



Omsk Carbon Group

THE ART OF CREATING BLACK

Omsk Carbon Group Sustainability Report

2021



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Message from

General director
Poddubnyak Alexey Nikolaevich



In FY2021, our company manufactured a record-breaking amount of products at its three sites in Omsk, Volgograd and Mogilev (Belarus) totaling more than half a million tonnes of carbon black – more than any other manufacturer in Europe or the CIS. Omsk Carbon Group is a long-standing dependable partner for the world's major manufacturers of tires, rubber products and plastics and is embedded in global production systems across the planet.

Our leadership position requires a responsible attitude towards product quality and manufacturing processes, unconditional fulfillment of our commitments to all stakeholders, social and economic responsibility. Omsk Carbon Group has created and is continually improving a unique organizational model predicated on proactiveness, dedication and creative competencies that ensures the company's growth while at the same time keeping risks under control. Our commitment to sustainability principles and following the ESG agenda have remained an integral part of the company's strategy.

Our people play the most important part in Omsk Carbon Group's development. The company seeks to ensure employees' professional advancement and engages them in production-related decision-making. We put much emphasis on occupational health and safety: taking all-round prevention action has made us successful in implementing our strategic objective – maintaining a zero injury frequency rate.

At Omsk Carbon Group's facilities, we have put in place documented environmental control procedures and are implementing our long-term energy-saving and energy-efficiency programs. The company has demonstrated unwavering compliance with all statutory environmental requirements within all regions of its presence. At the same time, we are committed to lowering the environmental impact of our production processes as part of the worldwide trend and decarbonization requirements. In 2021, the efforts already made enabled us to reduce our emissions per tonne of carbon black by 10% versus FY2020.

Today, the company is focused on intensive growth. Our large-scale investment program includes both increasing our total capacities to meet the market's growing needs and further expanding the array of our specialty blacks (pigment, conductive and high-purity grades) being so much in demand in key industries. We are expanding our sales geography, increasing our shipments to Asia-Pacific countries and further developing our supply chains. Our corporate strategy and well-established corporate culture help us maintain the balance between the group's long-term economic potential, its growth pace and a contribution into society's and every employee's life.

About the Report

Omsk Carbon Group rolls out its third sustainability report which is aimed at ensuring the transparency of our business for our stakeholders. The report covers Omsk Carbon Group's manufacturing activities over the calendar year 2021 and contains information about the existing production facilities, including the Omsk, Volgograd and Mogilev production sites.

The sustainability report demonstrates Omsk Carbon Group's progress in the sustainability area, describing the company's environmental, social and economic impacts on welfare in the regions of presence. The report provides an overview of the company's financial performance, ecological impacts, social contributions to the presence regions, corporate governance and relations with its stakeholders. The report details a number of matters related to the company's sustainability priorities in 2021. In particular, there is an emphasis on UN sustainable development goals whose achievement Omsk Carbon Group will contribute in the course of its business.

The report is prepared for a wide range of Omsk Carbon Group's stakeholders, including employees, shareholders, residents of the presence regions, NGOs, suppliers and customers.

The financial information presented encompasses our entities' activities from the FY2021 IFRS consolidated financial statements perspective.

In preparing the document, we have relied on the Global Reporting Initiative (GRI) standards in their main version. The report is posted on the company's website.

We welcome feedback and suggestions by all of our stakeholders regarding this report.
Contact details:

Email: office@omskcarbon.com

Mailing address: 17 Pushkin str., building 1, 644024 Omsk, Russian Federation
(please make sure your letter is provided with the "Sustainability Report" mark).



About the Company

The company's full business name in Russian:
Общество с ограниченной ответственностью
«Омский завод технического углерода».

The company's brief business name in Russian:
ООО «Омсктехуглерод».

The company's business name in English: Omsk
Carbon Group OOO.

Registered address: 125284, Moscow, 31A,
Leningradskiy prospekt, building 1, floor 18, suite 1,
room 15B instead of the prior registered address: 17
Pushkin str., building 1, 644024 Omsk.

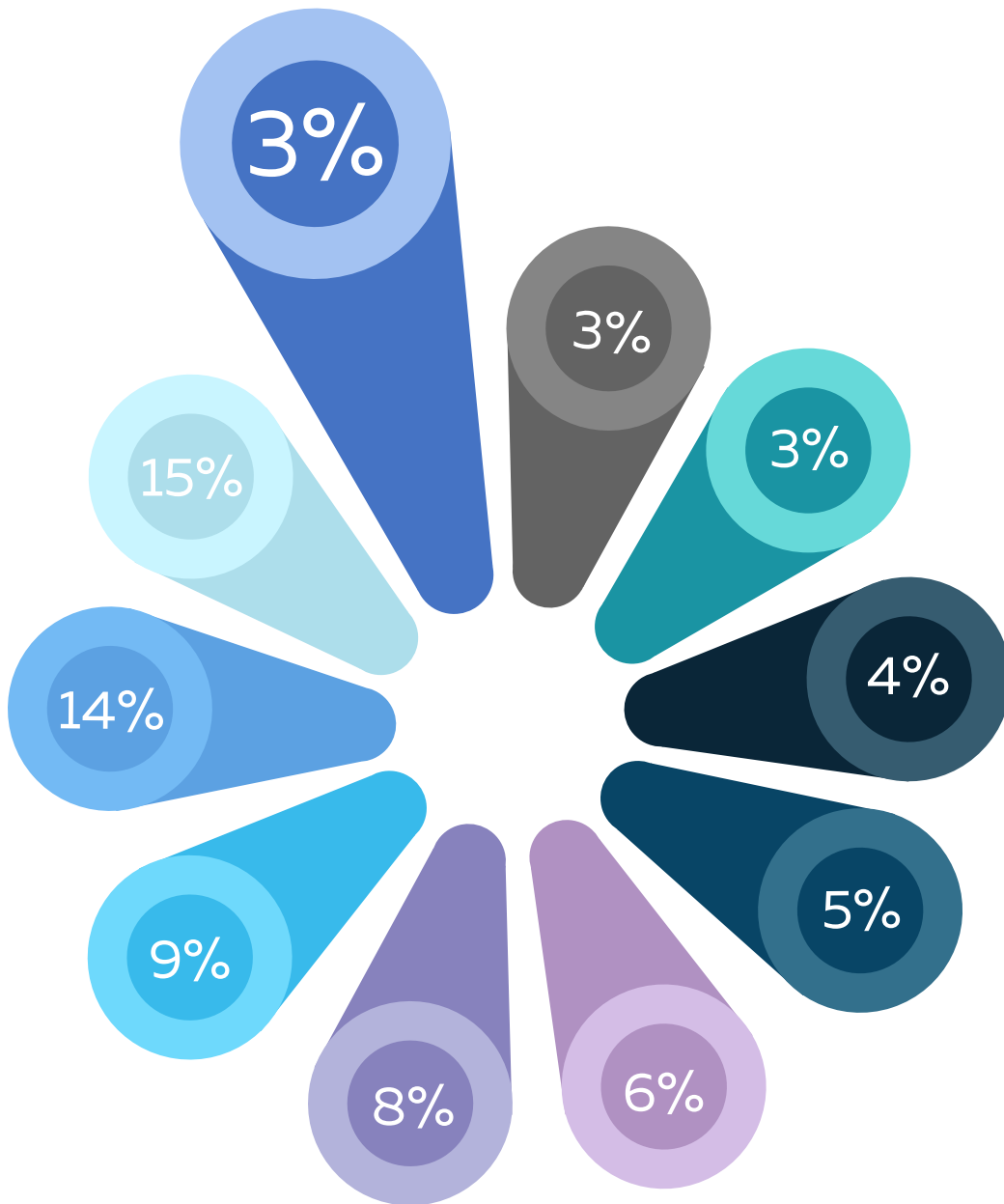
Mailing address: 17 Pushkin str., building 1,
644024, Omsk.

The company's principal activities:

- commercial-scale manufacture of various grades of carbon black and heat production;
- organizing and financing research programs in the development of petrochemical technologies; and
- developing and enhancing processes and organizing the commercial-scale manufacture of new types of petrochemical or other products.

Omsk Carbon Group ranks among the top ten manufacturers of carbon black across the globe and is the largest manufacturer in Russia and the CIS.

The World's Carbon Black Market



- Omsk Carbon Group
- An Lun Chemical (Sunshine Coking)
- Longxing Chemical Group
- Phillips Carbon Black Ltd.
- China Synthetic Rubber Corp.
- Tokai Carbon
- Jiangxi Black Cat Carbon Black
- Orion Engineered Carbons
- Aditya Birla Group
- Cabot Corporation

Geographical Footprint



1. Omsk (Russia) – an R&D center, a plant;
2. Volgograd (Russia) – a plant;
3. Moscow (Russia) – the head office;
4. Mogilev (Belarus) – a plant;
5. Piła (Poland) – a warehouse;
6. Waltrop (Germany) – an office along with a logistics center and warehouse facilities;
7. Galati (Romania) – an office along with a logistics center and warehouse facilities;
8. Istanbul (Turkey) – an office along with a logistics center and warehouse facilities;
9. Prescott (Canada) – an office along with a logistics center and warehouse facilities;
10. Elgin (USA) – a warehouse;
11. Singapore – an office along with a warehouse in Port Klang (Malaysia);
12. Lianyungang (China) – a warehouse.

Omsk Carbon Group cooperates with major international tire groups of companies, manufacturers of mechanical rubber goods, plastics, paints and other products containing carbon black. Products are supplied to 34 countries of the world in Eastern and Western Europe, the Middle East, North and South America, the CIS and Asia.

Quality control for received feedstock and outgoing products is performed by our QA laboratories accredited by the Federal Accreditation Service (RusAccreditation) for technical independence and competence and having certification in the ISO/IEC 17025 international standard. The labs are provided with state-of-the-art equipment for the testing of carbon black for compliance with ASTM D or GOST requirements. Allen Bradley, an automation system based on the Rockwell Automation microprocessor technology, is used for process control.

Today Omsk Carbon Group aims to pursue intensive growth based on the expansion of our product range with new high-dispersity, pigment and conductive grades of carbon black much needed in key industries. Going forward, Omsk Carbon Group will continue to boost its production and financial performance, looking to the growing market needs.

Products

Carbon black

Carbon black (CB) is a high-dispersity amorphous carbonaceous product manufactured on a commercial scale and widely used as a reinforcing filler for rubbers, a blackpigment for inks and paints as well as a filler for plastics or cable sheaths imparting special properties to them.

Around 70% of the total carbon black produced is used for tire manufacturing, some 20% goes into other rubber products and around 10% finds usage in other, not related to rubber, applications (plastics, paints, varnishes, xerographic compositions, etc.).

Omsk Carbon Group manufactures the widest in Russia and the CIS and constantly expanding array of products, comprising more than 30 grades of carbon black. Specialty grades are produced under our own OMCARB trademark.

Omsk Carbon Group
manufactures the widest in
Russia and the CIS





Tires

Over 75% of commodity-grade carbon blacks are used for auto tire manufacturing. Without CB, a passenger car tire could not last more than 100 km.



MRG

Over 12% of commodity blacks go to the production of MRGs. Applying OMCARB-series high-purity soft blacks leads to an up to 5% reduction in their cost.



Plastics

Plastics account for more than 8% of carbon black. Using P-type grades extends the service life of plastic pipes to 50 years.



Coatings, inks, toners

Approx. 3% of our CB (OMCARB-series) is used for the production of inks, toners or other paints and varnishes.



