CORPORATE GOVERNANCE AND SECURITIES
2.1. CORPORATE GOVERNANCE ROLE AND PRINCIPLES

STATEMENT OF THE SUPERVISORY BOARD ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

The Supervisory Board of PJSC ALROSA hereby reaffirms the commitment of the Company to follow the corporate governance principles specified in the Corporate Governance Code recommended in the Bank of Russia letter dated 10.04.2014. PJSC ALROSA intends to continue its efforts to introduce the key principles and recommendations from the Corporate Governance Code in activities of the Company.

CORPORATE GOVERNANCE ROLE

Adherence to high corporate governance standards is one of the strategic priorities of the Company. Ensuring shareholder value growth in the long-term perspective is impossible without comprehensive protection of rights and interests of all shareholders. Thus, the management of PJSC ALROSA pays a lot of attention to the corporate governance: it takes into account best international practices, legislative requirements and peculiarities of its shareholding structure.

In April 2015, based on resolution of the Supervisory Board, the Company adopted a new version of the Corporate Governance Code that ensures:
– entitlement of shareholders to exercise their rights;
– the protection of shareholder interests;
– management processes transparency;
– professional and ethical responsibility of managers at all levels;
– control of financial and economic activities.

The Code was developed in accordance with recommendations from the Bank of Russia. Moreover, PJSC ALROSA voluntarily assumed obligations in the sphere of corporate relations additional to the ones required by the effective legislation. The Company renews:

– the intention to adhere to the standards and requirements of Russian legislation and of the applicable foreign and international legislation, including in the sphere of corporate laws, anti-corruption laws, and security market laws, as well as to adhere to the main principles of the Russian Corporate Governance Code and international standards and recommendations;
– commitment to ensuring compliance with standards and requirements of the effective legislation and best corporate governance practices and business ethics in operations of its subsidiaries and affiliates;
– requirement for employees and members of governing bodies to be well aware of and strictly adhere to provisions of the Code.

An agreement with the Russian Institute of Directors was concluded for independent assessment of the Company in the sphere of corporate governance. On March 31, 2015, the Company was given a National Corporate Governance rating of 7 out of 10 for Developed corporate governance practice. On October 12, 2015, the rating was increased to 7+, Developed Corporate Governance Practice.

The rating reflects the opinion of experts on the degree of compliance of the Company corporate governance practices with the Corporate Governance Code approved by the Government of the Russian Federation and the Bank of Russia. The rating is also an indicator of the Company reliability, as well as a tool for improving the corporate governance practice and contributes to increasing the confidence of shareholders and investors.
“ROAD MAP”

For the purpose of introducing provisions of the Corporate Governance Code, the Supervisory Board of PJSC ALROSA approved the Action Plan (Road Map) on March 20, 2015.

Within the framework of implementation of the Action Plan (Road Map) the following were approved:

- New revision of the Corporate Governance Code of PJSC ALROSA;
- Charter of PJSC ALROSA;
- Regulations on the General Meeting of Shareholders of PJSC ALROSA;
- Regulations on the Supervisory Board of PJSC ALROSA;
- Regulations on the Executive Committee of PJSC ALROSA.

CORPORATE GOVERNANCE PRINCIPLES

In the sphere of safeguarding rights of shareholders and equal conditions for shareholders:
- right of shareholders to take part in management of the Company via decision making on the most important issues concerning activities of the Company;
- giving all shareholders an equal and fair opportunity to participate in the profit of the Company through receipt of dividends;
- ensuring equal conditions for all shareholders and their fair treatment by the Company;
- ensuring that shareholders have the possibility of unhindered and easy disposal of their shares;
- ensuring that all shareholders of the Company receive effective protection if their rights are violated.

In the sphere of organization and support of the work of the Supervisory Board:
- performance by the Supervisory Board of strategic management of the Company, determination of the main principles of and approaches to organization of a risk management and internal control system in the Company, control of activities of executive bodies of the Company as well as performance by the Supervisory Board of other key functions;
- accountability of the Supervisory Board to shareholders of the Company;
- effectiveness and professional competence of the Supervisory Board as a governing body of the Company, the ability of the Supervisory Board to make objective independent judgements and take decisions that meet the interests of the Company and its shareholders;
- having a sufficient number of Independent Directors on the Supervisory Board;
- ensuring an effective functioning of the Supervisory Board in the process of its convocation and conduct of meetings (voting in absentia), preparation for them and participation in them of members of the Supervisory Board;
- establishment by the Supervisory Board of committees for preliminary consideration of the most important issues concerning activities of the Company.

In the sphere of organization and support of the work of the Corporate Secretary:
- the ensuring by the Corporate Secretary of an effective on-going interaction with the shareholders, coordination of the Company activities on protection of rights and interests of the shareholders and support of effective work of the Supervisory Board.

In the sphere of development and implementation of the system of remuneration of members of the Supervisory Board and executive bodies:
- ensuring a fair level of remuneration paid by the Company to attract, motivate and retain the persons with the competence and expertise that the
Company requires;
– integration into the system of remuneration of executive bodies and other key managers of the Company of the principle that remuneration depends on the Company performance results and their personal contribution to achieving these results.

In the sphere of organization and functioning of the risk management and internal control system:
– establishment in the Company of a wellfunctioning system of risk management and internal control aimed at ensuring a reasonable confidence in achieving the goals set for the Company;
– carrying out a Company internal audit to ensure systematic independent evaluation of reliability and effectiveness of the risk management and internal control system and corporate governance practices.

In the sphere of disclosure of information on the Company:
– transparency of the Company and its activities for shareholders, investors and other stakeholders;
– timely disclosure of complete, up-to-date and reliable information on the Company to provide the grounds for taking reasonable decisions by shareholders and investors;
– provision by the Company of information and documents upon request of shareholders in accordance with the principle of equal and unhindered access.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE


**SELF-EVALUATION OF THE CORPORATE GOVERNANCE QUALITY**

<table>
<thead>
<tr>
<th>No.</th>
<th>Components</th>
<th>Number of issues</th>
<th>Weight of the component in the total score, %</th>
<th>Actual points</th>
<th>Maximum points</th>
<th>Compliance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rights of shareholders</td>
<td>22</td>
<td>14</td>
<td>72</td>
<td>79</td>
<td>91.1</td>
</tr>
<tr>
<td>2</td>
<td>Board of Directors</td>
<td>56</td>
<td>37</td>
<td>157.5</td>
<td>202</td>
<td>78.0</td>
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<tr>
<td>4</td>
<td>Executive management</td>
<td>5</td>
<td>7</td>
<td>28</td>
<td>38</td>
<td>73.7</td>
</tr>
<tr>
<td>5</td>
<td>Transparency and disclosure of information</td>
<td>15</td>
<td>25</td>
<td>103</td>
<td>135</td>
<td>76.3</td>
</tr>
<tr>
<td>6</td>
<td>Risk management, internal control and internal audit</td>
<td>16</td>
<td>11</td>
<td>44</td>
<td>63</td>
<td>69.8</td>
</tr>
<tr>
<td>7</td>
<td>Corporate social responsibility, business ethics</td>
<td>6</td>
<td>6</td>
<td>19</td>
<td>31</td>
<td>61.3</td>
</tr>
<tr>
<td>8</td>
<td><strong>TOTAL</strong></td>
<td><strong>120</strong></td>
<td><strong>100</strong></td>
<td><strong>423.5</strong></td>
<td><strong>548</strong></td>
<td><strong>77.3</strong></td>
</tr>
</tbody>
</table>
MAJOR TRANSACTIONS AND INTERESTED PARTIES TRANSACTIONS

Resolutions on approval of major transactions and interested party transactions are adopted in PJSC ALROSA in accordance with the Federal Law On Joint Stock Companies:
– 287 interested party transactions were approved in the reporting period;
– no major transactions whose value amounts to 25 and more percent of the book value of the Company assets, determined based on the data contained in accounting statements as of 31.12.2015, were entered into by the Company.

Detailed information on major transactions and interested party transactions is provided in Appendix 6.10.

2.2. CORPORATE GOVERNANCE STRUCTURE

The corporate governance system of the Company is an elaborate organizational structure of governing and control bodies with a clear interaction mechanism.

General Meeting of Shareholders is the supreme governing body of the Company. The Supervisory Board exercises strategic management and controls activities of the Executive Committee that allow for the day-to-day management of the Company. The President of the Company (sole executive body) is the Chairman of the Executive Committee.

The Supervisory Board has three committees: the Strategic Planning Committee, the HR and Remunerations Committee and the Audit Committee. Activities of the committees are aimed at improvement of the efficiency and quality of work of the Supervisory Board.

The Company has in place an effective internal and external control system: two independent auditors, the Auditing Committee and the Internal Audit Department.
ALROSA tend to implement the best standards of corporate governance, the company approved the corporate governance code, taking into account the best international practices.

Internal control system

Regulations on Committees are available at the corporate website

GOVERNING BODIES’ COMPETENCE

<table>
<thead>
<tr>
<th>Governing body</th>
<th>Competence</th>
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</thead>
<tbody>
<tr>
<td>General Meeting of Shareholders</td>
<td>Issues on the agenda, resolutions on which were adopted by a three-quarter majority of shareholders voters:</td>
</tr>
<tr>
<td></td>
<td>– amendments and additions to the Charter of PJSC ALROSA;</td>
</tr>
<tr>
<td></td>
<td>– Company reorganization;</td>
</tr>
<tr>
<td></td>
<td>– Company liquidation;</td>
</tr>
<tr>
<td></td>
<td>– determination of the number, nominal value, category (type) of authorized shares and rights associated with these shares;</td>
</tr>
<tr>
<td></td>
<td>– increase in the Company authorized capital through the placement of additional shares;</td>
</tr>
<tr>
<td></td>
<td>– approval of major transactions;</td>
</tr>
<tr>
<td></td>
<td>– request for delisting of shares and (or) issuable securities converted</td>
</tr>
</tbody>
</table>
Issues on the agenda, resolutions on which were adopted by a simple majority of shareholder voters:

- election of members of the Supervisory Board of the Company;
- early termination of powers of members of the Supervisory Board of the Company;
- election of members of the Company Auditing Committee;
- early termination of Company Auditing Committee member powers;
- approval of the Company auditor;
- approval of annual reports of the Company;
- approval of the annual accounting reporting;
- distribution of profit and loss of the Company based on results of the financial year;
- payment (announcement) of dividends;
- determination of the procedure for conducting a General Meeting of Shareholders;
- share splitting and consolidation;
- increase and decrease in the authorized capital of the Company;
- participation in financial and industrial groups, associations;
- approval of interested party transactions;
- the conducting by the Auditing Committee of an audit of financial and economic activities of the Company;
- approval of internal documents that regulate activities of the Company bodies;
- determination of remuneration and (or) compensation for the expenses to members of the Supervisory Board of the Company;
- remuneration or compensation for the expenses of members of the Auditing Committee of the Company;
- other issues concerning the General Meeting of Shareholders pertaining to the Federal Law On Joint Stock Companies.

Resolutions adopted by a voting majority of members of the Supervisory Board:

- determination of priority areas of the activities of the Company including the attraction of long-term investments;
- convocation of annual and extraordinary General Meetings of Shareholders of the Company;
- approval of the agenda of the annual General Meeting of Shareholders;
- determining the date by which the list of persons entitled to participate in the General Meeting of Shareholders is to be finalized;
- formation of the executive bodies of the Company, determination of the term of office of the sole executive body (President) and members of the collegial executive body (Executive Committee), early termination of their powers, determination of the amount of remuneration and compensation to the President and members of the Executive Committee of the Company;
- determination of the amount of payment for services of the auditor;
- recommendations on the amount of remuneration or compensation payable to members of the Auditing Committee;
- recommendations on the amount of dividends on the shares as well as determination of the date on which the persons eligible for dividends will be defined;
- use of the reserve fund and other funds of the Company;
- approval of internal documents of the Company except for the internal documents that fall within the competence of the General Meeting of Shareholders;
- establishment of divisions and opening of representative offices of the Company;
- approval of the Registrar of the Company and the terms and conditions of the agreement with the Registrar as well as termination...
of the agreement;
– approval of reports on results of emissions (additional emissions) of the Company securities;
– election and termination of powers of the Corporate Secretary;
– other issues stipulated by the Federal Law On Joint-Stock Companies.

Resolutions that are adopted by a three-quarter voting majority of members of the Supervisory Board:
– election of the Chairman of the Supervisory Board;
– establishment of committees of the Supervisory Board of the Company, election of members to committees of the Supervisory Board of the Company;
– recommendations to executive bodies of the Company on any issues concerning activities of the Company.

Audit Committee
The main goal of establishing the Committee is the improvement of efficiency and quality of the Supervisory Board work in terms of controlling financial and economic activities of the Company through provisional consideration and development of recommendations for the Supervisory Board in relation to the issues falling within the competence of the Committee in the following areas:
– financial statements;
– risk management and internal control procedures;
– external independent audit, internal audit;
– zero tolerance for unscrupulous actions of the Company employees and third parties;
– risks associated with the full disclosure and transparency of information.

Human Resources and Remunerations Committee
The main goals of the Committee are:
– improvement of efficiency and quality of the Supervisory Board work and resolutions adopted by it through provisional consideration of the issues concerning formation of effective and transparent remuneration practices and development of recommendations for the Supervisory Board;
– preparation and submission of recommendations to the Supervisory Board of the Company for adopting resolutions within key areas of the human resources policy of the Company with a view to consolidating the composition and improving the effectiveness of the Supervisory Board and remuneration to the Supervisory Board and the Executive Committee members, the President of the Company and other Company officials, whose list is specified by the Supervisory Board.

