



KUZBASSRAZREZUGOL

# ENERGY OF RESPONSIBLE LEADERSHIP



SUSTAINABILITY  
REPORT  
2023



# CONTENT

## 2 STATEMENT FROM THE GENERAL DIRECTOR

## 4 COMPANY PROFILE

- 6 Company Profile
- 12 Strategic objectives and sustainable development
- 18 Governance System
- 20 Legal Discipline and Anti-Corruption
- 24 Stakeholder Engagement
- 25 Membership in Associations and Business Combinations
- 26 Business Model
- 28 Production Activities
- 30 Operational Transformation and Digitalization of Production
- 36 Supply Chain Management
- 37 Risk Management

## 74 ENVIRONMENTAL MANAGEMENT

- 76 Management of Environmental Protection Activities
- 79 2023 Outcomes
- 81 Management of Greenhouse Gas Emissions
- 83 Atmospheric Air Protection
- 85 Protection of Water Resources and Water Conservation
- 88 Reclamation and Biodiversity
- 94 Waste Management
- 98 Energy Efficiency

- 100 About the Report
- 104 GRI Index
- 107 Accounting Index of the Sustainable Development Reporting Standard of the Ministry of Economic Development<sup>1</sup>
- 121 Contact details

## 40 SOCIAL RESPONSIBILITY

- 42 Management of Social Responsibility Issues
- 44 2023 Outcomes
- 46 Working Practices
- 62 Health and Safety
- 70 Support to Local Territories

[Interactive version of the Report on the website](#)

# STATEMENT FROM THE GENERAL DIRECTOR

GRI 2-22



## Dear colleagues, shareholders and partners,

We would like to bring Kuzbassrazrezugol's Sustainability Report for 2023 to your attention.

Last year, in spite of the challenging global economic and geopolitical environment, we were able to hold onto our position as one of the nation's top producers and exporters of premium coal. We continued our digital transformation, made breakthroughs, and grew our environmental and social program, all while effectively carrying out our production program.

In 2023, we approved the corporate ESG and Sustainability Policy and spun this area off into a separate line of business. This made it possible for the Company to organize the crucial methods and procedures that were already in place in line with both the Russian Federation's and the United Nations' national development goals. As a result, Kuzbassrazrezugol improved its standing in ESG rankings, including those of the country's best employers

In an effort to continuously improve working conditions, we have provided our employees with free hot lunches in our production canteens and launched a corporate loyalty program that entitles our employees and their

family members to discounts on goods and services of our partners – federal retail chains, as well as small and medium-sized businesses in the cities where we operate.

**WAGES WERE INDEXED TWICE DURING THE YEAR, SURPASSING BOTH THE NATIONAL AND REGIONAL AVERAGE GROWTH RATES**

By making improvements to our social policy, we met our staffing and net turnover targets, as well as increased employee engagement and loyalty. The staff members at the Company are dependable and steady, capable of handling challenging production jobs.

Safety concerns continue to be a top strategic priority for Kuzbassrazrezugol. The Company's main goal is to avoid and prevent work-related accidents.

**IN ORDER TO GUARANTEE SAFE WORKING CONDITIONS FOR MINERS, WE WERE AMONG THE FIRST IN THE COAL SECTOR TO ROLL OUT CUTTING-EDGE DIGITAL TECHNOLOGY. WE ALSO KEEP WORKING ON DEVELOPING A MULTI-FUNCTIONAL SAFETY SYSTEM THAT OFFERS CONSTANT DIGITAL MONITORING OF OPEN-PIT MINING OPERATIONS**

As a responsible subsoil user, we launched the environmental protection program in 2023, which is the most far-reaching in the history of the Company, and provided about RUB 1.5 billion for initiatives that guarantee environmental security and conserve the regional biodiversity.

In addition to investing in cutting-edge green technology, Kuzbassrazrezugol collaborates with scientists to further their development. The tandem with the Federal Research Center of Coal and Coal Chemistry of the Siberian Branch of the Russian Academy of Sciences in 2023 brought forth a new method of reclamation of mining dumps, which promotes high survivability of seedlings and active absorption of carbon footprint.

Our employees actively participate in the implementation of the Company's environmental policy; in the past year, they have participated in over 20 environmental initiatives of both regional and national level.

Kuzbassrazrezugol will commemorate its founding anniversary in 2024, marking 60 years of existence. The Company has been a longstanding contributor to both the energy security of our nation and the development of the areas where our enterprises stood as city-forming entities. We will hold our grounds in the jubilee year in order to fulfill our strategic objective of being the hardcoal mining firm with the highest level of profitability and efficiency.

**STANISLAV MATVA**

*General Director of JSC Kuzbassrazrezugol Coal Company*

# 01

## Company Profile

# 1st

place in Kuzbass  
in terms of coal production

Kuzbassrazrezugol is the leader in open-pit hardcoal mining in Russia. The Company uses the best available technologies to improve production efficiency and ensure high quality of products that are in demand in the Russian and global markets. All coal mining enterprises of the Company are town-forming entities. By developing its assets, Kuzbassrazrezugol simultaneously participates in the development of mining towns and villages and contributes to the quality of life and well-being of the local population.



6

Company Profile

12

Strategic Objectives and Sustainable Development

18

Governance System

20

Legal Discipline and Anti-Corruption

24

Stakeholder Engagement

25

Membership in Associations and Business Combinations

26

Business Model

# COMPANY PROFILE

Kuzbassrazrezugol stands as one of Russia's foremost coal mining enterprises renowned for its exceptional quality coal, actively developing deposits in the Kemerovo Region – known as Kuzbass.



**6** OPEN-PIT COAL MINES

**10** SERVICE ENTERPRISES

**1** MINE

**4.3** BN TONS OF COAL

raw-material base of deposits within the Company's license areas

## Our Approach



### RESPONSIBILITY FOR OUR EMPLOYEES

In addition to offering chances for professional and personal development, the Company makes sure that its workers have secure and comfortable working and recreational environments. It also lends social support to them and their families.

For more details, please see the [Working Practices](#) subsection



### RESPONSIBILITY FOR THE WELL-BEING OF SOCIETY

The Company considers the interests of locals in every area in which it conducts business, fosters the growth of small and medium-sized enterprises, and advances the economic and social expansion of the Kemerovo Region.

For more details, please see the [Support to Local Territories](#) subsection



### RESPONSIBILITY FOR NATURE CONSERVATION

The Company applies the best available technologies to minimize its environmental impact and cares about preserving biodiversity in the areas where it operates.

For more details, please see the [Environmental Management](#) section

## Corporate Values



### Safety and ecology

We follow safety rules because human life and health are of utmost importance. We make an effort to reduce our environmental footprint and minimize environmental risks



### Focus on customer

We meet the needs of internal and external customers through quality products and service



### Respect

We engage in positive interactions with coworkers, provide fact-based feedback, and participate in the operations of an enterprise



### Efficiency

Our goal is to maximize outcomes while making the best use of available resources

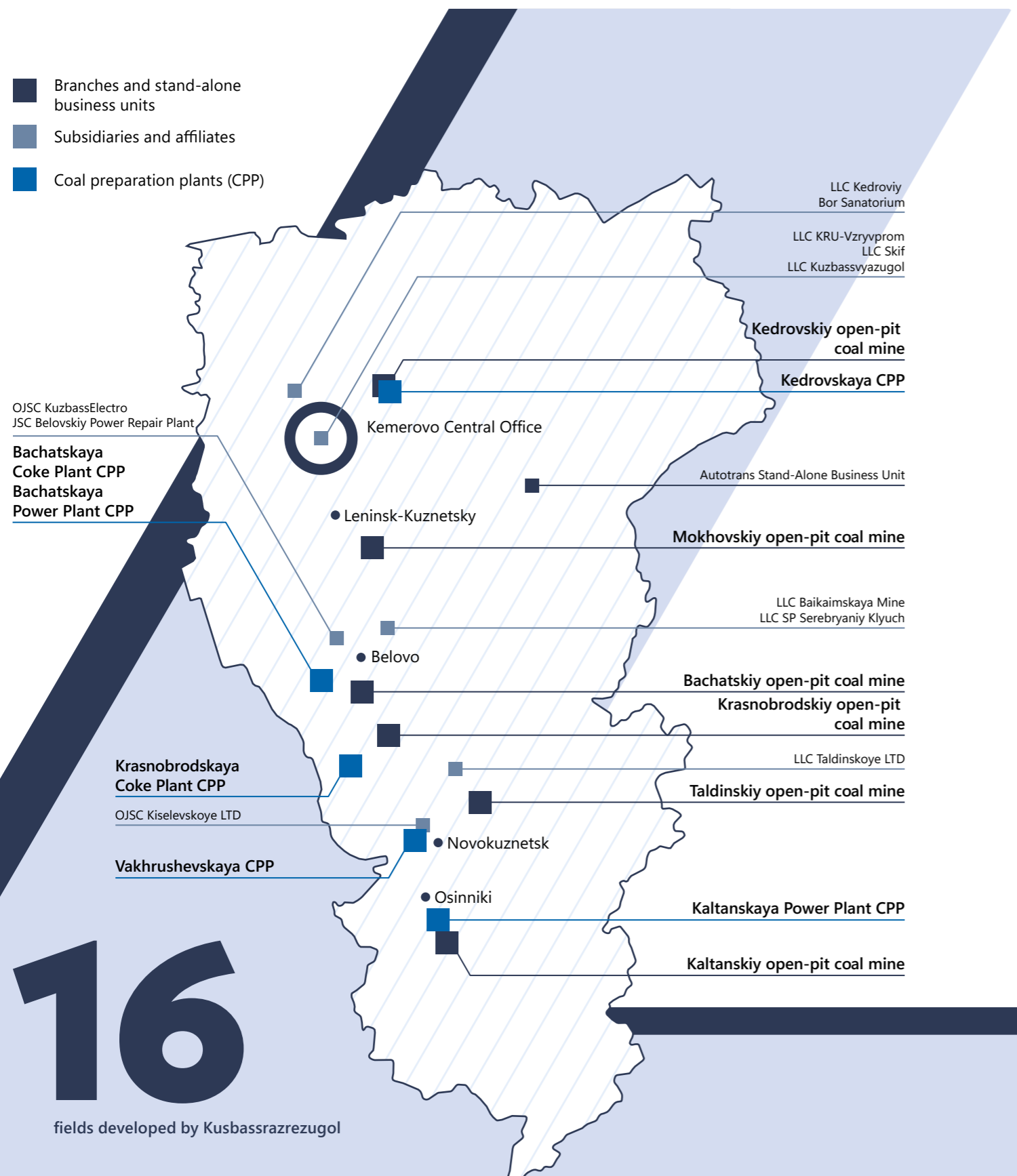


### Development

We constantly seek out and use best practices, make improvements, and guarantee the Company's sustainable growth

# Assets of the Company

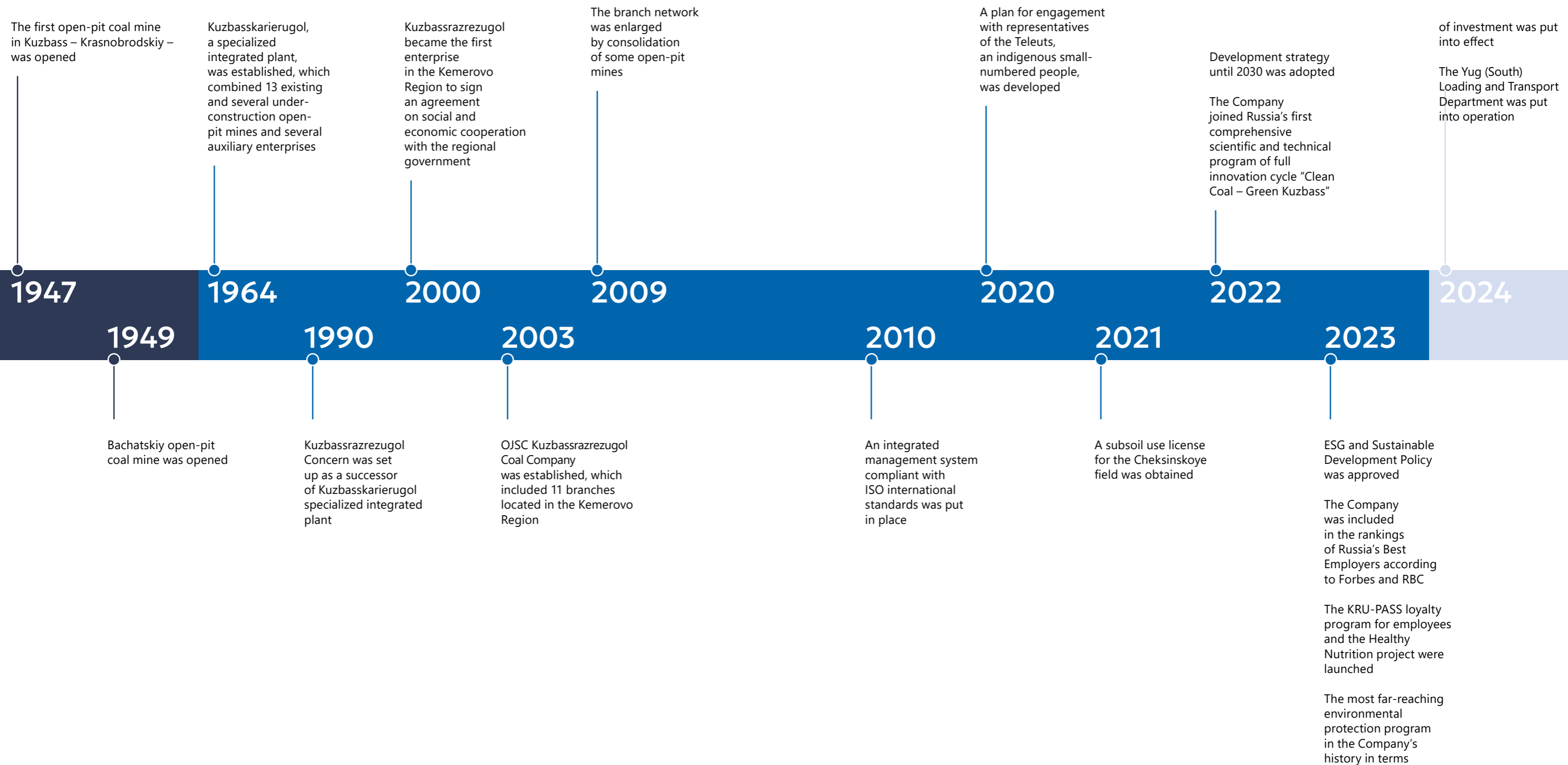
GRI 2-1, 2-2, 2-6



## Stand-alone business units, subsidiaries and affiliates

Name	Activity	Role in the value chain
LLC Baikaimskaya Mine	Underground coal mining	The mine extracts valuable grades of power generating coal, which are in demand on the market without preliminary preparation
LLC Kuzbassvyazugol	Provision of wire communication	Kuzbassvyazugol provides the Company's facilities with IP-Telephony, Internet and radio communications, which is particularly crucial given the conditions of production digitization
OJSC KuzbassElectro	Construction, repair and renovation of electric power facilities, electric power transmission	KuzbassElectro provides power supply to the Company's facilities
OJSC Kiselevskoye Loading and Transport Department	Railways freight service	Kiselevskoye Loading and Transport Department arranges cargo delivery from the Russian Railways station to the Company's facilities
LLC Taldinskoye Loading and Transport Department	Railways freight service	Taldinskoye Loading and Transport Department handles transportation of finished products to railway stations of Russian Railways
Autotrans Stand-Alone Business Unit	Transportation of people and goods	The enterprise is engaged in transportation of workers and delivery of goods to the Company's branches
LLC KRU-Vzryvprom	Manufacture of explosives, anti-freezing and dust suppression agents	KRU-Vzryvprom manufactures explosives and conducts drilling & blasting (D&B) operations at the Company's mining sites and produces dust suppressants used to treat process roads and coal products. This prevents the coal from freezing during transportation
JSC Belovskiy Power Repair Plant	Installation and repair of industrial equipment and machinery, processing of metal products	Timely installation and repair of equipment increases the technical availability of equipment, which has a direct impact on production efficiency
LLC Kedrovyy Bor Sanatorium	Health resort treatment services	Recreation and sanatorium care contribute to the Company's efforts to maintain its workers' health and help draw in new hires
LLC Serebryaniy Klyuch Sanatorium-Preventorium	Sanatorium and resort services, medical examinations, primary medical care, if necessary	Sanatorium treatment and timely medical check-ups help to ensure that employees remain healthy and safe at work
LLC Skif	Software development and support	Software solutions make it possible to oversee production more efficiently, manage operation of equipment, and guarantee safety

## Company's history and development prospects



# STRATEGIC OBJECTIVES AND SUSTAINABLE DEVELOPMENT

GRI 2-23

The development strategy of Kuzbassrazrezugol was approved in 2022 and is revised every six months based on changes in the macroeconomic environment and the outcomes attained. Its objective is to guarantee sustainable growth and accomplish strategic objectives while considering the social and environmental welfare of the Kemerovo Region.

## Strategy of Kuzbassrazrezugol

Strategic priorities	Strategic initiatives
<ul style="list-style-type: none"> <li>Process improvement</li> <li>Responsible approach</li> <li>Prudent investments</li> <li>Development of fields and technologies</li> <li>Yield enhancement</li> </ul>	<ul style="list-style-type: none"> <li>Operational improvements</li> <li>Management optimization</li> <li>Transformation of the HR function</li> <li>Management of ESG agenda</li> <li>Decrease in LTIFR<sup>1</sup></li> <li>Optimization of coal fields</li> <li>Integrated planning</li> <li>Reduction in mined rock transportation costs</li> </ul>

**THE MAIN GOAL IS TO BUILD THE MOST EFFICIENT AND PROFITABLE COAL MINING AND PROCESSING COMPANY IN THE WORLD**

Kuzbassrazrezugol has always prioritized adherence to the principles of sustainable development. In order to guarantee operational safety and mitigate its environmental impact, the Company implements cutting-edge technologies and raises its annual spending on social and environmental projects.

Having an integrated management system in place since 2010, the Company is subject to yearly external and internal audits to ensure compliance with such international standards as ISO 9001, ISO 14001, ISO 45001, and ISO 50001.

In 2023, Kuzbassrazrezugol allocated sustainable development efforts into their own region and created

a similar division within the Executive Office. Its experts of the division oversee the sustainable development goals and make sure that reporting is complete, open and available to all stakeholders.

Furthermore, the Company approved the ESG and Sustainable Development Policy, which outlines the primary goals in the areas of corporate governance, social responsibility, and ecology and systematizes the methods already in place at Kuzbassrazrezugol. The achievement of these goals is integrated into the Company's Development Strategy.

## Fundamental principles of ESG and Sustainable Development Policy

Responsible consumption and production	Management of ESG risks
Conservation of biodiversity	Social responsibility to future generations
Establishment of effective stakeholder engagement	Introduction of best corporate governance practices
Information transparency	

## Implementation of ESG strategy







2023 Outcomes	Plans for 2024
<ul style="list-style-type: none"> <li>LTIFR was <b>0.646</b></li> <li>Waste effluent decreased by <b>2.1 mn cu.m</b> year-on-year</li> <li><b>A project was launched</b> to improve wastewater treatment technology</li> <li>To lower the prime cost of transportation of mined rock, gas and gas &amp; diesel running <b>dump trucks were subject to testing</b></li> <li><b>A onboarding program allowing new hires to adjust</b> to the corporate culture of the Company was launched, enabling them to swing into action right away</li> </ul>	<ul style="list-style-type: none"> <li>To revise the <b>CO<sub>2</sub> emission reduction</b> target and create a roadmap which includes implementation of climate projects, <b>use of alternative energy and reduction of emissions</b></li> <li>To launch the <b>Safe Labor</b> Project</li> <li><b>To complete full-scale tests</b> of gas and gas &amp; diesel running dump trucks</li> <li><b>To initiate a strategy</b> to explore technologies to produce more marginal products from coal</li> <li><b>To put the Yug (South) Loading and Transport Department into operation and create more than 80 jobs</b></li> </ul>

<sup>1</sup> LTIFR – Lost Time Injury Frequency Rate.



# Achievement of the National Development Goals of the Russian Federation until 2030 and the UN Sustainable Development Goals

Kuzbassrazrezugol contributes to the achievement of 9 out of 17 United Nations Sustainable Development Goals (SDGs).

National Goals of the Russian Federation	UN SDGs	2023 Outcomes
Preservation of population, health and well-being of people		<ul style="list-style-type: none"> <li>VHI program was launched for the Company's employees</li> <li>Healthy Nutrition project was launched, providing employees with subsidies to purchase meals from the healthy food menu in production canteens</li> <li>Spending on health resort treatment for employees and their family members exceeded RUB 55 million</li> </ul>
Opportunities for self-realization and talent development		<ul style="list-style-type: none"> <li>A personnel evaluation and training service was set up to manage the training process</li> <li>Training was provided to more than 6,000 employees</li> <li>Optional training per employee per year amounted to 43 hours</li> <li>Staff training costs reached RUB 80.94 million</li> </ul>
Comfortable and safe living environment		<ul style="list-style-type: none"> <li>41,500 fry of valuable fish species were released into the rivers of Kuzbass</li> <li>Belovskoye water-storage reservoir was subject to bio-melioration</li> <li>Waste effluent decreased by 2.1 mn cu.m year-on-year</li> <li>A project was launched to improve wastewater treatment technology</li> </ul>
		<ul style="list-style-type: none"> <li>RUB 4.7 billion expenses on social and charity projects</li> <li>RUB 472 million – repair and construction of utility infrastructure in the territories of operation</li> <li>RUB 151.4 million – costs of construction of sports and social infrastructure facilities</li> </ul>
		<ul style="list-style-type: none"> <li>A project was launched to convert mining dump trucks to gas-diesel fuel</li> <li>Construction of a world-class ecological test site at the Taldinskiy open-pit coal mine is ongoing</li> </ul>
		<ul style="list-style-type: none"> <li>A technology was developed to remediate disturbed lands with 100% plant survival rate</li> <li>121.5 ha of disturbed lands were subject to biological recultivation</li> <li>More than 1.5 million seedlings were planted</li> <li>An experiment was launched to use an endangered tree species for land reclamation</li> </ul>

National Goals of the Russian Federation	UN SDGs	2023 Outcomes
Decent, efficient work and successful entrepreneurship		<ul style="list-style-type: none"> <li>24% – share of women in the personnel structure (19% – industry average)</li> <li>31% – share of women in the Company's management</li> </ul>
Digital transformation		<ul style="list-style-type: none"> <li>Average monthly salary of employees grew by 76% compared to 2021</li> <li>A program to support young professionals was introduced</li> <li>Spending on the housing program for workers amounted to RUB 86 million</li> </ul>
		<ul style="list-style-type: none"> <li>Energy saving measures resulted in the Company saving 9,700 tons of fuel and 1,412,000 kWh of electricity</li> <li>The economic effect of energy saving measures totaled RUB 79.8 million</li> </ul>
Digital transformation		<ul style="list-style-type: none"> <li>Dispatcher control system for mining and conveyor equipment was introduced</li> <li>Automation for operational dispatch control of power facilities is being integrated</li> <li>Creation of a unified environment for resource accounting and effective management decision-making is underway</li> <li>Digitalization of mine surveying works is underway</li> </ul>



# ESG Ratings & Awards

## Sustainable Development

### ESG-index of RBC and NCR

**I LEVEL**

The Company was assigned the highest, Level I rating in 2023

### RAEX ESG Ranking

**36TH PLACE**

The agency upgraded the Company from CCC to BB in 2023 and noted that it expects further progress in 2024

## Social Dimension

### RBC's Best Employers Rating

**I GROUP**

In 2023, the Company was included in Group I of the Rating – the highest result

### Forbes' Best Employers Rating

**GOLD**

In 2023, the Company was awarded "gold" rating status

### "Best for Russia. Development of Regions" Award

The Company's project on implementation of the automated vigilance control system "OKO Mining" was commended in the category "Best Company in the Field of Sustainable Development"

### "Kuzbass is the Coal Heart of Russia" Contest

**1ST PLACE**

The Company's Healthy Nutrition Program won 1st place in the Best Social Project category

### "Benefactor of the Year"

The Company received the "Benefactor of the Year" award from the Kemerovo Administration for the third time

## Environmental Dimension

### RAEX "Top-50 Energy" Ranking

**29TH PLACE**

The Company is ranked 29th in the ranking of Russian non-financial companies showing the most attention to the green energy transition

### "Environmentally Open Mining and Metallurgical Company" Regional Contest

**1ST PLACE**

Based on the results of the comprehensive environmental protection program, the Company took 1st place in the regional contest titled "Environmentally Open Mining and Metallurgical Company"

### "Green Vector" Regional Contest

**2ND PLACE**

The Company took 2nd place in the regional contest called "Green Vector" to identify the best practices in the application of environmentally friendly technologies

### "Paper Boom" Regional Contest

**2ND PLACE**

In 2023, the Company's employees took 2nd place in the regional contest for the collection of recyclable materials called "Paper Boom"

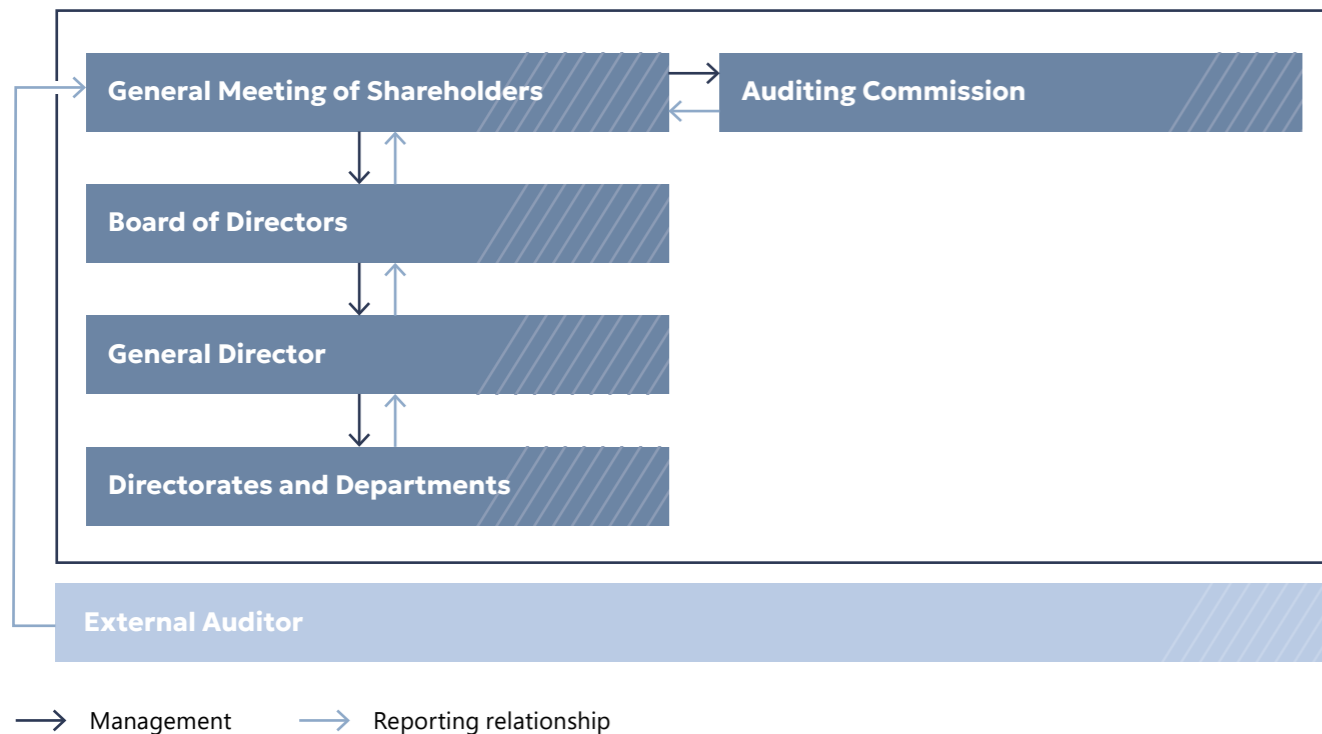


# GOVERNANCE SYSTEM

GRI 2-9

Governance structure of Kuzbassrazrezugol incorporates the principles of sustainable development. They are followed by all divisions of the Company when it comes to manufacturing and administrative tasks. Achieving sustainable development goals is among the tasks of both the Company's top management and line management.

## Structure of the management system



**Key documents regulating the Company's corporate governance are:**

- Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995
- Regulations on the Procedure for Preparation and Holding of the General Meeting of Shareholders of JSC Kuzbassrazrezugol Coal Company
- Regulations on the Board of Directors of JSC Kuzbassrazrezugol Coal Company
- Regulations on the Auditing Commission of JSC Kuzbassrazrezugol Coal Company
- Corporate Governance Code of the Bank of Russia

**SUSTAINABLE DEVELOPMENT ISSUES COME UNDER THE PURVIEW OF THE SOLE EXECUTIVE BODY OF KUZBASSRAZREZUGOL. COMPLIANCE WITH ENVIRONMENTAL REQUIREMENTS IS DISCLOSED IN THE COMPANY'S ANNUAL REPORT APPROVED BY THE BOARD OF DIRECTORS**

# Board of Directors

In 2023, the Board of Directors of Kuzbassrazrezugol consisted of nine persons (eight men and one woman), eight of whom are independent directors. In accordance with Federal Law No. 208-FZ "On Joint Stock Companies" dated December 26, 1995, the Chairman of the Board of Directors is not a senior manager of the Company.

The Board of Directors determines the priority areas of activity of Kuzbassrazrezugol, and to fulfill its tasks it is entitled to:

- Listen to officials' reports on the Company's activities within their authority
- Demand inspection (audit) of financial and economic activities of the Company by the Auditing Commission
- Engage external consultants, experts and other advisors whom the Board of Directors deems necessary to assist in the discharge of their functions
- Demand and receive from the Company's officers and employees any information and explanations on the Company's activities, including data classified as business secrets
- Familiarize with all constituent, regulatory, accounting, reporting, contractual and other documents of the Company

Members of the Board of Directors initiate meetings to address urgent issues, attend them, actively participate in the discussion of the tasks on the agenda, and make informed decisions after reviewing the relevant data.

## Method of electing the Board of Directors

The Board of Directors is elected by the annual General Meeting of Shareholders for a term until the next annual General Meeting of Shareholders. Members of the Board of Directors may be re-elected an unlimited number of times.

Shareholders holding at least 2% of the Company's voting shares may nominate candidates to the Board of Directors. Such nominations must be made no later than 60 days after the end of the reporting year.

The Board of Directors shall consider these nominations within five days and then decide whether or not to include the nominees on the ballot. Members of the Board of Directors are elected at the annual General Meeting of Shareholders held annually not earlier than May 1 and not later than June 30.

## Remuneration of the Board of Directors

In accordance with the Articles of Association of JSC Kuzbassrazrezugol Coal Company, by resolution of the General Meeting of Shareholders, members of the Board of Directors may be paid remuneration and (or) reimbursed for expenses associated with the discharge of their functions. The amounts of such remunerations and reimbursements shall be established by the General Meeting of Shareholders.

In 2023, no decisions on payment of remuneration and (or) reimbursement of expenses related to the performance of the functions of the Board members were made.



# LEGAL DISCIPLINE AND ANTI-CORRUPTION

Compliance with all legal requirements is one of the key principles that underpin the activities of Kuzbassrazrezugol. The Company, which is governed by best practices and business ethics and does not accept corruption in any form, keeps an eye on changes to applicable laws and incorporates them into its operations.

This approach is enshrined in the Anti-Corruption Policy of Kuzbassrazrezugol, which was adopted in 2023. Every employee's actions must be guided by the instructions contained in this Policy.

In 2023, the Company did not commit any material breaches of laws and regulations.

## 40%

year-on-year reduction in the total amount of fines

## Anti-Corruption

GRI 2-26, 205-2, 205-3

In order to maintain its reputation as an honest and trustworthy partner in the eyes of its customers, associates, and staff, Kuzbassrazrezugol does not tolerate corruption in any form. It also works hard to eliminate any potential for corruption violations and conflicts of interest.

Main areas of the Company's anti-corruption activities:

- Preventing and managing conflicts of interest
- Establishing standards and codes of conduct
- Conducting internal control of business operations and bookkeeping
- Cooperating with the state and law enforcement agencies
- Carrying out anti-corruption review of internal documents
- Identifying, assessing and mitigating corruption risks
- Monitoring procurement procedures
- Controlling hospitality expenses
- Verifying counterparties to confirm their trustworthiness, solvency and financial stability

## 100%

of employees are familiar with the Company's anti-corruption policies and procedures

Every year, Kuzbassrazrezugol evaluates corruption risks and creates mitigation strategies. If necessary, key risk areas are reviewed and the existing corruption risk map is updated. When dealing with counterparties and government officials, particular attention is given to the risks of potential anti-corruption law violations. Other risks of corruption include those related to procurement activities, the distribution of hospitality expenses and

the exchange of business gifts, the execution of charitable projects, and recruitment of personnel. Furthermore, the Company takes all appropriate steps to avoid, recognize, and promptly address conflicts of interest.

In 2023, corruption risk assessments covered eight divisions, including six open-pit mines, representing 50% of all the Company's divisions.

The Company's security service verifies counterparties to look for corruption incidents, their inclusion in the blacklist of suppliers, and the existence of open cases pertaining to corruption in order to remove any compliance risks while dealing with them. Recommendations for minimizing the risks of interaction with the counterparty are provided to divisions as needed.

Reports regarding any and all instances of corrupt behavior by Company officials must be sent to the Director of Business Area and the General Director. Employees who violate company policies on corruption may face disciplinary action, which may include termination.

The Company has an anonymous reporting hotline in place that can be used to report potential corruption violations of the Anti-Corruption Policy. In 2023, it received two reports of possible cases of corruption that were not substantiated.

Regular preventive lectures are held for personnel about the inadmissibility of breaking the law and the Company's intolerance for any unlawful actions, including corrupt ones.

## Human Rights

The Company's top priority is to respect human rights in all aspects of its operations. Kuzbassrazrezugol is guided by the requirements of the legislation of the Russian Federation, as well as international standards and principles, such as UN declarations and conventions of the International Labor Organization (ILO).

The main company documents, including the collective bargaining agreement, the Human Rights Policy of JSC Kuzbassrazrezugol Coal Company, Code of Ethics and Official Conduct of Employees of JSC Kuzbassrazrezugol Coal Company, etc., reflect the Company's approaches to observance of human rights.

The Company does not tolerate discrimination in any form, does not use forced or child labor, and has

no contractual or other relationships with suppliers and contractors that allow the above.

All Kuzbassrazrezugol employees, independent of age, gender, origin, property, social and official standing, attitude toward religion, political opinions, and other characteristics unrelated to professional qualifications, have equal opportunity to achieve their labor rights and to grow and develop professionally. If they fulfill the prerequisites, all employees are eligible to apply for any position within the Company, including management roles.

No cases of human rights violations were identified in Kuzbassrazrezugol in 2023.

## Antitrust Regulation

In addition to attempting to prevent, identify, and remove any circumstances that can result in antitrust law violations, the Company promotes the ideas of free competition.

