

The background of the entire page is an aerial photograph of a vast, snow-covered mountain valley. The terrain is rugged, with numerous peaks and ridges covered in a thick layer of white snow. A winding river, appearing as a vibrant blue line, flows through the valley, carving its path through the snow-covered slopes. The river's banks are dotted with small, dark evergreen trees. The sky above is a pale, overcast blue, with soft, wispy clouds. The overall scene conveys a sense of natural beauty and environmental stewardship.

# SUSTAINABILITY REPORT

2022

SUSTAINABILITY  
REPORT  
2022

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# MESSAGE FROM THE CHIEF EXECUTIVE OFFICER – CHAIRMAN OF THE EXECUTIVE COMMITTEE

GRI 2-22

We work with the most fascinating gems on earth. But ALROSA's main value has always been and remains its team: people of different professions, working in different regions and countries, but united by common goals. It is this team that ensures ALROSA's leadership in diamond mining.

Dear shareholders,  
partners and colleagues,

The year 2022 was one of the most challenging for ALROSA and the mining industry, as well as for the global community. Restrictions due to sanctions, disruption of international cooperation channels and supply chains that had been built for many years forced us to reconsider our usual ways of doing business and promptly adapt to the changes.

In this task we were helped by our long-term experience and well-coordinated work of professionals: last year we celebrated the 65th anniversary of the diamond industry in Russia and 30 years since the foundation of ALROSA. Having overcome several global crises during this time, including the COVID-19 pandemic, the Company accumulated a substantial reserve of strength and adaptability to external risks and significantly increased productivity and improved internal efficiency. As a result, we were able to solve the key task of 2022 – to ensure a stable operation of the Company for the benefit of our employees and their families, the Republic of Sakha (Yakutia) and the country as a whole.

The ESG agenda and the projects implemented as part of the 2021-2025 ALROSA Group Sustainability Program, which once again proved their exceptional relevance in the conditions of macroeconomic instability, played an important role in solving this task. Apart from the global trend of ESG transformation in 2022, the social component of the sustainability agenda became the focus of our special attention.

Employees are the foundation of ALROSA's success, so attracting and retaining high-level specialists, supporting and developing the professional potential of each of them, ensuring decent working conditions have been and remain our priorities. Importantly, based on last year's results, we maintained and even slightly expanded our team of 33.8 thousand people. We also continued to create jobs and attract to the Company people from the regions where we operate: we employed over 4,000 people from Yakutia as part of the "Local Staff in Industry" program.

Creating a comfortable working environment that meets expectations of our employees, in which an open dialogue is possible and the Company's desire to resolve all issues is evident, is one of the important areas of our work. One of the crucial achievements of 2022 in this area was the alignment of the compliance system and the launch of a Hot Line for all stakeholders. We also maintained full support measures and social programs for employees and their families, continued expanding the range of training programs, and indexed wages twice during the year. Due to consistent work to strengthen the employer brand and increase employee confidence, the level of satisfaction and engagement of ALROSA's employees is growing annually, and at the end of last year it showed a significant growth by 14 p. p. compared to 2021, and amounted to 71%.

ALROSA maintained consistently high investments in the development of the regions of its presence despite external challenges – in 2022 we allocated RUB 6.6 billion



to build and support educational institutions, hospitals, cultural and sports facilities, rehabilitation centers and residential buildings, as well as to implement social programs for employees and their family members. Thanks to joint projects with the Special Fund for Future Generations of the Republic of Sakha (Yakutia) in education, science, healthcare, culture and sports, the environment in the regions of our presence will become more comfortable and attractive for young and ambitious people who are ready to unlock their potential, including in our Company.

Careful attitude to nature and consistent reduction of the carbon footprint of production activities remain a significant issue of our sustainable development agenda. ALROSA operates in one of the most difficult regions in the permafrost zone, so the consequences of climate change directly affect our production operations and development prospects. The Company implements a set of measures to minimize its environmental impact and adapt to climate change, including scientific research to find solutions to mitigate the climate impact. One of such studies is exploring the ability of kimberlite to absorb CO<sub>2</sub>.

ALROSA constantly improves its environmental management system, upgrades its production facilities and introduces resource-saving technologies, as well as implements a wide range of environmental projects. In 2022, we continued working on the conversion of transport and facilities to gas, support of specially protected natural areas and monitoring of animal populations. We launched projects to set up a tree nursery and study the impact of wildfires on ecosystems. This is by no means a complete list of activities that were carried out in 2022.

In 2023, we will continue to move confidently towards achieving the goals set in the 2021-2025 ALROSA Group Sustainability Program. Among our top priorities for the near future are improving the health and safety management system and bringing it in line with leading standards and best practices; maintaining the amount of social support for employees and the community in the regions where we operate; and reducing the environmental footprint even as we implement new promising projects.

The Company continues to do its best for long-term sustainability even in the face of global geopolitical tension and uncertainty. I am confident that our energy, optimism and coordinated work will allow us to continue to cope with all challenges.

**Pavel Marinychev**

CEO – CHAIRMAN  
OF THE EXECUTIVE COMMITTEE,  
PJSC ALROSA

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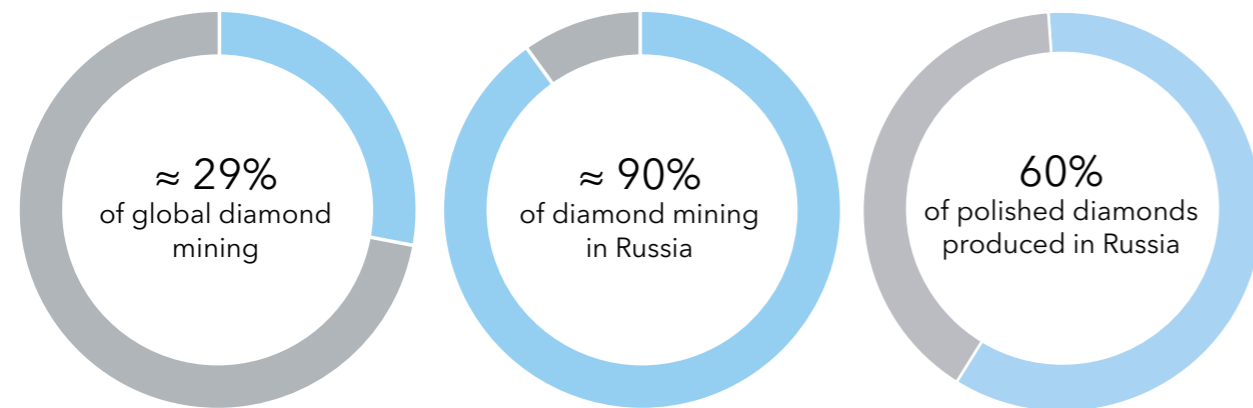
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# ALROSA at a glance

GRI 2-1, 2-6

ALROSA is the largest group of companies engaged in the exploration, production, processing and sales of rough diamonds. The ALROSA Group operates in the Russian Federation and owns four mining divisions. The Company's forecast reserves account for about one-third of the global diamond reserves. ALROSA's sales system is based on the conclusion of long-term contracts with companies producing polished diamonds and jewelry.



*ALROSA's mission is to be a global leader in the diamond industry consistently pursuing the long-term interests of its shareholders through the efficient use of its mineral resources and focus on sustainability issues.*



## ALROSA products

### Rough diamonds

A rough diamond is a unique creation of nature. One of the most ancient, mysterious and sought-after minerals of our planet, it is a crystal modification of plain carbon created deep in the subsoil.

At ALROSA, a rough diamond goes through all stages from mining to a polished diamond. All rough diamonds produced by the Company are valued and sorted in strict compliance with Russian and international standards.

Due to a number of physical, chemical and aesthetic characteristics, Russian diamonds are in high demand all over the world.

### Polished diamonds

In addition to mining rough diamonds, ALROSA is also involved in their cutting.

The Company's cutting enterprises employ foremen who have perfectly mastered the art of stone processing. They maintain and promote the traditions of the famous "Russian Cut" recognized all over the world.

The entire route of the precious stone, from the deposit to the diamond cutter, is under close control of ALROSA – the Company guarantees the natural and non-conflict origin of the rough diamonds produced.

### Jewelry

The range of ALROSA's jewelry is wide and varied – from inexpensive and classic jewelry to real masterpieces of high art jewelry.

Each piece of jewelry is the product of labor-intensive manual work. At the final stage, the finished product undergoes multi-stage quality control.

### 2021-2025 ALROSA GROUP STRATEGY IS AIMED AT:

- Creation of value for all stakeholders, and secure partnerships with customers, suppliers and local communities
- Environmental protection
- Compliance with occupational health and safety requirements
- Development of the corporate governance culture
- Enhancement of the risk management system
- Improvement of employees' professionalism

## 2022 highlights



### SOCIAL IMPACT

Headcount

33,756  
people

Share of women  
in the total  
headcount

31%

Occupational safety expenses

RUB billion  
2.3

Share of trained  
employees  
in the total headcount

67%

Social expenses

RUB billion  
6.6

LTIFR

0.24



### ENVIRONMENTAL IMPACT

Environmental costs

RUB billion  
7.6

GHG emissions  
(Scope 1, 2 and 3)

2,097  
thousand tons  
of CO<sub>2</sub> eq.

Share of reused  
and recycled water

80%

Share of renewable  
energy

64%

Land rehabilitation

1.6 thousand ha



### CORPORATE GOVERNANCE AND ETHICS

Cases of corruption  
and fraud

0










Share of transactions  
assessed for corruption risks

100%

Number  
of submissions  
to the Compliance  
Hot Line

134

# Key sustainability ratings and awards<sup>1</sup>

 <p><b>MSCI ESG Ratings</b></p> <p>CCC from AAA to CCC (AAA – max score)</p>	 <p><b>Sustainalytics ESG Risk Rating</b></p> <p>46.6 (serious risk) from 0 to 40 (0 – negligible risk, from 40 onwards – severe risk)</p>	 <p><b>National Rating of Corporate Governance (NRCG)</b></p> <p>8+<sup>2</sup> from 1 to 10 (10 – max score)</p>
 <p><b>The World Wildlife Fund (WWF)<sup>3</sup></b></p> <p>5 of 39 in the ranking of openness of environmental information among Russian mining and metals companies</p>	 <p><b>Expert RA</b></p> <p>ESG transparency ranking 1.5 from 0 to 2 (2 – total disclosure)</p>	 <p><b>Russian Union of Industrialists and Entrepreneurs (RSPP)</b></p> <p>Responsibility and Transparency Index <b>Group B</b> A to C (A is the best group)</p>
 <p><b>Forbes Gold</b> in the ranking of the best employers in Russia for its contribution to Employees &amp; Society, and Corporate Governance (in 2022, the ranking methodology was focused on assessing social parameters)</p>	 <p><b>RAEX-Europe ESG Corporate Ranking</b></p> <p>BBB 11 of 37 in the metals and mining sector 33 of 160 in the overall rating</p>	 <p><b>Russian Union of Industrialists and Entrepreneurs (RSPP)</b> Company ranking on SDG integration disclosures <b>Category A</b> A to D (A – max score)</p>



<sup>1</sup> As of year-end 2022. In 2022, many major international rating agencies either suspended or significantly worsened the rating of Russian companies. The worsening of positions of certain Russian ratings is due to the restrictions on information disclosure faced by the Company.

<sup>2</sup> Within the framework of the monitoring conducted in 2022, the rating was retained.

<sup>3</sup> On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.



# SUSTAINABILITY STRATEGY

*"ALROSA regards sustainable development as a fundamental and integral principle of its business activities, and it is certainly people who stay where they belong – at the very heart of this development. For the sake of today's and future generations we create safe and inclusive jobs and improve the quality of life of people in the regions of our presence. We prevent potential negative environmental impact or, if and when this is impossible, minimize it. This is how we contribute to achieving the UN Sustainable Development Goals.*

*The priority role of responsible conduct of business is reflected in ALROSA's mission and 2025 strategy as well as in our key corporate policies and standards that govern certain sustainability aspects – environmental protection and labor safety, climate change, human rights, business ethics, interaction with local communities, and supplier engagement".*

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# Strategic priorities and objectives

*Being one of the world's largest diamond mining companies that significantly impacts the human life and environment, ALROSA recognizes its responsibility for this impact and strives to fulfill its potential to the utmost, and make a considerable contribution to the long-term sustainable development of the regions of presence.*

## COMPREHENSIVE APPROACH TO SUSTAINABILITY

GRI 2-22

Sustainable development for ALROSA means implementation of the Company's mission in accordance with the high standards of responsibility while contributing to the achievement of the UN global Sustainable Development Goals in the long term and providing an active contribution to the creation of value for all stakeholders in the context of openness and transparency of information.

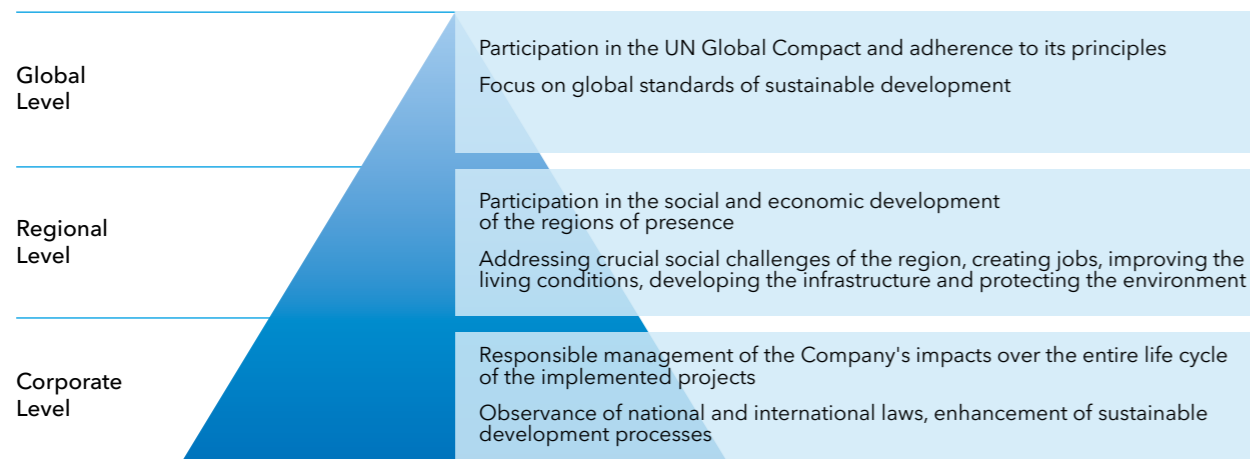
ALROSA's approach to sustainable development is based on the systematic integration of these principles into all aspects of the Company's activities, including decision-making processes, operational activities and corporate culture. It makes possible to create a business model that is resistant to changes in the external environment and crisis events in the international markets, as well as to form a corporate culture that promotes the implementation of innovative technologies.

ALROSA monitors transformation of the sustainability agenda in Russia and at the global level and, if necessary, adjusts its key corporate documents and work plans accordingly.

The priority role of sustainable development principles is reflected in the Sustainability Policy of PJSC ALROSA, as well as key corporate policies and standards governing various aspects of sustainability – environmental protection, climate change, labor protection, human rights, business ethics, interaction with local communities and work with suppliers.

Based on the nature and extent of the impact, the Company identified three levels of its sustainable development activities.

### ALROSA'S SUSTAINABILITY ROLES BY LEVELS OF IMPACT



# COMMITMENT TO THE PRINCIPLES OF THE UN GLOBAL COMPACT

Being a participant of the UN Global Compact since 2021, which is the largest international initiative in the field of sustainable development, ALROSA annually confirms its commitment to the ten fundamental principles of the Compact and also consistently implements a system of measures aimed at achieving the UN Sustainable Development Goals until 2030.

By joining the initiative of the UN Global Compact, ALROSA committed itself to reporting on compliance with key principles and providing an annual Communication on Progress (CoP) report in the established format, as well as disclosing this information as part of its annual sustainability reports. For the period of 2021–2022, ALROSA prepared and published two CoPs (in the form of non-financial reports on sustainable development) on the official webpage of UNGC.

ALROSA is also a member of the Russian Association of the Global Compact National Network, takes an active part in its activities and in promoting the sustainability agenda at the business level in Russia.

Participation in the UN Global Compact facilitates the progressive enhancement of ALROSA's approach to the sustainability issues management, promotion of the principles of responsible business conduct in the rough and polished diamond industry, and exchange of experience and knowledge at international and Russian expert platforms.

*For more information on the Company's observance of the principles of the UN Global Compact, see Appendix.*

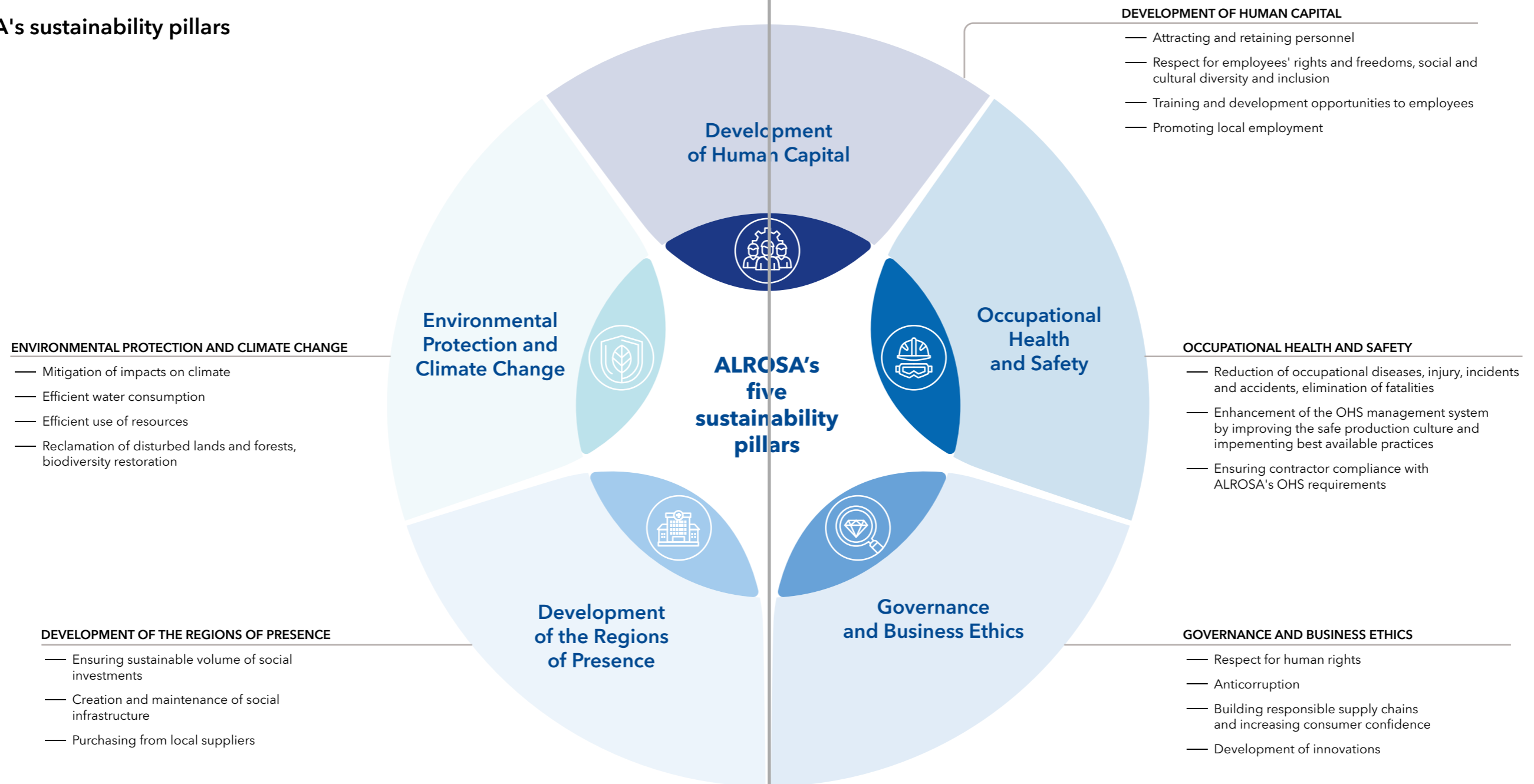


# SUSTAINABILITY STRATEGIC PRIORITIES AND GOALS UP TO 2025

As part of implementing the commitments undertaken as a result of joining the UN Global Compact in 2021, ALROSA developed and approved by the Company's Supervisory Board the 2021-2025 ALROSA Group Sustainability Program, which sets out the basic principles and strategic approach of the ALROSA Group to these issues and sets targets and performance indicators for key aspects of corporate responsibility, including environmental protection and climate change, human capital development, occupational health and safety and industrial safety.

The Program is a key strategic document and underpins the sustainable development management system at the ALROSA Group. It includes five strategic priorities in the area of sustainable development, 24 related objectives and 52 performance indicators that reflect its contribution to the achievement of 13 priority UN Sustainable Development Goals.

## ALROSA's sustainability pillars



Within each strategic area, a plan of measures to implement the tasks set for each year was formed. The implementation status of the planned activities is assessed based on the results of each quarter and reported to the Company's top management. The final report on the implementation of activities for the year is reviewed by the Strategy and Sustainability Committee under the Supervisory Board of ALROSA.

The strategic objectives set out in the Program, as well as its Action Plan, are integrated into the system of key performance indicators (KPIs) of the Company's top management. A separate and one of the KPIs is the Lost Time Injury Frequency Rate (LTIFR). The established KPIs are reviewed regularly – once a year – and updated if necessary. KPIs are then cascaded down to the Company's subdivisions level and transformed into plans and specific measures at the level of the Company's subdivisions and subsidiaries.

The strategic areas and objectives of the Program established in 2021 remained relevant in 2022. More detailed information on the key results and achievements of the ALROSA Group for each strategic area is given in the relevant sections of this report.

**ACHIEVEMENT OF ALROSA'S STRATEGIC GOALS**



# Sustainability management

GRI 2-12, 2-13, 2-14

ALROSA consistently builds an organizational management model that ensures the principles of sustainable development are considered at all decision-making levels and in all business processes.

An effective system of corporate governance, including distribution of authority and responsibility, a full set of policies, procedures and standards, as well as a constructive dialogue with stakeholders are important tools for managing risks, ensuring responsible business behavior and determining strategic areas of the Company's activities.

That is why defining strategic areas and evaluating the results of the Company's activities in the field of sustainable development are under the control of the Supervisory Board, while responsibilities for implementing tasks and measures across the strategic areas are assigned to the Chief Executive Officer – Chairman of the Executive Committee.

## GOVERNANCE STRUCTURE

Responsibility for managing the sustainability issues is determined at the Company's strategic and operational levels, which ensures the utmost efficiency in setting and achieving the respective goals.

### Strategic management

The ALROSA Group's sustainability activities, including the development of the strategic vision, priority areas, strategic goals and relevant performance indicators, are administered by the Supervisory Board of PJSC ALROSA. The Supervisory Board is responsible for the approval of the Company's core regulatory documents on sustainable development, review of annual reports on the key results and achievement of the set goals in each sustainability strategic area, as well as review of the non-financial reporting of the ALROSA Group.

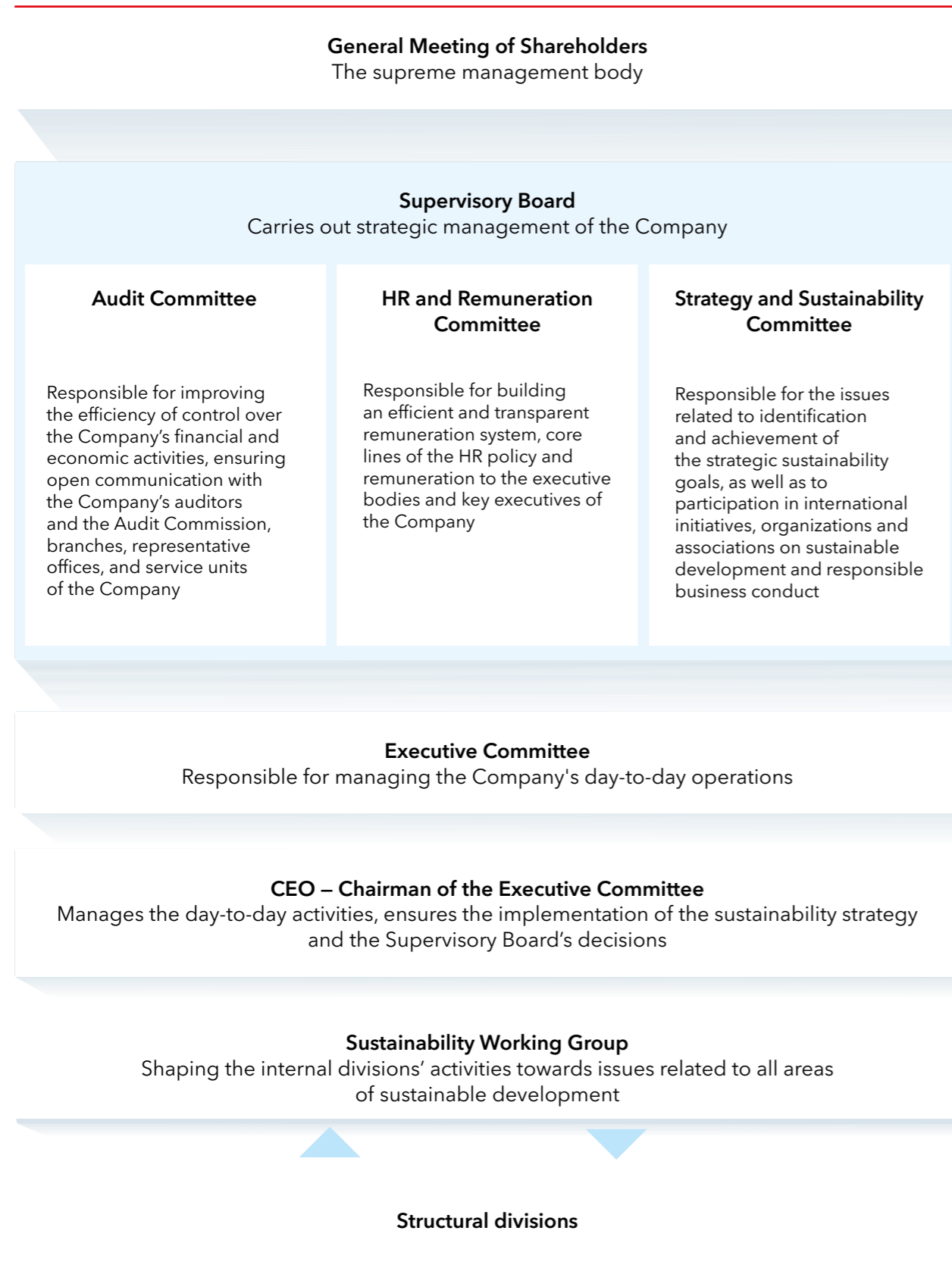
The Strategy and Sustainability Committee of the Supervisory Board supports the Board in approving the internal regulations, managing the sustainability risks, reviewing the issues related to preparing and carrying out an independent assurance of the non-financial reporting, disclosing information, participating in international initiatives, organizations and associations on sustainability issues and responsible conduct of business.

### Operational management

At the operational level, sustainability is managed by the Executive Committee and the CEO – Chairman of the Executive Committee. They arrange for the implementation of the Supervisory Board's decisions and are responsible for the achievement of the Company's sustainability goals. The CEO – Chairman of the Executive Committee manages the Company's day-to-day activities and is in charge of allocating the responsibilities between the structural and functional divisions in terms of sustainable development.

To coordinate sustainability efforts at the operational level, the Company formed a dedicated Sustainability Working Group comprising the ALROSA divisions involved in managing the environmental, social, financial and economic aspects as along with the corporate governance issues. The ALROSA Group exercises the ongoing day-to-day management of the sustainability issues.

**ALROSA'S SUSTAINABILITY MANAGEMENT STRUCTURE**



## DOCUMENTS ON SUSTAINABLE DEVELOPMENT

ALROSA forms a system-based approach to the regulatory control over the sustainability issues and carries out comprehensive activities towards developing an internal documents system in this area.

Within the framework of the implementation of the 2021-2025 ALROSA Group Sustainability Program and to integrate the set goals into all aspects of its business activities, ALROSA updated its Sustainability Policy in February 2022. In this document, the Company defined its strategic vision, levels of impact and key principles in this area, actualized its obligations to the stakeholders. The Policy aims to fulfill the Company's potential for ensuring its long-term contribution to the UN Sustainable Development Goals.

### CORE DOCUMENTS DETERMINING ALROSA'S APPROACH TO SUSTAINABLE DEVELOPMENT

Document	Regulatory framework
Sustainability Policy	<ul style="list-style-type: none"> <li>— Main procedures for implementing the Sustainability Management System</li> <li>— Conceptual approach, principles and key areas of the Company's activities in sustainable development</li> </ul>
2021-2025 ALROSA Group Sustainability Program	<ul style="list-style-type: none"> <li>— Priority areas of activity and specific goals to be achieved by the Company</li> </ul>
Action Plan for the 2021-2025 Sustainability Program	<ul style="list-style-type: none"> <li>— A list of specific actions aimed at achieving the sustainability goals</li> <li>— Major projects essential for implementing the Sustainability Program</li> <li>— Key milestones, deadlines, roles and responsibilities, as well as resources required for implementation of the scheduled activities and projects</li> </ul>
Public and internal regulatory documents in respective areas	<ul style="list-style-type: none"> <li>— A Statement of the Company's commitment to the core international documents, national legislation and best practices in respective areas</li> <li>— Defining responsible persons and allocating their responsibilities in achieving the goals and objectives within a respective area</li> </ul>

In 2022, ALROSA updated a number of the Company's policies and codes as well as elaborated certain public and internal documents (standards, regulations, and instructions). In particular, the following public policies were elaborated and approved in the reporting year:

- Sustainability Policy;
- Human Rights Policy;
- Health and Safety Policy;
- Diversity and Inclusivity Policy;
- Stakeholder Engagement Policy;
- Water Safety Policy;
- Compliance Policy.

*The documents on certain aspects, and the key provisions set forth thereby are listed in the topic-specific sections of the present Report.*

## DISCLOSURE OF SUSTAINABILITY INFORMATION

The Company annually publishes its Sustainability Report that covers the ALROSA Group's performance in the main areas of impact on the environment, society and economy of the regions of presence. Apart from the actual data, the Report contains the Company's mid-term plans, goals and objectives. As a member of the UN Global Compact, ALROSA prepares a detailed annual report on its progress in implementing the UN Global Compact principles.

### ACTIVITIES TOWARDS FURTHER ENHANCEMENT



As part of further enhancement of its sustainability management system, ALROSA scheduled implementation of the following initiatives:

- Annual analysis and revision of the strategic documents on sustainable development, including the ALROSA Group Sustainability Program and its Action Plan;
- Enhancement of the internal regulatory documents systems, including elaboration and actualization of policies, regulations and standards on material sustainability aspects.






# Contribution to achieving the UN Sustainable Development Goals

ALROSA accentuates 13 UN Sustainable Development Goals being of top priority and relevance to the Company to which ALROSA can make the greatest contribution. The table below presents a brief summary of the Company's activities within the framework of each of the Goals, and a link to the section with more detailed information on the measures taken.



UN SDGs	SDG targets	Key SDG activities
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p><b>3.4</b> Reduce premature mortality from non-communicable diseases</p> <p><b>3.6</b> Reduce the number of road traffic deaths and injuries</p> <p><b>3.8</b> Achieve universal health coverage, access to quality and affordable essential health-care services, medicines and vaccines</p>	<ul style="list-style-type: none"> <li>— Implementation of the Health program among employees, their family members and retired employees, provision of voluntary medical insurance, vouchers to sanatoria (health care centers) at discounted prices, organization of recreation for children</li> <li>— Support and development of a healthy lifestyle, implementation of sports programs</li> <li>— Investment in construction and development of medical facilities in the regions of presence</li> <li>— Promotion of employee safety at workplaces, implementation of internal OHS standards, and provision of OHS training</li> <li>— Extension of OHS rules to contractors, involvement of contractors in risk identification procedures at production facilities</li> </ul>
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and fair quality education</p>	<p><b>4.2</b> Ensure that all young children have access to quality development, care and preschool education systems</p> <p><b>4.4</b> Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for decent jobs</p> <p><b>4.5</b> Eliminate gender disparities and ensure equal access to all levels of education for vulnerable groups, including indigenous people</p>	<ul style="list-style-type: none"> <li>— Training of employees at the Staff Training Center of PJSC ALROSA, its training schools, and training centers of Russia</li> <li>— Implementation of training programs at the Corporate University; introduction of new programs</li> <li>— Cooperation with higher and secondary specialized educational institutions; offering internships for students; employment of young specialists</li> <li>— Interaction with schools, including career orientation events</li> <li>— Support for preschool development programs, kindergarten funding</li> <li>— Targeted assistance to educational institutions</li> </ul>

UN SDGs	SDG targets	Key SDG activities
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<p><b>5.1</b> Universal elimination of all forms of gender discrimination</p>	<ul style="list-style-type: none"> <li>— Equal remuneration of men and women for work of equal value</li> <li>— Equal career opportunities for men and women</li> <li>— Gender balance in the personnel structure and management bodies</li> </ul>
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure access to water and sanitation for all</p>	<p><b>6.3</b> Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, reducing the proportion of untreated wastewater, substantially increasing recycling and safe reuse globally</p> <p><b>6.4</b> Increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to fight water scarcity</p>	<ul style="list-style-type: none"> <li>— Closed water circulation systems at most industrial facilities</li> <li>— Measures to protect and restore water ecosystems, including construction and upgrade of treatment facilities, e. g. implementation of the program to upgrade sewage treatment facilities of Mirny and Nyurba Division, and Udachny Division</li> <li>— Dry stacking of tailings</li> <li>— Reduction and disposal of excess water at tailings dams</li> <li>— Minimization of the impact from own activities and elimination of consequences</li> <li>— Participation in the program to supply water to Vilyuyskaya group of uluses (districts) of the Republic of Sakha (Yakutia)</li> <li>— Compliance with waste water discharge standards</li> <li>— Use of water from sewage treatment facilities when processing ore, as well as water from man-made water bodies</li> </ul>
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure universal access to affordable, reliable, sustainable and up-to-date energy services</p>	<p><b>7.2</b> Significant increase in the share of renewable energy</p> <p><b>7.3</b> Improved energy efficiency</p>	<ul style="list-style-type: none"> <li>— Converting production facilities and road vehicles from liquid fuel to more environmentally friendly natural gas</li> <li>— Use of alternative fuel for the quarry machinery</li> <li>— Use of renewable energy, expanded use of solar energy</li> <li>— Implementation of an energy management system in accordance with ISO 50001:2018</li> <li>— Use of secondary energy resources in Verkhnyaya Muna and Nakyn; implementation of a smart city system in Nakyn</li> <li>— Reduction in energy consumption by implementing energy saving initiatives</li> <li>— Connection of the Mirny and Nyurba Division facilities to gas supply</li> </ul>

UN SDGs	SDG targets	Key SDG activities
 <p>Promote sustained, inclusive and sustainable economic growth</p>	<p><b>8.3</b> Promote development-oriented policy that supports productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourages the official recognition and growth of micro-, small- and medium-sized enterprises</p> <p><b>8.8</b> Protect labor rights and safe and secure working environments for all workers</p>	<ul style="list-style-type: none"> <li>— Fulfillment of obligations under the collective agreement with the Profalmaz trade union</li> <li>— Implementation of the Social Policy and social support programs for employees</li> <li>— Creating jobs in the regions of presence</li> <li>— Implementation of the Local Staff in Industry project</li> <li>— Decent salary – higher than the average salary in the Republic of Sakha (Yakutia) and the Russian Federation</li> <li>— Timely identification, analysis and assessment of professional risks, as well as implementation of effective and modern OHS management tools</li> <li>— Ensure protection when carrying out dangerous works</li> <li>— Perform measures to reduce occupational injuries</li> <li>— Prevent occupational diseases and reduce occupational hazards</li> </ul>
 <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	<p><b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional infrastructure, to support economic development and human wellbeing</p> <p><b>9.3</b> Increase the access of small-scale industrial and other enterprises to financial services, and their integration into value chains and markets</p> <p><b>9.4</b> Upgrade infrastructure and re-equip industrial enterprises, improve efficiency of resource usage and a wider application of clean and environmentally friendly technologies and industrial processes</p>	<ul style="list-style-type: none"> <li>— Signing agreements on social and economic development and cooperation with uluses (districts) of the Republic of Sakha (Yakutia)</li> <li>— Providing finance to the Special Fund for Future Generations of the Republic of Sakha (Yakutia)</li> <li>— Implementation of Assistance and Development programs through cooperation with the Special Fund for Future Generations</li> <li>— Cooperation with local suppliers, including in relation to acquisition of high-tech products and implementation of import substitution programs</li> <li>— Implementation of the Russian mining and geological information system Mainframe at production sites in Yakutia</li> <li>— Implementation of the manufacturing execution system (MES) and analytics tools</li> <li>— Use of a single-window system for manufacturers to offer innovative and high-tech products for potential application within the Company</li> <li>— Implementation of a large-scale project to transform the maintenance and repair system</li> </ul>
 <p>Reduced inequalities</p>	<p><b>10.3</b> Ensure equal opportunity and reduce inequalities of outcome</p>	<ul style="list-style-type: none"> <li>— Respect for the rights of indigenous peoples, employment and adaptation programs for indigenous peoples of the North</li> <li>— Support and development of the culture, customs and traditions of the indigenous peoples of Yakutia</li> <li>— Compliance with the Code of Corporate Ethics</li> <li>— Human rights training for employees</li> <li>— Promote social and cultural diversity and inclusion principles, including social and cultural diversity of corporate governance bodies</li> <li>— Approve the support program for employees with disabilities</li> <li>— Include non-discrimination principles in collective agreement</li> </ul>

UN SDGs	SDG targets	Key SDG activities
 <p>Sustainable cities and communities</p>	<p><b>11.1</b> Ensure access for all to adequate, safe and affordable housing and landscaping</p> <p><b>11.4</b> Strengthen efforts to protect and safeguard the world's cultural and natural heritage</p>	<ul style="list-style-type: none"> <li>— Financing the construction of social infrastructure facilities, including residential buildings, as part of cooperation with the Special Fund for Future Generations of the Republic of Sakha (Yakutia)</li> <li>— Twenty effective agreements on social and economic development and cooperation with uluses (districts) of Yakutia</li> <li>— Financing the dilapidated and substandard housing relocation program, participation in the improvement of areas of cities, villages</li> <li>— Preservation of cultural heritage of indigenous minorities of Yakutia: agreement with the Federal Agency for Ethnic Affairs (FAEA of Russia) on cooperation to preserve the traditional way of life of indigenous minorities of the North, Siberia, and the Far East</li> <li>— Organization of traditional national holidays of Yakutia, holding of competitions in national sports</li> <li>— Funding programs and initiatives to preserve languages and national culture</li> </ul>
 <p>Responsible consumption and production</p>	<p><b>12.2</b> Ensure sustainable management and efficient use of natural resources</p> <p><b>12.4</b> Ensure sustainable use of chemicals and all waste, reduce their discharge into the air, water and soil</p> <p><b>12.5</b> Reduce the volume waste generation through prevention, reduction, recycling and reuse</p>	<ul style="list-style-type: none"> <li>— Implementation of measures to reduce resource intensity and increase the efficiency of using natural resources throughout the value chain of mined diamond raw materials under the 2024 Program for Innovation Development and Technological Upgrade</li> <li>— Reuse of overburden and tailings in production and construction</li> <li>— Holding tailings thickening actions, necessary to ensure long-term waste storage</li> <li>— Monitoring and control of waste management violations, development of a packaging standard, sorting, grinding and recycling of construction waste</li> <li>— Approval of the Corporate Standard on Tailings Management, sustainable operation of tailings dams, enhanced use of tailings</li> <li>— Introduction of "green" office at all Company's sites, introduction of waste separation culture</li> </ul>
 <p>Take urgent action to combat climate change and its impacts</p>	<p><b>13.1</b> Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p>	<ul style="list-style-type: none"> <li>— Convert all business equipment of the enterprises to compressed natural gas, construct infrastructure and convert quarry machinery to liquefied natural gas</li> <li>— Implementation of a project to assess risks of permafrost thawing</li> <li>— Plans to approve the Climate Change Strategy, measures to be taken to reduce greenhouse gas emissions and the carbon intensity of rough and polished diamond products</li> <li>— Production decarbonization, enhancement of the GHG emissions monitoring system</li> <li>— Offsetting carbon dioxide emissions through carbonation of kimberlite</li> <li>— Full electrification of new mines</li> <li>— Improving the fuel efficiency of ALROSA Air Company</li> </ul>



UN SDGs	SDG targets	Key SDG activities
 <p>15 LIFE ON LAND</p> <p>Land ecosystem protection and restoration</p>	<p><b>15.1</b> Conservation, restoration and rational use of terrestrial and inland freshwater ecosystems</p>	<ul style="list-style-type: none"> <li>— Environmental activities aimed at raising public environmental awareness</li> <li>— Update the land reclamation and restoration plan, including mine closure, reclamation of waste disposal facilities, reforestation</li> </ul>
	<p><b>15.3</b> Combat desertification, restore degraded lands and soil</p>	<ul style="list-style-type: none"> <li>— A forest nursery project in Mirny District</li> <li>— A research project for biological reclamation methods</li> </ul>
	<p><b>15.5</b> Reduce the degradation of natural habitats, preserve biodiversity and prevent the extinction of threatened species</p>	<ul style="list-style-type: none"> <li>— Monitoring to determine soil quality</li> <li>— Implementation of joint projects and support to specially protected natural areas</li> <li>— Monitoring and assessment of the impact on biodiversity</li> <li>— Research on populations of Red List species of animals and wildlife close to industrial areas in the regions of presence</li> <li>— Research into the impact of forest fires on ecosystems</li> <li>— Landscape gardening</li> </ul>
 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Revitalize the global partnership for sustainable development</p>	<p><b>17.16</b> Strengthen global partnership for sustainable development</p>	<ul style="list-style-type: none"> <li>— Promotion of high standards of responsible business and supply chains, including ALROSA ALLIANCE Guidelines on Responsible Business Practices</li> <li>— Providing stakeholders with timely and transparent information about the Company's activities</li> <li>— Ensuring compliance with the industry self-regulation mechanisms and contribution to their further enhancement</li> </ul>



# GOVERNANCE AND BUSINESS ETHICS

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*"ALROSA consistently follows the principles of responsible business conduct and pays more and more attention to it every year. We believe that observing business ethics standards, countering corruption and protecting human rights within the Company and throughout the entire supply chain are not only legislative requirements and an integral part of the international standards we are guided by. It is a prerequisite for sustainable development in the interest of all humanity – and most importantly, our employees and the people in the regions where we operate.*

*In 2022, ALROSA continued to form its comprehensive approach to governance. New documents were developed and the existing ones were updated, the divisions' responsibilities were detailed, and the Company's Compliance Policy was approved. We consider the launch of the unified Compliance Hot Line to be an important achievement. It started to operate at the end of the reporting year and, to date, has proved to be an efficient feedback tool".*

2022 HIGHLIGHTS



Checks of contractors for compliance with corporate Anticorruption standards



MATERIAL TOPICS

- Innovative activities
- Responsible supply chain
- Compliance and business ethics principles

UN SUSTAINABLE DEVELOPMENT GOALS



PRINCIPLES OF THE UN GLOBAL COMPACT



PROGRESS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

Target <sup>1</sup>	Progress for 2022	Status
<b>GE1 Improving corporate governance and management systems</b>		
Incorporating sustainability issues into the Company's management KPIs	Goals in the area of sustainability are included in the system of key performance indicators of the Company's top management	✓
Ensuring the diversity of corporate governance bodies	The principle is implemented in accordance with the 2022 Diversity and Inclusivity Policy	✓
Participating and improving positions in national and international ESG ratings	ALROSA has focused its efforts on improving its results in national ratings, rankings and indices in the field of sustainability due to the suspension of ratings assigned to Russian companies by foreign ESG rating agencies	✓
<i>For more information, see the "Key sustainability ratings and awards" section</i>		
<b>GE2 Ensuring respect for human rights</b>		
Improving corporate documents in terms of implementing approaches and procedures related to respect for human rights	The Human Rights Policy and the Diversity and Inclusivity Policy were developed and adopted	✓
Improving the grievance mechanism to address human rights and business ethics issues	The Commission for Compliance with Corporate Ethics and Settlement of Conflict of Interest was formed The unified Compliance Hot Line was launched; submissions collected by an independent call center	✓
Conducting annual human rights training	In 2022, human rights training materials were updated, which will make it possible to launch a series of specialized training seminars in 2023	✓
Ensuring the satisfaction of 100% of reports concerning human rights and business ethics	An independent call center and processing of appeals in the electronic accounting system make it possible to ensure registration and consideration of 100% of appeals received by the Compliance Hot Line	✓
<b>GE3 Ensuring effective Anticorruption management</b>		
Developing and implementing a system of measures to counter bribery and corruption	The Regulations on Anticorruption Management and the Compliance Policy were adopted; the Methodology for Assessing Compliance Risks was developed	✓
Improving feedback mechanisms related to Anticorruption issues	The Compliance Hot Line was launched, which in the long term is intended to replace the system of various means of feedback	✓
Conducting annual Anticorruption training for employees	Introductory compliance, ethics and Anticorruption, antitrust compliance and insider information training courses were developed	✓
Keeping 100% of employees regularly informed about the Company's current requirements and documents and applicable Anticorruption laws and standards of business ethics	Newsletters with updates on Anticorruption and business ethics issues are regularly sent out to employees	✓

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations. The target year is 2025.

Target <sup>1</sup>	Progress for 2022	Status
<b>GE4 Ensuring responsible supply chains and increasing consumer confidence</b>		
Promotion of natural/polished diamonds within the framework of international industry programs	The ALROSA Group joined the Russian-Chinese Business Council (RCBC) within the framework of expanding the interaction with China	✓
100% of diamond operations are covered by the System of Warranties of the World Diamond Council	Being performed under the Regulation on the Procedure and Terms of Sales of Natural Diamonds by PJSC ALROSA	✓
Ensuring compliance with the Responsible Jewelry Council (RJC) requirements	Due to the geopolitical situation and voluntary suspension of the Company's RJC membership, the certification was postponed to a later date ALROSA interacts with industry partners to further develop and enhance additional mechanisms for certifying responsible business practices in the diamond industry	⊖
Ensuring compliance with the industry self-regulation mechanisms and contributing to their further improvement	As a member of the Russian delegation, ALROSA made a significant contribution to the implementation of the Kimberley Process (KP) agenda, and in particular, to the KP's decisions on establishing a permanent secretariat of this organization with a 2024 start date and on commencing the next cycle of revising the KP Certification Scheme in 2023	✓
Ensuring that 100% of the diamond supply chain actors are subject to due diligence pursuant to the OECD Guidance	Due diligence is being performed in accordance with the Regulations on Responsible Diamond Supply Chain Management of PJSC ALROSA	✓
Keeping consumers informed about the origin of 100% of diamonds	Being performed in accordance with the Regulation on the Procedure and Terms of Sales of Natural Diamonds by PJSC ALROSA	✓
<b>GE5 Innovative development</b>		
Maintaining the amount of financing for the Program for Innovation Development and Technological Upgrade at the level of at least RUB 1.5 billion annually	The amount of financing for the Program for Innovation Development and Technological Upgrade corresponds to the planned values	✓

 achieved
  in progress
  failed

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations. The target year is 2025.

