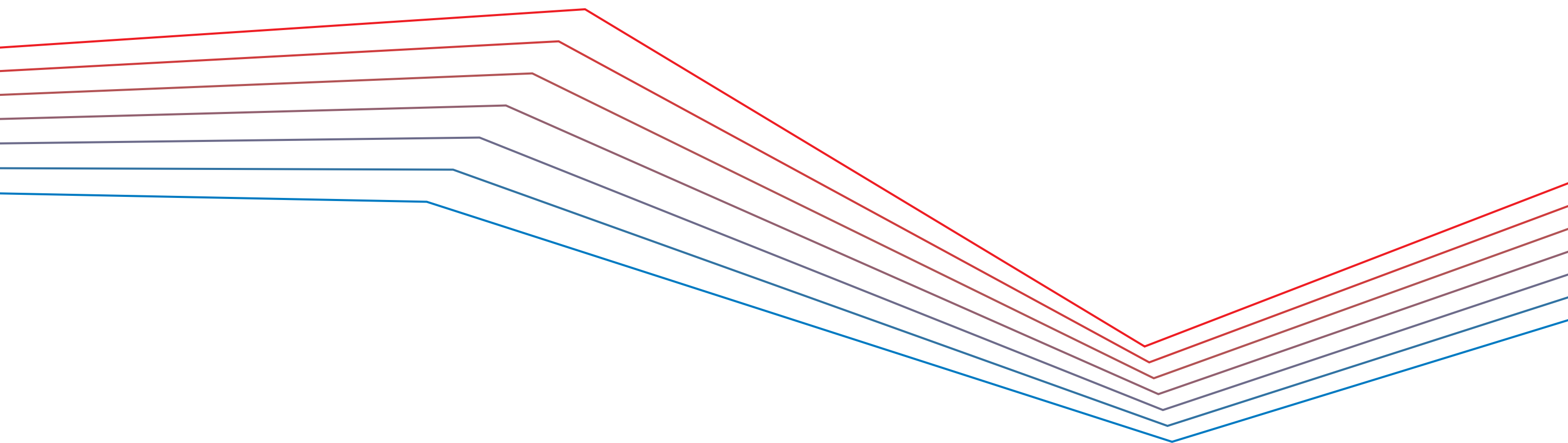


The background of the entire page is a high-angle, aerial photograph of a winter landscape. A wide, snow-covered river winds through a dense forest of evergreen trees. In the center of the river, there is a large, circular island also covered in snow and trees. The sky above is a vibrant blue with scattered white clouds. The overall scene is bright and serene, suggesting a clean and natural environment.

**2021-2025
SUSTAINABILITY
PROGRAMME**

2021-2025 SUSTAINABILITY PROGRAMME



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ABOUT ALROSA

ALROSA Group at a Glance

ALROSA is the largest diamond mining company, which supplies about 28%¹ of all diamonds globally. Effectively, every fourth diamond in the global market is mined in Russia. ALROSA is the world leader not only in mining, but also in terms of its mineral resource base having more than 1 billion carats² in diamond mineral resources. Gem-quality diamonds, the source material for polished diamonds, form the bulk of the company's output.

ALROSA's key business areas include exploration, mining and sales of rough diamonds. The geographic scope of ALROSA Group operations embraces 10 regions across Russia and 9 countries. The main assets are located in the Republic of Sakha (Yakutia) and the Arkhangelsk Region. The Group also carries out geological exploration in Africa. ALROSA's trading and representative offices are located in the key global diamond trading hubs in Belgium, Israel, the PRC, the UAE, the USA and India. ALROSA has three polishing divisions and is one of only two diamond-mining companies in the world having its own cutting and polishing facilities.

ALROSA operates 8 open-pits, 3 underground mines and 8 alluvial deposits³. Production is conducted mainly in the permafrost region, in harsh climate conditions where the temperature is below zero at least six months a year. The company's assets are unique in their mining and geological characteristics and unmatched anywhere in the world.

ALROSA is one of the largest employers in Russia. ALROSA Group employs about 32,500 people, mostly in Yakutia. This is the largest region of Russia occupying a fifth of the entire national territory.

