

**PJSC ALROSA  
POLICY ON SUSTAINABLE DEVELOPMENT AND  
CORPORATE SOCIAL RESPONSIBILITY**

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## GENERAL PROVISIONS

### Introduction

Public Joint Stock Company ALROSA (hereinafter the Company) as a member of the international community in response to its growing self-consciousness recognizes that:

- the Company business accumulating considerable human and natural resources significantly impacts on the society and environment;
- the public shows its interest not only in the Company's business results but also in the level of its social and environmental responsibility;
- contemporary global trends generate the need of integrating a consolidated view of the international community on sustainable development into the business of Russian companies.

The Company aspires to be a leader in the sphere of sustainable development and observing the principles of corporate social responsibility taking into account best practices from around the world and in line with the UN Global Compact principles, provisions of the International Bill of Human Rights and the UN Sustainable Development Goals (SDGs) for the period until 2030.

The policy on sustainable development and corporate social responsibility of PJSC ALROSA (hereinafter the Policy) is prepared on a voluntary basis and in good faith to announce the Company's stance on integration of sustainable development principles into its activities expressed in the following manner:

- participate in maintaining the sustainability of the global diamond market, national and regional economies, balance the reasonable expectations and interests of stakeholders;
- minimize negative industrial impact on environment, perform rational management of subsurface resources, make efficient use of resources, ensure compliance with international standards in environmental protection and environmental safety;
- take responsibility for occupational health and safety, personnel training and professional development, social and economic well-being of population in the regions where the Company operates, support of local communities, philanthropy and charity.

The Policy is an internal document of PJSC ALROSA summarizing the Company's approaches to activities in sustainable development and also defining the purposes, principles and main areas of the Company's corporate social responsibility.

The Policy is developed with account to the PJSC ALROSA development strategy and is meant to support it and facilitate the implementation of the Company's mission – to be the global leader in diamond production while adhering to the high standards of environmental and occupational safety, social responsibility and corporate governance.

The Policy is developed in accordance with the applicable international norms and regulations and Russian law and takes into account the requirements and recommendations of international standards in corporate social responsibility and sustainable development as well as internal regulations determining the Company's approaches to conducting the socially responsible business.

The policy is made on the basis of and pursuant to:

*International instruments, standards and initiatives:*

- International Bill of Human Rights;
- 1992 Rio Declaration on Environment and Development;
- Principles of the United Nations Global Compact;
- Sustainable Development Goals / Transforming our world: the 2030 Agenda for Sustainable Development (UN General Assembly Resolution adopted on 25 September 2015);

- 2011 UN Guiding Principles on Business and Human Rights;
- Sustainability policy of the International Finance Corporation;
- ILO Convention on Forced Labour / ILO Declaration on Fundamental Principles and Rights at Work;

- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines;
- International standard ISO 26000 Guidance on Social Responsibility;

*Industry standards and initiatives:*

- Kimberley Process Certification Scheme (KPCS);
- World Diamond Council (WDC) System of Warranties;
- Responsible Jewellery Council (RJC) Code of Practices;
- International AA1000 Stakeholder Engagement Standard (AA1000SES) developed by the Institute of Social and Ethical Accountability;
- International SA8000 Social Accountability Standard;
- ISO 14001 Environmental Management Systems international standard;
- OHSAS 18000 international standard, the national standard of the Russian Federation GOST R 54934-2012 Occupational Health and Safety Management Systems – Requirements;
- Sustainable Development Principles of the International Council on Mining and Metals (ICMM);
- Memorandum on Principles of Corporate Social Responsibility of the Managers Association Committee;
- Basic Principles for Environmentally and Socially Responsible Policy of Mining Companies of the World Wide Fund for Nature (WWF);

*Corporate regulations:*

- PJSC ALROSA Social Policy;
- PJSC ALROSA Environmental Policy;
- PJSC ALROSA Policy on Occupational Health and Safety;
- PJSC ALROSA Anti-Bribery and Anti-Corruption Policy;
- PJSC ALROSA Corporate Governance Code;
- PJSC ALROSA Code of Corporate Ethics;
- ALROSA ALLIANCE Guidelines on Responsible Business Practices.