# Business ethics and Anticorruption

ALROSA is one of the largest Russian mining companies and strictly complies with legal requirements. As a responsible market participant, the Company adheres to all applicable regulations and standards, builds a comprehensive compliance system and develops the corporate culture for its employees that is based on zero tolerance to violations.

## REGULATORY DOCUMENTS

- Code of Corporate Ethics
- Anticorruption Policy
- Regulations on Conflict of Interest
- Compliance Policy
- Regulations on the Compliance Hot Line
- ALROSA ALLIANCE Guidelines on Responsible Business Practices
- Regulations on Responsible Diamond Supply Chain Management

## ALLOCATION OF RESPONSIBILITY



Body	Responsibilities
Supervisory Board	<ul style="list-style-type: none"> <li>— Strategic management in the field of business ethics and Anticorruption</li> <li>— Approval of the Code of Corporate Ethics, Anticorruption Policy, Compliance Policy</li> <li>— Approval of the Report on the results of assessing the reliability and efficiency of the compliance system</li> </ul>
Executive Committee	<ul style="list-style-type: none"> <li>— Control over implementation of the business ethics and Anticorruption strategy</li> </ul>
CEO	<ul style="list-style-type: none"> <li>— Approval of guidelines for business ethics and Anticorruption</li> <li>— Control over implementation of the business ethics and Anticorruption guidelines</li> <li>— Implementation of the decisions aimed at achieving the goals and objectives towards building the compliance system that are set forth in the Compliance Policy</li> </ul>
Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest	<ul style="list-style-type: none"> <li>— A standing collegial advisory body under the Chief Executive Officer – Chairman of the Executive Committee</li> <li>— Consideration of various issues related to corporate ethics and Conflict of Interest (personal responsibility for violation of corporate ethics standards, settlement of Conflict of Interest)</li> </ul>
Security Service	<ul style="list-style-type: none"> <li>— Identification of violations, collection of information on any signs of corruption in the business processes of the divisions, carrying out in-house investigations, as may be necessary</li> <li>— Reporting violations to law enforcement authorities, and rendering assistance in respective investigations</li> </ul>
Internal Control and Compliance Department	<ul style="list-style-type: none"> <li>— Organization of training in compliance issues, including business ethics and Anticorruption</li> <li>— Administering the Compliance Hot Line</li> <li>— Preparation of the Report on the results of assessing the reliability and efficiency of the compliance system</li> <li>— Elaboration and maintenance of required regulatory documents on compliance</li> </ul>
HR functions	<ul style="list-style-type: none"> <li>— Familiarization of employees with the documents on business ethics and Anticorruption</li> </ul>

## APPROACH TO MANAGING BUSINESS ETHICS AND ANTICORRUPTION

GRI 2-23, 2-24, 3-3

Observance of business ethics standards is a guiding principle for ALROSA in carrying out its production activities. The Company has zero tolerance to corruption in any of its forms and manifestations and strives to prevent Conflict of Interest. The corporate business ethics and Anticorruption management system complies with the legislative requirements of the Russian Federation and ISO 37001:2016 international standard.

GRI 2-28

ALROSA participates in Anticorruption initiatives, such as the Anticorruption Charter of the Russian Business under the Chamber of Commerce and Industry of the Russian Federation.



## ALROSA's fundamental ethical and Anticorruption values and principles

### CORPORATE VALUES

- Priority of employees' life and health
- Sustainable development
- Social responsibility
- Environmental performance
- Efficiency
- High morals
- Partnership
- Legitimacy

### ORGANIZATIONAL PRINCIPLES

- Strategic agility and innovation
- Focus on strategy and value creation
- Vigor and passion for work
- Professionalism and teamwork

### ETHICAL BEHAVIOR OF EMPLOYEES

- Professionalism
- Sense of responsibility
- Honesty and objectivity
- Integrity
- Image and reputation
- Respect
- Confidentiality
- Transparency

ALROSA's corporate behavior is based on the mutual liability of the Company and its employees, with a focus on preventing violations. Executives face stricter ethical and Anticorruption requirements as they ought to demonstrate the corporate standards of behavior through their own example. ALROSA Group expects all its companies and business partners to adhere to at least equally high standards of corporate ethics and Anticorruption.

ALROSA has significantly transformed its Anticorruption function and brought its internal regulatory framework and organizational structures into compliance with the standards of ethics, Anticorruption laws of the Russian Federation and other jurisdictions, the requirements of international agreements and industry associations, of which it is a member, as well as the requirements of the UN Global Compact.

There is a number of internal documents in effect in the Company that regulate its Anticorruption activities and are updated on a regular basis. These documents include the PJSC ALROSA Code of Corporate Ethics<sup>1</sup> for all employees, executives and members of the management bodies. The Company's approach to managing corruption risks is set forth in the Anticorruption Policy<sup>2</sup>.

In 2022, the regulations included: the Regulations on Conflict of Interest, the Regulations on the Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest, and the Regulations on Anticorruption Management within the Company.

The Regulations on Anticorruption Management determine the Anticorruption management system and regulate the participation of all managerial levels – from the Supervisory Board and senior management, i. e. the Chief Executive Officer – Chairman of the Executive Committee of the Company, to managers of segments exposed to high corruption risks – in the development and implementation of the Company's Anticorruption Policy. The function responsible for Anticorruption compliance is the Company's Security Service whose duties include organizational and methodological support for the formation and functioning of the management system, control, monitoring and elaboration of proposals for its enhancement, and preparation of reports on its performance, covering the Company's compliance system as well.

The next step in the development of the Anticorruption function is the preparation and implementation of an action plan for developing the Anticorruption management system.

<sup>1</sup> The new version of the document is only available in Russian. For the old version in English, see <https://alrosa.ru/upload/iblock/117/Code-of-Corporate-Ethics-of-PJSC-ALROSA.pdf>.  
<sup>2</sup> The new version of the document is only available in Russian. For the old version in English, see <https://alrosa.ru/upload/iblock/d47/Policy-on-Countering-Bribery-and-Corruption-of-PJSC-ALROSA.pdf>.

GRI 2-15

## Managing Conflict of Interest

The backbone element in the Anticorruption system is the concept of a conflict of interest designed for the Company with due regard for its legal status (the Company is not subject to the conflict of interest rules applicable to government authorities that similarly apply to some other types of organizations). The Company's conflict of interest management issues is governed by the Regulations on Conflict of Interest of PJSC ALROSA approved in 2022. The document was prepared on the basis of the clearly defined moral and ethical standards and binding practical actions. The Regulations make it possible to manage the risk of a conflict of interest by preventing its occurrence (corruption prevention) and minimizing this risk (thus precluding corrupt practices), and resolve the conflict of interest in order to minimize (eliminate) the actual or potential damage.

The Regulations apply to all officials of ALROSA, but in the first instance to executives, members of procurement bodies and other employees holding the positions exposed to corruption risks. The document defines the conflict of interest and determines the following measures on the part of the Company for managing potential conflicts:

- developing and publishing the mandatory Code of Corporate Ethics of PJSC ALROSA, familiarizing the employees with its provisions and training thereon;
- provision of advice to employees at their request, explanations and notices by immediate managers and colleagues;
- internal investigations, disciplinary action, submission of materials to law enforcement authorities;
- regular analysis of the corporate culture, presentation of reports to the Chief Executive Officer – Chairman of the Executive Committee of PJSC ALROSA and the Supervisory Board, as well as other measures.

ALROSA maintains the balance of the Company's and employee's interests, approaches each conflict of interest on a case-by-case basis, protects a conscientious employee from retaliation, and minimizes damage to the Company. An employee, in turn, shall disclose information on Conflict of Interest. The information disclosed is confidential.

An employee holding the position exposed to corruption risks submits conflict of interest declarations. The Company reviews the provided information and other sources and analyzes the situation based on all data collected.

In accordance with the Regulations on the Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest, the Company formed a standing collegial advisory body that aims to assist the Chief Executive Officer – Chairman of the Executive Committee of the Company in implementing the provisions of the Code of Corporate Ethics and the Anticorruption Policy. The Commission is an organizational link that plays an important role in the organizational support towards the functioning of the conflict of interest concept.

To review and resolve Conflict of Interest, expert panels are formed in ALROSA's structural and functional divisions and management bodies. Pursuant to panel meetings' results, a decision on resolving a conflict of interest is made by head of the division, an immediate chief of the employee involved in a conflict-of-interest situation.

## ANTICORRUPTION COMPLIANCE MONITORING

ALROSA regularly assesses and mitigates corruption risks, enhances the system of transparent Anticorruption procedures and adheres to the principle of due diligence. To build a comprehensive approach to managing Anticorruption issues, the Company developed the Regulations on Anticorruption Management in the reporting period and approved it in 2023. The Regulations aim to stipulate the responsibility of each division of the Company for shaping the Anticorruption activities within its business processes. Divisions shall analyze the existing or potential corruption risks at certain stages. Based on the results of the analysis, Anticorruption procedures are to be developed.

GRI 205-1

ALROSA performs a systematic assessment of business processes for their compliance with Anticorruption requirements and the probability of risk occurrence in the case of any deviations. The Company intends to perform such assessment on a regular basis.

GRI 205-2

The Company ensures that members of the management bodies and employees are familiarized with the corporate Anticorruption procedures applied in the regions of presence. In 2022, 100% of employees were familiarized with the Anticorruption procedures and documents, including those adopted during the reporting period.

### Security Service performance

To control and prevent corruption offenses, ALROSA monitors and identifies all suspicious, potentially corrupt practices that are investigated by the Company in a mandatory manner. The Security Service is in charge of these measures. Its staff members identify corruption risks, control observance of Anticorruption laws and monitor any changes, collect information on the signs of corruption in the Company divisions, and perform scheduled and urgent checks of data collected.

In the event of revealing any violation or potential breach, internal investigations are conducted pursuant to the relevant regulations. The Security Service submits reports on identified incidents and conducted investigations to law enforcement authorities. During a preliminary investigation of violations, the Company's employees assist investigators and interrogators in their professional work by providing the required documents and such other information within their competence.

GRI 2-26

The Company's contractors, as well as employees, are at liberty to make submissions to the communication channels functioning at ALROSA.

### Internal Control and Compliance Department

GRI 2-25

The development of the Compliance function continued within the Internal Control and Compliance Department, and in 2022, the Company approved the Internal Controls Policy governing the function's activity. The Internal Control and Compliance Department staff members ensure the operation of the compliance system, timely and efficient identification, assessment and response to the Company's compliance risks, and are responsible for achieving the goals and objectives in building the compliance system. The Department is in charge of the Compliance Hot Line operation, assessment of compliance risks of production and business functions, and preparation of reporting on the compliance system. The structure of ALROSA's compliance system is decentralized: each division has own set of controlled compliance obligations, which makes the entire structure more flexible and efficient.

For more information on the feedback mechanisms, see the "Compliance Hot Line" section.

To prevent compliance risks and ensure the efficient and stable functioning of ALROSA, the Compliance Policy, the Internal Control Procedure and the Methodology for Assessing Compliance Risks were introduced in the reporting period. The objectives of the Policy include the formation of a continuous, efficient and long-term compliance system, control over fulfillment of the compliance obligations, a unified approach to managing the compliance risks, and implementation of the compliance culture at the ALROSA Group's enterprises.

As of early 2023, the compliance risks in occupational health and safety, as well as the risks related to misuse of insider information, antitrust regulation, money laundering and financing of terrorism were already assessed to inform the Company's management and use the data in decision-making. In 2023, the Company intends to assess the compliance risks related to personal data processing, working conditions and labor relations, to ensure a reassessment and update the results of the reporting period. Plans for the future include an audit of the compliance system.

### Financing of political and charitable activities

ALROSA does not participate in political activities, neither does it finance political organizations or other non-profit organizations whose activity is not directly related to the Company's operations.

Moreover, ALROSA does not allocate funds to charity and sponsorship projects to obtain illegal advantages in business activities. The said issues are governed by the Regulations on Charity, Other Gratuitous Transactions and Sponsorship. ALROSA finances charitable activities exclusively in accordance with the List of Gratuitous Transactions approved by the Supervisory Board within the consolidated annual budget.

### Principles of interaction with contractors

GRI 3-3

The principles of the Company's interaction with business partners are reflected in such key documents as Supplier Code of Business Ethics<sup>1</sup>, Regulations on Responsible Diamond Supply Chain Management, and ALROSA ALLIANCE Guidelines on Responsible Business Practices (for long-term clients). These documents determine the ALROSA Group's fundamental principle of a responsible approach to conducting business in terms of supplies and full transparency at all stages of operations.

GRI 414-1

ALROSA expects its potential clients and partners to sustain a high level of Anticorruption culture comparable to that existing within the Company. For this purpose, ALROSA informs them of its internal Anticorruption principles and requirements in the form of Anticorruption clauses included in the contracts for signing. In 2022, the Company conducted 17,353 checks of contractors for compliance with corporate Anticorruption standards.

<sup>1</sup> The document is only available in Russian.

### COMPLIANCE RISKS ASSESSMENT PROCEDURE AT ALROSA



What ALROSA is proud of

### INTERNAL CONTROL AND COMPLIANCE SYSTEM TRAINING

In 2022, the Internal Control and Compliance Department developed and conducted training courses and webinars on the system of internal controls and compliance for ALROSA employees. The program included studying the "Compliance at ALROSA. Anticorruption, antitrust compliance, ethics" topic. In the reporting year, the Company conducted seven training events attended by 410 employees.

In 2023, ALROSA intends to conduct this course for all interested employees once a quarter and upon request from the divisions, to develop an online compliance course in the form of a game on the Corporate University platform, and to make site visits to involve the Company's management in compliance issues.



# Human rights

In respecting, protecting and fulfilling human rights, ALROSA is governed by the laws of the Russian Federation, the Universal Declaration of Human Rights, the ILO<sup>1</sup> Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the World Diamond Council System of Warranties Guidelines.

## REGULATORY DOCUMENTS

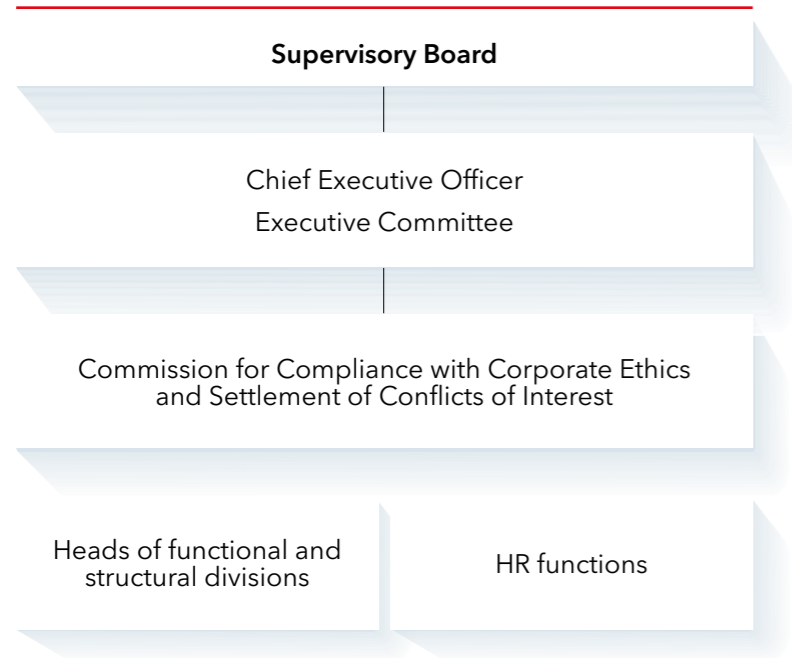
Code of Corporate Ethics

Human Rights Policy

Diversity and Inclusivity Policy

2023-2025 Collective Bargaining Agreement

## ALLOCATION OF RESPONSIBILITY



<sup>1</sup> International Labor Organization

Body	Responsibilities
Supervisory Board	— Strategic management in respecting and protecting human rights
Executive Committee	— Approval of the Human Rights Policy and the Diversity and Inclusivity Policy
Chief Executive Officer	— Approval of the human rights guidelines — Control over implementation of the human rights strategy
Commission for Compliance with Corporate Ethics and Settlement of Conflicts of Interest	— Consideration of organizational and methodological issues related to respecting and protecting human rights, as well as issues of personal responsibility for violation of the human rights regulations
Heads of functional and structural divisions	— Control over the respect for human rights in all business processes, identification of violations and timely response thereto
HR functions	— Familiarization of employees with the documents on human rights observance and protection

## APPROACH TO ENSURING RESPECT FOR HUMAN RIGHTS

GRI 2-23, 2-24

ALROSA's Code of Corporate Ethics pays considerable attention to respect for human rights as it affects the Company's reputation. In the reporting period, the PJSC ALROSA Human Rights Policy was approved. The Policy is mandatory for employees of PJSC ALROSA and recommended for affiliated entities and business partners.

ALROSA employees demonstrate mutual respect for the rights of other employees and stakeholders. The management establishes long-term relations with all employees based on respect for their rights, including the right to participate in trade unions. ALROSA, whose main assets are located in the Republic of Sakha (Yakutia), respects not only the rights of its employees, but also the rights and traditions of local communities, including the issues of preventing their forced relocation.

## ALROSA's human rights principles and commitments

### MAIN PRINCIPLES

- Compliance with laws and ethical standards
- Priority of life and health
- Non-discrimination
- Fair and equal treatment of all
- Consideration of stakeholders' opinions

### KEY COMMITMENTS

- Prevention of forced labor
- Prevention of child labor
- Ensuring decent and equal working conditions
- Ensuring a safe and favorable working environment
- Respect for employees' freedom of association
- Respect for the culture, customs and traditions of local communities
- Minimization of forced relocation and mandatory receipt of respective consent





**DIVERSITY AND INCLUSION**

In 2022, the Company adopted the Diversity and Inclusivity Policy. The provisions of this Policy are binding on PJSC ALROSA's employees and recommended for affiliated entities and business partners.

**ALROSA'S DIVERSITY AND INCLUSION OBLIGATIONS**

- Promotion of diversity and inclusion principles
- Diversity of governance bodies
- Fair working conditions
- Gender equality
- Age equality
- Inclusive environment
- Respect for the rights of local peoples
- Non-discrimination

**Non-discrimination and prevention of forced labor**

The Company has zero tolerance to any forms of discrimination, including employment discrimination, and provides employees with equal opportunities. Moreover, ALROSA does not tolerate any form of forced labor, including child labor and any forms of modern slavery. In the reporting period, the Action Plan on Prevention of Mobbing, Harassment, Discrimination and Other Forms of Human Rights Violations was developed. The actions under the plan include the development of training programs for employees, improvement of documents and implementation of information campaigns to raise the human rights awareness of employees.

*What ALROSA is proud of*

GRI 402-1

**INCLUSION OF NON-DISCRIMINATION PRINCIPLES IN THE COLLECTIVE AGREEMENT**

The new Collective Agreement between ALROSA and the Profalmaz trade union for 2023-2025 establishes the Company's obligation to take measures aimed at preventing any forms of discrimination and human rights' violations, including psychological abuse (bullying) and harassment.



## Freedom of association

ALROSA gives its employees freedom of association and collective bargaining in accordance with the laws of the Russian Federation. The Interregional Trade Union of ALROSA employees – Profalmaz – is an authorized representative of the Company's employees.

GRI 2-30

The Collective Agreement covers all employees of PJSC ALROSA (including temporary or part-time personnel). The Collective Agreement establishes the standards and principles of social partnership between the Company and its employees and covers all structural divisions of ALROSA. The Company is obliged to notify the trade union of any significant changes in its activities no later than two months prior to dismissals start date, and notify the trade union and territorial employment services of the anticipated mass layoffs no later than three months prior to their start date. Trade union representatives monitor employees' reports on violations and protect their rights.

*For more information on the activities of Profalmaz, see the "Trade Union" section.*



94%

of the ALROSA Group's employees are covered by the Collective Agreement<sup>1</sup>.

## MEASURES TO ENSURE RESPECT FOR HUMAN RIGHTS

GRI 2-25

The Company takes measures to identify and mitigate the risks of human rights violations, compensates for the inflicted damage in the event of breach occurrence, conducts employee training, and provides employees and external stakeholders with a mechanism ensuring the confidentiality of their feedback. ALROSA's stakeholders may report any human rights issues to the Compliance Hot Line. The Company's employees may also use the website of the Profalmaz trade union if their report is related to the labor rights.

The Company's Security Service monitors compliance with the Code of Corporate Ethics and evaluates the contractors – on the KYC (Know Your Customer) principle – for compliance with the ALROSA ALLIANCE Guidelines on Responsible Business Practices and the WDC System of Warranties Guidelines.

In early 2022, the Company conducted the human rights course for its healthcare and security personnel. The general course (with an average duration of 3–4 hours) focuses on human rights and business, human rights in the workplace, and the role of civil rights in labor relations.

In 2023, ALROSA intends to provide a general educational course for all employees, including newly hired, develop training programs on human rights (a separate program on labor rights) and non-discrimination, and commence training under these programs with subsequent testing.

GRI 2-26

The Human Rights Committee (part of the Commission for Compliance with Corporate Ethics and Settlement of Conflict of Interest) did not receive any human rights-related reports in the reporting period.

<sup>1</sup> Benefits under the Collective Agreement apply to all employees of the Company.

# International industry cooperation

## ALROSA'S INVOLVEMENT IN THE KIMBERLEY PROCESS

In the reporting year, ALROSA made a significant contribution to the implementation of the Kimberley Process (KP) agenda, being a part of the Russian delegation. The Company provided substantial expert and organizational support and helped achieve decisions important for maintaining the stability of the global diamond industry during the chairmanship of Botswana in KP.

ALROSA contributed to the KP decision to establish a permanent secretariat and start its work in 2024. It was also decided to launch the next cycle of revising the Kimberley Process Certification Scheme in 2023.

## INTERSTATE COOPERATION

As part of interstate cooperation in the diamond industry, the Company promoted its trade interests by participating in intergovernmental commissions. Some promising projects were identified to develop new areas of cooperation and new markets for diamond jewelry.

## BUSINESS COOPERATION

As part of expanding cooperation with China, the ALROSA Group joined the Russian-Chinese Business Council (RCBC). Participation in the Council provided the Company with an opportunity to more actively raise the issues of bilateral cooperation in the diamond industry at the interstate level and promote ALROSA's trade interests regarding the Chinese market.

Pursuant to the decisions of the Intergovernmental Russia-Zimbabwe Commission and at the suggestion of the Minister of Natural Resources and Environment of the Russian Federation, a representative of ALROSA was elected Chairman of the Russia-Zimbabwe Business Council, with the first meeting of the renewed Council scheduled.



# The Compliance Hot Line

GRI 2-26

*What ALROSA is proud of*

## LAUNCH OF THE COMPLIANCE HOT LINE

The Compliance Hot Line was launched at ALROSA in October 2022. It is governed by the Regulations on the Compliance Hot Line of PJSC ALROSA<sup>1</sup> available to all interested parties on the <https://hotline.alrosa.ru><sup>2</sup>.

Issues handled by the Compliance Hot Line:

- violations related to various aspects of the compliance system:
  - occupational and environmental safety rules,
  - standards of business ethics,
  - provisions of the internal policies and procedures,
  - documents of the Company and affiliated entities;
- submissions related to potential violations of the legislation of the Russian Federation in effect, including those related to human rights;
- submissions related to corrupt practices affecting the integrity of the assets of the Company and its affiliated entities;
- submissions related to other violations;
- issues arising from the activities of the Company and its affiliated entities.

All structural divisions of the Company are involved in resolving the issues related to the operation of the Compliance Hot Line and feedback collection.

Upon submitting a message by an applicant, the administrator of the Internal Control and Compliance Department accepts his/her submission, checks it, classifies it and enters the relevant data into the record-keeping system. Further on, the functional supervisor or head of the structural division reviews the essence of the submission, engages related functions for its comprehensive analysis and prepares a draft response to the submission. The administrator of the Internal Control and Compliance Department, in turn, monitors the timing of preparing a response and sends its final version to the applicant.

Channels for making submissions:

- Independent call center: 8 (800) 234-21-52
- WhatsApp: 8 (916) 192-47-18
- E-mail: [Hot Line@alrosa.ru](mailto:Hot Line@alrosa.ru)
- Contact form on the portal: <https://hotline.alrosa.ru/>

The Compliance Hot Line portal has user-friendly internal functionality and is the most popular channel among applicants. An applicant may choose the topic of his/her submission and the relevant structural division of the Company or its affiliated entity, attach supporting materials and submit a fully anonymous message owing to reliable encoding of contact details.

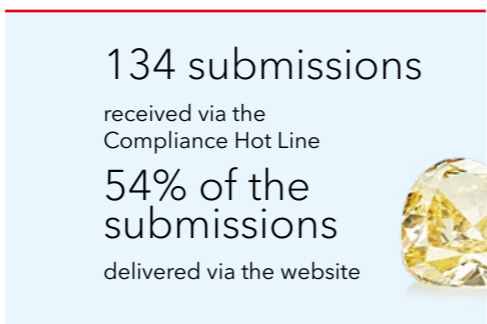
## PRINCIPLES OF ALROSA'S COMPLIANCE HOT LINE OPERATION



<sup>1</sup> The document is only available in Russian.  
<sup>2</sup> The website is only available in Russian and Yakut.

With that, ALROSA ensures the continuity of its feedback tools for stakeholders' convenience and maintains the operation of the previous Hot Line and individual feedback channels (e. g. the channel of the Sales Department and United Selling Organization) with a gradual full transition to the Compliance Hot Line.

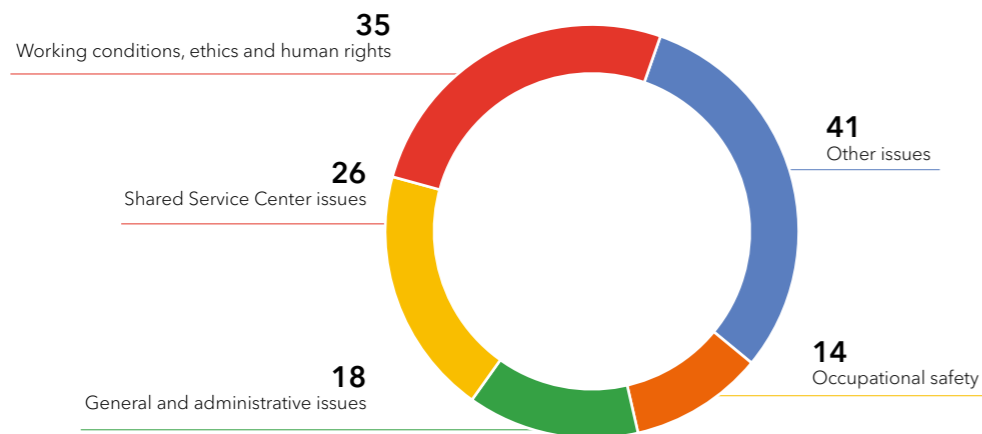
All submissions are recorded in the target electronic document management system, it being a unified database. The Company works on further automation of the Compliance Hot Line and creation of a unified workflow system, develops the analytics of the verified submissions, trains employees in the relevant operating instructions, and implements its media plan for promoting the Compliance Hot Line.



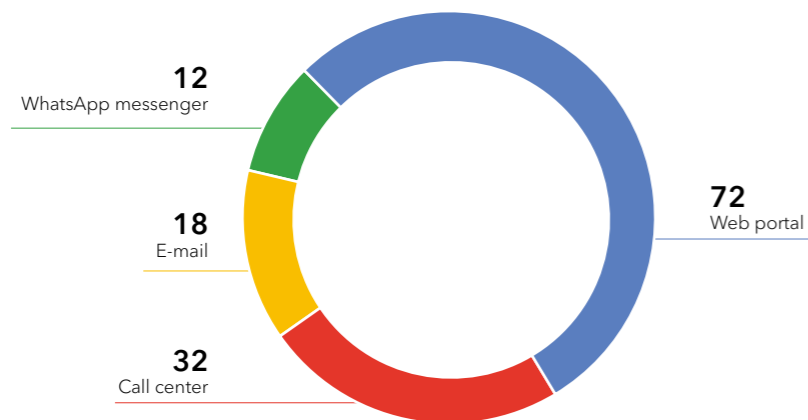
## STATISTICS OF SUBMISSIONS

In Q4 2022, ALROSA's Compliance Hot Line received 134 submissions. To date, the number of submissions, anonymous (42%) among them, is growing due to, apart from other reasons, the availability of a direct link to the Compliance Hot Line on employees' desktops and in newsletters.

### NUMBER OF SUBMISSIONS BY TOPIC<sup>1</sup>



### NUMBER OF SUBMISSIONS BY CHANNEL



<sup>1</sup> The statistics of submissions is provided for Q4 2022; other issues relate to employment issues, corruption offenses, proposals to improve the Company's operations, corporate programs.

# Innovation management and digitalization

ALROSA pays considerable attention to the issues of innovation and digitalization as the integral elements of sustainable development and drivers of the Company's economic growth.

## REGULATORY DOCUMENTS

### 2024 Program for Innovation Development and Technological Upgrade

#### Import Substitution Program

#### Digital Transformation Strategy

## ALLOCATION OF RESPONSIBILITY





Body	Responsibilities
Supervisory Board	— Approval of the Program for Innovation Development and Technological Upgrade and control over its implementation
Executive Committee	— Control over implementation of the strategic goals in innovation and digitalization management
Chief Executive Officer	— Approval of guidelines for innovation and digitalization management
Innovation and Technology Center (ITC)	— Development of innovative activities, processing of requests from internal customers, development and management of innovative projects — Pilot studies, research and development works (R&D), pilot-scale testing — Involvement of ALROSA's internal divisions and external participants (research institutes) in projects
Divisions in charge of digitalization	— Digitalization work regulation — Project development at every stage of a digital product lifecycle, from hypothesis generation to integration of finished products into the Company's IT landscape — Implementation of the Import Substitution Program goals and the Company's objectives in this area — Search, evaluation and selection of domestically produced software, implementation of IT projects for its incorporation and replication — Elaboration of a response plan in the event of imposition of restrictions on the use of foreign-made software critical to the Company

## INNOVATIVE ACTIVITIES

GRI 3-3

PJSC ALROSA's Innovation and Technology Center established in 2011 is responsible for the development of ALROSA's innovative activities. In its search for innovative solutions, the Center uses various instruments, from the involvement of scientific organizations and various development institutes to the experience in related industries, including global practices.

Innovation management is governed by the Regulation on Innovation Activities, and the 2024 Program for Innovation Development and Technological Upgrade of PJSC ALROSA is a long-term planning instrument. The Program meets the objectives of the ALROSA Group Strategy and Long-Term Development Program and establishes quantifiable KPIs of the Company and strategic areas of activities. The Program contains a range of projects and activities aimed at developing and implementing new technologies, innovative products and services that conform to world standards, and contributes to the implementation of the Company's forward-looking plans. On a yearly basis, independent experts conduct an assessment of progress in achieving the goals of the Program.

Despite the difficulties ALROSA faced in 2022, the financing plan for the Program for Innovation Development and Technological Upgrade was 100% fulfilled.

### STRATEGIC DIRECTIONS OF THE PROGRAM FOR INNOVATION DEVELOPMENT AND TECHNOLOGICAL UPGRADE

- Technologies to increase the efficiency of geological exploration works
- Technologies for remote/automatic control of the Production process
- Technologies for enrichment of diamond-bearing raw materials
- Technologies to improve industrial safety, occupational safety and environmental protection
- New technologies of customer experience/interaction

What ALROSA is proud of

### FIRST FEDERAL FORUM OF DIGITAL ECONOMY LEADERS

over 1,000 attendees from 63 regions

In 2022, ALROSA held the first federal forum of digital economy leaders in Yakutsk – “Digital Diamond”. The Company's representatives met with the delegation of the Innovation Development Fund and the Minister of Innovation, Digital Development and Communications of the Republic of Sakha (Yakutia). Joint projects are scheduled for implementation in 2023.

The forum hosted the annual Far Eastern Winter HACK-the-ICE Developer's Marathon.

Projects that meet the selected benchmarks of innovative development form the core of ALROSA's innovation portfolio, with the majority of these projects being aimed at ensuring the digital transformation. The Company interacts with external suppliers of innovative solutions through a convenient One-Stop-Shop System. All useful information and a list of documents required from suppliers are available on ALROSA's website.

One-Stop-Shop System is ALROSA's way of interaction with suppliers of innovative solutions. Solutions of various maturities are accepted for consideration: from R&D to mass production. Subjects of innovative activities may on a 24-hour basis send their proposals to the system's contact center filling out a dedicated application form. Proposals are registered and entered into the Register of Submissions available to applicants on the Company's website.



## DIGITAL TRANSFORMATION

ALROSA's Program for Innovation Development and Technological Upgrade recognizes digitalization as the main tool of the Company's transformation. In 2022, the Company's activities in this area included over 100 projects, more than one third of them being in the production sphere. The strongest emphasis is placed on the digital transformation of business processes, automatization of planning and dispatching, which made it possible to optimize the operations in mines and quarries.

ALROSA has its Digital Transformation Strategy in place that covers certain tasks in various areas, including import substitution and information security.



What ALROSA is proud of

### CUTTING-EDGE GEORADARS FOR SAFETY PURPOSES

about 60% of the testable open-pit mine area is covered by the GPR system

every 2 minutes

the system takes measurements

At the Yakutsk kimberlite deposits, the Company commenced using the cutting-edge ArcSAR ground-penetrating radars (GPR) for identifying the risks of open-pit mine wall collapse. This makes it possible to predict any deformation of the mine within the radar field of view.

### PRODUCTION TRANSFORMATION AND CREATION OF OPERATIONS MANAGEMENT CENTERS

The period of 2021-2025 is ALROSA's term for implementing its Production Transformation large-scale program. Within its framework, all production sites are to switch to a target management model without duplicate functions, with centralized planning, implemented digital solutions in dispatching and analytics, and a revised approach to meetings and document flow.

The features are strictly divided into engineering, production and service verticals, and into Operation Control Centers (OCC) of different levels. OCCs are a new generation of automated control rooms. The first OCC is currently in operation as an objective function at the Nyurba site's extraction facility.

The Operations Control Centers structure:

- OCC-1 – one asset (mine, extraction facility);
- OCC-2 – all surface extraction facilities of the mining and processing complex (MPC);
- OCC-3 – information collection in full volume and all sites' operation monitoring (to be located in Mirny).

In 2022, the transition operating model was launched at the Aikhal and Udachny MPCs, and process improvements continued at the Mirny-Nyurba MPC (MNMPC). It is planned to complete the transition of all the MPCs by 2025.

### Projects in the innovations and digitalization of production in 2022

In the reporting year, ALROSA finalized the elaboration of a number of innovation and digitalization projects, and carried on with finding new solutions. The said projects cover a wide range of the Company's demands, from software development and integration to modernization and optimization of the production and business processes in various areas, including:

- the network equipment upgrades at the ALROSA IT data centers and implementation of a new system for registering and processing requests for the division's services;
- transition to the electronic document flow between the Company and its employees, as along with Rosreestr, governmental authorities, and municipalities of the Republic of Sakha (Yakutia);
- Private LTE (4G) network testing at the Yubileyny open-pit mine for distribution to the sites of the Republic of Sakha (Yakutia);
- detailed ERP planning of maintenance and repair (M&R), synchronization of production and M&R schedules, development of mobile M&R solutions;
- implementation of the possibility of using digital twins in diamond sales;
- development and implementation of machine vision and artificial intelligence projects.

*What ALROSA is proud of*

### **DOMESTICALLY DEVELOPED MINING AND GEOLOGICAL INFORMATION SYSTEM**

ALROSA and a division of the Mining Institute of the Kola Science Center of the Russian Academy of Sciences signed a memorandum on cooperation. The partners jointly worked out a mining and geological information system and commenced its implementation at the production sites in Yakutia. It represents a planner for open-pit and underground mining operations, and software for handling the mining and geological data and exercising the control over the processes within the deposit.

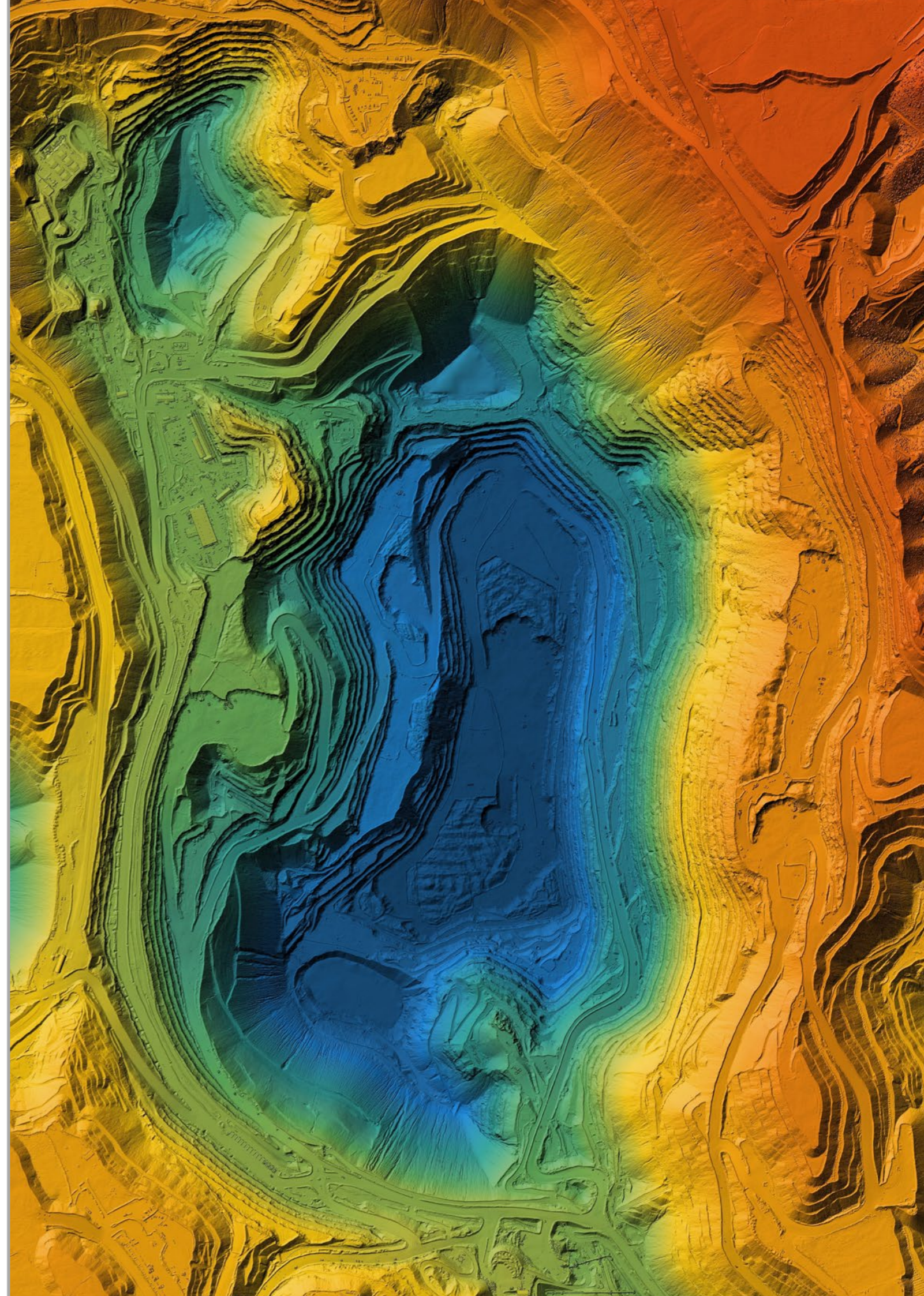
## **IMPORT SUBSTITUTION PROGRAM**

Since 2019, ALROSA has been implementing its Import Substitution Program, which determines the area of replacement of imported material and technical resources and equipment with domestic products. The document also defines a roadmap for the implementation of import substitution, including a plan for the development of domestic suppliers.

The Company cares about the safety and reliability of the software in use, therefore it has been carrying out import substitution of innovative developments and digital solutions for several years.

The action plan for PJSC ALROSA's transition to the predominant use of domestically produced software was agreed with the autonomous non-profit organization Center of Competence for Import Substitution in the Field of Information and Communication Technologies.

In 2022, ALROSA founded its Data Management Competence Center that implements measures for integrating the data management technologies based on solely domestically produced software.



# DEVELOPMENT OF HUMAN CAPITAL

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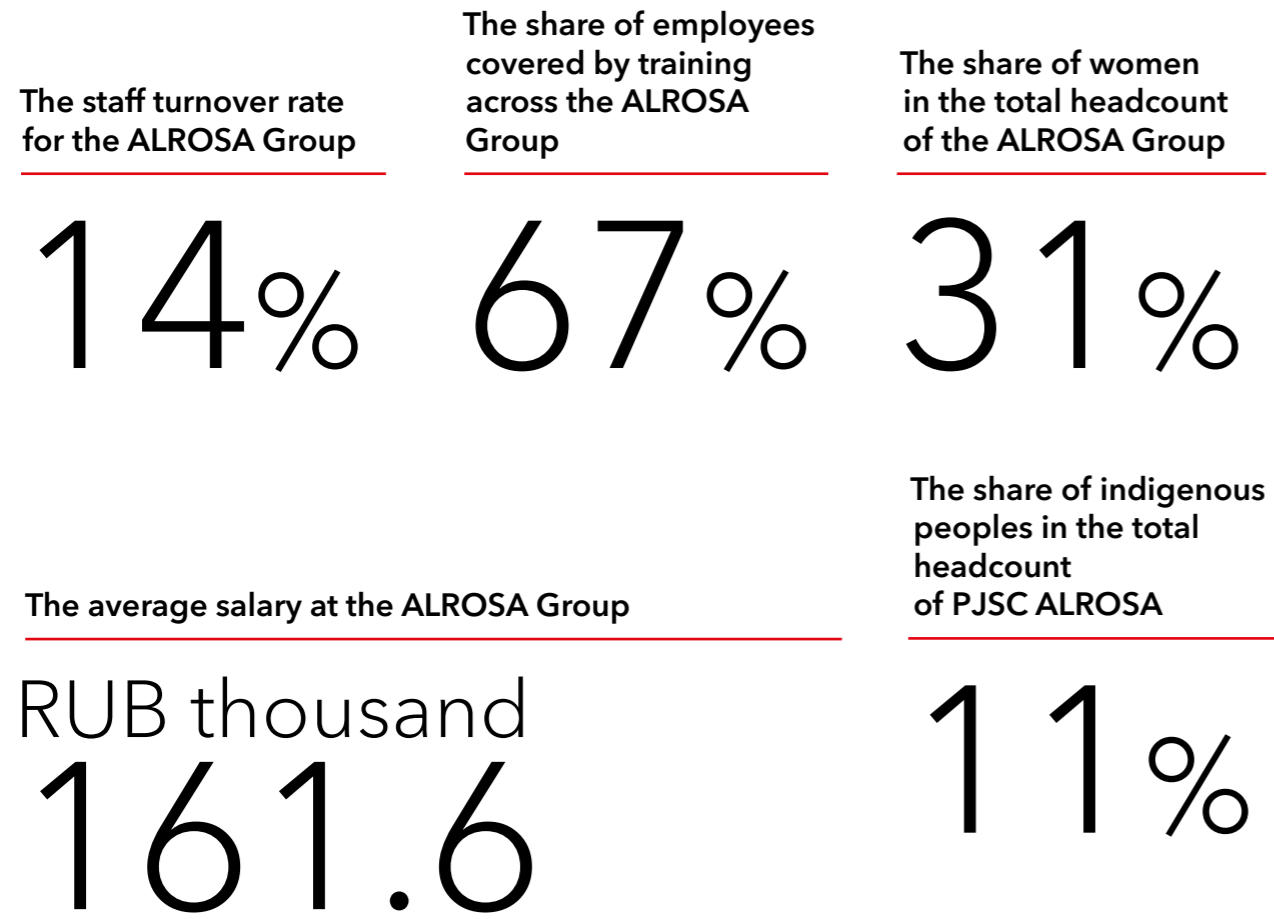
*"ALROSA employees are a success factor and a cornerstone of the Company's development. In other words, they are our topmost value. Our workforce contributes to the achievement of strategic goals, and the Company reciprocates by supporting it and enhancing the social programs.*

*In 2022, according to "ALROSA Voice" survey, the employee engagement rate grew by as much as 14 p. p. This was achieved through the comprehensive efforts on improving the working conditions, including the revision and indexation of salaries, expansion of social benefits, and greater transparency of career development. Respondents particularly pointed out the broadened range of available training programs and the efficient performance of the ALROSA Corporate University.*

*Likewise, we place special emphasis on the employer brand development, which helps attract and retain professionals."*



2022 HIGHLIGHTS



MATERIAL TOPICS

Decent working conditions  
Training and development

UN SUSTAINABLE DEVELOPMENT GOALS



PRINCIPLES OF THE UN GLOBAL COMPACT



PROGRESS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

Target <sup>1</sup>	Progress for 2022	Status
<b>P1 Recruiting and retaining talented staff</b>		
Achieving the staff turnover rate of no more than 9% by 2025 (with an annual decrease by 1% since 2020)	14% for the ALROSA Group 12% for the Diamond Mining and Processing Operations	✔
<b>P2 Promoting diversity and inclusivity</b>		
Maintaining at least a 30% share of women in the total headcount annually	31% for the ALROSA Group 28% for the Diamond Mining and Processing Operations	✔
Ensuring at least a 11% share of indigenous peoples in the total headcount of PJSC ALROSA annually	11% for PJSC ALROSA	✔
Implementing programs aimed at professional and career development of young specialists of the Company and young people in the regions of presence	Projects implemented: "Production Mentoring", "ALROSA Class", "ProfiClub", "CASE IN", "ALROSA.Force", "Volunteering Development Program", "ALROSA Potential", "My Choice", etc.	✔
Implementing onboarding programs for new employees	<ul style="list-style-type: none"> <li>Welcome trainings developed for new employees in the format of an e-learning course and a webinar</li> <li>The production mentoring program implemented at production sites</li> <li>"ALROSA Voice" questionnaires and materials for the Nakyn production site personnel translated into the Yakut language</li> <li>11 "Useful Connections" meetings of young specialists held for new employees</li> </ul>	✔
<b>P3 Providing employees with access to high-quality and contemporary training and occupational development programs</b>		
Achieving the share of employees covered by the corporate training programs of at least 88% of the total headcount by 2025 (with an annual increase by 2-3%)	67% for the ALROSA Group (6 p. p. higher than in 2021) 79% for the Diamond Mining and Processing Operations	✔
Achieving at least 31 hours of training on average per employee per year	34 hours for the ALROSA Group (10 hours higher than in 2021) 41 hours for the Diamond Mining and Processing Operations	✔
<b>P4 Promoting local employment</b>		
Achieving 100% of targets set under state local employment programs	4,007 people employed under "Local Staff in Industry" program	✔
Ensuring at least a 90% share of local employees (Russian citizens) in the total headcount annually	98% for the ALROSA Group 99% for the Diamond Mining and Processing Operations	✔
<b>P5 Improving employee engagement and satisfaction</b>		
Achieving the employee engagement and satisfaction rate of 60% by 2025 (with an annual increase by 2%)	71% (14 p. p. higher than in 2021)	✔

✔ achieved    ✔ in progress    ✘ failed

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations or PJSC ALROSA.

