



SUSTAINABILITY REPORT 2020





SUSTAINABILITY
REPORT
2020

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A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER - CHAIRMAN OF THE MANAGEMENT BOARD

GRI 102-14

Dear shareholders, partners and colleagues,

I am pleased to present to you ALROSA Group's Sustainability Report 2020.

Last year, the world faced a new coronavirus (COVID-19) pandemic. High rates of spread of COVID-19 cause a number of restrictions in most countries – closing of borders and lockdowns have become unprecedented measures in the fight against the pandemic. This, in turn, led to dire consequences for the global economy, and the diamond industry was no exception.

Our response to COVID-19

From the very beginning of the pandemic, ALROSA has been responsibly complying with all instructions of Rospotrebnadzor to prevent the spread of coronavirus. We took active participation in anti-epidemiological activities in Yakutia and other regions of presence. The company invested over 1 billion rubles in various measures to fight COVID-19, support hospitals and healthcare workers. We paid great attention to protecting and supporting employees as our main resource: we shifted the majority of our office personnel to remote working, made observation facilities to prevent the spread of COVID-19 in remote areas, purchased PPEs and disinfectants and monitored health of our personnel.

We also took a number of anti-crisis measures to maintain the Company's leading position and support the global rough and polished diamonds market. In April 2020, ALROSA offered flexible terms for the purchase of diamonds to its long-term customers, adhering to the "price-over-volume" strategy to prevent a sharp drop in prices and overstocking in the diamond cutting industry. We streamlined operational activities, restructured the procurement process and strengthened the operational efficiency program. All these measures allowed us to mitigate the consequences of COVID-19 pandemic, maintain a stable financial situation and strengthen our market position.

Comprehensive approach to sustainability

The events of the past year proved our confidence that a strategic approach to sustainability is a core of successful business helping to overcome crisis situations with minimal losses. We focus on continuous improvement of work in this area and enhancing its effectiveness. In order to create a resource center at the top management level in 2020, the functions of the Strategic Planning Committee controlled by ALROSA Supervisory Board were expanded to include sustainability issues¹.

To address the sustainability issues, the Company created a specialized Working Group at the operational level, started the development of strategic objectives and performance indicators on significant sustainability aspects. We have identified five strategic priorities that we will focus on in the coming years: the development of human capital, occupational health and safety, environmental protection, development of the regions of presence, as well as the improvement of the management system and compliance with business ethics principles.

ALROSA intends to further improve the sustainable development management system and increase participation in international initiatives. In 2021, we took a big step in this direction: the Company joined the largest international sustainable development initiative – the UN Global Compact, proving its commitment to 10 fundamental principles and the intention to address global challenges by contributing to the achievement of the UN Sustainable Development Goals (SDGs) until 2030. We plan to disclose our progress in the annual sustainability reports.



Development of international cooperation and compliance with leading international standards

ALROSA participates in various industry initiatives aimed at developing responsible business practices in the diamond industry, and actively develops international cooperation to build responsible supply chains and increase market transparency. The Company is an active participant of the Kimberley Process (KP) as part of its membership in the World Diamond Council (WDC) and is one of the founders of the Natural Diamond Council (NDC). In the reporting year, we completed a successful recertification for compliance with the requirements of the updated Code of Practices 2019 of the Responsible Jewellery Council (RJC). Since 2020, ALROSA has regularly undergone due diligence procedures throughout the supply chain in accordance with the OECD Due Diligence Guidance.

Development of human capital

ALROSA seeks to create a corporate culture to develop the professional potential of employees and ensures equal opportunities for all. We have one of the best indicators of gender equality in the industry, the share of women in the structure of the Company's personnel exceeds 30%. We create decent working conditions for our employees: the average salary in ALROSA Group is more than 2 times higher than the average salary in Russia. In addition, we provide a high level of social guarantees to our employees and implement corporate social programs in various areas. The personnel management system was highly praised by independent experts – ALROSA was ranked 2nd in the top 50 best employers of the Russian Federation according to Forbes.

¹ On 15 February 2021 by the decision of the Supervisory Board, minutes No.01/327-PR-NS, the Strategic Planning Committee under the Supervisory Board of PJSC ALROSA was renamed as the Strategy and Sustainability Committee under the Supervisory Board of PJSC ALROSA

Occupational health and safety

The safety and health of our employees has always been our priority. ALROSA improves the culture of safe production, which is based on responsible behavior of employees at all levels and the Company's counterparties. Each production process of the Company meets high occupational safety requirements. A comprehensive approach to OHS helped us reduce the number of accidents by 22% compared to 2019. In December 2020, the Company's Supervisory Board approved an Occupational Health and Safety strategy until 2025 aimed at eliminating accidents and deaths at work among the employees of the Company and the contractors.

Environmental protection

Another priority of ALROSA's activities are environmental protection and climate change issues. The Company's strategic goal is to ensure environmentally balanced and safe production activities by reducing the environmental footprint. ALROSA cooperates with regional environmental organizations and ministries and annually allocates a significant part of its revenue to environmental measures. In 2021, ALROSA's Supervisory Board approved a new edition of the Environmental Policy¹, which reflects the company's approach to environmental protection and safety management.

The Company strives to use advanced technologies for production purposes to minimize the negative environmental impact expanding the use of renewable energy. Last year, we purchased hybrid solar installations to supply power to accommodation camps.

ALROSA maintains its BB rating in the MSCI ESG system and is included in WWF and FTSE4Good ratings. In 2020, the Company was included into CDP (Carbon Disclosure Project) ranking for the first time.

Development of the regions of presence

We are committed to ensuring a decent quality of life, contribute to the social, economic and cultural development of the regions of presence. The Company's social investments remain one of the largest in the industry: in 2020 our investments amounted to about 5% of revenue - over 10 billion rubles, including expenses on programs for employees, non-state pensions, implementation of social and charitable projects.

ALROSA enters into cooperation agreements with the regions of presence on social and economic issues, actively participates in the development of infrastructure, cultural, recreation and sports facilities, and provides assistance to healthcare institutions. In 2020, the Company allocated over 180 million rubles to support hospitals as part of the fight against COVID-19.

We also cooperate with the Government of the Republic of Sakha (Yakutia) on the employment of the local population. In 2020, we hired over 1,500 people from Yakutia under our joint project "Local Workforce - into Industry". In total, we employed more than 1,700 local residents.

Despite the difficulties and problems of 2020, we managed to achieve great results in terms of sustainable development and improve the quality of sustainability management. The success of our Company is the result of the support of our shareholders, investors and partners, and the dedicated work of each ALROSA employee. We will continue to develop as a responsible and transparent company, striving to strengthen our market positions in the interests of ALROSA and its stakeholders.

