In the Name of God

MIDHCO's Social Responsibility Report in 1401 (2022-2023)

MIDHCO

Middle East Mines & Mineral Industries Development Holding Company

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MIDHCO

Middle East
Mines & Mineral
Industries
Development
Holding Company



A Message from the CEO

At MIDHCO, it is believed that sustainable growth and development depends on the progress and improvement of society, so as a responsible member of this body, we are committed to fulfilling our duties towards it. This commitment is defined in the framework of a long-term strategy taking into account economic, environmental, social and corporate governance benefits simultaneously.

The sustainable development document is MIDHCO's roadmap for a bright future. This document is founded on three main pillars:

• Protection of the environment for future generations by decreasing greenhouse gas emissions, using novel technologies, and replacing fossil sources with renewable energy sources.

• Empowerment of local communities and improvement of their living standards through rural development programs, promoting the understanding and participation of beneficiaries and investing in development projects.

• Commitment to ethical principles and transparency at all levels of the organization to guarantee MIDHCO's health and dynamism.

Social responsibility at MIDHCO has always been beyond strategic and legal commitments; it is a mission that has been performed on the basis of regular and extensive studies of rural development capacities and promoted understanding of the needs and expectations of local communities and expansion of beneficiaries' participation.

In defiance of the challenges along the way, MIDHCO has made great strides in achieving sustainable development relying on the commitment, expertise, and unceasing efforts of its employees, and it will provide the present and future generations with valuable and precious experiences of efforts for development and sustainability.

MIDHCO owes these successes to the efforts and sacrifices of each member of its big family and hopes to continue the path of sustainable development with empathy and solidarity and help build a bright future for the society and future generations. MIDHCO is on its way to a bright future with great strides along this path.

1 Introduction

- Introduction
- About this report
- MIDHCO's honors and rewards
- The UN's Sustainable Development Goals (SDGs)
- Comparison of MIDHCO's performance report with the UN's SDGs



About this report

Our Story

MIDHCO's story began with understanding a big challenge. On the one hand, there is infinite wealth all over Iran, and on the other hand, we are facing the reality of underdevelopment in these areas. The senior managers of MIDHCO—who had been working in various industrial and mining areas of Iran especially in the government sector for many years—knew that overcoming challenges such as selling raw materials and reducing added value in the production chain called for extra dedication.

What was needed was the established of an agile and wealth-creating institution in the private sector that could employ the financial and human capitals of the people, especially the indigenous people, in order to extract and process the riches of the regions in an integrated process, face great technical and managerial difficulties with the knowledge and experience of experts, and follow the challenging process of wealth creation step by step.

The Middle East Mines and Mineral Industries Development Holding Company (MIDHCO) was born right there. The company was established in the private sector, a joint stock company to employ small and large financial capitals and a body of expert managers with extensive experiences and great knowledge in the field of mining and mineral industries to start the process of wealth creation using local human capital.

MIDHCO now operates dozens of large mining sites across the country large sites such as Sirjan Steel, Bardsir Steel, Zarand Steel, Iranian Babak Copper etc. and completes the steel, copper and magnesium production chain in the country.

Now, thousands of local people, who are the main owners of the country's wealth, are working in mines and factories through MIDHCO. From coal seams in mines to control rooms in industrial sites, from molten steel vats to planners' charts and tables, from the people of the villages around the mines to the local young people with walkie talkies in their hands over the steel production furnaces, from the movement of ten ton trucks in iron ore mines to the microscopic bacteria in Shahrebabak that produce pure copper, from major shareholders to minor shareholders,

MIDHCO's social responsibility report in 1401 (2022) is presented in three sections: "Introduction", "MIDHCO's path in sponsibility report", and "Performance", which examines this important issue based on the four main aspects of business management, human capital, interaction with the local community, and the basics. This report not only tells the story of our change of perspective, but also it will be an inspiring example for other companies as an example of the transition of companies from social responsibility measures to a more comprehensive approach to sustainable development. many of whom are workers of various MIDHCO companies, are all a part of MIDHCO's story.

Again, MIDHCO's story is the story of facing and overcoming challenges in the path of wealth creation.

Principles of reporting

We have compiled a comprehensive report on the concept of social responsibility with an emphasis on sustainable development, and we have tried to align it with the fourth edition of the Global Reporting Initiative (GRI). This initiative helps organizations and companies to provide a thorough framework for reporting on sustainable development. Our report investigates issues about corporate social responsibility (CSR) of businesses in various economic, environmental, social, and public sectors.

In accordance with the global approach and the pursuit of Sustainable Development Goals (SDG) by the United Nations, MIDHCO has determined its mission and strategies about social responsibility and sustainable development. These strategies serve as the main guides in planning and implementing projects and programs related to social responsibility and sustainable development.

Additionally, we have compared our performance and plans with those of leading global companies so as to take advantage of successful experiences in the mining and steel industries worldwide. This effort has been made to implement social responsibility programs with an emphasis on sustainable effectiveness and expanding the effect to multiple aspects of development.

Moreover, due to MIDHCO's constant presence for evaluations of the management social responsibility award, this report also pays attention to the topics presented and the model proposed in this award.

Period of reporting

Most of the information presented in this report covers MIDCO's activities and achievements in the 1400–1401 fiscal year (2021–2022). However, it provides information for comparison with activities of MIDHCO in previous years, five years from 2018 to 2022, showing the trends of statistics and figures.

Scope of reporting

This report mostly contains the aggregated information of MIDHCO's activities throughout Iran for the year 1401 (2022–2023). The financial information in this report is extracted from MIDHCO's consolidated accounts. However, some actions and initiatives of MIDHCO's companies and manufacturing complexes are addressed under the title of "Social Responsibility in MIDHCO" to provide a comprehensive picture of MIDHCO's social responsibility activities.

Publish of the report and feedback

MIDHCO published its social responsibility report publicly on its official website for the fifth year in a row. Every year, Every year, we try to fix the drawbacks in the reports and make significant improvements in each report compared to the reports of previous years by examining the opinions of professors and experts in this field and also by relying on the analysis of reports published by other domestic and foreign companies.

Public publication
1397 (2018–2019)

Domestic publications
1396 (2017–2018)



Public publication
1400 (2021–2022)

Public publication
1399 (2020–2021)

Public publication
1398 (2019–2020)



MIDHCO's Awards and Honors

Silver statue by MIDHCO



The Management Social Responsibility Award

- Bronze statue by Sirjan Iranian Steel Company
- Bronze statue by Zarand Iranian Steel Company
- Bronze statue by Butia Iranian Steel Company

The Knowledge Management Award with the approach of developing management systems

- Golden statue by MIDHCO
- Silver statue by Sirjan Iranian Steel Company
- Silver statue by Zarand Iranian Steel Company
- Silver statue by Butia Steel Iranian Company
- Bronze statue by the Me'yar Sanat Khavarmianeh Engineering Company
- Bronze statue by Gharb Pars Ferosilis Company
- Bronze statue by Pabdana Coal Processing Company
- Bronze statue by Iranian Industrial Development Renovation Construction Company
- Bronze statue by Babak Iranian Copper Company
- Bronze statue by Middle East Mines Expansion and Renovation Company

Ranked 35th among the top 100 companies in Iran in the IMI100 system


گواهینامه

گواهی می‌شود:

شرکت مادر تخصصی توسعه معادن و صنایع معدنی خاورمیانه- میدکو

بین صد شرکت برتر ایران در سال مالی ۱۴۰۱

رتبه ۳۵

را از نظر شاخص فروش به دست آورده است.

Silver statue of the Excellence Award



- Kish Steel Symposium and Exhibition Statue
- Plaque of the 19th International Environmental Exhibition
- First-class Safety Badge from the General Directorate of Cooperative, Labor, and Social Welfare of Kerman Province
- Statue of the 3rd Iranian National Steel Conference and Exhibition
- The plaque of Appreciation from the Government (the President)
- The Statue of the Best Entrepreneur from Shahid Bahonar University of Kerman
- Mines and Mineral Industries Productivity Award (IMIDRO)
- 4-star Pioneers of Zarand Iranian Steel Company
- 4-star Pioneers of Butia Iranian Steel Company
- 4-star Pioneers of Babak Iranian Copper Company

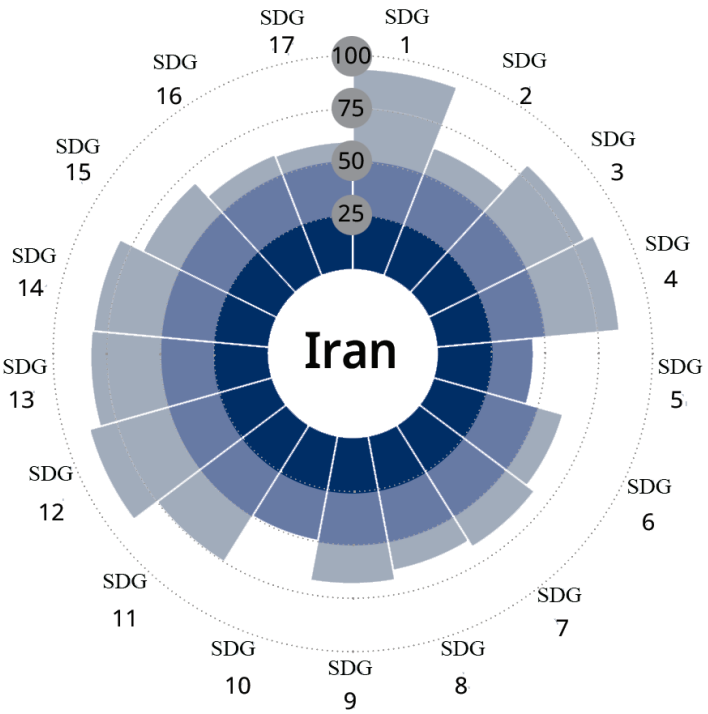
The Organizational Excellence Award

- Crystal statue by Sirjan Iranian Steel Company
- Crystal statue by Pabdana Coal Processing Company
- 4-star Letter of Appreciation for Commitment to Excellence of the Me'yar Sanat Khavarmianeh engineering company
- 4-star Letter of Appreciation for Commitment to Excellence of Ferosilis Gharb Pars Company
- Certificate of Commitment to Excellence of Samangan Transportation Company

The United Nations' Sustainable Development Goals (SDGs)

17 Sustainable Development Goals (SDGs) have been set by the United Nations so as to achieve a better and more sustainable future for everyone and simultaneously to deal with global challenges such as industrial and infrastructural innovations, sustainable production and consumption, climate change, environmental degradation, peace, and justice. The United Nations annually evaluates the efforts of different countries towards the achievement of these goals and ranks them based on their scores in all the goals. This overall score represents the overall progress towards achieving all 17 SDGs. This score can be interpreted as a rate of achieving SDGs.

In this report, we address these goals from two perspectives. One from a national perspective that Iran's situation is evaluated in the fulfillment of the SDGs and the other from a corporate perspective that we address how the goals and principles of MIDHCO are consistent with these United Nations' SDGs.



86/166

The SDG Rank index

69/1

The SDG Score Index

The average performance of Iran's sustainable development principles

* Sustainable Development Goals

National Perspective: Iran's situation in the fulfillment of the 17 SDGs by the United Nations (2022)





Options

No data available | Main challenges | Important challenges | Remaining challenges | Fulfilled goals

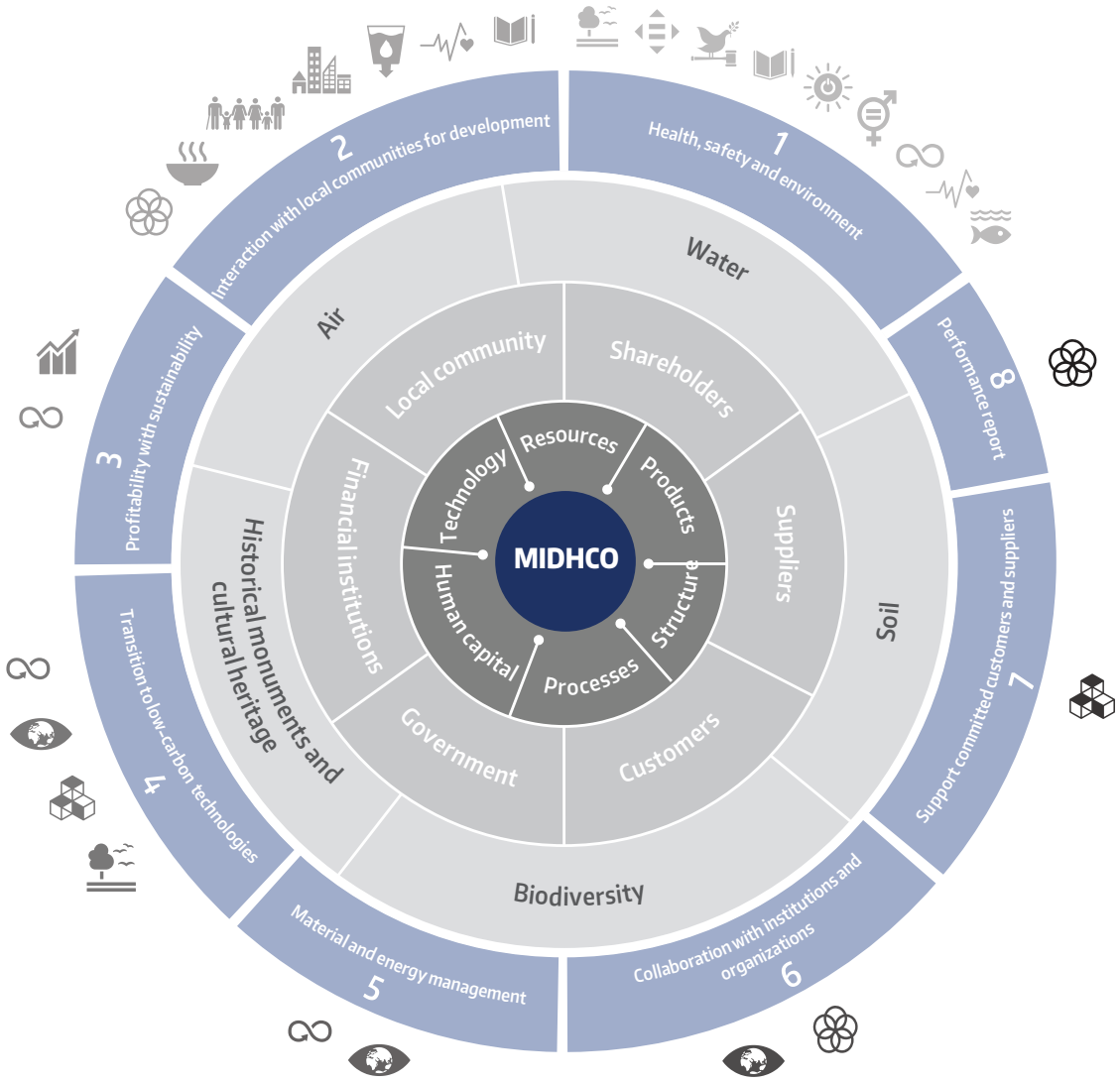
Process

No data available | Decreasing | Unchanged | relatively improving | On the right path, maintaining SDG achievements

Corporate perspective: We have carried out two key activities to translate the national approach of sustainable development from a corporate perspective and in order to make planning in line with the fulfilment of SDGs in the context of our company's activities.

1. Compilation of MIDHCO's Sustainable and Comprehensive Development Document

To do so, we have developed our production and development approach based on and in accordance with the principles of sustainable and comprehensive development, which will be ongoing in all aspects of our business. The sustainable and comprehensive development model of MIDHCO's business ecosystem as a pioneering model in corporate sustainable development is a novel document in order to align our current and future activities with the world's SDGs.



Sustainable & comprehensive development model
MIDHCO's Business Ecosystem

MIDHCO's Pillars of Sustainable & Comprehensive Development
MIDHCO
Environmental values
Partners & Beneficiaries
Business Components

MIDHCO's Slogan

Learning & wealth creation in line with sustainable & comprehensive development

MIDHCO's Principles of Sustainable & Comprehensive Development



1. Health, Safety, & Environment
Increasing effort in order to improve and promote the employees' safety and health and comprehensively examine the possible effects of businesses on the ecosystem of the areas under operation before and after the implementation of projects, and adoption of protective, preventive, and corrective approaches in this regard



2. Interaction with & Development of Local Communities
Adoption of developmental, participatory, and supportive approaches based on sustainability concerning local communities



3. Profitability with a Sustainable Approach
Maintaining and improving the profitability of businesses in coordination with the global SDGs



4. Moving towards Low-Carbon Technologies
Expanding the use of innovative low-carbon technologies and solutions in business development



5. Wealth Creation through Resource Recycling
Development of required activities in line with the optimal management of existing resources by relying on resource recycling



6. Collaboration with instantiations & organizations in charge
Collaboration with international organizations and governmental and non-governmental institutions to cope with climate change



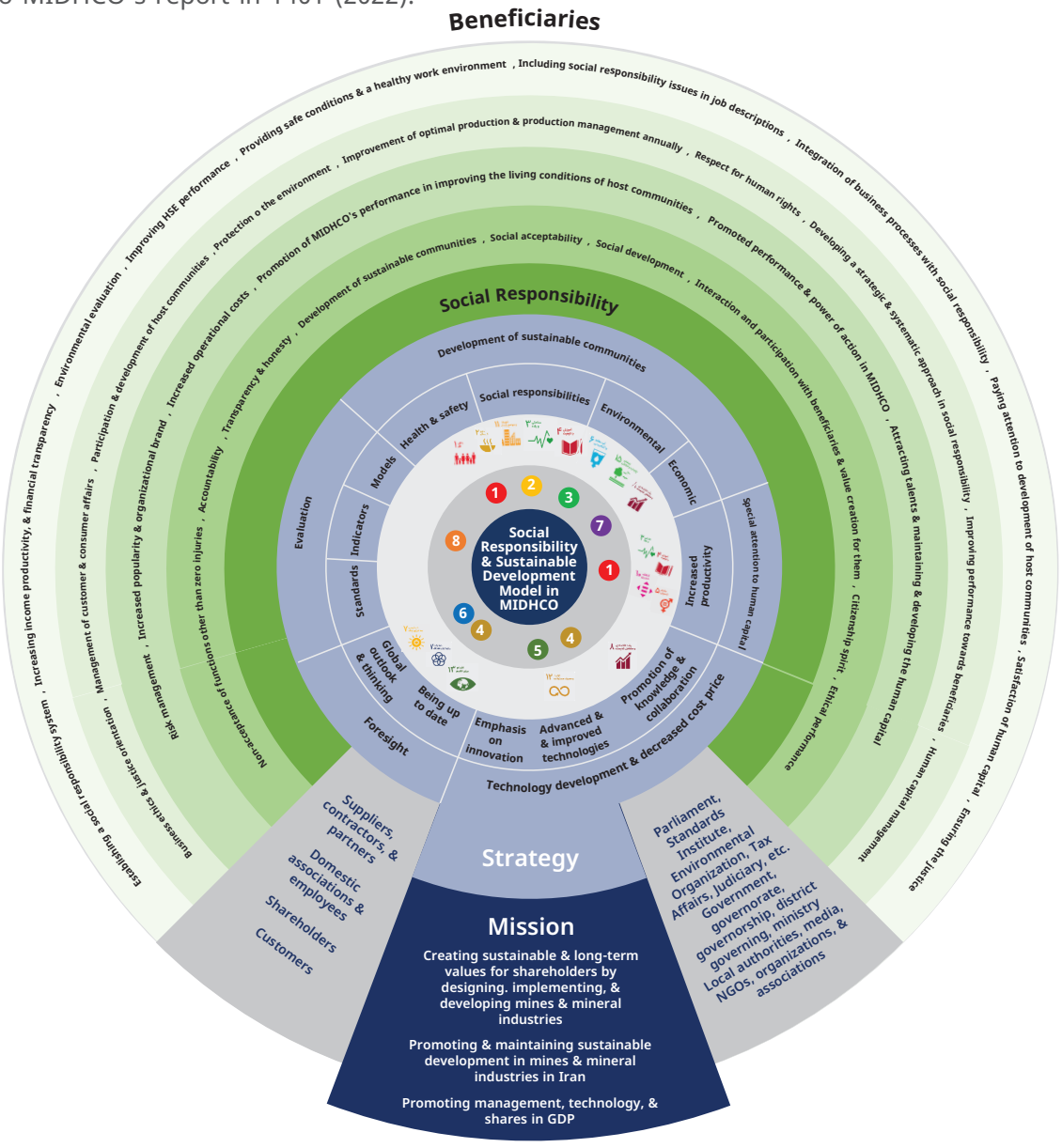
7. Supporting committed customers and suppliers
Encouraging and supporting suppliers and customers with environmentally friendly processes and technologies



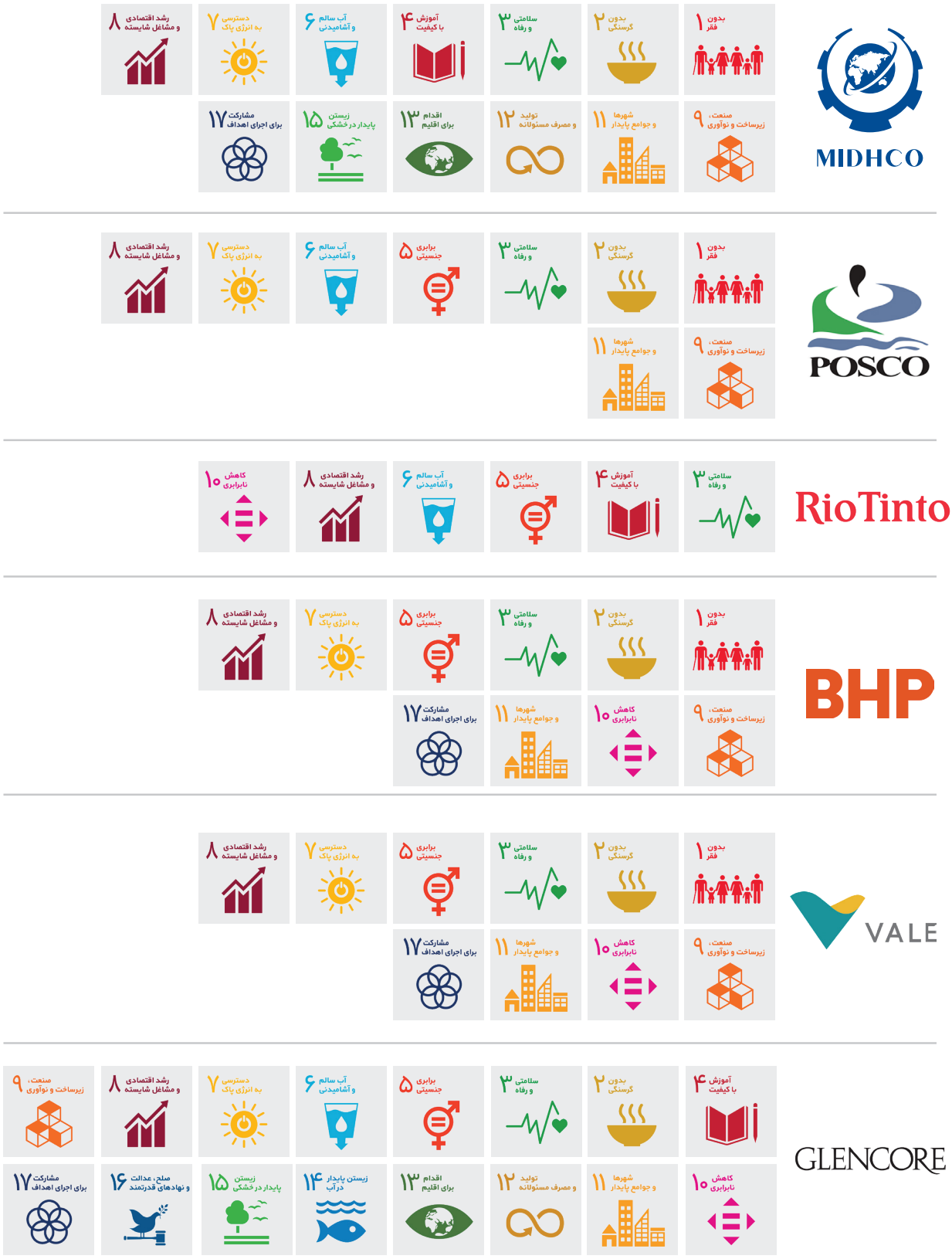
8. Performance report
Observance of transparency and continuous presentation of monitoring reports

2. Modeling the dimensions of the sustainable development document in social responsibility indicators

Using this model, the indicators mentioned in the evaluation of MIDHCO's performance in social responsibility can be matched with the criteria of sustainable development and the existing gaps in this regard can be identified. Based on this model and by identifying the gap in the field of technology development and foresight, we added these two dimensions to MIDHCO's report in 1401 (2022).



