



PJSC ALROSA CODE OF CORPORATE ETHICS

APPROVED

**by the Resolution of the Supervisory Board
of PJSC ALROSA
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**CODE OF CORPORATE ETHICS
PUBLIC JOINT-STOCK COMPANY ALROSA**

2013



PJSC ALROSA CODE OF CORPORATE ETHICS

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1. GENERAL PROVISIONS

- 1.1 The Code of Corporate Ethics of Public Joint Stock Company ALROSA (hereinafter referred to as the Code) is a core document of the Company, setting the key standards, rules of individual and corporate conduct, requirements and principles, aimed at development of the common ethical standards of the Company's activity and conduct of all its employees, members of the Company's management and supervisory bodies.
- 1.2 The Code is the most important part of the corporate governance system of the Company, an instrument, intended to facilitate the achievement of the strategic goals by establishing the common corporate conduct policy, being supported by all employees of the Company regardless of the position they hold.
- 1.3 The provisions of this Code are based on:
 - the requirements of the current legislation of the Russian Federation;
 - provisions of the Charter of the Company; principles of the corporate governance of the Organisation for Economic Co-operation and Development, and
 - generally accepted rules of corporate ethics, including the requirements of the Russian and foreign rules and regulations, setting the best practice of corporate governance and conduct.
- 1.4 The Code is intended to provide executing or taking any managerial decision or action in strict accordance with the legislation of the Russian Federation and complying with the ethical principles, being accepted in business practice.
- 1.5 The sustainable development of the Company in the long-term is impossible without creating confidence on the part of the shareholders, investors, counterparties, employees and the Company in whole. Confidence is achieved through maintaining consistent high standards of ethical business conduct and caring about the people around. In view thereof, the Company considers it important in its business practice and seeks to take into account the socially significant aspects of the activity and responsibility of the Company in respect of all stakeholders to the maximum extent.
- 1.6 Following the ethical standards and principles allows the Company to avoid the unjustified risks, maintain the long-term economic growth, facilitates consolidating its positions in the Russian and international markets, carrying out the successful business activities, increasing capitalization and profits, as well as forming the positive expectations relating to the conduct of the corporate relations' participants.
- 1.7 **The objectives of the Code are as follows:**
 - creating the sustainable corporate culture and system of corporate values, confirmation of the Company's continuing readiness to follow high standards of the business corporate conduct;
 - enshrining the key values, principles, regulations and standards of corporate ethics applied by the managers and employees of the Company in their activities either when making the strategically important decisions or in everyday situations;
 - setting the standards of corporate conduct, determining human relations, relations with employees, business partners, state authorities, public;
 - developing the common corporate culture based on the high ethical standards, maintaining confidence, mutual respect and integrity;
 - determining the common principles for the purpose of preventing any potential conflict of interest;
 - facilitating the effective cooperation with the stakeholders through applying the business conduct practices;
 - the employees' awareness of personal responsibility to the business partners and shareholders of the Company for performance of their employment duties;
 - maintaining and building the confidence in the Company on the part of the investment community, enhancing the reputation of an honest, fair and reliable business partner.
- 1.8 **The primary goals of the Code are as follows:**
 - prevent any conflicts of interest and effectively settle such conflicts (if any);
 - identify and prevent any potential risks, solve the problems that include ethical aspects;
 - facilitate achievement of the Company's strategic goals;



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- direct the employees toward the common corporate values and raise the corporate culture of the Company;
- understanding and applying of the internal corporate ethical standards by the employees in their everyday activities;
- quick adaptation of new employees to the working process and working conditions in the Company.

1.9. Scope of the Code

- The Code shall be applied by the employees of the Company, both in Russia and abroad, taking into account the cultural, social and economic differences, being typical to the countries and regions where the Company carries out (plans to carry out) its activities;
 - the provisions of the Code shall be understood by all employees of the Company as well as by the members of the Company's management and supervisory bodies, but the Code cannot provide comprehensive regulation of all issues related to the business ethics that may arise in the Company;
 - if any issue is not regulated by the Code, as well as in case of any disputes, when the employee or the members of the Company's management and supervisory bodies have any questions or doubts related to his/her or their actions, the actions of his/her or their colleagues, or in respect of correct understanding of the provisions of this Code, he/she or they should address to the line manager;
 - the Company expects from all its subsidiaries and affiliates as well as its business partners to act in accordance with the basic principles of this Code. The Company shall seek to ensure compliance of the agreements, being concluded with the business partners, with the principles set out in this Code;
 - the particular provisions of the Code and the procedure for their implementation are set out in more detail in the internal documents of the Company, including policies, codes, rules, regulations, job descriptions, etc.
- 1.10. The Supervisory Board of the Company is entitled to introduce amendments and additions to this Code, which should not distort the existing standards of corporate ethics, at any time, according to the changes of the Russian and international legislation, the interests of the Company's shareholders and partners, creditors and investors.