The Company's main tasks in this area are as follows:

- To establish a shared understanding on the inadmissibility of antitrust violations among all staff members

- To mitigate risks of antitrust law violations by employees
- To ensure compliance of activities with antitrust law requirements

## Tax Policy

Kuzbassrazrezugol is the largest taxpayer in the Kemerovo Region and makes a significant contribution to the regional budget. The Company works to provide a positive business environment in the areas where it operates by keeping lines of communication open with tax authorities and approved government entities that create fiscal and regulatory policies.

The Company makes tax disclosures in accordance with applicable laws and provides financial statements with an auditor's report to the tax authorities.

Kuzbassrazrezugol refrains from engaging in any transactions that could result in an unjustified tax benefit, as well as from using any aggressive or unlawful tax planning and optimization techniques, such as global offshore schemes.

### Main approaches to taxation and tax management

 Legitimacy

 Justification

 Bona fide

 Openness

 Risk management and prevention

The Tax Policy of Kuzbassrazrezugol was approved in 2023. It was created in compliance with international tax treaties to which Russia is a party, as well as national laws and regulations. It also considered the provisions of cross-national directives and legislation to the extent that they were compliant with local laws. The Company updates its tax policy to better serve shareholder and corporate objectives, as well as to incorporate emerging standards in Russian and international practice, and legislative changes.

Additionally, Kuzbassrazrezugol implemented tax monitoring in the reporting year, enabling the tax authority to instantly confirm that the Company has correctly calculated, completed, and paid all necessary taxes and fees on time.

### Tax Management and Control System

The internal tax management and control system plays an important role in the delivery of the Tax Policy<sup>1</sup>.

The main goals and objectives of the system:

- Orderly and efficient conduct of financial and economic activities
- Protection of shareholders' interests
- Prevention and resolution of conflicts of interest
- Verification of reasonableness, economic justification and documentary support in respect of accounting objects
- Identification, assessment, minimization and (or) elimination of risks of incorrect calculation, incomplete or untimely payment of taxes, levies and insurance contributions
- Assurance that taxes, levies and insurance contributions are correctly calculated, including identification, correction and prevention of errors and misrepresentation of information
- Assurance that taxes, levies and insurance contributions are paid in full and in a timely manner
- Assurance that the results of financial and economic activities are accurately, completely and timely reflected in accounting (financial), tax and other reports, and that such results are taken into account when calculating and paying taxes, levies and insurance contributions
- Assurance that the Company's accounting (financial), tax and other statements are prepared and submitted to the regulatory authorities in a timely manner
- Compliance with the legislation of the Russian Federation, including the requirements of the legislation on taxes and levies
- Monitoring of the results of control procedures aimed at timely identification, correction and prevention of errors in accounting (financial), tax and other statements

The Company's bookkeeping is organized in such a way as to obtain up-to-date information for tax purposes. Credibility and reliability of accounting and reporting are confirmed by regular audits, as well as by internal control over the reflection of economic events. A tax calendar is kept for the prompt computation and payment of taxes, as well as and submission of reports. Establishing service agreements with reputable banks enables avoiding delays in tax payment and the accumulation of penalties.

## Tax risk management

The risk management framework of Kuzbassrazrezugol incorporates tax risk management, which guarantees the timely and accurate fulfillment of tax obligations. Based on best national practices, including recommendations from the Federal Tax Service (FTS of Russia), the Company updates the Risk Management Policy and continuously monitors changes in applicable tax legislation to assess and prevent potential risks, as well as makes sure that the internal control system is effective.

In case of ambiguities or disagreements on the application and interpretation of tax legislation, Kuzbassrazrezugol minimizes the relevant risks, including by requesting written clarifications from the relevant state authorities and engaging external consultants in the field of taxation and audit.

The primary documents outlining the Company's strategies for managing tax risks are as follows:

- Methodology for identifying and assessing risks for tax monitoring purposes, approved by Order No. 755 dated August 11, 2022
- Methodology for performing, documenting and evaluating the effectiveness of control procedures for tax monitoring purposes, approved by Order No. 755 dated August 11, 2022


Kuzbassrazrezugol identifies and assesses tax risks at least once a quarter in respect of all operations and revises the list of risk sources as necessary.

Quantitative methods are preferred when measuring the degree and amount of consequences of risk occurrence. The Company resorts to a qualitative method of tax risk assessment if a quantitative method cannot be applied (due to lack of sufficient data) or is inexpedient (due to high time and labor expenses).

Low and medium level tax risks are acceptable for Kuzbassrazrezugol and do not require immediate action. High-level tax risks are unacceptable and imply an immediate response, including:

- Analysis of business processes related to the occurrence of risk
- Change in business processes when necessary / available
- Analysis of the effectiveness of risk control procedures
- Development/elaboration and implementation of control procedures to cover the risk when necessary/available
- Analysis of the risk realization causes, development of measures to reduce the probability of its recurrence

The Company regularly evaluates the effectiveness of its tax management and control system as part of its internal control assessment process.

 For more details, please see the [Risk Management](#) subsection



<sup>1</sup> Covered by the Regulation on the Internal Control System for Tax Monitoring Purposes approved by Order No. 755 dated August 11, 2022.

# STAKEHOLDER ENGAGEMENT

GRI 2-29

Kuzbassrazrezugol continues to be receptive to communication with all parties involved and provides many opportunities for this end.

You can get information, ask questions or report suspected violations by sending an email or by calling the trust line.

The Company has a Rulebook on Stakeholder Engagement in the Integrated Management System that complies with the requirements of ISO 9001, ISO 14001, ISO 50001 and ISO 45001 international standards.

For more details, please see the [Contact Details](#) Appendix

## Stakeholder engagement mechanisms and values

Stakeholders	Values for Stakeholders	Engagement Mechanisms
Employees	<ul style="list-style-type: none"> <li>Safe working conditions</li> <li>Competitive salary</li> <li>Social safety net</li> <li>Opportunities for growth and development</li> </ul>	<ul style="list-style-type: none"> <li>Corporate portal</li> <li>Official communities of the Company in social networks</li> <li>Trust line</li> <li>Regular briefings with the Company's management</li> <li>Engagement surveys</li> <li>Corporate media</li> </ul>
Authorities	<ul style="list-style-type: none"> <li>Stability in tax payments</li> <li>Job creation and contribution to the development of the regional economy</li> <li>Promotion of regional infrastructure development</li> <li>Implementation of social and charitable initiatives</li> <li>Environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>Social and economic agreements with the regional administration</li> <li>Cooperation with municipalities and municipal institutions</li> <li>Provision of information to the state statistical authorities</li> </ul>
Educational and scientific organizations	<ul style="list-style-type: none"> <li>Investments in research programs</li> <li>Support for educational institutions</li> </ul>	<ul style="list-style-type: none"> <li>Organization of researches and on-the-job training</li> <li>Joint development of the best available technologies for the coal industry</li> <li>Funding for educational institutions</li> <li>Support for graduates</li> </ul>
Suppliers and contractors	<ul style="list-style-type: none"> <li>Transparency of tender procedures</li> <li>Long-term partnership</li> <li>Safe working conditions</li> </ul>	<ul style="list-style-type: none"> <li>Competitive e-procurement</li> <li>Work safety control</li> </ul>
Clients and consumers	<ul style="list-style-type: none"> <li>High quality products</li> <li>Timely deliveries</li> <li>Consideration of customer needs and wishes</li> </ul>	<ul style="list-style-type: none"> <li>Channels of sales</li> <li>Official website of the Company</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Growth in stock price and dividend yield</li> <li>High credit ratings</li> <li>Transparency of corporate governance</li> <li>Adherence to the principles of sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>Official website of the Company</li> <li>Corporate information disclosure center on the Interfax website</li> <li>Communication with the IR Division</li> </ul>

# MEMBERSHIP IN ASSOCIATIONS AND BUSINESS COMBINATIONS

GRI 2-28



The Russian Independent Trade Union of Coal Industry Workers, often known as Rosugleprof, is the primary branch organization for all coal-mining companies.

- Kuzbass Union of Employers
- Theater Support Fund
- Summer Sports Promotion Fund
- Winter Sports Promotion Fund

Kuzbassrazrezugol is the headquarters of the Kemerovo Territorial Committee of Rosugleprof, which unites primary trade union organizations of coal companies in Kuzbass. Primary trade union organizations of Rosugleprof are active at all enterprises of the Company.

Being a member of these organizations gives the company the ability to influence the development of the Russian coal industry, stay in touch with other mining companies to create industry standards and common guidelines, support the social and economic advancement of the Kemerovo Region, and raise living standards for locals.

In 2023, Kuzbassrazrezugol was also a member of the following associations and combinations:

- Russian Union of Industrialists and Entrepreneurs
- Russian Miners Non-Commercial Partnership
- Glavkuzbassstroy SRO Association

# BUSINESS MODEL

GRI 2-6

## Resources



**6**  
OPEN-PIT COAL MINES

**1**  
MINE

**10**  
SERVICE ENTERPRISES

**4.3** BN TONS OF COAL  
raw-material base of deposits within the Company's license areas

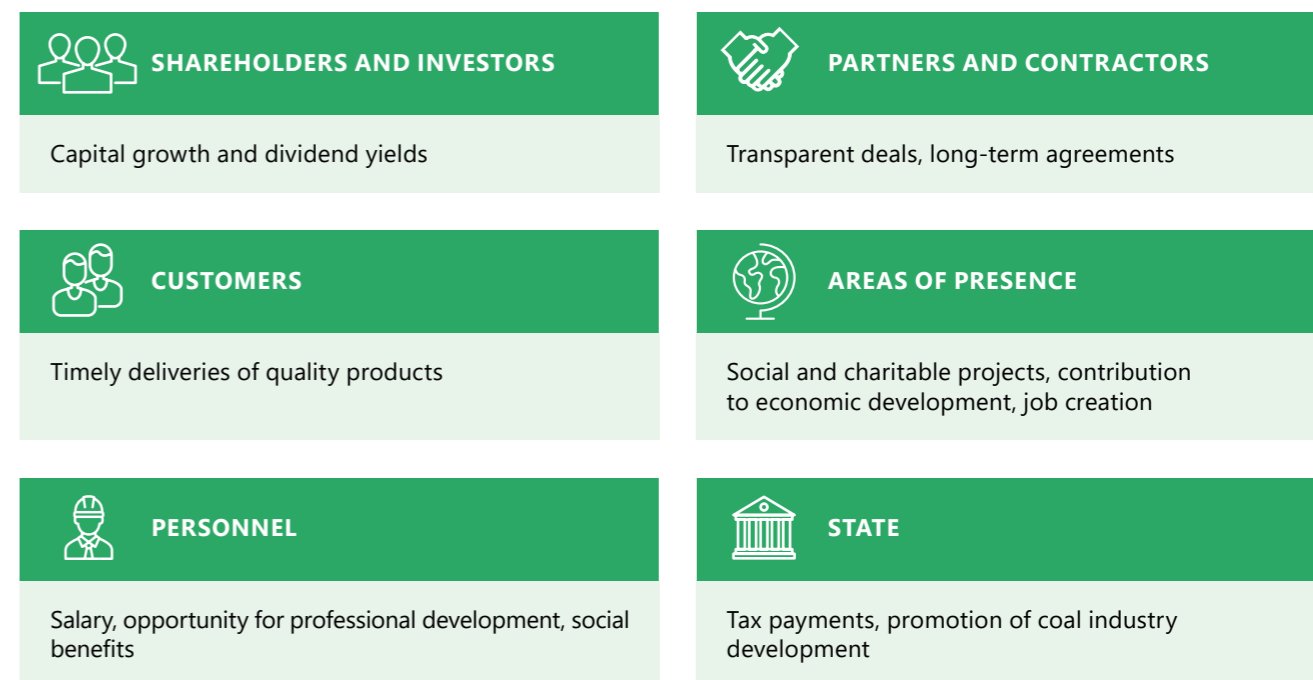
## VALUE CHAIN



## ROLE IN THE ECONOMY



## VALUES FOR STAKEHOLDERS



# PRODUCTION ACTIVITIES

GRI 2-6

Kuzbassrazrezugol has consistently remained one of the leaders of the Russian coal industry, providing reliable supplies of power generating coal and coking coal to industrial and housing & public services enterprises. In terms of coal production, the Company comes second in Russia and first in Kuzbass.

## > 92%

of mined coal processed at the Company's coal preparation facilities in 2023

## Company's Position in the Industry

Due to a long-term increase in coal demand in Asian countries and a decline in demand in European countries, there was a tendency in 2023 for the world coal demand to shift from the Atlantic region to the Asia-Pacific region. Environmental restrictions and a decrease in coal-fired power generation are two factors contributing to the drop in coal imports into Europe. Furthermore, the expansion of coal power and the market for coal in the US and Canada are being constrained by the effort to minimize greenhouse gas emissions.

Experts predict that in the upcoming years the Asia-Pacific region – with the share of the global coal market currently exceeding 80% – will mainly drive the increase in demand for coal.

In 2023, Kuzbassrazrezugol's coal deliveries to Europe were redirected towards Asia, the Middle East, and Africa due to the embargo on Russian coal. The Company considers the Asia-Pacific region as its major sales market.

Kuzbassrazrezugol is one of the world's largest suppliers of PCI for metallurgical production facilities, and also supplies power generating coal to companies in the energy sector and cement industry. Products of the Company represent a sizeable portion of overall imports in certain regions, ranging from 4% to 18%.

## Production

The Company applies the best available technologies at every level of production to guarantee efficiency and safety of works while reducing environmental effect. Modern digital developments enable a high level of production control and manageability.

For more details, please see the [Operational Transformation and Digitalization of Production](#) section and the [Ensuring Industrial Safety](#) subsection

<sup>1</sup> Pulverized coal injection (PCI) is used independently or as additives in steam boilers, metallurgical furnaces and other thermal generating units. Processing characteristics of PCI determine high efficiency when used in blast blast-furnace smelting.

### Main stages of coal mine development

Name	Description
Geological exploration	<p>Geological exploration works are aimed to substantiate the commercial value of a field and include:</p> <ul style="list-style-type: none"> <li>• Drilling of exploration wells</li> <li>• Sampling to study the field structure, coal and host rock characteristics</li> <li>• Drilling of ground-water wells to predict water inflow into mine workings</li> </ul> <p>The results of geological exploration are subject to state expert review and recognition of coal reserves in the Company's balance sheet</p>
Field development project	<p>The design documentation shall contain reasonable technical and technological solutions that ensure:</p> <ul style="list-style-type: none"> <li>• Fulfillment of subsoil use conditions</li> <li>• Rational use and protection of subsurface resources</li> <li>• Environmental protection</li> <li>• Industrial safety</li> </ul>
Primary development	<p>Prior to commencing coal mining, the Company constructs the necessary site infrastructure and carries out stripping operations sufficient to bring the open pit into production</p>
Stripping operations	<p>Stripping operations include:</p> <ul style="list-style-type: none"> <li>• Preparation of the rock for excavation</li> <li>• Excavation and loading of overburden</li> <li>• Transportation of overburden and dumping</li> </ul> <p>The method and technology of each type of operations are determined by the mining and geological conditions of the field / subsoil area. Thus, depending on subsurface conditions, overburden can be transported by dump trucks or hydraulic transport (limited application), and with the low-angle bedding, the direct dumping method is employed.</p>
Coal extraction	<p>Excavators are used for coal mining: diesel-driven hydraulic excavators, electrically driven loading shovels and, less frequently, walking excavators. The mined coal is transported to coal storage and processing facilities</p>
Coal preparation	<p>Coal from open-pit mines is sent to coal preparation installations with steeply inclined separators and coal preparation plants to improve, through processing and preparation, the qualitative characteristic such as ash content and moisture content as required by the customer</p>
Coal transportation	<p>The prepared coal is delivered by rail to Russian customers, as well as to loading terminals at ports and then exported by sea.</p> <p>All cargoes are treated with a special self-produced reagent, which allows to maintain high quality of products, avoid coal caking and freezing</p>
Reclamation of an open-pit mine	<p>After removing coal reserves, the Company rehabilitates land disturbed by mining operations. First, mining and technical reclamation takes place: backfilling of negative landforms, flattening of slopes and walls, and then – biological reclamation: resoiling, planting of shrubs and trees</p>

## Products

Acknowledging its obligation to its customers, Kuzbassrazrezugol places a high premium on maintaining and enhancing production quality. The Company mines fields of the Kuznetsk coal basin and produces a wide range of coal grades, from lean to long-flame coal.

Kuzbassrazrezugol's products stand out for their low levels of sulfur, arsenic, and chlorine as well as their lack

of background radiation, which is verified by ongoing monitoring. This allows the Company's products to be used in a wide variety of industries.

In 2023, the proportion of coal processed at in-house facilities rose to 92.3%, up 3.1 p.p. year-on-year. Ash content of marketable coal reduced by 4.2%, heating value of marketable products increased by 329 kcal/kg.

### Quality of marketable coal

Period	Ash	Moisture	Sulfur	Volatile content	Heating value, kcal/kg		Thermal equivalent of marketable coal
	A <sup>d</sup> , %	W <sup>r</sup> , %	S <sup>d</sup> , %	V <sup>daf</sup> , %	High, Q <sup>daf</sup> <sub>s</sub>	Low, Q <sup>r</sup> <sub>i</sub>	
2022	11.9	8.9	0.3	29.5	8,141	6,280	0.897
2023	<b>11.3</b>	<b>9.0</b>	<b>0.3</b>	<b>29.0</b>	<b>8,165</b>	<b>6,332</b>	<b>0.905</b>
(+/-) 2023/2022	-0.6	+0.1		-0.5	+24	+52	+0.008



# OPERATIONAL TRANSFORMATION AND DIGITALIZATION OF PRODUCTION

GRI 3-3

Kuzbassrazrezugol proceeded with its operational transformation in 2023 with the purpose of enhancing competitiveness, preserving market leadership, and streamlining production processes.

Operational transformation includes:

- Development of digital products
- Reduction of production costs
- Effective cost management by maximizing the use of available resources

Adherence to established criteria and balanced prioritization are the cornerstones of the continuous improvement of production processes. The Company routinely examines the tools that have been put into use for sustainability and keeps an eye on how the business system is developing. Additionally, systematic efforts are being made to boost staff engagement in the business system development process. These efforts led to the Company's business system sustainability growth in 2023 reaching 0.41 points against a target of 0.34 points.

Results for 2023 show that attempts to increase coal margins had an effect of more than RUB 3 billion. The equipment utilization rate of the excavator fleet increased by 7% as a result of initiatives like placing digital displays on dump trucks and speeding up the replacement of BelAZ internal combustion engines.

**THE OPERATIONAL TRANSFORMATION PROGRAM HAD A NET ECONOMIC EFFECT OF RUB 16.9 BILLION IN 2023, WHILE THE DIGITALIZATION OF OPERATIONS CONTRIBUTED ANOTHER ROUGHLY RUB 9.4 BILLION**

**26.4** RUB BN  
economic effect of transformation in 2023

## Lean production

A lean production culture is crucial for streamlining production operations. It involves:

- Eliminating redundant operations
- Making efficient use of resources
- Cutting down on losses
- Improving the quality of products in response to consumer demands

The Company has an internal training system in place whereby experts who have received training in the fundamentals of improving labor efficiency can impart their knowledge to other staff members. Additionally, certified instructors give regular staff training on lean production programs.

Training of the Company in 2023 covered:

- 3,545 employees in the Paradigms (Barriers to Change), 8 Types of Loss, Problem Solving Board and Idea Factory program
- 3,852 employees in the Standardization (SOP, SMED, 5S) program
- 991 employees on Problem Solving Techniques (7 Steps)
- 647 employees in the program: Engagement Management Fundamentals. A Workshop for Executives

Any employee can use the Idea Factory and Problem Solving Board tools to offer ways to improve production operations. Cash prizes are awarded to the authors of the finest ideas. Employee involvement in these projects fosters creativity and solves pressing production issues while keeping a focus on adherence to the Company's core values.

In 2023, 7,180 problems were reported to the Problem Solving Board and 13,284 ideas were submitted to the Idea Factory. Thanks to the reports made by the workers, over 6,200 industrial and sanitary issues were found and resolved. In order to respond to employee proposals as soon as possible, the Company plans to move the Problem Solving Board and Idea Factory to a digital platform.

Since 2021, Kuzbassrazrezugol has been utilizing the 5S system, one of the most crucial instruments for job management. By putting this system into practice, the Company is able to improve worker safety and productivity, lower the frequency of equipment failures, and lessen work-related injuries.

Key principles of the 5S system:

- **Sorting** – clearly dividing all things into necessary and unnecessary
- **Setting in order** – with every item in its place, one do not have to spend time looking for it
- **Shining** – a workplace should always be clean and tidy, and all employees should be responsible for keeping their workplaces tidy
- **Standardizing** – helps to comply with the preceding principles, implies creation of necessary instructions and procedures
- **Sustaining** – employees should develop a habit of strict adherence to established procedures, standards and rules

Coal preparation plants, auto repair shops, mechanical-repair and tractor-bulldozer sites, and office buildings have all adopted the 5S approach.



**7,062**  
ideas brought into effect

**6,223**  
problems resolved

## Modernization of auxiliary equipment

Kuzbassrazrezugol applies innovative solutions and advanced technologies at different production stages. This helps us to guarantee excellent product quality, enhance production safety, lessen our impact on the environment, and save expenses all at the same time.

In order to maintain the highest level of production control and guarantee that its products satisfy high quality standards, the Company has been modernizing auxiliary equipment at all of its branches since 2021. Within five years, approximately 300 pieces of up-to-date equipment will be purchased through this program.

In 2023, the program included retrofitting of three coal preparation plants that produce high-margin clean coal: Bachatskaya Coke Plant, Krasnobrodskaya Coke Plant and Kaltanskaya Power Plant.

A hydroseizer and dewatering equipment were installed in the Bachatskaya Coke Plant and Krasnobrodskaya Coke Plant, increasing the yield of marketable products and lowering their moisture content. The flotation unit was established in the Kaltanskaya Power Plant, increasing the output of clean coal.

As a result, the aggregate capacity of these plants increased by 868,500 tons per year, or 6.7%.

# +6.7%

increase in coal preparation capacity due to modernization program

## Digital projects

The development of the extractive sector is significantly influenced by the use of advanced digital innovations. They aid in maintaining safety and high standards of work performance, managing machinery and offer thorough analysis of production results.

Today Kuzbassrazrezugol applies the best available technologies in the development of deposits. Utilizing automated production control systems, for instance, enables real-time process monitoring, optimal fuel and energy use, and a reduction in lost time. By analyzing equipment load data, one may schedule maintenance ahead of time to minimize downtime and extend equipment lifetime.

# > 300

digitalization projects of Kuzbassrazrezugol are currently underway

By creating its own products in addition to utilizing digital solutions currently in use in the sector, the Company lessens the detrimental effects of sanctions from hostile nations and fosters innovation in the mining sector.

Research and development (R&D) involves exploring the prospect of producing digital products that satisfy the Company's goals. The resulting solutions are put through multiple testing and viability validation phases before a decision is made regarding whether to move forward with the project or abandon it.

For example, a Multifunctional Safety System (MFSS) was created with the help of contractors to enable real-time remote monitoring of mining activities. This includes the use of high-precision ground penetrating radars (GPR), automated systems for monitoring the stability of sidings and spoil dumps, and robotic total stations.

For more details, please see the [Ensuring Industrial Safety](#) section

## Key digital projects

### Automated Dispatch Control System of Power Facilities

The Company is currently working on an automated dispatch control system of power facilities (PFADCS), a technology that will enable:

- To reduce emergency downtime during power outages by up to 90%
- To instantly respond to all outages and thus reduce operational communication time by an average of 5 minutes

In case of emergency outages, the PFADCS will allow restoration of voltage by remotely energizing the high-voltage circuit breaker at the dispatcher's command.

As of the end of 2023, the PFADCS project had a technical specification prepared and a tender process completed, with four out of twelve prospective contractors chosen. The paperwork needed to decide on a budget and choose a sole contractor is still being developed. The project is due to be implemented by the end of 2025.

### Surveying support

The surveying support of mining operations is the most essential function of Kuzbassrazrezugol's operations.

In 2023, Kuzbassrazrezugol continued to implement digitalization programs – KRU-D&B and KRU-Planning. KRU-D&B significantly improves the accuracy and timeliness of drilling operations to enhance the quality of blasted rock, as well as simplifies reporting. KRU-Planning increases the timeliness and quality of plan generation.

Digitalization of surveying laid the groundwork for high-precision positioning of personnel, drilling and mining & conveyor equipment, which in turn contributes to improved safety and production efficiency.

### Three-dimensional geologic models

Making three-dimensional geological models of coal mines – detailed models that account for all exploration data and represent coal seams, dumps, boreholes, and promising development zones – is one of the trickiest and most important digitalization initiatives.

As of the end of 2023, 3D models of the Taldinskoye, Bachatskoye, Krasnobrodskoye, Chernokaltanskoye, Teshskoye, Alardinskoye and Kedrovsko-Krokhalevskoye fields were created. The model of the Novosergeevskoye coal field is in the final stage of development. This work is ongoing in 2024, with completion of the digitization of all fields anticipated by the end of 2025.



### Major digitalization projects in progress

Project name	Project purpose	Implementation period, years	Effect achieved/expected
FORK Automated Management System of Mining and Conveyor Complex	To replace the Karyer system with a flexible dispatching system which will exclude existing drawbacks	2024 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Improved quality of data on key performance indicators</li> <li>No manual entry or duplication of information</li> <li>Data integration between different internal systems</li> </ul>
Digital Maintenance and Repair	To track repairs, including consumption of spare parts, labor and other metrics	2023–2025	<ul style="list-style-type: none"> <li>Increased transparency of repair processes</li> <li>Potential reduction of repair costs and higher availability of main and auxiliary equipment</li> </ul>
Implementation of enterprise resource management system based on 1C:ERP.UX	To create a unified environment for accounting of all the Company's resources and making effective management decisions by building data integrity of the operational and financial circuits	2023–2025	<ul style="list-style-type: none"> <li>Increased financial and operational transparency</li> <li>Reduction in available stock</li> <li>Optimization of liquidity management</li> </ul>
Geological and Mining Information System (GMIS)	To deploy an information system for processing and interpretation of mining, geological and surveying information	At the time of writing, the project was at the contracting stage	<ul style="list-style-type: none"> <li>Control over all mining planning horizons</li> <li>Reduced time for preparation of mining development plans and their defense on the basis of technological and economic indicators</li> <li>Rapid and detailed assessment of open-pit mine planning, rapid delivery of plans</li> <li>Set-up of geologic block models<sup>1</sup> in one day</li> <li>Calculation of quality indicators in block models of coal beds</li> <li>Full integration with external databases and operational data streams</li> <li>Tracking and evaluation of long-term mining plans, calculation and management of planned net present value<sup>2</sup> (NPV) by years of the Company's operation</li> <li>15–25% increase in the quality of finished products due to isolated planning of coal excavation and charging on the basis of block model</li> <li>Prompt adjustment of transportation works and analysis of the economic effect of the decisions taken</li> </ul>
Automated process control system of coal preparation plants (CPP APCS)	To retrofit automated preparation control systems at the Company's coal preparation plants	2022–2025	<ul style="list-style-type: none"> <li>Economic effect of RUB 2.8 billion for 2023</li> <li>Increase in concentrate yield</li> <li>Reduction of operating costs for material and technical resources (magnetite, reagents, flocculants)</li> <li>Increase in coal processing volumes</li> </ul>
Automated Drilling and Blasting Control System (AD&BCS)	To automate formation and tracking of drilling task progress status	2022–2024 The project is under consideration	<ul style="list-style-type: none"> <li>Reduced preparation time for the middle unit</li> <li>Increase in hourly capacity of drilling rigs</li> <li>Reduced drilling volume</li> <li>Increased yield of blasted rock</li> </ul>
Automated Information System for Control of Railway Movements (Ugol AIS)	To control movement of coal loaded into railcars	2023–2024 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Reduction of railcar downtime on private tracks</li> </ul>

<sup>1</sup> A 3D modeling methodology for mining operations, which allows estimating the field reserves and spatial variability of the mineral component content, selecting the optimal open pit contour and improving the efficiency of short- and long-term planning of mining operations.

<sup>2</sup> Sum of discounted values of the payment stream adjusted to the date of calculation.

Project name	Project purpose	Implementation period, years	Effect achieved/expected
Manufacturing Execution System (MES) of Coal Preparation Plants	To introduce a dispatcher system to coal preparation plants to coordinate, analyze and optimize production output	2022–2025 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Increase in concentrate yield</li> <li>Increase in coal processing volumes</li> <li>Reduction of operating costs for material and technical resources</li> </ul>
Laboratory Information Management Systems (LIMS)	To manage laboratory work and document flows, optimize laboratory data collection, analysis and reporting for MES	2023–2025 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Automation of business processes of subdivisions</li> <li>Creation of a single source of reliable and timely quality control data</li> <li>Automated laboratory control data management, no distortion and reduced likelihood of data loss</li> <li>Optimized utilization of laboratory staff</li> <li>Reduced risk of untimely equipment maintenance and inspections</li> </ul>
Development and implementation of prompts for optimal operation parameters of the coal preparation plant (CPP Advisor)	To create a digital preparation mode advisor	2023–2024 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Reduced variance between target and actual output values based on quality readings</li> </ul>
Definition of oversized objects	To create a digital tool for controlling the ingress of foreign bodies into the CPP stages	2023–2024 The project is under consideration	<ul style="list-style-type: none"> <li>Reduced downtime</li> </ul>
Intelligent Video Surveillance (IVS)	To develop algorithms to capture safety violations when driving industrial and passenger transport  To improve safety of mining operations and passengers	2024–2025 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Control over compliance with occupational health and safety standards during mining operations and transportation of employees</li> </ul>
Pilot project for equipping hydraulic excavators with 360-degree video surveillance systems	To ensure full visibility of the space around the excavators  To increase safety of maneuvering and mining operations in general	2024–2025 Currently at the implementation phase	<ul style="list-style-type: none"> <li>Improved safety of mining operations</li> </ul>

# SUPPLY CHAIN MANAGEMENT

Kuzbassrazrezugol follows the guidelines outlined in the Procurement Policy for choosing suppliers and contractors. These guidelines include the following:

- Awareness
- Fairness
- Efficiency
- Development of relationships with suppliers
- Environmental preservation
- Energy efficiency
- Respect for human rights
- Adherence to business ethics
- Anti-corruption

While developing technical specifications for equipment, considerable consideration is given to the needs of enhanced comfort, energy efficiency, cost of ownership, and occupational safety.

Contracts with contracting organizations specify the labor safety standards for the contractor's personnel as well as the contractor's accountability for the outcomes of its operations.

The Company is currently developing a tool to assess suppliers and contractors for compliance with sustainability criteria.

For the purpose of disposing of hazardous waste, Kuzbassrazrezugol gives particular consideration to the choice of contractor organizations and monitors their operations within the parameters of contract fulfillment.

For more details, please see the [Waste Management](#) section



# RISK MANAGEMENT

**In an effort to stop risks from happening, Kuzbassrazrezugol continuously monitors them. Timely monitoring and prevention of risks help ensure stable production, prevent financial losses and fully fulfill the Company's obligations to its employees, customers and residents of the territories where it operates.**

Kuzbassrazrezugol has an Internal Control System (ICS) in place, the activities of which are continuously assessed for efficiency. By doing this, the Company may be quite certain that the ICS completely manages and controls risk.

The management of Kuzbassrazrezugol receives timely reports regarding the faults and weaknesses found, after which corrective action is taken. The ICS is assessed against five components:

- Control environment
- Risk management system
- Control procedures
- Information system
- Monitoring of controls

## Risk management system

The risk management system is integrated into the Company's ICS. Its purpose is to fully and timely identify risks, reliably assess their likelihood and materiality of impact, and develop measures to manage them.

## Risk identification

Identification of risks is focused on the identification of events, situations and circumstances that may affect the achievement of the Company's objectives, as well as the causes and sources of risks.

For every operation that Kuzbassrazrezugol performs, risks are identified at least once every quarter based on a thorough

review of activities that takes both internal and external factors into consideration. In doing so, the Company is guided by the principles of comprehensiveness, consistency, continuity and optimality.

A list of potential sources of risk is created and updated as needed based on the analysis's findings.

## Risk assessment

Like risk identification, risk assessment is carried out at least once a quarter. Each risk identified is subject to an assessment. Its purpose is to determine the probability and consequences of risk occurrence and to compare them with the Company's acceptance boundary.

The likelihood of a risk occurrence is evaluated in light of its origins, historical occurrence frequency, and present economic circumstances.

## Risk prevention

Control procedures aimed at preventing and mitigating risks is the key risk management tool.

Kuzbassrazrezugol regularly analyzes existing control procedures to cover all identified risks and, if necessary, develops new ones. The list of control procedures is updated at least once a quarter.

## Key risks of the Company

### Commercial risks

Arise due to growing competition from Russian and foreign coal mining companies, decreasing volumes of coal production and sales as a result of development of alternative energy sources, as well as due to declining quality of coal products and raising tariffs of natural monopolies

### Financial risks

Include possible increases in the cost of financing, which may result from short-term lending, high interest rates and changes in interest rates. This group of risks also includes the risks of changes in currency exchange rates, failure of debtors to fulfill their obligations to the Company, growth of inflation rates and imperfections in the taxation system

### Social risks

This group includes the risk of loss of highly-qualified personnel due to growing competition in the industry, as well as risks associated with occupational injuries and increased social benefits

### Environmental risks

This group of risks combines the risks of air emissions, land disturbance in the production process, discharge of pollutants into water bodies and, as a consequence, an increase in environmental payments and administrative fines

### Sanctions risks

Include the risk of deterioration in the coal market conditions, risks of falling prices and demand for coal products, increased competition in the domestic and export markets, which will lead to a decrease in coal production and sales volumes and increased logistics costs due to the redistribution of export destinations

### Energy risks

Such risks may result from accidents with the Company's equipment and deviations from the rate of specific consumption of fuel and energy resources to support production processes

### Process risks

Include all risks associated with production processes, from production accidents to contracting viral infections from co-workers

## Adapting to sanctions risks

The sanctions restrictions imposed in 2022 continued to be effective during the reporting period, thereby affecting the coal industry and the financial market of the Russian Federation.

The Company takes measures to mitigate risks. In particular, export sales were shifted to the Asian markets, and new sources of supply of spare parts and quarry equipment were found. As a result, the Company maintained uninterrupted operations while steadily completing its production program.