Evaluation of the performance of mining companies helps us to achieve a proper view of matching our situation with other companies in addition to identifying the future development paths. One of these comparative studies conducted annually by MIDHCO is in the field of sustainable development and social responsibility. As can be seen in this comparison, the coverage of SDGs in MIDHCO's set of activities in the field of documentation and sustainable development operations is proportional to activities of other companies.


MIDHCO
POSCO
RioTinto
BHP
VALE
GLENCORE

Macro approach of sustainable development in MIDHCO



All together With MIDHCO

MIDHCO with its expertise and extensive experience in mining and mineral industries is recognized as one of the pioneers of this field in Iran. It provides a suitable platform for the development and progress of mining businesses using advanced technologies and skilled workforce. With a team of experienced specialists and experts, it provides valuable advice that helps improve the performance and increase the productivity of businesses. The employment of modern technologies in the extraction and production processes increases the quality of products and decreases costs. By investing in modern and innovative equipment, MIDHCO provides more competitive ground for businesses.

By providing financial and credit facilities to start-up and growing businesses, MIDHCO helps them to advance their projects with confidence and without worrying about financial problems. MIDHCO, with a complete supply chain from extraction to production and distribution, facilitates business processes and provides access to quality raw materials at reasonable prices. MIDHCO's commitment to preserve the environment and social responsibility creates a positive image of businesses in society. It also helps improve the quality of life in local communities by implementing environmental and social projects.

By holding training courses and specialized workshops at MIDHCO, we help to develop the skills of the workforce and increase the technical knowledge of employees, improving the quality and productivity of businesses. Also, we provide more opportunities for the development and expansion of businesses by creating extensive networks of domestic and international cooperation. Connections with leading companies at the international level facilitate access to new markets and advanced technologies for businessmen. Relying on these features, we, as a reliable partner, can help various businesses in the field of mining and mineral industries to achieve success and sustainable growth.

Innovation With MIDHCO

MIDHCO, being aware of the significance of innovation and technological advancement in the mining and mineral industries, continuously improves its methods and processes. We have put the improvement of efficiency and productivity in mining operations on our agenda using novel technologies and creative ideas.

One of MIDHCO's unique characteristics is performing effective activities in research and development. By devoting large resources to research and development in mining technologies, we strive to promote new methods and processes so as to improve the performance of mines.

Additionally, our continuous collaborations with universities and research centers is another characteristic of this holding. These collaborations allow us to use the state-of-the-art scientific achievements in the mining industry and provide the possibility of upgrading the technologies used.

Another measure taken by us is the application of digital technologies such as artificial intelligence, Internet of Things, and data analysis. Using these technologies, the accuracy and efficiency in mining processes increases and the productivity in the use of resources is improved.

In the following, we provide an enthusiastic environment for innovation by encouraging employees to present creative ideas and promoting the culture of innovation. These actions help us to use innovative ideas and implement improved processes.

Furthermore, as one of the supporters of innovative startups, we provide investment in these companies by providing financial and credit resources. These supports help startups to implement their new and innovative ideas in mining and mineral industries.

Green With MIDHCO

With the approach of "Green With MIDHCO", we are committed to efforts to preserve the environment and sustainable development as one of the leaders in this field. This slogan represents our commitment and focus on sustainability and social responsibility, because we believe that economic growth and environmental protection can go hand in hand.

"Green With MIDHCO" represents our efforts to use sustainable technologies and environmental methods in all our activities. We intend to optimize our operations and reduce the negative effects on the environment using new technologies and advanced management methods.

We are committed to protecting the environment in all aspects of our activities, including mining, manufacturing, and service provision. This includes reducing energy consumption, managing water and energy resources, reducing greenhouse gases, and protecting biodiversity.

With the slogan "Green With MIDHCO", we are recognized as a symbol of sustainability and responsibility in the mining and mineral industries. Based on this fundamental principle, all our employees and colleagues are supported, because we believe in the importance of preserving the environment and social values and follow them in all our decisions.



Life With MIDHCO

Life With MIDHCO means having an infinite and stable collaboration. We do not just have a job here, but we see an opportunity to grow, develop and improve our lives. With MIDHCO, you enter a world that reinforces your most valuable desires, ideas, and moods every day. This is where you use your capabilities with self-confidence and respect for your job.

With MIDHCO, you can participate as an active member in a community of energetic colleagues, where everyone is influential and important. This is the place where work and life are integrated and you can move forward as a member of the MIDHCO family to achieve your personal and professional goals.



Future With MIDHCO

Future With MIDHCO means entering a new era of innovation and progress in the steel industry. We consider the use of new technologies such as digital technologies and other advanced technologies in this industry as our most basic tools to build a sustainable and challenging future.

Digital technologies, using artificial intelligence, Internet of Things and data analysis, allow us to improve production processes, improve product quality and optimize resources. Moreover, new technologies for using clean energy sources are also part of our solutions so as to improve performance and reduce negative effects on the environment.

we, as MIDHCO, are building a dynamic and leading future in the steel industry by trusting these new technologies and relying on our knowledge and experience in the industry, a future that will lead to sustainable growth and development for all beneficiaries through collaboration, innovation, and commitment to social responsibility.

Local Community With MIDHCO

MIDHCO, as one of the fundamental factors of development and advancement of its local community, plays an important role. This extensive role includes job creation, development of local regions, support of social infrastructure, and protection of the environment.

MIDHCO's activities in the mining and related industries provide many job opportunities for people in the community. These activities contribute to development of local needs, leading to the growth and progress of local infrastructure and improvement of people's living conditions in these regions.

Also, MIDHCO contributes to the development and growth of social infrastructure such as education, health, sports, culture, and art in local communities through financial and cultural support. These supports help improve people's living conditions and social value, and they contribute to strengthening social connections and cultural identity.

Meanwhile, MIDHCO helps to preserve the environment and natural resources of the local community by complying with high environmental standards. These measures include reducing the negative effects on the environment, managing natural resources in the best possible way, and preserving the biodiversity.

In general, MIDHCO is known as an active and influential factor in the economic, social, and environmental development of its local community.

2 MIDHCO's Path in Social Responsibility

- About MIDHCO
- MIDHCO's strategy document
- Steel manufacturing process & the supply chain
- Organizational governance
- Structure of the Social Responsibility Committee
- MIDHCO's beneficiaries
- Assessment of importance of beneficiaries and their survey



About MIDHCO

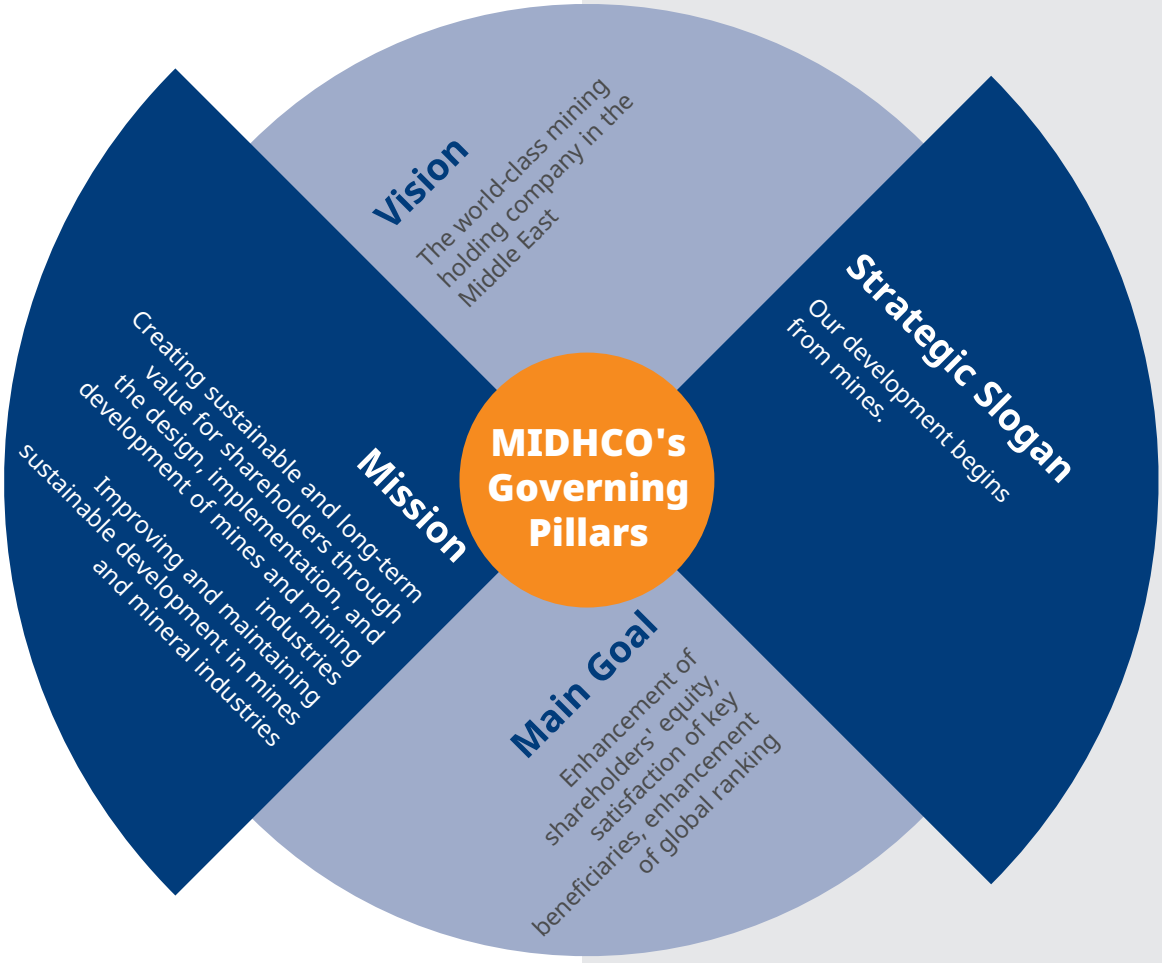
As the specialized parent holding company for the development of mines and mining industries in the Middle East, MIDHCO has made a great stride in fulfilling our mission and promoting social responsibility strategies with a special focus on sustainable development. This promotion is not only based on our past achievements, but it also represents a new commitment and attitude to the future. Following the global developments in reporting and responding to the diverse needs of the society, we have replaced our reporting approach with a new one under the title of "Social Responsibility" with a special focus on sustainable development which is published annually.

In this report, we tried to mention our efforts and achievements in social responsibility and sustainable development. Since we started our activities as a mining company, social responsibility and environmental protection have always been our macro strategies. With significant determination, the expert teams and committees formed within the company have defined indicators and principles, leading us to an efficient transformation in line with sustainable development. All our actions, from focusing on increasing the productivity of mines and industries to reducing negative effects on the environment and increasing communication with local communities, are performed with a special look at MIDHCO's SDGs.

Today, as an industrial mineral holding company, we are aware of the positive impact we can have on the fulfillment of SDGs. From improving relations with governments and local communities to accessing financial resources in order to support development projects, we are committed to achieving SDGs as a way to increase corporate values and social responsibility.

Achievement of long-term and sustainable goals always brings about challenges, but we will get closer to sustainability in various aspects by adhering to the principles along with the active cooperation of all members. We are very proud to move towards development as a mining company with a sustainable approach, and from now on we will continue to achieve the SDGs with motivation and commitment.

MIDHCO's Strategic Document

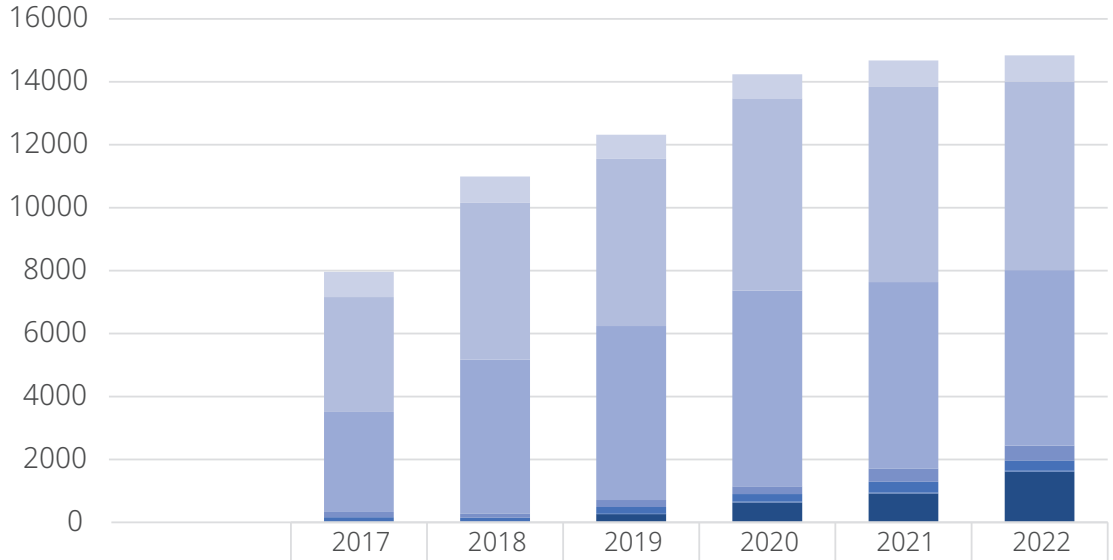


Steel Manufacturing Process & Supply Chain

Steel & Copper Value Chain & Supporting Resources

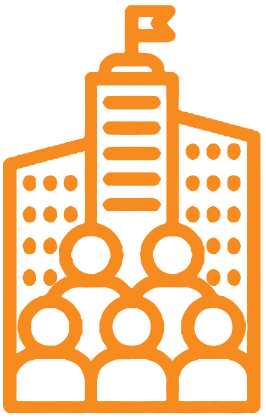
Along with the implementation of projects, we have taken into consideration the creation of regional transformation management so as to fulfill our role in implementing development projects and increasing the capacities of the country's production sector, as well as helping to manage the negative effects of possible economic shocks. In this regard, by understanding the importance of developing new knowledge and technologies, we invest in the construction of industrial and technological units in the production sector aiming at increasing our production capacity.

One of our main goals is to achieve the complete chain of steel and copper production. In the production chain, the sustainable supply of raw materials is of particular importance. In this regard, we supply the raw materials needed for our production chain, including iron ore, copper ore, and "coal", from different mines. Also, sustainability in production is one of the main goals in our production chain that we have achieved in the past years.



	2017	2018	2019	2020	2021	2022
Direct reduced iron	800.485	835.132	768.304	762.167	840.207	829.433
Iron ore concentrate	3651.176	4977.052	5307.581	6107.71	6202.417	5992.278
Iron ore pellet	3179.751	4889.269	5531.237	6220.802	5918.834	5572.402
Metallurgical coke	162.945	140.219	220.855	243.652	427.172	471.304
Processed coal	155.189	128.356	199.622	240.258	339.816	330.786
Ferrosilicon	10.893	17.189	21.908	22.386	20.013	20.199
Copper cathode	0.519	0.512	2.779	6.984	10.585	11.157
Copper pipe	1.261	1.656	2.302	2.466	2.722	3.351
Steel ingot	0	0	262.499	631.09	916.338	1607.281

Organizational Governance



Our organizational governance is fulfilled in the form of corporate governance approach. We have employed various approaches for interaction, reporting, and control of activities to provide corporate governance and create conditions in which the rights of beneficiaries are respected and in order for MIDHCO to be recognized as a transparent and accountable organization.

Creation of "MIDHCO's business code of conduct", "strategic control of subsidiary companies", "creation of "risk committee", "public underwriting of MIDHCO in OTC" trading, "acceptance and offering of the shares of subsidiary companies in the stock exchanges, "offering manufactured products in the Iran Mercantile Exchange", "assessing the performance of managers", and taking action based on "accounting standards and conducting independent external audits and internal audits (in the holding and all companies)" are all only a part our activities in this regard.

In addition to that, we have tried to create a committee-oriented structure in the organization and to use collective wisdom in policy-making and advancing the group's goals while maintaining agility in decision-making activities.

consisting of five main members and two alternate members

Board of Directors

The establishment of effective governance over MIDHCO's affairs in line with the interests of shareholders and balancing the benefits of all its various stakeholders, including customers, employees, investors, and local communities

Committees

Main

Formulation of strategies, goals, & action plans	Planning Committee
Policy-making and making decisions about how to manage MIDHCO and its subsidiaries, developing structures, systems, and methods, ICT and human capital.	Management & Organization Development Committee
Management of financing, reviewing and approving the annual budget, justifying the investment plans of the holding company and subsidiaries, and fulfilling EPS and public affairs.	Financial Committee

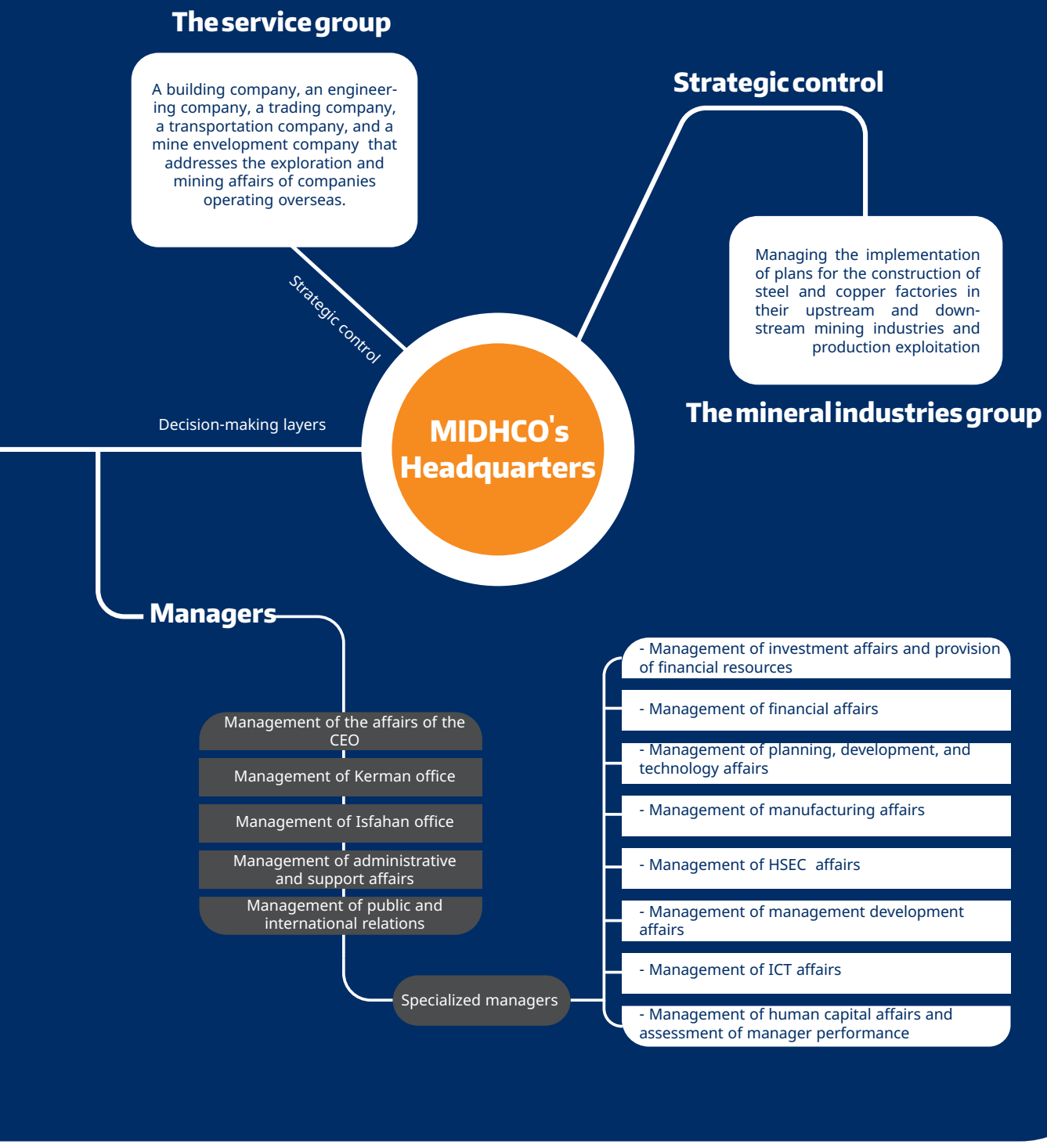
Specialized

Making policies and decisions about issues regarding employees	Human Capital Development Committee
Developing, reviewing, & monitoring the performance of systems and ICT plans	IT & System Committee
Management of IT Contracts	
Technical review of the plans and feasibility studies provided, monitoring the progress of the plans	Committee of Plans
Management of capital market activities	Stock Exchange and London Metal Exchange Committee
Planning of self-assessment planning, improvement projects, training courses, & compilation and revision of declaration	Organizational Excellence Committee
Making policies & determining plans	Cultural, Sports, & Welfare Committee
Management of social responsibility & management of beneficiaries	Social Responsibility Committee
Evaluation of issues & actions in development plans with a focus on knowledge management	Knowledge Management Committee
Making policies & determining HSEC plans at MIDHCO, evaluating daily issues of HSEC, & making decisions about using equal plans at .MIDHCO, etc	HSEC Committee
Prevention of crises (risks) and their effective management at the time of occurrence by members of the organization together with beneficiaries outside the organization in an organized manner	Management Committee for Prevention and Dealing with Risks

Examining tasks regarding internal auditors and independent auditors	Accounting
Monitoring external, operational, financial, & organizational sustainability risks	Risk

Management Structure

Structuring and formulating governance processes is a must for the implementation of any strategy in order to achieve the goals. We have founded our structures on knowledge, capability, and foresight.
The best and the most competent people have assumed the great responsibility of the all-round development of MIDHCO, and along with them, the governance processes enable the participation and use of all human resources available to us.