ALROSA is a public company with shares listed at Moscow Stock Exchange. The company has 34% shares in free float. The Russian Federation, Yakutia and its municipalities account for 66%. Market capitalization as at the end of 2019 reached RUB 621 bn. (USD 10 bn.)

ALROSA is committed to the principles of sustainable development and international standards of responsible business conduct. The Company's achievements are marked by high ranking and presence in the ratings of FTSE4Good, MSCI ESG, Sustainalytics and WWF Russia.

¹ As of December 31, 2020

² As defined by the State Commission on Mineral Resources of the Russian Federation

³ As of December 31, 2020

ALROSA Contribution to Sustainable Development

As one of the largest diamond mining companies in the world, ALROSA does not only have a significant positive effect on socio-economic development of the regions of its operation, but also actively contributes to forming and promoting of the global sustainable development agenda.

A specific feature of ALROSA operations is that a bigger part of its core diamond mining assets is located in one of the most remote areas in Russia, a region with a harsh climate - the Republic of Sakha (Yakutia). This had a notable impact on the formation of the Company's approach to sustainable development. ALROSA's story began in the Republic of Sakha in the 1950s and largely determined the socio-economic path of the development of that region. ALROSA influence is considerable even today - most of the Company's employees work in Yakutia, and the Company's tax and dividend payments make up significant share of the regional budget revenues.

At the same time, in all regions of its operation, including outside Russia, ALROSA applies a unified approach to managing its impact on sustainable development and strives to implement modern international standards in this field.

ALROSA contributes to sustainable development striving to ensure and maintain over the long term a favourable socio-economic climate and healthy natural environment in the regions of its operation by providing employment opportunities and improving the living conditions of local communities, ensuring significant tax revenues to the budgets of different levels, building social infrastructure and protecting the environment, including by contributing to the achievement of the UN Sustainable Development Goals while preventing and minimizing possible negative effects of its activities.

The principles of sustainable development are essential elements of ALROSA operations integrated into the mission and strategy of the Company for the period up to 2025 and other internal regulatory documents.

SUSTAINABILITY PROGRAMME

Purpose

This Programme defines ALROSA Group fundamental principles and approach to managing sustainable development issues and setting goals, ambitions and targets in this area aimed at further integrating the principles of sustainable development into the Company's operations and ensuring its contribution to the achievement of the United Nations Sustainable Development Goals.

The Sustainability Programme aims at increasing the transparency of ALROSA Group's operations in the field of sustainable development, maximizing positive impact in such areas as environmental protection, social domain, corporate governance and business ethics, as well as creating additional value for shareholders, investors, employees, partners, clients and regions of operation. The above goals will be achieved through performance of obligations, risk management and implementation of projects and initiatives related to priority sustainability aspects.

Scope

The goals, ambitions and targets in this Programme cover ALROSA Group, including PJSC ALROSA and its diamond mining and manufacturing subsidiaries operating in the Russian Federation, namely:

- Public Joint Stock Company ALROSA (PJSC ALROSA);
- Joint Stock Company Almazy Anabara;
- Public Joint Stock Company Severalmaz;
- Joint Stock Company PO Kristall;
- Limited Liability Company ALROSA Diamonds.

In perspective, ALROSA is going to consider expanding the scope of the Programme to other subsidiaries of PJSC ALROSA and determining individual performance indicators for the regions of ALROSA Group operation outside the Russian Federation.

Development

In order to develop an effective Sustainability Programme and establish impartial goals and ambitions ALROSA conducted an extensive and detailed analysis of material issues, including evaluation of applicable requirements, study of obligations under international initiatives and effective agreements and contracts, benchmark analysis and stakeholder engagement.



1. Defining material issues

At Stage I in order to define issues of material importance for ALROSA Group in social, environmental and governance fields, the following activities were carried out:

- analysis of the applicable requirements and commitments, including:
 - comprehensive analysis of applicable legal requirements in the field of sustainable development;
 - analysis of commitments made and potential commitments within the framework of ALROSA's participation in international industry organisations and initiatives;
 - analysis of commitments in the field of sustainable development under existing agreements and contracts;
 - assessment of requirements set out in standards and guidelines applicable to ALROSA Group and ESG ratings criteria;
- analysis of internal corporate approaches to sustainable development, including:
 - assessment of ALROSA Group strategic ambitions and vision for the period to 2025;
 - analysis of ALROSA Group internal documents, programmes and initiatives in the field of sustainable development;
 - ALROSA Group sustainability risk analysis;
- benchmark analysis.

