Stakeholder Engagement Plan

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Appendix A: Community Grievance Mechanism

Glossary

AIC	Amulsar Information Centre
BRSF	Barren Rock Storage Facility
CGM	Community Grievance Mechanism
CLC	Community Liaison Committee
CLO	Community Liaison Officer
E&S	Environment(al) and Social
EBRD	European Bank for Reconstruction and Development
EHS	Environment(al), Health and Safety
ESG	Environmental, Social, Governance
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESR	Environmental and Social Requirements
GM	General Manager
HLF	Heap Leach Facility
IESC	Independent Environmental and Social Consultant
IFC	International Finance Corporation
Lydian Armenia	Lydian Armenia CJSC
LRP	Livelihood Restoration Plan
MP	Management Plan
PMT	Project Management Team
PS	Performance Standard (of IFC)
RA	Republic of Armenia
SEP	Stakeholder Engagement Plan

1 INTRODUCTION

This Stakeholder Engagement Plan (SEP) is a component of the Environmental and Social Management Plan (ESMP) of the Amulsar Gold Project (the Project) being developed by Lydian Armenia CJSC (hereafter Lydian Armenia.). The ESMP is being implemented via the Project Environmental and Social Management System (ESMS) which has been put in place to manage the environmental and social (E&S) aspects of the Project.

For an introduction to the Project, the E&S standards it is committed to, and the background to, and operation of, the ESMS, please refer to the **0-00-MAN-ENV-82043 ESMS Manual**.

1.1 OBJECTIVES AND DEFINITIONS

The objective of the SEP is to define how Lydian Armenia will consult and communicate with stakeholders throughout the life of the Project.

Lydian Armenia conducts stakeholder engagement for the Project in accordance with the laws of the Republic of Armenia and the commitments made in the Project's Environmental Impact Assessment. In developing this Plan, Lydian Armenia has drawn on international good practice in stakeholder engagement, including the principles reflected in the European Bank for Reconstruction and Development's Environmental and Social Requirements [1](the EBRD ESR; see Chapter 3) and the International Finance Corporation's Performance Standards (the IFC PS). These frameworks have informed the approach set out in this Plan; they are referred to as sources of guidance and do not form part of the Plan's requirements. A key element of the Plan is obtaining and maintaining broad community support for the Project, also referred to as '***social license to operate***'. Stakeholder engagement is the primary mechanism for achieving this aim. Lydian aims to keep stakeholders informed of the social and environmental performance of the Project, promote sustainable development, minimise tension using a grievance mechanism, and encourage feedback from stakeholders, including questions and concerns.

As defined by the International Finance Corporation (IFC) in what is widely regarded as international industry best practice, stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts (IFC, 2012). It is a broad, inclusive, and continuous process between a company and those potentially impacted that encompasses a range of activities and approaches and spans the entire life of a project (IFC, 2007). Stakeholder engagement is increasingly treated as an integral, ongoing governance/ESG function (rather than an “environmental & social safeguard add-on”), with wider stakeholder inclusion, stronger grievance/rights awareness, and tighter integration into corporate governance and ESG risk management. The new edition also extends

[1] In October 2024, EBRD adopted a new Environmental and Social Policy 2024 (ESP 2024), which supersedes the 2019 ESP and the associated “Environmental and Social Requirements” — previously called “Performance Requirements.”

stakeholder categories to include a broader set: workers, supply-chain workers/contractors, neighbouring projects, primary supply chain workers, other businesses, regulators, NGOs, and various interest groups. The recent guidance assigns greater attention to risks of reprisals, human-rights and grievance redress.[2]

'***Stakeholders***' are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses (IFC, 2007).

1.2 SCOPE

The SEP addresses routine communications and more focused consultations that are planned during Project implementation. It also describes the grievance mechanism that has been established to enable any stakeholder (internal or external) to communicate complaints or concerns to Lydian Armenia. SEP activities are largely targeted at those stakeholders most directly affected by the Project - the residents of local communities and those from further afield who use Amulsar - but the SEP aims to cater for the broad range of identified stakeholders, as described in Chapter 3.

The SEP might refer to, but does not address the following:

- Administrative correspondence, reporting, and fee payments to authorities with respect to Republic of Armenia (RA) legal requirements;
- Communication with Project shareholders and financiers;
- Activities relating to livelihood restoration (see the **0-00-PLN-SOC-84118 Livelihood Restoration Plan**);
- Community development activities (see the **Community Development Plan**); or
- Local employment and local procurement initiatives (see the **0-00-PLN-SOC-84110 Local Employment Plan** and **0-00-PLN-SOC-84111 Local Procurement Plan**).

The SEP is a "live" document that will be updated as necessary during Project implementation.

[2] IFC ESG Guidebook 2021

2 PROJECT SETTING

2.1 ENVIRONMENTAL OVERVIEW

The Amulsar Project is situated in a rural, 'greenfield' setting characterised by mountains, undulating hills, river valleys and gently inclined plateaus. The mine's open pits are being established at the summit of Amulsar Mountain, a north-north-west to south-south-east trending ridge which forms a watershed to the Vorotan River to the east and the Arpa and Darb Rivers to the south and west. A tunnel running beneath Amulsar links the Spandaryan and Kechut Reservoirs, and forms part of the protected zone around the Lake Sevan hydrological system. Due to restrictions on mineral processing in the vicinity of this tunnel, and also as a consequence of the area's terrain, the Project infrastructure is widely spread across the mountain; the open pits and Barren Rock Storage Facility (BRSF) are aligned along a 5 km north-north-west to south-south-east axis, whilst the distance from the eastern edge of the BRSF to the western edge of the Heap Leach Facility (HLF) is approximately 10 km. Crushed ore will be transported from near the BRSF to the HLF via a 5 km overland conveyor. Altogether, the infrastructure affects some 600 hectares of land ranging between approximately 1500 m and 3000 m above sea level, in an area which is used extensively by local people for cultivation, livestock herding, foraging, and other activities.

2.2 SOCIAL CONTEXT

The Project straddles two marzer (provinces), namely Vayots Dzor Marz (the capital of which is Yeghegnadzor) and Syunik Marz (the capital of which is Kapan). As a result of consolidation of communities under the Government of Armenia’s Decentralization Reform, the three consolidated communities affected by the Project are Jermuk, Vayk, and Sisian. The five settlements considered to be most directly affected by the Project are:

- Gndevaz, located 1km north of the HLF and mine camp;
- Jermuk, located between 5km and 7km north of the BRSF;
- Kechut, located between 5km and 7km north of the BRSF;
- Saravan with Saralanj and Ughedzor, approximately 4km from the open pits and 2km from the HLF; and
- Gorayk, located in Syunik Marz, and approximately 5 km from the nearest open pit.

All communities are administered by local municipalities, consisting of a community mayor, accountant, land manager, water manager, and head of community centre. Settlements have administrative heads. Each settlement has a secondary school, pre-school (except for Saravan) and a primary health care post.

The communities in the Project area fall within the consolidated municipalities of Jermuk, Vayk, and Sisian administered by elected community heads (mayors) and municipal administrations responsible for local governance, land management, budgeting, public services, and community development. Individual settlements within the enlarged municipalities are represented by administrative heads.

Each settlement maintains access to basic public infrastructure and services, including secondary schools, pre-schools (except for Saravan), and primary health care posts.

Livelihood activities in the local communities are largely based on agriculture and livestock rearing, with the exception of Jermuk, which is renowned for its hydrothermal waters, has a mineral-water bottling industry and is an established tourism destination (based on spa hotels).

Since the escalation of regional security tensions and border changes following the 2022 armed clashes along the Armenia - Azerbaijan border, communities in the wider Jermuk area have experienced heightened security concerns and restrictions affecting access, mobility, pasture use, and economic activities in certain border-adjacent areas. Although the Project itself is located outside the immediate conflict zone, the broader regional context has influenced local socio-economic conditions, community perceptions, and patterns of land and pasture use.

The HLF site, and parts of the conveyor, are established on land which was previously privately owned, mainly by residents of Gndevaz. Lydian negotiated purchase of the land plots without recourse to expropriation and implemented a livelihood restoration plan (LRP) to ensure that those people who lost their land do not suffer long-term consequences.

Both daily herders from the local villages and seasonal herders from further afield, including Vayk, Goris, Malishka, and Khndzoresk, traditionally use the Project area and adjacent highland pastures during the summer months, with seasonal herders renting municipal pastureland for livestock grazing. Following the 2022 border escalation, access to some traditional pasture routes and grazing areas in the wider region has become more constrained or subject to changing security considerations, increasing the importance of available municipal grazing lands in non-border areas.