Structure of Social Responsibility Committee

Management of social responsibility and policy making in line with the implementation of MIDHCO's SDGs are currently being followed by MIDHCO's social responsibility committee.



Mohammad Jafar Ekram Jafari
Head of the committee



Ebrahim Bagheri
Member of the committee



Hooshang Pour Reza Gholi
Member of the committee



Mahdi Heidari
Member of the committee

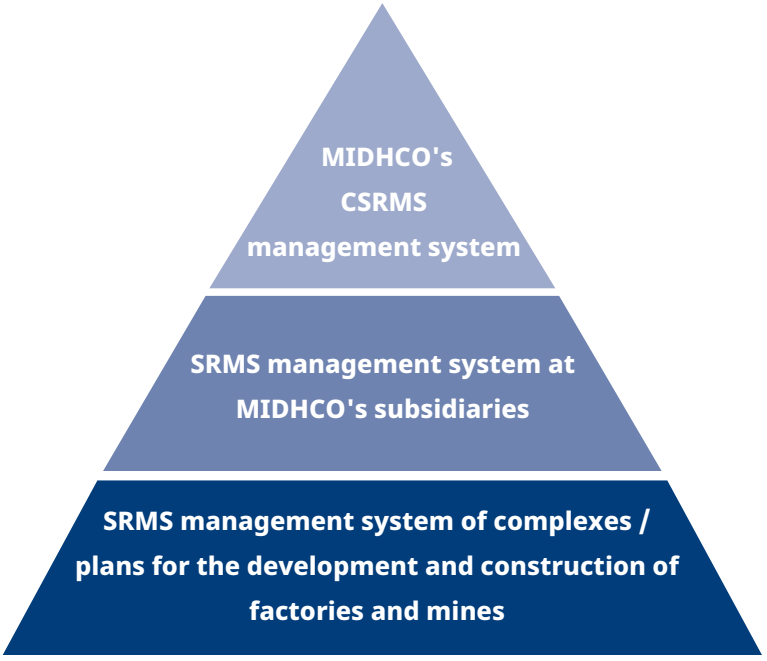


Masoud Frahnak
Secretary of the committee



Saeed Filsoofian
Member of the committee

Besides that, the need for a coherent structural design was felt at MIDHCO in order to implement the goals and approaches proposed in this committee. For this purpose, from the very beginning, the following structure was designed and proposed as a basis for following up and carrying out activities related to social responsibility in the organization.



Holding's Social Responsibility Committee
- Compilation and communication of social responsibility documents
- Compilation of job descriptions of people in the system
- Allocation of a budget to social responsibility

Company's Social Responsibility Committee
- Selection of members and formation of the committee
- Communication of social responsibility policies and programs to departments
- Supervision of the successful execution of programs
- Supervision of the purposive and optimal spending of financial aid

Complex/factory/project social responsibility working groups
- Identification of beneficiaries
- Prediction of benefits and risks
- Implementation of plans and preparation of a report of the actions taken

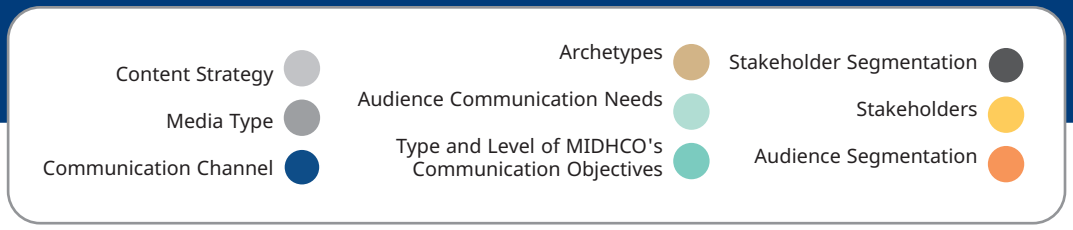
Reports of actions taken and results
- Monitoring and reviewing the plans carried out
- Summarizing the report of actions taken and preparing MIDHCO's social responsibility report

MIDHCO's Beneficiaries

What is important for us, as a large and active group in the field of mining and mineral industries, is to understand the beneficiaries and meet their demands and needs, which we consider as a leading principle in all our decisions. The significance of this issue for us is such that identifying and interacting with beneficiaries is taken into account in the four strategic goals of MIDHCO.

- Development of proper relations with the government and organizations
- Support for and integration with society
- Development of domestic and non-international markets
- Improvement of customer and shareholder satisfaction

Accordingly, in order to interact systematically with the beneficiaries, in addition to identifying them beneficiaries, MIDHCO leaders have always employed and implemented various approaches such as surveys of beneficiaries, holding meetings and sessions, invitations and hosting visits, direct negotiation, coordination meetings, attendance at scientific, specialized, and trade forum, and holding assemblies etc. Based on this, MIDHCO designed its model of interaction with beneficiaries



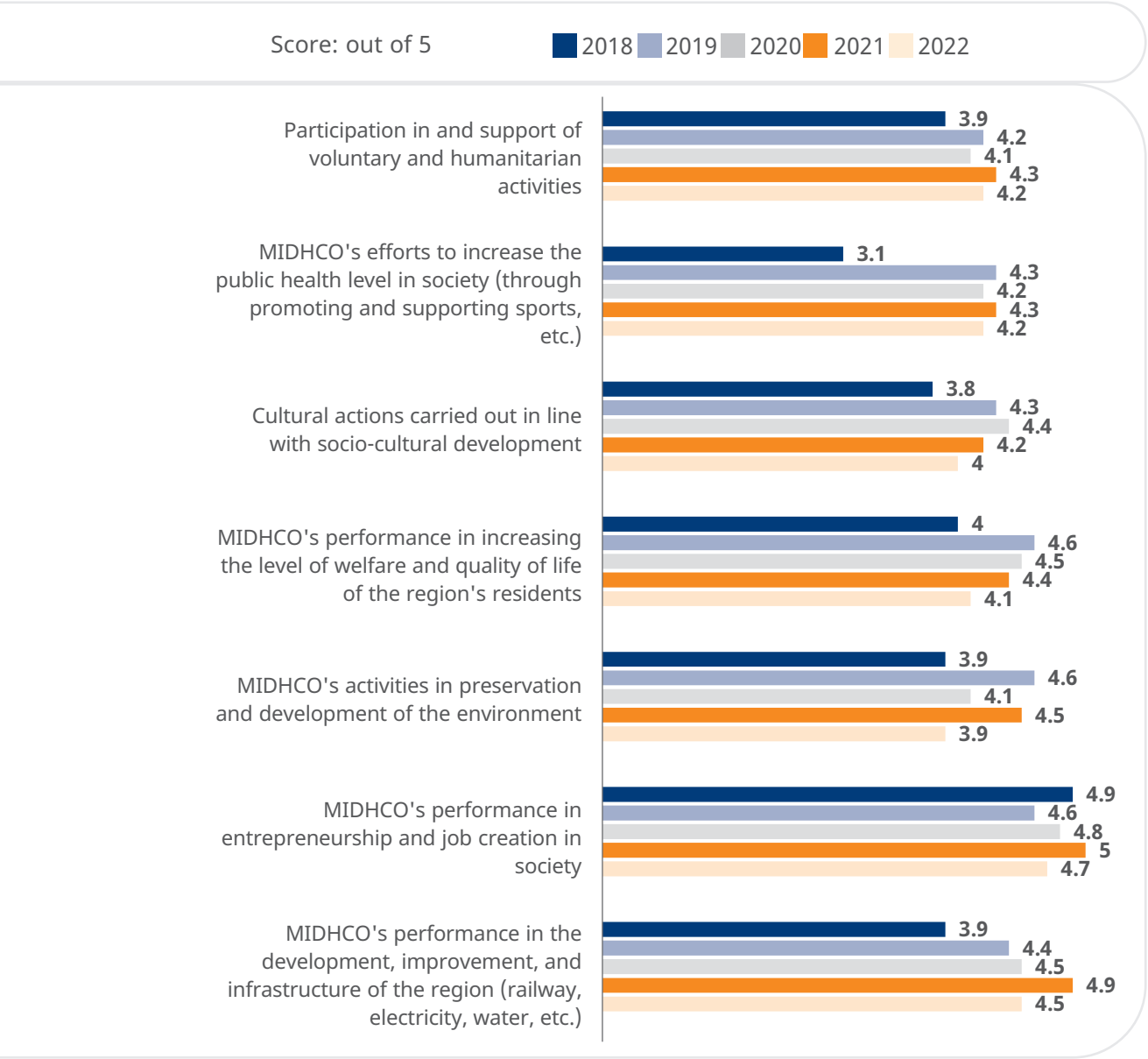
It is a subjective model and a positive personality based on which a brand forms its identity to make an emotional connection with the audience.

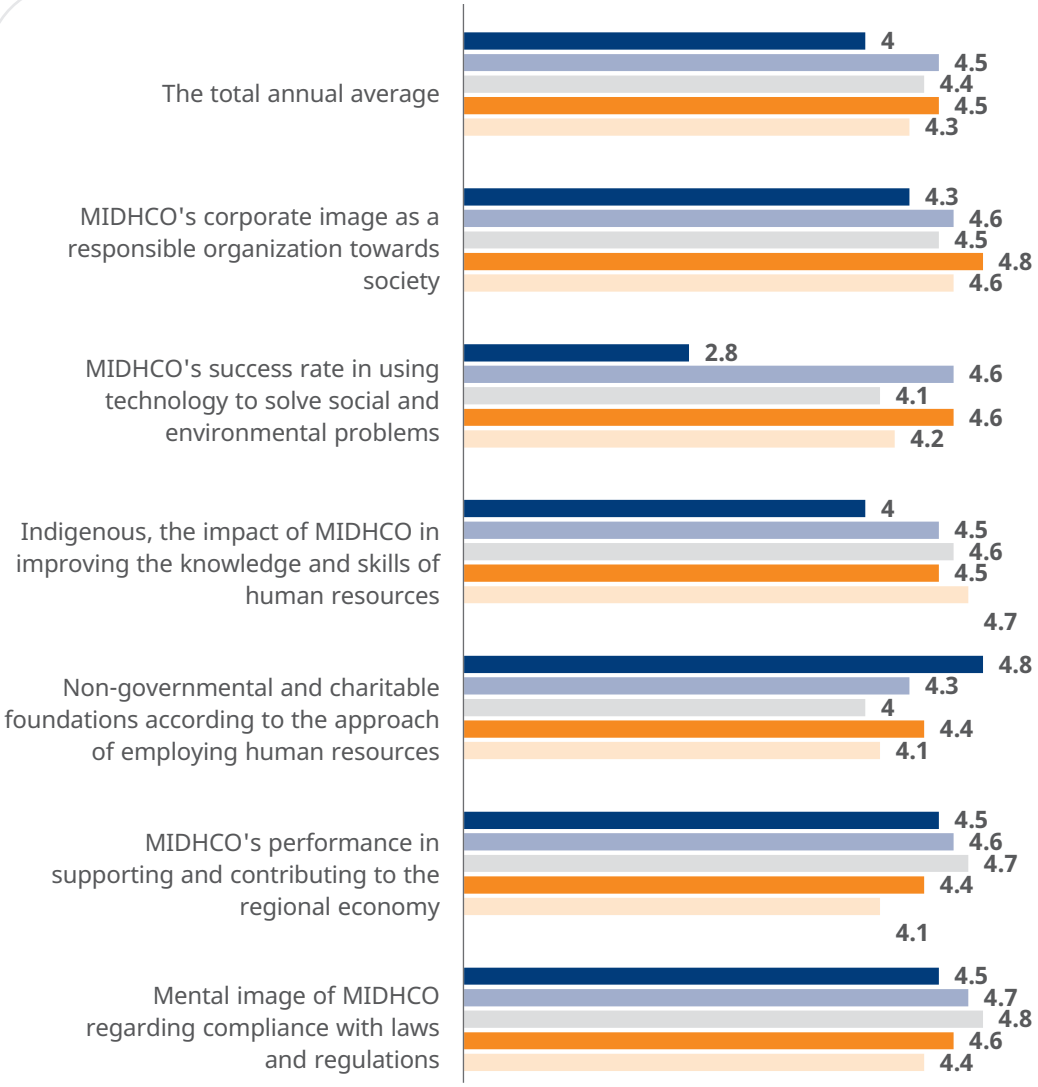

MIDHCO
Government
Regulatory and Legal Bodies
Internal Stakeholders
Political and Social Influencers
Commercial Influencers
Beneficiaries
Suppliers, Contractors, and Partners
Customers
Employees and Internal Associations
Shareholders
Company Personnel
Government, Governorate, District Administration, Sub-district Administration, Ministries
Parliament, Standards Institute, Environmental Organization, Tax Authority, Judiciary, etc
Local Authorities, Media, NGOs, Associations
caregiver
Local ommunity
National Economic Community
warrior
Steel and Mining Industry Community
warrior
Creator
(caregiver) / (Creator)
Awareness of employees' achievements & success ,managers' efforts to improve work & financial conditions for the personnel, emphasis on MIDHCO's values & the organizational culture included in the brand documents, MIDHCO's role in the country's development, working at MIDHCO is a platform for growth & becoming the best of oneself
Identity creation, relationship building, attraction, and long-term loyalty
Awareness of MIDHCO's technical and scientific successes, growth of skilled workforce, recruitment processes, technical information exchange, importance of innovation and technology in MIDHCO
Presenting technical and scientific achievements, recruitment - long term
Exchange of technical and scientific information - encouraging and strengthening innovation
Specialized media in the country's industry and mining sector
Awareness of MIDHCO's economic and financial successes, management stability and development plans, MIDHCO's approach to economics and wealth creation
Consolidating MIDHCO's position in the national economy, attracting investment - long term
Steady, continuous growth and overcoming challenges
Official national economic media (audiovisual, print)
MIDHCO's efforts to develop local communities through increased employment, wealth creation, and CSR projects
Brand identity creation, relationship building, and engaging the local community - long term
MIDHCO's support for the development of local communities
Official and unofficial local media (audiovisual, print, virtual)
A platform for growth and self-improvement
Internal portal, website, social media
Regular meetings, surveys, suggestion system, public celebrations and events with employees
Regular meetings, coordinated meeti
Conclusion of contracts, invitation and visits, direct negotiations, informing policies, brochures, informing
Mutual visits, Public notification
Meetings, conferences, visits, dissemination of information and reports through appropriate media
Site visits, performance reporting, progress report presentation, attendance at project launches
General assembly, survey, direct contact, website, SMS

Evaluation of the Importance and Survey of Beneficiaries

• Identification of key issues (beneficiaries' passion & its relation with business)

Since the majority of MIDHCO's projects have been implemented in Kerman province, surveys have been conducted among the officials of that province, including governors, members of parliament, provincial managers, and the governor general, for many years. It has been decided to assess the effectiveness of this approach in the survey mechanism of the officials of the provinces where MIDHCO projects are located (including Kerman and Hamedan). Based on the latest revision of the community survey questionnaire, issues were raised as questions in 13 areas. The stability of the beneficiaries' satisfaction can be seen in the final graph of this assessment.





• Performance reporting

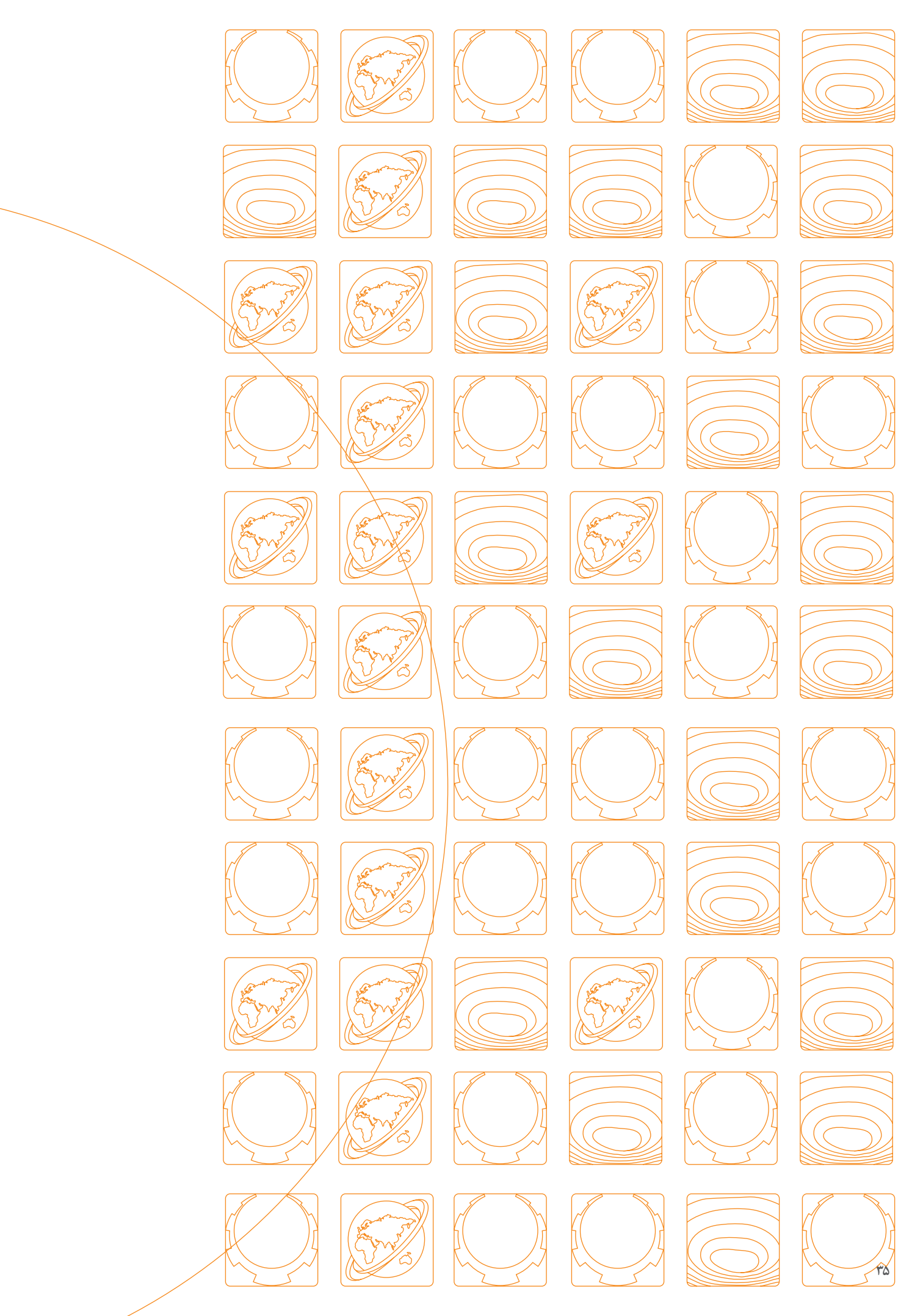
Given the importance of the external image to us, the company's approach for responding and improving reporting to beneficiaries including shareholders, customers, society, employees, suppliers, government, etc., is to create various communication and standardization mechanisms for presenting reports and receiving opinions and feedback through channels such as writing letters, faxes, presenting opinions and views, etc.

