

**APPROVED**

by the Supervisory Board  
of PJSC ALROSA  
on September 25, 2013  
Minutes No. A01/202-PR-NS

**PJSC ALROSA  
POLICY  
on Countering Bribery and Corruption**

**2013**

## CONTENTS

1.	GENERAL PROVISIONS.....	3
2.	BASIC PRINCIPLES OF COUNTERING INVOLVEMENT IN CORRUPTION ACTIVITIES .....	4
3.	MAIN DIRECTIONS OF ACTIVITY TO COUNTER INVOLVEMENT IN CORRUPT PRACTICES .....	6
4.	SYSTEM TO COUNTER INVOLVEMENT IN CORRUPT PRACTICES .....	8
5.	MONITORING AND REPORTING .....	9
6.	RESPONSIBILITY FOR NON-COMPLIANCE .....	9

## **1. GENERAL PROVISIONS**

### **1.1 Purpose and objectives of the Policy**

- 1.1.1 PJSC ALROSA Policy on Countering Bribery and Corruption (hereinafter referred to as the “Policy”) shall be the main document establishing the key objectives, principles and requirements adopted by PJSC ALROSA (hereinafter referred to as the “Company”) regarding countering involvement in corrupt practices and compliance with the requirements of the applicable anti-corruption legislation of the Russian Federation and other applicable rules of anti-corruption legislation of other jurisdictions.
- 1.1.2 The adoption of the Policy and the implementation of measures to counter involvement in corrupt practices shall contribute to ensuring the legality, transparency and openness of the Company’s activities for all those concerned.
- 1.1.3 The Policy shall determine the tasks, the ways of their solution and the fundamental principles of countering the involvement of the Company in corrupt practices, as well as ways to mitigate the risk of involvement in corrupt activities.
- 1.1.4 The Policy shall be a publicly available document and posted on the Company’s official website.
- 1.1.5 This Policy has been developed for the purposes of:
- ensuring uniform understanding among Employees and members of the Company's management bodies, shareholders, investment community and other persons of the Company's rejection of corrupt practices in any forms and manifestations;
  - mitigating the risk of involvement of the Company in corrupt activities.
- 1.1.6 This Policy shall be aimed at:
- ensuring compliance of the Company's activities with the requirements of the applicable anti-corruption legislation and providing information channels within the Company to report on the facts of corruption;
  - summarizing the basic requirements of the applicable anti-corruption legislation and establishing the key principles and requirements of the Company regarding countering corruption, as well stating the fundamental rules and standards of conduct that shall be adhered to;
  - informing all those concerned of the Company's rejection of any forms and manifestations of corruption;
  - establishing the obligation of the Company's Employees to comply with the principles and requirements of the applicable anti-corruption legislation.

### **1.2 Scope**

- 1.2.1 This Policy shall apply to the Senior Executives and Employees of the Company and its subsidiaries and affiliates, irrespective of their position in the performance of their duties and/or representing the interests of the Company or its subsidiaries and affiliates in any country of the world.
- 1.2.2 The Company, its structural units, subsidiaries and affiliates when concluding contracts with entities that perform works for the Company and/or its subsidiaries and affiliates shall be obliged to include the agreed provisions on strict compliance with the requirements and observance of the principles of applicable anti-corruption legislation in the terms and conditions of contracts concluded with these entities.
- 1.2.3 The obligatory compliance with the requirements of this Policy by the Company's subsidiaries and affiliates shall be ensured by the Company through the approval of the relevant internal document by the subsidiaries.

### **1.3 Basic terms, definitions and abbreviations**

*Senior Executives* — Chief Executive Officer – Chairman of the Executive Committee and members of the Company's Executive Committee, Deputy Chief Executive Officers, heads of business areas, as well as other persons performing managerial functions in the Company, directors general of the Company's subsidiaries and affiliates, deputy directors general, and other persons performing managerial functions in the subsidiaries and affiliates.

**Business Gifts** — any gifts provided by the Employees on behalf of and/or at the expense of the Company to Counterparties and other Third Parties, as well as gifts that the Company or its Employees receive from Counterparties and other Third Parties.

**Official (Public Official):**

- (i) A person performing organizational, executive, administrative functions on a permanent, temporal basis or by special authority in:
  - a government body or in the armed forces and military units;
  - a political party (except for rank and file party members);
  - an international public organization (for example, IMF, UN, World Bank, etc.);
- (ii) A person performing the functions of a representative of the said bodies, entities and organizations;
- (iii) A candidate to hold a position in the specified bodies, units and organizations, who was officially nominated in accordance with the established procedure, and there was an official announcement thereof.

