



UDOKAN  
COPPER

UDOKAN COPPER LLC  
SUSTAINABILITY  
REPORT

2023



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[2-3] The presented Sustainability Report (onwards - "the Report") discloses information on the key performance of Udokan Copper LLC (onwards - "Udokan Copper", "the Company") in regards to environmental issues, occupational health and safety, employee and local community support, and protection of human rights, as well as plans and strategic priorities in the relevant areas. The Report covers the period from 1 January 2023 to 31 December 2023 and is the fifth report the Company publishes annually.

# STATEMENT FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear colleagues and partners,

I am pleased to present to you our annual Sustainability Report, not only a detailed description of our achievements, but also a testament to our commitment to incorporate sustainability principles into all aspects of our operations.



The year 2023 marks 15 years since our Company embarked on the exploration of one of the world's largest copper deposits. This time has been filled with team efforts, constant pursuit of innovation and development to accomplish mission that had not been possible since the 1960s - to successfully develop the deposit and build a processing facility in the most challenging climatic and mountain conditions, far away from infrastructure and large settlements.

Since the very beginning of our quest, we have attached the utmost importance to sustainable development, endeavoring to implement the Udokan deposit development project with minimal environmental impact. Today, we are pursuing a mission to change the world around us for the better and to produce the products needed for the new industrial order. We are convinced that respect for the environment and concern for the well-being of society are integral components of our success. And that is precisely what motivates us to continuously improve and innovate.

We use technologies and approaches that enable our products to be not only highly demanded in domestic and international markets, but also contribute to the transition to cleaner energy for future generations.

With the launch of Udokan's concentration plant in the reporting year, the Board of Directors placed even greater emphasis on sustainability in its strategy planning. We have approved the work plan for the Climate Program and adopted a number of critical documents that set out our approach and commitments in the most substantial aspects. In particular, we have adopted the Integrated Environmental Policy, the Stakeholder and Community Engagement Policy, the Policy on Respect for Indigenous Peoples' Rights, and a core document, the Sustainability Policy. The Board of Directors intends to continue working on the shaping of strategic approaches to the implementation of sustainable development principles, taking into account leading and well recognized practices.

As we look into the future, we do so with certainty in our capabilities and with a firm belief that our strategy will allow us to confidently advance, overcoming any challenges and reaching new heights!

Valery Kazikaev,  
Chairman of the Board



# STATEMENT FROM THE CEO



12-221 Dear colleagues and partners,

Despite the external challenges and numerous difficulties of the present day, in 2023 Udokan Copper maintained a firm course of development and continued to fulfill its key objectives.

In the reporting year, we celebrated an important date - 15 years of the Company.

In the arduous conditions of the Far North, our modern enterprise operates using the cutting-edge equipment and professional technological solutions, which helps to unlock the greater potential of our deposit.

Every day, the Udokan Copper team passes an exam, the result of which is effective work on mining and processing of Udokan ore.

Behind each achievement stands accumulated experience, the best mining traditions combined with advanced technologies and, ultimately, the hard work of almost 4,000 employees.

I am thankful to the Company's employees for their professionalism and dedication.

In the reporting year, we continued to pursue our strategy whereby the Company actively integrates the principles of sustainable development into all aspects of our operations. We are implementing a recycling water supply project, commenced work on the climate program actions and launched the construction of a modern waste landfill.

We continue to attract the best personnel to Udokan Copper, relying on both experienced employees and talented youth. We are engaged

in the children's personal development and, starting from school, we help them to choose a professional path and, in the future, start working for the Company. For example, with our support, an innovative education center "Cuprum" was opened in the Kalar District of the Zabaikalsky region, where students can gain knowledge of the fundamentals of mining and get a working profession. Udokan Copper actively cooperates with Zabaikalsky State University and Zabaikalsky Mining College named after M.I. Agoshkov. This enables students to pursue a career in our Company in the years to come.

Our unconditional priority is to participate in the life of local communities, enhance infrastructure and support the social and economic growth of the Zabaikalsky region, as well as preserve the unique traditions of the indigenous minorities of the North. The amount of annual investments into these areas under the agreement with regional and local authorities exceeded 465 million rubles in 2023.

Drawing on the best global practices, we strive to share experience, ideas and know-how with all those who share our values, uniting our efforts to address global challenges. In the reporting year, we participated in expert thematic sessions at the country's largest business events - the St. Petersburg International and Eastern Economic Forums, and also participated in the 28th Conference of the Parties to the UN Framework Convention on Climate Change as part of the national delegation.

As we present to you our fifth annual Sustainability Report, we hope to reinforce trust among all our stakeholders, foster dialog and cooperative efforts to create a better future!

Alexey Yaschuk,  
Chief Executive Officer



# KEY EVENTS AND RESULTS

## LAUNCH OF THE PROCESSING PLANT

We started production and marketing of finished products - copper concentrate, reaching an important

milestone in one of the most ambitious mining projects in Russia.

## ENVIRONMENTAL PROTECTION

**40.8** million rubles (+56% compared to 2022) were invested in environmental protection in 2023.

No violations of environmental laws were identified.

**4.9** thousand tonnes of waste were generated in 2023, of which almost 99% is 'almost no-hazard' or 'low-hazard' waste.

The Ingamakitsky groundwater deposit was put into operation.

The Company started construction of a state-of-the-art industrial and municipal waste landfill.

Implementation of the recycled water supply system is underway with reuse of water from the tailings pond in the technological process.

## TAKING CARE OF THE SOCIETY AND EMPLOYEES

**465.3** million rubles were invested into regional development in 2023 (+47% compared to 2022).

**> 9.8** billion rubles were paid in salaries in 2023.

**> 40** million rubles were invested in staff training in 2023.

**9** million injury-free man-hours were logged by employees thanks to OHS improvements at Udokan Copper in 2022 and 2023.

**0** work-related fatalities involving the Company's employees were recorded in 2023.

## ADHERENCE TO GOOD GOVERNANCE PRACTICES

Action plan for the Climate Program was approved.

Key ESG policies were put in place.

The Staff and Remuneration Committee and the Audit Committee were established by the Board.

The Company benefited from exchanging best practices at a number of major ESG events, including the COP28, sustainability sessions at the Eastern Economic Forum and St. Petersburg International Economic Forum.

No instances of corruption or violations of the Anti-Corruption Policy were recorded in 2023.

Zero human rights violations or discrimination cases were identified in 2023.



# ABOUT THE COMPANY

[2-1], [2-6] Udokan Copper was established in 2008 to develop the Udokan copper deposit in Kalarsky District of the Zabaykalye Region, Russia's largest and one of the world's largest copper deposits.

With its cutting-edge technologies and a strong team of professionals, the Company was able to overcome the challenges that stalled the deposit development for 35 years and implement a unique greenfield project, setting up industrial operations in 2023 and producing the first copper concentrate within just 15 years.

- 1947 ▾ Justification of the expediency of exploration works
- 1949 ▾ Udokan copper deposit discovered
- 1952-1966 ▾ Pre-exploration works of the Udokan copper deposit
- 1975-2000 ▾ Detailed exploration works, testing of bulk samples, updating reserves estimate
- 2008 ▶ **Baikal Mining Company (later "Udokan Copper") established**
- 2008-2016 ▾ Technological processes developed, feasibility study prepared
- 2017-2018 ▾ Udokan Mining and Metallurgical Plant designed
- 2019 ▾ Construction works started



- 2020 ▾ Core equipment delivered
- 2021 ▾ Core equipment installed
- 2022 ▾ Civil construction and capital mining operations performed
- 2023 ▶ **Construction and installation works completed; processing plant launched**

**No. 1 deposit in Russia**  
by copper reserves

**No. 3 deposit in the world**  
by copper reserves (among the existing greenfield projects)

**> 1% copper level in ore,**  
one of the world's highest for open-pit mines

**26.7 million**  
tons of proven copper reserves\*

The Company produces copper – a backbone material for the growing high-tech sector and an integral component in creating environmentally friendly energy supply systems that facilitate the transition to more sustainable energy for future generations. It is used to produce solar panels, wind turbines, geothermal systems and other devices that run on clean energy sources, and its unique properties ensure efficient power transmission, as well as high corrosion resistance and durability of equipment.

Since the onset, the Company has been following best ESG practices in setting up low-carbon production processes and helping consumers reduce their own carbon footprint. As a developer and holder of patents to ore concentration technologies, the Company uses the hydrometallurgical process, generating lower GHG emissions than the more common pyrometallurgical ones, involving the smelting furnaces.

\* As per the JORC Code (the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves)



## Udokan Copper sees its mission in producing metals for a safe and technologically efficient future, in harmony with the nature and caring for people

In September 2023, the Company launched the concentrator plant, an integral part of the processing facility, with the ore crushing, milling, and floatation units needed to produce sulfide concentrate, a much sought-after product in the domestic and global markets. The next step is the launch

of hydrometallurgical plant to produce cathode copper. At Stage 1 of the project, the Company plans to scale up its copper production to **150 thousand tons**; with the launch of Stage 2, the plant is expected to place among the ten largest copper producers in the world.



The launch of the plant and the applied technological solutions were awarded by the **Russian Mining Award** as the **"Mining Project of the Year"**. The award

was bestowed for the "successful and effective implementation of an outstanding mineral mining or processing project over a two-year period".

### In 2023, the Company:

- completed capital mining works and started mining operations at the Zapadny pit;
- produced over six million tonnes of copper ore;
- drilled more than 30,000 linear meters of wells to update the geological data.

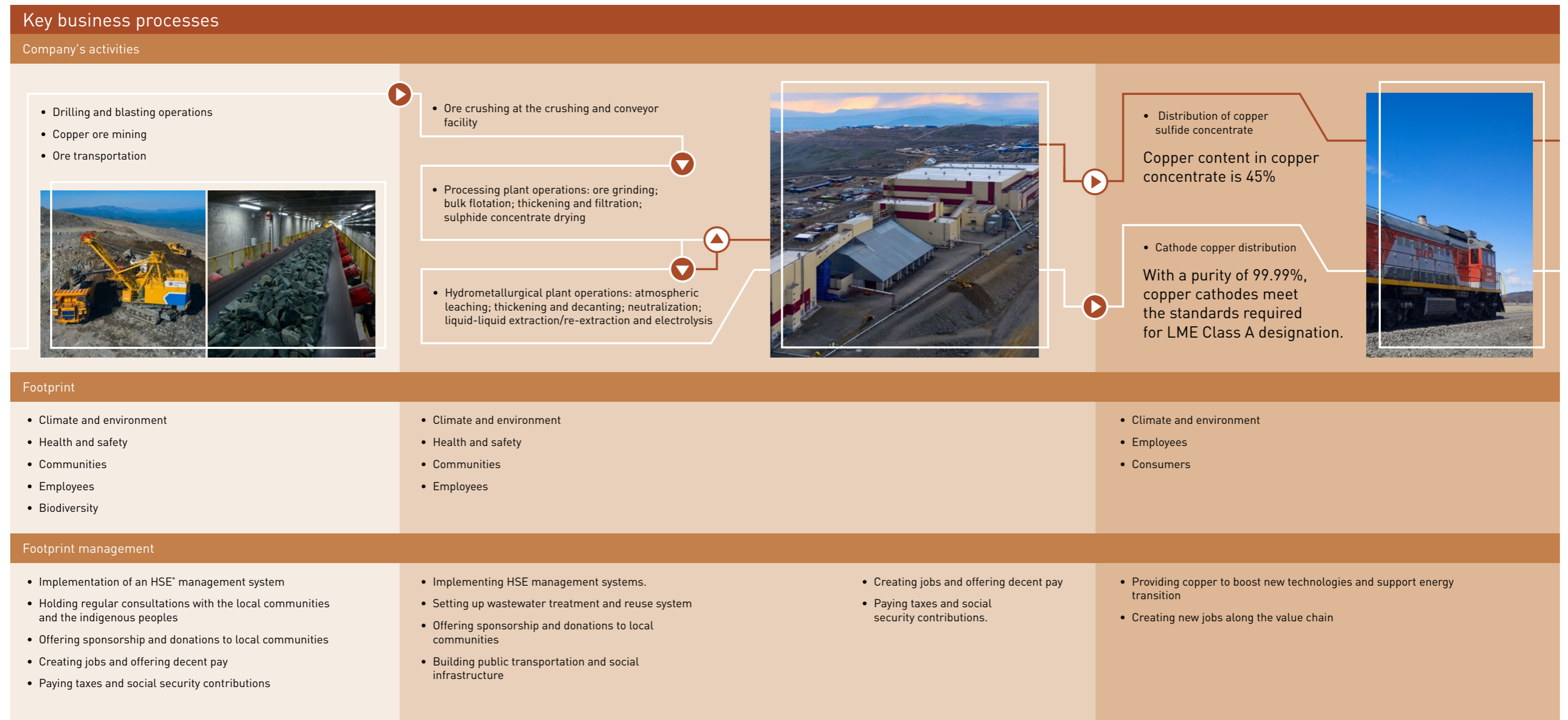


# Business model

The Company's business model covers all stages of production, as well as distribution to processing enterprises and consumers.

A responsible approach to doing business is integrated into every stage of the Company's business model: from the use of the best available technologies to developing

the infrastructure, creating decent working conditions, protecting the environment, and supporting the ancient traditions of the indigenous peoples.



## Key stakeholders

Local and indigenous communities\*\*; employees; members of the board of directors; contractors and partners; creditors; investors, and consumers.

\* Health, safety, and environment

\*\* Communities of indigenous peoples of the North included in the List of Indigenous Peoples of the North, Siberia, and the Far East of the Russian Federation [approved by Resolution No. 536-r of the Russian Government of 17 April 2006]



## Sustainable supply chain

[407-1], [408-1], [409-1]

The Udokan Copper success in achieving its expansion plans and delivering on its commitments to stakeholders along the value chain largely depends on the reliability of its vendors and the development of long-term relationships with the partners that share its values.

In 2023, the Company continued to adapt to the external restrictions in the supply of equipment, consumables and spare parts, successfully introducing alternatives for most items while maintaining both the quality of resources consumed and products manufactured.

The reporting year marked the Company's transition from construction to operations, which shifted the focus of procurement Udokan Copper from securing the resources needed for the timely launch of production to building an operating system and ensuring the economic efficiency. To develop long-term relations with vendors, the Company implements the Procurement Policy (the "Policy") based on the best industry practices, which is kept up-to-date to reflect the changes in the internal and external environment. The Policy regulates all aspects of procurement processes, such as distribution of roles

and responsibilities; approving authorities and contract management, both before and after contract signing.

At Udokan Copper, procurement is based on the principles of:

- fair competition;
- transparent procurement management;
- building long-term and mutually beneficial supplier and contractor relationships;
- commitment to ethical business practices and legal compliance;
- reducing dependence on foreign technology and supporting the local vendors.

Besides, In its Sustainability Policy adopted in 2023, the Company committed to thoroughly evaluating its business partners, vendors, and contractors, promoting respect for human rights both on work sites and in the supply chain. The Company further committed to adhering to the principles set out by the Organization for Economic Co-operation and Development (OECD) in its Due Diligence Guidance for Responsible Supply Chains\* and similar guidelines.

In 2023, Udokan Copper developed a new regulation governing the procurement of goods and services from third parties (the "Regulation"), which outlines the procurement process, types of procurement procedures, documents and risk factors. In particular, the Regulation formalizes the Company's approach to setting up a tender committee, which ensures a competent assessment of all bids and selection of preferred vendors based on a combination of factors. The Regulation is expected to be approved in early 2024.

## Procurement management system

The Company focuses on ensuring procurement transparency and competitive sourcing. All purchases

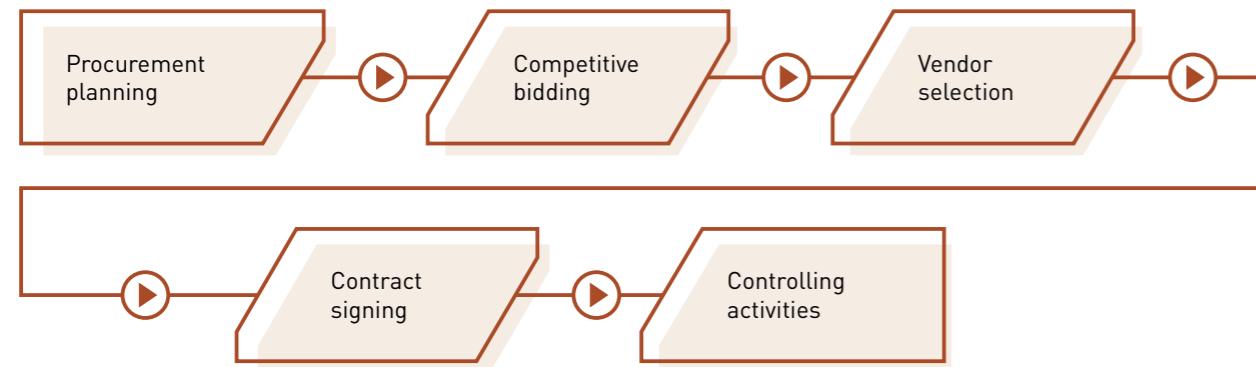
in excess of 250,000 rubles are subject to competitive bidding at e-bidding platform B2B-Center\*\*.



\* The OECD's 'Due diligence guidance for responsible supply chains'  
 \*\* In early 2024, the bidding threshold was lowered to 100,000 rubles.



## Procurement process



Udokan Copper thoroughly screens its potential vendors for professional experience, financial stability, and business reputation, including for violations of environmental and labor laws, human rights and business ethics. For some procurement categories, it additionally assesses the implementation of quality control, environmental management, and HSE systems, as well as anti-corruption policies and procedures. The screening is performed with respect to all new and existing suppliers as part of the vetting process.

The Company expects its counterparties to uphold the same high ethical standards and principles of sustainable development as set forth in the Policy and Code of Corporate Ethics when engaging with their own partners. The provisions on compliance with the Russian labor and environmental laws and anti-corruption clauses are incorporated in all Company's contracts with the existing vendors and contractors. If any breaches are identified on the vendor's part, the Company may suspend the contract until the breach is remedied or terminate it altogether.

In 2023, Udokan Copper had no arrangements with suppliers carrying a significant risk of using child or forced labor, violation of rights to freedom of association and collective bargaining, or with risk of human rights violations\*.

## Procurement results

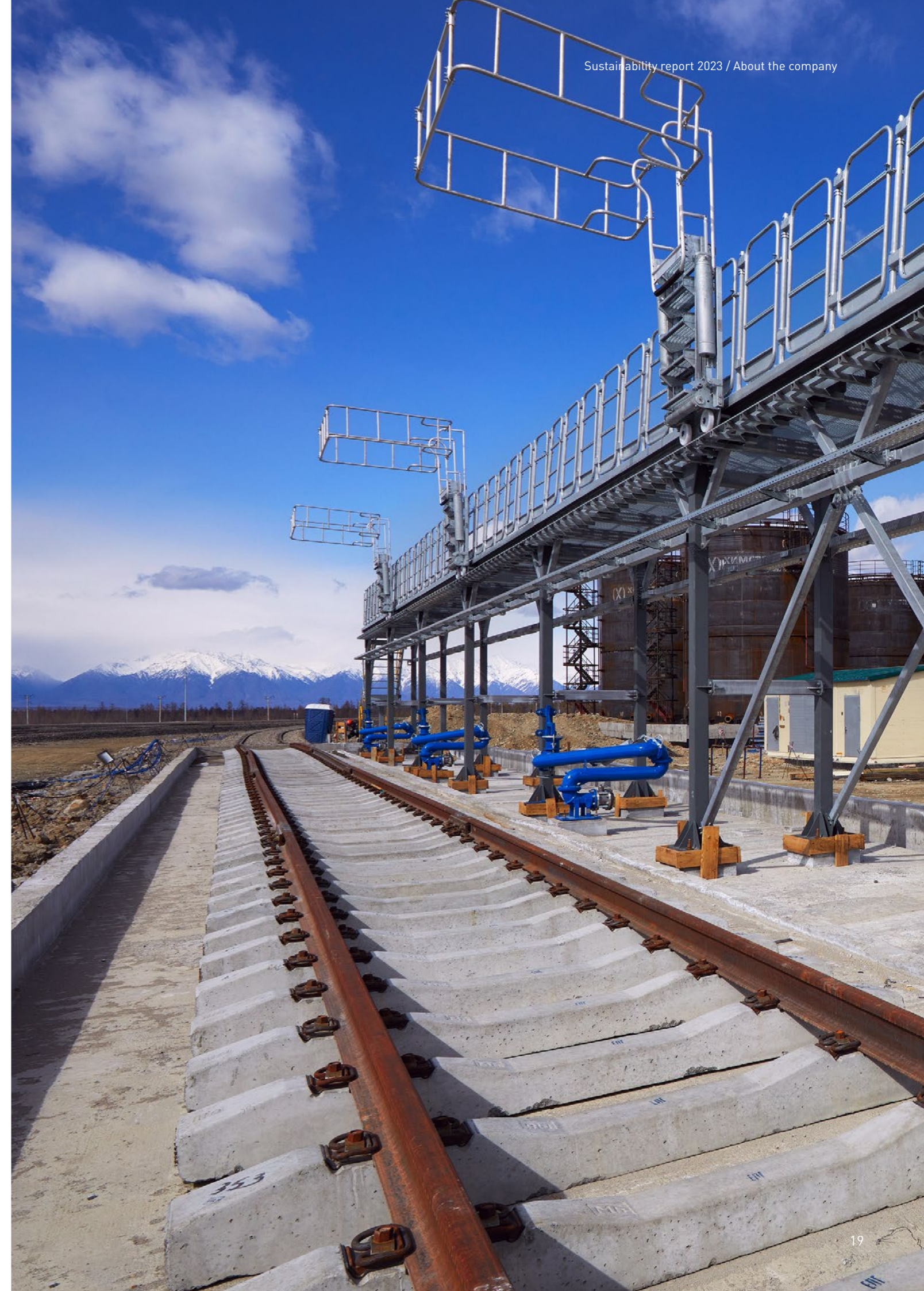
The local vendors account for more than 99% of all vendors the Company signed contracts or specifications with in 2023\*\*.