2. COMPANY INFORMATION

- 2.1. The Company was established under the Decree of the President of the Russian Federation *On Establishment of Joint-Stock Company Almazy Rossii-Sakha* of February 19, 1992 No. 158C.
- 2.2. The Company is one of the world's largest diamond mining companies. The Company's interests are diverse geographically. The Company provides the livelihoods of the population and the development of many branches of economy of the Russian Federation, the Republic of Sakha (Yakutia).
- 2.3. The shares of the Company are held by several thousands of individuals and legal entities. The Company's activity is associated with the responsibility, both to the shareholders and to the state, to the employees of the Company as well as the third parties.

**TERMS AND DEFINITIONS**

The following terms and definitions are used in this Code:

Term	Definition
Code	Code of Corporate Ethics of PJSC ALROSA (the Code)
Company	Public Joint Stock Company ALROSA, PJSC ALROSA.
Corporate Ethics	Set of ethical principles, rules and standards of conduct of the Company's employees to be followed when performing the employment duties.
Ethical Standards	Moral principles, applied and/or established in the Company.
Corporate Governance	Set of economic and administrative mechanisms by which stock ownership rights are exercised and corporate control structure is formed; the system of interactions between the management bodies of the Company, its shareholders and other stakeholders for the purpose of exercising their rights and legitimate interests.
Corporate Governance Principles	The main provisions regarding corporate governance adhered by the Company in view of the specific nature of its activities and the best Russian and international corporate governance practices. Corporate governance principles of the Company are set by the Company's Corporate Governance Code.
Best Corporate Governance Practices	Generally accepted form of organization and the elements of the corporate governance system that are, inter alia, reflected in the Codes of Corporate Conduct / Governance of the countries all over the world and the methods of assigning corporate governance ratings of the leading international rating agencies.
Corporate Governance Standards, including International	Requirements and recommendations for corporate governance expressed in the regulatory and non-regulatory documents, adopted in the countries recognized as leaders of the investment community, and making the demands to the Company's activities on the following issues: <ul style="list-style-type: none"> ✓ interaction with the shareholders of the Company; ✓ the activities of the General Meeting of Shareholders, the Supervisory Board of the Company, the Company's executive bodies and employees of the Company; ✓ interaction with the stakeholders (parties); ✓ determining of the development strategy and monitoring its implementation (including the creation of effective systems of planning, risk management and internal control); ✓ risk management; ✓ making decisions on significant corporate events of the Company; ✓ prevention of corporate conflicts; ✓ interaction with the external auditors; ✓ internal control; ✓ disclosure of information by the Company; ✓ assessment of the state of corporate governance by the Company.
Subsidiaries and Affiliates	Business entities in which the Company, by virtue of its prevailing interest in the authorized share capital or in accordance with the agreement concluded, or otherwise, has the opportunity to influence the decisions (affiliates) or holds more than 20 per cent of the voting shares or more than 20 per cent of the authorized share capital (controlled companies).
Insider Information	Accurate and specific information that has not been distributed or provided, distribution or provision of which may have a significant impact on the prices for financial instruments, foreign currency and/or goods, one or more financial instruments, foreign currency and/or goods) and which relates to the information included into the relevant list of insider information referred to in Article 3 of the Law on Insider Information.