Based on the analysis, a list of issues of the most relevance to the ALROSA Group and the extent of its impact on socio-economic development and environment in the regions of operation was drawn up. These aspects were that analysed for:

- their relevance from a stakeholder perspective;
- the degree of ALROSA Group control over the decision-making process on this matter or ability to significantly influence it;
- the extent of positive or negative economic, social and environmental impacts of each issue in the regions where ALROSA Group operates.

Evaluation of possible impacts allowed to make the Programme more realistic and effective.

2. Establishing strategic pillars, ambitions and targets

At Stage II the identified material issues were grouped under five strategic pillars, and a preliminary list of goals, ambitions and corresponding targets for each of them was developed with particular attention to ensuring the alignment of the goals and ambitions with the UN Sustainable Development Goals.

3. Internal and external stakeholder engagement

To ensure the integrity of findings based on analysis and discussion on the draft Programme, a series of consultations with stakeholders were held, including:

- consultations with internal stakeholders within the framework of:
 - Sustainability Working Group formation and its strategic sessions to discuss and agree on the goals, ambitions and targets;
- consultations with external stakeholders within the framework of:
 - questionnaire conducted among stakeholders to update the list of material issues;
 - interviewing experts to inform about the process of the Programme development and discuss individual strategic ambitions and targets;
 - conducting bilateral calls (teleconferences) with the key stakeholders to discuss the draft Programme and receiving proposals for its improvement

4. Approval of the Programme by the Supervisory Board

Based on the procedures performed the final text of the ALROSA Group Sustainability Programme for 2021-2025 was developed and approved by the Supervisory Board of PJSC ALROSA on June 15th, 2021.

OUR APPROACH TO SUSTAINABILITY







Based on the results of the analysis described in Sustainability Programme Development section five strategic priorities (pillars) of ALROSA Group in the field of sustainable development and 23 related ambitions were identified (see below). In accordance with the general concept of sustainable development, these pillars and ambitions are presented in three key areas: social, environmental and governance.










The five strategic pillars reflect the ALROSA Group approach to sustainable development and its contribution to the achievement of 13 priority UN Sustainable Development Goals. They also confirm the ALROSA Group adherence to the ten fundamental principles of the UN Global Compact and the intention to promote the sustainable development agenda both within the Group's core activities and within the framework of developing international partnerships.

STRATEGIC PILLARS AND AMBITIONS

Strategic Sustainability Pillars and Ambitions for 2021-2025

Strategic Pillar	Ambition	UN SDGs alignment	Target	Core standards alignment
PEOPLE Employees are the core value of the Company. ALROSA strives to build a corporate culture aimed at forming a cohesive team of professionals united by common goals, aspirations, values, that would promote uncovering and developing employees' fullest potential and provide equal opportunities, inclusiveness and respect for human rights.	P1 Recruiting and retaining talented staff		<ul style="list-style-type: none"> Achieving staff turnover rate at level not exceeding 9% by 2025 (with 1% annual decrease since 2020) 	GRI 401-1
	P2 Promoting diversity and inclusivity	 	<ul style="list-style-type: none"> Maintaining at least 30% ratio of women in the total workforce annually Ensuring 11% ratio of indigenous peoples in the total workforce of PJSC ALROSA annually Implementing programmes aimed at professional and career development of young specialists of the company and young people in the regions of operation Implementing professional training and development programmes for indigenous and minority peoples in the regions of operation 	GRI 405-1 GRI 413-1 RJC COP 18 RJC COP 22 WDC SoW 17
	P3 Providing employees with access to high-quality and modern training and occupational development programmes	 	<ul style="list-style-type: none"> Achieving at least 88% ratio of employees in the total workforce covered by the corporate training programmes by 2025 (with annual increase by 2-3%) Achieving at least 31 hours of training on average per employee per year 	GRI 404-1 GRI 410-1 RJC COP 11 RJC COP 12 RJC COP 14 RJC COP 23 RJC COP 24
	P4 Promoting local employment		<ul style="list-style-type: none"> Achieving 100% timely fulfillment of obligations under state local employment programmes Ensuring at least 90% ratio of local employees¹ in the total workforce annually 	GRI 401-1 GRI 413-1 RJC COP 10
	P5 Improving employee engagement and satisfaction		<ul style="list-style-type: none"> Achieving 60% ratio of employee loyalty and satisfaction by 2025 (with annual increase by 2%) 	WDC SoW 14