Sergey Ivanov

CHIEF EXECUTIVE OFFICER - CHAIRMAN
OF THE EXECUTIVE COMMITTEE ALROSA

OUR PERFORMANCE IN 2020

Financial and operating indicators

Revenue including income from subsidies	Investments (CAPEX)	Dividends paid ¹	Share of tax and dividend deductions of ALROSA Group in tax and non-tax income of the consolidated budget of the Republic of Sakha (Yakutia)	Inventories	Rough diamond mining
221.5 billion RUB	17.0 billion RUB	19.0 billion RUB	25%	1.1 billion carats	30.0 million carats

Social impact

Average headcount ²	Share of women in total headcount	Share of trained employees in total headcount	Occupational safety expenses ³	LTIFR ⁴	Social expenses ⁵
32.5 thousand people	30%	77%	2.1 billion RUB	0.24	10.2 billion RUB

Environmental impact

Environmental costs	Reducing direct greenhouse gas emissions ⁶	Share of reused water	Share of renewable energy ⁷	Land reclamation
5,6 billion RUB	7%	95%	92%	1 306 ha

Corporate governance and ethics

NRCG rating ⁸	Percentage of transactions assessed for corruption risks
8 Best Corporate Governance Practices	100%

¹ Dividends approved in 2020 according to the results of 2019 (RUB 19.4 billion)

² Data on ALROSA Group and its subsidiaries including assets in Russian and other countries

³ Data on PJSC ALROSA and its subsidiaries

⁴ Data on PJSC ALROSA and its subsidiaries

⁵ Social spending includes payments made by the Company to the NPF Almaznaya Osen non-state pension fund

⁶ Data on PJSC ALROSA and its subsidiaries and dependent companies for industrial and transport purposes

⁷ Data from PJSC ALROSA For ALROSA Group, the value is 89%

⁸ National Rating of Corporate Governance by the Russian Institute of Directors











¹ ALROSA's Environmental Policy: http://www.alrosa.ru/wp-content/uploads/2013/09/2102_AR_ECO_03-RU.pdf

KEY ESG RATINGS AND SUSTAINABILITY AWARDS

ESG Ratings

An independent assessment of the Company's sustainability practices by the international rating agencies contributes to greater credibility of information for the stakeholders and enables continuous improvements of the Company's management systems.

In 2020, ALROSA participated in and was evaluated by the following ESG ratings and rankings:

<p>FTSE4Good Index</p> <p>Participant since 2016.</p>  <p>FTSE4Good</p>	<p>FTSE Russel ESG Rating</p> <p>3.7¹</p> 	<p>MSCI ESG Ratings</p> <p>BB</p> 	<p>Sustainalytics ESG Risk Rating</p> <p>35.8²</p> 
<p>World Wildlife Fund (WWF)</p> <p>11th in the rating of environmental transparency of mining companies in Russia of the WWF</p> 	<p>S&P Global CSA³</p> <p>34 out of 100</p> 	<p>RAEX-Europe ESG Corporate Rating</p> <p>6th place in the metals and mining sector</p> 	
<p>ISS ESG Corporate Rating</p> <p>D+</p> 	<p>ISS E&S Quality Score</p> <p>Environment - 2, Social - 4, Governance - 3</p>	<p>Bloomberg ESG Disclosure Score</p> <p>50.83</p> 	<p>CDP Climate change</p> <p>D (Disclosure level)</p> 



¹ Rating as on 22.03.2021

² Rating as on 04.03.2021

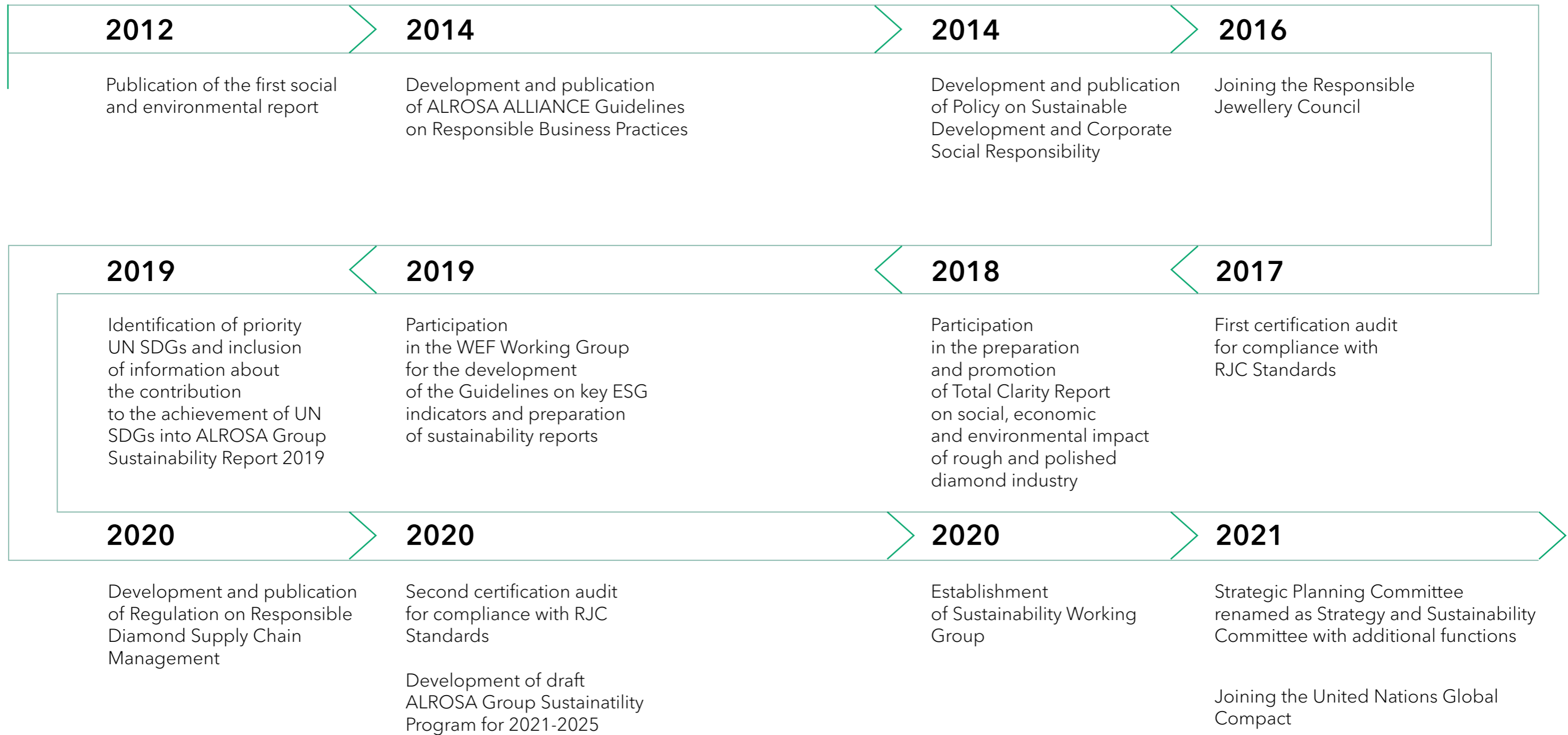
³ Until 2021 SAM CSA

Sustainability awards

In 2020, ALROSA's sustainability and CSR activities were recognized in Russia and globally.

<p>Responsible Jewellery Council, RJC</p>  <p>Re-certification for compliance with the Code 2019 that includes OECD Guidelines for Responsible Mineral Supply Chains Management</p>	<p>UN Global Compact</p>  <p>Since 2021 ALROSA has been committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption</p>	<p>Forbes</p> <p>Ranked 2nd in top 50 best Russia's employers according to the Forbes magazine</p>	<p>Institutional Investor</p> <p>Top 3 public companies in Russia in terms of ESG according to international investors</p>
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KEY MILESTONES OF BUILDING SUSTAINABILITY SYSTEM



ALROSA GROUP

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TAMARA RYUMSHINA,
Laboratory doctor of the highest category
of the ALROSA Medical Center.
Honored Doctor of the Republic of Sakha (Yakutia),
Excellence in Healthcare of the Republic of Sakha (Yakutia).