# Approach to HR management

GRI 3-3

Attracting and retaining high-class professionals is an important task that demands developing a training system and personnel management as well as providing comfortable and safe working conditions. ALROSA takes every measure to improve the social protection of employees, create a favorable social and psychological climate and increase labor productivity.

## REGULATORY DOCUMENTS

Collective Agreement

Human Rights Policy

Diversity and Inclusivity Policy

Organizational and administrative documents, orders, and other internal documents

## ALLOCATION OF RESPONSIBILITY

Deputy CEO – HR Director



Body	Responsibilities
Deputy CEO – HR Director	<ul style="list-style-type: none"> <li>— Control over the HR policy implementation</li> <li>— Control over nominations, motivation, and social policy</li> </ul>
Centers of Excellence	<ul style="list-style-type: none"> <li>— Participation in the HR strategy elaboration</li> <li>— Elaboration and enhancement of a methodology for HR management processes, incentive schemes, performance assessment and remuneration systems, and talent management</li> <li>— Elaboration of corporate training programs</li> <li>— Elaboration of the Company's internal regulatory documents on labor function</li> <li>— Payroll, social benefits and remuneration management</li> </ul>
HR-business partners	<ul style="list-style-type: none"> <li>— Consolidation and formation of an overall HR strategy by business areas and functions</li> <li>— Follow-up of the strategic goals implementation in the divisions</li> <li>— Customization of solutions with the involvement of the Centers of Excellence</li> <li>— HR support for business projects</li> </ul>
Operational HR / service	<ul style="list-style-type: none"> <li>— Implementation of corporate training and development programs</li> <li>— Administration of budgeting and reporting</li> <li>— Preparation of regulatory documents</li> <li>— Local recruitment and recruitment support</li> <li>— Execution of operational functions in HR management</li> </ul>
Projects	<ul style="list-style-type: none"> <li>— Monitoring of the HR strategy implementation</li> <li>— Development and monitoring of the function's KPIs</li> <li>— Management of operating efficiency projects and IT projects of the function</li> <li>— Implementation of the automation program, and HR analytics</li> </ul>

**THE PRINCIPLES OF ALROSA'S HR POLICY:**

- planning and timely satisfaction of the Company's demand for employees of the required qualification;
- provision of local employment;
- minimization of costs related to attraction of human resources from the regions;
- optimization of the personnel age structure, attraction and retention of young people;
- provision of personnel performance efficiency and labor productivity growth.

In 2022, ALROSA approved a number of internal personnel management policies (on human rights, sociocultural diversity and inclusion) as well as actualized the Collective Agreement governing the social and labor relations.

*For more information on the Company's approach to ensuring respect for human rights and on related activities, see the "Human Rights" section*

In 2022, ALROSA commenced its transition to electronic HR document flow. For this purpose, the Company introduced its Regulation on Electronic HR Document Flow, acquired electronic signatures and carried out the HR processes automation. The following two systems were put into operation to replace the paper documents:

- "Electronic Passport"
- "Personal Profile"



*What ALROSA is proud of*

**TRANSFORMATION OF THE HR FUNCTION**

In 2022, the transformation of the HR function launched in the preceding reporting period continued as follows:

**Results for 2022**

- The HR function was centralized to increase its operating efficiency, apply unified approaches to personnel management throughout the ALROSA Group, and standardize the HR processes in workshops and divisions.
- Regional recruitment hubs were formed, i. e. professional recruiters select candidates and follow up their recruitment in the cities and towns of presence of the Company's mining and processing divisions.
- The KPI system was established within the entire HR function in order to monitor the business-related key metrics throughout all processes.
- A new operating model was implemented in certain structural divisions. The Centers of Excellence and the Corporate University were transformed. Human Resources Center was established.
- IT projects are under implementation; employee Personal Profile prototype was launched; the works on transition to pilot operation are underway. Dashboards were launched into pilot operation.
- Electronic Passport mobile application, with 20,490 active users as at April 2023, was launched into commercial operation.



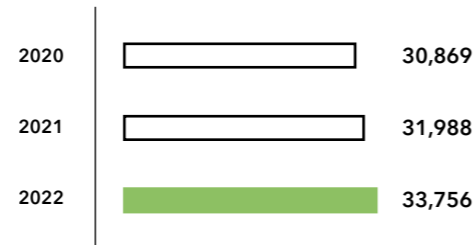
# Headcount and personnel structure

GRI 2-7, 401-1, 405-1

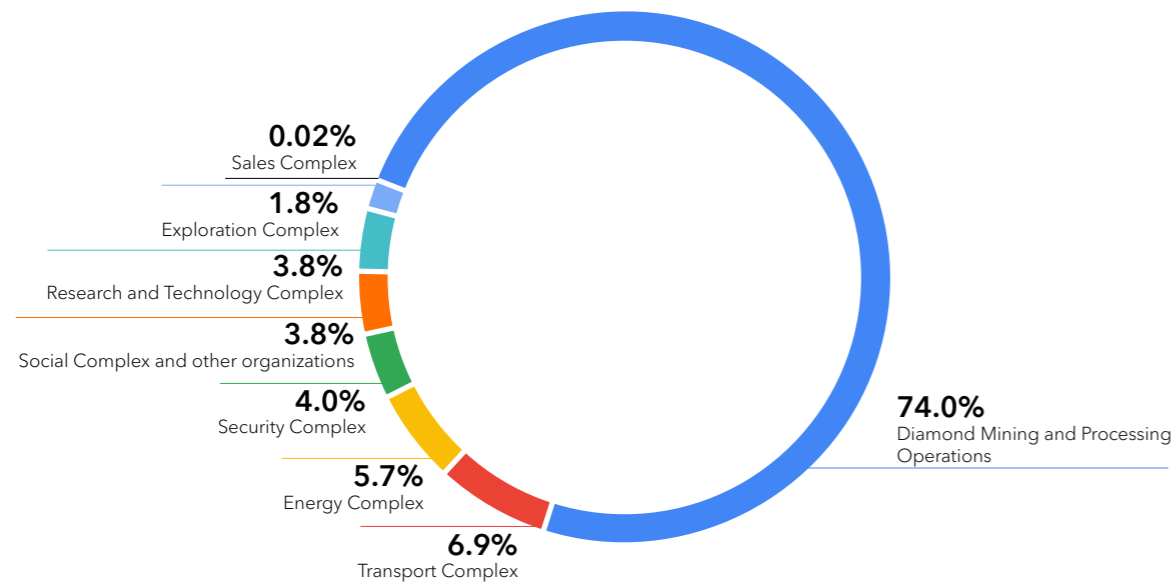
The total headcount of the ALROSA Group by the end of 2022 was up by 5% year-on-year and amounted to 33,756 employees. Employees of the ALROSA Group companies work mainly in Russia (99%), and almost 88% are employed in the Republic of Sakha (Yakutia).

The majority of the ALROSA Group employees (99.9%) work on a full-time basis, less than 0.1% work part-time. Over the past years, the share of employees working under permanent employment contracts remained stable and amounted to 91% by the end of 2022. Temporary employment contracts are concluded with 9% of employees due to the seasonal nature of work at a number of the Company's enterprises.

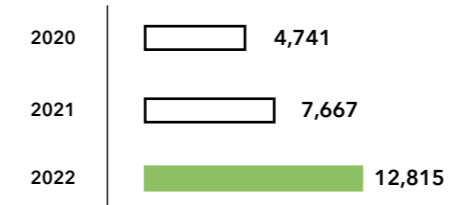
## HEADCOUNT OF THE ALROSA GROUP, PEOPLE



## STRUCTURE OF THE ALROSA GROUP'S PERSONNEL BY COMPLEX IN 2022



## TOTAL NUMBER OF EMPLOYEES HIRED DURING THE REPORTING PERIOD IN THE ALROSA GROUP<sup>1</sup>, PEOPLE

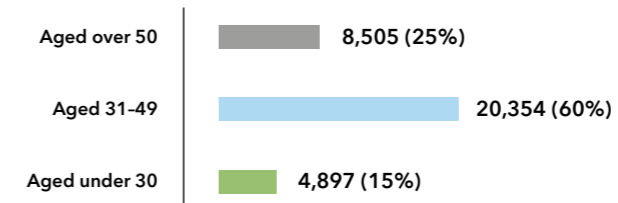


## STAFF TURNOVER RATE FOR THE ALROSA GROUP<sup>2</sup>

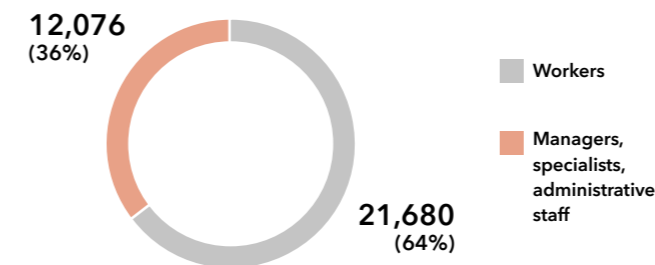


In 2022, the ALROSA Group's staff turnover rate was 14%<sup>3</sup> (1% higher than in 2021), including 12% among women and 14% among men.

## HEADCOUNT OF THE ALROSA GROUP BY AGE, PEOPLE AND %



## PERSONNEL STRUCTURE BY CATEGORY FOR THE ALROSA GROUP IN 2022, PEOPLE AND %



Employees engaged in production and representing working specialties account for 64% of the workforce due to the specific nature of the mining industry.

<sup>1</sup> The data for 2020 and 2021 have been adjusted in the process of improving approaches to collecting and consolidating information.

<sup>2</sup> The data for 2020 have been adjusted due to the refinement of the calculation methodology.

<sup>3</sup> In accordance with the Company's methodology, the staff turnover rate is calculated on the basis of the average number of employees, the turnover rate for different categories of employees is calculated on the basis of headcount.

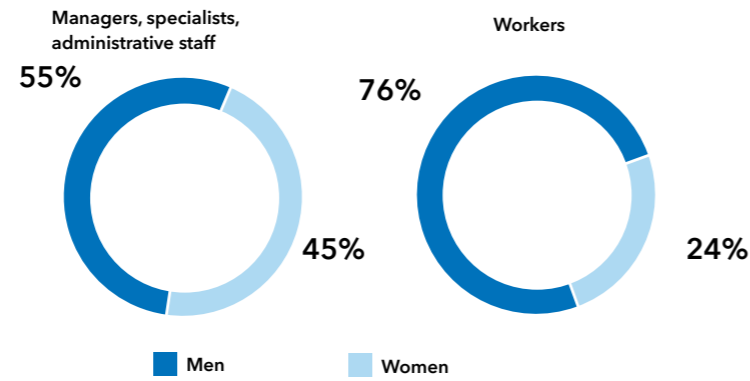
What ALROSA is proud of

**“TALENTED WOMEN IN THE MINING INDUSTRY” AWARD**

In 2022, non-profit organization Women in Mining Russia presented the “Talented Women in the Mining Industry” award for the second time. ALROSA’s employee, a lead engineer at the Udachny underground mine, became a prize winner in “Innovator of the Year” nomination. In her application for the award, Aigul Dobranevskaya presented a project for the mine automation and digitalization that helped improve the quality of drilling and blasting operations.

Women in Mining Russia award aims to promote professionals who have made a considerable contribution to the development of extractive industries and are carrying out extensive social and charitable activities.

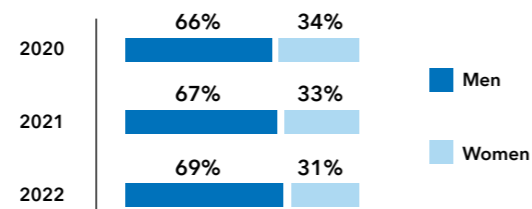
**HEADCOUNT OF MANAGERS, SPECIALISTS, ADMINISTRATIVE STAFF AND WORKERS BY GENDER FOR THE ALROSA GROUP IN 2022**



The gender and age structure of the ALROSA Group personnel has not changed significantly over the years. The share of women in the ALROSA Group is 31% of the total workforce. The predominance of men in the personnel structure is due to sectoral specifics, including the necessity to work in an arduous and dangerous work environment where women cannot work due to legislative restrictions.

More than half (60%) of the ALROSA Group personnel are middle-aged employees between 30 and 50 years old. Young employees under the age of 30 accounted for 15% of the personnel in 2022.

**GENDER RATIO IN THE ALROSA GROUP PERSONNEL STRUCTURE**



26%

is the share of women in the ALROSA Group’s management.



ALROSA has zero tolerance to discrimination on any grounds: men and women are provided with equal opportunities of employment and personal fulfillment.



What ALROSA is proud of

### GOLD IN THE FORBES RANKING OF RUSSIA'S BEST EMPLOYERS

Since 2019, the Forbes magazine has been publishing its rating of employers based on the assessment of all ESG aspects. In 2022, Forbes assessed 118 companies and divided them into four groups depending on the number of the points scored: Platinum, Gold, Silver, and Bronze.

By the experts' decision, the ALROSA Group was awarded Platinum status in Ecology category and Gold status in "Employees and Society and Corporate Governance" categories.

### APPROVAL OF THE SUPPORT PROGRAM FOR EMPLOYEES WITH DISABILITIES

Despite the fact that due to the specifics of ALROSA's operations employment of people with disabilities is limited, the Company makes a list of available professions and prohibits any discrimination in employment of disabled people.

The Comprehensive Support Program for Employees of PJSC ALROSA with Disabilities was approved in 2022. The Program establishes the priority support measures for this category of employees, as well as the guarantees in exercising their right to work and rest. Beyond that, in the light of the occupational hazards impact, the Program contains a list of measures for preventing occupational diseases.

## Employee attraction and onboarding

ALROSA actively develops its workforce capacity and promotes own HR brand to increase employer attractiveness. This is a comprehensive work that includes:

- promotion of ALROSA along with the professions available in the Company;
- providing the candidates with detailed information not only on the vacancies, but also on the values and advantages of working at ALROSA;
- targeted work with different audiences through different communication channels;
- career guidance events for senior schoolchildren and attraction of students from higher and secondary vocational education institutions, including scholarship programs and industrial placements with subsequent employment;
- development and application of unified high standards of dedicated work with job candidates and new employees;
- implementation of a set of measures for employee onboarding.

In 2022, ALROSA accomplished the elaboration of its employer value proposition (EVP), that is a set of advantages offered to candidates or employees by the Company as an employer. Based on the EVP, ALROSA developed its approaches to communication depending on the age, profession, position, and place of residence. To communicate with potential candidates, "Work at ALROSA" career groups were created in social networks.

### "Welcome to ALROSA" course

In 2022, the Company commenced the development of a unified onboarding system for new employees, and "Welcome to ALROSA" e-learning course within its framework. The course contains basic information about the Company, social guarantees, and training opportunities. Every new employee may access the course from any computer or mobile device.

In addition, an extended "Welcome to ALROSA" course was developed in the form of a webinar. It is delivered once or twice a month and contains more detailed information on the diamond market and the role of ALROSA in this segment, production and other processes, the team of ALROSA, opportunities for development and personal fulfillment within the Company, and support for young specialists and other categories of employees. The extended course is designated for specialists and managers for forming an understanding of how the Company's different functions and lines of business are interconnected.

In 2023, a knowledge bank available to every new employee will be created as part of this project. It will be personalized depending on employee position and workplace.

### Chatbot to support new employees "Useful Connections" networking events

In 2022, the Company launched the first version of the chatbot for employee onboarding to support new employees from the preliminary stage of hiring (a week before their start date) to the end of the probation period. In 2023, it is planned to launch an extended version of the chatbot that contains a greater scope of useful content and is personalized depending on employee position and workplace.

ALROSA's Corporate University and young specialists organize "Useful Connections" networking events, that is meetings for recently hired young employees. The events aim to help new hires adapt, get to know their colleagues from different functions, make new friends (which is especially important for those who relocated to get a job with ALROSA), and find partners to jointly develop an idea or implement a project. The meetings are held in an informal setting in the form of a game. In 2022, the Company organized eleven such networking events.

## COOPERATION WITH SCHOOLS

As part of cooperation with schools, the Company's specialists and top managers share their personal experience, and schoolchildren have an opportunity to discover more about the operation of the ALROSA Group's enterprises and the career opportunities offered.

### ACTIVITIES IMPLEMENTED IN 2022 AS PART OF COOPERATION WITH SCHOOLS

Activity and its description	Number of participants
<b>"ProfiClub"</b>	
This program for schoolchildren of grades 8 and 9 runs for an academic year and includes career guidance classes in the following modules: Exploration Complex, Mining Complex, Diamond Mining and Processing Operations, Transport and Procurement Complex, Industrial Safety.	80
<b>"ALROSA Class"</b>	
Under the program, schoolchildren of grades 10 and 11 attend elective courses in specialized disciplines, such as mathematics, physics, computer science, and the English language. The program also includes workplace visits. Activities in 2022: <ul style="list-style-type: none"> <li>— one face-to-face ALROSA Class;</li> <li>— seven ALROSA Class Online for schoolchildren of Yakutia, Arkhangelsk Region and Irkutsk Region.</li> </ul>	125
<b>"My Choice" career guidance team game</b>	
The game is organized jointly with Mirny District Education Department and provides schoolchildren of Mirny District with information on the specialties in demand at the Company. Schoolchildren have an opportunity to study these specialties on their own, interview the management, participate in a quiz, and make videos about the profession.	133 participants of 19 teams
<b>"Technomodule" ALROSA children's technology park</b>	
The Company continued to implement a career guidance program for local schoolchildren at "Technomodule" ALROSA children's technology park based at the Center for Supplementary Education of Mirny. All participants are assigned to mentors in the following areas: HighTech, Roboquantum, Virtual Word, Industrial Design, and RoboSkills.	25

## COOPERATION WITH UNIVERSITIES AND COLLEGES

ALROSA implements programs for students of higher and secondary specialized educational institutions that include industrial placements at the Company, organization of corporate training centers (in the format of specialized university departments), scholarships with subsequent employment, and conducting "ALROSA Career Days" at educational institutions.

### Doors Open Days at universities

In 2022, the Company held "ALROSA Career Day" at the Irkutsk National Research Technical University and the Ural State Mining University. In the course of these events, students learn about the Company and its areas of business activities, in-demand jobs, advantages, support programs for young specialists, opportunities for internship and employment. The events are attended by staff members of the Corporate University and representatives from other functions, including production, who tell students about their work and processes based on their personal experience.

### Specialized university departments<sup>1</sup>

To ensure a closer integration of education, science and production and to implement the principles of proactive training, ALROSA is focused on establishing corporate training centers (in the format of specialized university departments) at suitable educational institutions.

In 2022, ALROSA founded two specialized university departments:

Corporate Training Center was opened at the Irkutsk National Research Technical University. It provides training in the following two areas:

- process and industrial automation (15 students in 2022);
- land transport equipment (15 students in 2022).

In addition, a corporate group of 40 students was formed at Moscow Entrepreneurship College to get the profession of a diamond sorter.

### Scholarship programs

Students who study to acquire professions of higher priority for the Company and who have good academic achievements may apply for an ALROSA scholarship. Apart from a monthly scholarship, such students obtain a guaranteed internship at the Company and subsequent employment for a period of at least three years. Students of the specialized university department at the Irkutsk National Research Technical University also receive scholarships.

### "Learning and Working" program

In 2022, the Company introduced its "Learning and Working" program aimed to provide employment at PJSC ALROSA for full-time senior students transferred to an individual training program. A total of 45 applications were received from the students of Regional Technical College in Mirny and eight applications from the students of North-Eastern Federal University.

<sup>1</sup> A structural division of the university established together with a partner company.

## Organizing and participating in engineering case championships for students

Since 2018, ALROSA has been a strategic partner of the Student League of CASE-IN International Engineering Case Championship and Autumn Cup that help attract young and promising students and introduce them to the specifics of the Company's operations. Pursuant to the results of the events, ALROSA guarantees employment with the Company to the winners, and finalists are invited to a paid internship and industrial placement.

"Industry 4.0" was the main topic of the 2022 Championship. The Company's specialists took part in developing the engineering cases related to Exploration, Mining, and Mining Machines and Equipment. More than 30 ALROSA's experts assessed the solutions of future geologists, miners and mechanics, and shared their own experience and knowledge with the participants in the qualifying stages held at 21 higher education institutions in Russia. In 2022, 36 participants and winners of the Student League of the Championship did an internship at the Company's production facilities.

In 2022, the Company held the Corporate Championship for students to resolve the engineering cases in the following categories: Mining, Exploration, Environment, Hydraulic Structures, Industrial Safety, Ore Processing, and Maintenance and Repairs. The event was attended by 25 student teams from six universities.

### KEY RESULTS OF COOPERATION WITH UNIVERSITIES AND COLLEGES IN 2022

550

students took part in "ALROSA Career Day"

67

students continued their studies under employer-sponsored education contracts

729

students got industrial placements at the Company's structural divisions

259

young specialists were hired further to industrial placements' results



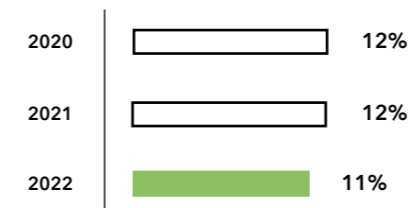
# Creation of jobs in the regions of presence

GRI 202-2

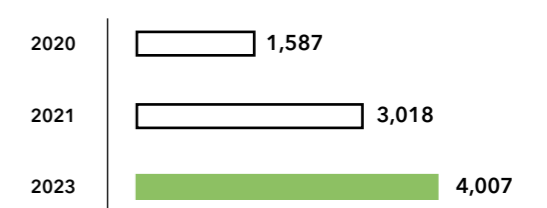
ALROSA creates jobs for people living in the regions of its operations. The Company participates in the program to attract local employees "Local Staff in Industry" under the cooperation agreement between ALROSA and the State Employment Committee of the Republic of Sakha (Yakutia) signed in 2018.

Employment of local people and economic development of Arctic uluses (districts) are the core focus areas of the Company in ensuring decent working conditions and stable economic growth in the regions of presence. At the end of the year, the ALROSA Group had 4,463 indigenous people from Yakutia, and ALROSA (PJSC) had 11% in the total headcount.

**SHARE OF INDIGENOUS PEOPLES OF YAKUTIA IN THE TOTAL HEADCOUNT OF PJSC ALROSA, %**



**PERSONNEL INVOLVED UNDER THE "LOCAL STAFF IN INDUSTRY" PROGRAM, PEOPLE**



The Company implements own program "Argys"<sup>1</sup> for new employees from uluses of Yakutia that helps them settle into their jobs at the production sites faster and lays the ground for their professional growth. An employee is accompanied by an "Argys", a person who helps him blend into the team more easily during the entire onboarding period. For a rotational worker, "Argys" is appointed in the first week of employment. In the reporting year, an information leaflet in the Yakut language was compiled at the Nakyn production site in order to simplify the communication and adaptation processes for residents of the uluses. In 2022, this project was integrated into the overall employee onboarding concept.

<sup>1</sup> Argys means "companion" in the Yakut language.



# Remuneration and motivation

GRI 202-1, 401-2

The ALROSA Group's employee remuneration system has an impact on the achievement of the Company's strategic goals. Decent remuneration and fair performance assessment help attract and retain highly qualified specialists. The Company adheres to the principle of equal pay, regardless of the gender, age or other personal qualities of an employee. The amount of salary depends exclusively on the professional qualities of an employee and overall performance indicators.

The average wages in the ALROSA Group in 2022 amounted to RUB 161,600 per month per employee. As part of regular remuneration indexation, the wages of employees were indexed by 8.39%. The average wages level of the Company's employees in the majority of the regions of presence is higher than the regional average.

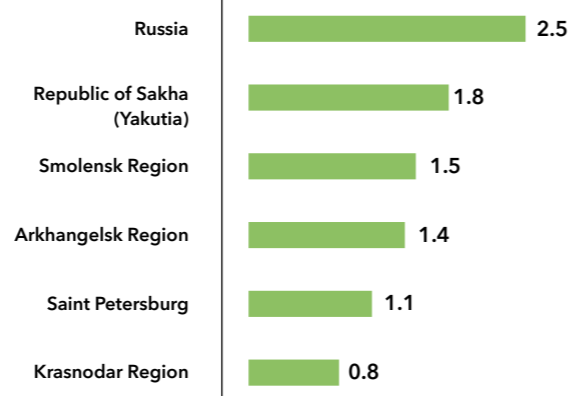
## AVERAGE WAGES AT THE ALROSA GROUP<sup>1</sup>, RUB THOUSAND



The vast majority of companies within the ALROSA Group, including foreign companies, have voluntary employee organizations and trade union organizations. In 2022, 94% of ALROSA Group employees were covered by collective bargaining agreements.

The ALROSA Group's incentive system includes various types of bonuses, compensation and incentive payments, such as allowances for work in the Far North and other types of additional payments. Performance bonuses are paid to each employee in each division. This is how the Company encourages its employees to achieve the most of their professional capabilities.

## RATIO OF THE ALROSA GROUP'S AVERAGE MONTHLY WAGES TO REGIONAL AVERAGE MONTHLY WAGES



In addition, professional skills competitions and other professional contests are regularly held at production facilities, e. g. in 2022, 14 employees of Severalmaz competed for the title of the best electrician of the plant. "Professional Excellence Championship" for the Best in Profession title was also held in 2022. The participants of the contest demonstrated their skills, proficiency and knowledge in the course of performing theoretical and practical tasks.

In 2022, the Executive Committee of ALROSA adopted the Regulations on Honorary Titles and Awards that stipulate the forms and procedure of rewarding the Company's employees for their achievements and personal contribution to the ALROSA Group's development.

## HONORARY TITLES AND AWARDS OF THE COMPANY

Honorary titles	Awards
— Distinguished Employee of PJSC ALROSA	— Certificate of Honor of PJSC ALROSA
— Veteran of PJSC ALROSA	— Certificate of Honor of the ALROSA Group
— Distinguished Employee of the ALROSA Group	
— Veteran of the ALROSA Group	

<sup>1</sup> The data for 2020 and 2021 have been insignificantly due to clarification of the perimeter of subsidiaries included in the calculation.

What ALROSA is proud of

## "IDEA FACTORY"

5,173 ideas submitted  
 2,968 ideas accepted for implementation  
 1,730 ideas implemented

ALROSA recognizes the importance of employee involvement in the enhancement of the Company's performance and values proposals for improving its activities. In 2022, the Center for Production System Development launched the "Idea Factory" platform website.

The platform performs the following tasks:

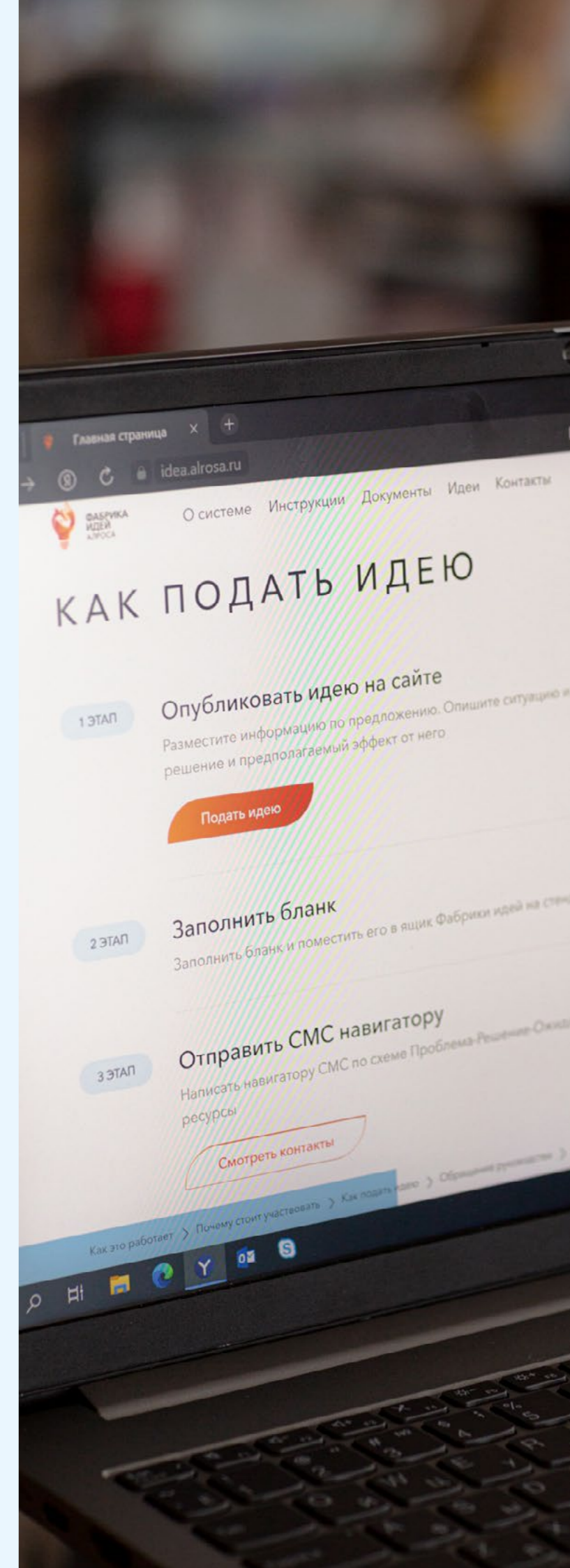
- improvement of the production processes and search for hidden losses;
- creation of conditions encouraging employee proactivity and involvement in the production process;
- provision of feedback;
- systematization and simplification of work with employees' ideas, creation of a clear and transparent system for working with ideas;
- registration and control over the ideas implementation; replication of ideas;
- simplification of the mechanism for submitting and implementing ideas.

To propose an idea for consideration, an employee should register it on the [idea.alrosa.ru](http://idea.alrosa.ru) website followed by its moderation and consideration by an expert panel. Employee motivation and engagement are supported by the bonuses payment system upon ideas implementation.

For more information about the Idea Factory, see the website<sup>1</sup>

"Idea Factory" platform is an important part of the employee incentive scheme. Through the use of the platform, employees can not only influence the enhancement of the processes and working conditions, but also receive remuneration, acknowledgment and colleagues' recognition, which helps increase employee engagement and satisfaction.

<sup>1</sup> Only available in Russian.



What ALROSA is proud of

**“PRODUCTION MENTORING” PROGRAM**

In 2022, ALROSA piloted new approaches to the mentoring system in terms of financial and non-financial incentives, and developed a methodology for assessing the quality of mentees training. Now, to become a mentor, an employee must undergo relevant training and have at least two years of work experience and at least the third or fourth qualification grade. Mentors receive a fixed additional payment at the rate of 10% of their basic salary and an additional lump-sum payment based on the results of mentoring.

At theoretical and practical sessions held by the Corporate University, employees learn to effectively share their experience with new employees and raise their motivation for training as part of their working process.

For example, in 2022, the participants to the mentoring training organized at the Nakyn site found out more about the accelerated on-the-job training methods, the specifics of colleagues’ training, and learned to compile production performance analysis sheets that give answers to the following questions: “What is to be done?”, “How and why?”, “What will make it possible to avoid operation errors and production losses in the future?”.

In 2022, pursuant to the results of the annual competition Best Participant in the Local Staff in Industry Project, ALROSA’s “Production Mentoring” program was recognized as one of the most efficient in the country. The jury highly appreciated the creativity and effectiveness of the approaches to a dedicated work with new employees, as well as the prospects for the program development.

! **“Production Mentoring” program is designated for improving the efficiency, performance and work safety of the new hires, accelerate their onboarding, and increase their engagement and motivation.**

**RAISING YOUNG AND NOVICE SPECIALIST ENGAGEMENT**

**“ALROSA.Force” achievement rating**

For the sake of professional and career development of the ALROSA Group’s young specialists, the Company maintains “ALROSA.Force”, a digital platform-based rating of achievements. Young specialists upload information on their achievements and activities onto the platform (including diplomas, letters of recognition, certificates and other documents confirming the achievements) within three areas: professional, scientific and social activity.

As at year-end 2022, there were 549 “ALROSA.Force” users.

**Corporate volunteering**

ALROSA carries out an extensive work on corporate volunteering. In 2022, the following training courses were conducted for active participants to the volunteer movement within the framework of the volunteering development program:

- “Say No to Conflicts”;
- “Effective Communication”;
- “Time Management”.

Volunteering enables ALROSA’s employees to not only contribute to the social development, but also to develop their own competencies helpful in professional activities.

In 2022, the volunteering team held the “Hot Hearts”, “Victory Songs”, “Generational Bridge”, “Children’s Day”, and “Save Lives” campaigns.

**ASSESSMENT OF EMPLOYEE ENGAGEMENT AND SATISFACTION**

Since 2020, the Company has been conducting “ALROSA Voice”, an employee engagement survey that allows employees to anonymously express their opinion about the working conditions, management, professional development opportunities, and other important topics.

**KEY RESULTS OF “ALROSA VOICE” SURVEY IN 2022**

≈ 20,000 people took part in the survey (a 15% increase against 2021)

71% employee engagement rate (exceeds the industry average)

> 70% of the survey participants stated they were proud of their work at the Company and intended to work there for long periods of time

90% of employees pointed out they made every effort to perform to the utmost best of their ability

The survey allowed the Company to identify its four areas for development:

- the value of an employee and recognition on the part of the management and colleagues;
- business processes;
- motivation;
- career development.

Based on the results of the survey, the Company and each of its divisions elaborate and implement improvement plans.

In 2022, the Company implemented a number of major projects based on the results of previous surveys, including:

- a large-scale program for improving the sanitary facilities and amenities at the enterprises;
- additional benefits and compensations;
- implementation of new training opportunities and formats for the personnel;
- organization of regular meetings of employees with the management.

ALROSA’s employees appreciated both the programs for the Company as such and the local changes for solving problems at the level of a given structural division or subsidiary.

# Training and development

GRI 3-3, 404-1, 404-2, 404-3

In 2022, the ALROSA Corporate University was founded on the basis of the Staff Training Center. Today, the Corporate University focuses on training and development of employees of all levels (workers and managers), training of unique specialists for the diamond mining industry, preservation and transfer of knowledge within the Company.

The ALROSA Corporate University elaborates training programs and determines optimal forms and methods of training. To ensure the efficient transfer of knowledge, this work is carried out in a close interaction with other structural divisions of the Company and is based on business needs. The life-long learning system plays an exclusive role in the development of human capital at any enterprise as it ensures the need to constantly expand and update professional knowledge.

The Corporate University provides training in various formats, i. e. individual, group, external, internal, off-the-job and on-the-job.

For more information on the Corporate University, see the [website](#)<sup>1</sup>.

In 2022, the e-learning courses under various training programs (professional training of workers, professional development courses in industrial safety and workshops) were developed and implemented to improve the availability of training for employees. Employees pass the e-learning courses on "Ispring" online training platform at their convenience. Employee knowledge is tested on the same platform.

In addition, reminders of the start of a training course are sent out to employees, and they may register for a training course through "Electronic Passport" mobile application used for the HR document flow.

To develop the on-the-job training, the Company put into operation a high-rise training facility in 2022 for mastering the skills in safe methods and practices of working at height.

## KEY TRAINING AND DEVELOPMENT RESULTS FOR THE ALROSA GROUP IN 2022

**22,643**  
unique employees received training

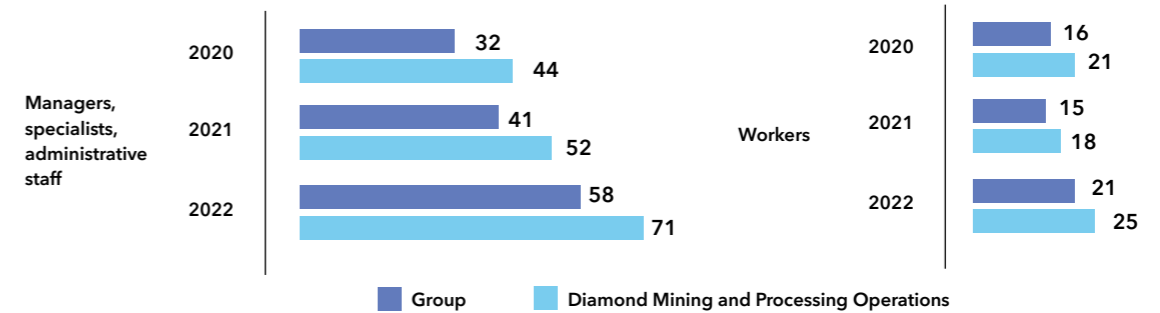
**67%**  
the share of employees covered by training in the total headcount

**1.2 million**  
the total number of training hours

**21 & 58**  
training hours  
per worker and manager, specialist, administrative employee accordingly

<sup>1</sup> Only available in Russian.

## ANNUAL AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE BY PERSONNEL CATEGORY<sup>1</sup>, HOUR



## CORPORATE DEVELOPMENT PROGRAMS

ALROSA envisages personnel development programs at all levels, including the management, talent pool and young high-potential employees.

Programs for top-, mid- and low-level managers, as well as young professionals, have been implemented since 2018. Each program harmoniously develops both the managerial and cross-functional competencies. The programs include face-to-face and online sessions, with a major role assigned to out-of-class learning. The programs aim to promote unified management standards, find and develop high-potential employees for the talent pool.

## PROFESSIONAL COMPETENCIES AND LEADERSHIP DEVELOPMENT PROGRAMS FOR EMPLOYEES

Program title and description	Number of participants in 2022
<b>ALROSA Potential</b>	
The program aims to identify high-potential young specialists within the Company, develop their corporate and professional competencies, scientific, technical, innovation and inventive activities. The participants are trained in the following modules over a period of seven months: "Innovations and Inventions in Production", "Fundamentals of Financial Management. Estimation of Economic Viability of a Project", "Project Management", "Fundamentals of Effective Communication. Public Presentations".	17
<b>ALROSA Assets</b>	
The program aims to develop managerial competencies with line managers and personal performance competencies with specialists (heads of departments, heads of sections, foremen, experts, senior specialists). The program includes business games and the following training sessions: "Value Creation Mindset", "Project Management", "Risk-Oriented Management".	129
<b>ALROSA Legacy</b>	
The program aims to develop managerial and personal performance competencies with mid-level managers (e. g. workshop managers, chief engineers). The program includes "Market Leader" business simulation game and the following training sessions: "Communication for Managers and Conduct of Meetings", "People Management", "Engagement and Development", "Cross-Functional Interaction", "Value Creation Mindset", "Project Management", "Risk-Oriented Management".	71

<sup>1</sup> To calculate the indicator, the numerator is the "Total number of employee training hours (for the year)" and the denominator is the "Headcount as at 31 December of the reporting year".

Program title and description	Number of participants in 2022
<b>ALROSA Change Leaders</b>	
The program aims to develop and retrain the talent pool of the production block and senior management. The program includes training in five modules as well as development and presentation of projects by participants. It is held at the Campus of the Moscow School of Management SKOLKOVO.	32
<b>Foreman School</b>	
The program aims to train candidates (including workers) for the foreman position. The program is dedicated to developing the managerial competencies, studying the production system tools and the concept of the manager being the role model in terms of production safety.	58
<b>HR DIAMOND</b>	
The program aims to develop professional competencies with managers of the HR functions. The first launch took place in 2022.	32
<b>Leaders Develop Leaders</b>	
The program aims to develop internal trainership from top managers to line managers. The program includes production control training sessions, incentive measures, "cascading of goals, support for and development of managers in the role model of a trainer. In 2022, the First Deputy Chief Executive Officer – Executive Director became an internal trainer to deliver Production Control training course. Further on, the trained managers deliver this course at their respective divisions.	41 employees attended Production Control training course

## MANDATORY TRAINING

GRI 403-5

In 2022, the Company selected the occupational health and safety (OHS) training as its priority area. The changes in OHS training laws led to the adjustment of approaches to the assignment of training programs: they are currently assigned in accordance with employees' duties, results of the special assessment of working conditions, the assessment of production risks, and the use of PPE. On the back of this, the following changes were made in the training system:

- a "training matrix" was developed to assign relevant training programs to employees depending on the cell in the staffing table;
- the functionality of automatically sending links to training sessions was implemented to help employees take courses and pass knowledge assessment and to enable the Corporate University to monitor the completion of training courses and their results for the purpose of preparing reports on knowledge assessment in accordance with laws.

For more information on the OHS training, see the "Occupational Health and Safety" section.

On a regular basis, ALROSA carries out restructuring of its structural divisions and commissions new complexes and various types of equipment. This dictates the need to implement retraining programs<sup>1</sup>. This applies to managers, specialists, administrative staff and workers. Retraining for workers is carried out under more than 150 programs.

Retraining of managers, specialists and administrative staff is carried out upon request of the business under more than ten programs. In-demand programs for managers, specialists and administrative staff are: law, management of blasting operations, technosphere safety, and hydraulic structures.

<sup>1</sup> Professional training for employees having primary professional education aimed at mastering another profession.

# Social support and partnership

GRI 403-6

ALROSA's internal and external social programs are systemic and directly related to the Company's mission and development strategy. All ALROSA programs are implemented on a voluntary basis.

The employee benefits package gives the Company a market advantage being a guarantee of decent working conditions. It includes benefits, compensation, and advantages that are provided in addition to those established by laws. In early 2022, ALROSA expanded its guarantees for employees. For example, the maximum amount of reimbursed expenses to travel to the vacation destination was increased, the amount of the childbirth allowance was increased by more than 65%, and payments to employees on maternity leave increased as well.

RUB 2.5 billion

is the amount of financing of social programs for employees in 2022



"Health", "Health Resort Treatment and Recreation", "Culture and Sports", and "Housing" programs have been implemented over the years and aim to take good care of the personnel, create conditions for additional motivation, and retain professionals.



## SOCIAL SUPPORT PROGRAMS FOR EMPLOYEES

### “Healthcare” program

Protecting and maintaining the health of ALROSA’s employees and their family members is one of the key priorities aimed at creating comfortable working conditions.

“Health” program is implemented by the Medical Center division together with the leading republican and federal healthcare and scientific medical institutions. The Company maintains cooperation with these institutions under voluntary health insurance contracts.

The unfavorable climate conditions of the Far North and the arduous and harmful working conditions at the main production facilities are the factors that determine the Company’s healthcare priorities. It is important to prevent diseases and organize health resort treatment. ALROSA performs these tasks together with the Profalmaz trade union as part of “Health Resort Treatment and Recreation” program.

Healthcare programs were delivered in the following areas in 2022:

- treatment and recreation at health resorts;
- preventive treatment;
- children’s health camps.

### “Culture and sports” program

“Culture and Sports” program is an important component of the Company’s activity to keep up the team spirit at ALROSA. The Culture and Sports Complex (CSC) is in charge of coordinating the cultural, sports, and recreation activities.

ALROSA’s employees being members of the Profalmaz trade union attend sports sections and hobby groups at the CSC free of charge, and their preschool- and school-age children’s fee is RUB 100 per month.

### KEY RESULTS OF THE “HEALTH” PROGRAM IN 2022

RUB million  
**917**

the total amount of expenses to implement healthcare programs

**6,200** ≈ **37,000**  
employees and their family members stayed at health resorts beneficiaries of the program

### KEY RESULTS OF THE “CULTURE AND SPORTS” PROGRAM IN 2022

RUB million  
**1,527** ≈ **72,000**  
is the amount of expenses to support culture and sports beneficiaries of the program

**554** sports events  
**1,478** cultural events

### “Housing” program

“Housing” program aims to attract and retain qualified personnel for ALROSA by improving their housing conditions. To achieve this, the Company uses corporate tools specified in the Collective Agreement. The program is implemented in the following areas:

- formation of the housing stock;
- support to the Company’s employees in purchasing residential property.

Employees of in-demand professions are entitled to receive support from the Company when they purchase housing accommodations, that is highly qualified workers (drivers of lifting machinery, maintenance personnel, electric and gas welders, mining surveyors, diamond sorters) and engineering and technical personnel (designers, software engineers, geologists, land surveyors).

### KEY RESULTS OF THE “HOUSING” PROGRAM IN 2022

RUB million spent on the “Housing” program: **49**  
RUB million the amount of expenses to grant preferential terms under the mortgage lending program: **37**

**399** beneficiaries of the program

What ALROSA is proud of

**NEW COLLECTIVE AGREEMENT OF PJSC ALROSA FOR 2022-2025**

In December 2022, PJSC ALROSA and Profalmaz concluded the new Collective Agreement for 2022-2025.

All applicable social guarantees and benefits are retained in the new Collective Agreement in full, and beside that, it contains new obligations, such as:

- measures to prevent and eliminate human rights violations;
- support for employees with disabilities;
- a raise in the age of young employees and specialists from 30 to 35 years;
- compensation of costs under housing rent agreements for young employees with three or more children;
- additional paid leave for living arrangements at the new location for employees arriving from other regions.

**The Collective Agreement establishes the benefits, advantages and social guarantees that the Company provides to its employees.**

**TRADE UNION**

The Profalmaz interregional trade union of employees is one of the largest and most influential public organizations being a member of the Federation of Trade Unions of the Republic of Sakha (Yakutia) and the Federation of Independent Trade Unions of Russia. It includes 56 primary trade union organizations from five regions of the country. As at year-end 2022, the number of the trade union members exceeded 20,000.

In 2022, communication with the trade union members was maintained both online and offline. The following topics were on the agenda:

- a project for establishing an independent organization – the Council of Veterans;
- cultural events;
- resolution of labor disputes;
- provision of advice to employees.