Batteries and power sources

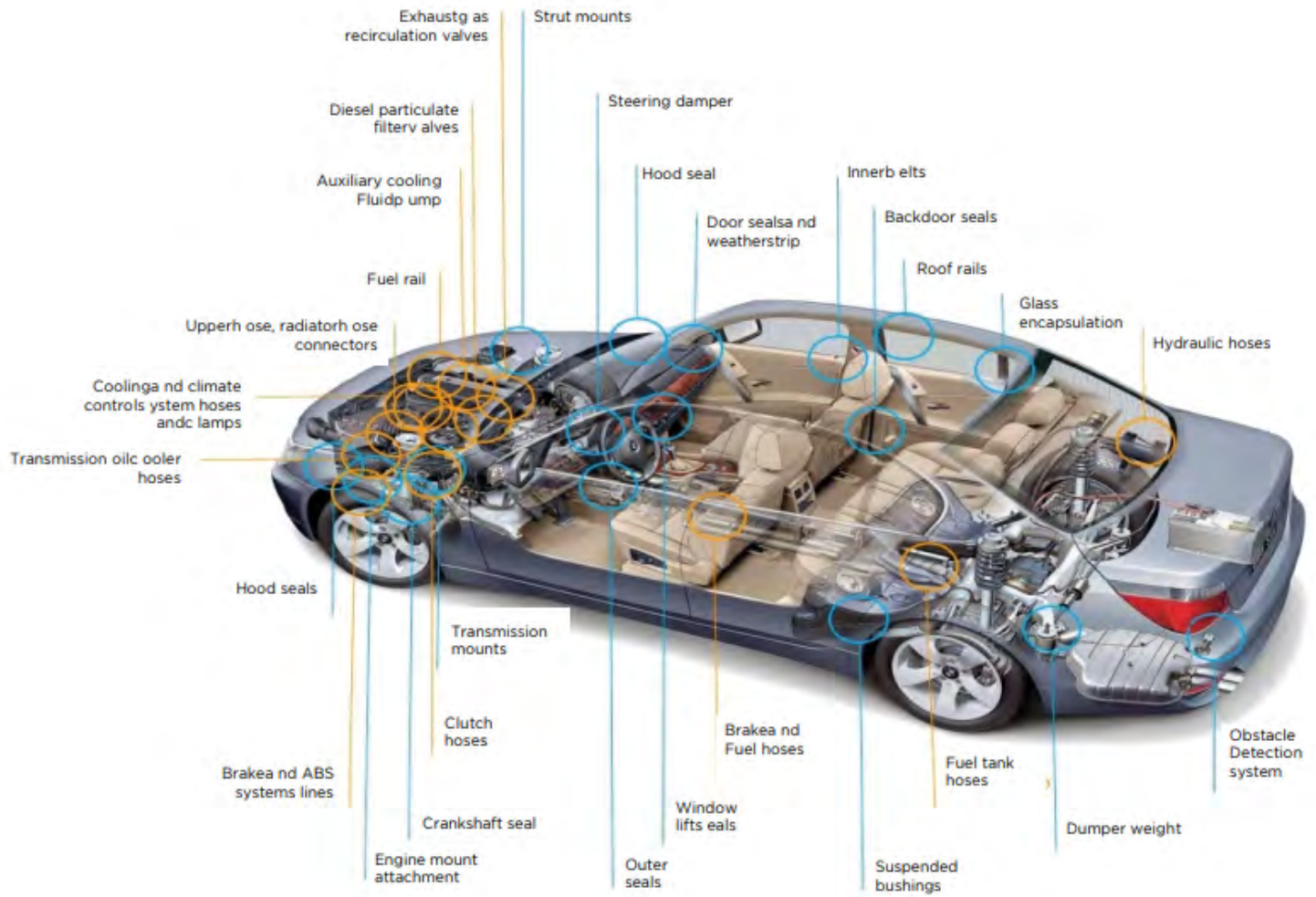
Some 2 % is used in producing batteries or electrical cells. CB finds usage in meeting IT sector needs and devising new technologies for transportation.



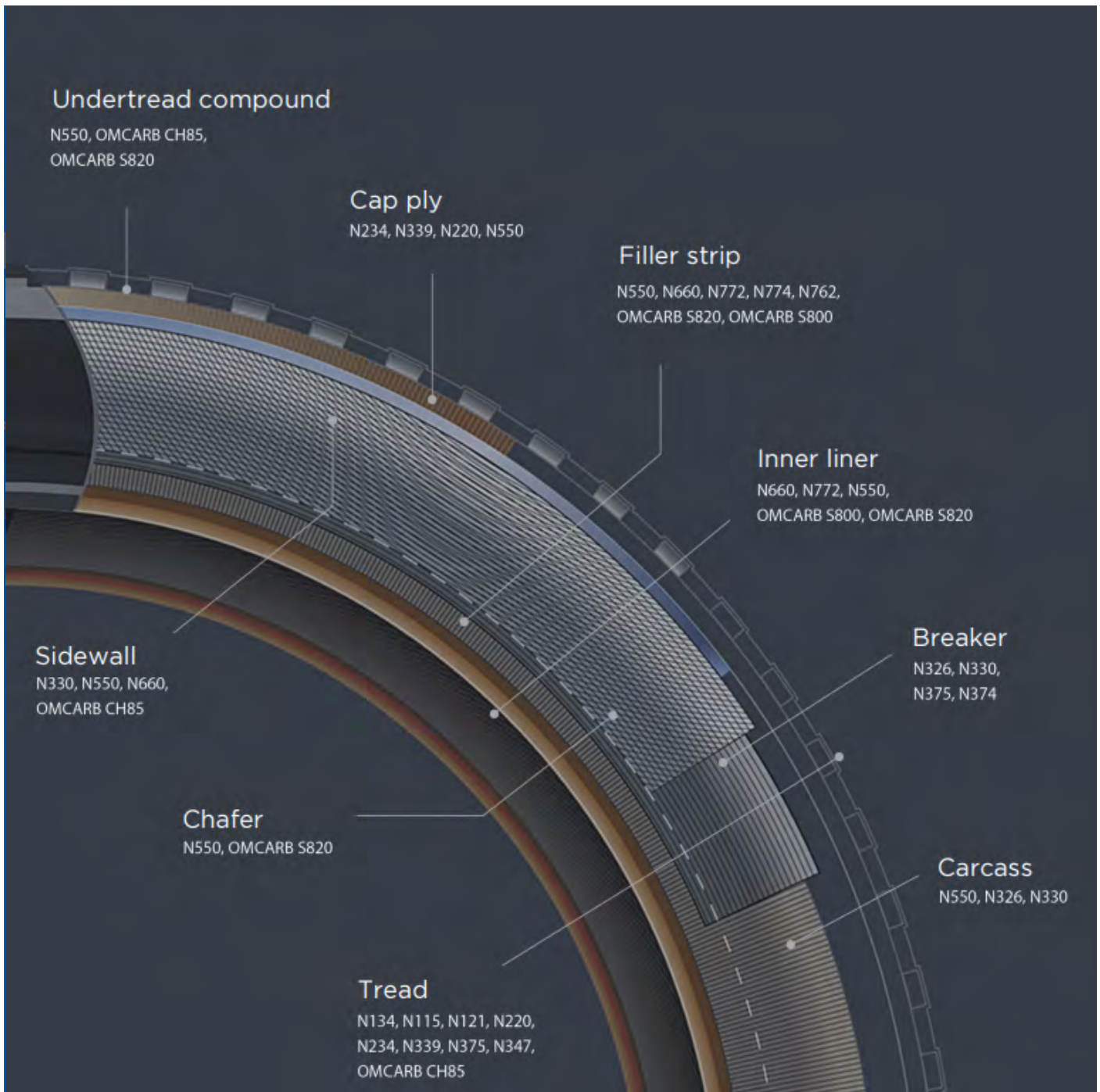
Items in contact with food

Around 1% (low-PAH FA-series CB) is used as a coloring agent in plastic items being in contact with food.

Example of Using CB in the Automotive Industry



Example of Using CB in the Tire Industry





Sustainability Management

Omsk Carbon Group's executives of different levels are responsible for the management of sustainability activities. The strategic management of matters related to sustainability efforts along with the consideration and approval of top-level documents fall within the competence of the General Directors of Omsk Carbon Group OOO and Omsk Carbon Mogilev IOOO. The responsibilities of our HR Director and heads of HR

Divisions include compliance with employment regulations and commitment to social guarantees for personnel, developing employees' personal competencies and improving labour productivity and labour satisfaction.

The following units are responsible for day-to-day management of sustainable development matters:

- HR Units;
- Industrial Safety Department;
- Legal Development Unit;
- Security Department.

Sustainability Management

As a leading carbon black manufacturer, Omsk Carbon Group strives to incorporate sustainability principles and values into its day-to-day operations. We are aware of the fact that sustainable development is vital to our stability, competitiveness and the ability to create value for our stakeholders in the long run.



Omsk Carbon Group's key sustainability areas:

Economic stability

Omsk Carbon Group's aim is maintaining steady economic growth and creating a long-standing value for Omsk Carbon Group.

Employee wellbeing

Omsk Carbon Group's aim is to ensure safe working conditions, a fair compensation package and professional growth opportunities.

Environmental protection

Omsk Carbon Group's aim is to minimize any adverse impacts of its operations on the environment.

Local communities development

Omsk Carbon Group's aim is to contribute to economic prosperity, social and cultural progress in the geographies of presence.

Omsk Carbon Group maintains an open dialog with all of its stakeholders and actively implements a variety of involvement mechanisms to make sure our relations are transparent and to mutual benefit.

Omsk Carbon Group's commitments are based on advanced internationally recognized standards and best practices. Omsk Carbon Group fully endorses the provisions of the UN Universal Declaration of Human Rights and respects civil, political, economic, social and cultural human rights.

Sustainable Development Priority





The sustainable development goals were adopted at the 70th Session of the UN General Assembly in September 2015 as the new global program Transforming our world: the 2030 Agenda for Sustainable Development. The agenda consists of 17 goals, including 169 targets. One special feature of these goals is that they are addressed not only to governments, but also to other participants of the sustainable development process in the world: businesses, civil society and all private persons.

17 Sustainability Goals:





- SDG No. 1. End Poverty in All its Forms Everywhere;
- SDG No. 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- SDG No. 3. Ensure healthy lives and promote well-being for all at all ages;
- SDG No. 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all;
- SDG No. 5. Achieve gender equality and empower all women and girls;
- SDG No. 6. Ensure availability and sustainable management of water and sanitation for all;
- SDG No. 7. Ensure access to affordable, reliable, sustainable and modern energy for all;
- SDG No. 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- SDG No. 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- SDG No. 10. Reduce inequality within and among countries;
- SDG No. 11. Make cities and human settlements inclusive, safe, resilient and sustainable;
- SDG No. 12. Ensure sustainable consumption and production patterns;
- SDG No. 13. Take urgent action to combat climate change and its impacts;
- SDG No. 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- SDG No. 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- SDG No. 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels;
- SDG No. 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Omsk Carbon Group understands the importance of the SDGs adopted by the UN General Assembly for tackling significant economic, environmental and social issues. Omsk Carbon Group seeks to make its own contribution to the accomplishment of the global goals by implementing fair and transparent business principles, reducing the effects of its operations on the environment and local communities and maximizing the benefits it can bring to society as a result of integrating the principles into its business.

Omsk Carbon Group facilitates the achievement of the UN goals not only within its core operations, but also through the involvement in different projects and initiatives aimed at protecting the environment in the presence regions, improving the quality of life and developing science, education and culture.

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2021
	<p>Ensure a decent standard of living and facilitate equal access to social aspects:</p> <ul style="list-style-type: none"> – creating employment opportunities in presence regions; – social investment. 	<p>1.1 1.2 1.4</p>	<p>138 new jobs created.</p> <p>Average monthly salary grew by 9.9% in 2021.</p> <p>Omsk Carbon Group employee's average salary is 64% higher than the Omsk Region's average, 46% higher than the Volgograd Region's average and 76% higher than the Mogilev Region's average.</p> <p>Charity spending amounted to RUB 6,169 thousand in 2021.</p>
	<p>Ensure healthy lives and promote well-being for all at all ages:</p> <ul style="list-style-type: none"> – securing high standards of medical services for employees; – supporting projects promoting a healthy lifestyle among employees, notably young professionals, and their family members. 	<p>3.4 3.8 3.9</p>	<p>Contracts for employees' statutory medical insurance concluded.</p> <p>All employees were provided with pre-employment and routine checkups.</p> <p>A contract for voluntary medical insurance covering all employees concluded with VSK Insurance House.</p> <p>Contracts concluded for vaccination as per the National Immunisation Schedule, vaccination against COVID-19 and antibody testing. Employees are vaccinated and tested on a voluntary basis.</p> <p>More than 1,500 employees and their family members took part in international, federal, regional or corporate sports competitions: the SIM Marathon; Russian Ski Run; the Velo Omsk bicycle race; city, district or plant Olympics; tourist rallies and outdoor teambuilding events.</p>
	<p>Ensure comprehensive and fair quality education and promote lifelong education:</p> <ul style="list-style-type: none"> – providing training and skills upgrade opportunities to all employees; – involving educational institutions in employees' training and skills upgrades; – offering work experience internships to students; – teaching students at the Carbon Black Manufacturing Processes and Apparatuses industrial chairs. 	<p>4.3 4.4 4.7</p>	<p>1,362 employees trained.</p> <p>Average number of training hours per employee was 57.</p> <p>153 students interned.</p>