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Term	Definition
General Meeting of Shareholders	The supreme management body of the Company.
Employees (including Officials and/or Members of the management bodies)	Members of the Supervisory Board, the Chief Executive Officer (CEO) – Chairman of the Executive Committee and members of the Executive Committee of the Company, Deputy Chief Executive Officers, chief engineer, chief geologist, chief accountant as well as the heads of the departments, divisions of the Company's management, the structural units of the Company and their deputies
Line Manager	Manager to whom an employee is liable to account (without involvement of other managers)
Supervisory Board	Collective governing body that performs the overall management of the Company's activities except for the issues referring to the competence of the General Meeting of Shareholders according to the federal laws and the Company's Charter.
Stakeholders	Any persons or groups of persons, whose interests are affected by the Company's activities: shareholders, employees, business partners, consumers, suppliers, etc.
Business Partners	Customers, suppliers, contractors, partner companies or any other individuals and legal entities, having or entering into contractual and non-contractual relations with the Company.
Confidential Information	Information in respect of which the Company lawfully establishes the restricted access regime. The confidential information also includes information constituting a business secret.
Conflict of Interest	Situation when the employee's private interest (direct or indirect) affects or may affect the impartial performance of his/her employment duties and contradiction between the employee's private interest and the Company's legitimate interests arises, which may prejudice the latter.
Corruption	Abuse of official position, giving/accepting of a bribe, abuse of power, commercial bribery or unlawful using by the Company's employee of his/her position otherwise in defiance of the Company's legitimate interests for the purpose of deriving a benefit in the form of money, valuables, other property or property-related services, other proprietary rights for himself/herself or third persons, or unlawful provision of such benefit to such employee by other individuals; or performance of the above-mentioned actions on behalf or for the benefit of a legal entity.
Corporate Conflict	Situation of acute contradiction between the interests of any stakeholders (shareholders, members of the executive bodies), which may lead to the commission of actions beyond the law, damage to the Company's reputation, decrease in the value of the securities of the Company. The Company is committed to prevent and contain corporate conflicts by establishing a system of their settlement and through strict observance of the shareholders' rights to information and participation in the management of the Company.
Third Parties	Any individuals who are not employees of the Company, as well as legal entities not affiliated with the ALROSA Group.
Counterparty	Any legal entity incorporated in accordance with the applicable legislation, with which the Company enters into any contractual (written or verbal) relations, or any individual with whom the Company enters into any contractual relations (except for the employment ones).
Corporate Procedures	Processes implemented in the functioning of the corporate governance relationship between their main parties, being the shareholders, the Supervisory Board, the executive bodies, and the Corporate Secretary. The Company identifies the following main corporate procedures: the activities of the General Meeting of Shareholders, the activities of the Supervisory Board, disclosure of information, entering into substantial corporate transactions (major transactions and interested-party transactions).



Term	Definition
Corporate Secretary	The Corporate Secretary is a full-time employee of the Company responsible for ensuring compliance with corporate procedures by the bodies and employees of the Company.
Control over Financial and Economic Activity of the Company	System of the procedures implemented by the Supervisory Board, the executive and supervisory bodies, officials and other employees of the Company, aimed at providing reasonable assurance regarding achieving the goals by the Company in the following areas: <ul style="list-style-type: none">• effectiveness and efficiency of economic activities of the Company;• reliability and validity of all types of accounts of the Company;• compliance with the requirements of the Russian, applicable foreign and international legislation, regulations and internal documents of the Company.
Social Responsibility	Obligations voluntarily assumed by the Company in the social sphere to improve the quality of the social component of Russian business, such as: complete fulfilment of the Company's obligations to its employees, rigorous payment of taxes and other obligatory payments by the Company, gradual distribution and introduction of non-financial reporting standards and holding a number of other events.
Securities	Shares, bonds, options of the Company and other equity securities placed in accordance with the legislation of the Russian Federation.
Risk Management	One of the elements of the corporate governance system, consisting in determining the risk level for the Company, as well as probability of arising of such risk for the Company with further monitoring of such risks, taking measures aimed at their prevention and remedy of the adverse consequences for the Company. The Supervisory Board, committees of the Supervisory Board and the Internal Audit Department of the Company play a key role in the risk management system.

4. FUNDAMENTAL ETHICAL PRINCIPLES AND VALUES OF THE COMPANY

4.1. The Company's activity is based on the corporate values, allowing it to carry out business in accordance with the highest ethical standards. The Company is aware that its reputation depends not only on strict compliance with the requirements of the Russian, international legislation and protection of the human rights. The Company's reputation and achievements are largely based on the social responsibility and adherence to the ethical standards and rules.