MIDHCO's major approach is timely and transparent reporting to key beneficiaries based on international financial reporting standards and Iranian (audited) accounting standards, Stock Exchange Organization rules, etc. Some executive examples in this regard include annual and interim financial statements, reports to the Stock Exchange Organization, asset reports and taxes to the Ministry of Economy, environmental self-declaration reports, human capital reports and social payments, analytical reports of occupational medicine examinations, production and financial performance reports to shareholders, and annual reports in English.

3

Performance

Financial management
Responsible production
Human capital and society
Sustainability principles



Financial management

One of our major strategies is comprehensive, sustainable, and inclusive economic development. Based on this strategy, we have always followed financial transparency and financial reporting. For this reason, in 2018 and most of the past years, we obtained the highest score for the quality of disclosure and information in the leading companies of the basic metal industries group.

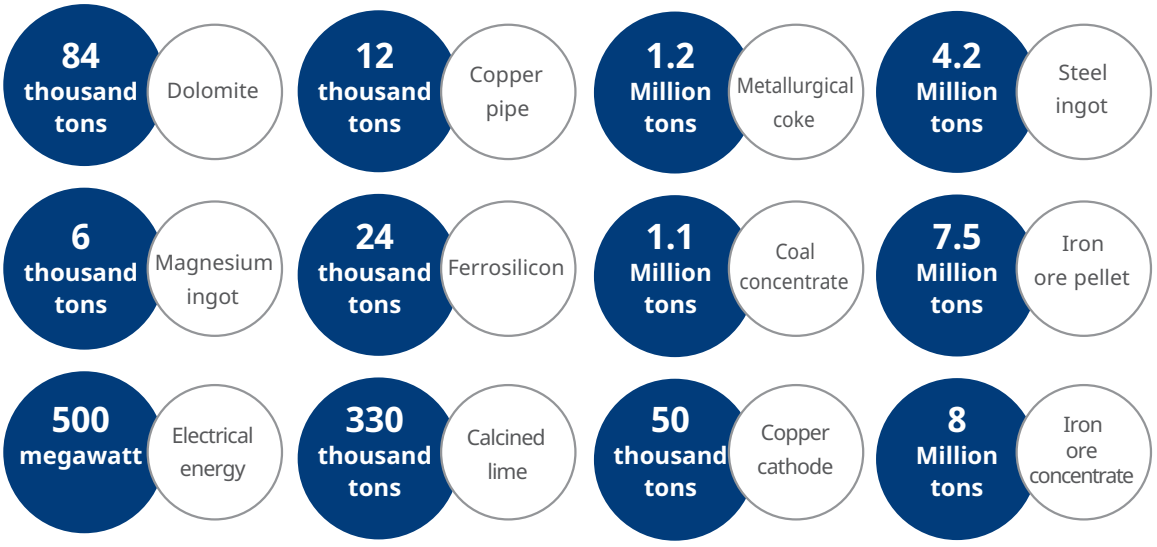


Financial strategies
Optimal use of global and national financial potentials and diversification in providing financial resources (bonds, finance, usance, facilities, sales, and other sources)

Production Supply Chain

One of the main goals is to achieve the complete chain of steel and copper production, which has been mentioned in "MIDHCO's Strategy Document" as "Diversity of Production" . In the production chain, the sustainable supply of raw materials is of particular importance. So, we provide raw materials needed for our production chain, including "iron ore", "copper ore" and "coal" from various mines. Taking into account all support and service processes, the supply chain at MIDHCO, from soil to product, is completed precisely with integrated and appropriate operational planning so as to ensure that the processes of supplying raw materials, distribution, delivery, engineering and support services etc. are carried out optimally.

MIDHCO's Products (nominal capacity)



● **Byproducts**

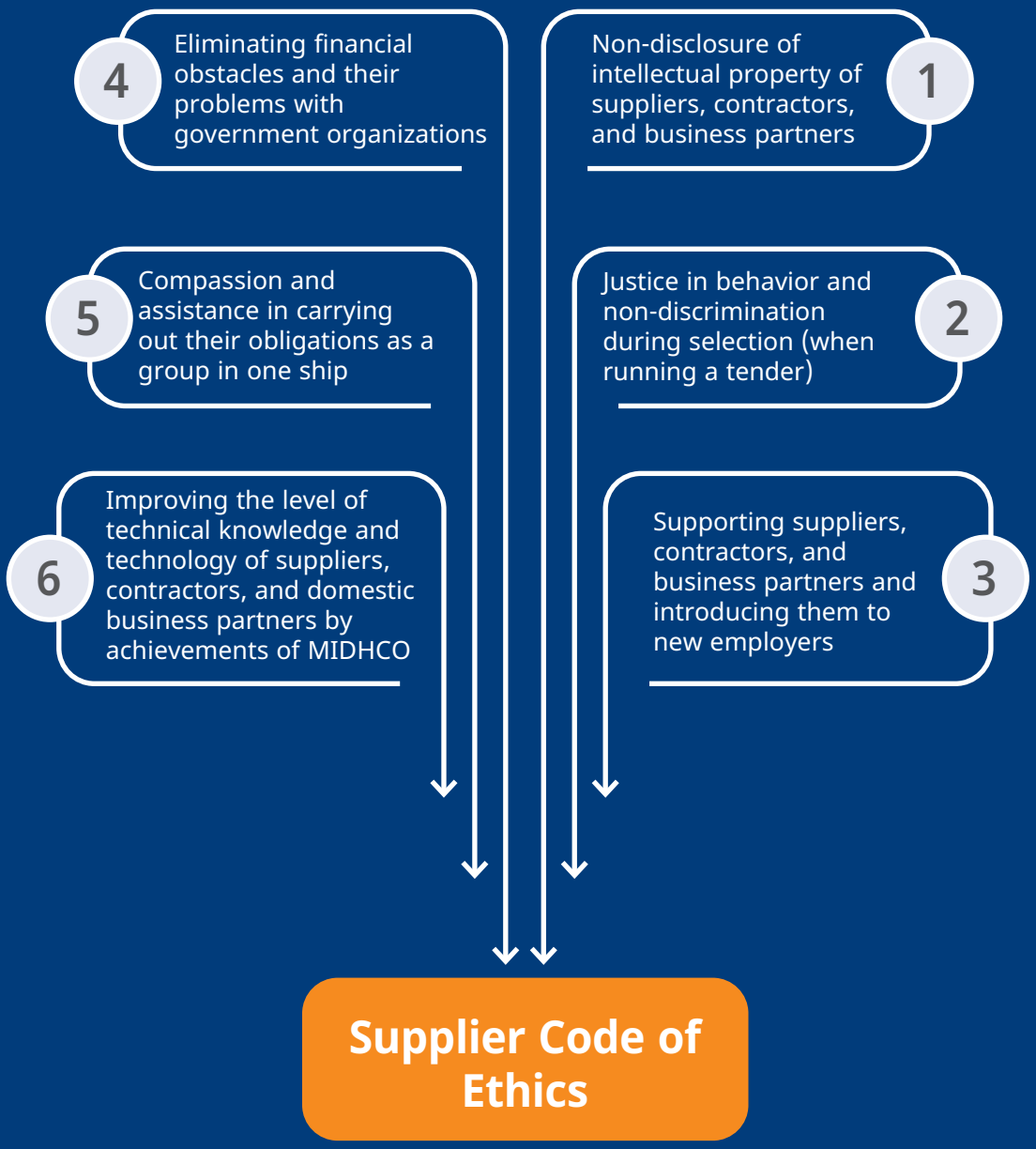
Our main areas of investment are steel and copper. Relying on the slogan "Our development begins from mines", we strive to provide all the services and products needed for the development of the steel and copper chain within MIDHCO. Therefore, we have targeted the development of metallurgical coke, ferrosilicon, magnesium ingots, lime, dolomite, and industrial gases. In the last year, we have also considered projects for copper sulfide recovery from the neutralization byproducts and the copper sulfide recovery from the iron ore concentrate tailings.

Sustainable Supply Chain

We are looking for branding in the country, region, and the world and expanding our activities abroad. In order to achieve this goal, the proper and efficient management of the supply chain has always been one of our concerns. That's why we have defined four principles for our supply chain management so that we can maintain our supply chain with the highest efficiency and effectiveness using these four principles.

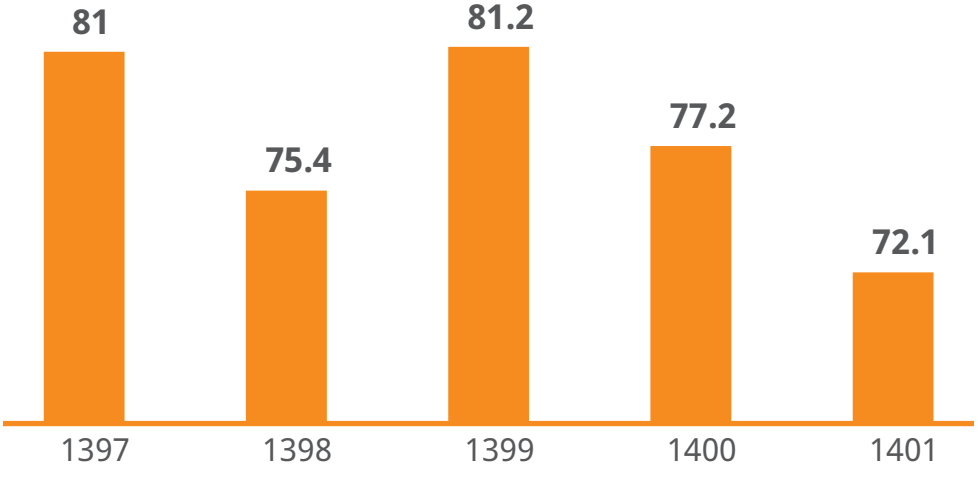


In addition to the four pillars of supply chain management, we have also defined our supplier code of ethics to show how important it is to us to build stable and trusting relationships with suppliers.



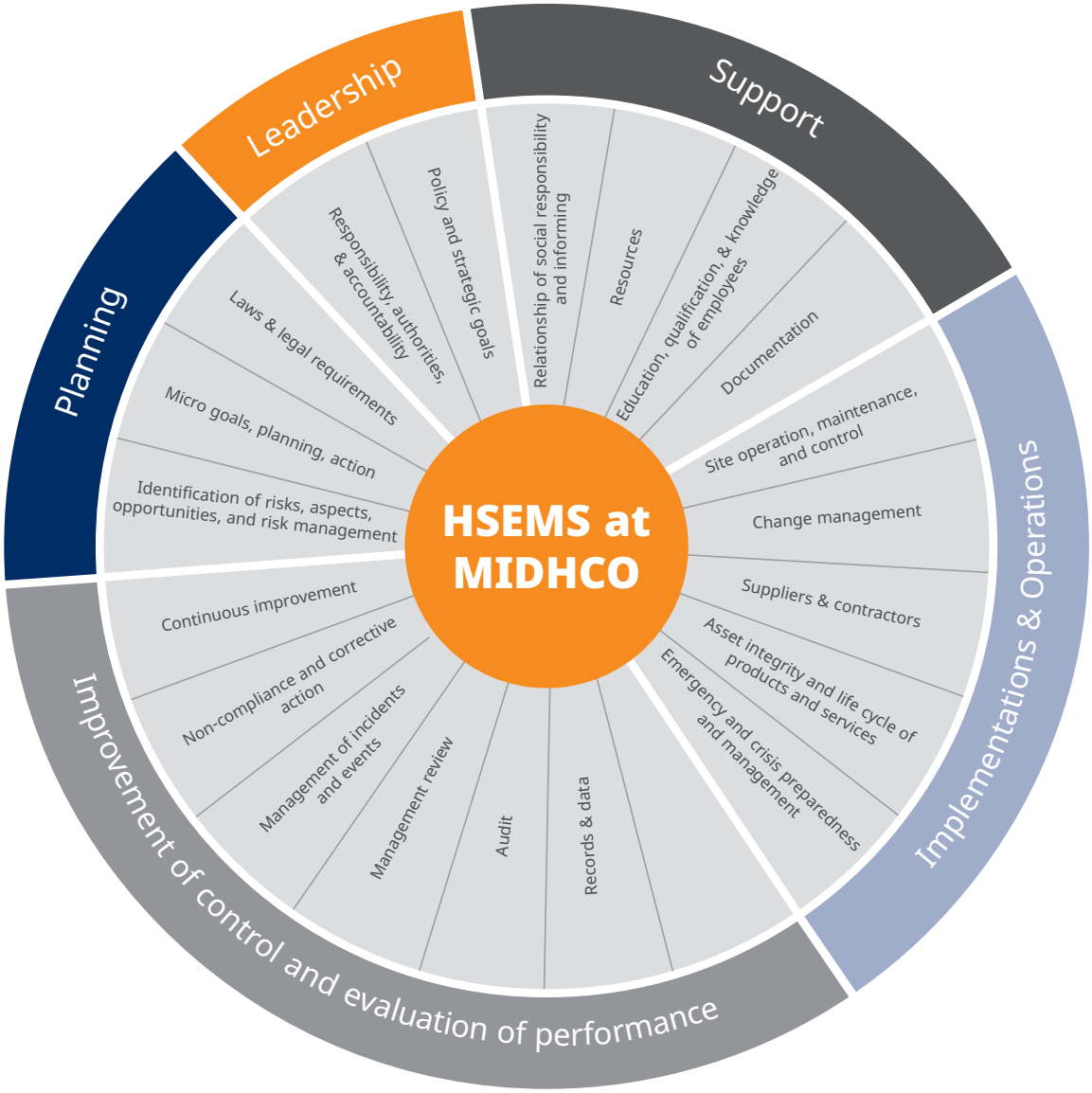
Management of Customer Satisfaction

Despite the fact that we are not in direct contact with customers, we collect and update their information in the MIDRP database, so the collection of customer information at MIDHCO is done through the implementation of the market research system inside and outside the country, and at MIDHCO's companies, it is done by offering products in the stock market or outside the stock market, as well as through market research. We have implemented a customer satisfaction system, including an annual customer survey and evaluation of their results. This survey measures and evaluates various dimensions such as product quality, purchase value against price, employee behavior, quality of communication, companies' handling of complaints and suggestions, and customer loyalty.

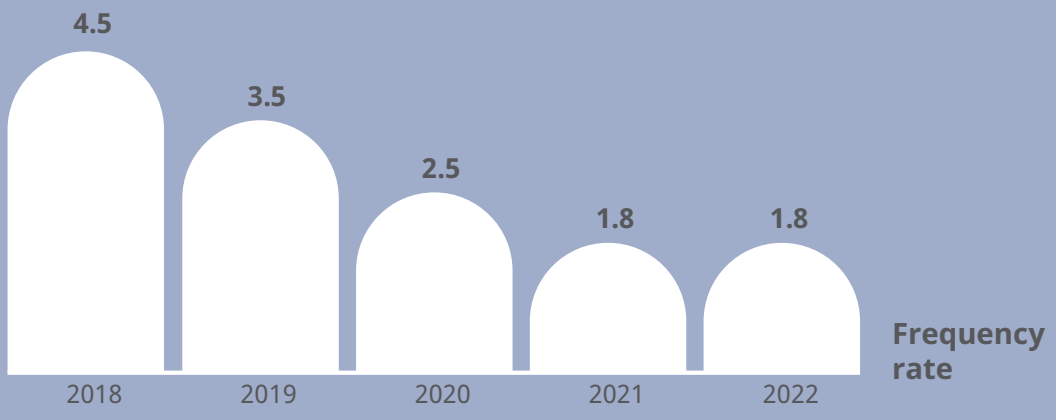


Safety & Health

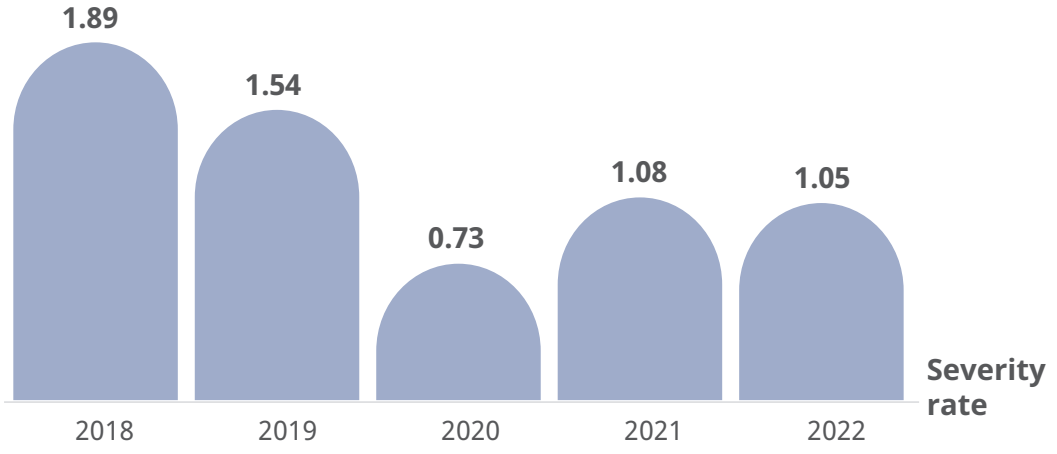
One of our most important strategies is the comprehensive, sustainable, and inclusive development of health and safety. According to this strategy, maintaining the safety and health of employees and improving HSEC and reaching the zero level of injuries in order to ensure a safe and healthy work environment for colleagues are the most important goals about safety and health. To achieve these goals, we designed the Health, Safety, Environment, and Community Management System (HSEC-MS) as an exclusive model among mining industry companies.



The frequency rate indicates the number of work accidents that occur with lost working days per one million working hours. MIDHCO's main vision and goal is to bring an injury level of zero, and according to the implementation of HSEC programs in recent years, the frequency rate has been experiencing a decreasing trend.



The frequency rate alone cannot indicate the performance of an organization, and usually, the severity rate is also used in comparative studies. The severity rate decreased from 1.08 in 2021 to 1.05 in 2020 (3% decrease compared to the previous year) and has been decreasing since 2018.

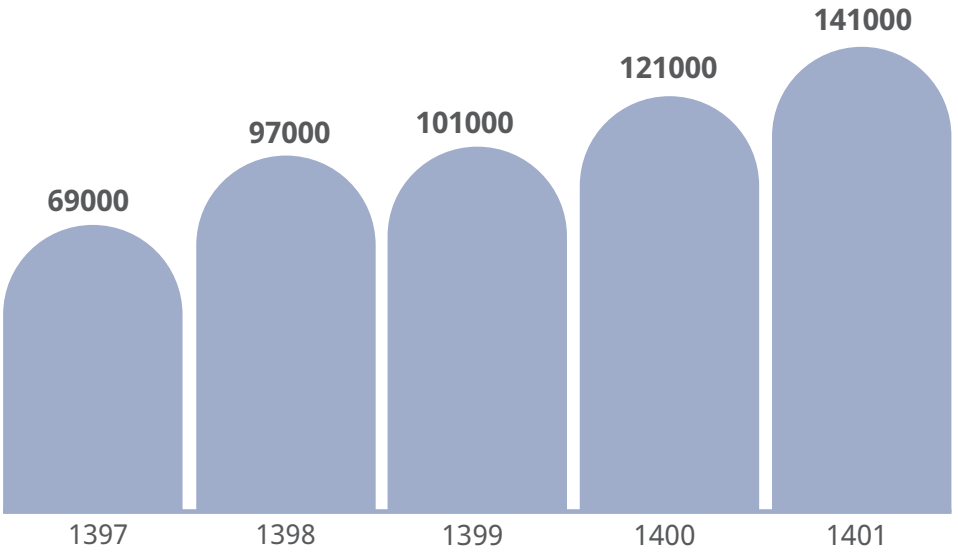


Compliance with standard procedures and rules

• Implementation of the management cycle in legal requirements and HSE standards
• Monitoring to ensure compliance with rules, requirements, laws, and regulations

Safety training

Training regarding HSE has always been the focus of our senior managers and employees; therefore, short-term training courses, on-the-job training (TBM), and online training through virtual networks have been organized for all employees and contractors.



hours of HSE training

Evaluation & Improvement

• Defining a management system of health, safety, environment, and social responsibility, its implementation and management
• Risk management, identification of improvable cases, determination of the necessary control measures and carrying them out
• Implementation of safety and health operational controls
• Management of contracts and contractors from the perspective of HSE
• Incident management with an emphasis on prevention and appropriate response and operation
• Creating and leading the necessary mechanisms to prevent and deal with emergencies and crises and effective recovery and rehabilitation.
• Effective and efficient management of communications and partnerships with beneficiaries in terms of HSE

Environmental Performance

Environmental strategy

As an economic enterprise, besides paying attention to earning revenues, we were committed to complying with environmental issues. Accordingly, we has set the comprehensive, sustainable, and inclusive development while complying with health, safety, environmental issues and social and economic responsibilities as one of our 11 main strategies, and we take them into account in all business processes.

Environmental investment

We have invested in various fields such as energy, water consumption, clean transportation, waste, and intermediate products with the aim of protecting the environment and improving its quality.

Water Consumption

a. Increasing the efficiency of water consumption

Investing in new irrigation technologies such as drip irrigation and pressurized irrigation

b. Protection of water resources

Reducing water consumption in the region using new methods and technologies (such as dewatering)

Supplying the required water for Butia Steel and Zarand Steel Complexes from the sewage of the cities of Kerman and Zarand and controlling the sewage effluent.

Management of water resources and industrial wastewater by establishing a project for dewatering tailings (dewatering and filter press) in iron ore concentrate and coal processing factories

Energy

a. Use of renewable energy

Investing in the production and use of renewable energy such as Butia Solar Power Plant

b. New technologies

Implementation of the Coke Dry Quenching (CDQ) project with a cost of 32 million euros

Application of HYL3 technology in the construction project of Butia Steel Factory to reduce energy consumption

Waste and intermediate products

a. Reducing waste production

Investing in education and promotion of waste sorting culture from source

Investing in more modern equipment and processes to reduce the production of waste

b. Increasing recycling and reuse

The project for copper recycling from neutralization by-product

The project for preparing precipitated calcium carbonate (PCC) from calcined lime with dimensions below 5 mm for the preparation of stone paper and wall paper.