**Business Hospitality** — any expenses of the Company for Third Parties or for their benefit, or expenses of Third Parties for or for the benefit of the Company's representatives related to the establishment and/or maintenance of business cooperation, incurred as part of business practice, including business dinner, transport, accommodation, entertainment expenses, etc.

**Counterparty** — any legal person incorporated in accordance with the applicable legislation with which the Company enters into any contractual (written or oral) relations, or any natural person with whom the Company enters into any contractual (written or oral) relations, except for labour relations.

**Authorities** — any government and local authorities of any state, including legislative, executive (for example, government departments, agencies and ministries) and judicial authorities.

**Responsible Official** — a person responsible for monitoring compliance with the applicable anti-corruption legislation, as determined by the Company's internal documents.

**Politician** — a person professionally engaged in political activities, including as a functionary of a political party.

**Employees** — natural persons who are in labour relations with the Company.

**Third Parties** — any natural persons who are not Employees of the Company, as well as legal persons that are not members of ALROSA Group.

## **2. BASIC PRINCIPLES OF COUNTERING INVOLVEMENT IN CORRUPTION ACTIVITIES**

### **2.1 Rejection of corruption in any form and manifestation**

2.1.1 In the process of conducting its financial and economic activities, implementing projects and interacting with Authorities, Officials (Public Officials), Politicians, investors, Counterparties, partners and Third Parties, the Company shall adhere to the principle of rejecting any forms and manifestations of corrupt practices.

2.1.2 The principle of rejection of corruption shall mean a prohibition for all persons subject to this Policy, directly or indirectly, personally or through the intermediary, to engage in any corrupt practices, regardless of the practice of doing business, including:

- prohibition to give bribes;
- prohibition to accepting bribes;
- prohibition of bribery of Officials (Public Officials), including foreign ones;
- prohibition to make “payments for the simplification of formalities” (administrative, bureaucratic etc.) in favour of Authorities, Officials (Public Officials) and other persons.

2.1.3 Taking into account the principle of corruption rejection, in compliance with the applicable anti-corruption legislation, the Company's Senior Executives and Employees shall be prohibited, directly or indirectly, to:

- promise, offer or give
- extort, ask, give consent to accept or accept

bribes in any form including in the form of money, other valuables, property, property rights or other tangible and/or intangible benefits to or from any person, including Officials (Public Officials), to influence their actions/omission or decisions in order to obtain any benefits or for any other purpose.

2.1.4 The Company and its Employees shall refrain from engaging in any corrupt acts, even in the case of extortion and/or in case of third-party pressure and threats. To avoid or mitigate negative consequences of such situations for the Company and/or its Employees, the latter shall inform the Responsible Official thereof.

2.1.5 The Company shall not accept making “payments for the simplification of formalities”, that is, the provision of money, property, property rights, services and other tangible or intangible benefits in order to ensure or accelerate a standard procedure for legally established procedures or actions that are not stipulated by legislative acts and other regulations.

2.1.6 Adhering to the principle of rejection of any forms and manifestations of corruption, the Company shall guarantee that the Employees who refused to engage in corrupt practices, even if resulting from such refusal the Company does not obtain commercial and/or competitive advantages and/or incurs losses that could be avoided only with the breach of the applicable anti-corruption legislation and/or this Policy will not be subject to any sanctions (including dismissal, downgrading, bonus reduction, etc.).

## **2.2 Inevitability of punishment**

The Company shall declare an uncompromising attitude to any forms and manifestations of corruption at all levels of corporate governance, duly investigate the reports on violations of proper procedures for countering involvement in corrupt practices and hold perpetrators responsible without regard to their position, term of service, status in the Company and other relations with the Company in accordance with the procedure established by the applicable legislation and local regulatory documents of the Company.

## **2.3 Legality**

The Company shall comply with the laws of the Russian Federation and other countries with their regulations being applicable to the Company, and any of its actions or omission, including as regards to countering involvement in corrupt practices, should not conflict with the rules of the applicable legislation.