An updated Livelihood Baseline Assessment conducted in May 2026 among 494 households in the affected settlements (excluding Jermuk) provides a detailed snapshot of current socio-economic conditions and livelihood patterns in the Project-affected settlements.

The findings indicate that households are generally characterized by mixed livelihood strategies, with agriculture and livestock rearing remaining the primary sources of income, often supplemented by seasonal or informal employment. Many households rely on subsistence-level production, with limited commercialization of agricultural outputs, reflecting constrained access to markets and infrastructure challenges.

Income levels vary significantly, but a considerable proportion of households fall within lower-income brackets, with economic vulnerability heightened by dependence on a narrow range of income sources. Employment opportunities outside agriculture are limited, particularly for youth and women, contributing to outmigration trends and seasonal labor migration.

Access to infrastructure and basic services is uneven across settlements. While most households have access to electricity and basic water supply, concerns remain regarding water reliability, irrigation systems, and road connectivity, which directly affect both household welfare and productive activities. Agricultural productivity is further constrained by limited access to modern equipment, irrigation efficiency issues, and exposure to environmental risks.

The assessment also highlights that households maintain strong reliance on social networks and informal support mechanisms to cope with economic shocks. However, formal financial services and access to credit remain limited, restricting opportunities for investment in income-generating activities.

Overall, the baseline underscores a combination of economic vulnerability, structural livelihood constraints, and limited diversification of income sources. At the same time, it points to clear opportunities for targeted interventions in agriculture support, skills development, improved infrastructure, and local enterprise development to strengthen resilience and expand livelihood options in the affected communities.

3 LEGISLATION AND STANDARDS

3.1 ARMENIAN LEGISLATION

The Law on Environmental Impact Assessment and Expert Examination (2014), as subsequently amended, establishes the Republic of Armenia (RA) regulatory requirements for environmental assessment, public disclosure, and stakeholder engagement in connection with new projects and activities. Lydian adhered to the applicable requirements during the Environmental Impact Assessment (EIA) process undertaken as part of the Project permitting process, including conducting public hearings and consultations to disclose Project information and obtain stakeholder feedback on the proposed activities. In accordance with amendments adopted in 2023 to the Law on Environmental Impact Assessment and Expertise, the regulatory framework for environmental assessment and expertise has been further expanded and clarified through a series of implementing Government decisions addressing, inter alia, strategic environmental assessment procedures, screening requirements for modified or expanded activities, procedures for expert examination and amendments to expert conclusions, and activities within specially protected areas.

Under the revised framework, public notification and disclosure requirements continue to apply through formal announcement procedures and publication of relevant information and documentation by the Ministry of Environment and local authorities. The number and format of public hearings are determined based on the category and characteristics of the proposed activity and the applicable legal procedures. Key documents related to the EIA and state expertise process are made publicly accessible through official government platforms and announcements.

Now that the Project has achieved regulatory approval, Lydian's ongoing stakeholder engagement activities continue to be guided not only by applicable Armenian legislation, but also by international good practice and lender standards relating to transparency, meaningful consultation, information disclosure, and community engagement throughout the Project lifecycle.

3.2 INTERNATIONAL GOOD PRACTICE

In developing its approach to stakeholder engagement, Lydian Armenia has had regard to good international industry practice, including the EBRD ESR and the IFC Performance Standards on Environmental and Social Sustainability (the IFC PS).

EBRD ESR10 specifically addresses information disclosure and stakeholder engagement (EBRD 2024). ESR10 provides that stakeholder engagement should be conducted on the basis of providing local communities that are directly affected by the Project, and other relevant stakeholders, with access to timely, relevant, understandable and accessible information, in a culturally appropriate manner, and free of manipulation, interference, coercion, and intimidation. The stakeholder engagement process involves stakeholder identification and analysis; stakeholder engagement planning; disclosure of information; consultation and participation; grievance mechanism; and ongoing

reporting to relevant stakeholders. ESR10 also provides for clear roles, responsibilities and authority to be defined, with specific personnel designated as responsible for the implementation and monitoring of stakeholder engagement activities.

3.3 LYDIAN CORPORATE POLICY

The Lydian Code of Conduct provides guidance on translating the company's core values into how the company, its personnel and its business partners conduct themselves in the workplace, marketplace, and in the environment and communities where the company operates. The core values include:

- Honest and ethical conduct in everything we do;
- A workplace where all individuals are treated with respect and dignity, free from discrimination, harassment and violence;
- Compliance with applicable laws, rules and regulations;
- Avoidance and ethical handling of conflicts of interest;
- Understandable, accurate and timely public disclosure of information; and
- Mutual respect and understanding in partnering for sustainable development.

In its social policy, Lydian recognizes good management of social considerations as a high corporate priority and is committed to the establishment of sustainable relationships with its stakeholders, in particular with those communities surrounding its projects. Lydian seeks relationships which demonstrate mutual respect and understanding, active partnership and long-term commitment. The company undertakes to implement a social management programme that seeks to minimise, mitigate and compensate any adverse social impacts generated by its activities, and to enhance beneficial social impacts where possible and in accordance with internationally recognised business good practice.

Lydian also recognises that at every stage of operation and development, potential negative effects may occur due to lack of communication and poor stakeholder engagement and therefore makes efforts to incorporate feedback from relevant stakeholders.

Lydian realises that it is operating in environments with diverse cultures, lifestyles and heritage and thus manages community relationships based on respect for these communities, with full transparency and openness in communication.

4 ROLES AND RESPONSIBILITIES

The following table outlines the key roles and responsibilities with respect to stakeholder engagement activities associated with the Project.

Hayk Aloyan Country Manager	The Country Manager is based in Yerevan and leads stakeholder engagement at the national (governmental) level, whilst also engaging directly with local stakeholders as necessary, at a minimum on an annual basis.
Connor Chard General Manager	The General Manager (GM) is based at the Project site and is responsible for disseminating information to the local communities as necessary. The GM is kept aware of local stakeholder issues and concerns by the CLO, via the Country Manager.
Artur Pepanyan Sustainability Manager	The Sustainability Manager takes the lead in implementing Lydian's sustainable development policy and reports directly to the Board of Directors on sustainability issues. The Sustainability Manager is also responsible for communicating environmental and social performance to the Project's lenders.
Lusine Hakobyan Social Programs Manager	The Social Programs Manager provides strategic oversight and leadership for stakeholder engagement and community development activities, including the implementation and periodic update of the SEP. The role is responsible for overseeing Social Programs, guiding the implementation and governance of the Community Development Fund; and ensuring effective integration between stakeholder engagement and community investment initiatives. The position also leads the design, implementation, and analysis of livelihood and herders' baseline and follow-up surveys, including management of related datasets and monitoring information to support evidence-based decision-making and evaluation of social performance outcomes. In addition, the role maintains oversight of stakeholder engagement and supports alignment of social performance activities with broader Project objectives and commitments.
Aram Parunakyan Community Liaison Officer (CLO)	Based within the local communities, the CLO serves as the primary point of contact for local community stakeholders on Project-related issues. The CLO maintains an open line of communication with the Project environmental, health and safety, construction, and human resources functions, and monitors Project activities that may affect the local population. The position manages the Community Grievance Mechanism (CGM) and associated database; supervises

	the Amulsar Information Centres (AICs);The CLO reports to the Country Manager.
Community Engagement Assistant	Reporting to the CLO, the Community Engagement Assistant organizes community-based educational, sensitization and awareness events in local communities; works closely with the Community Assistants; and provides general support to the CLO.
Community Assistants	Based in the AICs, the Community Assistants facilitate the dissemination of Project information and communications with the broader Project team, via the CLO. They maintain records of community engagements and meetings and take a visible and proactive leadership role in promoting the Project's environmental and social sustainability goals.