The project for copper sulfide recycling from iron ore concentrate tailings

The project for microsilica processing from the complete control of the dust produced in the manufacturing process of the ferrosilicon factory

Clean Transportation

Construction of factories near mines to reduce the process of transporting materials and thus reducing energy consumption

Substitution of road transport with rail transport (green transport) to reduce environmental pollution and road injuries

● Compliance with Environmental Standards

We consider compliance with environmental standards as one of our duties; thus, we have taken various measures in this regard with the aim of protecting the environment and natural resources and improving the quality of human life.





Reduction of Air Pollutants

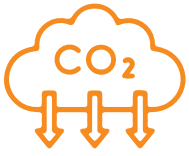
Reducing air pollutants has always been one of the important issues for us at MIDHCO, that's why we have strived to take steps to reduce air pollutants. To reduce air pollutants, we have invested in air pollution control technologies such as filters, scrubbers, and emission control systems that can remove particulate matter, greenhouse gases, and other pollutants from the air. In this regard, we have taken various measures, including:

• Continuous monitoring of the design, installation, and establishment of pollution control in all projects, such as controlling the dust created in the manufacturing processes by installing dust collectors, electrofilters, and bag filters on the equipment and continuously monitoring their condition;
• Implementation of the Fume Treatment Plant (FTP) on the electric arc furnaces of steel factories with costs over 30 million euros;
• Management and continuous operation of real-time and online monitoring systems for measuring gases, vapors, and dust from factory chimneys and continuous monitoring of the results to ensure that they are lower than the environmental standards;
• Paying attention to the reuse of gases from furnaces in the production process to prevent air pollution and reduce natural gas consumption;
• Due to the importance of controlling the greenhouse gas emissions, we compiled an atlas of emissions of significant carbon sources at MIDHCO.



Quality of Air

In order to improve air quality, we have implemented environmentally friendly projects at MIDHCO such as the CDQ project, the use of tank bioleaching in the production of copper cathodes, the control of possible dust created in production processes by installing dust collectors, electrofilters, and bag filters on equipment.



Low-carbon strategy

Iran ranks sixth in carbon dioxide emissions in the world. According to estimates, the annual emission of greenhouse gases in Iran has reached about 940 million tons, which is equivalent to 2.14% of the world's total emission. According to the fourth paragraph of MIDHCO's sustainable and comprehensive development document, expanding the use of innovative low-carbon technologies in the business model is one of our main goals, which has encouraged us to use the available resources optimally.

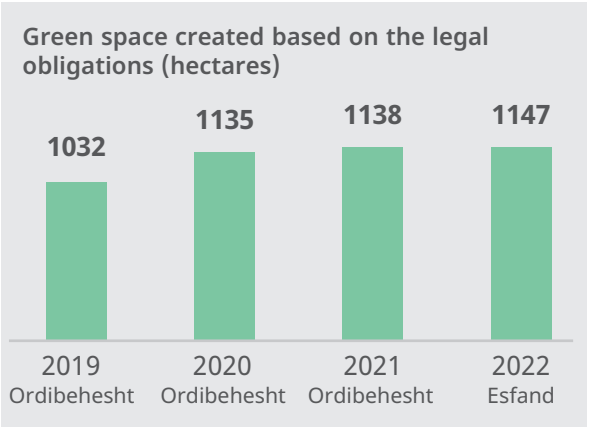


Reducing dependence on coal and choosing low-carbon alternatives

The degree of coal-to-gas conversion is a key factor in the natural gas landscape. Its potential is different under the influence of different sectors and regions, and for a particular country, it depends on the speed and scale of reduction in greenhouse gas emission it is seeking. At MIDHCO, we are investing in various projects to produce clean energy, protect the environment, and reduce air pollution. Therefore, we seek to use clean energy sources such as the sun and wind instead of coal and natural gas.

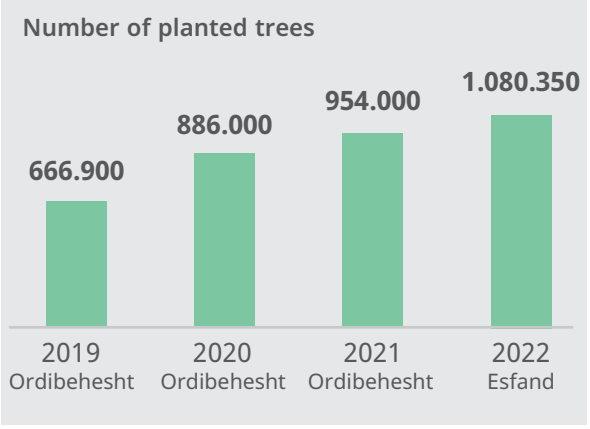
Investment and development of low-carbon technology

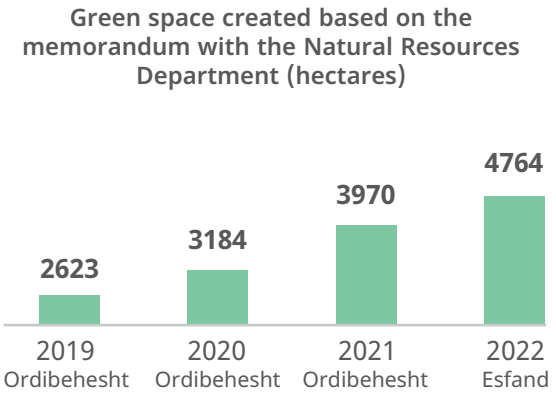
Sanctions on Iran has reduced access to new technologies and equipment needed to improve the efficiency of energy, materials, and product quality. Additionally, reduced access to energy and iron ore is another challenge for us at MIDHCO. The increase in the price of fuel and energy and the decrease in iron ore production in Iran and nearby regions have caused a decrease in efficiency and an increase in production costs. However, we are looking to invest in the development of low-carbon technologies. Accordingly, we conducted various researches on the use of solar panels due to the high potential of Kerman province and the reduction of the price of electrolyzers for hydrogen production. Considering most of our regeneration infrastructures (the largest share of the total energy consumption) which is in the form of DRI with natural gas, the development horizon of regeneration technology can be considered in DRI with hydrogen. Also, the steelmaking process will be the same as the EAF in the past due to the potential of renewable electricity supply.

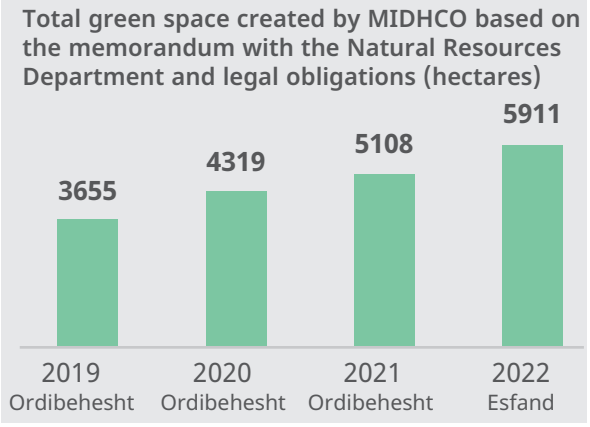


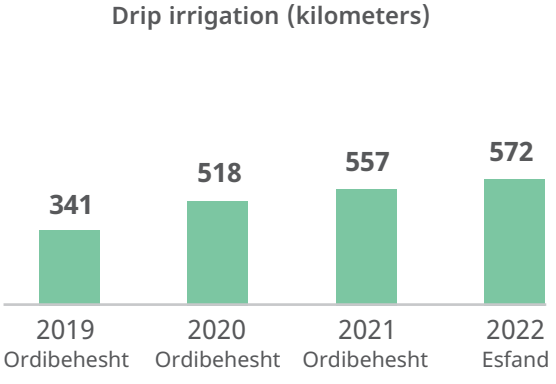
Green Collaboration

The total green space created at the level of our holding by 2022 was about 5,911 hectares and exceeded the legal requirements. This green space has been created by planting more than one million trees and planting species suitable for the climate of each region.









* Ordibehesht is the second month of the Solar Hijri calendar, which is used officially in Iran and Afghanistan. It has 31 days and spans the months of April and May in the Gregorian calendar.

judas tree



Nerium oldear



tree of heaven



cypress



paper mulberry tree

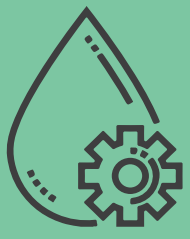


We have taken various measures to protect plant species at the MIDHCO:

- Study and research on the planting of plant species according to the ecological characteristics of the region and planting species approved by the Natural Resources Department of Kuhbanan on the northern side outside the Pabdana Coal Processing Plant;
- Studies on the identification and cultivation of medicinal plants in the region by Iranian Butia Company;
- In Hamedan, beyond the legal obligations (10% industrial space), 21% green space has been created. The total of four hectares of green space includes plant species, such as roses, damask, pine trees, cypress, acacia, almonds, etc.;
- Desertification of Fathabad-Sharif Abad District, Yazdan Abad District, Zarand County;
- Creation of special plant species in the direct regeneration complex in Bardsir.

Water management

Each of our companies prepares reports of the actions taken, actions in progress, study projects, and the company's approach to water wastage. We have done various projects at the holding level for optimal water management. Along with these projects, we also formed a committee for resource management (water, energy, and materials).



locusts



china berry



pine



european ash



caltrops



eucalyptus



tama risk



wild almond



russian olive



bird of paradise bush



- Wastewater collection and treatment of Bardsir city
- Wastewater Treatment Plant of the coking complex in Zarand
- Wastewater Treatment Plant of the copper complex in Babak City
- Dewatering of the concentrate and pellet complex in Jalalabad
- Dewatering of two concentrate and pellet complexes in Sirjan
- Wastewater collection and treatment of Kerman city
- Wastewater collection and treatment of Zarand city



Dewatering of two concentrate and pellet complexes in Sirjan



Wastewater collection and treatment of Zarand city



Wastewater collection and treatment of Kerman city

Energy Management

Energy management has been one of our main concerns, that's why a series of measures have been taken at the holding in this regard.



3. Redesign of the software for steam production process control to improve energy efficiency by adjusting the combustion parameters and input sources to the boiler in the coking complex and refinery of Iranian Zarand Steel Company.

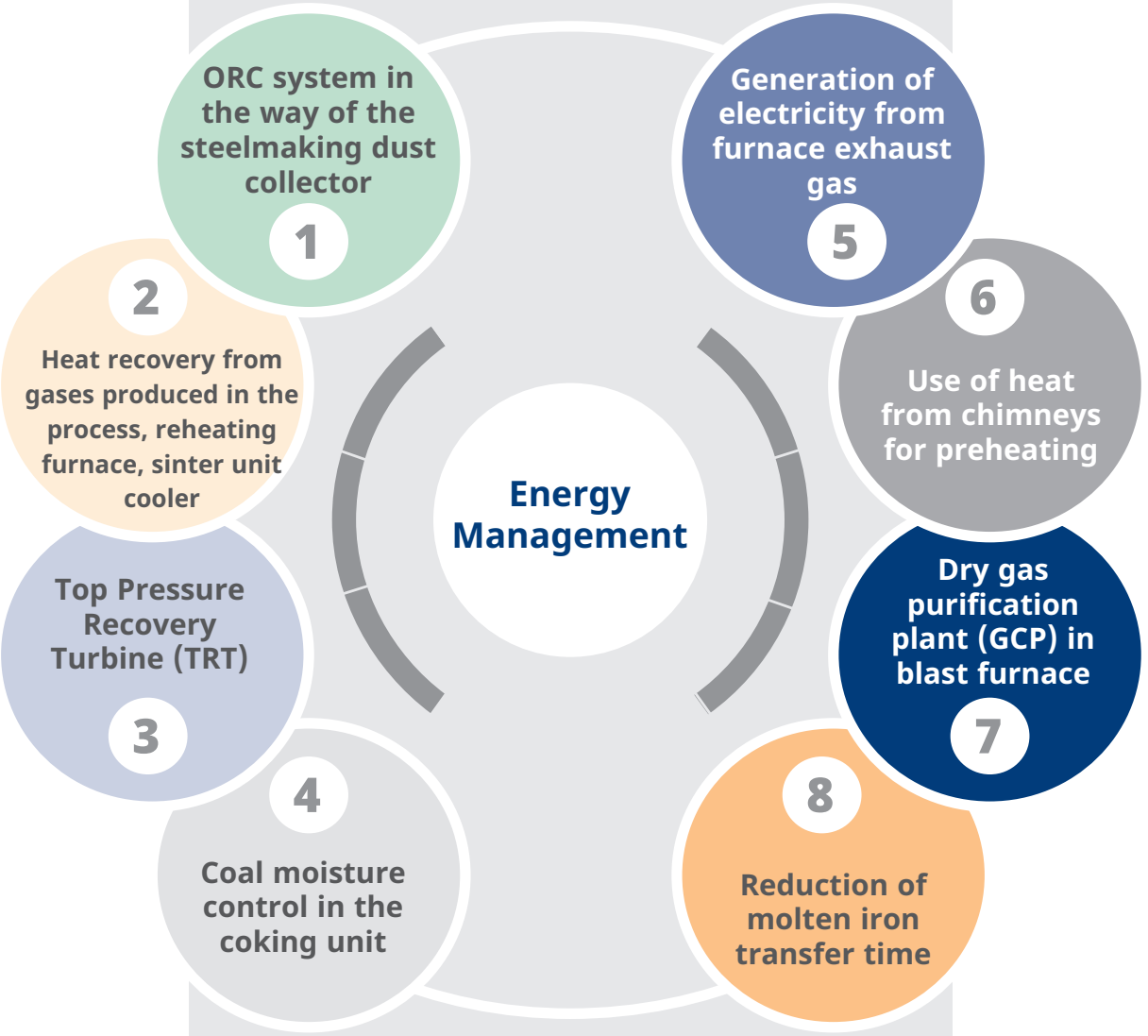
4. Reduction in coal consumption in the leakage sealing of coking furnace cells, coking complex, and refinery of Iranian Zarand Steel Company

2. The coke dry quenching (CDQ) project

1. The use of variable voltage frequency drives in the machinery of coking furnaces, coking complex, and refinery of Iranian Zarand Steel Company.

5. The use of the exhaust gas of the coking furnace as fuel in the sintering furnace, Iranian Zarand Steel Company

Moreover, we have also carried out studies in various fields for optimal energy management.

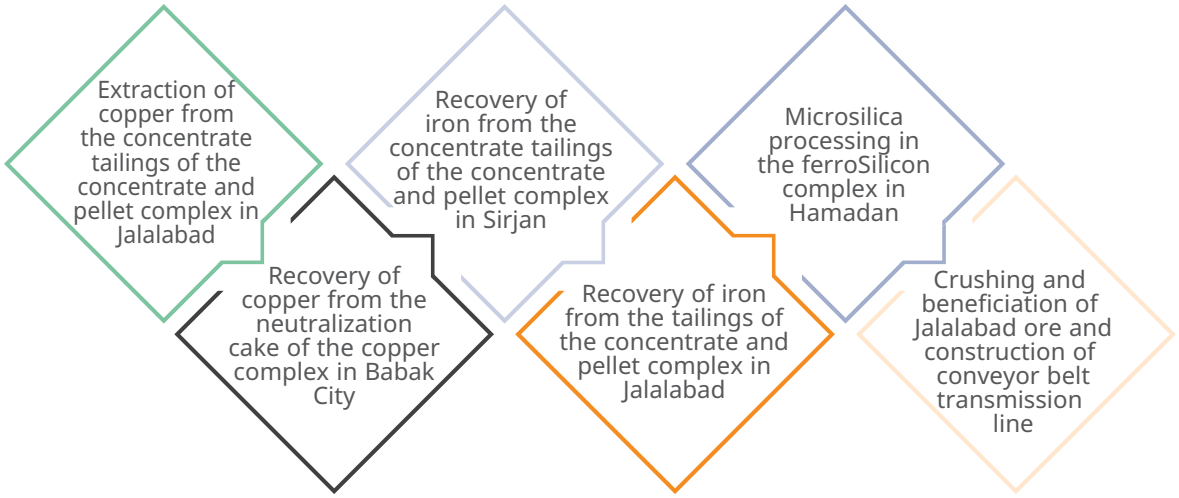


Improvement of energy efficiency

Given the energy challenges, we are conducting studies and examining solutions so that we can reduce our non-renewable energy consumption and find a solution for our sustainable energy supply. Accordingly, studies have been conducted inside the organization on using renewable energies, comparing power plants, and increasing solar electricity production on a small scale. Along with the conducted studies, the establishment of the energy management system and the optimization of production processes with the aim of reducing consumption and waste in order to optimally use natural resources, complying with the international advanced standards in the steel, iron ore (concentrate and pellets), and copper industries has led to an increase in our energy savings in operation of these projects over the years.

Material management

According to the third paragraph of MIDHCO's comprehensive and sustainable development document, we seek to manage materials and energy and make optimal use of available resources relying on their recovery. Thus, at MIDHCO, we are looking for the optimal implementation of projects, timely supply of resources, as well as the establishment of ISO14001 and ISO50001 systems, life cycle management of products and services, and optimization and measurement of their consumption.



Chemicals

Management of chemicals is done from an environmental and health point of view so as to decrease the risks and harmful effects of chemicals on the environment and human health. Based on this, we have taken various measures in this regard.

- Preparation of a list of chemicals and MSDS of each of them
- Supervision of the proper transportation, storage, and disposal of dangerous chemicals
- Preparation of specialized instructions such as operational instructions for storage, transportation, and consumption of dangerous substances and operational instructions for the maintenance and storage of special wastes.
- Replacement of hazardous chemicals with safer ones
- Optimization of chemical production and consumption processes
- Control of human exposure to chemicals

Environmental training courses

We have planned our environmental training course in order to increase people's awareness and knowledge about environmental issues and encourage them to take actions to preserve the environment. The main goals of our environmental training course are:

Increasing public awareness about environmental issues, promoting environmentally friendly behaviors, and empowering people to participate in environmental activities. Some of the courses held at MIDHCO are as follows:

- A series of courses for familiarization with MIDHCO's environmental guidelines
- Identification and assessment of environmental aspects
- Familiarization with the environmental performance evaluation system

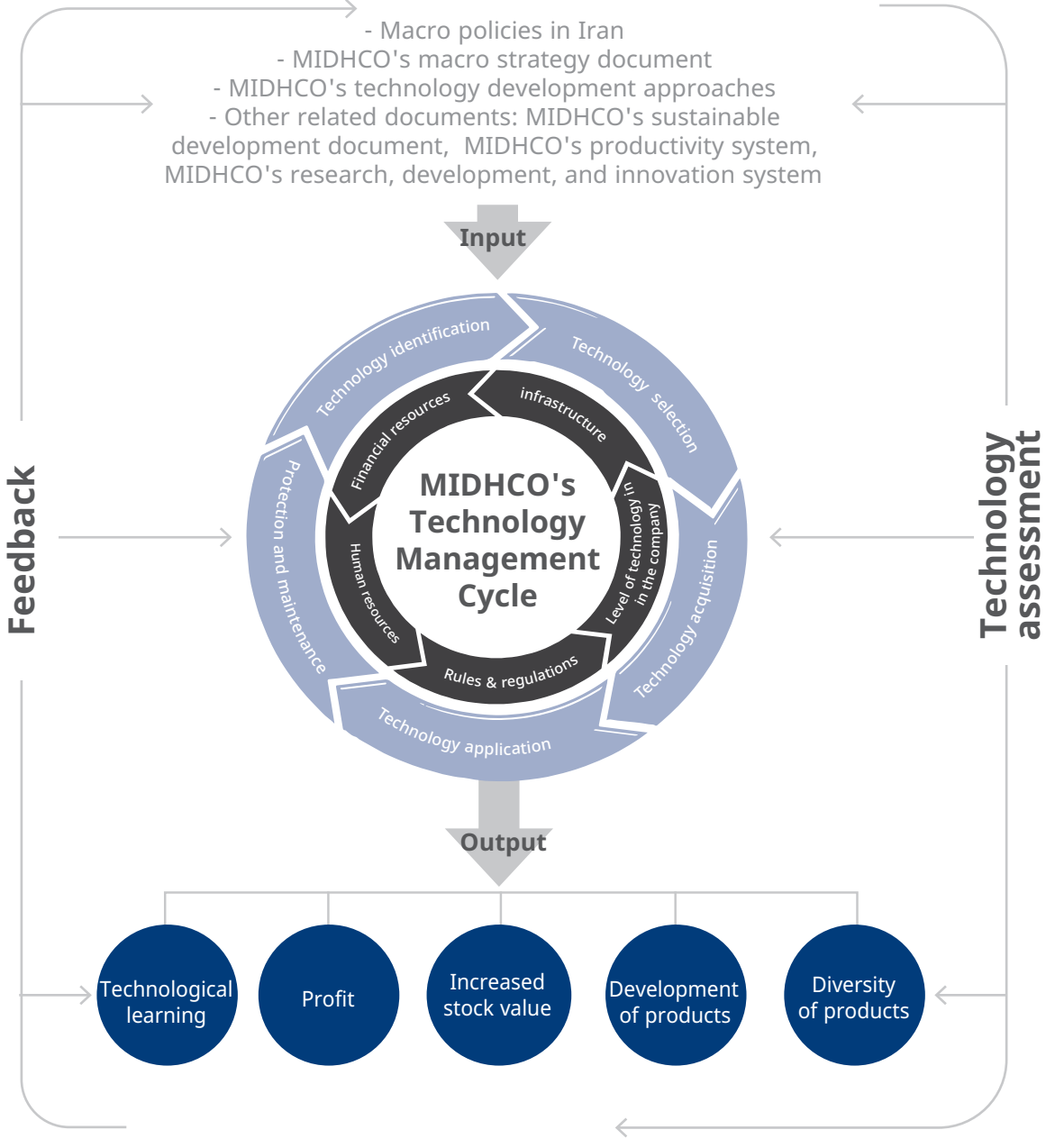
Environmental Performance

Performance in Research & Development

In 2022, we invested approximately 32 billion Tomans in research and development in various projects. Additionally, with the announcement of MIDHCO's research and development regulations since 2020, committees have been formed at the holding to develop the necessary technologies in order to solve the existing challenges based on MIDHCO's internal capacities and external resources.