**EVEN IN CHALLENGING CIRCUMSTANCES, KUZBASSRAZREZUGOL IS PREPARED TO ADAPT QUICKLY TO CHANGES IN THE MARKET ENVIRONMENT AND SUSTAIN PRODUCTION STABILITY**



# 02

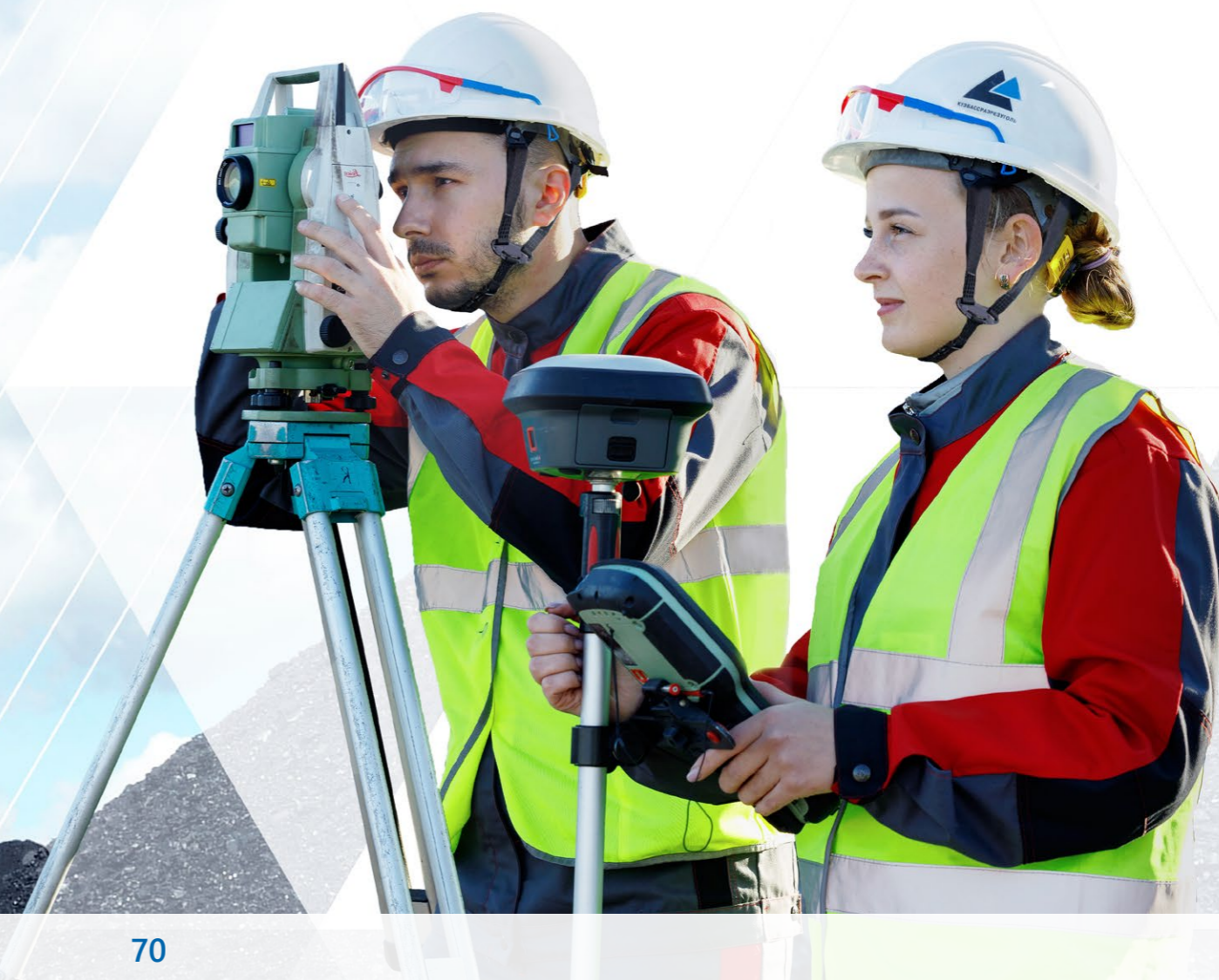
## Social Responsibility

# 4.7

### RUB BN

expenses on social projects and charity

As a responsible employer, Kuzbassrazrezugol establishes comfortable and secure working conditions, provides its employees with a wide range of social safety nets and fosters a favorable social and economic environment in the areas of its presence.



42

Management of Social Responsibility Issues

44

2023 Outcomes

46

Working Practices

62

Health and Safety

70

Support to Local Territories

# MANAGEMENT OF SOCIAL RESPONSIBILITY ISSUES

GRI 2-30

As a responsible employer, Kuzbassrazrezugol establishes comfortable and secure working conditions, provides its employees with a wide range of social safety nets and fosters a favorable social and economic environment in the areas of its presence.

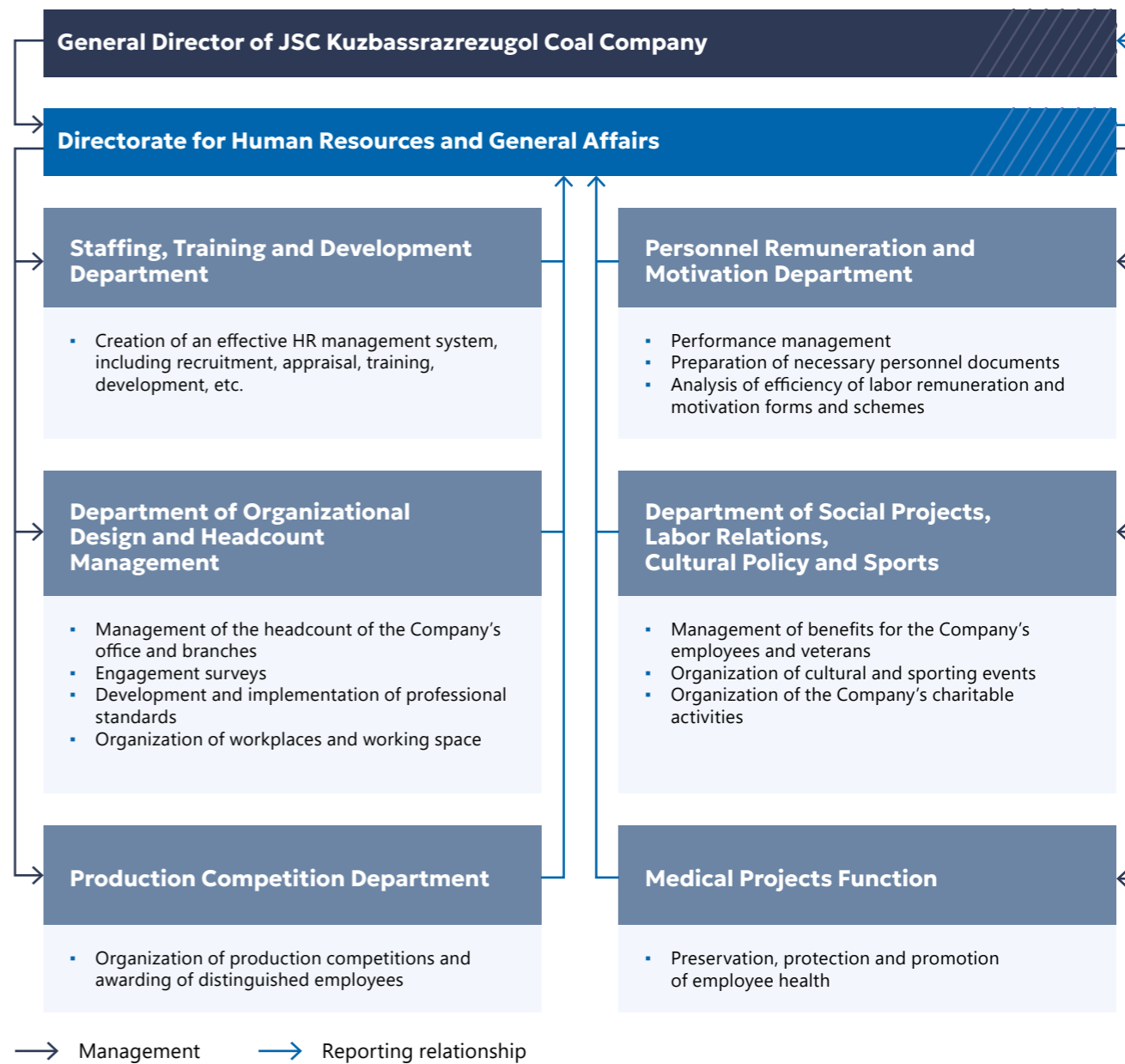
Social responsibility issues at the Company are under the control of the Directorate for Human Resources and General Affairs.

Kuzbassrazrezugol was one of the first companies in the coal industry to conclude a Collective Bargaining Agreement with its employees, securing all benefits and provisions available to the staff and laying the groundwork for the social policy.

Today, the Collective Bargaining Agreement covers 100% of employees, establishes labor routine in the Company and remains one of the main internal documents guaranteeing the protection of the rights and interests of each employee. Its provisions are regularly reviewed and updated to better suit current business conditions and staff expectations.



## Social responsibility issues management structure



### Key documents regulating the management of social responsibility issues:

- Collective Bargaining Agreement for 2023–2025
- Onboarding Regulations of JSC Kuzbassrazrezugol Coal Company
- Regulations on Assessment of Personnel Competencies in JSC Kuzbassrazrezugol Coal Company
- Regulations on Formation and Work with Talent Pool in JSC Kuzbassrazrezugol Coal Company
- Regulations on Young Specialists of JSC Kuzbassrazrezugol Coal Company
- Regulations on Recruitment of Personnel in JSC Kuzbassrazrezugol Coal Company
- Regulations on Payment of Entry Lump-Sum Allowance to Shortage Occupations Employees in JSC Kuzbassrazrezugol Coal Company
- Regulations on Implementation of the Program on Personnel Recruitment from Internal Referrals of JSC Kuzbassrazrezugol Coal Company
- Regulations on Remuneration and Bonus Payments to Employees of JSC Kuzbassrazrezugol Coal Company

# 2023 OUTCOMES

In the reporting year, the Company continued to improve working conditions, develop a program of social safety nets for personnel and participate in the social and economic development of the region where it operates (the Kemerovo Region – Kuzbass).

**> 987** RUB MN  
investments in occupational safety and health care

**4.7** RUB BN  
expenses on social projects and charity



**72.1%**  
employee engagement index

**+7 p. p. 1**  
vs. 2022

## “Best Employer”

At the end of 2023, Kuzbassrazrezugol upgraded its status in the Forbes’ ranking of Russia’s best employers from ‘silver’ to ‘gold’. A total of 62 enterprises were included in the ‘golden’ group, including 12 mining and metallurgical enterprises.

The Forbes ranking features 125 Russian companies assessed for compliance with sustainable development

criteria. Based on the assessment results, they were assigned platinum, gold, silver and bronze statuses.

Besides, Kuzbassrazrezugol was included in Group I of RBC’s Best Employers Ranking in 2023, comprising the companies that received the highest expert ratings.

### Achievement of strategic objectives in area of HR management

In 2023, the Company recorded the achievement of the 96% staffing target, as well as the targets for net personnel turnover (9%) and absenteeism<sup>2</sup> (5.5%).

For more details, please see the [Working Practices](#) subsection

### Traffic safety of technological transport

The Company enhanced the safety of worker transportation, continued to equip vehicles with modern control systems and installed lighting on busy technological roads.

For more details, please see the [Transport Safety](#) subsection

### New professional standards coming into force

Kuzbassrazrezugol finished a major project in 2023 that aimed to create professional standards for open-pit mining operations. The Company established these standards in 2019 and was the first company in Russia to do so; as of right now, all domestic open-pit mining enterprises follow such standards. A total of five standards were developed, three of which came into effect in 2023.

For more details, please see the [Formation of Professional Standards](#) subsection

### Good Nutrition Project

The Company started giving workers incentives so they could buy healthy food in production canteens. This enables workers to save money and follow the guidelines of healthy eating even when they are at work.

For more details, please see the [Health and Safety](#) subsection

### Launch of the KRU-PASS loyalty program

In 2023, the Company launched a loyalty program which offered discounts to its employees on a range of commodities and services. Participation in the program opens up new development prospects for small and medium-sized businesses in the territories of presence.

For more details, please see the [Corporate Loyalty Programs](#) subsection

### Benefactor of the Year

Kuzbassrazrezugol won the “Benefactor of the Year” annual competition run by the Kemerovo administration for the third time in 2023. The Company remained an active contributor to the development of a comfortable urban setting and assisted educational, cultural, and medical establishments.

For more details, please see the [Social Policy and Charity](#) subsection

<sup>1</sup> Percentage points.

<sup>2</sup> Absenteeism (derived from the Latin ‘absens’, which means ‘absent’) is a measure of the social climate at work. It includes all instances of an employee missing work, including sick days, off days and holidays, as well as absences with no good reason.



# WORKING PRACTICES

GRI 2-23, 3-3

Kuzbassrazrezugol is one of the largest employers in Kuzbass and Russia. The Company respects human rights, does not allow discrimination, and works to give its workers the decent working and professional growth opportunities in the sector.



## HR management objectives and principles

### Objectives

- Achievement of the target level of staffing
- Reduction in net personnel turnover
- Lower absenteeism
- Boost in labor productivity
- Higher employee engagement and loyalty

### Principles

- Compliance with legal requirements and the Company's strategic goals
- Arrangement of optimal conditions for unlocking the labor and creative potential of each worker
- Balance of personnel by age and experience, support of labor succession
- Systematicity, consistency and continuity of HR work
- Respect for human rights

Kuzbassrazrezugol is constantly working to improve the function of hiring, training, and retaining staff, to collaborate with educational institutions and offer career counseling, to broaden the list of social benefits for workers, and to cultivate corporate culture.

The Company keeps a constant line of communication open with its staff and considers their preferences for how work processes are organized. Engagement surveys have been conducted since 2021 and quarterly informational meetings – since 2023, covering more than 80% of employees.

Managers are also available for in-person meetings where staff members can ask them any questions. Through cascade communications, staff members can be informed about the Company's performance outcomes and strategic goals. Besides, these mechanisms allow identifying issues that are pertinent to personnel and work towards finding the best solutions while considering their suggestions.

According to the laws, the Company has two months to notify its employees of any major changes to its operations.



# Personnel Structure

GRI 2-7, 405-1

The personnel structure is balanced and meets the Company's needs. The team includes both experienced qualified employees who ensure excellent work and professional continuity, and young specialists who bring innovative ideas to improve production processes.

As of the end of the reporting period, the Company's headcount grew slightly compared to 2021 and 2022 and amounted to approximately 16,200 people.

The share of women in the personnel structure is 24% – more than the average in the mining industry (19%). Due to complicated and unique working conditions as well as regulatory limitations on women's access to various jobs and professions, this ratio is customary for the industry.

For an extended period, the proportion of female employees at Kuzbassrazrezugol has stayed consistent. Moreover, the Company endeavors to ensure gender equality and provide women with all opportunities available under applicable laws.

The bulk (97%) of the Company's workers are engaged on open-ended employment agreements. A total of 493 persons were employed under fixed-term employment agreements, including 200 women. These are mainly specialists who do seasonal work or substitute for the staff members who are on maternity leave. Most benefits designed for long-term staff retention (VHI, housing program) are not available to temporary employees, but they may be eligible for a discounted trip to a health camp for their children.

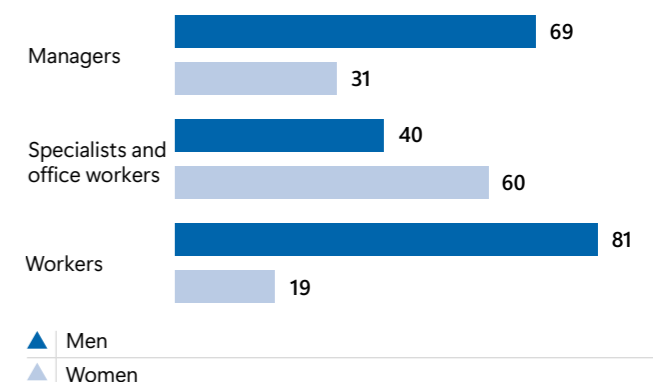
In addition to permanent and temporary employees, Kuzbassrazrezugol engages contractors. In 2023, the Company's entities employed about 24,700 employees of contracting organizations. They were mainly involved in mining operations (drilling and blasting, excavation and transportation of mined rock, dumping), construction, installation and repair works, maintenance, and delivery of fuel and lubricants to the Company's facilities.

### Headcount<sup>1</sup>, persons



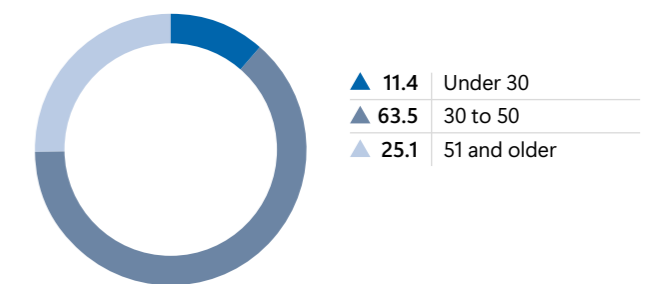
▲ Men  
▲ Women

### Personnel structure by category and gender, %



▲ Men  
▲ Women

### Personnel structure by age, %



The age structure of personnel remains stable: the majority of the Company's personnel are aged between 30 and 50, the average age of employees is 43 years (42 years in 2022).

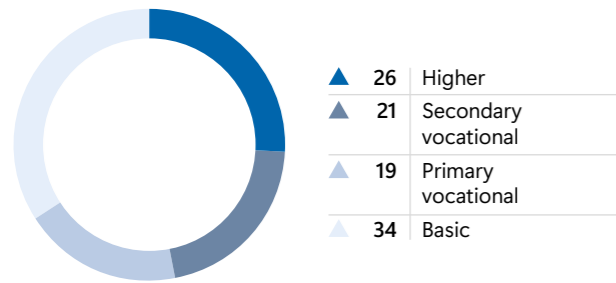
<sup>1</sup> As of the end of the reporting year.

As many as 26% of employees have higher education and 21% – secondary vocational education.

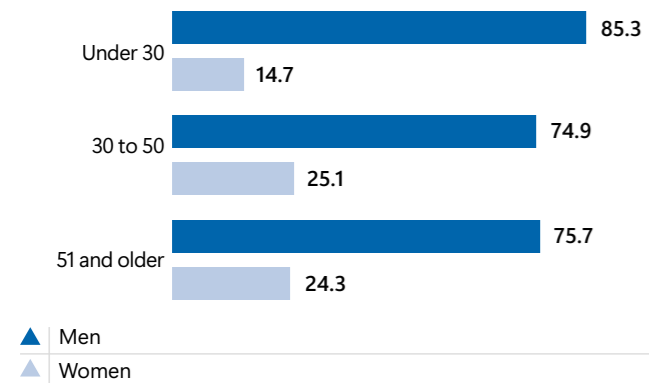
However, the share of employees with only general education is quite high – 34%. They complete specialized vocational training at the training center of the Company and become proficient in their working occupations before beginning employment.

**ANY EMPLOYEE CAN RECEIVE RETRAINING AND ADVANCED TRAINING AT THE TRAINING CENTER OF KUZBASSRAZREZUGOL**

**Personnel structure by education level, %**



**Personnel structure by age and gender, %**

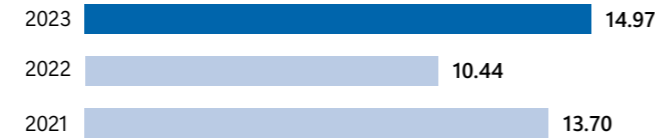


**Personnel turnover**

GRI 401-1

In 2023, the personnel turnover rate at the enterprises of Kuzbassrazrezugol amounted to 14.97%. The highest turnover rate (17.9%) was recorded in the Company's Executive Office, and the lowest (14.1%) – at Kaltanskiy and Kedrovskiy open-pit coal mines.

**Changes in staff turnover, %**



The following factors drove up personnel turnover in 2023:

- Growth in demand for line and rotational personnel – increase in vacancies in the by 122% and 48%, respectively
- Higher number of competitive offers on the target market
- Shortage of personnel due to the concentration of competing enterprises within one region

To reduce turnover, a package of measures was put in place to improve working conditions for workers and expand the list of corporate benefits and preferences. These measures included salary indexation, introduction of loyalty programs, additional training programs, etc.

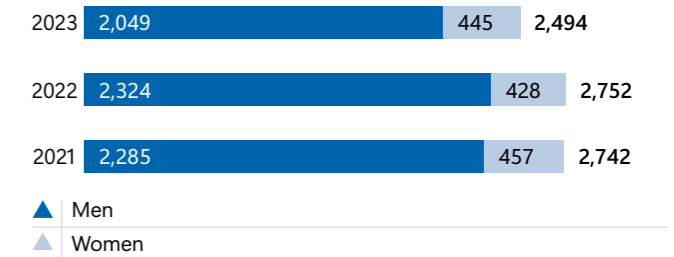
For more details, please see the [Staff Retention](#) section

2023 recorded 2,955 new hires, including more than 1,000 employees under the age of 30, and 2,494 fires.

**Number of new hires by gender, persons**



**Number of fires by gender, persons**



In 2023, 211 female employees of the Company exercised their right to parental leave until their children turn three, and 69 women took parental leave in addition to the planned ones. At the end of the year, 178 women were on parental leave.

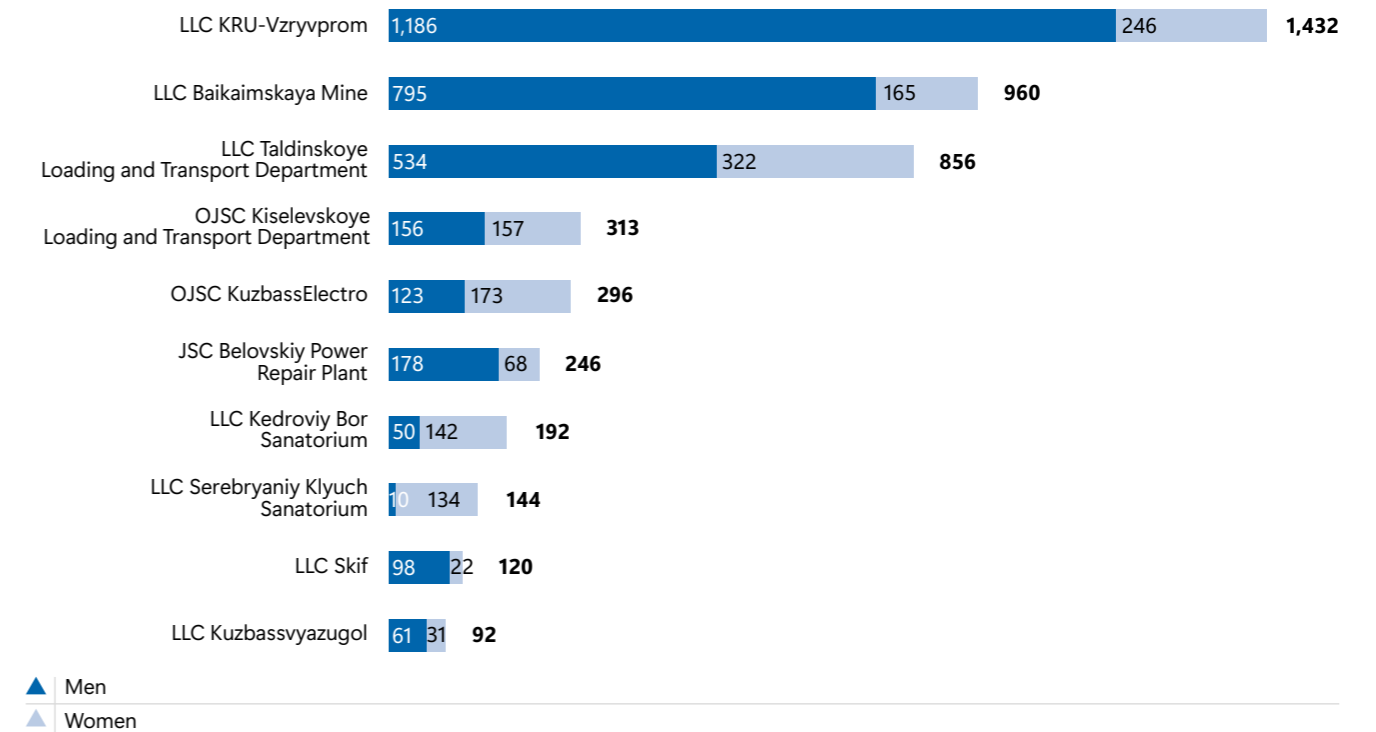
**100%**

of the Company's female employees return to work after parental leave

**Subsidiaries and affiliates**

The personnel of subsidiaries and affiliates (S&As) is not included in the personnel structure of Kuzbassrazrezugol. However, HR management adheres to the Company's principles and approaches while working towards the same goals.

**Headcount of S&As<sup>1</sup>, persons**



<sup>1</sup> As of December 31, 2023.

## Recruitment Process

Kuzbassrazrezugol works hard to maintain its reputation as a trustworthy and responsible employer. In the current environment, this entails not only paying salaries on time and offering social benefits, but also enhancing personnel policies, continually improving working conditions, and having the power to influence decisions that have an immediate impact on production processes. The Company meets these criteria and develops its own HR brand based on them.

The Company has started a referral program wherein staff members who propose skilled specialists to be hired by the enterprises can get financial gratification of up to RUB 15,000. With the lack of skilled resources, the program boosts worker engagement, builds the surety system, and helps attract promising candidates.

A Kuzbassrazrezugol-branded page was created in order to increase the number of job seekers who were covered by the HeadHunter recruitment portal. It boosts the Company's visibility, makes it easier to inform candidates, offers a natural filter and highlights the most relevant aspects of employment.

To improve recruiting efficiency, the Company uses the FriendWork Recruiter online service, which is a system of HR-Tech products that automate work and reduce hiring costs. The system automates the search, sorting and storage of CVs and supports a built-in HR analytics algorithm.

### Career guidance counseling

In addition to filling open positions and keeping personnel turnover at an acceptable level, one of Kuzbassrazrezugol's top priorities is making sure that there is a steady supply of qualified applicants. This is a prerequisite for continuing professional succession, team cohesion and unanimity.

The Company works with Kuzbass educational institutions, ranging from secondary schools to technical colleges and universities, to provide career guidance services. A different approach has been developed for each level. Schoolchildren and students get acquainted with the specifics of the industry, learn about the opportunities offered by mining occupations, receive assistance in professional self-determination and prepare for employment, including internships and work placements at the Company's enterprises.

As part of its collaboration with Kuzbass schools, Kuzbassrazrezugol organizes field trips to the Company's enterprises, career guidance meetings titled "Study

# 3.8

RUB MN

expenses for career guidance and charitable assistance to educational institutions in 2023

in Kuzbass, work in Kuzbassrazrezugol", informs parents of high school graduates about opportunities for sponsored training, cooperates with the Kemerovo Center for Advanced Professional Training and the Meridian Center for Children's (Youth) Creativity in Novokuznetsk.

The Company also supports the Engineering School project, which provides additional online classes for teenagers in physics, mathematics, chemistry, Russian language, and basics of project activities, and organizes the participation of schoolchildren in the Engineeriada competition of children's scientific and technical projects and TechnoJunior and TechnoLeader summer engineering shifts.

Kuzbassrazrezugol has existing agreements on hands-on training of students with 19 secondary vocational education schools and 11 universities. The Company's employees are involved in the life of universities and colleges: they participate in the ceremonial events on September 1 and in the graduation ceremony, hold career guidance meetings with students and Career Days, arrange field trips to the Company's enterprises, act as speakers at training sessions, and sit on state certification commissions.

Additionally, representatives of the Company engage in roundtable discussions with educators and other employers in the area to address concerns related to industry staffing and assessment of students' professional competence.

The Company offers sponsored training in specialized universities to high school graduates, and from 2024 targeted training programs will also apply to those entering specialized occupations at secondary specialized colleges. They are given additional corporate scholarships and paid internships at the production site, and are guaranteed employment upon graduation.



### Upgrading of Lyceum No. 22

GRI 203-1

In 2023, the K.D. Ushinskiy Lyceum No. 22 in Bachatskiy settlement was upgraded thanks to the financial support of Kuzbassrazrezugol. The Company allocated RUB 130 million for these purposes in 2022.

For the first time in 60 years, the lyceum building was thoroughly renovated: the roof and engineering networks were renewed, floors, windows and ceiling ceilings were replaced, and arrangements were made for students with disabilities. The lyceum received new classrooms equipped for computer science, robotics and agro-ecology, a greenhouse, a driving range and so on.

One of the classrooms was turned into a branded auditorium of Kuzbassrazrezugol, and now it is a platform for career guidance work. Today the auditorium is used to hold classes and meetings with the Company's representatives, during which schoolchildren can learn more about mining, the main occupations of the coal industry and famous miners of Kuzbass.

# 38

graduates were employed with Kuzbassrazrezugol in 2023

# 644

students completed internships at the Company's enterprises in 2023



## Training manpower for the future

Kuzbassrazrezugol actively cooperates with Kuzbass State Technical University (KuzSTU), the backbone university of the coal industry. 50% of the Company's executives and 80% of its technical engineers are KuzSTU graduates.

The Company's representatives are involved in the activities of the KuzSTU HR Policy Council, in holding the festivals called "MESTOrozhdeniye (PLACE OF BIRTH)" and "MESTOrozhdeniye OF PERVYKH (BIRTHPLACE OF FIRST)" for Kuzbass school leavers and university students. During the festivals, the Company tells young people about its activities and encourages prospective students to pursue occupations demanded in the coal industry.

2023 was the first time when KuzSTU freshmen were initiated into miners at a coal mining enterprise – the production site of the Kedrovskiy open-pit coal

mine. They saw modern mining equipment, observed stripping operations and laid the Alley of Future Miners near the administration building.

Third-year students of KuzSTU, concurrently with their studies, can receive vocational training in the Company to be qualified as an excavator operator and obtain an electrical safety group III authorization.

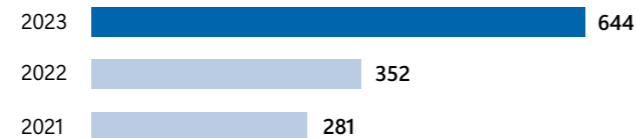
In 2024, the Company launched the educational course for university students titled "Leader of the Future" which is aimed at developing leadership qualities and managerial competencies in young people. The course includes three modules: Fundamentals of Lean Production, Teamwork Principles, Mastery of Public Speaking and Effective Communication.

There are plans to organize internships for university teachers at the production sites of Kuzbassrazrezugol by the end of 2024.

Internships at the Company's enterprises are also part of career guidance work. Students can test their knowledge and skills in a real production environment, learn more about mining occupations and the Company.

In 2023, 644 students of higher and secondary vocational education institutions completed internships at the Company's enterprises, which is up 83% year-on-year.

### Number of students who received internship at enterprises of Kuzbassrazrezugol, persons



The 2024 budget envisages RUB 19.5 million for career guidance and charitable assistance to educational institutions, which is more than five times higher than the amount allocated in 2023. These funds will be used for targeted student recruitment activities and scholarships, as well as for career guidance activities with students of secondary vocational and higher education.



## Onboarding Process

Starting from 2022, the Company has an onboarding program that applies to all new workers, as well as workers who are transferred to another position with a change in job functions or who start work after a continuous absence for six months or more. JSC Kuzbassrazrezugol Coal Company developed and approved the internal Regulations on Onboarding.

### Onboarding objectives:

- To minimize the time it takes for a new employee to get up to speed and achieve the necessary efficiency
- To reduce the number of possible errors and financial losses while the employee is mastering his/her duties
- To decrease the personnel turnover rate by cutting the share of employees who have not passed a probation
- To improve overall safety and safety of production operations
- To verify the business and professional qualities of an employee
- To increase the drive to do excellent work and achieve high-quality outcomes
- To foster a loyal attitude to the Company

- To involve employees in solving corporate and production tasks
- To lower uncertainty and stress levels among new employees, remove doubts about the right job choice

The onboarding program lasts for three months. Every newly hired specialist is paired with an experienced divisional employee who supports and guides them during the onboarding phase as they get more familiar with the Company and its internal rules.

One can also ask further questions of the specialist in charge of hiring and staff adaptation.

Checklists for the first day, first and second week, first month and three months after employment help to monitor the onboarding process. For all employees, regardless of their position, the checklists include several pulse surveys, familiarization with the Company's strategy, its transformation history and business system tools, as well as with the activities of public organizations (Trade Union, Youth Council, etc.).

## Onboarding program

<b>1st stage</b> Familiarizing with the procedure of registration, employment	<b>2nd stage</b> Receiving a New Employee Handbook and Welcome Package	<b>3d stage</b> Getting to know your mentor, coworkers, manager and workplace. Getting everything you need for your work	<b>4th stage</b> Learning about the Company: understanding the location of the main premises, having guided tours to production facilities and the corporate museum
<b>5th stage</b> Having a face-to-face meeting with a manager. Setting onboarding goals and getting a 90-day plan in place	<b>6th stage</b> Undergoing mandatory job-specific training	<b>7th stage</b> Delivering on the 90-day plan	<b>8th stage</b> Filling in the final onboarding questionnaire

# Staff Retention

GRI 401-2

Kuzbassrazrezugol values its employees and strives to offer them the most favorable working conditions, which will help retain skilled personnel in the Company. The Company offers its employees attractive salary as well as allowances and fringe benefits such as:

- Personnel training and development at the Company's expense
- Reimbursement of housing heating costs, provision of free rationed coal or diesel fuel for heating homes
- VHI program
- Discounted or free vacation and medical treatment vouchers for workers, their children and spouses
- Allowance for travel to and from vacation destinations for workers and their family members
- Financial payments on applications: to newlyweds, in a difficult life situation, etc.
- Other payments: bonuses for anniversaries, compensation for excessive transportation to/from work, lump-sum benefits upon retirement, in case of disability or death of a worker
- Support for working women with children: childcare allowance for children up to three years of age, an additional day off on the first day of the school year for women whose children are in elementary school (grades 1–4)
- Support for large families
- Support for young specialists: payment of allowances and reimbursement of rent for three years
- Social Program on Fuel Cards for owners of personal vehicles: 10% discount at Gazpromneft filling stations
- Issuance of housing loans, etc.

The collective bargaining agreement also envisages assistance to retired former workers of the Company. They receive an additional monthly pension, financial aid for medical treatment, on anniversaries and holidays, as well as upon request. They are given free vouchers for recreation and treatment in sanatoriums, reimbursement of central and gas heating costs, and free supply of rationed coal and diesel fuel for heating residential houses.

In 2023, the Company launched two new employee support initiatives:

- KRU-PASS loyalty program, which entitles staff members to discounts at over 100 program partners, including retail establishments, healthcare facilities, sports clubs, insurance providers, cafes, and family entertainment centers
- Good Nutrition program, which enables workers to receive subsidies for hot meals in canteens for each shift worked

For more details, please see the [Corporate Loyalty Programs](#) subsection

For more details, please see the [Health and Safety](#) subsection

## Observance of labor rights

GRI 2-26

Kuzbassrazrezugol strictly follows the requirements of the labor legislation of Russia and ensures observance of the rights of all workers without exception.

The Company has a collective bargaining agreement in place, which covers 100% of employees. The document regulates labor relations in the Company, provides employees with social safety nets and establishes the agreement administration procedure.

Each branch of Kuzbassrazrezugol established labor disputes committees and primary trade union organizations. Upon receipt of collective complaints, the executives of the Company convene to address the issues at hand.

# 100%

of the Company's employees are covered by the collective bargaining agreement

# 94%

of employees are members of trade unions

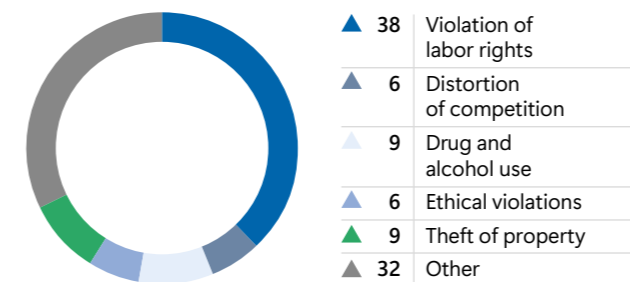
The Company has a trust line +7 (961) 714-76-02, which can be used to report violations of labor rights. Reports are reviewed by the Company's Security and Regime Director, responsible persons of branches and specialized directorates.