5 PROJECT STAKEHOLDERS

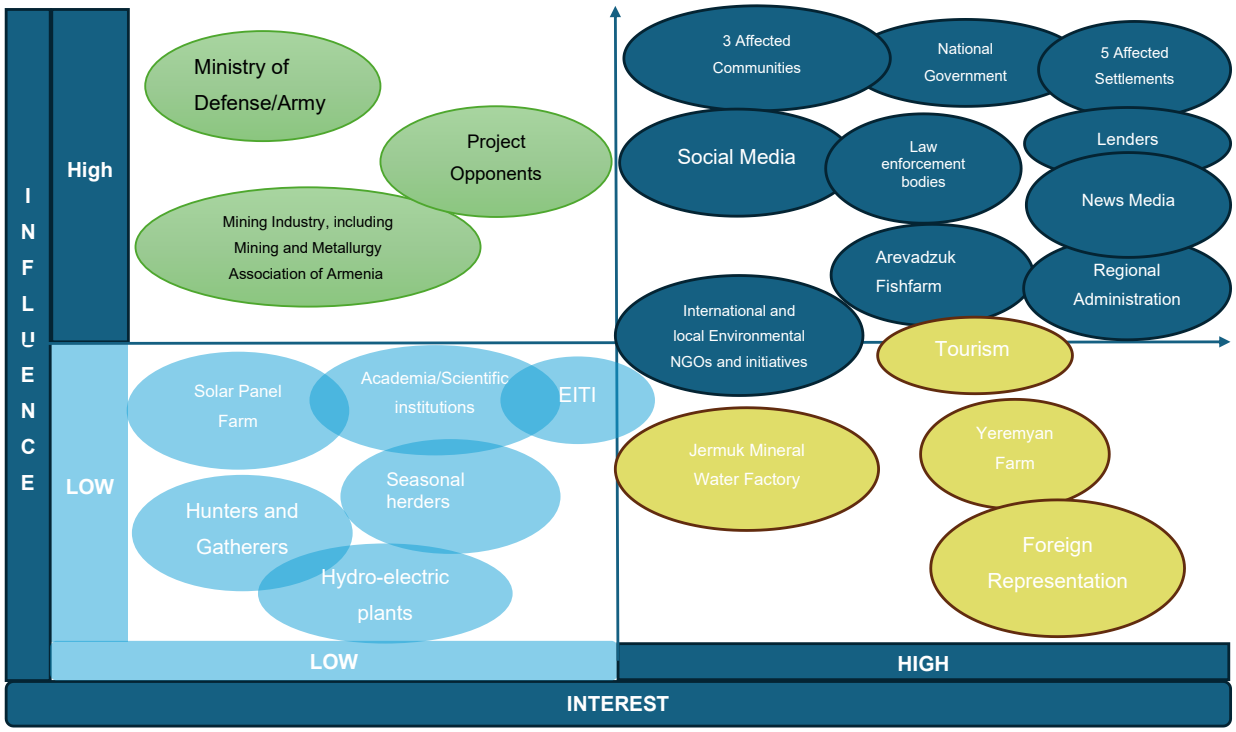
Stakeholders are individuals, groups and organisations whose interests or rights may be affected by the Project, or who may have an ability to influence decisions concerning its implementation. The definition of stakeholders excludes Project suppliers, contractors and customers, because interaction with these parties is a core business function for the Project.

The main Project stakeholder groups were identified early in the ESIA process:

- Project-affected communities, including individual residents, non-organised groups with particular areas of interest, and vulnerable groups (e.g. the elderly, people with disabilities, ethnic minorities);
- Government authorities at the national, regional and local levels;
- Multi-national and international organizations
- Non-commercial, non-governmental and public organisations at all levels, including community-based organisations or interest groups (e.g. labour, youth, businesses, environmental);
- Commercial organisations and business associations; and
- News media.

As the Project has progressed, a detailed understanding of stakeholders has emerged. To aid in the prioritization of engagement activities, the stakeholders have been 'mapped' in accordance with (1) their degree of interest in the Project (including their susceptibility to being impacted), and (2) what degree of influence they can exert on the Project. The stakeholder map is shown in **Figure 1**.

Figure 1: Stakeholder Mapping



Key	General approach to engagement
High Influence / High Interest	Pro-active, in advance, promoting dialogue, and with a view to obtaining broad support
Low Influence / High Interest	Provide regular information updates, encourage feedback
High Influence / Low Interest	Provide regular information updates
Low Influence / Low Interest	Monitor

Based on the stakeholder map, below is the breakdown by quadrant (Influence vs. Interest):

1. **High Influence / High Interest**

The most critical stakeholders, both powerful and deeply invested in the project, are:

- **5 Affected Settlements and 3 Affected Communities:** Theses are the entities directly affected by the mining operations and being the focus of Lydian Armenia's CSR activities

- **National Government:** the Republic of Armenia holds 12.5% of the shares of Lydian Armenia and participates in decisions on the Company's community development contribution. The project closely works and coordinates with three Ministries, Ministry of Territorial Administration and Infrastructures, The Ministry of Environment and the Ministry of Economy:

  Ministry of Economy is responsible for investment policy, economic development, and major foreign investment projects. Senior officials, including the Minister, have repeatedly visited and monitored the project.

  Ministry of Environment oversees environmental compliance, Environmental Impact Assessment (EIA), water resources, biodiversity, and related audits of the project. This ministry has been central to the environmental review and permitting process.

  Ministry of Territorial Administration and Infrastructure (and previously the Ministry of Energy and Natural Resources for mining sector oversight) – involved in mining regulation, infrastructure coordination, and operational oversight of extractive projects. The Minister of Energy and Natural Resources participated in the project launch and related oversight
- **Lenders: the Project's lenders apply environmental and social requirements to the Project which inform the Company's management systems and reporting. The Company reports to its lenders on environmental and social performance (see Chapter 4) and engages with them on stakeholder matters of relevance to the Project.**
- **Regional Administration:** the Vayots Dzor and Syunik Regional Administrations are important stakeholders for Lydian Armenia because it represents regional government interests and directly oversees local governance, community coordination, and regional development priorities. Its main interests in the Amulsar Project include employment creation for local residents, infrastructure improvement, regional economic growth, increased tax revenues, and maintaining social stability in nearby communities. As the project restart moved forward in 2025, regional authorities remained closely linked to government support for Amulsar through coordination with the Ministry of Economy and local municipalities, particularly around construction restart, local hiring, and social investment commitments.
- **International and Local Environmental NGOs and Initiatives** Their engagement has been driven by concerns related to biodiversity, water resources, acid rock drainage management, and potential impacts on the sensitive ecosystems around Jermuk. At the same time, their level of interest is not static and may shift up or down depending on a range of factors, including project milestones, regulatory decisions, media attention, political developments, business interests and emerging environmental assessments.

  These organizations also hold significant influence through advocacy campaigns, public reporting, legal actions, and engagement with media, regulators, and international institutions. As a result, they have played a key role in shaping public discourse and policy discussions around Amulsar, making them a central and dynamic stakeholder group in the project's broader environmental and governance context.

- **Social Media:** Social media plays a significant role in shaping public perception of Lydian Armenia and the Amulsar Project. It influences community opinions, spreads information and concerns quickly, and affects the company's reputation through public discussions, media coverage, and activist campaigns. It also serves as a platform for organizing community actions and raising environmental and social concerns. At the same time, it provides Lydian Armenia with an opportunity to communicate transparently, address misinformation, and build trust with communities, regulators, and investors.
- **Law Enforcement Bodies:** law enforcement bodies are responsible for public order and for the protection of property and lawful access to the site, including in the event of protest activity. Lydian Armenia maintains a working relationship with local law enforcement agencies, consistent with the approach to security described in Section 7.3.8.
- **News Media:** The Project is covered by a wide variety of news media with varying degrees of objectivity, and their coverage can influence public opinion both positively and negatively.
- **Arevadzuk Fishfarm:** a local fish farm located in the vicinity of the mine site, with which the Company engages on water quality and other matters of mutual interest.

2. Low Influence / High Interest

- **Tourism:** The tourism sector is a key stakeholder for Lydian Armenia because the Amulsar Project is located near Jermuk, one of Armenia's main spa and resort towns known for its mineral waters, health tourism, and natural environment. Hotels, guesthouses, restaurants, tour operators, and local businesses depend heavily on Jermuk's environmental reputation and visitor confidence. Their main interest is to ensure that mining activities do not negatively affect water quality, landscape, biodiversity, or the city's image as a clean and healthy tourism destination. That said, the picture is not entirely one-sided. Some within the tourism community acknowledge the potential indirect benefits of the project - improved road infrastructure, increased local spending by mine workers, and broader regional economic activity that could supplement tourism revenues. Lydian Armenia takes account of these considerations in its approach to local hiring, which is implemented through a transparent and community-consulted recruitment process (see the Local Employment Plan).
- **Jermuk Mineral Water Factory:** Jermuk Group (including the Jermuk Mineral Water factory) is considered a low influence but high interest stakeholder for Lydian Armenia. Its business depends heavily on the environmental reputation of Jermuk and the perceived safety of its mineral water sources, making it highly sensitive to any concerns related to the Amulsar Project. While the factory does not have direct decision-making power over the project, it remains highly interested because any perceived environmental impact could affect its operations, reputation, and market position.
- **Yeremyan Farm:** The farm overlooks the HLF and, although not a residential receptor, is susceptible to noise and dust impacts. Given its brand positioning around high-quality, locally sourced products, it is sensitive to any perceived environmental risks that could affect land use, water resources, or broader public confidence in the region's ecological integrity.