**Next steps**

**PLANS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM**

<b>P1 Recruiting and retaining the personnel</b>	<ul style="list-style-type: none"> <li>— To continue the implementation of measures to cooperate with educational institutions and attract young specialists</li> <li>— To develop succession and mentoring systems</li> <li>— To implement employer brand development projects</li> </ul>
<b>P2 Promoting sociocultural diversity and inclusivity</b>	<ul style="list-style-type: none"> <li>— To expand the “ALROSA.Force” rating base to 1,000 people and the number of volunteers – to 120 people</li> <li>— To train a new group of young specialists as part of “ALROSA Potential” project</li> <li>— To continue the implementation of the Comprehensive Support Program for Employees of PJSC ALROSA with Disabilities</li> </ul>
<b>P3 Providing employees with access to high-quality and modern training and occupational development programs</b>	<ul style="list-style-type: none"> <li>— To develop 40 e-learning courses and ensure that training data is recorded in the employee’s personal account</li> <li>— To develop end-to-end KPIs for the HR function related to the number of trained employees and maintain the average number of training hours per employee at the level of at least 31 hours per year</li> </ul>
<b>P4 Promoting local employment</b>	<ul style="list-style-type: none"> <li>— To continue participation in “Local Staff in Industry” program</li> </ul>
<b>P5 Improving employee engagement and satisfaction</b>	<ul style="list-style-type: none"> <li>— To continue the assessment of the employee engagement level and implementation of the improvement plan</li> </ul>

# OCCUPATIONAL HEALTH AND SAFETY

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*"ALROSA constantly improves its performance and implements numerous initiatives aimed at creating a safety culture at work. For us, this is not just a matter of adhering to the letter of the law, it reflects our way of thinking. What it involves is the lives of people, of each and every employee we in the Company care about, regardless of their position or profession.*

*In 2022, we continued to adapt the occupational health and safety management system to the requirements of ISO 45001. We developed and implemented new corporate standards and procedures in this sphere, launched new Corporate University-based training programs and formalized the requirements to our contractors.*

*Beyond that, the Company carries out an extensive work on the identification of hazards and professional and critical risks management. For instance, a new three-level control system was deployed at the Internatsionalny mine in conformity with the ICMM recommendations".*

2022 HIGHLIGHTS

LTIFR for ALROSA Group's employees

0.24

Spent on OHS measures

RUB billion  
2.3

VAR accident rate

0.62

Employees covered by OHS training

17,233

MATERIAL TOPICS

Occupational health and safety  
Provision of decent working conditions

UN SUSTAINABLE DEVELOPMENT GOALS



PROGRESS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

Target <sup>1</sup>	Progress for 2022	Status
Occupational health and safety		
Achieve zero fatalities among ALROSA Group's employees and contractors	One accident with two fatalities registered	⊗
Ensuring zero accidents at production sites	One accident at production site registered	⊗
Reduce LTIFR to 0.16 by 2025 (or 10% per annum starting from 2022)	0.26 for the Diamond Mining and Processing Operations (1% higher than in 2021) 0.24 across the ALROSA Group (the level of 2021)	⊗
Perform certification of PJSC ALROSA and its subsidiaries in Diamond Mining and Processing Operations for compliance with ISO 45001 by year-end 2022	As part of preparing for ISO 45001:2018 certification, the OHS management system and its components were updated. ISO 45001 certification was postponed to 2024 for reasons beyond the Company's control (the sanctions imposed)	✓
Achieve the total vehicle accident rate of no higher than 0.5 by 2025	0.53 for the Diamond Mining and Processing Operations 0.62 across the ALROSA Group (a 27% decrease against 2021)	✓
On an annual basis, reduce the level of occupational hazards that impact the occupational disease rate	Performing the scheduled special assessment of workplaces through the implementation of up-to-date equipment and technological protection means made it possible to reduce the grade of working conditions for a number of professions	✓
Adopt corporate standard/regulation on contractor engagement at the ALROSA Group's enterprises, i. e. "General requirements for organizing safe work by third-party contractors"	Corporate Standard on Interaction with Contractors for Compliance with Health and Safety Requirements was developed and implemented. Implementation of the standard and process building is in progress	✓
Ensure that 100% of the ALROSA Group's contractors are aware of ALROSA's occupational health and safety requirements when entering into contracts	Health and safety requirements are included in contracting agreements	✓
Perform a regular assessment of contractors for compliance with ALROSA's occupational health and safety standards and requirements	Assessment of contractors for compliance with ALROSA's occupational health and safety requirements is not currently performed	✓

achieved
 in progress
 failed

<sup>1</sup> The target indicators cover the Diamond Mining and Processing Operations. The target year is 2025.



# Approach to occupational health and safety management

GRI 3-3

The right of employees to life and health at work is one of the core human rights, hence ALROSA pays particular attention to occupational safety issues. Elaboration and observance of safety rules is a backbone of productive labor and successful development of business in general.

## REGULATORY DOCUMENTS

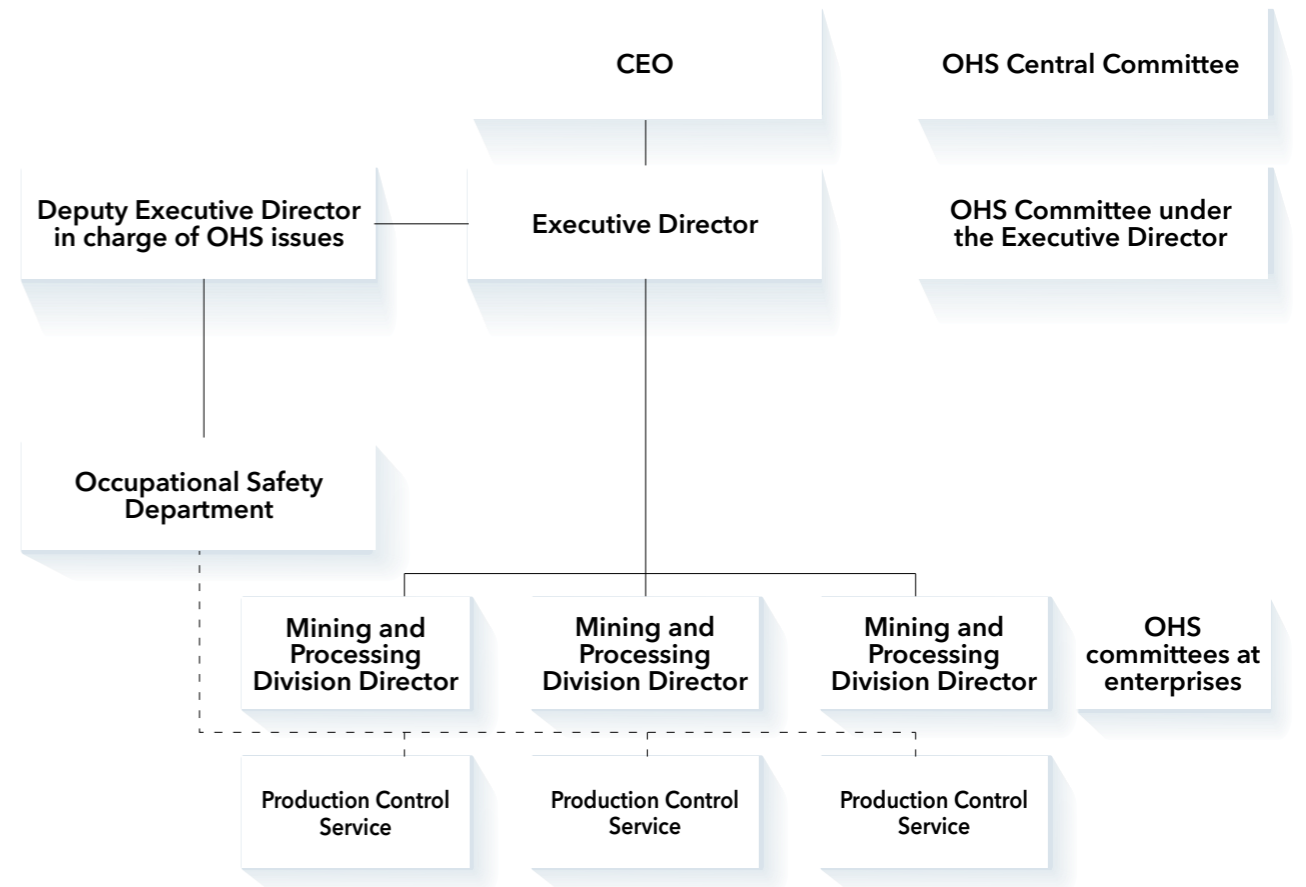
Health and Safety Policy

2021-2025 Health and Safety Strategy

Key Health and Safety Rules

Regulations on the Health and Safety Management System

## ALLOCATION OF RESPONSIBILITY



Body	Responsibilities
Deputy Executive Director	— Integration of occupational health and safety management systems with production processes and stable system operation
OHS Committee under CEO	<ul style="list-style-type: none"> <li>— Approval of current and future plans for the development of occupational health and safety management systems</li> <li>— Consideration and approval of corporate occupational health and safety standards and measures to enhance the occupational health and safety management systems</li> <li>— Review and analysis of injuries, accidents and incidents</li> <li>— Review of violations of occupational health and safety laws that led to or had a significant risk of the occurrence of a negative event</li> <li>— Analysis of the structural divisions' reports on progress in implementing the measures for improving the safety level, and determination of these measures' sufficiency</li> <li>— Setting occupational safety tasks for heads of the structural divisions</li> </ul>
OHS Committee under the Executive Director	<ul style="list-style-type: none"> <li>— Raising awareness and improving occupational health and safety training</li> <li>— Consideration of proposals on improving the working conditions</li> <li>— Assistance in addressing the issues related to the financing of activities aimed at preventing injuries and occupational diseases, as well as spent funds control</li> <li>— Review of proposals on introduction of more advanced production technologies, new equipment and automation tools</li> <li>— Preparation of proposals on the development of local statutory regulations</li> </ul>
OHS committees at the enterprises	<ul style="list-style-type: none"> <li>— Resolution of operational occupational health and safety issues related to the day-to-day operations of the enterprise</li> <li>— Analysis of statistical data on injuries and illnesses at the enterprise, data on violations of law</li> <li>— Delegation of occupational health and safety tasks to heads of functions and workshops</li> </ul>
Production control services	<ul style="list-style-type: none"> <li>— Under the Department of Occupational Safety: comprehensive inspections on a quarterly basis at major structural divisions</li> <li>— In business units: weekly intrashop audits</li> </ul>

GRI 403-1

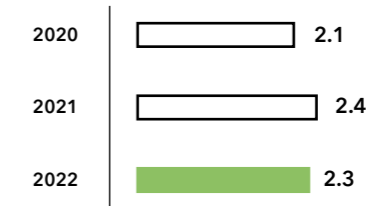
The Company follows the legislative requirements of national laws in occupational health and industrial safety and is guided by the internal corporate health and safety standards, as well as implements best available practices. Health and safety issues cover each business process and all operations at each production facility. ALROSA creates safe and comfortable working conditions, promoting a sense of personal responsibility to each employee and improving the management processes. The Company's management strives to prevent all incidents and minimize potential harm to employees.

ALROSA's activities are based on five fundamental principles that are mandatory for observing by each employee and contractor, regardless of position occupied:

- priority of safety – any production task should be considered from the point of view of ensuring its safe performance;
- the management's responsibility – the Company's and production units' management shall be responsible for organizing and ensuring safe work;
- zero injuries and accidents – any injury or accident is regarded as an emergency situation within the Company revealing weaknesses in the management system and organization of safe work;
- openness and integrity – misrepresentation of information on occupational health and industrial safety is unacceptable in the Company;
- engagement – each employee from the CEO to a worker should be involved in the occupational health and industrial safety activities.

In the reporting period, the ALROSA Group allocated over RUB 2.3 billion to various measures to support occupational health and industrial safety management systems and create safe working conditions. The funds allocated to occupational health and industrial safety were spent aimed at fire safety, civil defense and emergency prevention (RUB 1,010 million), purchase of PPE (RUB 621 million), as well as medical, preventive and rehabilitation measures (RUB 538 million).

THE ALROSA GROUP'S SPENDING ON OCCUPATIONAL HEALTH AND SAFETY, RUB BILLION



OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY MANAGEMENT SYSTEM

GRI 3-3

To achieve the strategic goal of eliminating fatalities and accidents at work, the Company implemented an occupational health and safety management system covering 100% of the ALROSA Group employees. Integrated into the production processes, all elements of the management system are mandatory for all employees.

In 2022, the corporate occupational health and safety management system was improved to fully comply with ISO 45001:2018 that serves as the basis for the development of the internal OHS policies, procedures and practices. All ALROSA Group's internal documentation was also aligned with the requirements of the standard.

The OHS Policy that contains the obligations of the ALROSA Group management and declares the safety

and health of employees an unconditional priority, is a backbone of all documentation procedures. The Company regularly updates and introduces new OHS regulations and standards to ensure compliance with both the international best available practices and the national legislation. In 2022, a number of new standards were developed establishing the requirements for work at height and high-risk work, contractors, internal audits and other OHS procedures.

Moreover, in 2023, ALROSA intends to enhance its OHS management systems by introducing new practices in such key areas as occupational health and safety, industrial safety, fire safety, road safety, and methodology and development.

THE OHS MANAGEMENT SYSTEM DOCUMENTS DEVELOPED IN 2022

- Code of Conduct and Principles of Occupational Health and Safety for Managers
- Regulations on Organization and Performance of Production Control of Compliance with Safety Requirements at ALROSA Enterprises
- Regulations on Work Order System in ALROSA Structural Divisions
- Regulation on Mining Rescue Support Teams of ALROSA
- Regulations on Mandatory Medical Examinations of Employees of ALROSA
- Corporate Standard on Interaction with Contractors for Compliance with Health and Safety Requirements
- Corporate Standard on Internal Audits of Health and Safety Management System

## EMPLOYEE PARTICIPATION IN OHS MANAGEMENT

GRI 403-2

ALROSA is confident that safety issues represent, to a large extent, the issues of culture as such and respective employee behavior. The Company strives to expand the range of employees engaged in OHS issues, including the top management. For this purpose, ALROSA has the Institute of Authorized (Trusted) Persons for Occupational Safety in place that comprises 223 employees. In 2022, they held about 1,598 inspections.

Heads of divisions, workshops and other managerial personnel interact with occupational health and safety officers. Their responsibilities include:

- inspection of the working conditions, preparation of proposals to eliminate identified violations;
- informing employees of occupational hazards, the amount of relevant compensation and guarantees;
- control over timely provision of protective equipment, milk, special food and performance of duties related to occupational safety;
- participation in joint OHS commissions;
- participation in development of measures to prevent accidents, injuries, and occupational diseases and to improve the working conditions.

The Institute of Authorized (Trusted) Persons for Occupational Safety is part of the Profalmaz trade union that supervises the OHS management systems performance. Representatives of the trade union and its relevant committees are members of the commissions for investigating on-the-job injuries and occupational diseases and accidents. The trade union is also responsible for public control of the performance of OHS obligations under the collective agreement in terms of OHS.

### Workplace safety advice

GRI 403-4

Employees are advised on OHS issues by the Profalmaz trade union, heads of all levels during audits, and OHS commissions. Profalmaz protects employees' interests, monitors the Company's performance of its OHS obligations, and advises on safety issues within the scope of its authorities.

The Central Committee for Occupational Health and Safety conducts awareness-raising work on the strategic decisions taken, plans and programs for the Company's strategic development. ALROSA regularly informs its employees on the results of internal meetings, investigations of accidents and incidents, audits and official inspections regarding compliance with legal requirements. Information channels are constantly expanding to include incident reports, social media webcasts, and videos.

### OHS leadership development

Management engagement in monitoring and problem solution is a key to successful operation of the OHS management systems. To strengthen the corporate leadership and culture, ALROSA has in place permanent OHS committees under the CEO, Executive Director and heads of enterprises.

The Company introduced a number of KPIs for positions at various levels, from mine foremen and shop managers to heads of structural divisions to ensure greater involvement of managers in OHS processes and create a transparent management system. In addition, personal OHS plans were determined for managers, including the number of training measures and reviews performed, employee awareness raising and introduction of new practices and the level of injuries.

The Company has an incentive system for managers of various levels; their OHS performance is assessed on a quarterly basis. The assessment criteria include both the effectiveness of injury prevention and the risk minimization measures, as well as response measures taken in the course of investigating the accidents.

### Reporting the violations

ALROSA's unified Hot Line was launched in 2023 to deal with reported occupational safety violations revealed. The Company's employees and contractors may report any violations identified at the production site, ask a question or share suggestions to ensure safe working conditions. Information can be submitted by calling the Hot Line telephone number, sending an e-mail or using a QR code. The communication channel is anonymous.

## DEVELOPMENT OF INTERACTION WITH CONTRACTORS ON OHS ISSUES

Contractors play an important role in ensuring ALROSA's day-to-day business activities. Numerous tasks which the Company's business depends on are performed by business partners, e. g. transport and logistic functions and drilling and blasting operations. The skills and competencies of contractors are, therefore, a key to overall safety. One of the partner selection key criteria is observance of the Company's OHS rules by the counterparty.

The Corporate Standard on Interaction with Contractors for Compliance with Health and Safety Requirements introduced in 2022 is the main document that establishes requirements for the competencies and training of

contractors, including the completion of the necessary training, attestation, availability of the relevant PPE to perform work, and also determines the unified procedure for interaction with contractors on OHS issues when performing work at hazardous production facilities.

In addition, according to the standard, contractors shall be familiarized with ALROSA's corporate OHS regulations. Contracting agreements include the OHS compliance terms and penalties in the event a contractor fails to comply with safety rules. A responsible employee shall be appointed by ALROSA to monitor the contractor's compliance with all safety requirements.

## Training and development of a safety culture

Injury rates do not always provide complete information on the root causes of accidents and do not allow making a clear picture of the level of safety, since they do not take into account the impact of human behavior and habits. ALROSA is confident that ensuring safety is a common responsibility of all employees and managers. The Company strives to achieve a high level of safety culture in the long term through a transition from full control over the actions of employees to personal engagement and responsibility in OHS issues.

## SAFETY CULTURE

To improve the corporate culture and degree of personal responsibility of managers of different level ALROSA approved the Code of Conduct and Principles of Occupational Health and Safety for Managers (hereinafter referred to as the Code). The principles of conduct defined by the document are mandatory for each manager to comply with in his/her daily business activity to ensure the safety of employees. In addition, the Code includes Key Safety Rules developed pursuant to the results of the analysis of incidents and accidents. In the event of a violation of the Code, employees will be subject to disciplinary liability, including job relevance assessment with possible dismissal, depending on the severity of the violation consequences.

ALROSA makes every effort to improve the safety culture among its employees. To assess the current level of the safety culture, the Company launched the

Occupational Safety Culture project. According to the internal methodology developed by ALROSA and special checklists, specialists held interviews with employees on the specifics of their work, methods of performing operations, use of PPE, and training. Basically, 12 assessment blocks were used. As a result, the average assessment of production personnel was 0.62, which is lower than the reference value of 1.0, so for each evaluation block measures were developed to improve practices, with an indication of tasks for line personnel and shop managers.

In 2023, ALROSA intends to implement behavioral safety audits and regular inspections using mobile apps. The Company also intends to launch the development of a standard on promoting safety culture as part of preparations for ISO 45001 certification of enterprises.

What ALROSA is proud of

## OPENING OF TRAINING SITES

150 m<sup>2</sup>  
training site area  
8 m  
height of training site  
1,400 people  
planned annual number of trainees

ALROSA is building two training sites were launched in Mirny to drill work at height skills. In 2022, one of them started its work. Training will be provided by employees of the Corporate University; the training will be mandatory when hiring assemblers.

The goal is to ensure that the conditions at the training sites are as close as possible to real conditions. Trainings will help reduce the level of injuries during work at height and reduce the period of adaptation of new employees at production sites.

The training site is equipped with an internal fire water supply system and fire extinguishers to practice fire extinguishing at height as part of hot work.

## ON-THE-JOB TRAINING

98 people  
passed the OHS examination during their shift

Since 2022, the employees of the Nakyn site have had an opportunity to pass the OHS knowledge assessment during their work shift. Previously, shift workers had to travel to Mirny where the Corporate University commission was seated. As of today, the Nakyn site has a computer lab equipped, and the Corporate University staff will be visiting the site to check knowledge of the Company's personnel. ALROSA intends to organize these visits on a monthly basis.

## OHS TRAINING

GRI 403-3, 403-5

The ALROSA Group pays special attention to increasing the level of knowledge, skills and competencies of its employees and contractors' personnel. In accordance with legislative requirements, the ALROSA Group holds regular fire safety and occupational health and safety training sessions for managers and specialists. All employees attend compulsory briefings: induction, initial, refresher, unscheduled, and specific briefings. In addition, ALROSA regularly monitors and evaluates employee safety skills. All employees, including line managers, undergo occupational health audits at least once a year, and occupational safety audits – at least once every three years.

In 2022, as a result of changes in legislation, the Company adopted a new OHS training procedure and updated its OHS training programs and briefings. New approaches to training are being introduced, including interactive OHS trainings aimed to develop and formalize the skills in the principal types of work faced by employees in their daily activities, including high-risk work. In order to improve the efficiency of training, in 2022, the development of electronic asynchronous training courses on occupational safety was commenced.

In 2021, the Internatsionalny mine launched a pilot project on the installation of examination points to test the knowledge and skills of employees before work start. Before his/her shift starts, an employee should login using his/her employee ID and answer one job-related question. In total, the system covers representatives of five professions –miners and production employees. The system replication was postponed from 2022 to later periods.

The Company pays considerable attention to first aid training. ALROSA employees undergo theoretical training in the form of lectures and practice first aid techniques using robotic patients.

Apart from mandatory training, the Company provides additional OHS training for managers and specialists under respective programs at the Corporate University. Relevant experts are engaged to conduct training sessions, webinars and knowledge assessments. In 2022, a number of new OHS training programs aimed at developing employee competencies were elaborated.

The Corporate University provides occupational safety training to ALROSA managers and specialists under relevant programs. In 2022, 17,233 employees were covered by the training. 1,665 managers and specialists were certified by the Corporate University in the reporting year in accordance with Rostekhnadzor requirements.

In the reporting period, the Company developed a training matrix and implemented an automated system that allows students to undergo the OHS training and knowledge assessment remotely, while the Corporate University's employees can monitor the completion of knowledge assessment by the students.

What ALROSA is proud of

## CRITICAL RISK MANAGEMENT

A new critical risk management methodology was introduced at the Internatsionalny mine in addition to the current three-level control system, with an independent audit performed in advance. This methodology is in line with the approaches of the International Council on Mining and Metals (ICMM).

The system is built on a three-level control principle, which identifies material negative events typical for the enterprise and production unit. A set of checklists is developed for each event: for worker, for site supervisor and for mine director. The Company has engaged mine foremen to take part in the checks since the end of 2022: they use smartphone cameras to identify the availability and performance capabilities of safety barriers of equipment and tools that mitigate the risk of accidents and incidents, and also control the workplace checks and the completion of paper checklists by blue-collar workers.

**The new approach will help easily identify and adequately assess risks, while the involvement of the top management will raise the level of the safety culture. Special training for the mine personnel, including workers and managers, was organized to learn the new methodology.**

## Occupational safety

## HAZARD IDENTIFICATION AND RISK ASSESSMENT

GRI 403-2

Timely identification, analysis and assessment of professional risks, as well as implementation of effective and modern management tools are important for OHS issues management. Risk management is the foundation of the Company's efforts to build safe working conditions.

ALROSA performs comprehensive risk management activity on the basis of the regulations of the Ministry of Labor and Social Protection of the Russian Federation, the Federal Service for Environmental, Technological and Nuclear Supervision (Rostekhnadzor), the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (hereinafter referred to as Rospotrebnadzor), the requirements of state standards (GOST) and internal risk management standards.

In 2022, ALROSA developed its Corporate Standard on Professional Risk Management as part of preparations for ISO 45001 certification. This document defines key mechanisms to manage professional risks, and determines means to identify and manage critical OHS risks. In addition, a number of ALROSA Group enterprises held audits of workplaces in the structural divisions to identify risks inherent in certain specialties. Risk maps for each job were prepared based on the results of the audit. All affected employees of the Company were familiarized with the risk maps. In 2023, the Company plans to update the three-level control standard and focus on identifying critical risks.

In order to improve the safety culture and the personal responsibility of employees for ensuring safe working conditions, ALROSA informs employees of their right to refuse or stop work that threaten the life and health of employees. The Company's top management guarantees that no penalties will be imposed on the employee in the event of his/her refusal to perform work that he/she considers unsafe. ALROSA actively encourages, including through financial rewards, employees who have terminated (suspended) work, which could lead to injuries or deterioration of health.

Each refusal is analyzed in detail to avoid such situations in the future. ALROSA is confident that a justified refusal or suspension of work is an effective tool to identify, assess, and manage operational risks.

## OHS MEASURES IN 2022

GRI 403-7

ALROSA's activities are aimed at minimizing the negative impact on employees' health. The main measures to prevent and mitigate such impact include:

- use of up-to-date equipment to replace manual labor and reduce the impact of hazardous production factors;
- special assessment of working conditions; assessment of professional risks;
- medical examinations – preliminary, periodic, pre-shift, pre-trip;
- audits – internal, external, scheduled, unscheduled;
- three-level control procedure;
- use of personal and collective protective equipment;
- preventive nutrition, health resort treatment, and additional medical insurance for employees.

In 2022, ALROSA successfully implemented a number of new initiatives aimed at ensuring employee safety and improving the safety culture.



Accounting and control systems	
<b>Automation of process accounting and reporting</b>	— In 2022, a number of OHS processes were automated using 1C in terms of accounting, planning, control and preparation of analytical reporting in accordance with the requirements of law and industry specifics. PPE Accounting and Planning, Medical Examinations and Special Assessment of Working Conditions were put into commercial operation.
<b>Implementation of an information control system</b>	— The Udachny mine started testing a production control information system aimed at improving occupational health and safety. The main goal of the project is to systematize violations by type, analyze identified violations, organize preventive work in a timely manner, take appropriate measures to eliminate and prevent similar violations in future, and monitor the implementation of the prescribed measures on a daily basis.
Hazardous work safety	
<b>Exoskeletons for employees</b>	— Aikhal Division performed testing of two copies of exoskeletons for explosives engineers of the Jubilee mine. An industrial exoskeleton reduces the physical fatigue and load on the back of employees when lifting and carrying explosive materials by 12-30%. Exoskeletons ensure mobility and reduce the load on different groups of muscles, protecting employees in the event of a fall.
<b>LOTO system</b>	— Aikhal Division launched a pilot Lockout/Tagout system. The system eliminates unauthorized power supply during repairs and maintenance of equipment using special locks and blocking devices to reduce the risk of electric shock.
<b>Remote control</b>	<p>— The Udachny mine switched to remote crushing of oversized mined rocks at mill holes. The breakers purchased as part of mine digitalization can be operated both manually and remotely. The goal of the project is to perform unmanned crushing of oversized mined rocks to increase the level of safety and significantly reduces the risk of injury to employees working underground.</p> <p>— Pilot operation of a remote control system for loading and delivery machines was launched on the pilot underground horizon of the Udachny mine. The goal of the project is to increase the level of occupational safety and improve working conditions by transferring the work places of operators to the surface, as well as enhance performance by introducing work without shift breaks.</p>
Transport safety	
<b>Sleep prevention system</b>	— Aikhal, Mirny and Udachny Divisions started the introduction of sleep prevention system to control driver's fatigue level. The system is installed on dump trucks, vehicles transporting dangerous cargo and passenger transport. Specialists and corporate medical center's employees will use system readings to analyze the psychophysical state of the drivers.
<b>ZoneSafe testing</b>	— Aikhal Division held pilot industrial testing of ZoneSafe system at the PIT-STOP of the Jubilee mine. The system notifies the driver of the truck of the approach to the pedestrian, other vehicles or obstacles, ensuring operation in a manageable safe environment and reducing the risk of injuries or damages.

## OCCUPATIONAL INJURIES

GRI 403-9

ALROSA strives to constantly improve OHS indicators by applying the best practices. The Company makes every effort to prevent all types of injuries, including fatalities. ALROSA adheres to zero tolerance approach to fatalities and zero injury rates at its enterprises. Each accident shall be subject to mandatory investigation to identify root causes and develop measures to prevent and minimize such events in the future.

Despite all the efforts to prevent injuries, there were two fatalities at the ALROSA Group enterprises in 2022. The accident occurred in the course of building a winter road.

LTIFR is the most important OHS indicator for the Company. ALROSA implements comprehensive measures to prevent incidents, assess risks and raise employees' awareness of safe work practices at production sites. The LTIFR across the ALROSA Group's employees for the year stayed unchanged at 0.24. For contractors, the figure was 0.11, which is half the 2021 figure.

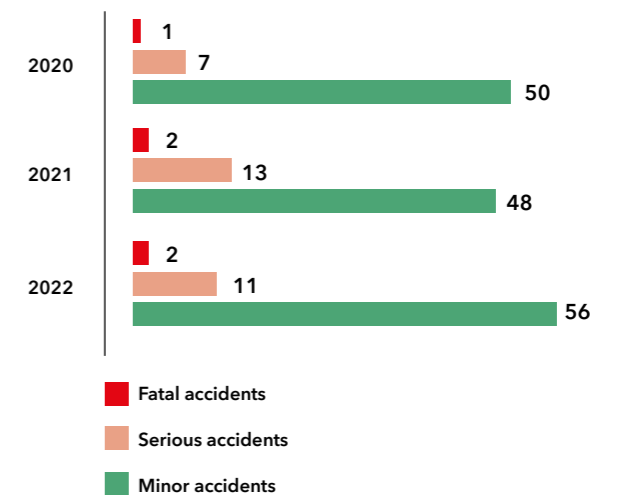
In total, 69 employees of ALROSA and one contractor's employee were injured as a result of accidents. The investigations revealed the main causes of serious injuries at workplace – falls on a level surface, and falls at different height levels.

After identifying the reasons for the incidents, the plan of remedial measures was composed to prevent such incidents in future. ALROSA conducts regular reviews, including cross-checks, in the workshops of structural divisions.

LTIFR<sup>1</sup> CHANGES ACROSS THE ALROSA GROUP<sup>2</sup>

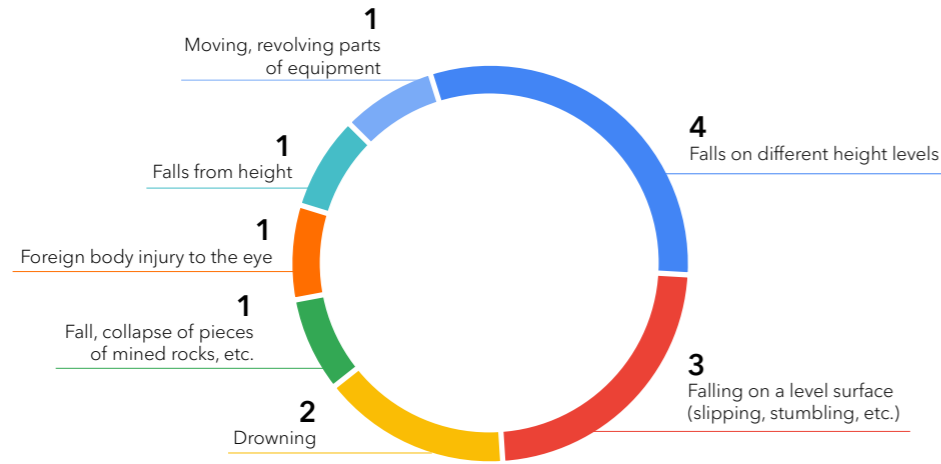


TOTAL NUMBER OF PEOPLE INJURED IN ACCIDENTS ACROSS THE ALROSA GROUP<sup>3</sup>, PEOPLE

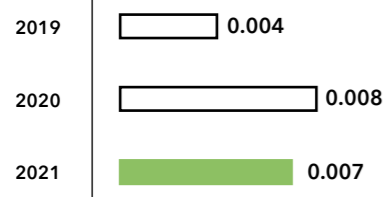


<sup>1</sup> Lost Time Injury Frequency Rate (LTIFR) = number of lost-time injuries/number of man-hours worked × 200,000 man-hours.  
<sup>2</sup> The indicator for 2020 has been adjusted due to the revision of the approach to accounting for incidents. The 2021 figure was adjusted due to a change in the number of serious accidents from 57 to 58 based on the investigation results.  
<sup>3</sup> Based on the investigation results, the number of serious accidents in 2021 grew from 12 to 13.

ALLOCATION OF THE NUMBER OF INJURED PEOPLE BY MAIN TYPES AND FACTORS OF INJURY RISKS (FOR SERIOUS AND FATALITIES), PEOPLE

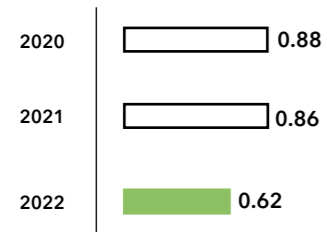


FIFR<sup>1</sup> CHANGES ACROSS THE ALROSA GROUP



The majority of ALROSA's operations are connected with vehicles, hence the Company pays special attention to the transport safety issues. In the reporting period, the total vehicle accident rate in the ALROSA Group fell by almost a third against 2021 to 0.62.

TOTAL VEHICLE ACCIDENT RATE (VAR)<sup>2</sup> ACROSS THE ALROSA GROUP<sup>3</sup>



<sup>1</sup> Fatal Incident Frequency Rate (FIFR) = number of fatal injuries/number of man-hours worked × 200,000 man-hours.  
<sup>2</sup> Vehicle Accident Rate (VAR) = number of traffic accidents per year x 1 million km/total run of all vehicles of the company (subsidiary) during the reporting period.  
<sup>3</sup> The data for 2020 have been adjusted in the process of improving approaches to collecting and consolidating information.

# Health protection and prevention of occupational diseases

GRI 403-6

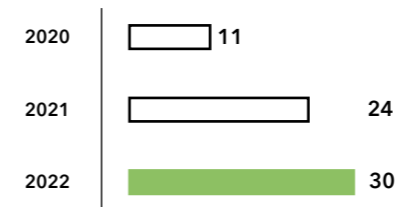
GRI 403-10

The Company makes significant efforts to improve working conditions and corporate healthcare system. Healthcare centers are available at all ALROSA sites equipped with in-house highly qualified healthcare personnel and tools and devices necessary to perform pre-shift check-up and provide first aid. Pursuant to the national legislation, regular medical check-ups and examinations are stipulated for employees engaged in heavy work and work with hazardous and/or dangerous working conditions. If acceptable thresholds for occupational hazards are exceeded, ALROSA's employees are provided with personal protective equipment to minimize the impact of harmful factors.

In 2022, 80 cases of occupational diseases were registered at ALROSA enterprises, with 30 people affected. In 2021, 24 people were injured and 40 occupational illnesses were registered. The structure of registered occupational diseases remained unchanged in the reporting period. The most common occupational diseases are hearing and musculoskeletal diseases. In accordance with the national labor legislation, ALROSA provides insurance to all employees against accidents at work and occupational diseases. The insurance policy covers all types of occupational diseases.

According to the 2021-2025 Health and Safety Strategy ALROSA will continue to automate the processes of admitting employees to work. The main goal of preventing occupational diseases will be reducing the impact of occupational hazards identified during the special assessment of working conditions and implementing action plans designed to improve working conditions.

NUMBER OF PEOPLE INJURED DUE TO OCCUPATIONAL DISEASES IN THE ALROSA GROUP



In accordance with the Health Improvement Plans developed as a result of the special assessment of working conditions, employees are provided with healthy and dietary meals and health resort treatment. As part of social support for employees in case of occupational accidents, there is a compensation mechanism that allows families of injured employees to receive compensation payments within a shorter period. Payments are linked to salaries, which increases average amounts of compensation.

What ALROSA is proud of

## IMPLEMENTATION OF AIR TREATMENT SYSTEMS IN THE MINES

In March 2022, six commercial prototypes of air treatment systems for cabins of mining equipment were installed and successfully tested in the Jubilee mine. In December, Aikhal Division installed these systems at another 25 units of mining machinery, 22 of which were dump trucks. In 2023, ALROSA intends to order such treatment systems for special mining machinery of the Yubileyny mine used in berm cleaning.

In addition to purifying air from harmful impurities, the equipment heats the air to comfortable positive temperature.

Outdoor air with harmful impurities exceeding maximum permissible limits

First stage of treatment: with the help of a special sorbent, the air is purified removing formaldehyde and nitrogen oxides

Second stage of treatment: the air is purified removing carbon monoxide

Concentrations of harmful substances in mining equipment cabins are very low, well below the permissible limits, temperatures are satisfactory for operations

**To prevent worsening of the working conditions and the suspension of work due to high gas pollution of the mines during the winter period<sup>1</sup>, ALROSA will equip the cabins of the mining equipment with special air treatment systems.**

<sup>1</sup> With increasing depth, open pits become more filled with gases. This is due to the fact that there is no wind at great depths, as a result of which greenhouse gases and pollutants released during the operation of equipment accumulate in the open pit, and the air layer locks them down, where the workers are.

# Prevention of emergencies

All ALROSA enterprises are fully prepared to respond to emergencies caused by natural disasters or industrial incidents. Key emergency prevention and response efforts include:

- civil defense and emergency situations induction training;
- staff training sessions and command and staff exercises at facilities;
- creation of systems for monitoring the state of hazardous facilities to assess the operational forecasting of consequences;
- creation of local warning systems for hazardous production facilities and their interaction with municipal and local warning systems;
- maintenance in working order of the resources, equipment, and engineering systems designed to detect and localize possible emergency situations (take response measures) and minimize their consequences.

In accordance with the requirements of the legislation of the Russian Federation, the Emergency Localization and Response Plan is in effect and is annually updated at all ALROSA facilities. The document contains exhaustive information on the facility and describes the emergency

response procedures for operating personnel. The Company conducts regular drills to practice the actions described in the Emergency Localization and Response Plan. Joint exercises are held at the mines together with the military mining rescue services; fire safety trainings with the participation of the fire service are organized in the buildings and office premises.

A number of ALROSA Group enterprises are located in zones with a high probability of natural emergencies, such as forest fires and floods. ALROSA develops a Plan of Comprehensive Measures to Prevent the Spread of Forest Fires on an annual basis, which determines the requirements on fire-fighting equipment and tools, equipment for the construction of explosive material warehouses, and other measures to ensure production safety.

ALROSA pays special attention to the development of anti-flood measures on the rivers and water reservoirs located in the areas where the enterprises operate. During the flood period, the Company's specialists monitor the water level, check the condition of hydraulic facilities to ensure the flow of flooding waters, and, if necessary, perform anti-jam measures in accordance with the Plan of Organizational and Technical Measures on the Flow of Flooding Waters.

## Next steps

In 2023-2024 ALROSA intends to implement a comprehensive injury prevention program and launch new practices in such areas as occupational health and safety, fire safety, road safety, and methodology and development.

ALROSA sets the following goals:

- update of the production control systems with a focus on critical risks;
- implementation of critical risk management programs;
- automation of employee pre-shift testing;
- pilot tests of the supervisor program;
- outsourcing of PPE orders and issue;
- implementation of a LOTO system;
- introduction of 1C Incident Management module;
- development of safety contacts;
- development of a leadership program.



# ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

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*"ALROSA realizes how valuable a favorable environment is for the health of employees and local residents and contributes to the global climate change combat.*

*It is worth pointing out the following key activities implemented in 2022 for improving the environmental performance of the production process: introduction of an energy management system, conversion of vehicles from liquid fuel to gas, a forest nursery project for the Company's industrial development zone, and research on the impact of forest fires on Yakutia's ecosystems.*

*The Company continues to implement initiatives in the top-priority areas specified in the 2025 ALROSA Group Sustainability Program".*

2022 HIGHLIGHTS

Amount of investments in environmental protection

RUB billion  
**7.6**

Share of reused and recycled water

**80%**

Share of electricity consumption from renewable sources in total electricity consumption

**64%**

Reforestation area

**1,211** ha

GHG emissions (Scope 1, 2 and 3)

**2,097**  
thousand tons  
of CO<sub>2</sub>-equivalent

Biodiversity conservation costs

RUB million  
**51.3<sup>1</sup>**

<sup>1</sup> This value, in addition to direct costs to preserve biodiversity and protected natural areas, includes certain items of expenditures on protection and rehabilitation of lands, research and development, agreements, compensatory payments and expert review.

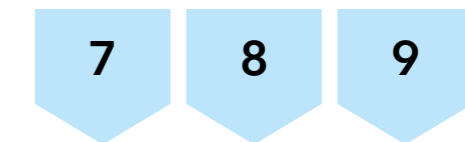
MATERIAL TOPICS

- Climate change and greenhouse gas emissions
- Energy consumption and energy efficiency
- Biodiversity and land resources
- Water resource management
- Industrial waste management

UN SUSTAINABLE DEVELOPMENT GOALS



PRINCIPLES OF THE UN GLOBAL COMPACT



PROGRESS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

Target <sup>1</sup>	Progress for 2022	Status
<b>EN1 Conservation of the climate and healthy environment</b>		
Not to exceed 0.03 tons of CO <sub>2</sub> -equivalent per carat of diamond products per annum (Scope 1)	0.02 tons of CO <sub>2</sub> -equivalent per carat for the Diamond Mining and Processing Operations The Company carries out activities for improving its energy efficiency and using more environmentally friendly energy sources (electric power, gas), etc.	
To develop the ALROSA Group Climate Change Strategy and Environmental Strategy	ALROSA is updating the set of measures stipulated by the draft strategies developed in early 2022 due to changes in the macroeconomic situation	
To develop and implement climate change response methods, to create climate risk assessment and management mechanisms in accordance with the TCFD recommendations <sup>2</sup>	The goal was achieved in full	
<b>EN2 Ensuring efficient water use and water disposal</b>		
To achieve a 15% reduction in surface water withdrawal intensity compared to the 2019 level	0.27 m <sup>3</sup> /carat (0.12 m <sup>3</sup> /carat in 2019) The Company uses water from wastewater treatment facilities when processing ore, water from man-made water bodies, expands the use of recycled mineralized water, etc.	
To achieve a 7.5% reduction in effluent discharge intensity to surface natural water sources compared to the 2019 level	1.82 m <sup>3</sup> /carat, a 9% decrease against 2021 (1.59 m <sup>3</sup> /carat in 2019) The Company implements projects for increasing the intake capacity of the existing injection wells, upgrading the wastewater treatment facilities, etc.	
<b>EN3 Ensuring efficient use of resources and responsible production</b>		
To increase the recovered and neutralized industrial <sup>3</sup> and municipal waste intensity by at least 50% compared to the 2019 level	0.13 tons/carat (0.17 tons/carat in 2019) ALROSA commenced the development of a separate waste collection culture (with a maximal initial sorting) and transfer of waste for recycling; expands the recycling of construction waste; intends to develop a packaging management standard and to implement the green office concept at all its facilities	
To ensure certification of PJSC ALROSA and its subsidiaries for compliance with ISO 14001 "Environmental Management Systems"	Compliance of the existing environmental management systems with the requirements of ISO 14001:2015 and GOST R ISO 14001-2016 confirmed	

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations. The target year is 2025.  
<sup>2</sup> Recommendations of the FSB Task Force on Climate-related Financial Disclosures (TCFD).  
<sup>3</sup> Excluding overburden, rock, tailings.

Target <sup>1</sup>	Progress for 2022	Status
<b>EN4 Reclamation of disturbed lands and forests, and biodiversity restoration</b>		
To achieve a 10% reduction in the annual volume of disturbed lands through rehabilitation activities in the reporting year	Across the ALROSA Group: 1,394 ha of disturbed lands. Across the Diamond Mining and Processing Operations: 1,393 ha of disturbed lands (a 19% increase against 2021) <sup>2</sup> To achieve the goal, ALROSA in 2022: — initiated a forest nursery project for growing the planting material for reforestation and soil remediation plants; — continued selecting the methods for biological reclamation of dumps at Udachny Division of PJSC ALROSA without using potentially fertile soils; — made respective decisions on the use of sludge from biological treatment facilities as fertilizers during the biological stage of reclamation. The work on certification of the waste as a raw material will be continued in 2023.	
To annually reforest an area equal to the deforested area	Across the ALROSA Group: 1,211 ha of reforested land. Across the Diamond Mining and Processing Operations: 1,158 ha of reforested land, whereas the deforested area in 2022 was 768 ha. Conclusion of a contract for reforestation activities from 2022 to 2026. The works under the combined reforestation project accomplished	
To finance biodiversity conservation and restoration projects on a yearly basis for the amount of no less than RUB 20 million	RUB 51.3 million for the ALROSA Group. RUB 49.3 million for the Diamond Mining and Processing Operations. ALROSA continues to implement biodiversity conservation and restoration projects, including research and assessment of the condition of specific species (wild reindeer, lesser white-fronted goose, etc.), programs to stock water bodies with fish, etc.	

achieved    in progress    failed

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations. The target year is 2025.  
<sup>2</sup> For reference: 1,625 ha of land was reclaimed for the Diamond Mining and Processing Operations.

# Approach to environmental protection and climate issues management

GRI 3-3

The Company pays special attention to increasing the efficiency of the use of natural resources and reducing the impact on the environment and climate at all stages of its business activity. ALROSA implements best available practices in environmental protection and climate impact mitigation.