## **Goals**

The goals of this Policy are as follows:

- developing the Company's position on sustainable development and corporate social responsibility and communicating it to the stakeholders;
- integrating sustainable development into the Company's management system and non-financial reporting;
- systematizing the main principles and approaches to corporate social responsibility as the Company's input in achieving the targets of environmental safety, economic development and social stability in the regions of its presence;
- solidifying the reputation of the Company as a responsible business partner.

## **Objectives**

The objectives of this Policy include defining:

- the target areas of the Company in respect of sustainable development and corporate social responsibility;
- the main goals, principles and obligations of the Company on every designated area of corporate social responsibility in line with the concept of sustainable development.

## **Scope**

The Policy applies to all structural units and separately-run subdivisions of PJSC ALROSA (hereinafter the Company subdivisions). The Policy provisions become binding on the Company subdivisions upon its approval.

Organisational, administrative and other corporate documents should be aligned with this Policy.

The Policy and its provisions apply and become binding on ALROSA Group upon its adoption in the companies of the Group under their charters according to their internal procedures.

## **Validity period and amendment procedure**

The Policy is an internal document of the Company of a permanent nature.

This Policy shall come into effect from the date of its approval by the Supervisory Board of PJSC ALROSA.

The Policy may be deemed invalid based on a resolution of the PJSC ALROSA Supervisory Board.

The Policy may be amended based on a resolution by the PJSC ALROSA Supervisory Board.

Amendments to the Policy are initiated by the Executive Committee of PJSC ALROSA.

Control and responsibility over the implementation of this Policy is vested in the Executive Committee of PJSC ALROSA.

## **1. MAIN PRINCIPLES OF THE COMPANY ACTIVITIES IN SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY**

The Company's activities in sustainable development and CSR are based on the following key principles:

### **1.1. Accountability**

The Company assumes accountability for the impact its decisions and activities have on the environment, economy and the society as well as for measures taken to prevent a recurrence of unintended and unforeseen negative impacts.

The Company is willing to openly take appropriate criticism and undertakes to respond to such criticism.

### **1.2. Transparency**

In doing its business, the Company aspires to be transparent in its decisions and activities that impact on the society and environment, accurately and completely disclosing the policy and decisions it is responsible for. The Company seeks to timely disclose information in an accessible and understandable manner, based on facts, in order to enable stakeholders to assess accurately the impact of decisions and activities of organisations on their respective interests.

### **1.3. Ethical behaviour**

The Company adheres to the high ethical standards of open, honest and bona fide business to improve its corporate culture based on international best practices.

In order to establish the core values and ethical principles of the corporate culture, the Company applies standards of ethical behaviour, encourages and promotes their compliance among employees, suppliers, and contractors. The Company aspires to promote ethical behaviour by preventing or resolving conflicts in the organisation that could lead to unethical behaviour.

### **1.4. Respect for stakeholder interests**

High results and efficiency of the Company are largely determined by the level of confidence in it which is based on fair treatment and respect for all stakeholders. The Company respects, takes into account and responds to stakeholder interests. To this end, the Company identifies stakeholders, recognizes and properly takes into account their interests and legal rights and responds to concerns expressed by them. In its activities, the Company strives to observe the balance of interests of all stakeholders.

### **1.5. Compliance with the rule of law**

The Company operates in strict accordance with the applicable legislation. To this end, the Company complies with laws and regulations in all jurisdictions in which it operates, maintains awareness about all legal obligations and periodically reviews its compliance with applicable laws and regulations.

In addition to the current legislation, the Company performs all its obligations in corporate social responsibility and sustainable development set out in its internal documents.

### **1.6. Compliance with international norms of behaviour**

While respecting the rule of law, the Company aspires to comply with international norms of behaviour. In cases where the law or its application does not provide adequate environmental or social constraints, the Company strives to comply with international norms of behaviour.