- **Foreign Representations,** such as embassies, development agencies, and diplomatic missions in Armenia, are high-level but generally low operational influence stakeholders in relation to Lydian Armenia and the Amulsar Project, while maintaining moderate to high interest due to governance, investment, environmental, and human rights considerations.
  Their interest primarily stems from the project's implications for foreign investment climate, rule of law, environmental governance, and ESG standards in Armenia.

3. **High Influence / Low Interest**

These stakeholders have significant power but are less directly concerned with day-to-day project outcomes:

- **Ministry of Defense / Army units near Jermuk**: the Ministry's interest in the Project arises from its security mandate and its responsibility for strategic infrastructure in the region. Under normal conditions its direct interest in mining operations is limited; it may become more actively engaged during periods of heightened regional security concern.
- **Project Opponents: a number of individuals and organisations have expressed opposition to the Project, particularly in relation to Jermuk and the surrounding communities. Their level of activity varies over time and may increase in response to Project milestones, regulatory or political decisions, environmental incidents or public campaigns. Lydian Armenia remains open to dialogue with these groups and seeks to address the concerns they raise through the engagement and grievance mechanisms described in this Plan.**
- **Mining Industry, including the Mining and Metallurgy Association of Armenia:** Their influence stems from their collective role in shaping sector standards, advocating for regulatory frameworks, engaging with government institutions, and contributing to Armenia's broader extractive industry policy and economic strategy. As an industry body, the association also helps represent the interests of mining companies in discussions on investment climate, taxation, environmental regulation, and operational best practices. At the same time, their interest in Amulsar may vary depending on industry-wide developments, regulatory changes, or precedents set by the project. Interest may increase when Amulsar becomes a reference point for national mining policy, environmental standards, or investor confidence in the sector.

4. **Low Influence / Low Interest**

- **Solar Panel Farm:** Its interest lies in ensuring that mining activities do not negatively affect land availability, environmental conditions, infrastructure access, or long-term investment stability in the area. As a renewable energy operator, it is also sensitive to broader perceptions of environmental sustainability and regional development planning, particularly given its expansion plans.
- **Hunters and Gatherers:** While they may occasionally use natural areas near Jermuk for traditional activities such as hunting or foraging, their engagement with the project is generally minimal and not organized in a structured or coordinated way. Their level of interest remains

limited and typically does not extend to active monitoring or participation in project-related discussions. Similarly, their influence over project decisions is very limited.

- **Academia/Scientific Institutions:** Their interest is driven by the project's relevance to environmental science, geology, hydrology, biodiversity, and socio-economic research, particularly given its location near Jermuk. Importantly, some academic and research institutions are also directly engaged by Lydian Armenia to conduct biodiversity and environmental studies, which further increases their direct involvement and interest in project-specific outcomes.
- **Seasonal Herders:** Their interest is linked to seasonal access to grazing lands, pasture quality, and the availability of water resources in and around areas near the mine. Any changes in land use, infrastructure development, or environmental conditions associated with the project can affect livestock movement patterns and herding practices during seasonal migration periods. Lydian Armenia assigns importance to this group through targeted engagement measures, including a herder census aimed at identifying seasonal users, understanding their specific concerns, and developing practical mitigation measures and solutions to address potential impacts.
- **The Extractive Industries Transparency Initiative (EITI):** As Armenia is an EITI-implementing country, the Amulsar Project falls within the national transparency framework. The Amulsar Project itself has also been developed with high operational and reporting standards, including commitments to environmental, social, and governance (ESG) best practices and structured disclosure mechanisms aligned with international expectations. In addition, Lydian Armenia has been represented within Armenia's EITI Multi-Stakeholder Group (MSG), further linking the project to national-level transparency dialogue and stakeholder engagement processes.

6 RISKS AND CHALLENGES

This chapter of the SEP is intended to be updated for each published revision of the document and will reflect on experience gathered during implementation of the previous revision.

6.1 RISK TO 'SOCIAL LICENSE TO OPERATE'

The Livelihood Rebaseline Survey conducted in April 2026 indicates that community confidence in the Project is being rebuilt. The survey findings suggested a broadly positive disposition towards Lydian Armenia across the affected settlements, though the indicators available are indirect proxies for trust rather than direct measures of it. When asked whether community opinions are taken into account in Lydian's decisions, 87% of respondents gave a positive answer with only 13% expressing a negative view. While this question captures perceived responsiveness rather than trust itself, it is nonetheless an encouraging signal. Similarly, the low level of perceived social disruption is noteworthy: 96% of respondents reported that intra-community relations had either improved (24%) or remained stable (72%) over the past year, suggesting that the presence of the project has not measurably fractured community cohesion, though this too reflects social conditions broadly rather than attitudes towards the company specifically. On engagement, 35% of households had interacted with Lydian through community centre visits or public hearings, and 78% reported knowing how to raise concerns through formal channels, indicating reasonable grievance accessibility. The most consistent indirect indicator of goodwill may be the finding that **80% of respondents expressed a desire for more information and greater participation in consultations**. While this reflects demand for engagement rather than satisfaction with the status quo, it suggests that communities are oriented towards dialogue rather than opposition. Taken together, these indicators point cautiously to a foundation of community goodwill on which the social programming can build, provided engagement remains consistent and transparent. The primary aim of the SEP going forward must be to enhance the social license.

Project activities were suspended between 2018 and 2025. During construction in 2018, residents of Gndevaz raised concerns relating to the drinking-water supply, dust, land disturbance, housekeeping and the time taken to respond to community complaints. These concerns, together with wider public debate about the Project, preceded the suspension of site activities. The Company has taken account of these concerns in the measures set out in this chapter and in Chapter 7.

The priority for 2025-2026 is to strengthen the Project's social license at the local level through a focused programme of engagement, transparency and demonstrated accountability. Senior management engages directly with affected communities, particularly Gndevaz and Jermuk, to listen to community concerns and to communicate the Company's commitment to improved performance and stronger relationships going forward.

A critical step in rebuilding confidence will be the visible resolution of outstanding issues. This includes strengthening water infrastructure, improving dust suppression and road management, restoring disturbed land where applicable, and ensuring proper housekeeping and waste control. These actions

must be practical and highly visible, showing communities that concerns are being addressed through action rather than assurances alone.

At the same time, the Company continues to strengthen its grievance management and communication systems. Community members need accessible channels to raise concerns, confidence that complaints will be responded to promptly, and transparency regarding how issues are resolved. Regular information sharing through meetings, community updates, and open disclosure of environmental monitoring results will be essential to consistent and proactive engagement.

Special attention is also given to Jermuk, where stakeholder concerns relate particularly to the city's image and tourism reputation. Engagement in Jermuk therefore reflects these specific sensitivities and includes targeted dialogue with residents, local businesses, and tourism stakeholders.

Over the longer term, strengthening the social license will depend on creating stronger and more equitable partnerships with host communities. Community development support will be moving beyond ad hoc assistance toward structured, community-prioritized programs focused on livelihoods, local employment, education, and municipal development. The Amulsar Community Development Fund (ACDF) to be established as the primary mechanism for channelling socioeconomic benefits from the Amulsar project to the affected settlements and communities, will support sustainable, community-led development by financing infrastructure, social services and economic initiatives that respond to locally identified needs. Greater transparency in local hiring and procurement will also help address perceptions of unfairness and strengthen local ownership of Project benefits.

Ultimately, maintaining the social license requires sustained leadership attention and cannot be treated solely as a community relations function. It depends on consistent performance over time, clear accountability, and demonstrating that the Company's operational performance meets the expectations of its neighbouring communities. The objective is to maintain credibility and the conditions for constructive, long-term coexistence between the Project and its neighbouring communities.

7 ENGAGEMENT PLAN

During Project construction and operations, engagement activities will aim to keep all stakeholders routinely informed on Project activities, with key stakeholders being involved or consulted more often on specific topics. Engagement will aim to maintain links with stakeholders to ensure that potential impact mitigation is being implemented effectively. The frequency of stakeholder engagement activities will be maintained or increased as the Project transitions from construction to operations.