## REGULATORY DOCUMENTS

**Environmental Policy**

**Water Safety Policy**

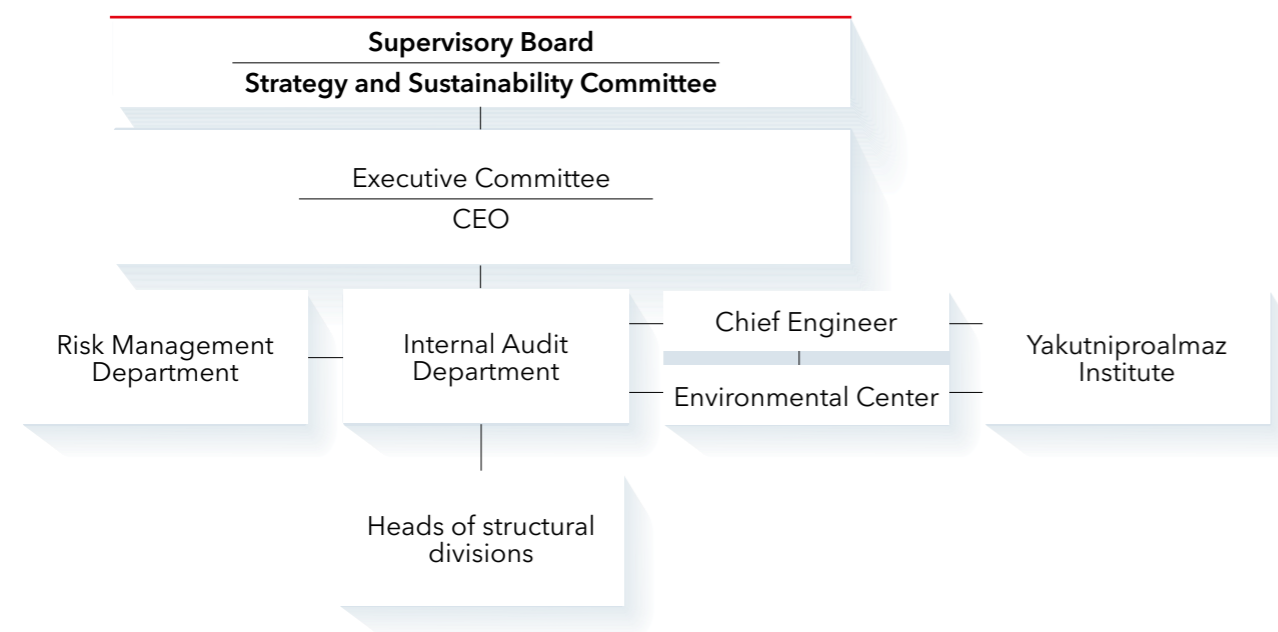
**Energy Saving and Energy Efficiency Policy**

**Comprehensive Program for Environmental Protection and Environmental Safety**

**Concept of Energy Saving and Energy Efficiency Improvement**

**Corporate Standard on Tailings Management**

## ALLOCATION OF RESPONSIBILITY



## ALROSA'S ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE MANAGEMENT SYSTEM

Body	Responsibilities
Supervisory Board	— Sets strategic environmental and climate change objectives (including approval of strategic documents) and oversees their implementation
Strategy and Sustainability Committee	— Determines the Company's position on climate change, considers the Company's progress in implementing strategic measures to manage climate risks and reduce emissions — Develops recommendations to the Supervisory Board regarding environmental protection and climate change (including identification of strategic goals)
Executive Committee	— Approves the Environmental Policy — Oversees the implementation of the environmental safety and environmental protection strategy and measures to manage climate risks
Chief Executive Officer – Chairman of the Executive Committee	— Assesses the environmental management system performance — Organizes the development of environmental protection measures and oversees compliance with laws — Bears responsibility for achieving goals and implementing measures to manage climate risks and reduce emissions
Chief Engineer	— Ensures compliance of operations with environmental laws, the Environmental Policy and standards ISO 14001:2015 and GOST R ISO 14001-2016 — Prevents administrative and financial risks related to environmental protection
Environmental Center	— Develops environmental and climate change standards, programs, regulations and plans — Develops environmental regulations and receives environmental permits, prepares statutory reports — Identifies the most important pollutants and factors having a negative impact on the environment — Exercises industrial environmental control and organizes environmental monitoring, oversees the implementation of instructions received as a result of audits — Implements environmental and social ecological activities — Consolidates the portfolio of projects related to the climate agenda — Assesses GHG emissions, analyzes emission reductions achieved pursuant to the implemented measures
Yakutniproalmaz Institute	— Studies the composition of natural water, wastewater, soils, bottom sediments, industrial emissions into the atmosphere, atmospheric air, physical factors of the production environment
Risk Management Department	— Assesses environmental and climate risks — Coordinates the risk management process, aggregates information on environmental and climate risks — Submits risk reports to the Executive Committee and the Supervisory Board
Internal Audit Department	— Performs an internal independent assessment of the efficiency of the risk management system (including environmental and climate risks)
Heads of structural divisions	— Bear responsibility for the implementation of environmental protection and climate risk management measures

### KEY INTERNAL DOCUMENTS OF THE COMPANY ON ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE<sup>1</sup>

Document	Scope
Environmental Policy	Sets out the guidelines and practical measures related to environmental protection, sustainable use of natural resources (including water and energy) and climate change
Water Safety Policy (approved in 2022)	Specifies that the Company's priorities include taking a holistic approach to the analysis of measurable parameters of water bodies to ensure reasonable and careful water use, operating water utilization systems and facilities safely, preventing the pollution of natural water bodies and ecosystems and their rehabilitation  <i>For more information on the Policy, see the "Use of water resources" section</i>
Energy Saving and Energy Efficiency Policy	Covers the principles, strategic goals and priority areas of energy-related activities  <i>For more information on the Policy, see the "Energy consumption and efficiency" section</i>
Corporate Standard on Tailings Management (approved in 2022)	Determines the Company's approach to tailings dam management  <i>For more information on the implementation of the Standard, see the "Management of tailings dams" section</i>
Standards specifying the methodology for calculating and accounting for environmental indicators	In 2022, the Company approved a number of standards for calculating biodiversity-related indicators, GHG emissions (Scope 1, 2 and 3), accounting for water consumption and disposal, emissions of air pollutants, waste generation and subsequent management
Environmental Impact Assessment Planning Standard (approved in 2022)	Establishes the requirements for performing a comprehensive environmental impact assessment in developing supporting (design and other) documentation for planned (contemplated) activity
2035 Concept of Energy Saving and Energy Efficiency Improvement	Covers strategic energy consumption and energy efficiency goals and activities
2019-2023 Comprehensive Program for Environmental Protection and Environmental Safety	Covers various measures to prevent and minimize potential negative environmental impacts
2019-2028 Long-Term Disturbed Land Rehabilitation Program	The program covers rehabilitation of land after geological works, closure of subsoil assets and tailings dams or return of unused leased out areas
2024 Program for Innovation Development and Technological Upgrade of PJSC ALROSA	Sets environmental protection as a key priority and includes innovative projects in this area

### Certification of the environmental management system

Every year, PJSC ALROSA confirms that its existing environmental management system (EMS) complies with both international standard ISO 14001:2015 and its national equivalent GOST R ISO 14001-2016. In 2022, PJSC ALROSA successfully underwent the EMS compliance audits in accordance with these standards performed by an independent certification authority. The certification covers the following processes: diamond mining and processing, product sales, exploration and general construction, design, road and air transport, and cargo handling.

In the reporting period, the compliance of the existing environmental management systems of two ALROSA subsidiaries<sup>2</sup> with the requirements of ISO 14001:2015 and GOST R ISO 14001-2016 was also confirmed.

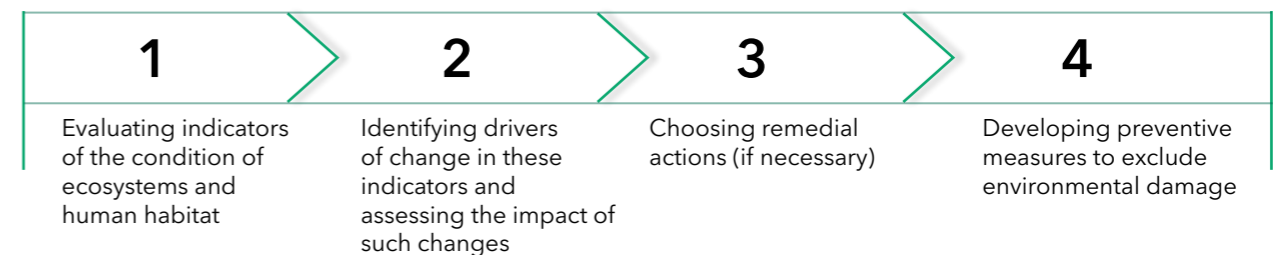
<sup>1</sup> The Company also has documentation stipulating the prohibition for employees, including contractors, to hunt and fish in the Company's project area.

<sup>2</sup> Severalmaz, Almazy Anabara.



### Environmental monitoring

To ensure the timely control over, prevention or minimization of risks and negative environmental impacts, ALROSA, on a yearly basis, conducts large-scale research into all natural environments in the territories of its presence. The Company performs radiological research, takes samples of water, bottom sediments, soil, air, monitors such physical factors as noise, vibration and electromagnetic radiation. Environmental monitoring includes:



In 2022, the Company put into commercial operation its information and analytical system for environmental monitoring based on "1C: Industrial Safety. Environmental Protection" and the module "CPS: GIS-Geoserver." The system includes a block for accounting, reporting and presentation of results in the form of information widgets<sup>1</sup>. The implementation of the unified information and analytical system for environmental monitoring at PJSC ALROSA helped eliminate primary accounting routines, improve the logical control over source information, exercise online supervision of the environmental monitoring process, and reduce the time to prepare statutory and annual management accounts (including fully automated preparation of forms for sustainability reporting).

*For more information on ALROSA's environmental monitoring, see the Sustainability Report for 2021, page 87.*

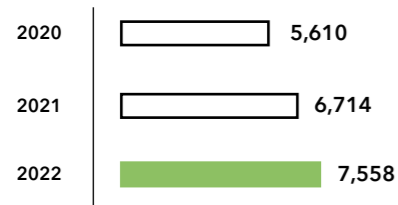
ALROSA strives to promote high environmental standards and expects compliance with the Environmental Policy from its counterparties and business partners. In particular, suppliers under all concluded contracts comply with environmental laws.

<sup>1</sup> Environmental reports on emissions of pollutants, waste and water use are prepared on the basis of statistical forms "2-TP (air)," "2-TP (waste)" and "2-TP (water)" completed using the results of industrial environmental control.

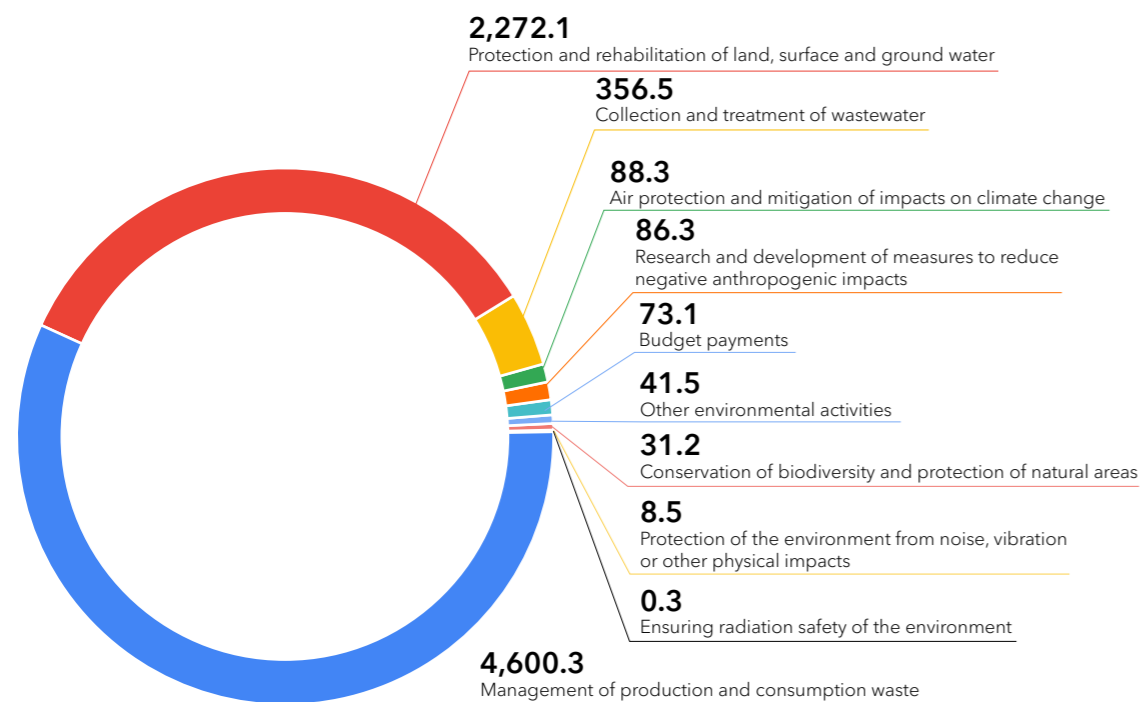
## ENVIRONMENTAL COSTS

ALROSA continued to implement environmental initiatives in accordance with its 2023 Comprehensive Program for Environmental Protection and Environmental Safety. In 2022, the Company allocated RUB 7.6 billion for the Comprehensive Program measures.

### ALROSA GROUP'S ENVIRONMENTAL COSTS UNDER THE COMPREHENSIVE PROGRAM, RUB MILLION



### BREAKDOWN OF THE ALROSA GROUP'S ENVIRONMENTAL COSTS UNDER THE COMPREHENSIVE PROGRAM IN 2022, RUB MILLION



## ENVIRONMENTAL INCIDENTS AND COMPLIANCE WITH LAWS

In 2022, four road accidents were recorded that could have caused damage to the land cover, pollution of forests with oil products or such other negative impacts. To eliminate the consequences, subject matter experts, including employees of the industrial environmental control group, visited the accident scenes to assess the consequences. Special fuel pumping equipment was engaged, and samples were taken to determine the content of oil products in the soil. Based on the results of the inspection, the specialists developed and implemented measures to eliminate the negative consequences of the oil spills as a result of the accidents.

To prevent similar incidents in the future, ALROSA conducts regular training on road accidents prevention. The health and safety functions strengthened their measures to minimize such incidents.

GRI 2-27

### NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS<sup>1</sup>

Indicator	ALROSA Group			Diamond Mining and Processing Operations		
	2020	2021	2022	2020	2021	2022
Number of fines, pcs./ units.	6	15	2	1	12	0
Amount of fines, RUB thousand	560	1,682	250	200	962	0
Number of non-financial sanctions – instructions based on the results of inspections by the Federal Service for Supervision of Natural Resources (Rosprirodnadzor), pcs./ units.	3	8	0	3	6	0
Number of violations remedied	3	5	0	3	4	0

The fines imposed on the ALROSA Group for non-observance of environmental laws and regulations in the reporting period amounted to RUB 250,000.

<sup>1</sup> Due to the geopolitical situation, a moratorium on scheduled inspections of companies was imposed in 2022.

What ALROSA is proud of

## HIGH RECOGNITION OF ALROSA'S ACTIVITIES IN 2022

- ALROSA won the "1C: Project of the Year" competition in "Best Regional Project: Far Eastern Federal District of the Russian Federation" nomination for implementing its information and analytical system for environmental monitoring and creating the unified automated occupational safety management system.
- For the sixth time, ALROSA was included in the sectoral Environmental Transparency Rating prepared by the World Wildlife Fund (WWF)<sup>1</sup> Russia. Ranked 5th, the Company improved its position by seven points compared to the previous year. ALROSA was ranked 1st in terms of the level of sustainability of its production and its impact on the environmental components<sup>6</sup> and ranked 3rd out of 39 companies in terms of the quality of environmental management.
- ALROSA's Environmental Center was awarded a diploma of "NATURE and US" republican environmental campaign in "Best Partner of the Year" nomination, and received letters of appreciation from a regional school and a museum-and-ecological center for rendering sponsorship support (in implementing the Environmental Camp project and purchasing laboratory equipment for the museum).

## Environmental risks and assessment of the efficiency of their management

In 2022, as part of the Environmental Strategy preparation, an updated methodology for assessing environmental risks and their consequences was developed and implemented. The Company's most significant environmental risks are disruption of forest ecosystems, water pollution, loss of aquatic biological resources, pollution of soil with oil products and methane emissions into the atmosphere. Starting from 2019, the Company voluntarily insures civil liability for environmental pollution.

In early 2023, the Internal Audit Department conducted an assessment of the risk management and internal control system for 2022 (in particular, in terms of environmental risks) that revealed that ALROSA's risk management system was operating effectively.

Likewise, the Internal Audit Department performed an assessment of the operating efficiency of the Environmental Center. Based on the results of the assessment, a list of measures was prepared to enhance the environmental management, and the control procedures in particular.

## STAKEHOLDER ENGAGEMENT ON ENVIRONMENTAL PROTECTION ISSUES, AND ENVIRONMENTAL EDUCATION

ALROSA regularly interacts with stakeholders on environmental issues by holding public hearings. In 2022, public hearings, followed by positive conclusions, were held on two projects – construction of a shift camp at the Udachny Division and reconstruction of the truck scale facility at one of the deposits.

The Company also takes a responsible approach to timely responding to environmental complaints and is open to engagement with stakeholders on controversial environmental issues. It is possible to report environmental safety violations through the Compliance Hot Line. No such complaints were received through this mechanism during the reporting period.

In 2022, after the posted in social media message about the Malaya Botuobia River pollution, the Company initiated the aviation monitoring of the river with the participation of Environmental Center staff and external parties<sup>2</sup>. It was revealed that the reported pollution was caused by natural processes as a result of heavy precipitation. Likewise, after the mass media reports that the Mirny and Nyurba Division pollutes water in the Markh River ALROSA arranged a commission flight comprised of representatives of the plant, the Environmental Center, the local administration, the Committee for State Environmental Supervision, the "Almazny Krai" TV and radio company, and the public. Based on the results of the flight, the natural source of pollution was established.

<sup>1</sup> On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.

<sup>2</sup> Representatives of the local administration, the Committee for State Environmental Supervision of the Ministry of Ecology of the Republic of Sakha (Yakutia) and the Ministry of Emergency Situations.

What ALROSA is proud of

## PROTECT THE NATURE 2022 ENVIRONMENTAL CAMPAIGN

> 2,000 schoolchildren

took part in the campaign's events in the last three years of its existence

The Environmental Center personnel held an open environmental workshop for schoolchildren of 8-11 grades from nine schools as part of "Protect the Nature 2022" environmental campaign. The event's enthusiasts talked about the importance of environmental protection and demonstrated materials on ALROSA's contribution to the protection of ecosystems in Vilyuysky District. The Company donated mobile laboratories for biochemical analysis of water, soil and air samples to the schools.

In the five years of the Environmental Center's existence, Protect the Nature campaign was conducted thrice in over 20 schools of Yakutia's uluses.

## PARTICIPATION IN THE REPUBLIC-WIDE ENVIRONMENTAL MEETING "GREEN PIONEERS OF YAKUTIA"

126 children

took part in the meeting

In 2022, PJSC ALROSA traditionally took part in the organization of the 6th republican meeting "Green Pioneers of Yakutia" for the children's voluntary environmental movement as part of the All-Russian environmental movement "Green Russia".

The movement brings together children keen on natural sciences, clean-up event initiators and active participants, contests and other environmental campaigns.

In the course of these meetings, green pioneers learn a lot from environmental professionals and experts, scientific experts and public ecologists. In 2022, the event program included the launch of a professional venue for children to exchange experiences in educational, research and project activities, and contests of ecological projects.

## GREEN SCREEN CAMPAIGN

> 4,000 people

attended the screenings

With support from ALROSA, cinema theaters in Mirny, Udachny, Aikhal and Arylakh were screening environmental documentaries for ten days.

## Social and environmental events

On a yearly basis, the ALROSA Group develops a plan of social and environmental events for involving the employees and local communities in the environmental quality issues.

ALROSA contributes to the improvement of environmental competencies of its employees and their rational attitude to natural resources by delivering compulsory training and professional development courses along with optional. In 2022, educational activities were carried out under the following training programs:

For heads and specialists of ALROSA's structural divisions:

- "Environmental safety for heads and specialists of environmental functions and environmental control systems";
- Professional training to get the right to work with wastes of I-IV hazard classes.

For managers and specialists of the Environmental Center:

- "Environmental Protection" professional development course;
- Sustainable Use and Protection of Water Bodies;
- External and Internal Environmental Audit;
- "Development, Consideration and Approval of the Maximum Allowable Discharges Draft" seminar;
- Identification of Boundaries and Organization of Sanitary Protection Zones, and Air Protection, both using the Ecologist software.

# Climate change and GHG emissions

GRI 3-3

To mitigate its impact on climate change and reduce greenhouse gas emissions, ALROSA takes measures to increase energy efficiency and implement low-carbon technologies. The Company places significant emphasis on managing physical and transition risks related to climate change, including their prevention, mitigation of their consequences and adaptation.

In accordance with the Action Plan for the 2021-2025 Sustainability Program of the ALROSA Group, the following climate change-related objectives were achieved in 2022:

- development of the methodology for quantifying greenhouse gas emissions of the three scopes (Scope 1, 2 and 3) and calculating the carbon footprint of rough and polished diamond products was completed;
- measures to reduce GHG emissions and carbon intensity of rough and polished diamond products were developed.

## CLIMATE RISKS AND THEIR MANAGEMENT

GRI 201-2

### Physical risks and risk management

In early 2022, the Company accomplished the assessment of physical climate risks in the medium- and long-term horizons and integrated them into its corporate risk management system. Seven risk factors and 24 potential risk scenarios were identified for the ALROSA Group's assets. For each risk scenario, ALROSA assessed the probability of risk realization (through climate modeling), financial damage and duration of production halt, as well as compiled a list of risk management measures.

The identified risks and implemented measures remained unchanged during the year. The Company's priority is confronting the uncontrolled permafrost thawing. The risk of flooding of production facilities due to heavy freshets will remain relevant to most assets of the ALROSA Group in the long term. Extreme precipitation is forecast to increase the exposure of ALROSA's hydraulic structures to flooding and permafrost thawing risks.

In order to timely identify, assess and manage physical risks at all production levels, ALROSA is focused on creating a risk management system that corresponds to best available global practices. The Company intends to include the methodology of identifying, assessing, analyzing and managing climate risks in the updatable corporate Procedure on Risk Management.

The results of climate modeling show that climate change does not present a significant threat to the Company's activities in the short term, hence ALROSA is currently focused on monitoring the risk factors. In the event of early realization of the risks forecast under the modeled scenarios, the Company is prepared to respond to them in a timely manner and to follow the respective recovery plans.

The main task for ALROSA is the development of key risk indicators that will help determine the time point for introducing the additional measures. To perform this task, ALROSA compiled recommendations for determining the said indicators.

In 2022, the Company was considering the possibility of establishing a division to monitor the issues related to regular updates and assessment of physical climate risks on the basis of Yakutniproalmaz Institute. However, ALROSA decided on assigning this task to a contracting organization with relevant experience and expertise (Melnikov Permafrost Institute of the Siberian Branch of Russian Academy of Sciences). Based on the monitoring results, it is expected to form respective reports and make adjustments to ALROSA's risk assessments and physical risk management action plans.

*For more information on physical climate risks and their management, see the "Climate change and GHG emissions" section in the Sustainability Report for 2021, page 91–94.*





What ALROSA is proud of

**STUDY OF THE CRYOLITHOZONE DEVELOPMENT IN WESTERN YAKUTIA**

In 2022, as part of its proactive approach to managing the risks associated with permafrost thawing, the Company entered into a contract with the Melnikov Permafrost Institute of the Siberian Branch of the Russian Academy of Sciences to perform the Current State and Forecast Development of the Cryolithozone of Western Yakutia research in order to conduct comprehensive studies on the condition of the permafrost rock in the region.



**Managing the risks related to permafrost thawing**

The structure of Yakutniproalmaz Research and Design Institute includes a permafrost control sector responsible for collecting data on the Company's facilities located in the permafrost area. In the reporting period, ALROSA continued to introduce its information system for monitoring the condition of buildings and foundation soils and performed the planned measures in full. With that, the Company continued to implement its program for monitoring the condition of tailings dams and production risk factors.

ALROSA strictly observes the legislative requirements that govern operations in the permafrost area, and implements the action plan for preventing and mitigating the risks related to permafrost thawing. During 2022, the major activities were aimed at keeping the freezing wells<sup>1</sup> operational.

The Company complies with applicable capital construction standards specific to permafrost areas and monitors the condition of buildings and structures in permafrost areas based on the developed annual assessment plan. As part of these efforts, the freezing columns<sup>2</sup> are inspected for functionality, and there was developed a program for their modernization and replacement. In addition, ALROSA carries out repairs, upgrades and extension of the system of thermostabilizing devices<sup>3</sup> and observation systems.

**Transition risks related to climate change**

ALROSA assesses the impact of climate change on previously identified transition risks and develops measures to minimize their impact on the Company's operations. The most significant transition risks associated with the climate impact mainly lead to extra costs and additional expenses in the event of introduction of tools for limiting GHG emissions or mandatory reporting, or if there is a need to achieve low carbon intensity of the processes. The risk mitigation measures include decarbonization of production, enhancement of the GHG emission monitoring system, and a strive for industry leadership in terms of their reduction.

<sup>1</sup> They are used for artificial cooling of soils in place to sub-zero temperatures in order to stabilize them and achieve the required waterproofness. Soil freezing is the most effective way to stabilize water-bearing soils.  
<sup>2</sup> A system of freezing, supply and discharge pipes lowered into the well to freeze soils.  
<sup>3</sup> They transfer the cold of atmospheric air to the base of the foundation to maintain the desired temperature in the ground.

**KEY MEASURES TO REDUCE AND OFFSET GREENHOUSE GAS EMISSIONS**

Based on the assessment of challenges and threats related to climate change, ALROSA takes steps to reduce the GHG emissions and carbon footprint of the Company's products. The Company focuses on energy saving and energy efficiency measures and measures to transfer vehicles and facilities to low-carbon energy sources. In addition, ALROSA is considering the possibility of electrifying new mines, quarry machinery and general-purpose vehicles.

**KEY MEASURES TO REDUCE AND OFFSET GREENHOUSE GAS EMISSIONS**

Activity	Progress in 2022
Implementation of organizational measures to improve the efficiency of mining operations	A working group was created to consider energy efficiency improvement issues; proposals for discussion will be prepared in early 2023.
Transfer of all vehicles of the enterprises to compressed natural gas (CNG); construction of infrastructure and transfer of quarry machinery to liquefied natural gas	The concept of using CNG to fuel vehicles was approved; the consumption of CNG by vehicles amounted to 111.2 GJ (a 10% increase against 2021). <i>For more information on the transfer of equipment to gas, see the "Energy consumption and efficiency" section.</i>
Transfer of diesel power plants to natural gas, their replacement with gas engine power plants, implementation of a waste heat recovery system for diesel power plants	Main design solutions for the projects to transfer diesel power plants to natural gas are under development. The feasibility of the waste heat recovery system at the planned gas engine power plants was assessed; a design solution for installing the system was developed.
Energy efficiency improvement at the processing plants	The program to improve the energy efficiency of processing plants was developed and approved. Lists of equipment are being formed with reference to the feasibility of implementing a variable frequency drive.
Thermal insulation of the roof and walls for heat saving	Market analysis was performed to use the obtained data for design purposes. A panel replacement program is scheduled for 2023.
Construction of solar power plants for microgeneration at non-electrified sites	Contracts for two 15 kW plants were concluded. Pursuant to the results of the comparative analysis of the plants' efficiency, there will be reviewed a possibility of replicating a similar solution.

GRI 305-5

The Company sees considerable potential for a lower carbon footprint of its products in offsetting carbon dioxide (CO<sub>2</sub>) emissions through carbonation of kimberlite.

*What ALROSA is proud of*

**OFFSETTING CARBON DIOXIDE EMISSIONS**

by 1.7 times

absorption of carbon in the form of CO<sub>2</sub> by kimberlite exceeds the ALROSA Group's emissions according to the calculations made

Together with Lomonosov Moscow State University, in 2022 ALROSA continued to study the ability of kimberlite rock to absorb greenhouse gases from the air:

- theoretical research was performed, including collection, classification and analysis of the data from academic literature, archive and library materials, patent documents;
- field studies and sample preparation were completed;
- instrumental survey of the samples obtained and experimental studies of the interaction of kimberlite tailings with carbon dioxide commenced

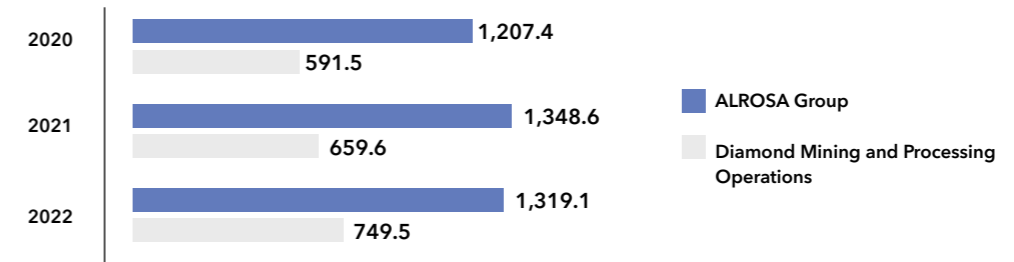
The purpose of the research is to study carbon dioxide absorption by kimberlite rock to develop the methodology for monitoring and assessing the offsetting effect. The methodology will make it possible to recognize the Company's products as low-carbon.



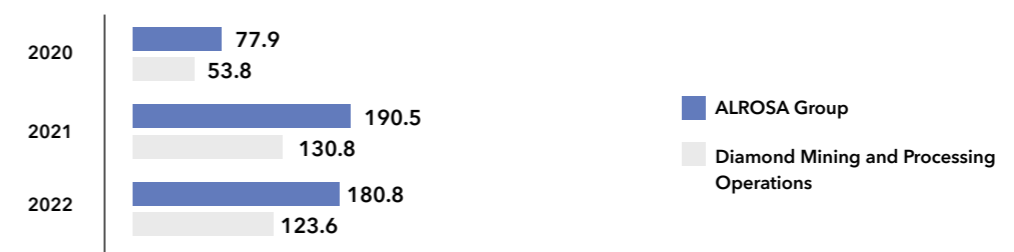
**GHG EMISSION<sup>1</sup> METRICS AND TARGETS**

GRI 305-1, 305-2, 305-3

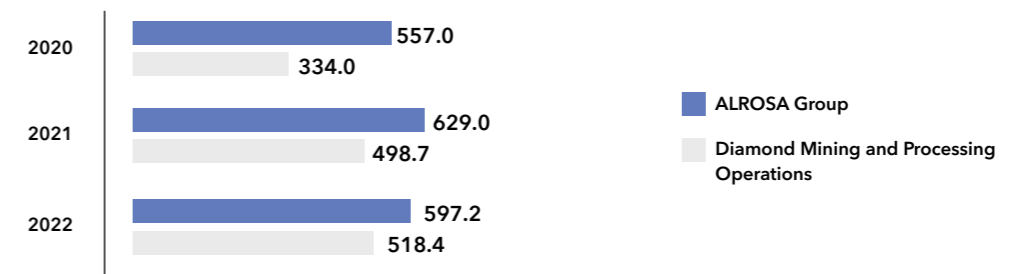
**DIRECT (SCOPE 1)<sup>2</sup> GHG EMISSIONS, THOUSAND TONS OF CO<sub>2</sub>-EQUIVALENT**



**INDIRECT (SCOPE 2)<sup>3</sup> GHG EMISSIONS, THOUSAND TONS OF CO<sub>2</sub>-EQUIVALENT**



**OTHER INDIRECT (SCOPE 3)<sup>4</sup> GHG EMISSIONS, THOUSAND TONS OF CO<sub>2</sub>-EQUIVALENT**



The total GHG emissions (Scope 1, 2 and 3) for the ALROSA Group in 2022 amounted to 2,097.1 thousand tons of CO<sub>2</sub>-equivalent, this is 3% lower than in 2021 (2,168.1 thousand tons of CO<sub>2</sub>-equivalent).

<sup>1</sup> ALROSA quantifies GHG emissions of Scope 1, 2 and 3 using the GHG Protocol methodology. The graphs in the "GHG emission metrics and targets" section show the data according to this methodology. The data for 2021 (Scope 1 and 2) have been adjusted in the process of improving approaches to collecting and consolidating information.

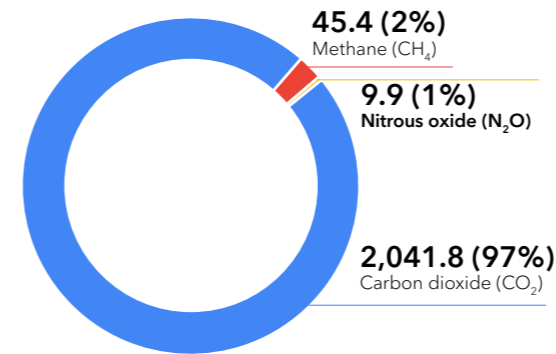
<sup>2</sup> In accordance with Federal Law No. 296 "On Limiting Greenhouse Gas Emissions," from 1 July 2023 mandatory statistical reporting on greenhouse gas emissions. First of all, the requirements on the provision of such reports apply to regulated organizations, while others have the right to send the financial statements at their own discretion. Regulated entities — legal entities with emissions equivalent to 150 or more thousand tons of CO<sub>2</sub>-equivalent for the reporting year up to 1 January 2024 and 50 or more tons of CO<sub>2</sub>-equivalent per year for the period from 1 January 2024. In 2023, PJSC ALROSA and LLC Heat and Water Supply Enterprise are the organizations meeting this criterion as their emissions are 483 thousand and 248 thousand tons of CO<sub>2</sub>-equivalent respectively.

<sup>3</sup> Scope 2 emissions for 2022 were calculated using two methods according to the GHG Protocol: location-based and market-based. Location-based emissions amounted to 871.3 thousand tons of CO<sub>2</sub>-equivalent. The data in the graph is given using the market-based method. A significant difference between the two methods of emission calculation is due to the fact that when using the market-based method, the Company can allocate the share of purchased energy from hydroelectric power plants with a zero coefficient.

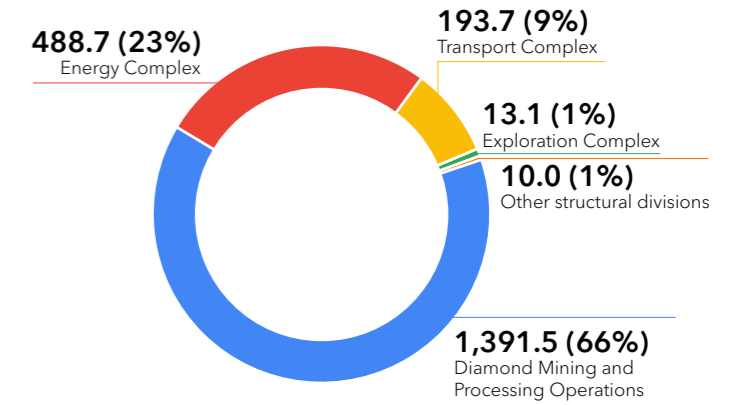
<sup>4</sup> The Scope 3 emissions calculation includes three categories under the GHG Protocol: Category 1. Purchased goods and services, Category 2. Capital goods, Category 6. Business travel.



**ALROSA GROUP'S TOTAL EMISSIONS (SCOPE 1, 2 AND 3) BY GHG TYPE<sup>1</sup> IN 2022, THOUSAND TONS OF CO<sub>2</sub>-EQUIVALENT AND %**



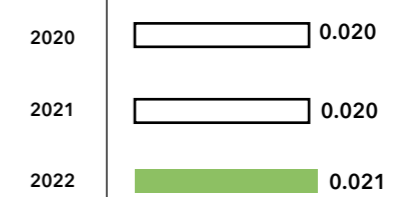
**TOTAL GHG EMISSIONS (SCOPE 1, 2 AND 3) BY THE ALROSA GROUP DIVISIONS IN 2022, THOUSAND TONS OF CO<sub>2</sub>-EQUIVALENT AND %**



GRI 305-4

The intensity of GHG emissions (Scope 1) of the Diamond Mining and Processing Operations in 2022 equaled 0.021 tons of CO<sub>2</sub>-equivalent per carat of diamond products, which is slightly higher than in 2021.

**GHG EMISSIONS INTENSITY OF THE DIAMOND MINING AND PROCESSING OPERATIONS (SCOPE 1), TONS OF CO<sub>2</sub>-EQUIVALENT PER CARAT**



<sup>1</sup> Emissions of HFC (hydrofluorocarbon), PFC (perfluorinated organic compounds), SF6 (sulfur fluoride (VI)), NF3 (nitrogen fluoride (III)) are not typical for the Group.

# Energy consumption and efficiency

GRI 3-3

The Company takes measures to increase its energy efficiency and reduce the energy intensity of production under the approved Concept of Energy Saving and Energy Efficiency Improvement up to 2035.

GRI 302-4

## PROGRESS IN KEY ENERGY EFFICIENCY INITIATIVES

Initiative	Measures implemented in 2022
Implementation of the program for saving fuel and energy resources	In 2022, the program for PJSC ALROSA was 122 percent completed. The total savings over RUB 1.3 billion (against the target of RUB 1.2 billion), including 421.8 TJ of electric power, 93.3 TJ of heat energy and 589.4 TJ of fossil fuel for energy generation.  Across the ALROSA Group enterprises, the estimated savings of fuel and energy resources as a result of the energy conservation measures amounted to 120% (RUB 1.1 billion).
Transfer of vehicles to environmentally friendly and cost-effective types of fuel	The transfer of vehicles to gas fuel and implementation of transport electrification measures are underway.
Use of renewable energy sources (RES)	In 2022, ALROSA's Mirny Motorways Department expanded the use of solar power and installed new hybrid solar power plants at vehicle stopover points instead of diesel ones. The installation of such plants at remote sites helps improve the quality of energy supply, reduce costs and the negative impact on the environment.
Use of secondary energy resources	Waste oil is used at boiler houses in Verkhnyaya Muna and Nakyn; waste heat from oil-powered power plants is used in production.
Use of energy-efficient sources of light	ALROSA replaced over 90% of light sources with energy-efficient LEDs.

What ALROSA is proud of

### IMPLEMENTATION OF THE ENERGY MANAGEMENT SYSTEM

In 2022, ALROSA developed an energy management system (EMS) in accordance with ISO 50001:2018 and initiated its pilot implementation at three mining and processing divisions. As part of the project, 26 employees were trained at the Corporate University.

The responsibility for the operation of the system is assigned to the department of the Company's chief power engineer. It is expected that the pilot project implemented at the mining and processing divisions will help identify areas for improvement of the system. ISO 50001 certification was not performed for geopolitical reasons beyond the Company's control.

In 2022, the Company introduced a number of internal governing documents to develop the corporate energy management system:

- Energy Saving and Energy Efficiency Policy;
- EMS Organization and Operation Manual;
- Order on Approval of the Temporary Working Commission to Review the Results of the EMS Operation at ALROSA;
- Procedure for Conducting Energy Analysis and Developing Measures to Improve Energy Performance.

In accordance with the Energy Saving and Energy Efficiency Policy, ALROSA strives to achieve the following strategic goals:

- to reach a technically and economically feasible minimum energy intensity of manufactured products;
- to ensure leadership in energy efficiency of production among the mining companies of Russia.

**The energy management system helps decrease costs and optimize the use of energy resources thus reducing the environmental impact.**



GRI 305-5

*What ALROSA is proud of*

**TRANSFER OF PRODUCTION FACILITIES AND MOTOR VEHICLES FROM LIQUID FUEL TO MORE ENVIRONMENTALLY FRIENDLY NATURAL GAS**

**1. CONNECTION OF THE MIRNY AND NYURBA DIVISION FACILITIES TO GAS SUPPLY**

In 2022, ALROSA commenced implementing the project for connecting the Mirny and Nyurba Division facilities to gas supply on the back of changes in oil prices and the need to reduce emissions.

Under the project, the Company intends to:

- construct a nearly 170 km long gas pipeline branch from the gas condensate field to the Mirny and Nyurba Division facilities;
- construct a gas engine power plant next to the existing diesel power plant that will be placed on a standby to cover unforeseen loads;
- transfer the boiler station from oil to natural gas.

In 2022, the general contractor for the construction of the gas pipeline branch commenced the engineering research and design works on the planned route of the facility. The project is scheduled for completion in late 2025.

**2. TRANSFER OF AUTOMOTIVE VEHICLES TO COMPRESSED AND LIQUEFIED NATURAL GAS**

Since 2015, ALROSA has been implementing its program for converting the Company's transport fleet to compressed natural gas (CNG).

To date, all passenger vehicles of several mining and processing divisions have been transferred to CNG; in the future, ALROSA intends to transfer all the vehicles of its structural divisions and subsidiaries to CNG.

RUB thousand **600** savings in Q1 2022 from the implementation of the 2021 measures

**3,677** tons of CO<sub>2</sub>-equivalent reduction in GHG emissions over the six years of the program implementation

The next stage is the transfer of quarry machinery to liquefied natural gas (LNG). The project envisages construction of an LNG plant in Udachny and formation of the fuel filling infrastructure. In addition to emissions reduction, the project will make it possible to cut fuel costs by RUB 400-500 million per annum. In 2022, the Company worked out the schedule for implementing the pilot project.

Switching the motor vehicles to natural gas	<b>331</b> vehicles are already fueled by CNG	All passenger vehicles of the Aikhal, Udachny and Mirny Divisions have been transferred to CNG
	<b>200 more</b> heavy vehicles are planned to be switched to LNG	Heavy vehicles of the Aikhal and Udachny Divisions are planned to be switched to a gas and diesel regime using LNG

**To reduce emissions of greenhouse gases and pollutants and to obtain financial benefits, the Company connects its production facilities to gas supply and switches its motor vehicles from gasoline and diesel fuel to natural gas.**

*What ALROSA is proud of*

**AUTOMATIC PURGING OF THE HEAT RECOVERY BOILER TO REMOVE SOOT**

~RUB 1.6 million savings of fuel and energy resources

**2.7 TJ** heat energy obtained

Owing to the automated system for purging the boiler to remove soot, the Company managed to increase the efficiency factor of the equipment along with the energy efficiency. Previously, the heat recovery boiler was purged manually with a lower efficiency and economic effect

**ONLINE MONITORING OF THE CONVEYOR MANAGEMENT SYSTEM**

**1<sup>st</sup> place** in "Replicated Measure" nomination under "Idea Factory" project

ALROSA installed the sensors for forming a dashboard to reflect the condition of conveyors and registering emergency stops. Owing to the dashboard, the mining engineer can quickly manage the conveyor load, which increases the efficiency of the mined rock discharge system and its load, and reduces the specific power consumption to operate the conveyor transport.



In addition, as part of "Idea Factory" project, ideas and proposals of employees to improve energy efficiency were considered, with the calculation of the expected effect from their implementation. In 2022, two such measures at the Udachny Division were selected out of the proposed ideas: automatic purging of the heat recovery boiler to remove soot and organization of online monitoring of the system for managing mined rock discharge conveyors.

# ENERGY CONSUMPTION AND EFFICIENCY METRICS<sup>1</sup>

GRI 302-1

In 2022, the ALROSA Group's total energy consumption (including renewable energy sources) amounted to 20,183 TJ. The energy intensity of diamond products reached 0.29 GJ/carat.

## THE ALROSA GROUP'S ENERGY CONSUMPTION<sup>2</sup>, TJ

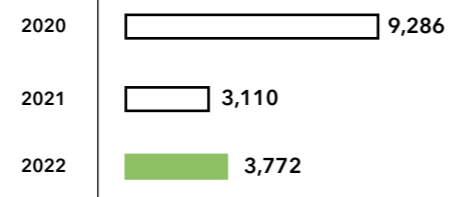
Показатель	2020	2021	2022
1) Natural gas production volume	5,980	6,889	<b>6,812</b>
2) Fuel consumed by the transport fleet	7,336	7,584	<b>9,298</b>
3) Fuel consumption for technological purposes	594	2,391	<b>267</b>
4) Fuel consumption for energy generation	14,672	10,173	<b>9,045</b>
5) Electricity consumption, including	13,405	13,158	<b>5,858</b>
5.1) purchased (without renewable energy)	-	2,431	<b>901</b>
5.2) purchased (from renewable sources)	-	6,668	<b>809</b>
5.3) own generated (without renewable sources)	-	949	<b>1,185</b>
5.4) own generated (from renewable sources)	-	3,110	<b>2,962</b>
6) Heat consumption <sup>3</sup> , including	7,998	8,893	<b>4,400</b>
6.1) purchased (without renewable energy)	-	1,193	<b>217</b>
6.2) purchased generated from renewable sources	-	19	<b>0</b>
6.3) own generated (without renewable sources)	-	7,681	<b>4,182</b>
6.4) own generated (from renewable sources)	-	0.5	<b>0.5</b>
7) Energy sold to third-party consumers <sup>4</sup>	17,265	18,936	<b>3,318</b>
<b>Total energy consumption (including renewable energy sources)</b> <b>(2+3+4+5.1+5.2+5.4+6.1+6.2+6.4-7)<sup>5</sup></b>	18,048	21,522	<b>20,183</b>

GRI 302-3

## ENERGY INTENSITY OF DIAMOND PRODUCTS<sup>6</sup>, GJ/CARAT



## RENEWABLE ENERGY CONSUMPTION FOR THE ALROSA GROUP<sup>7</sup>, TJ



<sup>1</sup> Some data for 2020 and 2021 regarding energy consumption and energy efficiency have been adjusted in the process of improving approaches to collecting and consolidating information.  
<sup>2</sup> Heat and electricity consumption/sale and therefore total energy consumption data for 2020 and 2021-2022 are not comparable as intra-group transactions were included in the calculation in 2020.  
<sup>3</sup> Heat is mainly consumed in the form of hot water (in the form of steam an insignificant volume).  
<sup>4</sup> Heat power is sold to third-party consumers in the form of hot water.  
<sup>5</sup> The formula is applied for 2022. The value for 2021 is calculated using the formula: 1+2+3+4+5.1+5.2+5.4+6.1+6.2+6.4-7.  
<sup>6</sup> The energy intensity of diamond products was calculated using the formula: the total energy consumption by the diamond mining companies of the Group's Diamond Mining and Processing Operations/volume of diamond production. Fuel, heat and electricity consumption is taken into account when calculating the indicator (energy consumption outside the organization is not taken into account). The value for 2020 is not indicated due to its inconsistency with the figures for 2021-2022.  
<sup>7</sup> Almost all renewable energy consumed is hydropower. The Group does not use biofuel.



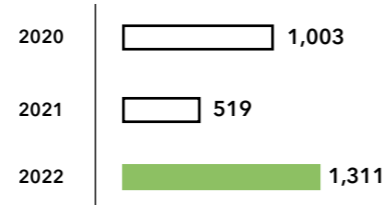
CONSUMPTION OF FUEL FROM NON-RENEWABLE SOURCES, TJ

Type of fuel	ALROSA Group			Diamond Mining and Processing Operations		
	2020	2021	2022	2020	2021	2022
Diesel fuel	6,646	7,889	8,848	5,562	6,778	7,572
Fuel oil	994	1,077	1,168	994	1,077	1,168
Natural gas	6,671	7,570	6,445	826	1,026	939
Oil	780	880	818	146	176	163
Jet Fuel	1,532	2,161	1,313	7	205	10
Other	134	293	350	63	64	94

GRI 302-4

Owing to the energy conservation initiatives, the Company managed to achieve the energy savings of 1,311 TJ, or RUB 2.5 billion, vs the planned volume of consumption.

REDUCTION IN ENERGY CONSUMPTION DUE TO THE ENERGY SAVING INITIATIVES FOR THE ALROSA GROUP, TJ



# Air emissions

What ALROSA is proud of

Reducing air emissions is one of ALROSA's priorities as part of its contribution to the achievement of the UN Sustainable Development Goals. Emissions are mainly related to drilling and blasting and open-pit mining operations that are accompanied by significant dust and methane emissions. Emissions of pollutants also occur when fossil fuel is burnt to generate energy and ensure the operation of equipment and machinery at industrial enterprises.