In 2023, the key areas of procurement included:

- mining vehicles;
- spare parts for automotive vehicles, quarry, construction and other self-propelled machinery;
- chemicals;
- consumables and process materials.

\* The above-mentioned risks were not identified during vendor due diligence and integrity check procedures. Neither were any of such incidents reported to the Company's hotline.

\*\* The local vendors are vendors that are Russian residents.





# CORPORATE GOVERNANCE

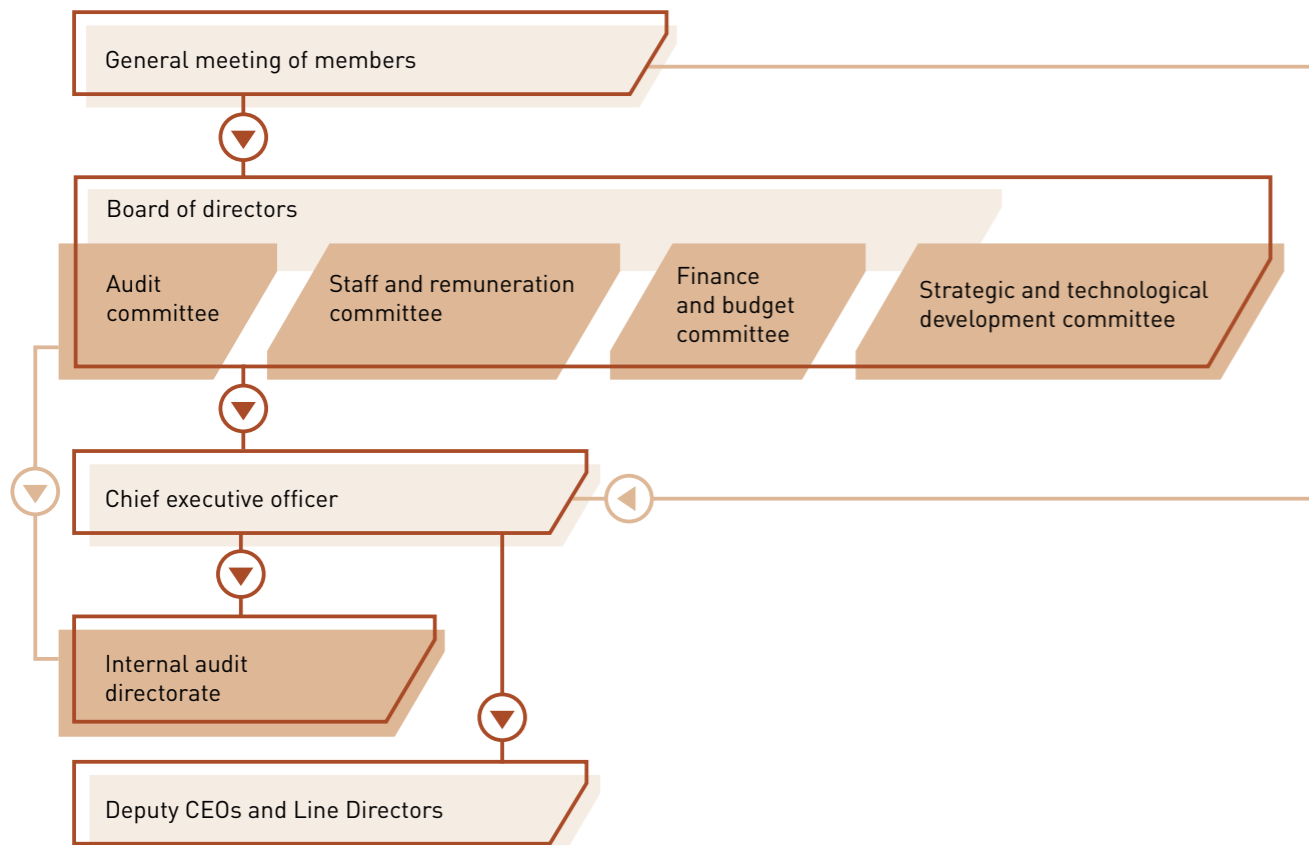
[2-9], [2-10], [2-11], [2-12]

Having a solid corporate governance framework is paramount to the success of Udokan Copper, enabling us to build robust operational processes, while safeguarding the interests of all stakeholders and achieving our strategic objectives in the long term.

The transparency of the corporate governance framework and its focus on creating long-term value for the Company's owners and all stakeholders are ensured by the properly designed system of rules, procedures, and practices, the control and reporting system, and the well-established interaction between the key stakeholders represented by the Board of Directors and executive management.

The corporate governance framework of Udokan Copper is in line with the current level of the Company's maturity and applicable best practices. Our principal corporate governance documents include the Company's Charter and a number of internal regulations\*, developed in accordance with the Russian laws.

## Our corporate governance structure\*\*



\* The Regulation on the Board of Directors, the Regulation on the Finance and Budget Committee, the Regulation on the Strategic and Technological Development Committee, the Regulation on the Staff and Remuneration Committee, and the Regulation on the Audit Committee

\*\* As at 31 December 2023

[2-11], [405-1]

## Key functions of corporate governance stakeholders

### General Meeting of Members

The General Meeting of Members determines the Company's priorities, elects the Board of Directors and the CEO, and approves the annual reports and financial statements, the fair presentation of which is evaluated by independent auditors.

In the reporting period:

- **10 people** sat on the Board, including three independent directors and one female member
- **36 meetings** were held by the Board of Directors, in person and remotely
- **58 agenda items** were considered, including those related to corporate governance, sustainability, and major transactions required to secure the Company's operations and development.

### Board of Directors

The Board of Directors is responsible for the Company's overall management; approves major transactions, annual budgets and reports of its utilization, appoints dedicated committees.

The process of nomination and cessation of authority of the Board members is regulated by the Russian legislation and the Company's Charter. The Board of Directors is elected and discharged in accordance with the Russian laws and the Company's Charter. In accordance with the corporate agreement, the Board of Directors must include independent candidates approved by the syndicate of banks. In the reporting year, the Board of Directors included three independent directors.

In 2023, the Board of Directors established two new committees — the Staff and Remuneration Committee and the Audit Committee; the Strategic and Technological Development Committee and the Finance and Budget Committee continued their activities.

### Chief Executive Officer (CEO)

CEO is responsible for the Company's day-to-day operations and the implementation of its corporate strategy. Alexey Yaschuk, a former head of the Operations Directorate and First Deputy CEO, was appointed the CEO of Udokan Copper in December 2022. As required by the Russian laws, the Company's CEO does not act as the Chairman of the Board of Directors.





# Sustainability management

We are constantly adjusting our corporate governance framework to ensure the efficient running of our production units and the achievement of our sustainability goals. Since we seek to implement sustainability principles in all of our business processes, our sustainable development goals are incorporated in all levels of corporate governance:

- **Strategy development and implementation** —> the Board of Directors and the CEO
- **Operational matters** —> the majority of business divisions within their competencies and areas of responsibility. Key issues are overseen by the head of the Operations Directorate and Deputy CEO, the Deputy CEO for Security, the Director for Legal Issues, the Director for External Affairs, the Director for Human Resources and Organizational Development, the Director for PR and Communications, the Supply Chain Management leaders, and the Director for Health, Safety and Environment.

The responsibilities of senior executives — Deputy CEOs and Line Directors — are set out in their job descriptions and regulations on their respective structural subdivisions. Providing management reporting to the Board of Directors is coordinated and supervised by the Company's CEO.

The Sustainability Management Department is responsible for the development and implementation of sustainability practices. In the reporting period, its activities were supervised by the Deputy CEO for Sustainable Development and Corporate Affairs\*.

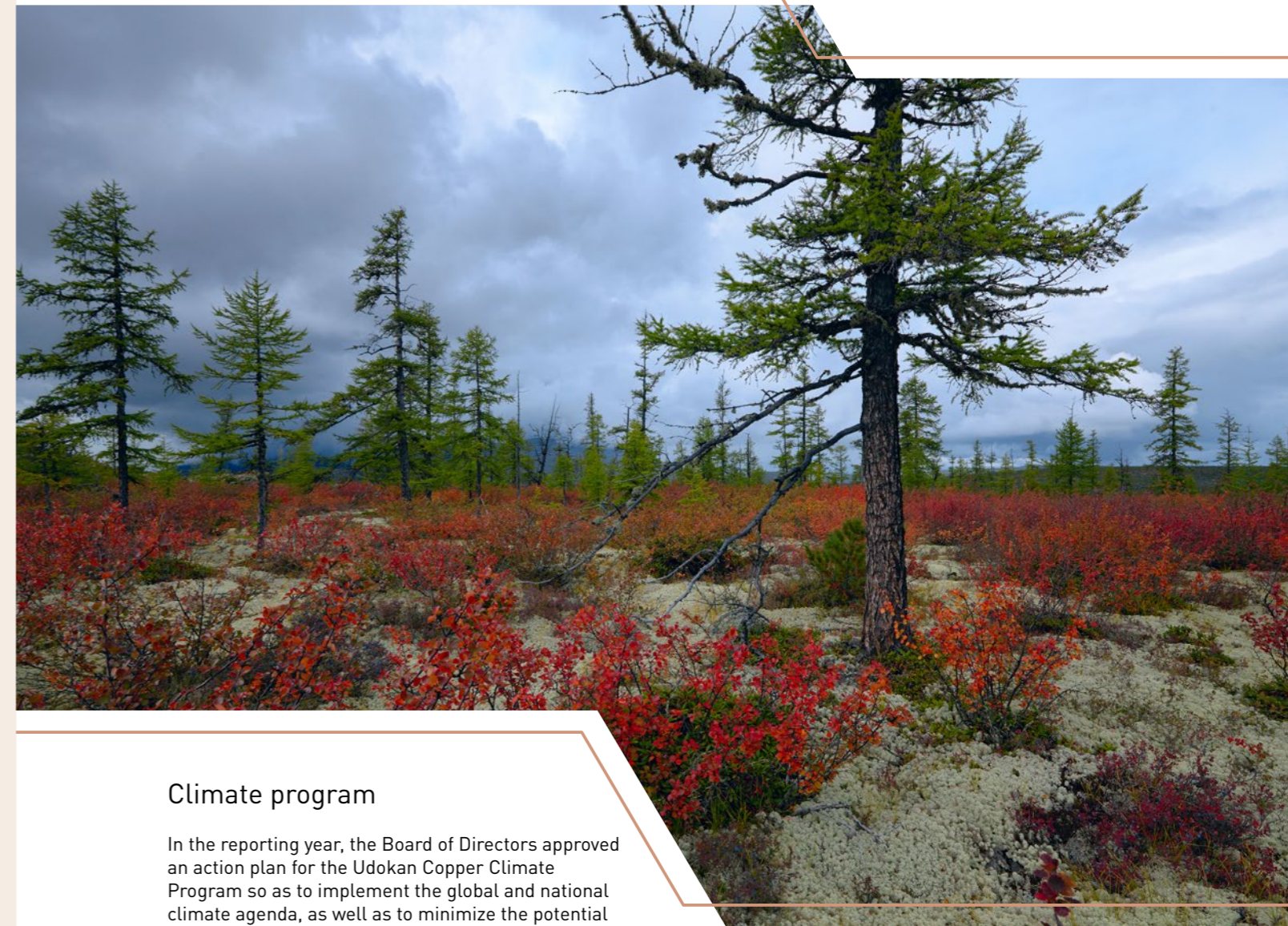
The key sustainability issues addressed by the Company's senior executives in 2023 focused on preparing ESG documentation and the climate program implementation plan.

## ESG policies

As development of sustainable development practices and their integration into all operational processes continued in the reporting year, the Company prepared a number of key policies for the Board of Directors' approval, outlining Udokan Copper's environmental and social commitments, as well as the mechanisms for implementing and overseeing compliance with the relevant practices. The key ESG policies considered and approved by the Board of Directors in 2023 include:

- Sustainability Policy
- Key Stakeholder Engagement Policy
- Local Community Engagement Policy
- Indigenous Peoples' Rights Policy
- Comprehensive Environmental Policy
- Tailings Management Policy.

The main policies are available in the sustainable development section of the Company's [website](#).



## Climate program

In the reporting year, the Board of Directors approved an action plan for the Udokan Copper Climate Program so as to implement the global and national climate agenda, as well as to minimize the potential implications of the evolving carbon regulation in Russia and priority markets.

As part of the Climate Program, the Company:

- Identified and quantified the sources of greenhouse gas (GHG) emissions for the first and second phases of the project
- Obtained confirmation of calculations from an independent verifier, BSI (British Standards Institution)
- Assessed the carbon intensity of production and performed a sectoral benchmarking study on climate targets and GHG emissions intensity
- Considered scenarios of reducing the GHG emissions by intensity and in absolute terms

- Developed a list of potential emissions reduction measures with a cost estimate for their implementation up to 2035

The program activities for 2023 and 2024 allow to test out the most cost-effective GHG emission reduction tools, in particular, pilot decarbonization deals for electricity purchased under free bilateral contracts with hydro- and RES generation, as well as to introduce international practices of addressing climate targets, and to commence the creation of a corporate system for monitoring and reporting the GHG emissions.

The program's long-term activities have a planning horizon up to 2035.

\* At the end of the reporting period, the Department was subordinated directly to the Company's CEO





In its sustainability efforts, Udokan Copper aims to create operational processes based on the highest environmental and industrial safety standards that maximize the efficient use of resources and have a positive impact on the social and economic development of the regions where it operates.

In 2023, to reinforce its commitments in this strategic area, the Company approved a separate [Sustainability Policy](#) based on the leading international guidelines and standards. The Policy sets out the Company's principles and commitments in the key areas of impact, describes key approaches to their implementation, compliance, and control.

## Our principles

### Respect for human rights

The Company rigorously respects human rights and recognizes their importance with respect to all stakeholders.

### Ethical behavior

The Company strives to comply with the ethical business standards and promote a corporate culture in line with the best international practices in this area.

### Impact management

The Company recognizes the critical importance of managing the social, environmental and economic impacts associated with its operations. In this regard, the Company prioritizes the introduction of innovative technologies to ensure efficient use of natural resources, maintain an appropriate level of environmental safety, and sustain a favorable and comfortable environment in the Company's areas of operation.

### Stakeholder engagement

The Company aims to build effective interaction and communication with all stakeholders based on the principles of openness, transparency, fairness and respect for the interests of each stakeholder.

### Legal compliance

The Company complies with the national and regional legislation in all applicable areas.

### Setting and achieving sustainable development goals

The Company regularly sets and updates sustainability goals that are prioritized in its operations.

### Reporting

Regular sustainability reporting is the Company's primary platform for communicating its sustainability activities, key areas of focus, performance and plans in an accessible and understandable manner. Annual sustainability reports are prepared and disclosed in accordance with the leading non-financial reporting standards, published publicly and independent assurance is obtained on them.



**WE SUPPORT**



Udokan Copper has joined the UN Global Compact and is a member of the Global Compact National Network in Russia, complies with the principles stipulated by this membership, and promotes responsible business practices among Russian companies.

## Contribution to the UN SDGs and national development goals

Having integrated the sustainability agenda into its business strategy and operational processes, in the reporting year, Udokan Copper continued

to contribute to the achievement of the key UN SDGs and Russia's National Development Goals.



The UNGC principles	Report section
<b>HUMAN RIGHTS</b>	
1. Businesses should support and respect the protection of internationally proclaimed human rights	Business ethics, anti-corruption, and human rights
2. Businesses should make sure that they are not complicit in human rights abuses	
<b>LABOUR</b>	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	People development
4. Businesses should uphold the elimination of all forms of forced and compulsory labor	
5. Businesses should uphold the effective abolition of child labor	
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation	
<b>ENVIRONMENT</b>	
7. Businesses should support a precautionary approach to environmental challenges	Environmental responsibility
8. Businesses should undertake initiatives to promote greater environmental responsibility	
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	
<b>ANTI-CORRUPTION</b>	
10. Businesses should work against corruption in all its forms, including extortion and bribery	Business ethics, anti-corruption, and human rights

UN sdgs	Russia's national development goals	Udokan copper's contribution
	Ensure sustainable natural population growth, public health and well-being	<ul style="list-style-type: none"> <li>• Creating safe working conditions</li> <li>• Employee health checks and preventive measures to ensure occupational safety</li> <li>• Implementing innovative projects for the development of regional healthcare facilities and direct material support</li> </ul>
	Opportunities for self-fulfillment and people development	<ul style="list-style-type: none"> <li>• Implementing innovative training solutions and an accessible learning environment for all employees</li> <li>• Cooperation with educational institutions in the region of operation</li> <li>• Direct material support to the region's education system</li> </ul>
	Decent and effective work and successful entrepreneurship	<ul style="list-style-type: none"> <li>• Creating jobs for qualified specialists in the regions where the Company operates</li> <li>• Ensuring the above-average level of wages in the region of operation</li> <li>• Issue grants to support small businesses and entrepreneurial initiatives</li> </ul>
	Digital transformation	<ul style="list-style-type: none"> <li>• Overall development of the region where the Company operates, including the construction of infrastructure facilities</li> <li>• Using a patented innovative copper ore processing scheme</li> <li>• Producing a key material for the development of advanced technologies</li> </ul>
	Regional development	<ul style="list-style-type: none"> <li>• Joining the Anti-Corruption Charter of the Russian Business</li> <li>• Joining the UN Global Compact and membership in Global Compact National Network in Russia</li> <li>• Participating as an expert in key specialized events on Russian and international platforms</li> <li>• Annual cooperation program</li> </ul>





# BUSINESS ETHICS, ANTI-CORRUPTION, AND HUMAN RIGHTS

Complying with the highest ethical standards and implementing corporate values is a core focus area for Udokan Copper, as defined in the [Corporate Code of Ethics](#).

The Company strives to comply with the established principles of ethical conduct and is committed to meeting the best international standards in developing its corporate culture. The Code

is mandatory for all employees of Udokan Copper, as well as its suppliers, contractors, and business partners.

**100%** of employees have acknowledged the Company's anti-corruption policies and procedures.

**100%** of counterparties have acknowledged the Company's anti-corruption policies and procedures.

## Combating corruption

Udokan Copper values its business reputation and appreciates the trust that its business partners, investors, and the government place in the Company and does not tolerate any form of corruption in its activities or own interests. Combating corruption and bribery and their prevention across all business functions is one of the Company's commitments formalized in its Sustainability Policy.

The basic document governing anti-corruption activities is the Anti-Corruption Policy. It complies with the applicable legal requirements and best practices that enable effective counteraction

to any manifestations of corruption. The document is mandatory for acknowledgment by all employees and is incorporated in all employment contracts, job descriptions, internal labor regulations, as well as contracts with contractors and suppliers.

The Security Directorate and its special Anti-Corruption Compliance and Analytics Department are responsible for ensuring compliance with the anti-corruption requirements.

In 2023, no instances of corruption or violations of the Company's Anti-Corruption Policy were recorded.

### Anti-corruption Charter of the Russian Business

In late 2022, Udokan Copper joined the [Anti-corruption Charter of the Russian Business](#), a joint initiative launched by the Russian business community, to affirm the Company's commitment to the highest standards of business ethics promoted by major Russian companies. In addition to assuring compliance

with the Russian anti-corruption legislation, membership in the Charter and implementation of its provisions ensure the introduction of best anticorruption practices, effective financial control, and transparency of anti-corruption measures.

In 2024, the Company intends to obtain assurance of compliance with the Charter.

Udokan Copper performs annual anti-corruption monitoring procedures, including the assessment of corruption factors and the overall efficiency of the systems aimed at combating corruption to ensure proactive prevention, identification, and elimination of potential corruption threats. The findings are compiled into a report with a description of the current corruption risks and used to identify corruption-vulnerable processes and positions based on their potential impact on business decision-making. The report is submitted to the Company's CEO.

In the reporting year, all divisions of Udokan Copper with corruption-vulnerable processes were thoroughly checked as part of the anticorruption monitoring program.

The Company's internal regulations designate 19 processes with high corruption potential, including:

- Contracting, procurement, and sales support
- Accounting, allocation, and sourcing of materials and resources
- Supplier control

Besides the processes with high corruption potential, the Company's internal documents also designate positions with a high corruption exposure based on the nature of the duties performed, which account for 9% of the Company's total headcount. Udokan Copper has special anti-corruption training programs and additional control measures in place to mitigate such employees' exposure.



