



# **Local communities and indigenous peoples**

Response to the Church of England  
Pensions Board and ACSI

December 23, 2020

## Question #1

**Your approach to relationships with First Nations and Indigenous stakeholders, including which of the international standards you follow, the policies and processes you currently have in place and how they operate in practice.**

### ALROSA's answer

At ALROSA we are convinced that the only way to make an integral contribution to our community is to reinforce our strategy of open and transparent communication directly with people living in the regions of our operations. This is how we can make contributions arising from a collaborative dialogue that accurately interprets the requirements for harmonious development and mutual benefit.

ALROSA has been operating in the region since 1954 and is historically the city-forming employer at several settlements. Thus, ALROSA accepts its exceptional responsibility for the region and local communities, incl. indigenous people. We want to be regarded as a partner of choice for indigenous peoples, where our relationships contribute to economic empowerment, social development needs and cultural wellbeing.

While carrying out our production activities in the territories of indigenous small-numbered peoples, we guarantee their rights in accordance with laws and regulations of the Russian Federation<sup>1</sup>, the substituent entity of the Russian Federation<sup>2</sup>, generally accepted international law principles and standards.

ALROSA has an internal regulation On Traditions of the Local Population Residing in the Republic of Yakutia, Basic Principles and Rules of Conduct of ALROSA Staff that binds upon the Company's employees.

When planning the construction of facilities in the territories with the status of areas of traditional resource use, socio-economic research is made to ensure the preservation of favorable living environment for the indigenous population. Such research includes study of the social sphere (size, ethnic composition of the population, employment, settlement system and population dynamics, demographic situation, standards of living); biomedical, sanitary and epidemiological research; inspection and assessment of the state of architectural, historical and cultural monuments.

All design documentation of capital construction and/or reconstruction facilities for production waste disposal (dumps, tailings facilities, landfills, etc.) undergoes a stage of public discussions and hearings among the local population. For at least two months (one month before and one month after), the Company accepts feedback, comments, suggestions from all participants in public hearings. A prerequisite for public hearings is to hold them in the administrative district where such facilities are planned to be constructed. Not only projects go through public discussions, but also statements of work as a factor in the primary assessment of public opinion on the works to be undertaken.

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<sup>1</sup> Federal Law dated 30/04/1999 No. 82-FZ On the guarantees of the rights of indigenous small-numbered peoples of the Russian Federation

<sup>2</sup> Law dated 01/03/2011 897-Z No. 715-IV On the protection of native habitat, traditional way of life, economic activity, livelihood and crafts of the indigenous small-numbered peoples of the North of the Republic of Sakha (Yakutia)

## Question #2

**Governance frameworks, including how the board oversees the issues, where responsibility lies for the management of relationships with relevant First Nation or Indigenous peoples and how you assess the effectiveness of processes for incorporating these views (including appropriate KPIs).**

### ALROSA's answer

ALROSA's Supervisory Board (that has 6 representatives of the Republic of Yakutia and "diamond province" uluses (municipal districts of the Republic of Yakutia) which are the homeland for the most of the Group's operation) and CEO – Chairman of the Executive Committee make decisions on all key issues, incl. the conclusion of agreements with the Republic of Yakutia. CEO is also responsible for implementation of Group's strategy, including ESG matters.

On a day-to-day basis, several senior managers of ALROSA are in charge of interaction with indigenous small-numbered peoples:

- Deputy Chief Engineer for environment and work with indigenous peoples of the North - Head of ALROSA Ecological Center
- Head of ALROSA Social Security and Regional Development Department.

Key performance indicators are ALROSA's achievements in a number of social projects, in particular:

- 1) **Local personnel into Industry.** The priority republic project "Local personnel into Industry" has been underway since 2018 in accordance with the Agreement on Mutual Cooperation on the Implementation of the Priority Project of the Republic of Yakutia for 2018–2022. The agreement establishes quotas according to which ALROSA jointly works with employment centers, and local residents receive referrals to work at the Company. Within this project, 1,392 residents of the Republic of Yakutia were employed in the Company in 2019, including 301 young (less 30 years old) specialists. In 2019, 12% of the personnel were indigenous people.