Technology Management Model

In 2022, we designed a model for technology management according to the country's macro policy, MIDHCO's strategy document, MIDHCO's technology development approaches, sustainable development document, and other MIDHCO's upstream documents. The model we considered for our technology management in the form of technology management cycle includes technology identification, technology selection, technology acquisition, technology application, and protection and maintenance.



Digital transformation

Nowadays, the importance and necessity of digital transformation to companies operating in mining and mineral industries is greater than the past. Digital transformation means creation of capabilities in a company that can guarantee the company's success in the digital age. In order to move towards digital transformation and use transformative technologies, we needed to first examine our situation and then, according to the situation, set goals and define action plans. Accordingly, we studied digital maturity assessment models in Iran and other countries and finally decided to design a native model of digital maturity assessment for MIDHCO. This native model has eight criteria and 50 indicators, which are changed according to the nature of each of our companies.



Information security

From 2013 to 2019, we put the establishment of the information security management system (ISMS) according to the ISO27001:2005 standard on our agenda. Also, our security design based on the new CIS20 standard model was implemented from 2020 to the middle of last year. The reason for choosing the CIS20 framework instead of ISO and NIST standards was the provision of scoring software and implementation methodology. The most important measures taken regarding cybersecurity in recent years are as follows:

• Completing the first contract for consulting and designing the information security management system (ISMS) and establishing security systems and creating and supporting the security operations center at MIDHCO;

• Completing the second contract for consulting and designing the ISMS and the establishment of security systems and creating and supporting the security operations center at MIDHCO;

• Launching CoreInspect asset discovery and management systems, CoreLog information and security event management, Service Desk Plus security event management, discovery of Nessus vulnerabilities, detection of Suricata attacks, collection, management, and analysis of security events, integration of domains throughout the entire holding;

• Launching secure remote login systems (TSPlus & PAM) in 11 data centers of MIDHCO;

• Launching an endpoint detection and response (EDR) system on 600 sensitive workstations;

• Penetration testing on over 20 systems used at MIDHCO;

• Installing and launching an automatic system update system in 11 data centers and on 3700 devices along with securing and management of files on workstations and servers;

• Securing administrative and remote access to systems and preventing unauthorized access;

• Changing the name of workstations to the new structure approved by MIDHCO's security leadership committee in complexes, headquarters offices in Tehran and Kerman and companies;

• Compilation and management of documents based on the new 08.CISV standard with 80% progress;

• Carrying out five network penetration maneuvers (Red Team) to identify security weaknesses and, consequently, strengthening the network against cyber attacks in 2022;

• Launching a security information and event management (SIEM) solution and collecting all cyber events from all over MIDHCO's integrated network along with event analysis to prevent network penetration with 30% progress.

Productivity Management

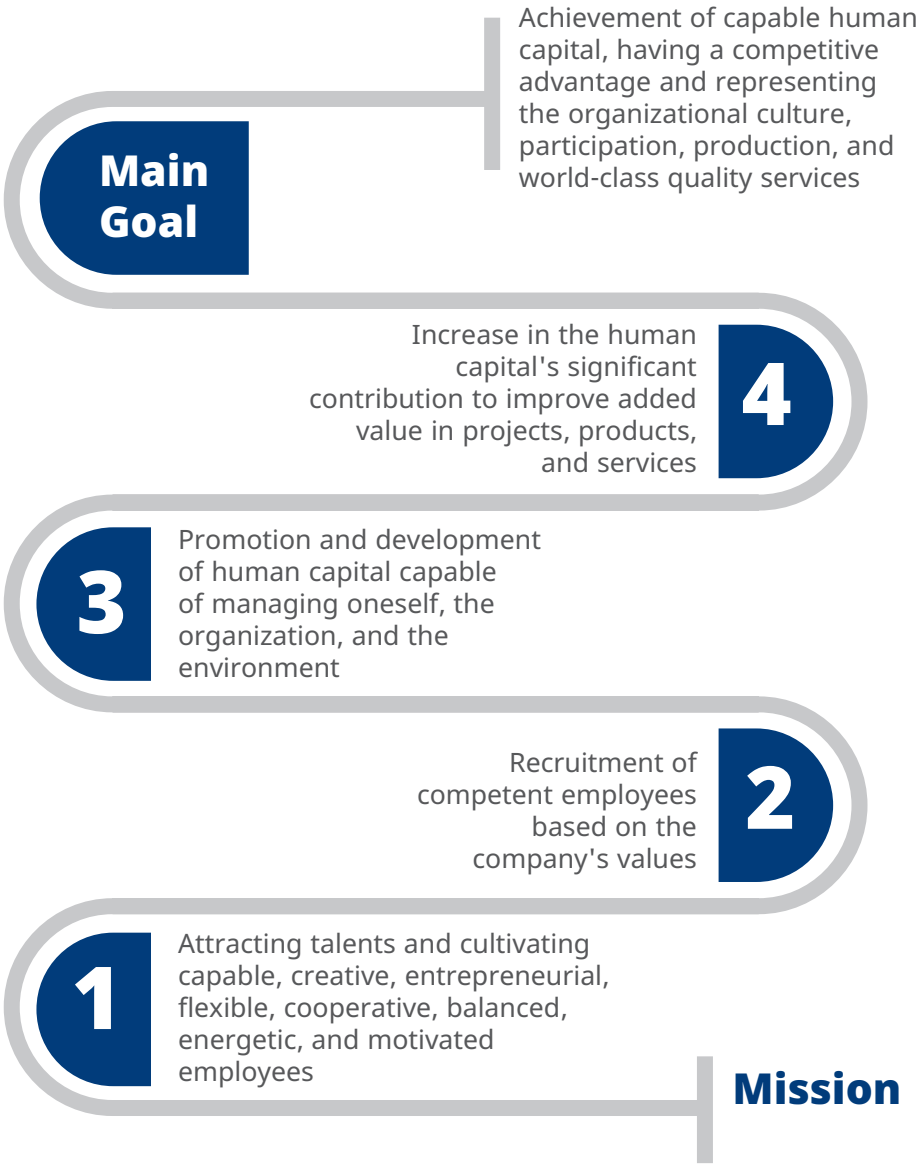
The issue of productivity for us goes back to the early days of the establishment and the start of projects. Over time with the expansion of projects and the completion of steel and copper production chains, the main tasks of controlling consumption and production were the responsibility of production managers or production committees in the manufacturing complexes. With the expansion and completion of the projects, our focus shifted towards the maximum utilization of projects, so we started participating in excellence and productivity competitions, and each of the companies at the holding managed the issue of productivity separately. With development and expansion, we needed a comprehensive and unified system for managing productivity at the holding, so we developed a productivity plan in accordance with MIDHCO's macro strategies. According to the productivity plan, we designed the establishment of the productivity management cycle system.



Human Capital Management

Human Capital Strategy

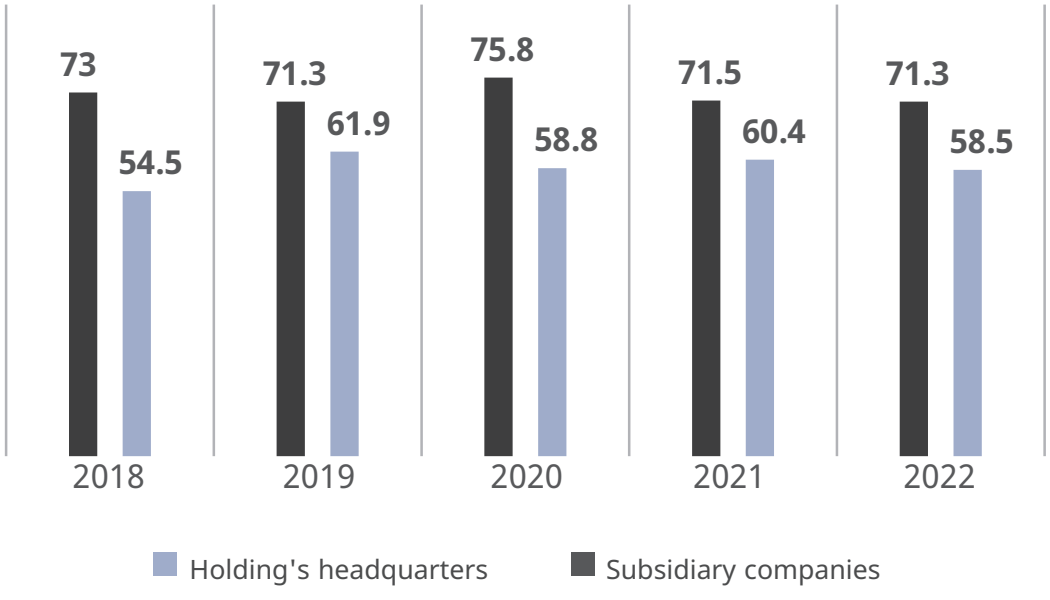
In order to achieve our organizational goals and create a competitive advantage, we need experienced, expert, intelligent, and highly motivated human capital. Based on this, we have provided the basis for the growth and improvement of the employees' capabilities. Our human capital development policies are formulated and developed in line with the company's main strategies.



Measures taken to increase employee satisfaction

We believe that the satisfaction of human capital is an important but short-term issue, so we paid attention to the components of employee attachment in three topics: support for the company, loyalty, and efforts beyond the prescribed duties in order to achieve the goals of the organization, for which we used different approaches such as establishing codes of conduct and honoring employees, paying attention to their families, employee insurance, the existence of friendly and close relationships, determining the responsibilities and duties of employees through job IDs clearly, transparency in bylaws, providing multiple platforms in order to get suggestions and opinions of employees, providing multiple platforms to to reveal the creativity and talents of employees and their growth and promotion by providing them with numerous tools and resources, appreciation of superior performances periodically, providing mental and psychological peace by job security and also focusing on common goals by forming intra-department and inter-department teams etc. Every year, we assess the The employee satisfaction index (ESI), whose indicators are defined in the specialized human capital committee based on factors of perspective, macro goals and strategies of MIDHCO, results obtained from the survey in previous years, predicting the impact of the ongoing programs on employees and the impact of completing the operation of new factories.

The employee satisfaction index (ESI)

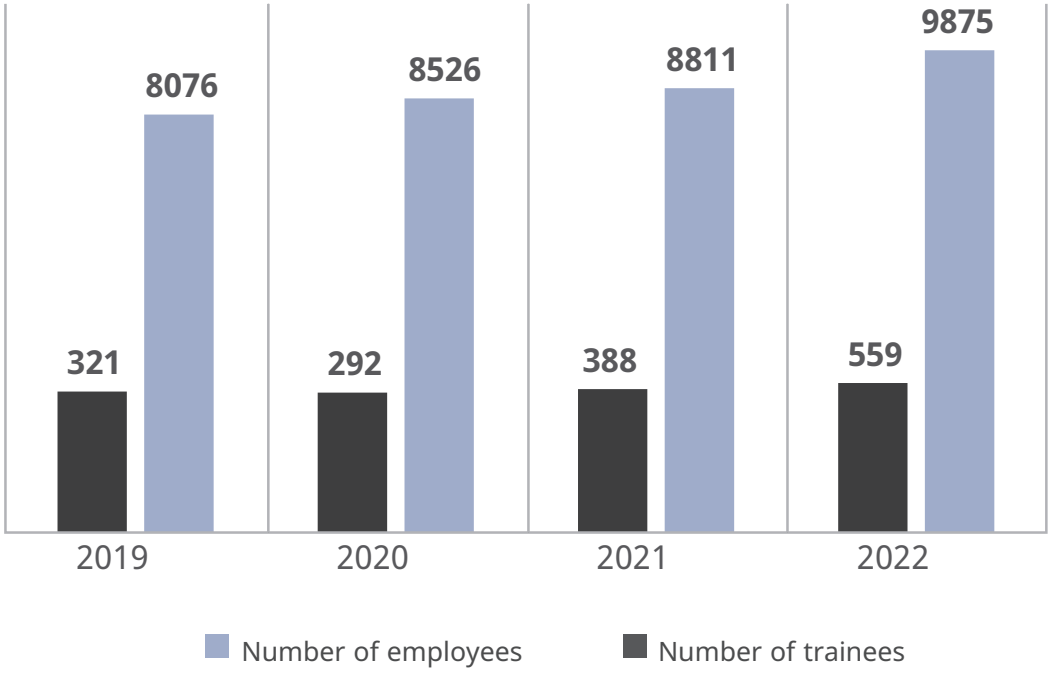


Recruitment

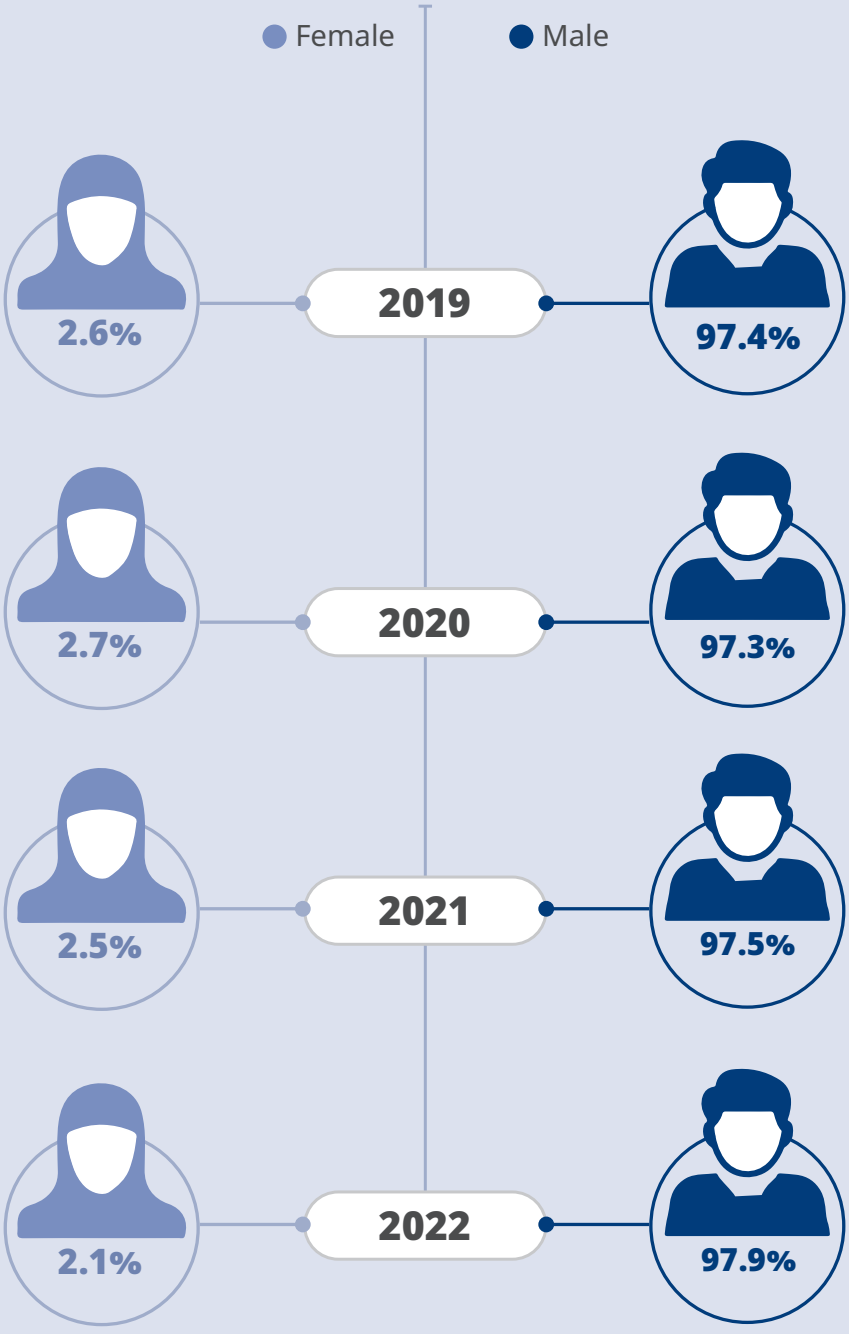
At MIDHCO, we believe that the policy of recruitment and employment of staff should be set in such a way that all people who have the required capabilities and conditions are able to join the group. Accordingly, issues such as religion, ethnicity, gender, university, etc. are not taken into consideration for being recruited at MIDHCO. Also, MIDHCO believes in the necessity of connecting the industry with the university in order to commercialize ideas, inventions, and research findings and support students to apply the acquired knowledge, so a list of interns from the university and a list of requirements of the companies are received, and the relevant reports and the effectiveness of the interns' activities are checked.

Since the start of MIDHCO's activities in Kerman province, 600 companies and contractors (small and large) have started working in the region, which has made a big change in job creation in the region.

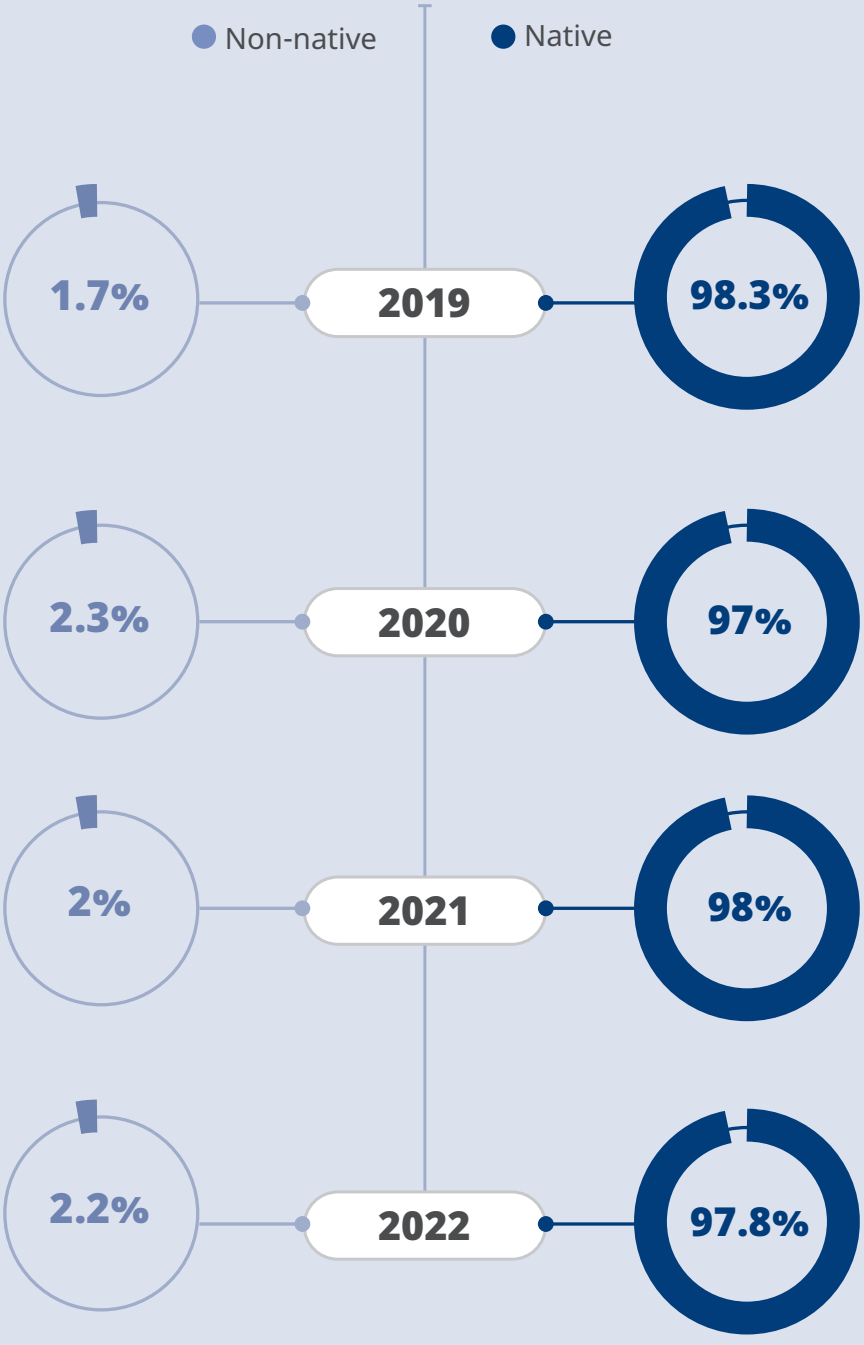
Number of employees and trainees



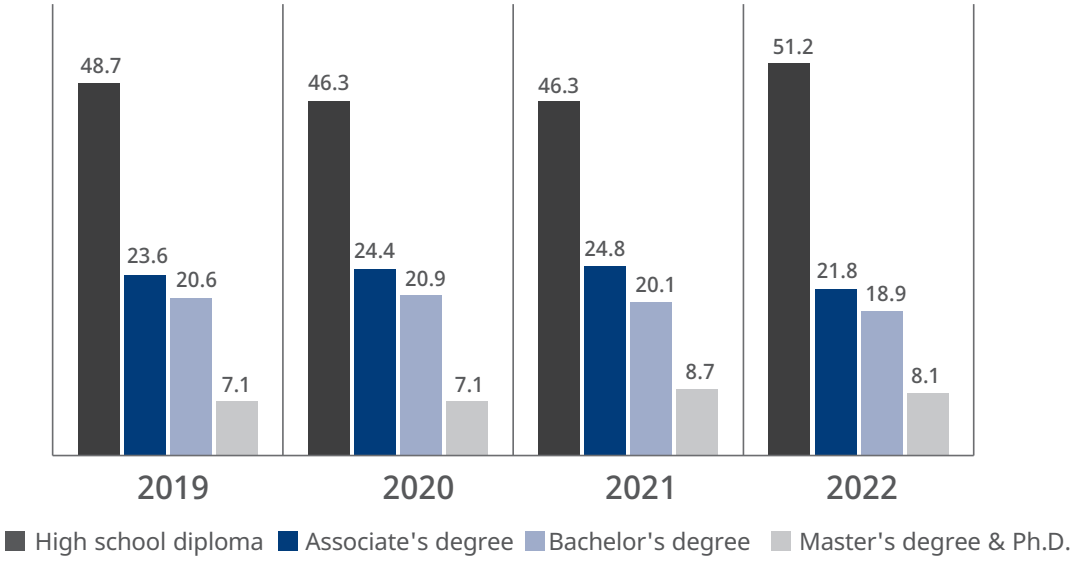
Percentage of people by gender



Percentage of employment by native and non-native



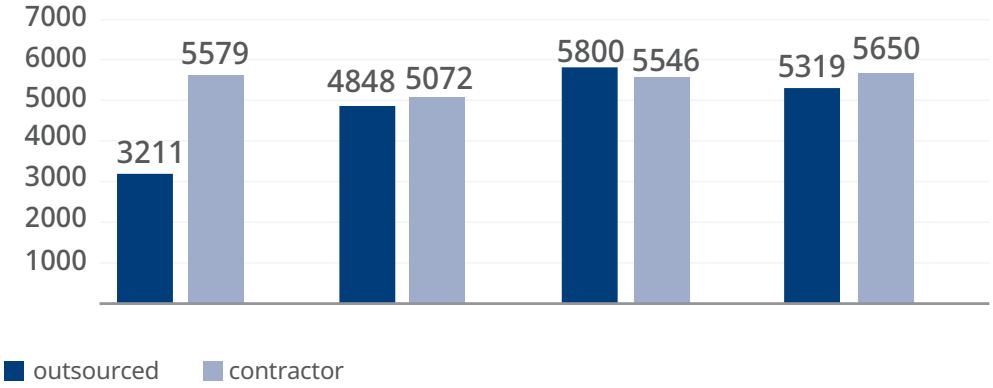
Percentage of employees by academic degree