In 2022, ALROSA continued to implement practical measures aimed at reducing the air pollutant emissions and managing the risk of man-made accidents at production facilities, namely:

- dust suppression and use of dust collection systems;
- use of hydrocyclones at ore processing plants;
- replacement of explosive mixtures based on diesel fuel with emulsion mixtures with low oxygen balance;
- connection of production facilities to gas supply;
- transfer of vehicles and boilers from diesel fuel, gasoline, oil to natural gas;
- installation of solar panels, use of hydropower;
- emission monitoring and control.

## ENHANCEMENT OF METHODS FOR CALCULATING AND STUDYING EMISSIONS OF POLLUTANTS

### 1. EXPANSION OF THE ACCREDITATION SCOPE OF THE ENVIRONMENTAL ANALYSIS LABORATORY OF YAKUTNIPROALMAZ INSTITUTE

At the request of the Environmental Center, more than 1,000 air samples are studied annually for various chemical and physical indicators. Control is exercised at all the production sites of the Company. In 2022, new methods for studying the composition of industrial emissions into the atmosphere and the air quality were included in the accreditation of the laboratory, which will make it possible to increase the scope and improve the quality of its work.

### 2. UPDATING THE METHOD OF CALCULATING THE AIR POLLUTANT EMISSIONS FROM FUGITIVE SOURCES

PJSC ALROSA performs updates of its methodology of calculating the air pollutant emissions from fugitive sources in order to observe environmental laws.

In 2022, as part of this activity, the Company determined the composition and chemical, physical and morphological properties of dust emissions within the Company's facilities. Cost of works exceeded RUB 2 million.

### 3. ANALYSIS OF MEASUREMENT METHODS THAT DO NOT STIPULATE THE RULES FOR ASSESSING AND EXPRESSING UNCERTAINTY

In 2022, the Company updated the list of methodologies that require elaboration of the rules for assessing and expressing uncertainty (hereinafter referred to as the Rules), as well as developed the draft rules establishing the general approach to assessing and expressing uncertainty. A total of 63 standardized methodologies were considered followed by identification of the sources of uncertainty, elaboration of the rules, and indication of the examples of assessing and expressing uncertainty of measurement.

The work is scheduled to be completed in 2023. The findings will be used by the Company's testing laboratories if there is a necessity to provide measurement results taking into account uncertainty and during the competence confirmation procedure in accordance with GOST ISO/IEC 17025-2019.

The project expenditures amount to RUB 11.2 million, inclusive of about RUB 3 million invested in 2022.

For the purpose of the scientific study of environmental issues, ALROSA pays particular attention to enhancing the methods of calculating the emissions.

The results of research conducted using the latest methods enable the Company's Environmental Center to take timely measures to protect, sustainably use and restore natural resources.

# POLLUTANT EMISSIONS METRICS

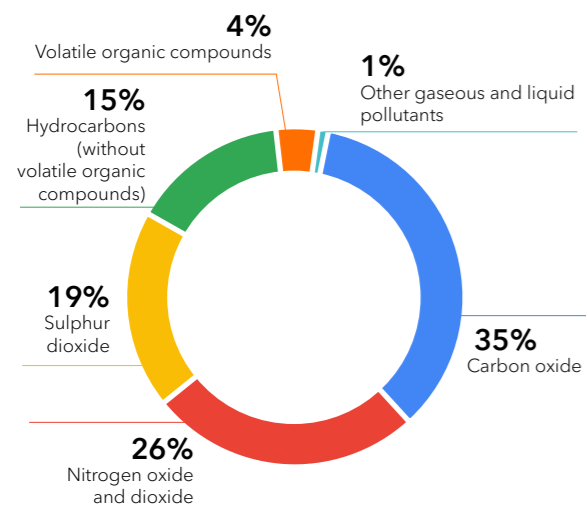
GRI 305-7

Gross air pollutant emissions by the ALROSA Group in 2022 reached 15.7 thousand tons, which is a 6% increase against 2021.

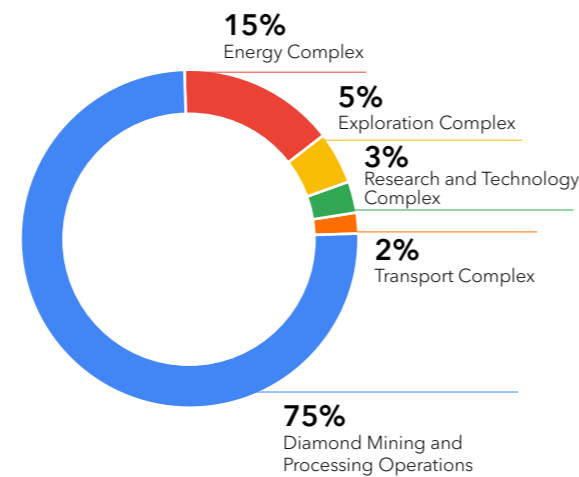
## AIR POLLUTANT EMISSIONS BY TYPE<sup>1</sup>, TONS

Type of pollutant	ALROSA Group			Diamond Mining and Processing Operations		
	2020	2021	2022	2020	2021	2022
Gaseous and liquid substances	11,000	10,887	<b>10,617</b>	8,823	8,096	<b>8,197</b>
Hydrocarbons (without volatile organic compounds)	2,754	2,078	<b>1,587</b>	2,753	2,076	<b>1,586</b>
Carbon oxide	3,494	3,719	<b>3,743</b>	2,654	2,574	<b>2,667</b>
Nitrogen oxide and dioxide	2,408	2,397	<b>2,716</b>	1,682	1,627	<b>1,884</b>
Sulphur dioxide	1,717	1,859	<b>2,078</b>	1,523	1,653	<b>1,858</b>
Volatile organic compounds	379	349	<b>393</b>	183	143	<b>198</b>
Other gaseous and liquid pollutants	129	125	<b>100</b>	29	24	<b>3</b>
Solid substances (dust, smoke)	4,135	3,966	<b>5,095</b>	4,037	3,870	<b>5,004</b>
Gross air emissions of pollutants	15,135	14,854	<b>15,712</b>	12,861	11,965	<b>13,201</b>

## EMISSIONS OF GASEOUS AND LIQUID POLLUTANTS BY TYPE OF POLLUTANT FOR THE ALROSA GROUP IN 2022, %



## SOURCES OF EMISSIONS BY THE ALROSA GROUP DIVISIONS IN 2022, %



<sup>1</sup> The data for 2021 have been adjusted in the process of improving approaches to collecting and consolidating information.

# Use of water resources

GRI 3-3

ALROSA pays great attention to responsible water use and minimization of the negative impact on water ecosystems, even though it consumes water resources in non-water-stressed regions<sup>1</sup> (Republic of Sakha (Yakutia) and Arkhangelsk Region).

## ALROSA's objectives in water resources conservation

### SHORT TERM

- To overcome the negative trends in the condition of water bodies
- To expand the monitoring network
- To facilitate control over the water use accounting
- To ensure safe operation of hydraulic structures
- To ensure flood protection

### MEDIUM TERM

- To eliminate the causes of degradation, depletion and pollution of water bodies
- To reduce natural water withdrawal
- To automate the water use accounting systems
- To reduce the human-induced impact on water bodies to environmentally acceptable levels
- To ensure sustainable operation of the water utilization system

### LONG TERM

- To improve and optimize the structure of the water utilization system, to eliminate the existing imbalances
- To harmonize the claims on water, recreational and other resources of water bodies and to align these claims with the capabilities of nature

<sup>1</sup> According to Water Risks Map by WWF. On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.

What ALROSA is proud of

## WATER SAFETY POLICY

In 2022, the Company's CEO approved the Water Safety Policy (hereinafter referred to as the Policy).

To ensure responsible water use, ALROSA set forth in the Policy its short-, medium- and long-term objectives based on the following principles:

- Prevention and elimination of adverse impacts of water management activities
- Chargeable use of water bodies
- Efficient use of resources and accounting for water use
- Ecosystem approach
- Openness and transparency of water use planning
- Alignment of interests of various water user groups
- Analysis and elimination of risks of accidental pollution of water bodies
- Allocation of responsibility areas and liabilities for the condition of water bodies

**The goal of the Policy is to develop a unified approach to strategic planning in the use, protection and restoration of water bodies for all structural divisions of PJSC ALROSA.**





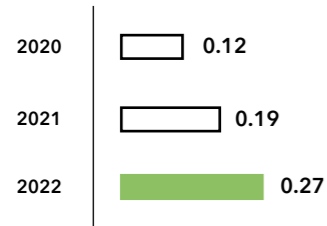
ALROSA strictly observes permissible water withdrawal and wastewater discharge levels. In 2022, no significant violations of laws and regulations or risks related to water resources management were identified. In particular, the total volume of discharges did not exceed the permitted limits.

According to the ALROSA Group’s Environmental Policy, the measures for ensuring responsible water consumption and wastewater disposal are of comprehensive nature and include the following:

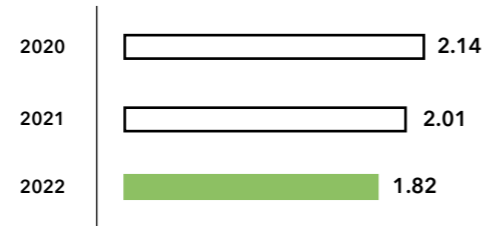
- implementation of water recycling systems;
- tailings dewatering, removal of excess water at tailings dams;
- construction and upgrade of treatment facilities;
- expansion of the existing well network for injection of highly mineralized associated water to prevent its discharge into surface water bodies;
- development of hydrogeological monitoring to search for high-permeability reservoir layers;
- monitoring of natural water bodies, wastewater quality research.

To assess the effectiveness of water resources management under the 2021-2025 ALROSA Group Sustainability Program, the Company calculates and monitors the intensity targets for the Diamond Mining and Processing Operations. In 2022, the specific water withdrawal increased by 42%, whereas the specific water discharge decreased by 9% compared to 2021. Changes in the water withdrawal are due to an overall increase in production at one of the sites, as well as adding more water to the dredge pits of two dredges. The lower water discharge is due to the closure of tailings dam No. 8 of the Aikhal Division.

**SPECIFIC WATER WITHDRAWAL FROM SURFACE WATER BODIES BY THE ALROSA GROUP’S DIAMOND MINING AND PROCESSING OPERATIONS, M<sup>3</sup>/CARAT**



**SPECIFIC WATER DISCHARGE TO SURFACE NATURAL WATER BODIES BY THE ALROSA GROUP’S DIAMOND MINING AND PROCESSING OPERATIONS, M<sup>3</sup>/CARAT**



**WATER USE**

GRI 303-1

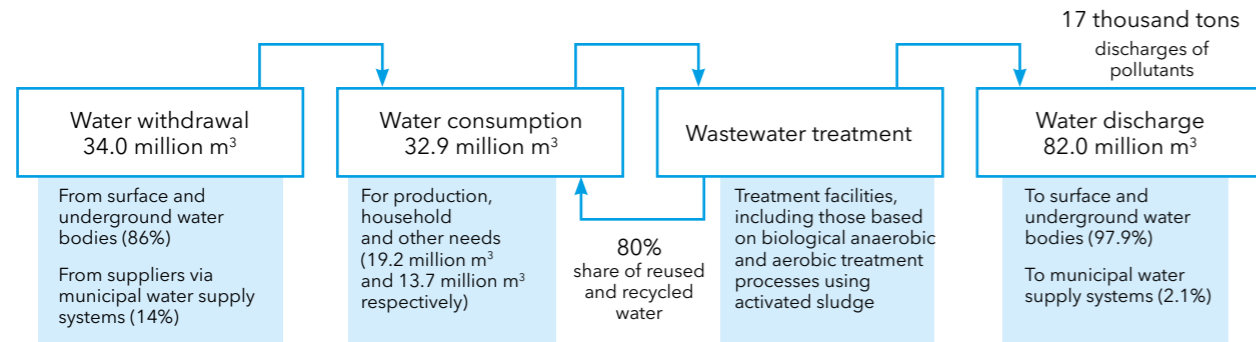
ALROSA uses only regional water bodies for the following purposes:

- withdrawal (removal) of water resources from water bodies;
- use of the surface area of water bodies;
- wastewater discharge;
- construction and reconstruction of hydraulic structures;
- implementation of measures related to the changes in the bottom and banks of surface water bodies (including construction and reconstruction of bridges, underwater crossings, pipelines, dredging, blasting and drilling operations);
- exploration and mining.

Natural water bodies are the key source of water withdrawal. ALROSA’s Energy Complex withdraws the largest volume of water (19.3 million m<sup>3</sup> in 2022).



**MOVEMENT OF WATER WITHDRAWN BY THE ALROSA GROUP<sup>1</sup> AND WATER USE INDICATORS IN 2022**



One of the most important environmental projects of ALROSA is the transfer of its processing plants to a recycled water supply system. In this case, fresh water withdrawal from the region's water bodies is not required.

The Company does not use any nuclear substances or aggressive chemical agents in mining and processing of diamond ore. ALROSA discharges no pollutants containing substances of hazard classes I and II. The Company's industrial and sanitary laboratories regularly examine the quality of wastewater at all industrial sites. In addition, the quality of wastewater is monitored by the environmental analysis laboratory of Yakutniptroalmaz Institute, and a third-party organization carries out microbiological and parasitological research for the Aikhal and Udachny Divisions.

ALROSA performs continuous and comprehensive monitoring of the condition of water resources. Research is carried out to determine the hydrochemical and hydrological characteristics and background concentration of pollutants in the area of the Company's operations, as well as research into aquatic biological resources and their habitats in river systems, hydrographic characteristics of water bodies, and ichthyofauna.

ALROSA monitors the purity of water in northern rivers. In particular, the Environmental Center monitors more than 25 water bodies in six districts (Mirninsky, Nyurbinsky, Oleneksky, Suntarsky, Vilyuysky, Verkhnevilyuysky) of Western Yakutia.

GRI 303-2

The dominant part of wastewater is discharged into surface fresh water bodies. Wastewater is discharged within the established limits and in accordance with permits and decisions for the provision of water bodies for use. The discharge limits and rates are calculated on the basis of the Environmental Impact Declaration taking into account water bodies' parameters (hydrological, fishery and hydrochemical characteristics, including background concentrations of rated pollutants in water bodies).

ALROSA takes a responsible approach to managing the associated water: while maintaining its original composition, open-pit, drainage and mining mineralized water goes to underground aquifers through re-injection stations and to storage tanks and sedimentation ponds.

<sup>1</sup> The main surface water bodies where the Group withdraws water are the reservoir of the Markha River, the Chuonaŷr River, the Malaya Botuobia River, the Irelyakh River, the buffer reservoir of the Hannya River, the reservoir of the Bezmyanny-1 Stream, the Severnaya Vaizitsa River, Lake Samoyedskoye, the Bolshaya Kuonapka River, the Ebelyakh River, the Molodo River, the Daldyn River, the Sytykan River, the Lena River, the reservoir of the Vilyuy River, Lake Sis-Kuel.

The main surface water bodies where the Group discharges wastewater from are the Sokhsolookh River, the Irelyakh River, a tributary of the Dyulyung Otuu Stream and the Bezmyanny-3 Stream, the Molodo River, the Talakhtaakh River, the Ebelyakh River, the Zolotitsa River, the Daldyn River, the Lena River, the Vilyuy River.

**KEY WATER RESOURCES MANAGEMENT ACTIVITIES IN 2022**

*What ALROSA is proud of*

**REDUCTION AND DISPOSAL OF EXCESS WATER AT TAILINGS DAMS**

ALROSA's specialists constantly search for new technical and technological solutions. They consider various options, including the use of evaporation units, assess alternative solutions that would enable the Company to reduce the volume of excess water, and perform various tests and a number of research projects in this area.

**1. IMPLEMENTATION OF THE WASTE WATER DESALINATION TECHNOLOGY AT THE NYURBA SITE OF THE MIRNY AND NYURBA DIVISION**

In 2022, the Company carried on with the pilot testing of the wastewater desalination technology to bring the water to a concentration that allows discharging it into the river network.

The following measures were carried out at the tailings dam of Processing Plant No. 16:

- search and selection of the optimal method for treating the excess water;
- elaboration of recommendations for potential water treatment facilities, including the estimation of their efficiency parameters corresponding to the annual excess water volume;
- preparation of reporting documents.

Further on, the Company intends to consider the options for water disposal after desalination. One of the options under consideration is the injection of water into the Botuoba disposal site. The project implementation expenditures will amount to approximately RUB 4 million.

**2. ACCUMULATION OF WEAKLY MINERALIZED WATER FROM TAILINGS DAMS OF PLANTS NOS. 8 AND 14 OF THE AIKHAL DIVISION**

In 2022, Yakutniptroalmaz Institute successfully completed the structural and geological mapping and the groundwater survey of the open-pit field of Komsomolskaya Pipe.

Based on the achieved results, a conclusion was obtained justifying the use of the abandoned pit of the pipe as a storage pond without outlets for pumping of weakly mineralized water. The implementation of this project will help solve the problem of excess water at the tailings dams of Plants Nos. 8 and 14 of the Aikhal Division up to at least 2030.

- ! To increase the stability of ore processing and ensure the accident-free operation of tailings dams, the Company works on finding the options of handling the excess water fed to the tailings dam as a result of production activity, flooding and precipitation.

What ALROSA is proud of

**WATER RECYCLING**

**1. USE OF GEOTEXTILE TUBES AT THE NAKYN SITE OF THE MIRNY AND NYURBA DIVISION**

In 2022, the Company commenced the pilot testing of geotextile tubes designated for separation of solid and liquid phases using the gravity settling method (sludge remains inside the container, thereby ensuring the retention of polluted waste, while filtered water returns to the tailings dam through the walls of the tubes).

For more information on the project, see the “Management of tailings dams” section.

**2. OFFSETTING UP A PILOT SITE FOR RECYCLED WATER TREATMENT FOR THE NEEDS OF PROCESSING PLANT NO. 1 OF SEVERALMAZ**

The project is aimed at ensuring the stable operation of the tailings dam even at receiving a large amount of water. Design documentation is being developed, and the master plan, technological and hardware plans of the site and the structure of foundations have already been developed. The expected capacity of the site is 130 m<sup>3</sup> of clean water per hour.

**3. TRANSFER OF HEAVY-MEDIUM UNITS<sup>1</sup> FROM NATURAL TO RECYCLED WATER**

In 2022, the relevant work was performed at Processing Plant No. 12; the work at other sites is underway.

**4. USE OF WATER FROM SEWAGE TREATMENT FACILITIES IN ORE PROCESSING**

In 2022, the Company performed the preliminary design studies and developed the options for the treated wastewater use.

**To reduce withdrawal of natural water and polluted wastewater discharge into water bodies and to ensure safe storage of tailings, the Company implements recycled water supply systems and tailings dewatering systems.**

**MINIMIZATION OF THE IMPACT FROM OWN ACTIVITIES AND ELIMINATION OF CONSEQUENCES**

**1. CONSTRUCTION OF THE THIRD STREAM DIVERSION CHANNEL**

In 2022, ALROSA carried on with the construction of the third stream diversion channel to minimize the impact of dredging on the Irelyakh River. In the reporting year, the Mirny and Nyurba Division removed soil with overburden and Almzay Anabara performed the drilling and blasting of the dolomite rock and constructed a dam blocking the stream. As at year-end 2022, the project was 90 percent complete, and the launch of the third stream diversion channel is scheduled for 2023.

**2. CONSTRUCTION OF A MINE AND DRAINAGE WATER INJECTION UNIT AT THE NIZHNEKEMBRIYSKY BLOCK**

To remove the mine and surface mineralized water from the Udachny underground mine, the Company carries out construction of a dedicated injection unit. In 2022, the design documentation and cost estimates developed by Yakutniiproalmaz Institute were approved by the Main Department of State Expertise (Glavgosexpertiza) of Russia.

The Nizhnekembriysky block is a deep aquifer, a high-permeability reservoir. Its depth is up to 1,500-1,700 meters. Geological exploration is underway, including the drilling of five wells for hydraulic fracturing of the formation to increase its water intake capacity.

Based on the modeling results and taking into account the well structure, the large-scale acid treatment of the bottom-hole zone was substantiated. This method is more cost-effective, while the expected increase in the water intake capacity will range from 28% to 86%. Work commencement is scheduled for Q3 2023. Upon achieving the estimated water intake parameters, the wells will be able to take in both the excess water from the tailings dams and the recycled water from the processing plants. Therefore, this block has rather high prospects.

**3. REMOVAL OF THE TAILINGS DAM OF PROCESSING PLANT NO. 8 OF THE AIKHAL DIVISION AND RECONSTRUCTION OF THE STREAM DIVERSION CHANNEL OF THE SOKHSOLOOKH RIVER**

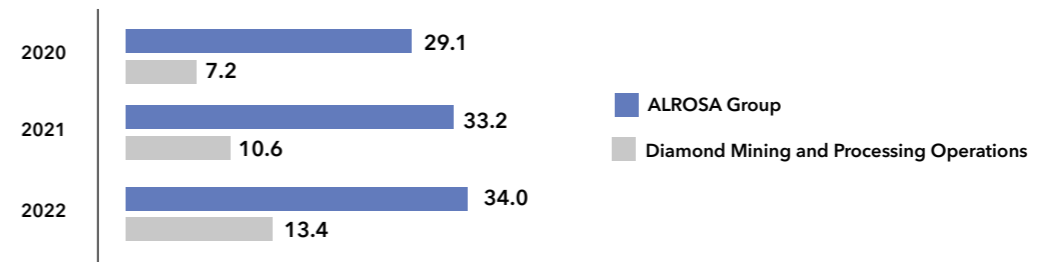
The Company drains the tailings dam and pumps the recycled water therefrom into the pit of the abandoned Komsomolsky open pit mine using a pumping station. At the same time, the Company performs the works on restoring the natural channel of the Sokhsolookh River. In 2022, a passage was made in the shunting container of the tailings dam and the bottom was cleaned up. The area was reinforced with crushed stone for the river channel to pass through it.

<sup>1</sup> Heavy-medium units separate mineral components of ore.

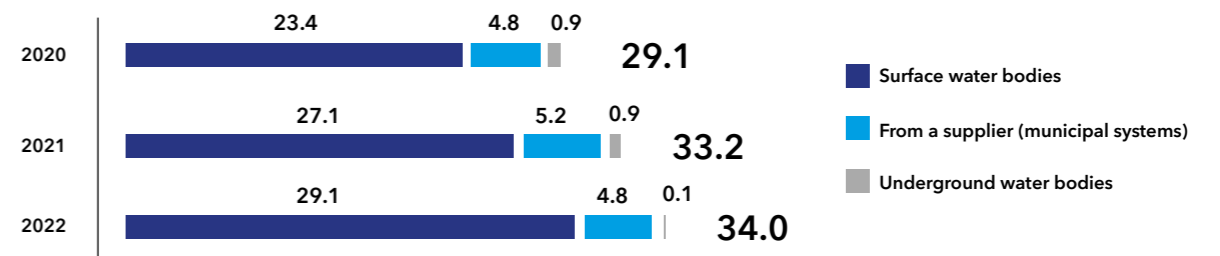
**WATER USE METRICS<sup>1</sup>**

GRI 303-3

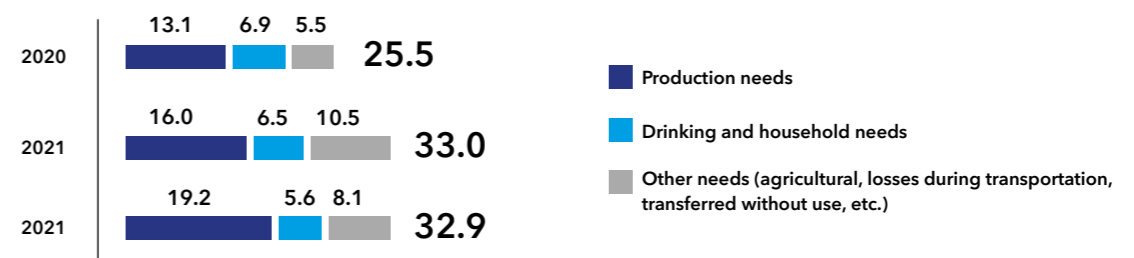
**TOTAL WATER WITHDRAWAL, MILLION M<sup>3</sup>**



**ALROSA GROUP'S WATER WITHDRAWAL BY SOURCE, MILLION M<sup>3</sup>**

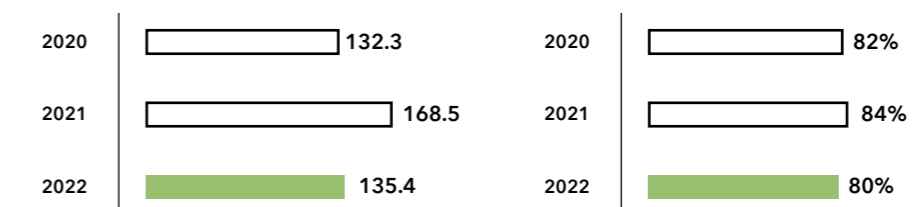


**TOTAL WATER CONSUMPTION, MILLION M<sup>3</sup>**



The share of reused and recycled water<sup>2</sup> reached 80% in 2022.

**VOLUME AND SHARE OF REUSED AND RECYCLED WATER SUPPLY FOR THE ALROSA GROUP, MILLION M<sup>3</sup> AND %**

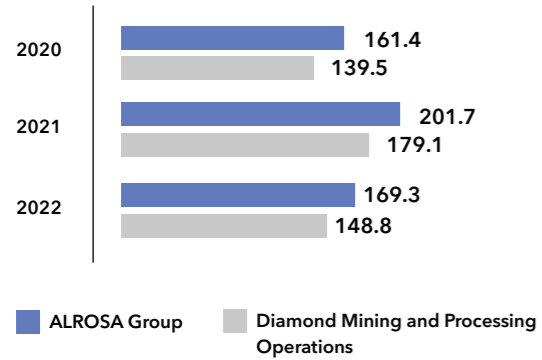


<sup>1</sup> Certain 2021 data on water use has been adjusted (the data on subsidiaries has been revised).

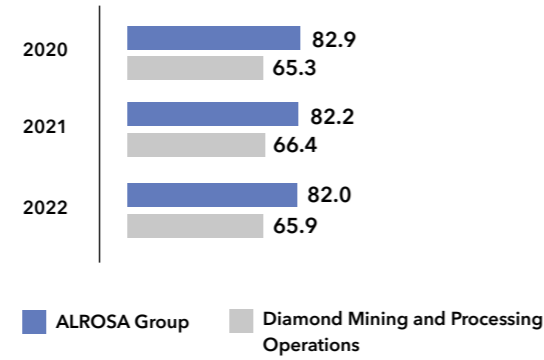
<sup>2</sup> The indicator is calculated by the formula: total volume of water reused and recycled / total volume of water consumption \* 100

GRI 303-4, 303-5

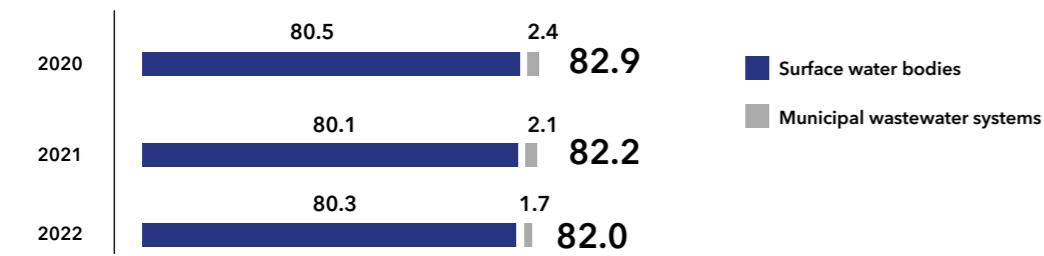
**TOTAL WATER CONSUMPTION<sup>1</sup>, MILLION M<sup>3</sup>**



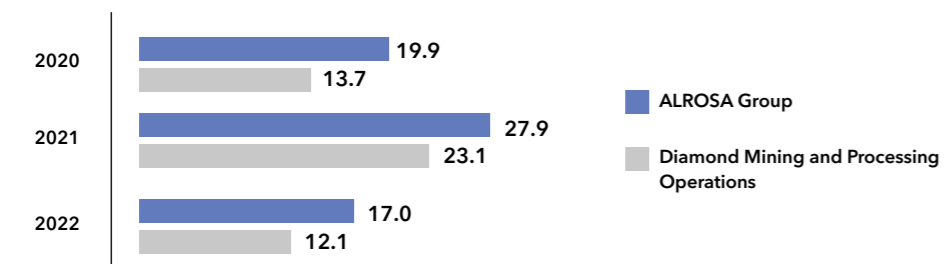
**WASTEWATER DISCHARGE INTO NATURAL WATER BODIES AND MUNICIPAL SYSTEMS, MILLION M<sup>3</sup>**



**ALROSA GROUP'S WASTEWATER DISCHARGE BY DESTINATION, MILLION M<sup>3</sup>**



**DISCHARGE OF POLLUTANTS INTO WATER BODIES, THOUSAND TONS**



The 39% reduction against 2021 in the volume of pollutants discharged is due to the measures taken to remove the tailings dam of Processing Plant No. 8 of the Aikhal Division.

<sup>1</sup> The indicator includes the reused and recycled water as well as water withdrawal from sources.



# Waste management

GRI 3-3

ALROSA's operations involve generation of production and consumption waste of various hazard classes, however the majority of waste is non-hazardous<sup>1</sup>. ALROSA does not transport, import, export or process wastes that are hazardous in accordance with Annexes I, II, III and VIII to the Basel Convention.

The waste is managed according to its hazard class, aggregate state and chemical characteristics. ALROSA strives to enhance the efficiency of its waste management system and regards the waste return to the economic turnover, including its use as a secondary energy resource, as the Company's priority area of activity.

## WASTE GENERATION AND MANAGEMENT

GRI 306-1, 306-2, 306-3

In accordance with the concept adopted by the Company, the overall waste generated by the ALROSA Group is divided into three categories:

- consumption waste (similar to municipal solid waste, hazard class IV waste);
- production waste (hazard classes I-V waste);
- mining waste (overburden, tailings that according to their composition are classified as hazard class V waste).

### WASTE GENERATION BY THE ALROSA GROUP IN 2022

Total waste generated, tons	Hazard class of waste	Waste generated, tons	Share of generated waste, %
138,566,065	Hazard class I	5	0.000004
	Hazard class II	5	0.000004
	Hazard class III	2,268	0.002
	Hazard class IV	9,348	0.007
	Hazard class V	138,554,436	99.99

The mining waste accounts for over 99.99% of the total waste generated.

<sup>1</sup> In the present Report, hazardous wastes mean wastes of hazard classes I, II and III, and non-hazardous wastes mean wastes of hazard classes IV and V. The classification of wastes by hazard classes complies with Russian laws. The hazard class of different waste categories is determined pursuant to the results of annual bio-testing.

### WASTE MANAGEMENT BY THE ALROSA GROUP IN 2022

Hazard class	Description	Type of waste management
Class I: extremely hazardous <sup>1</sup>	Mercury-quartz lamps and fluorescent lamps that have lost their consumer qualities	— Transfer for neutralization and recovery to specialized organizations in possession of respective license.
Class II: highly hazardous	Waste lead batteries containing electrolyte (undamaged); waste battery acid (sulfuric acid); uninterruptible power sources that have lost their consumer qualities	— Using waste petroleum products as secondary fuel and energy resources at own facilities. — Transfer for neutralization and recovery to specialized organizations in possession of respective license.
Class III: moderately hazardous	Waste oils, oil filters, fuel filters, tank sludge, other waste	— Using tires as gaskets for concrete pile bases, as cushioning pads for water pipelines, for strengthening the bases of lighting poles, as set-on weights for geomembrane to strengthen open pit walls. — Transfer for neutralization and recovery to specialized organizations in possession of respective license.
Class IV: low hazardous	Construction waste, scrap tires and air tubes, wood scrap, weld slag, ash and slag waste from coal combustion, waste generated as a result of mechanical and biological treatment of wastewater and other waste	— Recycling (reuse) of waste at own enterprises: use of tailings for construction of anti-seepage screens and embankments of tailings dams, use of overburden as embankments of dredges, for reclamation of abandoned blocks, filling and maintenance of roads.

*What ALROSA is proud of*

### IMPLEMENTATION OF TAILINGS THICKENING MEASURES

In 2022, as part of the import substitution campaign caused by the necessity to replace previously used foreign flocculants<sup>2</sup>, ALROSA initiated a search for their domestic-made equivalents of a similar or surpassing quality. Pursuant to the laboratory tests' results, the Company selected five best Russian samples. The selected equivalents will enable ALROSA to stay independent from foreign suppliers of flocculants and mine rough diamonds at low operating costs.

In 2022, the Company continued to implement a two-stage thickening scheme required to ensure the long-term storage of waste at the tailings dam of Processing Plant No. 12 of the Udachny Division. The selected technical solution will make it possible to store the tailings up to 2066.

*For more information on tailings thickening projects, see the "Management of tailings dams" section.*

<sup>1</sup> Waste management is regulated by the Waste Management Instructions for Hazard Class I

<sup>2</sup> Organic reagents used to accelerate the sedimentation of the tail pulp formed during the diamond production process.

A significant share of ALROSA's waste comes from non-recyclable packaging materials used by the Company's counterparties for product supplies. As part of its waste management system reformation, ALROSA intends to develop the Supplier Environmental Assessment Standard in 2023. To reduce the amount of this waste, the Company plans to carry out an inventory of the existing packaging and to oblige counterparties to supply products in recyclable or biodegradable containers. If a counterparty cannot stop using non-recyclable packaging, ALROSA intends to request confirmation of payment of the environmental fee at the end of a fiscal year.

### Monitoring and control of waste management

To minimize the negative environmental impact, the Company annually performs comprehensive monitoring within the waste disposal areas under the Waste Disposal Monitoring Program. Based on the monitoring results, ALROSA forms a report for Rosprirodnadzor. In 2022, as part of the monitoring process, the soil and air samples were taken, a radiation safety audit was performed, plant and wildlife inspections were carried out, and no negative changes in the environmental quality were identified. In addition, in the reporting year, the Company carried out the works for determining the waste composition and hazard level followed by the issuance of ten biotesting protocols.

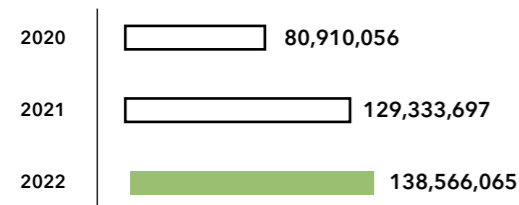
Overburden and dry tailings dumps are included in the State Register of Waste Disposal Facilities and undergo a stocktake every five years. An independent audit of waste management is performed annually during the period of re-certification or inspection of the environmental management system. No violations or inconsistencies were identified in 2022.

## WASTE GENERATION AND MANAGEMENT METRICS

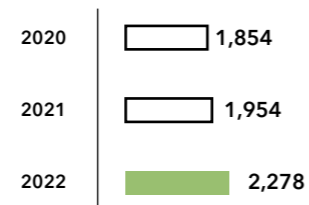
In 2022, the total amount of waste generated by the ALROSA Group increased by 7% compared to 2021 and amounted to 138.6 million tons. Mining operations account for the majority of waste (more than 99% accrue to the hazard class V waste).

GRI 306-3

### WASTE GENERATION BY THE ALROSA GROUP<sup>1</sup>, TONS



### HAZARDOUS WASTE GENERATION BY THE ALROSA GROUP, TONS



In 2022, the overall volume forwarded to waste recovery increased by 53% compared to 2021, which was caused by the internal need to use the mining waste (for construction of dams, roads, etc.) and by the transfer of waste to third-party organizations due to the introduction of separate waste collection. At the same time, the amount of waste sent to other organizations for landfilling/storage decreased significantly (by 78%) since no buildings/structures/facilities were dismantled in 2022.

<sup>1</sup> Hereinafter, the data on waste generation and management for 2020 and 2021 has been adjusted (the data on subsidiaries has been revised) and differs from the data published in the 2021 Report.

GRI 306-4, 306-5

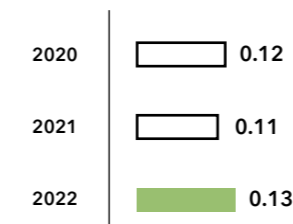
### WASTE BY TYPE OF WASTE MANAGEMENT, TONS

Type of waste management	ALROSA Group			Diamond Mining and Processing Operations		
	2020	2021	2022	2020	2021	2022
Recovery	11,351,010	8,676,149	13,316,002	11,349,819	8,674,995	13,315,315
Neutralization	769	681	998	615	568	584
Placement at own sites for landfilling/storage	96,455,084	121,581,390	126,642,939	96,455,084	121,581,374	126,642,939
Transferred to other organizations for landfilling/storage	5,667	57,131	12,371	3,858	54,996	10,770

### REUSED WASTE, TONS

Type of waste	ALROSA Group			Diamond Mining and Processing Operations		
	2020	2021	2022	2020	2021	2022
Overburden and tailings	11,346,898	8,672,122	13,311,271	11,346,898	8,672,122	13,311,271
Waste oils	1,278	875	1,499	1,239	862	1,462
Waste tires	1,328	1,160	2,107	1,328	1,156	2,107
Ferrous scrap	219	160	703	3	0	263

### SPECIFIC VOLUME OF RECOVERED AND NEUTRALIZED PRODUCTION WASTE OF THE ALROSA GROUP'S DIAMOND MINING AND PROCESSING OPERATIONS, TONS/CARAT



## MANAGEMENT OF TAILINGS DAMS

### Sustainable operation of tailings dams

ALROSA manages seven operational tailings dams classified as extremely high (class I) and high (class II) hazard<sup>1</sup> hydraulic structures. The Company operates the tailings dams in compliance with Russian laws. Each tailings dam is subject to expert examination and shall receive a declaration of safety and an operating permit.

GRI 413-2

In carrying out its activities, ALROSA is governed by the Global Industry Standard on Tailings Management. Responsibility for the Company's operations compliance with the requirements of the said Standard is assigned to a special working group at the level of ALROSA's management.

Despite the fact that all the Company's tailings dams are located at a safe distance from production facilities and residential areas<sup>2</sup>, ALROSA implements measures for preventing and mitigating the risks of failures and accidents at the tailings dams that might cause damage to the environment and society.

### Declaration of safety, expert review and receipt of an operating permit

In accordance with legislative requirements, an accredited expert organization issues a declaration of safety of a hydraulic structure, based on the results of a detailed examination at least once every five years. The said organization assesses the compliance of hydraulic structures with the established parameters and determines the actual levels and condition of embankment dams and the likelihood of accidents at tailings dams (including the risk of their impact on local communities and the environment). According to the results of simulating accident scenarios and risk assessment, not a single settlement would be in the flooding zone in the event of potential accidents at the Company's tailings dams.

After preparing the Declaration of Safety and receiving the expert panel's opinion on the Declaration of Safety, the Federal Service for Environmental, Technological, and Nuclear Supervision (Rostekhnadzor) approves the relevant documentation, and after the hydraulic structures of the tailings dams are registered in the Russian Register of Hydraulic Structures, an operating permit is issued for the effective term of the approved Declaration of Safety. In 2023, the Company intends to conduct the declarations of safety update procedure for two tailings dams.

### Monitoring of the condition of tailings dams

The monitoring units of the Company's structural divisions regularly monitor the compliance of the tailings dams with safety criteria. The monitoring procedure is regulated by an internal standard and a monitoring program developed by an independent expert center as part of the project documentation. No functional failures of ALROSA's tailings dams were identified in 2022.

In 2022, the monitoring functions at the Aikhal and Udachny Divisions became part of departments of the Divisions, which resulted in the increased efficiency and promptness in introducing corrective measures to eliminate potential shortcomings identified during the monitoring process.

In the reporting period, the practice of performing internal technical audits by the Company's specialists was successfully implemented at the Mirniny and Nyurba Divisions. In 2023, this practice is planned to be replicated at the processing plants of the Aikhal and Udachny Divisions.

### Risk management at hydraulic structures

Risk management at hydraulic structures is performed by the internal structural divisions represented by the Chief Engineer, Risk Management Department, Deputy Chief Engineer for Hydraulic Structures, Yakutniiproalmaz Institute, Chief Engineers of mining and processing divisions and their deputies, as well as by independent expert organizations. The divisions are responsible for operational risk management, development and implementation of risk mitigation measures, monitoring and aggregation of risk information, etc.

In 2022, key performance indicators (KPIs) related to the safe operation of hydraulic structures were introduced for the employees responsible for managing them. All specialists involved in the management of hydraulic structures are to pass certification at least once every five years after completing the compulsory training. In 2023-2024, ALROSA intends to conduct training and retraining for the employees who lack specialized education in hydraulic structures, with the involvement of institutes and expert centers.

*For more information on the organizational structure of risk management at the Company's hydraulic structures, see the Sustainability Report for 2021, page 108.*



What ALROSA is proud of

### APPROVAL OF THE CORPORATE STANDARD ON TAILINGS MANAGEMENT

In 2022, ALROSA developed and approved its internal Corporate Standard on Tailings Management that provides for an extensive interaction between the Company and its stakeholders and consideration of their opinions on the design, construction, operation, mothballing and removal of tailings dams. Special attention is paid to monitoring the condition of tailings dams and public disclosure of information.

Upon introducing the Standard, respective amendments were made to the regulations on the divisions operating the tailings dams, and the procedure for interaction between the said divisions was developed. To improve the efficiency of tailings dams management, ALROSA identified a number of important corrective measures:

- development and implementation of the Stakeholder Engagement Standard (mechanism for out-of-court consideration of complaints from individuals) in 2023;
- development and implementation of a feedback mechanism, including the setting up of a tailings dam Hot Line in 2023;
- consideration of flooding and seismic impact for each stage of tailings dam construction on a regular basis;
- ongoing involvement of specialists with the most sought-after skills;
- public disclosure of information on new or functioning tailings dams on a yearly basis;
- development and implementation of measures for improving the tailings dams' safety in 2023.

**The goal of the Standard is to implement a system of effective tailings dam management and prevention of threats to their safety at all stages of their life cycle. The Standard was developed in accordance with applicable international and Russian laws, taking into account the global and industry requirements applicable to the Company, obligations voluntarily adopted by the Company within the framework of its participation in various initiatives, as well as the provisions of the Company's internal documents.**

<sup>1</sup> Classification according to the legislation of the Russian Federation. All of the Company's tailings are located in the permafrost zone, with the exception of the hazard class II tailings of the Lomonosovsky mining and processing division.

<sup>2</sup> The conclusion was made based on the results of the analysis of possible sources of danger and emergency scenarios, carried out in the course of declaring the tailings.

## TAILINGS DAM MANAGEMENT MEASURES

In 2022, ALROSA continued to implement the program for machine control of hydraulic structure production risk factors along with the roadmap for incorporating an automated wireless monitoring system at the tailings dams.

In the reporting period, the Company implemented the said system at the tailings dams of Processing Plants No. 3 and No. 16 of the Mirny and Nyurba Divisions. In 2020, the automated wireless monitoring system was deployed at the tailings dams of Processing Plant No. 14 of the Aikhal

Division, and in 2021 – at two tailings dams of the Udachny Division.

Beyond that, ALROSA implemented measures on strengthening of fencing in seepage areas by placing anti-seepage screen of the embankment dam at the tailings facility of Processing Plant No. 3 of the Mirny Division and pumped recycled water from this tailings dam, which significantly increased the stability of the facilities.

*What ALROSA is proud of*

### PLACEMENT OF TAILINGS USING GEOTEXTILE TUBES AT THE TAILINGS DAM OF PROCESSING PLANT NO. 16 OF THE NYURBA DIVISION

In 2022, due to the increased volumes of alluvial deposits development, the Company decided to install equipment and launch an industrial screening complex at the site of the Nyurba Division.

To ensure the compact storage, ALROSA commenced the pilot testing of stacking dewatered tailings in geotextile containers (geotubes) at the tailings dam of Processing Plant No. 16.

Geotextile tubes are made from high-strength durable woven geotextile, resistant to the chemical action of acids and alkalis, biological impacts and ultraviolet exposure. The stacking of tailings in geotextile containers ensures their compact, long-term and safe storage. This technology helps increase the development of alluvial deposits in the absence of free tailings storage capacity.

The pilot testing of storing the tailings of the washing and screening complex in geotextile containers will be continued in the 2023 washing season.

### CONTINUATION OF ELIMINATION OF SEEPAGE AT THE TAILINGS DAMS OF PROCESSING PLANT NO. 14

In 2022, the Company continued to take measures to eliminate seepage at the tailings dams of Processing Plant No. 14 of the Aikhal Division. The project was launched in 2020, and the final stage of research is expected to be completed in 2024.

In the reporting period, cracks in the tailings dam facilities were filled. This helped improve their seepage resistance. Polyurethane resins proved to be highly efficient and promising for this purpose.

Special compounds were developed for treating the underlying rocks of the hydraulic structure foundations and landfills, the efficiency of which will be tested in 2023. In the event of obtaining positive results this practice will be scaled.

In 2022, the suction dredge technology was also applied to redistribute over 1.4 million m<sup>3</sup> of tailings. This approach helped stabilize the seepage costs.

### RECONSTRUCTION OF THE TAILINGS FACILITIES AT THE PROCESSING PLANT OF THE LOMONOSOVSKY DIVISION

by 22 million m<sup>3</sup>

an increase in the tailings dam capacity

11 years

prolongation term of useful life

Preparations for the second stage of reconstruction of the tailings facilities with recycled water supply commenced at the Lomonosov deposit of JSC Severalmaz.

The reconstruction is aimed to create additional capacity for safe storage and landfilling of waste generated as a result of minerals (tailings) processing, as well as to extend the useful life of the facility in accordance with the regulatory requirements in terms of hydraulic structure environmental performance, reliability and safety.

In 2022, the engineering survey data under the project was approved by the Main Department of State Expertise (Glavgosexpertiza) of Russia. Three technological regulations were developed and sent to Yakutniproalmaz Institute for technical and economic comparison.