ABOUT COMPANY

GRI 102-1; 102-2; 102-5; 102-7

ALROSA is the largest diamond-producing company in the world in terms of mining volume.

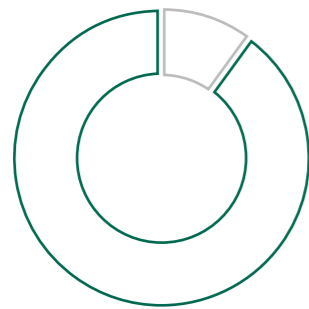
28% of the global diamond production



The Company's main assets are located in Russia – the Republic of Sakha (Yakutia) and the Arkhangelsk Region. The Company also performs exploration activities in Africa. ALROSA has the largest diamond reserves in the world.

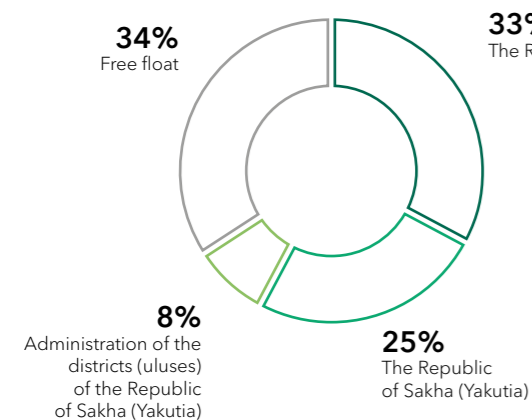
PJSC ALROSA is a public company, with its shares traded on the Moscow Stock Exchange. The company has 34% of shares in public float and 66% owned by the Russian Federation, the Republic of Sakha (Yakutia), and municipal regions of the Republic of Sakha (Yakutia). At the end of 2020, the market capitalization of the Company amounted to RUB 724 billion (USD 9.8 billion).

90% of diamond production in Russia



The ALROSA Group headcount totals 32.5 thousand employees. ALROSA is committed to sustainability and the international corporate social responsibility standards. The Company's achievements are recognized with high positions and presence held in FTSE4Good, FTSE Russel, MSCI ESG, Sustainalytics, S&P Global CSA, WWF Russia ratings

ALROSA's shareholder capital structure



Показатель	Value
The Russian Federation	33%
The Republic of Sakha (Yakutia)	25%
Administration of the districts (uluses) of the Republic of Sakha (Yakutia)	8%
Free float	34%

For more information on ALROSA's core business, corporate governance, investor and shareholder relations, see the ALROSA Annual Report 2020.

MISSION AND STRATEGY

ALROSA strive to create sustainable value for all stakeholders by remaining a reliable partner for customers, suppliers and local communities. The Company is taking responsibility for protecting environment, delivering industrial safety, developing a culture of corporate governance and risk management, and building capability for its employees.

The mission of ALROSA GROUP is to maintain a leading global position in the diamond mining industry that consistently delivers in terms of the long-term interests of the shareholders through efficient utilization of mineral resources.

Strategic goals of ALROSA Group

In 2018, the Company developed the Development Strategy of ALROSA Group for 2018–2024 (hereinafter, the Strategy), which includes measurable strategic development goals, a target financial business model and strategic events¹.

- Focus on the rough diamond business
- Replenishing the mineral resources to ensure long-term growth of ALROSA
- Productivity increase through continuous improvement of production processes and implementation of new technologies
- Complying with high standards and shaping the culture of industrial and environmental safety
- Stimulating the consumer demand on natural diamonds by means of generic marketing
- Gradually withdrawing from non-core businesses
- High social responsibility in all areas of presence

Long-Term Development Program of ALROSA Group

The Group's Long-Term Development Program for 2018-2024 is the main implementation tool of the Development Strategy. It includes a list of program events and expected outputs over the long-term period².

The implementation of program strategic event will allow ALROSA Group to maintain its leading position in the global rough and polished diamond market through the effective use of the mineral resource base and compliance with high standards of doing business.

ALROSA's commitment to sustainability and responsible business standards is important for the implementation of the Long-Term Development Program and the achievement of strategic goals. The Company strives to maintain a high level of investment in the development of regions of presence and environmental protection, while further ensuring decent working conditions and safety at work.

For more information on ALROSA Development Strategy and implementation of strategic priorities, see the ALROSA Annual Report 2020.

¹ The Development Strategy of ALROSA Group for 2018–2024 (hereinafter, the Strategy) was approved by the Supervisory Board of PJSC ALROSA, Minutes No. A01/283-PR-NS dated November 16, 2018

² ALROSA's Long-Term Development Program for 2018–2024 was approved by the Supervisory Board, Minutes No. A01/283-PR-NS, dated November 16, 2018

BUSINESS MODEL

RESOURCES

NATURAL

- 1.1 billion carats - rough diamond reserves
- 67 licenses² to use the subsoil for diamond mining
- RUB 5.6 billion - environmental protection expenses

PRODUCTION

- 6 mining and processing enterprises
- 8 open-pit mines
- 3 underground mines
- 8 alluvial deposits
- 3 diamond polishing companies
- proprietary jewelry manufacture

FINANCIAL

- RUB 17.0 billion - capital expenditures

INTELLECTUAL

- ALROSA Video Viewer service for remote showing of rough diamonds
- 0.5% - share of innovation expenses in revenue
- 50% - share of R&D costs of technologies in revenue

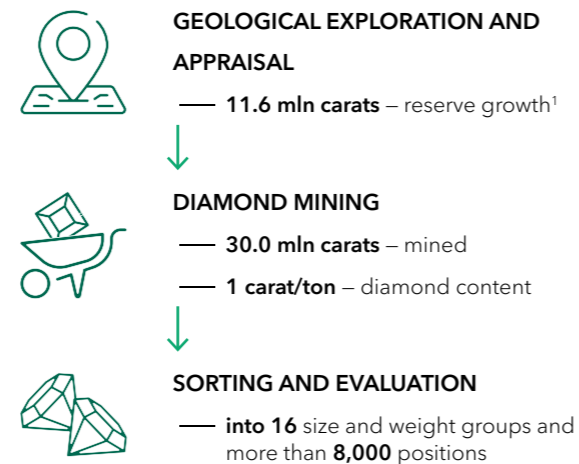
HUMAN

- 32 thousand employees
- around 12% - representative of indigenous peoples

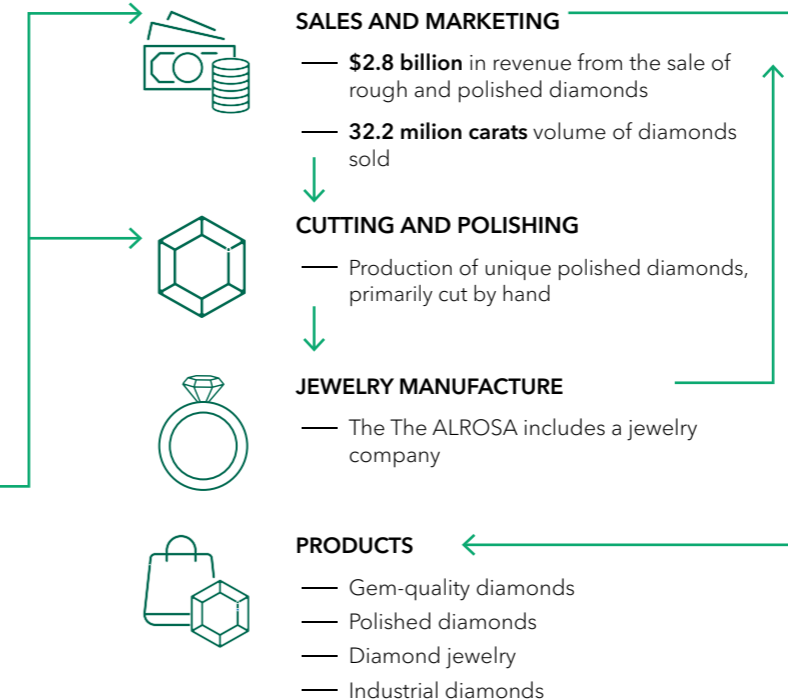
SOCIAL AND REPUTATIONAL

- participation in international and Russian ESG ratings
- partnership agreements with regional authorities
- largest taxpayer in the Republic of Sakha (Yakutia)

