APPROVED

by the Order of PJSC ALROSA

dated 27.02.2023, No. 01/43-P

**Flora and Fauna (Biodiversity) Protection Policy**

2023

**TABLE OF CONTENTS**

[1. General provisions 4](#_Toc136352064)

[2. Referenced codes and standards 5](#_Toc136352065)

[3. Terms and Definitions 5](#_Toc136352066)

[4. Goals and objectives of the Policy 6](#_Toc136352067)

[5. Policy implementation Principles 7](#_Toc136352068)

[6. Policy implementation Mechanisms 7](#_Toc136352069)

[7. Stakeholders 8](#_Toc136352070)

**INTRODUCTION**

World civilization, its anthropogenic impact, industrialization and intensification causes an ever-growing demand for natural resources, which in turn creates a threat of a global ecological crisis.

The reduction of biodiversity plays a special part among the main modern environmental problems. An intensive destruction of natural ecosystems and extinction of living organisms’ species take place. Natural ecosystems have been completely changed on a fifth of the land; thousands of plants’ and animals’ species are in danger of total extinction.

Biodiversity (biological diversity) is a term describing the variety of living organisms on Earth and the degree of change in life. Biodiversity includes micro-organisms, plants, animals and ecosystems, and has a number of functions, including maintaining ecosystem balance, that is processing and storage of nutrients, pollution control, climate stabilization, water resource protection, soil formation and protection, maintaining natural ecology. All species are interconnected and interdependent. When the natural balance is disturbed, these relationships are weakened and destroyed, causing irreversible harm to all species in the ecosystem.

Inability to solve many issues by one country is one of the essential features of the flora and fauna protection, what determines the need for coherence the world community action.

In the Russian Federation, relations arising in the field of protection and rational use of natural resources, their conservation and restoration are regulated by the international treaties of the Russian Federation, by legislation on land, water, forest, wildlife, and other environmental protection and nature management legislation.

Along with the generally accepted principles and norms of international law, the international treaties of Russia are an integral part of the legal system of the Russian Federation according to the Russian Constitution. In case of discrepancy between law or another legislative act and an international treaty in which the Russian Federation participates or a generally recognized norms of international law, the rules established by these norms or the treaty shall apply.

International organizations play a leading role in the development of international environmental law, the United Nations (UN) being a special one among them. The Convention on Biological Diversity, adopted in 1992, sets out the goal of biological diversity conservation, the sustainable use of its components and sharing the benefits arising from the use of genetic resources on a fair and equitable basis. The Convention entered into force in Russia in July 1995. The Russian Federation is also a party to biodiversity protection-related bilateral agreements with many countries in the Asia-Pacific region.

Being a world leader in diamond mining, recognizing the enduring value of biological diversity and confirming that its conservation is a common task of all mankind, PJSC ALROSA (hereinafter “ALROSA” and/or “the Company”) establishes the main measures aimed at the conservation and sustainable use of biological diversity for the benefit of present and future generations in the flora and fauna protection Policy.

# 1. General provisions

Biological diversity conservation, ecosystem balance maintenance, rational use and management of natural resources are fundamental to sustainable development. Any activity entailing pollution (littering) of forests, oppression of the flora, change in the habitat of wildlife and deterioration of the conditions for their reproduction, fattening, rest and migration routes, must be carried out in compliance with the requirements ensuring flora and fauna protection.

Actions for the flora and fauna protection should be extended to the entire life cycle of production and economic activities, including the design of facilities, their construction and operation, the acquisition of materials and raw products, the production itself, transport and logistics processes, the liquidation of facilities and restoration work.

