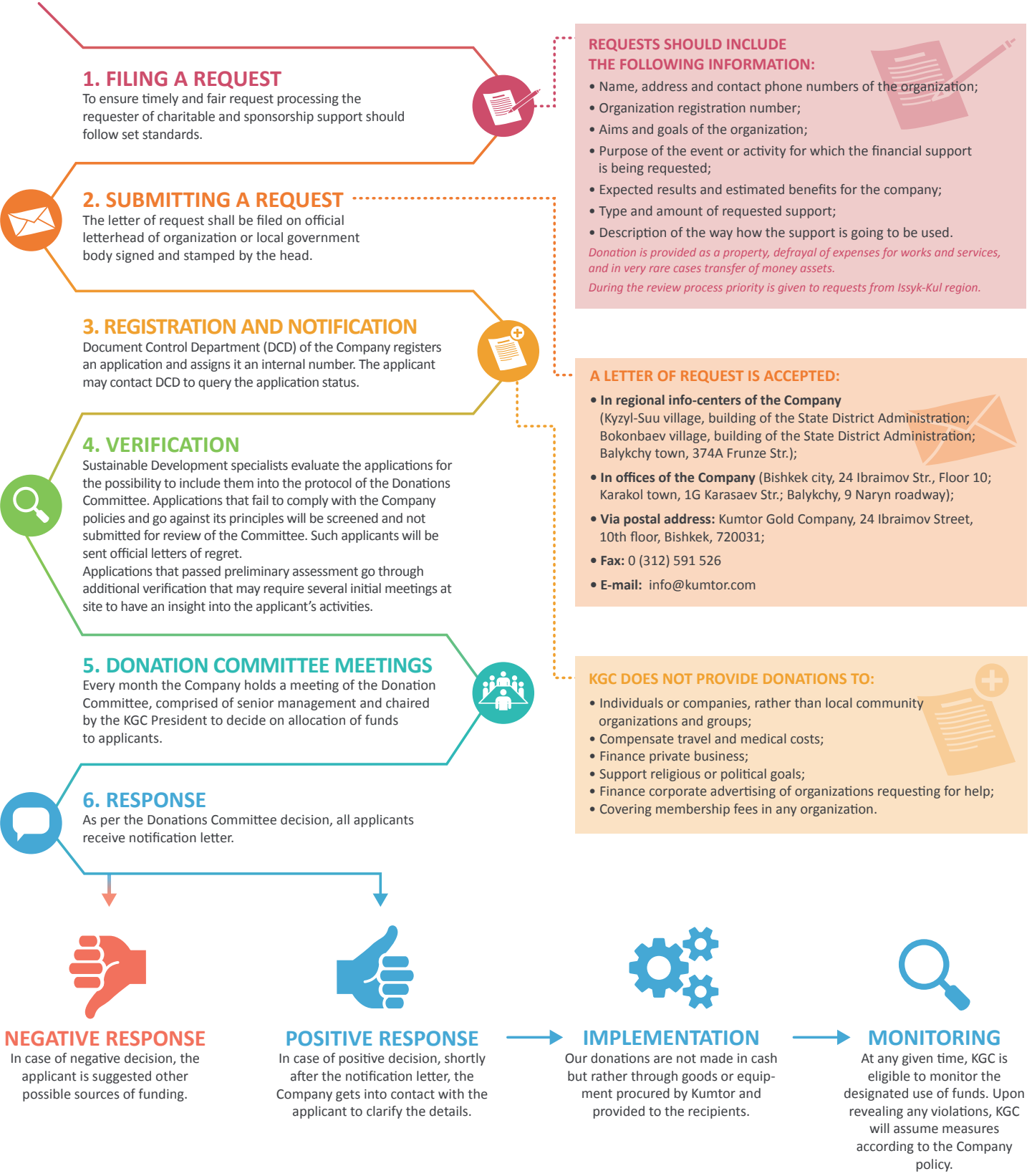
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DONATIONS PROCEDURE

As a socially responsible company, KGC annually allocates funds to help local communities in need. KGC strictly adheres to the Corporate Donations and Sponsorship Policy aimed at poverty alleviation, increasing living standards of local population, and improvement of social and economic situation in Issyk-Kul region and the country in general. The help rendered by KGC serves to contribute to the development of local communities and provide support to vulnerable groups.



KUMTOR AMBASSADORS PROGRAM



In 2017, despite the impossibility to financially support implementation of some ideas of the communities, our corporate volunteering program Kumtor Ambassadors consolidated KGC employees from all divisions for the purpose of rendering assistance to communities in need.

KGC employs about 3,600 people, including contractor employees.

This is one of the largest groups that can provide stakeholders with precise and authentic information about activities of KGC.

In 2017, employees and contractors of all divisions invested 4,500 hours to voluntary works in order to support the program. About 50 activities were carried out in Issyk-Kul and Chuy provinces, some of which are provided as an example below:

- Saturday voluntary work days at the lakeshores of Jeti-Oguz and Ton regions have already become traditional for Kumtor

employees, who are not indifferent to the problem. Together with youth organizations and local governments, Kumtor employees participated in cleaning of beaches in the beginning and during the tourist season, as well as after the tourists and beachgoers flow decreased at the end of season.

- The employees also continued to organize one-day site visits for all

stakeholders, including students, teachers, business association members and local communities.

- The Company management delivered plenty of lectures in educational institutions of Bishkek and Issyk-Kul province with a view to acquaint with company activities, operation and implemented practices that focus on minimization of environmental impact.



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