### **1.7. Respect for human rights**

The Company respects human rights and recognizes their importance and universality. The Company respects and, where possible, promotes rights set forth in the International Bill of Human Rights, respects the universal nature of these rights, takes measures to comply with human rights, and in cases where the law or its application do not provide adequate protection of human rights, follows the UN Guiding Principles on Business and Human Rights. The Company regularly performs human rights risk assessment, provides access to remedy, has an established procedure for submitting and addressing grievances.

### **1.8. Improvement of the corporate governance system**

High quality corporate governance implies the increased transparency and confidence of shareholders. In this regard, the Company strives to improve its corporate governance system, bringing it in line with international best practices.

### **1.9. Design and introduction of innovative technologies**

In order to improve the technological level ensuring efficient use of resources, environmental safety and the cost structure optimization at all production stages, the Company actively introduces new technologies.

Main guidelines in design and introduction of new technologies, innovative products and services, innovations in management, and modernization of existing technologies are improvements in energy efficiency, occupational and environmental safety of core production, increased economic efficiency of the diamond mining.

### **1.10. Taking into account the specifics of the regions where the Company operates**

The Company's operations in sustainable development and corporate social responsibility are carried out with an account of the social and economic, natural, climatic and cultural characteristics of the regions where the Company operates. The scale of these activities is determined by the level of social, environmental and economic problems in the region.

## **2. STAKEHOLDER RELATIONS**

The Company recognizes relations with stakeholders as one of the most essential and indispensable conditions for sustainable development and CSR. This approach enables us not only to strengthen the legitimacy of the Company's decisions, but also creates conditions to meet the interests of various parties, promotes increased mutual understanding, accumulation of experience and improvement of interaction skills.

### **2.1. Stakeholder engagement**

Stakeholder engagement means the activities of the Company's governance bodies, namely:

- identification of stakeholders and their interests and expectations;
- building the dialogue to satisfy mutual interests;
- organisation of events aimed at addressing these issues.

### **2.2. Purpose of stakeholder engagement**

The purpose of regular stakeholder engagement is to exercise the right to be heard for each party depending on the Company's activities or on which the Company depends. The underlying principle of stakeholder engagement is the implementation of the mutual commitments to respond to the announced expectations and interests.

### **2.3. Principles of stakeholder engagement**

Stakeholder engagement in the Company is based on the AA1000SES standard taking into account the following principles:

- *Significance*: The Company has defined a range of key stakeholders as well as their most significant interests;
- *Completeness*: The Company understands the opinions, views, needs and expectations of key stakeholders for the significant matters relating to the Company;
- *Response*: The Company commits not only to be aware of the stated interests and expectations, but also to respond to them.

### **2.4. Main obligations of the Company in sustainable development and CSR regarding stakeholders**

#### *2.4.1. Obligations to shareholders and investors*

The Company as a joint stock company is a commercial organisation aimed at making profit in the interests of its shareholders. The combination of commercial and socially responsible activities obliges the Company to take into account the interests of all shareholders in a maximum balanced way.

Based on the foregoing, the Company's obligations to shareholders are aimed at:

- meeting the expectations of shareholders in the economic activity;
- increasing the long-term capitalization and stability of economic activity;
- increasing the transparency and access to information on all aspects of economic activity;
- considering the views and expectations of shareholders in information disclosed in non-financial reporting.

#### *2.4.2. Obligations to the Company employees*

PJSC ALROSA recognizes that its employees are its partner interested, along with the Company itself, in achieving high economic performance, creating and maintaining harmonious relations between the employer and employees.