### Employee training

The Security Directorate jointly with the HR and Organizational Development Directorate developed anti-corruption training materials, mandatory for both new and existing employees.

The Company annually tests employees for the knowledge of anticorruption legislation, updating the tests to account for legislative changes. The training

course is designed to take about an hour to complete, including the test.

The Security Directorate issues a monthly newsletter posted on the corporate portal, covering a wide range of the most recent anti-corruption issues, as well as the necessary contacts to receive further information or report any suspected violations. Notice of the new newsletter issue is e-mailed to every employee of the Compan.

**1,981** employees completed the anti-corruption training program in the reporting year\*.



\* About 53% of the total headcount as at the year-end. Some of the Company's employees completed the training program in 2022 or earlier.

## Identifying and managing conflicts of interest

To prevent, identify, and manage potential conflicts of interest that employees may face in the course of their work, the Company adopted the [Conflict of Interest Regulation](#) covering the rules and procedures associated with the potential conflicts that may cause a material risk of damage to the rights, interests, property, and business reputation of the Company.

The main measures to prevent the emergence and development of a conflict of interest in the Company are:

- to maintain an organizational structure that clearly delineates the areas of responsibility of each business function, the powers and responsibilities of specific employees
- to distribute the duties among the employees in a manner excluding the very possibility of a conflict of interest or conditions that could give rise to it
- to introduce the practice of making all major decisions collectively, using all information available in the Company
- to refrain from engaging in transactions or operations that involve persons and/or organizations, with or in which the Company's employees have a personal connection or financial interest
- to restrict the employment of relatives for positions where one would be subordinated to the other or would have the possibility to influence the other's goal-setting and performance evaluation
- to prohibit the transfer of confidential information to third parties, if such information could be used to carry out commercial transactions or other acts contrary to the interests of the Company.

The Security Directorate holds a declaration campaign on an annual basis to encourage the employees to report any actual or potential conflict of interest and ensure a preventive collection and analysis of information regarding potential conflicts of interest in the Company.

The information obtained is included in the memo for the CEO of Udokan Copper, along with proposed actions to prevent or manage the conflicts identified. The CEO may consider the following measures to address conflicts of interest: revision of functional duties, limiting access to certain resources of the Company, transfer to another position free from the conflict of interest, denial of benefits that led to the conflict of interest, or termination of employment.

The Company's Board of Directors is also responsible for controlling and preventing conflicts of interest, in particular, with respect to related-party transactions, i.e. transactions in which a board member, CEO, controlling party, or their close relatives, have interest in or benefit from. Such transactions require prior clearance by a unanimous decision of all members of the Board of Directors and a preliminary notification of the Company's uninterested members.

If a conflict of interests might directly affect the Company's activities, all relevant information must be duly disclosed to the Company's stakeholders.



## Respect for human rights

Udokan Copper`s operations and relations with partners are underpinned by respect for human rights and freedoms, zero tolerance for child and forced labor, and zero discrimination of any kind.

The Company strives to provide a fair assessment of each employee based entirely on their performance

and quality of work, compliance with workplace discipline, demonstrated initiative, responsibility, commitment to high performance, and does not allow any kind of discrimination on gender, political, religious and national grounds both in hiring, remuneration, professional and career development.

The Udokan Copper is committed to preventing any form of discrimination against employees, as well as the use of child and forced labor.

The Company does not tolerate any form of discrimination, rigorously respecting human rights and freedoms, and abides by the applicable international standards, including the [Convention for the Protection of Human Rights and Fundamental Freedoms](#), the [UN Universal Declaration of Human Rights](#), and the [Social Charter of the Russian Business](#). The Company's human rights principles are laid down in the [Corporate Code of Ethics](#) that is binding on all employees. Moreover, the Company is currently considering adopting a separate policy in 2024 dedicated to human rights to meet all its commitments.

Udokan Copper expects all its business partners, suppliers, and contractors to respect human rights and freedoms and adhere to these principles in the conduct of their business, and reserves the right to terminate business relationships with those violating these rights. In the reporting year, the Company had no business partners that were at risk of violating the employees' rights to freedom of association and collective bargaining or used child or forced labor\*.

No human rights violations or discrimination cases were identified in the Company.

\* In the reporting year, there were no Hotline calls reporting violations of relevant practices by the Company's partners. No risks were identified during the regular due diligence procedures performed by the Company with respect to its counterparties. The Company did not use any additional tools for monitoring human rights compliance by its partners.

## Mechanisms for advice and concerns

Internal and external stakeholders may report their complaints and concerns regarding possible breaches of business ethics, including conflicts of interest and non-compliance with the Anti-Corruption Policy and Russian laws:

- via email at: [uc.hotline@udokancopper.com](mailto:uc.hotline@udokancopper.com)
- via the toll-free number 8 (800) 550-98-45
- or using Copperchat\_bot in Telegram

These channels are regularly communicated to the Company's employees, contractors and local residents.

Employees of Udokan Copper can escalate their concerns directly to the officer responsible for the Anti-corruption Policy in the Company (Head of the Anti-Corruption Compliance and Analytics Department of the Security Directorate).

The Company produces and distributes printed information materials on anti-corruption procedures in Russian and in English to employees and contractors engaged at construction facilities and informs the local communities in the Kalar municipality about possible solutions for various issues, including those directly related to Udokan Copper's business. Information posters and contact details are distributed to community administrations and libraries, published on the [regional website](#) and in the local newspaper. Moreover, the Company distributes regular newsletters via its social media outlets.

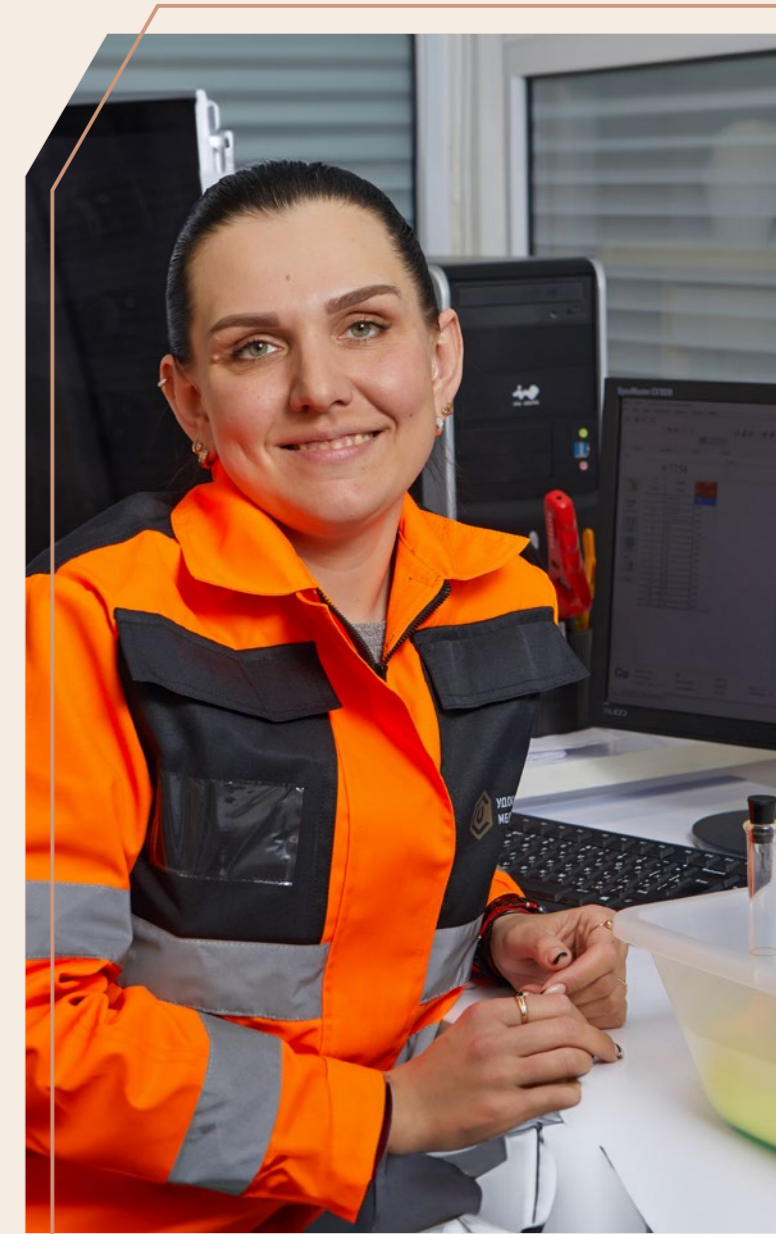
Irrespective of the channel, the Company guarantees confidentiality, anonymity, and non-retaliation.

In the reporting year, 1,143 reports were received, which were mostly irrelevant: advertising, employment inquiries, or issues not related to the Company's activities. Out of the total reports received, 202 ones were duly processed, investigated, and addressed with the results provided to the applicant\*\*.

Of the relevant reports, most were received from contractors employees and related to payroll and bonuses from their immediate employers. All issues were analyzed and addressed by the Contract Management Directorate and appropriate actions were

taken with contractors, as a result of which virtually all complainants received the payments due to them\*\*\*.

In the reporting year, no corruption offences were reported to the Security Directorate of Udokan Copper.



\* <https://newchara.ru/>

\*\* Anonymous reports could not be responded to individually. Only those with contact details were responded to: 196 reports were processed in 2023, 6 reports received in December were processed in January 2024; 557 reports were registered by the Company's automated system but contained no information.

\*\*\* Some of the reports with payments claims were not settled due to the non-compliance with payment criteria, for example, repeated violations of workplace discipline or early dismissal.



# PEOPLE DEVELOPMENT

Talented and motivated employees who share Udokan Copper's philosophy and values are its key asset and an essential success factor. Striving to become the best employer both in the region and industry-wide, the Company unfolds unique opportunities for professional and career growth, offers decent social benefits, and guarantees compliance with Russian labor legislation, including nondiscrimination and respect for human rights.

## Approach to personnel management

At Udokan Copper, the talent management function is predominantly represented by the Human Resources and Organizational Development Directorate. The Directorate reports directly to the Company's CEO and comprises a number of working groups, managing key HR processes such as recruitment, onboarding, and training, including in terms of financing and document support.

In the reporting year, matrix management structures continued to operate at the level of construction and project areas of work, providing for the allocation of resources within the scope of specific tasks and maintaining the transparency of processes, speed of innovation implementation, as well as increasing the role of managers of specific projects.

Udokan Copper's approach to HR management is based on the Russian Labor Code and other applicable legislation, as well as internal regulations such as the [Sustainability policy](#) and the [Corporate Code of Ethics](#). The Company is committed to:

- respecting the legitimate interests of employees and comply with applicable labor legislation;
- creating a positive environment supporting the corporate culture;
- promoting the employees' professional growth and continuous learning in the areas of the Company's business;
- ensuring non-discrimination, renouncing the use of child and forced labor;
- fostering dialogue with the employees and respecting their opinions and expectations in decision-making.



The Company's management is responsible for honouring these commitments.

To support dialogue with the employees, Udokan Copper holds regular face-to-face meetings with line managers and HR managers and has in place a direct communication channel via the corporate mobile application. Employees recognized for their outstanding performance and social engagement can be invited to a business lunch with the Company's CEO and discuss their initiatives in person.

Every year, the Company sets goals and KPIs to to achieve its HR management objectives. The goals and KPIs for the reporting year included:

- delivery on the recruitment and training plan based on requests from business functions;
- execution of the operating budget allocated to recruitment, onboarding, and training of employees;
- development of the HR policy, including main aspects of short- and medium-term motivation.

## Key results in the reporting year

### Talent sourcing

- Over 2 thousand employees joined Udokan Copper with 20% of them aged under 30.

### Employee training

- Over 1,800 external courses under 141 programs were completed by the Company's employees, with the total training expenses exceeding 40 mln rubles.

### Improvement of the local regulatory base governing labor relations

- The Construction Directorate employees are entitled to bonuses based on construction results.
- Employees working on a rotational basis were transferred to an hourly wage rate. An increased wage rate was set for female employees.

## Human capital

Expanding ore production and launching the processing plant in 2023, the Company continued to create new jobs. By the end of the year, the total headcount exceeded 3,700 people, adding more than 60% year on year. Female employees accounted for 13% of the total.

Despite the general upward trend in employee turnover in Russia, the Company managed to maintain this indicator at the previous year's level of 20.6%.

Udokan Copper team at a glance as at the end of 2023\*:

- 3,708 – total headcount
- 85% – permanent employees
- 13% – female employees
- 13% – women in leadership positions

\* Please see the [Appendices](#) for more detailed statistics.



## Employee engagement

Relations between Udokan Copper and its employees are governed by the Corporate Code of Ethics to ensure

that interests of all employees are protected and foster a corporate culture based on high ethical standards.

## Social security

[401-2]

A significant number of employees work on a rotational basis since the production facilities are located in remote areas away from large settlements and the Company's operations have specific workforce needs. In an effort to reduce the impact of rotational work on the quality of life of its employees, the Company consistently improves the living conditions in rotation camps, pays all mandatory compensations, and offers an additional social package such as voluntary medical insurance, free meals and accommodation. Moreover, the Company offers a relocation package reimbursing the relocation costs for employees and their families, including luggage transportation and housing rental. Additional support measures cover all employees of the Company.

In the reporting year, as part of the initiative to improve the workers' living conditions, the Company opened four new dorms, an additional canteen and a bank office, upgraded the equipment in the existing gyms and opened new ones, upgraded the laundry facilities and installed heated bus stops.

To support leisure activities, the Company held sports tournaments on the Steelworker's Day and competitions involving the local population, as well as festive events for other state and professional holidays, with the involvement of artists and distribution of gifts to employees and their families.

**> 113.5 million rubles** were invested in additional social support for Udokan Copper employees in 2023\*.

## Incentives and remuneration

[202-1]

Udokan Copper strives to offer its employees decent remuneration based on their competencies, skills, and complexity of the work performed – regardless of age, gender, and other factors.

In addition to the basic salary, employees receive bonuses depending on their contribution to the Company's performance and achievement of the goals set.

**> 9.8 billion rubles** in payroll expenses in 2023

**> 153 thousand rubles** was the average salary in 2023

Employees in entry-level positions are paid more than three times the minimum wage in Russia\*\*.

\* Including voluntary medical insurance, compensation for travel and accommodation costs

\*\* Starting from 1 January 2023, the minimum wage in Russia was set at 16,242 rubles. The basic salary of entry-level employees was 48,032 rubles and 53,108 rubles for men and women, respectively

[405-2]

During the year, the Company selectively increased salaries for key positions and employees with critical competencies. Moreover, the Company ran a general

indexation of wages and paid bonuses in full to the employees in working positions\*.

The ratio of women's base salary to men's was 1.02 in 2023. The insignificant difference is due to the nature of the work performed and the qualifications required for certain positions.

### Awards and recognition program The Gold of Udokan

To strengthen the corporate culture, increase employee motivation and their engagement, in 2023 the Company updated its corporate incentive and recognition program The Gold of Udokan.

Under the updated program, Udokan Copper awards its employees with merit badges for professional excellence, length of service in the Company, participation in creative, sports, and cultural events, contribution to the Company's corporate culture, and outstanding performance and achievements.

The program sets forth its underlying principles such as a uniform approach covering all employees, transparent criteria, and feedback that any employee can share regarding the program, including anonymously.

The program envisages three merit badges that can be awarded to employees depending on their achievements:

- Copper badge
- Silver badge
- Gold badge

Depending on the category, the program stipulates the proponent who should nominate employee for the award to a special Commission responsible for the final decision. The Commission comprises both managers and line employees, all having equal voting powers.

Silver and gold merit badges may be accompanied with a cash bonus of up to 500 thousand rubles or other valuable awards and the awardees are invited to a business lunch with the Company CEO and the Chairman of the Board.

In the reporting year, more than 930 Udokan Copper employees received merit badges.



\* Please see the [Appendices](#) for more details on remuneration.



## Training and people development

[4.04-1], [4.04-2]

To maintain a high professional level of the employees, improve their qualifications, and meet operational needs, Udokan Copper provides regular trainings based on the annual training schedule.

Based on its own needs and specifics, each division of the Company requests relevant trainings, indicating the timeline and participants. Depending on the program, training is provided by in-house facilitators, external suppliers or as a self-study course with training materials available on the corporate mobile portal.

1,830 external courses with advanced training programs were completed by the employees (+50% compared to 2022).

> 40 million rubles were invested in staff training in 2023.

About 10.8 thousand rubles was the average per person training expenditure in 2023.

The Company monitors the effectiveness of training programs through employee performance reviews, where it assesses whether employee skills and competencies fit the positions they hold and evaluates if they are ready to move to a new role. Also, after the completion of any external training,

the Company collects and analyzes feedback to see if the training contents, its format, and facilitator competencies were sufficient to obtain the expected knowledge and were relevant and useful for the attendees.

> 140 thousand hours of external training were completed by the Company's employees in 2023 (or 38.2 hours of training per employee).



## Attracting young employees and mentoring

As one of the largest employers in the Zabaykalye region and a strategically important enterprise in the industry, Udokan Copper puts a special emphasis on hiring young specialists, fostering experience-sharing between professionals of different generations, and supporting the transfer of best practices for the long-term success of the Company.

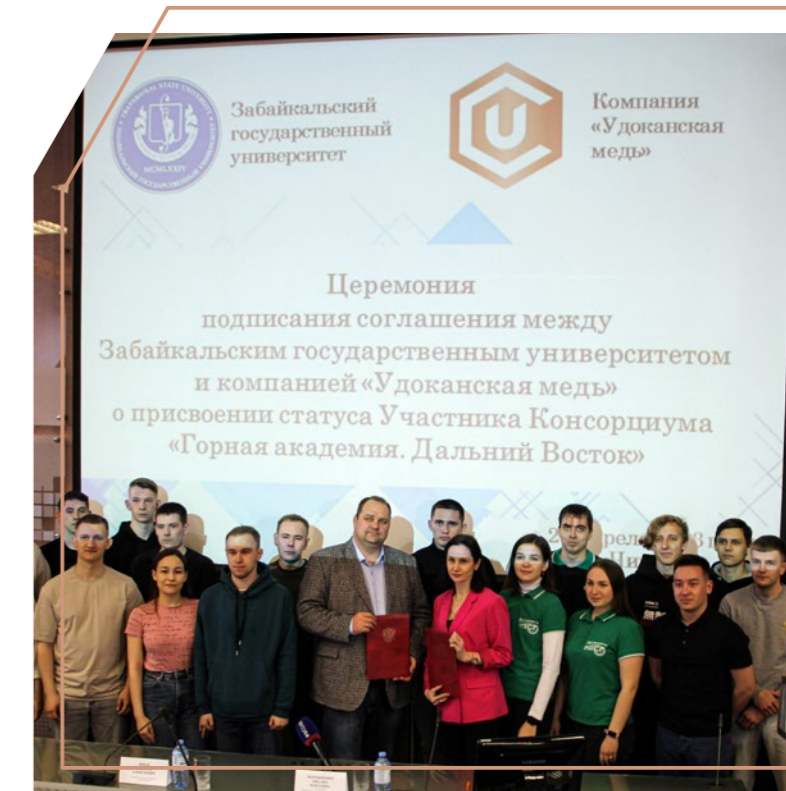
In 2023, the share of young employees\* in the Company exceeded 13% and their total number almost doubled year on year. Young employees occupy various positions, including management roles: of all employees under 30 employed at the end of 2023, 3% were part of the management team, 31% held specialist and office positions, while the remaining worked in blue-collar positions with the average salary exceeding 89 thousand rubles\*\*.

Developing its strategic partnership with industry-specific universities, in 2023, Udokan Copper signed a cooperation agreement with the Zabaykalye State University, the region's top university and a member of the advanced training consortium for the mining industry designed to bring together educational and academic institutions, as well as mining and energy companies, to support R&D activities and train engineering staff for the mining industry of the Far East. The agreement envisages a number of joint educational programs and provides paid internship opportunities with a subsequent full-time employment in the Company\*\*\*.

To support knowledge sharing and transfer of best practices, Udokan Copper runs a mentoring program for the new employees, selecting mentors from the experienced and proactive employees who are ready to share their experience and help new employees during their onboarding in the Company. Those willing to become mentors Udokan Copper are offer special training enabling them to successfully share their

knowledge and instill corporate values in the new hires, becoming real ambassadors of the Company's culture.

Mentors together with managers develop individual induction plans for each new employee and provide regular feedback. Mentoring is not only a means of self-fulfillment for experienced employees and an opportunity to pass on knowledge, but also a way to earn additional income: once the induction programme is successfully completed, mentors receive a cash remuneration and special bonus points on the Company's mobile portal.



> 90 employees were trained as mentors as at the end of 2023.

\* The Company regards employees under 30 as young employees

\*\* Please see the [Appendices](#) for detailed statistics on the Company's personnel structure and salary, and their dynamics.

\*\*\* Please see the [Local Community Relations](#) section for more details about the agreement.