## **2.4 Regular assessment of the risks of involvement in corrupt practices**

The Company shall identify, assess and periodically reassess the risks of corruption inherent in its potentially vulnerable business processes. In identifying and assessing risks, the Company shall take into account the completeness of information on activities and plans, including investment and strategic ones, available at the time of assessment and reassessment.

## **2.5 Example of top management**

Senior Executives of the Company shall demonstrate a personal example of ethical behaviour and compliance with applicable anti-corruption legislation and internal documents of the Company, including this Policy, in order to develop an uncompromising attitude to any forms and manifestations of corrupt practices.

## **2.6 Consistency and adequacy of proper procedures**

The Company shall develop and implement a system of proper procedures to counter and prevent involvement in corrupt practices. The Company shall strive to make the procedures as transparent, clear, feasible and reasonably adequate for the identified risks as possible.

## **2.7 Principle of due diligence**

The Company shall check the Counterparties before deciding whether to enter into or continue business relations with respect to their reliability, rejection of corruption and the absence of conflict of interest.

## **2.8 Monitoring and control**

2.8.1 The Company shall monitor the implemented procedures to counter and prevent involvement in corrupt practices and exercise control over their compliance.

2.8.2 The Committee of the Supervisory Board shall periodically make an independent assessment of the state of the system to counter involvement in corrupt practices, as well as an assessment of

the compliance of the Company's activities with the rules of the applicable law and this Policy. The results of the assessment shall be reported to shareholders in the Company's Annual Report.

## **2.9 Improving the system of proper procedures**

2.9.1 The Company shall encourage its Employees and Third Parties concerned to report their suspicions about possible violations and cases of non-compliance with the provisions hereof as early as possible, and to submit recommendations and suggest measures to improve the system to counter involvement in corrupt practices.

2.9.2 Communications may be sent in the following ways:

- via e-mail to: info@alrosa.ru;
- to the Responsible Official;
- to immediate or superior head (for communications from the Company's Employees).

2.9.3 The Company shall guarantee confidentiality to all Employees and other persons who have faithfully reported violations.

## **3. MAIN DIRECTIONS OF ACTIVITY TO COUNTER INVOLVEMENT IN CORRUPT PRACTICES**

### **3.1 Business Gifts, Business Hospitality and representation expenses**

3.1.1 Business Gifts, Business Hospitality and representation expenses shall be an integral part of the generally accepted practice of doing business and forming sustainable business relationships with the Counterparties. The Company shall encourage an atmosphere of fairness and transparency with respect to business gifts and business hospitality expenses in every possible way. However, since certain types of Business Gifts, Business Hospitality and representation expenses may influence the decision-making and/or violate the rules of the applicable anti-corruption legislation, the Company shall establish mandatory requirements for acceptable Business Gifts, Business Hospitality and representation expenses.

3.1.2 Senior Executives and Employees of the Company shall be prohibited from asking, demanding or compelling Third Parties to give them or their close relatives Business Gifts and/or provide them with Business Hospitality or incur representation expenses.

3.1.3 It shall be prohibited to give and accept Business Gifts, Business Hospitality and representation expenses if they may influence the outcome of any transaction and/or making the decision in favour of the person who gave such Business Gifts, provided Business Hospitality or who incurred representation expenses.

3.1.4 The Company shall refrain from giving Business Gifts in favour of Officials (Public Officials), Politicians and their close relatives, payment of any expenses for these persons or for their benefit, including obtaining tangible and/or intangible benefits by them at the Company's expense (for example, in the form of payment for transport, accommodation, meals, entertainment, etc.), except for the expenses associated with the participation of these persons in official events organized and/or financed by the Company.

3.1.5 Giving and accepting Business Gifts, Business Hospitality and representation expenses shall be allowed only if the following criteria are strictly observed:

- they shall comply with the applicable law, as well as with the principles and requirements of the Company's internal documents, including this Policy;
- they shall be directly related to the Company's business activities or official and professional holidays;
- they shall not be aimed, directly or indirectly, at influencing the process of making decisions that affect the Company's business activities or other unethical and illegal grounds;
- they shall not create any obligations for the recipient;
- they shall not be a reward (including hidden) for the service rendered or work performed, or work/services to be performed/rendered in future;
- they shall be well-grounded, reasonable and adequate for a particular event (occasion);