Information on the trust line is available on the corporate portal, on information stands in the administrative and welfare facilities and structural subdivisions of branches, stand-alone business units and S&As, as well as at checkpoints.

The following issues can be reported via the trust line:

- Corruption violations
- Infringements on the property of the Company, its stand-alone business units and S&As
- Human rights violations, abuses and unlawful actions against workers
- Violations of labor protection, fire and industrial safety requirements, sanitary code on the Company's territory
- Unethical, illegal or improper behavior of employees

## Structure of reports received via the trust line, by topic, %



In 2023, 34 reports were received via the trust line, 13 of which were fully or partially confirmed.

Each report was checked. If violations were confirmed, those responsible were identified and administrative measures were taken against them.

## Support for women

Gender equality is the guiding philosophy of Kuzbassrazrezugol, which offers equal pay for equal effort, irrespective of the age or gender of the employees.

Due to the special features of the sector, challenging working circumstances, and regulatory limitations on women's access to various jobs and occupations, the proportion of women in the mining industry is relatively low. On average, the share of women in the personnel structure of coal companies in Russia is approximately 19%, while in Kuzbassrazrezugol it stands at 24%.

The share of women in the management of the Company is 31%.

## Share of women in Kuzbassrazrezugol's management, %



The Company strictly complies with the requirements of labor legislation:

- Does not allow women to perform physically heavy work involving manual lifting and moving of heavy loads in excess of the established rates
- Offers pregnant women an option to move to lighter work if they have a respective medical report
- Does not allow the termination of employment contracts with pregnant women, women with children under three years of age, and single mothers with children under 18 years of age, except in cases of liquidation of business

- Does not send pregnant women on business trips, does not engage them in overtime work, night work, weekend work and work on public holidays without their written consent

In addition, Company female employees whose children attend elementary school (grades 1–4) receive an additional paid day off on the first day of the school year.

**Talented Woman in the Extractive Industry Award**

In 2023, Ekaterina Terekhova, Head of Technical Directorate for Capital Construction of Kuzbassrazrezugol, won the international Talented Woman in the Extractive Industry award in the Mentor of the Year category.

## VHI program

All employees of the Company are covered by the voluntary health insurance program on outpatient care services, emergency medical care in Russia and telemedical health care consultations. In addition, any employee can purchase extended insurance policies for themselves and their family members at a corporate discount, including by installments.

Starting from 2023, the Company introduced risk-based VHI, whereby an employee can undergo expensive treatment or examination at the Company's expense, even if it is not included in the risk insurance policy. To do this, an employee should apply to the social department.

In the future it is planned to expand the list of medical institutions and medical services available to workers of Kuzbassrazrezugol under the VHI Program.

## Housing program

For the house-buying purpose, Kuzbassrazrezugol offers its workers loans up to 70% of the property value. The interest rate is set as of the date of the loan in the amount of 2/3 of the refinancing rate of the Bank of Russia. This allows the Company to retain promising and qualified personnel and gives workers an opportunity to improve their housing conditions.

In 2023, the Company secured the interest rate for the entire term of the loan agreement and provided for deferred payments during maternity and parental leave. Starting from the reporting year, the Company's workers can use the loan to buy housing in the entire Siberian Federal District (previously, the program only covered the Kemerovo Region).

## Support for young specialists

Full-time graduates of state-accredited universities and colleges under the age of thirty-five can be qualified as young specialists, provided that they are first employed by the Company within one year after graduation. Young specialists also include workers who combine their work at Kuzbassrazrezugol with study at higher or secondary vocational education institutions, and the Company must be their first permanent place of employment.

Young specialists receive a lump-sum allowance of not more than RUB 50,000 and house rent allowance (based on actual expenses, but not more than RUB 25,000 per month) for three years. Moreover, they can join the Company's housing program.

Young specialists actively participate in the Company's life, in sports and cultural events, in contests of scientific and technical projects, as well as in events organized by the Council of Young Specialists of Kuzbass.

The interests of this category of workers are represented by the Youth Council of Kuzbassrazrezugol, a public organization in place in the Company. One of its responsibilities is to bring together young specialists for the benefit of the Company's growth and competitiveness. Members of the Council take part in scientific competitions and forums, as well as organize specialized events themselves.

In 2023, Kuzbassrazrezugol, including the Youth Council, hosted the IV Regional Competition of engineering and technical projects of the working youth of Kuzbass titled Days of Technology, presenting innovative projects in the field of ecology, efficiency improvement and digitalization of production.

In 2023, 228 employees of the Company were members of the Youth Council.

## Support for employees' families

Employees' families are entitled to receive free or discounted vouchers for recreation and treatment in sanatoriums in the Kemerovo Region and the Altai Territory, as well as in corporate sanatoriums of Kuzbassrazrezugol. The Company covers 80 to 90% of the costs of purchasing vouchers for employees' children, and employees (as privileged categories of citizens) receive them free of charge. In addition, once every three years, the Company reimburses workers and their family members for travel expenses to and from vacation destinations.

In 2023, the program on children's summer vacations was in high demand among employees. As a result, the Company increased the number of children's vouchers to 1,300 and allocated over RUB 54 million for this purpose. The recreation program was aligned with the wishes of employees and included health-improving procedures and various creative leisure activities. For example, in the reporting year, a sports camp was organized for the first time at the high-mountain resort, Sheregesh,

where children could receive training in rock climbing and archery.

Under the corporate Program on Mother and Child, joint health improvement of parents and children was also offered in the corporate sanatoriums of Kuzbassrazrezugol. The Company covers 80% of expenses for children's vouchers and a voucher for a parent who is the Company's employee (under the terms of the collective bargaining agreement). A parent can also receive a voucher free of charge if he/she falls under a high-risk group.

In 2023, the Company entered into an agreement to organize children's vacations with BELAZ company: children of workers of the Belarusian Automobile Plant spent their vacations in the Kemerovo Region, and children of Kuzbassrazrezugol's employees will go on vacation to Belarus in the summer of 2024. Already in August, 30 schoolchildren from Belarus arrived for vacation and enjoyed a health improvement program in the corporate sanatorium called Kedrovyy Bor. There they got acquainted with the history and culture of Kuzbass and had guided tours to the Company's enterprises to see how BelAZ dump trucks work.

In 2024, a pilot project was launched: the Company's employees who received free vouchers to the Kedrovyy Bor sanatorium and Serebryaniy Klyuch sanatorium can buy vouchers for their spouses with a 50% discount.

Apart from recreation services, the Company provides employees' families with financial support. For example, families with many children receive assistance to prepare their children for school. In 2023, payments per child amounted to RUB 5,000, with a total of RUB 10.8 million allocated for this purpose.

Families of deceased employees also receive assistance from the Company. Kuzbassrazrezugol sustains them financially, including annual payments for Miner's Day, organizes health improvement programs for widows of employees, pays monthly allowances to their children and later pays for their education. In 2023, RUB 2.49 million was allocated for these purposes.

## Support for veterans

The Company's Program on support for veterans includes corporate pension supplements, reimbursement of home heating costs, free and discounted vouchers for recreation and treatment in sanatoriums in the Siberian Federal District. Retired employees are also entitled to lump-sum financial aid.

Current employees of the Company provide volunteer assistance to retired employees and veterans and help them with household issues.

Every year employees of pre-retirement age are given additional paid days off for medical check-ups and, if medically indicated, with vouchers for health resort treatment.

**> 300 RUB MN**  
per year allocated by the Company to support veterans

## Corporate loyalty programs

In addition to direct financial support, employees of Kuzbassrazrezugol can capitalize on corporate loyalty programs to get discounts on high-demand goods and services.

The Company's employees with personal vehicles can apply for an Opti24 fuel card, which allows them to receive a 10% discount on fuel (other than diesel fuel) at all Gazpromneft filling stations.

In 2023, over 4,000 employees of Kuzbassrazrezugol made use of such cards. Total fuel savings in 2022–2023 amounted to RUB 18.5 million.

In 2023, the Company launched a loyalty program for employees – KRU-PASS. With KRU-PASS cards, employees can receive discounts of up to 30% in stores, medical centers, catering establishments, fitness clubs, etc. As of this writing, about 13,000 employees, or 79% of the Company's personnel, have received such cards. It is planned to increase the coverage up to 100% in the near future.

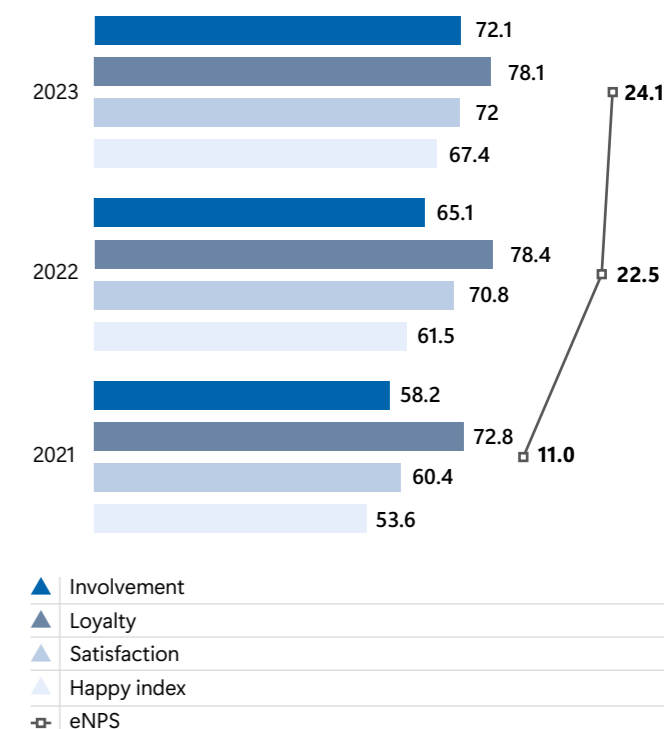
My Business, a state-operated center, provided assistance in choosing the loyalty program partners. The project was backed by both large federal chains (Lenta hypermarkets, Zdorovye medical centers) and local SMEs. For the latter, the Program gave a new impetus for development and an opportunity to expand their clientele.

For more details, please see the [Support to Local Territories](#) subsection

## Engagement surveys

Kuzbassrazrezugol takes into account the opinions of workers and makes sure that working conditions meet their wishes. The Company has been conducting annual engagement surveys since 2021, and it plans future management decisions based on the survey results. Regular pulse surveys are also conducted to identify problems at hand.

Employee engagement indicators, %



Based on the results of each survey, the Company compiles a list of measures that are to bring changes requested by employees. These measures range from renovation of premises to renewal of the bus fleet and procurement of special equipment. For example, based on the findings of the worker survey conducted in 2022, the roof of the locomotive and carriage depot at the Krasnobrodskiy open-pit coal mine was subject to cosmetic repairs and two new passenger buses were purchased. At the Bachatskiy open-pit coal mine, the road to the checkpoint, as well as technological workshops and washing facilities were repaired, and new clothes lockers were installed. Nine new buses and five vehicles were purchased at the Taldinskiy open-pit coal mine, the fleet of water-sprinkling equipment was renewed, and repairs were carried out in certain areas. At the Kaltanskiy open-pit coal mine, the heating system in the workshop of the automobile-repair section was replaced.

The 2023 survey resulted in 146 measures planned.

Visible changes and a real opportunity to influence working conditions have a favorable impact on employee engagement and satisfaction. During the survey period, the engagement indicator grew by 13.9 p.p. (from 58.2% to 72.1%), the satisfaction indicator – by 11.6 p.p. (from 60.4% to 72%).

The eNPS (Employee Net Promoter Score) loyalty index, which shows the willingness of employees to recommend the Company as an employer, recorded more than twofold growth.

### Support of professional prestige

Kuzbassrazrezugol strives to uphold the prestige of the mining profession and form a positive attitude to mining labor among people.

The Company's employees regularly take part in Russian and international professional skills competitions. At the CHETRA PRO International Bulldozer Championship in 2023, Vladimir Ryazantsev and Dmitriy Shutkin, operators of the Taldinskiy open-pit coal mine, became bronze medalists, and the team of the Krasnobrodskiy open-pit coal mine was among the top ten.

Vladimir Ryazantsev also won second place at the Best in Profession All-Russian Contest in the Best Bulldozer Operator individual all-around category.

The Company has created a tradition to perpetuate the memory of honored employees: all the Company's open-pit mines have BelAZ dump trucks, which are named after distinguished miners. This strengthens the connection between generations and team cohesion, emphasizes the Company's attention to the achievements and merits of employees.

In 2023, four new personalized dump trucks were named after honorable open-pit coal mine directors who made a great contribution to the development of the enterprises.

Every year, in honor of Miners' Day, the Company organizes festive events for employees and the local community, sums up the results of the miner's year and presents awards to the best work teams and workers.

For more than 20 years, on the eve of the professional holiday, the Company has been regularly holding "Best in Profession" professional skills contests for representatives of the main occupations such as operators, drivers, electricians, electric/gas, etc. The contests are also open for young specialists under the age of 35, and the share of such participants is growing annually. Winners and awardees of the contests receive professional recognition and cash prizes, as well as monthly salary increments of 5% to 20% (effective till the next contest season). This motivates employees to constantly improve their skills, work more efficiently and in a more disciplined manner.

Additionally, Kuzbassrazrezugol presents automobiles to the best performers in the enterprises on Miner's Day, which is decided by the work team members. In 2023, ten employees of the Company received new crossover utility vehicles.

Awards for labor merits were presented to 896 employees, including – as a tribute to the Year of Teacher and Mentor announced in Russia – to the best mentors of the enterprises.

The best team of employees among the branches was the team of the Kedrovskiy open-pit coal mine, which received the main corporate award – the challenge cup of L.M. Reznikov, the founder and first director of the Company. The open-pit coal mine also became the best open-pit coal mine in Kuzbass based on the results of the regional contest called "Kuzbass is the Coal Heart of Russia".

The staff members of the Krasnobrodskaya Coke Plant CPP were recognized as the best team of the coal preparation plant in the Company.

## Personnel Training

GRI 3-3, 404-1

Kuzbassrazrezugol provides all employees with equal opportunities for training and professional development. When drawing up the training program, the Company takes into account the requirements of federal codes and rules, professional standards, and job descriptions. Consideration is given to such factors as technological development of the industry, changes in the labor market, growth of the Company's own headcount, changes in legislative requirements for worker training, etc.

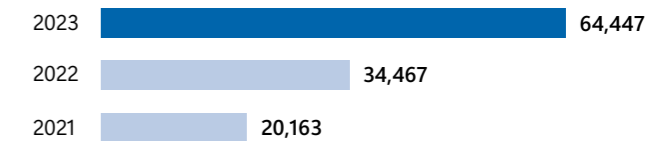
In 2023, the Company put a personnel assessment and training service in place, set targets for the number of trained employees and training costs.

Workers of Kuzbassrazrezugol can receive higher education at the Company's expense, undergo professional retraining to meet the requirements for positions held, promotion or inclusion in the talent pool. The Company's in-house training center provides training for sideline occupations and advanced training. Vocational training with the involvement of third-party companies is also an option. In addition, much attention is paid to training in the areas of environmental protection, quality assurance, lean production, and occupational health and safety (OHS).

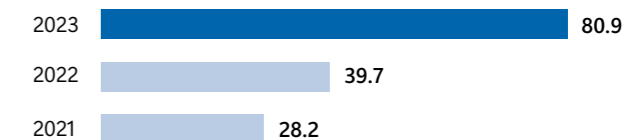
Training needs are determined based on the results of worker competency assessment. Heads of structural subdivisions identify points of growth for their subordinates, draw up individual development plans and submit training orders to the Staffing, Training and Development Department.

After training, workers and heads of structural subdivisions offer their input that helps decide whether to modify training curricula or carry on working with educators and providers.

### Amount of worker training, man-courses



### Investments in worker training<sup>2</sup>, RUB mn

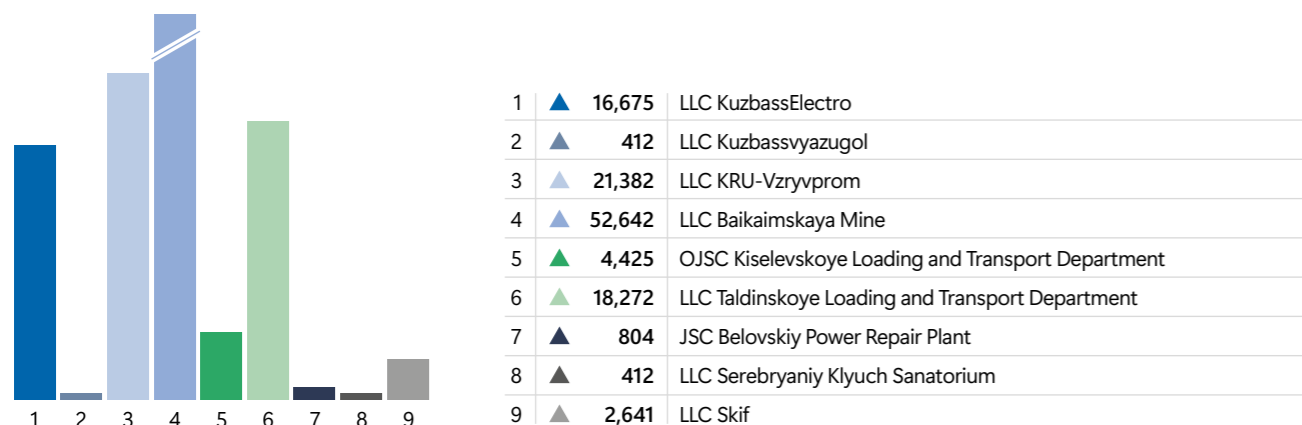


In 2023, the Company's employees completed 64,447 training courses, with the average training time per employee amounting to 90 hours. The personnel training costs amounted to about RUB 81 million

The costs in 2023 were driven up by massive occupational safety training of employees in accordance with the new legislative requirements<sup>3</sup>, as well as significant volumes of training on Programs on Effective Production Management for heads of different levels, Maintenance and Repair for repair service specialists, Procurement Academy for the procurement service, as well as on programs aimed at the development of personal and managerial competencies.

### Subsidiaries and affiliates

#### Expenses on S&A workers social support programs<sup>1</sup>, RUB '000



<sup>1</sup> The diagram excludes S&As the budgets of which do not include the costs of social support programs.

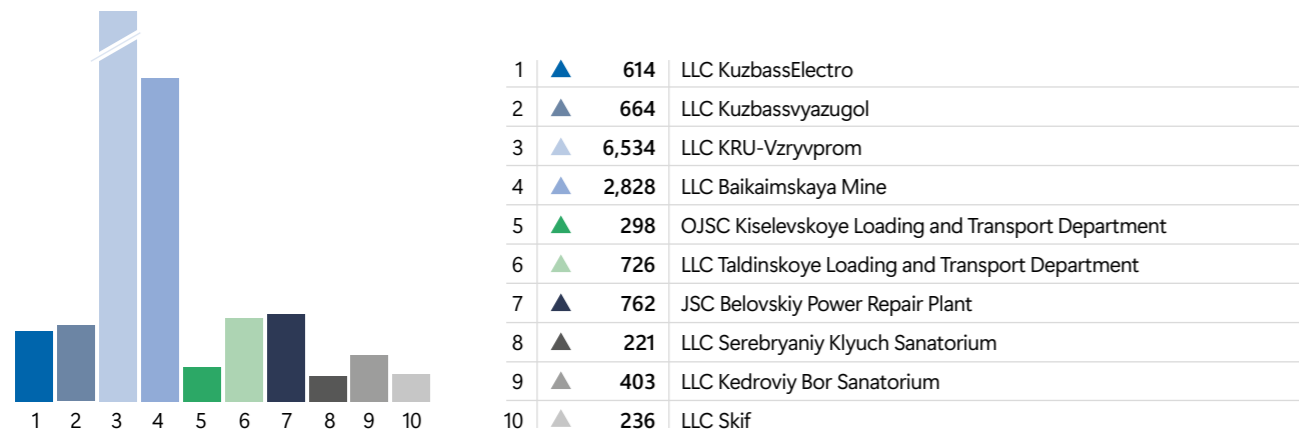


<sup>2</sup> Including OHS training.

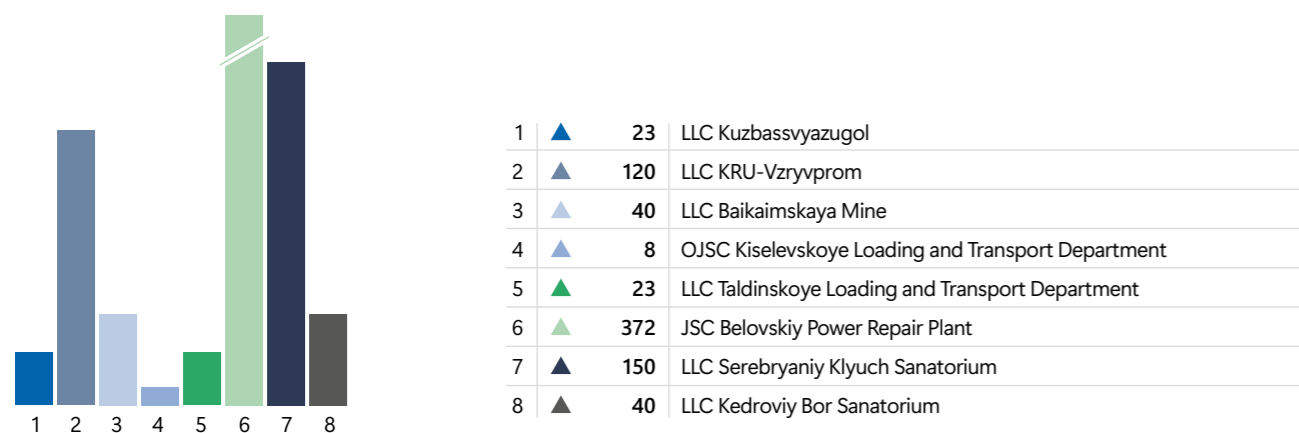
<sup>3</sup> Decree of the Government of the Russian Federation No. 2464 dated December 24, 2021 "On the Procedure for Occupational Safety Training and Testing Knowledge of Occupational Safety Requirements".

## Subsidiaries and affiliates

### S&As' expenses on employee training, RUB '000



### Duration of training hours per worker, h



OJSC KuzbassElectro and LLC Skif do not keep records of training hours per employee.

## Formation of Professional Standards

In 2019, Kuzbassrazrezugol was the first in the industry to start developing professional standards for open-pit mining – until then, there were no such standards in Russia.

The Company heads a working group hosted by the All-Russian Industrial Association of Coal Industry Employers. During this time, five state professional standards have been developed, approved by the Ministry of Labor and Social Protection of the Russian Federation and adopted by the entire mining industry:

- Bulldozer operator in mining
- Vehicle driver engaged in the technological process

### Adopted in 2023:

- Drilling rig operator in open-pit mining
- Conveyor operator at coal mining enterprises
- Excavator operator in mining

Today, the standards of Kuzbassrazrezugol origin are used not only by coal companies but also by all Russian enterprises engaged in open-pit mining of other minerals.

## Competency Assessment and Talent Pooling

GRI 404-3

Kuzbassrazrezugol regularly assesses competencies of employees the personnel development programs. For this purpose, a procedure on personnel competence assessment was put in place to ensure a unified methodological approach.

The key objectives of competency assessment:

- To determine workers' professional, business and personal potential
- To identify workers' training and professional development needs to comply with the competency model
- To fill talent pool
- To ensure informational support of HR-related decisions, including decisions on rotation, career development and remuneration of workers
- To cultivate a feedback culture in the Company
- To prevent conflict situations
- To strengthen liaisons between heads and subordinates

After the competency assessment, a worker works with their head to create a personal development plan, which is then tracked to make sure it is delivered.

In 2023, 488 employees, or 3% of the Company's total headcount, were covered by assessment.

In order to fully unlock the potential of employees and provide career growth opportunities for promising specialists, the Company has a talent pool in place. This promotes internal recruitment, when executive vacancies are filled in-house, reduces recruitment costs and risks, and secures continuity.

In 2023, 157 specialists were included in the talent pool, and five members of the talent pool were appointed to management positions.

## Remuneration System

Kuzbassrazrezugol pays competitive remuneration to its employees, provides indexation of salaries and performance-based bonuses.

2023 recorded two rounds of indexation: on April 1 – by 5% and on September 1 – by 10%. Moreover, bonuses in the amount of 50% and 100% of average earnings were given to workers in 2023 for Miners' Day and for New Year's Eve, respectively. Workers with more than one year of service with the Company received longevity pay.

In 2023, the Company introduced additional payments for specialists of shortage occupations (vehicle driver engaged in transportation of mined rock, motor grader operator, bulldozer operator, excavator operator, loader driver, track serviceman). Upon employment, they receive a lump sum benefit of RUB 50,000, and after a year of service – another RUB 100,000.

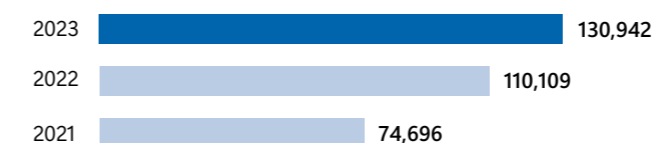
In 2023, the average salary of the Company's employees rose by 19% year-on-year, which is 15% higher than the average

salary growth rate in the region, and amounted to about RUB 131,000 (for comparison: according to the territorial body of the Federal State Statistics Service (Rosstat) for the Kemerovo Region, the average salary in the region at the end of 2023 was RUB 65,000).

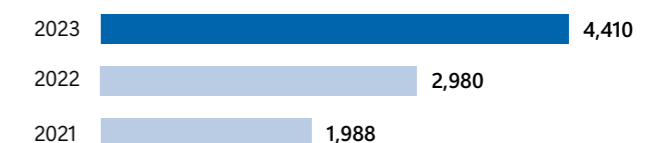
The Company is developing a performance management system to monitor the achievement of key performance indicators (KPIs) that directly affect personnel bonuses. As of this writing, the system covers a number of directorates and positions of the Company, and its perimeter is to be expanded in the future.

There is a progressive bonus pay system in place for workers of primary occupations such as members of excavator crews and process transport drivers – an additional bonus of 2.5% is accrued for each percent of target over-achievement. Moreover, employees are rewarded for suggestions on how to improve production processes (under the Idea Factory Program). In 2023, over RUB 4.4 million was paid to the originators of the suggestions accepted.

### Changes in the average salary of the Company's employees in 2021–2023, RUB



### Payments for ideas put into practice, RUB '000





# HEALTH AND SAFETY

GRI 3-3, 403-1, 403-2

One of the main priorities of Kuzbassrazrezugol is to ensure the occupational safety and health of employees.

The management of occupational health and safety (OHS) issues in the Company is regulated by Russian legislation, international norms and standards, as well as the internal Policy on Occupational Health and Safety Management. As part of this work, Kuzbassrazrezugol interacts with the Ministry of Health of the Russian Federation and the Ministry of Labor and Social Protection of the Russian Federation, local authorities, and other control and supervisory bodies.

The Company approved the Policy on Quality, Environment and Occupational Health and Safety. The main principles of the Policy are as follows:

- Ensuring safe working conditions and preventing injuries and accidents through the analysis of the Company's capabilities and implementation of OHS objectives
- Identifying and analysing hazards to implement measures to reduce the risk of injuries, occupational diseases and accidents
- Consulting and engaging the personnel to ensure their involvement in integrated management system (IMS) development
- Motivating personnel to ensure that functions are performed in accordance with IMS requirements

In addition, the following internal documents govern the management of occupational health and safety issues:

- Declaration of the Policy on Industrial Safety
- Regulations on the Occupational Health and Safety Management System in JSC Kuzbassrazrezugol Coal Company
- Regulations on the Industrial Safety Management System in JSC Kuzbassrazrezugol Coal Company
- Regulations on Industrial Control over Compliance with Industrial Safety Requirements at Hazardous Production Facilities of JSC Kuzbassrazrezugol Coal Company
- Regulations on Occupational Safety Management System in JSC Kuzbassrazrezugol Coal Company

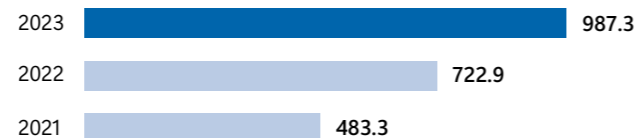
The Declaration of the Policy on Industrial Safety, Regulations on Industrial Safety Management System, and Regulations on Occupational Safety Management System apply to all workers of the Company, as well as persons sent on business trips to the Company's enterprises, students undergoing industrial practice in the Company, and employees of contractors and subcontractors as well.

The Company has established occupational safety certification commissions at the Company's executive office and occupational safety knowledge assessment commissions at all branches, including the executive office.

Since 2010, the Company has been undergoing certification according to the standards of quality management systems, environmental management, and health and safety management. In 2022, the certification audit confirmed the compliance of the occupational health and safety management system with the requirements of the international standard ISO 45001:2018 Occupational Health and Safety Management System — Requirements with guidance for use.

In 2023, the amount of expenses on occupational health and safety was increased and amounted to more than RUB 987 million

### Expenses on occupational health and safety, RUB mn

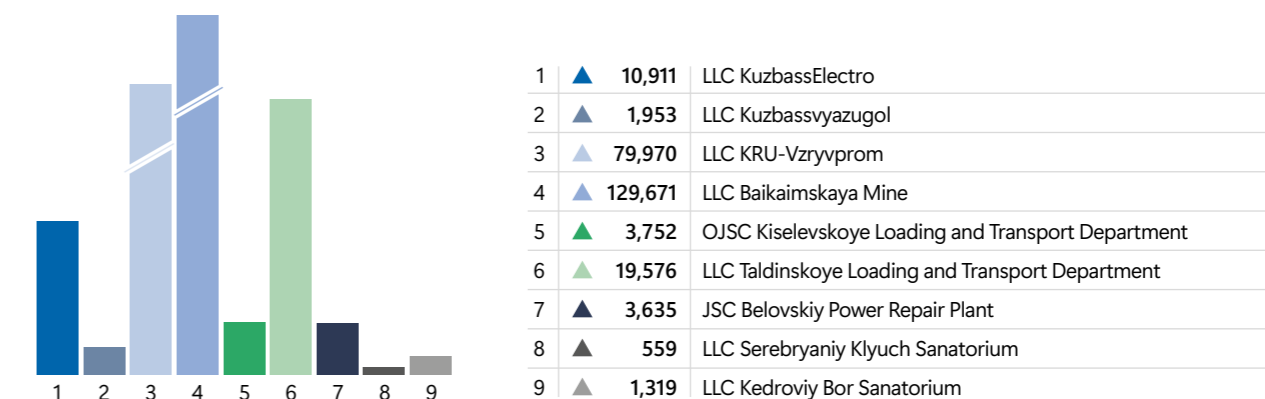


**> 987** RUB MN

expenses on occupational health and safety in 2023

## Subsidiaries and affiliates

S&As' expenses on OHS measures, RUB '000



## Ensuring Industrial Safety

The Company's enterprises operate under the MFSS, a set of systems and tools developed with the participation of contractors to ensure work safety and the monitoring and management of technological and production processes under normal and emergency conditions.

MFSS monitors the operation of each unit of the main mining transportation equipment through an automated dispatching system for process vehicles and main mining transportation equipment. The system enables the Company's managerial staff and specialists to receive real-time information on the status of mining transportation equipment and multiple performance indicators for the same.

Digital twins of open-pit coal mines are created as part of the system using a three-dimensional geological model as a basis. The system collects and analyzes operational and high-precision data from radars, borehole sensors, quadcopters, GPS units, mobile laser scanning systems, and a hydrographic complex. Based on the results of such analysis, it warns of the dangers of operations.

As of the end of 2023, a 3D model of the Taldinskiy open-pit coal mine is completed, the subsoil areas of the Bachatskiy, Krasnobrodskiy, and Kaltanskiy open-pit coal mines have been digitized, and digitization of mining sites at other enterprises is underway. During the reporting year, MFSS was deployed at ten production facilities of the Company, including coal preparation plants.

Currently, the second stage of MFSS implementation is underway, which provides for improvement and modernization of the existing subsystems. As a result of the implementation, high-precision positioning of equipment and monitoring of the status of fire alarms and fire extinguishing systems of each piece of equipment will be ensured. In addition, it is planned to develop and update software for monitoring the controlled parameters.

In 2023, open-pit mining areas at the Kaltanskiy, Taldinskiy, and Krasnobrodskiy open-pit coal mines were equipped with robotic total stations, which allow real-time monitoring of the stability of the sides of the mines, detecting deformations at an early stage, minimizing their consequences, and removing people and machinery from hazardous areas in advance. The new equipment is remotely controlled, thus eliminating the need for manual measurements.

At the Kaltanskiy open-pit coal mine, a shelter for the total station was installed, which was designed against the Company's order and equipped with a smart home system. A surveyor may monitor work processes using external and internal video cameras, remotely regulate the temperature inside the shelter, turn on the heat gun if the windows are fogged up, and so on. The shelter allows for uninterrupted operation of the equipment, and if necessary, it can be easily relocated.

In the future, it is planned to install robotic total stations at other enterprises of the Company.

## Preventing of and responding to emergencies

Based on the results of analyzing production processes, the Company has developed a register of significant hazards and unacceptable risks for the period of 2022–2024, which helps prevent emergencies, reduce the number of incidents, and create safe working conditions for all employees.

For more details, please see the [Risk Management](#) subsection

In addition, the Company has developed a number of internal documents, including occupational safety instructions and an accident containment and elimination plan, which regulate actions to prevent hazardous situations and eliminate their consequences. The procedure for notifying workers and officials of emergency situations, as well as emergency response measures, has been approved.

Employees of contractors whose work or workplace is controlled by the Company can get consultations and familiarize themselves with the documentation on occupational health and safety issues from their line manager or superior at the Occupational Health and Safety Service. In addition, they can submit suggestions for improving occupational health and safety, including through the Idea Factory and the Problem Solving Board.

All of the Company's divisions hold monthly Director's Days. These events are dedicated, among other things, to the prevention of occupational injuries, accidents and incidents, with the participation of division directors, other managers, specialists, and workers.

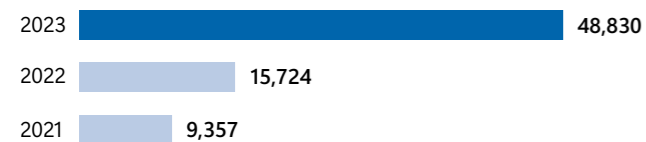
## OHS training

GRI 403-5

The Company conducts annual OHS training for its employees in accordance with the requirements of Decree of the Government of the Russian Federation No. 2464 dated December 24, 2021, On the Procedure for Occupational Safety Training and Testing Knowledge of Occupational Safety Requirements.

In 2023, about 76% of employees received OHS training, and over 48,800 training courses were held for them.

### Volume of OHS training for employees, man-courses



Kuzbassrazrezugol was the first in Kuzbass to organize training in defensive driving of mining dump trucks, with a focus on practicing driving skills under contingencies. OJSC BELAZ specialists, who are well acquainted with the peculiarities of those vehicles, were invited to conduct the course.