# OCCUPATIONAL HEALTH AND INDUSTRIAL SAFETY

[2-23], [2-24], [3-3] A safe workplace with the lowest possible accident rate is Udokan Copper's particular priority. This is not only our duty to employees and contractors but also an essential element of sustainable and thriving business of the Company, which we implement using best industry practices. The key factors to achieving these goals are an ever-developing safety culture, clear guidance, responsible training, robust monitoring and internal controls, as well as impartial investigation of known and potential accidents.



Ensuring safe working conditions for all our employees and helping to achieve the same for contractors are among the key priorities for Udokan Copper as set out in our Sustainability Policy.

## Occupational health and safety management system

[403-1], [403-2], [403-4], [403-7], [403-8] The Company have an occupational health and safety management system (OHSMS) that complies with the Russian legislation. It defines the organizational structure for handling safety issues within our organization, the procedures for identifying and minimizing the relevant risks, and the measures for preventing them.

The OHSMS covers all business lines and organizational levels of the Company and applies to all of our employees, as well

as contractors and subcontractors engaged to work on the Company's premises.

The Company also have the OHS Committee, where both employees and managers participate on an equal basis, whose primary role is to consider issues and suggested improvements and coordinate health and safety efforts. The Committee meets annually.

### Workplace supervision

In 2023, Udokan Copper proceeded with the workplace supervision program at its main sites and facilities in Udokan, Novaya Chara, Chita, and Moscow. The aim is to adjust working conditions against identified hazards and harmful factors in the workplace, as well as to identify opportunities to minimize those hazards.

Close to 1,000 work stations were assessed in 2022 and 2023. The majority (690) were rated as complying with the second (permissible) hazard class, and another 309 were found hazardous and allocated to 3.1 and 3.2 hazard classes. The affected employees receive all additional payments and allowances provided by law.

The effectiveness of the Company's OHSMS system is regularly assessed by our responsible structural units and government regulators. Inspections by the Zabaikalye Department of Rostekhnadzor

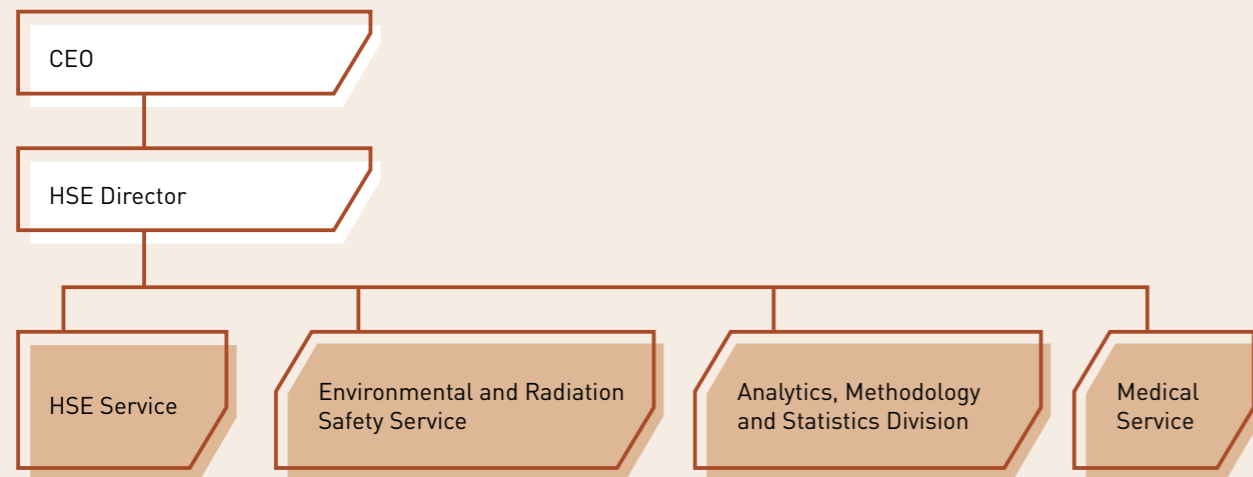
and routine visits by the State Labor Inspectorate for the Zabaikalye region identified no serious\* violations in 2023.

0 roubles was the amount of fines charged by supervisory authorities in the reporting year for violations of the OHS requirements.

\* A "serious violation" refers to a violation that resulted in monetary penalties, negative publicity, or suspension of operations.



## OHSMS structure



The Health, Safety, and Environment (HSE) Directorate is directly responsible for the management of safety issues. It comprises experts in charge of the relevant areas whose coordinated work makes it possible to ensure all necessary measures are taken to create the safest possible working conditions.

In 2023, as part of our consistent efforts to heighten the HSE focus and increase the role and importance of the respective function, the HSE Directorate was placed under the direct control of the CEO who makes sure that

it operates in accordance with the goals set by the Board of Directors\*.

Also in 2023, the Directorate was expanded with additional staff members, including the head of the in-house industrial and municipal waste landfill, chief pre-commissioning and commissioning specialist and permits coordinator, as well as new trainers who will be educating employees on how to work safely at heights and in confined spaces.

## OHSMS basic documents

In addition to the legislative requirements\*\*, the Company has in place over 20 internal safety regulations\*\*\* developed by the Analysis, Methodology, and Statistics Division (part of the HSE Directorate) and approved by all stakeholders.

The HSE Directorate analyzes the relevance of internal regulations, updates them as necessary and proposes new ones. Six documents were revised in 2023, including the regulations for investigating and recording accidents and incidents and those defining the employee categories subject to pre-shift and periodic medical check-ups. In view of new legislative developments, the internal policy regulating the investigation and logging of accidents and incidents was updated to add detailed mechanisms for notifying the government authorities. We also established a notification mechanism for process-related incidents.

Among the new internal regulations:

- The procedure for rewarding employees for achievements in the field of occupational health and safety
- The procedure for conducting pre-shift and periodic medical check-ups and psychiatric examinations
- An executive order regulating monthly distribution of personal protective equipment\*\*\*\*
- Program for in-process monitoring of sanitary compliance

\* For more information on the functions of the HSE Directorate, refer to the 2022 Sustainability Report.

\*\* The Labor Code of the Russian Federation, GOST R 12.0.010-2009, Occupational Safety Standards Framework, Occupational Safety Management Systems, Hazard Identification and Risk Assessment.

\*\*\* See the complete list on our [website](#).

\*\*\*\* The procedure regulating distribution of personal protective equipment was developed in 2023 and approved at the beginning of 2024.

## Hazard identification and risk management

[403-2], [403-4], [403-7]

Among the key elements of the Company OHSMS are timely identification of risks, clear instructions for managing them, and control procedures. These processes are managed by the heads of the Company's subdivisions and based on the Russian legislation, dedicated procedures and regulations.

When hazards or risks cannot be eliminated or reduced to an acceptable level, the immediate supervisor must suspend all work in a particular work area until the appropriate measures are taken.

Employees and contractors are encouraged to escalate any OHS issues or concerns directly to their managers or the HSE Directorate or report them via the hotline without retaliation. The Company guarantees no prosecution for complainers and safety is always and unconditionally prioritized over production performance.

## Key procedures of Udokan Copper for managing operational risks

### Procedure «Occupational Risk Management»

Objective: Identifying and assessing work-related hazards, identifying steps to manage them.

### Procedure «Cooperation and Control»

Objective: Inspecting employees' working conditions and evaluating their actions; identifying unsafe actions or conditions that threaten their life and health; encouraging safe behaviors.

### Procedure «Dynamic Risk Assessment»

Objective: Assessing the changing conditions at work stations, identifying safety violations, eliminating them promptly or taking measures to mitigate the existing risks. As part of the procedure, each employee must perform a dynamic risk assessment before starting work or in the course of work. Employees are not allowed to start or continue work without eliminating all risks in the workplace or reducing them to an acceptable level.

In the reporting year, we introduced a special web service — the **Safety Module** — to facilitate a quicker response to unsafe employee behaviors and to remove hazards in the workplace. The solution enabled automation of the key safety procedures. The module

was integrated into the corporate mobile application, which each employee can use to check compliance with the safety requirements, report observed risk factors, and receive additional guidance before starting work.

Further, we launched an occupational risk assessment program to refresh our understanding of hazardous situations that may occur while performing a particular job. The program will be completed in 2024. To date, the assessment has identified risks such as fall hazards due to differences in heights; tripping; slipping while moving around; injuries in traffic accidents; and injuries from falling objects and collapses. We have developed and documented mitigating actions for each identified risk and communicated them to the employees in the respective work stations.





## OHS training and awareness

[403-5]

Udokan Copper is seeking continuous improvement in our safety culture. This includes leading by example and maintaining up-to-date knowledge of the approaches taken. Occupational health and safety is discussed at regular meetings between employees and management and at short safety sessions of operational teams.

Guided by the relevant statutory and internal requirements, the Company conducted training and awareness sessions in the reporting year for its employees and contractors on the protection of life and health in the workplace. All employees received relevant information depending on their roles and associated risks: either at an induction training or in a deeper-dive courses tailored to their specific operations and areas of responsibility. In addition to training under the internal safety procedures (Cooperation and Control and Dynamic Risk Assessment), Udokan Copper employees completed other training programs in 2023, including:

- Performing Hazardous Work
- Working at Heights
- Working in Confined Spaces

- Energy Source Isolation procedure
- First Aid for Injuries in the Workplace
- Issuing Work Orders and Checking Permits and Competencies
- Using Emergency Firefighting Equipment

To consolidate the knowledge gained on firefighting and working at heights and in confined spaces, special training area was created where employees can practice and improve their skills under the guidance of the HSE Division.

The Company also helps its employees and contractors keep their safety focus by providing regular communications through various channels. In doing so, we try to convey information in an accessible and motivating way. In 2023, we reached out to our staff via:

- Educational videos broadcast in common areas
- Bulletin boards
- E-mail newsletters
- Manuals and instructions in the corporate app UdokanCopper

Information on safety procedures, injury-free man-hours and OHS training is also included in regular reports to the heads of the Company's subdivisions.



## Prevention of work-related injuries and professional diseases

[403-2], [403-7]

Zero fatalities among employees, contractors and subcontractors is an unchanging priority for the Company. It is included in the KPIs of our management and considered when analyzing the effectiveness of our OHS measures. It is also relevant to the key activities envisaged by the [Sustainability Policy](#).

The Company log and investigate all accidents, as well as breakdowns and incidents. To determine the level of investigation, we use criteria based on the gravity of the accident:

- Level I (severe accident, fatal accident, group accident)
- Level II (minor accident)
- Level III (emergency breakdown, incident)
- Level IV (minor injury; near miss)



Investigations establish the key risk factors and root causes of accidents, based on which recommendations are made to prevent the recurrence of similar accidents in the future. Following each investigation, an information message is prepared and communicated to all Company employees, including via bulletin boards.

The zero fatality goal was achieved in 2023 only in relation to the Company's employees: regrettably, we had three fatal accidents involving contractors.

Following an investigation of their causes and an analysis of hazardous situations that occurred in 2023, the Company initiated a number of corrective actions, including:

- Video surveillance in crew change buses
- Video recorders in corporate cars to record situations on the road and inside the vehicle
- A light system for demarcating elevated road structures
- A new internal regulation limiting the speed of vehicles
- An updated traffic plan for service roads
- Rules for authorizing the moving of heavy vehicles near overhead power lines
- Installation of a console with a special device to prevent falling from heights



**OHS and fire safety expenses in 2023 totaled 327 million rubles, more than doubling year on year. Personal protective equipment was the main item of expenditure**

In the reporting year, the Company maintained its approach to preserving the health of employees. We continued to provide a 24/7 health service for employee counseling and first aid, including emergency aid for acute illnesses or injuries. The service is staffed with the manager and at least six nurse practitioners.

All Company employees are eligible for a voluntary health insurance (VHI) program upon completing

the probationary period. The cover includes outpatient and inpatient care, home care, dental and telemedicine services. Our VHI expenditure in 2023 exceeded 20 million rubles.

Thanks to the VHI program, employees may also benefit from scheduled medical assistance in the regions of their permanent residence between rotations.



**9** million injury-free man-hours (5 million in 2023) were logged by employees thanks to OHS improvement at Udokan Copper in 2022 and 2023

**Employee engagement and motivation**

Udokan Copper strive to strengthen our safety culture by directly engaging with employees and improving their motivation.

For example, we surveyed employees in 2023 to learn whether the special clothing and footwear we provide is sufficient and of good quality. Based on the survey results, we revised our approaches to sourcing these items and provided employees with tips on their maintenance.

The Company also organized a corporate competition on the effective use of the Cooperation and Control and Dynamic Risk Assessment procedures with prizes for the winners (teams and individual employees).

In 2023, we defined the eligibility criteria for rewarding the OHS achievements. These are:

- Zero work-related fatalities and accidents
- Zero micro-injuries
- Zero near-misses
- Sufficient quantity and quality of activities as part of the Cooperation and Control and Dynamic Risk Assessment procedures
- OHS, fire safety, road safety and environmental protection initiatives
- Maintaining a safe workplace

We also introduced rewards for contractor employees who meet our OHS requirements.



**>8.5** million rubles were spent on rewarding employees and contractors for meeting the OHS requirements in 2023.



## Emergency and accident preparedness

The Company works to prepare for, prevent and respond to, accidents and emergencies in accordance with the detailed requirements of the Russian legislation. All our employees and contractors undergo emergency response training in line with the established accident containment plan. The Company's CEO is responsible for supervising all matters related to emergencies and accidents.

The key emergency and accident risks for the Company remain largely the same, including fires on the fire-hazardous sites and in the surrounding forests, avalanches in the tailing dump area and on the slopes of one of its pits.

In 2023, the Company increased the headcount of its fire department, purchased specialized equipment and tools to fight fires and other emergencies, and allocated vehicles to ensure a prompt response and emergency rescue in case of fire.

These measures helped minimize the consequences of the fire that broke out in one of the three shops of our hydrometallurgical plant in December 2023. All employees of the contractor that provided construction works were immediately evacuated from the area. The fire was extinguished with specialized water tanks and fire equipment by specialists from Technospas, the Russian Ministry of Emergency

Situations for the Zabaikalye region, and Udokan Copper employees. No one was injured.

In 2023, we took a number of steps to further prepare for emergencies and accidents:

- Updated the notification and emergency response plan for our employees and emergency services
- Conducted fire drills with all employees
- Trained managers and field personnel on emergency prevention and elimination
- Organization of training under the program "Initial training of rescuers to conduct mine rescue operations as part of auxiliary mine rescue teams"
- Updated bulletin boards and visual aids on emergency situations and fire safety
- Prepared, developed, and approved documents on provision of material resources for emergency response
- Checked the local emergency warning systems



## Goals and delivery

Goals for 2023	Delivery
Develop and implement a procedure for communications between management and employees (Problem-Solving Board)	Achieved
Put the 1C:EHS Integrated Safety system into operation	Achieved
Develop a module to automate the Cooperation and Control and Dynamic Risk Assessment procedures	Achieved
Develop a procedure for demarcating the workspace and visualizing the hazardous areas and a project for implementing it in the beneficiation building at the concentration plant	Achieved
Cover the stairs with anti-slip overlays in the dormitories in rotation camp No. 3	Achieved
Develop and approve an OHS supervision program	Achieved
Purchase equipment and furniture for the emergency response service building	Achieved
Sign a contract to establish a professional emergency response unit	Achieved

### Goals for 2024

- Improve the safety module of IT system: change the logic of completing the Dynamic Risk Assessment procedure, change the logic of assigning responsible persons, add new report types, upgrade the statistics functionality
- Launch Smart Helmets – a pilot project to introduce high-tech safety gear that signals that the wearer is in a hazardous area and allows tracking his location in real time
- Create induction videos to convey the relevant information more effectively
- Continue to implement the RED Kill Zone project (color-coding of hazardous areas around the operating quarry equipment)
- Introduce video analytics for insights into driving behaviours (a project for monitoring driving styles, driver fatigue, and other dangerous factors)
- Develop additional HSE wall posters and motivational banners
- Demarcate and visualize hazardous areas of the beneficiation building at the concentration plant



# ENVIRONMENTAL RESPONSIBILITY

[2-23], [2-24]

Udokan Copper always follows the established environmental protection (EP) standards and strives to minimize the potential negative impact on the environment, climate and biodiversity by embracing the best practices and technologies available. For example, the Company opt for equipment with high environmental performance, attaining better environmental protection and higher economic efficiency.

The Company also strictly abide by all local and applicable international legislation.

No violations of environmental laws were identified in 2023

**40.8** million rubles (+56% compared to 2022) were invested in environmental protection in 2023

Thanks to the Company's systemic approach, we develop the Udokan Copper Deposit without significant damage to the environment\*. In 2023, the Institute of Natural Resources, Ecology and Cryology of the Siberian Branch of the Russian Academy of Sciences (INREC SBRAS) performed the annual environmental monitoring in the areas surrounding the Company's production

facilities, testing the atmosphere, hydrochemical and hydrobiological quality of water, soil, flora, fauna, and measuring the noise impact. Based on the findings, as well as the results of the baseline environmental studies conducted in 2012–2022, the external expert confirmed no significant negative impact of the Company's activities in each of the analyzed areas.

## Environmental management

[3-3]

Environmental management in Udokan Copper extends to all decision making levels.

The Company's environmental agenda is managed by the Environmental and Radiation Safety Service of the Health, Safety and Environment Directorate (HSE Directorate). The HSE Directorate performs the following key functions:

- Ensures compliance of design, operational, technical, and other documentation with the HSE laws;

- Reduces (eliminates) the environmental footprint of projects through compensatory measures and design solutions;

- Implements radiation safety control across the Company's structural units.

In 2023, to make its operations more efficient, the HSE Directorate started reporting directly to the Company's CEO.

\* The fire at the end of 2023 happened inside production facility and did not influence adjacent areas. Therefore, the Company didn't take any additional assessments of its impact on the environment.



## Key documents governing environmental responsibility

The key principles and elements of the Company's approach to environmental protection, as well as the procedures to implement and control them, are set out in the [Environmental Policy](#), [Sustainability Development Policy](#), [HSE and Fire Safety Requirements for Contractors](#) and [Corporate Code of Ethics](#). In these documents, the Company commits to:

- Regularly assess the environmental risks and develop measures to prevent and mitigate their impact or compensate for damage;
- Continuously improve our environmental management system;
- Apply the best available technologies throughout the production process to minimize potential harm to the environment and use natural resources responsibly;
- Ensure safety of tailings facilities in accordance with the legal requirements and internal policies;
- Regularly monitor the ecosystems and make sure that our environmental performance data are reliable and accessible;
- Improve the environmental awareness of the staff and encourage their involvement in the corporate environmental efforts of the Company.

### Environmental Policy

In 2023, as production started and the environmental agenda came to the fore, the Company approved the [Environmental Policy](#) to document the main principles, commitments and mechanisms for implementing its environmental initiatives.

The Policy sets out our commitment to the best global practices and standards, including those developed by the Responsible Mining Initiative (RMI) and the International Council on Mining and Metals (ICMM), as well as the UN Sustainable Development Goals (UN SDGs), applicable standards of the Organization for Economic Cooperation and Development (OECD), and more.

Compliance with the Environmental Policy is mandatory for all Company employees, corporate governance bodies, and contractors, working on the Company's premises. All suppliers and other business partners are also expected to adhere to it.

The Policy has been approved by the Board of Directors. Its implementation and compliance monitoring is the responsibility of the Company's management who keep in mind the policy requirements when planning Udokan Copper's operations and making managerial decisions.

## Stakeholder engagement regarding environmental footprint

The Company endeavors to engage with all stakeholders openly, transparently, fairly, and with mutual respect. Udokan Copper liaise closely with the local authorities to discuss our planned initiatives and solicit feedback on any of our environmental impacts. No concerns regarding any actual or potential environmental impact of its operations were received by the Company in the reporting year.

The Company follow the principle of engaging with the expert community set out in the Environmental Policy. For this purpose, we involve scientists and experts in our decision-making on environmental protection and climate impact. In 2023, the key areas of engagement included:

- Environmental monitoring;
- Instrumental control of plant emissions, wastewater and surface water;
- Waste collection, transportation and management;
- Waste oil sales.

The Company also cooperate with suppliers and contractors to ensure their compliance with the environmental legislation. Violations entail penalties and notices to eliminate deficiencies. For details of supplier interaction, see the [Sustainable Supply Chain section](#).

## Environmental training and awareness

The Company's approach to environmental protection is communicated to all employees and contractors through guidelines, executive orders and resolutions, as well as through written and face-to-face communications. Udokan Copper provide specialized training for certain employee categories. In 2023, for instance, we held an environmental safety training program for managers and specialists of general

management systems, and a separate training course on the internal audit of environmental management systems in accordance with ISO:14001.

For 2024, the Company scheduled a professional training course to qualify for handling waste in Hazard Classes I to IV and a refresher training on environmental safety.





## Energy consumption and climate program

[302-1]

As a producer of copper—a key resource for the global energy transition—the Company pay particular attention to minimizing our carbon footprint. To this end, we take consistent measures based on the field development status and progress of production operations.