¹ Citizens of the Russian Federation

Strategic Pillar	Ambition	UN SDGs alignment	Target	Core standards alignment
HEALTH & SAFETY¹ Employee safety and health is an unconditional priority for the Company. ALROSA strives to build a culture of safe production based on responsible behaviour of employees at all levels of management and contractors of the Company, where each operation meets a high standard in the field of occupational health and safety.	HS1 Eliminating fatalities and accidents	 	<ul style="list-style-type: none"> Ensuring zero fatalities among employees of ALROSA Group and employees of contractors at production sites Ensuring zero accidents at production sites 	GRI 403-2 GRI 403-9 RJC COP 23
	HS2 Reducing of LTIFR		<ul style="list-style-type: none"> Reducing LTIFR (Lost Time Injury Frequency Rate) to 0.16 by 2025 (or by 10% annually as from 2022) 	GRI 403-9 RJC COP 23
	HS3 Improving the occupational health and safety management system		<ul style="list-style-type: none"> Ensuring ISO 45001 Occupational Health and Safety Management Systems certification of PJSC ALROSA and its diamond mining and manufacturing subsidiaries by the end of 2022 	GRI 403-1 RJC COP 23
	HS4 Ensuring road transport safety		<ul style="list-style-type: none"> Achieving total vehicle accident rate² to a maximum of 0.5 by 2025 	GRI 403-9 RJC COP 23
	HS5 Reducing occupational disease rate		<ul style="list-style-type: none"> Ensuring annual decrease in occupational hazards to employees that affect the occupational disease rate 	GRI 403-6 GRI 403-10 RJC COP 23
	HS6 Ensuring contractors' compliance with ALROSA occupational health and safety requirements		<ul style="list-style-type: none"> Adopting corporate standard/regulation on interaction with contractors at the enterprises of ALROSA Group "General requirements on organizing safe work by third-party contractors" Ensuring 100% ALROSA Group contractors' awareness of ALROSA occupational health and safety requirements when contracting Conducting a regular assessment of the of contractors' activities compliance with ALROSA standards and requirements in the field of occupational health and safety 	GRI 403-1 RJC COP 23
ENVIRONMENT Preservation and protection of a healthy and favorable environment is an essential condition for the Company's operations. ALROSA strives to constantly improve the management system, introduce modern advanced technologies and raise the environmental awareness of stakeholders in order to minimize the risks of negative impact of its activities on the environment.	EN1 Climate change mitigation and protection of the atmosphere	    	<ul style="list-style-type: none"> Ensuring greenhouse gas emissions intensity at the level not exceeding 0.03 tons of CO₂-equivalent per carat of manufactured products annually by 2025 Developing ALROSA Group Climate Strategy including action plan on achieving carbon neutrality as well as an overall Environmental Strategy including ambitions and targets as to the most significant aspects of ALROSA Group impact on environment Developing and implementing mechanisms of response to climate change, mechanisms of assessment and management of climate change risks (in accordance with the recommendations of the FSB Task Force on Climate-related Financial Disclosures, TCFD) 	GRI 305-1 - GRI 305-5 RJC COP 26
	EN2 Ensuring efficient water use and water disposal		<ul style="list-style-type: none"> Achieving 15% reduction in surface water intake intensity compared to 2019 level by 2025 Achieving 7.5% reduction in effluent discharge intensity to surface water sources compared to 2019 level by 2025 	GRI 303-1 - GRI 303-5 RJC COP 27
	EN3 Ensuring efficient use of resources and responsible production		<ul style="list-style-type: none"> Achieving 50% increase in recycled and neutralized industrial³ and municipal waste intensity compared to 2019 level by 2025 Ensuring ISO 14001 Environmental Management System certification of PJSC ALROSA and its diamond mining and manufacturing subsidiaries 	GRI 306-1 - GRI 306-5 RJC COP 26 RJC COP 39
	EN4 Reclamation of disturbed land and forests, and biodiversity protection		<ul style="list-style-type: none"> Achieving 10% reduction in annual volume of land disturbed through annual rehabilitation activities Performing compensatory reforestation activities on an area equal to the area of disturbed forest plantations Ensuring financing for biodiversity conservation and restoration projects at the level of at least RUB 20 mln annually 	GRI 304-1 - GRI 304-3 RJC COP 39 RJC COP 42