The Company determines the following areas of corporate social responsibility to employees:

- respect for human rights and access to remedy;
- comprehensive legal review with regard to human rights to identify, prevent, mitigate and take into account factors of human rights impacts;
- processes to enable remediation of adverse human rights impacts;
- compliance with labour legislation of the Russian Federation;
- ensuring safety, life and health of employees;
- prohibition to engage in, use or support child labour and forced labour;
- improving motivation and compensation payment systems with an account of inflation;
- maintaining the level of social protection, improving the employees' living standards based on additional benefits and guarantees established in excess of the applicable labour legislation of the Russian Federation, including by corporate social programmes;
  - providing material support and social guarantees to employees affected by accidents at work and occupational diseases in the course of employment with the Company;
  - providing material support and social security to vulnerable categories of employees;
  - developing the continuous education system for employees, including facilitating their career growth;
  - applying socially responsible approaches to restructuring and layoffs;
  - countering all forms of discrimination in the workplace and providing equal opportunities;
  - prohibiting all forms of corporal punishment, coercion and intimidation, physical and psychological abuse;
  - respect for the right of employees to associate freely in workers organisations of their choice, without interference or negative consequences to them from the Company;
  - establishing conditions for the participation of employees in the Company management in the forms provided for by the Russian Labour Code, the Collective Bargaining Agreement between PJSC ALROSA and Profalmaz Interregional Trade Union;
  - considering the views and expectations of employees in the information disclosed in non-financial reporting.

#### *2.4.3. Obligations of the Company to the state authorities*

The Company recognizes that it is a major diamond mining company representing the interests of the national diamond mining industry on the global diamond market and is responsible for the social and economic well-being of the regions where it operates, including the main area of its economic activity – the Republic of Sakha (Yakutia). Based on the foregoing, the Company's obligations to the state authorities are aimed at:

- strengthening the position of the Russian diamond industry on the global market;
- timely and fair payment of taxes and fees;
- ensuring employment to establish a favourable social and economic climate in the regions of the Company's business activity;
- combating bribery and money laundering;
- supporting the construction and development of social infrastructure facilities;
- taking into account general public views on corporate social responsibility in preparing the corporate policy in CSR and non-financial reporting.

#### *2.4.4. Obligations of the Company to its business partners*

The Company's effectiveness depends largely on the level and quality of interaction with its business partners (vendors of goods, works and services, consumers of rough and polished diamond products, contractors).

Modern standards of relations between business and the society imply responsibility of companies for the actions of their suppliers and contractors, which is the reason why the Company chooses them carefully. When choosing a business partner the Company is guided by commercial motives as well as a number of non-commercial principles set out in the regulations on corporate activities. Non-commercial selection criteria include:

- compliance with the principles and rights of the labour legislation of the Russian Federation;
- good business reputation and respect for business ethics principles;
- absence of corruption offences;
- compliance with the standards of occupational safety and environmental protection.

In its turn, the Company undertakes:

*in communications with contractors:*

- to use a transparent and mainly open system of contractor selection based on procurement procedures and contracts with transparent pricing;
- to interact with contractors on the basis of long-term cooperation, mutual benefit, respect, trust, honesty and fairness;
- to promote among Company's contractors high standards of business practices, corporate ethics and management at all levels of supply chains;
- to apply Know Your Counterparty (KYC) principles.

*in improvements of the product quality control system:*

- to ensure product quality control at all stages of its production and distribution (extraction, refining, processing, and marketing);
- to launch a quality management system in compliance with the ISO 9001 Quality Management Systems – Requirements;
- to counter any untruthful, misleading or deceptive representation, any material omission of information about products in selling, advertising or marketing.

*in risk management:*

- to ensure effective functioning of the risk management system;

*in improvements of the corporate governance system;*

- to observe the Corporate Ethics Code;
- to increase the information transparency;
- to further work to improve the corporate governance system in compliance with the international best practices.

#### *2.4.5. Obligations of the Company to local communities, the society and its institutions*

The Company, in line with its corporate social responsibility principles, takes on a voluntary commitment to socially responsible participation in the community life. The Company takes a responsible approach to interaction with the municipal authorities, the public and civil society organisations, taking into account its status as the systemic enterprise for settlements in Western Yakutia.

Given the interests of the population in the regions where the Company operates and the main region of its business activities – Republic of Sakha (Yakutia), the Company undertakes to:

- preserve and maintain the traditions of ethnic tolerance and goodwill, respect national traditions;
- ensure the implementation of environmental programmes and organize public hearings on environmental issues;
- support preschool, health, science, culture and sports institutions;
- provide material support to socially important projects and civil society institutions;
- take into account the public opinion and expectations of various social institutions in preparing the non-financial reporting of the Company.