Since energy consumption is the main source of the Company's current and future climate impact, we aim to maximize our energy efficiency through various initiatives. This is a regular item high on the management's agenda. During the reporting year, we addressed the following main issues:

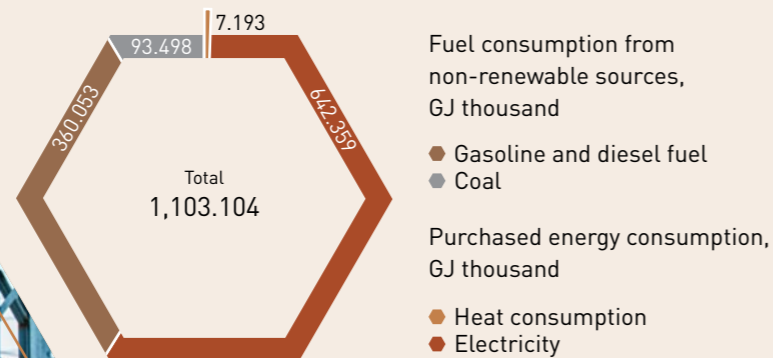
- Increasing the reliability of the power supply system;
- Monitoring the construction and installation of the process plant facilities and infrastructure;
- Ensuring uninterrupted power supply.

### Key energy efficiency measures implemented in 2023

- Upgrading the metering units in the automated information and measurement system for commercial electricity metering;
- Thermal imaging and diagnostic measurements and tests of electrical equipment to detect leaks and losses (electricity losses were capped at 2.8%, which is 1.5 times below the permissible maximum);
- Replacing our coal supplier to purchase coal with better thermal productivity and thereby reducing specific consumption by 10%.

These and other steps allowed the Company to maintain the current volume of energy consumption without exceeding the targets for the reporting period.

### Total energy consumption within the Company in 2023, GJ thousand



In 2023, the Company continued pilot purchases of low-carbon electricity from PJSC RusHydro under a bilateral agreement, in line with our Climate Program\*. The share of low-carbon electricity in our total energy consumption was insignificant in the reporting year, but the Company will be gradually increasing it going forward.



## Climate program

In 2023, Udokan Copper carried on with its Climate Program designed to reduce its carbon footprint and minimize the risks presented by the global energy transition.

The program is based on expert assessments of the best industry practices, existing and emerging technologies, and takes into account Russian and international trends in climate regulation.

The Company's priority is to reduce the direct GHG emissions and indirect energy emissions. Udokan Copper strive to reduce our direct GHG emissions by using the most energy-efficient equipment and the latest technologies. As to indirect energy emissions (which make up the biggest share of the Company's operational carbon footprint), we are testing tools to decarbonize our electricity consumption while considering opportunities for generating renewable energy on our own.

Beyond that, we help grow Russia's nascent carbon market: in 2023, Udokan Copper closed the largest transaction to date, purchasing carbon credits from RusHydro earned in its Vladivostok CHP-2 climate project. These carbon credits were used to offset the Company's other indirect GHG emissions (Scope 3),

including those related to participation in the Eastern Economic Forum and holding a carbon neutrality session "Climate-related Business Objectives: The Limits of Possibilities" as part of this forum.

In 2024 plans under the Climate Program include continuing pilot purchases of low-carbon electricity from solar and hydropower plants, developing a corporate system for monitoring and reporting the GHG emissions, and analyzing the opportunities for own renewable generation.



\* On behalf of the Company, a non-regulated bilateral power purchase agreement (PPA) was signed between RusHydro and Udokan Copper's key supplier of electric power.



## Knowledge exchange and cross-industry collaboration

Working to address the global climate challenge, Udokan Copper shares experience with the expert community and takes part in joint initiatives.

In 2023, Udokan Copper`s representatives were invited to participate and speak at key national and international climate events.

### St. Petersburg International Economic Forum

In the reporting year, Udokan Copper took part in one of the climate sessions of Russia's main economic forum in Saint Petersburg.

The event gathered representatives of companies leading the Russian climate agenda, such as Metalloinvest and PhosAgro, and national climate regulators. The discussion covered Russia's strategy for achieving technological independence and environmental progress, as well as the current growth factors. The speakers discussed the country's robust build-up of technological resources and its continued commitment to the global climate action despite the current geopolitical challenges.

In particular, matters discussed included support for GHG emission reduction strategies and participation in the international initiatives like the UN Framework Convention on Climate Change.

An important aspect on the agenda was the harmonization of the Russian green standards with the global ones, in particular, using the lessons learned by India and China. Among other topics were the government support for eco-friendly technology solutions and the potential for establishing a national carbon market.



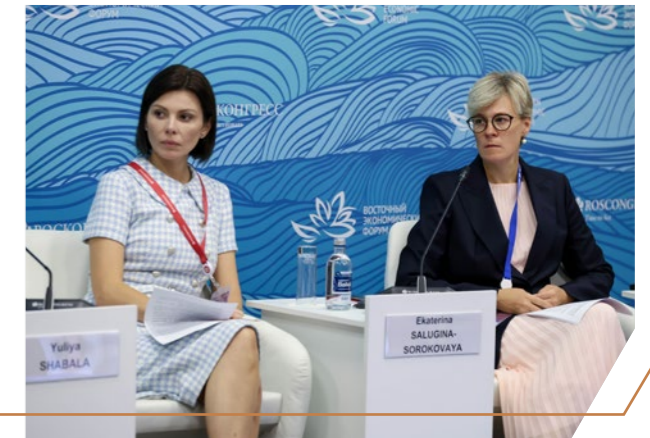
### Eastern Economic Forum

In 2023, Udokan Copper organized a focus session at the Eastern Economic Forum. Representatives of government agencies and major Russian metals and finance companies convened to talk about business opportunities and prospects amid the changing global climate agenda.

The discussion revolved around the new avenues and challenges for the Russian companies developing partnerships with Eastern countries. One key topic was how to keep the national climate agenda moving forward in the face of global developments and the Western businesses leaving Russia. The attendees shared their views

on the opportunities presented by the country's "pivot to the East" in terms of carbon regulation. They also discussed possible changes in business strategies given the the new realities and the adaptive steps that need to be taken today.

At the session, the Company representatives emphasized the growing role of copper in the global energy transition, proposed measures to lower the carbon footprint of the industry and spoke about the experience of decarbonizing electricity consumption through non-regulated bilateral PPAs and the Company's own measures to facilitate the development of Russia's carbon market.



### 28th Conference of the Parties to the UN Framework Convention on Climate Change (COP 28)

In December 2023, the Company`s employees took part in the 28th United Nations Climate Change Conference (COP28) as part of the official Russian delegation. This annual event is the world's largest climate gathering, which serves as a platform for cooperation between countries in addressing the global climate change.

A key outcome of COP28 was the first global stocktake of the Paris Agreement. The document called on the participating countries to accelerate climate action by the end of the decade, including through a threefold increase in renewable power capacity, development of zero-emission energy systems, faster implementation of zero- and low-carbon technologies,

faster electrification of road transport, and building the required infrastructure.





## Air emissions

Udokan Copper's air emission monitoring comprises of two processes: environmental monitoring and production control. Environmental monitoring allows tracking emissions of substances with maximum concentrations (nitrogen dioxide and suspended solids) at control points. Production control is about measuring atmospheric emissions from plants and monitoring the efficiency of gas cleaning equipment at fugitive sources.

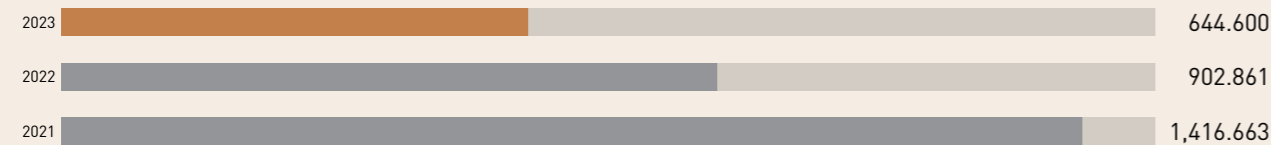
In 2023, obtaining a permission from the Russian Deputy Chief Sanitary Doctor for the Zabaikalye region, the Company established a sanitary protection zone for the pilot plant. With this zone in place, we are able to lay down the terms and conditions for using the land adjacent to our operational sites and prevent negative impact on the local population.

The major part of pollutants we emit are inorganic abrasive dust and soot generated by the boiler house, as well as by limited-scope industrial testing and ore crushing and grinding operations. Udokan Copper applies the following technologies to reduce emissions during drilling and blasting operations:

- Dust suppression and dust collection solutions for the drilling equipment;
- Water sprinkling of dust fall areas.

Udokan Copper also uses gas cleaning equipment and diesel generators with an exhaust gas aftertreatment system and a reduced emission level.

### Total emissions of air pollutants, tonnes



In the reporting year, the total volume of pollutant emissions at the Company's operating facilities fell by 28% compared to 2022. This was the result of both comprehensive measures and the temporary shut down of the pilot plant in July 2023.

does not emit hazardous air pollutants, mercury, lead or ozone-depleting substances as part of its current operations. For more information on air emissions, refer to the [Environmental Performance Appendix](#).

Gaseous and liquid components of industrial emissions for 2023 totaled approximately 23 tonnes. The Company



## Water intake and discharge

### Water withdrawal and wastewater management

In the reporting period, the Company did not change its practices in terms of water withdrawal and water consumption. This area is supervised by the Chief Power Engineer Service, whose area of responsibility includes:

- Recording of water consumption using flow meters;
- Daily monitoring of the correct functioning of drinking water supply systems and the technical condition of internal water supply networks;
- Quarterly control over the territory adjacent to water mains;

- Annual control over the flushing and disinfection of the distribution network of the drinking water supply.

The Environmental Control Service ensures the in-process control of water quality. This includes visual monitoring of the sanitary protection zone for water intake wells and laboratory testing of water before it is supplied to the distribution network.

### Responsible water consumption

Observing the established limits for water discharge, reducing the potential impact on water resources and using those resources responsibly are the key areas of Udokan Copper Environmental Policy.

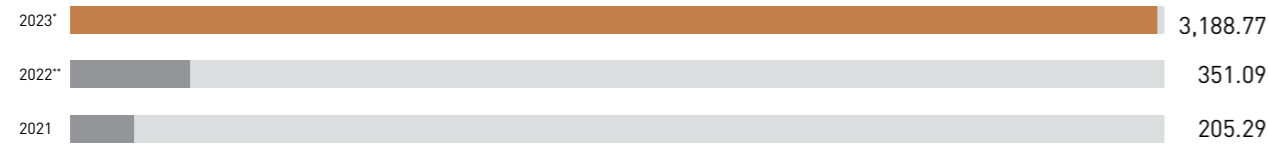
m<sup>3</sup>) being surface water. The Company's key water intake points are the Klyukvennoye and Ingamakitsky groundwater deposits. The latter was put into operation in the reporting year.

In 2023, the water withdrawn by the Company was mainly groundwater, with only minor share (2.38 thousand





**Total water withdrawal for the Company's needs in megaliters**



The use of a new water source necessitated by the launch of production and the increase in headcount resulted in a significant increase in water intake in 2023. The water withdrawn is used in operations, except for a small amount of sewage that is passed on to treatment facilities. An expert review confirmed earlier that the increase in groundwater

intake neither threatens the approved water reserves nor has a negative impact on the environment. In particular, pumping of groundwater from the Ingamakitsky deposit will be limited to 10% of the total water reserves and will not cause groundwater depletion.

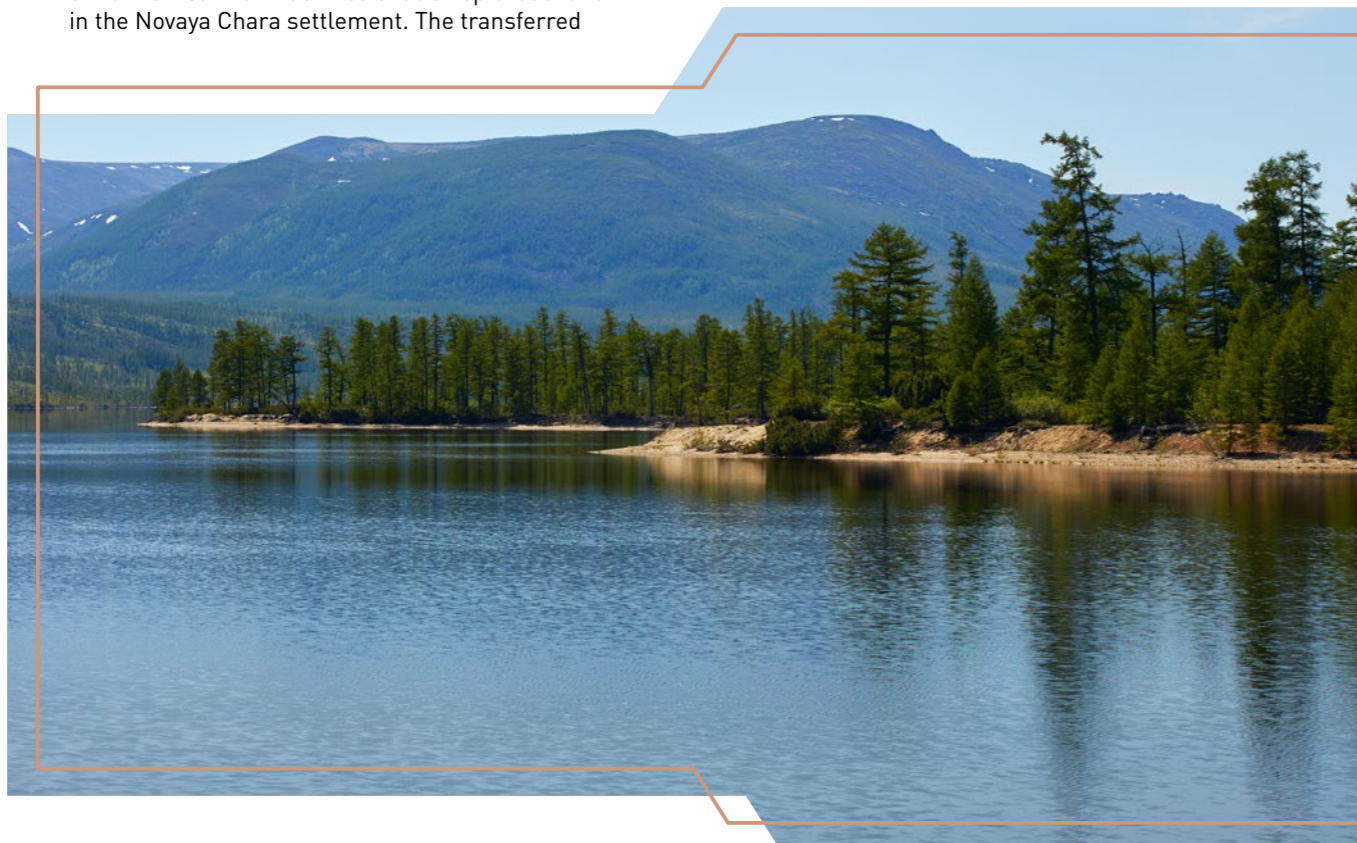
**Recycled water supply system**

In the reporting year, the Company commenced the practical implementation of the recycled water supply system using the water taken from the tailings pond for technological needs: the liquid

phase of the copper ore beneficiation tailings pulp, clarified after settling in the tailings pond, is pumped back to the beneficiation plant and is again used in the technological process.

In 2023, the Company did not discharge wastewater into water bodies. The water withdrawn for own needs was reused and domestic wastewater was sent on to the treatment facilities of JSC Teplovodokanal in the Novaya Chara settlement. The transferred

domestic effluents met the sanitary requirements stipulated by the Russian EP legislation\*\*\*.



\* Including surface water intake of 2.28 thousand m<sup>3</sup>

\*\* Including surface water intake of 4.29 thousand m<sup>3</sup>

\*\*\* The Company has not developed standards or regulations governing wastewater discharge into surface water bodies as it does not discharge wastewater.

**Waste management**

[3-3], [306-2], [306-3]

Safe accumulation, responsible handling, and recycling of waste in accordance with the waste management hierarchy concept or disposal at a landfill with no negative impact on the environment is a key focus of Udokan Copper's environmental policy.

Each structural unit has an employee responsible for waste management who reports to the Environmental Safety Service on waste generation, recycling and disposal. The collected data are verified by calculations using standard values.

**14.5 million rubles** were the waste management costs of the Company in 2023.

In the reporting year, waste generation declined by 48% to 4,901.22 tonnes\*, of which most was classified as "almost no hazard waste", including copper

ore tailings, packaging waste, and ash and slag waste from coal combustion.

**98.8%** of the waste the Company generated was 'low hazard' or 'almost no hazard' waste\*\*.

All generated the Company's waste, except for copper ore tailings, is passed on to licensed operators for treatment in accordance with the established legal requirements. At the same time, reuse of such waste is always a priority for Udokan Copper. In 2023,

96.3 tonnes of low-hazard ash and slag waste from coal combustion were reused for surface dressing of the roads around the Company's mining and processing plants.

**Waste generated, tonnes\*\*\***



In the reporting period, the Company started construction of a modern industrial and municipal waste landfill to ensure the lowest possible environmental impact. The project utilizes the latest technology with zero harmful pollutants: waste storage sites have a solid, leak-proof base. The accumulated leachate will be collected and sent to a water treatment plant

via a sewerage system. The treated water will be reused in operations. We will develop a soil and groundwater monitoring system, which will be in use throughout the landfill operation period. Water samples will be taken periodically from background and control monitor wells and tested at certified laboratories.

\* The significant decline in generated waste was due to the lower volumes of copper ore tailings resulting from the temporary shutdown of the pilot plant.

\*\* Hazard Classes IV and V, respectively, as per the Russian legislation

\*\*\* For more information on waste management, refer to the [Environmental Performance Appendix](#).



## Preserving biodiversity

Udokan Copper monitors its impact on the environment and strives to protect the well-being of established ecosystems. The Company does not operate in or close to areas of high biodiversity value, nor does it affect species on the International Union for Conservation of Nature (IUCN) Red List or the national list of protected species.

In the reporting year, the Institute of Natural Resources, Ecology and Cryology of the Siberian Branch of the Russian Academy of Sciences performed the annual environmental monitoring to assess how our operations affect biodiversity, directly or indirectly. The experts did not identify any significant impact on biodiversity. As part of the monitoring, experts visited the experimental site for compensatory

replanting of *Rhododendron aureum*, a protected plant listed in the Red Book of the Zabaikalye region. Some plants of this rare species had been transferred there earlier from the tailings dump of the Company's production facility. We counted the dead plants, measured and photographed the surviving plants, assessing their condition. The survival rate as of August 2023 was 94.2%, which is above average.

In 2023, Udokan Copper set about implementing its fish-breeding plan to compensate for the damage to the aquatic biological resources in the Lena River basin in the Zabaikalie region. In 2023, about 10,000 baby Siberian sturgeon (a species on the IUCN Red List) were released into the Chara River. The number of fish



and the release point had been agreed with the Angara-Baikal Territorial Office of the Russian Federal Agency for Fishery. Another 50 thousand Siberian sturgeon will be released in 2024 and in total over a seven-year period we plan to populate the Chara River with over 300,000 young fish of this species.

In 2024, we will continue monitoring the condition of transferred plants on our premises and assess the technical requirements for fauna compensation measures.



### Support for the Kodar National Park

In 2022, Udokan Copper signed a cooperation agreement with the Russian Ministry of Natural Resources and Environment to develop the Kodar National Park, a protected natural area in the Kalar municipality of the Zabaikalye region. The effort will be part of Russia's federal project for preserving biodiversity and developing sustainable tourism.

In 2023, activities under the agreement included preparatory planning of improvements. We drew up the terms of reference and approved the cost estimate, including field studies, calculation of the maximum permissible recreational capacity, planning of recreational sites, and compiling a list of improvement works. We expect to complete the works in 2024.





# Goals and delivery

Goals for 2023	Delivery
Establish a sanitary protection zone for the pilot plant	<b>Achieved</b> We obtained permission from the Russian Deputy Chief Sanitary Doctor for Zabaikalye region to establish a sanitary protection zone for the pilot plant; the zone boundaries were recorded in the Unified State Register of Real Estate.
Obtain state registration of the facilities with negative environmental impact	<b>Achieved</b> Two facilities were registered in the state register of facilities with a negative impact on the environment.
Obtain comprehensive environmental permits for the mining and process plants	<b>Underway</b> We applied for the integrated ecological permits to the Zabaykalye interregional office of Rosprirodnadzor, Russia's environmental regulator.
Develop a set of limits for waste generation, waste placement, and permissible emissions for the infrastructure, transportation, and warehousing facilities	<b>Achieved</b> All the documents are developed.
Develop a set of limits for permissible discharges into water bodies at the first stage of construction	<b>Achieved</b> A set of limits for permissible discharges for mining complex are developed.
Develop an additional drinking water quality control program for water sources	<b>Achieved</b> Program of industrial environmental control of drinking water quality for the Ingamakitsky groundwater deposit is developed and approved by CEO.
Obtain a licence to use an additional water body for the transportation and warehousing facility	<b>Achieved</b> Licence to discharge water into the Naminngakan River is obtained for the transportation and waterhousing facility.
Release aquatic biological resources into a water body of fishery significance	<b>Underway</b> Ten thousand of young Siberian sturgeon have been released into the Chara River.
Arrange for the monitoring of replanted plants on the Company's land and assess the technical requirements for compensatory measures	<b>Underway</b> We surveyed an experimental site for the compensatory replanting of Rhododendron aureum, a protected species listed in the Red Book of the Zabaikalye region.