Strategic Planning Committee
The main reason for establishing the Committee is the improvement of the efficiency and quality of the Supervisory Board work through provisional consideration of certain issues falling within the competence of the Supervisory Board and development of recommendations for the Supervisory Board in relation to the issues falling within the competence of the Committee:
– determination of the Company priority areas of activities;
– adoption of resolutions for entering into major transactions;
– management of securities, shares owned by the Company;
– management of the Company property;
– use of the reserve fund and other funds of the Company.

Executive Committee
All the issues concerning the current operations management except for the issues falling within the competence of the General Meeting of Shareholders and the Supervisory Board.
The General Meeting of Shareholders is the supreme governing body of PJSC ALROSA operating under Russian law, the Charter and the Regulations on the General Meeting of Shareholders of PJSC ALROSA.

In accordance with provisions of the Federal Law On Joint Stock Companies and the Charter of the Company, the annual General Meeting of Shareholders of the Company is held no earlier than two months and no later than six months after the end of the financial year. At the annual General Meeting of Shareholders the annual report of the Company, annual financial statements and distribution of profit including payment (announcement) of dividends and losses for the financial year are approved, the Supervisory Board and the Auditing Committee members are elected, the auditor of the Company is approved and other issues falling within the competence of the General Meeting of Shareholders can be addressed.

In addition to the annual General Meeting of Shareholders, an extraordinary General Meeting of Shareholders can be held.

A General Meeting of Shareholders of PJSC ALROSA on the results of 2014 was held on June 25, 2015 in the town of Mirny, Minutes No. 33 (General Meeting of Shareholders of PJSC ALROSA dated June 25, 2015).

Agenda of the annual General Meeting of Shareholders of PJSC ALROSA:

1) Approval of the Annual Report of PJSC ALROSA.

2) Approval of the annual accounting reporting including the Financial Performance Report of PJSC ALROSA.

3) Approval of the distribution of PJSC ALROSA profit based on results of 2014.

4) On the amount of dividends, time frame and form of their payment based on the 2014 performance results and determination of the date on which the persons eligible for dividends will be outlined.

5) On remuneration of the Supervisory Board members who are non-state employees for their work on the Supervisory Board for the amount specified by internal documents of PJSC ALROSA.

6) Election of members of the Supervisory Board of PJSC ALROSA.

7) Election of members of the Auditing Committee of PJSC ALROSA.

8) Approval of auditors of PJSC ALROSA.

9) On approval of an interested party transaction, namely a contract for insurance of the liability of members of the Supervisory Board and Executive Committee of PJSC ALROSA.

10) On approval of an interested party transaction, namely a supplemental agreement to the effective USD 350 mn loan agreement entered into by PJSC ALROSA and JSC VTB Bank.

11) On approval of an interested party transaction, namely a supplemental agreement to the effective USD 250 mn loan agreement entered into by PJSC ALROSA and JSC VTB Bank.


13) On approval of a new revision of the Charter of PJSC ALROSA.

14) On approval of the Regulations on the General Meeting of Shareholders of PJSC ALROSA.

15) On approval of the Regulations on the Supervisory Board of PJSC ALROSA.

16) On approval of the Regulations on the Executive Committee of PJSC ALROSA.

17) On approval of the Regulations on the Auditing Committee of PJSC ALROSA.

18) On approval of the Regulations on remuneration to members of the Supervisory Board of PJSC ALROSA.

19) On approval of the Regulations on remuneration and compensation to members of the Auditing Committee of PJSC ALROSA.

No General Meetings of Shareholders of PJSC ALROSA were held in 2015.
SUPERVISORY BOARD

Members of the Supervisory Board of PJSC ALROSA are elected by the General Meeting of Shareholders in accordance with the procedure established by the Federal Law On Joint Stock Companies and the Charter of PJSC ALROSA up until the next annual General Meeting of Shareholders.

The Supervisory Board of the Company operates under Russian law, the Charter and the Regulations on the Supervisory Board of PJSC ALROSA dated June 25, 2015 (Minutes No. 33).

The competence of the Supervisory Board includes resolutions on the issues pertaining to the general management of the Company except for resolutions on the issues that in accordance with the Federal Law On Joint Stock Companies and the Charter of the Company fall within the competence of the General Meeting of Shareholders.

In accordance with the Charter of the Company, 15 members are elected to the Supervisory Board.

The Chairman of the Supervisory Board is elected by fellow members of the Supervisory Board owing to a three-quarter voting majority of the members of the Supervisory Board participating in the meeting.

The Regulations on the Supervisory Board of PJSC ALROSA were approved by the annual General Meeting of Shareholders of the Company held on June 25, 2015.

SUPERVISORY BOARD COMPOSITION AND PARTICIPATION IN CORPORATE EVENTS

The Supervisory Board of the Company as of December 31, 2015 was composed of 15 members:

- 14 Non-Executive Directors, including 3 Independent Directors;
- 1 Executive Director.

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>TOTAL meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>F. B. Andreev</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>I. K. Demyanov</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>S. K. Dubinin</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>D. P. Zakharov</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>S. G. Illarionov</td>
<td>8</td>
<td>2</td>
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<tr>
<td>6</td>
<td>N. E. Kononova</td>
<td>8</td>
<td>2</td>
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<tr>
<td>7</td>
<td>I. A. Lozhevsky</td>
<td>8</td>
<td>2</td>
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<tr>
<td>8</td>
<td>S. V. Mestnikov</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>D. S. Morozov</td>
<td>8</td>
<td>2</td>
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</table>

Members of the Supervisory Board that left the Supervisory Board on 25.06.2015:

- 1 is EiW*
<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>Meeting participation</th>
<th>Voting participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>N. A. Osipova</td>
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<tr>
<td>11</td>
<td>A. V. Sharonov</td>
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<td>2</td>
</tr>
<tr>
<td>12</td>
<td>I. A. Yuzhanov</td>
<td>8</td>
<td>2</td>
</tr>
</tbody>
</table>

*Members of the Supervisory Board that were members of the Supervisory Board throughout 2015:

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>Meeting participation</th>
<th>Voting participation</th>
</tr>
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<tbody>
<tr>
<td>13</td>
<td>S. V. Barsukov</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>14</td>
<td>O. R. Fedorov</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>15</td>
<td>V. I. Kondratyeva</td>
<td>15</td>
<td>6</td>
</tr>
</tbody>
</table>

*Members of the Supervisory Board that were elected to the Supervisory Board on 25.06.2015:

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>Meeting participation</th>
<th>Voting participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>P. V. Alekseev</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>17</td>
<td>E. A. Borisov</td>
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<td>4</td>
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<tr>
<td>18</td>
<td>A. S. Galushka</td>
<td>4</td>
<td>3</td>
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<tr>
<td>19</td>
<td>M. V. Gordon</td>
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<tr>
<td>20</td>
<td>E. V. Grigorieva</td>
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<td>2</td>
</tr>
<tr>
<td>21</td>
<td>O. V. Grinko</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>22</td>
<td>G. I. Danchikova</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>23</td>
<td>A. V. Zharkov</td>
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<td>2</td>
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<tr>
<td>24</td>
<td>V. I. Nikiforov</td>
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<tr>
<td>25</td>
<td>A. G. Siluanov</td>
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<td>2</td>
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<tr>
<td>26</td>
<td>P. V. Ulyanov</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>27</td>
<td>A. O. Chekunkov</td>
<td>7</td>
<td>2</td>
</tr>
</tbody>
</table>

*EiW – expressed in writing.
MEETINGS (VOTING IN ABSENTIA) OF THE SUPERVISORY BOARD

In 2015, a total of 15 corporate events of the Supervisory Board took place, including 6 meetings and 9 instances of voting in absentia:

1. 28.01.2015, Minutes No. A01/225-ПР-ХС (voting in absentia);
2. 20.03.2015, Minutes No. A01/226-ПР-ХС (voting in absentia);
3. 24.03.2015, Minutes No. A01/227-ПР-ХС (meeting);
4. 08.04.2015, Minutes No. A01/228-ПР-ХС (voting in absentia);
5. 23.04.2015, Minutes No. A01/229-ПР-ХС (meeting);
6. 15.05.2015, Minutes No. A01/230-ПР-ХС (voting in absentia);
7. 25.05.2015, Minutes No. A01/231-ПР-ХС (voting in absentia);
8. 24.06.2015, Minutes No. A01/232-ПР-ХС (voting in absentia);
9. 14.07.2015, Minutes No. A01/233-ПР-ХС (meeting);
10. 10.02.2015, Minutes No. A01/234-ПР-ХС (voting in absentia);
11. 06.10.2015, Minutes No. A01/235-ПР-ХС (meeting);
12. 10.11.2015, Minutes No. A01/236-ПР-ХС (voting in absentia);
13. 19.11.2015, Minutes No. A01/237-ПР-ХС (meeting);
14. 22.12.2015, Minutes No. A01/238-ПР-ХС (meeting);
15. 23.12.2015, Minutes No. A01/239-ПР-ХС (voting in absentia);

A total of 117 agenda items were examined in 2015, of which the following were key:

1. Election of the President of PJSC ALROSA.
2. Approval of the Registrar of PJSC ALROSA and terms and conditions of the agreement with the Registrar.
3. On termination of the agreement for comprehensive servicing of the register of holders of inscribed securities entered into by PJSC ALROSA and OJSC Republican Special Registrar Yakutia Fund Centre.
4. On submission of reports on implementation of the Long-Term Development Program of ALROSA Group until 2023 and on meeting the approved target values of the Key Performance Indicators.
6. On approval of the Action Plan (Road Map) for introduction of the Corporate Governance Code.
7. On the national rating of corporate governance of PJSC ALROSA.
8. On approval of a new revision of the Corporate Governance Code of PJSC ALROSA.
9. On amendments to the Long-Term Development Program of PJSC ALROSA.
10. On application of instructional guidelines concerning development of internal regulatory documents governing activities of PJSC ALROSA.
11. On approval of the Information Policy of PJSC ALROSA.
12. On approval of the auditor of PJSC ALROSA in line with Russian Accounting Standards.
13. On approval of the auditor of PJSC ALROSA to conduct mandatory audit of consolidated financial statements of ALROSA Group in accordance with the International Financial Reporting Standards.
15. On approval of a new revision of the Regulations on procurement activities of PJSC ALROSA.
16. On the procedure for preparation of materials for a meeting (voting in absentia) of the Supervisory Board of PJSC ALROSA on approval of interested party transactions.
17. On approval of the Work Plan of the Internal Audit Department of PJSC ALROSA for 2015.
18. On inclusion on the agenda of the annual General Meeting of Shareholders of PJSC ALROSA items relating to PJSC ALROSA shareholder proposals.

19. On inclusion of the persons nominated by shareholders of PJSC ALROSA on the list of nominees for election to the Supervisory Board and the Auditing Committee of PJSC ALROSA.

20. On proposals to the annual General Meeting of Shareholders of PJSC ALROSA to adopt a resolution on approval of the Charter of PJSC ALROSA, the Regulations on the General Meeting of Shareholders of PJSC ALROSA, the Regulations on the Supervisory Board of PJSC ALROSA and the Regulations on the Executive Committee of PJSC ALROSA.

21. On inclusion on the agenda of the annual General Meeting of Shareholders of proposals to the annual General Meeting of Shareholders of PJSC ALROSA to adopt a resolution on approval of the Charter of PJSC ALROSA, the Regulations on the General Meeting of Shareholders of PJSC ALROSA, the Regulations on the Supervisory Board of PJSC ALROSA and the Regulations on the Executive Committee of PJSC ALROSA.

22. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of amendments to the Regulations on remuneration to members of the PJSC ALROSA Supervisory Board.

23. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of the Regulations on remunerations and compensations payable to members of the Auditing Committee of PJSC ALROSA.


26. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item: On approval of an interested party transaction, namely a contract for insurance of the liability of members of the Supervisory Board and Executive Committee of PJSC ALROSA and proposals to the General Meeting of Shareholders concerning the adoption of a resolution.

27. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of an interested party transaction, namely a supplemental agreement to the effective USD 350 mn loan agreement entered into by PJSC ALROSA and JSC VTB Bank and proposals to the General Meeting of Shareholders concerning adoption of the resolution.

28. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of an interested party transaction, namely a supplemental agreement to the effective USD 250 mn loan agreement entered into by PJSC ALROSA and JSC VTB Bank and proposals to the General Meeting of Shareholders concerning adoption of the resolution.

29. Recommendations to the General Meeting of Shareholders of PJSC ALROSA on distribution of profits based on results of 2014 including the amount of dividends on shares of PJSC ALROSA and the procedure for their payment.

30. On approval of the agenda of the annual General Meeting of Shareholders of PJSC ALROSA.

31. On the convocation of the annual General Meeting of Shareholders of PJSC ALROSA.

32. On approval of the Consolidated Budget of ALROSA Group for 2015.

33. On results of PJSC ALROSA procurement activities for 2014.

34. On the taking of positions within governing bodies of other organizations by members of the Executive Committee of PJSC ALROSA.

35. On changing the structure of the Annual Report of PJSC ALROSA.

36. On conducting the annual analysis on the results of establishing a Joint Treasury of PJSC ALROSA and its subsidiaries.