4.2. The Corporate values of the Company are as follows:

4.2.1 Priority of employees' life and health.

The Company's employees constitute the main value and one of the key drivers behind its successful development. Operating many hazardous production facilities, using various hazardous materials in the technological processes, the Company is aware of its responsibility for the protection of life and health of the participants in the production activity. In its business practices, the Company is primarily guided by the priority of the employees' life and health over the production activity;

4.2.2. Social responsibility.

Pursuing a socially responsible business strategy, the Company consistently takes measures to address socially important issues across all the regions where it operates. The Company, being socially responsible, provides charity support, participates in the maintenance of accessible, comfortable infrastructure, and pursues the socially responsible policy in respect of employment and social partnership. The Company believes that due to its efforts aimed at development and implementation of social programs it will be able to demonstrate that it cares about people who live in the regions where it operates, and such efforts will be duly appreciated by the local communities.

4.2.3. Environmental safety.



The Company's business is directly connected with using of our county's natural resources. The production constituent of the Company's activity is confined to mining and processing of natural resources. The increased focus on ecological aspects of the Company's activity is caused by technologically difficult and hazardous production. However reaching high efficiency indices is contingent upon and inseparably connected with the environmental stewardship and strict compliance with the requirements of environmental legislation and international agreements related to environmental protection. Being fully aware of its responsibility to the future generations, the Company seeks to minimize its impact on the environment.

4.2.4. Efficiency.

The Company is aware of its obligations to the shareholders, investors, customers and partners, in view thereof the operating efficiency is a basic value. The Company seeks to continuously increase its operating efficiency, what is facilitated by strategic initiatives of the management and supervisory bodies as well as the Company's shareholders. The Company seeks to boost its profits and business value by focusing on mining that could meet the growing customer demand, expanding production assets, introducing new technologies, increasing its market capitalization. Being employed by the Company implies high labour efficiency, what facilitates maintaining and continuously increasing its marketability as well as expanding its market share. The Company analyses risks associated with its activities and seeks to minimize them. The Company chooses suppliers and contractors according to the impartial requirements and solely for the Company's benefit without prejudice.

4.2.5. Moral rectitude.

The Company not only observes the laws and pursues the objectives to be achieved. It is also important for the Company how and in the name of what it operates. Following its mission, the Company carries out activities on the basis of honesty and fairness, respect and integrity. Negligence and results at any cost are unacceptable to the Company.

4.2.6. Partnership.

The company builds, supports and highly appreciates the established relationships with the business partners and non-governmental organizations. To achieve the highly efficient results is impossible without long-term and mutually beneficial cooperation, mutual respect and responsibility for performance of the obligations assumed. The Company promotes the spirit of partnership and camaraderie among its workforce, motivates the staff to excel.

4.2.7. Legality.

The Company's activity as a whole is based on compliance with the requirements of the Russian legislation as well as legislation of the countries where the Company operates. The Company strictly follows the letter of the law and deems any legal shortcuts unacceptable. The Company constantly monitors the legislation in all areas of its activity, what allows it to promptly respond to its changes and correct the procedure for carrying out the business transactions, if necessary.

4.2.8. Achieving profitability and efficiency.

The Company considers profitability and efficiency of its activity as a duty to shareholders and all stakeholders, and applies all legal means available to it for the purpose of discharging that duty.

4.3. In accordance with the above-mentioned principles the Company establishes relations with the employees, business partners, state authorities and public.

4.4. Principles of the Company.

4.4.1. Strategic flexibility and innovations.

The Company is compelled to operate in difficult conditions when market prices for the products affect the activities aimed at implementation of the strategy. For this reason, the flexible strategic decisions are important for the Company. Any proposal allowing the Company to develop will be considered and assessed taking into account the potential risks.

4.4.2. Focus on strategies and value creation.



The Company shall not deviate from the strategy, be governed by the strategy and focus on fulfilment of the strategic tasks.

4.4.3. Activeness and addiction to work.

The Company unites the people who are highly committed to work, able to work and are active. Each employee (at his/her workplace) contributes to the Company's success, creates value and enables the Company to accomplish the mission. Each employee shall be aware that his/her result is necessary for the Company. The Company will not be able to achieve success without it. And his/her contribution will be remunerated.

4.4.4. Professionalism and team work.

The Company seeks to employ the professionals. The Company encourages team work, puts trust in the employees' professionalism.

