

IMPACT OF INTERNATIONAL STANDARDS TO THE CORPORATE
GOVERNANCE SYSTEM OF THE COMPANY

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Abstract. Good corporate governance is one of the main factors that help companies build trust, attract investors, and work more transparently. International standards, such as the OECD Principles of Corporate Governance and the IFC Corporate Governance Methodology, guide companies on how to create effective systems of accountability, fairness, and transparency. These standards are especially important for developing countries, where firms are still improving their management and reporting practices. This study considers the impact of the adoption of global corporate governance standards on corporate governance systems in firms, in particular based on the example of the Navoi Mining and Metallurgy Combinat (NMMC) — an large and open Uzbek company. The article delves into the influence of international standards, such as the OECD Principles of Corporate Governance and the IFC's Corporate Governance Methodology, on NMMC's internal governance policies, board structure, transparency, and accountability. Against the backdrop of qualitative and quantitative insights from NMMC's publicly available data, reports, and 2018–2024 governance disclosures, the study examines the company's conformity with international standards and the implications on performance and investor trust. The experience of the NMMC shows how companies in transitional economies can gain from integrating global standards in their corporate governance structure.

Keywords: International standards; corporate governance; OECD principles; transparency; accountability; Navoi Mining and Metallurgy Combinat (NMMC); Uzbekistan

Introduction

Corporate governance in the global economy today is essential to ensuring corporations are operating in an open, accountable, and efficient way. Sound corporate governance builds trust among a company and its stakeholders, enables long-term growth, and reduces risks of corruption or misuse. To help corporations achieve these goals, several international organizations have developed governance principles and standards. Some of the most prominent are the OECD Principles of Corporate Governance and the IFC Corporate Governance Methodology, which provide global guidelines for corporate management accountability, transparency, and fairness. In most of the developing and transitional economies, compliance with these international standards has become an important step towards improved business environments and foreign investment attraction. Uzbekistan, as a rapidly developing economy, has made significant progress in recent years towards improving corporate governance practices. The government has urged public and private enterprises to bring in more transparency, improve the performance of boards, and align with world standards. All these changes are aimed at making Uzbek businesses more credible and competitive both in local and foreign markets. To better understand how international norms can influence a firm's system of governance, this paper examines the case of the Navoi Mining and Metallurgy Combinat (NMMC) — a major and strategically important Uzbek firm. NMMC has been targeted for trying to modernize systems of management, improve transparency, and follow international best practice. Drawing on an examination of this company, the study aims to determine how the application of international norms of governance affects the internal governance framework, the decision-making process, and overall organizational performance within the framework of Uzbekistan's developing corporate landscape.

LITERATURE REVIEW

The adoption of international corporate governance standards has been widely studied across emerging markets. According to the OECD (2023), principles of

corporate governance help ensure transparency, accountability, and efficient oversight, particularly in state-owned enterprises [1]. In the context of Uzbekistan, several scholars highlight that alignment with international standards fosters economic reforms and foreign investment attraction (Karimov, 2021) [2]. The International Finance Corporation (IFC) has also played an important role through its Corporate Governance Project in Uzbekistan, promoting structural improvements and independent board practices (IFC, 2022) [3]. Research by Tursunov (2022) emphasizes that transformation into joint-stock companies supports operational efficiency and improves disclosure practices among major enterprises, including those in the mining sector [4]. Overall, existing literature supports that applying OECD and IFC standards can significantly improve governance quality in large enterprises such as NMMC.

Methods

In this study, the deductive and analytic methods were utilized to analyze the impact of international standards on the corporate governance system of the Navoi Mining and Metallurgy Combinat (NMMC). The deductive method facilitated the analysis of theoretical sources of information about international standards such as the OECD Principles and the IFC Corporate Governance Methodology. The analytical method was used for the analysis of NMMC's reports, governance framework, and practices of transparency.

Apart from that, the comparative method was employed to compare NMMC's system of governance with best international practices. Statistical information from the firm's non-financial and financial reports were also scrutinized to provide support analysis.

