

**Appendix 1 to the Regulations ‘On the Procedure and Terms of Sales of Natural Rough Diamonds by OJSC ALROSA’**

**TABLE OF REQUIREMENTS**

Requirement	Compliance Criterion	Target Value	Confirmation Document
<p><b><u>Section 1.</u></b> Legal capacity (including special capacity)</p>	<p>1.1. Due state registration of the business entity.</p>	<p style="text-align: center;">Yes <i>(the business entity duly registered)</i></p>	<p>1.1.1. Certificate of state registration of a legal entity or Certificate of registration in the Unified State Register of Legal Entities of a legal entity registered before July 1, 2002 (for legal entities–residents of the Russian Federation);</p> <p>1.1.2. Certificate of state registration of an individual as an individual entrepreneur or Certificate of registration in the Unified State Register of Individual Entrepreneurs of an individual entrepreneur registered before January 1, 2004 (for individual entrepreneurs–residents of the Russian Federation);</p> <p>1.1.3. Extract from the commercial register of the country of registration or any other equivalent proof of legal capacity in compliance with the laws of the country of registration (for legal entities or individual entrepreneurs–non-residents);</p> <p>1.1.4. Constitutional documents (memorandum and articles of association);</p> <p>1.1.5. Certificate of registration with tax authorities at location (for legal entities or individual entrepreneurs–residents of the Russian Federation) or an equivalent document in compliance with the laws of the country of registration (for legal entities or individual entrepreneurs–non–residents);</p>

		<p>1.1.6. Extract from the Unified State Register of Legal Entities (for legal entities–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue;</p> <p>1.1.7. Extract from the Unified State Register of Individual Entrepreneurs (for individual entrepreneurs–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue.</p>
1.2. Due acknowledgement of authorities of a person acting on behalf of the business entity.	<p>Yes <i>(authorities duly acknowledged)</i></p>	<p>1.2.1. Minutes or another document confirming the election (appointment) of a legal entity’s management bodies (sole (director, general manager, etc.) and/or plural executive body (executive committee, etc.), board of directors/supervisory board, etc.);</p> <p>1.2.2. Duly executed power of attorney (should the documents be signed by a representative of the business entity);</p> <p>1.2.3. Extract from the Unified State Register of Legal Entities (for legal entities–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue;</p> <p>1.2.4. Extract from the Unified State Register of Individual Entrepreneurs (for individual entrepreneurs–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue.</p>
1.3. Special permit (certificate) for transactions with precious stones.	<p>Yes <i>(special permit available)</i></p>	<p>1.3.1. Registration Certificate and Special Registration Card issued by the State Inspectorate for Assay Control under the Russian State Assay Chamber (for legal entities or individual entrepreneurs–residents of the Russian Federation);</p> <p>1.3.2. Document (certificate, license) granting the right to conduct diamond business in the country of registration of legal entities or individual entrepreneurs–non-residents (if the national laws of their country of registration require the same).</p>

	1.4 Activity of the business entity has not been suspended in compliance with an act of the authorized state authority.	No <i>(activity not suspended)</i>	1.4.1. Questionnaire (item 2.1).
	1.5 There are no pending reorganization, liquidation or bankruptcy procedures against the business entity.	No <i>(no pending reorganization, liquidation or bankruptcy procedures against the business entity)</i>	1.5.1. Extract from the Unified State Register of Legal Entities (for legal entities–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue; 1.5.2. Extract from the Unified State Register of Individual Entrepreneurs (for individual entrepreneurs–residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue; 1.5.3 Questionnaire (item 2.2) (for legal entities or individual entrepreneurs–non-residents).
	1.6 The business entity appertains to the member of the Kimberley Process.	Yes <i>(appertains to such a state)</i>	1.6.1. Questionnaire (item 2.3).
	1.7 There are no resolutions of the Kimberley Process, authorized bodies of the executive authority of the members of the Kimberley Process, regarding failure of the business entity to comply with the requirements of the Kimberley Process Certification Scheme for international certification of rough diamonds.	No <i>(no resolutions)</i>	1.7.1. Questionnaire (item 2.4).
	1.8 The business entity complies with the internationally accepted practice of selling natural, synthetic and treated diamonds separately.	Yes <i>(complies with the practice)</i>	1.8.1. Questionnaire (item 2.5).