## Land rehabilitation and reforestation

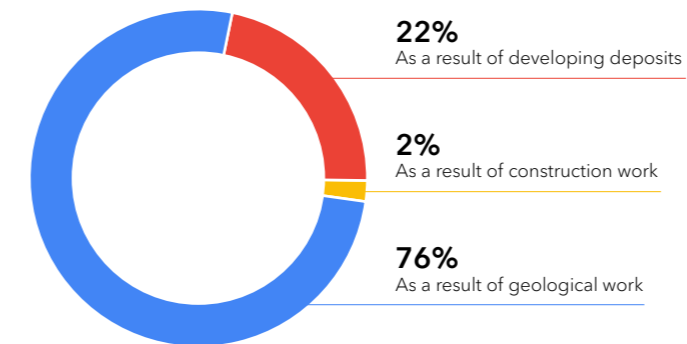
Exploration, diamond mining, waste disposal and construction of facilities lead to vegetation and land disturbance, therefore the Company pays particular attention to the restoration of natural landscapes in accordance with the legislative requirements and updated Reclamation Plan. Mine closure and land rehabilitation projects are approved and implemented for all deposits developed by the ALROSA Group. The Company also has a 2019-2028 Long-Term Disturbed Land Rehabilitation Program.

Land rehabilitation includes technical and biological rehabilitation of land resources for their subsequent transfer to their owners – local municipalities or forestry enterprises. The Company's land restoration work is performed in three key areas:

- mine closure;
- rehabilitation of disturbed lands;
- reforestation.

In 2022, the ALROSA Group owned or leased 28,393 ha of land in total. As of 1 January 2022, the area of the ALROSA Group's disturbed lands was 23,140 ha, and the abandoned land area was 1,394 ha.

### DISTURBED LAND CATEGORIES FOR THE ALROSA GROUP IN 2022, %





What ALROSA is proud of

### FOREST NURSERY PROJECT IN MIRNY DISTRICT

In 2022, a forest nursery project was launched in the industrial development zone of PJSC ALROSA in Mirny District.

Its implementation will provide the Company with its own area-specific planting material for reforestation efforts (seedlings of the main forest-forming species of Yakutia). In addition, the scientific work under the project includes the selection of soil substrates and plants for rehabilitation. The data obtained will be used to perform the biological stage of rehabilitation of disturbed land.

### CONTINUATION OF BIOLOGICAL RECLAMATION METHODS RESEARCH

RUB 1.1 million

project budget

In 2022, the Company carried on with selecting the methods of biological reclamation of the dumps at the Udachny Division of PJSC ALROSA, without using potentially fertile soils.

The project is aimed to select seeds that can grow on saline lands to create a stable vegetation cover on reclaimed land. More than 200 seedlings of eight plant species were planted as part of the project in 2022.

### COMMENCEMENT OF MONITORING FOR DETERMINING THE SOIL QUALITY

RUB 32 million

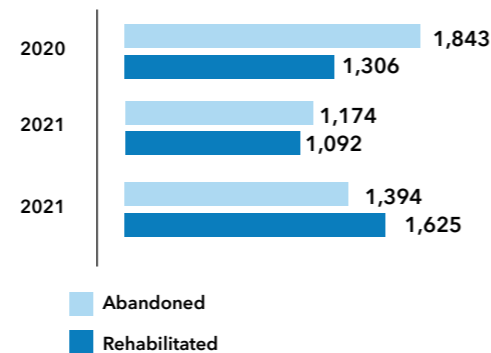
project budget

In 2022, ALROSA concluded a contract with the North-Eastern Federal University in Yakutsk to perform monitoring for the purpose of creating an information database to determine regional soil quality standards in the area of commercial development of PJSC ALROSA's deposit. The work is planned to be performed within the period from 2022 through to 2024.

GRI 304-3

In 2022, the area of land rehabilitated by the ALROSA Group was 1,625 ha, which is a 49% increase against 2021. This is due to the reclamation of the disturbed land of dumps and production sites of the Komsomolsky open pit mine of the Aikhal Division in 2022. The area of abandoned land increased by 19% over the year compared to 2021 due to an increase in production volumes at one of the Company's subsidiaries.

### TOTAL LAND ABANDONED AND REHABILITATED BY THE ALROSA GROUP, HA



In accordance with the laws of the Russian Federation, the Company is obliged to reforest an area equal to the deforested area in the course of the Company's business activity. In 2022, the ALROSA Group together with external specialists performed a cycle of combined forest restoration work (a combination of natural and artificial forest restoration) on an area of 1,211 ha, whereas the deforested area was 768 ha.

# Biodiversity conservation

GRI 3-3

Conservation of biodiversity is an integral part of ALROSA's activity, therefore the Company implements measures to protect, monitor and restore biodiversity and habitats as part of the 2019-2023 Comprehensive Program for Environmental Protection and Environmental Safety. Each year, the Company draws up a list of initiatives to be taken in the coming year or continues work on previously initiated projects. ALROSA identifies the following three main areas in the field of biodiversity conservation and restoration: monitoring and protection of wild reindeer and a Red List bird species, and fish stocking.

## MONITORING AND ASSESSMENT OF THE IMPACT ON BIODIVERSITY

### Monitoring of biodiversity in the area of the Company's industrial operations

GRI 304-1, 304-2, 304-4

PJSC ALROSA manages five production sites located in close proximity to specially protected areas – resource reserves of republican significance Beke, Ochuma and Junkun. The ALROSA Group's regions of presence are inhabited by animals included in the Red Lists of Russia and the Republic of Sakha (Yakutia).

The Company adheres to the principle of preventing negative impacts on flora and fauna ecosystems in the region of presence and once every three years monitors the state of biodiversity. In this area, the Company has been cooperating with the Central Siberian Botanical Garden of the Siberian Branch of the Russian Academy of Sciences since 2021.

In 2022, together with the Central Siberian Botanical Garden of the Siberian Branch of Russian Academy of Sciences, work was carried out to assess the current state of vegetation and wildlife in the area of PJSC ALROSA's industrial activities. As a result of field studies and analysis of literature data, there were identified:

- two plant species included in the Red List of the Republic of Sakha (Yakutia) – Calypso bulbosa and Potentilla jacutica;
- two rare species of birds included in the Red List of the Republic of Sakha (Yakutia) – scoter (Melanitta nigra) and black-tailed godwit (Limosa limosa);
- one threatened species of birds included in the Red List of the Russian Federation – lesser white-fronted goose (Anser erythropus).

Based on the results of the assessment, it was concluded that the impact of PJSC ALROSA's production activities on terrestrial invertebrates was not significant, and the vertebrate animal population was maintained at the same level as in the previous studies. Analysis of fish samples in the study area demonstrated no depressing impact on the ichthyofauna of watercourses.

### Study of the population of a Red List bird species (lesser white-fronted goose)

In 2022, ALROSA, in cooperation with the Institute for Biological Problems of Cryolithozone of the Siberian Branch of the Russian Academy of Sciences, continued to study the population of the lesser white-fronted goose – a Red List species of birds. The purpose of the project in the reporting year was to assess the Company's impact on the local population in the Muna River valley, compare the quantitative data the population composition with previous studies and outfit adult and juvenile birds with trackers.

Based on the results of the expedition, no negative impact of the Company on the state of the environment was revealed, which is confirmed by the occurrence of Red List species and the growing number of nesting places in the lower part of the river.

## Ichthyofauna monitoring

To monitor the aquatic biological resources and their habitats<sup>1</sup> in the area of PJSC ALROSA's operations, the Company concluded a contract with Irkutsk State University in 2022. The results of the ichthyological research performed during the reporting year, the following species of fish and cyclostomes were established in the areas of production sites of PJSC ALROSA:

- 11 species in the area of the Mirny block;
- ten species in the area of the Nyurba block;
- six species in the area of Udachny.

*What ALROSA is proud of*

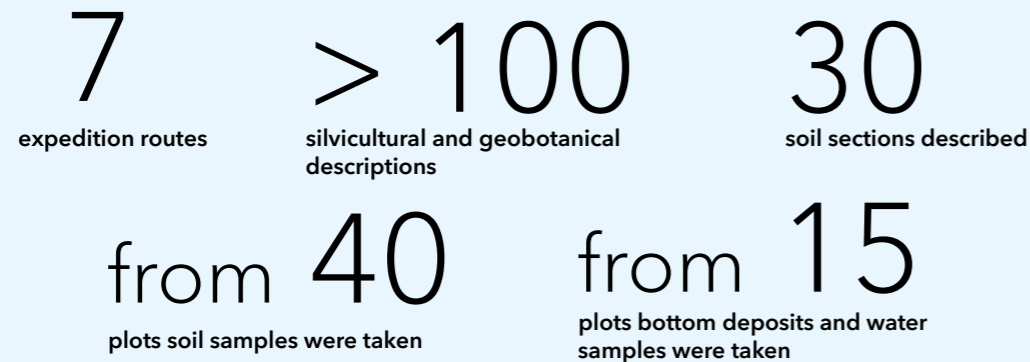
### RESEARCH INTO FOREST FIRES' IMPACT ON ECOSYSTEMS

In 2022, with support from ALROSA, the scientists of the Yakutia Scientific Center of the Siberian Branch of Russian Academy of Sciences launched the study of forest fires' impact on the ecosystems of Yakutia. The project budget amounts to RUB 7.3 million.

The forests of the permafrost region form the basis for sustainable development of the territory and conservation of biodiversity. Forest fires in the Republic of Sakha (Yakutia) are one of the main and most common natural hazards.

In 2022, the extensive descriptive material on the main components of the environment and the impact of forest fires on ecosystems in permafrost areas was successfully collected.

#### 2022 RESULTS



To date, the analysis of library and literature data is still in progress in the light of the trends in the regeneration of vegetation in burned areas, changes in the composition and structure of plant and animal communities, the nature of changes in soil conditions and the microclimate. This work will be continued in 2023.

**The purpose of the study is to obtain reliable data on the impact of forest fires on various components of the environment and to forecast adverse changes and the natural recovery of the territories.**

<sup>1</sup> The ecosystems of the Sokhsolookh, Daldyn, Vilyuy, Irelakh, Malaya Botuobia, Markha, Uulakh-Muna Rivers and the Bezmyanny Stream.

## COOPERATION AND SUPPORT FOR SPECIALLY PROTECTED NATURAL AREAS

*What ALROSA is proud of*

### SUPPORT FOR THE LIVING DIAMONDS OF YAKUTIA NATURE PARK

For many years, ALROSA has been supporting the Living Diamonds of Yakutia Nature Park, which preserves the natural ecosystems of the large industrial town of Mirny. Under near-natural conditions, the park is home to yaks, bison, musk oxen, bears, roe deer, deer and other animals.

The amount of financing is RUB 4 million.

### CREATION OF ALROSA-RANGIFER-CHEKANOVSKY SPNA

Since 2021, ALROSA has been participating in the creation of the SPNA of republican significance – ALROSA-Rangifer-Chekanovsky – with an area of more than 64,100 ha that is home to the main breeding stock of reindeer of the Leno-Olenek population (84,000 animals) supporting the life-sustaining activity of indigenous minorities of the North.

Based on the results of the monitoring performed in 2022, the population's breeding stock uses the entire territory of the SPNA for summer grazing and fattening of the young stock.

## CONSERVATION MEASURES FOR WILD REINDEER POPULATION

*What ALROSA is proud of*

### IDENTIFICATION OF WILD REINDEER SEASONAL MIGRATION ROUTES

In 2022, ALROSA, in cooperation with the Institute for Biological Problems of Cryolithozone, performs monitoring of the wild reindeer of the Leno-Olenek population.

In 2022, another group of wild reindeer of the Leno-Olenek population was caught and tagged with satellite collars to track their habitats, migration routes and the number of animals. The results of the monitoring show that the deer migration routes remain relatively constant, though their wintering sites vary annually.

During seasonal migration to preserve the Leno-Olenek population of wild reindeer, the Company set up crossings for these animals in the infrastructure lines and followed its tradition of a "quiet hour" when vehicles are prohibited to drive along the technological road during the reindeer migration period.

The amount of financing is RUB 1.5 million.

### SUPPORT TO THE TEAM "ZAPAD" (WEST)

ALROSA financially supports the special purpose team "Zapad", established in Yakutia with the support of WWF Russia<sup>1</sup> and engaged in the protection of wild reindeer and detection of illegal hunting in the areas of seasonal migration. In 2022, spare parts and fuel and lubricants were purchased for the unit to carry out activities aimed at the conservation of the Lena reindeer population.

The amount of financing is RUB 1 million.

### AGREEMENT WITH THE DIRECTORATE OF BIOLOGICAL RESOURCES, SPECIALLY PROTECTED NATURAL AREAS AND NATURAL PARKS

In 2022, the Company entered into an agreement with the Directorate of Biological Resources, Specially Protected Natural Areas and Natural Parks of the Ministry of Ecology, Nature Management and Forestry of the Republic of Sakha (Yakutia) to assess the current status of tundra populations of wild reindeer in Yakutia, develop and implement measures to protect and restore the tundra population of wild reindeer.

<sup>1</sup> On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.

What ALROSA is proud of

### CREATION OF INFRASTRUCTURE FOR RESTORING THE FISH POPULATION

In 2022, ALROSA financed the creation of a cage culture line for growing the broad whitefish on the basis of the Chernyshevsky fish breeding farm. The installation of the cage culture line was completed in October and the official opening ceremony is planned to be held on open water in spring 2023.

The amount of financing is RUB 7.6 million.

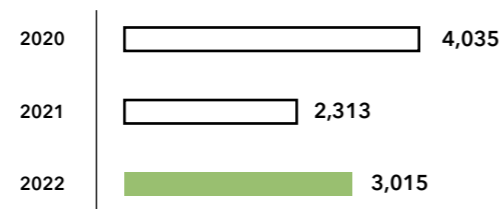
## RESTORATION OF THE POPULATION OF AQUATIC BIOLOGICAL RESOURCES

GRI 304-3

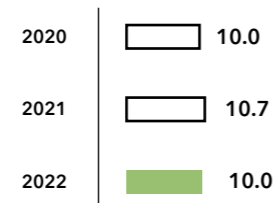
On a yearly basis, together with the Chernyshevsky fish breeding farm, ALROSA implements measures to stock rivers and lakes in Yakutia with valuable fish species. This initiative is voluntary and is aimed at preserving the populations of aquatic biological resources.

In 2022, ALROSA released over three million juvenile fish into the Vilyuy and Lena Rivers, Vilyuy Reservoir and Timir-Kyunde Lake. The Company released juvenile whitefish for the first time in the reporting period.

### NUMBER OF JUVENILE FISH RELEASED INTO NATURAL WATER BODIES, THOUSAND FISHES



### FINANCING OF FISH STOCKING MEASURES, RUB MILLION



## LANDSCAPE GARDENING

GRI 304-3

In addition to the measures aimed at minimizing own environmental impact and performing the monitoring studies, ALROSA carries out measures to restore natural ecosystems by landscaping urban areas. In 2022, ALROSA joined "Garden of Memory" international campaign to plant 27 million trees in the regions of the Russian Federation.

## Next steps

### PLANS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

<b>EN1 Conservation of the climate and healthy environment</b>	<ul style="list-style-type: none"> <li>To implement the project to switch the facilities of the Mirny and Nyurba Division to gas supply.</li> <li>To continue the transfer of heavy vehicles of the Aikhal and Udachny Divisions to a gas and diesel regime using LNG.</li> <li>To complete the development of environmental protection and climate change documentation (policies and strategies) and approve it.</li> </ul>
<b>EN2 Ensuring efficient water use and water disposal</b>	<ul style="list-style-type: none"> <li>To complete the design works and build a pilot site for recycled water treatment for the needs of the processing plant.</li> <li>To launch the system for pumping recycled water into the open pit from the tailings dams of Plants Nos. 8 and 14 of the Aikhal Division.</li> </ul>
<b>EN3 Ensuring efficient use of resources and responsible production</b>	<ul style="list-style-type: none"> <li>To launch the energy management system.</li> <li>To develop a standard for managing the packaging materials.</li> <li>To implement an automated system to account for and control emissions/ discharges of pollutants at facilities with a negative environmental impact of categories II-III.</li> </ul>
<b>EN4 Reclamation of disturbed land and forests, biodiversity restoration</b>	<ul style="list-style-type: none"> <li>To start the rehabilitation of the tailings dam territory of the closed down Processing Plant No. 8 of the Aikhal Division.</li> <li>To continue to support specially protected natural areas and monitor biological species.</li> <li>To continue the design of the forest nursery in the Mirny district.</li> <li>To continue monitoring in order to create an information database for determining the regional soil quality standards in the area of commercial development of the deposit.</li> <li>To open the cage culture line for raising fish at the Chernyshevsky fish breeding farm.</li> </ul>

# DEVELOPMENT OF THE REGIONS OF PRESENCE

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Social investments in the development  
of the regions of presence 173

Support for indigenous minorities 182

Procurement from local suppliers 184

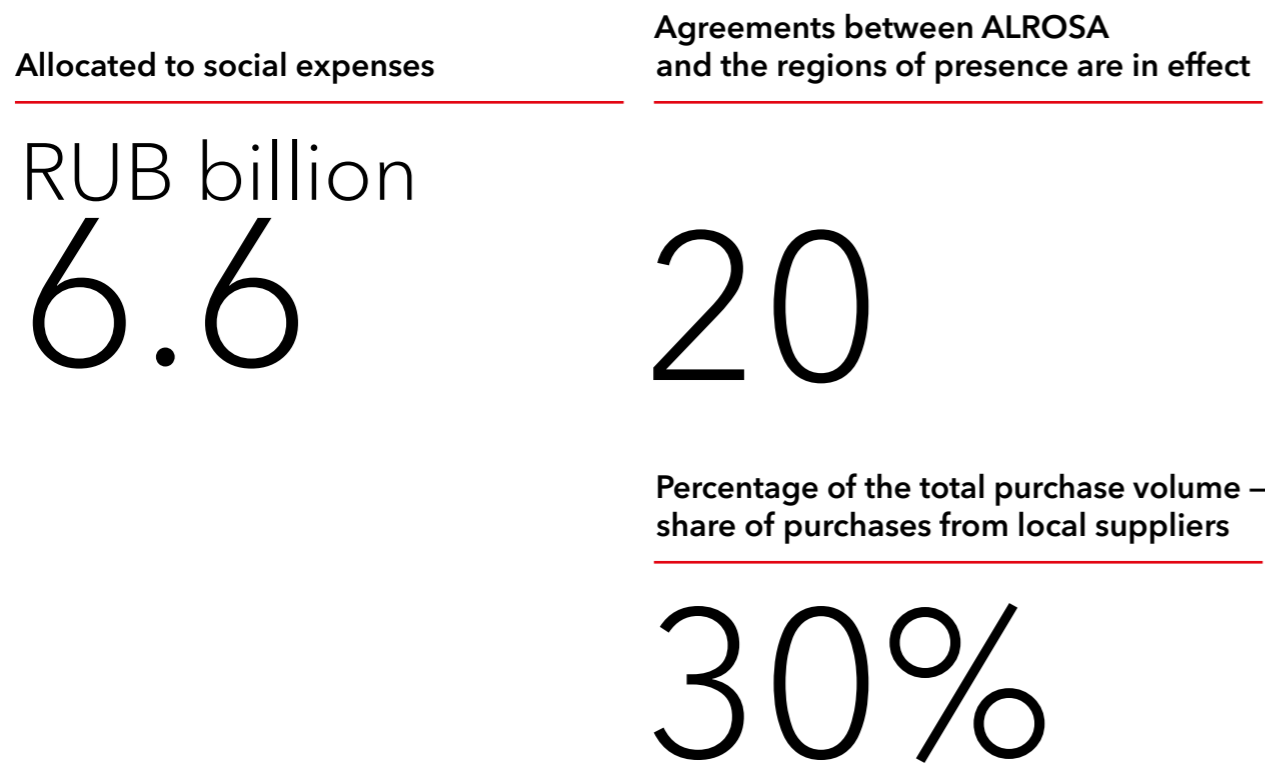
Next steps 186

*"People are ALROSA's main value, thus taking good care of the local population of the regions of presence is a priority for us. On a yearly basis, the Company implements social programs, and makes investments that have remained the highest in the industry over the years.*

*The main areas of activity address the most essential spheres of life of the society, that is to say education, healthcare, social infrastructure, culture and sports.*

*We do believe that our efforts towards implementing social responsibility programs and projects will lay the groundwork for the utmost development of the human potential of the regions of our presence".*

2022 HIGHLIGHTS



MATERIAL TOPICS

Local communities  
Procurement from local suppliers

UN SUSTAINABLE DEVELOPMENT GOALS



PRINCIPLES OF THE UN GLOBAL COMPACT



PROGRESS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

Target <sup>1</sup>	Progress for 2022	Status
<b>C1 Ensuring sustainable volume of social investments</b>		
Ensuring annual amount of social investment in accordance with approved programs	Given the cost savings, the actual expenses under the YR 2022 budgeted programs amounted to RUB 6,594 million	✓
<b>C2 Performance of obligations under agreements with the regions of presence</b>		
Ensuring 100% fulfillment of obligations under special-purpose donation agreements with the regions of presence on or before the due date	In 2022, special-purpose donations amounted to RUB 3.9 billion. All obligations under the concluded Agreements on social and economic development and mutual cooperation with the regions of presence were 100% fulfilled	✓
<b>C3 Construction and maintenance of social infrastructure</b>		
Developing, maintaining and ensuring stable operation of the Company's social infrastructure assets in the regions of presence	The Company ensures stable operation of own social infrastructure assets, which includes 20 cultural and sports facilities, a children's health camp, a health and recreation resort, a residential house for temporary accommodation, and special-purpose apartments. The Company's expenses in 2022 reached RUB 1,688 million	✓
Participating in construction of large infrastructure assets in the cities and regions of presence	The Company participates in the construction of large infrastructure assets through remitting the special-purpose funds to NPO Special Fund for Future Generations of the Republic of Sakha (Yakutia), and Nyurba District, Mirny District and the Town of Mirny municipalities	✓
<b>C4 Contributing to local purchasing</b>		
Ensuring annual purchases from local suppliers registered and operating in the regions of ALROSA Group's presence	Purchases from local suppliers in the regions of presence amounted 30% of the total purchase volume	✓

achieved 
 in progress 
 failed

<sup>1</sup> The targets cover the Diamond Mining and Processing Operations. The target year is 2025.

# Approach to the management of social investments

Cooperation with the regions of presence is a key to success of ALROSA Group enterprises. The Company makes a significant contribution to the social and economic development of the constituent entities of the Russian Federation through participation in financing and implementing the large-scale social programs. Traditionally, ALROSA pays particular attention to developing and strengthening its cooperation and partnership with local communities for purposes of joint implementation of programs and projects that facilitate the social and economic development of the regions of presence, ensure a decent quality of life for the residents as well as to preserve the spiritual and cultural values typical of each region.

## REGULATORY DOCUMENTS

Social Policy

Indigenous Peoples Engagement Policy

Regulations on Charity, Other Gratuitous Transactions and Sponsorship

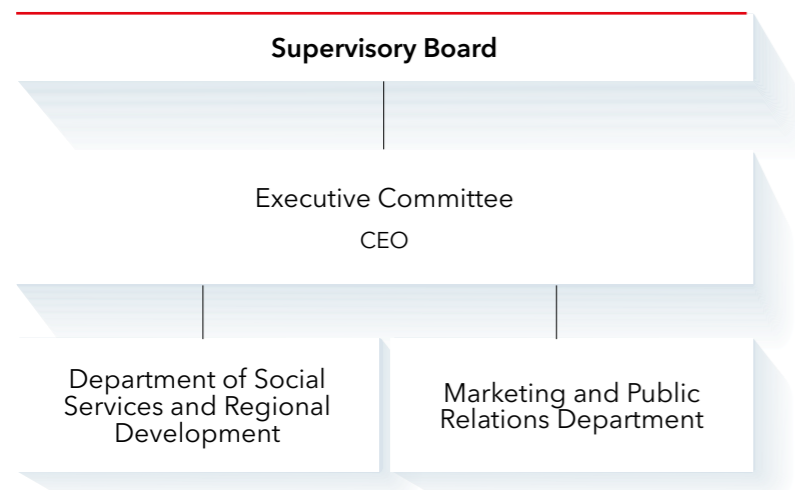
Regulations on the Commission on Financial and Sponsorship Support

Regulations on the "ALROSA Territory" Contest

Regulations on Social Impact Assessment of the Company's Operations

Regulations on Socially Significant and Socially Useful Expenses and Sponsorship

## ALLOCATION OF RESPONSIBILITY



Body	Responsibilities
Supervisory Board	<ul style="list-style-type: none"> <li>— Determination of strategic goals and objectives</li> <li>— Approval of the consolidated budget for social projects</li> </ul>
Executive Committee and CEO	<ul style="list-style-type: none"> <li>— Determination of the Company's social policy</li> </ul>
Department of Social Services and Regional Development	<ul style="list-style-type: none"> <li>— Formation of the consolidated budget for social projects on the basis of the data of all ALROSA Group's companies and its submission to the Supervisory Board</li> <li>— Control over the allocation of investments</li> <li>— Interaction with the Special Fund for Future Generations of the Republic of Sakha (Yakutia) and the Republic's district administrations forming the reports on the implementation of programs and use of funds</li> </ul>
Marketing and Public Relations Department	<ul style="list-style-type: none"> <li>— Interaction with the local communities' representatives</li> </ul>

GRI 3-3, 413-1

ALROSA's social investments cover both its own projects and the programs implemented jointly with the Special Fund for Future Generations of the Republic of Sakha (Yakutia), NPOs and regional authorities. The Company is involved in the federal and regional projects aimed to support education, healthcare, culture and sports development, and site improvements.

In interacting with local communities, ALROSA respects the interests of various groups, including the indigenous minorities of the North whose traditional spiritual and cultural values as such and their preservation are of particular importance. The Company maintains an ongoing dialog with governmental and municipal authorities through negotiations, joint meetings, conferences and

forums. All meetings are held on the basis of the principles of social efficiency, openness, cooperation, mutual respect of the peoples' interests and traditions, gender equality and observance of the laws.

In 2022, ALROSA approved its Regulations on Social Impact Assessment of the Company's activities that sets forth ALROSA's commitment to the principles of effective management and control over its social impact in the regions of presence. The document establishes a system to assess the efficiency of projects and programs that have a social impact in the regions of presence. The Regulations' implementation is scheduled for 2023. The Company also adopted its Policy on the Interaction with Indigenous Minorities.



What ALROSA is proud of

**SOCIAL PERFORMANCE RATING**

**1st place**

in the social performance rating

PJSC ALROSA and JSC Almazy Anabara took the lead in the social performance rating among major industrial subsoil user companies operating in the Republic of Sakha (Yakutia).

The rating aims to draw attention to the social and environmental activities of the leading industrial companies and analyze their efficiency in terms of social impact. In compiling the rating, companies' various data is analyzed, including annual reports, sustainability reports, consolidated financial statements, and such other data provided by the companies in accordance with the existing methodology.

**ALROSA TERRITORY CONTEST**

**RUB 49.9 million**

transferred by ALROSA to contest winners in 2022

ALROSA Territory, the annual contest of socially important initiatives, aims to support the advanced public projects on social infrastructure, education, sports and healthy lifestyle, volunteering, tourism and youth development.

Over the two years of its existence, ALROSA Territory has made the following enhancements: landscaping of the central square in Udachny, reconstruction of Zdorovie Park in Aikhal, equipment purchase for the workshops of Mirny Regional Technical College, implementation and launch of a number of other projects. ALROSA's investments in this respect amounted to RUB 95.3 million, or nearly 40% of the total amount generated from the funds of the federal and regional budgets and other sources.

In 2022, ALROSA rendered its financial support for the implementation of the nine best social and public projects on the improvement of backyards, parks, sports grounds, and educational and sports institutions.

In December 2022, the Company published its Regulations on the "ALROSA Territory" Contest that determine the organization and procedures of the contest for 2023. The updates include project defense at the contest commission meetings and prioritization of projects submitted by public organizations.

The ALROSA Group makes social investments free of charge under agreements with the regions of presence. The Company actively engages local residents and other stakeholders in the process of identifying the advanced areas of social and infrastructural programs and projects. Information on social and charitable projects in the regions of presence is published on [care.alrosa.ru](http://care.alrosa.ru) Internet portal, and additional information can be obtained by sending a feedback form or using contact details.

**COOPERATION AGREEMENTS**

In 2022, the Company had 20 agreements in effect on social and economic development and cooperation with local communities and regional authorities, including:

- Agreement on the Social and Economic Development of the Republic of Sakha (Yakutia) for 2021–2025 aimed at joint implementation of programs and projects for the social and economic development;
- Cooperation agreements with Yakutia uluses for 2021–2025 under the Agreement on the Social and Economic Development of the Republic of Sakha (Yakutia);
- Annual agreements on social and economic cooperation of JSC Almazy Anabara with the Anabarsky, Oleneksky, Bulunsky, Zhigansky and Eveno-Bytantaysky uluses;
- Cooperation agreements between JSC Severalmaz and the government of Arkhangelsk Region;
- Cooperation agreement between ALROSA and the Federal Agency for Ethnic Affairs (FAEA of Russia) to preserve the traditional way of life of the indigenous minorities of the North, Siberia and the Far East.

To ensure effective interaction with governmental authorities, in the reporting year ALROSA commenced the transition to digital agreements with the ministries and municipalities of the Republic of Sakha (Yakutia), which will make it possible to streamline the business processes.

**Social investments in the development of the regions of presence**

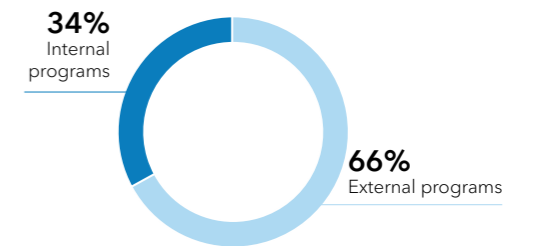
The ALROSA Group's social expenditures traditionally remain one of the highest in the industry: in 2022, they grew by almost RUB 0.5 billion compared to the preceding reporting period and amounted to RUB 6.6 billion. The growth was mostly due to the recommencement of activities in certain areas constrained during the COVID-19 pandemic (culture and sports, health resort treatment), and also owing to the growth in the scope of sponsorship and charitable aid.

The contributions to the non-state pension fund Almaznaya Osen that supports the Company's pensioners are an essential part of ALROSA's social policy. In 2022, they amounted to RUB 780.7 million. The decline was mainly due to the transition to a pension system with actual return and to a parity program.

**SOCIAL EXPENDITURES OF THE ALROSA GROUP<sup>1</sup>, RUB BILLION**



**SOCIAL INVESTMENTS STRUCTURE, %**



Every year, ALROSA and the Special Fund for Future Generations of the Republic of Sakha (Yakutia) conclude special-purpose financing agreements for the implementation of projects on the advanced development of the Republic, construction of new social infrastructure facilities, creation of conditions for harmonious development and unlocking the creative potential of children and young people, support for education, science, culture, family, mass sports, healthcare and environmental protection. In 2022, the amount of financing under the Agreement on the Social and Economic Development of the Republic of Sakha (Yakutia) for 2021–2025 totaled to RUB 997.8 million.

**RUB 9.2 billion**  
was remitted by ALROSA to the Special Fund for Future Generations of the Republic of Sakha (Yakutia) from 2011 to 2022.

GRI 203-1, 203-2, 413-1

**KEY AREAS OF SOCIAL EXPENDITURES<sup>2</sup>, RUB MILLION**

	Education	1,199
	Health and recreation programs	1,061
	Culture and sports, social infrastructure	2,394
	Housing and landscaping	989
	Targeted assistance based on the decisions of the commission, other charitable and sponsorship support	951

<sup>1</sup> The Company's contributions to NPF Almaznaya Osen were included in the amount of social expenditures disclosed in the published Sustainability Report 2020. Since 2021, these contributions have not been included in the Group's social expenditures.

<sup>2</sup> Overall social expenditures incurred for the development of the regions of presence and financing of social programs for employees.

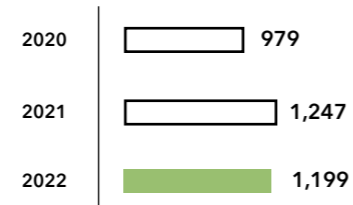
## EDUCATION

People are ALROSA's main value, while knowledge and education are a necessary resource for development. Children and young people are in the Company's focus, and ALROSA strives to provide them with decent educational opportunities regardless of their place of residence.

### ALROSA's main areas of activity in education

- funding of educational initiatives, participation in development and support programs for children and youth
- targeted assistance to educational institutions
- participation in the construction and repair of schools and educational centers

### ALROSA'S SOCIAL EXPENDITURES FOR EDUCATION, MILLION RUBLES



### Financing of kindergartens

Almazik preschool was founded by ALROSA in 2013. In 2019, Mirny District became its co-founder, since when financing has been performed on parity terms.

- 28 kindergartens
- RUB 442.6 million invested by ALROSA in 2022

*What ALROSA is proud of*

### FUTURE GENERATIONS PARK

## RUB 38.6 million

invested by ALROSA in 2022 in Future Generations Park and Creation of the Future projects

Future Generations Park is a new open public space providing the conditions for creative, intellectual, spiritual and physical development of children and youth. The Park is being built in Yakutsk, and its construction is scheduled to be accomplished in 2025.

### CHILDHOOD LAB

## RUB 11.2 million

the amount of financing in 2022

The project aims to organize scientific research in physical health and mental development of preschool children and to create and implement innovative preschool educational programs and methods.

Childhood Lab programs

- Growing up with Yakutia
- Ecosystem of Children's Giftedness Development
- Early Aid

### Targeted assistance to educational institutions

- Over RUB 450 million allocated to the construction and repairs of educational institutions in various districts of the Republic of Sakha (Yakutia), including the villages of Nyurba District, and to equipping the children's center
- RUB 153.3 million allocated to provide free hot meals to schoolchildren in 17 schools of Mirny District
- RUB 2.3 million allocated to provide supervision assistance covering about 50 schools

### Creating the conditions for youth development

ALROSA invests into the development of schoolchildren and preschoolers, identification and support of the talented children of Yakutia, support for children's innovation centers and helps children from low-income families. In 2022, the Company allocated RUB 30.0 million, including the Territory of Childhood project implementation.

### Helping children from low-income families and orphanages

In 2022, ALROSA allocated RUB 4.5 million to children's vouchers under the program "Mirny District is Child-friendly", including children from multi-child and low-income families, to Orlyonok children's health camp and Snegiri children's camp.

### COMPASS OF THE FUTURE

The project is implemented by the Family for Child foundation jointly with the Single Resource Center for Information, Advisory, Educational and Methodological Services. Designated to help graduates of orphanages adapt to independent life and aims to provide children with legal, social and psychological support.

RUB 10.9 million invested in the project implementation.





## HEALTH

Given the severe climate and hard labor in the mining industry, supporting health of the Company's employees and their relatives, as well as ensuring healthcare in the regions of presence, is an important aspect of ALROSA's social activity.

### ALROSA's main areas of activity in healthcare

- targeted assistance to healthcare institutions
- support for healthcare professionals, co-financing of the District Doctor program
- development of corporate healthcare, wellness and leisure programs

### ALROSA'S SOCIAL EXPENSES IN HEALTHCARE AND WELLNESS PROGRAMS, MILLION RUBLES



For more information on ALROSA's healthcare programs for employees, see the "Social Support" section.

### Strategy for the development of corporate healthcare in the Republic of Sakha (Yakutia) in 2022-2026

One of the key objectives of the Strategy is to maintain and improve the corporate healthcare level with occupational health being one of the main aspects. The Strategy includes preventive and clinical aspects ensuring a comprehensive approach to the study and use of medical, preventive, and social and hygienic means and methods.

With the budget of initiatives estimated at the level of over RUB 250 million, the Strategy is scheduled to be commenced in 2023.

### Provision of water to the Vilyuyskaya group of uluses

Since 2019, ALROSA has been financing the 2019-2023 Program for comprehensive research of the environmental condition of the Vilyuyskaya group of uluses and public health in these territories. The research under the program will become the basis for the development of a set of medical and social rehabilitation measures. The program covers 29 naslegs and settlements.

In the reporting period, ALROSA met its obligations to finance three scientific studies on monitoring the state of the floodplain ecosystems of the Vilyuy and its inflows, assess the population's health, develop a set of medical and social measures to improve it and assess the possibility of providing alternative sources of water to population centers in the valley of the Vilyuy and its inflows.

The Interdepartmental Commission on Monitoring the Implementation of Program Measures prepared a report on its implementation. A note was also prepared for the attention of the Head of the Republic of Sakha (Yakutia) "Results and Recommendations of Vilyuy Expedition 2020-2021", to be used as a basis to develop proposals on the implementation of measures and corresponding work in future.

### PROGRAM ACTION AREAS

- installation of water intake and hydrogeological wells and water treatment facilities
- geological study of underground water reserves
- fieldwork and laboratory studies on the state of rivers, ichthyofauna
- comprehensive medical check-up for the population

RUB 197.8 million

allocated to the Program, including:

- RUB 149.5 million to implement measures under the republican program "Development of Water Supply Systems in the Vilyuy Uluses in 2019-2024"
- RUB 48.3 million to the Special Fund for Future Generations of the Republic of Sakha (Yakutia) for conducting the research under the Program as part of the Cooperation Agreement





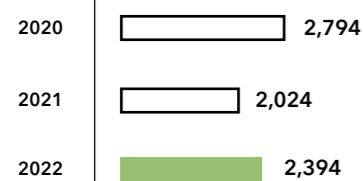
## CULTURE AND SPORTS

Taking good care of the well-being of the native population of the regions of presence includes the creation of comfortable conditions for the spiritual development and sports. With this in mind, the Company is implementing the Culture and Sports program

### ALROSA's main areas of activity in culture and sports

- development of the Cultural and Sports complex
- participation in the construction of cultural and sports facilities in the regions of presence
- targeted support for individual cultural and sports facilities, co-financing of program

### ALROSA'S SOCIAL EXPENSES ON CULTURE AND SPORTS



RUB 15.9 million

allocated in the reporting year to implement the comprehensive program "Development of culture and sports in 2022-2024" in Mirny District



## Funding of cultural institutions in 2022

- RUB 255.3 million invested in the construction of the culture and spiritual development center in Namtsy
- RUB 37.5 million invested in the construction of the cultural center in Borogontsy, Ust-Aldansky District
- RUB 23.8 million invested in the development of theatrical art in Mirny District and subsidies to the salaries of theater personnel in Mirny

## Development strategy of the cultural and sports complex

A short-term Development Strategy of the Cultural and Sports Complex 2022-2024 was approved in 2022 with a total budget of RUB 331 million.

The suggestions and proposals of residents of Mirny district were reviewed when developing the Strategy:

- social media of the Cultural and Sports Complex
- a single request portal
- feedback boxes
- surveys of residents of Mirny and Udachny
- live broadcasting of radio and TV channel "Almaznyi Krai" with the participation of Cultural and Sports Complex employees
- meeting as part of the "People's Asset" project

## STRATEGY GOALS

- Creation of conditions for the maintenance and improvement of health and the mental development of residents and guests of Mirny district, as well as the Company's employees and their families
- Organization of mass recreation and leisure for residents of Mirny district
- Attracting residents and guests of Mirny district, as well as the Company's employees and their family members, to participate in sports and cultural life, raising a healthy and harmonized generation

*What ALROSA is proud of*

## NOMINATIONS OF AIGE REGIONAL REPUBLICAN AWARD

In 2022, the first republican architecture and design award – Aige – was held in Yakutia. Three major facilities built using ALROSA's funds were nominated in "Best Social Facility" category:

- Multipurpose cultural and leisure center in the village of Maya, Megino-Kangalassky ulus;
- A cultural center in the village of Borogontsy, Ust-Aldansky ulus;
- Cultural and spiritual development center in Namtsy, Namsky ulus.

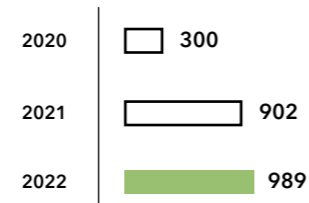
## HOUSING AND LANDSCAPING

ALROSA focuses on creating comfortable and up-to-date infrastructure in the regions of presence, including monotowns and villages. Over the past few years, ALROSA has taken part in the construction of the Central Square in Udachny, Mirny District, the embankment of Lake Taloye in Yakutsk, and a park in Nurba.

### ALROSA's main activity in housing and landscaping

- financing programs of relocation from dilapidated and substandard housing
- participation in landscaping of cities and villages
- out-of-schedule assistance to residents in emergency situations (e. g. forest fires)

### ALROSA'S SOCIAL EXPENSES ON HOUSING AND LANDSCAPING, MILLION RUBLES



### Programs of relocation from dilapidated and substandard housing

Since 2012, ALROSA has been financing a program on relocation and demolishing of dilapidated and substandard housing in Mirny district.

- The Company invested RUB 150 million in the relocation program in Mirny.
- RUB 91.9 million allocated in Aikhal under a sub-program for the relocation of residents from substandard housing in Dorozhny and Ulitsa Oktyabrskaya Partiya of the settlement of Aikhal.

### Design code of Mirny District

Documentation on the development of Mirny District was developed as part of the "People's Asset" project and the program of social and economic development of Mirny District. The documentation identifies top priority promising projects, taking into account the proposals of the residents of the district.

RUB 21 million – the amount of financing for the development of "Architectural and art concept of Mirny with the development of the brand and design code of the city, master plan of certain area".



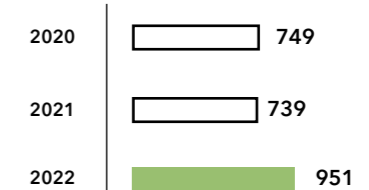
## TARGETED ASSISTANCE

The Company provides additional assistance upon requests. Every year the Financial Support and Sponsorship Commission of ALROSA considers approximately 300-400 requests from employees and pensioners of the Company, residents of the regions and various organizations.

### ALROSA's main activity in targeted assistance

- assistance to local communities (e. g. financial support, purchase of expensive medicines)
- support to natural disaster victims
- targeted support for NPOs and public organizations

### SOCIAL EXPENDITURES ON SPONSORSHIP AND CHARITABLE SUPPORT, MILLION RUBLES



### 2022 results

- 319 requests considered by the Company and resolved with positive decisions.
- RUB 96.7 million – total costs of the ALROSA Group's targeted assistance, of which RUB 60.2 million represent the amount of liabilities performed by the Company, whereas the subsidiaries made decisions on requests amounting to RUB 36.5 million.

RUB 850 million

spent on charity and special-purpose support in the reporting year



# Support for indigenous minorities

GRI 411-1

ALROSA realizes the importance of preserving and maintaining the national traditions of ethnic and other social groups in the regions of presence, including the indigenous minorities of the North inhabiting Yakutia. The Company's primary goal in providing for the efficient performance in this segment is to build a dialog with the indigenous minorities and render a targeted assistance to them in order to improve their quality of life.

In the reporting year, ALROSA approved the updated Human Rights Policy that, among other things, sets forth the approach to interaction with the indigenous minorities and respective obligations.

## THE COMPANY'S APPROACH TO INTERACTION WITH THE INDIGENOUS MINORITIES OF THE NORTH

- promoting respect for cultural specifics, traditions and customs of local communities
- maintaining and preserving cultural and historical values of indigenous minorities
- promoting respect for the indigenous peoples' interests
- observing the principle of a free, preliminary and conscientious consent as a means of identifying the residents' needs

In 2022, ALROSA took part in the First Forum of Areas of Traditional Natural Resources Use of Indigenous Minorities of the North in Olenek, Oleneksky Evenki national district. The event was held with the participation of the Association of Indigenous Minorities of the North, Siberia and the Far East, as well as the Ministry for the Development of the Arctic and the Ethnic Affairs of the North, the Ministry of Agriculture of Yakutia, the Ministry of Environment, Natural Resources and Forestry of the Republic of Sakha (Yakutia) and the representatives of the industry. The purpose of the forum is to exchange experiences in the field of the development and further functioning of the territories of traditional natural resources use of indigenous minorities of the North. Further to the working meetings' outcomes, ALROSA entered into a long-term agreement on interaction and cooperation with the government of the Republic of Sakha (Yakutia) and the Association of Indigenous Minorities of the North of the Republic. Within the framework of the agreement, seven major projects aimed at preserving the culture, history and folklore, language and identity are to be implemented.

## ASSISTANCE IN THE DEVELOPMENT OF YAKUTIA ULUSES

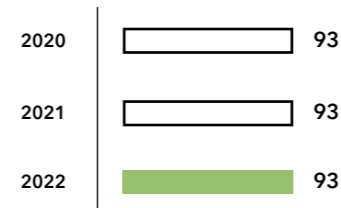
ALROSA provides a targeted financial assistance for the construction and maintenance of social facilities, development of reindeer farming and traditional hunting, as well as for environmental events, support of medical and educational institutions, organization of children's leisure, sports and mass cultural events. Beyond that, the Company implements projects for the local staff training and working with talented children and youth.

In 2021, the agreements on cooperation with Yakutia uluses up to 2025 came into force. Thereunder, ALROSA undertakes to provide financial aid to Anabarsky, Verkhne-Vilyuysky, Vilyuysky, Lensky, Mirny, Nyurba, Oleneksky, Suntarsky and Kobayasky uluses of Yakutia. In 2022, the amount of financing under the agreements totaled to RUB 83.3 million.

Every year ALROSA re-signs the Agreement on the Social and Economic Development of the Sadynsky National Evenki nasleg of the Mirny district of the Republic of Sakha (Yakutia). In the reporting year, the Company allocated RUB 10 million to related activities.

Additionally, in the reporting year, the Company allocated RUB 90.75 million to the development of the Oleneksky Evenki national district, and entered into a new agreement

EXPENDITURES FOR THE DEVELOPMENT OF ULUSES OF THE REPUBLIC OF SAKHA (YAKUTIA)<sup>1</sup>, RUB MILLION



on the social and economic development of the Nyurba ulus up to 2024 under which the Company undertakes to allocate RUB 324 million per annum to the district's budget.

There was also signed a new agreement between JSC Almazy Anabara and the municipal administration of Bulunsky ulus (district). At the same time, the agreements on the social and economic development between JSC Almazy Anabara and Anabarsky, Oleneksky, Zhigansky and Eveno-Bytyntaisky uluses remained in full force and effect, with RUB 108.9 million allocated.

<sup>1</sup> The amount of expenses includes financing under the Agreement on the Social and Economic Development of the Sadynsky National Evenki nasleg of the Mirny District of the Republic of Sakha (Yakutia).

What ALROSA is proud of

## MAS-WRESTLING

about 140 participants  
from 42 countries

In 2022, on the occasion of the 100th anniversary of the Yakutian ASSR, ALROSA rendered its financial support in the amount of RUB 15 million for conducting the IV World Mas-wrestling Championship.

As the national sports of Yakutia, mas-wrestling is popular in over 50 countries and has great prospects of being entered on the Olympic Games program. The main objectives of the Championship are to promote a healthy lifestyle along with regular physical training and sports among the population, encourage patriotic education and expand the minds of the future generation of the Republic, as well as to enhance the image, recognition and touristic attractiveness of the Republic of Sakha (Yakutia).

