APPROVED

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**POLICY**

**on Protection of Atmospheric Air**

2023

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**INTRODUCTION**

The atmospheric air is a vital component of the environment, being a natural mixture of atmospheric gases (mainly, nitrogen and oxygen together making up 98–99%, as well as carbon dioxide, water, hydrogen etc.). The composition of the air varies depending on external factors, such as natural, technogenic, anthropogenic factors, as well as natural geographical conditions (the air composition at different regions can vary within 1–3% for each gas).

Permanent natural contaminants include some gaseous products produced as a result of chemical or biological processes. In addition to gaseous and vaporous contaminants, normally, the air contains cosmic dust as well as dust particles from volcanic eruptions. However, the most critical factor for the natural contamination of the atmosphere is the so-called surface dust (soil, plant dusts, smoke from forest fires) which is especially in large numbers in the continental air of the deserts in Africa and the Central Asia. Thus, a perfect clean atmosphere is actually a theoretical notion.

Even so, the natural variation of the atmospheric composition, generally, plays a very insignificant role as compared to potential consequences of its artificial contamination. Being a result of production activities of the population, the city infrastructure and transport, this contamination can even result in the denaturation of the atmosphere, i.e. significant differences of its properties and composition from the characteristics of the natural atmosphere.

As the industrial activities developed and the population grew, the dynamic balance of emission and absorption of oxygen, carbon dioxide and nitrogen that existed before was gradually disrupted. Because of this, the basic composition of the air was affected by seemingly insignificant and slow, but irreversible changes.

In addition to its main function, the atmospheric air is also a natural barrier that protects against cosmic radiation, maintains a certain heat balance on the Earth, determines the climate etc. Besides its environmental functions, the atmospheric air serves critical economic functions, because it is a critical component of production processes, energy, transport and other human activities.

The intensive industrial development, expansion of cities, increase of the number of means of transport result in the change of the atmosphere gas composition, accumulation of various contaminants (dust, chemical, electromagnetic, radiation, noise and other types of pollution), destruction of the ozone layer of the atmosphere, disruption of its natural balance. This causes a considerable harm to the health of people and the environment and makes legal regulation of the atmosphere protection and control of impacts on the atmosphere necessary.

The key regulations defining the legal framework for the protection of the atmospheric air, improvement of its quality and prevention of the climate change in the Russian Federation include the Decree of the Russian President “On reduction of the greenhouse gas emissions”, the Federal Law “On protection of the environment”, the Federal Law “On protection of the atmospheric air”, the Federal Law “On control of the greenhouse gas emissions”. The international obligations on the protection of the atmospheric air and response measures relating to the climate change are defined in the Rio Declaration on Environment and Development dated 14.06.1992, the Vienna Convention for the Protection of the Ozone Layer dated 22.03.1985, the Montreal Protocol on Substances that Deplete the Ozone Layer dated 16.09.1987, the UN framework convention on the climate change dated 09.05.1992, the Paris agreement dated 12.12.2015.

Acknowledging that the protection of healthy environment and climate is a common objective of the global community that strives to protect the atmospheric air and adopting measures on proper regulation of its own emissions to reduce them as the ultimate goal, PJSC ALROSA (hereinafter “ALROSA” and/or “the Company”) adopts this Policy developed based on the scientific knowledge and considerations of technical and economic analysis.

# 1. General provisions

Modern approaches to the protection of the atmospheric air and standardization of emissions of contaminants must ensure implementation of the Russian legal framework on the protection of the atmospheric air, related international standards, and be based on the world best practices and recommended best available technologies.

To ensure assessment of the condition of the atmospheric air, the hygiene and environmental standards of the quality of the atmospheric air and the maximum permitted levels of physical impacts on the atmospheric air are established.

To prevent negative impact on the atmospheric air, the requirements for the protection of the atmospheric air including the requirements for work, services and related methods of control that must be complied with during the business or other activities as well as restrictions and conditions of performing the business and other activities harmful for the atmospheric air are established. The executive authorities of the Russian Federation and the public authorities of the members of the Russian Federation may introduce restrictions for the use of oil products and other types of fuel which can pollute the atmospheric air when combusted at the respective territory as well as facilitate the production and use of environmentally safe types of fuel and other energy carriers.

Activities resulting in the change of the condition of the atmospheric air and atmospheric effects may be performed only if they have no harmful consequences for human life and health and for the environment based on permits issued by a federal executive authority responsible for the environment.

When designing, planning, building, reconstructing or operating any facilities used for the business or other activities, developing city or other areas the requirements for the quality of the atmospheric air must always be followed according to the environmental, sanitary and hygiene as well as building regulations and rules relating to the requirements for greenspace areas. It is also necessary to take into account the background pollution level of the atmospheric air and the projected change of its quality due to the specified activity. To protect the atmospheric air at residential areas, sanitary protection zones must be established.