PRODUCTION AND SALES



ACTIVITY



CREATING VALUE

FINANCIAL VALUE

- RUB 201.7 billion - revenue from the sale of rough and polished diamonds
- RUB 87.6 billion - EBITDA
- RUB 79.5 billion - free cash flow
- RUB 32.2 billion - net profit
- RUB 43.1 billion - taxes and mandatory payments
- RUB 8.5 billion - interest payments
- RUB 19.4 billion - declared dividends³
- stable financial position: 0.4 net debt/EBITDA ratio

NON-FINANCIAL VALUE

- more than RUB 120 thousand - average salary of ALROSA Group employees
- 4.6% - share of social expenses⁴ in revenue
- 2.5% - share of environmental protection expenses in revenue
- around 92% - share of renewable energy in energy consumption
- more than 300⁵ projects and initiatives to support local communities and charity
- creation of a Sustainable Development Working Group

SUSTAINABILITY

DEVELOPMENT OF HUMAN CAPITAL

ALROSA strives to build a corporate culture that facilitates the creation of a close-knit team of professionals united by common goals, ambitions and values, guaranteeing the fullest possible realization and development of the professional potential of employees and ensuring equal opportunities, inclusivity and respect for human rights.

OCCUPATIONAL HEALTH AND SAFETY

ALROSA tries to foster a safe production culture based on the responsible behavior of employees at all levels of management and Company counterparties, and each production process meets high occupational health and safety standards.

GOVERNANCE AND BUSINESS ETHICS

ALROSA endeavors not only to meet the highest standards of conscientious business practices but also to actively participate in improving and promoting best practices and standards of industry self-regulation, developing international partnership and facilitating the exchange of knowledge and experience.

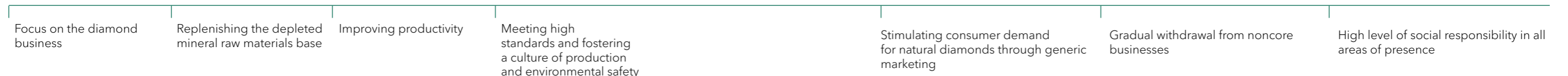
DEVELOPMENT OF AREAS OF PRESENCE

ALROSA seeks to ensure a decent quality of life for the general population and supports socio-economic and cultural advancement in its areas of presence.

ENVIRONMENTAL PROTECTION

ALROSA is committed to steadily improving its system of management, implementing cutting-edge technologies and improving the environmental awareness of stakeholders in order to minimize the risks of its operations having an adverse impact on the environment.

THE GROUP'S STRATEGIC PRIORITIES



¹ Data on ALROSA Group. Not including depletion of reserves. The issue of whether it is economic to develop a specific deposit or plot is determined on an individual basis and depends on a multitude of factors

² Licenses to use the subsoil related to the exploration, assessment, geological survey and mining of diamonds

³ Dividends approved in 2020 based on the results for 2019

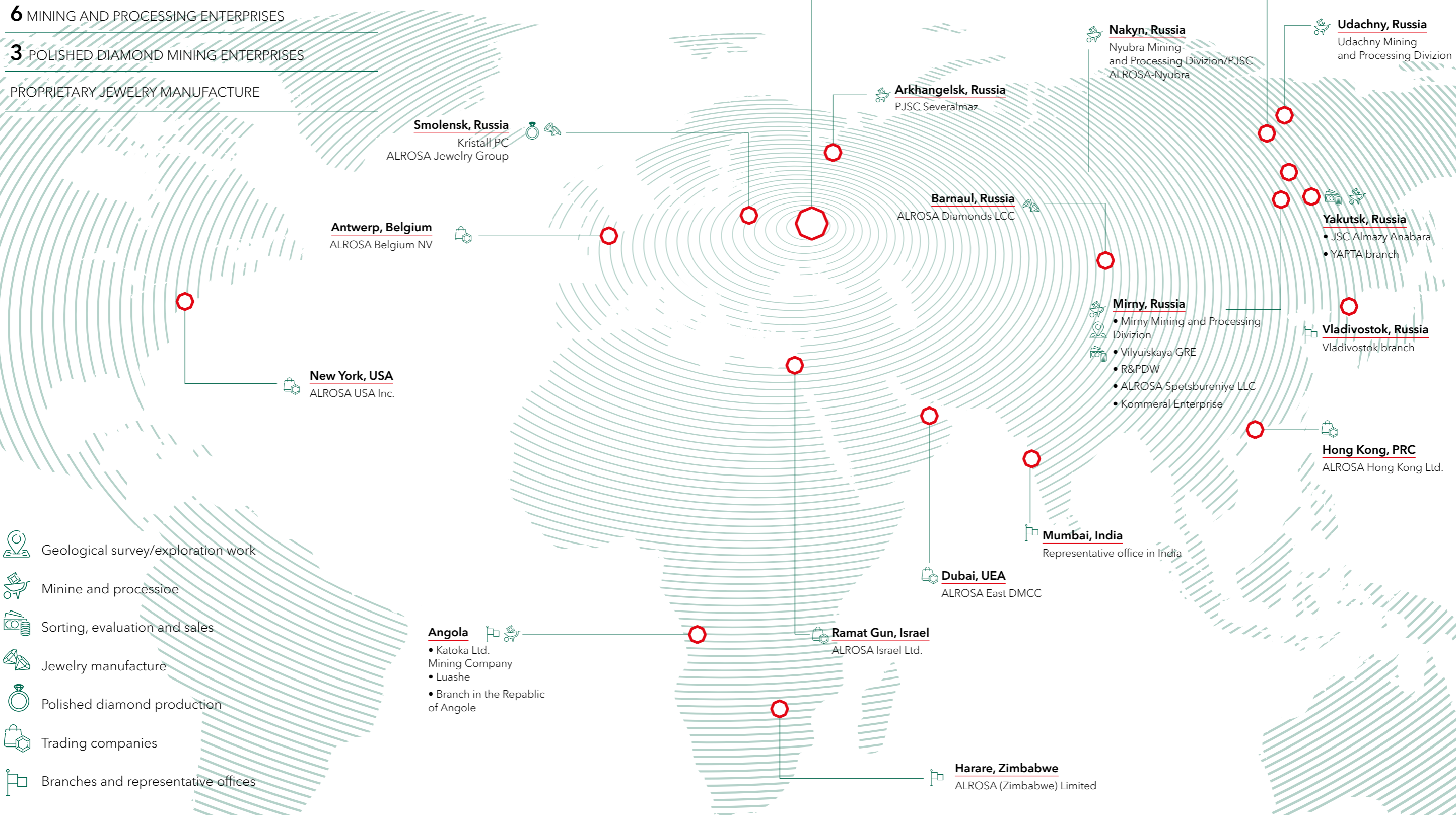
⁴ Social expenses include the Company's withholdings to NPF Almaznaya Osen

⁵ The indicator value was clarified for 2020 due to the improvement of the reporting processes

GEOGRAPHY OF ASSETS

(GRI 102-2; 102-4; 102-6)

- 9 COUNTRIES
- 8 RUSSIAN REGIONS
- 6 MINING AND PROCESSING ENTERPRISES
- 3 POLISHED DIAMOND MINING ENTERPRISES
- PROPRIETARY JEWELRY MANUFACTURE



- Geological survey/exploration work
- Mine and processing
- Sorting, evaluation and sales
- Jewelry manufacture
- Polished diamond production
- Trading companies
- Branches and representative offices

ENGAGEMENT IN INTERNATIONAL ORGANIZATIONS AND INITIATIVES

GRI 102-13

Making a great contribution to the sustainable development of the industry, ALROSA actively promotes responsible business practices and development of a sectoral regulation and self-regulation system.