#### *2.4.6. Obligations of the Company to the industry community*

As a member of the diamond market, the Company is actively involved in building mutually beneficial relationships with Russian and international professional and diamond and jewellery industry associations.

Given the member interdependence on the international diamond market, the Company in good faith seeks to fulfil the following obligations to the industry community:

- comply with the principles and collective decisions taken in the framework of cooperation agreements between the Company and diamond and jewellery industry and professional associations, membership in international industry organisations;
- for the sake of the diamond industry development, participate in the development of projects, joint decisions and discussions of legislative initiatives to advocate industry interests in the framework of membership in international industry organisations;
- comply with intergovernmental regulatory mechanisms and industry self-regulation systems aimed at preventing conflict diamonds from entering the global diamond market to provide consumers with a guarantee of the non-conflict origin of diamonds;
- adhere to international responsible business standards.

### **3. MAIN AREAS OF THE COMPANY ENGAGEMENT IN SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY**

The Company adheres to sustainable development principles in environmental, social and economic spheres. To assess the effectiveness of sustainable development and corporate social responsibility, the Company has identified the following key areas:

- 3.1. Environmental responsibility;
- 3.2. Occupational health and safety;
- 3.3. Human resources management;
- 3.4. Support to local communities;
- 3.5. Economic efficiency;
- 3.6. Philanthropy.

#### **3.1. Environmental responsibility**

The Company, understanding the scale of impact mining exerts on environment and the health of the population in the regions of its operations, recognizes environmental responsibility measures as a top priority of its activities and strives not only to ensure the necessary level of environmental safety, but also to implement measures to prevent negative effects.

The environmental and resource saving activities of the Company are comprehensive and include solutions of core production problems along with a number of issues of regional importance.

##### *3.1.1. Goals*

The main Company goals in environmental protection are accepting the responsibility for the consequences of its activities and reducing their negative impact. Mitigation of damage caused by mining as well as the rational use of mineral resources and energy are the priorities for the Company.

##### *3.1.2. Principles*

CSR in environmental protection means the implementation of the following principles:

- presumption of the potential negative impact of mining activities on the environment, people's living standards and health;
- strict compliance with the requirements of the Russian legislation in environmental protection and safety;
- environmental audit and the introduction of an environmental management system;
- priority to preventive measures over measures to eliminate negative environmental impact;
- implementation of responsible exploration and mining practices, as the starting point for the supply chain, using best safety-wise mining techniques available;
- assessment of seismic, geological and/or climatic conditions while work planning;
- meeting special environmental conditions when mining in natural protected areas;
- safety control of the production process and monitoring the natural environment in recovery areas;
- environmentally-friendly waste disposal;
- responsible methods of mine rehabilitation and/or closure;
- responsibility for environmental pollution and compensation of damage;
- prevention of accidents and mitigation of their consequences;

- consideration of the interests and dialogue with local communities and indigenous people, with respect to any industrial recovery operations impacting on their places of traditional habitat and use of natural resources;
- conservation of biodiversity, protection of animals and plants listed by the IUCN as threatened with extinction;
- freedom of access to and openness of environmentally relevant information.

### *3.1.3. Obligations*

Main obligations of the Company as a part of its environmental responsibility and in accordance with the above principles are contained in the PJSC ALROSA Environmental Policy.

Key areas for the implementation of the Company's environmental responsibility are as follows:

- water use and protection of water bodies;
- protection of atmospheric air;
- responsible management of waste from production and consumption;
- efficient consumption of power and power saving;
- environmental monitoring.

## **3.2. Occupational health and safety**

### *3.2.1. Goals*

Occupational health and safety of employees is the main priority for the Company in its production activities. The Company's strategic goal is to eliminate accidents in production operations. The management of PJSC ALROSA fully recognizes the responsibility for the creation of safe working conditions and ensuring occupational safety.