## Goals for 2024

### Environmental management

- Obtain comprehensive environmental permits for the mining, process and pilot plants
- Proceed with the state registration of facilities with negative environmental impact

### Energy consumption and climate program

- Continue piloting non-regulated bilateral PPAs
- Finalize the analysis of opportunities for generating solar energy on site
- Set up an automated information and measurement system for electricity metering
- Maintain the current volume of fuel and energy consumption without exceeding the targets for the reporting period

### Water withdrawal and discharge

- Put into operation the treatment facilities for quarry and spoil runoff water from the Zapadny pit
- Construct and commission treatment facilities for surface and domestic wastewater
- Continue implementation of the recycled water supply system

### Biodiversity conservation

- Implement the second step of the Company's fish-breeding plan to compensate for the damage to aquatic biological resources: release 50 thousand of young Siberian sturgeon into the Chara River
- Continue the monitoring of replanted plants on the Company's territory and assess the technical requirements for the compensatory measures

### Waste management

- Commission the in-house industrial and municipal waste landfill; obtain a license for handling production and consumption waste



# LOCAL COMMUNITY RELATIONS

Supporting local communities is an important part of Udokan Copper's social responsibility agenda. It enables the Company to build a business aligned with the interests of all stakeholders and effectively support social initiatives using a strategic approach to the balanced social and economic territory development.

Fostering the wellbeing of the local population, including the indigenous peoples of the North, the Company implements one of its most important strategic priorities delivers a program of socio-economic partnership, creates new workplaces and provides substantial tax revenues to local budgets.

From the very onset of the Udokan project, the Company positioned itself as a reliable partner in addressing important social issues, investing heavily in the development of the region's infrastructure, landscaping, healthcare, sports, education, and culture.

**>2.5** billion rubles were contributed to the region's social initiatives since the start of the Company's operations.



## Local communities and social responsibility governance

To endorse its commitment to contribute to regional development, in 2023, Udokan Copper's Board of Directors approved the [Community Relations Policy](#) based on the principles of the UN Global Compact, the standards and guidelines of the International Finance Corporation, and the principles of the International Council on Mining and Metals.

In accordance with the Policy, the Company undertakes to maintain dialogue with the local communities on the key aspects of the Company's business, address their concerns, provide conditions for development, including through creating jobs and internships, maintain a healthy and safe environment, and emphasize observance of human rights.

In furtherance of the Policy, the Company:

- develops programs to improve the local infrastructure, create new jobs and opportunities to foster local entrepreneurship;
- creates guidelines for assessing the impact on the affected communities, their needs, positions and expectations of the Company;
- sets up feedback mechanisms, including for reporting complaints and appeals anonymously;
- holds consultations and open discussions with community representatives to determine their positions and expectations.

The implementation of the Policy and social partnership programs in the reporting year was carried out by the Company's Public Relations Directorate supervised by the Deputy CEO for Sustainable Development and Corporate Affairs.



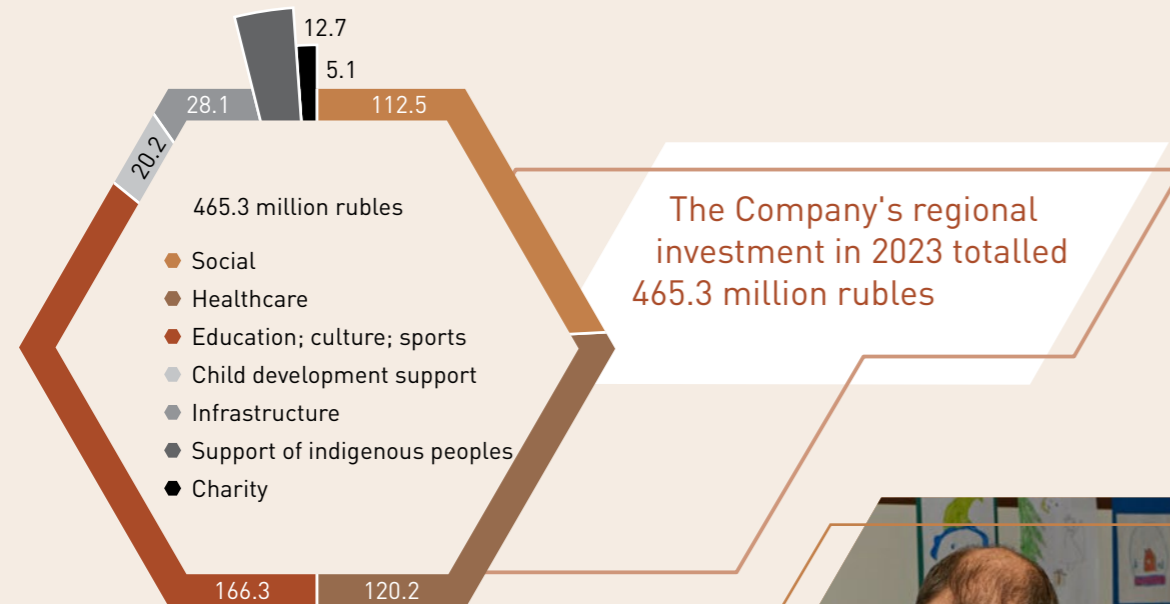


## Contribution to regional development

Udokan Copper implements its regional development agenda based on the annually updated Partnership Program (a part of the Agreement on Social and Economic Cooperation signed by the Company, government of the Zabaikalye region, and Kalar

municipal administration). The program outlines the priority regional and local activities aiming to support social, cultural, art and educational initiatives, wellbeing, landscaping and utilities, charity, and support for indigenous peoples.

### The Company's regional investment in 2023



## Support for local healthcare system

Committed to implementing the key component of its social responsibility agenda, in 2023, Udokan Copper supported a number of initiatives aiming to improve the quality of healthcare in the Kalar District in particular and the Zabaikalye Region in general:

### Purchase of a medical linear accelerator (LINAC) for cancer treatment.

In March 2023\*, the machine was installed in one of Chita hospitals, ensuring more efficient and safer treatment and cutting waiting times for the patients. Thanks to the high-precision modern equipment, over a thousand patients treated for tumours in the Zabaikalye Region were able to receive advanced care and increase their chances of recovery.

### Purchase of a modern CT scanner.

To make imaging examinations available to the residents of the Kalar District, the Company financed the purchase of a modern computed tomography scanner for the Central District Hospital, its installation and training of the personnel. Philips Brilliance CT 64-slice is a cutting-edge CT system, enabling advanced diagnostics for cardiac, pulmonary, trauma, and pediatric purposes.



### Development of telemedicine.

In 2023, Udokan Copper together with the Ministry of Health of the Zabaikalye Region implemented a telemedicine project, providing 30 medical institutions in the region with telemedicine equipment for diagnosing heart diseases. The equipment can be used to remotely monitor patient's daily health data, such as blood pressure, ECG and heart rate. Monitoring results will be used by general practitioners and cardiologists to update the diagnosis, adjust treatment, or decide on hospitalization. Cutting-edge diagnostic capabilities, access to treatment in remote and underserved areas, and faster test results have significantly improved the quality of medical care in the region.



\* Financing was provided in 2022



## Support for education

Udokan Copper implements a holistic approach to professional education, encouraging efforts to find and nurture young talents from early on, supporting students and young professionals, and the region's educational system in general.

### Cuprum Innovative Educational Center

In 2023, as part of the federal program for modernizing the social infrastructure of the Zabaikalye Region, Udokan Copper supported the creation of the Cuprum Innovative Educational Center on the basis of Secondary School No. 2 in New Chara\*. In the center, younger students will be able to learn the basics of mining and metallurgy, acquire computer skills and get an in-depth multidisciplinary training, while seniors will be offered vocational industrial training. The center also offers extracurricular learning programs in 3D modeling, robotics and VR technologies; natural sciences and technology, including training and retraining programs for drivers of the A, B, and C categories and operators of heavy equipment (bulldozers and excavators), as well as retraining and advanced training programs for the existing specialists.

### Strategic partnership with Zabaikalye State University.

The Company is a trusted partner of the leading university of the Zabaikalye Region, where it helps develop employer-sponsored training and research

programs. In the reporting year, Udokan Copper endorsed a cooperation program with the university by signing a special agreement and becoming its industry partner. The document provides for the implementation of joint educational programs of various types and levels based on the needs and in the interests of mining enterprises in the Far East. A special Udokan scholarship is awarded to top students and young researchers, while senior students are offered paid internships at the Company, with the best performers continuing their careers as full-time specialists.

The Company's social responsibility priorities include supporting the procurement of necessary equipment, materials, and supplies; aiding professors; improving the training standards and implementing innovative educational programs. Udokan Copper rewards the work of those who help to raise professional staff. In the reporting year, 35 teachers of Kalarsky District with teaching experience ranging from 25 to 51 years received the Loyalty to Profession award.

In addition, for the first time in 2023, jointly with the administration of the Kalar District, the Company ran a municipal contest called Socium to choose the best social services enterprise. The contest was aimed to identify the most successful management practices; assist in improving the quality of work; streamline interaction with social partners; and improve the investment appeal of social sector institutions.

## Childhood and talent support

In the reporting year, the Company continued to implement its annual grant project **Udokan Stars** aimed at supporting and rewarding secondary school students for their academic achievements. Over 280 top performers received cash prizes; more than 30 top participants were able to visit the Artek camp in Crimea and the educational camp Evrika on Lake Arakhley.

Udokan Copper also recognized and rewarded the most active volunteers of the **Heart of Udokan** organization, within which students run environmental campaigns and help people in need under the Company's sponsorship.

With the support of the Company, two groups of organization activists visited Vladivostok where they went sightseeing, relaxed and got inspiration for new large-scale projects.

The Company also continued its **Caring for the Future** project, which helps new parents of the Kalar District: for two years now, every family of the Kalar District that had a baby receives a gift set from Udokan Copper with all of the essentials new parents need most after the birth of a child: from diapers to seasonal clothes.



## Contribution to inclusive culture

In its effort to promote equal opportunities and diversity, in 2023 the Company sponsored the opening in Chita of Russia's first resource center for adaptive sports games for the rehabilitation of children with disabilities. The project won an award of the Powerful Ideas for New Times forum and was supported by experts of the Agency for Strategic Initiatives. The center has three gyms (where adaptive equipment for kids and adults is installed) and offices of the general practitioner, pediatrician and educational psychologist, where initial patient appointments take place. More than 100 specialists who have undergone special training in Chita and Moscow will work with rehabilitees and future athletes. Holding workshops, competitions and other events is contemplated. Going forward, activities of the center will be scaled up across the entire region.

Also in 2023, the Company hosted the traditional Equal Opportunities Cup, the annual adaptive event for children with special needs. With the involvement of specialists from the Chita Center for Medical and Social Rehabilitation of People with Disabilities, participants were able to discover their hidden talents: play drums, paint watercolors with wool, decorate eco-friendly bags, train their strength and endurance using interactive equipment, and also consult a psychologist.

In 2023, the Company hosted Inclusion Days jointly with the non-profit organization for the visually impaired Belaya Trost, a forum that brought together specialists engaged in the treatment, rehabilitation and socialization of people with disabilities, including from Moscow, Kaliningrad, Krasnoyarsk, Zabaikalye, and Nepal, gathering over a hundred participants.



\* The educational center was set up during 2023 and officially opened in 2024.



## Support for sports achievements

In 2023, the Company supported the development of sports infrastructure, holding major tournaments and traditional sports events for the Udokan Copper Cup, and also helped dozens of local athletes take part in the regional, interregional and all-Russian competitions.

### Building a modern hockey rink.

In 2023, the Company continued supporting local sports by financing the construction of a modern hockey rink at the Dynamo ski base, one of the facilities of the Vysokogorye sports and recreation complex in Chita.

### Artistic gymnastics competition.

In the reporting year, the second Russian artistic gymnastics competition Gold of Udokan was held with the Company's support. More than 600 athletes from 22 regions of Russia took part in the competition, which was attended by honorary guests: the Olympic champion Margarita Mamun and a multi-time world champion, Honored Master of Sports in Rhythmic Gymnastics Amina Zaripova.

### Udokan Copper Muay Thai Cup.

In 2023, the Company hosted a traditional tournament that brought together more than 200 athletes aged 10 to 17 years from four regions of the Far East. Participants competed for over 50 sets of medals, cups and certificates across different weight categories; team classification winners received additional cash prizes.

The Kalar District hosted interregional sports competitions in football, hockey, and karate to encourage healthy lifestyle for children and adults, and a large sports tournament to celebrate the National Miners' and Steelworkers' Day.



## Support for culture and arts

In 2023, the Company co-hosted the Zabaikalye International Film Festival in Chita and the second Oleg Lundstrem Jazz Festival, which brought together iconic jazz bands from all over the country.

Udokan Copper also sponsored a poetic evening featuring Russia's renowned actors Valery Barinov and Elena Ksenofontova and members of the famous jazz dynasty, Peter and Leonid Lundstrem. An open plein-air event was held for students of the Zabaikalye Regional School of Arts – a week-long trip to the district's most picturesque sites. Paintings made by the students were displayed as part of the Inspiration of Udokan exhibition held in Chita City Art Gallery.

In the run-up to the New Year's, the Company hosted theatrical performances for 500 Kalar children; gave out 1,800 sweet gift boxes to each child aged 0 to 17 years, and built a traditional ice village using 150 tonnes of ice, helping to unlock the true holiday spirit for Novaya Chara people.



## Support for social entrepreneurship

In an effort to maintain the region's appeal for small- and medium-sized businesses, in 2023, Udokan Copper launched the Business Idea grant programme to support new projects aimed to improve the lives of the local residents. The projects were assessed against the social efficiency criteria, such

as job creation, wage level, and implementation time, with priority given to those designed for more than three years. Grants of 300,000 to 700,000 rubles were awarded to business initiatives in the agriculture, tourism, sports, and beauty sectors.



# Indigenous ethnic groups engagement

[411-1], [413-1]

Maintaining the identity of the indigenous communities of the Zabaikayle Region and protecting their heritage has always been Udokan Copper's priority. Paying special attention to the preservation of traditional forms of land use and customs of the region's indigenous population, the Evenki, the Company makes every effort to avoid any negative impact on their original way of life and participate in the events aimed at the preservation of their language and culture.

To formalize its commitment and principles of collaboration with the indigenous peoples, Udokan Copper's Board of Directors approved a [special policy](#) developed in line with the leading international standards and guidelines.

The Company declared the following main principles: respect for traditions and way of life; protection of ancestral habitats, crafts, and traditional forms of land use; forecasting and mitigating any negative impact on the indigenous culture. With this policy, Udokan Copper undertakes:

- to respect the right of the indigenous peoples to give or withhold their free informed consent prior to the commencement of any activities impacting their lands;

- to ensure that indigenous peoples have the up-to-date information about the Company's activities, their possible risks and potential impact on the local population;
- to assess the indigenous peoples' needs and implement engagement programs;
- to apply feedback mechanisms that are understandable and accessible to the indigenous peoples to promptly resolve any emerging issues.

Compliance with the policy is overseen by the Company's senior managers who have the authority to make or influence the adoption of important business and personnel decisions.

To join efforts towards the promotion and protection of the indigenous peoples' rights, Udokan Copper signed a trilateral agreement with the Government of the Zabaikalye Region and the regional Association of the Indigenous Peoples of the North, Siberia, and the Far East, which outlined the principles and areas of cooperation and the main roles and responsibilities of the parties. In particular, the Company undertook to use indigenous-led tech solutions that would minimize any negative impact of its production on the indigenous landowners and provide regular support based on an annually adopted program.



**0** incidents of violations of rights of the indigenous peoples were identified.

In the reporting year, the Company continued supporting the traditional Evenki festivities, encouraging participation and supporting the local communities financially. Besides, In 2023, together with the Association of the Indigenous Peoples of the North of the Republic of Sakha (Yakutia), the Association of the Evenki People of the Republic of Sakha (Yakutia) and the Indigenous Peoples of the North of the Trans-Baikal Territory, the Administration of the Kalar District and the Tyan National Nasleg of the Olekminsky District of the Republic of Sakha (Yakutia), the Company hosted the Reindeer Herder's Day interregional festival. The festival brought together the Evenki from five regions of Russia, providing a platform to discuss important issues of preserving the traditional culture and a venue for competing in traditional sports, such as reindeer sled racing or lasso throwing.





## Performance on the 2023 goals

2023 goals	Progress status
Reconstruction of the Chara airport runway	<b>Underway</b>  Adjustments were made to the design and estimate documentation followed by the facility re-examination by the competent authorities
Purchase of a CT scanner for the Kalar hospital and construction of additional functional premises	<b>Achieved</b>
Implementing the Cardio Health program in the Zabaikalye Region, including the purchase of devices for continuous monitoring of blood pressure and cardiac function	<b>Achieved</b>
Opening an adaptive sports games resource center for the rehabilitation of children with disabilities in Chita	<b>Achieved</b>
Holding inclusive events in Zabaikalye Region, including a specialized forum	<b>Achieved</b>
Renovation of the dormitory of the cadet boarding school of the Zabaikalye Region	<b>Achieved</b>
Opening the Cuprum Educational Center	<b>Achieved*</b>
Holding the Zabaikalye International Film and Jazz Festival	<b>Achieved</b>
Developing the Vysokogorye Sports Complex	<b>Achieved</b>
Holding the Russian Rhythmic Gymnastics Competition and the annual Muay Thai tournament	<b>Achieved</b>
Providing necessary resources and supporting social initiatives of indigenous peoples	<b>Achieved</b>

\* The Educational Center was set up during 2023 and officially opened in 2024.

## Plans for 2024

In 2024, the Company plans to continue delivering on its social and financial commitments in accordance with the approved plan. The activities planned for 2024 include:

- renovation of the outpatient facility of the Kalar Central District Hospital;
- repairs and purchasing necessary equipment for the Mining Department of the Zabaikalye State University;
- overall support of the Cuprum Educational Center, including purchasing the necessary materials and equipment;
- holding the traditional rhythmic gymnastics, Thai boxing, and other sports competitions;
- support of gifted children as part of the Udokan Stars program;
- holding the Zabaikalye International Film Festival;
- hosting a specialized inclusive forum and supporting other inclusive events;
- providing the necessary resources for and supporting the social initiatives of the indigenous peoples of the North.



# APPENDICES

## About the Report

[2-14]

This report was prepared with reference to the GRI standards. We were also guided by the recommendations of the Russian Ministry of Economic Development regarding the voluntary preparation and disclosure of non-financial reporting. The report was reviewed by an independent auditor, agreed by the managers of the responsible

structural units, and approved for publication by the Company's CEO.

It is issued as the Company is rolling out operations at its production facilities. Therefore, some specific indicators relevant for fully operational metals and mining companies are disclosed only partially.

## Determining material topics

[3-1], [3-2]

In 2023, the Company determined material topics in line with the requirements and guidance provided in the GRI Standards 2021. The process comprised three stages:

1. The material topics identified in the previous reporting period were used as a basis for this year's list. We analyzed the topics to confirm they were relevant in terms of the current legislation, Russian and international standards.
2. We conducted an online survey among internal and external stakeholders to determine their attitude to the preselected topics. We assessed the average importance of each topic for each stakeholder

group and for all stakeholder groups, compiling a list of material topics ranked by significance to our stakeholders.

3. As part of researching each topic, the Company's responsible employees provided their expert opinion on the current and potential impacts of the Company's operations, both positive and negative. The impacts were assessed by analyzing the expertise of peer companies, as well as the identified risks and opportunities. The final ranking was made based on the assessment results. The Level 1 priority topics were recognized as material. The report also covers some additional topics that were recognized as important for certain stakeholders.

Level 1 priority	Change from 2022
Air emissions	+1 Level
Water withdrawal and water discharge	No change
Waste management	No change
Respect for human rights	+1 Level
HR management	No change
Occupational health and safety	No change
Combating corruption	+1 Level
Level 2 priority	
Energy consumption and energy efficiency	+1 Level
Preserving biodiversity	No change
Respect for the indigenous peoples' rights	+1 Level
Contribution to regional development	New topic
Employee training and development	-1 Level
Level 3 priority	
Adaptation to climate change	No change
Local community relations	No change
Engagement with business partners	No change

## Stakeholder engagement

[2-23], [2-24], [2-29]

The Company's engagement with the stakeholders, on which it has a direct or indirect impact, is based on mutual trust, transparent plans and actions, openness, and a resolve to find optimal solutions together.

Udokan Copper distinguishes two groups of stakeholders, internal and external, based on an analysis of the list of stakeholders and the level of their engagement with the Company. Internal stakeholders directly manage, own or work at Udokan Copper, while external stakeholders are interested in or impacted by our operations. The distinction was made based on the analysis of the complete list of the stakeholders and their involvement with the Company.

In the reporting year, we reaffirmed our duty to the public and our commitment to comprehensive stakeholder engagement by approving the [Key Stakeholder Engagement Policy](#), which draws from the best global practices and leading international standards.