This chapter describes the elements of routine engagement (including information disclosure) and topic-specific consultations that are planned through Project construction and operations. The grievance mechanism is addressed in Chapter 8.

7.1 REGAINING SOCIAL LICENSE TO OPERATE

As outlined in Chapter 6, the Company recognises that trust with some stakeholders needs to be rebuilt following the suspension of Project activities between 2018 and 2025. With the restart of the project, local hiring and procurement of goods and services, and most importantly, continuous community engagement, the Project is regaining social license to operate. The focus for stakeholder engagement in the short term is to maintain that license, with the mid-term goal of expanding engagement and enhancing trust.

The International Council on Mining and Metals (ICMM, 2015) describes community support as a positive reflection of four factors:

- Legitimacy: including legal and societal approval, at both company-wide and individual level. Societal approval is achieved when company activities and community expectations are aligned. Individual legitimacy reflects whether individual representatives of the company act with integrity and comply with laws.
- Compatibility of interests: does the local community believe that the success of the project will benefit them and outweigh the negative effects?
- Respect: at both the company and individual level. Timely disclosure of information, consultation with stakeholders (and genuinely accounting for their views in decision-making), and participatory monitoring are key factors for building respect.
- Trust: the expectation of regular, honest, and cooperative behaviour on the part of both company and community. Trusting relationships are facilitated by a high degree of communication, understanding, collaboration, and belief in mutual benefit. The building and maintenance of trust requires that expectations be realistic on both sides.

ICMM (2015) notes that the above four factors will exist against a background of contextual elements that are largely outside the control of the company: namely socio-politics and government, broader industry reputation, and existing dynamics within and between the local communities.

The strategy for stakeholder engagement in the short term must seek to improve community perceptions of the company in all four categories listed above:

- **Legitimacy**: the Amulsar Project has a foundation of legal legitimacy through formal approvals and regulatory compliance mechanisms, and continues to build societal legitimacy through

engagement and development initiatives. Sustained transparency, meaningful participation, environmental performance, and consistent ethical conduct by company representatives remain critical to maintaining and strengthening both institutional and individual legitimacy. The Company communicates that the permitting process adhered to national legislation and took account of international good practice. Documentation of the continued and close oversight of the Project should be publicised.

- **Compatibility of interests:** the Amulsar Project builds compatibility of interests through shared development objectives and community investment efforts. Maintaining this alignment requires transparent dialogue, equitable benefit-sharing, and credible environmental and social performance.
- **Respect:** the Project institutionalises respectful stakeholder engagement through formal systems and community programmes. Maintaining and strengthening respect requires continued transparency, meaningful participation, responsiveness to stakeholder input, and consistent integrity in individual interactions.

  Trust: the Project builds and maintains trust through engagement, communication, and community investment initiatives. Continued transparency, realistic expectation management, meaningful participation, and consistent delivery on commitments remain essential for strengthening long-term trusting relationships between the company and affected communities. The above must be borne in mind during implementation of the strategy, which has five main elements:

- Re-focus on avoiding incidents which aggravate community members.
- Respond quickly and effectively when incidents do occur.
- Reassure the communities that construction-related incidents do not foretell the normal situation during operations.
- Work to re-confirm the benefits the Project will bring to the local communities.
- Align the set-up with respect to local recruitment with community expectations.

Both the regular and topic-specific engagements outlined in Sections 7.2 and 7.3, respectively, will be part of the effort to regain the social license. These engagements must be used to effectively communicate and implement the following action plan:

- The company will work with site contractors to re-organise work tasks with the aim of reducing community impacts. This will include:
  - Prohibiting the use of site-based vehicles on public roads, except when specifically authorised by Lydian. Trucks, cranes, excavators, etc. will not be allowed to park at the camp, but will remain on site. Buses will be used to transport workers between the camp and working areas. Lydian security personnel will be deployed at all site access points (including Road 5 and Road 8) to monitor Project-related vehicle movements.

- Prohibiting contractor vehicles from entering Gndevaz without permission from the Head of the Gndevaz village.

- In addition to addressing safety-related concerns, measures will aim to reduce the 'visibility' of the Project:
  - Eliminate the need for Project-related vehicles to park on the public highway at site access points.
  - Erect a fence along the site boundary between the camp and H-42 highway. The fence should be designed to hide Project infrastructure (camp, stockpiles, crushers) and to provide a degree of dust capture. The fence should be placed behind the tree line and should be designed to be as inobtrusive as possible.
- The 'permit to dig' system will be strengthened with respect to a requirement to confirm that no underground pipes or cables will be broken during work.
- All intrusive work in the vicinity of the Gndevaz drinking-water pipeline and Gndevaz channel will be supervised, continuously and directly, by a member of the Lydian Project Management Team (PMT).
- The Dust Management Programme will be fully implemented. Additionally, each day, work in the HLF area or on the camp platform will not be permitted to start until formal clearance has been given by the GM. The GM's instruction will be conditional on (1) weather conditions, (2) nature of the work to be performed, and (3) satisfactory dust control measures being in place.
- Additional supervision of contractors will be deployed, with the aim of ensuing that Project vehicles do not encroach outside the Project footprint, particularly onto private land. Workers who violate this rule will be dismissed from the Project.

7.2 REGULAR AND ROUTINE ENGAGEMENT

Regular engagement activities will be implemented throughout construction, restart, and operations phases to maintain transparent, consistent, and accessible communication with Project stakeholders. The purpose of these activities is to ensure that stakeholders remain informed about Project developments, planned activities, potential impacts, mitigation measures, and opportunities for participation, while also enabling the Company to understand evolving community concerns and expectations.

Following the Project restart in 2025, stakeholder engagement activities have focused particularly on rebuilding trust, improving transparency, and strengthening day-to-day communication with affected communities and other stakeholders. Engagement activities are designed not only to disclose information, but also to maintain continuous dialogue, support grievance identification and resolution, and monitor stakeholder perceptions regarding Project performance.

Regular engagement activities are implemented through a combination of formal and informal mechanisms, including:

- Community meetings and information sessions;
- Meetings with local authorities and administrative representatives;
- Household visits and small-group discussions;
- Operation of community liaison and information offices;
- Meetings with vulnerable or potentially affected stakeholder groups;
- Regular communication through community liaison officers (CLOs);
- Disclosure of monitoring results and Project updates;
- Participation in local events and community initiatives; and
- Ongoing management of stakeholder feedback and grievances.

Engagement frequency and methods are adapted based on stakeholder needs, Project activities, and the level of stakeholder interest or concern. Settlements directly affected by Project activities, including Gndevaz, Saravan, Gorayk, and Jermuk, receive more frequent engagement due to their proximity to Project infrastructure and the higher level of public interest associated with Project activities.

Particular emphasis is placed on maintaining visible and accessible communication channels in Gndevaz due to the community's proximity to active Project infrastructure and previous construction-related concerns. Measures implemented following the restart include strengthened field presence of community liaison personnel, closer coordination between technical and social teams, rapid response mechanisms for community concerns, and regular updates regarding construction scheduling, traffic management, dust control, and water-related protection measures.

Special attention is also given to stakeholder engagement in Jermuk, where stakeholder concerns are distinct from those in other communities and are closely linked to the city's image, tourism economy, environmental reputation, and long-term development trajectory. Recognizing the heightened sensitivity and polarized perceptions surrounding the Project in Jermuk, engagement approaches in the city are tailored accordingly.

In Jermuk, engagement activities prioritize smaller-scale, targeted, and dialogue-oriented interactions in addition to large public gatherings. Engagement includes regular meetings and discussions with:

- Residents and community representatives;
- Local businesses and hospitality sector representatives;
- Tourism operators and service providers;
- Civil society representatives; and
- Municipal authorities.

These engagements focus on understanding and addressing concerns related to tourism impacts, environmental management, public perception of the city, traffic and visual impacts, and broader socio-economic implications associated with Project activities. The Company seeks to maintain respectful, transparent, and responsive communication in Jermuk, recognizing the importance of trust-building and the need for continued dialogue over time.

Information disclosed through regular engagement activities include:

- Planned construction and operational activities;
- Environmental and social monitoring results;
- Traffic management and road safety measures;
- Employment and procurement opportunities;
- Community investment and development programmes;
- Health, safety, and environmental protection measures;
- Updates on grievance management and issue resolution; and
- Emergency preparedness and response information, where relevant.