### *3.2.2. Principles*

In its occupational health and safety protection policy, ALROSA implements a comprehensive approach based on the following principles:

- Priority of safety – any production task must be viewed from the perspective of safety of its fulfilment. If safety comes into conflict with operational tasks, these tasks must be reviewed or cancelled.
- Responsibility of managers –the management (of the Company, of its production facilities) bears the responsibility for safe execution of work. Every employee is responsible for his or her personal safety.
- Inadmissibility of injuries and accidents – we consider any injury or accident as an emergency that reveals problems in the Company's management systems and safe working procedures.
- Openness and honesty – deception and hiding of information related to protection of health and safety are inadmissible and considered as a grave violation.
- Involvement – every employee from the CEO to ordinary workers must be involved in solving problems of occupational health and safety.

### *3.2.3. Obligations*

Based on the above principles, the Company adopts the following commitments:

- compliance with laws and regulations in the field of occupational health and safety;
- providing safe working conditions for employees of the Company;
- engagement of staff into working out and implementation of activities aimed at professional risk reduction;

- continuous improvement of the occupational health and safety management system.

All obligations embraced by the Company to ensure employees safe working conditions are set forth in the Collective Bargaining Agreement between PJSC ALROSA and Profalmaz Interregional Trade Union of PJSC ALROSA Employees (public organisation).

### **3.3. Human resources management**

The main approach to personnel management in the Company is the assessment of human resources as a strategic competitive advantage. The Company recognizes that the highest level of staff efficiency, their experience in harsh climatic conditions, the continuity of generations, professional dynasties and a special corporate spirit form a unique human capital that is necessary to develop and maintain.

#### *3.3.1. Goals*

Main goals of the Company's activities in human resource management are the professional and personal growth of employees, preservation and maintenance of the employees' health, the establishment of a sense of corporate commitment and loyalty to the interests of the Company.

#### *3.3.2. Principles*

The Company implements CSR measures in human resources management based on the following principles:

- the priority of maintaining the employees' living standards;
- the priority of retaining and improving the employees' health;
- social partnership between the Company and its employees stated in the Collective Bargaining Agreement;
- respect for human rights, the culture, customs and values of ethnic and other social groups in the structure of the Company's personnel;
- equal opportunities for professional growth and career development of its employees, regardless of their gender, nationality and other characteristics;
- formation of the personnel composition, including taking into account the specifics of the city-forming nature of the Company business given the territorial remoteness of the Company mining facilities in Western Yakutia.

#### *3.3.3. Obligations*

In this CSR area, the Company voluntarily assumes the following obligations:

- provide a decent level of wages and social benefits and guarantees, additional to those guaranteed by the Labour Code of the Russian Federation;
- facilitate the professional, career and personal growth of employees, including by introducing an efficient system of training, retraining and advanced training of employees;
- ensure the implementation of social programmes for health, improvement of living conditions, additional corporate pensions, covering not only the employees but also their families, and the retired employees of the Company;
- facilitate vocational guidance work with secondary school students and provide vocational and technical training for young people in accordance with the needs of the Company.

All CSR obligations accepted by the Company in respect of its employees are set forth in the norms of the Collective Bargaining Agreement between PJSC ALROSA and Profalmaz Interregional Trade Union of PJSC ALROSA Employees (public organisation) and the PJSC ALROSA Social Policy.

### **3.4. Support of local communities**

The Company actively implements and supports programmes of social and economic development of the regions where it operates. The Company implements a coherent regional policy among the municipalities (uluses) – shareholders of the Company, based on the principles of responsibility for the social and economic situation in the region of its presence, ensuring employment and improvement of living standards in the Republic of Sakha (Yakutia).

#### *3.4.1. Goals*

The goal of the Company's participation in the life of local communities is to create a favourable social environment in the regions of its presence, and to support socially important values and social institutions.

#### *3.4.2. Principles*

Support of local communities is implemented in compliance with the following principles:

- strengthening social relationships and readiness to collaboration, development of a sense of community identity and common interests, and countering social exclusion;
- trust, solidarity, partnership, mutual respect and compliance with law;
- engagement with local communities with due consideration of their rules of behaviour and traditions;
- analysis and control over Company's influence on local communities;
- ensuring that the views of local communities influenced by the Company's activities are taken into account.