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2021
 <p>5 Гендерное равенство</p>	<p>Achieve gender equality and empower all women and girls:</p> <ul style="list-style-type: none"> – providing equal social guarantees and creating equal opportunities for high performance and professional advancement for all employees regardless of the gender. 	5.5	<p>Women made up 34.0% of our employees.</p> <p>Women accounted for 45.0% of our senior management.</p>
 <p>6 Чистая вода и санитария</p>	<p>Ensure the availability and sound use of water and sanitation:</p> <ul style="list-style-type: none"> – reducing the consumption of freshwater, including surface water; – using water saving technologies; – minimizing impact on water bodies by ensuring the required condition of treatment plants and meeting the limits for treated wastewater discharge. 	6.3 6.4 6.6	<p>The amount of circulation water used for manufacturing remained unchanged.</p> <p>Process water consumption per tonne of carbon black produced reduced by 4.7%.</p> <p>Проводится производственный контроль за качеством питьевой воды и сбросами сточных вод</p>
 <p>7 Недорогостоящая и чистая энергия</p>	<p>Ensure access to affordable, reliable, sustainable and modern energy:</p> <ul style="list-style-type: none"> – generating electricity consumption; – generating electrical power. 	7.2 7.3	<p>Total electricity consumption per tonne of carbon black produced reduced by 11.3%.</p> <p>Total electricity produced increased by 16.9%.</p>
 <p>8 Достойная работа и экономический рост</p>	<p>Promote sustained, inclusive and sustainable economic growth, employment and decent work for all:</p> <ul style="list-style-type: none"> – paying taxes; – creating added value in the presence regions' economies by enhancing own production capacities; – ensuring the highest possible wages and benefits, and the best working conditions possible; – respecting and protecting labour rights and providing safe working conditions for all employees; – implementing policies that respect labour rights, including freedom of association and collective bargaining, non-discrimination and combatting workplace violence. 	8.1 8.2 8.4 8.5 8.6 8.8	<p>A total of RUB 1,969.08 million in taxes, customs duties and levies paid.</p> <p>Personnel expenses including insurance contributions grew by 18.5%.</p> <p>There was a 9.9% increase in monthly average salary.</p> <p>Omsk Carbon Group OOO won the first place in the category "Improving Working Conditions and OHS in Manufacturing Industry" and the second place in the category "Social Responsibility and Social Partnership" in the Omsk Region's Best Employer 2021 competition.</p> <p>Volgograd Branch won the Volgograd Region's Best Collective Bargaining Agreement competition in the category "Protecting Employees' Economic Rights and Interests".</p>

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2021
 <p>9 Индустриализация, инновации и инфраструктура</p>	<p>Build resilient infrastructure, promote sustainable industrialization and foster innovation:</p> <ul style="list-style-type: none"> – investing in projects for the upgrading and development of production infrastructure in the regions of presence; – strengthening technological capabilities through investments in R&D. 	<p>9.1 9.2 9.4 9.5</p>	<p>Investment projects financing grew by 16.3%, of which creating/expanding and upgrading production capacities accounted for 25.7% and R&D projects accounted for 0.12%.</p>
 <p>12 Ответственное потребление и производство</p>	<p>Ensure sustainable consumption and production patterns:</p> <ul style="list-style-type: none"> – maintaining conformity of the existing environmental management system to international standards; – reducing the amount of industrial waste; – increasing amounts of waste recycled. 	<p>12.1 12.2 12.5</p>	<p>Environmental management system certified to the ISO 14001:2015 standard.</p> <p>Investment in environmental protection increased by 25.7%.</p> <p>Waste generated reduced by 0.8%.</p> <p>Waste sold to external parties for repurposing increased by 85%.</p> <p>The amount of repurposed refractory mortar breakages increased 3.6 times.</p>
 <p>13 Борьба с изменением климата</p>	<p>Take urgent action to combat climate change and its impacts:</p> <ul style="list-style-type: none"> – reducing carbon dioxide emissions (CO₂) by consuming less energy and improving efficiency. 	<p>13.3</p>	<p>CO₂ emissions reduced by 9.1% due to increased generation of own electricity, upgraded equipment and launching energy-saving equipment</p>
 <p>15 Сохранение экосистем суши</p>	<p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss:</p> <ul style="list-style-type: none"> – reclaiming disturbed land and landscaping; – social and environmental campaigns conducted together with municipal authorities. 	<p>15.1</p>	<p>Landscaping projects implementation: 260 nursery plants and 274,504 flower seedlings planted, 2,524 m² of flower gardens decorated. Participated in "Green Russia", an All-Russia community cleanup event</p>

Sustainable development goals	Omsk Carbon Group's contribution	Targets implemented	Accomplishments 2021
	<p>Promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels:</p> <ul style="list-style-type: none"> – complying with applicable laws, including on human rights protection; – proactively implementing initiatives to combat corruption or bribery, preventing conflicts of interest; – working with governmental authorities with a view to satisfying the local communities' needs. 	<p>16.3 16.5 16.6 16.7 16.10</p>	<p>Rigorous compliance with the principles of our Social Policies. No contraventions of applicable laws recorded, including in respect of human rights protection.</p> <p>Strict compliance with the principles of our Anti-Fraud and Corruption Policies, effective use of anti-corruption mechanisms: 5,069 suppliers and contractors undergone due diligence; selecting contractor entities through bidding procedures; assessing suppliers' activities for corruption-related risks.</p> <p>No contracts terminated or non-renewed with our business partners due to any identified corruption-related violations or any legal proceedings initiated against the company or its employees based on alleged involvement in contravention of anti-corruption laws.</p> <p>The company is socially and legally proactive in identifying and preventing its suppliers' corruption schemes or attempts to involve the company's personnel in such corruption schemes.</p>
	<p>Revitalize the global partnership for sustainable development:</p> <ul style="list-style-type: none"> – maintaining effective partnerships between governmental entities, between public and private sectors and between civil society organizations. 	<p>6.3 6.4 6.6</p>	<p>Supplying heat to Omsk's two microdistricts – Moskovka and 40 let Oktyabrya. Silver Level CSR recognition received from EcoVadis.</p> <p>Omsk Carbon Group OOO won the first place in the category "Improving Working Conditions and OHS in Manufacturing Industry" and the second place in the category "Social Responsibility and Social Partnership" in the Omsk Region's Best Employer 2021 contest.</p> <p>Volgograd Branch won the Volgograd Region's Best Collective Bargaining Agreement competition in the category "Protecting Employees' Economic Rights and Interests" and the Volgograd Region's Best Company 2021 competition in the Industry category.</p> <p>Omsk Carbon Group OOO and its Volgograd Branch rank among the top ten tax paying enterprises in the Omsk Region and the Volgograd Region, respectively.</p>



Involvement in International, National and Regional Sustainability Initiatives

The UN Global Compact is a voluntary international social responsibility initiative aimed at facilitating steady economic growth and enhancing corporate social responsibility which brings together 12,000+ companies based in over 160 countries.

The Global Compact's principles are stated on the basis of the Universal Declaration of Human Rights, the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work and the Rio Declaration on Environment and Development.

Though not participating in the Global Compact, Omsk Carbon Group's management team extensively support the idea behind it, strive to rely on the ten fundamental principles in their activities and endorse the UN sustainable development goals aimed at improving the wellbeing of the present and future generations.



Areas	Principles	
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour
	Principle 5	Businesses should uphold the effective abolition of child labour
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery

Omsk Carbon Group considers the UN Global Compact principles at the strategic and operational management levels. Being an integral part of our strategic development, the principles are embedded in Omsk Carbon Group's system of internal regulations which expressly govern the operation of our core business processes.

Responsible business management is one of Omsk Carbon Group's core values. The company adheres to, and shares, the principles of fundamental international declarations and conventions on human rights, labour, anti-corruption and the environment, including:

The UN Universal Declaration of Human Rights;

ILO's Freedom of Association and Protection of the Right to Organise Convention No. 87;

The UN Declaration on the Environment and Development;

ILO's Right to Organise and Collective Bargaining Convention No. 98;

The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work;

ILO's Convention concerning Discrimination in Respect of Employment and Occupation No. 111.

Omsk Carbon Group facilitates the achievement of the UN's goals not only as part of its core operations, but also by supporting and participating in diverse projects and initiatives designed to protect the environment in operations areas, improve the quality of life, develop science, education and culture.



Investor Carbon Disclosure Project is an international partnership that initiated a project to collect information about companies' environmental activities in respect of GHG emissions.

More than 820 institutional investors with their assets totaling USD 95 trillion collaborate with the project. In 2016, CDP launched its new scoring methodology, significantly lifting the bar and requiring leading companies, in addition to GHG control and reduction efforts, to take steps consistent with the goals and targets described in the Paris Climate Agreement.

Based on the 2020 results, in 2021 Omsk Carbon Group reached a yet again high score – C level. There was an improvement in calculation of Scope 3 emissions.



International
Organization for
Standardization

Omsk Carbon Group's integrated management system is certified to the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 international standards. In 2021, Omsk Carbon Group was successful in confirming the compliance of its integrated system with all of the three management systems.



As a consumer of coke-chemical products, Omsk Carbon Group OOO holds membership of the TK 395 "Coke and Coke-Chemical Products" standardization technical committee.

As part of the technical committee's meetings, Omsk Carbon Group participates in developing the "Coke and Coke-Chemical Products" Technical Regulations as well as standards and specifications for the manufacturing of coke-chemical products.



In an effort to minimize its environmental impacts, conserve natural resources and reduce the amount of waste, Omsk Carbon Group extensively supports "green office" principles.

The project's essence is meeting voluntary commitments to improve the environment of office premises. Participating in the project means reduced office maintenance costs, a real contribution to lower energy consumption and decreased GHG emissions.

The following "green office" principles are in place at Omsk Carbon Group:

- using modern energy-saving (LED, fluorescent) lamps and light fixtures in outdoor and indoor lighting systems;
- optimizing the modes of electrical equipment and heat consumption in buildings;
- using multisystems instead of air conditioners;
- using an electronic document management system, which reduces paper consumption;
- purchasing printing paper with eco labeling;
- implementing energy efficient equipment;
- making use of metering devices, water flow and heat consumption regulators;
- separate collection and accumulation of waste.



Omsk Carbon Group annually takes part in "Green Spring", a nation-wide environmental cleanup organized by the Green Russia environmental social movement.



Omsk Carbon Group participates in all actions comprising the "Clean Air" federal project within the "Environment" national project.



As one of the largest Russian exporters, in 2010 Omsk Carbon Group registered its products in accordance with the requirements of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) Regulation (EC) No 1907/2006, adopted by the EU, which regulates the circulation of chemical products manufactured and imported to EU countries.

The Regulation's aims include:

- ensuring a high level of protection for human health and the environment;
- collecting and systematizing information about all of the substances manufactured or imported into the EU;
- promoting innovation and development of alternative methods for the assessment of the hazardous properties of substances.

Omsk Carbon Mogilev had its products registered in early 2019.

Following the UK's Brexit from the EU on 1 January 2021, the provisions of the EU REACH are no longer applicable to England, Scotland and Wales. From that date on, all companies present or entering the British market have to be compliant with the requirements of the UK REACH, a new British regulation. To continue uninterrupted supply of its products to the United Kingdom for at least 2 years more, Omsk Carbon Group was able to prepare its Downstream User Import Notification in a very short time during October 2021.

Regulations similar to REACH are taking effect across the globe. For example, Turkey has adopted its KKDİK regulation concerning the registration, evaluation, authorization and restriction of chemicals. In December 2021, Omsk Carbon Group and Omsk Carbon Mogilev appointed their only representative and successfully passed the first phase of the compliance procedure, having completed pre-registration of their products to secure uninterrupted supply to the Turkish market.



Stakeholder Engagement

As part of sustainable development, Omsk Carbon Group attaches particular importance to building up fair and win-win relations with its stakeholders, striving to accommodate their interests and concerns, be compliant with Russian laws, fulfill contractual obligations and protect and respect human rights across its business processes.

Our key stakeholders are individuals and legal entities whose actions, interests or safety could be affected by, or affect, Omsk Carbon Group's operations. To continually improve the interaction process, we seek to obtain feedback from both internal and external stakeholders.

Key stakeholders:

- Investors;
- Partners and shareholders;
- Customers;
- Employees and trade unions;
- Governmental authorities;
- Supervision and oversight authorities;
- Local self-government authorities;
- The presence regions' population;
- Suppliers and contractors;
- Educational institutions;
- Research community;
- The mass media

An open dialogue with stakeholders is crucial to the achievement of high performance and strategic goals, improvement of business efficiency and risk management. To maintain an effective dialogue, Omsk Carbon Group uses a whole gamut of communication channels depending on the modalities of engaging with a particular stakeholder group.


Pursuant to President's orders, there are national projects in Russia being comprehensive programs with a national-scale importance. The National Ecology Project is being implemented in the City of Omsk, including Omsk Carbon Group OOO. With a view to improving the environmental setting and the health of the Russian population, the project involves environmental protection efforts in the following areas: waste disposal and treatment, eliminating landfills, forest and water body conservation, reducing air emissions, promoting ecotourism and environmental education, preserving biodiversity. The participants of national projects include governmental authorities, realizers, federal project supervisors, NGOs and people. The Ecology Project implementation is to be completed by 2026.