In 2019, on the basis of the ALROSA Personnel Training Center, 13 people underwent vocational training and received additional vocational education, and 19 young specialists completed internships in the Company's structural divisions. Within the Agreement, there are various employment activities targeted at unemployed citizens of the Republic of Yakutia, including those from rural areas. Together with the State Employment Committee and Employment Center, representatives of ALROSA held job fairs throughout 2019. They took place in a number of Yakutian cities and attracted more than 2,000 locals. To perform certain and temporary work at the production facilities under construction, the Company engages qualified workers on a rotational basis with the obligatory involvement of local labor resources, including representatives of the indigenous peoples of Yakutia.

- 2) **Agreements with uluses (municipal districts of the Republic of Yakutia).** As part of the Regional Development, Charity and Sponsorship Program, there is an Agreement on Mutual Cooperation for 2011–2021 (expected to be extended for 2022-2025) with 9 uluses of the "diamond province" in the Republic of Yakutia — Mirny, Verkhnevilyuisk, Olenyok, Anabar, Suntar, Vilyuisk, Lensk, Nyurba, and Kobyay. Key areas of assistance include:
  - construction and repair of social facilities;

- purchase of agricultural equipment for building materials;
- development of domestic reindeer husbandry and support of traditional hunting;
- support of the indigenous peoples of the North.

In 2019, the Company allocated RUB 83 mn (\$1.1 m) for these purposes.

- 3) **The Olenyoksky district.** With the beginning of the development of the Verkhne-Munskoye ore field in 2015, the Company started the industrial and socio-economic development of the Olenyok Evenki National District in the Republic of Yakutia. The main population of the district are Evenks, Yukaghirs and Nganasans (Mayats), who practice a nomadic way of life in connection with the traditional craft — reindeer herding. During a meeting with local residents held by representatives of the Company, the management of the Udachny Division of ALROSA declared their readiness to provide the population of the national district with jobs in the mining industry, and, therefore, provide them with a stable income and social guarantees. By filling the budget of Olenyok ulus with tax revenues, the company can significantly increase the standard of living of the local population and give an impetus to the socioeconomic development of the region. The Company entered into the Agreement on social and economic cooperation with the Oleneksky Evenki National District in the Republic of Yakutia for 2019–2023. Targeted financial assistance from ALROSA is directed to the development of the district — the construction and repair of social facilities, the development of domestic reindeer husbandry, support for the indigenous small-numbered peoples of the North, and support for traditional hunting. In 2019, the targeted contribution of ALROSA amounted to RUB 100 mn (\$1.4 m).
- 4) **The Nurbinsky district.** For the purposes of social and economic development, when ALROSA exercises the right to use subsoil in the territory of the Nyurbinsky district, the Agreement on Cooperation in the Field of Socio-Economic Development of the Nyurbinsky District of the Republic of Yakutia for the period 2019–2021 is in force. The company directs targeted financial assistance for the construction and overhaul of social facilities (kindergartens, schools, sports facilities, roads and bridges, water treatment facilities, hospitals, etc.). The list of objects is determined according to the development strategy of the Nyurbinsky district in agreement with the Government of the Republic of Yakutia. In 2019, the targeted contribution of ALROSA amounted to RUB 325 mn (\$4.5 m).
- 5) **COVID-19.** The COVID-19 pandemic announced by WHO provide us another opportunity to make a positive contribution and support to the region of operations in addition to a number of measures aimed at ensuring the safety and health of employees (provision of protective equipment, organization of workplaces, remote work for administrative personnel, disinfection of premises, organization of employee testing, etc.). About RUB 1 bn (\$14m) were invested during 2020. The Company has been supporting hospitals in key cities of the Republic of Yakutia (Mirny, Aikhal, Lensk, Udachny, Yakutsk) since the announcement of a high-alert regime in March 2020. The funds allocated by ALROSA were used, among other things, to purchase ventilators, medicines, disinfectants and personal protective equipment, consumables, and reagents for detecting COVID-19. The Company donated several tens of thousands of coronavirus testing kits to the Yakutsk and Mirny laboratories as charity.