Average age of employees

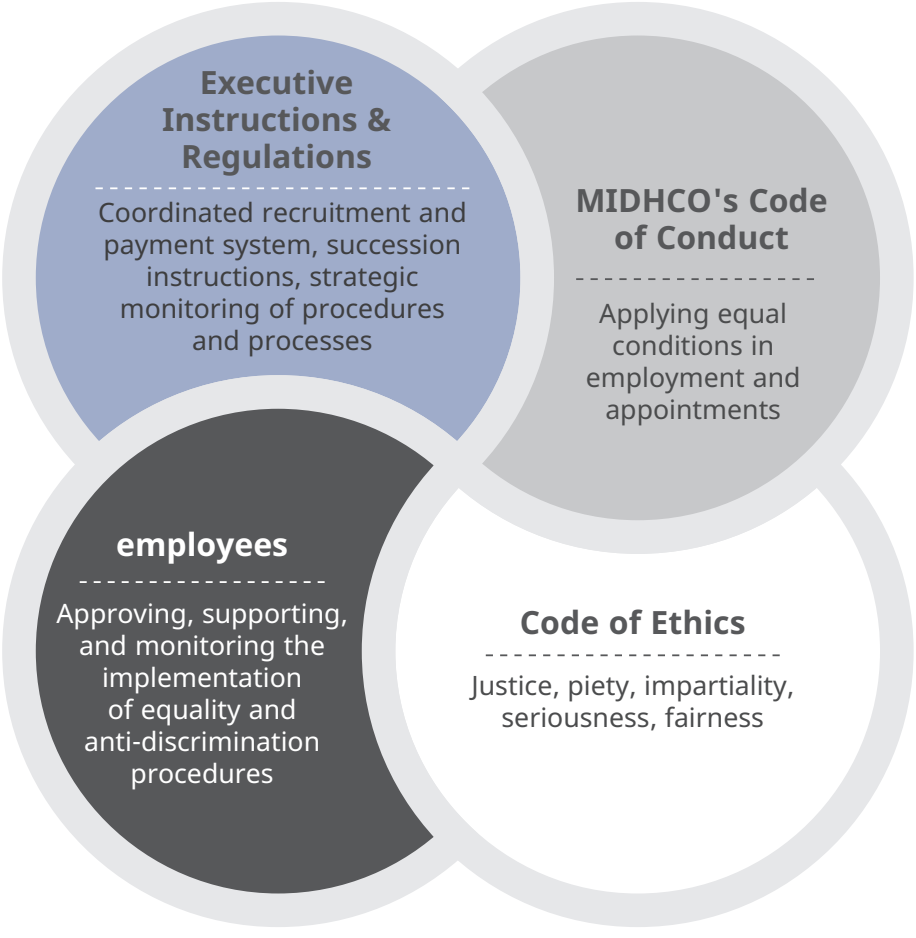
35	1400
33	1398
34.7	1401
34	1399

Number of outsourced employees and contractors



- **Career Development**

According to MIDHCO's macro strategy in organizing based on the minimization of hierarchy and creating a horizontal organization with a networking approach in career path and the possibility of developing skills based on specialized competence, horizontal promotion regulations have been designed and implemented. Also, the competence model of managers in eight levels and the succession system have been designed so as to systematize and develop justice at MIDHCO. Accordingly, efforts have been made to provide equal opportunities for all employees in providing privileges or facilities through the development of clear and codified regulations and their precise and systematic implementation, such as the method of acquiring shares, increasing shares, loan regulations, and training system.



Improvement of Organizational Culture

Unity, which means collective work and learning from each other, along with health, precision, speed, and systemization are concepts that we always attach importance to as cultural and managerial components and value-creating foundations of the brand. Based on this principle, group growth, collective cooperation, and participation in a friendly environment and establishing proper communication based on empathy and mutual understanding and mutual respect have always been emphasized and part of the organizational culture that MIDHCO's leaders place special emphasis on.

MIDHCO's Sports Performance

We have taken various measures to develop culture and sports in recent years.

- Participation of the Iranian Sirjan volleyball team in the Premier League of Volleyball;
- Holding the sports olympiad for MIDHCO's Human Capital;
- Participation of Zarand Iranian and Iranian Sirjan Futsal teams in futsal matches of the countries' clubs;
- Formation of a specialized sports committee and notification to all companies to organize employees' sports;
- Supporting the development of public sports and family sports programs;
- Supporting the rental of a gym for male and female employees;
- Financial support for organizing labor competitions in Kerman city;
- Holding the second fire fighting and rescue olympiad with the presence of 10 teams


Annual rental fee
14,737,400,000
Sports facilities
Cost of holding/ participation/equipment
62,514,333,000
Sports competitions
Total cost
413,557,861,270
Professional sports
Cost of holding/ participation
9,639,300,000
Development of public sports

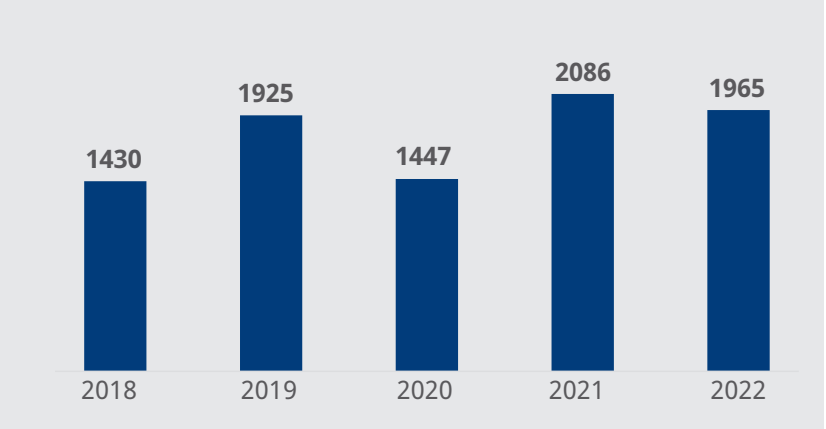
● Cooperation between managers and employees

For MIDHCO's leaders, employees are considered as human assets, and one of our organizational values is respecting the position of employees. Establishing a friendly environment based on human interactions motivates employees and leads to their commitment and loyalty. The policy of the integrated management system is to prepare executive methods to systematize the activities, including the tools of the organization to create commitment and a sense of belonging in the employees and their influence in the future of the organization. Managers improve the spirit of cooperation throughout the holding by accompanying and being with employees and holding various work meetings and emphasizing and encouraging employees to do group activities. Therefore, leaders establish warm and friendly interactions and relationships with employees, the result of these interactions is the existence of a warm, friendly, and synergistic environment within the holding. Visiting the projects, presenting performance reports, the possibility of expressing opinions and suggestions by colleagues, increasing the participation of employees in doing work, holding special meetings with questions and answers, and transferring the experiences of managers and experienced people to young employees, paying a lot of attention to employees' learning and improving their skills are the methods adopted in this approach.

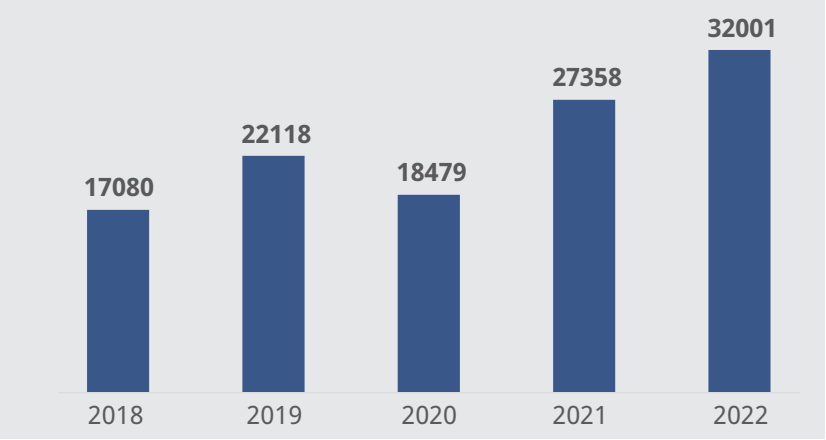
● Development of Human Resources through Training

In line with MIDHCO's strategy document and honoring the position of human capital, the human capital training regulation has been compiled and implemented considering all the training processes. In determining training needs to make the trainings purposive and increase the effectiveness of training courses, various training methods such as classes, conferences and seminars, on-the-job training, workshops, camps, educational and self-development missions, digital training, and networks are used. Our training courses are held in specialized and general fields.

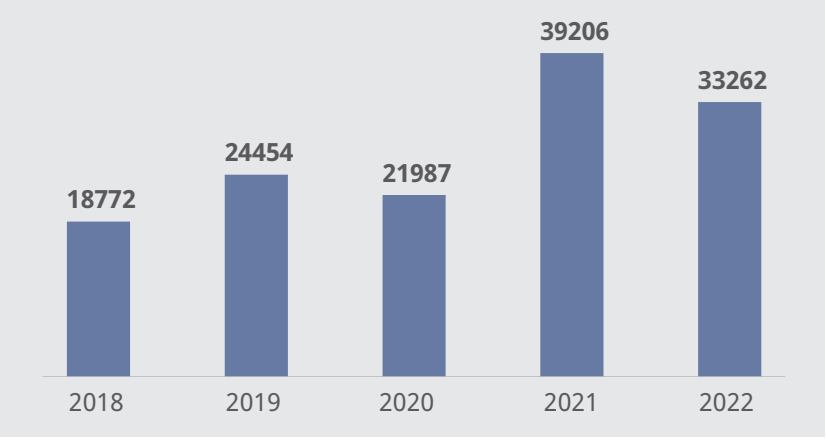




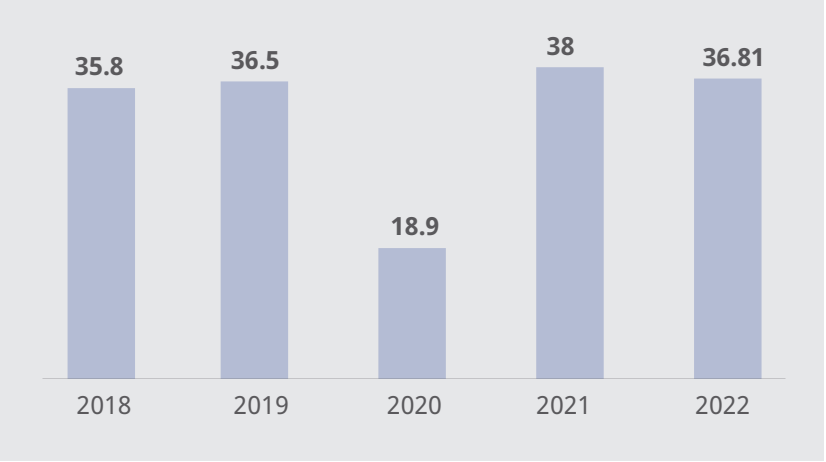
Number of training courses



Number of participants in training courses



Number of training hours



Training per capita

Social Participation

● Strategic Orientations & Focused Areas

Strategic orientations and focused areas of our slogan of social responsibility is that MIDHCO's social responsibility begins from the villages with special attention given to the youth and the application of experience. One of our main strategies is comprehensive and sustainable development with respect to health, safety, environmental and social responsibility issues. The most important measures we have taken regarding social responsibility in recent years:

• Playing a role in the national economy by obtaining the ratio of MIDHCO's income to the country's GDP;



• Paying attention to the employment of host communities, contributing to development of agriculture and animal husbandry in the villages;



• Equipping and improving schools;



• Supporting low-income students and families;



• Contributing to development of the roads and infrastructure of the host communities (creating jobs, creating production workshops, building bridges and access roads, water supply, and gas supply);



• Sports development by supporting sports teams;



• Helping to release prisoners of non-intentional crimes;



• Supporting handicrafts and tourism;



• Supporting charitable foundations and associations;



• Taking actions to supply and purchase from the host communities with the aim of developing the local community.



In the development of our local community, we have always sought issues related to increasing the level of public health through the promotion and support of sports, entrepreneurship and job creation, preserving and developing the environment, and increasing the level of well-being and quality of life in our local community. One of the most important strategic issues for us is MIDHCO's organizational image as a responsible organization towards society.

Real Efforts to Develop the Region

We have started a project called "Local Community Development" to properly plan for the development of our local community that is fully in line with the needs of the local community. In this project, we sought to identify the real needs of our local community. Accordingly, we identified villages up to 15 km radius of the manufacturing complexes and selected the most important villages in terms of effectiveness. Once the villages were identified, the existing capacities of the villages were investigated, and each village was visited and interviews were conducted with the officials and informed people of the village. Finally, according to the results of the field studies and the development capacities of the village, development and support packages were designed for the villages.

- **Free supply of over 9,000 tons of oxygen to the hospitals of the universities of medical sciences in Kerman, Sirjan, Zahedan, and Zabol since the beginning of the COVID-19 disease, of which about 3,000 tons were supplied in 2022;**

9,000 tons of oxygen

- **Equipping and improving 36 schools of host communities in Kerman, Hamedan, Semnan, and South Khorasan in 2022;**

36 schools

- **Provision of stationery, sports clothes, kitchen supplies, and mattresses needed for the care of neglected or orphaned children in Zangi Abad village, Kerman through the charities of Imam Reza and Bayt al-Kosar;**

Provision of children

- **Purchase of 1,200 books for the public library of Zarand city;**

1,200 books

- **Purchase of educational aids and equipping a nursing home to help mentally challenged students (in Welfare Organization) of Pabdana city;**

Equipping of a nursing home

- **Supporting the construction and improvement of the rehabilitation center area in Bardsir city;**

Improvement of the area

- **Supporting physically challenged people under the support of Sepehr Charity Foundation;**

Supporting the disabled

Supporting 2,110 students and 1,025 less privileged families at the beginning of the new year in 2022;

2,110 students

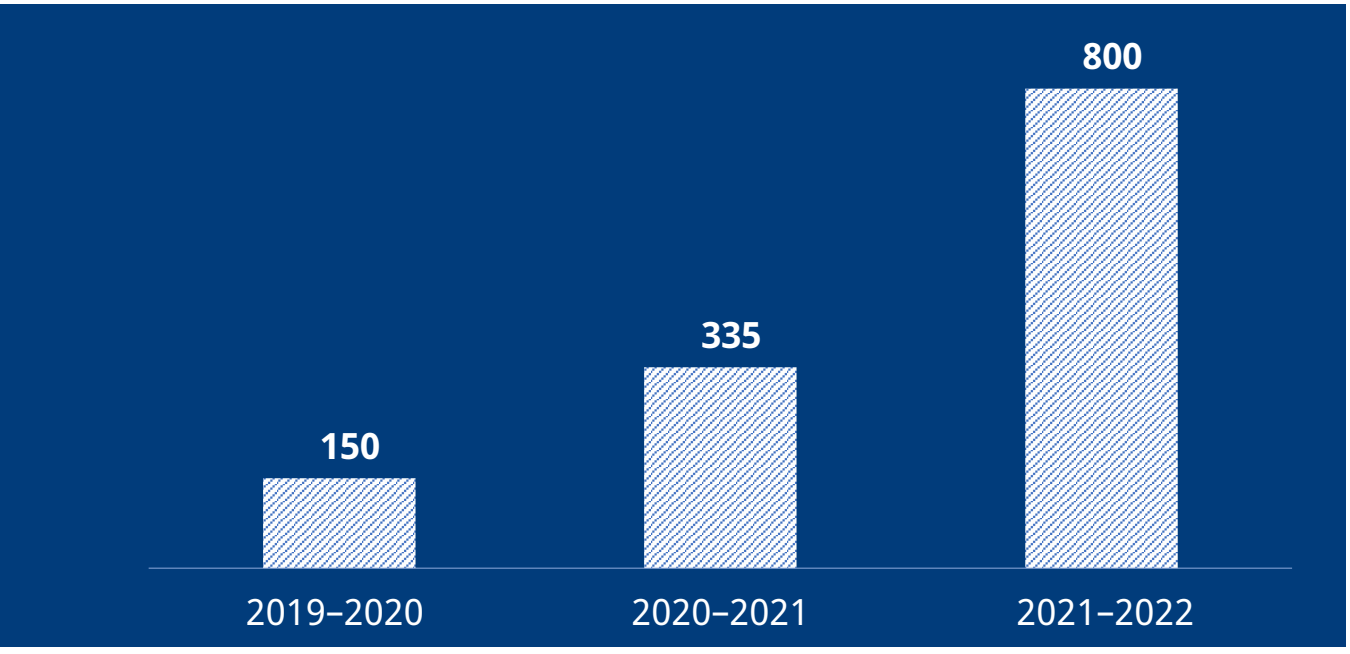
- **Purchase of 130 wheelchairs for people under the support of the Welfare Organization in the amount of 500 million tomans;**

130 wheelchairs

2.6 billion tomans	• Payment of 2.6 billion tomans to provide special packages for students including stationery, bag packs, and shoes (5,499 people) and equipping and improving schools (36 schools) in October 2022;
Securing & improving	• Cooperation in securing, improving, and fixing accident-prone areas on the roads under the jurisdiction of Zarand city;
6 billion tomans	• Construction and equipping of Kerman Red Crescent's mountain rescue base at a cost of 6 billion tomans;
2.6 billion tomans	• Voluntary presence in Kooh Sorkh city, Razavi Khorasan province as an economic representative in the development of economic, social, and cultural infrastructures;
Supporting the local economy	• Making purchases from the host community (about 60% of purchases) and making repairs through local potentials (about 70% of repairs) to support the local economy in 2022;
Release of prisoners	• Assisting in the release of prisoners of non-intentional crimes in the amount of 2 billion tomans.

Cost of Social Responsibility

Our budget for the development of the local community in 2021–2022 was about 800 billion Rials, which does not include social responsibility programs in the environmental and economic fields. Over this year, we defined the local community perception project in order to correctly identify the needs of our community and allocate our financial resources to the needed sectors of the community.



Supporting future vulnerable generations

In addition to all the activities performed, we have not forgotten the humanitarian issues and by acting on them, we show our adherence to the defined values and moral codes. Funding for orphaned children by relevant institutions (Imam Khomeini Relief Committee), provision of household items for low-income families (with the help of Imam Khomeini Relief Committee, village and city councils), numerous grants for the release of prisoners unable to pay blood money and aid to charity foundations, etc. are other humanitarian actions taken by MIDHCO. Together with other sections of the society, we have also sent essential items for natural disasters.

Economic empowerment of Kooh Sorkh

Focusing on improving the living standards of villagers, MIDHCO has implemented its social responsibility programs in the form of development projects in Kooh Sorkh city. This project aims to create sustainable employment and increase the income of rural households, seeking economic prosperity and social welfare in this region. By understanding the basic needs of this region, we have taken an approach based on empowerment and skill training. Some of our macro approaches in this region include revival of declining native industries and productions, education, and culture building for production and creation of value chain from product to market, and use of local capacities.
Accordingly, Mana-Iranian Industrial Development and Renovation Company, as the representative of MIDHCO in Razavi Khorasan, is in charge of implementing these programs in 28 villages in Kooh Sorkh.