37. On reduction of operating expenditures (expenses) by not less than 2-3 percent annually.

38. On approval of the Induction Program
for the newly elected members of the Supervisory Board of PJSC ALROSA.

39. On the election of the Chairman, the First Deputy Chairman and the Vice Chairman of the Supervisory Board of PJSC ALROSA.

40. On the Strategic Planning, Auditing, HR and Remunerations Committees of the Supervisory Board of PJSC ALROSA.

41. On approval of the Work Plan of the Supervisory Board of PJSC ALROSA for the 2015-2016 corporate year.


43. On payments in roubles under new export contracts of PJSC ALROSA.

44. On results of PJSC ALROSA procurement activities for 2014.

45. On the initial (maximum) price of audit services in the framework of an open tender for a contract to conduct a mandatory audit of accounting (financial) statements of PJSC ALROSA prepared in accordance with Russian legislation on results of 2016-2018 and substantiation of the initial (maximum) price of audit services in the framework of this open tender.

46. On the initial (maximum) price of audit services in the framework of an open tender for a contract to conduct a mandatory audit of consolidated financial statements of ALROSA Group prepared in accordance with the International Financial Reporting Standards based on results of 2016-2018 and substantiation of the initial (maximum) price of audit services in the framework of this open tender.

47. On approval of the structure and composition of the Annual Report of PJSC ALROSA.

48. On optimization and improvement of expenditure efficiency on charity and sponsorship.

49. On amendments to the Regulations on the Corporate Secretary of PJSC ALROSA.

50. On making amendments to regulatory documents of PJSC ALROSA due to changing of the Company name.

51. On reforming the residential development division of PJSC ALROSA.

52. On reforming the public utility division of PJSC ALROSA.

53. On approval of a new revision of the Regulations on remuneration to the President of PJSC ALROSA.

54. On approval of a new revision of the Regulations on remuneration to members of the Executive Committee of PJSC ALROSA.

55. On approval of internal documents of PJSC ALROSA: the Regulations on internal auditing and the Regulations on risk management of PJSC ALROSA.

56. On the terms and conditions of insurance of the liability of members of the Supervisory Board and Executive Committee of PJSC ALROSA.

57. On approval of the adjusted Consolidated Budget of PJSC ALROSA for 2015.

58. On approval of the Adjusted target values of the Key Performance Indicators of ALROSA Group for 2015.

59. On approval of the Regulations on the quality management system of PJSC ALROSA.

60. On approval of the Regulations on the procedure for development and implementation of the Innovation Development and Technological Upgrade Program of PJSC ALROSA.

61. On approval of the Regulation on increase of investing and operating expenses of PJSC ALROSA.

62. On the gas assets of PJSC ALROSA, namely the 100% stake in CJSC Geotransgaz and 100% interest in the authorized capital of Urengoy Gas Company LLC.

63. On approval of a new revision of the Program for disposal of non-core assets of PJSC ALROSA.

64. On approval of an interested party transaction, namely the agreement on termination of Contract No. 01-04/399 between PJSC ALROSA and the Russian Federation On joint consolidated sale of shares of OJSC Almazny Mir at an auction dated October 14, 2014.
65. On determining the position of PJSC ALROSA on the agenda item of the General Meeting of Shareholders of PJSC Severalmaz On election of the General Director of PJSC Severalmaz.

66. On attraction of a strategic investor in HIDROCHICAPA S.A.R.L.

67. On the General Director of Catoca Ltd. Mining Co. (Republic of Angola), an associated company of PJSC ALROSA.


69. On approval of an interested party transaction entered into by PJSC ALROSA and the Republic of Sakha (Yakutia), namely an agreement for donation of real estate.

70. On approval of donation of property to municipal ownership of Oleneksky Evenki National District, Municipal District of Republic of Sakha (Yakutia).

71. On results of procurement activities of PJSC ALROSA (quarterly).

72. On termination of PJSC ALROSA participation in some organizations.

73. On approval of interested party transactions.
BIOGRAPHICAL DATA OF THE MEMBERS OF THE SUPERVISORY BOARD
(AS OF DECEMBER 2015)

Petr Vyacheslavovich ALEKSEEV

Member of the Supervisory Board since June 2015
Chairman of the Audit Committee of the Supervisory Board since August 31, 2015
Born on May 27, 1981 in Yakutsk.

In 2004, graduated from the Far East Academy of Public Service in Khabarovsk, with a degree in Law, in 2013, the Russian Academy of National Economy and Public Administration under the President of the Russian Federation, with a degree in Public and Municipal Administration.

Previous work experience:
2009-2010 – Head of Section, Department for Public and Legal Matters, Administration of the President and the Government of the Republic of Sakha (Yakutia);
2010-2013 – Deputy Head, Head, Department for Public and Legal Matters, Administration of the President and the Government of the Republic of Sakha (Yakutia);
2013 – present – General Director of Republican Investment Company OJSC.

Participation in the executive bodies of other organizations:
2012-2013 – Chairman of the Board of Directors of Republican Investment Company OJSC;
2012-2013 – Member of the Board of Directors of Neryuginskaya Poultry Farm;
2012-2014 – Member of the Board of Directors of Almazergienbank (JSC);
2013-2014 – Member of the Board of Directors Yakutsk Airport JSC;
2013 – present – Member of the Board of Directors of Republican Investment Company OJSC;
2014 – present – Chairman of the Board of Directors of Tehnologiya Bazaltovykh Materialov LLC;
2014 – present – Chairman of the Board of Directors Zavod Bazaltovykh Materialov LLC;
2015 – present – Member of the Board of Directors Optogan CJSC;
2015 – present – Member of the Board of Directors Zheleznye Dorogi Yakutia JSC;
2015 – present – Member of the Board of Directors Yakutia CJSC;

He has no participation interest in PJSC ALROSA.
Sergey Vladimirovich BARSUKOV

Member of the Supervisory Board since June 2011

Chairman of the Strategic Planning Committee under the Supervisory Board since October 7, 2015

Born on September 02, 1971 in Kaliningrad.

Graduated from the Mozhaysky Red Banner Military Space Engineering Academy in 1993 where he specialized in Mathematical Support for Automated Systems for the Collection and Processing of Information, from the St. Petersburg State University in 2005, with a degree in Public and Municipal Administration.

Previous work experience:
2008-2010 – Assistant to Vice Chairman of the Russian Federation Government – Russian Federation Minister of Finance;

Participation in the executive bodies of other organizations:
2012 – present – Member of the Board of Directors of ASB;
2013-2014 – Member of the Supervisory Board of VEB Capital LLC;
2014 – present – Member of the Board of Directors of OJSC NDKO AKG;
2014 – present – Member of the Board of Directors National Payment Card System JSC.

Yegor Afanasyevich BORISOV

Member of the Supervisory Board since June 2015

First Deputy Chairman of the Supervisory Board of PJSC ALROSA since July 2015

Born on August 15, 1954, in Churapcha village, Churapchinsky District, Yakut ASSR

In 1979, graduated from the Novosibirsk Agricultural Institute, Mechanical Engineer. Doctor of Economics.

Previous work experience:
2003-2010 – Chairman of the Government of the Republic of Sakha (Yakutia);
2010-2014 – President of the Republic of Sakha (Yakutia);
2014-present – Head of the Republic of Sakha (Yakutia).

Participation in the executive bodies of other organizations:
2002-2011 – Member of the Board of Directors of OJSC Nizhne-Lenskoe;
2002-2011 – Member of the Supervisory Board of OJSC Almazenergiebank;
2002-2012 – Member of the Supervisory Board of PJSC ALROSA;
2006-2011 – Member of the Board of Directors of OJSC Sterkh;
2007-2011 – Member of the Board of Directors of Republican Investment Company.

He has no participation interest in PJSC ALROSA.
Alexander Sergeevich GALUSHKA

Member of the Supervisory Board since June 2015

Deputy Chairman of the Supervisory Board since July 2015

Born on December 1, 1975 in Klin, Moscow region.

Previous work experience:
2001-2011 – Director of the Company, Director, Assessment Expert, Head of the Department of Senior Scientific Consultants and Experts at LLC IOC Center;
2011-2013 – Managing Partner at LLC Key Partner;
2013-2013 – Professor at the Department of Theory and Practice of Public administration of the National Research University – Higher School of Economics;
2013-present – Minister for the Development of the Russian Far East Participation in the executive bodies of other organizations:
2011-2013 – Member of the Supervisory Board of the Agency for Strategic Initiatives

Maria Vladimirovna GORDON

Member of the Supervisory Board since June 2015

Independent Director


Previous work experience:
1998-2010 – Managing Director, Portfolio Manager, Head of Emerging Markets Equity Team, Goldman Sachs, Investments;
2010-2014 – Chief Emerging Markets Equity Portfolio Manager at Pacific Investment Management Co. (PIMCO) for Developing Countries’ Shares, Investments.

He has no participation interest in PJSC ALROSA.

She has no participation interest in PJSC ALROSA.

From 1991 to 1994, she studied at the Lomonosov Moscow State University at the Faculty of Journalism. In 1994-1995, studied in the University of Wisconsin (USA), Bachelor in Political Science, in 1996-1998, in the Fletcher School of Law and Diplomacy at the TUFTS University (USA), Master of Arts degree in Law and Diplomacy.
In 1988, graduated from the Riga Civil Aviation Engineers Institute, with a degree in Electronic Computers – Systems Engineer, in 1998, Ammosov Yakutsk State University, with a degree in Law, in 2001, completed Vocational Retraining course at the Far East Academy of Public Service, with a degree in Public and Regional Administration.

Previous work experience:
2007-2011 – First Deputy Minister of Property Relations of the Republic of Sakha (Yakutia);
2011 – present – Minister of Property and Land Relations of the Republic of Sakha (Yakutia).

Participation in the executive bodies of other organizations:
2007-2011 – Member of the Board of Directors of OJSC YakutTISiZ;
2006 – present – Advisor to Investment and External Relations Director at PERESVET Invest Group;
2007-2013 – General Director of LLC Public Relations Agency Kitai.ru;
2015 – present – Advisor to General Director of LLC Public Relations Agency Kitai.ru;
2015 – present – Director for Strategic Communications at CJSC Savings and Investments Management Company;
2015 – present – Director of LLC T – Sistema.
Participation in the executive bodies of other organizations:
2004-2015 – Chairman of the Board of Directors of CJSC Savings and Investments Management Company;
2011 – present – Member of the Board of Directors of LLC New Plasma Technologies;
2013 – present – Member of the Board of Directors of OJSC Malaya Energetika;
2014-2015 – Chairman of the Board of Directors of OJSC NPIGORMASH;
2014-2015 – Member of the Board of Directors of OJSC NTs VOSTNII;
2014-2015 – Member of the Board of Directors of OJSC NIIGD;
2014-2015 – Member of the Board of Directors of OJSC TSNIilugol;
2014-2015 – Member of the Board of Directors of OJSC IOIT;
2014-2015 – Member of the Board of Directors of OJSC VNIM.

Galina Innokentievna DANCHIKOVA
Member of the Supervisory Board since June 2015

She has no participation interest in PJSC ALROSA.

Born on August 13, 1954, in Khairyuzovka village Balagansk district Irkutsk region.

In 1972, graduated from the Yakutsk Financial Technical School of the Ministry of Finance of the RSFSR, (qualification Financier), in 1985, the All-Union Extra-Mural Law Institute, (qualification Lawyer). In 2001, defended the doctoral thesis Reforming Intergovernmental Fiscal Relations in the Russian Federation (Regional Aspect) at the Russian Academy of National Economy and Public Administration under the President of the Russian Federation. PhD in Economics.

Previous work experience:
2007-2010 – Vice Chair of the Government of the Republic of Sakha (Yakutia);
Participation in the executive bodies of other organizations:
2009-2012 – Member of the Board of Directors of Sterkh OJSC;
2009-2012 – Member of the Supervisory Board of OJSC Almazenergobank;
2010-2013 – Member of the Board of Directors of OJSC Republican Investment Company.
Andrey Vyacheslavovich ZHARKOV

Member of the Supervisory Board since June 2015

Born on February 11, 1973 in Geneva (Switzerland).

In 1995, graduated from the Moscow State Linguistic University, with a degree in Foreign Languages; in 1998, the Moscow State University of Commerce, with a degree in Accounting and Auditing. PhD in Economics.

Previous work experience:
2009-2010 – Chief Commercial Officer, Prioksky Non-Ferrous Metals Plant;
2010-2015 – Deputy Head of Gokhran under the Russian Ministry of Finance of the Russian Federation;
2015 – present – President of PJSC ALROSA.

Participation in the executive bodies of other organizations:
2009-2010 – Member of the Board of Directors of Novosibirsk Refinery Plant;
2010-2015 – Chairman of the Board of Directors at OJSC PO Kristall;
2015 – present – Member of the Board of Directors at OJSC PO Kristall.

Valentina Ilyinichna KONDRATYEVA

Member of the Supervisory Board since December 2013

Chairman of the HR and Remunerations Committee under the Supervisory Board since September 8, 2015

Born on March 03, 1955 in Sinsk, Ordzhonikidze District, Yakut ASSR.

She is a graduate of the Ammosov Yakutsk State University with a degree in Mathematics, Mathematician-Lecturer (1977), and of the Far East Institute of Social and Political Science with a degree in Theory of Socio-Political Relations, Political Scientist, Lecturer (1992), as well as the Khabarovsk Institute of National Economy with a degree in Economic and Social Planning, Economist (1994). PhD in Economics.