Organization	Activity	ALROSA role
	Implementation of the Certification Scheme aimed at keeping conflict diamonds out of international trade.	<ul style="list-style-type: none"> Member of the World Diamond Council delegation Chaired the Technical Expert Group on establishing a permanent secretariat of the Kimberley Process
	Participation in the Kimberley Process (KP) and promotion of sectoral self-regulation to support the KP (System of Warranties)	<ul style="list-style-type: none"> Member of the Board of Directors Chaired in 2016-2017 Leader in the System of Warranties reform as Coordinator of the Board Strategy Committee
	Certification and establishment of responsible business standards	<ul style="list-style-type: none"> Member of the Board of Directors Vice Chair of the Board of Directors Holder of RJC Code of Practices Compliance Certificate (2019)
	Support and promotion of rough/polished diamonds; protection of the reputation of natural diamond jewellery manufacturers	<ul style="list-style-type: none"> Co-founder Member of the Board of Directors

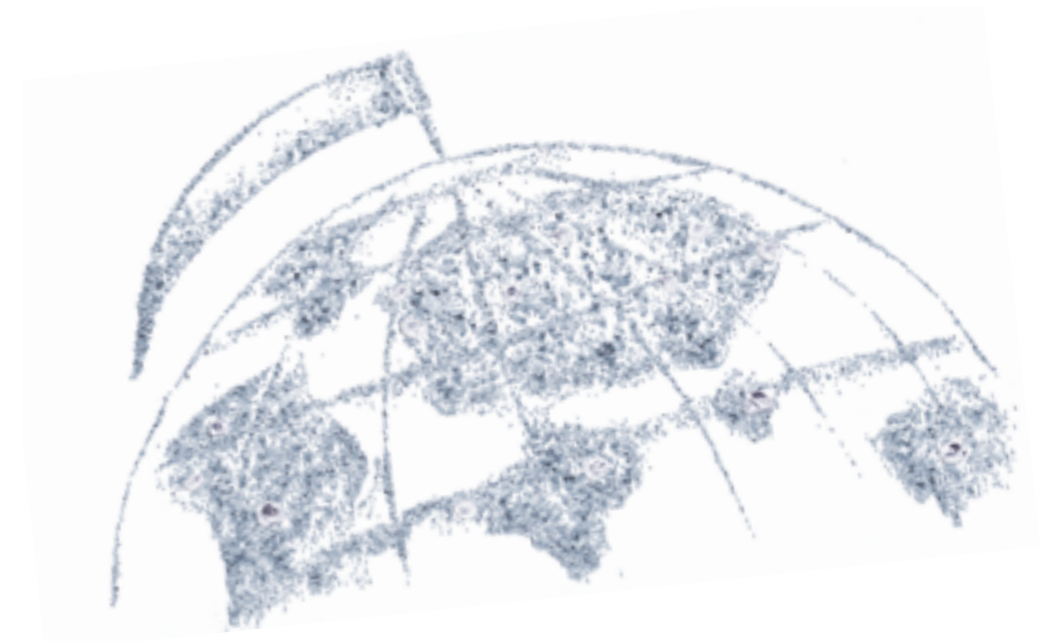
Activities under international industry cooperation in 2020

Restrictions related to the COVID-19 pandemic in 2020 significantly hindered the interaction between industry cooperation participants, however, the interaction mechanisms and channels gradually adapted to new realities and continued to operate online.

IN 2020, ALROSA PARTICIPATED IN THE FOLLOWING ONLINE EVENTS:

- 15** meetings of the boards of directors of international industry organizations, of which ALROSA is a member;
- 87** meetings of relevant working bodies of transnational and sectoral organizations;
- 24** industry-specific online events;
- 59** bilateral meetings;
- 90** webinars and conferences.

For more information about ALROSA's participation in industry organizations and initiatives, see "International Industry Cooperation".



RESPONSE TO COVID-19

In 2020, the world faced a serious threat of the spread of COVID-19. The Company supported its employees and customers, provided large-scale assistance

to the regions of presence and took a set of anti-crisis measures to maintain business sustainability.

MAIN MEASURE TO PREVENT THE SPREAD OF COVID-19



PROMOTION OF WORKER HEALTH

- Switching to remote work
- Provision of disinfectants and personal protective equipment
- Making PCR and antibody tests, regular temperature checks
- Additional payments to the employees of the health center for working during the pandemic



FINANCIAL AID

> 1 billion rubles spent on preventing the spread of COVID-19

RUB 184 million allocated to help hospitals

RUB 10 million allocated to the Center for Supporting People in Difficult Life Situation due to the COVID-19 pandemic



BUSINESS SOLUTIONS

- Flexible procurement schedule for long-term contracts
- Reduction of production plans to achieve balance in the rough/polished diamond market
- Active use of digital platforms to support sales
- Postponement of some investment projects

Business support

In order to maintain business stability, ALROSA made certain strategic decisions:

- reduction of the diamond mining plan from 34 million carats to 30 million carats and suspension of production at diamond mines with the lowest margin
- introduction of a forced downtime regime at diamond-cutting enterprises
- introduction of flexible sales approaches, postponement of purchases under long-term contracts with customers, work at request
- online shows, development of ALROSA Video Viewer service
- digital tenders and auctions
- launch of online jewelry store
- postponement of marketing campaigns to launch three new brands

Support of the regions of presence

The work to fight COVID-19 was performed by the Group both independently, and in partnership with trade union organizations, state authorities and healthcare institutions:

- participation in the purchase of medical supplies and equipment for hospitals in Mirny, Aikhal, Lensk, Udachny, Yakutsk and Nyurba
- establishment of the Medical Headquarters, which serves as the basis of temporary isolation facilities and large-scale testing
- ensuring the operation of departmental isolation facilities to reduce the risk of infecting remote production sites and shift camps
- establishment of a Support Center together with the Profalmaz trade union to assist people in difficult situations as the result of the COVID-19 pandemic



STRATEGY AND SUSTAINABLE DEVELOPMENT

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Priority UN Sustainable
Development Goals

SUSTAINABILITY APPROACH

GRI 102-12

Being one of the largest diamond-producing companies in the world, ALROSA has a very responsible attitude to the organization of its business and supply chain at all stages - from planning exploration work to sales of rough/polished diamond products to customers. Such approach allows the Company to respond quickly to changing business environment and increasing information requirements of stakeholders, and to manage risks.