As part of the Ecology Project, the implementation of the federal Clean Air project is underway in Omsk, including Omsk Carbon Group OOO. The project includes a 20% emission reduction experiment in 12 industrial cities to be completed by 2026. The project is aimed at establishing a control and monitoring system for pollutant emissions by large industrial companies and embedding the best technologies available at enterprises such as an environmentally friendly product manufacturing technology based on modern-day scientific and technical achievements.

Developed as part of implementing the Clean Air project, an integrated plan for the City of Omsk includes efforts to reduce emissions of pollutants.

- The participants of the Omsk Integrated Plan include: Omsk Administration, the Federal Ob-Irtysh Weather Control and Environmental Monitoring Service and Omsk's largest companies such as the city's oil refinery, the TGK-11 heating energy provider, Omsk Carbon Group, Omsk Rubber, Omsk Tire, Omsk Polypropylene Plant, the Omsk RTS heating energy provider, First Cargo Company, Saturn and Omsktransmash.

- The Clean Air project is being implemented in accordance with Federal Law of 26 July 2019 N 195-FZ. In a bid to reduce the level of air pollution in 12 approved industrial cities, there is an experiment to establish quotas for pollutant emissions (with the exception of radioactive substances) into the air based on air pollution summary calculations.
- With summary calculations and health risks assessments completed for every city involved, a list of priority pollutants was determined for every area under the experiment.
- Quotas (maximum allowable quantities for harmful substances to be emitted) were set for the participant companies, with deadlines set for reporting on efforts to stay within the quotas. In 2021, Omsk Carbon Group OOO also had quotas specifying the allowed value of emissions which should be maintained by taking approved emission reduction measures.



Maksim Korolkov, the Clean Air Project Manager, gave positive feedback regarding the progress of Omsk Carbon Group OOO in implementing the environmental programs.

Enacted in 2021, Federal Law of 02 July 2021 N 296-FZ On Reduction of Greenhouse Gases Emissions introduces new concepts such as a register for GHG emissions, a register for carbon units, climate projects and verification. A large amount of GHG-related regulatory documentation, including emission calculation methods for specific types of manufacturing facilities, has been published. The RF government assigns the "regulated entity" status to companies based on criteria predicated on business or other activities accompanied by GHG emissions equivalent to 150,000 tonnes of carbon dioxide or more.

The regulated entities must annually submit reports on their GHG emissions before July 1 of the year following the reporting year to a competent federal agency. Omsk Carbon Group OOO meets the regulated entity criteria and thus is required to annually report its GHG emissions.

GHG emissions, namely the products' carbon footprint, raise concerns among carbon black consumers. Our customers are interested in purchasing products manufactured with negligible GHG emissions. To this end, our customers request calculations of our GHG emissions.

Currently, GHG emission calculations are performed as per an approved method enabling us to compute the amount of CO₂ emitted in producing a tonne of any specific product grade.

For our internal stakeholders, the most in-demand communication channels are Zavodskie Vesti, a corporate newsletter, and meetings with management at which our managers tell employees about operational results for a period and further development plans.

Dialogue with the audience

Omsk Carbon Group is committed to an unhindered, fair and multilateral dialogue with all of its audiences. An overview of the company, its products and sustainable development, contact and hotline details are available at Omsk Carbon Group's website, including in the English language:

 <https://omskcarbongroup.com>

 <https://en.omskcarbongroup.com> (Omsk and Volgograd)

 <https://ocm.omskcarbongroup.com> (Mogilev)

News is posted in the "Newsroom" section, consisting of the "Company news", "Events" and "Publications" subsections.

In 2021, Omsk Carbon Group continued to develop and employ the VKontakte social network service:

 <https://vk.com/omskcarbongroup> (Omsk and Volgograd)

 <https://vk.com/omskcarbonmogilev> (Mogilev)



Scan to go to the site

The aims of maintaining social media accounts:

- providing the public with insight into Omsk Carbon Group's activities;
- improving general loyalty to the organization;
- sustaining an image as an up-to-date advanced company;
- attracting talent

Managing Sustainability Risks

Risk management is a by-product of our success and growth. Our business readily accepts new ideas, projects, business models and innovation, which increases its complexity and risk exposure.

Developing a "risk-oriented" culture inside it, Omsk Carbon Group seeks to leverage on risk management to accomplish its strategic and operational goals and make the right management decisions. Our senior management team takes the lead in this process and demonstrates permanent dedication to risk management. Ensuring the company's growth while at the same time mitigating its risks is a key to long-standing success.

Risk management policies are in place at our company. These ensure we are focused on risk management and create responsibility at all levels of Omsk Carbon Group's organizational structure. Through establishing and promoting high risk management standards, we achieve our corporate goals related to the protection of people, assets, earnings and the environment.

In planning, Omsk Carbon Group considers factors with external and internal conditions in mind and determines the risks and opportunities for which action is required:

- to secure the achievement of anticipated results;
- to enhance desired effects;
- to avert or mitigate negative consequences;
- to attain improvement.

The risks listed below do not constitute the entirety of risks our company is exposed to. There may be other risks so far not known or appearing insignificant which could adversely affect our operations and financial performance:

- customer relationships risks;
- feedstock availability and pricing risks;
- regulatory risks;
- HR management risks;
- Environmental risks;
- OHS risks;
- Corruption risks;
- Risks associated with the engagement of third parties (vendors);
- IT security risks.

Human Rights

In the human rights area, Omsk Carbon Group relies on Russian laws and follows the principles of the Human Rights Declaration, ILO Declaration on Fundamental Principles and Rights at Work and other international requirements in this area. Omsk Carbon Group OOO is compliant with all the Global Compact human rights requirements.

Omsk Carbon Group places a particular emphasis on ensuring full compliance with all of the applicable laws and regulations. To this end, we have developed a package of internal documents containing the ethical standards and fair business practices which all employees should observe.

The principal documentation governing such matters:



Management
Systems Policies;



Anti-Fraud
and Corruption
Policies;



Code of Conduct.



Ecologically
Responsible
Purchasing
Policies;



Social Policies;

Omsk Carbon Group provides working conditions meeting all internal and external requirements:

- complies with the prohibition on child and forced labour;
- guarantees the protection of human dignity and privacy;
- acknowledges the right to freedom of thought, conscience and expression;
- puts no obstacles to unionization;
- provides decent pay and social security to all staff members;
- seeks to avoid harm to the residents of the presence areas by its operations.

The company guarantees no discrimination on the grounds of race, gender, ethnic origin, religion, political or other views, sexual orientation, national or social origin, wealth or any other status or other factors not related to performance.

In accordance with Omsk Carbon Group's Code of Conduct, compliance with business conduct rules and ethical standards constitutes an essential part of the corporate governance system. Integrity and honesty in performing job duties and the observance of business ethics regulations are required from all staff. The principles, rules and regulations set out in the Code are further developed and detailed in the company's other internal regulations.

At Omsk Carbon Group, labour relations are governed by the requirements of the RF's Labour Code and the Republic of Belarus' Labour Code. The Labour Codes list the jobs which women are restricted from doing, the jobs forbidden to persons

of less than 18 years of age, prohibit forced labour, promote the protection of labour rights and freedoms, establish the procedure for resolving employment-related disputes and liability for acting contrary to labour laws or other regulations containing norms of labour law.

To effectively ensure respect for employees' rights, we consistently handle feedback and requests by employees, law enforcement authorities, the trade union and the Federal Labour and Employment Service.

Implementing personnel development and support programs, Omsk Carbon Group promotes its employees' socioeconomic rights to, among others, social security, education, family welfare, housing, creative freedom and involvement in cultural life.

Drafts of documents governing social or labour relations (internal regulations such as collective bargaining agreements, by-laws, regulations on compensation and bonus payments as well as employment contracts and orders on disciplinary action or termination) are subject to pre-approval by in-house counsel.

Omsk Carbon Group's obligations associated with rights of the citizens affected by the company's operations basically arise from environmental laws.

Omsk Carbon Group's Code of Conduct establishes a discrimination-free working environment where every employee can contribute to the overall performance and make full use of their capabilities and potential. All employees and job applicants are assessed based on their professional competence, experience and abilities. Any decisions made for reasons not related to an employee's or a job applicant's performance (e.g., based on race or ethnical origin, gender, religion, political views, nationality, age, sexual orientation, family status, disability, etc.) are discriminatory and prohibited by law and the principles Omsk Carbon Group relies on.

Child labour and forced labour are strictly prohibited across Omsk Carbon Group's and its suppliers' operations. Omsk Carbon Group requires its suppliers to observe the same ethical principles as it observes. We annually conduct assessments of human rights risks.

To gain assurance that human rights are fully respected, Omsk Carbon Group interacts with its stakeholders on an ongoing basis using various two-way communication channels. There is a hotline at Omsk Carbon Group providing direct access by stakeholders via different channels such as phone, email and Russian Post. At Omsk Carbon Group, we carefully review any reports, suggestions or questions, whether public or anonymous, regardless of the applicant's status. Omsk Carbon Group welcomes transparency and unhindered dialogue and encourages all its stakeholders to be involved in it. Labour dispute commissions were established to resolve employment-related issues, with no applications in 2021.

All of the human rights commitments and matters related to the management of risks associated with potential or actual human rights violations resulting from the company's activities are integrated in our internal regulations. Omsk Carbon Group incorporated respect for human rights standards into all areas where the risks of violation exist such as interaction with personnel, organizing procurement and contractors' works, safety and security.

For human rights requirements to be met, staff members must have relevant knowledge. Therefore, the company organizes appropriate training and raises personnel's awareness on a systemic basis. The company's human rights requirements are included in a number of training programs and internal regulations that all employees must know. Employees undergo human rights training as part of the "Onboarding School" course, when confirming or raising their grades or as part of targeted training. 100% of our staff are familiarized with internal regulations governing human rights matters, with signature acknowledgement in relevant logs.

Hot Line

Omsk Carbon Group's hotline is a system for collecting information on violations, abuse or embezzlement that enables reporting on known facts or suspicions.

The hotline was organized to accept applicants' reports, review them, prepare response and take appropriate action (where required).

Omsk Carbon Group guarantees confidentiality to persons who report on potential or existing violations and protection for both employees and third parties from any forms of pressure, retaliation or discrimination.

Where economic, social or reputational effect, such as prevented damage, from a hotline report is identified, the non-anonymous applicants may be rewarded.

To speed up the processing of a violation report, it should contain:

- the applicant's full name;
- preferred communication method (mailing address, phone or email);
- as many details of the violation to be investigated as possible.

Anonymous reports are processed too

Currently, there are the following communication channels: phone, email and Russian Post. There are three reporting areas.

There are three reporting areas.

Regarding combatting fraud and corruption, preventing unlawful actions, including, without limitation, the following matters:

- bribing an employee;
- exceeding authority by an employee;
- taking advantage of an employee's official position contrary to Omsk Carbon Group's legitimate interests for the purpose of deriving benefit;
- inducing an employee to corruption offence;
- an employee's actual/potential conflict of interests;
- embezzlement of things of value by an employee;
- divulgence or unauthorized use of confidential information;
- inflicting damage/loss of profits;
- inflicting harm to reputation.

+7 (3812) 91-01-41

andrey.nadtochiy@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024, Russian Federation (with the "for hotline" mark).

Regarding environmental and OHS matters, including, without limitation:

- breach of environmental laws;
- breach of OHS laws and regulations;
- potential hazards and risks in the OHS area.

+7 (3812) 91-04-27

✉ aleksey.kundaev@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024, Russian Federation (with the "for hotline" mark).

Regarding environmental and OHS matters, including, without limitation:

- breach of environmental laws;
- breach of OHS laws and regulations;
- potential hazards and risks in the OHS area.

+7 (3812) 91-05-16

✉ personal@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024, Russian Federation (with the "for hotline" mark).

Regarding HR management matters, including, without limitation:

- human rights abuse;
- discrimination (e.g., on the grounds of race, ethnic origin, gender, religion, political views, nationality, age, sexual orientation, family status, disability, etc.);
- child or forced labour;
- employment relations.

+7 (3812) 91-05-16

✉ personal@omskcarbon.com

Mailing address: 17/1 Pushkin str., Omsk, 644024, Russian Federation (with the "for hotline" mark).

Across Omsk Carbon Group companies, employees can anonymously express their opinion regarding any sustainability aspects. "Trust-mail" boxes are installed for anyone to report their problems, or voice company development initiatives, suggestions on improvement of the compensation system or social policies, or willingness to grow professionally or upgrade skills.