- they shall not be in the form of cash or non-cash funds, securities, precious metals or other monetary equivalents, expensive or luxury items;
  - they shall not create a risk to reputation for the Company, Employees and/or other persons in case of disclosure of information about such Business Gifts, Business Hospitality and representation expenses.
- 3.1.6 All of the above requirements shall apply to both giving and accepting of Business Gifts, Business Hospitality and representation expenses by the Company's employees directly and through intermediaries.
- 3.1.7 The cost of a Business Gift accepted or given by Senior Executives and Employees of the Company shall not exceed USD 1,500 or an equivalent amount, and the cost of given or accepted Business Hospitality and representation expenses shall not exceed USD 1,500 or an equivalent amount.
- 3.2 Charity and sponsorship activities**
- 3.2.1 Charity and sponsorship aid provided by the Company shall necessarily meet the following basic criteria:
- It is provided within the requirements of the applicable law, as well as the principles and requirements of the Company's internal documents;
  - It is directly or indirectly related to the promotion of business interests and/or the achievement of the Company's statutory goals;
  - It has a positive impact on the Company's reputation and is really effective in achieving socially significant goals;
  - It does not purport to influence making decisions by the Authorities, Officials (Public Officials) and other persons related to the preservation or expansion of the Company's business activities or getting any commercial and/or competitive advantages and does not constitute a reward (including hidden) to the persons mentioned.
- 3.2.2 The Company shall also monitor the targeted use of funds provided through charity and sponsorship activities.
- 3.2.3 The basic information about charity and sponsorship activities shall be subject to disclosure on the Company's official website, in the Annual Report or otherwise.
- 3.3 Participation in political activities**
- The Company shall not finance any political parties and movements, as well as their representatives.
- 3.3.1 At the same time, the Company shall recognize the right of its Employees to personally participate in political activities in their spare time. Such participation:
- shall be carried out by Employees at their own expense;
  - shall not be associated with the Company;
  - shall not contradict their duties in terms of their work in the Company.
- 3.4 Public Relations**
- 3.4.1 Public relations activities conducted by the Company may be aimed at improving the image and business reputation of the Company.
- 3.4.2 The Company shall not allow payment for publications in the press and/or broadcasts in the media aimed at improving the personal image of Third Parties for the purpose of their subsequent decision-making in favour of the Company.
- 3.5 Interaction with Counterparties, payments through intermediaries and in favour of Third Parties**
- 3.5.1 The Company shall refrain from engaging intermediaries, agents, partners, other persons acting for or on behalf of the Company, and from participating in joint ventures to commit any acts that violate the principles and requirements hereof or create reputational risks for the Company, Employees and others persons in the event of the disclosure of information on their commission.
- 3.5.2 The Company shall strive to ensure an objective and transparent process of selecting the Counterparties, which allows mitigating the corruption risk.
- 3.5.3 Before making a decision to start or continue cooperation with an intermediary, agent, partner or other Counterparty, or participation in a joint venture, the Company shall:

- collect, analyse and verify information on potential counterparties and partners in joint ventures, their reputation, their rejection of corruption and the absence of a conflict of interest;
- inform them about the principles and requirements hereof;
- include the agreed anti-corruption provisions regarding the need to comply with the rules of the applicable anti-corruption legislation and notify the other party in case of detection of corrupt acts by its Employees or affiliates in the agreements with the Counterparties.

3.5.4 The Company shall reserve the right to terminate, in accordance with the established procedure, agreements with Counterparties and partners in joint ventures in case of detecting the facts of committing corrupt acts by them.

## **4. SYSTEM TO COUNTER INVOLVEMENT IN CORRUPT PRACTICES**

### **4.1 Identification of corruption risk**

4.1.1 As part of anti-corruption measures, the Company shall identify and regularly assess the corruption risk typical for all countries where it carries out its financial and economic activity, especially for countries with high level of corruption (according to Transparency International ranking of Corruption Perceptions Index).

4.1.2 The Company shall recognize the need to manage corruption risk regardless of the likelihood of its occurrence and the degree of impact. Measures to manage corruption risk shall be implemented taking into account the specifics of all areas and spheres of the Company's financial and economic activities.

### **4.2 The anti-corruption function and proper procedures**

4.2.1 The Company has established and implements a special function to ensure compliance with the applicable anti-corruption legislation and anti-corruption principles as well as the requirements of the Company's internal documents, including this Policy.

4.2.2 As part of implementation of this function, a Responsible Official shall be appointed who preliminarily approves the most risky operations and transactions ensuring the implementation and effective functioning of anti-corruption procedures and activities provided for by this Policy and other internal documents of the Company, monitoring and control over their compliance, reporting, and other measures provided for by the Company's anti-corruption requirements.