### Question #3

**Specific action you have taken to identify and manage the risks across your business. For example, review of policies and procedures, company culture; and relevant agreements and dispute resolution processes to ensure they both comply with relevant laws and meet broader community expectations. We expect that among other things, companies will wish to review their agreements, taking into account confidentiality clauses, the genuineness of consent and negotiation practices (including relative negotiating power), and review/grievance mechanisms.**

### ALROSA's answer

ALROSA has ongoing dialogue with the local community and we are always aware of the topics that interest people the most. Furthermore, Yakutian government and "diamond province" uluses (districts) are shareholders of ALROSA, owning 33% of shares in total, and have their representatives at the Board (6 out of 15 members). This is another instrument to guarantee local communities and indigenous people are heard.

ALROSA has long-term sustainable practice of providing socio-economic support through contractual relations and long-term agreements. Key documents are:

- 1) Agreement for Socio-economic Development of the Republic of Sakha (Yakutia) signed in 2011 (valid for 10 years and expected to be extended for 2022-2025) on ALROSA's participation in the programs and projects of socio-economic development, interaction of the parties in the mobilization of material and intellectual resources.
- 2) Agreement on cooperation with nine Municipal entities of the Republic of Sakha (Yakutia) signed in 2011 (valid for 10 years and expected to be extended for 2022-2025) on strengthening and enhancing the links in social, cultural and spiritual spheres.
- 3) Agreement on cooperation in the implementation of the key project of the Republic of Sakha (Yakutia) Local Staff in the Industry signed in 2018 (valid till 2022).

ALROSA is doing its best to make zero negative impact on local communities and native people, but if this happens, independent ethnological auditor is hired. Auditor conducts an independent assessment of the impact on the ethnological environment and rights of indigenous peoples in the territories of traditional residence and traditional economic activity. ALROSA makes compensation and indemnity payments in line with the reported number.

ALROSA has successfully launched the <http://care.alrosa.ru> web portal (available just in Russian), where information about social and environmental projects is provided, and all the questions can be asked as well. Similar feedback can be provided through the ALROSA Ecology Center Instagram account @ecology\_alrosa.

Such people-oriented approach allows ALROSA to exclude social and legal risks while building constructive communication between local communities and the Company.

At the same time, ALROSA builds solid relationships not only in the region of its presence, but on a nationwide scale as well. Key document on a national level: Agreement on Interaction and Cooperation between the Federal Agency for Ethnic Affairs of Russia and PJSC ALROSA signed in 2019. It works out effective patterns and cooperation in preservation of the traditional way of life of the indigenous small-numbered peoples of the Russian Federation and promoting development of cooperation of representatives and associations of indigenous peoples, local management bodies and industrial companies.

#### **Question #4**

**How you intend to disclose in relation to the action contemplated at Questions 1-3 above.**

#### **ALROSA's answer**

The information on the development of the region where the company operates, contribution to the development of infrastructure and economy of the region where the Company operates, charitable projects and sponsorship, job creation efforts, support of indigenous and small-numbered peoples is disclosed in the annual Sustainable Development Report prepared in line with the global standards for sustainability reporting (GRI Standards) and published with open access at ALROSA's website. [Link to the CSR report 2019](#).

#### **Question #5**

**Where relevant, the company's position regarding potential legislative changes of Indigenous heritage laws in Australia.**

#### **ALROSA's answer**

ALROSA has no production facilities or any other businesses in Australia.