People

Omsk Carbon Group treasures its employees and seeks to make sure our incentive system fully unleashes every staff member's potential.

We have taken a comprehensive approach to creating appealing and competitive working conditions, training and development, shaping the corporate culture and implementing our all-round social policies.

In its business, Omsk Carbon Group is guided by the principles of respect towards people and ensuring equal rights and opportunities. Any discrimination on the grounds of gender, nationality, religion, political views, etc. in hiring, promoting or providing benefits is not tolerated. In particular, we guarantee equal remuneration to women and men occupying equal positions. Omsk Carbon Group encourages an open and transparent exchange of information and regularly receives feedback from its employees.

Omsk Carbon Group's strategic goals:

- conformity to Russian and international standards for the respect, support and promotion of human rights;
- meeting the needs for highly skilled personnel to cope with day-to-day or strategic objectives.

Staff composition

Personnel	2021 r.
Total employees	2845
men	1869
women	976 (34%)
including those with disabilities	17
Total senior managers	44
men	24
women	20 (45%)

Omsk Carbon Group upholds women's aspirations for leadership and management. The fact that less women are working for us than men can be explained by regulatory requirements restricting women's work at companies with harmful working conditions.

Executive employees from among the communities of the presence regions

Executive employees from among the communities of the presence regions	2021 r.
Senior managers	44
including from among local residents	35
Percentage of local senior managers, %	80%

Personnel gender and age structure

Age	Under 18 years of age	18–30 years of age	31–50 years of age	51 years of age or more
	2021	2021	2021	2021
Total	none	458	1,811	576
Men	none	329	1,164	375
Women	none	129	647	201

Newly hired employees

Age	Under 18 years of age	18–30 years of age	31–50 years of age	51 years of age or more
	2021	2021	2021	2021
Total	none	122	282	50
Men	none	96	176	30
Women	none	26	106	20

Employees left

Age	Under 18 years of age	18–30 years of age	31–50 years of age	51 years of age or more
	2021	2021	2021	2021
Total	none	102	234	100
Men	none	76	152	80
Women	none	26	82	20

In 2021, staff turnover was 9.1%, a 0.5% decrease year-on-year.

Engagement

Providing decent and comfortable working conditions to all employees is one of Omsk Carbon Group's crucial tasks. To this end, we place much emphasis on employee engagement, including both financial and nonfinancial incentives.

Omsk Carbon Group offers its employees a competitive level of compensation (at or above the market average values). There is zero tolerance to discrimination. Skills, capabilities, credentials and experience are what matters in deciding on the amount of pay when it comes to hiring and career achievements, when it comes to promotion. Gender, age or ethnicity is irrelevant. Base salaries and rates of pay are annually raised to reflect the anticipated growth in the consumer price index according to the RF Ministry of Economy.

The year 2021 saw a 9.9 per cent increase in the average monthly salary against 2020.

In addition, all of Omsk Carbon Group's employees can benefit from monetary and nonmonetary incentives exceeding the ones required by employment laws. Such incentives include vacation bonuses, annual performance-based bonuses, partial reimbursement of medical treatment expenses, additional pay to recent graduates and retiring staff members, professional holiday bonuses, food allowances, taking employees to and from work, reimbursement for stay at recreation centers for employees and their family members, etc.

Salary

On average, a salary paid to an employee of Omsk Carbon Group was 64% higher than the average salary in the Omsk Region, 46% higher than in the Volgograd Region and 76% higher than in the Mogilev Region.

Social welfare benefits

The collective bargaining agreements provide for Omsk Carbon Group's core principles and approaches in the social welfare area. A benefits package is available to all of our employees. It includes both statutory benefits and fringe benefits as per the bargaining agreements.

Social welfare benefits, RUB thousand	2021 г.
Social expenses, including: <ul style="list-style-type: none"> – vacation bonus; – holiday bonus; – partial meal allowances; and – social expenses, including financial aid under bargaining agreements 	97 582,117

Taking care of our employees' and their family members' health has long been one of the priorities pursued in Omsk Carbon Group's social policies.

We entered into contracts for employees' statutory medical insurance, and all our employees receive scheduled health checks. Our contract for voluntary medical insurance with VSK Insurance House covers all employees. A voluntary medical insurance policy includes both government-run and private health care facilities. The sum insured provides for employees' access to a wide range of medical services, including medical advice, diagnostics, medical supervision, lab testing, functional diagnostics, etc. With free choice of doctors, no waiting in line and personalized approach, the insurance makes healthcare services highly convenient.

Personnel Development and Training

Cooperation with educational institutions

To develop its employees' potential, Omsk Carbon Group implements different training and development programs, provides continuous inhouse professional training and works out targeted programs for workers, specialists and management. Employees are trained throughout their professional lives based on tailor-made learning programs.

Young people regard Omsk Carbon Group as a reputable employer thanks to its competitive pay, steady jobs, professional and career opportunities, strict compliance with employment laws and appealing welfare benefits.

One of the aspects of working with youth is the company's involvement in students' education at specialist educational institutions. Interaction with specialist educational institutions is, therefore, one of Omsk Carbon Group's focal areas. We regularly conduct targeted tours for students. Our representatives participate in preview days hosted by educational institutions, job fairs, presentations and panel discussions on graduates' employment prospects. The company annually provides internships for students.

Number of employees trained	2021 г.
No. of employees trained	1362
Total	570
Management and specialists	751
Workers	89
The average number of training hours per employee was 57.	



Organizing internships for students

With a view to infusing a fresh spirit, work experience and research internships have become a tradition for Omsk Carbon Group. We co-work with the following universities and vocational schools within the presence regions:

- Omsk State Technical University;
- F.M. Dostoevsky Omsk State University;
- Omsk State University of Railway Engineering;
- K.G. Razumovsky Moscow State University of Technologies and Management;
- Volgograd State Technical University;
- Volgograd State Agrarian University;
- National Research University "Moscow Power Engineering Institute";
- Omsk Polytechnic;
- Volgograd Industrial Technical School;
- Omsk Industrial and Economic School;
- Omsk Aviation School;
- Omsk Road Transport School;
- Волгоградский энергетический колледж;
- Volgograd Power Engineering School;
- Volgograd Gazprom College;
- V.I. Vernadsky Volgograd Engineering College.



Youth Policy

Working with young professionals

Working with young employees is an essential part of Omsk Carbon Group's HR policies designed to secure uninterrupted supply of workforce, attract youth and facilitate their successful and efficient onboarding and self-actualization.

Onboarding action comprises two components: getting to know the company and workplace adaptation. Our HR Division organizes the former via a new employee training course. A new employee's line manager is responsible for the latter.

Developing the concept of guidance plays a vital part in the system for working with young professionals as this ensures continuity in professional experience, best production practices and the corporate culture. Guides are designated from among the superior or equal-ranking employees.

Working with young workers and specialists, up to 30 years of age	2021 г.
No. of young employees	458
Percentage of young employees in headcount, %	16%
No. of young specialists	27
Young employees hired	122
No. of students interned	153



Working with Trade Unions

Omsk Carbon Group recognizes employees' rights to freedom of trade-union association and collective bargaining. One of the priority objectives of our social policies is entering into long-term bargaining agreements with trade unions. The trade union committees established at our sites align employees' and the employer's interests when shaping and implementing the HR and social policies.

The collective bargaining agreements between the employer and the employees adopted at employees' general meetings are currently in effect at Omsk Carbon Group OOO and its Volgograd branch. At Omsk Carbon Mogilev, there is a staff council elected at a general meeting of employees.

The bargaining agreements fix the employer's commitment to collaboration in the OHS field and to creation of healthy and safe conditions for employees, and complement statutory safeguards in terms of compensation, benefits and working and living conditions.

To make the co-work effective, senior management regularly holds meetings with the trade unions' representatives and employees. No conflicts or collective labour disputes were recorded in 2021.

In 2021, there were also no violations of human rights to the freedom of association or collective bargaining.

Training is provided for newcomers as part of onboarding seminars discussing human rights procedures, organizational structure, rules of procedure, employment contracts, compensation, the existing collective bargaining agreement, social security, etc.

The trade unions also help employees and their family members participate in cultural and sports events at international, federal and regional levels such as the Siberian International Marathon; Russian Ski Run; the Velo Omsk bicycle race; city, district or plant Olympics; tourist rallies and outdoor teambuilding events.

The Social Policies, approved by the General Director on 25 April 2020, are in place at Omsk Carbon Group OOO. Their objectives include:

- protecting employees via a system of benefits and guarantees provided by the government, employment laws or the company's management;
- safeguarding interests of all parties to the production relationship;
- reproducing workforce.

These provisions are also included in the collective bargaining agreements of Omsk Carbon Group OOO and its Volgograd branch.

The Social Policies make sure that Omsk Carbon Group is compliant with employment laws and contains the following guarantees:

- Regular payment of salaries;
- Indexing salaries on an annual basis;
- Higher payments, reduced working days and additional leave entitlement for abnormal working conditions;
- Pre-employment and routine health checkups;
- No labour by children or persons under 18 years of age;
- No discrimination on the grounds of gender, nationality, religion, political opinions and any other grounds when hiring, promoting or supplying benefits;
- Observing OHS rules and regulations;
- Promoting work-life balance;
- Protecting personal data.

The welfare benefits and guarantees set forth in the Social Policies:

- Taking personnel to and from work using the company's vehicles at no charge;
- The availability of medical facilities at the plant premises;
- Enhancing technological infrastructure and workplace comfort;
- Personnel training, skills upgrading and development;
- Awarding employees on their professional holiday;
- One-time bonuses depending on the seniority of working at the carbon black plants;
- A one-time vacation bonus;
- A one-time bonus based on annual performance;
- Partial meal allowances for all shop workers and other employees;
- Financial aid in accordance with the collective bargaining agreements;
- Financial aid for resigning persons who have reached the age of retirement and have worked over 15 years at a carbon black plant;
- Health resort vouchers for employees;
- Children's health camp vouchers;
- Additional days off for employees on their special occasions;
- Organizing sports events, participating in cross-industry competitions.

Occupational Health and Safety

As with any industrial manufacturing process, carbon black manufacturing is fraught with a high level of production risks. Because of this, ensuring safety of all employees and contractors is paramount for Omsk Carbon Group. Omsk Carbon Group's approach to OHS management comprises promoting safety culture among staff members and contractors, complying with all applicable laws as well as monitoring and managing risks.

Occupational health and safety management is a crucial component of Omsk Carbon Group's sustainability efforts and success for the long term.

Omsk Carbon Group's strategic objective is maintaining a zero injury frequency rate.

Omsk Carbon Group received ISO 45001:2018 certification for its occupational health and safety management system.

The corporate safety culture forms a critical part of OHS management. Identifying key health or safety risks is integral to the OHS system. OHS briefings and training supply employees with the knowledge and skills needed to perform their work safely. Every employee annually takes a test to check the knowledge of working instructions and OHS rules.

Omsk Carbon Group established documented OHS procedures designed to mitigate risks, including workplace hazards associated with the potential of inflicting harm on employees' life or health, improve working conditions, and minimize the risk of workplace injuries, incidents or accidents while raising personnel's awareness and understanding of their personal OHS responsibility, pursuant to which:

- A Hazards and Risks List has been developed;
- OHS agreements have been entered into between the employer and employees represented by the shop-floor trade unions.

Expenses for OHS activities, RUB thousand	2021 г.
<p>Expenses for OHS activities, including:</p> <ul style="list-style-type: none"> – PPE expenses; – Health maintenance; – Statutory workplace assessment of labor conditions; – Purchasing legal, regulatory or standard process documentation, safety signs, posters, etc.; – Occupational injury and disease insurance; – Liability insurance for businesses operating hazardous production facilities; – Expenses under a contract for disease control and prevention testing; – Expenses under a contract with accident rescue units; – Fire safety expenses. 	115 231
<p>There was an increase by 10.2% in OHS expenses in 2021 as compared to 2020.</p>	

Workplace injury prevention

Occupational health and safety management is an essential part of Omsk Carbon Group's sustainability efforts and success over the longer term. Our strategic objective is maintaining a zero injury frequency rate.

To this end, Omsk Carbon Group provides its employees with briefings, training and knowledge assessments on safe working practices.

Briefing types:

- introductory briefing;
- initial briefing (at workplace);
- refresher briefing;
- off-schedule briefing;
- targeted briefing.

Training types:

- theoretical instruction;
- hands-on training (for employees exposed to harmful or hazardous working conditions).

Knowledge assessment types:

- knowledge assessment and clearance to work unsupervised;
- routine knowledge assessment;
- extraordinary knowledge assessment.