Previous work experience:
2003-2013 – First Deputy Minister for Economic Development of the Republic of Sakha (Yakutia);

Participation in the executive bodies of other organizations:
2004-2013 – Member of the Board of Directors OJSC Air Company Yakutia;
2009-2013 – Member of the Board of Directors of OJSC Media Holding Yakutia;
2011-2014 – Member of the Board of Directors of OJSC Republican Investment Company;
2012-2013 – Member of the Board of Directors of OJSC Vodokanal;
2012 – present – Member of the Board of Directors of OJSC South Yakutia Development Corporation;

He has no participation interest in PJSC ALROSA.

Andrey Vyacheslavovich ZHARKOV

Member of the Supervisory Board since June 2015

Born on February 11, 1973 in Geneva (Switzerland).

In 1995, graduated from the Moscow State Linguistic University, with a degree in Foreign Languages; in 1998, the Moscow State University of Commerce, with a degree in Accounting and Auditing. PhD in Economics.

Previous work experience:
2009-2010 – Chief Commercial Officer, Prioksky Non-Ferrous Metals Plant;
2010-2015 – Deputy Head of Gokhran under the Russian Ministry of Finance of the Russian Federation;
2015 – present – President of PJSC ALROSA.

Participation in the executive bodies of other organizations:
2009-2010 – Member of the Board of Directors of Novosibirsk Refinery Plant;
2010-2015 – Chairman of the Board of Directors at OJSC PO Kristall;
2015 – present – Member of the Board of Directors at OJSC PO Kristall.

Valentina Ilyinichna KONDRATYEVA

Member of the Supervisory Board since December 2013

Chairman of the HR and Remunerations Committee under the Supervisory Board since September 8, 2015

Born on March 03, 1955 in Sinsk, Ordzhonikidze District, Yakut ASSR.

She is a graduate of the Ammosov Yakutsk State University with a degree in Mathematics, Mathematician-Lecturer (1977), and of the Far East Institute of Social and Political Science with a degree in Theory of Socio-Political Relations, Political Scientist, Lecturer (1992), as well as the Khabarovsk Institute of National Economy with a degree in Economic and Social Planning, Economist (1994). PhD in Economics.

Previous work experience:
2003-2013 – First Deputy Minister for Economic Development of the Republic of Sakha (Yakutia);

Participation in the executive bodies of other organizations:
2004-2013 – Member of the Board of Directors OJSC Air Company Yakutia;
2009-2013 – Member of the Board of Directors of OJSC Media Holding Yakutia;
2011-2014 – Member of the Board of Directors of OJSC Republican Investment Company;
2012-2013 – Member of the Board of Directors of OJSC Vodokanal;
2012 – present – Member of the Board of Directors of OJSC South Yakutia Development Corporation;

She has no participation interest in PJSC ALROSA.
Valentin Ivanovich
NIKIFOROV

Member of the Supervisory Board since June 2015
Born on March 14, 1957 in Khorula, Leninsky District, Yakut ASSR.

He is a graduate of the Omsk State Veterinary Institute with a degree in Veterinary Science (1979), and the Novosibirsk State Academy of Economy and Management with a degree in Finance and Credit (1999).

Previous work experience:
2009-2012 – Head, Representative Office of Nyurba District in Yakutsk;
2012-2014 – Deputy Head, Municipal Public Institution Administrative Department of Local Self-Government Authorities of the Municipal District ‘Nyurba District’, Republic of Sakha (Yakutia);
2014 – present – Deputy General Director, Municipal Budget Institution Business Incubator in Nyurba.

Anton Germanovich
SILUANOV

Member of the Supervisory Board since June 2015
Chairman of the Supervisory Board of PJSC ALROSA since July 2015
Born on April 12, 1963 in Moscow.

He is a graduate of the Moscow Finance Institute with a degree in Finance and Credit (1985). Doctor of Economics.

Previous work experience:
2005 – present – Deputy Finance Minister of the Russian Federation;
2012 – present – Russian representative in the International Monetary Fund;
2012 – present – Russian representative at the International Bank for Reconstruction and Development;
2012 – present – Russian representative for the Multilateral Investment Guarantee Agency;
2012 – present – Russian plenipotentiary representative on the Board of the Eurasian Development Bank;
2013 – present – Chairman of the Board of Guardians; Research Advisor – Dean of the Finance and Economics Department of the Financial University under the Government of the Russian Federation;
2013 – present – Chairman of the Board of Directors of OJSC Republic of Sakha (Yakutia) Development Corporation.

He has no participation interest in PJSC ALROSA.
He is a graduate of the State Academy of Management (1994), IMD Business School (Lausanne, Switzerland), Program for Executive Development (PED) (2004-2005).

Previous work experience:
Participation in the executive bodies of other organizations:
2006 – present – Member of the Board of Directors of OJSC Nizhnee Priangarye Development Corporation;
2006 – present – Member of the Board of Directors of Boges Limited and Balp Limited;
2010 – present – Chairman of the Board of Directors – Director B of Forum Muider B.V;
2011 – present – Member of the Board of Directors – Director B of Mega Business & Alliances B.V.;
2013 – present – Member of the Board of Directors – Director B of Mega Business & Partners B.V.

National Financial Council of the Bank of Russia;
Participation in the executive bodies of other organizations:
2012 – present – Member of the Supervisory Board of Autonomous Non-profit Organization Organizing Committee Russia-2018
2012 – present – Member of the Board of Guardians of the Charity Fund for Reconstruction of the Resurrection New Jerusalem Monastery;
2013 – present – Member of the Board of Guardians of the Non-profit Organization of the Development Fund of the Centre for Development and Commercialization of New Technologies;
2014 – present – Member of the Supervisory Board of State Corporation for Assistance to Development, Production and Export of Advanced Technology Industrial Product Rostec;
2015 – present – Member (Executive Director) of the Supervisory Board of PJSC Sberbank of Russia;
2015 – present – Chairman of the Board of Directors of the State Corporation Deposit Insurance Agency.

Pavel Vasilievich ULYANOV

Member of the Supervisory Board since June 2015
Independent Director
Born on April 21, 1972 in Moscow.

He has no participation interest in PJSC ALROSA.
He is a graduate of the Lomonosov Moscow State University with a degree in Mathematics, Applied Mathematics (1992).

Previous work experience:
2009-2012 – Head, Department for cooperation with public authorities and companies with public ownership, Department of Investment and Banking on Global Markets, CJSC VTB Capital;
2012-2014 – Adviser to the Head of the Federal Agency for State Property Management.
Participation in the executive bodies of other organizations:
2003-2010 – Member of the Board of Directors of OJSC Volgatelecom;
2004-2010 – Member of the Board of Directors of the Investor Protection Association;
2009-2011 – Member of the Board of Directors of OJSC MOEK;
2013-2015 – Member of the Board of Directors of International Airport Irkutsk;
2013 – present – Member of the Board of Directors of OJSC International Airport Vnukovo;
2013 – present – Member of the Board of Directors of OJSC Vnukovo Airport;
2014 – present – Member of the Board of Directors of OJSC Rosinfocominvest;
2015 – present – Member of the Board of Directors of PJSC Rosseti;
COMMITTEES UNDER THE SUPERVISORY BOARD

The Regulations on the Audit Committee, the Strategic Planning Committee and the Human Resources and Remunerations Committee under the Supervisory Board of PJSC ALROSA are approved in the new version by decision of the Supervisory Board on July 14, 2015 (Minutes No. А01/233-ПР-НС) (Regulations on the Committees). Any Member of the Committee, including the Chairman, can be elected a member of more than two committees under the Supervisory Board.

AUDIT COMMITTEE

The Audit Committee was established on April 20, 2010 to improve the efficiency and quality of work of the Supervisory Board through the fostering of open communication with the Company’s auditors, Auditing Committee, divisions, representative offices and services by way of preliminary consideration and development of recommendations for the Supervisory Board relating to the Committee’s competence in the following areas:
- risks relating to the completeness of the information disclosed
- financial statements;
- external independent audit, internal audit;
- internal control procedures.

The Committee is comprised of the members of the Supervisory Board, who are Independent Directors and have professional experience in the fields of internal control, audit, finance, accounting and management of financial institutions. In accordance with the Regulations on the Audit Committee under the Supervisory Board of PJSC ALROSA, there are 5 members of the established Committee.

As of December 31, 2015; five members of the Supervisory Board were members of the Audit Committee one of whom is an Independent Director.

<table>
<thead>
<tr>
<th>No</th>
<th>Surname and initials</th>
<th>TOTAL meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Members of the Supervisory Board that left the Supervisory Board on 25.06.2015:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>S. K. Dubinin</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>N. E. Kononova</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td></td>
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</tr>
<tr>
<td>3</td>
<td>I. A. Lozhevsky</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>D. S. Morozov</td>
<td>4</td>
<td>1,</td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
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</tr>
<tr>
<td></td>
<td>of them 1 is EiW*</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Members of the Supervisory Board that were members of the Supervisory Board in 2015:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>S. V. Barsukov</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>(Chairman)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>P. V. Alekseev</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(Chairman)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>of them 1 is EiW</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Members of the Supervisory Board that were elected to the Supervisory Board on 25.06.2015:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MEETINGS (ABSENT VOTING) OF THE AUDIT COMMITTEE

In 2015, there were 4 meetings and 3 absent voters from the Audit Committee:

1. 19.02.2015, minutes No. 35 (absent from voting);
2. 06.03.2015, minutes No. 36 (absent from voting);
3. 19.03.2015, minutes No. 37 (absent from voting);
4. 22.04.2015, minutes No. 38 (meeting);
5. 31.08.2015, minutes No. 39 (meeting);
6. 19.10.2015, minutes No. 40 (meeting);
7. 21.12.2015, minutes No. 41 (meeting).

In 2015, the Audit Committee under the Supervisory Board of the Company examined 44 issues, of which the following are outlined as key:

1. The issue relating to the approval of the Work Plan of the Internal Audit Department of PJSC ALROSA for 2015.
3. Assessment of the Report into the work of the Internal Audit Department of PJSC ALROSA for 2014.
4. The procedure for preparation of materials for a meeting (of those absent from voting) of the Supervisory Board of PJSC ALROSA on approval of related-party transactions.
5. Ensuring Russian Accounting standards are fully met by the auditor of PJSC ALROSA.
6. Ensuring the auditor of PJSC ALROSA conducts a mandatory audit of consolidated financial statements of the ALROSA Group in accordance with the International Financial Reporting Standards.
10. Recommendations to the General Meeting of Shareholders of PJSC ALROSA on distribution of profits based on results of 2014 including the amount of dividends on shares of PJSC ALROSA and the procedure for their payment.
11. Approval of the Consolidated Budget of the ALROSA Group for 2015.
12. Election of Chairman of the Audit Committee of the Supervisory Board of PJSC ALROSA.
13. Approval of the Work Plan of the Audit Committee under the Supervisory Board of PJSC ALROSA for 2015-2016 corporate year.
14. The initial (maximum) price of audit services in the framework of an open tender for a contract to conduct a mandatory audit of accounting (financial) statements of PJSC ALROSA prepared in accordance with the Russian legislation on results of 2016-2018 and substantiation of the initial (maximum) price of audit services in the framework of this open tender.
15. The initial (maximum) price of audit services in the framework of an open tender for a contract to conduct a mandatory audit of consolidated financial statements of ALROSA Group prepared in accordance with the International Financial Reporting Standards based on results of 2016-2018.
and substantiation of the initial (maximum) price of audit services in the framework of this open tender.

16. The approval of internal documents of PJSC ALROSA.

17. The information on the procurement list, including those performed not on a competitive basis and information on the use of PJSC ALROSA’s own electronic trading platform.


19. Approval of amendments to the Regulations for the procedure of disbursement of loans by PJSC ALROSA and acquisition of financial instruments of the legal entities.

20. Approval of an interested party transaction, namely the agreement on termination of Contract No. 01-04/399 between PJSC ALROSA and the Russian Federation on joint consolidated sale of shares of OJSC Almazny Mir at auction dated October 14, 2014.

21. The plan for auditing of the consolidated financial reporting of PJSC ALROSA prepared in accordance with IFRS for 2015.