5. ETHICAL STANDARDS OF THE EMPLOYEES' CORPORATE CONDUCT

5.1 General provisions

- 5.1.1. The reputation of honest, straight Company, strictly complying with the high standards of corporate ethics, is a formula for its success and prosperity. Following the high ethical principles and maintenance of the Company's reputation are one of the primary objectives to be fulfilled by all the employees. Any violations of the standards and rules of corporate ethics may cause a collapse in confidence in the Company on the part of the business partners and government institutions.
- 5.1.2. Ethical principles set the standards of conduct for each employee of the Company and determine what the Company expects from its employees. Effective introduction and compliance with ethical standards are obligatory for everyone, regardless of the workplace and previous experience. Each employee of the Company shall be responsible for the compliance with these requirements.
- 5.1.3. The Company appreciates work of its employees and considers itself responsible for the creation and maintenance of atmosphere of good will, professionalism, mutual respect, cooperation and stability among its employees. The Company seeks to maintain corporate spirit, uniting all the employees regardless of the position they hold into a team of professionals, pursuing the common objective.
- 5.1.4. The Company sets ambitious goals for itself and is sure that to achieve them nowadays is impossible without continuing professional development and advanced professional training of the employees.
- 5.1.5. The Company considers it necessary to build relations with the employees on a long-term basis, showing confidence and readiness for maintaining of an open dialogue. The Company confirms its pursuit of stability by paying respectable salaries to its employees and providing them with social package, as well as by strictly complying with the requirements of the employment legislation of the Russian Federation.
- 5.1.6. Discrimination, any forms of persecution based on nationality, gender, age, cultural or other factors are unacceptable for the Company.

5.2. Mutual responsibility of the Company and its employees

- 5.2.1. Mutual responsibility means that both the Company and its employees share the common fundamental beliefs and perform their obligations to each other in good faith and with due diligence.
- 5.2.2. The Company considers its responsibility to the employees to consist in the following:
 - pay regular and adequate salary, ensure working conditions which comply with the relevant legislation;
 - ensure adequate level of occupational health and safety in accordance with the legislative requirements and internal documents of the Company;
 - provide social security, medical assistance and other elements of corporate social responsibility within the programs implemented by the Company;
 - build relations with employees on a long-term basis, confide in employees and ensure an open dialogue;
 - develop and improve the systems of training, motivation, labour potential assessment, maintain the employees' creativity and pursuit of self-development, professional advancement, completion of challenging tasks.



- 5.2.3. In its turn, the Company expects its employees to demonstrate mutual responsibility through the following:
- performing the employment duties in good faith and bearing personal responsibility for their performance results;
observing labour discipline and safety regulations;
 - respectful and correct attitude towards colleagues, managers and subordinates;
acceptance of constructive criticism;
 - intolerance to any manifestations of corruption.

5.3. Ethical principles of the Company's employees

- 5.3.1. The Company's employees carry out their professional activities in accordance with the objectives and taking into account the rules adopted for the Company's employees on the basis of:

Professionalism. All business relationship of the Company's employees shall be based on high professional standards, conform to business practices and comply with the law.

Responsibility. Each employee is responsible for his/her actions and decisions and shall not delegate responsibility to other employees. Performing his/her duties and making decisions, each employee assumes great responsibility.

Honesty and impartiality. All managerial decisions and actions of the Company's employees shall be honest and impartial. Biased attitude to the employment duties and colleagues is unacceptable.

Conscientiousness. The Company makes every effort to prevent any situations in which personal interests of the employees, members of the management and supervisory bodies of the Company may be in conflict with the interests of the Company. Any abuse of power for own benefit or for benefit of the third parties, or in prejudice of the Company and its shareholders, shall be excluded and the necessary corporate/approval procedures shall be previously carried out when entering into transactions in which the members of the Company's management bodies showed an interest.

Image and reputation. The employees' managerial decisions and actions shall comply with the objectives of maintaining positive image of the Company. The employees focus efforts on preventing the situations when their actions may affect the business reputation of the Company and its affiliates and controlled companies.

Respect. The Company respects personal rights and interests of its employees, customers' requirements and conditions of cooperation set by the business partners and public. Respect and confidence allow improving labour productivity, by easing bureaucratic and administrative barriers, remaining a dynamic and efficient team. Each employee, regardless of the position he/she holds, shall be sympathetic and respect his/her colleagues.