Omsk Carbon Group puts much emphasis on personnel training in the industrial and occupational safety area.

Personnel training in the industrial and occupation safety area	2021 r.
No. of managers and specialists certified in industrial safety	159
No. of workers trained and certified based on the results of targeted safe operation courses*	117
No. of managers, specialists and workers trained and certified in basics of fire safety	407
No. of managers and specialists trained and certified in occupational safety	303
Total	986

* Targeted courses cover the following topics:

- safe operation rules for pressure vessels;
- rules for the design and safe operation of steam and hot water pipelines;
- gas-based units maintenance with the authorization to perform hazardous gas works;
- working cradles located on the lift (tower);
- road safety rules for drivers (annually);
- training for carbon black production operators;
- management systems training for personnel;
- preparation for a scheduled knowledge assessment for electric and gas welders;
- preparation for a scheduled knowledge assessment for elevator operators;
- operating rules for heat-generating power plants;
- basics of fire safety for workers performing electric and gas welding or other hot works;
- safe operation rules for hazardous facilities.

Occupational injury and disease information

Indicator	2021 r.
No. of employees injured due to workplace accidents with one working day or more lost	None
Of whom: Women	None
No. of fatalities:	None
Of which: Women	None
No. of workdays lost by casualties with disability for one working day or more where temporary disability discontinued in the reporting year	None
No. of casualties with partial disability transferred from their main job to another job for one working day or more as required by a medical assessment report	None
Of whom: Women	None
No. of persons with an occupational disease first identified	None

There is an absolute success in terms of achieving Omsk Carbon Group's strategic objective – maintaining a zero injury frequency rate.

For the years of 2019 and 2020, zero injury frequency rate was maintained at Omsk Carbon Group's operations. During FY2021, no occurrences of occupational injuries were recorded at our Omsk and Volgograd production sites.

Injury Severity Rate ISR (number of lost workdays/ number of accidents)

Accident Frequency Rate AFR (number of accidents*1000/ average number of staff)

With a view to preventing workplace injuries, we conduct comprehensive surveys of working and industrial safety conditions across the company's operations as well as audits of the fulfillment of statutory OHS requirements in accordance with documented procedures. In 2021, OHS inspections were conducted in 38 units of our companies as per inspection schedules.

In the course of such inspections, compliance with statutory or other OHS requirements is assessed on the basis of Omsk Carbon Group's List of Statutory and Other Occupational Health and Safety Requirements. The audits focus on irregularities in maintaining documentation, operations' sanitary conditions, the completeness and correctness of using personal protective equipment, etc.

A photograph of a middle-aged man wearing a white hard hat, a blue surgical mask, and a blue work jacket with reflective stripes. He is holding a red fire extinguisher with both hands. The background shows an industrial facility with large metal tanks and scaffolding.

Preventing Incidents or Accidents and Emergency Response

Omsk Carbon Group has identified potential accidents and emergencies with adverse effects on the environment and OHS and developed the procedures for preparing for, responding to, or preventing such situations and mitigating their consequences.

Ensuring the preparedness for accidents or emergencies means the allocation of organizational, human, technological, financial or other resources as necessary to prevent, contain or eliminate accidents and their consequences.

Omsk Carbon Group's hazardous production facilities are identified and recorded in national registers.

No accidents, emergencies, incidents, fires or ignition were recorded at Omsk Carbon Group's sites throughout FY2021.

Our plants have developed action plans for emergency preparedness and response and addressing any civil defense or emergency challenges, whether natural or man-made:

- Oil and petroleum product spills prevention and containment plans;
- Hazardous production facilities accidents containment and recovery plans;
- Action plans for the prevention and elimination of natural or man-made emergencies;
- Plans for enhancing the protection of potentially hazardous facilities.

At our plants, we established facility-based commissions for emergency prevention and containment, and fire safety.

There are services contracts with emergency response teams to ensure continuous availability of a professional response team's efforts and resources for the containment of, and recovery from, emergencies associated with systems or equipment depressurizing, oil or petroleum products spills and emissions of harmful, explosive or hazardous substances at the production facility.

Omsk Carbon Group plants yearly hold emergency drills and exercises involving all working shifts during the year as scheduled.



Drill/exercise type	2021 г.
Emergency drills conducted as per accident containment and recovery plans for personnel preparedness for action in the event of an accident at hazardous production facilities	71
Training exercises completed for personnel preparedness for action in the event of an accident at hazardous production facilities	344
Fire safety drills (topic-based exercises) conducted	5
Comprehensive civil defense and emergency situation exercises completed	0
Special tactical training exercises on civil defense and emergency situations completed	0
Civil defense and emergency situation table top exercises completed	1



Environmental Protection

Environmental conservation for future generations is an integral part of Omsk Carbon Group's company culture and business principles. We seek to attain leadership in minimizing our environmental impacts and making environmentally friendly manufacturing possible.

Omsk Carbon Group's environmental management system is ISO 14001:2015 certified.

Improving environmental efficiency, which is assessed based on specific consumption of natural resources and emissions, is one of Omsk Carbon Group's primary goals.

Provided with all required environmental facilities, our plants meet modern-day environmental safety requirements. Effluents, including storm sewage, are rendered harmless at our local waste treatment plants, and tail gases produced are treated in waste heat boilers. Our sophisticated circulation water system many times reduces fresh river water used for manufacturing purposes.

To conduct environmental monitoring, we use both our own quality assurance lab, which is accredited to monitor emissions, discharges and the environmental status within the sanitary protection areas, and third-party laboratories.

Our core environmental protection principles are:

Meeting requirements of the Russian laws and regulations issued by the federal, regional or local authorities, regarding environmental protection, OHS, product quality and safety as well as the requirements provided for by contracts with our customers, including specifications, and applicable to the company's operations.

Using natural resources sustainably, which involves:

- reduced consumption of energy (with primary energy resources including water and natural gas and secondary resources including electricity and thermal energy) and its efficient use at our plants by developing and implementing energy saving and energy efficiency programs;
- maintaining the maximum efficiency and environmental safety of the operating modes of power equipment affecting the environment (boilers and water treatment equipment) by conducting timely process flow tests and making process flow diagrams (at least once every 3 years); communicating them to maintenance staff and overseeing compliance;
- ensuring accident-free operation of power equipment (including hazardous production facilities) and uninterrupted utilities supply to the plants' operations and external consumers by observing industrial safety rules, including the organization of proper industrial control of hazardous production facilities and power generation systems, timely and quality maintenance and repairs of power equipment and training of maintenance staff, including accident-prevention and fire safety drills.

Environment protection and scheduled environmental action expenses

Expenses, RUB thousand	2021 r.
Expenses for environmental protection action	2 412 043

Omsk Carbon Group also facilitates the development of its vendors by sharing expertise and overseeing their compliance with environmental requirements as part of contractual relations.

At Omsk Carbon Group, there is industrial environmental control in place with a view to ensuring the taking of action aimed at protecting the environment, promoting environmental stewardship and securing compliance with statutory environmental requirements in the course of operations.

In 2021, pursuant to a documented procedure for the control of compliance with statutory environmental requirements and implementation of environmental measures, we conducted environmental inspections across our divisions as per an environmental inspection schedule. A total of 108 inspections were completed.

Sustainable use of natural resources

Water consumption

Water is one of the essential resources in Omsk Carbon Group's day-to-day operations. One of the priorities as part of our environmental efforts is improved water efficiency and prevention of any associated accidents with environmental effects.

At Omsk Carbon Group OOO, we basically use water to produce our carbon blacks, generate steam and cool down equipment. A closed-loop recirculation system is in operation at our facilities, with river water fed for replenishment.

Resource consumed	2021 г.
Water for drinking and household needs, m3	614 597
Process water, m3	5 287 537
Circulating water, m3	721 240

There was a 13.3% increase in the consumption of drinking and household water due to discontinuation of quarantine measures. The amount of circulating water for manufacturing purposes remained the same. A 22.4% increase in process water utilized is attributable to our increased product output; however, the amount of process water per tonne of carbon black produced was 4.7 % down in 2021 vs. 2020.

Omsk Carbon Group's facilities contain local waste treatment plants where physicochemical treatment of process and storm sewage occurs. Our water saving efforts are continual. Annual routine includes cleaning collection ponds; maintaining water supply networks and equipment; and replacing filter media in water treatment filters.

Water discharge to surface bodies

Local waste treatment plants are in operation at our sites. Industrial wastewater and storm sewage go to these plants utilizing physicochemical treatment methods, with excessive treated water carried away through an external intercepting sewer.

Resource consumed	2021 г.
Gross water discharge to surface bodies, m3 million	0,0027

In the year 2021, our gross water discharge to surface-level bodies was 0.0027 million m3.

Natural gas consumption

Natural gas is one of the key resources needed for Omsk Carbon Group's day-to-day operations; therefore, reduced natural gas consumption is one more focal area for our environmental efforts.

Natural gas is basically used in our carbon black production technology and for the operation of WH boilers generating heat (heating water, producing steam).

Resource consumed	2021 г.
Overall gas consumption, m3 thousand/year	0,0027

Our overall consumption of natural gas in 2021 grew by 10.9% year-on-year due to our increased carbon black output. The amount of gas per tonne of carbon black produced was, however, reduced by 1.7 % against 2020.

Electricity generation and consumption

Resource	2021 г.
Total electricity produced, kWh thousand	216 111,0
Total electricity purchased, kWh thousand	97 334,0

A year-on-year increase in overall electricity consumption in 2021 is due to our increased output; however, there was an 11.3% decline in the amount of electricity per tonne of carbon black produced against 2020.

Heat consumption

Resource consumed	2021 г.
Thermal energy, Gcal	1 701 381

In 2021, our overall consumption of heat was 29.4% higher than in 2020 owing to lower temperatures in Q1 2021 from the same period a year earlier.

Omsk Carbon Group's sites are implementing their long-term energy saving and energy efficiency programs for specific types of our activities:

- heat generation in heating and industrial heating boiler houses;
- transporting cold water and effluents;
- electric power transmission.

Emission of pollutants

The actual emissions of pollutants by Omsk Carbon Group OOO, its Volgograd branch and Omsk Carbon Mogilev IOOO in 2021 were 4,868.88 tonnes, which is 52% of the emission limit.

One of the priorities pursued by Omsk Carbon Group OOO, its Volgograd-based branch and Omsk Carbon Mogilev IOOO is the implementation of measures designed to maintain emission levels within the allowable limits. At our production facilities in Omsk, Volgograd and Mogilev, we developed draft regulations on maximum permissible air emissions, had them approved and brought them into effect. All of the facilities' harmful (pollutant) substances emissions are within the allowable concentrations as required by the regulations.

In order to reduce dust emissions, filter bags are continuously replaced in recovery and aspiration systems, which is critical to the effective operation of gas and dust removal equipment. To decrease its air emissions, the Feedstock Preparation Shop of Omsk Carbon Group OOO is equipped with a hydrocarbon recovery unit. Hermetic feedstock discharge systems are in operation across our production sites, averting any air emissions.

Sanitary and industrial labs accredited for technical competence as per the ISO/IEC 17025 requirements test the condition of atmospheric air for the group's facilities.

Discharges of pollutants

In 2021, the pollutants actually discharged by Omsk Carbon Group OOO were 0.723 mt, which is 2.8% of the discharge limit. The Volgograd-based branch and Omsk Carbon Mogilev discharge no effluents into water bodies.

For Omsk Carbon Group OOO, the implementation of measures aimed at maintaining the discharge level within the allowable limit is a matter of top priority. We developed draft regulations on maximum permissible discharges of substances and microorganisms into water bodies, had them approved and brought them into effect. A permit for the discharge of pollutants was issued on the basis of the draft. All discharges of pollutants in effluents are within the allowable concentrations as per the approved draft regulations.

We monitor the condition of our water resources to ascertain compliance of the quality of inflow with applicable requirements and generally understand the water effects of our operations. We perform testing of the outflows of effluents from our operations in order to promptly identify and eliminate any reasons for the deterioration of their quality. Both our own QA lab and third-party laboratories conduct quality testing for the effluents. Our laboratory in Omsk is accredited for technical competence as per the ISO/IEC 17025 requirements.

Product Lifecycle Assessment

As any other industry, carbon black manufacturing is on track toward a dramatic reduction in GHG emissions by 2030 and achieving net zero carbon emissions by 2050.

Omsk Carbon Group sells products that ensure safety, environmental protection and other sustainability strengths for our customers. We are developers of innovative specialty grades of carbon black improving the quality of our customers' products thanks to their properties prolonging service lives, creating savings and optimizing efficient use of resources. Omsk Carbon Group seeks to expand our involvement in a circular economy, developing capabilities to use waste or byproducts as feedstocks. Oil and coke-chemical feedstock used as raw materials for carbon black are by-products of the petrochemical and coke-chemical production, respectively. Using such feedstock, we give a new life to waste otherwise having a limited use as a boiler fuel.