22. Approval of interested party transactions.

RESULTS OF THE ASSESSMENT BY THE AUDIT COMMITTEE OF THE EFFICIENCY OF THE EXTERNAL AUDIT PROCESS

In 2015, the audit committee addressed the following issues relating to the external audit of the company:

<table>
<thead>
<tr>
<th>Issue</th>
<th>Outcome</th>
<th>Fulfilment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The approval of the auditor of PJSC ALROSA according to the Russian Accounting Standards - 19.03.2015, Minutes No. 37</td>
<td>The Audit Committee approved the proposal on the recommendation by the Supervisory Board to the General Meeting of Shareholders to approve Limited Liability Company Financial and Accounting Advisors as the Company’s auditor to conduct mandatory annual audit of accounting (financial) reports prepared in accordance with the Russian laws based on the results of 2015.</td>
<td>On 25.06.2015, the General Meeting of Shareholders of the Company approved Limited Liability Company Financial and Accounting Advisors as an auditor to conduct mandatory annual audit of accounting (financial) reports prepared in accordance with the Russian laws based on the results of 2015 in Minutes No. 33.</td>
</tr>
<tr>
<td>The approval of the PJSC ALROSA auditor to conduct a mandatory audit of consolidated financial statements of the ALROSA Group in accordance with the International Financial Reporting Standards - 19.03.2015, Minutes No. 37.</td>
<td>The Audit Committee approved the proposal on the recommendation by the Supervisory Board to the General Meeting of Shareholders to approve Closed Joint-Stock Company PriceWaterhouseCoopers Audit as the Company’s auditor to conduct mandatory audit of consolidated financial reports of ALROSA Group prepared in accordance with the International Financial Reporting Standards - 19.03.2015, Minutes No. 37.</td>
<td>The appointment on 25.06.2015, at the Annual General Meeting of Shareholders, (Minutes No. 33), of Closed Joint-Stock Company PriceWaterhouseCoopers Audit as the Company’s auditor to conduct the mandatory audit of consolidated financial reports of the ALROSA Group prepared in accordance with the International Financial Reporting Standards - 19.03.2015, Minutes No. 37.</td>
</tr>
<tr>
<td>Event</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>The annual accounting (financial) reporting including the Financial Performance Report of PJSC ALROSA for 2014 - 22.04.2015, Minutes No. 38</td>
<td>After having reviewed the supplied documentation, including an independent auditor’s report, the Audit Committee assured the Supervisory Board that it was possible to submit the annual accounting reports for approval, including the report on the financial results of PJSC ALROSA to the General Meeting of Shareholders for review, inviting the General Meeting of Shareholders to approve it.</td>
<td></td>
</tr>
<tr>
<td>On consolidation of financial reporting of PJSC ALROSA prepared in accordance with IFRS for 2014 - 22.04.2015, Minutes No. 38</td>
<td>Based on the review of the submitted materials, including the independent auditor’s report, the Audit Committee took note of the results of the Company’s consolidated financial reports for 2014, prepared in accordance with the International Financial Reporting Standards into account.</td>
<td></td>
</tr>
<tr>
<td>On the plan for the audit of consolidated financial reporting of PJSC ALROSA, prepared in accordance with IFRS for 2015 - 21.12.2015, Minutes No. 41</td>
<td>After having considered the materials provided by the independent auditor, the Audit Committee approved the Plan for the Audit of the Consolidated Financial Reports of PJSC ALROSA for 2015, prepared in accordance with the International Financial Reporting Standards.</td>
<td></td>
</tr>
<tr>
<td>Reporting Standards on the results of 2015.</td>
<td>On 25.06.2015, the Company's Annual General Meeting of Shareholders approved the accounting reports, including the profit and loss account of PJSC ALROSA for 2014 in Minutes No. 33.</td>
<td></td>
</tr>
</tbody>
</table>
HUMAN RESOURCES AND REMUNERATIONS COMMITTEE

The Human Resources and Remunerations Committee was established on April 20, 2010 to improve the efficiency and quality of the Supervisory Board’s work through preliminary consideration and development of recommendations for the Supervisory Board in relation to the following issues:
- determination of key areas of the Company’s HR policy;
- attraction of skilled experts to the Company management and creation of the required incentives for their successful work;
- determination of the number and composition of the Company’s Executive Committee.

The Committee is comprised of 5 members of the Supervisory Board, which are independent (non-executive) directors.

As of December 31, 2015, five non-executive members of the Supervisory Board were members of the HR and Remunerations Committee, including two Independent Directors.

MEETINGS (ABSENT VOTING) OF THE HUMAN RESOURCES AND REMUNERATIONS COMMITTEE

In 2015, 7 meetings and 2 absent voting of the Human Resources and Remunerations Committee were held:
1. - 15.01.2015, minutes No. 20 (meeting);
2. - 18.03.2015, minutes No. 21 (meeting);
3. - 14.04.2015, minutes No. 22 (meeting);
4. - 22.05.2015, minutes No. 23 (meeting);
5. - 22.06.2015, minutes No. 24 (absent voting);
6. - 08.09.2015, minutes No. 25 (meeting);
7. - 09.10.2015, minutes No. 26 (absent voting);
8. - 22.10.2015, minutes No. 27 (meeting);
9. - 04.12.2015, minutes No. 28 (meeting);

In 2015, the Human Resources and Remunerations Committee under the Supervisory Board of the Company considered 37 matters, including following key matters:

1. On election of the President of PJSC ALROSA.
2. On compliance of PJSC ALROSA with the listing rules.
3. The plan for implementation of the corporate governance code within the competence of the Human Resources and Remunerations Committee under the Supervisory Board of PJSC ALROSA.
4. On overlapping positions of members of the Board of PJSC ALROSA in other organizations’ executive bodies.
5. On liability insurance of the members of managing bodies of PJSC ALROSA.
6. On assessment of the work of Members of the Supervisory Board of PJSC ALROSA in 2014-2015 corporate year and proposal to the General Meeting of Shareholders to pay remuneration for the above period.
7. On assessment of the work of Members of the Auditing Committee of PJSC ALROSA in 2014-2015 corporate year and proposal to the General Meeting of Shareholders to pay remuneration for the above period.
8. On inclusion on the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of Regulations on Remunerations and Compensations Payable to Members of the PJSC ALROSA Auditing Committee.
9. On approval of a voting bulletin on the annual General Meeting of Shareholders of PJSC ALROSA for the agenda item of the annual General Meeting of Shareholders of PJSC ALROSA On Payment of Remuneration for the Work as Part of the Supervisory Board to the Members of the Supervisory Board, Except for Governmental Officials, in the Amount Established in the Internal Documents of PJSC ALROSA.
10. On the fulfilment of instructions and decisions of the Supervisory Board of PJSC ALROSA for 2014-2015 corporate year relating to the matters...
### Participation in the work of the Human Resources and Remunerations Committee

<table>
<thead>
<tr>
<th>No</th>
<th>Surname and initials</th>
<th>TOTAL</th>
<th>meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>D. P. Zakharov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of them 1 is EFW*</td>
</tr>
<tr>
<td>2</td>
<td>I. A. Lozhevsksky</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>D. S. Morozov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(until 25.06.2015)</td>
<td>5</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of them 1 is EFW*</td>
</tr>
</tbody>
</table>

### Members of the Supervisory Board that left the Supervisory Board on 25.06.2015:

<table>
<thead>
<tr>
<th>No</th>
<th>Surname and initials</th>
<th>TOTAL</th>
<th>meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>V. I. Kondratyeva</td>
<td>8</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>(Chairman)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>O. R. Fedorov</td>
<td>9</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of them 1 is EFW</td>
</tr>
</tbody>
</table>

### Members of the Supervisory Board that were members of the Supervisory Board in 2015:

<table>
<thead>
<tr>
<th>No</th>
<th>Surname and initials</th>
<th>TOTAL</th>
<th>meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>P. V. Uliyanov</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Independent Director)</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(since 25.06.2015)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>O. V. Grinko</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Independent Director)</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>(since 25.06.2015)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>E. V. Grigorieva</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(since 25.06.2015)</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

*EFW – expressed in writing.

Concerning the key tasks of the HR and Remunerations Committee under the Supervisory Board of PJSC ALROSA:

11. Determination of the Company’s position in relation to the agenda items of the General Meeting of Shareholders of PJSC Severalmaz.

12. On the General Director of Catoca Ltd. Mining Co. (Republic of Angola) controlled by PJSC ALROSA.


14. On approval of the Induction Program for newly elected members of the Supervisory Board of PJSC ALROSA.

15. On election of Chairman of the HR and Remunerations Committee of the Supervisory Board of PJSC ALROSA.

16. On approval of the Work plan of the HR and Remunerations Committee under the Supervisory Board of PJSC ALROSA for 2015-2016 corporate year.

17. On approval of the Regulation on Remuneration to the President of PJSC ALROSA.

18. On approval of the Regulation on Remuneration to the Members of the Executive Committee of PJSC ALROSA.

19. On amendments to the Regulations on the Corporate Secretary of PJSC ALROSA.

20. On the review of the reports on achievement of quarterly key indicators activities for 1HY 2015.


22. On approval of the amended Regulations on remuneration to the President of PJSC ALROSA.

23. On approval of the amended Regu-
lations on remuneration to Members of the PJSC ALROSA Executive Committee.

24. On confirmation of the compliance of independent Members of the Supervisory Board of PJSC ALROSA with the independent criteria established by the Listing Rules of CJSC FB MMVB.

25. On the terms and conditions of liability insurance for members of the Supervisory Board and Executive Committee of PJSC ALROSA.

26. On assessment of the level of fulfilment of target tasks and on assessment of the level of fulfilment of functional responsibilities by the Corporate Secretary of PJSC ALROSA (quarterly).

27. On changes in the composition of the Board of PJSC ALROSA.

28. On the reports on the achievement of quarterly key indicators of the efficiency of PJSC ALROSA activities over 9 months in 2015.

29. On amendments to the Regulations on remuneration to members of the Supervisory Board of PJSC ALROSA.
The Strategic Planning Committee was established on April 20, 2010, to improve the efficiency and quality of the Supervisory Board’s work through preliminary consideration and development of recommendations for the Supervisory Board in relation to the following issues:

- determination of priority areas of the Company’s activities;
- adoption of resolutions for submission to the General Meeting of Shareholders by the Supervisory Board relating to approval of major transactions and related party transactions;
- adoption of decisions for submission by the Supervisory Board to the General Meeting of Shareholders on issues relating to participation of the Company in holding companies, financial and industrial groups, associations and other unions of commercial organizations;
- management of securities, shares owned by the Company;
- management of the Company’s property;
- establishing of the Company’s divisions, opening of representative offices and their liquidation.

As of 31.12.2015, the Members of the Strategic Planning Committee include nine Members of the Supervisory Board.

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>TOTAL</th>
<th>meetings</th>
<th>voting in absentia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>S. V. Barsukov (Chairman)</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Ye. A. Borisov *</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>G. I. Danchikova *</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>E. V. Grigorieva *</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>O. R. Fedorov</td>
<td>7</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>V. I. Kondratyeva</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>TOTAL</th>
<th>meetings</th>
<th>EIW</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>P. V. Alekseev (since 25.06.2015)</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>O. V. Grinko (Independent Director) (since 25.06.2015)</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>A. V. Zharkov (Executive Director) (since 25.06.2015)</td>
<td>4</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>M. V. Gordon (Independent Director) (since 25.06.2015)</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

* Ye. A. Borisov, G. I. Danchikova and E. V. Grigorieva were Members of the Strategic Planning Committee in 2014-2015 while being Non-Members of the Supervisory Board.

*EIW – expressed in writing.
MEETINGS (ABSENTEE VOTING) OF THE STRATEGIC PLANNING COMMITTEE

In 2015, 5 meetings and 2 absentee votes of the Strategic Planning Committee were held:

1. - 20.03.2015, minutes No. 20 (meeting);
2. - 13.04.2015, minutes No. 21 (absentee voting);
3. - 22.05.2015, minutes No. 22 (absentee voting);
4. - 07.09.2015, minutes No. 23 (meeting);
5. - 09.11.2015, minutes No. 24 (meeting);
6. - 18.11.2015, minutes No. 25 (meeting);
7. - 18.12.2015, minutes No. 26 (meeting);

In 2015, the Strategic Planning Committee under the Supervisory Board examined 31 issues, of which the following were key:

1. The inclusion onto the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On the approval of an interested party transaction, namely a supplemental agreement to the effective USD 350 million loan agreement entered into by PJSC ALROSA and JSC VTB and of proposals to the General Meeting of Shareholders on which a decision is required.
2. The inclusion onto the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On the approval of an interested party transaction, namely a supplemental agreement to the effective USD 250 million loan agreement entered into by PJSC ALROSA and JSC VTB Bank and of proposals to the General Meeting of Shareholders on which a decision is required.
3. On approval of a new version of the Regulations on Procurement of PJSC ALROSA.
4. Approval of the Registrar of the conditions of his agreement with PJSC ALROSA.
5. On termination of the comprehensive servicing agreement for the register of holders of inscribed securities entered into by PJSC ALROSA and OJSC Republican Special Registrar Yakutia Fund Centre.
6. The inclusion onto the agenda of the General Meeting of Shareholders of PJSC ALROSA of the item On approval of Regulations on Remunerations and Compensations Payable to Members of the PJSC ALROSA Auditing Committee.
7. Inclusion on the agenda of the Annual General Meeting of Shareholders of PJSC ALROSA of the item On approval of Regulations on the Auditing Committee of PJSC ALROSA.
9. On proposals to the annual General Meeting of Shareholders of PJSC ALROSA to adopt a resolution on approval of the Charter of PJSC ALROSA, the Regulations on the General Meeting of Shareholders of PJSC ALROSA, the Regulations on the Supervisory Board of PJSC ALROSA and the Regulations on the Executive Committee of PJSC ALROSA.
10. On election of Chairman, Deputy Chairman of the Strategic Planning Committee under the Supervisory Board of PJSC ALROSA.
12. On approval of proposals based on the 2014 audit results for implementation of the PJSC ALROSA Program for Long-Term Development up to 2023.
13. On reforming the residential development division of PJSC ALROSA.
14. On reforming the public utility division of PJSC ALROSA.
15. On approval of the Regulations on the quality management system of PJSC ALROSA.
16. On approval of the Regulations on the quality management system of PJSC ALROSA.
17. On approval of the Regulations on the planning and execution of the Innovative Development and Technological Modernization Program of PJSC ALROSA.
20. On approval of Clarified target values of KPIs of ALROSA Group for 2015.
21. On approval of the Order for an increase in investing and operating efficiency and a decrease in the expenses of PJSC ALROSA.
22. On approval of the Information Policy of PJSC ALROSA.
24. On amendments to the Program for Alienation of non-core assets of PJSC ALROSA.
25. On approval of transactions with interested parties.
26. On termination of participation in other entities.