Confidentiality. The employees ensure integrity and protection of any confidential information, including information, constituting a business secret and insider information of the Company (subject to the requirements of current legislation of the Russian Federation on disclosure of information, insider information and internal documents of the Company), the misuse of which may cause damage to the Company.

Transparency. The employees' activities aim at transparency, providing all stakeholders with true, complete and unbiased information about their activities, subject to compliance with the principle of confidentiality, when it is required and does not contradict the legislation of the Russian Federation.

5.4 Ethical principles of the Company's management

- 5.4.1. The Company specifies particular requirements for its managers at all levels. The Company's management shall demonstrate (by its example) the sample of ethical conduct, be ideological inspirers and 'guides' of corporate culture.
- 5.4.2. The Company's management confides and respect its employees and seeks to build long-term relationship with them according to the Russian employment legislation and on the basis of respect for the human rights.



5.4.3. The Company's management seeks to pursue honest, fair and open policy in respect of its employees, taking into account each employee's individual peculiarities. This policy is applied at all stages of relations with the staff.

5.4.5. Principles and rules of conduct of the Company's management are as follows:

- compliance with the legislation, internal documents of the Company, the terms and conditions of the Collective Bargaining Agreement, agreements and employment contracts;
- ensuring the work safety and working conditions that comply with the safety and health requirements;
- prevention of any discrimination based on gender, political affiliation, religion and nationality in respect of the Company's employees when hiring, paying for work, promoting;
- bringing the targets set to the notice of the Company's employees so that the subordinates clearly understand their purposes, meaning and their role in achievement thereof;
- creating an atmosphere of open business communication, ensuring labour management, contributing to the efficient interaction of the Company's employees and occupational satisfaction;
- delegation of the necessary powers to the subordinates and providing them with independence, exception of inconsiderable care, building relationship with the subordinates as with like-minded persons;
- showing openness to constructive criticism, respect for the opinion of others;
- recognition of effectiveness and priority of adequate types of rewards for employees' labour achievements;
- respect for the rights of the Company's employees to participate in union activities;
- development of an effective system of consultations of the Company's employees on the working conditions and other issues which will directly affect them at the workplace;
- welfare for the Company's employees and their families, including timely remitting by the Company of the obligatory or voluntary contributions to the pension and insurance funds in full;

6. PRINCIPLES OF RELATIONS WITH THE STAKEHOLDERS

6.1. General provisions.

- 6.1.1. The Company's interests are represented by its employees in the relations with external stakeholders (investors, shareholders, the state, suppliers, customers, etc.). For this reason, the requirements set in this section of the Code shall equally apply in respect of the Company and its employees.
- 6.1.2. Due to the fact that the Company's activity is highly influenced by confidence of the counterparties and business partners, as well as other stakeholders, the Company pays particular attention to the maintenance and development of stable and confidential relations with the stakeholders in both short- and long-term.
- 6.1.3. The Company values its reputation and image. The Company's external relations are based on observance of the principles of mutual respect, honesty, integrity and responsibility.
- 6.1.4. The Company adheres to the principle of neutrality in respect of financial and industrial groups, state authorities, political parties and associations.

6.2. Shareholders and investors

- 6.2.1. The Company considers the interests of shareholders as being primary, and makes every effort to meet their expectations and provide decent dividends and increasing the value of the Company's shares.
- 6.2.2. The Company guarantees protection of all shareholders' rights provided for by the legislation of the Russian Federation. The Company endeavours to make the process of their exercise as simple and effective as possible.
- 6.2.3. The Company ensures high profitability of business and due payment of dividends. The Company equally respects for all its shareholders' rights regardless of a number of shares they hold, and adheres to the principles as follows:



- seeks to minimize objectively the existing risk for the investors. In view thereof, it discloses the information about its activity in a proper manner and refrains from the actions which could mislead the investors;
- makes every effort aimed at increasing its own value for the shareholders, avoiding corporate conflicts, ensuring a high level of corporate governance. For this purpose, the activity is primarily focused on the compliance with the requirements set in the Code of Corporate Conduct and other internal documents of the Company.