#### *3.4.3. Obligations*

In this area, the Company assumes the following obligations:

- to realize targeted programmes of regional development and support social initiatives;
- to maintain and develop social infrastructure in the regions of its presence, including in the framework of agreements on social and economic cooperation signed with the regional authorities;
- to introduce mechanisms of ongoing cooperation with local communities and other stakeholders;
- to engage in a constructive dialogue with local communities to assess the situation and implement appropriate measures to help meet the interests and expectations of parties.

The Company obligations to support local communities are set forth in the PJSC ALROSA Social Policy, are fixed in agreements on cooperation of PJSC ALROSA with the municipalities of the Republic of Sakha (Yakutia) under the Sub-programme on Regional Development, Charitable and Sponsor Support.

### **3.5. Economic efficiency**

A long-term economic growth is a priority target for the Company as both a business structure and a participant in regional, national and global economic processes.

The Company, which integrates the UN sustainable development goals and principles for the period until 2030, understands that the economic efficiency of business ensures the availability of financial resources allocated, in particular, to the implementation of CSR as a contribution to sustainable development, and thereby being a development platform of the Company and also the external environment in which it operates.

### *3.5.1. Goals*

The goal of the Company's economic efficiency in the context of sustainable development is to maintain the stability and development of the global diamond industry, national, regional and local economies.

### *3.5.2. Principles*

The key principles ensuring the Company's economic efficiency are:

- the balance of the interests of various stakeholders;
- alignment of economic goals with the strategic guidelines of the Company;
- constructive interaction with industry partners, respect and support for collective decisions on the development of the diamond industry;
- appropriate disclosure of information about rough and polished diamonds, including to the consumers;
- combating bribery and corruption as a business practice in all operations of the Company;
- systemic approach when contributing to making changes and amendments to the economic policies of the Company (accounting, tax, sales, marketing, etc.) in accordance with obligations and strategic objectives of the Company.

### *3.5.3. Obligations*

In order to ensure the stability and development of the diamond industry, national, regional and local economic systems, the Company assumes the following obligations:

- to fulfil the obligations on supplies of rough diamonds in good faith;
- to ensure the implementation of appropriate measures to stabilize any emerging crisis on the global diamond market;
- to have systems in place to ensure that the provenance claims are valid and supported by evidence;
- to implement obligations on tax and fee payment in good faith.

## **3.6. Philanthropy and Sponsorship**

The Company supports philanthropic traditions in an effort to create a comfortable internal and external social environment. Activities in social investment to society are aimed at providing a voluntary help and help based on the co-financing of other non-commercial projects, assistance to children and children's institutions, institutions of science and education, culture, art and sports, social infrastructure in the regions where the Company operates, and other socially important non-profit projects.

### *3.6.1. Goals*

The goal of the Company's philanthropic and charitable activities is to resolve social problems and provide opportunity for socially acceptable living standards for those groups of people that due to social risks cannot exercise their social rights themselves.

### *3.6.2. Principles*

Philanthropic and sponsor activities are implemented in compliance with the following principles:

- high social importance of sponsored projects;
- targeted financial assistance and sponsorship;
- collective decision-making on financial assistance or sponsorship;
- priority of interests of mass beneficiaries;
- transparency, accountability and targeted use of funds received by beneficiaries.

### *3.6.3. Obligations*

In this area, the Company adopts the following obligations:

- to carry out charitable activities in the socially important areas, on the basis of the targeted programmes of financial and sponsorship assistance;
- to carry out social support and protection, including improvement of the financial standing of low-income groups, social rehabilitation of the unemployed, disabled and other people.

#### **4. FINAL PROVISIONS**

To ensure balanced development, the Company intends to provide, without limitation:

- the comprehensive implementation of the Policy on Sustainable Development and Corporate Social Responsibility in harmony with other policies and procedures;
- resources necessary to implement the Policy on Sustainable Development and Corporate Social Responsibility;
- continuous improvement of the processes in sustainable development and corporate social responsibility to achieve the best practices level;
- maximum possible transparency and openness of non-financial activities;
- promotion of responsible business practices among the main business partners.