ROLE OF THE SUPERVISORY BOARD IN THE ORGANIZATION OF THE EFFICIENT RISK

In 2015, the Supervisory Board developed and approved regulatory documents relating to corporate governance:
- Regulations on internal audit of PJSC ALROSA;
- Regulations on risk management of PJSC ALROSA.

The Regulations on the internal audit of the Company defines the goal, tasks, authorities and responsibilities of the internal audit management, governs stakeholder engagement and assessment procedure of activities relating to the internal audit.

The new edition of the Provisions for risk management clarifies the procedure for preparation and approval of documents, terminology, introduces the concept of a preferred risk, reflects the assessment of the efficiency of the risk management system, and clarifies the function and nature of interaction between participants in the risk management process.

REMUNERATION TO THE MEMBERS OF THE SUPERVISORY BOARD

In accordance with the decision taken at the annual General Meeting of Shareholders of PJSC ALROSA, remuneration to the Members of the Supervisory Board was accrued and paid based on the results of the 2014-2015 corporate year, calculated in accordance with the Regulations on the Remuneration to the Members of the Supervisory Board of PJSC ALROSA dated June 25, 2015 (Minutes No. 33).

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>Basic component, RUB</th>
<th>Remuneration for participation in the work of the Supervisory Board, RUB</th>
<th>Premium for the Chairmanship in the Committees or Chairmanship in the Supervisory Board, %</th>
<th>Total amount of the remuneration, RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>F. B. Andreev</td>
<td>4,000,000</td>
<td>3,272,727</td>
<td>20%</td>
<td>654,545</td>
</tr>
<tr>
<td>2</td>
<td>S. K. Dubinin</td>
<td>4,000,000</td>
<td>3,636,364</td>
<td>20%</td>
<td>727,273</td>
</tr>
<tr>
<td>3</td>
<td>D. P. Zakharov</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td></td>
<td>4,000,000</td>
</tr>
<tr>
<td>4</td>
<td>V. I. Kondratyeva</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td></td>
<td>4,000,000</td>
</tr>
<tr>
<td>5</td>
<td>N. E. Kononova</td>
<td>4,000,000</td>
<td>3,818,182</td>
<td></td>
<td>3,818,182</td>
</tr>
<tr>
<td>6</td>
<td>I. A. Lozhevsky</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td></td>
<td>4,000,000</td>
</tr>
<tr>
<td>7</td>
<td>G. B. Fedorov</td>
<td>4,000,000</td>
<td>3,927,273</td>
<td>20%</td>
<td>818,818</td>
</tr>
<tr>
<td>8</td>
<td>D. S. Morozov</td>
<td>4,000,000</td>
<td>3,636,364</td>
<td></td>
<td>3,636,364</td>
</tr>
<tr>
<td>9</td>
<td>I. A. Yuzhanov</td>
<td>4,000,000</td>
<td>4,000,000</td>
<td>50%</td>
<td>2,000,000</td>
</tr>
<tr>
<td>10</td>
<td>A. V. Sharonov</td>
<td>4,000,000</td>
<td>3,454,545</td>
<td></td>
<td>3,454,545</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40,690,909</td>
</tr>
</tbody>
</table>
In 2015, the total Company remuneration to the Members of the Company’s Supervisory Board was 40,690,909 RUB (in 2014 – 28,300,000 RUB). The above remunerations are paid to the members of the Supervisory Board of the Company in full. In 2015, the Company and legal entities from the ALROSA Group did not grant any loans to Members of the Supervisory Board. Remunerations to the Members of the Supervisory Board are paid out of the Company's net profit. If there is no Company net profit, the remuneration to the Members of the Supervisory Board is neither determined, nor paid. The remuneration (basic and premium) is not paid to:
– The Chairman or members of the Supervisory Board who hold state or municipal employee status, in accordance with the current legislation of the Russian Federation;
– The Chairman or members of the Supervisory Board, for which the legislation stipulates the restriction or prohibition of receiving any payments from commercial organizations;
– Members of the Supervisory Board, who are at the same time the sole executive body or a member of the collegial executive body of the Company.

The amount of the remuneration for the participation in the work of the Supervisory Board payable to each Member of the Supervisory Board is calculated based on the total number of meetings of the Supervisory Board for the past corporate year held as of March 31 of the current year and the number of meetings attended by the Member of the Supervisory Board.

The basic component amount of remuneration is determined based on the Company's revenue for the relevant financial year. In 2015, the basic component totalled to 4,000,000 RUB.

<table>
<thead>
<tr>
<th>Amount of the revenue, RUB bn</th>
<th>Basic component, RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>more than 200</td>
<td>6,000,000</td>
</tr>
<tr>
<td>more than 30</td>
<td>4,000,000</td>
</tr>
<tr>
<td>more than 10</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

In addition to the basic remuneration to the members of the Supervisory Board, there are premiums for the fulfilment of additional responsibilities associated with the chairmanship of the Supervisory Board and Committees hereunder as follows:
– 50% of the basic remuneration for chairmanship of the Supervisory Board;
– 20% of the basic remuneration for the chairmanship of committees under the Supervisory Board.

The above premiums shall not be paid if:
– during the corporate year, less than three meetings of a Committee under the Supervisory Board were held;
– a Member of the Supervisory Board participated in less than 50% meetings (in presentia and in absentia voting) of a committee under the Supervisory Board held in a corporate year or during working hours in a corporate year (for newly elected (out-going) Members of the Supervisory Board).

Travel expenses and accommodation relating to the fulfilment by the Members of the Supervisory Board of the duties required of them are also compensated.
PRESIDENT AND EXECUTIVE COMMITTEE

Management of the Company is carried out by the President (sole executive body) and the Executive Committee (collegial executive body). The scope of duties of the Company’s executive bodies includes all current activity management issues, except for the issues within the exclusive competence of the General Meeting of Shareholders and the Supervisory Board. The President and Executive Committee coordinate the decision-making of the General Meeting of Shareholders and Supervisory Board and reporting on it hereafter. As of 31.12.2015, the Executive Committee of the Company consisted of 13 people.

Andrey Vyacheslavovich ZHARKOV
President of PJSC ALROSA
Chairman of the Board of the Company
Date of appointment: April 24, 2015

Born on February 11, 1973 in Geneva (Switzerland).
In 1995, he graduated from the Moscow State Linguistic University, with a degree in Foreign Languages; in 1998, he obtained a degree in Accounting and Auditing from the Moscow State University of Commerce. PhD in Economics.

Labour activities over the last 5 years:
2010-2015 - Deputy Head of Gokhran under the Ministry of Finance of the Russian Federation;
2015 - present - President of PJSC ALROSA.
Employment contract expires on: 23.04.2018

Ivan Kirillovich DEMYANOV
Vice President of PJSC ALROSA. Supervises social and personnel policies of the Company.
Date of appointment: October 26, 1995

Born on June 5, 1942 in Ilovka, Belgorod Region.
In 1982, he graduated from the Higher Party School of Khabarovsk.

Labour activities over the last 5 years:
1995 – present – Vice President of PJSC ALROSA.

Igor Mikhailovich KULICHIK
Vice President and CFO of PJSC ALROSA
Date of appointment: August 10, 2009

Born in Brest, Belorussia, on April 5, 1967. In 1990, graduated from Ordzhonikidze Moscow Aviation Institute with a degree in Mechanical Engineering, in 1992, from the Zhukovsky Air Force Engineering Academy with the title of Engineer Mathematician.

Labour activities over the last 5 years:
2009 – present – Vice President and CFO of PJSC ALROSA
Employment contract expires on: 09.08.2017

Participation interest in PJSC ALROSA – 0.0007%.
Did not enter into transactions relating to purchase/disposal of shares in 2015.

He has no participation interest in PJSC ALROSA.
Did not enter into transactions relating to purchase/disposal of shares in 2015.
Alexander Grigoryevich MATVEEV
Head of Legal Department of PJSC ALROSA.

Date of appointment: November 23, 2009

Born on August 3, 1976 in Omsk.
In 1998 graduated from Omsk State University with a degree in Jurisprudence.
Labour activities over the last 5 years:
2009 – present – Head of PJSC ALROSA Legal Department.

Alexander Fedorovich MAKHRACHEV
Director of Udachny MPD of PJSC ALROSA

Date of appointment: March 18, 2008

Born at the Aleisk State farm, the Aleisk District of the Altai Region, on October 31, 1956.
A graduate of the Moscow Steel & Alloys Institute (graduated in 1979) where he qualified as a metallurgical engineer. In 1996, he took a refresher training course under the program General management of a mining enterprise in free market conditions, at the Russian Federation State Academy of National Economy. In 2007, he graduated from the Moscow State University of Mining, where he qualified as a mining engineer.
Labour activities over the last 5 years:
2008 – present – Director of Udachny MPD of PJSC ALROSA.

Yury Konstantinovich OKOEMOV
Vice President of PJSC ALROSA. Supervises sales policies of the Company.

Date of appointment: August 6, 2009

Brief biographical data:
Born on January 1, 1962, in the village of Kazachye, Verkhoyansk Region, Yakutia.
Graduated from a physics and mathematical school in the village of Verkhnepiluisk in the Yakut ASSR in 1979.
In 1985, he graduated from the Moscow State Institute of Steel and Alloys, with a degree in Metal Physics, in 1996, from the Russian Presidential Academy of National Economy and Public Administration with the qualification of Executive Manager.
Labour activities over the last 5 years:
2009 – present – Vice President of PJSC ALROSA.
Employment contract expires on: 05.08.2017

He has no participation interest in PJSC ALROSA.
Did not enter into transactions relating to purchase/disposal of shares in 2015.

Participation interest in PJSC ALROSA – 0.0029%.
Did not enter into transactions relating to purchase/disposal of shares in 2015.

Participation interest in PJSC ALROSA – 0.0073%.
Did not enter into transactions relating to purchase/disposal of shares in 2015.
Sergey Nikolaevich PUSHKIN

Vice President of PJSC ALROSA. Oversees the activities of subsidiaries and affiliates, as well as the development of the Company’s projects in Africa.

Date of appointment: January 25, 2010

Born on February 26, 1967, in Bolshoe Mamleevo village, Gorky region. He is a graduate of the Moscow Institute of Physics and Technology (Aerodynamics & Flying Engineering Department) (graduation year 1990), and of the Air Force Engineering Academy (Aircraft and Engines Department) (graduation year 1992).

Labour activities over the last 5 years: 2010 – present – Vice President of PJSC ALROSA.

Employment contract expires on: 24.01.2018

Ilya Petrovich RYASHCHIN

First Vice President of PJSC ALROSA. Oversees the financial and economic affairs of the Company.

Date of appointment: June 9, 2012

Born on May 23, 1973 in Gorky. In 1996, graduated from the Lobachevsky State University of Nizhny Novgorod, with a degree in Credit and Finance.

Labour activities over the last 5 years: 2003-2012 - Deputy Head and First Deputy Head of the Financial Management Department and the Corporate Finance Department and Head of the Planning and Budgeting Department at OJSC Russian Railways.

2012 – present – First Vice President of PJSC ALROSA;

From 24.10.2014 to 23.04.2015, he was President of PJSC ALROSA.

Employment contract expires on: 08.06.2016

Ravil Shamilyevich SANATULOV

Director of Aikhal MPD of PJSC ALROSA.

Date of appointment: September 27, 2007

Born in Chulman, the Neryungri District, Yakutia, on May 22, 1963. He graduated from the Irkutsk Polytechnic Institute in 1986 with a degree in mining engineering, and specialized in the technology and integrated mechanized development of mineral fields.

Labour activities over the last 5 years: 2007 – present – Appointed Director of ALROSA’s Aikhal Mining and Processing Division.

He has no participation interest in PJSC ALROSA.

Did not enter into transactions relating to purchase/disposal of shares in 2015.
Valery Petrovich SEROV
Chief Geologist of PJSC ALROSA.
Date of appointment: February 1, 2011

Born in Kalush, the Ivano-Frankovsk Region of Ukraine, on July 18, 1957.
He graduated from the Moscow Geological Prospecting Institute in 1980 with a degree in geological surveying, prospecting and exploration of mineral fields.
Labour activities over the last 5 years:

Igor Vitalyevich SOBOLEV
First Vice President and Executive Director of PJSC ALROSA
Date of appointment: January 1, 2012

Born in Kimovsk, Tula Region, on November 16, 1969.
He graduated from the Tula State Technical University in 1993 with a degree in mining construction engineering, specialized in Mine and underground construction.
Labour activities over the last 5 years:

Alexander Sergeevich CHAADAEV
Vice President for Innovation, director of Yakutniproalmaz institute
Date of appointment: May 28, 2012

Born in Yakutsk, Republic of Sakha (Yakutia), on September 8, 1960.
He graduated from the Tyumen Civil Engineering Institute with a degree in Civil Engineering in 1982, and specialized in Industrial and Civil Construction Engineering. In 2001, he graduated from the Russian Federation State Finance Academy with a degree in Credit and Finance. PhD in Economics.
Labour activities over the last 5 years:

He has no participation interest in PJSC ALROSA.
Did not enter into transactions relating to purchase/disposal of shares in 2015.

Participation interest in PJSC ALROSA – 0.002%.
Did not enter into transactions relating to purchase/disposal of shares in 2015.