6.3. Business partners.

- 6.3.1. The Company interacts with the business partners (customers, suppliers, contractors, consultants) on the basis of long-term cooperation, mutual benefit, respect, confidence, honesty and fairness.
- 6.3.2. The business partners' business reputation and public image are important for the Company. It makes responsible choice of suppliers and contractors, paying particular attention to their business ethics. The Company consequently cooperates with the business partners, engaging only in lawful activities.

6.4. State authorities and non-governmental organizations

- 6.4.1. The Company is aware of its special responsibility in view of the interest of the Russian Federation, the Republic of Sakha (Yakutia) in the Company and seeks to serve as a sample of legal and ethical obligations in respect of the state.
- 6.4.2. In the course of interacting with state authorities and non-governmental organizations, the Company adheres to the priority of ensuring a balance between the interests of business, employees, population, living in the regions where it operates, and society as a whole. Being one of the largest diamond mining companies in the world, the Company considers itself responsible for protection of the state interests in efficient use of mineral resources, implementation of innovative technologies, and creation of favourable working conditions.
- 6.4.3. The precondition of the Company's business operations consists in building open, confidential, stable relationship with the state and local authorities. The Company strictly complies with the legislation; being a major employer and taxpayer in the regions where it operates, the Company ensures timely payment of taxes and other obligatory payments in full.

6.5. Relations with mass media.

- 6.5.1. The information about the Company, its activities, functional and structural units, contact information, etc., are available at the Company's corporate website <http://www.alrosa.ru>.
- 6.5.2. The Company ensures compliance with the high standards of interaction with the mass media.
- 6.5.3. The Company's employees shall agree any communication with the mass media representatives (interviews, publications, participation in press conferences, press briefings) with the Company's management within the scope of their competence.

6.6. Affiliates and associate companies

- 6.6.1. The Company is a large corporation, the success of which is achieved through cooperation between the Company and its affiliates and controlled companies.
- 6.6.2. Being a shareholder of its affiliates and controlled companies, the Company respects the interests of other shareholders of the affiliates and controlled companies, their employees and creditors.
- 6.6.3. Cooperation between the Company and affiliates and controlled companies is based on openness, confidence, mutual support, and respect for professionalism of each other.
- 6.6.4. The Company interacts with its affiliates and controlled companies in accordance with the legislation of the Russian Federation, Charter and internal regulatory documents of the Company, charters of the affiliates and controlled companies.

7. CONFLICT OF INTEREST

- 7.1. Conflict of interest arises when personal, social, financial or political spheres of employees' activities lead and/or may lead to a potential loss of loyalty and objectivity towards the Company.



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- 7.2. The Company advises its employees to inform their line manager of a conflict of interest or a threat thereof.
- 7.3. The Company advises its employees to disclose all the information that may cause, directly or indirectly, a conflict of interests.

8. PROPERTY AND RESOURCES OF THE COMPANY

- 8.1. The Company's activity, its business growth and long-term development are based on its property and resources. Consequently, the careful handling of the Company's property, as well as efficient use thereof, is a guarantee of its efficiency. All resources of the Company, such as equipment, commercial and technical information, intellectual property, money, can be used for business purposes only.
- 8.2. All employees are responsible for the Company's property entrusted to them. Protection of the property from stealing, damage or improper use is a direct obligation of each employee of the Company.
- 8.3. Protection of confidential information, as one of the types of the Company's resources, is a prerequisite for maintaining the Company's competitiveness. Disclosure of confidential information may affect the state interests due to the specific nature of the Company's activities. In view thereof, the Company constantly improves the state and business secrets protection systems, and requires that its employees strictly comply with the requirements set out in the local regulatory documents related to the information security.

9. DISCLOSURE OF INFORMATION. INSIDER INFORMATION.

- 9.1. The Company is an open joint-stock company, securities of which are being traded on the Russian stock exchange. Due to its public status the Company is obliged to comply with the requirements for mandatory disclosure of information, set by the relevant regulatory authorities and stock exchange. The Company complies with these obligations, disclosing information through special information disclosure servers.
- 9.2. In addition to mandatory disclosure of information, the Company voluntarily discloses the data, being of substantial significance for the investors and other stakeholders, by publishing them on the corporate website. The Company provides therefore an equal access to the important information for all market players.
- 9.3. The relevant local regulatory documents have been developed and the mechanisms for internal corporate protection have been introduced in the Company, which prevent untimely and improper disclosure of information that may affect the value of securities.