¹ The ambitions and targets under this strategic pillar (excluding HS4 "Ensuring road transport safety") cover entire ALROSA Group including PJSC ALROSA and all its subsidiaries

² Vehicle accident rate (VAR) = number of accidents × 1 million km / total mileage of all vehicles, including contractors' vehicles (km)

³ Excluding overburden, rock, tailings

Strategic Pillar	Ambition	UN SDGs alignment	Target	Core standards alignment
COMMUNITIES ALROSA is represented by the regions where the Company operates. ALROSA strives to ensure a decent quality of life for the local people, as well as to contribute to the socio-economic and cultural development of the regions where it operates.	C1 Ensuring sustainable volume of social investments		<ul style="list-style-type: none"> Ensuring annual amount of social investment in accordance with approved programmes 	GRI 413-1 RJC COP 10
	C2 Ensuring performance of contractual obligations with regional authorities		<ul style="list-style-type: none"> Ensuring 100% timely fulfilment of obligations under targeted donation agreements with regional authorities 	GRI 413-1 RJC COP 10
	C3 Construction and maintenance of social infrastructure	 	<ul style="list-style-type: none"> Developing, maintaining and ensuring stable operation of the Company's social infrastructure assets in the regions of operation Participating in construction of large infrastructure assets in cities and regions of operation 	GRI 413-1 RJC COP 10
	C4 Contributing to local purchasing		<ul style="list-style-type: none"> Ensuring annual purchases from local suppliers registered and operating in the regions of ALROSA Group operation 	GRI 204-1
GOVERNANCE & ETHICS ALROSA strives not only to meet the high standard on responsible business practices, but also to actively participate in improving and promoting best practices and industry self-regulation standards, developing international partnerships and facilitating the exchange of knowledge and experience.	GE1 Improving corporate governance and management systems		<ul style="list-style-type: none"> Incorporating sustainability issues into the Company's management KPIs Ensuring diversity of corporate governance bodies Participating and improving positions in national and international ESG ratings 	GRI 103-2 – GRI 103-3
	GE2 Ensuring respect for human rights		<ul style="list-style-type: none"> Improving corporate documents in terms of implementing approaches and procedures on respect of human rights Improving grievance mechanism on human rights and business ethics Conducting human rights training for employees Ensuring consideration and settlement of 100% communications on human rights and corporate ethics 	GRI 410-1 GRI 412-1 – GRI 412-2 RJC COP 6 WDC SoW 10 – WCD SoW 14
	GE3 Ensuring effective anti-corruption management	 	<ul style="list-style-type: none"> Developing and implementing a system of measures to counter bribery and corruption Improving feedback-mechanisms on anti-corruption issues Conducting anti-corruption training for employees Keeping 100% employees informed about the current requirements of the Company and applicable anti-corruption legislation and business ethics 	GRI 205-1 – GRI 205-3 RJC COP 11 WDC SoW 18 – WDC SoW 20
	GE4 Ensuring responsible supply chains and increasing consumer confidence		<ul style="list-style-type: none"> Promotion of natural diamonds within the framework international industry programmes 100% of diamond operations are covered by the WDC SoW warranty Ensuring compliance with the Responsible Jewellery Council (RJC) requirements (verification of compliance and certification renewal) Ensuring compliance with and contributing to the further improvement of industry self-regulation mechanisms Ensuring due diligence subject to 100% diamond supply chain actors pursuant to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Keeping consumers informed about the origin of 100% diamonds 	GRI 102-9 GRI 308-1 – GRI 308-2 GRI 417-1 – GRI 417-3 RJC COP 7 WDC SoW 3
	GE5 Innovative Development		<ul style="list-style-type: none"> Maintaining financing for the Programme for Innovative Development and Technical Modernization at the level of at least RUB 1.5 bn annually 	

PROGRAMME IMPLEMENTATION: SUSTAINABILITY MANAGEMENT SYSTEM

Governance structure

The effectiveness of the Programme implementation depends on a clear sustainability management structure establishing the relevant competencies of corporate governance bodies, defining and delimiting the responsibilities of subject matter departments and ensuring active involvement of all stakeholders in the decision-making process.