More than 70 employees from all branches with driving experience of less than five years were trained. They will practice their skills on a special dynamic simulator, which allows them to simulate such situations as fuel leakage, fire, steering failure, or a dynamic brake fault.

Not only traditional approaches are used for safety training, but also innovative solutions. For example, at the time of this writing, the introduction of training technology using virtual reality (VR) headsets had commenced.

In virtual reality, the possible consequences of a violation of safety requirements are simulated, while 3D technologies provide a complete immersive experience. Such training is provided to the Company's newcomers and to workers who have already violated safety requirements.

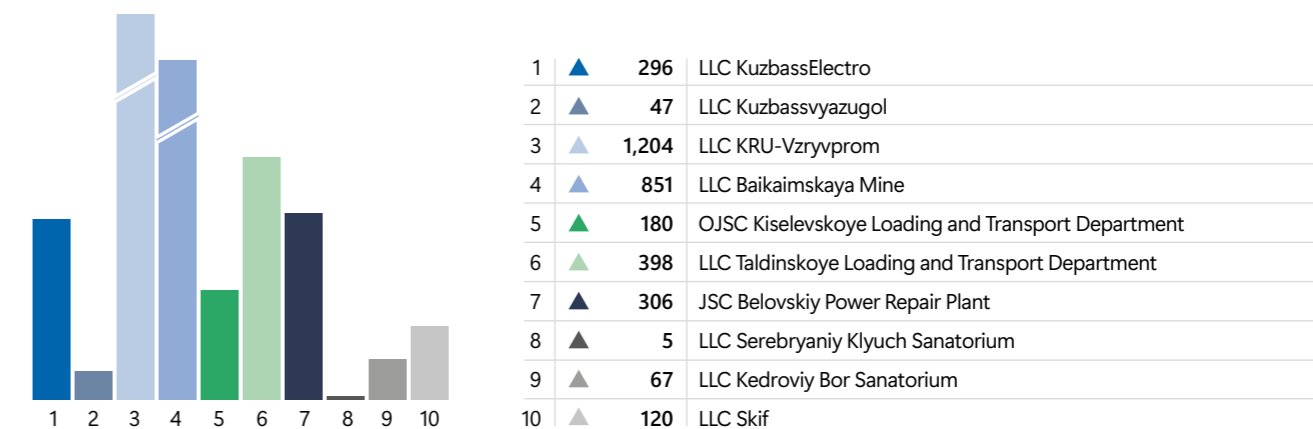
The video library is constantly replenished based on the results of analyzing situations implying occupational injury hazards. In the near future, the Company plans to include videos on passenger transportation safety.

As of this writing, 12 sets of VR headsets have been purchased for use at all open-pit coal mines.



## Subsidiaries and affiliates

### OHS training of S&As' personnel, persons



## Transportation safety

In 2022, to improve traffic safety and reduce the risk of road accidents related to driver fatigue and distraction, the Company started implementing a driver fatigue monitoring system called OKO Mining. As of the end of 2023, the system has been installed on all mining dump trucks and specialty vehicles.

Digital on-board equipment monitors the drivers' condition while driving, allows to check the drivers' compliance with safety requirements, including the use of seat belts and personal protective equipment, and warns a driver and dispatcher in case of loss of concentration while driving. The introduction of the system has raised the level of driver discipline and significantly reduced the risk of accidents.

All system data are accumulated in a single dispatch center. This allows centralized monitoring of drivers' condition and control over their compliance with occupational safety requirements and traffic rules. The system's functionality also allows for the analysis of the causes of dangerous and emergency situations.

By the end of 2023, 663 units of OKO Mining systems were installed on the Company's dump trucks and special vehicles, and 125 additional units were purchased. Starting from 2024, such units will also be installed on passenger buses and shuttle buses for workers.

In addition, in 2023, the Company started equipping mining dump trucks and vehicles with all-round vision systems. Three video cameras detect the presence of people and vehicles in the driver's blind spot and display the data on the monitor in the driver's cabin, as well as on the dispatcher's desk.

**IN 2023, OKO MINING IMPLEMENTATION PROJECT WON THE NOMINATION FOR BEST COMPANY IN THE FIELD OF SUSTAINABLE DEVELOPMENT AT THE VII ANNUAL AWARD: BEST FOR RUSSIA. DEVELOPMENT OF REGIONS (THE SOCIAL PROJECTS AND SUSTAINABLE DEVELOPMENT CATEGORY)**

The 360-degree vision systems have successfully passed production tests at the Kedrovskiy open-pit coal mine and will be further used at other branches of the Company. In 2024, their experimental installation on open-pit excavators commenced.



### Lighting of technological roads

In 2023, the Company organized artificial lighting on technological roads with a lot of traffic. The road network can vary depending on the mining plan, so they usually do not have centralized lighting; so, vehicles operate at night using their own regular lighting systems.

The lighting is turned on at night and during the day in foggy conditions and, according to drivers' feedback, allows them to see the entire width of the roadway over a long stretch. This improves safety and makes it more comfortable for drivers of mining dump trucks, shuttles, and auxiliary vehicles.

Despite their high capacity, the new networks have energy-saving features thanks to LED lighting.

By the end of 2023, the total length of illuminated road sections exceeded 34 km, and another 16.5 km of technological roads are to be illuminated in 2024.

### Provision of personal protective equipment and overalls

GRI 403-7

Since 2022, the Company has outsourced the issuance of overalls and personal protective equipment to employees, thus streamlining and speeding up the issuance process.

Five modular centers for overalls with large warehouses, fitting rooms, and containers for collecting end-of-life overalls were created next to the administrative and utility complexes of open-pit coal mines.

In addition, five points of distribution of personal protective equipment were organized in the areas where the Company operates: Kemerovo, Novokuznetsk, Kaltan, Prokopyevsk, and Belovo.

In 2023, the Company's employees started receiving new comfortable overalls made of wear-resistant materials.

### Occupational injuries

GRI 403-9

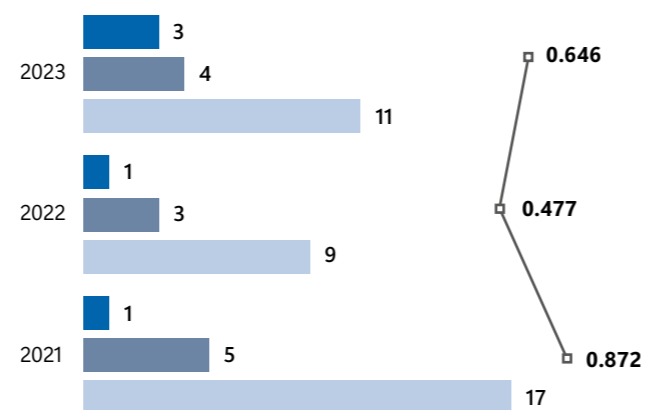
The Company takes measures to reduce the frequency and severity of occupational injuries.

In 2023, three fatalities were recorded at the Company's facilities:

- Caused by a hit by a dump truck
- Caused by an electric shock
- Caused by the collapse of the workshop gate

The LTIFR<sup>1</sup> indicator at the end of the year amounted to 0.646.

#### Injury indicators



- ▲ Number of fatal accidents
- ▲ Number of accidents resulting in serious injuries
- ▲ Number of accidents resulting in minor injuries
- ▣ LTIFR

<sup>1</sup> LTIFR is the lost time injury frequency rate per 1 million man-hours worked. It is defined as the ratio of the number of people injured in accidents resulting in fatalities and temporary or permanent disabilities to the number of man-hours worked.

<sup>2</sup> Approved by Order of the Ministry of Labor and Social Protection of the Russian Federation No. 223n dated April 20, 2022.

A special commission was established for each accident and an investigation was conducted in accordance with Articles 227–231 of the Labor Code of the Russian Federation and the Regulations on the Specifics of Investigation of Industrial Accidents in Certain Industries and Organizations<sup>2</sup>.

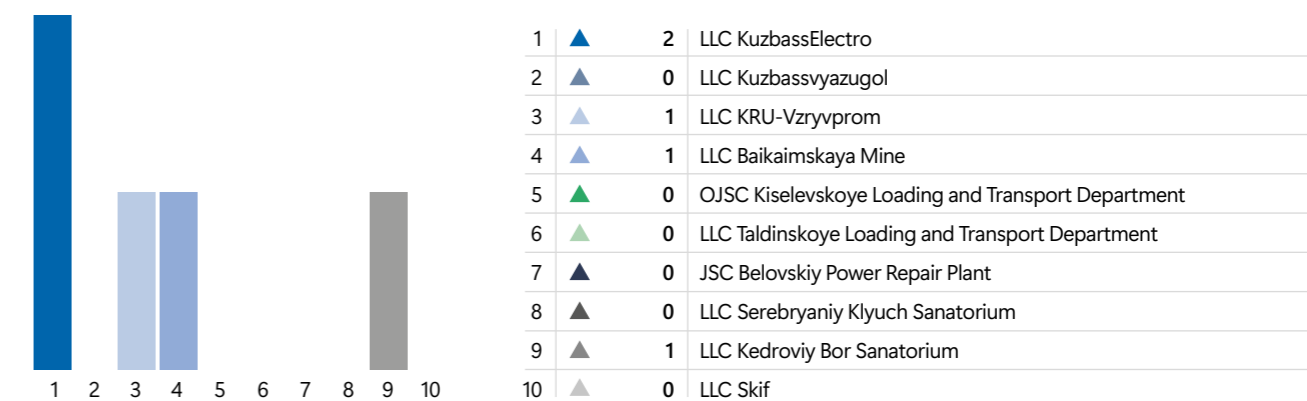
When investigating industrial accidents, the commission interviews participants and eyewitnesses, examines the scene of the accident, studies available photo and video materials, and establishes the circumstances and causes of the accident, as well as the perpetrators of the same. Based on the results of the investigation, measures are developed to eliminate the causes contributing

to the accident and to prevent similar accidents in the future. Persons who committed violations that led to an accident are subject to penalties in accordance with applicable Russian law.

To improve safety culture and motivate workers to comply with labor protection requirements, the Company annually creates videos: 3D reconstructions of accidents occurred. The videos detail the circumstances and causes of each accident caused by incompetent workers. The library of such videos is used for OHS training and occupational safety briefings. At the end of the reporting period, it included 25 videos, five of which were created in 2023.

### Subsidiaries and affiliates

#### Occupational injury rates of S&As, persons



There were no fatal injuries among the personnel of S&As in 2023.

## Workers' Health Protection

Kuzbassrazrezugol pursues systematic efforts to protect the health of employees and prevent occupational diseases.

The Company's workers regularly undergo preliminary and periodic examinations, including pre-shift, post-shift, pre-trip and post-trip examinations. Employees working in harmful and (or) hazardous working conditions are also examined during their shifts, and once every five years they are sent to occupational pathology centers. An electronic system of medical examinations has also been introduced at all coal mines.

To prevent or reduce potential hazards from harmful and hazardous factors affecting employees, the Company analyzed all production processes and developed a register of significant hazards and unacceptable risks. Also, measures to manage hazards and risks were developed and implemented.

### Occupational diseases

GRI 403-10

Work at the enterprises of the extractive industry involves exposure to various unfavorable factors and the occurrence of occupational diseases. Kuzbassrazrezugol realizes the importance of preventive measures to preserve the health of workers and takes all necessary measures for this purpose.

The main production factors adversely affecting the health of the Company's workers are general and local vibration, industrial noise, and heavy physical exertion. The most common occupational diseases among miners include vibration disease, diseases of the musculoskeletal system, and hearing organs.

The key measures to prevent occupational diseases in the Company are:

- Fulfillment of recommendations based on the results of periodic medical examinations
- Rational employment of persons who need temporary or permanent transfer to another job for health reasons
- Provision of health resort treatment to the maximum number of workers engaged in harmful or hazardous working conditions

All the Company's enterprises continuously work to minimize the impact of harmful production factors and purchase vehicles with anti-vibration chairs and featuring increased dust and noise insulation. Before shifts, all employees are provided with modern personal and collective protective equipment, which in many cases helps reduce the incidence of occupational diseases.

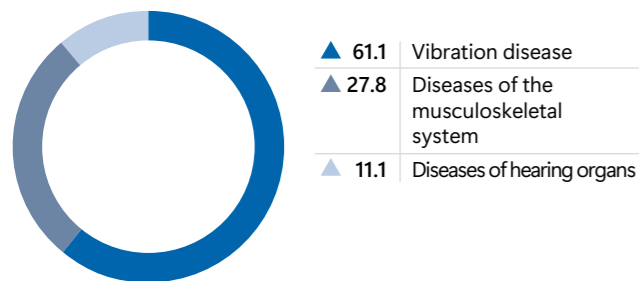
Since 2023, employees with visual impairments performing precision work have been provided with protective goggles with a corrective function.

To improve employee protection, Kuzbassrazrezugol regularly tests new types of personal protective equipment (PPE) and, if the results are positive, switches to the use of higher-quality and more effective analogues.

Another important factor is to provide employees with adequate nutrition and prevent avitaminosis. To compensate for the impact of harmful production factors, employees who perform work under harmful conditions are given free milk on the days of actual work performance, and employees who are in contact with non-ferrous metal compounds additionally receive 2 g of pectin.

To preserve the health of employees, Kuzbassrazrezugol annually organizes health resort treatment for employees in its own sanatoriums and other health improvement institutions in Russia.

**Occupational diseases among the Company's workers, %**



**Registered cases of occupational diseases, cases**



In 2023, 25 cases of occupational diseases were diagnosed at the Company's enterprises. No fatalities related to occupational diseases were recorded.

**Promoting sports and healthy lifestyle**

Kuzbassrazrezugol supports sports and healthy lifestyle among its workers. They can make use of discounts or get free passes to gyms.

For more than 20 years, Kuzbassrazrezugol has been holding the annual Spartakiad among labor collectives, and the best athletes of the Company take part in off-site competitions at the regional and all-Russian levels.

In 2023, the number of athletic disciplines at the Kuzbassrazrezugol Spartakiad increased to nine. For the first time, the event was held in a family format: to popularize a healthy lifestyle, fans from among the Company's employees and their family members were invited to the competitions. Free transportation to the competition venue, tea tables, and recreation and entertainment areas for children were organized for them. Prior to the Spartakiada finals, the Company's branches held preliminary qualifying rounds of the Spartakiad, in which about 2,500 employees and a similar number of fans took part.

The Company encourages its workers to participate in sports competitions and, upon request from branches, provides them with material assistance: reimbursement of transportation, accommodation, food, and outfitting costs.

In 2023, workers of Kuzbassrazrezugol took part in the World Cup in powerlifting and strength sports in Krasnoyarsk, in the All-Russian Kettlebell Lifting Competition in Ulan-Ude, and in the Russian Kettlebell Lifting Cup in Krasnoyarsk, where they showed high results.

Branch teams regularly participate in city and regional tournaments in opponent sports. For example, the team of Kaltanskiy open-pit coal mine won the Novokuznetsk mini-football championship. In the 2023–2024 season, the Taldinskiy open-pit coal mine team will take part in the Novokuznetsk mini-football and basketball championships, and the Mokhovskiy open-pit coal mine team – in the regional basketball championship.

A Friendship Cup volleyball tournament was also held in 2023, in which 110 heads of the Company's branches, Executive Office and S&As took part. The champions and prize-winners of the tournament were awarded with commemorative cups, certificates, and cash prizes.

In addition, employees of Kuzbassrazrezugol participated in two charity tournaments: the VI Charity Volleyball Tournament of the Kuzbass Working Youth Council and the I Charity Mini Football Tournament of the Kuzbass Working Youth Council, in which the Company's team took first place.



Since 2016, the Company has been organizing the Unified Day of Taking the GTO (Ready for Labor and Defense) tests. In 2023, the Company started holding GTO competitions: Join the Team. The Company supports employee participation in competitions and pays bonuses to all those who received GTO honorable distinctions. One can take the tests from March to August, inclusive.

In 2023, more than 600 workers took part in the competition, many of them for the first time: 175 gold, 122 silver, and 50 bronze GTO badges were awarded, which is the best result ever. Employees of Bachatskiy and Kedrovskiy open-pit coal mines especially excelled.

**Good Nutrition Project**

Kuzbassrazrezugol encourages employees to follow the principles of healthy nutrition. In 2023, the Good Nutrition project was launched at all enterprises of the Company, which provides for timely balanced meals for all workers without exception during the working day.

For each working shift, employees receive a subsidy; at the start of the project, it was RUB 100, then the amount was increased to RUB 150, which can be spent in a production canteen to buy healthy meals. The personnel of remote locations, where it is not feasible to arrange a visit to a canteen, are provided with a free vacuum-packed combo meal. This helps to guarantee

the quality of food and compliance with sanitary and hygienic standards. The ration of complex lunches is balanced, and the package contains information on calories, energy value, protein, fat, and carbohydrate content. This allows employees to control their nutrition and intake of necessary substances.

The project gained wide popularity among the Company's workers. Prior to the project launch, corporate canteens were visited by about 2,000 workers per day on average. As of today, more than 9,000 employees, or 69% of the Company's personnel, have already made use of the subsidies. Over RUB 58 million was spent on subsidies as of this writing.

**ALREADY IN 2023, THE GOOD NUTRITION PROJECT WAS RECOGNIZED AS THE BEST SOCIAL PROJECT OF COAL COMPANIES AT THE REGIONAL CONTEST: KUZBASS IS THE COAL HEART OF RUSSIA**

The Company's strategic goal is to increase the healthy nutrition coverage of workers to 80% by 2025. New rations of complex lunches are already being developed, and the number of dishes from the healthy food category is increasing in the menus of production canteens.

# SUPPORT TO LOCAL TERRITORIES

GRI 2-23, 203-1, 203-2, 413-1

Kuzbassrazrezugol makes a significant contribution to the social and economic development of the regions where it operates and maintains a constructive dialog with representatives of regional authorities and local communities.

**100% OF THE COMPANY'S SENIOR HEADS PERMANENTLY RESIDE IN KUZBASS; THEY ARE FAMILIAR WITH THE PROBLEMS AND NEEDS OF THE REGION AND ARE INTERESTED IN THE GROWTH OF ITS SOCIAL AND ECONOMIC WELL-BEING**

In 2023, the Company extended the agreement on social and economic cooperation with the Government of the Kemerovo Region, which was first concluded in 2000. Under this agreement, Kuzbassrazrezugol undertakes the following obligations:

- To employees – to preserve and create jobs, ensure timely payment and indexation of wages, and provide social benefits and guarantees
- To the Government of Kuzbass – to deliver coal for charitable purposes and for municipal and household needs

When making decisions within the framework of economic activities, the Company conducts a mandatory comprehensive assessment of potential environmental impact and discusses the results of this assessment with the interested public. In 2023, six public discussions of planned activities were held.

If the Company's activities may result in exceeding pollutant emission standards or creating discomfort for residents, Kuzbassrazrezugol plans measures to remove residential buildings and implements the same.

In addition, the Company organizes sanitary protection zones between all its production facilities and residential areas, suburban cottage compounds (dachas), recreational areas, and public spaces. The coordinates of all the Company's sanitary protection zones are entered in the Unified State Register of Natural Resources; also, they are reflected on the public cadastral map.

In order to reduce the impact on the living environment, the Company is constantly endeavoring to reduce emissions into the atmospheric air.

For more details, please see the [Environmental Management](#) subsection

Complaints from residents about the state of the environment are received by the Company mainly indirectly, through control and supervisory authorities. All appeals are reviewed and taken into account. In 2023, five complaints were received, the results of inspections did not reveal any violations or exceeding of standards on the part of the Company.

In addition, Kuzbassrazrezugol supports Russian manufacturers: the share of purchases of Russian goods, works and services in the total volume of purchases amounted to 90% at the end of the year, and the share of purchases from local suppliers was 30%.

Share of purchases from local suppliers, %



The decrease in the share of purchases from local suppliers is explained by the fact that the Company makes some purchases through marketplaces registered outside the Kemerovo Region while local companies often acting as suppliers.

When making direct purchases, Kuzbassrazrezugol gives preference to local suppliers whenever possible, thus supporting local businesses and reducing logistics costs.

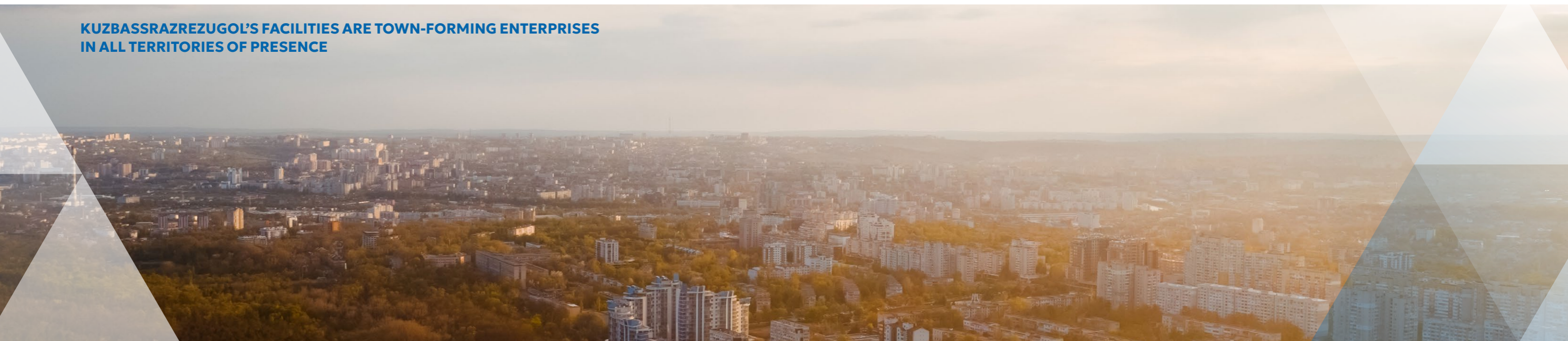
## KRU-PASS Loyalty Program

The KRU-PASS Loyalty Program has become not only one of the components of the social package of Kuzbassrazrezugol, but also a serious support for small and medium-sized businesses in the Kemerovo Region.

The Company's enterprises are located in single-industry towns where there are few large federal players and a significant share of the goods and services market is taken by local small and medium-sized enterprises. At the same time, many residents travel to larger population centers for shopping.

KRU-PASS loyalty cards make shopping at home locations more profitable and bring a significant inflow of customers for local businesses, which contributes to their further growth and development.

## KUZBASSRAZREZUGOL'S FACILITIES ARE TOWN-FORMING ENTERPRISES IN ALL TERRITORIES OF PRESENCE



## Social Policy and Charity

Kuzbassrazrezugol supports social projects in the territories of its presence, develops urban infrastructure, and participates in charitable activities.

### Main areas of the Company's social activities



#### Creation of comfortable urban environment

- Improvement of urban spaces
- Repair of roads, educational institutions and residential buildings
- Construction of sports facilities



#### Organization of cultural events

- Organization of festive events in honor of Miner's Day in the cities of Kuzbass



#### Support of medicine and education

- Assistance in purchasing transportation for municipal health care educational institutions



#### Volunteering and charity

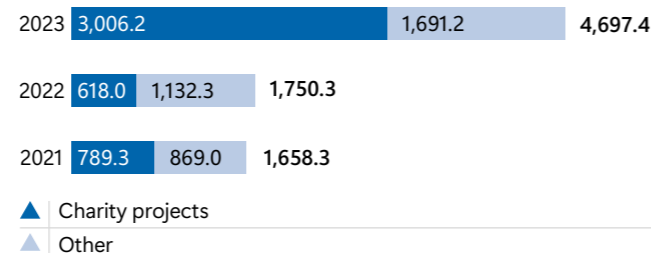
- Provision of coal to social service centers, public and religious organizations, housing and utilities facilities
- Fundraising for expensive treatment for children
- Participation in the annual regional campaign: Help to Get Ready for School
- Participation in the annual New Year campaign: Christmas Tree of Kindness (for children raised in orphanages)
- Support of young talents and organization of charity exhibitions
- Assistance to victims of natural disasters

The main areas of charitable activities in 2023 were the supply of coal for heating to low-income residents of Kuzbass, assistance to municipalities in the repair and construction of social infrastructure, improvement and landscaping of urban areas, financing the participation of Siberian youth in all-Russian educational events, and material assistance to the Kemerovo Regional Public Foundation: Miners' Memory named after V.P. Romanov.

In 2023, the Company received an award in the annual contest of social projects organized by the Kemerovo administration and was named among the Philanthropists of the Year. The award was given in 2022 for projects in sports, children's development and creativity, construction and improvement of social facilities, etc.

Kuzbassrazrezugol's expenditures on social projects and charity increase annually and amounted to RUB 4.7 billion in 2023.

#### Expenses on programs on social support for employees and development of region of presence, RUB mn



#### House of Culture in Mikhailovka village

In 2023, Kuzbassrazrezugol supported the construction of a modular House of Culture in the village of Mikhailovka, Novokuznetsk Municipal District. The Company allocated RUB 15 million for this purpose.

The new building has already become the center of local cultural life. It houses a library, a 30-seat auditorium and a dressing room. The House of Culture will host cultural events and master classes; there are plans to organize hobby clubs for children and adults. The New Year celebrations of 2023–2024 were also held here for the population of Mikhailovka.

## Interaction with Indigenous Minorities

The facilities of Bachatskiy open-pit coal mine are located in the area of residence and traditional economic activities of the Teleuts, an indigenous small-numbered people, whose total number in Russia is about 2,500. Of these, about 1,200 people live in the immediate vicinity of the Bachatskiy open-pit coal mine.

Kuzbassrazrezugol helps to preserve the unique Teleut culture, assists in the organization of national holidays, and supports traditional sports. In 2020, the Company

developed a three-year plan of interaction with the Teleuts that meets the requirements and recommendations of international declarations, conventions, standards, and principles.

In 2023, with the support of Kuzbassrazrezugol, the Kemerovo Region championship in traditional Kuresh wrestling and the national Teleut holiday, Ildin-kun, were held. About RUB 261,000 were allocated for these purposes.



1,200

Teleuts reside near the Bachatskiy open-pit coal mine

# 03

## Environmental Management



reduction of pollutant emission intensity rate per ton of mined rock

Kuzbassrazrezugol ensures constant monitoring of environmental factors caused by production activities, minimizes environmental impact, and rationally uses natural resources during the development of fields.



76

Management of Environmental Protection Activities

79

2023 Outcomes

81

Management of Greenhouse Gas Emissions

83

Atmospheric Air Protection

85

Protection of Water Resources and Water Conservation

88

Reclamation and Biodiversity

94

Waste Management

98

Energy Efficiency

# MANAGEMENT OF ENVIRONMENTAL PROTECTION ACTIVITIES

GRI 2-23

As a responsible subsoil user, Kuzbassrazrezugol does its best to reduce and compensate for the environmental impact. In this activity, the Company is guided by the requirements of the legislation of the Russian Federation, as well as the following documents:

- Procedure introduced by ISO 14001:2015 international standard
- Policy on Quality, Environment, and Occupational Health and Safety
- IMS Guidelines and Procedures (on individual processes)

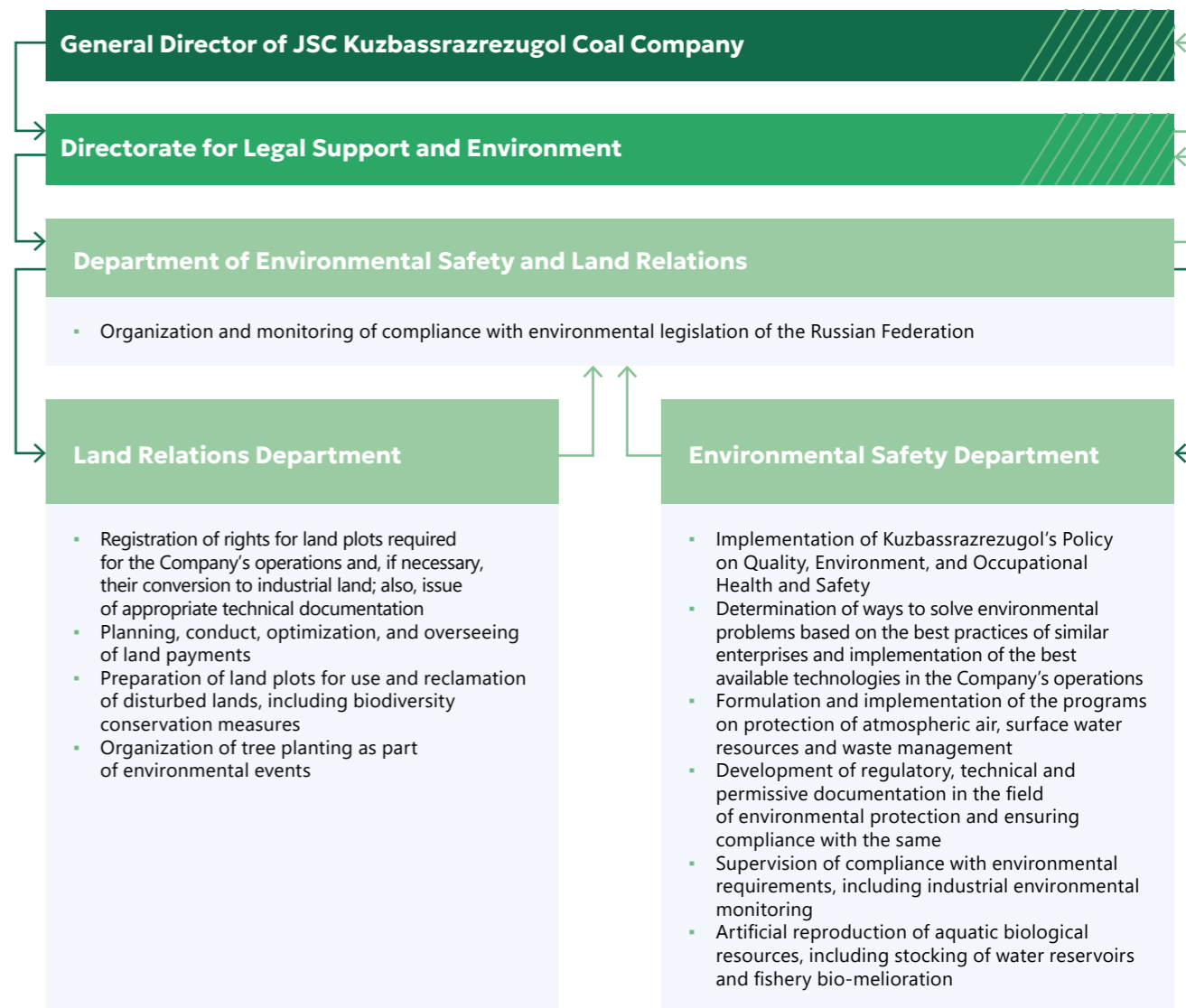
Kuzbassrazrezugol's Policy on Quality, Environment, and Occupational Health and Safety sets a number of strategic goals:

- Prevention of environmental pollution through continuous monitoring and management of environmental aspects
- Rational use of natural resources
- Reclamation of disturbed lands

The Company has its own Energy Policy, which solidifies its commitment to rational and economical use of energy resources.



## Environmental management system



→ Management      → Reporting relationship




**PRESUMPTION OF ENVIRONMENTAL HAZARDS IS ONE OF THE KEY PRINCIPLES OF KUZBASSRAZREZUGOL. AT THE INITIAL PLANNING STAGES OF ANY PROJECT, ALL POSSIBLE ENVIRONMENTAL RISKS ARE CONSIDERED AND NECESSARY ENVIRONMENTAL PROTECTION MEASURES ARE ENVISAGED**

The Company has an environmental management system certified in accordance with ISO 14001:2015 (international standard) and included in the IMS.





### Significant environmental aspects of the Company's activities

Scope	Major sources of potential impact	Measures to mitigate the impact
<b>Atmosphere</b> 	Emissions of pollutants from machinery powered by internal combustion engines	<ul style="list-style-type: none"> <li>Use of high-environmental-class machinery</li> <li>Monitoring of equipment serviceability</li> </ul>
	Dust emissions from process warehouses and roads; dust sweeping-away from dumps	<ul style="list-style-type: none"> <li>Dust suppression: dust-binding compounds, blower jets, and fog generators</li> </ul>
	Emissions from blasting	<ul style="list-style-type: none"> <li>Application of modern methods of blasting and mining</li> <li>Water stemming of boreholes</li> <li>Block-wise irrigation</li> </ul>
<b>Water resources</b> 	Pit sump	<ul style="list-style-type: none"> <li>Retrofitting, construction and commissioning of treatment facilities, taking into account the best available technologies</li> </ul>
	Water intake for production processes	<ul style="list-style-type: none"> <li>Transition to fully closed pipelines to prevent wastewater re-pollution</li> </ul>
	Surface wastewater	<ul style="list-style-type: none"> <li>Artificial reproduction of aquatic biological resources</li> <li>Reduction of generation of industrial aerosols and spreading them over catchment areas</li> </ul>
<b>Land resources and soils</b> 	Land withdrawal for development	<ul style="list-style-type: none"> <li>Rational design engineering</li> </ul>
	Generation of overburden waste, arrangement of dumps	<ul style="list-style-type: none"> <li>Application of block-wise mining</li> </ul>
	Generation of industrial waste (OTR tires, rail sleepers, etc.)	<ul style="list-style-type: none"> <li>Disposal of overburden by backfilling the excavated spaces, construction of haul roads, etc.</li> <li>Full disposal of industrial waste by Company's own forces and with the help of specialized organizations</li> </ul>

The Company makes a significant contribution to preserving the nature of Kuzbass, which is regularly confirmed by the results of specialized competitions and rankings.

**1st**

place in the regional competition "Environmentally Open Mining and Metallurgical Company"

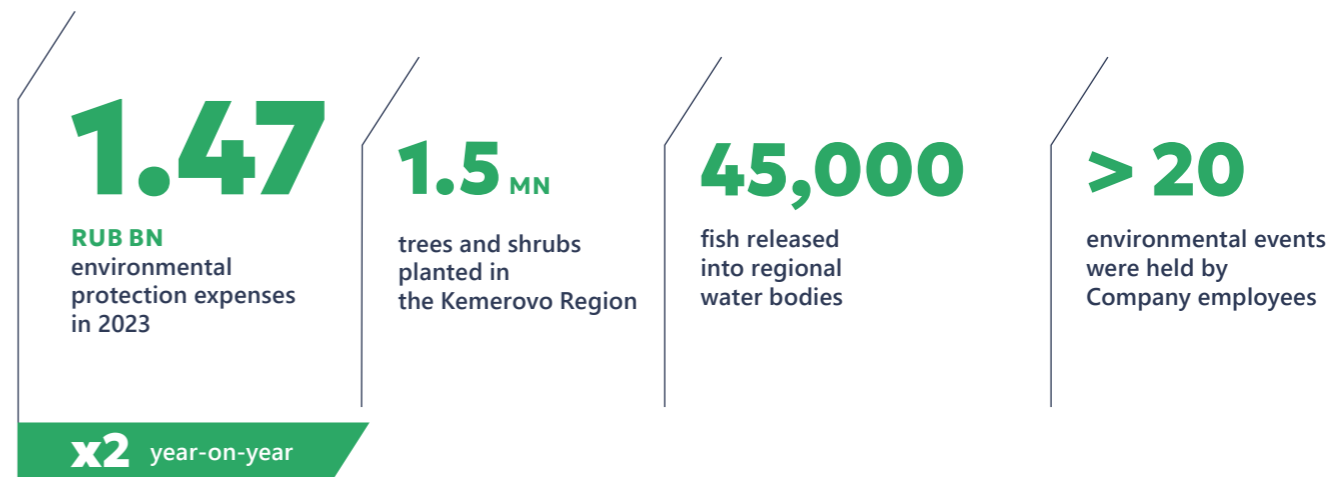
**2nd**

place in the regional contest of best practices in the implementation of environmentally friendly technologies "Green Vector"

**SINCE 2022, KUZBASSRAZREZUGOL HAS BEEN A PARTICIPANT OF RUSSIA'S FIRST COMPREHENSIVE SCIENTIFIC AND TECHNICAL PROGRAM OF THE FULL INNOVATION CYCLE: CLEAN COAL – GREEN KUZBASS. THE PROGRAM IS AIMED AT DEVELOPING ADVANCED COAL MINING SOLUTIONS TO IMPROVE THE SAFETY OF MINING OPERATIONS AND THE ENVIRONMENT OF KUZBASS**

## 2023 OUTCOMES

In 2023, Kuzbassrazrezugol implemented one of the largest environmental protection programs in its history.