10. ENVIRONMENTAL PROTECTION, HEALTH AND SAFETY

- 10.1. Environmental safety and protection are among the priorities of the Company's activities. Being aware of the extent and complexity of the environmental problems, facing it, the Company intends to reduce consistently and prevent (whenever possible) the environmental impact, arising in the course of carrying out production activities.
- 10.2. The Company considers the activities related to environmental protection as an integral part of its business. For the purposes of enshrining the main ways of implementation of the Company's intents in the field of environmental safety, the Company adopted the Environmental Policy. The Company seeks to make its contribution to the sustainable development of Russia through the efficient use of natural resources and the constant improvement of environmental activities. The Company strictly complies with the requirements of environmental legislation and international treaties, industrial standards and corporate requirements, regulating the Company's activity in the field of environmental protection.
- 10.3. Each employee is responsible for the compliance with the requirements, aimed at ensuring personal safety, safety of the colleagues and environment. It is required to comply with all the laws, rules, regulations and provisions related to environmental protection and occupational safety and health. Each manager is obliged to instruct, support and control the employees' activities related to compliance with the health and safety rules and regulations for the environmental protection.



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- 10.4. The Company maintains the conduct, facilitating improvement in health of its employees and members of their families. The Company constantly develops training, organizational and environmental activities for the purpose of reducing risks, associated with its activity.
- 10.5. The Company develops and applies resource-saving technologies and consistently reduces the impact on the environment and human beings.
- 10.6. The Company is always ready for open dialogue with all stakeholders regarding the environmental protection.

11. COMPLIANCE WITH THE REQUIREMENTS OF THE CODE OF CORPORATE ETHICS AND RESPONSIBILITY FOR THEIR BREACH

11.1. Carrying-out activities within the Company aimed at ensuring compliance with the requirements of the Code.

- 11.1.1. The Company believes that compliance with the provisions of the Code increases the Company's performance, as well as contributes to the development of the productive business relationships with partners.
- 11.1.2. In view thereof, all the employees of the Company, regardless of the position they hold, shall comply with the requirements of the Code when carrying out their professional activities and be responsible for the compliance with the ethical standards provided for therein.
- 11.1.3. An employee may be brought to disciplinary responsibility, or other sanctions may be applied in his/her respect, provided for by the current legislation of the Russian Federation, for any actions or omission, violating the provisions of this Code or derogating from reputation of the Company or its employees. The issue of unsuitability of such employee for the position held may be raised.
- 11.1.4. The Company imposes heightened obligations on the managers of all levels. The managers shall set the pattern of ethical conduct, follow the aspects of corporate culture by own example, clarify the provisions of the Code to their subordinates.

11.2. Compliance with the requirements of this Code.

- 11.2.1. Compliance with the provisions of the Code is an important criterion for assessing the employee's labour activity when conducting performance appraisal, making decisions on the rewarding, professional or career advancement.
- 11.2.3. If an employee has any questions regarding application of the rules and provisions of the Code, or any difficulties in assessing his/her actions and the actions of other employees from an ethical standpoint, he/she shall apply to his/her line manager and/or the Committee for Compliance with Standards of Corporate Ethics and Settlement of Conflict of Interest, if any, for clarification.
- 11.2.4. In its turn, the Company guarantees the absence of adverse consequences for anyone who reported on violations of the provisions of the Code (including any persecution or discrimination). Violation of such report anonymity is a separate breach of the principles of this Code.
- 11.2.5. The Company expects any stakeholder, being not an employee of the Company (e.g., supplier of goods or provider of services for the Company, investor, etc.), to report on such violations, he/she became aware of, on the part of the Company's employee.
- 11.2.6. In case of breach of any provisions of this Code each employee of the Company shall have the right to an impartial investigation of the deviations from the provisions of the Code, he/he made, as well as the right to obtain the results of such investigation and recommendations for prevention of similar violations in the future.

12. FINAL PROVISIONS

- 12.1. The Code shall be approved by the Supervisory Board of the Company and comes into effect on the date of its approval by the Supervisory Board of the Company. All amendments and supplements to the Code (approval of a new version of the Code) shall be introduced under the Resolution of the Supervisory Board of the Company.
- 12.2. The Code is a public document. The Company shall make the Code and all the amendments thereto available at any time at its corporate website: www.alrosa.ru.