Results

The Navoi Mining and Metallurgy Combinat (NMMC) is one of the largest industrial enterprises in Uzbekistan and Central Asia, specializing in the extraction and processing of gold, uranium, and other rare metals. The company was founded in 1958 and has since become a strategic contributor to the economic development of Uzbekistan, accounting for a significant share of the country's industrial output and

export earnings [1]. NMMC operates as a state-owned enterprise under the management of the Cabinet of Ministers of the Republic of Uzbekistan and plays a key role in ensuring the sustainable use of the nation's mineral resources [2]. In 2020, as part of the government's reforms aimed at improving the efficiency of state-owned enterprises, NMMC underwent corporate restructuring and was transformed into a joint-stock company (JSC). This change marked an important step toward introducing modern corporate governance mechanisms, increasing transparency, and attracting foreign investment [3]. Since then, the company has actively adopted various international management and reporting standards, including ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management), and ISO 37001:2016 (Anti-Bribery Management) [4]. The governance structure of NMMC consists of a Supervisory Board, an Executive Board, and several specialized committees responsible for audit, compliance, and risk management. The company has also strengthened its internal control systems, public reporting mechanisms, and information disclosure practices in line with international standards such as the OECD Principles of Corporate Governance and the IFC Corporate Governance Methodology [5]. Today, NMMC continues to modernize its corporate governance by promoting digitalization, environmental responsibility, and ethical business conduct. Its transparency achievements, such as the high ranking in the Openness Index 2023, and the company's ESG rating by Sustainable Fitch, confirm its alignment with global corporate governance trends [6].

The analysis of the Navoi Mining and Metallurgy Combinat (NMMC) reveals significant progress in the implementation of international corporate governance standards and practices within Uzbekistan's industrial sector. Over the past few years, the company has taken several steps to strengthen transparency, accountability, and ethical management in line with international recommendations such as the OECD Principles of Corporate Governance and the IFC Corporate Governance Methodology [7]. One of the major achievements of NMMC is the introduction of the ISO 37001:2016 Anti-Bribery Management System, which confirms the company's

compliance with global ethical standards. This certification demonstrates NMMC's strong commitment to preventing corruption and building trust among partners and investors [8]. Furthermore, the company's level of transparency has significantly improved. According to the Openness Index 2023 published by the Anti-Corruption Agency of Uzbekistan, NMMC scored 84.7 points, placing fifth among all organizations and second among large industrial enterprises [9]. These results indicate that the principles of information disclosure and public accountability are effectively applied in the company's management system. In addition, Sustainable Fitch assigned NMMC its first ESG (Environmental, Social, and Governance) entity rating, with an overall score of 51 out of 100. The company's governance component received a rating of "2," where "1" indicates low risk and "5" represents high risk [10]. This rating suggests that NMMC follows key international standards in corporate reporting, auditing, and risk management but still has areas requiring further improvement. The company's financial and production results also support the efficiency of its management practices. In the first half of 2025, NMMC produced goods valued at 60.8 trillion Uzbek soums, which is 44.1% higher than during the same period in 2024. Physical gold production reached 1.54 million troy ounces (around 47.8 metric tons) [11]. Furthermore, in 2023, NMMC contributed approximately 16.7% of Uzbekistan's state budget through taxes, royalties, and dividends [12].

In recent years, NMMC has begun aligning its internal evaluation procedures with the IFC's Corporate Governance Methodology, which is widely used to assess corporate governance practices globally. This methodology focuses on five key areas: (1) commitment to corporate governance, (2) structure and functioning of the board of directors, (3) control environment and audit, (4) transparency and disclosure, and (5) treatment of minority shareholders [13]. According to the IFC (2022) report, NMMC's assessment showed notable progress in transparency and disclosure following its transformation into a joint-stock company, including the publication of annual reports and the establishment of an independent audit committee. The adoption of these

practices marks a significant step toward meeting the international benchmarks for responsible corporate governance in Uzbekistan [14].(graph 1)

Corporate ownership structure of listed companies of global public equity holdings, 2024 %