### Design and construction of new treatment facilities

To improve the productivity and quality of wastewater treatment at four open-pit coal mines, treatment facilities have been designed and constructed, and about half of the reporting year environmental protection expenses were allocated for this purpose.

For more details, please see the [Construction and Upgrade of Treatment Facilities](#) section

### Bio-melioration of the Belovskoye water-storage reservoir

For the first time, the Company conducted bio-melioration of the reservoir. About 3,300 adult silver carps (*Hypophthalmichthys molitrix*) were released into the reservoir for natural cleaning from algal weeds.

For more details, please see the [Stocking of Water Reservoirs](#) section

### Insurance of environmental risks related to the operation of fuel and lubricant warehouses

In 2023, Kuzbassrazrezugol obtained voluntary insurance for environmental liability in case of emergency situations at fuel and lubricant warehouses. The insurance program covers all 11 warehouses located at the Company's facilities, and the list of insured events includes not only possible technical failures but also personnel errors. The insurance will be extended in 2024.

### Development of a methodology for natural restoration of disturbed lands

Kuzbassrazrezugol has completed an experiment to search for the most effective method of natural restoration of disturbed lands, which has been conducted for the last four years in cooperation with the Federal Research Center of Coal and Coal Chemistry of the Siberian Branch of the Russian Academy of Sciences (hereinafter referred to as the Research Center of Coal and Coal Chemistry) at the ecological test range of the Kedrovskiy open-pit coal mine. According to the results of the experiment, it was possible to achieve 100% root-taking.

For more details, please see the [Reclamation and Biodiversity](#) section

### Innovative dust suppression techniques

After a series of pilot tests, a dust-suppressing reagent of the Company's own production was developed and put into commercial operation for the treatment of haul roads. Mobile dust-suppressing turbines started operating in coal loading zones at some Company's enterprises.

For more details, please see the [Atmospheric Air Protection](#) section

### Children's book of environmental fairy tales

In 2023, the Company, together with the Kemerovo Regional Environmental Non-Governmental Organization Irbis and the Vera Voloshina Center for Extracurricular Education of Children, published a unique book of environmental fairy tales for children, "Take Care of Your Home".

For more details, please see the [Promotion of Environmental Culture](#) section

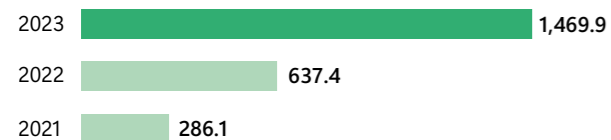
In addition, during the reporting year, Kuzbassrazrezugol developed and published guides to the ecological trails "Journey along the Bottom of an Ancient Sea" and "Green Pearls of Artyshta", which opened in 2022 in the natural areas of preferential protection, earlier established with the support of Kuzbassrazrezugol.

Expenses on environmental protection activities in 2023 more than doubled year-to-year and amounted to about RUB 1.47 billion. The main factor in their growth was the allocation of funds for the design engineering, construction, and upgrade of treatment facilities and dust suppression.

The Company makes payments to the budget for emissions of pollutants into the atmosphere and water bodies, and the disposal of production and consumption waste. Fines for non-compliance with environmental legislation account for a very small part of this amount – less than 0.02% in 2023.

In the reporting year, no critical environmental incidents were recorded at the territories of Kuzbassrazrezugol's facilities.

Expenses on environmental protection, RUB mn



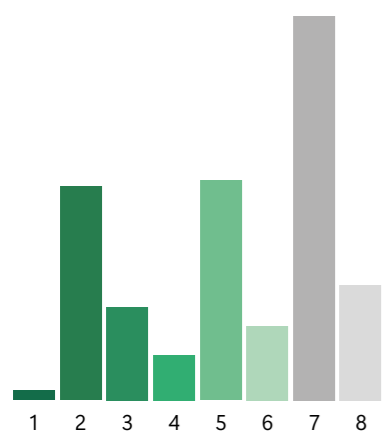
Amount of environmental protection payments, RUB mn



## Subsidiaries and Affiliates

Depending on the peculiarities of subsidiaries and affiliates, their budgets may not include expenses for certain environmental protection measures. Such companies are excluded from the relevant diagrams.

S&As' expenses on environmental protection<sup>1</sup>, RUB '000



1	▲	119	OJSC KuzbassElectro
2	▲	2,559	LLC KRU-Vzryvprom
3	▲	1,118	LLC Baikaimskaya Mine
4	▲	546	OJSC Kiselevskoye Loading and Transport Department
5	▲	2,630	LLC Taldinskoye Loading and Transport Department
6	▲	886	JSC Belovskiy Power-Repair Plant
7	▲	4,595	LLC Serebryaniy Klyuch Sanatorium-Preventorium
8	▲	1,380	LLC Kedrovyy Bor Sanatorium

<sup>1</sup> Most of the expenses of the Serebryaniy Klyuch Sanatorium are attributable to wastewater collection and treatment.

# MANAGEMENT OF GREENHOUSE GAS EMISSIONS

The climate agenda is gaining relevance all over the world, but for the coal industry, it is especially important for objective reasons: not only coal mining but also its further utilization is associated with greenhouse gas emissions. Thus, the companies most committed to "green" values are striving to minimize coal consumption, and financial institutions are reducing investments in coal businesses.

Against this background, the importance of the following efforts to reduce the effect on climate change (and compensate for such an impact) is growing: advancing towards carbon neutrality, participation in decarbonization projects, and reduction of greenhouse gas emissions.

Kuzbassrazrezugol is fully aware of both the importance of such activities and the challenges the Russian business faces, like insufficient competence to measure emission

concentrations in the Russian market, the lack of high-tech and accurate equipment, and the proven methods of its application.

Counteracting climate change is an important part of the Company's environmental activities. For example, a world-class ecological test range is being created at the Taldinskiy open-pit coal mine with the participation of the Autonomous Non-Commercial Research and Educational Center Kuzbass. The objective of the project is to develop technologies for reclamation and increasing the survival rate of green plantings, including the active absorption of carbon from the atmospheric air.

For more details, please see the [World-Class Ecological Test Range](#) section



### Project of transition to gas-diesel fuel

A project to switch dump trucks to gas-diesel fuel was launched in the third quarter of 2023. Within its framework, it is planned to test available technologies for converting mining vehicles to run on both diesel fuel and liquefied natural gas. For this purpose, a cryogenic fuel system is installed on dump trucks.

According to the test results, the transition to gas-diesel fuel will reduce carbon dioxide emissions by up to 10%, as well as emissions of sulfur, lead, soot, and other carcinogenic substances. Another important factor will be the reduction of gas pollution at industrial sites, which is especially important under conditions of low temperatures in the cold season.

Savings will amount to up to RUB 6 million per year per unit of equipment (for dump trucks with a payload of up to 130 tons) and up to RUB 10 million per year in the case of dump trucks with a load-carrying capacity of 220 tons.

As of this writing, tests are being conducted on one 130-ton dump truck, and two more will be added in July 2024. Tests on the 220-ton capacity vehicles will be launched as design documentation is prepared, components are procured, and the cryogenic fuel system is installed. A total of up to eight dump trucks are planned to be engaged in the project.

Daily and monthly reports on the results of the tests are being prepared. The project results are planned to be summarized by the end of 2025.



# Greenhouse Gas Emissions

GRI 305-1, 305-2

The activities of Kuzbassrazrezugol result in direct and indirect greenhouse gas emissions. The main source of direct emissions is fuel combustion by mining and auxiliary vehicles and coal-fired boilers. The main source of indirect emissions is the consumption of heat and electricity generated by Kuzbass coal-fired facilities.

To assess greenhouse gas emissions, the Company uses federally approved methodologies: Order of the Ministry of Natural Resources and Environment of Russia No. 371 dated May 27, 2022, On Approval of Methodologies for Quantifying the Amount of Greenhouse Gas Emissions and Greenhouse Gas Absorption, and Order of the Ministry of Natural Resources and Environment of Russia No. 330 dated June 29, 2017, On Approval of Methodological Guidelines for Quantifying the Amount of Indirect Energy Emissions of Greenhouse Gases.

The increase in greenhouse gas emissions in absolute terms was caused by the growth in the volume of stripping and mining operations. At the same time, greenhouse gas emission intensity rate per ton of mined rock continue to decrease.

To reduce emissions, the Company seeks to minimize the consumption of fuel and energy resources through the following:

- Optimizing traffic routes and reducing the routes of mined rock transportation
- Using modern engines with high efficiency
- Making rational use of heat during the heating season
- Switching from stove heating to electric heating

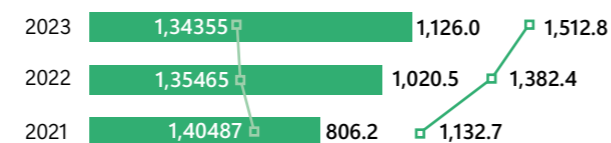
The possibility of introducing cyclic-flow technologies that reduce the use of fossil fuel vehicles, trolley vehicles, and hybrid power plants is also being considered.

## Greenhouse gas emissions, thousand tons of CO<sub>2</sub>-eq.



- ▲ Direct emissions (Scope 1)
- ▲ Indirect emissions (Scope 2)

## Greenhouse gas emission intensity rate



- ▲ Mined rock, million tons
- Greenhouse gas emissions, thousand tons of CO<sub>2</sub>-eq.
- Greenhouse gas emission intensity rate, kg CO<sub>2</sub>-eq. per ton of mined rock

# ATMOSPHERIC AIR PROTECTION

GRI 3-3, 305-5

Kuzbassrazrezugol commits to strictly complying with environmental and sanitary-epidemiological legislation and creates a safety damper in the form of increased sanitary protection zones around its facilities. Also, the Company strives to reduce pollutant emissions and provides extended monitoring of the atmospheric air parameters in the areas of its presence.

One of the main sources of potential impact on the atmospheric air at open-pit coal mining facilities is the relocation and transportation of mined rock that is associated with dust emissions. To reduce such emissions, the Company applies dust suppression means produced by its own subsidiary, LLC KRU-Vzryvprom, which are safe for humans and the environment, to its haul roads and dusty spots.

Previously, water was used to reduce dusting on haul roads, but in dry and hot weather, the result of such treatment lasted no more than two or three hours. The duration of the effect of the reagent under the same conditions is seven to eight hours, and its efficiency reaches 99%. This allows for reducing the frequency of road watering and water consumption, as well as reducing the environmental impact.

The reagent consists of solutions of calcium, magnesium, and sodium salts, with the addition of natural polymers and surfactants. A carefully selected concentration of components tightly binds dust particles, preventing them from rising even in the wind and while heavy vehicles are moving.

During the warm season of 2023, about 200 tons of such agents were delivered daily to industrial sites.

To reduce dusting during coal transportation in railcars, coal is treated at transshipment and in the flow at loading points using trolley-type and frame-type suspended particle suppression units. The units spray special agents that prevent coal dust emissions and the freezing of coal in winter.

# 100%

of coal loading points are equipped with trolley-type dust suppression units

## Promising dust suppression technologies

In 2023, the Bachatskiy open-pit coal mine started using mobile water turbines featuring the principle of high-power water cannons. They disperse pressurized water in the form of fine mist, carried over long distances by air currents, effectively binding coal and rock dust particles, thus reducing its concentration by several times. Each such turbine captures more than 90% of the dust on an area of more than 2,000 sq.m. It is planned to equip all coal mining facilities of the Company with them in 2024.

To combat the formation of dust-and-gas clouds during drilling and blasting, such promising technologies as water stemming of boreholes, high-precision blasting, and electronic blasting are applied.

In 2023, demonstration blasts were conducted at the Kedrovskiy open-pit coal mine using a new in-house-developed blast initiation system. Programmed short-delay blasting reduces seismic impact; blasts are not detected by seismic stations and have less impact on the environment, people, and structures. At the same time, dust emissions are also significantly reduced. First of all, the system is applied at facilities where mining sites are closest

# 21

THOUSAND TONS

of reagent were used for dust suppression in 2023

# 300

RUB MN

were allocated for this purpose

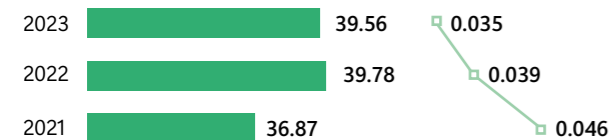


to populated areas. It is planned to increase the share of blasts with the use of the new system in the future. In addition, the Company carries out landscaping and land reclamation activities, which contribute to covering dusty soil surfaces.

Significant growth in inorganic dust emissions is explained by a change in the calculation methodology in accordance with the requirements of regulatory authorities (previously, inorganic dust was attributed to the mass of other solid pollutants), as well as by an increase in the volume of stripping activities. At the same time, a decrease in total emissions was recorded as compared to 2022 and 2021, while the Company's environmental protection measures allow for the reduction of pollutant emission intensity rate.

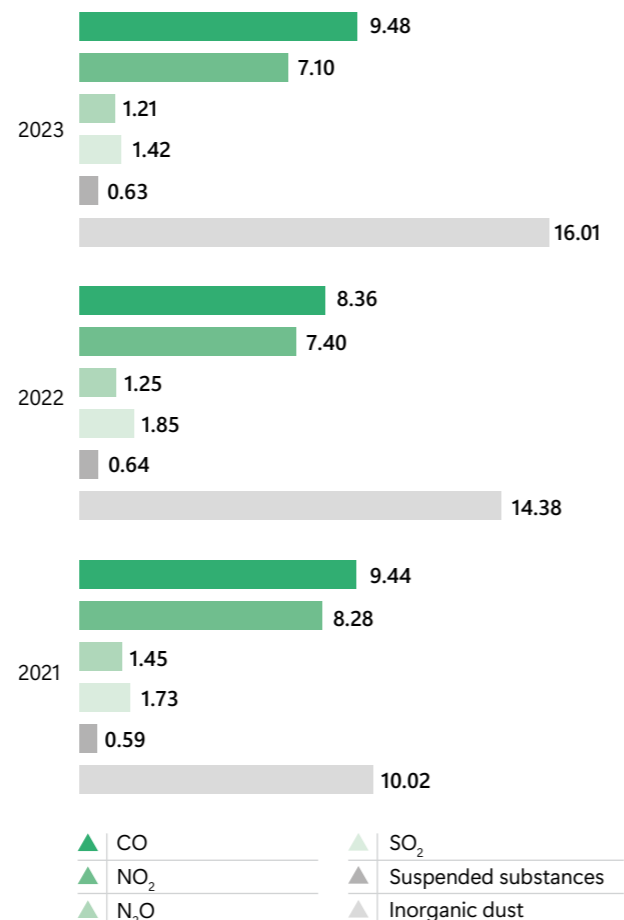
In addition, a new methodology for calculating emissions from motor vehicle traffic was applied in the reporting year.

**Changes in emissions over time**



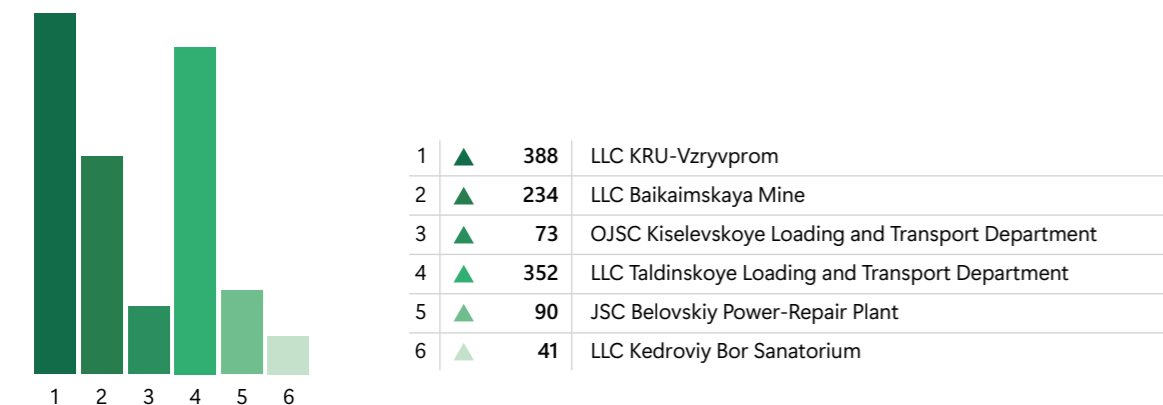
▲ Volume of pollutant emissions, thousand tons  
 -□- Pollutant emission intensity rate, kg per ton of mined rock

**Emissions of pollutants into the atmospheric air, thousand tons**



**Subsidiaries and Affiliates**

**S&A's expenses on air protection and climate change prevention, RUB '000**



In 2023, the largest amount for air protection was allocated by LLC KRU-Vzryvprom (a manufacturer of dust suppressing reagent) and LLC Taldinskoye Loading and Transportation Department.

In 2024, LLC KRU-Vzryvprom plans to launch a pilot project to equip two mixing-and-charging machines with an automated control system, which will minimize the risks of overconsumption of explosives and, consequently, prevent excess emissions into the atmospheric air.

**PROTECTION OF WATER RESOURCES AND WATER CONSERVATION**

GRI 3-3, 303-1, 303-3, 303-4, 303-5

Kuzbassrazrezugol is one of the largest water users in the Kemerovo Region. The Company takes water from surface water sources and utilizes it in the coal preparation process, as well as at the sewage pumping stations of the Kedrovskiy and Bachatskiy open-pit coal mines. Water is taken directly from rivers in compliance with all environmental requirements, including measures to protect aquatic biological resources.

To drain the space of the open-pit coal mines, Kuzbassrazrezugol discharges natural groundwater into the rivers of the Kemerovo Region. The Company has 29 wastewater discharge points into the rivers of Kuzbass: 21 open-pit wastewater discharge points and eight domestic, drainage, and surface wastewater discharge points. At the same time, the maximum possible amount of wastewater is directed for production (road irrigation), thus minimizing the volume of discharges.

are regulated, among other things, by the requirements of the Order of the Ministry of Agriculture of Russia No. 552 dated December 13, 2016, On Approval of Water Quality Standards of Water Bodies of Fishery Importance, including Standards of Maximum Permissible Concentrations of Harmful Substances in the Waters of Water Bodies of Fishery Importance.

All rivers, which serve as water receivers of Kuzbassrazrezugol wastewater, are of fishery importance; therefore, the Company's activities in the field of water use

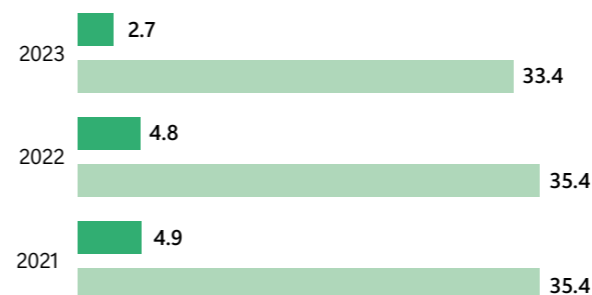
The Company sets the following global goals in the field of water use:

- To increase the quality of wastewater treatment
- To reduce the volume of water consumption
- To ensure the safety of aquatic biological resources

**Water Use**

In 2023, water withdrawal by the Company's entities totaled 2.7 million cu.m: about 2.5 million cu.m from the Lapichevka River for the needs of the Kedrovskiy coal preparation plant and about 0.2 million cu.m from the Bolshoi Bachat River for the needs of the sewage pumping station of the Bachatskiy open-pit coal mine. This is 2.1 million cu.m, or 43%, less compared to the same indicator in 2022. The volume of wastewater discharge decreased by 2 million cu.m, or 5.6%.

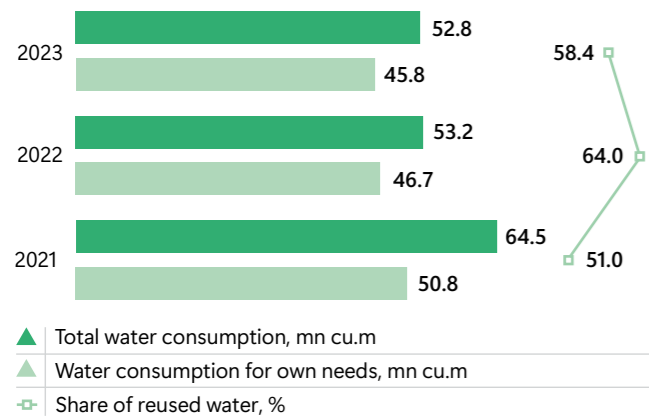
**Changes in water intake and discharge, mn cu.m**



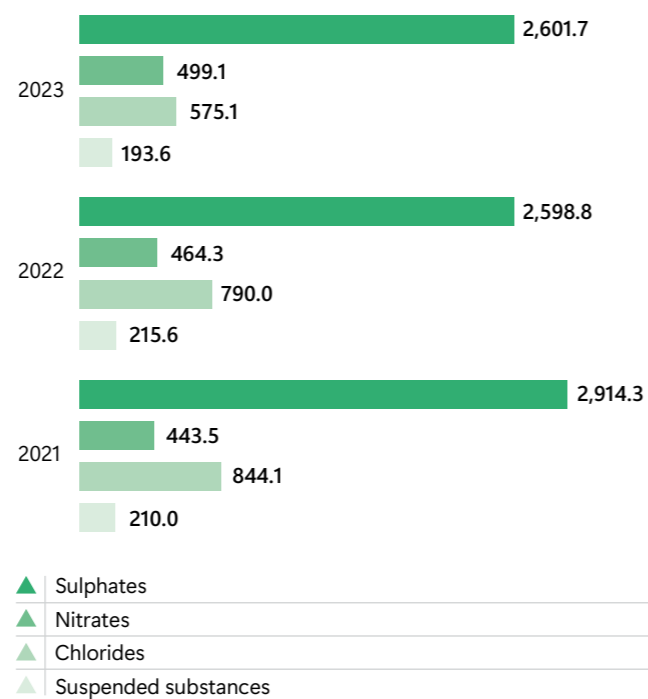
▲ Intake from water bodies  
 ▲ Discharge into water bodies



**Changes in water consumption**



**Content of pollutants in wastewater, tons**



The volume of water discharge does not depend on the Company's operations or production output since it is determined by specific mining and geological conditions. At the same time, there was a reduction in water intake and water use in the reporting year.

The main pollutants entering wastewater during mining operations include suspended solids, nitrogen compounds, petroleum products, and iron, which is typical for the coal mining industry in general.

Natural groundwater in Kuzbass contains numerous dissolved compounds, including salts. These waters are extracted to drain mining areas and, as a result of Kuzbassrazrezugol's activities, are not subject

to contamination by substances not included in the standard list. However, their natural composition no longer meets the standards for a number of parameters, so the Company actually removes contaminants not caused by the Company.

## Construction and Upgrade of Treatment Facilities

Kuzbassrazrezugol realizes the significance of its potential impact on water resources and constantly re-equips and reconstructs existing environmental protection facilities and builds new ones. When increasing its production capacities, Kuzbassrazrezugol ensures the design and construction of necessary treatment facilities using the best available technologies. The Company's entities use various types of treatment facilities depending on the specifics of production: settling ponds, filtering layers, as well as mechanical, biological, and physical-and-chemical treatment facilities.

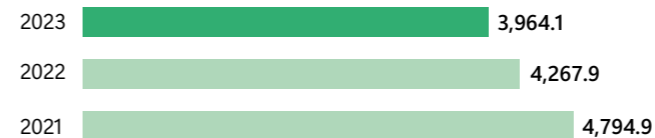
Starting from 2021, Kuzbassrazrezugol has been in the process of a complete retrofit of drainage facilities. Instead of conventional drainage ditches, fully enclosed

pipelines are being routed, which makes it possible to prevent repeated contamination of wastewater.

In 2023, the design and construction of treatment facilities were also underway. The works under the projects are planned to be completed as early as 2024, and the traditional filtering layers will be augmented with quick-change sorption filters, which will improve the quality of treatment.

As a result of the implementation of environmental protection measures in the field of water use in the reporting period, it was possible to reduce the discharge of pollutants by 7.2% compared to 2022 and by 17.3% compared to 2021.

**Discharge of pollutants into surface wastewater, tons**



In the first half of 2024, it is planned to commission new treatment facilities for open-pit wastewater at the Yerunakovskoye field of the Taldinskiy open-pit coal mine. As of this writing, construction and commissioning works are also underway at the Mokhovskiy, Bachatskiy and

Krasnobrodskiy open-pit coal mines. The works on water diversion facilities on the Cherta River (closed pipeline), surface water treatment facilities, explosives production facilities, and domestic wastewater treatment facilities are in progress.

In 2023, the design of 14 facilities has been finalized; it is planned to select contractors for construction and installation. Seventeen (17) facilities are in the planning stage, which is to be completed in 2024.

According to the 2022–2027 environmental protection program, it is planned to allocate about RUB 6 billion for the construction, reconstruction, and furnishing of treatment facilities.



### New wastewater treatment system

In 2023, as part of the comprehensive scientific and technical program, Clean Coal – Green Kuzbass, which is run under the auspices of the Russian Government, a project was launched to improve the process flow of wastewater treatment. The result should be the development of an economically feasible technology for the full cycle of treatment of pit and surface wastewater; such a technology should comply with all regulatory requirements. At the end of the reporting period, patent analysis of internationally accepted treatment process flows was completed, and the first pilot plant based on a marine shipping container was installed at the Kedrovskiy open-pit coal mine and tested in real production conditions. Its capacity is about 1 cu.m/h.

Water entering the plant undergoes treatment with reagents and decantation, pressure filtration, and adsorption; then it is subjected to re-treatment with reagents for nitrogen oxidation and reverse osmosis desalination. During two weeks, the contractor, Kemerovo State University, investigated water quality at each stage of treatment, with parallel measurements performed by the laboratory service of the open-pit coal mine.

The purpose of the test was to verify the performance of the technologies proposed; there are no plans to scale up this development. In the future, it is planned to create and test other treatment plants under real production conditions.

## Minimizing the Impact on Water Resources

Kuzbassrazrezugol not only reduces direct wastewater discharges but also takes additional measures to minimize the potential impact on water resources in the region.

If mining involves land within the water protection zones, the Company organizes the relocation of river channels. Preliminary calculations of the water balance and damage to aquatic bioresources are performed, a decision on granting a part of water bodies for use is drawn up, and compensatory measures are taken after work completion.

The Company has consistently participated in federal and regional environmental actions for the protection of water bodies, such as "Voda Rossii" (Waters of Russia) and others. The days of volunteer cleaning the natural spots of garbage (subbotniks) are regularly held in the coastal zone of rivers located in the vicinity of the Company's enterprises. In 2023, employees of Kuzbassrazrezugol took part in cleaning the shoreline of the Chesnovka and Taida rivers in Kemerovskiy Municipal District and Kiselevskiy Urban District. In total, an area of about 3.5 ha was cleaned.

# RECLAMATION AND BIODIVERSITY

GRI 3-3, 304-1, 304-3

Kuzbassrazrezugol contributes to the conservation of biodiversity in the region: it conducts reclamation of disturbed lands, participates in the establishment of natural areas of preferential protection, and restores the population of endangered Siberian linden.

The Company's facilities are not located within protected areas or areas of high biodiversity value. There are no animals listed in the Red Books of Russia and the Kemerovo Region, nor are there any nesting sites, migration routes, or traces of their vital activity.

In addition, for the cases of protected species falling within the boundaries of the prospective development, the Methodological Recommendations on the Conservation of Rare Plants in Rocky Habitats during Mining Operations were developed in cooperation with the Research Center of Coal and Coal Chemistry and approved at the regional level.

## Reclamation of Disturbed Lands

Every year, Kuzbassrazrezugol carries out mining and biological reclamation of lands on the area exceeding 200 ha. At the same time, mining reclamation is undertaken using the Company's own resources, while bio-reclamation activities involve specialized companies: Kuzbass Botanical Garden, Prokopyevskoye and Novokuznetskoye Forestries.

In 2023, mining reclamation was conducted on the total area of 125 ha, and bio-reclamation was conducted on an area of 121.5 ha (in 2022, 125.5 ha and 109.8 ha, respectively).

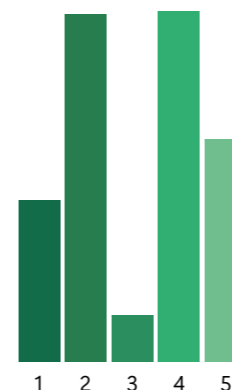
In 2023, no reclamation of disturbed lands was undertaken at the Bachatskiy open-pit coal mine; these works are scheduled for a later period in accordance with the peculiarities of open-pit mining operations. The low

performance of the Krasnobrodskiy open-pit coal mine is explained by the fact that the planned reclamation was not carried out in the areas that were included in the prospective development plans in the course of 2023.

At the same time, in other branches, the reclamation plans were implemented in full or exceeded:

- Kedrovskiy open-pit coal mine – 17.4 ha against the plan of 10.4 ha (167%)
- Mokhovskiy open-pit coal mine – 37.4 ha against the plan of 18.66 ha (200%)
- Taldinskiy open-pit coal mine – 37.7 ha (100%)
- Kaltanskiy open-pit coal mine – 24 ha against the plan of 10 ha (240%)

### Bio-reclamation of disturbed lands in 2023 by branches, ha



1	▲	17.4	Kedrovskiy open-pit coal mine
2	▲	37.4	Mokhovskiy open-pit coal mine
3	▲	5.0	Krasnobrodskiy open-pit coal mine
4	▲	37.7	Taldinskiy open-pit coal mine
5	▲	24.0	Kaltanskiy open-pit coal mine

**121.5** HA  
total biological reclamation area

## Landscaping of Territories

In 2023, Kuzbassrazrezugol almost doubled the number of trees and shrubs planted in the Kemerovo Region. Over 1.5 million saplings were planted in the region as part of reclamation, reforestation, and environmental protection events with the participation of the Company's employees (about 800,000 saplings in 2022).

More than 250,000 trees were planted under the reclamation program, which made it possible to restore 122 ha of land that was no longer used in the production process.

Traditionally, mixed forest crops that take good root in technogenic soils are used for planting: common pine, birch, caragana, and silver elk. More than half of the saplings have a closed root system, which ensures their almost complete rooting.

In accordance with the Forest Code of the Russian Federation, starting from 2018, the Company has been reforesting, fully compensating for the cutting of trees during operations at mining facilities.

In 2023, reforestation amounted to 329.2 ha (149 ha in 2022). Reforestation was carried out in the Belovskoye and Guryevskoye Forestries and compensated for tree felling at the Taldinskiy, Kaltanskiy, and Kedrovskiy open-pit coal mines.

Another significant landscaping and reforestation project in 2023 was the creation of a 1-km forest protection strip on the border of the sanitary protection zone of the Bachatskiy open-pit coal mine and the settlement of the same name.

## Stocking of Water Reservoirs

Every year Kuzbassrazrezugol participates in the stocking of the Tom River, the main watercourse of Kuzbass. Especially for this purpose, juvenile fish of Siberian species are reared together with the Upper Ob Territorial Fishery Department. In the dams created for this purpose, special conditions are maintained that allow the fish to adapt easily.

In 2023, with the Company's assistance, about 41,500 fry of valuable fish species, muksun and nelma, were released into the Tom River, with a total of RUB 1.6 million allocated for this purpose. In total, since 2019, almost 2 million fry of different fish species have been released into the water bodies of Kuzbass with the assistance of Kuzbassrazrezugol.



### Bio-melioration of the Belovskoye water-storage reservoir

In 2023, with the assistance of the Government of the Kemerovo Region and the Ministry of Natural Resources of Kuzbass, the Belovskiy Reservoir, which needed to be cleaned of weedy aquatic vegetation, was subjected to bio-melioration for the first time. For this purpose, it was decided to populate the reservoir with silver carp that will ensure the reservoir's cleaning by natural means.

The Novosibirsk Branch of the All-Russian Research Institute of Fisheries and Oceanography conducted a preliminary study, which made it possible to determine the optimal bio-melioration parameters and confirmed the effectiveness of the method chosen. Then Kuzbassrazrezugol organized the release of about 3,300 adult fish into the reservoir. For this purpose, silver carp have been reared for four years in the Belovskiy fish farm; this will allow them to easily adapt to the new habitat.



## Promotion of Environmental Culture



A conscientious attitude of not only the management but also the entire personnel toward environmental protection is a prerequisite for the effectiveness of the Company's efforts in this area. Kuzbassrazrezugol pays much attention to the promotion of an environmental culture among employees.

Participation in environmental projects and events has become an important part of the internal culture of Kuzbassrazrezugol. The Company organizes corporate environmental events and encourages the active position of employees and their participation in external environmental activities.

For example, the Company's employees and their families regularly participate in landscaping of urban and natural areas. Thus, the restoration of green areas becomes a common cause for all employees and allows for the younger generation to be involved in nature conservation. Every year, the number of employees of Kuzbassrazrezugol participating in environmental events increases.

In 2023, the Company's employees repeatedly participated in tree planting in the cities and territories of the Company's presence:

- As part of the Garden of Memory campaign, the Company's employees and their family members planted over 5,200 trees and shrubs of different species in the city of Kemerovo, Belovskiy Municipal District, and Gorskinskiy sanctuary
- Employees of the Kedrovskiy open-pit coal mine planted 150 trees in Kemerovo during the "Let's Save the Forest" campaign

- Together with OJSC BELAZ, 60 Siberian cedars were planted to establish the Friendship Alley in Kemerovo
- 170 trees were planted in the Alley of Future Miners during the initiation of first-year students of the Mining Institute of Kuzbass State Technical University

In 2023, employees traditionally continued to take care of the Kuzbassrazrezugol dedicated alley in the Kuzbass Botanical Garden. This is the first dedicated alley on the territory of the garden. It was laid out by the Company's employees 20 years ago; then miners planted 140 larches, lindens, and apple trees.

In addition, during the reporting year, employees of Kuzbassrazrezugol participated in the landscaping of settlements in Kemerovskiy, Novokuznetskiy and Prokopyevskiy Municipal Districts, as well as Belovskiy and Kemerovskiy Urban Districts.