As a responsible manufacturer, Omsk Carbon Group realizes its responsibility to share full information about the health effects, safety and environmental aspects of our products. To this end, we have developed our Material Safety Data Sheets which are available on our customers' languages.

Our approach to sustainability involves the evaluation of our products' environmental impacts from cradle to gate, i.e. starting from feedstock transportation through the end of service life. We strive to trace and reduce our carbon footprint at every of the following stages. Omsk Carbon Group takes ownership of the feedstock transportation phase. We purchase as much of our feedstocks as possible from local suppliers, reducing our CO₂ emissions. During the production phase, raw materials are transformed into our final product – carbon black. This stage involves the greatest contribution into our overall carbon footprint while at the same time providing us with the greatest opportunities to decrease it. Tail gas generated at the group's plants is burned in waste heat boilers to form steam. In turn, steam is transformed into electricity. We utilize the electricity produced for our own operations and sell any excesses. We use varied packaging options to deliver our carbon blacks to customers such as small bags, big bags or bulk transportation in hopper rail cars. Our customers use carbon black for the production of countless items, from tires to cables and from inks to food packaging. End-of-life tires are recycled by pyrolysis. Pyrolysis-generated raw materials are used in the production of carbon black, which closes the loop.



Product Lifecycle Assessment

Omsk Carbon Group has no operations in protected areas or areas of high biodiversity value. However, we are aware of potential effects of the carbon black manufacturing process on biodiversity in the geographies where we operate.

Therefore, Omsk Carbon Group seeks to promote the culture of careful attitude to nature and biodiversity among its employees and build the skills required for environmental project management and effective interaction with local communities.

Our group's companies place high emphasis on the conservation of natural ecosystems exposed in the course of manufacturing operations. We at regular intervals monitor background environmental conditions on the borders of the sanitary protection areas and assess the impact of our operations on those conditions. The monitoring results demonstrate that

our facilities have no substantial direct or indirect impact on the biodiversity of the natural complex. For instance, average pollutant concentrations on the border of a sanitary protection area within which manufacturing occurs do not exceed 50% of the upper limit of the safe level.

Moreover, in an effort to conserve biodiversity, the group's companies have long been engaged in landscaping not only at the premises of our facilities, but also within wider presence areas.

The programs contain targets for saving energy and improved energy efficiency and specific actions designed to achieve them. Quarterly program implementation reports are submitted to oversight authorities.

We record the amounts of energy used by our operations and external consumers, with the records processed and compiled in monthly, quarterly and annual reports to be relied on for the analysis of energy used by the company and the consumers. Whenever any deviations from standards or limits are identified, corrective actions are taken, and instructions and notices are given.

Setting up efficient and safe modes for the combustion of boiler fuel and the utilization of tail gases in WHB furnaces during heat generation (heating water, producing steam) is underway. Specialized providers perform process flow tests for every boiler at least once every 3 years, resulting in the preparation of process flow diagrams being guidance for the boilers operation.

Our top priority measure to reduce energy consumption and GHG emissions involves operating at the Omsk, Volgograd and Mogilev plants own co-generation units with the installed capacity of 18,000 thousand kW, which cover 65% of the facilities' electric power needs. Electricity is produced by steam-driven turbine plants using the steam generated by tail gas WHBs. Tail gas is also used in heat exchange equipment for carbon black production lines and at a heating boiler house.

Waste Handling

One more priority area for Omsk Carbon Group is the implementation of action aimed to reduce the amount of waste released into the environment. We handle our waste in line with the requirements of the RF and Belarusian environmental laws and developed required waste generation standards and waste disposal limits. The Volgograd-based branch is a third-category facility in terms of negative environmental impact and as such is not required to draft waste generation standards or waste disposal limits. Arrangements for the disposal of waste on the premises were made. A hazardous waste profile sheet is available for every waste type at Omsk Carbon Group OOO and its Volgograd branch. Waste profiling is not required for Omsk Carbon Mogilev IOOO in accordance with Belarusian law. All types of our facilities' waste are within the allowable annual generation limits. Our group's entities have licenses for the transportation, treatment, disposal, neutralization and placement of I-IV hazard class waste, authorizing them to transport I-IV hazard class waste.

Waste generation

In 2021, the amount of waste generated was 11,058 tonnes, 0.8% down from 2020.

Selling industrial waste

Waste type	2021 г.
Ferrous scrap, mt	1 893,1
Non-ferrous scrap, mt	27,6
Carbon black sweepings, mt	594

Collected selectively, waste can be sold to third-party entities licensed for the handling of hazardous waste for their further treatment and use as secondary materials. There are contracts concluded to transfer waste for disposal or recycling.

In 2021, we organized separate collection of exited cells (batteries) and entered into a sales contract for their repurposing.

In 2021, we sold 2,514.7 tonnes of waste (including ferrous scrap, non-ferrous scrap and carbon black sweepings). The year marked an 85 per cent growth in the waste volumes we sold to third parties for further treatment and reuse.

Reusing refractory mortar breakage for the production of refractories

Refractory mortar breakage is disintegrated and reused for the production of refractory articles, with 92.0 tonnes reused in 2021. There was a 3.6 times growth in waste treated for reuse vs. 2020.

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Harmful (Pollutant) Substances Emissions and Discharges

Omsk Carbon Group OOO has a permit for harmful (pollutant) substances emissions with the emission quota of 5,648.806 mt per year. The Volgograd branch of Omsk Carbon Group OOO holds a permit for harmful (pollutant) substances emissions with the emission quota of 2,769.53 mt per year. Omsk Carbon Mogilev's permit for harmful (pollutant) substances emissions provides for the emission quota of 913.294 mt per year. To prevent the annual quota from being exceeded and keep emissions as low as possible, our plants conduct preventive overhauls for process equipment. In a bid to reduce dust emissions, we maintain effective operation of our dust control equipment by carefully observing the right filter operating parameters and replacing filter bags. With a view to decreasing air emissions, our storage facilities for hydrocarbon feedstock have dedicated apparatuses installed for each and every tank. Our motor vehicles are being replaced by Euro 5 petrol cars to reduce CO2 emissions, and Euro-5 compliant fuel is used for filling.

In order to monitor the air condition on the border of the sanitary protection areas of the Omsk and Volgograd facilities, QA labs conduct daily tests. The technical competence of the laboratories as part of ISO/IEC 17025 accreditation was determined by RusAccreditation. Accreditation Certificate for the Laboratory of Omsk Carbon Group OOO No. ROSS RU.0001.511240. Accreditation Certificate for the Laboratory

of Volgograd Branch No. ROSS RU.0001.512283. Omsk Carbon Mogilev's laboratory was accredited by the Belarusian Government-Run Accreditation Center, Accreditation Certificate No. BY/112 2.5341.

In 2021, Omsk Carbon Group OOO, its Volgograd branch and Omsk Carbon Mogilev IOOO performed 4,178 tests of the air on the border of their respective sanitary protection areas. No pollutants exceeded the maximum allowable concentrations.

Omsk Carbon Group OOO discharges its effluents into a water body based on a permit. The facilities are provided with a recirculation system. Process water is fed to the local treatment plant and re-appears at production lines. Excessive treated water is discharged into the River of Irtysh where necessary.

We monitor our water resources to ascertain whether the quality of inflow meets the relevant requirements and understand the water effects of our operations. We have also established routine testing for pollutants and microorganisms in effluents with a view to identifying and addressing any reasons for the deterioration of their quality in a timely fashion.

Neither our Volgograd branch nor Omsk Carbon Mogilev discharges effluents into water bodies.



Landscaping

Omsk Carbon Group is a regular participant of the so-called "green" community cleanup events. Our companies annually undertake landscaping works on the surrounding areas and invest in the purchase of seedlings. During FY2021, our employees planted 260 trees of various species.

In 2021, we also decorated 2,524 m² of flower gardens, which required the planting of 274,504 pcs of flower seedlings.



Supply Chain Management

Omsk Carbon Group is committed to ensuring the compliance of its purchasing with all applicable statutory requirements and the principles of respect for ethical standards, human rights and environmental responsibility we have adopted.

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Omsk Carbon Group's purchasing principles

Transparency and partner relations

The policy of openness, transparency, reinforcing confidence and respect towards suppliers.

Efficiency

Conducting procurement procedures using the most efficient methods with minimum costs and without compromising quality.

Openness and equal treatment

Any Russian or international company can freely compete to become our supplier as long as it fulfills all our requirements of safety, reliability and legality.

Minimizing inventory levels

Streamlining production and procurement processes to minimize inventory levels, with the absolute priority being process safety and continuity.

As a major consumer of goods and services, Omsk Carbon Group can contribute to the mitigation of social and economic risks within the supply change. Omsk Carbon Group seeks to cooperate with suppliers committed to sustainable development principles.

To implement sustainability principles, our suppliers subscribe to Omsk Carbon Group's Supplier Code, and the requirements to meet environmental, labour and anticorruption laws (anticorruption clauses) are incorporated into our supply contracts. 52% of our suppliers are signatories to Omsk Carbon Group's Supplier Code.

Omsk Carbon Group annually rates its suppliers. The criteria to be assessed include the conformity of their environmental management systems to ISO 14001 requirements and the conformity of their OHS management systems to ISO 45001. There are three supplier categories (A, B and C), and no certified management system leads to a lower category.

In selecting suppliers, we prefer those who have certified their environmental and OHS management systems for conformity to the ISO 14001 requirements and the ISO 45001 requirements, respectively.

Supplier sustainability scoring occurs using a self-assessment method. Suppliers are evaluated based on Omsk Carbon Group's environmental, OHS, human rights and ethics requirements, including in the course of supplier audits.

To assess our suppliers' sustainability efforts, we sent out Omsk Carbon Group's supplier CSR self-assessment questionnaires containing our requirements in areas such as the environment, OHS, human rights and business ethics. 52% of our suppliers have signed the questionnaires thus confirming fulfillment of our requirements. During supplier audits, we also evaluate compliance with our sustainability requirements.

Omsk Carbon Group's strategic objective is 100% of its suppliers meeting our sustainability requirements by 2024.

Engagement with Local Communities

Omsk Carbon Group is developing a meaningful collaboration with local communities to facilitate socioeconomic development, create a friendly environment for its operations and preserve cultural traditions and the environment in the regions of presence.

The engagement with the presence regions' representatives includes signing cooperation agreements

We co-work with local communities in the following areas:

- furthering economic growth;
- creating new jobs;
- investment in developing, expanding, upgrading and refurbishing production facilities;
- tax matters;
- environmental protection;
- implementing social responsibility or charity projects.

Being a major taxpayer in the presence regions, Omsk Carbon Group procures their fiscal stability, which enables a balanced national socioeconomic policy. Throughout FY2021, the company paid RUB 1,969.08 million in taxes, fees and duties at the federal, regional and local levels.

Managing Corruption Risks

Omsk Carbon Group has taken a systemic approach to identifying, assessing and managing corruption-related risks.

We focus our attention on assessment of the existing controls and procedures within the areas and business processes that are particularly exposed to corruption risks. These basically include purchasing, payments, sales, charity, sponsorship, business gifts, entertainment expenses, interaction with public authorities, due diligence and contract approval.

Adherence to the highest business ethics standards forms an integral part of Omsk Carbon Group's corporate principles. We use substantial efforts to maintain the reputation of a transparent, fair and responsible company. To this end, Omsk Carbon Group promotes zero tolerance to any forms of corruption or bribery and applies a systemic approach to the prevention of misconduct and the taking of appropriate corrective action.

Omsk Carbon Group places a strong focus on the promotion of ethical behaviour and the prevention of fraud, corruption and bribery at all organizational levels. All reports of alleged corruption, bribery or unlawful acts are thoroughly investigated.

The Head of our Security Department is in charge of combatting fraud and corruption.

Omsk Carbon Group has developed its anticorruption system, including a number of steps to combat corruption at all corporate regulation levels:

- applying the due diligence principle in selecting contracting parties, incorporating anticorruption clauses into contracts;
- checking all of the existing and newly hired employees for affiliation with third-party businesses and conflicts of interest;
- running an anonymous hotline to report fraud, corruption or other irregularities;
- undertaking internal investigations and holding perpetrators liable.

An important element of Omsk Carbon Group's steps to prevent corruption, fraud and bribery is keeping employees and vendors permanently informed on the need to prevent unlawful misconduct, bribery and corruption.

To ensure full compliance with all applicable laws and regulations, we have drafted a package of internal documents governing fair and ethical conduct, the ban on discrimination and corruptive activities, business conduct norms and the rules for staff members' internal and external communication.