4.2.3 In addition to the anti-corruption procedures enshrined herein, the Company shall also have other control procedures as part of functional and business activities that ensure a proper and sufficient control environment and allow, in particular, mitigating corruption risks.

4.2.4 The Company shall exercise control over the compliance of its new areas of financial and economic activity and/or operations with the rules of the applicable anti-corruption legislation, anti-corruption principles and requirements hereof by conducting appropriate anti-corruption expertise or analysis.

### **4.3 Reflection in accounting**

4.3.1 Accounting shall be carried out in the Company in accordance with the requirements of applicable law and its internal documents.

4.3.2 All financial and business operations and transactions shall be correctly reflected in the accounting records with sufficient details, documented and available for inspection in accordance with the established procedure.

4.3.3 Distortion and falsification of accounting, tax and management accounting and reporting data shall be prohibited and shall be considered as a violation of applicable laws and internal documents of the Company.

### **4.4 Informing of and counselling to the Employees**

4.4.1 The Company shall ensure the formation of a proper anti-corruption culture and ethical doing business by conducting regular trainings for all newly recruited and existing Employees on the rules of the applicable anti-corruption legislation and anti-corruption principles and requirements in place in the Company.



- 4.4.2 The Company's Employees shall be familiar with this Policy and shall confirm their compliance with the anti-corruption principles and requirements established hereby on a regular basis.
- 4.4.3 The Company's Employees who doubt the compliance of their actions with the applicable anti-corruption legislation and/or anti-corruption principles and requirements hereof may, in accordance with the internal procedure, contact the Responsible Official for advice.

#### **4.5 Hot line**

- 4.5.1 The Company shall encourage its Employees and Counterparties' representatives, when they have information about the participation of their employees in corrupt activities in the performance of their duties, to report them by contacting the hot line using established communication channels.
- 4.5.2 The Company shall guarantee that the Employees who have faithfully reported corruption facts with the involvement of other Employees of the Company will not be subject to sanctions, including dismissal, downgrade, bonus reduction or reduction of other tangible or intangible benefits, etc.
- 4.5.3 The provision of knowingly false information by the Company's Employees or other persons shall be considered as violation of this Policy and relevant provisions of the applicable law, and such person may be held liable in accordance with applicable laws and internal documents of the Company.

### **5. MONITORING AND REPORTING**

- 5.1.1 The Company shall continuously monitor the effectiveness of the implemented control procedures and anti-corruption measures, assess their sufficiency, adequacy and relevance, and improve them based on the identified deficiencies of the control environment and/or amendments to the applicable anti-corruption legislation and/or best world practices.
- 5.1.2 In addition, the Company shall regularly conduct internal and external audits of financial and business activities, check internal control systems, monitor compliance with the applicable anti-corruption legislation and relevant internal documents of the Company, including this Policy.
- 5.1.3 Based on the results of monitoring activities and activities to monitor compliance with applicable anti-corruption legislation and internal anti-corruption procedures, as well as the analysis of their effectiveness and adequacy, relevant reports shall be prepared, which shall be reviewed on an annual basis by the Audit Committee of the Supervisory Board and other responsible management bodies of the Company.  
The results of this work shall be posted on the Company's official website, disclosed in the Annual Report or otherwise.

### **6. RESPONSIBILITY FOR NON-COMPLIANCE**

- 6.1.1 Senior Executives and Employees of the Company, irrespective of the position held, shall be personally responsible for non-compliance with anti-corruption principles and requirements of this Policy, as well as for actions (omission) of their subordinates violating these principles and requirements.
- 6.1.2 As part of the principle of intolerance (rejection) of corruption in all forms and manifestations, official investigations into each fact of corrupt practices will be initiated in accordance with the requirements of the applicable law, as well as internal documents of the Company.
- 6.1.3 Persons guilty of violating the requirements hereof may be brought to disciplinary, administrative, civil or criminal responsibility on the initiative of the Company or its subsidiaries and affiliates, law enforcement bodies or other persons in the manner and on the grounds provided for by the legislation of the Russian Federation, by local regulations and labour contracts, as well as, where appropriate and where there are grounds, in accordance with the applicable rules of the legislative acts of foreign states in the territory of which the Company is represented.