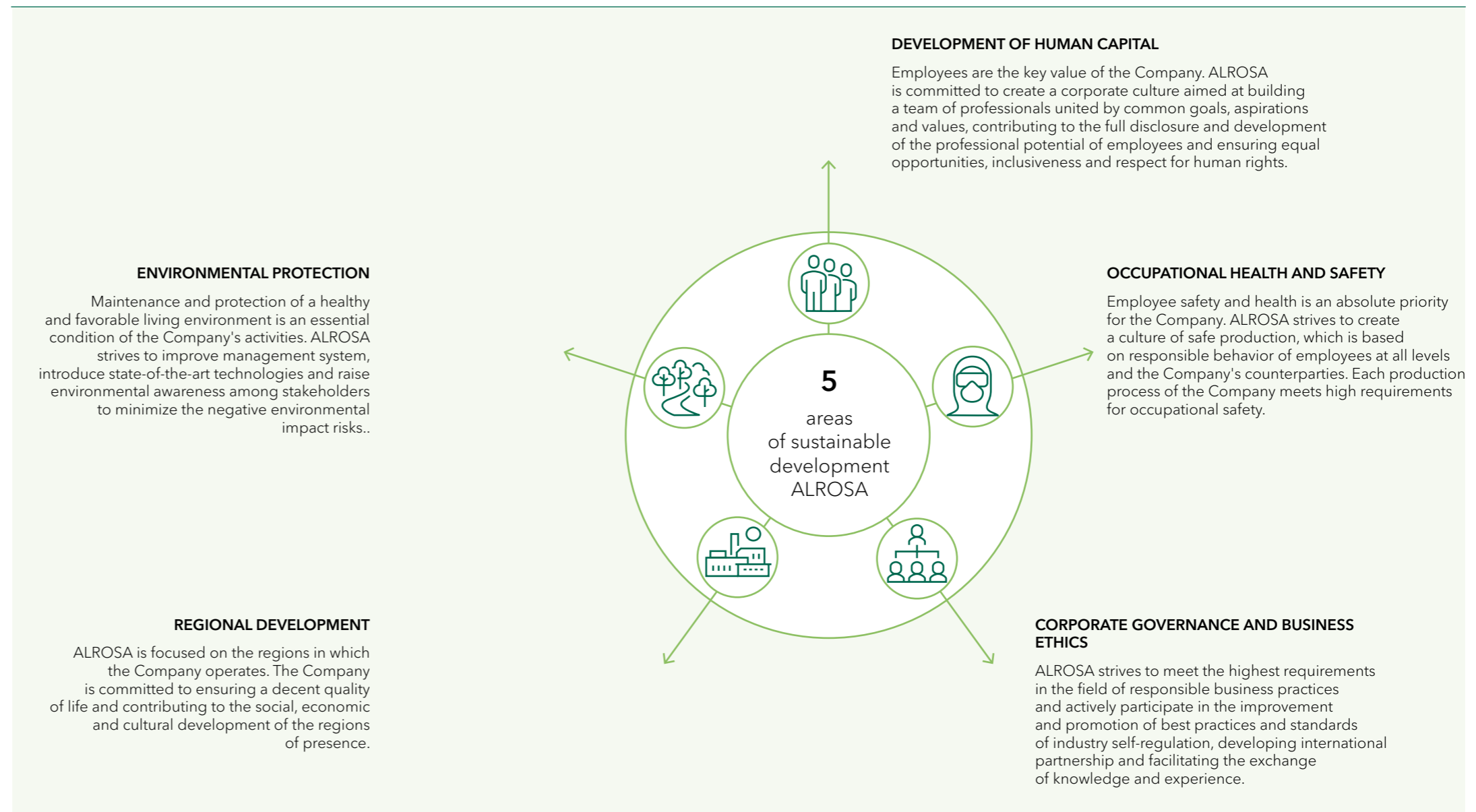
The events of 2020 confirmed the correctness of this approach to ensure the long-term sustainability of the Company. ALROSA continued to implement programs of social and economic development and environmental well-being in the regions of presence, including job creation and improving the living conditions of the local population, ensuring significant tax contributions to tax authorities of various levels, building social infrastructure and protection of the environment. By addressing these important challenges, ALROSA contributes to the achievement of the UN Sustainable Development Goals.

ALROSA's strategic approach to sustainability is integrated in key documents of the Company, including the Company's Mission and Strategy until 2024. ALROSA confirmed its commitments by joining the UN Global Compact in 2021 as a participant¹, and intends to report annually on the progress made.

In 2020, the Company's core activity was the improvement of the approach to sustainability management, including the creation of specialized corporate governance bodies, identification of strategic sustainability priorities and key ESG performance indicators for the medium term, as well as the improvement of the information disclosure quality.

ALROSA performed a comprehensive analysis of the significant aspects of its activity, including the involvement of external experts and key stakeholders, and identified five key areas in the field of sustainable development to focus the Company's efforts on in the next few years.

STRATEGIC AREAS OF ALROSA ACTIVITIES IN THE FIELD OF SUSTAINABLE DEVELOPMENT



In determining the approach and key areas of activity in the field of sustainable development, ALROSA is guided by the norms of applicable Russian and international law, the principles of the UN Global Compact and the UN Sustainable Development Goals for the period until 2030, as well as the provisions of other international standards and initiatives in this field.

¹ PJSC ALROSA joined the UN Global Compact on 30.03.2021 as a participant

CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS

GRI 102-12; 102-15


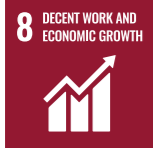
Five strategic areas in the field of sustainable development reflect 13 UN Sustainable Development Goals being of top priority and relevance for the Company's activities, to which ALROSA can make the most significant contribution.

The table below presents a brief summary of the Company's activities to achieve each of the priority UN SDGs. For more detailed information on projects and initiatives implemented in 2020 for each goal, see the relevant subsection of the Report.




ALROSA CONTRIBUTION TO THE ACHIEVEMENT OF THE UN SDGS IN 2020

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>3.4 Reduce by one third premature deaths from noninfectious diseases through prevention, treatment and maintenance of mental health and well-being</p> <p>3.5. Improve the prevention and treatment of addiction to psychotropic active substances, including drug and alcohol abuse</p> <p>3.6 Reduce by half the number of road traffic deaths and injuries worldwide</p> <p>3.8 Achieve universal healthcare services coverage, including financial risks protection, access to quality basic health services and safe, effective, high-quality and affordable basic medicines and vaccines for all</p> <p>3.9 Significant reduction in deaths and diseases caused by exposure to hazardous chemicals, pollution and poisoning of air, water and soil</p>	<p>Care for the health of employees, their families and the population of the regions of presence, ensuring safe working conditions:</p> <ul style="list-style-type: none"> — Implementation of the "Health" program among employees and their families, pensioners — Implementation of the "Culture and Sports" program — Voluntary Health Insurance (VHI) program to employees and their families — Providing vouchers at discount prices for staying in sanatoriums (health care centers), organizing the recreation of children — Support and development of sports programs, healthy lifestyle among employees and the population of the regions of presence — Investing in the construction and development of medical facilities through Trust Fund for Future Generations of the Republic of Sakha (Yakutia) — Taking measures to prevent the spread of COVID-19 among the employees — Assistance to hospitals of the regions of presence in fighting COVID-19 — Workplace safety, purchase of personal protective equipment — Implementation of internal OHS standards — Holding OHS trainings — Involvement of contracting organizations in risk identification procedures at production facilities, promotion of OHS rules to contractors 	<ul style="list-style-type: none"> — Response to COVID-19 — Social support — Prevention of occupational injuries and accidents — Training and developing a culture of safety — Employees' health and preventive treatment of occupational diseases — Prevention of emergencies — Charity and sponsorship projects