Participation interest in PJSC ALROSA – 0.0004%.
Did not enter into transactions relating to purchase/disposal of shares in 2015.
Andrey Nikolaevich CHEREPNOV
Chief Engineer of PJSC ALROSA.
Date of appointment: June 29, 2015

He is a graduate of the Irkutsk Polytechnic Institute with a degree in Mine Surveying, Mining Engineer-Surveyor (1988).

Labour activities over the last 5 years:
2001-2012 - Deputy Chief Surveyor, Chief Surveyor of PJSC ALROSA;
2012-2015 - Deputy Chief Engineer for Production of PJSC ALROSA;
2015 – present – Acting Chief Engineer, Chief Engineer of PJSC ALROSA.

Employment contract expires on: 08.06.2016

He has no participation interest in PJSC ALROSA.

Did not enter into transactions relating to purchase/disposal of shares in 2015.

REMUNERATION PAID TO THE EXECUTIVE COMMITTEE

The Members of the Executive Committee are entitled to a salary, premiums, voluntary medical insurance, compensation for the fulfilment of their responsibilities as Members of the Board of Directors of ALROSA Group individual enterprises. Salary and premiums payable to Members of the Executive Committee of the Company shall be determined in their employment contracts.

On November 10, 2015, the Supervisory Board of the Company approved a new version of the Regulations on Remuneration to President of PJSC ALROSA and Regulations on Remuneration to Members of the Executive Committee of PJSC ALROSA (Minutes A01/236-HC). The annual remuneration is paid to the President and the Members of the Executive Committee for the achievement of KPIs relating to production and business activities. The KPIs system for the executive bodies implemented by the Company requires the senior management to ensure the goals of the Long-term Program for ALROSA Group Development up to 2023 are achieved.

The structure of the annual income of the members of the Company’s executive bodies includes payments based on the timely and full achievement of the ALROSA Group KPIs and more than 78% of individual KPIs.

In 2015, the Company and legal entities from ALROSA Group did not grant any loans to the President or Members of the Executive Committee.

REMUNERATION PAID TO THE EXECUTIVE COMMITTEE

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Amount of payment, in thousands of roubles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration for participation in the governing body</td>
<td>0</td>
</tr>
<tr>
<td>Salary</td>
<td>229,111</td>
</tr>
<tr>
<td>Premiums</td>
<td>396,323</td>
</tr>
<tr>
<td>Commissions</td>
<td>0</td>
</tr>
<tr>
<td>Privileges</td>
<td>0</td>
</tr>
<tr>
<td>Other remunerations</td>
<td>103,740</td>
</tr>
<tr>
<td>TOTAL</td>
<td>729,174</td>
</tr>
</tbody>
</table>
CORPORATE SECRETARY

Rights and obligations of the Corporate Secretary of the Company are set forth in the Charter of the Company and detailed in the Regulations on the Corporate Secretary of PJSC ALROSA (Regulations on the Corporate Secretary of PJSC ALROSA).

In accordance with the Regulations on the Corporate Secretary, the Corporate Secretary’s objectives are:

– to ensure compliance by the executive bodies and employees of the Company with the legislative requirements, the Charter and internal documents of the Company that guarantee rights and legal interests of shareholders;
– to ensure compliance with property interests of shareholders in execution of their rights, to maintain the balance of interests between the participants of corporate legal relations;
– to support the activities of the General Meeting of Shareholders, Supervisory Board, Committees under the Supervisory Board, Executive Committee and Auditing Committee;
– to support the members of the Supervisory Board, when they fulfil their functions, including initiation of newly elected members of the Supervisory Board;
– to develop the corporate governance system of the Company in line with the interests of all shareholders and Company;
– to ensure the growth of investment attractiveness of the Company, to promote its sustainable development.

The Corporate Secretary is a Company official functionally subordinate and accountable to the Supervisory Board, and administratively subordinate to the President of the Company.

CORPORATE SECRETARY’S BIOGRAPHICAL DATA
AS OF DECEMBER 31, 2015

Andrey Grigoryevich LEKAREV

Head of the Directorate for Corporate Support, Corporate Secretary of PJSC ALROSA


He also holds a PhD in Law from the Moscow State Law Academy (2006).

Previous work experience:
2010 - present - Secretary of the Supervisory Board, Head of the Directorate for Corporate Support, Corporate Secretary of PJSC ALROSA;
2007-2010 - Chief Legal Advisor in PJSC VTB Bank’s Legal Department.


Member of the All-Russian Public Organization National Association of Corporate Secretaries.

From 2012 through 2015, Mr. Lekarev has been amongst the Top 25 Directors for Corporate Governance / Corporate Secretaries, in an annual national ranking compiled by the Independent Directors Association (IDA), the Russian Union of Industrialists and Entrepreneurs (RSPP) in partnership with PwC and the Moscow Exchange for the ‘Director of the Year’ National Award category.

For achievements in the area of corporate management, he was awarded...
the Director of the Year (winner in the Corporate Management Director - Corporate Secretary category, 2013).
He is also the winner of the XIII annual Top 1,000 Russian Managers 2015 prize, in the Best Corporate Governance Director category.

He is a Class 3 Advisor to the State Civil Service.
He has no family ties with any members of PJSC ALROSA’s executive or executive and bodies responsible for the control in the area of financial and business activities of PJSC ALROSA.

Information on A. G. Lekarev’s transactions, involving purchase or alienation of PJSC ALROSA’s ordinary shares for 2015:

As of 01.01.2015, A. G. Lekarev held 27,005 ordinary shares (0.00037%).
On 10.02.2015, A. G. Lekarev alienated 2,800 shares and after the change A.G. Lekarev held 24,205 shares (0.00033%).
On 11.02.2015, A. G. Lekarev alienated 5,800 shares and after the change A.G. Lekarev held 18,405 shares (0.00025%).
On 24.02.2015, A. G. Lekarev alienated 6,200 shares and after the change A.G. Lekarev held 12,205 shares (0.00017%).
On 13.08.2015, A. G. Lekarev alienated 4,500 shares and after the change A.G. Lekarev held 7,705 shares (0.0001%).
As of December 31, 2015, A. G. Lekarev holds 7,705 ordinary shares (0.0001%) of PJSC ALROSA.
2.3. INTERNAL CONTROL SYSTEM

The Auditing Committee was elected at the annual General Meeting of Shareholders to oversee the finance and economic activities of PJSC ALROSA and compliance with Russian Federation legal legislation. The Auditing Committee of 5 members is elected for the period until the next annual General Meeting of Shareholders.

THE AUDITING COMMITTEE OF PJSC ALROSA ELECTED BY THE ANNUAL GENERAL SHAREHOLDERS MEETING OF PJSC ALROSA ON JUNE 25, 2015, AND DECEMBER 31, 2015 COMPRISSES THE FOLLOWING MEMBERS:

<table>
<thead>
<tr>
<th>No.</th>
<th>Surname and initials</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A. V. Glinov</td>
<td>Deputy Director of the Administrative Department at the Ministry of Finance of the Russian Federation; Chairman of the Auditing Committee.</td>
</tr>
<tr>
<td>2</td>
<td>A. I. Vasilyeva</td>
<td>Head of the Department of the Rough and Polished Diamond Complex Property, Financial and Insurance Organizations, Ministry of Property and Land Relations, Republic of Sakha (Yakutia).</td>
</tr>
<tr>
<td>3</td>
<td>D. P. Kim</td>
<td>Assistant Officer of the Major Organization Management Division of the Corporate Governance Department at the Ministry of Economic Development of the Russian Federation.</td>
</tr>
<tr>
<td>4</td>
<td>M. V. Mikhina</td>
<td>Adviser to the Head of the Federal Agency for State Property Management;</td>
</tr>
<tr>
<td>5</td>
<td>V. N. Pushmin</td>
<td>Deputy Finance Minister of the Republic of Sakha (Yakutia).</td>
</tr>
</tbody>
</table>

In 2015, the Auditing Committee conducted an annual audit of financial activities of PJSC ALROSA for 2014. The audit was conducted during the period of March 16, 2015, to March 25, 2015.

The plan for the audit conducted by the Auditing Committee included the following items:

1. Analysis of accounting (financial) statements.
2. Analysis of the implementation of the basic production indicators and planned economic indicators, including the analysis of actually achieved financial results.
3. Analysis of net profit spending.
INTERNAL AUDIT

The Internal Audit Department is functionally subordinate to the Supervisory Board and administratively subordinate to the President of the Company. The work plan of the Internal Audit Department of the Company is approved by the Supervisory Board of the Company.

The work of the Internal Audit Department in 2015 was performed in accordance with the Regulations on the Internal Audit Department, Regulations on Internal Auditing in PJSC ALROSA based on the approved Work Plans targets (KPIs) and budget of the Department.

The structure of the Department in line with the Regulations on the Internal Audit Department, was not modified and included the following departments:

– internal audit and audit work section;
– PJSC ALROSA's internal control organization section;
– corporate controlling section.

Targets (key performance indicators) of the Department in the reference year:

– Fulfilment of the approved annual audit plan with the established quantitative indicator.
– The number of the agreed recommendations based on the results of the audit is more than 50%.
– The development and submission of a set of documents on the improvement of corporate governance for approval by the management of the Company.
– Development of methodological recommendations for auditing committees of subsidiaries (controlled companies) of the Company relating to the procedure of audits.

The work plan of the Internal Audit Department for 2015 was fulfilled in the main stipulated areas and in terms of targets achieved.
## EXTERNAL AUDITORS

<table>
<thead>
<tr>
<th>Auditor</th>
<th>LLC FBK</th>
<th>PricewaterhouseCoopers Audit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope of the competition</strong></td>
<td>mandatory annual audit in accordance with the RAS</td>
<td>mandatory consolidated financial reporting of ALROSA Group prepared in accordance with IFRS</td>
</tr>
<tr>
<td><strong>Procedure for election</strong></td>
<td>open competition</td>
<td></td>
</tr>
<tr>
<td><strong>Organizer of the competition</strong></td>
<td>executive body represented by the President</td>
<td></td>
</tr>
<tr>
<td><strong>Composition of the competition committee</strong></td>
<td>heads and specialists of the Company, representatives of the Federal Agency for State Property Management, Ministry of Property and Land Relations of the Republic of Sakha (Yakutia), the Russian Federation Ministry of Finance.</td>
<td></td>
</tr>
<tr>
<td><strong>Decision on approval</strong></td>
<td>annual General Meeting of Shareholders</td>
<td></td>
</tr>
<tr>
<td><strong>Auditor’s remuneration</strong></td>
<td>RUB 8.0 mn without VAT</td>
<td>RUB 24.75 mn without VAT</td>
</tr>
<tr>
<td><strong>Additional Services</strong></td>
<td>- audit in 2014 into implementation of the Program for Long-term Development of PJSC ALROSA up to 2023, with RUB 2.9 mn without VAT worth of funds allotted to it; - consulting services relating to the independent actuarial valuation of pensions and other long-term social liabilities of the Company, of RUB 3.4 mn in value.</td>
<td></td>
</tr>
</tbody>
</table>
2.4. DISCLOSURE OF INFORMATION
PROTECTION OF INSIDER INFORMATION

INFORMATION POLICY

The information policy of PJSC ALROSA is based on the following principles:
– regularity and efficiency;
– availability;
– completeness and reliability;
– reasonable balance between the transparency of the Company and protection of its commercial interests.

Maintaining its status as a recognized leader in the diamond mining sector with a flawless reputation is one of ALROSA’s priorities.

Apart from the obligation for mandatory disclosure of information in accordance with the requirements of the regulatory bodies, the Company rigorously analyses the information requirements of its target audiences and strives to disclose important information in a timely manner.

In 2015, the Supervisory Board approved the Information Policy that took Russian and international best practices into account.

DISCLOSURE CHANNELS

The main channel for disclosure of information is the Company’s corporate site http://www.alrosa.ru/ where important information on the Company and results of its activities for the reporting period are available. The information is also simultaneously disclosed on the English version of the website http://eng.alrosa.ru/.

In addition to its corporate website, the Company uses the website of Interfax for mandatory disclosure of information as well as print media: Rossiyskaya Gazeta, Mirninsky Rabochiy, Lenskiy Vestnik, Yakutia, Sakha Sire.

Status of the Company | Regulatory compliance | Disclosure channel | Disclosed information/Audience
---|---|---|---
– Information on important facts, affiliates
– Information about securities of the Company, payment of dividends
– Quarterly, annual and social reports
– Annual and interim financial statements
– Material on the General Meetings of Shareholders and the subsequent resolutions adopted in the meetings, and resolutions adopted in meetings of the Supervisory Board
In order to prevent abuse in a form of illicit use of insider information, the Company adopted Regulations on the measures to prevent the use of insider information and (or) market manipulation in PJSC ALROSA (Regulations on the measures to prevent the use of insider information and (or) market manipulation in PJSC ALROSA). The Regulations were developed in accordance with the Federal Law dated 27.07.2010 No. 224-ФЗ On combatting the misuse of insider information and market manipulation, and on the amendment of individual legislative bills of the Russian Federation, as well as with the Company regulations, Charter and other internal documents.

In accordance with the Regulations, the Company’s insiders must make their best efforts to protect and prevent misuse and distribution of insider information.