Projects for the construction of facilities for business or other activities that can have a negative impact on the quality of the atmospheric air must include measures for reducing pollutant emissions into the atmospheric air and for their detoxication. When new and (or) reconstructed facilities used for business or other activities and emitting pollutants into the atmospheric air are put into operation, technical requirements for emissions and maximum permitted emissions, maximum permitted levels of harmful physical impacts on the atmospheric air must never be exceeded.

The provisions of this Policy shall be followed by all structural subdivisions of the Company and are recommended for implementation in the subsidiaries (collectively referred to as the ALROSA Group) as a basis for developing their own Policies.

# 2. Referenced Codes and Standards

2.1. Decree of the President of the Russian Federation “On the Reduction of the Greenhouse Gas Emissions” No. 666 dated 04.11.2020.

2.2. Federal law No. 7-FZ “On the Protection of the Environment” dated 10.01.2002.

2.3. Federal Law No. 96-FZ “On Protection of the Atmospheric Air” dated 04.05.1999.

2.4. Federal Law No. 296-FZ “On Control of the Greenhouse Gas Emissions” dated 02.07.2021.

2.5. Decree of the Government of the Russian Federation No. 2055 dated 09.12.2020 “On maximum permitted emissions, temporarily permitted emissions, maximum quotas of harmful physical effects on atmospheric air and permits for emissions of contaminants to the atmospheric air”.

2.6. GOST R 56165-2019 National Standard of the Russian Federation. Quality of the atmospheric air. Method of determination of permitted industrial emissions based on environmental standards.

2.7. Rio Declaration on Environment and Development adopted by the UN Conference on the environment and development, Rio de Janeiro, June 3–14, 1992

2.8. Vienna Convention for the Protection of the Ozone Layer adopted on March 22, 1985.

2.9. Montreal Protocol on Substances that Deplete the Ozone Layer adopted on September 16, 1987.

2.10. UN Framework Convention on climate change adopted on May 09, 1992.

2.11. Paris Agreement dated 12.12.2015.

# 3. Terms and Definitions

This Policy uses the following terms:

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| **Pollutant** | A chemical or a mixture of chemicals, including radioactive substances, and microorganisms that are emitted into the atmospheric air, contained and (or) generated in the atmospheric air and that have a negative impact on the environment, human life and health if their quantity and (or) concentration exceed the specified levels. |
| **Pollution of the atmospheric air** | Entry or generation of pollutants in the atmospheric air in concentrations exceeding the national hygiene and environmental requirements for the quality of the atmospheric air. |
| **Harmful physical effect on the atmospheric air** | Negative effect of noise, vibration, ionizing radiation, temperature and other physical factors that change temperature, energy, wave, radiation and other physical properties of the atmospheric air, on the human health and the environment. |
| **Adverse meteorological conditions** | Meteorological conditions that facilitate the accumulation of pollutants in the surface layer of the atmospheric air. |
| **Process emission limit** | Limit for emitting a pollutant into the atmospheric air defined for production processes of the main production facilities and equipment involving the best available technologies based on a process emission parameter. |
| **Maximum permitted emission** | Limit for emitting a pollutant into the atmospheric air that is defined as a volume or a mass of a chemical or a mixture of chemicals, microorganisms, other substances, as an activity parameter of radioactive substances that is allowed to be emitted into the atmospheric air by a stationary source and (or) a group of stationary sources and that ensures the compliance of the requirements for the protection of the atmospheric air when it is met. |
| **Monitoring of the atmospheric air** | A system of monitoring the condition of the atmospheric air, its pollution and natural phenomena as well as assessment and forecast of the condition of the atmospheric air, its pollution. |
| **Protection of the atmospheric air** | A system of measures implemented by the public authorities of the Russian Federation, the public authorities of the members of the Russian Federation, local authorities, legal entities and individuals to improve the quality of the atmospheric air and prevent its harmful effect on the human health and the environment. |
| **Hygienic standard for the quality of the atmospheric air** | A criterion of quality of the atmospheric air that reflects maximum permitted content of pollutants in the atmospheric air which does not cause any harm to the human health. |
| **Stationary source** | A source of emissions whose location is determined using the unified national coordinate system or which can be moved by a mobile source. |
| **Mobile source** | Means of transport whose working engine is a source of emissions. |
| **Gas treatment facility** | Plant, equipment, system used to treat and (or) neutralize emissions of pollutants to the atmospheric air. |
| **Greenhouse gases** | Gaseous substances of natural or anthropogenic origin that absorb and reemit infrared radiation. |
| **Greenhouse gas emissions** | Emissions of greenhouse gases produced as a result of business or other activities to the atmospheric air over a specific time interval. |
| **Climate project** | A set of measures ensuring the minimization (prevention) of greenhouse gas emissions or the increase of absorption of greenhouse gases. |