The planning and implementation of measures aimed at the flora and fauna protection should be based on, but not limited to:

– monitoring of the biodiversity state within the boundaries of economic activity

– prevention and reduction of the economic activities’ negative impact on the state of biodiversity, including natural ecological systems, natural landscapes and their components, which have retained their natural properties, as well as planning and implementation of compensatory measures aimed at recouping for damage caused to the natural environment components

– creation of an effective management system for the conservation, sustainable use and restoration of biodiversity, including a system of measures aimed at the conservation of rare and endangered flora and fauna species and their habitats in the course of economic activities based on the analysis of environmental risks and biodiversity state monitoring (adaptive management)

– increasing the efficiency and effectiveness of measures for the conservation and restoration of biodiversity, including rare and endangered flora and fauna species and their habitats, in the areas of economic activity and in the zones of economic activity influence

– promoting an environmental culture in the society, environmental education development, fostering an attitude of care towards nature and rational use of natural resources by forming an environmentally responsible worldview among the Company’s employees, dissemination of environmental and resource-saving information, development of a system of training and continuous education on biodiversity conservation for ALROSA executives and those making decisions on economic activities that may have a negative impact on biodiversity, as well as among the population living in the areas of economic activities and in the areas of economic activities’ influence

– individual flora and fauna species can be identified for the purpose of biodiversity conservation and restoration.

The provisions of this Policy are subject to compliance by all structural divisions of the Company and are recommended for implementation by subsidiaries (collectively referred to as the ALROSA Group) as a basis for developing their own Policies.

# 2. Referenced codes and standards

2.1. “Forest Code of the Russian Federation” No. 200-FZ dated 04.12.2006.

2.2. Federal Law “On the Animal World” No. 52-FZ dated 24.04.1995.

2.3. Federal Law “On Ratification of the Convention on Biological Diversity” No. 16-FZ dated 17.02.1995.

2.4. Decree of the Government of the Russian Federation “On approval of the Strategy for the conservation of rare and endangered species of animals, plants and fungi in the Russian Federation for the period until to 2030” No. 212-r dated 17.02.2014.

2.5. Decree of the Ministry of Natural Resources the Russian Federation “On approval of the Biological Diversity Conservation Program Structure and Content Guidelines for Commercial Organizations” No. 35-r dated 25.11.2019.

2.6. GOST R 59782-2021 “Environmental Protection. Biological Diversity. Recommendations for the Formation and Implementation of a Program for the Conservation of Biological Diversity by a Commercial Organization”.

2.7. GOST R 59783-2021 “Environmental Protection. Biological Diversity. Criteria for Evaluating Rare and Endangered Species of Animals, Plants and Fungi”.

2.8. UN Convention on Biological Diversity, adopted June 05, 1992.

# 3. Terms and Definitions

This Policy uses the following terms:

|  |  |
| --- | --- |
| **Biological diversity of the wildlife** | Diversity of wildlife objects within the same species, between species and in ecological systems. |
| **Direct impact on biological diversity** | Impact that directly affects the elements of biological diversity and environmental services of the territory affected by economic activity. |
| **Indirect impact on biological diversity** | Impact on the environmental parameters of the affected area and/or on the ecosystems adjacent to the affected area, which can lead to changes in the biological diversity and environmental services of the affected area through chains of interrelated influences of abiotic and biotic factors. |
| **Cumulative impact on biological diversity** | Mutual influence (weakening, neutralization, strengthening) of direct and/or indirect impacts on biological diversity and environmental services of the territory affected by economic activity, manifested by a change in the form and/or strength of the response in biological diversity and environmental services in comparison with the individual impact of these impacts. |
| **Prevention and minimization of negative impacts on biological diversity** | The approaches, processes, methods, best available technologies and practical solutions, as well as materials, products, services or energy used to prevent the occurrence and/or reduce the intensity of negative impacts on biological diversity in spatial and temporal terms throughout the full life cycle of economic activity. |
| **Biological diversity restoration** | A set of measures taken for the sustainable existence of quantitative and other characteristics of objects of flora and fauna, restoration of the disturbed state of degraded natural complexes, natural objects, including ecosystems and habitats. |
| **Wildlife protection** | Activities aimed at preserving biological diversity and ensuring the sustainable existence of the wildlife, as well as creating conditions for the sustainable use and reproduction of wildlife objects. |
| **Sustainable use of wildlife objects** | The use of wildlife objects which does not lead to the depletion of the biological diversity of the animal world in the long term and which preserves the ability of the wildlife to reproduce and sustainably exist. |

# 4. Goals and objectives of the Policy

4.1. This Policy sets the following main goal:

– to ensure that there is no cumulative loss of biological diversity from economic activities in which the impact on biodiversity is balanced by measures taken to prevent and minimize the impact of economic activities, to restore habitat and implement compensation measures and equivalent reimbursement for significant residual impacts, if any, at an appropriate local, regional, national or transboundary scale.