The Company will continue to review and adapt its engagement approach throughout the Project lifecycle based on stakeholder feedback, monitoring results, grievance trends, and evolving community dynamics. Lessons learned from prior Project phases, including the events of 2018 and the restart period in 2025, will continue to inform the implementation of engagement activities with the objective of strengthening legitimacy, respect, compatibility of interests, and trust between the Project and stakeholders.

7.2.1 In-community representation

Lydian's CLO is based in the local communities, maintains regular and close contact with local authority officials, and is generally 'on call' for local stakeholders who have concerns or questions. The CLO has direct lines of communication with the on-site PMT, usually via the Environment Team.

The CLO is assisted by a Community Engagement Assistant and by several community assistants, who are based at the AICs (see below).

7.2.2 Amulsar Information Centres (AICs)

The AIC in Gndevaz has been established since 2013. In 2016, a second AIC was opened in Jermuk, and in 2017 two new AICs were established, in Saravan and Gorayk. These AICs were reopened after the project restart in 2025 and are open daily during the week. Note that the Gndevaz AIC was reopened in March 2026 once rental agreements were established with the community building owners.

Depending on the daily activites, they are staffed with one and three community assistants. The AICs to provide information to stakeholders, and to facilitate dialogue between stakeholders and the company

(including access to and assistance with the CGM, when necessary). The AICs host a variety of brochures, videos, posters, and electronic and hard-copy reports. They also provide free internet access for local stakeholders.

Lydian's CLO keeps a monthly log of all AIC visits, which is reviewed to ensure that engagement efforts are targeted at current topics of interest.

7.2.3 Community Liaison Committees (CLCs)

CLCs serve as the principal working mechanism for interaction between communities as a hole, and Lydian. CLCs have been established in Gndevaz, Saravan and Gorayk since August 2010, and in Jermuk since 2011. Each CLC consists of community-nominated representatives of the community, with the aim of representation across a broad range of interests - health, education, commerce, local government. The CLCs currently comprise between four and 11 community members each. A key measure taken to address the sensitivities associated with Jermuk's status as a spa and tourism destination has been the composition of the Jermuk Community Liaison Committee (CLC). This CLC brings together a diverse group of local government representatives and businesses, while ensuring strong representation from the local tourism sector, including major hotels, resorts, and other tourism-related enterprises. The Committee serves as an important forum for proactively engaging with these stakeholders and hearing first-hand about their concerns, challenges, and priorities. Regular monthly meetings are being held with this group. CLCs aim to meet once per month. Meetings are attended by at least one of the Lydian Social, Sustainability Manager, CLO, or Community Engagement Assistant, as well as community assistants as necessary. CLC meetings are minuted. They serve as a forum to collect feedback from communities, including their concerns and issues, as well as for providing answers to questions and providing Project-related information as needed.

The overall aim of the CLC meetings is to maintain broad community support for the Project via constructive dialogue. CLC members disseminate information and receive feedback from other community members via their own channels.

7.2.4 Participatory monitoring

Participatory monitoring is a collaborative process whereby interested stakeholders are involved in collecting, analysing and reporting information during the implementation of a project to build confidence and to identify and solve problems together.

To be most effective, participatory monitoring should involve a variety of people at all stages of the monitoring process, and should incorporate methods and indicators meaningful to the appropriate stakeholders.

Participatory monitoring is not only scientific, but also social, political, and cultural. It requires openness, a willingness to listen to different points of view, a recognition of the knowledge and role of different participants, the ability to give credit where credit is due and, in some circumstances, capacity building to enable groups to maximise the effectiveness of their participation.

7.2.5 Site tours

A structured program of site visits is a key component of Lydian's stakeholder engagement strategy. These visits are initiated both proactively by the Company and in response to stakeholder requests, demonstrating a shared commitment to transparency, open dialogue, and inclusive engagement.

Site visits are designed to engage a broad and diverse range of stakeholders, including local community representatives, government authorities, industry specialists, media, academic institutions, and international delegations. Participants represent varying demographics, professional backgrounds, and levels of technical knowledge, which is taken into account in the design and delivery of each visit.

Each site visit is tailored to the specific interests, expectations, and technical capacity of the participating group. Programs typically include structured presentations covering project development, environmental and social management practices, health and safety standards, and key technical aspects of operations. In addition, participants are provided with guided access to relevant infrastructure and environmental monitoring systems, enabling direct observation of project activities. Interactive question-and-answer sessions with company specialists are incorporated to facilitate meaningful dialogue and information exchange.

Through this initiative, Lydian Armenia seeks to enhance transparency, strengthen stakeholder trust, support informed understanding of the Amulsar Project, and foster constructive, ongoing engagement with all stakeholder groups.

7.2.6 Information disclosure

Newsletter

Lydian produces a quarterly newsletter to keep local community members informed on Project activities and social initiatives. Electronic newsletters are distributed to the community members via mailing lists, hard copies will be available at the information centers.

The newsletters include important announcements, job opportunities, social initiatives at the communities, notification of upcoming events and are also used to elaborate or address environmental issues or questions raised during CLC or other meetings.

Amulsar Information Centers (AICs)

AIC are the key channel for ongoing stakeholder engagement and information disclosure in communities. These centers serve as accessible, community-based platforms designed to facilitate transparent communication, build trust, and ensure that stakeholders have timely access to accurate and relevant project information.

The Information Centers operate as multi-purpose engagement hubs with the following core functions:

- provision of up-to-date project information, including reports, visual materials, newsletters and announcements, in formats accessible to a wide audience.
- dedicated space for stakeholders to ask questions, seek clarifications, and engage directly with trained company representatives.
- Facilitation of the submission of feedback, concerns, or grievances, and provision of guidance on the Company's grievance redress process.
- Hosting of meetings, small group discussions, and consultations with community members and other stakeholders.

Lydian website

Lydian Armenia maintains an official website as a key digital platform for stakeholder engagement and information disclosure. The website serves as a centralized, publicly accessible source of comprehensive and up-to-date information about the Amulsar Project, supporting transparency and broad stakeholder outreach.

The website is regularly updated to ensure the accuracy and relevance of information. Through this platform, Lydian Armenia aims to complement its on-the-ground engagement activities by providing a reliable and widely accessible communication channel for all stakeholders.

Press releases

Lydian Armenia utilizes press releases as a formal communication tool to provide timely, accurate, and consistent information about the Amulsar Project to the public and key stakeholders through media channels.

The primary aim of press releases is to ensure proactive and transparent disclosure of significant project developments, milestones, and announcements. This channel supports informed public awareness, helps manage expectations, and contributes to maintaining trust and credibility with stakeholders, including media representatives, government authorities, and the wider public.

Press releases are prepared in a clear and accessible format and are distributed through appropriate media platforms and the Company's official communication channels.

Social media

Lydian Armenia utilizes social media platforms as a complementary communication channel to support timely, accessible, and interactive engagement with a broad range of stakeholders.

The primary aim of social media engagement is to enhance transparency, increase the reach of project-related information, and facilitate two-way communication with stakeholders in a timely and accessible

manner. Social media platforms enable the Company to engage with diverse audiences, including local communities, media, civil society, and the general public.

Lydian Armenia has a presence on social media platforms such as Facebook, LinkedIn, YouTube, and Instagram. The content and the style of distributed information is identified taking into consideration the audience of each platform and existing tools.

At the end of each year, Lydian Armenia organizes annual community meetings in each surrounding community as a key platform for accountability, transparency, and stakeholder engagement. These meetings provide an opportunity to present a comprehensive overview of the year's activities, including progress on project milestones and the implementation of social initiatives.

7.3 CONSULTATIONS AND INFORMATION MEETINGS

This section outlines topic-specific consultations and information meetings which are planned in the near future.

The meetings will be held in one or more of the local communities as appropriate. The meetings will be facilitated by Lydian, with the participation of the Sustainability Manager, Social Program Manager, CLO, and, as necessary, invited experts on the topic(s) under discussion. Meetings will be advertised in advance in the monthly newsletter, on the community message boards, and by the distribution of flyers as necessary. For certain stakeholder groups, engagement activities will be adapted to meet their needs - for example, herders using Amulsar will be visited in the field, as opposed to requesting that they attend a village meeting.

7.3.1 Cyanide

Lydian's Cyanide Management Plan has been pre-operationally certified by the International Cyanide Management Institute. The plan commits Lydian to engaging in public consultation and disclosure per the International Cyanide Management Code. Stakeholders will be given the opportunity to communicate issues of concern, and Lydian will initiate dialogue on cyanide management procedures and responsively address identified concerns.