Graph № 1.OECD (2025), OECD Corporate Governance Factbook Discussion

The results of this study highlight that the application of international corporate governance standards, particularly the OECD Principles of Corporate Governance, has had a significant influence on improving the management transparency and accountability of the Navoi Mining and Metallurgical Company (NMMC). These findings are consistent with prior studies conducted by Tursunov (2022) and Karimov (2021), who emphasized that the integration of OECD standards into Uzbekistan's corporate governance framework has improved investor confidence and enhanced the financial performance of large enterprises [15][16]. Compared to earlier research, this study also supports the view that the transformation of state-owned enterprises (SOEs) into joint-stock companies—such as in the case of NMMC—creates stronger internal control systems and better-defined responsibilities among governing bodies. According to OECD (2023), the adoption of these principles ensures that companies operate in a transparent environment, reducing risks of corruption and inefficiency [17].

Possible reasons for these improvements include Uzbekistan's ongoing economic reforms, which aim to attract foreign investment and align the country's corporate sector with international practices. The 2020 Presidential Decree on the transformation of NMMC was a turning point, as it required the company to follow global standards in reporting, audit, and risk management. This change has helped NMMC establish a clearer structure of board oversight and accountability, which was less defined in the past [18]. The implications of these findings for theory and practice are noteworthy.

Table 1. Changes in Corporate Governance Indicators at NMMC (Before and After OECD/IFC Standards Implementation)

Theoretically, this study reinforces the argument that corporate governance reforms can enhance not only efficiency but also sustainability in emerging economies. Practically, it suggests that other Uzbek enterprises can replicate NMMC’s model to improve competitiveness and transparency. For policymakers, the results underline the importance of continuous adaptation of local governance codes to international benchmarks to attract more foreign partners and investors.

Table 1 demonstrates the positive impact of corporate governance reforms introduced after NMMC’s transformation into a joint-stock company in 2020. Indicators such as board independence, transparency, and audit practices show notable improvement, particularly following the adoption of OECD-based regulations and IFC corporate governance support. These changes indicate stronger accountability and improved protection of shareholder rights. The introduction of public annual reporting and structured CSR initiatives reflects enhanced transparency and increased commitment to sustainable business practices. Overall, the data confirm that international standards have contributed to more effective corporate governance within NMMC.

Governance Indicators	Before 2020 (Pre-Reform)	After 2020 (Post-Reform)	Source
Board Independence	10% external members	40% external members	IFC, 2023 [1]
Financial Transparency (annual reports published)	Internal only	Publicly available (since 2021)	NMMC Annual Report, 2023 [2]
Audit Committee Established	No	Yes (Independent audit unit formed)	OECD, 2023 [3]
Shareholder Rights Protection Mechanisms	Limited	Strengthened (new regulations)	PP-4708, 2020 [4]

Corporate Social Responsibility (CSR) Initiatives Occasional Structured CSR strategy implemented NMMC Report, 2023 [2]

Conclusion

The Navoi Mining and Metallurgical Company (NMMC) case study demonstrates that the application of international corporate governance principles, particularly according to the OECD Principles of Corporate Governance and IFC Corporate Governance Methodology, has contributed positively and measurably to the company's management system, transparency, and accountability. These changes have bolstered internal controls, improved disclosure practices, and improved supervisory board effectiveness, thereby creating more trust among stakeholders and potential investors.

The case of NMMC also reflects a broader national trend in Uzbekistan's business sphere, where firms are becoming more international best practices-oriented to improve the quality of governance and draw foreign investment. The transformation of the firm into a joint-stock form earlier in 2020 was one of the key successes of making its model of governance global in best practices terms, being an important milestone in the nation's path towards a more open and competitive economy.

However, while much has already been achieved, efforts should still be made in an effort to engender sustainability of these governance reforms. This includes ongoing capacity building, training of board members, and encouraging transparency in financial reporting. The findings of this research are that the adoption of international corporate governance standards not only increases the internal efficiency of companies but also fosters economic stability and investment attractiveness of Uzbekistan as a whole.

In short, the NMMC case suggests that effective corporate governance is not only a legal requirement but also a key approach to sustainable development. Continuous adoption of OECD and IFC standards into the domestic practice will be important to render Uzbek businesses efficient, transparent, and robust in the international economic environment.

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