The promotion of environmental culture among the general public is of equal importance. Kuzbassrazrezugol undertakes awareness-raising activities, initiates the establishment of natural areas of preferential protection, and donates to environmental contests.

Back in 2021, the Company, together with employees of the Research Center of Coal and Coal Chemistry, took part in the establishment of the Artyshka regional nature monument and the state botanical sanctuary, Ouvals of the Village of Luchshevo. In 2022, with the assistance of Kuzbassrazrezugol, the ecological trails "Green Pearls of Artyshka" and "Journey along the Bottom of an Ancient Sea" were established in these territories, and in 2023, the Company developed and published guides to them.

Artyshka Hills are a distinctive section of the Kuznetsk Basin, located between the Bachatskiy and Krasnobrodskiy open-pit coal mines. It has an exceptional natural value: rare and endangered species of flora and fauna, as well as a huge variety of plant communities, are found here. The establishment of natural areas of preferential protection in that particular location was important in view of its ecological vulnerability: proximity to settlements as well as industrial and railway infrastructure.

The ouvals of the village of Luchshevo are similarly vulnerable to anthropogenic impact, since it is a well-preserved forest-steppe area that serves as a habitat for many species of plants and animals, including red-listed ones. It is especially important to preserve steppe plant communities on this territory, since some of the flora found there is unable to adapt to other habitats.



### "Take Care of Your Home"

In 2023, the Company, together with the Kemerovo Regional Environmental Non-Governmental Organization Irbis and the Vera Voloshina Center for Extracurricular Education of Children, published a unique book of environmental fairy tales, "Take Care of Your Home". It contains stories and illustrations authored by about 80 young residents of Kuzbass, aged 4 to 16 years old, and their teachers. The book tells about the relationship between humans and nature, the importance of careful treatment of forests and water bodies, and the richness of nature in the Kemerovo Region. Copies of the book were forwarded to all central children's libraries of the Kemerovo Region, to V.D. Fedorov State Scientific Library of Kuzbass, to children's environmental centers, schools, and kindergartens.



## Establishment of Ecological Test Ranges

Kuzbassrazrezugol realizes that land reclamation and biodiversity conservation activities should be scientifically supported. Two ecological test ranges have been established at the Company's facilities for conducting research to determine the most effective ways of restoring disturbed lands. The specific features of local ecosystems were taken into account, which allows the most effective solutions to be selected for each area of operation.

### Kedrovskiy ecological test range

The ecological test range was created with the assistance of specialists from the Research Center of Coal and Coal Chemistry in 2018 and became the first Kuzbass site for scientific research in the field of restoration of lands disturbed by mining operations. All available technologies for bio-reclamation of waste dumps are used here in various combinations.

In 2023, the development of a method for natural-like restoration of disturbed land was completed at the ecological test range, which took four years to work through. The method is based on the planting

of saplings of mixed species with a closed root system, the use of hydrogel, and the arrangement of special watering conditions. This allows for the almost absolute root-taking of saplings, their active growth, and natural reproduction.

Based on the results of the research, Methodical Recommendations for the creation of natural-like forest ecosystems on coal industry dumps in Kuzbass were published. The methodology given in them can be used for the restoration of many anthropogenic landscapes by introducing a fertile layer of soil.

### Kaltanskiy ecological test range

Another ecological test range is planned to be created at the Kaltanskiy open-pit coal mine. In 2023, the first Russian experiment on the use of an endangered plant species (Siberian linden) for land restoration was launched here with the participation of specialists from the Research Center of Coal and Coal Chemistry.

For the experiment, scientists collected more than 2 kg of seeds, which will undergo special preparation and

be planted in special nurseries. It is planned to prepare about 4,000 saplings with a closed root system, which will later be planted at the experimental site of the Kaltanskiy open-pit coal mine. The linden will be grown in the most natural of settings: common companion plants, including spruce, fir, cedar, mountain ash, etc., will be rooted on the same plot of land.

In 2024, it is planned to develop technologies for growing Siberian linden saplings and a program on the creation of a restoration site, Linden Island, with a total area of 3 ha.

It is planned that a nature-like community will be recreated at the Kaltanskiy open-pit coal mine as early as 2027. Until then, the overgrowth of the site will be observed by environmental scientists. They will determine the optimal conditions and technologies for growing red-listed trees on the mining dumps.

In the future, the experiment run at the Kaltanskiy ecological test range will enable the Company to continue preserving other rare and endemic Kuzbass plants.

### World-class ecological test range

In 2023, as part of the comprehensive scientific and technical program, Clean Coal – Green Kuzbass, with the support of Autonomous Non-Commercial Research and Educational Center "Kuzbass", the establishment of a world-class ecological test range was launched, where world-class reclamation and remediation technologies will be practiced. The work is being carried out by specialists from Kemerovo State University. Kuzbassrazrezugol provides the site for the ecological test range, co-finances its establishment, and plans to further implement the developed solutions at its own open-pit coal mines and share them with other mining industry players.

At the end of the reporting year, the following were developed:

- Three-dimensional model of the experimental site and adjacent territories
- Primary technical documentation for assessing damage and anthropogenic impact on ecosystems as a result of mining operations
- Process flow for growing saplings with a closed root system for the purpose of reclamation of technogenic lands
- Production solutions to reduce anthropogenic impact on ecosystems
- Technologies for production of biopreparations based on industrially important strains of microorganisms extracted from technogenically disturbed soils in the region where the ecological test range was created

Various plant species have been planted on a total area of more than 3 ha.

In 2024, it is planned to continue the establishment of the ecological test range and to assess the condition of the experimental site after the loss of snow cover and floods. The best results of the experiment will be scaled up at the Krasnobrodskiy open-pit coal mine.





# WASTE MANAGEMENT

GRI 3-3, 306-2, 306-3, 306-4, 306-5

Kuzbassrazrezugol takes a responsible attitude toward the management of all production and economic wastes and makes significant efforts to organize a coherent and efficient waste management system.

The Company seeks to use all available Russian and international experience in this area, controls the waste management chain within its own operations, and conducts a strict selection of contractors to whom it transfers waste for disposal, including their environmental audits. Surveyor

measurements and field surveys are used to collect and monitor waste generation volumes. For industrial waste, documents on the delivery and write-off of purchased materials are also tracked.

## Waste generation, mn tons

Year	Class I	Class II	Class III	Class IV	Class V	Total
2023	113.7	83.7	211.0	270.4	156.3	250.1, 1,085.2
2022	96.0	73.5	172.6	259.9	154.7	219.6, 976.3
2021	72.7	58.1	168.4	210.5	82.5	170.0, 762.2

- ▲ Kedrovskiy open-pit coal mine
- ▲ Bachatskiy open-pit coal mine
- ▲ Kaltanskiy open-pit coal mine
- ▲ Mokhovskiy open-pit coal mine
- ▲ Taldinskiy open-pit coal mine
- ▲ Krasnobrodskiy open-pit coal mine

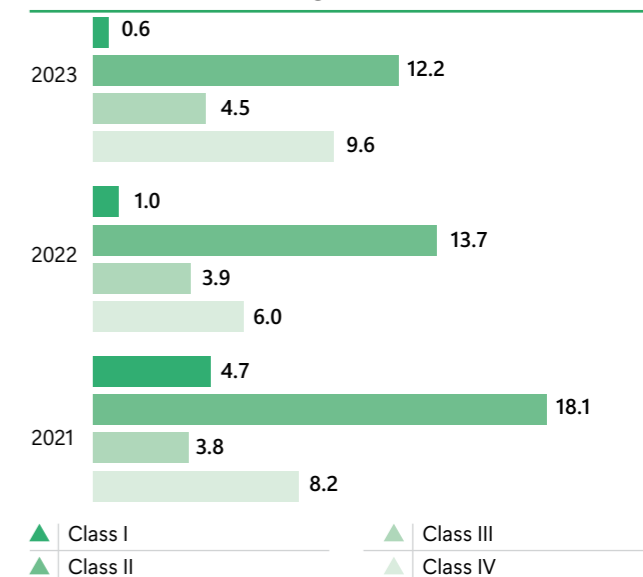


The increase in total waste generation in 2023 is due to an increase in stripping operations.

The reduction of hazard class I waste generation (spent mercury lamps) is due to the gradual transfer of facilities to LED lighting fixtures.



## Hazard class I-IV waste generation, tons



## Waste management

Share in the total volume of waste, %	Main types of waste	Hazard class	Disposal measures
77	Overburden rocks and coal preparation waste	V	Placed in mined-out spaces or used in road construction and reclamation
22	Overburden	V	Placed in external dumps
< 1	Conveyor belts, scrap of ferrous and non-ferrous metals	V	Transferred to third-party specialized companies for recycling
< 1	Used tires, wiping material, household waste, etc.	IV, III	Transferred to specialized companies for disposal and placement in dedicated spots, partially disposed of by the Company's own resources
< 1	Spent oils, acid-free batteries, and used filters	IV, III	Transferred to specialized companies for recycling or disposed by the Company's own resources
< 1	Mercury and fluorescent lamps	I	Transferred to specialized companies for treatment

## Waste movement

Indicator	2021	2022	2023
Transferred to third-party companies for disposal/treatment, thousand tons	30.2	42.6	46.3
Disposed of, mn tons	296.8	433.5	487.3
Placed in waste disposal spots, mn tons	536.8	580.5	496.0

The absolute majority (over 99%) of the Company's waste is subsoil use waste, i.e., overburden and host rocks, which are of natural origin and belong to hazard class V (practically non-hazardous). The only significant environmental impact caused by such waste is the change of natural landscapes during the formation of external dumps. To expand the scope of such waste, the Company is actively involved in improving the relevant regulatory framework and studying the fertility of overburden and host rocks for reclamation purposes.

In 2023, the volume of overburden and host rock not sent for disposal amounted to approximately 598 million tons. Of these, 487.3 million tons were used to fill mined-out spaces, while the remaining 110.7 million tons were assigned for accumulation for future use for the same purposes.

The next largest type of waste generated by the Company is large-size tires and used railway sleepers (hazard class IV, or low-hazard). Special attention is paid to the disposal of large-size tires: about 6,000 tons of them accumulate every year (taking into account that the weight of some tires reaches 5 tons).

In accordance with the legislation, the burial of waste tires is prohibited. The decomposition period of tires in natural conditions exceeds 100 years, and about 150 substances that are harmful to humans and the environment are emitted. In addition, when stored, they are fire-hazardous.

Kuzbassrazrezugol transfers 100% of tires for recycling to specialized companies, and before that, the Company organizes their safe accumulation and storage for a period not exceeding 11 months. The tire storage sites are equipped with waterproof reinforced concrete pavement, protection from precipitation, and a sewage disposal system.

In order to optimize the disposal process, two tire recycling sites were arranged in close proximity to the production facilities of Kuzbassrazrezugol. This makes it possible to release accumulation sites faster and reduce logistics expenses for a contractor.

After treatment by low-temperature pyrolysis, the tires are used to produce liquid pyrolysis (furnace) fuel, carbon black and metal cord (scrap metal), as well as rubber crumb, which is used in the production of trauma-safe coatings for children's and sports grounds, materials for road construction, in the oil industry, and in the production of new rubber products.

As a result of employing a large number of mining equipment at the Company's facilities, about 3,000 tons of waste oil (waste of hazard classes III–IV) are generated annually, which are delivered to LLC KRU-Vzryvprom and used in the production of granulated explosives for mining operations. Since this volume does not cover the production needs, LLC KRU-Vzryvprom additionally purchases used oils from third-party waste generators.

> 35 RUB MN

allocated for the disposal and treatment of hazard classes I–IV waste annually

As of this writing, the technical project for the construction of a used oil regeneration facility for LLC KRU-Vzryvprom is being developed. Regenerated oils are required for the production of emulsion explosives used in wet wells.

Regeneration includes the purification, filtration, and thermal-vacuum treatment of oils. The product thus obtained will be stored in special tanks with constant heating. Investments in the project will amount to RUB 28 million. It is planned that by July 2024 the production will reach a volume of 1,000 tons per month, and the economic effect will amount to RUB 12 million per month.

Hazard class I and II wastes are generated in extremely small quantities. At the same time, their management is strictly regulated by internal documents, taking into account all legal requirements. Both classes are represented by the following types of waste only:

- Battery acid (hazard class II), which is treated by the Company's own resources under a valid license
- Mercury lamps (hazard class I), which are transferred to a federal waste management operator for treatment

## Reduction of Waste Generation

Kuzbassrazrezugol seeks to minimize waste generation. For this purpose, optimization of field development process flows continues, and block-wise mining methods are used. Mining and overburden rocks are used to backfill the mined-out space. This makes it possible to reduce the amount of waste placed in dumps, even if the volume of stripping operations increases.

The collection of recyclable materials is organized at the facilities of Kuzbassrazrezugol in accordance with lean production practices. The introduction of electronic document management allowed the Company to significantly (by 3 tons, or 500,000 sheets) reduce paper consumption in 2023. The Company's employees are constantly participating in paper and cardboard

recycling campaigns, with waste paper collection days held several times a month since 2019. A procedure for handling used paper has been established for all employees, including senior management, and 26 specialized boxes have been installed for storing used paper and cardboard in the Executive Office and branches of the Company.

In 2023, the Company's employees took second place in the regional recycling collection competition "Paper Boom". They collected almost 49 tons of waste paper, which is 2.5 times more than in the previous year.

A total of 83.4 tons of waste paper were transferred for recycling in 2023.

## Selection of Contractors for Waste Management

The Company has a strict system of selection and supervision of contractors involved in disposal of waste. For this purpose, a tender procedure is conducted, and the terms of reference include strict requirements for the quality of waste management and environmental safety. In order to be admitted to the bidding process, applicants must undergo a pre-competitive field audit, which includes an uncompromising assessment of the applicant's compliance with environmental protection requirements, assessment of buildings and equipment, personnel performance, etc.

IN 2019, THE COMPANY'S APPROACH TO SELECTING CONTRACTORS FOR WASTE MANAGEMENT WAS APPROVED BY THE REGIONAL AUTHORITIES AND RECOMMENDED TO OTHER ENTITIES IN KUZBASS

When entering into a contract with a selected tenderer, the Company stipulates regular inspections of the fulfillment of contractual obligations and penalties. In cases of serious violations or if a counterparty refuses to correct deficiencies, relations with such a counterparty are terminated.

## Mechanisms of Extended Liability of Manufacturers and Importers

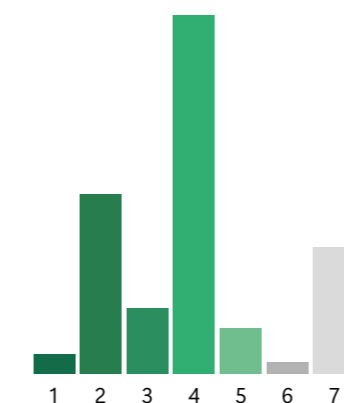
Kuzbassrazrezugol is one of the participants in the mechanisms of extended responsibility of producers and importers of goods, which regulate waste management of products imported to Russia and produced there.

The end consumer purchases products at a price that includes the cost of disposal of waste generated as a result of the use of goods. Disposal of such waste is provided by the manufacturer or importer, who is to conclude

a relevant contract with specialized companies and submit reporting documents to the Federal Service for Supervision of Natural Resources (Rosprirodnadzor). If this procedure is violated, a manufacturer or importer is obliged to make an environmental payment significantly exceeding the disposal cost per volume of products produced or imported: RUB 7,109 per ton; such payment does not relieve the respective party of its obligations to dispose of waste.

## Subsidiaries and Affiliates

S&A's expenses on waste management, RUB '000



1	▲	119	OJSC KuzbassElectro
2	▲	1,072	LLC KRU-Vzryvprom
3	▲	390	LLC Baikaimskaya Mine
4	▲	2,144	LLC Taldinskoye Loading and Transport Department
5	▲	274	JSC Belovskiy Power-Repair Plant
6	▲	68	LLC Serebryaniy Klyuch Sanatorium-Preventorium
7	▲	757	LLC Kedrovyy Bor Sanatorium

# ENERGY EFFICIENCY

GRI 302-1, 302-4

The Company's environmental protection commitments include:

- Making rational and efficient use of energy resources
- Setting energy-saving targets that comply with legislative requirements and the best domestic and foreign industry practices
- Improving personnel competencies
- Designing new facilities and upgrades of existing ones, taking into account energy efficiency requirements
- Ensuring openness and accessibility of information related to energy-saving measures for stakeholders
- Procuring goods and services, taking into account energy efficiency requirements

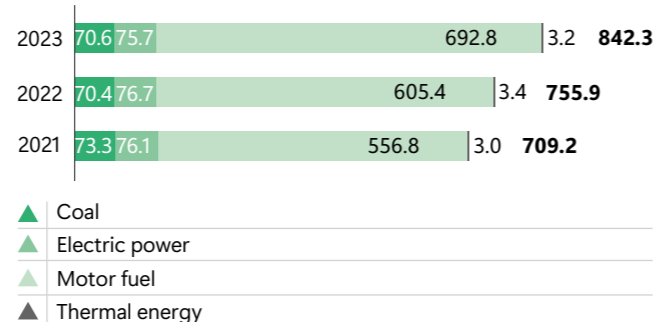
The structure of Kuzbassrazrezugol's consumption of fuel and energy resources has remained stable for many years. The Company uses electricity and heat energy from external sources, as well as boiler and furnace fuel (coal) from its own resources.

The main energy resource is motor fuel for the operation of open-pit machinery. It can account for about 80% of the total consumption of energy resources and up to 90% of expenses on them.

The smallest share in the volume of consumed energy resources is heat energy – about 0.4% in 2023.

Total consumption of energy resources in 2023 increased by 13%, mainly due to the growth of motor fuel consumption from 605,400 to 692,800 tons of fuel equivalent, or 14.4%. This is explained by an increase

Consumption of energy resources, thousand tons of fuel equivalent



in production (mined rock). From 2021 to 2023, it increased from 511,923,000 to 635,494,000 cu.m, or by 24%.

At the same time, the specific consumption of motor fuel and electricity was lower than planned due to measures to improve energy efficiency. Specific consumption of motor fuel for in-field transportation amounted to 71.06 g/tkm against the plan of 71.68 g/tkm, and specific electricity consumption was 0.63 kWh/cu.m of mined rock against the plan of 0.64 kWh/cu.m. Savings amounted to 9,700 tons of fuel and 1,412,000 kWh, respectively.

The economic effect of energy-saving measures amounted to more than RUB 79.8 million by the end of the year – almost 2.8 times higher than in 2022. It is planned that it will increase to RUB 95.7 million in 2024.

The application of the energy efficiency coefficient to the depreciation rate allowed the Company to obtain profit tax savings of about RUB 75.5 million in 2023.

In addition, Kuzbassrazrezugol has developed an electronic form for collecting data on energy consumption and a methodology for processing such data. This makes it possible to receive information on energy consumption from branches in a standardized form.

## Improving Energy Efficiency


Kuzbassrazrezugol pays great attention to measures to improve energy efficiency, which include, first of all, the renewal of the equipment fleet, digitalization of production processes, automation of electricity metering, and the application of variable frequency drives.

To engage employees in this work, additional motivation tools have been introduced: in 2023, two orders on incentives for the implementation of energy-saving and energy efficiency measures were issued, and employees were paid remuneration totaling RUB 1.05 million.

## Digitalization and dispatching of production

Kuzbassrazrezugol continues to implement software that allows for more efficient planning and completion of production tasks, from repairs to equipment operation control.

Starting from 2023, digital twins of open-pit coal mines have been used to plan mining operations and promptly receive information on their fulfillment. Equipment and software to monitor the deformation of rock faces have been introduced.

 **“Karyer” dispatching system**

At all of the Company's open-pit coal mines, the Karyer dispatching system has been implemented, which allows monitoring the location of equipment, loading, tire pressure, and fuel levels, as well as the actual weight of loaded dump trucks. This makes it possible to promptly eliminate underloading, and thus reduce fuel consumption both in absolute and relative terms.

## Renewal of the machinery fleet

In 2023, the Company continued to implement a large-scale program on the upgrade of production facilities, including the replacement of machinery.

When selecting new equipment and machinery, the Company evaluates their energy efficiency on a mandatory basis. First of all, this applies to excavators with electric drives, which require connection to the power grid for transportation between work sites. This entails an expenditure of time and finances.

At present, the Company's fleet consists mainly of new-generation excavators, which consume 0.5 to 06 kWh per cu.m of mined rock – almost half as much as the previous-generation equipment. In addition, the Company purchased the Peregon-1800 mobile hauling complex, which allows the Company to move excavators seven times faster than when following the traditional method<sup>1</sup>.

In the reporting year, the project to develop a variable-frequency drive for heavy machinery continued. Such a drive consumes only the amount of energy required for operation and does not allow energy losses. To date, such drives are used only in low-voltage installations for driven mechanisms; similar technology for high-voltage driven mechanisms has not yet been applied.

In 2024, Kuzbassrazrezugol plans to test variable-frequency drives on high-voltage pumps.

## Automation of electricity metering

Since 2010, the Company has been using the automated information measurement system for commercial electricity metering, which allows the Company to purchase electricity at lower rates and plan its consumption more accurately.

In addition, an automated system for technical metering of energy resources is being implemented, which allows for monitoring the energy consumption of significant consumers.

For example, the system identifies discrepancies in the energy consumption of excavators of the same model when dispatching identical volumes of mined rock. This helps track inefficient equipment utilization and eliminate its causes.

The automated system for technical metering of energy resources has undergone pilot operation at the Bachatskiy open-pit coal mine, and design engineering was completed at the Kedrovskiy and Krasnobrodskiy open-pit coal mines in 2023. In the future, the system will cover all of the Company's facilities, and in 2024–2026, it is planned to introduce automatic metering of heat and water consumption.



<sup>1</sup> Taking into account the construction of overhead lines and switchings-over during relocation.

# ABOUT THE REPORT

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

## Boundaries of the Report

This Sustainability Report (hereinafter – the Report) for 2023 discloses data on the activities of JSC Kuzbassrazrezugol Coal Company for the period from January 1 to December 31, 2023. The Company prepares a Sustainability Report every year, the previous one was released in September 2023.

The scope of the Report includes information on the activities of JSC Kuzbassrazrezugol Coal Company and its branches:

- Kedrovskiy open-pit coal mine
- Mokhovskiy open-pit coal mine
- Bachatskiy open-pit coal mine
- Krasnobrodskiy open-pit coal mine
- Taldinskiy open-pit coal mine
- Kaltanskiy open-pit coal mine

In addition, the Report provides partial disclosure of indicators of stand-alone business units, subsidiaries and affiliates:

- OJSC KuzbassElectro
- LLC KRU-Vzryyprom
- LLC Baikaimskaya Mine

## Reporting Principles

This public non-financial Report is addressed to a wide range of stakeholders and discloses the 2023 performance highlights of JSC Kuzbassrazrezugol Coal Company, mechanisms of its social and environmental responsibility, data on the Company's impacts and approaches to stakeholder engagement.

The Report complies with the GRI Sustainability Reporting Standards ("with reference" compliance status), as well as the Methodological Recommendations of the Ministry of Economic Development of the Russian Federation on the preparation of sustainability reporting and the Bank of Russia's information letter "On Recommendations on the Disclosure by Public Joint Stock Companies of Non-Financial Information Related to the Activities of Such Companies"

## Disclaimer of Liability

The Report includes forward-looking statements concerning further development of the Company and its branches. However, the Company's actual performance

- OJSC Kiselevskoye Loading and Transport Department
- LLC Taldinskoye Loading and Transport Department
- JSC Belovskiy Power Repair Plant
- LLC Serebryaniy Klyuch Sanatorium-Preventorium
- LLC Kedroviy Bor Sanatorium
- LLC Skif
- LLC Kuzbassvyazugol
- Autotrans Stand-Alone Business Unit

There was no audit of non-financial indicators and public assurance of the Report.

On issues related to the Report, its writing and content, please contact:

Directorate for Public Relations and Communications, Sustainable Development Business Sector

**Tel.:** +7 (3842) 44-08-73; +7 (3842) 44-00-37

**Email:** [sd@kru.ru](mailto:sd@kru.ru)

No. IN-06-28/49 dated July 12, 2021. In addition, the Report discloses information on the Company's contribution to the achievement of the UN Sustainable Development Goals until 2030.

In this Report, the term "Company" refers to JSC Kuzbassrazrezugol Coal Company, the term "enterprise" refers to its branches. The information contained in the Report, including product data, competitive position and market trends, has been internally agreed, checked for completeness and correctness and has not been verified by any third party. The Report also presents industry and market data from publicly available sources and third-party studies and surveys.

results may differ from those presented in the Report due to changes in the political, economic, social and legal situation in the Russian Federation and the world.

# Identification of Material Topics of the Report

GRI 3-1, 3-2

In order to identify which topics are important to cover in the Report in the most detail, the Company conducted a stakeholder survey in the format of an online questionnaire. The methodology of this study was based on the recommendations of the GRI 3: Material Topics 2021 standard.

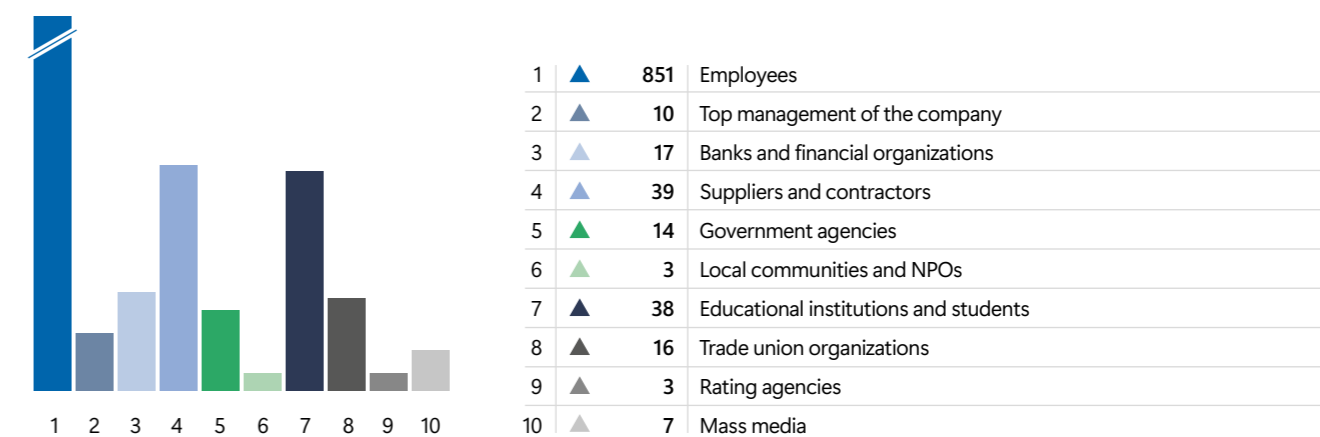
The initial list of topics, which was proposed to stakeholders to assess their materiality, was derived from the topics identified as part of the materiality identification procedure for the previous reporting period. The list was also supplemented with topics from the GRI 12: Coal Sector 2022 industry standard and those identified in the industry benchmarking.

The final list included 24 topics that were proposed to stakeholders for evaluation. These topics reflect

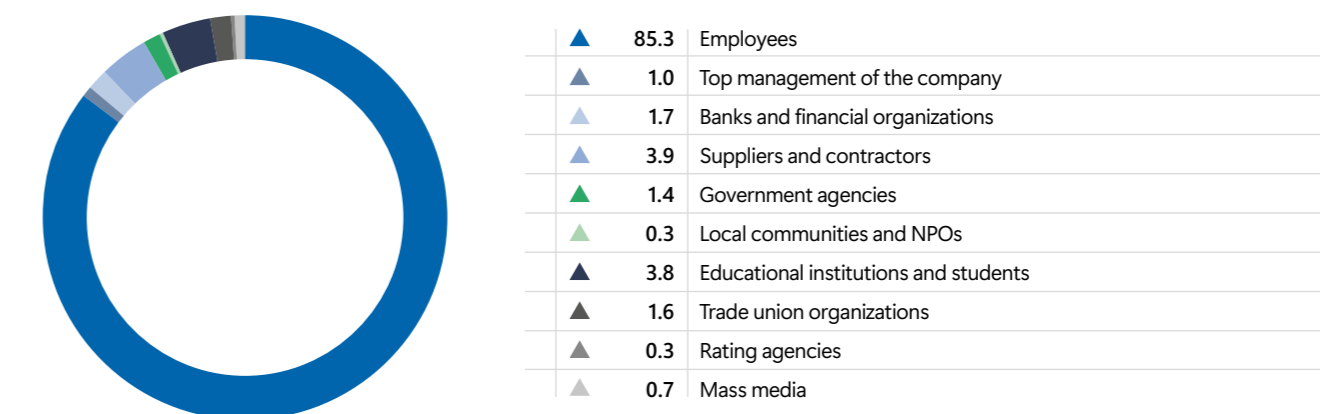
the Company's impact on the economy, environment and society. Survey participants could rate the importance of each topic on a scale of 1 to 5, with 1 being the least important and being extremely important. Stakeholders could leave free-form comments to the questionnaire: comment on the topics proposed for evaluation and propose new ones.

The survey involved 998 stakeholder representatives: 861 internal and 137 external stakeholders. The results were adjusted by applying weighting factors to give equal weight to the opinions of each stakeholder group. A final list of topics was then generated in descending order of importance based on the average ratings received from the stakeholder groups.

### Survey participants by stakeholder category, persons



### Distribution of participants by stakeholder category, %



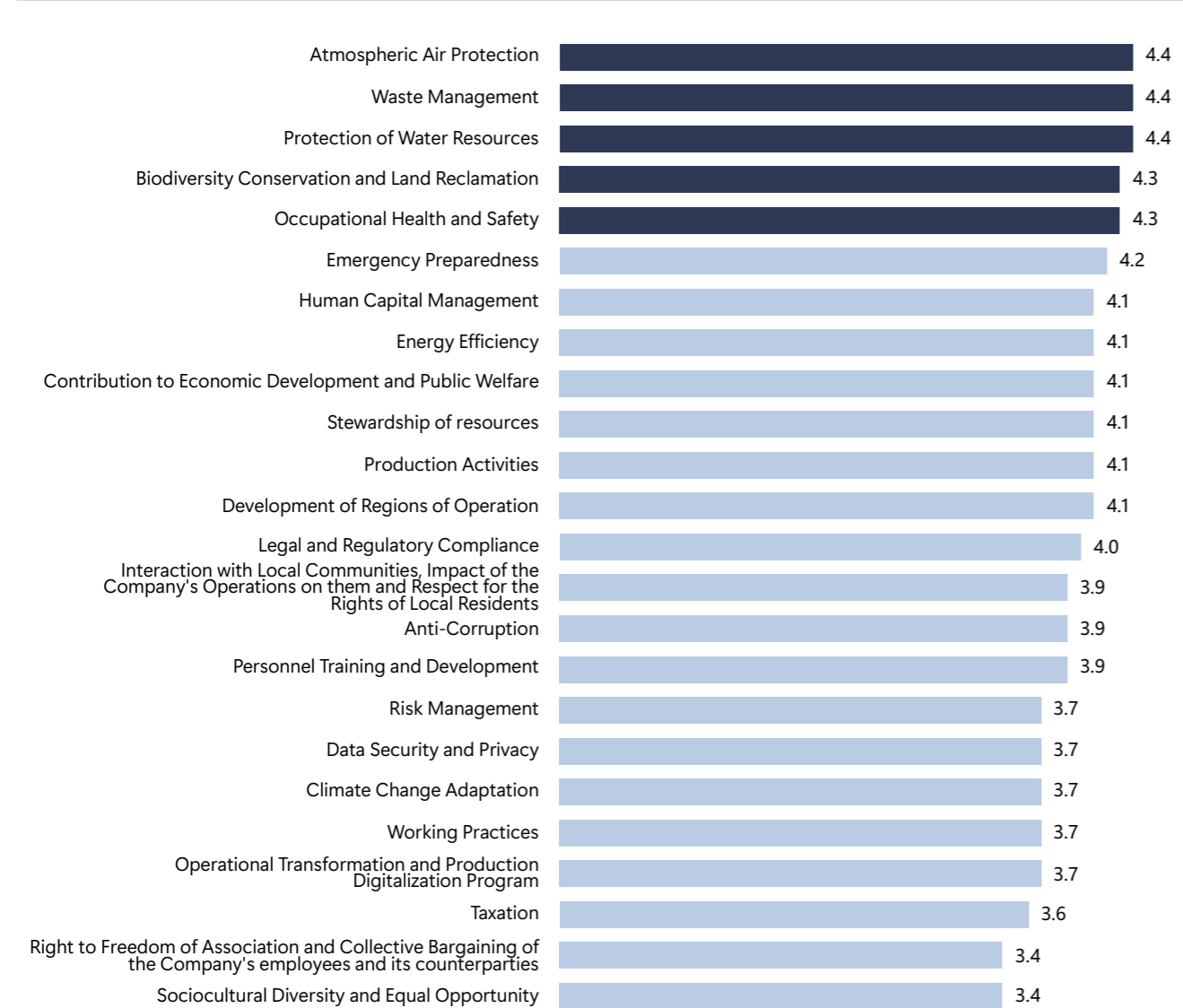
Based on the survey results, five topics with a total score of 4.3 points or more were recognized as material and are to be reflected in the Report. This allowed the opinions of both internal and external stakeholders who participated in the survey to be equally taken into account. The Company

also decided to further disclose three topics on which its divisions were active in the reporting year: Human Capital Management, Personnel Training and Development and Operational Transformation and Production Digitalization Program.