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>4 QUALITY EDUCATION</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>4.2 Ensure that all girls and boys have access to quality development, care and early preschool systems so that they are ready for primary education</p> <p>4.4 Significant increase in the number of young people and adults with required skills, including vocational skills, for employment, decent work and entrepreneurship</p> <p>4.5 Eliminating gender inequality in education and ensuring equal access to education and vocational training of all levels for vulnerable groups of population, including people with special needs, indigenous peoples and children in vulnerable situations</p>	<p>Training of personnel, promotion of professional development and advanced training of employees and local people in regions of presence:</p> <ul style="list-style-type: none"> — Training of employees at ALROSA Personnel Training Center and its educational schools, as well as training centers of the Russian Federation — Implementation of training programs within the framework of the Corporate University, introduction of new programs — Cooperation with higher and secondary specialized educational institutions, attracting students for internship, employment of young specialists 	<ul style="list-style-type: none"> — Training and development
 <p>5 GENDER EQUALITY</p> <p>Achieve gender equality and empower all women and girls</p>	<p>5.1 Total elimination of all forms of discrimination against women and girls</p>	<p>Providing equal opportunities for all employees:</p> <ul style="list-style-type: none"> — Equal remuneration for men and women for work of equal value — Providing equal career opportunities for men and women — Maintaining gender balance in personnel structure and governance bodies 	<ul style="list-style-type: none"> — Corporate governance — Human rights — Personnel structure — Remuneration and assessment
 <p>6 CLEAN WATER AND SANITATION</p> <p>Ensure access to water and sanitation for all</p>	<p>6.3 Improving water quality by reducing pollution, eliminating wastes and minimizing emissions of hazardous chemicals and materials, halving in the share of untreated wastewater and significantly increasing the recirculation and safe reuse of wastewater worldwide</p> <p>6.4 Significantly improving water use efficiency in all sectors and ensuring sustainable intake and supply of fresh water to address water shortage and significantly reduce the number of people affected</p>	<p>Rational use of water resources:</p> <ul style="list-style-type: none"> — Using a closed water circulation system at most industrial sites — Implementation of ecosystem protection and recovery measures — Use of dry tailings storage technology — Participation in the development of water supply of the Vilyui Uluses 	<ul style="list-style-type: none"> — Use of water resources

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>7 AFFORDABLE AND CLEAN ENERGY</p> <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>7.2 Significant increase in the share of renewable energy in the global energy mix</p> <p>7.3 Double global energy efficiency improvement indicator by 2030</p>	<p>Improvement of production performance:</p> <ul style="list-style-type: none"> — conversion to natural gas motor fuel; industrial technical certification to operate gas vehicles — Implementation of the gasification project in Udachny — Implementation of the initiative to reuse waste oils for accommodation camp's heating system — Use of renewable energy, expanded use of solar energy 	<ul style="list-style-type: none"> — Energy consumption and efficiency
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p>	<p>8.3 Promote development-oriented policy that encourages productive activities, building decent jobs, entrepreneurship, creativity and innovation, and support the formal recognition and development of micro-, small- and medium-sized enterprises, including by providing access to financial services</p> <p>8.8 Protect labor rights and promote safe and secure working conditions for all workers, including migrant workers, especially migrant women, and people without stable employment</p>	<p>Ensuring decent working conditions and sustainable economic growth in regions of presence:</p> <ul style="list-style-type: none"> — Fulfillment of obligations under the collective bargaining agreement with Profalmaz trade union — Implementation of Social Policy and social support programs for employees — Job creation in areas of presence — Implementation of the project "Local Workforce into Industry" — Implementation of Argys local workforce adaptation project — Ensuring decent salary that exceeds the average salary in Yakutia and Russia, ensuring that the minimum salary is not lower than the minimum salary in regions of presence 	<ul style="list-style-type: none"> — Development of human capital

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Build resilient infrastructure, promote sustainable industrialization and foster innovation</p>	<p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and well-being of people, paying particular attention to ensuring affordable and equal access for all</p> <p>9.3 Improve access to financial services, including affordable loans, for small industry and other enterprises, especially in developing countries, and enhance their integration into supply chains and markets</p> <p>9.4 Modernize infrastructure and upgrade industrial enterprises by 2030, improving their sustainability through more efficient use of resources and wider application of clean and environmentally safe technologies and industrial processes, with the participation of all countries according to their individual capacities</p> <p>9.c Significantly improve access to information and communication technologies and strive for universal and affordable Internet access in least developed countries by 2020</p>	<p>Participation in the development of regions of presence and the use of advanced technologies:</p> <ul style="list-style-type: none"> — Signing agreements on social and economic development with the uluses of Yakutia — Financing of Trust Fund for Future Generations — Participation in the Assistance and Development programs through cooperation with the Trust Fund for Future Generations — Implementation of a project to establish high-speed Internet connection in Nakyn accommodation camp — Cooperation with local suppliers, including in relation to the purchase of high-tech products and the implementation of import substitution programs — Implementation of automated production management system (MES) and analytics tools — Use of a single window system for manufacturers to submit a proposal of innovative and high-tech products for potential application in the Company — Launch of a large-scale project on the transformation of the maintenance and repair system 	<ul style="list-style-type: none"> — Contribution to the economic development of the regions — Development of regional infrastructure
 <p>10 REDUCED INEQUALITIES</p> <p>Reduced inequalities</p>	<p>10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</p>	<p>Preventing inequality in all forms:</p> <ul style="list-style-type: none"> — Respect for the rights of indigenous peoples, employment and adaptation programs for indigenous peoples of the North — Support and development of the culture, customs and traditions of the indigenous peoples of Yakutia — Compliance with the Code of Corporate Ethics — Human rights training for employees 	<ul style="list-style-type: none"> — Human rights — Support for indigenous peoples

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>Sustainable cities and communities</p>	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p> <p>11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage</p>	<p>Participation in the development of urban infrastructure in the regions of presence and support of indigenous peoples:</p> <ul style="list-style-type: none"> — Financing the construction of social infrastructure facilities, including apartment buildings, in the framework of cooperation with the Trust Fund for Future Generations — Cooperation agreements with nine uluses of the "diamond province" — Participation in the preservation of the cultural heritage of the indigenous peoples of Yakutia: Cooperation agreement between ALROSA and the Federal Agency for Ethnic Affairs (FADN of Russia) to preserve the traditional way of life of the indigenous peoples of the North, Siberia and the Far East — Participation in the organization of traditional national holidays of the peoples of Yakutia — Creation of a portal of the indigenous peoples of the North aimed at preserving the languages and national culture 	<ul style="list-style-type: none"> — Contribution to the economic development of the regions — Development of regional infrastructure — Support for indigenous peoples
 <p>Ensure sustainable consumption and production patterns</p>	<p>12.2 Achieve sustainable development and efficient use of natural resources by 2030</p> <p>12.4 Achieve the environmentally sustainable use of chemicals and all wastes throughout their life cycle in accordance with agreed international principles by 2020 and significantly reduce their emission into air, water and soil to minimize their adverse impact on human health and the environment</p> <p>12.5 Significantly reduce the amount of waste by 2030 by taking measures to prevent waste generation and ensure waste reduction, recycling and reuse</p>	<p>Sustainable waste management:</p> <ul style="list-style-type: none"> — Implementation of measures to reduce resource intensity and increase efficiency of use of natural resources throughout the value chain of mined diamond raw materials within the framework of the Program for Innovation Development and Technological Upgrade — Reuse of overburden rocks in production and construction works — Upgrade of a tailings dam of Processing Plant No. 14 — Promotion of responsible waste management and increasing environmental awareness of employees and population of the regions of presence: organization of "All Together" battery disposal campaign 	<ul style="list-style-type: none"> — Waste management — Management of tailings dams
 <p>Take urgent action to combat climate change and its impacts</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate related hazards and natural disasters in all countries</p>	<p>Reduce GHG emissions:</p> <ul style="list-style-type: none"> — Partial transfer of motor vehicles to natural gas — Implementation of the permafrost thawing risk assessment project — Development of a climate strategy acting as the corporate standard in the field of climate issues — Participation in the Carbon Disclosure Project and climate aspect assessment 	<ul style="list-style-type: none"> — Climate change and greenhouse gas emissions — Permafrost thawing risks — Compliance with TCFD recommendations — Energy consumption and efficiency