The Company shall maintain, regularly update and submit the Insider List to the trade organization and regulators. The Company must also notify the person included in the insider list or excluded from the list no later than one working day from the date of his inclusion in the insider list or his exclusion from such a list correspondingly.
2.5. FOR SHAREHOLDERS AND INVESTORS

SHARES

The Company's shares have been traded at the MICEX since 2011, ticker ALRS, and currently the shares are included in the 1 tier quotation list. The Company quarterly submits a report on compliance with the corporate governance standards for its shares to remain in the level one listing on the Moscow Stock Exchange.

KEY INDICATORS OF TRADE IN THE COMPANY'S SHARES FOR 2013-2015

<table>
<thead>
<tr>
<th>Indicator</th>
<th>UoM</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average daily trading volume</td>
<td>USD mn</td>
<td>2.01</td>
<td>5.72</td>
<td>8.24</td>
</tr>
<tr>
<td>Minimum price</td>
<td>RUB</td>
<td>29.10</td>
<td>31.90</td>
<td>48.96</td>
</tr>
<tr>
<td>Maximum price</td>
<td>RUB</td>
<td>38.79</td>
<td>63.00</td>
<td>82.80</td>
</tr>
<tr>
<td>Price at the end of the year</td>
<td>RUB</td>
<td>35.00</td>
<td>63.00</td>
<td>55.94</td>
</tr>
<tr>
<td>Free-float volume</td>
<td>pcs</td>
<td>518,047,815</td>
<td>1,699,380,556</td>
<td>1,699,380,556</td>
</tr>
<tr>
<td>Free-float share</td>
<td>%</td>
<td>7.03</td>
<td>23.07</td>
<td>23.07</td>
</tr>
<tr>
<td>Capitalization at the end of the year</td>
<td>USD mn</td>
<td>7,813</td>
<td>8,327</td>
<td>5,611</td>
</tr>
</tbody>
</table>

In 2015, the Company’s share quotation showed dynamics close to zero (average prices for December 2014 and December 2015 were RUB 54.26 and RUB 53.89 per share correspondingly), and were a little worse than the market; the MICEX index for the same period was 18.61%.

Events in 2015:
- The average price of ALROSA’s share in 2015 was RUB 64.84 per share, which is by 59.64% higher than the same period in 2014.
- The average annual MSCI index Russia decreased by 26.75%, the growth of the average annual MICEX index was 17.94% for the same period.
- As of 31.12.2015, the number of free float shares is 23.07%.
- Based on the results of 2014, RUB mn 10.826 shall be paid out as dividends, i.e. RUB 1.47 per ordinary share.

AUTHORIZED CAPITAL

The authorized capital of PJSC ALROSA is RUB 3,682,482,815. The authorized capital is divided into 7,364,965,630 ordinary registered shares of 50 kopeks each.

SHARE CAPITAL STRUCTURE

During the public offering of shares of PJSC ALROSA on the Moscow Stock Exchange in October 2013, 14% of shares owned equally by the Russian Federation and the Republic of Sakha (Yakutia) were placed. In addition, the market was offered 2% of quasi treasury shares held by the Cypriot company Wargan Holdings. The Russian Federation share in the company’s equity decreased from 50.9256% to 43.9256%, and in Yakutia from 32.0002% to 25.0002% respectively. The volume of the company’s shares in free circulation after the placement has increased from 7% to 23.07%.
MAJOR SHAREHOLDERS WHOSE SHARE EXCEEDS 1% IN THE AUTHORIZED CAPITAL AS OF 31.12.2015

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Share %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Agency for State Property Management</td>
<td>43.93</td>
</tr>
<tr>
<td>Ministry of Property and Land Relations of the Republic of Sakha (Yakutia)</td>
<td>25.00</td>
</tr>
<tr>
<td>8 uluses (districts) of the Republic of Sakha (Yakutia)</td>
<td>8.00</td>
</tr>
<tr>
<td>Other legal entities and individuals</td>
<td>23.07</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

ALROSA's major minority shareholders are: Oppenheimer Funds, Lazard Asset Management, Genesis, and Capital Group investment funds.

INDEXES

In March 2015, the Company's shares were included in FTSE Emerging Index and Market Vectors Russia. As of the date of the listing, the weight of shares in FTSE Emerging Index was 0.06%, and in 1.92% in Market Vectors Russia. In September, the weight of ALROSA's share in FTSE Emerging Index was lowered to 0.05%. The weight of shares in Market Vectors Russia in 2015 changed as follows: in June the weight was decreased to 1.74%, in September to 1.35%, and in December the weight increased up to 1.61%.

In September 2015, ALROSA's shares were also included in the Index of State-owned companies with a weight of 4.66% as of the date of listing. As of December 31, 2015, ALROSA's shares in this index were weighted at 3.28%.

A range of investment funds invests in the shares issued by the companies included in one or another index proportionate to their weight therein. Therefore, inclusion of the Company's shares in the above indices increases liquidity of the Company's securities.

As of December 31, 2015, the Company's shares were present in the following lists:

<table>
<thead>
<tr>
<th>Name of the list</th>
<th>Weight in the index, %</th>
<th>Index currency</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICEX Index</td>
<td>1.06</td>
<td>RUB</td>
</tr>
<tr>
<td>MSCI Russia</td>
<td>1.10</td>
<td>USD</td>
</tr>
<tr>
<td>FTSE Emerging</td>
<td>0.05</td>
<td>USD</td>
</tr>
<tr>
<td>Market Vectors Russia</td>
<td>1.61</td>
<td>USD</td>
</tr>
<tr>
<td>Metals and Mining Index (MICEX)</td>
<td>15.00</td>
<td>RUB</td>
</tr>
<tr>
<td>Broad Market Index (MICEX)</td>
<td>1.04</td>
<td>USD</td>
</tr>
<tr>
<td>RTS</td>
<td>1.06</td>
<td>USD</td>
</tr>
<tr>
<td>State owned companies index (MICEX)</td>
<td>3.28</td>
<td>RUB</td>
</tr>
</tbody>
</table>
DYNAMICS OF THE COMPANY’S SHARES COMPARED WITH THE DYNAMICS OF INDICES, %

BONDS

In 2015, the Company redeemed bonds in roubles:

- On June 18, and 23, 2015, ALROSA redeemed commercial bond issues series 20-23, totalling RUB bn 10, listed at MICEX in June 2010;

- On October 30, 2015, ALROSA redeemed exchange traded bond issues VHULHVŊ2DQGŊ2WRWDOOLQJ58% bn 10, listed at MICEX in October 2012.

COMPANY’S TRADED BONDS AS OF THE END OF 2015

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>ALROSA, 2020</td>
</tr>
<tr>
<td>Currency</td>
<td>US dollars</td>
</tr>
<tr>
<td>Amount</td>
<td>1,000,000.000</td>
</tr>
<tr>
<td>Rate</td>
<td>7.75%</td>
</tr>
<tr>
<td>Date of placement</td>
<td>November 10</td>
</tr>
<tr>
<td>Maturity date</td>
<td>4Q 2020</td>
</tr>
<tr>
<td>Stock Exchange</td>
<td>Irish Stock Exchange</td>
</tr>
<tr>
<td>Issuer</td>
<td>Alrosa Finance S.A.</td>
</tr>
<tr>
<td>Guarantor</td>
<td>PJSC ALROSA</td>
</tr>
</tbody>
</table>
CREDIT RATINGS

The Company was rated by the three world’s major rating agencies Fitch, Moody’s and Standard & Poor’s (S&P).

CURRENT CREDIT RATINGS

<table>
<thead>
<tr>
<th>Rating agency</th>
<th>Rating</th>
<th>Rating assignment date/Rating confirmation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitch</td>
<td>BB / stable</td>
<td>16.10.2015</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>BB- / positive</td>
<td>29.05.2015</td>
</tr>
</tbody>
</table>

In April 21, 2015, Moody’s increased ALROSA’s credit rating up to Ba2. The decision was made against a backdrop of stability in the diamond marker, depreciation in the value of the rouble and sales of diamonds from reserves, which positively affected ALROSA’s financial results, improving the Company’s liquidity indicators in 2015 and aiding the Company’s plans for further decreasing of its debt.

CURRENT HISTORICAL CREDIT RATINGS

Fitch

BB

BB-

B+

B


Moody’s

Ba2

Ba3

B1

B2


Standard & Poor’s

BB

B-

B+

B

INTERACTION WITH THE INVESTMENT COMMUNITY

In 2015, the Company's interaction with the investment community was as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Performance Publication by IFRS</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Conference phone calls relating to the IFRS results</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Publication of reviews relating to the industrial activities</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Investor's Day in London</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Participation in international investment banking conferences</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Visiting industrial facilities in the territory of Yakutia and Arkhangelsk region</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

In 2015, over the course of all the meetings and activities, more than 200 interactions with representatives of the investment community took place.

Based on the results of the XVIIIth annual report competition conducted annually by MICEX, ALROSA's annual report was awarded the Best annual report of a metallurgical and mining sector of the economy and winner of the Best presentation of a strategy and investment attractiveness of the company in an annual report, as well as winner of the Best disclosure of information on corporate governance in an annual report category.

ANALYTICAL COVERAGE

As at the end of 2015, the analytical review of ALROSA's shares was made by 25 investment banks and companies, 13 of which recommended buying ALROSA's shares.

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>To buy</td>
<td>16</td>
<td>19</td>
<td>13</td>
</tr>
<tr>
<td>To keep</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>To sell</td>
<td>-</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>The number of investment banks engaged in analytical coverage</td>
<td>19</td>
<td>22</td>
<td>25</td>
</tr>
</tbody>
</table>

Due to the unstable situation in the diamond market in 2015, some analysts negatively altered their recommendations relating to ALROSA's shares. The majority of the analysts lowered the forecast prices for diamonds in 2015-2016.

However, many analysts continue to view the Company's fundamental characteristics as attractive, owing to low capital expenditure, decreasing debt and the positive effects of a weakening rouble against the US Dollar.
KEY AREAS OF WORK WITH INVESTORS IN 2016

The Department for interaction with the Company's investors in 2016 continues to implement complex measures to increase investment attractiveness and the informational transparency of the Company. The investor interaction plan for 2016 incorporates the following activities:

– 4 conference phone calls with participation of the Company's senior managers based on the results of the report on the financial results of ALROSA in accordance with IFRS for the reporting period;
– preparation and publication of 4 reports on the financial results of ALROSA Group in accordance with IFRS for the reporting period.
– preparation and publication of 4 reports on production results of the ALROSA Group for the reporting period.
– organization and carrying out of the Investor’s Day for shareholders and potential investors in shares and debt securities based on the report on the financial results of ALROSA Group in accordance with the IFRS for 2015;
– organization and carrying out of personal meetings, particularly, with participation of the Company’s senior managers, representatives of shareholders, potential investors in shares and debt securities;
– organization and carrying out of personal and group visiting meetings, particularly, with participation of the Company’s senior managers and representatives of shareholders, potential investors in shares and debt securities in the course of conferences organized by Russian and foreign investment banks;
– organization and conducting of a visit from a group of shareholders and investors' representatives to the Company’s production facilities in Yakutia and Arkhangelsk region.

COMPANY DIVIDEND POLICY

The dividend policy of PJSC ALROSA is based on the following principles:

– Balancing the Company’s and shareholders’ interests in determining the amount of dividends as well as a balance between the shareholders’ short-term (gaining profit) and long-term (Company development and capitalization growth) interests
– Maintaining the Company’s required financial status and ensuring its development prospects
– Enhancing the Company’s investment appeal and its capitalization
– Compliance with the shareholder rights provided for in the current legislation of the Russian Federation, the Company's Charter and its internal documents
– Transparency of dividend calculation and dividend payment mechanisms, which the Supervisory Board and Annual General Meeting are guided by.

In 2013, to increase the investment attractiveness of PJSC ALROSA, the changes to the Regulations on dividend policy were approved. As a result, the minimum level of dividend has been increased to 35% of the net profit distributed based on the consolidated reports made in accordance with the IFRS.

On June 25, 2015, an annual General Meeting of Shareholders of PJSC ALROSA was held in the town of Mirny. In the course of voting, the shareholders adopted a resolution on payment of dividends based on the results of 2014. It was resolved to allocate RUB bn 10.826 for payment of dividends, which amounts to RUB 1.47 per one ordinary share with a par value of 50 kopecks and is similar to the amount of payments made in the previous year.
THE COMPANY’S DIVIDEND HISTORY FOR THE PERIOD FROM 2011 TO 2014

<table>
<thead>
<tr>
<th>Dividend and payout ratio</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of dividend announced per 1 ordinary share, RUB</td>
<td>1.01</td>
<td>1.11</td>
<td>1.47</td>
<td>1.47</td>
</tr>
<tr>
<td>Total amount of announced dividends, mn RUB</td>
<td>7,439</td>
<td>8,175</td>
<td>10,826</td>
<td>10,826</td>
</tr>
<tr>
<td>Payout ratio (share in net profit)</td>
<td>28.09%</td>
<td>25.05%</td>
<td>35.02%</td>
<td>35.02%</td>
</tr>
</tbody>
</table>


KEY PERFORMANCE INDICATORS 2015

15 corporate activities of the Supervisory Committee

117 issues were addressed

20 number of IR-activities

25 investment banks providing coverage

55.94 RUB price of share

FREE FLOAT 23.1%

411,996 bn RUB market capitalization

Rating Fitch, BB / stable (for 16.10.2015)
Rating Moody’s, Ba2 / stable (for 21.04.2015)
Rating S&P, BB- / positive (for 29.05.2015)