# 4. The Goals and Objectives of the Policy

4.1. This Policy sets the following goals:

– Identify and eliminate hazardous factors relating to one-time, periodic and/or permanent effects of production activities resulting in non-organized emissions of pollutants into the atmosphere

– Regulate the emissions of greenhouse gases and reduce their amount

– Prevent harmful effects on the atmospheric air and improve its condition

– Comply with the maximum permitted emissions of pollutants to the atmosphere

– Continuously monitor sources of harmful emissions to the atmosphere

4.2. These goals determine the following key objectives:

– Control emissions of pollutants to the atmosphere

– Take inventory of sources of greenhouse gas emissions

– Establish sanitary protection zones

– Ensure regular production environmental control and monitoring of stationary sources of emissions and inspection of transport and other mobile sources

– Ensure monitoring of adverse meteorological conditions

– Equip the stationary sources of emissions with gas treatment plants

– Develop and implement advanced production processes that help minimize or eliminate emissions of pollutants to the atmosphere

– Minimize the number of facilities polluting the atmosphere by their reequipment and modernization

– Develop and implement climate projects

– Environmental training and education of the staff

# 5. The Principles of the Policy Implementation

The activities of the protection of the atmospheric air are based on the following principles:

5.1. Top priority is the protection of the life and health of people of the current and future generations. Ensuring favorable environmental and climate conditions for the life, work and rest of people.

5.2. Preventing irreversible consequences for the environment resulting from the pollution of the atmospheric air.

5.3. Scientific, systemic and comprehensive approach to the protection of the atmospheric air.

5.4. Using advanced methods and tools for the control of pollutants in the atmospheric air.

5.5. Mandatory compliance of the requirements of the Russian law on the protection of the atmospheric air and climate.

5.6. Increase of funding the atmospheric protection and smart dedicated use of such funds.

5.7. Ensuring training, retraining and advanced training on the protection of the atmosphere for the staff.

# 6. The Instruments of the Policy Implementation

6.1. Ensure the inventory control of emissions of pollutants to the atmospheric air, timely update inventory data of the emissions, if the composition, volume or mass of the emissions change in the following situations:

– Changes of production processes and (or) operation modes of the production equipment and gas treatment facilities, including putting any new source of emissions into operation or shutting any source of emissions down

– Change of the output

– Replacement of production equipment and (or) raw products, materials, fuel and energy resources resulting in changes of the composition, volume and (or) mass of emissions

6.2. Develop maximum permitted emissions and maximum permitted levels of harmful physical effects on the atmospheric air, process emission limits.

6.3. Implement the best available technologies, low-waste and zero-waste technologies to minimize the pollution level of the atmospheric air.

6.4. Plan and implement measures aimed to collect, treat, neutralize the emissions of pollutants to the atmospheric air, minimize or eliminate such emissions.

6.5 Develop measures to minimize emissions of pollutants to the atmospheric air during periods of adverse meteorological conditions.

6.6. Implement measures aimed to prevent and handle emergency emissions of pollutants to the atmospheric air as well as to mitigate the consequences of the pollution.

6.7. Keep records of emissions of pollutants to the atmospheric air and their sources, ensure production environmental control and monitoring of the compliance with the defined limits of emissions of pollutants to the atmospheric air.

6.8. Comply with the guidelines for operation of the gas treatment facilities and equipment used to monitor the emissions of pollutants to the atmospheric air.

6.9. Follow the sanitary protection zones established for the facilities of business and other activities that have a harmful effect on the atmospheric air.

6.10. Identify sources of greenhouse gas emissions, define quantitative limits for greenhouse gas emissions, calculate the mass and ensure reporting.

6.11. Regularly analyze the compliance obligations and the compliance risks relating to the law on the protection of the atmospheric air.

# 7. Stakeholders

The stakeholders in the context of the production and business activities of ALROSA include:

– individuals—citizens of the Russian Federation who are current or potential owners of the Company’s securities or those living on territories where the Company’s production assets, public and nonpublic organizations, associations, research institutes and expert organizations, social and charitable organizations are present;

– government authorities, including authorities of the Russian Federation entities, authorities of municipal entities, executive and legislative authorities as well as federal and regional level supervisory authorities;

– financial institutes, including credit and investment organizations, which are current or potential owners of the Company’s securities, as well as rating agencies;

– other companies that carry out their activities on adjacent territories.