Opportunities for stakeholder engagement include open public meetings, the creation of a citizens' advisory panel' (or use of the focus groups and committees already established), site tours for interested parties, and the facilitation of public meetings related to facility permitting and licensing.

Lydian also commits to make appropriate operational and environmental information, regarding cyanide, available to stakeholders. This includes the publication of reporting on any incidents.

Brochures explaining cyanide and heap leaching have already been made available in the AICs and on the Lydian Armenia website.

7.3.2 Dust

Lydian is committed to controlling dust that could cause nuisance to off-site receptors (including local communities and agricultural lands). Continuous observation for visible dust generation and migration of plumes is an important day-to-day activity.

The most sensitive areas identified were community agricultural lands and orchards east of Gndevaz, adjacent to Road 5 (RD-5), the public road used by Project traffic to access facilities located higher on the mountain; agricultural lands west of Highway 42, where the road passes the mine camp; and the village of Gndevaz. A dust particle monitoring online station is located between the Project site and the Gndevaz community.

Dust Management Program has been prepared to ensure the Project's compliance with applicable legal requirements concerning dust management and to fulfill the commitments set out in the Environmental and Social Impact Assessment (ESIA) for the Amulsar Project (v10, 2016).

Lydian plans to hold a meeting with interested community members to explain the measures that will be taken, and to address concerns or suggestions. Stakeholders will be provided with opportunities to raise concerns, provide feedback, and discuss additional mitigation measures through community meetings, the grievance mechanism, and direct engagement with the Community and Environment teams.

Dust management continues to be an important issue for local communities and other stakeholders, particularly in relation to road use, construction activities, and potential impacts on agriculture and quality of life. Lydian continues to implement dust mitigation and monitoring measures as part of its environmental management activities and plans to maintain regular communication with affected communities regarding dust management performance.

7.3.3 Water

Protection of the Vorotan River and Lake Sevan is a key principle of the Project. This has been achieved through site design, by siting chemical storage and mine processing facilities outside the Lake Sevan immediate impact zone. It should be noted that the open pits, BRSF and crushing plant are not categorized as mineral processing operations as they do not require the use of hazardous chemicals, therefore these operations can take place within the Lake Sevan Immediate Impact Zone. The contact water containment ponds have been sized to accommodate the 100-year, 24-hour storm event. They have also been sized to take account of high rates of rainfall in a prolonged and significant wet year.

The volume of contact water generated will be minimized by diverting surface water runoff from natural areas (non-contact runoff) around Project-impacted areas back to natural drainages downstream of the Project areas. Impacted water (potentially sediment-laden water) from haul roads, crushers, the conveyor, and truck shop will be routed to sediment ponds. The ponds will allow the settlement of suspended sediment in the captured water (i.e. to clarify the water) and will serve as potential water treatment basins, if additional treatment such as flocculation or pH adjustment is required.

7.3.4 Ecosystem services

It is planned to engage local people who make use of Amulsar regarding the Project's potential impacts on ecosystem services. This issue is related to compensation for impacts that have been made in the past, and the livelihood restoration programme which is in progress, but goes beyond individual impacts to consider whether the Project has impacted the ability of the land to provide the ecosystem services (e.g. water, grazing areas, recreational areas) that people rely on.

7.3.5 Seasonal Herders

Lydian recognises that herders may be affected by changes in access to grazing areas, seasonal movement routes, and water resources associated with the Project. Seasonal herders have been identified who travel from other regions of Armenia to graze their cattle, and grow hay on the pasture land, during the summer months each year. Land availability is not generally seen as a limitation or constraint to the agricultural potential of the region. However, some concern has been raised in Gorayk over the number of seasonal herders who are using the land in this region. Engagement with herders will continue through the planned census, meetings, consultations, and participation in the livelihood restoration process, with the aim of identifying concerns and collaboratively developing practical mitigation measures where feasible.

7.3.6 Arpa fish farms

Two fish farms, located approximately 6.5 km and 8 km downstream of the Kechut Reservoir, are adjacent to the Arpa River and within the study area. The fish farms are supplied with water directly from the Arpa via intakes on the adjacent channel. The fish farms are not consumptive water users of the Arpa; they simply circulate water through their facilities and discharge to a downstream location. Water quality at monitoring sites up and downstream of the fish farms (AW010 and AW009) are comparable, indicating no adverse water quality impacts. Water quality impacts typically associated with fish farm discharges, such as increased nutrient loading, lower dissolved oxygen, and increased TSS, may be discernible in the discharge mixing zone. Continued engagement with fish farm operators and relevant stakeholders remains important to confirm operational practices.

7.3.7 Jermuk NP

The Environmental and Social Impact Assessment (ESIA) documentation for the Amulsar Gold Mine Project identified residual impacts on biodiversity and habitats within the Project area. In order to compensate for the aforementioned impacts, as well as to ensure equivalent environmental benefits in offset of the losses envisaged by the ESIA, on 12 December 2016, Lydian Armenia CJS and the RA Ministry of Nature Protection entered into a Memorandum of Understanding on the establishment of the "Jermuk" National Park in the Vayots Dzor Region of the Republic of Armenia.

7.3.8 Security

Lydian's security objective is to protect its people, assets, product, and reputation. The Security Team continuously reviews its role in supporting sustainable development while managing security risks affecting both the operation and surrounding communities.

The Security Team is responsible for responding to security-related incidents. All other emergencies are managed through Lydian's Health and Safety (H&S) emergency response arrangements. As the Project develops, dedicated Emergency Response Teams (ERTs) may be established to provide specialised on-site emergency response capabilities. Clearly defining these responsibilities ensures that incidents are managed by the most appropriate teams.

While the Security Team's primary focus is the protection of site personnel, contractors, assets, and operations, Lydian recognizes that local communities are important stakeholders. Hazards associated with the surrounding environment, including roads, rivers, reservoirs, and agricultural areas, may create risks that affect both the community and the Project. Lydian aims to support community awareness, preparedness, and resilience through engagement, cooperation, and responsible security practices.

The Security Team maintains security response plans that are regularly reviewed and tested. These plans are designed to protect people and assets, minimize disruption, and support effective incident management.

Lydian is incorporating the United Nations Voluntary Principles on Security and Human Rights (VPSHR) into its Security Management System. The objective is to minimize the risk of human rights violations, promote responsible security practices, and ensure that security arrangements are implemented in a manner consistent with international standards.

The Security Team's approach includes:

- Strong physical security measures
- Professional and well-trained security personnel
- Effective access control systems
- Graduated security alert levels
- Integration with community engagement and sustainable development initiatives
- Proactive engagement with local communities via the CLO interactions
- Strong emergency response capabilities
- Positive working relationships with local law enforcement agencies.

The VPSHR support security best practice by:

- Strengthening organizational involvement in security management;

- Enhancing stakeholder confidence in security policies and practices; and
- Improving the collection and sharing of security-related information.

Lydian applies a risk-based approach to security management, using appropriate controls to reduce the likelihood and impact of threats to personnel, property, information, and operations.

Physical security measures are incorporated into facility design and operational procedures to deter unauthorized access, prevent loss or damage, and ensure an effective response to security incidents.

The Security Team is committed to maintaining a safe and secure working environment through effective policies, professional training, continuous improvement of security systems and infrastructure, promotion of a strong security culture, adherence to the VPSHR, and ongoing support to local communities.

8 GRIEVANCE MECHANISM

The Project Grievance Mechanism has been separated into a Community Grievance Mechanism (CGM) and a Worker Grievance Mechanism (WGM). In 2025 Lydian Armenia introduced an additional online channel for grievances. The community Team manages the CGM. Grievances are reviewed and follow-up actions are determined and documented during the weekly Community meetings to ensure a consistent and coordinated approach to grievance management.

Appendix B provides a full description of the rationale for, and operation of, the CGM.

9 STAKEHOLDER ENGAGEMENT REPORTING

Stakeholder engagement events, including regular meetings and topic-specific workshops, visits to the AICs, and community grievances, are recorded and logged by the Community Liaison Officer and distributed on a monthly basis to Lydian and Project Managers. These activities are logged into the Veracity System where they are used as metrics for monthly reports and presentations.

The Social Programs Head will prepare an annual report on stakeholder engagement, which will include:

- A summary of information disclosed to stakeholders during the year;
- A summary of all stakeholder engagement meetings and workshops held during the year;
- Analysis of visits to the AICs;
- Discussion on the main concerns and issues raised by stakeholders during the year;
- Grievance analysis and resolution performance; and
- Identification of challenges and risks to be addressed in the next revision of the SEP.