Stakeholder group	Key areas of engagement	Reference for 2023 outcomes
The Company's shareholders and members of the Board of Directors	• Developing strategic partnerships with all stakeholders	<a href="#">Corporate governance</a>
	• Disclosing financial and non-financial information about the Company's operations	
	• Increasing shareholders' wealth by business value and profitability	
Full- and part-time employees	• Providing decent working conditions, opportunities for professional growth, competitive salaries, and a safe and comfortable workplace	<a href="#">People development</a> ; <a href="#">Occupational health and safety</a> ;
	• Respecting human rights, preventing discrimination of any kind	<a href="#">Business ethics, anti-corruption, and human rights</a>
Civil society organizations and local communities located in the Kalar District of the Zabaikalsky region	• Fostering the region's social and economic development and the well-being of the local population	<a href="#">Local community relations</a> ; <a href="#">Environmental responsibility</a>
	• Promoting environmental, sanitary, and epidemic safety in the region of operation	
	• Creating new jobs, improving the local social infrastructure in the region of operation of the Company	



Stakeholder group	Key areas of engagement	Reference for 2023 outcomes
Indigenous minorities of the North living in the areas where the Company operates (or adjacent areas)*	<ul style="list-style-type: none"> <li>Facilitating the development of the communities of indigenous minorities of the North affected by the Company's operations</li> <li>Preserving their traditional trades and use of natural resources of the indigenous minorities of the North living in the areas where the Company operates</li> <li>Initiating or participating in projects to preserve the indigenous languages, cultural heritage, and way of life</li> </ul>	<a href="#">Local community relations</a>
Current and prospective contractors, suppliers, and business partners	<ul style="list-style-type: none"> <li>Striving for the long-term, mutually beneficial cooperation during all stages of the Company's operations</li> <li>Fulfilling all contractual obligations to contractors, suppliers and business partners</li> <li>Ensuring safe working conditions for contractors</li> <li>Respecting human rights across the entire supply chain</li> </ul>	<a href="#">Sustainable supply chain;</a> <a href="#">Occupational health and safety;</a> <a href="#">Business ethics, anti-corruption, and human rights</a>
Industry peers and professional associations	<ul style="list-style-type: none"> <li>Shaping industry trends at the national and global levels</li> <li>Establishing a dialog within the industry to resolve current challenges and achieve sustainable development goals</li> </ul>	<a href="#">Sustainability management</a>
Environmental and socio-economic NGOs	<ul style="list-style-type: none"> <li>Acting on the Company's social, economic and environmental commitments</li> <li>Putting collaborative effort to achieve sustainable development goals</li> </ul>	<a href="#">Local community relations</a>
Russian and international associations and organizations	<ul style="list-style-type: none"> <li>Striving for compliance with the international and national standards, with a focus on long-term cooperation</li> </ul>	<a href="#">Sustainability management</a>
Current and potential investors	<ul style="list-style-type: none"> <li>Meeting the Company's financial and operational targets</li> <li>Fulfilling the Company's financial obligations to investors</li> <li>Enhancing the Company's investment appeal and increasing business value</li> </ul>	<a href="#">About the Company</a>

Stakeholder group	Key areas of engagement	Reference for 2023 outcomes
Current and potential creditors; local and foreign banks	<ul style="list-style-type: none"> <li>Meeting the Company's financial and operational targets</li> <li>Discharging the Company's obligations under the existing financing arrangements</li> <li>Ensuring good governance in order to establish long-term, sustainable relationships with creditors</li> </ul>	<a href="#">About the Company</a>
Legislators, executive officials, federal regulators and supervisors	<ul style="list-style-type: none"> <li>Complying with the Russian legislation</li> <li>Contributing to social and economic development of the region</li> <li>Implementing the best available environmental safety technologies in copper mining and manufacturing of cathode copper and sulfide concentrate</li> </ul>	<a href="#">Local community relations</a>
Regional and municipal executive officials, including municipal educators	<ul style="list-style-type: none"> <li>Complying with regional and local legislation</li> <li>Aiding the sustainable development of the region by making and implementing agreements between the regional government, the Company, and the local communities</li> </ul>	<a href="#">Local community relations</a>
Scientific community	<ul style="list-style-type: none"> <li>Engaging in joint initiatives and scientific research in copper mining and production to boost the Company's operational efficiency and achieve sustainable development goals</li> </ul>	<a href="#">About the Company</a>
Universities and vocational schools	<ul style="list-style-type: none"> <li>Implementing joint educational programs to nurture professionals in the field and expand the Company's talent pool</li> </ul>	<a href="#">Local community relations</a>
Current and potential consumers of the Company's products	<ul style="list-style-type: none"> <li>Producing quality products that meet the modern requirements and responsible business standards</li> </ul>	<a href="#">About the Company</a>

\* As per the list approved by the Russian Government Resolution No. 536-p of 17.04.2006

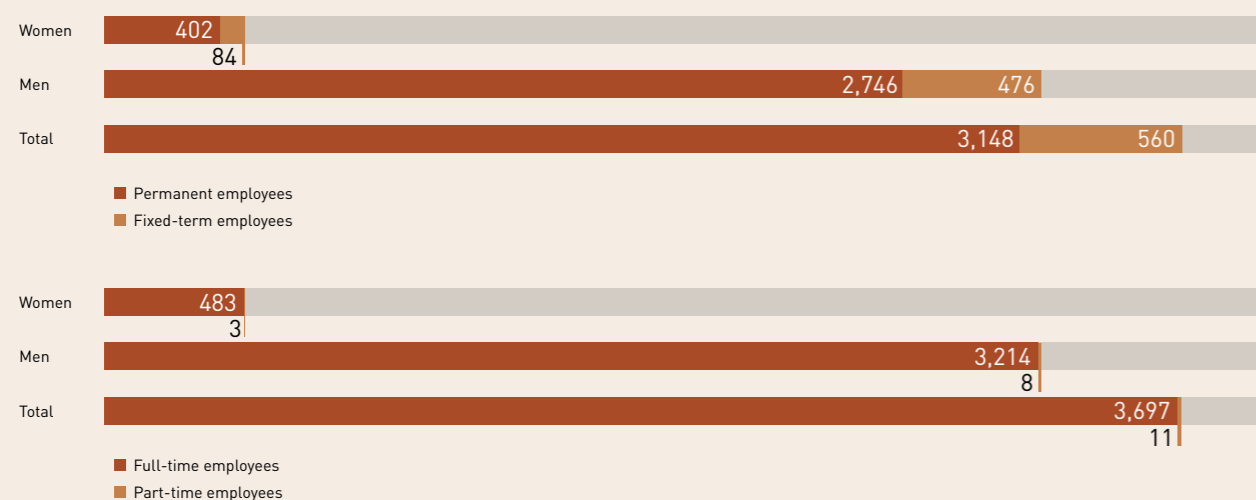


# Personnel structure and remuneration

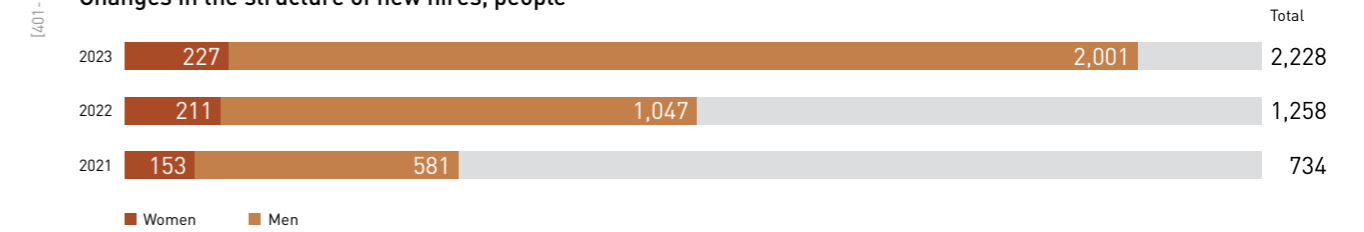
## Personnel structure by age and gender at year-end, people

Total employees	Under 30			30-50			Over 50			Total employees		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Management (management, specialists, clerks)</b>												
<b>Total management (managements, specialists, clerks)</b>	95	143	<b>170</b>	713	1,194	<b>1,410</b>	72	113	<b>140</b>	880	1,450	<b>1,720</b>
Women	40	57	<b>61</b>	206	280	<b>298</b>	23	39	<b>33</b>	269	376	<b>392</b>
Men	55	86	<b>109</b>	507	914	<b>1,112</b>	49	74	<b>107</b>	611	1,074	<b>1,328</b>
<b>Managers</b>	10	18	<b>14</b>	266	358	<b>420</b>	32	46	<b>57</b>	308	422	<b>491</b>
Women	1	4	<b>4</b>	55	62	<b>54</b>	5	11	<b>7</b>	61	77	<b>65</b>
Men	9	14	<b>10</b>	211	296	<b>366</b>	27	35	<b>50</b>	247	345	<b>426</b>
<b>Specialists</b>	81	123	<b>155</b>	439	829	<b>984</b>	40	67	<b>83</b>	560	1,019	<b>1,222</b>
Women	35	51	<b>56</b>	143	211	<b>238</b>	18	28	<b>26</b>	196	290	<b>320</b>
Men	46	72	<b>99</b>	296	618	<b>746</b>	22	39	<b>57</b>	364	729	<b>902</b>
<b>Clerks</b>	4	2	<b>1</b>	8	7	<b>6</b>	0	0	<b>0</b>	12	9	<b>7</b>
Women	4	2	<b>1</b>	8	7	<b>6</b>	0	0	<b>0</b>	12	9	<b>7</b>
Men	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>	0	0	<b>0</b>
<b>Workers</b>												
<b>Total workers</b>	87	117	<b>331</b>	316	535	<b>1,380</b>	65	121	<b>277</b>	468	773	<b>1,988</b>
Women	17	18	<b>21</b>	24	28	<b>61</b>	6	6	<b>12</b>	47	52	<b>94</b>
Men	70	99	<b>310</b>	292	507	<b>1,319</b>	59	115	<b>265</b>	421	721	<b>1,894</b>
<b>Total</b>	182	260	<b>501</b>	1,029	1,729	<b>2,790</b>	137	234	<b>417</b>	1,348	2,223	<b>3,708</b>
Women	57	75	<b>82</b>	230	308	<b>359</b>	29	45	<b>45</b>	316	428	<b>486</b>
Men	125	185	<b>419</b>	799	1,421	<b>2,431</b>	108	189	<b>372</b>	1,032	1,795	<b>3,222</b>

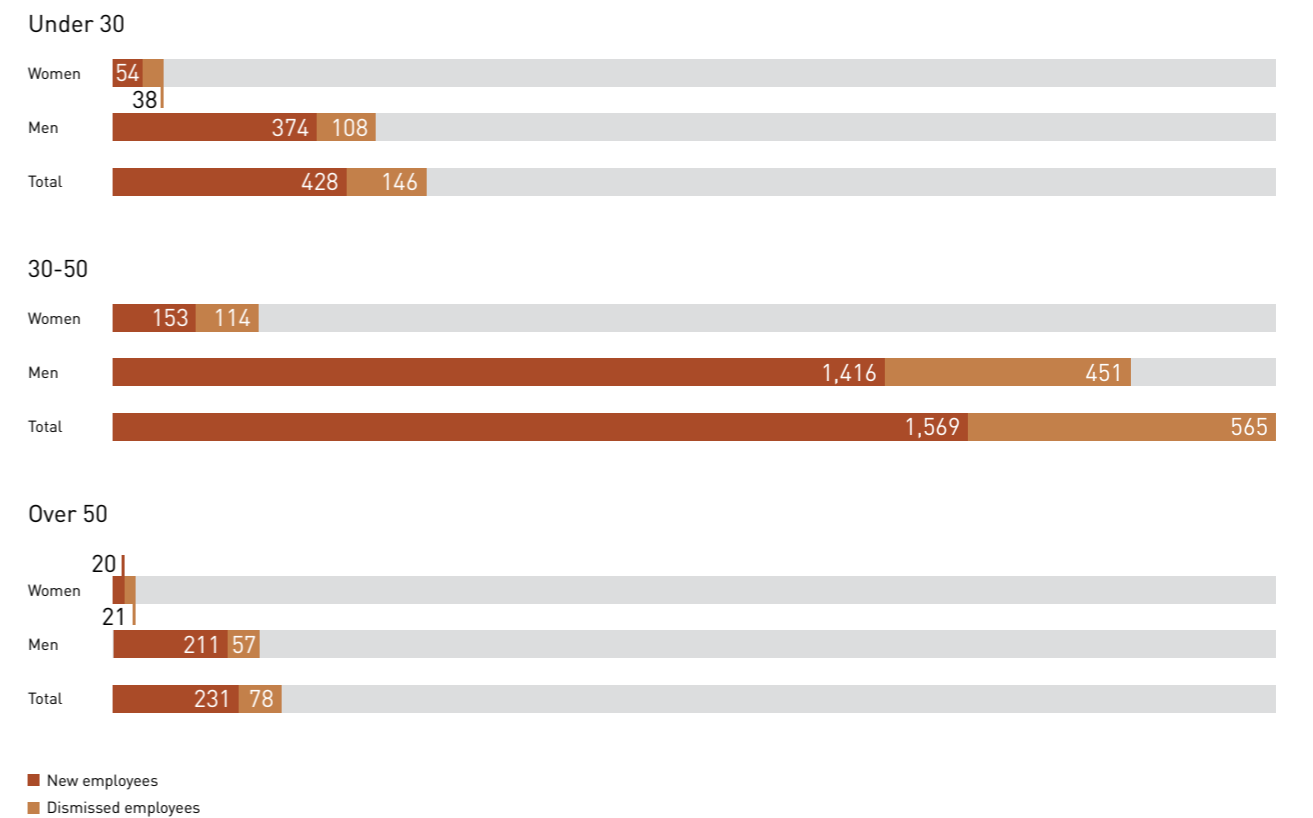
## Personnel structure by contract type and gender at year-end 2023, people



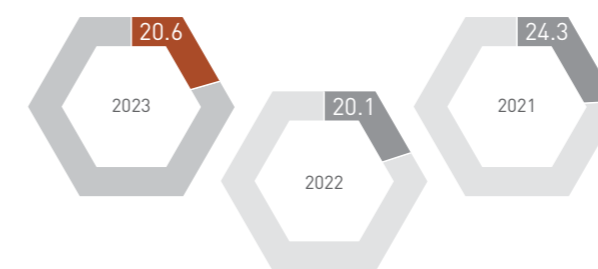
## Changes in the structure of new hires, people



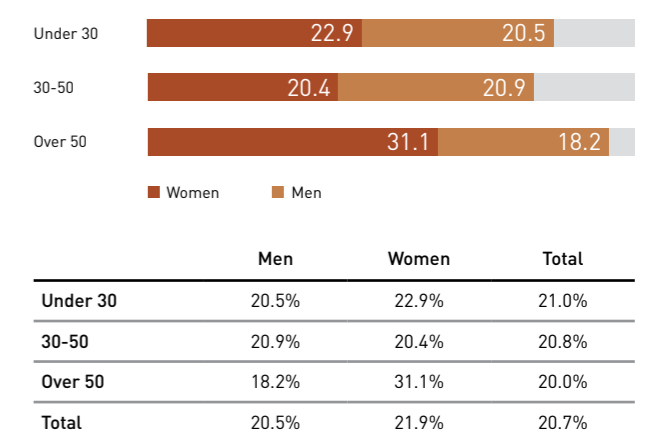
## New and dismissed employees in 2023 by age and gender, people\*



## Employee turnover rate, %\*\*



## Turnover rate for employees who left the organization voluntarily in 2023, by age and gender, %\*\*

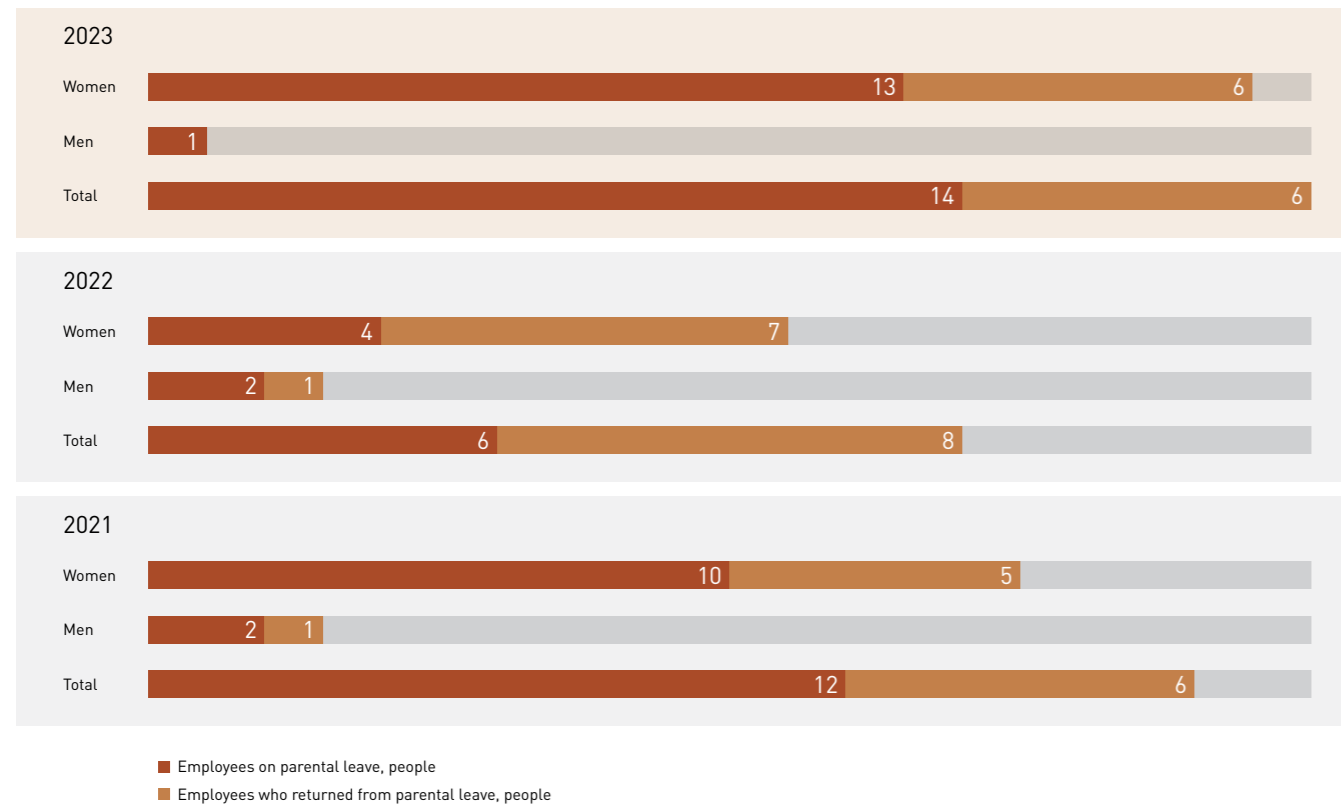


\* Age of employees as of the reporting date

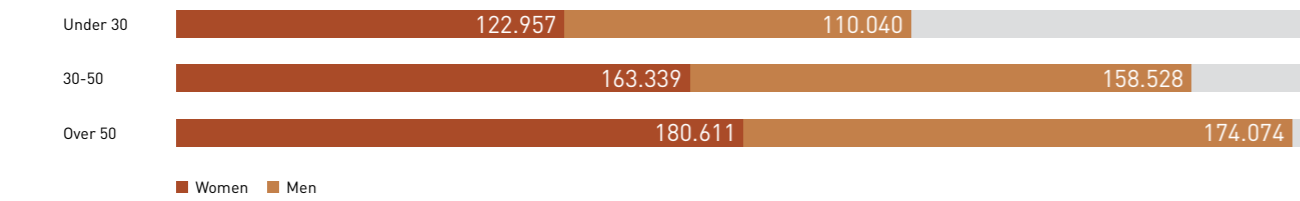
\*\* The ratio of employees who resigned voluntarily, or by agreement with the Company, or were dismissed for absenteeism, to the average headcount in the reporting period.



[401-3] Employees on parental leave and employees who returned from parental leave, people



[405-2] Average salary in 2023, thousand rubles



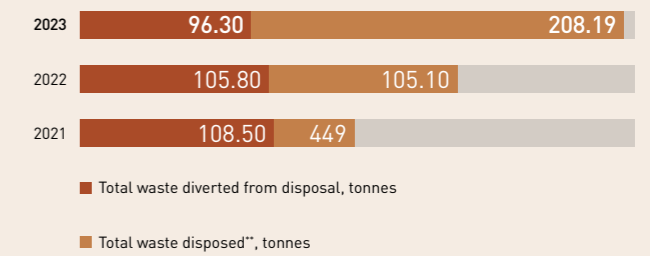
# Environmental performance

[305-7] Emission of air pollutants, tonnes

Substance	2021	2022	2023
NOx (nitrogen oxides)	6.058	4.043	3.101
SO2 (sulfur dioxide)	4.314	7.356	5.845
Persistent organic pollutants (POP)	11.562	18.14	14.519
Volatile organic compounds (VOC)	0.152	0.152	0.152
Solid particles	1,394.435	872.94	620.842*
Other standard air emission categories specified in respective regulations	0.142	0.23	0.141
<b>Total:</b>	<b>1,416.663</b>	<b>902.861</b>	<b>644.600</b>

[306-3] Waste generated, tonnes

Waste class	Waste type	2021	2022	2023
I	Lamps of various types	0.075	0.069	0.01
II	Batteries	1.166	2.635	2.98
III	Mineral oil waste and oil purification filters	15.025	37.600	56.23
IV	Garbage from offices and amenities, automobile tires	415.400	143.900	276.89
V	Packaging waste, ash and slag, other non-hazardous waste	185.226	102.4	156.11
	Copper ore mining and processing waste	5,729.000	9,243.0	4,409.00
<b>Total</b>		<b>6,345.892</b>	<b>9,529.604</b>	<b>4,901.22</b>



\* Lower emissions in 2023 were due to the lower processing volumes at the crushing and screening facility.  
 \*\* Municipal solid waste transferred to a regional operator.