## THE AYAR UUS TRADE SHOW OF TRADITIONAL ARTS OF THE PEOPLES OF NORTH

>70 handicraftsmen  
from across the Republic of Sakha (Yakutia)

With support from ALROSA, the trade show of traditional arts of the peoples of the North – Ayar Uus – was held that aimed to preserve the traditional values, culture, arts and crafts of the peoples of the North.

National sewing, wood and bone carving, bark and ceramics craft, national gear, souvenirs, jewelry and blacksmith products, tea and honey from local producers were exhibited at Ayar Uus.

## THE WELL OF FAIRY TALES PROJECT

The collection of fairy tales became a winner

in the special category "Socially Responsible Business" of the Russian National Award "Key Word".

In 2022, as part of the activities to preserve the language culture of the indigenous minorities of the North the "The Well of Fairy Tales" animated film was released in three languages – Russian, Yakut and Evenki. The film represents the follow-up of ALROSA's "The Well of Fairy Tales" project under which a collection of 50 fairy tales was published in those three languages.

In December 2022, the said collection won the 1st place in Socially Responsible Business special category of the Russian National Award "Key Word". The jury recognized ALROSA's project as the best among more than 200 other projects, and the Company as the leader in rendering active support to the projects aimed at maintaining and developing the linguistic diversity of the Russian Federation.

# PRESERVATION OF THE CULTURE AND TRADITIONS OF THE INDIGENOUS MINORITIES OF YAKUTIA

ALROSA strives to preserve the cultural heritage of the indigenous minorities of the North by providing financial support and participating in the annual traditional national festivities.

## National holidays and contests events

Every year the Company acts as one of the organizers and sponsors of the Reindeer Herders' Day and Ysyakh Olonkho national holiday held in the uluses of Yakutia where the indigenous minorities live. The Company's delegations regularly attend these events and award the winners of contests and sports competitions with prizes.

## Support for folk art

The divisions of ALROSA's Culture and Sports Complex comprise 13 amateur groups of Yakut folk art (choreography, vocal art, folklore) with more than 200 members. Additionally, ALROSA organizes the Tuoi-Haya Music Festival every year to support the young talents and develop variety arts.

## Preservation of writing and language

ALROSA pays particular attention to the projects aimed to preserve the native language and writing system of the peoples of Yakutia. The Company works closely with the Federal Agency for Ethnic Affairs of the Russian Federation as stipulated by the agreement on cooperation.

In 2022, the Company and the Association of Indigenous Minorities of the North of the Republic of Sakha (Yakutia) developed their joint proposals aimed to protect the languages of the indigenous people. ALROSA backed up the projects and the necessity of establishing a sustainable system for the conservation, revival and promotion of both the indigenous languages and the ethnic culture in its entirety. A three-party agreement with the participation of the government of the Republic of Sakha (Yakutia) and financial support from ALROSA is scheduled to be signed in 2023.

# Procurement from local suppliers

GRI 3-3, 204-1

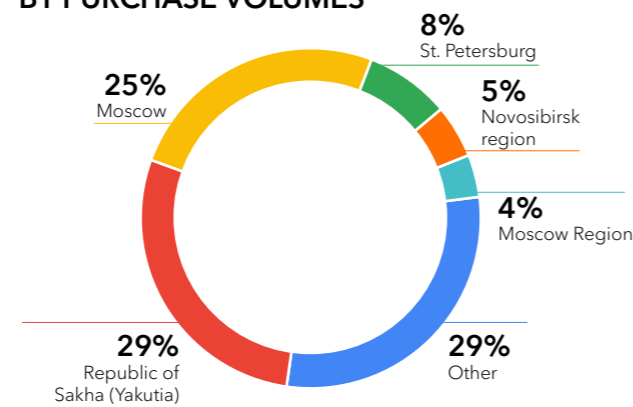
ALROSA's contribution to the development of the regions of presence also includes support to business within the territories of the ALROSA Group companies. As per the requirements of Federal Law No. 223-FZ of 18 July 2011 "On the Procurement of Goods, Work and Services by Certain Types of Legal Entities", the Company carries out purchasing from small and medium-sized businesses, including local suppliers in the regions of the ALROSA Group's presence.

In the reporting year, the total purchase volume of the ALROSA Group amounted to RUB 254.5 billion, of which RUB 75.6 billion account for the purchases from local suppliers in the regions of presence.

In 2022, purchases from local suppliers in the regions of presence<sup>1</sup> amounted to 30% of the total purchase volume of the ALROSA Group.



## TOP 5 REGIONS OF THE ALROSA GROUP BY PURCHASE VOLUMES

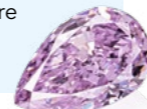


## SUPPORT FOR SMALL AND MEDIUM-SIZED ENTERPRISES (SME)

The ALROSA Group works with SMEs in many areas. The Company takes a responsible approach to the market analysis and works with SME partners in various fields, including occupational safety, environmental monitoring and innovations.

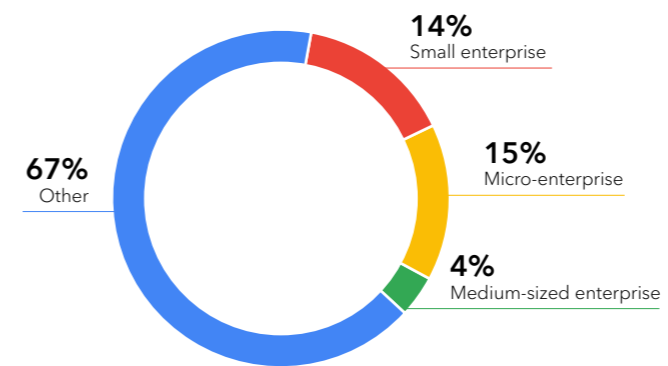
**RUB 84.9 billion**  
the total amount of the ALROSA Group purchases from SMEs in 2022.

**33%**  
the share of purchases from micro, small and medium enterprises in the structure of suppliers.



<sup>1</sup> Regions of presence of the ALROSA Group: Republic of Sakha (Yakutia), Arkhangelsk, Smolensk and Novosibirsk Regions, and St. Petersburg.

## SME SUPPLIERS<sup>1</sup> BY PURCHASE VOLUMES



Under the Agreement on the Social and Economic Development of the Republic of Sakha (Yakutia), ALROSA participates in joint programs for supporting the development of small and medium-sized businesses and in workshops held by JSC SME Corporation on the issues of providing SME with an access to procurement of major customers.

The Company pays due attention to the development of agricultural production, with preserving the traditional model of living of local communities, and places orders with local commodity producers for agricultural products for own needs.

## TRANSPARENT AND COMPETITIVE PROCUREMENT

The procurement process management at ALROSA is aimed at the timely, efficient and transparent provision of the Company with goods, work and services of the appropriate quality, in the required amount and on the best possible terms. Observance of antitrust laws is ensured by placing procurement procedures on external independent electronic trading platforms.

The Company's regulatory documents on compliance with antitrust laws and regulations are as follows:

- Supplier Code of Business Ethics;
- Rules for Equal-Opportunity Access of Suppliers to Procurement of Goods and Works;
- Regulations on Responsible Diamond Supply Chain Management;
- Compliance of the Procurement Business Process.

A comprehensive evaluation of the efficiency of antitrust measures of the Company is carried out on the basis of the correlation of the number of complaints of procurement participants to the Federal Antimonopoly Service or the Company's appeals review commission that were resolved with positive decisions, to the total number of the accomplished purchases. The risks of violation of antitrust requirements remain low within the Company as only 7 justified complaints were filed against the 39,000 procurement procedures carried out in 2022, which accounted for 0.02% of the total number of purchases of the ALROSA Group.

<sup>1</sup> According to the classification of counterparties in the Unified Register of Small and Medium-Sized Enterprises from the website of the Federal Tax Service <https://rmsp.nalog.ru/>

# Next steps

## PLANS UNDER THE 2025 ALROSA GROUP SUSTAINABILITY PROGRAM

<b>C1 Ensuring sustainable volume of social investments</b>	— Increase the social investments in 2023
<b>C2 Fulfillment of obligations under agreements with the regions of presence</b>	— 100% fulfillment of obligations under special-purpose donation contracts with the regions of presence on or before the due date
<b>C3 Construction/ maintenance of social infrastructure</b>	<ul style="list-style-type: none"> <li>— Ensuring stable operation of the Company's own social infrastructure facilities</li> <li>— Implementation of initiatives and solutions to improve the work of cultural and sports facilities in accordance with the Development Strategy of the Cultural and Sports Complex for 2022-2024</li> <li>— Further participation in the construction of major infrastructure facilities through remitting the special-purpose funds to NPO Special Fund for Future Generations of the Republic of Sakha (Yakutia), and to the Nyurba District, Mirny District and the Town of Mirny municipalities</li> </ul>
<b>C4 Contributing to local purchasing</b>	— Supporting the suppliers in the regions of presence and maintaining the high share of the local suppliers and SMEs in the total purchase volumes



# APPENDICES

A photograph of reindeer pulling sleds in a snowy landscape. Two people in winter gear are guiding the reindeer. The scene is set in a snowy, open area with some buildings in the background.

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# About the Report

## REPORTING PRINCIPLES

GRI 2-3, 2-5

The Sustainability Report for 2022 (hereinafter referred to as the Report) is the 12th annual non-financial report prepared by ALROSA. The document is addressed to a wide range of stakeholders to inform them about the principles, objectives, results and prospects of the Company's activities in the field of sustainable development. The previous report was published in Q3 2022.

The publication date of the 2022 Sustainability Report is Q2 2023.

### THE METHODOLOGICAL BASIS OF THIS REPORT IS PROVIDED BY THE FOLLOWING STANDARDS AND GUIDELINES:

- 1 updated Global Reporting Initiative sustainability reporting standards, GRI Standards (version "in accordance")
- 2 UN Global Compact principles
- 3 UN Guiding Principles on Business and Human Rights

## BOUNDARIES OF THE REPORT

GRI 2-3, 2-4

The terms "ALROSA Group", "ALROSA", "the Company" in this Report refer to PJSC ALROSA and 29 subsidiaries and affiliates included in the following complexes:

- Diamond mining and processing;
- Transportation;
- Energy;
- Geological exploration;
- Security;
- Sales;
- Scientific and technical;
- Social and other organizations.

This scope is as close as possible to the set of organizations in accordance with the scope of consolidated International Financial Reporting Standards (IFRS) reporting.

The Report contains information on changes in the wording and restatement of indicators where necessary. A number of indicators disclosed in previous non-financial reports have been recalculated due to refinement of data collection and calculation methods, elimination of inaccuracies and expansion of the data consolidation perimeter.

The present Report covers the period from January 1 to December 31, 2022, with some material sustainability events disclosed for Q1 2023. The financial information in the Report is presented and calculated in accordance with International Financial Reporting Standards (IFRS).

To avoid duplication of information, the Report, in certain instances, contains references to other publicly available documents of the Company and to previous non-financial reports.

## EXTERNAL ASSURANCE

GRI 2-5

ALROSA's Sustainability Report undergoes an annual external limited assurance process<sup>1</sup>, including a verification of the Report's compliance with GRI Standards. In 2022, the Company engaged TSATR – Audit Services Limited Liability Company to confirm the reliability of the information presented in the present Report and to ensure the quality, consistency, accuracy and comparability of the data.

The external certifier of non-financial reporting is determined annually by the Sustainability Working Group.

*Independent Practitioner's Assurance Report is presented in Appendix 2.*

## Materiality

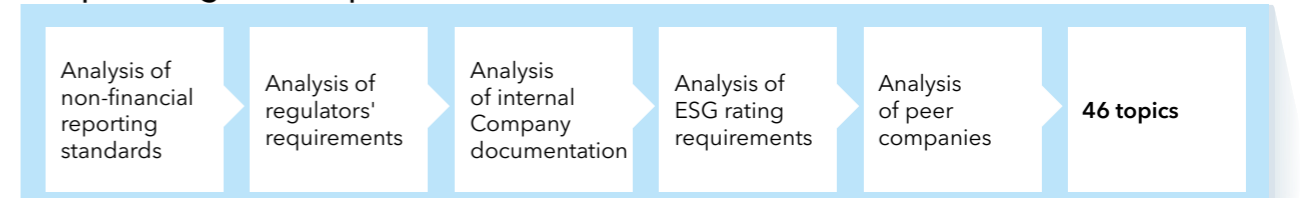
GRI 3-1

In 2022, ALROSA changed its materiality process, which was caused by the application of the updated GRI Standards from January 1, 2023:

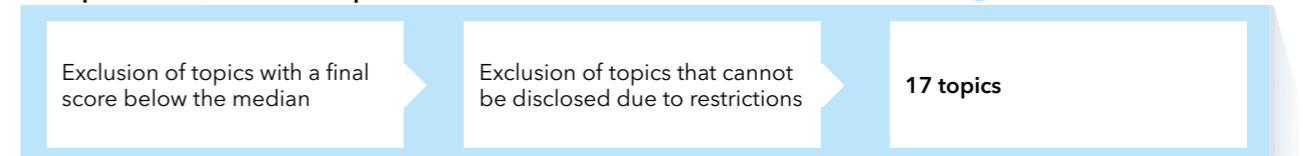
- the materiality of each topic is determined in terms of the Company's impact on economic, environmental and social aspects;
- the Company's negative and positive impacts are identified, and their significance is assessed on the basis of the selected criteria (e. g. strength of impact, scale);
- ensure that experts (analysts, rating agencies) are involved in assessing the significance of the impacts;
- based on the results of the impact assessment, a threshold is established to identify the most material topics.

### STAGES OF MATERIALITY ASSESSMENT

#### Step 1: Long-list of topics



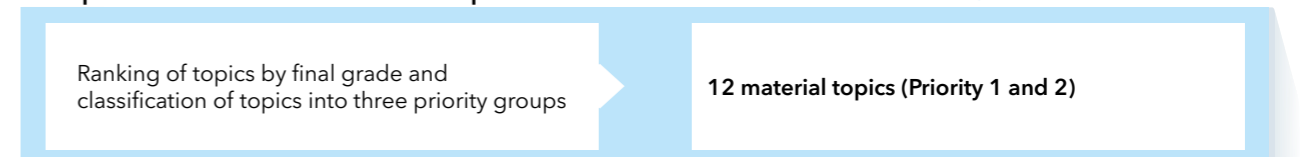
#### Step 2: Short-list of topics



#### Step 3: Stakeholder survey



#### Step 4: Final list of material topics



<sup>1</sup> An assurance engagement in accordance with ISAE 3000.



### Step 1: Long-list of topics

At this stage, the following sources were analyzed:

- applicable standards for disclosure of non-financial information (GRI, UN GC, ISSB);
- regulators' requirements (the Central Bank of the Russian Federation, Moscow Exchange);
- the Company's internal documentation regulating the sustainability aspects (ALROSA Group Sustainability Policy and Program, Long-term Development Program);
- the requirements of seven ESG ratings the progress on which is important for the Company;
- disclosure practices of peer companies (Russian and foreign companies leading in extractive industries).

As each subsequent source was analyzed, new topics were added to the list. The scores for each topic were summed up and considered in the further creation of a short-list of topics.

**The result of Step 1: 46 topics are identified.**

### Step 2: Short-list of topics

The Company determined the final score of the topics on the long-list by summing up the scores in Step 1 and established a cut-off line to exclude topics with a score below the median. Then, the topics for which ALROSA cannot disclose information due to restrictions were also excluded.

**The result of Step 2: The short-list of 17 topics.**

### Step 3: Stakeholder survey

The third step was a stakeholder survey, which ALROSA traditionally pays close attention to when identifying material topics. The Company conducts an annual survey to identify the material topics for specific stakeholder groups.

In 2022, the survey included the topics of the short-list, identified in the Step 2. Within each topic, the Company determined its positive and negative impacts on the region of its presence (both actual and potential due to the specific nature of its operations). The stakeholders were requested to rate each topic on a five-point scale based on four criteria:

- awareness of ALROSA's activities on the topic;
- the influence of ALROSA's activities on the assessment / decision regarding the Company;
- positive impact on the region;
- negative impact on the region.

Likewise, the participants were able to provide topics not included in the questionnaire that were of particular interest to them. As the survey showed, most of these were already covered by the topics on the short-list (artificial reproduction of aquatic bioresources, wildlife protection, employee skills, social infrastructure) and are considered in the Report, as is information on the development of Environmental and Climate Change Strategies of PJSC ALROSA.

20 people from eight stakeholder groups participated in the survey.

#### ALLOCATION OF RESPONDENTS BY STAKEHOLDER GROUPS

Employees of organizations in the ALROSA Group	7
Representatives of the NPO/NGO, academic, expert and/or industry community	4
Representatives of the investment community / bank	4
Rating agency	1
Representatives of the local community	1
Contractors, suppliers	1
Representatives of the trade union organization or association of employees	1
Other	1

Based on the results of the survey, ALROSA determined the final score for each topic on the shortened list (calculating first the weighted average score for each criterion and then the total score for all four criteria).

**The result of Step 3: The assessment of each topic on the short-list.**

### Step 4: Final list of material topics

At Step 4, the topics were ranked, after which ALROSA classified them into three equal groups according to three priorities. The first and second priority topics were identified as the most material and were disclosed in detail in the Report as they are of the greatest interest to the stakeholders surveyed as well as reflect the Company's high impact on the regions of presence within these topics.

GRI 3-2

#### FINAL LIST OF MATERIAL TOPICS FOR THE 2022 SUSTAINABILITY REPORT

Environment	
	Climate change and GHG emissions
	Energy consumption and efficiency
Environmental protection	Biodiversity and land resources
	Water resources management
	Industrial waste management
Social	
	Decent working conditions
Human capital development	Occupational health and safety
	Staff training and development
Development of regions of presence	Development of the regions of presence
Governance	
	Innovative activities
Governance and business ethics	Responsible supply chains
	Observance of laws and business ethics principles

**The result of Step 4: The final list contains 12 topics.**

GRI 2-12

The materiality assessment approach and the final list of the material topics were considered and approved at the Sustainability Working Group meeting.

With respect to the 2021 material topics list, the following changes were made in 2022:

- "Energy consumption and efficiency", "Biodiversity" were considered to be the most material topics;
- "Air emissions", "Environmental management", "Exploration works and deposit development", "Respect for human rights and non-discrimination", "Economic performance" and "Interaction with local communities and indigenous peoples" were not included in the list of 2022 most material topics, but are disclosed in the Report (except for information subject to disclosure restrictions);
- "Decent working conditions", a new topic compared to the 2021 list, was included in the final list.

# Independent Practitioner's Assurance Report

GRI 2-5



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## Translation of the original Russian version

### Independent practitioner's assurance report

#### To the Supervisory Board of PJSC ALROSA

#### Subject matter

We have been engaged by PJSC ALROSA (hereinafter "the Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, (herein "the Engagement"), to report on the PJSC ALROSA Sustainability Report 2022 (hereinafter "the Report") as of 31 December 2022 or for 2022 (hereinafter "the reporting period").

Under this engagement, we did not perform any procedures with regard to the following:

- ▶ Forward-looking statements on performance, events or planned activities of the Company;
- ▶ Statements of third parties included in the Report.

#### Applicable criteria

In preparing the Report the Company applied Global Reporting Initiative Sustainability Reporting Standards (hereinafter "GRI Standards") ("in accordance option") and the sustainability reporting principles of the Company as set forth in the in chapter "About the Report" of the Report (hereinafter "the Criteria").

#### The Company's management responsibilities

The Company's management is responsible for selecting the Criteria, and for preparation of the Report in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Report, such that it is free from material misstatement, whether due to fraud or error. In addition, the Company's management is responsible for ensuring that the documentation provided to the practitioner is complete and accurate.

#### Practitioner's responsibilities

We conducted our assurance engagement in accordance with International Standard for Assurance Engagements (revised) *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000"). ISAE 3000 requires that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Report is prepared in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and ap-

#### Our independence and quality control

We apply International Standard on Quality Control 1 (ISQC 1) and International Standard on Quality Management 1 (ISQM 1) adopted by the International Federation of Accountants in respect of those matters for which the relevant requirements in ISQC 1 are either missing or less in scope (or in nature) than the requirements in ISQM 1, and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

#### Summary of work performed

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within information technology systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Report and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Inquiries of the representatives of the Company management and specialists responsible for its sustainability policies, activities, performance and relevant reporting;
- ▶ Analysis of key documents related to the Company sustainability policies, activities, performance and relevant reporting;
- ▶ Obtaining understanding of the process used to prepare the information on sustainability performance indicators of the Company;
- ▶ Review of a selection of corporate and external media publications with respect to the Company sustainability policies, activities, events, and performance in the reporting period;
- ▶ Analysis of material sustainability issues identified by the Company;



## Translation of the original Russian version

- ▶ Identification of sustainability issues material for the Company based on the procedures described above and analysis of their reflection in the Report;
- ▶ Review of data samples regarding key human resources, environmental protection, health and safety, and charitable activities indicators for the reporting period, to assess whether these data have been collected, prepared, collated and reported appropriately;
- ▶ Collection on a sample basis of evidence substantiating other qualitative and quantitative information included in the Report at the headquarters level;
- ▶ Assessment of compliance of the Report and its preparation process with Company's sustainability reporting principles;
- ▶ Assessment of compliance of information and data disclosures in the Report with the requirements of the "in accordance" option of reporting with the GRI Standards.

We also performed such other procedures as we considered necessary in the circumstances.

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Report is not prepared fairly, in all material respects, according to the Criteria.

T.N. KOGUTENKO  
Partner  
TSATR – Audit Services Limited Liability Company

16 June 2023

#### Details of the independent practitioner

Name: TSATR – Audit Services Limited Liability Company  
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.  
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.  
TSATR – Audit Services Limited Liability Company is a member of Self-regulatory organization of auditors Association "Sodruzhestvo". TSATR – Audit Services Limited Liability Company is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

#### Details of the entity

Name: PJSC ALROSA  
Record made in the State Register of Legal Entities on 17 July 2002, State Registration Number 1021400967092.  
Address: Russia 678175, Mirny, Lenina street, 6.

# GRI Index

Indicator	Section / comment	Page																												
<b>GRI 2 (2021) General Disclosures</b>																														
<b>Organization and its reporting practices</b>																														
2-1	Organizational profile About the ALROSA Group Contact information Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	10, 211																												
2-2	Entities included in the organization's sustainability reporting Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-																												
2-3	Reporting period, frequency and contact point About the Report Contact information	190, 211																												
2-4	Restatements of information About the Report	190																												
2-5	External independent assurance About the Report Independent Practitioner's Assurance Report	190, 191, 194																												
<b>Activities and workers</b>																														
2-6	Activities, value chain and other business relationships About ALROSA Group Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	10																												
2-7	Staff employees Headcount and personnel structure <b>Headcount by type of employment contract and gender by ALROSA Group</b>	70																												
	<table border="1"> <thead> <tr> <th></th> <th>2020</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Employees under an unlimited employment contract</td> <td>28,954</td> <td>29,701</td> <td>30,749</td> </tr> <tr> <td>women</td> <td>9,946</td> <td>9,910</td> <td>10,044</td> </tr> <tr> <td>men</td> <td>19,008</td> <td>19,791</td> <td>20,705</td> </tr> <tr> <td>Employees under a fixed-term employment contract</td> <td>1,915</td> <td>2,287</td> <td>3,007</td> </tr> <tr> <td>women</td> <td>558</td> <td>544</td> <td>579</td> </tr> <tr> <td>men</td> <td>1,357</td> <td>1,743</td> <td>2,428</td> </tr> </tbody> </table>		2020	2021	2022	Employees under an unlimited employment contract	28,954	29,701	30,749	women	9,946	9,910	10,044	men	19,008	19,791	20,705	Employees under a fixed-term employment contract	1,915	2,287	3,007	women	558	544	579	men	1,357	1,743	2,428	
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	2020	2021	2022																											
Russia	30,743	31,860	33,292																											
Foreign countries	126	128	464																											
2-8	Non-staff employees The main types of work are performed by staff members of ALROSA Group companies.	-																												

Indicator	Section / comment	Page
<b>Governance</b>		
2-9	Governance structure and composition Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-10	Nominating and selecting the highest governance body Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-11	Chair of the highest governance body Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-12	Role of the highest governance body in ensuring the impact management control Sustainability management Identification of material topics Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	23
2-13	Delegating the responsibility for impacts management Sustainability management	23
2-14	Role of the highest governance body in adopting the sustainability reporting Sustainability management	23
2-15	Conflict of Interest Business ethics and Anticorruption	42-43
2-16	Communicating the critical concerns To inform the Supervisory Board of critical issues, a quick update is provided and reports on aspects are prepared.	-
2-17	Collective knowledge of the highest governance body Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-18	Evaluation of performance of the highest governance body Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-19	Remuneration policies Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-20	Process for determining remuneration Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
2-21	Annual total compensation ratio Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	-
<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy Message from the Chief Executive Officer – Chairman of the Executive Committee Strategic priorities and objectives	6, 18
2-23	Policy commitments Strategic priorities and objectives Documents on sustainable development	18, 26
2-24	Embedding policy commitments Strategic priorities and objectives Documents on sustainable development	18, 26
2-25	Processes to remediate negative impacts Strategic priorities and objectives Documents on sustainable development	18, 26
2-26	Mechanisms for seeking advice and raising concerns Business ethics and Anticorruption Human rights Compliance Hot Line	44, 50, 53
2-27	Compliance with laws and regulations Approach to environmental protection and climate issues management Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	123
2-28	Membership in associations Business ethics and Anticorruption Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.	40

Indicator	Section / comment	Page
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2-29	Approach to stakeholder engagement	Information is not disclosed due to changes in the applicable legislation for organizations issuing securities. -
2-30	Collective bargaining agreements	Human rights 50
<b>GRI 3 (2021) Material Topics</b>		
3-1	Process to determine material topics	Identification of material topics 191
3-2	List of material topics	Identification of material topics 193
3-3	Management of material topics	Approach to managing business ethics and Anticorruption 40, 44, Anticorruption compliance monitoring 57, 66, Innovative activities 84, 96, Approach to HR management 99, 118, Training and development 127, 134, Approach to occupational health and safety management 143, 152, Approach to environmental protection and climate issues management 161, 171, Climate change and GHG emissions 184 Energy consumption and efficiency Use of water resources Waste management Biodiversity conservation Approach to the management of social investments Procurement from local suppliers
<b>GRI 200 Economic Disclosures</b>		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Remuneration and motivation 80 Information on the average monthly salary for the ALROSA Group and in the relevant constituent subjects of the Russian Federation, without breakdown by gender, is presented.
202-2	Proportion of senior management hired from the local community	Creation of jobs in the regions 79 Definitions of "senior management," "local population" and "significant regions of activity" are given in the Glossary.
203-1	Infrastructure investments and services supported	Development of regions of presence 173
203-2	Significant indirect economic impacts	Social investments in development of regions of presence 173 Information is not disclosed due to changes in the applicable legislation for organizations issuing securities.
204-1	Proportion of spending on local suppliers	Purchases from local suppliers 184 The Company's approach to determining "local suppliers" and "significant regions of activity" is given in the Glossary.
205-1	Number of units that have been assessed for risk of corruption	Business ethics and Anticorruption 43 All the Company's divisions and counterparties are covered by the risk assessment performed by the security service. No significant risks related to corruption were identified during the reporting year.
205-2	Communication about Anticorruption policies and procedures, and related training	Business ethics and Anticorruption 43 All employees and counterparties (100%) of the Company are familiarized with the Anticorruption Policy. Accounting by region, category of personnel and category of business partnership is not maintained.

Indicator	Section / comment	Page
205-3	Confirmed incidents of corruption and actions taken	Business ethics and Anticorruption 44 There were no court cases in 2022 against employees whose decisions have entered into legal force. No confirmed cases of fraud and corruption were identified in the reporting year. There are no cases of corruption in the statistics on terminated contracts.
302-1	Energy consumption within the organization	Energy consumption and efficiency 138 Energy consumption and sales for cooling are not specific to the Group. Coefficients of conversion of fuel and energy resources into fuel equivalent and GJ are assumed in accordance with Appendix No. 2 to the Methodological Recommendations for calculating the key energy efficiency indicator of Program for Innovation Development and Technological Upgrade of PJSC ALROSA. The fuel oil conversion factor was adopted in accordance with the Order of the Ministry of Natural Resources of the Russian Federation dated June 30, 2015 No. 300. The natural gas conversion factor was adopted in accordance with Order No. 02/243-R dated July 29, 2021 "On the approval of coefficients for the conversion of natural fuel into conditional".
302-2	Energy consumption outside of the organization	Energy consumption outside the organization is not accounted for. -
302-3	Energy intensity	Energy consumption and efficiency 138
302-4	Reduction of energy consumption	Energy consumption and efficiency 134, 140 Values for the reduction of energy consumption due to the implementation of energy saving initiatives are presented compared with the previous period. The calculation takes into account fuel, electric and thermal energy, the consumption of which was reduced by optimizing the production process, equipment replacement, organizational and other measures. The Company does not have an approved calculation methodology. The reduction in consumption is calculated in the presence of metering devices by a statistical method under comparable conditions, in the absence of metering devices by a calculation method based on the characteristics or mode of operation of the equipment before and after the implementation of the measure.
302-5	Reduction in energy requirements of products and services	Not applicable. -
303-1	Interactions with water as a shared resource	Use of water resources 144
303-2	Management of water discharge related impacts	Use of water resources 146 ALROSA Group enterprises that discharge effluents are not located in regions where there are no discharge standards and regulations.
303-3	Water withdrawal	Use of water resources 149 The Group takes in fresh water only. Water withdrawals in regions with observed water shortages by source type are not disclosed because, according to the water risk map developed by WWF <sup>1</sup> (Water Risk Filter), Group companies do not withdraw water in regions with a high level of physical water risks.

<sup>1</sup> On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.

Indicator	Section / comment	Page
303-4	Water discharge Use of water resources The Group discharges fresh water only. Water discharge in regions with observed water shortages by source type are not disclosed because, according to the water risk map developed by WWF <sup>1</sup> (Water Risk Filter), Group companies do not discharge water in regions with a high level of physical water risks. There are 22 quality indicators for treated wastewater that can be discharged into surface waters under existing requirements.	150
303-5	Water consumption Use of water resources Water consumption in regions with observed water shortages by source type are not disclosed because, according to the water risk map developed by WWF <sup>1</sup> (Water Risk Filter), Group companies do not consume water in regions with a high level of physical water risks.	150
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Biodiversity conservation The SPNAs in close proximity to the license blocks of the Group are characterized by surface and fresh-water ecosystems (the "Back" resource reserve – protection of ungulates, fur beasts, spawning sites for valuable fish species; Ochuma resource reserve – preservation of typical landscapes of western Yakutia, a system of large and small lake, plant and wildlife; Junkun resource reserve – protection of representatives of the fauna (moose, wild reindeer, sable, mining, ondatra, capcary, grouse, teething, partridge, migrating birds). The area of the five license blocks located in close proximity to the SPNA is 20,150.5 km <sup>2</sup> .	161
304-2	Significant impacts of activities, products and services on biodiversity Biodiversity conservation	161
304-3	Habitats protected or restored Land rehabilitation and reforestation Biodiversity conservation	160, 164, 165
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations Biodiversity conservation	161
305-1	Direct (Scope 1) GHG emissions Climate change and GHG emissions Biogenous emissions are not typical for the Group. Assessment of direct emissions considers carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O). Emission factors to calculate Scope 1 emissions were taken from the following sources: — UK Government GHG Conversion Factors for Company Reporting, 2021 — Emission Factors for Greenhouse Gas Inventories, 2021	131

<sup>1</sup> On 10 March 2023, the World Wildlife Fund was included in the register of foreign agents in Russia.

Indicator	Section / comment	Page
305-2	Energy indirect (Scope 2) GHG emissions Climate change and GHG emissions The estimation of indirect energy emissions takes into account carbon dioxide (CO <sub>2</sub> ). The emission factors for calculating Scope 2 were taken from the following sources: Location-based: — Climate Transparency (2021 Report) for Russia, Africa, China and Israel — Dubai Electricity & Water Authority (Sustainability report 2020) for the UAE — US Env Protection Agency (EPA) eGrid for the USA — Association of Issuing Bodies (AIB) 2021 for Belgium — UK Government GHG Conversion Factors for Company Reporting, 2021 Market-based: — UK Government GHG Conversion Factors for Company Reporting, 2021 — Carbon dioxide emission factor for the First Synchronous Zone of UES of Russia	131
305-3	Other indirect (Scope 3) GHG emissions Climate change and GHG emissions Biogenic emissions are not specific to the Group. Estimate of other indirect emissions takes into account carbon dioxide (CO <sub>2</sub> ). The emission coefficients for calculating Scope 3 were taken from the following sources: — UK Government GHG Conversion Factors for Company Reporting, 2021 — US Env Protection Agency (EPA) eGrid	131
305-4	GHG emissions intensity Climate change and GHG emissions Calculation of specific emissions takes into account carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O).	133
305-5	Reduction of GHG emissions Climate change and GHG emissions Energy consumption and energy efficiency 2020 was recognized as the base year.	129, 134
305-6	Emissions of ozone-depleting substances (ODS) Accounting is not maintained.	-
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions Air emissions The Company does not have emissions of sustainable organic substances in accordance with the Stockholm Convention.	142
306-1	Waste generation and significant waste-related impacts Waste management	152

Indicator	Section / comment	Page																																				
306-2	Management of significant waste-related impacts Waste management Monitoring and control of indicators in the area of waste management and the environmental impact of the Group's waste management activity is performed through the performance of production environmental control and production environmental monitoring (control over the formation, accumulation, disposal/treatment using both internal and external resources is performed; control over waste disposal at own and outside waste disposal sites). Waste data and reporting are collected using an information and analytical environmental monitoring system. The system stipulates visualization of data using dashboards of various types, exchange of information, including data on solid household waste landfills, waste disposal sites and unauthorized landfills.	152																																				
306-3	Waste generated Waste management	152, 154																																				
306-4	Waste diverted from disposal Waste management Without breakdown by hazard class in connection with the update of the accounting methodology. Disclosure is planned for the following reporting periods.	155																																				
306-5	Waste directed to disposal Waste management The breakdown of waste sent for disposal into hazardous and non-hazardous wastes has not been disclosed, since only non-hazardous wastes are to be disposed of/stored at their own sites and the sites of outside organizations.	155																																				
308-1	New suppliers that were screened using environmental criteria No assessment of business partners by ESG criteria was performed during the reporting year.	-																																				
308-2	Negative environmental impacts in the supply chain and actions taken No assessment of business partners by ESG criteria was performed during the reporting year.	-																																				
<b>GRI 400 Social Disclosures</b>																																						
401-1	New employee hires and employee turnover Headcount and personnel structure <b>Number of employees hired in the reporting period and staff turnover rate in 2022 for the ALROSA Group</b>	70																																				
	<table border="1"> <thead> <tr> <th></th> <th>Number of employees hired, people</th> <th>Staff turnover rate</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>By gender</b></td> </tr> <tr> <td>women</td> <td>2,796</td> <td>12.0%</td> </tr> <tr> <td>men</td> <td>10,019</td> <td>13.8%</td> </tr> <tr> <td colspan="3"><b>By age</b></td> </tr> <tr> <td>aged under 30</td> <td>4,531</td> <td>23.0%</td> </tr> <tr> <td>aged 30-50</td> <td>6,386</td> <td>10.5%</td> </tr> <tr> <td>aged over 50</td> <td>1,898</td> <td>14.2%</td> </tr> <tr> <td colspan="3"><b>By region</b></td> </tr> <tr> <td>citizens of the Russian Federation</td> <td>12,144</td> <td>12.3%</td> </tr> <tr> <td>citizens of the CIS</td> <td>629</td> <td>87.7%</td> </tr> <tr> <td>foreign citizens</td> <td>42</td> <td>12.8%</td> </tr> </tbody> </table>		Number of employees hired, people	Staff turnover rate	<b>By gender</b>			women	2,796	12.0%	men	10,019	13.8%	<b>By age</b>			aged under 30	4,531	23.0%	aged 30-50	6,386	10.5%	aged over 50	1,898	14.2%	<b>By region</b>			citizens of the Russian Federation	12,144	12.3%	citizens of the CIS	629	87.7%	foreign citizens	42	12.8%	
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401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees Remuneration and motivation	80																																				
401-3	Parental leave The parameters required by GRI are not accounted for. Each employee is entitled to child care leave in accordance with the legislation of the Russian Federation, regardless of gender.	-																																				
402-1	Minimum notice periods regarding operational changes Human rights Reporting deadlines are established for all employees, regardless of the category of employees and their participation in trade unions.	49																																				
403-1	Occupational health and safety management system Management approach to occupational health and safety	98																																				

Indicator	Section / comment	Page
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403-4	Worker participation, consultation, and communication on occupational health and safety Management approach to occupational health and safety	100
403-5	Worker training on occupational health and safety Safety training and culture development Learning and development	86, 101
403-6	Promotion of worker health Social support and partnership Health and disease prevention	87, 100, 109
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships Occupational health and safety	104
403-9	Work-related injuries Employee health and disease prevention The data are not broken down by gender as the Company does not keep relevant records. The ratio of recorded injuries is not presented. No records of occupational injuries are kept by contractors.	107
403-10	Work-related ill health Employee health and disease prevention The data are not broken down by gender as the Company does not keep relevant records. No fatalities due to occupational diseases were recorded. No records of occupational diseases are kept by contractors.	109
404-1	Average hours of training per year per employee Learning and development No records of the average annual number of hours of instruction by gender are kept.	84
404-2	Upgrading employee skills and transition assistance programs Learning and development	84
404-3	Percentage of employees subject to regular performance and career development reviews Learning and development 100% of employees regularly undergo performance assessment based on the system of functional KPIs.	84
405-1	Diversity of governance bodies and employees Headcount and personnel structure	70
405-2	Ratio of basic salary and remuneration of women to men Remuneration of employees is performed in accordance with the Convention No. 100: The principle of equal remuneration of men and women for work of equal value applies. There is no difference in the basic salary rate of women to the basic salary rate of men for all categories and regions of activity of employees. The ratio is 1:1.	-
406-1	Non-discrimination Not identified during the reporting period.	-
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk Not identified during the reporting period.	-
408-1	Operations and suppliers at significant risk for incidents of child labor No instances of child labor and related risks have been identified.	-

Indicator	Section / comment	Page	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No forced labor and associated risks have been identified.	-
410-1	Security personnel trained in human rights policies or procedures	ALROSA's ethics and human rights policies are available on the Company's corporate website for review by business partners. Training in this area is provided to security departments within the scope of the ALROSA Group.	-
411-1	Incidents of violations involving rights of indigenous peoples	Support for indigenous minorities During the reporting period there were no violations of the rights of indigenous minorities.	-
413-1	Operations with local community engagement, impact assessments, and development programs	Approach to the management of social investment Social investments in the development of regions of presence Programs of interaction with local communities are implemented at all key enterprises of the Company.	171, 173
413-2	Operations with significant actual and potential negative impacts on local communities	Management of tailings dams No significant actual or potential negative impacts on local communities were identified in the reporting year.	156
414-1	New suppliers that were screened using social criteria	Business ethics and Anticorruption No assessment of business partners by ESG criteria was performed during the reporting year. Prior to collaboration, ALROSA carefully reviews potential counterparties for compliance with corporate governance, business ethics, labor rights and human rights, health and safety, environmental and other requirements. One of the Company's key procurement principles is openness and competitiveness.	44
414-2	Negative social impacts in the supply chain and actions taken	No assessment of business partners by ESG criteria was performed during the reporting year.	-

# UN Global Compact compliance table

## Implementation with the UN Global Compact

Areas of responsibility	The UN Global Compact principle	Section
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights	Human rights Support for indigenous minorities
	Businesses should make sure that they are not complicit in human rights abuses	
Labor	Business should support freedom of association and real recognition of the right to collective bargaining	Human rights Approach to HR management
	Businesses should uphold the elimination of all forms of forced and compulsory labor	
	Businesses should uphold the effective abolition of child labor Businesses should uphold the elimination of discrimination in respect of employment and occupation	
Environment	Businesses should support a precautionary approach to environmental challenges	Approach to environmental protection and climate issues management
	Businesses should undertake initiatives to promote greater environmental responsibility Businesses should encourage the development and diffusion of environmentally friendly technologies	
Anticorruption	Businesses should work against corruption in all its forms, including extortion and bribery	Business ethics and Anticorruption

## Glossary

<b>Charity</b>	voluntary activity undertaken by the Company on a non-commercial basis (free of charge or on favorable terms) such as transfer of assets to individuals or legal entities, including cash funds, and performance of work, provision of services and other support at the Company's expense.
<b>Safe working conditions</b>	working environment in which the impact of harmful and hazardous production factors is excluded or the level of such impact does not exceed hygienic standards.
<b>Stakeholder engagement</b>	the Company's activities aiming to understand the expectations and concerns of its stakeholders and to involve them in the decision-making process.
<b>Payments and benefits</b>	direct payments made by the organization to its employees, as well as payment for services rendered to or of expenses incurred by employees. Severance pay in excess of statutory minimum, payment for temporary business interruption, additional benefits related to work injury, survivor benefits, and additional paid days off.
<b>Stakeholders</b>	individuals and legal entities or groups of persons who either influence or are influenced by the Company's activities, as well as having the right under the law and international conventions to directly bring claims against the Company. Stakeholders are the Company's shareholders, investors, employees, suppliers, contractors, consumers, trade unions and other public organizations, government and local authorities, mass media, residents of the area where the Company operates, etc.
<b>Corporate social responsibility</b>	the philosophy of behavior and concept for the business community, companies and business representatives to build their activities with a view to meeting the expectations of stakeholders for the purpose of sustainable development.
<b>Collective agreement</b>	a legal document that regulates social and labor relations at an enterprise, as well as securing benefits and guarantees at the employer's expense.
<b>IUCN Red List</b>	a list of endangered plant and animal species with their global conservation status, developed by the International Union for Conservation of Nature.
<b>Local suppliers</b>	an organization or entity that supplies products or services to the reporting organization and is located in the same geographical market as the reporting organization. The geographic definition of "local" in the context of the Company's procurement activities refers to the Russian Federation.
<b>Local population</b>	population of a certain territory without considering its ethnic composition and cultural characteristics.
<b>Local community</b>	people or groups of local residents who live and/or work in all areas exposed to economic, social or environmental impact (both positive and negative) of the Company's divisions. The local community can comprise both people living in proximity to these divisions and those from remote isolated settlements affected by them.
<b>Mission</b>	a reason for existence, the purpose of the Company that makes it different from other similar organizations.
<b>Motivation</b>	a mechanism for enhancing labor efficiency and productivity, as well as incentive for an employee or a group of employees to pursue activities aimed at achieving the Company's goals.
<b>Young employee</b>	a Company's employee up to the age of 35, regardless of their educational background.
<b>Occupational incident or accident</b>	an event resulting in an injury or other health impairment or damage of an employee in the course of performance of their respective duties under an employment contract within the territory of the Company's production facilities or while traveling to or from the place of work by transport provided by the Company, entailing the transfer of such employee to another job, temporary or permanent occupational disability or death.



<b>Significant locations of operation</b>	regions of the Russian Federation where the Company's key assets are located.
<b>Sustainability report (non-financial report, social and environmental report)</b>	a straightforward, reliable and balanced description of the Company's core activities along with results achieved in the areas related to values, goals, sustainability policy, and issues of greatest interest to key stakeholders. It is a public document for informing shareholders, employees, partners and other stakeholders about how and at what pace the Company is achieving its mission or strategic development goals in respect of economic sustainability, social wellbeing and environmental sustainability.
<b>Occupational safety</b>	a system for ensuring the safety of life and health of employees at their workplaces, including legal, social, economic, organizational, technical, sanitary, medical, rehabilitation and other activities.
<b>Environmental and resource-saving activities</b>	the area of the Company's programs implemented to reduce its environmental impact.
<b>HR management</b>	an end-to-end integrated system for human resource management, which covers all stages of interaction between employees and the Company, from attraction, adaptation and retention of an employee in the Company to their retirement.
<b>Community development program</b>	a detailed plan of actions to minimize, mitigate and compensate for the adverse social and economic impacts, designed to identify opportunities and measures to enhance the positive effect of the project on the local community.
<b>Occupational disease</b>	a disease that appears and develops due to systematic and prolonged exposure of an employee to workplace factors peculiar to such an occupation or to conditions peculiar only to a certain industry.
<b>Environmental costs</b>	all costs associated with environmental protection incurred by or on behalf of the Company to prevent, reduce, control and document environmental aspects, environmental impact and environmental hazards. They also include costs of waste handling, treatment, environmental improvement and remediation of environmental damage.
<b>Risk</b>	a threat of adverse impact of external and internal factors on the achievement of the Company's corporate goals.
<b>Senior executives</b>	the Company's top managers holding senior managerial positions (President, vice presidents, heads of structural divisions).
<b>Certification</b>	confirmation of compliance of qualitative characteristics with the level required by the quality standard.
<b>Social policy</b>	the activities of employers, managers and employees aimed at maintaining and/or changing their social status, meeting social needs, harmonizing social interests, implementing social rights and guarantees, providing social services and protecting personnel from the social point of view.
<b>Social programs</b>	the Company's voluntary efforts or activity to develop and motivate personnel, create favorable workplace conditions, develop the corporate culture, and support local communities and charity purposes. They have a systemic nature and are related to the business strategy and aimed at meeting the balanced demands of different stakeholders.
<b>Staff turnover</b>	the number of employees who leave the Company voluntarily (other than retired employees) or are dismissed for other reasons (violation of labor discipline).
<b>Sustainable development</b>	a concept of development of the world community that provides for considering the interests of not only the present generations, but also the future ones.

## Abbreviations

GOST	State standard of the Russian Federation
KPI	Key performance indicators
SME	Small and medium-sized enterprises
IFRS	International Financial Reporting Standards
NPF	Non-state pension fund
UN	United Nations
OHS	Occupational health and safety
OECD	Organization for Economic Cooperation and Development
PJSC	Public Joint Stock Company
Ulus	District, administrative-territorial division of the Republic of Sakha (Yakutia)
UN SDGs	UN Sustainable Development Goals 2030
COVID-19	The novel coronavirus infection, first discovered in China, which caused the 2020 pandemic
ESG	Environmental, social and governance
GRI	Global Reporting Initiative that publishes standards for non-financial reporting (GRI Standards)
ISO	International Organization for Standardization that is an international standard-setting body; international standards for management systems
LTIFR	Lost Time Injury Frequency Rate
VAR	Vehicle Accident Rate
FIFR	Fatal Incident Frequency Rate
RJC	Responsible Jewelry Council
NRCG	National Rating of Corporate Governance
USA	United States of America
FAEA of Russia	Federal Agency for Ethnic Affairs

## Units of measurement

ha	hectare
m <sup>2</sup>	square meter
m <sup>3</sup>	cubic meter
RUB	Russian ruble

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