10 REFERENCES

European Bank for Reconstruction and Development (EBRD), 2024. Environmental and Social Policy

International Council on Mining and Metals (ICMM), 2015. Understanding Company-Community Relations Toolkit.

International Finance Corporation (IFC), 2012. International Finance Corporation's Guidance Notes: Performance Standards on Environmental and Social Sustainability.

IFC, 2007. Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets.

IFC, 2021. Environmental, Social, Governance Guidebook 2021

Lydian Armenia Website: Lydian Armenia

Appendix A: Community Grievance Mechanism

The grievance mechanism (GM) is a formal procedure through which communities and individuals affected by Lydian Armenia's activities can formally communicate their specific concerns and grievances to the company and facilitate resolutions that are mutually acceptable by the parties and within a reasonable timeframe. The grievance procedure may be used by anyone without any concern or fear of retribution. It is the Company's commitment to log all grievances and address them as part of its Corporate Social Responsibility (CSR).

The GM was established under the Stakeholder Engagement Plan within Lydian's approved ESIA Management Plans and is aligned with the IFC Performance Standards and EBRD Performance Requirements.

All stakeholders are encouraged to submit written grievances to the Community Liaison Officer (CLO) or Local Community Assistants, or to leave their grievances in Grievance Boxes in the four communities, located in public areas close to local government offices, Amulsar Information Centers (AICs) in Gndevaz and Jermuk, or other public sites accessible and visible to the population. Printed hard copies of the GM are available in the AICs. Where contractors do not have their own grievance mechanism, the Lydian GM will be used by those contractors.

Grievances may also be submitted online through the company's website in Armenian and English, or via a dedicated grievance email address, which is a new initiative done for the 2025 project restart. The GM is posted on the Lydian website in Armenian and English, allowing anyone to convey their grievance online; and was communicated to communities through the Lydian Community Newsletters and through discussions in the Community Liaison Committees (CLCs). All Local Community Assistants were trained to properly collect grievances from community members, help people log their grievance, explain about the GM, and refer to the respective person in the Company as needed. The mechanism provides details on timing for grievances starting from filing the grievance, to taking actions by the Company within a certain time period.

The CLO handles the grievances with the help of the Local Community Assistants and the Social Manager who then logs all grievances (and other requests collected from the Grievance Boxes from the four communities) in the social management system which forms part of the Environmental and Social Management System (ESMS). The CLO, Social Manager or respective head of a department (responsible for the given area; for example, Health and Safety), follow s up on the grievances with or without the contractors (as applicable) and takes respective actions.

Anonymous grievances are treated equally, without repercussions. The Company takes action and tracks verbal grievances as well, when people prefer this mode of communication.

Stakeholders outside the area of influence can obtain knowledge of and access to the GM from the Lydian website; community AICs, and can request information from the CLO or other Lydian staff.

All formal grievances will receive a formal acknowledgement within ten working days. In all cases the Company will state the date of the resolution. The final response will provide additional information or, if appropriate, further instructions on proposed measures to resolve the issues. The company will make

concerted efforts to resolve grievances amicably; yet, if a grievance cannot by resolved, Lydian will seek to involve other external experts, neutral parties or local and regional authorities, as necessary.
Written grievances may be submitted on the following form or by including the following information in a letter or e-mail:

- Name;
- Organisation and position, if relevant;
- Address;
- Telephone/Fax and e-mail;
- Most effective means to send a response; and
- Details of the grievance (any important details; date of the incident, location, etc.)

Lydian Armenia – Grievance Submission Form

<table>
<tr><td>Name:</td><td colspan="2"></td></tr>
<tr><td>Organisation / Position:</td><td colspan="2"></td></tr>
<tr><td colspan="2" rowspan="2">Address:</td><td>Telephone / Fax:</td></tr>
<tr><td>Email:</td></tr>
<tr><td colspan="3">Most effective means to send a response:</td></tr>
<tr><td colspan="3">Details of the grievance (any important details; date of incident, location, etc.):</td></tr>
</table>

Note: *This user-friendly format is meant to help the community members to submit their grievances. They can, however, use any other format (narrative, with no special format) that they deem appropriate or fit for use. The important message is for the stakeholders to know about the availability of the GM, how it functions and the Company's commitment to address their concerns.*
The grievance management system is guided by the following principles:

- Accessible and easy to use;
- Transparent and accountable;
- Warrants appropriate protection to complainants through a commitment to keeping grievances confidential.

Lydian will apply the following principles in respect of grievance management and redress in the context of the Amulsar project:

- Any grievance will be registered, acknowledged receipt of within ten working days of its receipt, responded to within 30 days of its receipt, and tracked until it is closed;

- The grievance management arrangement will include two tiers of extra-judicial, amicable review and settlement, with the first one internal to the implementing agency, and the second one either fully external or as a minimum with involvement of external parties; the third tier of the mechanism is the judicial system;
- The overall objective is to avoid resorting to the formal judicial system for as many grievances as possible.

Anticipated categories of grievances on land acquisition

During the land acquisition phase, in practice, grievances and disputes that may be anticipated for the Amulsar land acquisition programme are the following:

- Misidentification of properties (allocation of a property to the wrong owner due to wrong cadastral information and/or deliberately misleading statements);
- Disputes over plot limits, between affected person and Project or between two neighbours;
- Disputes over the ownership of a given property (two or more individuals claiming the same property);
- Disagreement over the valuation (either unit rate applied or count) of a plot, crop or structure;
- Post cut-off establishment of a plantation, structure or other asset;
- Absentee landowners;
- Confusion between legal occupants and informal occupants;
- Forged documents (identification, ownership or others);
- Deceased estates and unresolved successions, divorces, and other family issues;
- Damages occurring during construction;
- Unsatisfactory reinstatement of temporarily used land.

Other categories of grievances related to employment with the company

During the construction and operational phases employment becomes a sensitive area that can raise speculations and discontent among the local population and wider communities. Anticipated areas of concerns are illustrated below:

- Processes for hiring locally: information dissemination, awareness, etc.;
- Fair distribution of jobs among and within communities;
- Geography and coverage of hiring;
- Expectations for jobs;
- Fair treatment for community members, equal opportunities;

- Gender considerations: opportunities for women;
- Job restrictions based on nature of jobs (physical, etc.);
- Employees rights, human rights violations at work place;
- Entitlement for job-related benefits, limitations;
- Fair treatment and ethics at work place;
- Safety at work place;
- Other.

Employee grievances (including anonymous) will be handled according to the Company grievance policy which is widely available to staff members (both in Yerevan and at the site). Employees may also seek advice from the HR Manager on the grievance policy and procedures.

Security considerations

Lydian is incorporating the United Nations Voluntary Principles on Security and Human Rights (VPSHR) into its Security Management System. The objective is to minimize the risk of human rights violations, promote responsible security practices, and ensure that security arrangements are implemented in a manner consistent with international standards.

Lydian Armenia is in the process of adhering to and adopting the UN's Voluntary Principles on Security and Human Rights: it recognizes the importance of the promotion and protection of human rights and the constructive role business, civil society, and local communities can play in advancing these goals.
The Company will adhere to the following set of voluntary principles as guidance in maintaining the safety and security of operations, with the assurance of respect for human rights and fundamental freedoms:

- Acknowledging that security is a fundamental need, shared by individuals, communities, businesses, and governments, we recognize that security and respect for human rights can and should be consistent;
- Recognizing that we share the common goal of promoting respect for human rights, particularly those set forth in the Universal Declaration of Human Rights, and international humanitarian law;
- Safeguarding the integrity of company personnel and property & recognizing a commitment to act in consistence with the national laws, comply with international standards, and to observe international principles (e.g., the UN Code of Conduct, etc.);
- Recognizing the value of engaging with civil society and local governments to contribute to the welfare of the local community while mitigating any potential for conflict where possible;
- Sharing and understanding our respective experiences regarding best security practices and procedures, country human rights situations, and public and private security, subject to confidentiality constraints.

The Security Team is committed to maintaining a safe and secure working environment through effective policies, professional training, continuous improvement of security systems and infrastructure, promotion of a strong security culture, adherence to the VPSHR, and ongoing support to local communities.

Illustrative categories of grievance related to security

- Violation of human rights;
- Discriminatory behaviours, attitude or actions (age, gender, position, etc.);
- Unsafe working conditions (perceived or other);
- Integrity of personnel;
- Abuse of security practices and procedures (force, etc.);

  Harassment.