## Work-related injuries

### Accidents among Company employees, people involved

Indicator	2021	2022	2023
Total number of reported work-related injuries (TRI)	6	10	11
Injured persons who sought medical treatment without loss of work ability (minor injuries) (MTC)	5	9	10
Employees who sustained a lost-time injury due to occupational accidents (LTI)	1	1	1
Total occupational accidents	1	1	1
Fatalities	0	0	0

### Occupational injury rates in the Company

Indicator	2021	2022	2023
Overall fatal accident rate (FAR)	0	0	0
Total recordable injury frequency rate (TRIFR)	0.42	0.57	0.31
Lost-time injury frequency rate (LTIFR)	0.071	0.056	0.028
Lost-time incidents severity rate (LTISR)	10.81	7.57	1.26

### Accidents among contractors' employees, people involved

Indicator	2021	2022	2023
Total number of reported work-related injuries (TRI)	14	9	18
Injured persons who sought medical treatment without loss of work ability (minor injuries) (MTC)	9	5	4
Employees who sustained a lost-time injury due to occupational accidents during the work (LTI)	5	4	37*
Total occupational accidents	5	4	14
Fatalities	0	0	3

### Occupational injury rates in the contractors' organizations

Indicator	2021	2022	2023
Overall fatal accident rate (FAR)	0	0	0.027
Total recordable injury frequency rate (TRIFR)	0.18	0.08	0.163
Lost-time injury frequency rate (LTIFR)	0.066	0.037	0.334
Lost-time incidents severity rate (LTISR)	4.25	2.029	n/a

Injury rates were calculated based on 200 thousand man-hours worked.

\* Including people injured during two group accidents: 2 people injured during one accident and 25 people injured during another one, which was a road accident.

## GRI Content Index

Statement of use: Udokan Copper has reported the information cited in this GRI Content Index for the period from 1 January 2023 to 31 December 2023

with reference to the GRI Standards.

GRI 1 used: GRI 1: Foundation 2021.

GRI Disclosure	Title	Reference	Comment
2-1	Organizational details	<a href="#">About the Company, p. 10</a> <a href="#">Contact details, p. 98</a>	Udokan Copper is a privately owned company, which operates in Russia.
2-2	Entities included in the organization's sustainability reporting		The Company had no subsidiaries in 2023, and as at 31 December 2023.
2-3	Reporting period, frequency and contact point	<a href="#">Contents, p. 3</a> <a href="#">Contact details, p. 98</a>	The Company's financial reporting period is the same as its non-financial reporting period. The report has been published in October, 2024.
2-4	Restatements of information		No information for prior periods disclosed in the report was restated.
2-5	External assurance	<a href="#">Independent Auditors' Limited Assurance Report, p. 93-97</a>	External assurance was performed in accordance with ISAE 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", only in respect of the selected information presented in Appendix 1 to the Independent Auditor's Limited Assurance Report.
2-6	Activities, value chain and other business relationships	<a href="#">About the Company, p. 10-15</a>	The information is disclosed partially.
2-7	Employees	<a href="#">Personnel structure and remuneration, p. 82</a>	The information is disclosed partially. The Company has no data on the percentage of work performed by contractors due to the complexity of calculations at the construction stage.
2-8	Workers who are not employees		At the end of 2023, the average number of contractor personnel engaged by Udokan Copper exceeded 5.5 thousand people. The change in the headcount was due to the change in the status of work at the Company's facilities.
2-9	Governance structure and composition	<a href="#">Corporate governance, p. 20-21</a>	The disclosure is limited due to confidentiality requirements.
2-10	Nomination and selection of the highest governance body	<a href="#">Corporate governance, p. 21</a>	The information is disclosed partially.
2-11	Chair of the highest governance body	<a href="#">Corporate governance, p. 21</a>	The Chairman of the Board of Directors is not an executive director.
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Corporate governance, p. 20-21</a> <a href="#">Sustainability management, p. 22-23</a>	The information is disclosed partially.
2-13	Delegation of responsibility for managing impacts	<a href="#">Sustainability management, p. 22</a>	The information is disclosed partially.
2-14	Role of the highest governance body in sustainability reporting	<a href="#">About the report, p. 78</a>	The information is disclosed partially. The report has been approved for publication by the Company's CEO.



GRI Disclosure	Title	Reference	Comment
2-15	Conflicts of interest	<a href="#">Identifying and managing conflicts of interest, p. 31</a>	The information is disclosed partially. Conflicts of interest are not disclosed due to confidentiality requirements.
2-22	Statement on sustainable development strategy	<a href="#">Statement from the Chairman of the board of directors, p. 4-5</a> <a href="#">Statement from the CEO, 6-7</a>	
2-23	Policy commitments	<a href="#">Sustainability management, p. 22-25</a> <a href="#">Business ethics, anti-corruption, and human rights, p. 28-32</a> <a href="#">Occupational health and safety, p. 40-42</a> <a href="#">Environmental responsibility, p. 50-52</a> <a href="#">Local community relations, p. 66-67</a> <a href="#">Stakeholder engagement, p. 79</a>	The information is disclosed partially. The Company's basic principles, approaches to implementing them, and the responsible departments are specified directly in the respective policies. The basic policies are publicly available on the corporate website.
2-24	Embedding policy commitments	<a href="#">Sustainability management, p. 22-25</a> <a href="#">Business ethics, anti-corruption, and human rights, p. 28-33</a> <a href="#">Occupational health and safety, p. 40-47</a> <a href="#">Environmental responsibility, p. 50-53</a> <a href="#">Local community relations, p. 66-67</a> <a href="#">Stakeholder engagement, p. 79</a>	The information is disclosed partially. The Company's basic principles, approaches to implementing them, and the responsible departments are specified directly in the respective policies. The basic policies are publicly available on the corporate website.
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">Business ethics, anti-corruption, and human rights, p. 28</a> <a href="#">Mechanisms for advice and concerns, p. 33</a>	
2-27	Compliance with laws and regulations		In the reporting year, the Company did not face any material penalties or non-financial sanctions, including those for noncompliance with the environmental or labor regulations or business ethics standards. Material penalties or sanctions are those that may have a material impact on the Company's financial results or lead to suspension of its operations.
2-28	Membership associations		The Company is a party to the Anti-Corruption Charter of Russian Business, a participant of the UN Global Compact, and a member of the National Network of the UN Global Compact in Russia.
2-29	Approach to stakeholder engagement	<a href="#">Stakeholder engagement, p. 79-81</a>	
2-30	Collective bargaining agreements		In 2023, the Company had no collective bargaining agreements. This was due to the construction stage, the ongoing process of building communication between employees and management, and the development of internal policies and other local regulations. Udokan Copper considers entering into collective bargaining agreements in the future.
3-1	Process to determine material topics	<a href="#">Determining material topics, p. 78</a>	The information is disclosed partially.
3-2	List of material topics	<a href="#">Determining material topics, p. 78</a>	

GRI Disclosure	Title	Reference	Comment
3-3	Management of material topics	<a href="#">Business ethics, anti-corruption, and human rights, p. 28-29</a> <a href="#">Respect for human rights, p. 32</a> <a href="#">Approach to personnel management, p. 34-35</a> <a href="#">Occupational health and safety, p. 40-42</a> <a href="#">Environmental management, p. 51-53</a> <a href="#">Air emissions, p. 58</a> <a href="#">Water intake and discharge, p. 59-60</a> <a href="#">Waste management, p. 61</a>	The information is disclosed at the beginning of each section that covers the respective topic. The information is disclosed partially.
201-3	Defined benefit plan obligations and other retirement plans		In 2023, the Company had no collective bargaining agreements and corporate pension plans, except for the mandatory payouts in accordance with the Russian legislation.
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	<a href="#">Incentives and remuneration, p. 36</a>	The Company does not have information on the remuneration of contractors' employees.
202-2	Proportion of senior management hired from the local community		The top management comprises of the CEO and the CEO-1 and CEO-2 executives. 93% of the top management are representatives of the local communities. Here, "representatives of the local communities" means citizens of the Russian Federation.
203-1	Infrastructure investments and services supported	<a href="#">Local community relations, p. 66</a> <a href="#">Contribution to regional development, p. 68-73</a>	All of the Company's social investments are donations. No negative impacts of our social investments on the local communities were identified.
203-2	Significant indirect economic impacts	<a href="#">Local community relations, p. 66</a> <a href="#">Contribution to regional development, p. 68-73</a>	
205-1	Operations assessed for risks related to corruption	<a href="#">Business ethics, anti-corruption, and human rights, p. 28-29</a>	The information is disclosed partially.
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">Business ethics, anti-corruption, and human rights, p. 28, 30</a>	The information is disclosed partially.
205-3	Confirmed incidents of corruption and actions taken	<a href="#">Business ethics, anti-corruption, and human rights, p. 28-29</a>	
302-1	Energy consumption within the organization	<a href="#">Energy consumption and climate program, p. 54</a>	The information is disclosed partially. Calculations were made in energy units using the coefficients set by Order No. 371 of the Russian Ministry of Natural Resources and Environment dated 27 May 2022. Energy consumption for earlier periods is not disclosed, as it was calculated based on a different methodology. Previously, electricity consumed included the electricity consumed by contractors when constructing the plant, which made for the largest share of our total energy consumption. In 2023, energy consumption includes only the electricity consumed by the Company. In the reporting year, we did not derive significant amounts of energy from renewable energy sources – nor did we utilize steam or cooling as stand-alone energy sources.



GRI Disclosure	Title	Reference	Comment
303-1	Interactions with water as a shared resource	<a href="#">Water intake and discharge, p. 59</a> <a href="#">Responsible water consumption, p. 59-60</a>	The information is disclosed partially.
303-2	Management of water discharge-related impacts	<a href="#">Responsible water consumption, p. 59-60</a>	
303-3	Water withdrawal	<a href="#">Responsible water consumption, p. 59-60</a>	All water withdrawn in 2023 was fresh water.
303-4	Water discharge	<a href="#">Responsible water consumption, p. 60</a>	In 2023, we did not discharge wastewater into water bodies.
303-5	Water consumption	<a href="#">Responsible water consumption, p. 60</a>	The Company does not operate in areas with water stress.
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">Preserving biodiversity, p. 62</a>	
304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">Preserving biodiversity, p. 62</a>	
304-3	Habitats protected or restored	<a href="#">Preserving biodiversity, p. 62</a>	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<a href="#">Preserving biodiversity, p. 62</a>	No specially protected natural areas are located within the Udokan deposit's borders and the construction area of the Udokan processing plant.
305-6	Emissions of ozone-depleting substances (ODS)	<a href="#">Air emissions, p. 58</a>	
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<a href="#">Air emissions, p. 58</a> <a href="#">Environmental performance, p. 85</a>	
306-2	Management of significant waste-related impacts	<a href="#">Waste management, p. 61</a>	The information is disclosed partially.
306-3	Waste generated	<a href="#">Waste management, p. 61</a> <a href="#">Environmental performance, p. 85</a>	
401-1	New employee hires and employee turnover	<a href="#">Personnel structure and remuneration, p. 83</a>	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<a href="#">Social security, p. 36</a>	The information is disclosed partially.
401-3	Parental leave	<a href="#">Personnel structure and remuneration, p. 84</a>	The information is disclosed partially.
402-1	Minimum notice periods regarding operational changes		The Company complies with the Russian Labor Code, which sets forth the minimum notice periods regarding significant changes in the Company's operations (at least two months' notice, or three months' notice, if headcount reductions may result in mass layoffs).
403-1	Occupational health and safety management system	<a href="#">Occupational health and safety management system, p. 41</a>	
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">Occupational health and safety management system, p. 41</a> <a href="#">Hazard identification and risk management, p. 43</a> <a href="#">Prevention of work-related injuries and professional diseases, p. 46</a>	

GRI Disclosure	Title	Reference	Comment
403-3	Occupational health services	<a href="#">Prevention of work-related injuries and professional diseases, p. 46</a>	The information is disclosed partially.
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">Occupational health and safety management system, p. 41</a> <a href="#">Hazard identification and risk management, p. 43</a> <a href="#">Employee engagement and motivation, p. 47</a>	
403-5	Worker training on occupational health and safety	<a href="#">OHS training and awareness, p. 44</a>	
403-6	Promotion of worker health	<a href="#">Prevention of work-related injuries and professional diseases, p. 46</a>	The information is disclosed partially. Providing access to medical services for contractors' employees outside Udokan Copper is the responsibility of the respective contractors. We inform all employees about the VHI program and encourage them to consult with the HR Department if they have any questions.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">Occupational health and safety management system, p. 41</a> <a href="#">Hazard identification and risk management, p. 43</a> <a href="#">Prevention of work-related injuries and professional diseases, p. 45-46</a>	
403-8	Workers covered by an occupational health and safety management system	<a href="#">Occupational health and safety management system, p. 41</a>	
403-9	Work-related injuries	<a href="#">Work-related injuries, p. 86</a>	The information is disclosed partially because our current system does not enable a full disclosure. The Company's OHSMS was created in line with the Russian Labor Code, as well as the applicable regulations and guidelines (such as the Russian Ministry of Labor Order No. 926 of 28 December 2021 "On the approval of recommendations for selecting methods to assess and mitigate professional risks").
404-1	Average hours of training per year per employee	<a href="#">Training and people development, p. 38</a>	The information is disclosed partially.
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">Training and people development, p. 38-39</a>	
405-1	Diversity of governance bodies and employees	<a href="#">Corporate governance, p. 21</a> <a href="#">Personnel structure and remuneration, p. 82</a>	The information is disclosed partially.
405-2	Ratio of basic salary and remuneration of women to men	<a href="#">Incentives and remuneration, p. 37</a> <a href="#">Personnel structure and remuneration, p. 84</a>	
406-1	Incidents of discrimination and corrective actions taken	<a href="#">Respect for human rights, p. 32</a>	No discrimination incidents were recorded in the reporting year.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Sustainable supply chain, p. 16-18</a> <a href="#">Respect for human rights, p. 32</a>	The right to freedom of association and collective bargaining is enjoyed by all our employees and suppliers and is not subject to significant risks.



GRI Disclosure	Title	Reference	Comment
408-1	Operations and suppliers at significant risk for incidents of child labor	<a href="#">Sustainable supply chain, p. 16-18</a> <a href="#">Respect for human rights, p. 32</a>	The Company has no divisions or suppliers that are at significant risk for incidents of child labor.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	<a href="#">Sustainable supply chain, p. 16-18</a>	The Company has no divisions and suppliers that are at significant risk for incidents of forced or compulsory labor.  We select suppliers after assessing their regulatory compliance, including in terms of forced or compulsory labor, which is prohibited by Russian law. The Company will not source any products or services from a non-compliant supplier or contractor. We encourage our current partners to report incidents of forced labor at their organizations to our hotline.
411-1	Incidents of violations involving rights of indigenous peoples	<a href="#">Local community relations, p. 74-75</a>	No violations of the indigenous peoples' rights were identified in the reporting year.
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">Local community relations, p. 66-67</a> <a href="#">Contribution to regional development, p. 68-73</a> <a href="#">Indigenous ethnic groups engagement, p. 74-75</a>	The information is disclosed partially.  The environmental impact on the local communities is assessed as part of the Company's comprehensive environmental monitoring aimed at ensuring compliance with the environmental regulations.  Environmental compliance is on the agenda at our regular meetings with the local authorities and at public discussions with the representatives of the indigenous peoples of the North.  If the indigenous peoples have any concerns about the potential negative impact of our operations, they may reach out to us directly using various channels, or through the local representative bodies.  No special committees were created in 2023.
415-1	Political contributions		The Company does not support any political activities or fund any political parties or individuals.



Joint-Stock Company  
"Technologies of Trust – Audit"  
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## Independent Auditor's Limited Assurance Report

[2-5]

To the Management of Limited Liability Company «Udokan copper»:

### Introduction

We have been engaged by the Management of Limited Liability Company «Udokan copper» (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the Sustainability Report of the Company for the year ended 31 December 2023 (hereinafter – the "Sustainability Report").

### Selected information

We assessed the quantitative and qualitative information specified in Appendix 1 to this report, that is disclosed in the Sustainability Report and referred to or included in the GRI Content Index of the Sustainability Report (hereinafter – the "Selected Information").

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 31 December 2023 only. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

### Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting principles and requirements, in the respective GRI Sustainability Reporting Standards 2, 3, 201, 202, 203, 205, 302, 303, 304, 305, 306, 401, 402, 403, 404, 405, 406, 407, 408, 409, 411, 413 and 415 (hereinafter – the "GRI Standards") published by Stichting Global Reporting Initiative (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

### Responsibilities of the Company's management

Management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria;
- the accuracy, completeness and presentation of the Selected Information.

### Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained;
- reporting our conclusion to the Management of the Company.



This report, including our conclusion, has been prepared solely for the Management of the Company in accordance with the agreement between us, to assist management in reporting on the Company's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report, which will be published on the Company's website<sup>1</sup>, to assist management in responding to its governance responsibilities by obtaining an independent auditor's limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Management of the Company for our work or this report except where the respective terms are expressly agreed between us in writing and our prior consent in writing is obtained.

#### Professional standards applied and level of assurance

We performed our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

#### Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our limited assurance engagement in respect of the Selected Information in the Russian Federation.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Company's management, including the Sustainability Reporting (SR) team and those with responsibility for SR management and SR reporting;
- conducted interviews of Company's personnel responsible for the preparation of the Sustainability Report and collection and analysis of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- reviewed the Selected Information for compliance of the disclosures with the relevant requirements of the Reporting Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited

<sup>1</sup> The maintenance and integrity of the Company's website is the responsibility of the Management of the Company; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

#### Reporting and measurement techniques

Under the GRI Standards there is a range of different, but acceptable, reporting and measurement techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Sustainability Report, described therein, and for which the Company is solely responsible.

#### Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

3 October 2024

Moscow, Russian Federation



Irina Aleksandrovna Kostina is authorised to sign on behalf of the General Director of Joint-Stock Company "Technologies of Trust - Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906098864)



**Appendix 1 to the Independent Auditor's Limited Assurance Report dated 3 October 2024**

The Selected information subject to limited assurance procedures and prepared in accordance with the selected GRI Disclosures is set out below:

GRI Disclosure	Title
2-1	Organizational details
2-2	Entities included in the organization's sustainability reporting
2-3	Reporting period, frequency and contact point
2-4	Restatements of information
2-5	External assurance
2-6	Activities, value chain and other business relationships
2-7	Employees
2-8	Workers who are not employees
2-9	Governance structure and composition
2-10	Nomination and selection of the highest governance body
2-11	Chair of the highest governance body
2-12	Role of the highest governance body in overseeing the management of impacts
2-13	Delegation of responsibility for managing impacts
2-14	Role of the highest governance body in sustainability reporting
2-15	Conflicts of interest
2-22	Statement on sustainable development strategy
2-23	Policy commitments
2-24	Embedding policy commitments
2-26	Mechanisms for seeking advice and raising concerns
2-27	Compliance with laws and regulations
2-28	Membership associations
2-29	Approach to stakeholder engagement
2-30	Collective bargaining agreements
3-1	Process to determine material topics
3-2	List of material topics
3-3	Management of material topics
201-3	Defined benefit plan obligations and other retirement plans
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported
203-2	Significant indirect economic impacts
205-1	Operations assessed for risks related to corruption
205-2	Communication and training about anti-corruption policies and procedures
205-3	Confirmed incidents of corruption and actions taken
302-1	Energy consumption within the organization
303-1	Interactions with water as a shared resource
303-2	Management of water discharge-related impacts
303-3	Water withdrawal
303-4	Water discharge
303-5	Water consumption
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
304-2	Significant impacts of activities, products and services on biodiversity
304-3	Habitats protected or restored
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations
305-6	Emissions of ozone-depleting substances (ODS)
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-2	Management of significant waste-related impacts
306-3	Waste generated

GRI Disclosure	Title
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
402-1	Minimum notice periods regarding operational changes
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
403-3	Occupational health services
403-4	Worker participation, consultation, and communication on occupational health and safety
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-8	Workers covered by an occupational health and safety management system
403-9	Work-related injuries
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
405-1	Diversity of governance bodies and employees
406-1	Incidents of discrimination and corrective actions taken
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
408-1	Operations and suppliers at significant risk for incidents of child labor
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor
411-1	Incidents of violations involving rights of indigenous peoples
413-1	Operations with local community engagement, impact assessments, and development programs
415-1	Political contributions



## Contact details

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If you have any questions about our Company  
or this report, you are welcome to contact us using  
the details below.

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