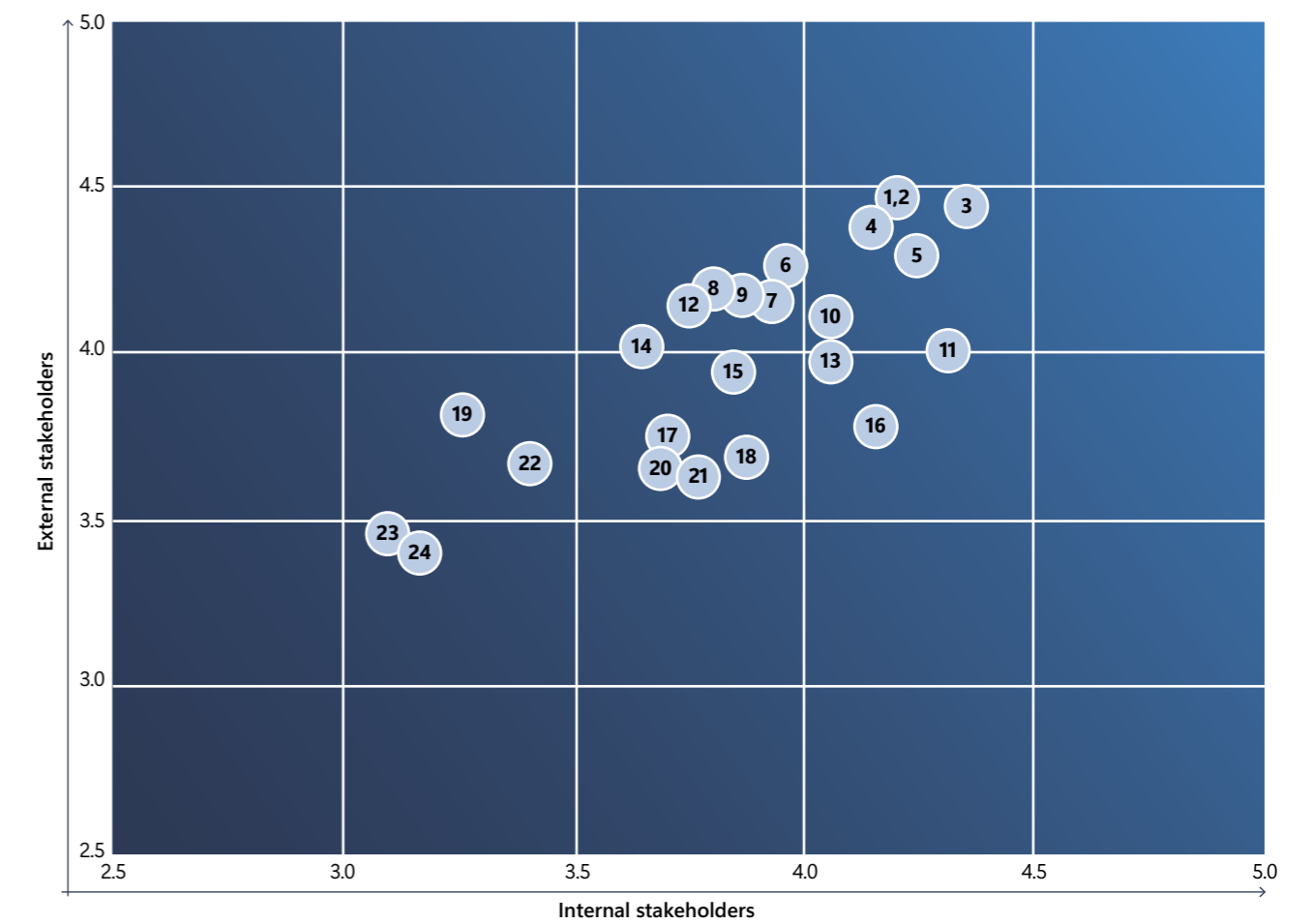
**Material topics in the 2023 Report**

Topic	Page of the Report
Atmospheric Air Protection	<a href="#">83-84</a>
Waste Management	<a href="#">94-97</a>
Protection of Water Resources	<a href="#">85-87</a>
Biodiversity Conservation and Land Reclamation	<a href="#">88-93</a>
Occupational Health and Safety	<a href="#">62-69</a>
Human Capital Management	<a href="#">46-61</a>
Personnel Training and Development	<a href="#">59-60</a>
Operational Transformation and Production Digitalization Program	<a href="#">30-35</a>

**Generalized assessment of materiality of topics to be reflected in the Report by stakeholders, points**



**Matrix of material topics with breakdown of internal and external stakeholders' assessments**



Topic	Internal stakeholders' assessment, points	External stakeholders' assessment, points
1 Atmospheric Air Protection	4.2	4.5
2 Waste Management	4.2	4.5
3 Protection of Water Resources	4.4	4.4
4 Biodiversity Conservation and Land Reclamation	4.2	4.4
5 Occupational Health and Safety	4.3	4.3
6 Emergency Preparedness	4.0	4.3
7 Human Capital Management	3.9	4.2
8 Energy Efficiency	3.8	4.2
9 Contribution to Economic Development and Public Welfare	3.9	4.2
10 Stewardship of resources	4.1	4.1
11 Production Activities	4.3	4.0
12 Development of Regions of Operation	3.8	4.1
13 Legal and Regulatory Compliance	4.1	4.0
14 Interaction with Local Communities, Impact of the Company's Operations on them and Respect for the Rights of Local Residents	3.7	4.0
15 Anti-Corruption	3.9	3.9
16 Personnel Training and Development	4.2	3.8
17 Risk Management	3.7	3.7
18 Data Security and Privacy	3.9	3.7
19 Climate Change Adaptation	3.3	3.8
20 Working Practices	3.7	3.7
21 Operational Transformation and Production Digitalization Program	3.8	3.7
22 Taxation	3.4	3.7
23 Right to Freedom of Association and Collective Bargaining of the Company's employees and its counterparties	3.1	3.5
24 Sociocultural Diversity and Equal Opportunity	3.2	3.4

# GRI INDEX

GRI Standards 2021 is used, with reference.

GRI standard	Indicator	Place in the Report (section or subsection) / comments
<b>GRI 2: General Disclosures 2021</b>	2-1. Organizational details	<a href="#">Assets of Kuzbassrazrezugol</a> <a href="#">About the Report</a> <a href="#">Contact Details</a>
	2-2. Entities included in the organization's sustainability reporting	<a href="#">Assets of Kuzbassrazrezugol</a> <a href="#">About the Report</a>
	2-3. Reporting period, frequency and contact point	<a href="#">About the Report</a> <a href="#">Contact Details</a>
	2-5. External assurance	<b>There was no external assurance of the Report</b>
	2-6. Activities, value chain and other business relationships	<a href="#">Assets of Kuzbassrazrezugol</a> <a href="#">Business Model</a> <a href="#">Production Activities</a>
	2-7. Employees	<a href="#">Personnel Structure</a>
	2-9. Governance structure and composition	<a href="#">Governance System</a>
	2-22. Statement on sustainable development strategy	<a href="#">Statement from the General Director</a>
	2-23. Policy commitments	<a href="#">Strategic Objectives and Sustainable Development</a> <a href="#">Working Practices</a> <a href="#">Management of Environmental Protection Activities</a> <a href="#">Support to Local Territories</a>
	2-26. Mechanisms for seeking advice and raising concerns	<a href="#">Anti-Corruption</a> <a href="#">Observance of Labor Rights</a>
	2-28. Membership associations	<a href="#">Membership in Associations and Business Combinations</a>
	2-29. Approach to stakeholder engagement	<a href="#">Stakeholder Engagement</a>
	2-30. Collective bargaining agreements	<a href="#">Management of Social Responsibility Issues</a>
<b>GRI 3: Material Topics 2021</b>	3-1. Process to determine material topics	<a href="#">About the Report</a>
	3-2. List of material topics	<a href="#">About the Report</a>
	3-3. Management of material topics	<a href="#">Atmospheric Air Protection</a> <a href="#">Waste Management</a> <a href="#">Protection of Water Resources and Water Conservation</a> <a href="#">Reclamation and Biodiversity</a> <a href="#">Health and Safety</a> <a href="#">Working Practices</a> <a href="#">Personnel Training</a> <a href="#">Operational Transformation and Digitalization of Production</a>

GRI standard	Indicator	Place in the Report (section or subsection) / comments
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1. Infrastructure investments and services supported	<a href="#">Recruitment Process</a> <a href="#">Support to Local Territories</a>
	203-2. Significant indirect economic impacts	<a href="#">Support to Local Territories</a>
<b>GRI 205: Anti-Corruption 2016</b>	205-2. Communication and training about anti-corruption policies and procedures	<a href="#">Anti-Corruption</a>
	205-3. Confirmed incidents of corruption and actions taken	<a href="#">Anti-Corruption</a>
<b>GRI 302: Energy 2016</b>	302-1. Energy consumption within the organization	<a href="#">Energy Efficiency</a>
	302-4. Reduction of energy consumption	<a href="#">Energy Efficiency</a>
<b>GRI 303: Water and Effluents 2018</b>	303-1. Interactions with water as a shared resource	<a href="#">Protection of Water Resources and Water Conservation</a>
	303-3. Water withdrawal	<a href="#">Protection of Water Resources and Water Conservation</a>
	303-4. Water discharge	<a href="#">Protection of Water Resources and Water Conservation</a>
	303-5. Water consumption	<a href="#">Protection of Water Resources and Water Conservation</a>
<b>GRI 304: Biodiversity 2016</b>	304-1. Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">Reclamation and Biodiversity</a>
	304-3. Habitats protected or restored	<a href="#">Reclamation and Biodiversity</a>
<b>GRI 305: Emissions 2016</b>	305-1. Direct (Scope 1) GHG emissions	<a href="#">Greenhouse Gas Emissions</a>
	305-2. Energy indirect (Scope 2) GHG emissions	<a href="#">Greenhouse Gas Emissions</a>
	305-7. Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<a href="#">Atmospheric Air Protection</a>
<b>GRI 306: Waste 2020</b>	306-2. Management of significant waste-related impacts	<a href="#">Waste Management</a>
	306-3. Waste generated	<a href="#">Waste Management</a>
	306-4. Waste diverted from disposal	<a href="#">Waste Management</a>
	306-5. Waste directed to disposal	<a href="#">Waste Management</a>
	306-5. Waste directed to disposal	<a href="#">Waste Management</a>
<b>GRI 401: Employment 2016</b>	401-1. New employee hires and employee turnover	<a href="#">Personnel Turnover</a>
	401-2. Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Staff Retention</a>

GRI standard	Indicator	Place in the Report (section or subsection) / comments
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1. Occupational health and safety management system	<a href="#">Health and Safety</a>
	403-2. Hazard identification, risk assessment, and incident investigation	<a href="#">Health and Safety</a>
	403-5. Worker training on occupational health and safety	<a href="#">OHS Training</a>
	403-7. Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Provision of Personal Protective Equipment and Overalls</a>
	403-9. Occupational injuries	<a href="#">Occupational Injuries</a>
	403-10. Work-related ill health	<a href="#">Occupational Diseases</a>
<b>GRI 404: Training and Education 2016</b>	404-1. Average hours of training per year per employee	<a href="#">Personnel Training</a>
	404-3. Percentage of employees receiving regular performance and career development reviews	<a href="#">Competency Assessment and Talent Pooling</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1. Diversity of governance bodies and employees	<a href="#">Personnel Structure</a>
<b>GRI 408: Child Labor 2016</b>	408-1. Operations and suppliers at significant risk for incidents of child labor	<b>The Company does not use child labor in its own operations and supply chain</b>
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1. Operations and suppliers at significant risk for incidents of forced or compulsory labor	<b>The Company does not tolerate the use of forced and compulsory labor in its own operations and supply chain</b>
<b>GRI 413: Local Communities 2016</b>	413-1. Operations with local community engagement, impact assessments, and development programs	<a href="#">Support to Local Territories</a>

# ACCOUNTING INDEX OF THE SUSTAINABLE DEVELOPMENT REPORTING STANDARD OF THE MINISTRY OF ECONOMIC DEVELOPMENT<sup>1</sup>

## List of Sustainable Development Indicators

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>1</b>	<b>Environmental performance</b>			
1.1	Volume of water used from all water-supply sources		<a href="#">Water Use</a>	<a href="#">85</a>
1.2	Volume of own water consumption from all water-supply sources, excluding water supply to external consumers without its use		<a href="#">Water Use</a>	<a href="#">86</a>
1.3	Share of recycled and reused water supply in the total volume of own water consumption from all sources	Not applicable to the Company's operations		
1.4	Volume of discharges of polluted wastewater into water bodies and/or polluted wastewater transferred for treatment to other enterprises		<a href="#">Water Use</a>	<a href="#">85</a>
1.5	Wastes of I–V hazard classes generated, total		<a href="#">Waste Management</a>	<a href="#">95</a>
1.6	Waste management		<a href="#">Waste Management</a>	<a href="#">95</a>
1.7	Volume of pollutant emissions into the atmospheric air from stationary sources		<a href="#">Atmospheric Air Protection</a>	<a href="#">84</a>
1.8	Volume of greenhouse gas emissions		<a href="#">Greenhouse Gas Emissions</a>	<a href="#">82</a>

<sup>1</sup> In accordance with the draft Sustainable Development Reporting Standard dated May 3, 2024, developed by the Ministry of Economic Development of the Russian Federation.

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
1.11	Expenditures on the environmental protection measures, total, including:		<a href="#">Environmental Management</a>	<a href="#">80</a>
	<b>on protection of atmospheric air and prevention of climate change</b>	RUB 355.1 million		
	<b>on wastewater collection and treatment</b>	RUB 564.1 million		
	<b>on waste management</b>	RUB 130.3 million		
	<b>on conservation of biodiversity and natural areas</b>	RUB 76.8 million		
	<b>on protection and rational use of lands, rehabilitation of lands</b>	RUB 16.4 million		
	<b>on environmental protection from noise, vibration and other physical impacts</b>	No information available. No funds were allocated for this purpose in 2023	–	
	<b>on ensuring radiation safety of the environment</b>	Not applicable to the Company's operations. Kuzbassrazrezugol does not operate to ensure radiation safety of the environment	–	
	<b>on other environmental protection activities</b>	Not applicable to the Company's operations. Kuzbassrazrezugol does not carry out any environmental protection activities other than those described above	–	
1.12	Volume of renewable and low-carbon energy consumption	Not applicable to the Company's operations	–	
1.13	Own energy consumption, excluding heat and electricity supply to external consumers, total		<a href="#">Energy Efficiency</a>	<a href="#">98</a>
1.14	Share of purchases of secondary raw material in the total volume of purchases	No information available	–	
1.15	Costs of compensation in the form of negative environmental impact fees		<a href="#">Environmental Management</a>	<a href="#">80</a>
1.16	Compensation and penalty costs, related to: environmental fines paid compensation for harm (damage) caused to the environment, individual components of the natural environment (lands, water bodies, forests, fauna, etc.)		<a href="#">Environmental Management</a>	<a href="#">80</a>
1.17	Number of environmentally significant incidents (including those resulting from man-made disasters and materialized climate risks)	There were no such incidents during the reporting year	–	

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>2</b>	<b>Social performance</b>			
2.1	Payroll expenses, total	Disclosure restrictions set by the Company	–	
2.2	Ratio of the average pay in the organization to the average pay level in the region		<a href="#">Remuneration System</a>	<a href="#">61</a>
2.3	Average headcount		<a href="#">Personnel Structure</a>	<a href="#">47</a>
2.4	Percentage of employees with disabilities	0.7%		
2.5	Percentage of employees who are retirees	13%		
2.6	Percentage of employees with breakdown by each of the following categories: gender age		<a href="#">Personnel Structure</a>	<a href="#">47</a>
2.7	Average salary, total, including: <b>by job group (separately for management and separately for line personnel)</b> <b>by gender by job group</b> <b>by age group</b>	Disclosure restrictions set by the Company	–	<a href="#">Remuneration System</a> <a href="#">61</a>
2.8	Expenditures on labor safety measures, total including on average per employee	RUB 61,800	<a href="#">Health and Safety</a>	<a href="#">62</a>
2.9	Expenditures on organizing and holding social, fitness and recreational events for employees and their family members, total <b>including on average per employee</b>	RUB 275.6 million RUB 17,300		
2.10	Lost Time Injury Frequency Rate (LTIFR) per 1,000,000 man-hours for the organization's personnel excluding contractor personnel		<a href="#">Occupational Injuries</a>	<a href="#">66</a>
2.11	Number of fatalities among the organization's employees, excluding contractor personnel		<a href="#">Occupational Injuries</a>	<a href="#">66</a>
2.12	Employee training expenses, total <b>Including on average per employee</b>	5,000 per person	<a href="#">Personnel Training</a>	<a href="#">60</a>
2.13	Average number of training hours per year per employee	90 hours		
2.14	Share of employees covered by collective bargaining agreements in the average headcount		<a href="#">Management of Social Responsibility Issues</a>	<a href="#">42</a>
2.15	Share of permanent employees		<a href="#">Personnel Structure</a>	<a href="#">47</a>
2.16	Share of temporary employees		<a href="#">Personnel Structure</a>	<a href="#">47</a>
2.17	Turnover rate		<a href="#">Personnel Turnover</a>	<a href="#">48</a>



Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
2.18	Expenditures on contribution to the social programs not targeted at employees and their family members, total, including:	RUB 3.0 billion		
	<b>charity</b>	RUB 3.0 billion		
	<b>housing</b>	RUB 8.2 million		
	<b>health care</b>	RUB 3.1 million		
	<b>education</b>	RUB 3.4 million		
	<b>support of citizens in need of social assistance</b>	RUB 41.6 million		
	<b>support for persons belonging, under Federal Law No. 5-FZ dated January 12, 1995 "On Veterans", to the following categories of veterans: veterans of the Great Patriotic War, veterans of combat operations in the USSR, the Russian Federation and other countries, and veterans of military service</b>	No information available. Kuzbassrazrezugol does not separately account for expenses on support of persons belonging to the above categories of veterans	–	
2.19	Expenditures on organizing and holding medical treatment for employees and their family members, total <b>including on average per employee</b>	RUB 45.8 million RUB 2,900		
2.20	Share of employees involved in corporate volunteering projects	No information available	–	
2.21	Number of employees who received support (financial and non-financial, including permanent or temporary change of working conditions) in a difficult life situation related to the illness of a family member	No information available	–	
<b>3</b>	<b>Managerial performance</b>			
3.1	Availability of sustainable development policy and (or) other strategic documents in this area (e.g., sustainable development strategy, environmental strategy)	Yes		
3.2	A management body or committee established under the collegial management body of the organization, responsible for approving and monitoring the implementation of the sustainable development policy and (or) other strategic documents in this area (e.g., sustainable development strategy)		<a href="#">Strategic Objectives and Sustainable Development</a>	<a href="#">12</a>

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
3.3	Whether the organization's remuneration policy includes consideration of sustainability-related performance targets for determining the remuneration of its executives	The performance management system is evolving and, as of the date of this report, does not cover all divisions and management levels of the Company	–	
3.4	Total number of directors in the collegial governing body of the organization, including the share of independent directors		<a href="#">Board of Directors</a>	<a href="#">19</a>
3.5	Share of female managers in the total number of managers, total <b>including in the collegial management body</b>		<a href="#">Support for women</a> <a href="#">Board of Directors</a>	<a href="#">55</a> <a href="#">19</a>
3.6	Whether the principles of sustainable development are taken into account when the organization procures goods, works and services	Yes		
3.7	Number of recorded cases of violation of the rights of small indigenous minorities of the Russian Federation	There were no such cases in 2023	–	
3.8	Share of employees in positions with high corruption risk	19% of security personnel The Company has not identified positions with a high corruption risk		
3.9	Average number of hours of anti-corruption training per employee	The Company does not provide anti-corruption training to employees		
3.10	Number of cases of bringing the organization, its subsidiaries and affiliates to administrative responsibility for corruption offenses	There were no such cases in 2023		
3.11	Number of corporate disputes	There were no such cases in 2023	–	
3.12	Availability of a risk management policy and (or) other documents in this area	Yes		
3.13	Holding liable in accordance with the legislation of the Russian Federation for violation of consumer rights	Not applicable to the Company's operations	–	
3.14	Number of recorded socially significant incidents (strikes and cases of violation of the rights of local communities by the organization that resulted in public assemblies)	There were no such cases in 2023	–	
3.15	Existence of programs related to reintegration of employees leaving due to retirement, illness, disability	The Company has a program to support veterans and retirees		
3.16	Existence of a policy and (or) other documents stipulating the application of the principles of inclusion in the organization's activities	The Company's internal documents enshrine the need to respect human rights, including the principles of inclusion		

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>4</b>	<b>Economic performance</b>			
4.1	Revenue (revenue-like measure)	Disclosure restrictions set by the Company	–	
4.2	Total expenditures on research and (or) experimental development	RUB 2.4 million		
4.3	Labor productivity	Disclosure restrictions set by the Company	–	
4.4	Amount of accrued mandatory payments (excluding fines, penalties), total, including: <b>taxes, fees and charges</b> <b>insurance premia</b> <b>other obligatory payments</b>	RUB 23.1 billion RUB 15.1 billion RUB 8 billion RUB 299,000 (State fee)		
4.5	Amount of mandatory payments paid (excluding fines, penalties), total, including: <b>taxes, fees and charges</b> <b>insurance premia</b> <b>other obligatory payments</b>	RUB 27 billion RUB 20.1 billion RUB 6.9 billion RUB 280,000 (State fee)		
4.6	Procurement of Russian goods, works and services as a share of total procurement of goods, works and services		<a href="#">Support to Local Territories</a>	<a href="#">71</a>
4.7	Share of purchases of goods, works and services from small and medium-sized businesses in the total volume of purchases from Russian organizations		<a href="#">Support to Local Territories</a>	<a href="#">71</a>
4.8	Volume of sustainable, including green, investments and share of such investments in the total volume of investments	The Company does not issue green bonds or participate in green financing. This Appendix contains information on the Company's own investments in projects that meet the criteria of sustainable (including green) development projects in the Russian Federation	<a href="#">Green and Social Projects of Kuzbassrazrezugol</a>	<a href="#">117</a>
4.9	Volume of investments in projects related to achieving technological sovereignty and structural adaptation of the economy of the Russian Federation, and share of such investments in the total volume of investments	Not applicable to the Company's operations	–	
4.10	Indicator of economic exposure of economic and other activities to climate risks	The Company assesses the possibility of the impact of climate events on its operations as unlikely	–	

#### List of recommended indicators reflecting the organization's contribution to the achievement of national development goals of the Russian Federation

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>1</b>	<b>Preservation of population, health and well-being of people</b>			
1.1	Organization's expenditures for family and parenting support programs	RUB 63.9 million		
1.2	Ratio of the organization's expenditures on family and parenting support programs to revenue	Disclosure restrictions set by the Company	–	
1.3	Ratio of the organization's expenditures on occupational health and safety measures to revenue	Disclosure restrictions set by the Company	–	
1.4	Organization's expenditures to maintain the health of employees and community members, including: a) organization's expenditures to maintain employee health b) organization's expenditures to maintain the health of members of the local community	RUB 185 million RUB 31.2 million RUB 153.8 million		
1.5	Ratio of organization's expenditures to maintain the health of employees and community members to revenue	Disclosure restrictions set by the Company	–	
1.6	Organization's expenditures on the development of health care infrastructure	RUB 9.4 million		
1.7	Ratio of the organization's expenditures on the development of healthcare infrastructure to revenue	Disclosure restrictions set by the Company	–	
1.8	Organization's expenditures to support socially disadvantaged groups of population	No information available	–	
1.9	Ratio of the organization's expenses to support socially disadvantaged groups of population to revenue	Disclosure restrictions set by the Company	–	
1.10	Organization's expenditures to promote mass sports	RUB 59 million		
1.11	Ratio of the organization's expenditures to promote mass sports to revenue	Disclosure restrictions set by the Company	–	
1.12	Organization's expenditures on material assistance programs for the employees of the organization who experience hardship in their life	RUB 209.7 million		
1.13	Ratio of expenditures of the organization on material assistance programs for the employees of the organization who experience hardship in their life to revenue	Disclosure restrictions set by the Company	–	

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>2</b>	<b>Opportunities for self-realization and talent development</b>			
2.1	Organization's expenditures aimed at supporting education, including:		<a href="#">Career Guidance Counseling</a>	<a href="#">50</a>
	a) organization's expenditures aimed at supporting general educational organizations	No information available	–	
	b) organization's expenditures aimed at supporting organizations running secondary vocational education programs	No information available	–	
	c) organization's expenditures on programs and activities aimed at career counseling of children and youth	No information available	–	
	d) organization's expenditures aimed at supporting additional education for children and youth	No information available	–	
	e) organization's expenditures aimed at supporting higher education organizations	No information available	–	
2.2	Ratio of the organization's expenditures aimed at supporting education to revenue	Disclosure restrictions set by the Company	–	
2.3	Ratio of total expenditures on research and (or) experimental development to revenue	Disclosure restrictions set by the Company	–	
2.4	Organization's expenditures on initiatives and projects that foster the development of spiritual, moral and cultural values	RUB 261,000		
2.5	Ratio of expenditures of the organization on initiatives and projects that foster the development of spiritual, moral and cultural values to revenue	Disclosure restrictions set by the Company	–	
2.6	Organization's expenditures on projects of strengthening the tourism appeal	RUB 200,000		
2.7	Ratio of expenditures of the organization on projects of strengthening the tourism appeal to revenue	Disclosure restrictions set by the Company	–	
2.8	Organization's expenditures on volunteering activities	No information available	–	
2.9	Ratio of the organization's expenditures on volunteering activities to revenue	Disclosure restrictions set by the Company	–	
2.10	Organization's expenditures on development of infrastructure in the cultural sphere	RUB 15 million		
2.11	Ratio of the organization's expenditures on the development of infrastructure in the cultural sphere to revenue	Disclosure restrictions set by the Company	–	

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>3</b>	<b>Comfortable and safe living environment</b>			
3.1	Organization's expenditures on improvement of housing conditions of employees / representatives of local communities, including:	RUB 90.7 million		
	a) organization's expenditures on improvement of housing conditions of employees	RUB 86.1 million		
	b) organization's expenditures on improvement of housing conditions for representatives of local communities	RUB 4.6 million		
3.2	Ratio of organization's expenditures on improvement of housing conditions of employees / representatives of local communities to revenue	Disclosure restrictions set by the Company	–	
3.3	Organization's expenditures for the improvement and integrated development of cities and other settlements	RUB 360.8 million		
3.4	Ratio of expenditures of the organization for the improvement and integrated development of cities and other settlements to revenue	Disclosure restrictions set by the Company	–	
3.5	Organization's expenditures on improvement of road network quality	RUB 6.7 million		
3.6	Ratio of the organization's expenditures on improvement of the quality of the road network to revenue	Disclosure restrictions set by the Company	–	
3.7	Ratio of the organization's expenditures on the environmental protection measures to revenue	Disclosure restrictions set by the Company	–	
<b>4</b>	<b>Decent, efficient work and successful entrepreneurship</b>			
4.1	Ratio of the organization's expenditures on employee training to revenue	Disclosure restrictions set by the Company	–	
4.2	Expenditures on corporate non-state pension and/or long-term savings programs		<a href="#">Support for Veterans</a>	<a href="#">57</a>
4.3	Ratio of expenditures on corporate non-state pension and/or long-term savings programs to revenue	Disclosure restrictions set by the Company	–	

Indicator Code	Indicator Name	Comment	Place in the Report	Page Number
<b>5</b>	<b>Digital transformation</b>			
5.1	Organization's expenditures on providing access to mobile communications and the Internet in remote regions	No information available	–	
5.2	Ratio of organization's expenditures on providing access to mobile communications and the Internet in remote regions to revenue	Disclosure restrictions set by the Company	–	
5.3	Organization's expenditures on import-substitution projects for the development and implementation of Russian IT solutions, including solutions related to data storage and processing, including those delivered through startups	Disclosure restrictions set by the Company	–	
5.4	Ratio of organization's expenditures on import-substitution projects for the development and implementation of Russian IT solutions, including solutions related to data storage and processing, including those delivered through startups, to revenue	Disclosure restrictions set by the Company	–	

## Green and Social Projects of Kuzbassrazrezugol

	Sustainable Development Projects <sup>1</sup>	Projects of Kuzbassrazrezugol	Amount of investments, RUB mn	Total, RUB mn
<b>Green Projects</b>				
1.1.1	Waste disposal with recovery of material products, including secondary raw materials	<b>Disposal of waste car tires (including off-the-road (OTR) tires)</b> 4,600 tons of spent OTR tires directed to disposal in 2023	According to the existing agreement with the disposal organization, the works are performed free of charge, considering the provision of space for the placement of production facilities	–
5.6	Production and procurement of industrial, agricultural, road, construction or municipal machinery powered by environmentally friendly energy sources, conversion of existing industrial, agricultural, road, construction or municipal machinery to environmentally friendly energy sources	<b>Application of alternative energy sources for quarry machinery: LNG engines, hybrid engines, trolley trucks, hydrogen dump trucks</b>  <b>Development of variable frequency drive for heavy machinery</b> The planned annual cost and energy savings will be: <ul style="list-style-type: none"> <li>at the Kedrovskiy open-pit coal mine: 235,000 kWh and RUB 789,000</li> <li>at the Makhovkiy open-pit coal mine: 459,000 kWh and RUB 1,625,000</li> </ul> <b>Full-scale tests of dump trucks operating in gas and gas-diesel modes at the Taldinskiy open-pit coal mine</b> The savings on fuel will be: <ul style="list-style-type: none"> <li>RUB 5.5 billion with a replacement rate of 26%</li> <li>RUB 9.7 billion with a replacement rate of 38%</li> <li>RUB 13.5 billion with a replacement rate of 45%</li> </ul>	A pilot project is being prepared to modernize the electric traction drive of the BelAZ-75306 dump truck. Calculation of performance indicators and the required amount of investment is under development  1.4  219.4 (plan)	220.8
6.4.2	Projects to reduce the concentration of pollutants in wastewater	<b>Construction and upgrade of treatment facilities</b> There is a 5,164,000 tons (or 56%) decrease in pollutant discharge in 2023 compared to 2018  Project under the comprehensive scientific and technical program titled "Clean Coal – Green Kuzbass" to develop innovative technology for treatment of mine waste water	713 (since 2018)  The project involves public and private funding. At the stage of development of technological solutions, only public funding is provided. If the project is successful, Kuzbassrazrezugol will use the funding to scale up the project and roll it out into production	713 (since 2018)
7.1.1	Conservation and restoration of rare, Red Book of the Russian Federation or endangered species of animals and plants	<b>Land reclamation with the help of an endangered species – Siberian linden</b>	1.2	1.2

<sup>1</sup> According to the Resolution of the Government of the Russian Federation No. 1587 dated September 21, 2021 "On Approval of Criteria for Sustainable (including green) Development Projects in the Russian Federation and Requirements for the Verification System of Sustainable Development Financing Instruments in the Russian Federation".

Sustainable Development Projects	Projects of Kuzbassrazrezugol	Amount of investments, RUB mn	Total, RUB mn	
7.2.1	Reforestation and afforestation with full multi-year care of created forest ranges on the forest reserve land	<b>Creation of a forest shelter belt on the border of Bachatskiy settlement</b> 1 km – length of the belt	1.4	76.8
		<b>Greenification</b> > 1.5 million seedlings planted in 2023	1.7	
		<b>Reforestation</b> ~ 1.1 million seedlings	72.4	
7.3	Rehabilitation and remediation of lands, including contaminated, eroded, littered lands	<b>Mining and biological recultivation of disturbed lands</b> > 200 ha per year  Mining and technical recultivation uses our own resources. In 2023, it covered a total area of 125.06 ha.  Biological recultivation with the involvement of external experts worth RUB 16,350,600 covered a total area of 121.54 ha	16.4	18.7
		<b>Kedrovskiy ecological test site: care and monitoring</b>	1.1	
		<b>Kaltanskiy ecological test site: Siberian linden seed collection and processing</b>	1.2	
		<b>Creation of a world-class ecological test site</b>  The project will enable the development of technologies for reclamation and remediation of disturbed land, which will be applied at the Company's own open-pit mines and distributed among other industry players	The project involves public and private funding. At the stage of development of technological solutions, only public funding is provided. JSC Kuzbassrazrezugol Coal Company prepares areas for the ecological test site using its own resources. Financing of JSC Kuzbassrazrezugol Coal Company will be directed after the project is approved	
		<b>Development of specially protected natural territories – Regional Nature Monument "Artyshya" and State Natural Botanical Reserve "Ovals of the Village of Luchshevo"</b>  Development and printing of guides on ecological trails "Green Pearls of Artyshya" and "Journey along the Bottom of the Ancient Sea" (300 copies for each trail).	0.2	
		<b>Bio-melioration of the Belovskoye water-storage reservoir</b>  3,300 adult silver carps were released into the reservoir in 2023	1.4	
7.7	Implementation of projects aimed at clearing, rehabilitation and restoration of water bodies	<b>Stocking of water reservoirs</b>  45,000 fish will be released into the Kemerovo Region water bodies in 2023	1.6	3

Sustainable Development Projects	Projects of Kuzbassrazrezugol	Amount of investments, RUB mn	Total, RUB mn	
<b>Social Projects</b>				
2.1	Creation, including construction and fitting-out, renovation, overhaul, retrofitting of educational organizations, including those delivering pre-school education programs, and care and supervision of pre-school children	Overhaul and fitting-out of the sports school "Children's and Youth Sports School" in Krasnobrdskiy settlement	86	86
		<b>Purchase of sanatorium treatment vouchers for children of employees</b>  The Company pays 80–100% of the costs of purchasing sanatorium treatment vouchers for employees' children	53.1	
3.2	Implementation of projects focused on measures to improve working conditions and labor safety, including those aimed at preventing age discrimination in labor relations and supporting working mothers and other persons with family responsibilities	<b>Material assistance to families of employees to prepare their children for school</b>  In 2023, 1,119 families of employees received financial assistance to prepare 2,140 school-age children for the new school year	10.8	71.4
		<b>Support for young specialists</b>  RUB 30,000 to 50,000 – the amount of a lump-sum benefit upon employment.  Up to RUB 25,000 per month – house rent allowance	7.5	
		<b>Implementation of projects to involve the population in systematic physical education and sports, including adaptive physical education and sports, with the aim of developing a healthy lifestyle</b>	29.3	
6.2	Implementation of projects to involve the population in systematic physical education and sports, including adaptive physical education and sports, with the aim of developing a healthy lifestyle	Involvement of employees' family members in physical training and sports activities	29.3	58.4
		Improvement of the Gornyak stadium in Krasnobrodskiy settlement	24.8	
7.1	Establishment, including construction and fitting-out, renovation, overhaul, retrofitting (re-equipment) of cultural and art institutions (museums, archives, libraries, theaters, other scientific, entertainment and educational organizations operating in the field of science and culture, cultural and leisure institutions)	Allocation of rolled metal products for the construction of a sports club in the Kaltanskiy Urban District	4.3	15
		<b>Building the House of Culture in Mikhailovka</b>  The new House of Culture became the center of cultural life in Mikhailovka. It houses a library and an auditorium, and hosts cultural events and workshops	15	

	Sustainable Development Projects	Projects of Kuzbassrazrezugol	Amount of investments, RUB mn	Total, RUB mn
7.4	Implementation of projects aimed at developing libraries and museums, performing arts, cinematography, exhibition activities, as well as preserving traditional folk culture and intangible cultural heritage of the peoples of the Russian Federation	Holding of the Kemerovo Region championship in kuresh wrestling	0.2	0.3
		Organization of the national Teleut holiday called "Ildin-kun"	0.1	
8.1.1	Implementation of projects aimed at improving urban areas, increasing the comfort of the urban environment and creating conditions for active recreation, including the creation and renovation of city parks	Repair and construction of infrastructure in Bachatskiy settlement for the 75th anniversary of the Bachatskiy open-pit coal mine	50.6	360.8
		Repair of the fountain in Victory Park in Kemerovo	3.9	
		Development and repair of the infrastructure of the Prokopyevskiy Municipal District	120	
		Construction of a new boiler house in the Prokopyevskiy Municipal District	157	
		Financing of social facilities of the Novokuznetskiy Municipal District	29.3	

# CONTACT DETAILS

GRI 2-1, 2-3

**Address:** 4a, Pionersky Blvd., Kemerovo, 650054, Russia

## Reception Area of General Director of JSC Kuzbassrazrezugol Coal Company

**Tel.:** +7 (3842) 44-00-04

**Email:** [office@kru.ru](mailto:office@kru.ru)

## Directorate for Public Relations and Communications

### Sustainable Development Business Sector

**Tel.:** +7 (3842) 44-08-73, +7 (3842) 44-00-37

**Email:** [sd@kru.ru](mailto:sd@kru.ru)

### Trust Line of JSC Kuzbassrazrezugol Coal Company

**Tel.:** +7 (961) 714-76-02

**WhatsApp/Telegram:** +7 (922) 022-00-49

**Email:** [sb@kru.ru](mailto:sb@kru.ru)