To ensure the implementation of ALROSA Group Sustainability Programme the following management structure will be established starting from 2021:



Key documents

As part of the Programme implementation, ALROSA intends to consistently improve the internal sustainability regulatory framework.

The key documents defining ALROSA Group's approach to sustainable development, as well as the ambitions and targets in this area, are as follows:

1. Sustainability Programme describing the priority areas of activity and specific targets to be achieved by ALROSA Group within the said areas.
2. Policy on Sustainable Development and Corporate Social Responsibility – a guiding document establishing the conceptual approach, principles and key directions of ALROSA's activities in the field of sustainable development. The policy also defines the basic procedures for the implementation of the Sustainability Management System.
3. Sustainability Action Plan contains a list of specific activities aimed at achieving the sustainability targets. The key ambitions of the Action Plan are as follows:
 - determine the core projects and activities essential for the implementation of the Sustainability Programme;
 - define milestones, timelines, roles and responsibilities, as well as resources required to deliver the planned outputs.

MONITORING AND REPORTING

Striving for openness and information transparency being one of the key principles of the ALROSA Group Sustainability Programme, ALROSA recognizes the importance of monitoring and preparing reports describing various aspects and results of activities in the field of sustainable development.

Information on the progress in the Programme implementation will be updated annually and posted on the corporate website www.alrosa.ru in the Sustainability section, and it will also be disclosed in annual reports on sustainable development.

Given possible changes in the external environment, the Sustainability Programme may be subject to amendments over time, reflecting the current situation and up-to-date decisions. Accordingly, ALROSA will monitor and, if necessary, adjust certain aspects and ambitions in the field of sustainability in the light of new developments.

GLOSSARY

Applicable law	relevant international and/or national law applicable to a company
Discrimination	any distinction, exclusion, restriction or preference based on race, colour, sex, language, religion, political or other views, ethnic or social origin which has the purpose and/or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms
Global Reporting Initiative's (GRI) Standards	generally accepted international standards for non-financial corporate reporting on sustainable development issues, including the economic, environmental and social impacts from day-to-day operations of an organisation. The system of standards includes generalised and thematic standards, as well as industry-specific schedules
Human rights	rights inherent to all human beings regardless of their nationality, place of residence, sex, ethnic origin, colour, religion, language, or any other status. Human beings are all equally entitled to their human rights without discrimination. These rights are all interrelated, interdependent and indivisible
International Bill on Human Rights	an aggregate of international legal norms and regulations on human rights set forth in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights and its two Optional Protocols
Non-financial reporting	any form of reporting documentation reflecting non-financial indicators of an organization's activities for the reporting period, a tool for analysing and assessing the organization's activities in the economic, social and environmental fields, as well as a method of informing stakeholders about the results achieved. It can be prepared in accordance with such generally recognized international standards and guidelines as the GRI Reporting System, the International Integrated Reporting Standard and others
Stakeholders	individuals or legal entities or groups of persons (employees, clients, representatives of business, civil society, state authorities, local communities, trade unions, etc.) involved to a certain extent in the activities of the organisation and impacting the business results of the organisation and/or impacted by it
Sustainable development	"the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs". A concept developed by UN that recognizes the role of business in ensuring sustainable development of society. (World Commission on Environment and Development (WCED) Report "Our common future" (UN, 1987))
Sustainable Development Goals (SDGs)	a collection of 17 sustainable development goals and their 169 respective targets aimed at addressing the causes of global problems and covering three main aspects of sustainable development - economic growth, social integration and protection of environment - to be attained by 2030. (Document "Transforming our world: the 2030 Agenda for Sustainable Development" adopted by the UNGA Resolution of September 25, 2015)
United Nations Global Compact (UN GC)	a voluntary United Nations initiative intended to encourage businesses worldwide to follow the principles of sustainable development, to implement responsible business practices and to report on the results of their activities in this area to ensure their contribution to solution of the most important global issues

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