<p><b>Section 2.</b> Reliable business reputation</p>	<p>2.1 There any no criminal proceedings instituted on the grounds of the essential elements of a crime as stipulated by Section VIII of the Criminal Code of the Russian Federation (or similar essential elements of a crime as defined by the laws of the members of the Kimberley Process), as well as the criminal sentence that came into legal force—with regard to the sole executive body, member of the plural executive body, member of the board of directors (supervisory board), shareholder (participant) of the business entity that holds more than 20 (twenty) per cent of the shares (stakes).</p>	<p>Yes <i>(no criminal proceedings instituted on the grounds of the specified crime components, and no criminal sentence that came into legal force)</i></p>	<p>2.1.1. Questionnaire (item 2.6).</p>
	<p>2.2 The business entity (as well as the affiliated persons (employees) thereof) is not included in the list of organizations and individuals with respect to which there is information on their engagement in extremist or terrorist activities (item 2, Article 6 of the Federal Law of August 7, 2001 No. 115–FZ ‘On Counteraction of the Legitimization (Laundering) of the Proceeds of Crime and the Financing of Terrorism’, or in the similar lists in force in the members of the Kimberley Process.</p>	<p>Yes <i>(not included in the lists)</i></p>	<p>2.2.1. Questionnaire (item 2.7).</p>

<b>Section 3.</b> Financial stability	3.1. Net assets value of the business entity exceeds its authorized capital stock <sup>1</sup> .	Positive net assets value	3.1.1. Interim financial statements (Russian Accounting Standards) for the latest reporting period of the current year; 3.1.2. Interim financial statements (International Financial Reporting Standards) for the latest reporting period of the current year.
	3.2 No judicial proceedings, in which the amount of a claim exceeds in total twenty-five per cent of the book value of the business entity's assets as of the last reporting date, have been initiated against the business entity.	No <i>(no judicial proceedings initiated)</i>	3.2.1. Questionnaire (item 2.8).
	3.3 No property of the business entity, the amount of which exceeds in total twenty-five per cent of the book value of the business entity's assets as of the last reporting date, has been seized.	Yes <i>(property not seized)</i>	3.3.1. Questionnaire (item 2.9).
	3.4 The business entity has no arrears in assessed taxes, dues and other compulsory payments to the budgets of any level or to state extra-budgetary funds as of the last reporting date, the amount of which exceeds in total twenty-five per cent of the book value of the business entity's assets.	Yes <i>(no arrears)</i>	3.4.1. Reconciliation report with tax authorities on taxes, dues, fines and penalties.

<sup>1</sup> Net assets value of the business entity is calculated in accord with the Order of the Ministry of Finance of Russia No. 10n, FKCB RF No. 03-6/pz of January 29, 2003 'On Approval of the Procedure of Assessment of Net Assets Value of Joint Stock Companies'.

<p><b>Section 4.</b> Experience in trade in natural rough diamonds and their end products.</p>	<p>4.1. Production stability is confirmed by: (a) the average annual sales volume of natural rough diamonds during three years preceding the conclusion of a diamond supply agreement; and (or) (b) the average annual sales volume of polished diamonds and diamond jewelry or industrial products from industrial grade diamonds or tools with industrial grade diamonds during three years preceding the conclusion of a diamond supply agreement.</p>	<p>4.1.(a) Not less than USD fifty million; 4.1.(b) Not less than fifty per cent of the total sales volume.</p>	<p>4.1.1. Annual financial statements (Russian Accounting Standards) for three reporting years preceding the conclusion of a diamond supply agreement; 4.1.2. Interim financial statements (Russian Accounting Standards) for the latest reporting period of the current year; 4.1.3. Annual financial statements (International Financial Reporting Standards) for three reporting years preceding the conclusion of a diamond supply agreement; 4.1.4. Interim financial statements (International Financial Reporting Standards) for the latest reporting period of the current year. 4.1.5. Bank statement of account for the latest three years. Should there be more than one bank account, a statement of account shall be provided for each of them; 4.1.6. Certificate on the use of rough diamonds in the form set forth in Appendix 4 to the Regulations ‘On the Procedure and Terms of Sales of Natural Rough Diamonds by OJSC ALROSA’.</p>
<p><b>Section 5.</b> Solvency level sufficient to perform obligations to pay for purchased rough diamonds.</p>	<p>5.1. Current liquidity ratio: (a) Calculation method for RF residents: (Current assets–Non-current receivables) / (Short-term liabilities (excluding Deferred revenue)); (b) Calculation method for non-residents: Current assets/Current liabilities.</p>	<p>Ratio to exceed 1.</p>	<p>5.1.1. Annual financial statements (Russian Accounting Standards) for three reporting years preceding the conclusion of a diamond supply agreement; 5.1.2. Interim financial statements (Russian Accounting Standards) for the latest reporting period of the current year; 5.1.3. Annual financial statements (International Financial Reporting Standards) for three reporting years preceding conclusion of a diamond supply agreement; 5.1.4. Interim financial statements (International Financial Reporting Standards) for the latest reporting period of the current year.</p>

Note: Documents and information in this table are to be provided in the following form:

(a) items 1.1.6, 1.1.7, 1.2.2 – 1.2.4, 1.4.1, 1.5.3, 1.6.1, 1.7.1, 1.8.1, 2.1.1, 2.2.1, 3.2.1, 3.3.1, 3.4.1, 4.1.5, 4.1.6 – originals;

(b) items 1.1.1 – 1.1.5, 1.2.1, 1.3.1, 1.3.2, 1.5.1, 1.5.2, 3.1.1 – 3.1.4, 4.1.1 – 4.1.4, 5.1.1 – 5.1.4 – copies certified by the business entity (foreign legal entities or individual entrepreneurs are also to provide translation thereof in Russian certified by the business entity).