Our essential documents regulating such matters:

- Anti-Fraud and Corruption Policies;
- Ecologically Responsible Purchasing Policies;
- Code of Conduct.

In addition to the policies and the code, there is a wide array of anti-corruption mechanisms (as described below) integrated at Omsk Carbon Group.

Raising employees' awareness means that all of our employees become familiar with the anti-corruption documents at the time of hiring or whenever a document is revised or amended.

In 2021, our anti-corruption hotline continued its work. No reports were received within the reporting period. Omsk Carbon Group encourages whistleblowing, guarantees confidentiality and non-retaliation and undertakes to investigate every report.

In 2021, we completed due diligence in respect of 5,069 suppliers and contractors. Our due diligence involves the assessment of financial performance, claims from business partners (where exist) and tax compliance. Such an approach helps us avoid dealing with mala-fide potential vendors whose business reputation (practices) is not fair or open. In addition to due diligence procedures for companies intending to become our business partners, we trace and evaluate the current status of our existing business partners in terms of sound business practices. Partner relationships discontinue if the supplier fails to meet its tax liabilities or defaults on its obligations under a supply contract with third-party purchasers. Omsk Carbon Group highly appreciates our partners' fair practices and integrity. As part of identifying,

combating and preventing corruption, key matters related to the approval of potential vendors (suppliers or contractors) and the determination of payment procedures for services or goods supplied are openly considered with the involvement of representatives of the business units concerned using the 1C Dokumentooborot software, which provides a discussion opportunity and rules out any covert, unfounded or unfair decisions. We select our contractors for performing works of practically any complexity via our Tender Board. Every bidder submits documents required by our internal regulations that evidence the availability of its HR resources, materials and technology as well as its expertise in completing similar works. Certain works are also performed in respect of our branch's staff members. For the purposes of combatting corruption, staff members are required to report to the employer and law enforcement authorities any instances where they were approached by any persons to induce a corruption offence.

No contracts were terminated or non-renewed with our business partners due to any identified corruption-related violations in the reporting period. There were also no legal proceedings initiated against us or our employees based on alleged involvement in contravention of anti-corruption laws.

Our company is socially and legally proactive in identifying and preventing suppliers' corruption schemes or attempts to involve our staff in such corruption schemes.



Defining Report Content

In preparing this 2021 Report, we have relied on the Global Reporting Initiative (GRI) standards for sustainability reporting as a guidance and used applicable GRI reporting elements. The report reflects Omsk Carbon Group's contribution to achieving the UN sustainable development goals and implementing the UN Global Compact principles.

Omsk Carbon Group maintains an active dialog with all of its stakeholders, gathering feedback consistently. In preparing this Report, we made use of the results of our regular interaction with stakeholders, including for such purposes as the determination of considerable topics. The contents of the Report were based on the considerable topics identified, providing disclosures on the whole range of Omsk Carbon Group's impacts and meeting the interests of all our stakeholders.

The scope of the Report gives a fair view for understanding the economic, environmental and societal impacts Omsk Carbon Group had in the reporting period and has no intentional omissions. The Report to an equal extent discloses both positive and negative results of our operations without any intentional misrepresentation.

The terminology used in the Report is comprehensible to a broad range of stakeholders and sufficient to form an objective view.

Appendix 1. Compliance table of the GRI report

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
UNIVERSAL REPORTING ELEMENTS			
ORGANIZATIONAL PROFILE			
102-1	Name of the organization	About the Company	5-7
102-2	Activities, brands, products, and services	About the Company	5-7
102-3	Location of headquarters	About the Company	5-7
102-4	Location of operations	About the Company	5-7
102-5	Ownership and legal form	About the Company	5-7
102-6	Markets served	About the Company	5-7
102-7	Scale of the organization	About the Company	5-7
102-8	Information on employees and other workers	People	34-38
102-9	Supply chain	Supply Chain Management	57
102-10	Significant changes to the organization and its supply chain	No significant changes occurred in 202	
102-11	Precautionary principle or approach	Managing Sustainability Risks	29
		Supply Chain Management	57
		Managing Corruption Risks	58-59
102-12	External initiatives	Involvement in International, National and Regional Sustainability Initiatives	21-24
102-13	Membership of associations	A Word from Our Board Chairman	21-24

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
STRATEGY			
102-14	Statement from senior decision-maker	A Word from Our Board Chairman	3
102-15	Key impacts, risks, and opportunities	Sustainable Development Sustainable Development Priority Omsk Carbon Group's Contribution to the Achievement of the Sustainable Development Goals Managing Sustainability Risks Human Rights People Occupational Health and Safety Preventing incidents or accidents and emergency response Environmental Protection Supply Chain Management Engagement with Local Communities Managing Corruption Risks	13 14-15 15-20 29 30-31 34-38 42-45 46-47 48-59 57 58 58-59
ETHICS AND INTEGRITY			
102-16	Values, principles, standards, and norms of behaviour	Managing Corruption Risks	58-59
102-17	Mechanisms for advice about ethics	Managing Corruption Risks	58-59
GOVERNANCE			
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement	25-26
102-30	Effectiveness of risk management processes	Managing Sustainability Risks	25-26
102-35	Remuneration policies	People	34-38
102-36	Process for determining remuneration	People	34-38
102-37	Stakeholders' involvement in remuneration	People	34-38

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	Stakeholder Engagement	25-26
102-41	Collective bargaining agreements	Working with Trade Unions	40-41
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	25-26
102-43	Approach to stakeholder engagement	Stakeholder Engagement	25-26
102-44	Key topics and concerns raised	Managing Sustainability Risks	29
REPORTING PRACTICE (GENERAL)			
102-45	Entities included in the consolidated financial statements	About the Report	4
102-46	Defining report content and topic boundaries	About the Report	4
102-47	List of material topics	About the Report	4
102-48	Restatements of information	No restatements of information were used during the reporting period.	4
102-49	Changes in reporting	No changes in reporting were made.	
102-50	Reporting period	About the Report	4
102-51	Date of most recent report	About the Report	4
102-52	Reporting cycle	About the Report	4
102-53	Contact point for questions regarding the report	About the Report	4
102-54	Claim of reporting in accordance with the GRI Standards	About the Report	4
REPORTING PRACTICE (CORRESPONDENCE INDEX)			
102-55	GRI Content index	About the Report	4

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
REPORTING PRACTICE (ASSURANCE)			
102-56	External assurance	No external assurance was provided.	
103 MANAGEMENT APPROACH			
103-1	Explanation of the material topic and its boundary	About the Report	4
103-2	The management approach and its components	Sustainability Management Omsk Carbon Group's Contribution to the Achievement of the Sustainable Development Goals	13 14 15-20
201 ECONOMIC PERFORMANCE			
201-3	Defined benefit plan obligations and other retirement plans	People Working with Trade Unions	34-38
201-4	Financial assistance received from government	In 2021, the company obtained no financial assistance from governmental authorities	34-38 40-41
202 MARKET PRESENCE			
202-1	Management approach	People	34-38
204-1	Ratios of entry-level wage to local minimum wage	People	57
205 ANTI-CORRUPTION			
103	Management approach	Managing Corruption Risks	58-59
205-1	Operations assessed for risks related to corruption	Managing Corruption Risks	58-59

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
205-2	Communication and training about anti-corruption policies and procedures	Managing Corruption Risks	58-59
102-41	Confirmed incidents of corruption and actions taken	No confirmed instances of corruption were recorded in 2021.	40-41
206 ANTI-COMPETITIVE BEHAVIOUR			
301 MATERIALS			
103	Management approach	Environmental Protection	48-59
301-3	Reclaimed products and their packaging materials	Environmental Protection	48-59
302 ENERGY			
103	Management approach	Environmental Protection	48-59
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303 WATER			
103	Management approach	Environmental Protection	48-59
303-1	Water withdrawal by source	Environmental Protection	48-59
303-2	Water sources significantly affected by withdrawal of water	Environmental Protection	48-59
303-3	Water recycled and reused	Environmental Protection	48-59

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
304 BIODIVERSITY			
103	Management approach	Protecting Biodiversity	53
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Protecting Biodiversity	53
304-2	Significant impacts of activities, products, and services on biodiversity	Protecting Biodiversity	53
304-3	Habitats protected or restored	Protecting Biodiversity	53
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Protecting Biodiversity	53
305 EMISSIONS			
103	Management approach	Protecting Biodiversity	48-59
305-1	Direct (Scope 1) GHG emissions	Protecting Biodiversity	48-59
305-5	Reduction of GHG emissions	Protecting Biodiversity	48-59
305-6	Emissions of ozone-depleting substances (ODS)	Protecting Biodiversity	48-59
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Protecting Biodiversity	48-59
306 EFFLUENTS AND WASTE			
103	Management approach	Environmental Protection	48-59
306-1	Water discharge by quality and destination	Environmental Protection	48-59

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
306-2	Waste by type and disposal method	Environmental Protection	48-59
306-4	Transport of hazardous waste	Environmental Protection	48-59
306-5	Water bodies affected by water discharges and/or runoff	Environmental Protection	48-59
307 ENVIRONMENTAL COMPLIANCE			
103	Management approach	Environmental Protection	49-59
307-1	Management approach	Environmental Protection	48-59
SOCIAL			
401 EMPLOYMENT			
103	Management approach	People	34-38
401-1	Total number and rate of employee turnover during the reporting period, by age group, gender and region	People	34-38
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	People	34-38
402 LABOUR/MANAGEMENT RELATIONS			
103	Management approach	People	34-38
402-1	Minimum notice period regarding operational changes	In accordance with the Labour Code of the Russian Federation, federal laws or other regulations containing rules of labour law, agreements and employment contracts	34-38
403 OCCUPATIONAL HEALTH AND SAFETY			
103	Management approach	Occupational Health and Safety	42-45
403-1	Workers representation in formal joint management –worker health and safety committees	Occupational Health and Safety	42-45

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety	42-45
403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety	42-45
403-4	Health and safety topics covered in formal agreements with trade unions	Working with Trade Unions Occupational Health and Safety	40-41 42-45
404 TRAINING AND EDUCATION			
103	Management approach	People	34-38
404-1	Average hours of training per year per employee	People	34-38
404-2	Programs for upgrading employee skills and transition assistance programs	People	34-38
404-3	Percentage of employees receiving regular performance and career development reviews	People	34-38
405 DIVERSITY AND EQUAL OPPORTUNITY			
103	Management approach	People	34-38
405-1	Diversity of governance bodies and employees by gender, age, minorities and other diversity indicators	People	34-38
405-2	Ratio of basic salary and remuneration of women to men	People	34-38
406 NON-DISCRIMINATION			
103	Management approaches	Human Rights People	30-31 34-38
406-1	Incidents of discrimination and corrective actions taken	Human Rights People	30-31 34-38

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The company has no operations in which the right to freedom of association and collective bargaining may be exposed to significant risks.	
408 CHILD LABOUR			
408-1	Operations and suppliers at significant risk for incidents of child labour	The company has no operations at risk for incidents of child labour.	
409 FORCED OR COMPULSORY LABOUR			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour and measures taken to eliminate forced or compulsory labour	The company has no operations at risk for incidents of forced or compulsory labour.	
410 SECURITY PRACTICES			
410-1	Security personnel trained in human rights policies or procedures	100%	
411 RIGHTS OF INDIGENOUS PEOPLES			
411-1	Incidents of violations involving rights of indigenous peoples	No violations involving rights of indigenous peoples were recorded in 2021.	
413 LOCAL COMMUNITIES			
103	Management approach	Engagement with Local Communities	58
413-1	Operations with local community engagement, impac assessments, and development programs	Engagement with Local Communities	58
413-2	Operations with significant actual and potential negative impacts on local communities	In 2021, there were no operations with significant actual or potential negative impacts on local communities.	58

GRI Indicator	GRI Indicator Description	Report Section and/or Comments, References to Other Sources	Report page
414 SUPPLIER SOCIAL ASSESSMENT			
103	Management approach	Supply Chain Management	57
414-1	Percentage of new suppliers that were screened using social criteria	Supply Chain Management	57
415 PUBLIC POLICY			
415-1	Political contributions by country and recipient/beneficiary	The company makes no contributions to political parties or organizations or their representatives and is not involved in politics.	57
416 CUSTOMER HEALTH AND SAFETY			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services, by type of consequences	In 2021, there were no instances of non-compliance with statutory or voluntary code requirements concerning the health and safety impacts of products or services.	
417 MARKETING AND LABELING			
417-2	Incidents of non-compliance concerning product and service information and labeling, by type of consequences	In 2021, there were no instances of non-compliance with regulatory or voluntary code requirements concerning product or service information or labeling.	