To ensure compliance with the requirements of environmental and forestry legislation, as well as to develop special measures when identifying rare and endangered species of animals, plants and other types of biological resources listed in the Red Books of the Russian Federation and constituent entities of the Russian Federation.

4.2. This goal defines the following tasks:

– identification of hazardous factors and assessment of environmental risks associated with one-time, periodic and/or permanent environmental impacts of economic activity leading to negative changes in the biological diversity state

– determination of the Company’s priorities on biodiversity conservation considering individual needs in the management of environmental aspects and risks, as well as socio-economic conditions and stakeholders’ position

– adoption of a hierarchy of measures on prevention or, if this is not possible, minimization of negative impacts on biodiversity and, in case of persisting residual impacts, compensation/equivalent reimbursement for the consequences of adverse biodiversity impacts

– stimulating improvement of the environmental and social efficiency of ALROSA’s activities through the use of effective management systems to manage the impact on biodiversity

– ensuring disclosure and dissemination of up-to-date information on the conservation of biological diversity.

# 5. Policy implementation Principles

The flora and fauna protection is based on the following basic principles:

– ensuring sustainable living of the wildlife and conservation of the biological diversity of forests while increasing their potential

– preservation of environment-forming, water-protecting, protective, sanitary-hygienic, health-improving and other useful functions of forests to ensure the common right to a favorable environment

– forests management considering their global ecological significance, the duration of cultivation as well as other natural properties of forests

– forests conservation, including their conservancy, protection, reproduction and afforestation;

– using forests without harming the environment and human health

– support for activities aimed at the protection of wildlife and its habitat

– use of wildlife with allowing for no cruelty to animals

– separation of the right to use wildlife from the right to use land and other natural resources

– payment for the use of flora and fauna.

# 6. Policy implementation Mechanisms

For the Policy to deliver results, its principles and priorities must be based on specific aspects for their implementation, among which the following seem to be the most important.

6.1. Legal (legislative and regulatory framework) aspect: developing measures and implementing biodiversity conservation activities require current following regulatory legal acts and international standards as guidelines. It is mandatory to consider biodiversity conservation when conducting projects’ environmental assessment, including assessments of compliance obligations and compliance risks in the field of legislation on the protection of flora and fauna.

6.2. Economic aspect: calculation of the harm caused to flora and fauna species, when facts of violation of the Russian Federation legislation on environmental protection are revealed, including legislation on the protection and use of biological resources and their habitat, the occurrence of which is established on the results of state control and field surveys, instrumental determinations, measurements, laboratory analyses and expert assessments.

6.3. Financial aspect: creation of conditions for complete openness and validity of the processes of determining and spending of funds allocated for biodiversity conservation.

6.4. Practical aspect: implementation of specific activities aimed at biodiversity conservation, including monitoring and research activities.

6.5. Partnership aspect: interaction with specialized institutions, centers; coordination of actions, planning and implementation of joint activities.

6.6. Management aspect: creation of a unified management system for the conservation and monitoring of the state of biodiversity and the ecological balance of “man and wildlife”; the use of the principle of a mitigation hierarchy to reduce the impact on biodiversity and ecosystem establishing priority from the most to the least preferred ones and allowing to make informed investment decisions:

– prevention of biodiversity loss

– minimizing the impact on biodiversity

– biodiversity restoration

– compensatory measures, including equivalent reimbursement.

6.7. Educational aspect: raising the level of environmental literacy, promoting environmental knowledge, formation of public opinion on biodiversity conservation issues, wide public involvement in the implementation of specific activities in this area.

# 7. Stakeholders

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

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

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

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

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