• Increasing loan amounts in the carpet and cloth weaving sector from 5 million to approximately 10 million tomans



• Increasing loan amounts in the sector of greenhouse and production workshops from 40 million to approximately 60 million tomans



• Disbursing loans to 220 applicants in an average amount of 19 million tomans







• The total loan disbursed in the amount of 4,170,000,000 for cloth weaving, carpet weaving, almond cultivation, walnut cultivation, medicinal plants, light livestock, cumin and barberry, greenhouse, and production workshop



• Cash donations to departments in the amount of 60 million tomans



• Helping to hold public conferences and maneuvers in the amount of 100 million tomans



• Provision of tablets for needy students in the amount of 70 million tomans



• Provision of stationery support packages worth 40 million tomans



• Provision of necessities for needy families worth 30 million tomans



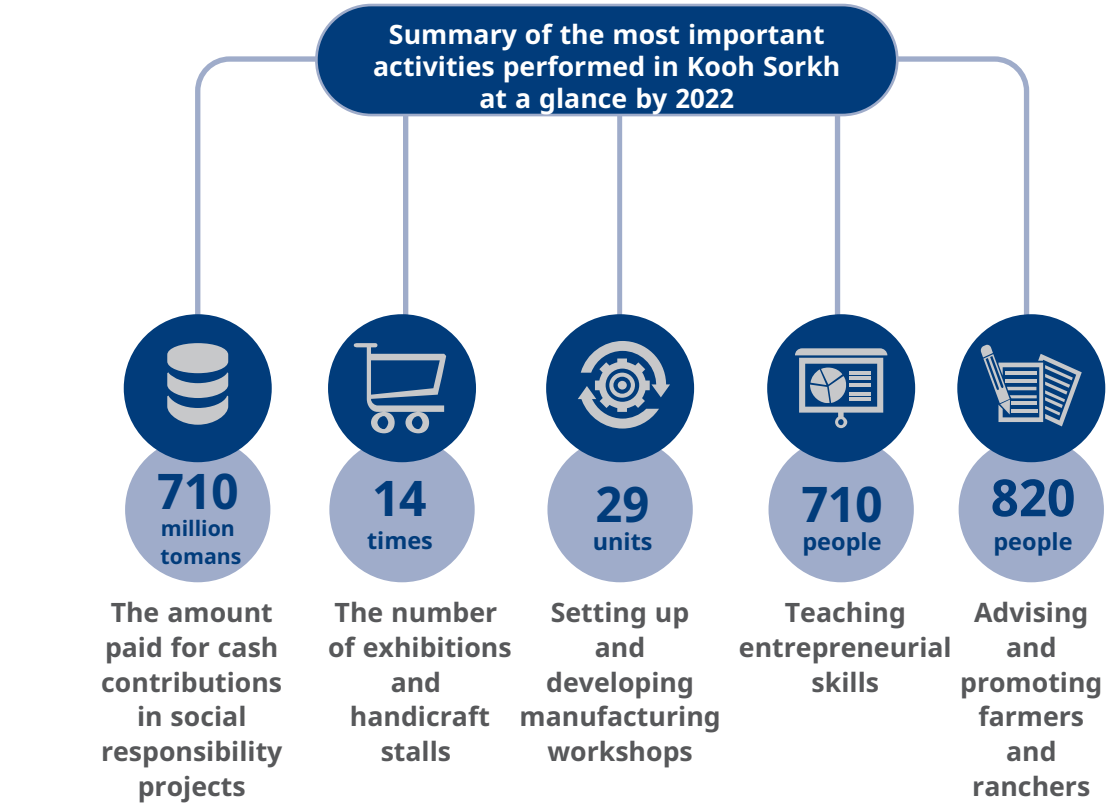
• Provision of carpet looms for needy carpet weavers worth 25 million tomans

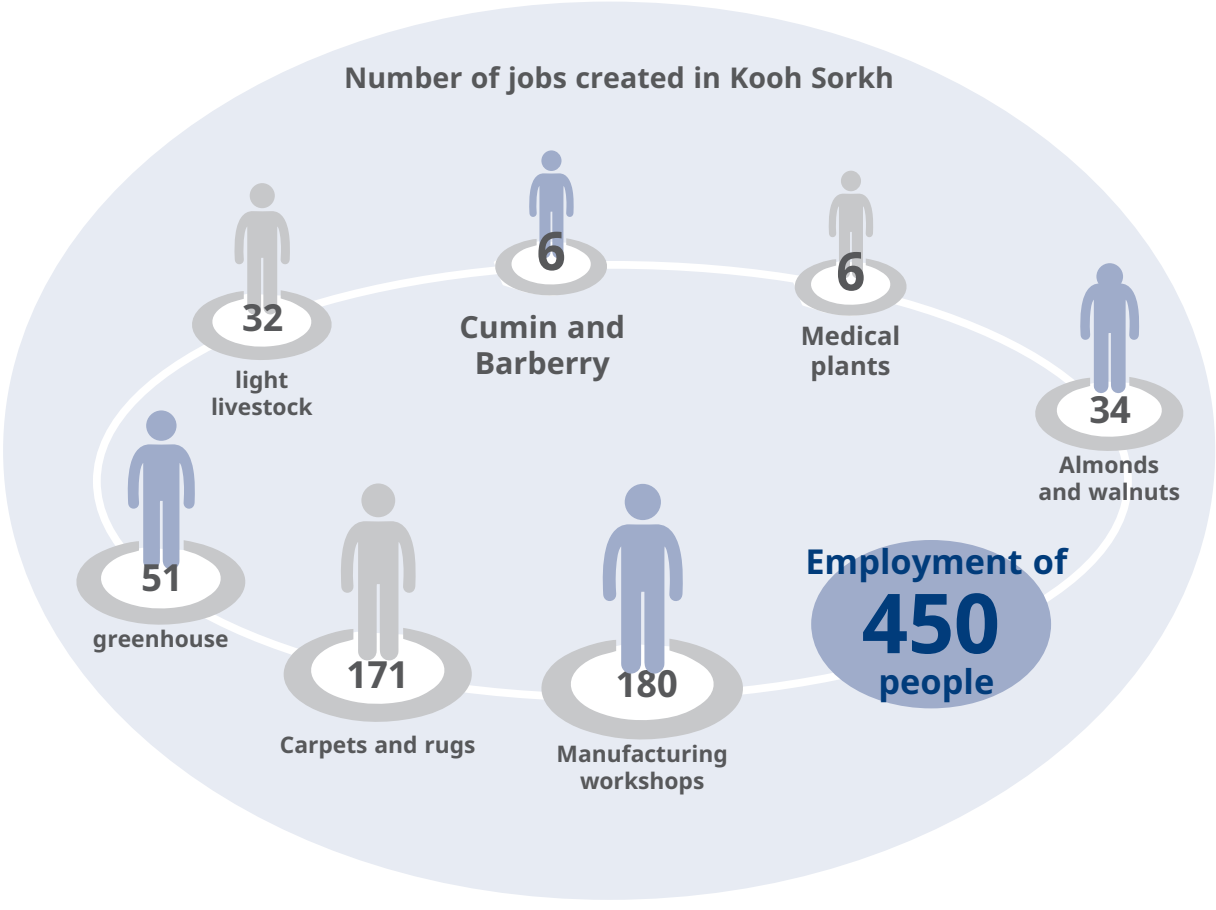


• Assistance in the reconstruction of schools in the amount of 200 million tomans



• Assistance in school equipment in the amount of 50 million tomans


Summary of the most important activities performed in Kooh Sorkh at a glance by 2022
710 million tomans
The amount paid for cash contributions in social responsibility projects
14 times
The number of exhibitions and handicraft stalls
29 units
Setting up and developing manufacturing workshops
710 people
Teaching entrepreneurial skills
820 people
Advising and promoting farmers and ranchers


Number of jobs created in Kooh Sorkh
32
light livestock
6
Cumin and Barberry
6
Medical plants
34
Almonds and walnuts
51
greenhouse
171
Carpets and rugs
180
Manufacturing workshops
Employment of 450 people

Imam Juma's and governor's appreciation of the economic representative for charitable activities







Training measures taken in Kooh Sorkh



Conducting sewing courses



Conducting carpet weaving courses



Conducting training courses on growing Damask rose

Holding almond cultivation training courses



Holding startup training sessions



Establishing two clothing production workshops in Nameq and Ivar villages



Establishing a mushroom cultivation workshop in Kooshe village





Building a greenhouse in Rooyesh village



Building the first pottery workshop



Holding a conference of Zainabi girls on the birthday of Hazrat Zainab (PBUH)

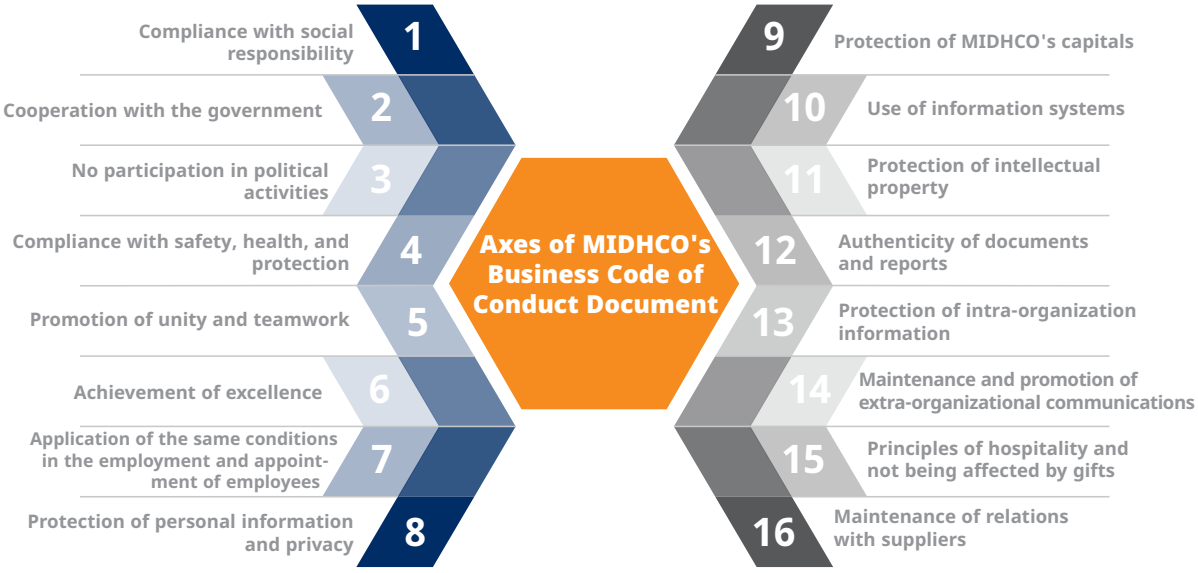


Holding an exhibition of Kooh Sorkh's handicrafts at the Basij base on November 13

Sustainability Principles

Ethics management

The Ethics-oriented approach, including justice and transparency in performance, financial and administrative health, fight against corruption, transparency, respect for beliefs, and ethics in interaction with all beneficiaries has always been our top priority at Midco Holding. Accordingly, we at MIDHCO developed our business code of conduct based on our organizational values to help us achieve our goals within the framework of corporate social responsibility.

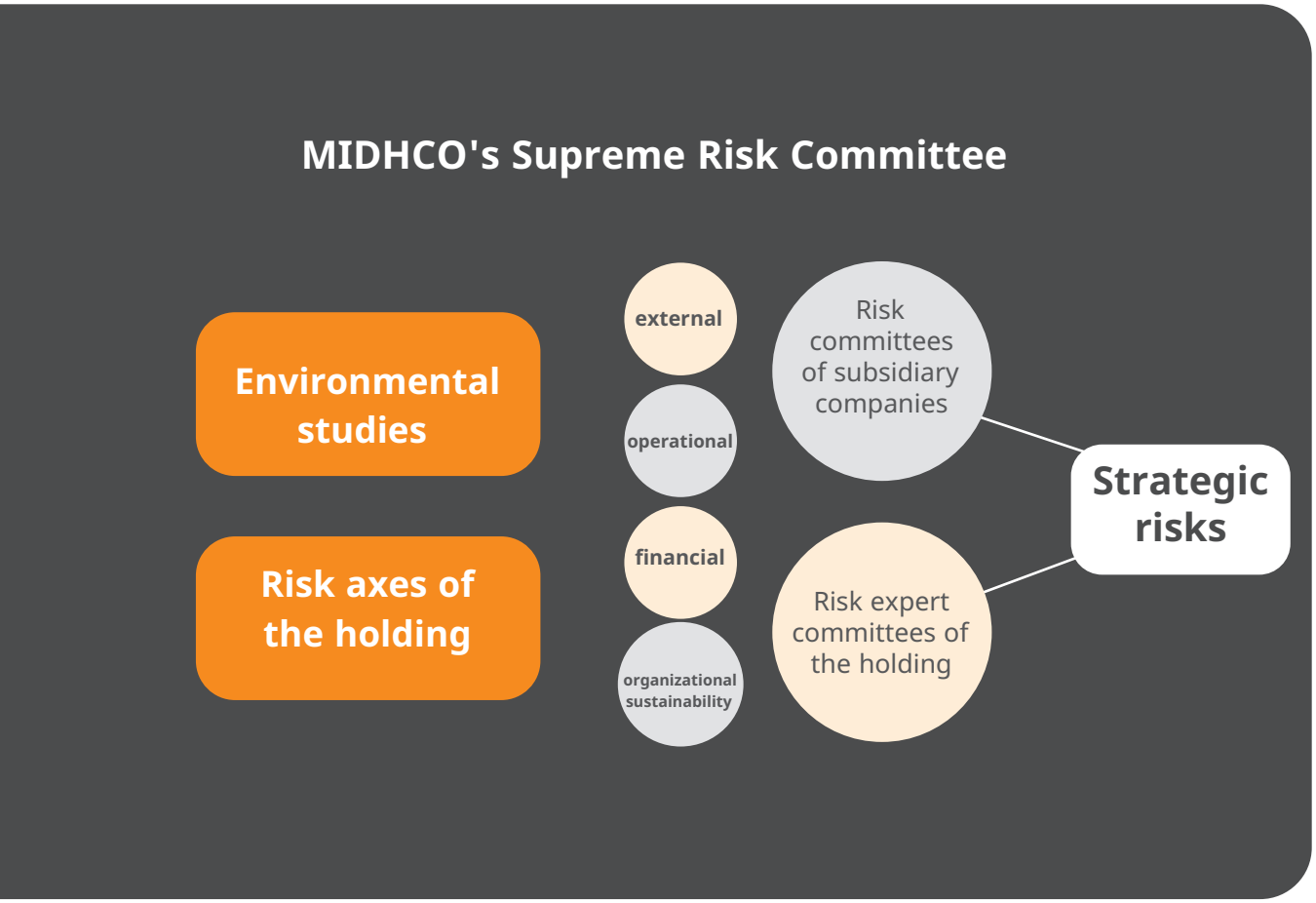


Fair Trade

One of our fundamental and constant principles is to ensure transparency, integrity, and compliance with the laws and regulations, and recognized international trade standards in competition, production, and provision of products and services, and economic and financial performance.

Risk Management

At MIDHCO, according to optimal mining studies from BHP and RIO Tinto companies, as well as based on the experiences of senior managers, risks are divided into four groups: external risks, operational risks, financial risks, and organizational sustainability risks. In this regard, a committee called the Supreme Risk Committee has been formed at the holding headquarters for risks and uncertainties with significant effects on the holding, which is chaired by the CEO's advisor, and all matters related to decision-making and risk management are carried out by this committee.



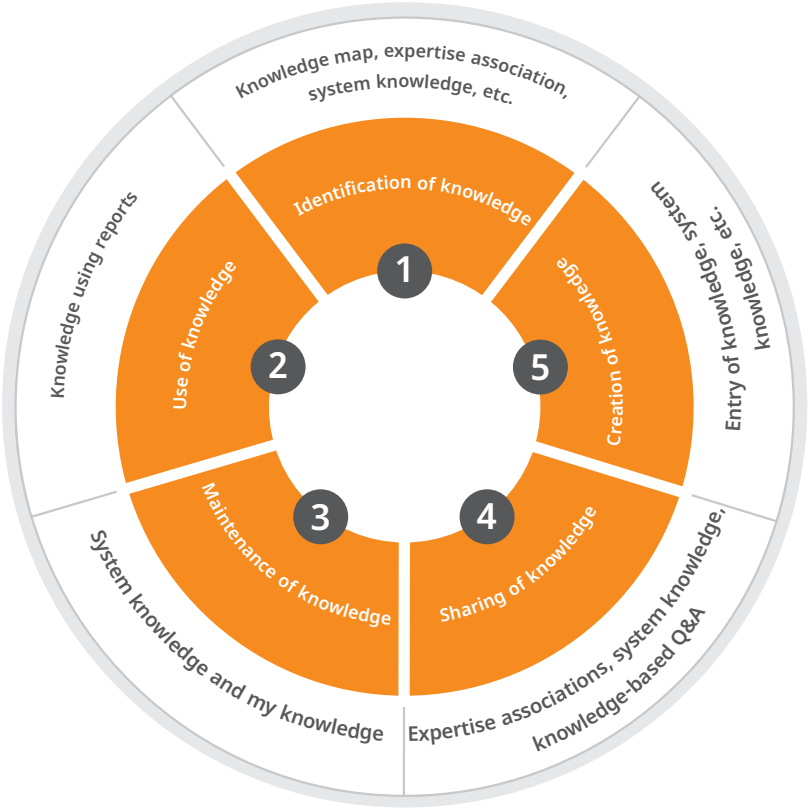
The risk management process is possible with two risk management approaches, ISO 31000 and COSO ERM, and these two approaches should be done in line with each other. For this purpose and based on the contract for identifying and evaluating MIDHCO's financial risks, with the cooperation of an advisor, we have identified and evaluated these risks by the approach of financial risks. In this regard, using the COSO ERM model and considering financial ratios as a tool to evaluate the financial situation, five approaches to identifying and evaluating the balance sheet structure risk, profit and loss structure risk, liquidity risk, credit risk, and market risk have been used in this model.

In order to better manage the risk and the holding's readiness in facing future risks, various scenarios have been designed and the solutions for dealing with each of them have been foreseen so that in the event of each of them, the holding would be fully prepared to face them and at the same time, the interests of the beneficiaries would be protected and secured.

Knowledge Management

By launching a knowledge management system, we have encouraged our employees to register and share knowledge. All our colleagues can register their knowledge and experiences individually or as a team in the knowledge management software. On the other hand, a team of experts and specialists, who are selected by us and have the necessary qualifications, examine and confirm the registered knowledge and experiences. Furthermore, we use various approaches to manage employees' experiences so as to maximize individual and team performance, which briefly include intra- and extra-organizational expert associations, documenting and sharing the experiences of MIDHCO's leaders and experts, knowledge cafes, documentation of lessons learned from projects, etc.

Process of knowledge management & employed approaches



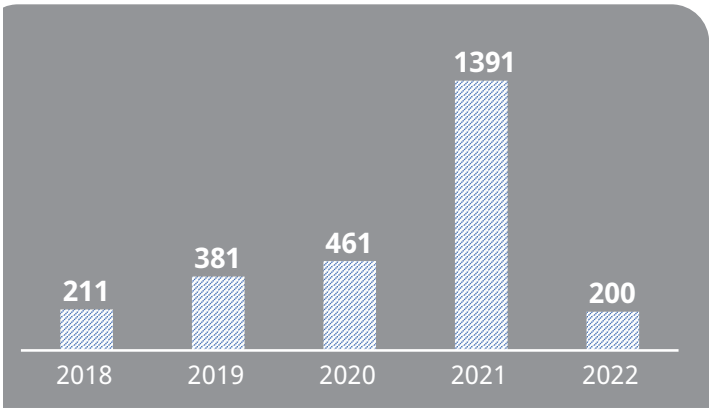
1. Conducting and organizing face-to-face meetings of expertise, organizational and extra-organizational associations

2. Documenting the experiences of experts
   Documentation of experiences gained from the construction of coke factory
   Modeling studies, studying reference books

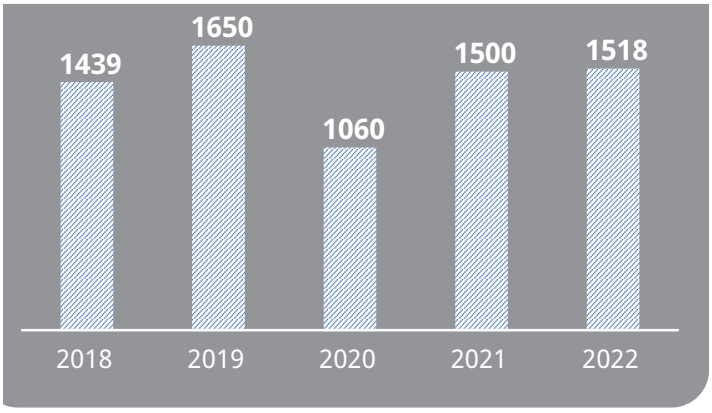
3. Knowledge Management
   Committee Meetings
   Conducting and organizing face-to-face meetings of expertise associations
   Holding specialized training courses
   Creating communication channels in cyberspace
   Formation of quarterly meetings of management development
   Publication of the summaries of modeling books and reports

4. Meetings of expertise associations

Number of registered knowledge



Number of knowledge management training hours



- **Introduction of MIDINNO**

This center started its activities in 2021 with the mission of managing research, development, and innovation processes in five areas of sustainable and comprehensive development, human capital development, future research and foresight, economy and market and business, and technology and innovation management. Some of the activities of this center since its establishment include carrying out research and operational projects and providing strategic, technology, and innovation management services to various departments of the holding. The research, development, and innovation center is currently based in Iranian Fartak Research and Innovation Company, and trying to play a role in the development of innovation and expansion of its activities in strategic areas such as Industry 4.0, sustainable and comprehensive development, and business management at all levels of the holding, relying on its operational capabilities.

- **MIDHCO's Business Learning Center**

This center was launched in 2020 with the mission of creating the power of analysis, understanding, and optimal decision-making in solving important business challenges based on operational knowledge and up-to-date scientific skills tailored to MIDHCO. Over the three years of the official activities of the center, specialized and general learning trips have been designed and strategized in accordance with the world's current trends and based on the identified learning needs with the aim of improving the business knowledge of MIDHCO's employees.

- **Compliance with GRI**

Our reporting approach is based on the sustainable development principles of the United Nations (17 goals) and GRI in order to clarify and inform MIDHCO's performance in sustainable and comprehensive development to the beneficiaries.

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Compliance of the social responsibility report with the GRI standard and the management social responsibility model

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