The success of the Company in its contribution to achieve the Sustainable Development Goals depends on the active involvement of stakeholders in the implementation of this Policy, in connection with which the Company pays and will pay great attention to informing stakeholders about current and planned activities in sustainable development, as well as obtaining feedback and responding to it.

## 5. TERMS AND DEFINITIONS

The following terms used in the Policy shall have the meanings so indicated:

**Sustainable development** is a concept of the world community development suggested by the UN and under which the needs of the present generation should be met without compromising the ability of future generations to meet their own needs.

**Corporate social responsibility** is the responsibility of an organisation for the impact of its decisions and activities on the society and environment through transparent and ethical behaviour which facilitates sustainable development including the health and well-being of the society; takes into account expectations of stakeholders and corresponds to the current legislation and complies with international norms of behaviour; is integrated into the business of the whole organisation and applies in its relations.

**Stakeholders** are individuals or legal entities or groups of persons (employees, clients, representatives of business, civil society, state authorities, local communities, trade unions, etc.) to a certain extent involved into the activities of the organisation affecting the business results of the organisation and/or affected by it.

Based on the criteria recommended by the AA1000(SES) international standard the Company's stakeholders include:

- shareholders;
- investors and financial society;
- employees and Profalmaz Interregional Trade Union of PJSC ALROSA employees;
- federal and regional state authorities;
- local communities (local authorities, population and public organisations);
- business partners (suppliers, contractors);
- clients;
- global and Russian diamond industry community;
- media.

**Industry community** is a group of individuals or legal entities, including Russian and international associations, whose main activity is focused on the diamond sector and related to common global messages and goals.

**Human rights** are rights inherent to all human beings, whatever their nationality, place of residence, sex, ethnic origin, colour, religion, language, or any other status. Human beings are all equally entitled to their human rights without discrimination. These rights are all interrelated, interdependent and indivisible.

**Discrimination** shall mean any distinction, exclusion, restriction or preference based on race, colour, sex, language, religion, political or other views, ethnic or social origin which has the purpose or effect of nullifying or impairing the recognition, enjoyment or exercise, on an equal footing, of human rights and fundamental freedoms.

**The environment** is the natural environment where an organisation functions, including earth, subsurface, surface, open water, groundwater, open air, flora and fauna, other organisms, the atmosphere layer and the near-Earth space as well as their interconnection.

**International norms of behaviour** are expectations of socially responsible organisational behaviour derived from customary international law, generally accepted principles of international law, or intergovernmental agreements that are universally or nearly universally recognized.

**Regions where the Company operates** are the regions of Russia with their separate administrative and territorial units where ALROSA's structural and separately-run subdivisions, branches and representative offices are located.

**A non-financial report** is a form of reporting documents reflecting non-financial results of PJSC ALROSA activities for the reporting period, a revision and monitoring tool of the organisation activities in economic, social and environmental fields as well as the way to inform stakeholders of the goals achieved.

## **6. NAMES AND ACRONYMS**

**PJSC ALROSA** – Public Joint Stock Company ALROSA with all its structural subdivisions, branches and representative offices

**ALROSA Group** – a family of legally independent companies consisting of Public Joint Stock Company ALROSA and a number of affiliates and controlled companies

**CSR** – corporate social responsibility

**IUCN** – the International Union for the Conservation of Nature

**UN** – the United Nations Organisation

**AA1000 (SES)** – the international Stakeholder Engagement Standard

**GRI** – the Global Reporting Initiative

**ICMM** – the International Council on Metals and Mining

**ISO** – the International Organisation for Standardization

**ISO14001** – Environmental Management Systems international standard

**OHSAS 18000** – Occupational Health and Safety Management Systems international standard

**SA8000** – Social Accountability 8000 international standard

**WWF** – the World Wide Fund for Nature