UN SDGs	SDG objectives	ALROSA contribution to the achievement of UN SDGs	Section of the Report
 <p>Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss</p>	<p>15.1 By 2020, ensure preservation, restoration and sustainable management of surface and inland freshwater ecosystems and their services, including forests, wetlands, mountains and drylands, in accordance with obligations under international agreements</p> <p>15.3 By 2030, combat desertification, restore degraded lands and soils, including those affected by desertification, droughts and floods, and strive to prevent deterioration of land conditions in the world</p> <p>15.5 Immediately take relevant measures to curb degradation of natural habitats, halt the loss of biodiversity and ensure preservation and prevention of extinction of endangered species by 2020</p>	<p>Reduction of production negative impact on environment, implementation of environmental protection programs:</p> <ul style="list-style-type: none"> — Update of the Environmental Policy — Recertification for compliance with the requirements of the international standard ISO 14001:2015 — Participation in environmental ratings — Reclamation of land used and disturbed in the course of production activities and restoration of the life environment typical for the area prior to diamond mining — Implementation of biodiversity conservation programs, including fish stocking of water bodies — Participation in the creation of specially protected natural areas, in particular, the nature reserve of wild reindeer 	<ul style="list-style-type: none"> — Management approach — Land reclamation — Biodiversity conservation
 <p>Revitalize the global partnership for sustainable development</p>	<p>17.16 Strengthen the global partnership for sustainable development, complemented by partnerships engaging many stakeholders that mobilize and disseminate knowledge, expertise, technology and financial resources to support the achievement of sustainable development goals in all countries, especially in developing countries</p>	<p>Cooperation to achieve the sustainable development goals:</p> <ul style="list-style-type: none"> — Improving the effectiveness of international regulatory mechanisms and sectoral self-regulation system — Recertification in accordance with RJC Code of Practices (2019) — Promotion of high standards of responsible business and supply chains including ALROSA ALLIANCE principles — The Company was a member of the working group of the International Business Council (IBC) of the World Economic Forum (WEF) — Due diligence procedures — Providing timely and transparent information about the Company's activities to stakeholders, including public reporting 	<ul style="list-style-type: none"> — International industry cooperation — Stakeholder engagement — Corporate governance and business ethics

INTERNATIONAL INDUSTRY COOPERATION

GRI 102-13

In response to a global request for a positive contribution to the sustainable development by various stakeholders, the global rough and polished diamond industry is consistently increasing joint efforts to promote responsible business practices. The industry takes comprehensive measures to protect its reputation, maintain the consumer value of diamond jewelry and strengthen consumer confidence. In 2020, ALROSA, as one of the industry leaders, further continued to develop international regulatory mechanisms and the industry self-regulation system, promote high standards of responsible business and supply of rough /polished diamonds at the multilateral level and in cooperation with leading countries and national organizations of the global rough and polished diamond industry.

Kimberley Process and World Diamond Council

The Kimberley Process (KP) is a permanent intergovernmental forum aimed at preventing conflict diamonds from entering the international trade. An international certification scheme was developed for this purpose: each rough diamond export/import operation on global market must be supported by a certificate confirming that these diamonds are of "conflict-free" origin. At the same time, a multilevel internal control system is built in the country, which allows preventing conflict diamonds from entering the supply chains and tracking the exported diamonds down to the place of extraction or import. The Kimberley Process includes 56 participants representing 82 States (EU countries represented as a single participant) and 4 observers, including the World Diamond Council, representing the global diamond industry, and the Civil Society Coalition, an association of non-governmental organizations. Due compliance with control requirements is ensured through an expert review mechanism, which includes the preparation of annual reports, regular reporting of rough diamond production, export and import statistics, and receiving supervisory review visits and missions of KP experts.

KP reports on the results of review visits to Russia confirm full compliance with the Kimberley Process requirements and the use of best practices.

In 2020, ALROSA provided expert support to the Russian delegation to the KP, where Russia acted as the chair and, following the decision of the KP participants to postpone the Russian chairmanship to 2021 due to the COVID-19 pandemic, as party temporarily responsible for supporting the KP.

ALROSA participates in the KP as part of the delegation of the World Diamond Council (WDC), a single representative of the industry as an observer. On behalf of WDC, ALROSA, as Chair of the Technical Expert Group (TET), coordinated the establishment of a permanent KP secretariat for better efficiency and professionalization of KP activities. As a result of the TET activities in 2020 on review of applications for the establishment of future KP secretariat, it was recommended to submit the issue of identifying the final candidate for discussion at the level of the KP plenary meeting to reach consensus among all KP participants.

ALROSA has always been a member of the WDC board of directors and key committees since the establishment of the organization in 2000. ALROSA acted as a leader in reforming WDC System of Warranties, which, as an industry self-regulation system, expands the KP Certification Scheme to include not only export and import operations with rough diamonds, but also the internal domestic trade, covering all segments of rough and polished diamond industry from production to sale. New WDC System of Warranties, supplemented by the Guidelines, provides not only for a guarantee of a "conflict-free" origin of diamond products in the form of a declaration in shipping documents, but also implies compliance with universal standards in the field of human and labor rights, anti-money laundering and anti-corruption activities.

In 2020, a new online self-assessment tool was developed and launched in test mode to check the compliance with the Guidelines of the revised System of Warranties. This important element of improving industry self-regulation that takes into account the size of business, segment of activity and sources of raw materials, is designed to provide the rough and polished diamond industry participants with detailed guidance on compliance with the requirements of the System of Warranties, as well as provide samples required for the adoption and compliance with policies.

Responsible Jewellery Council

The Responsible Jewellery Council (RJC) is an international non-profit organization created to certify participants who comply with its responsible business standards. RJC consists of more than 1200 companies covering the entire jewellery supply chain from mining to retail sales. The RJC Certification System provides an opportunity for companies to demonstrate their commitment to ethical standards and responsible business practices. ALROSA joined RJC in 2016 becoming a member of the Board of Directors in 2017. Following the results of the independent audit in December 2017, ALROSA received a certificate of compliance with the RJC Code of Practices for three years and in 2020 held another audit.

RJC members undertake to follow the Code of Practices, an international standard for responsible business practice for diamond, gold and platinum group metals. The Code of Practices covers human and labor rights, environmental impact, information disclosure and other areas of responsible business.

In April 2019, the Code of Practice was significantly updated. The main changes include:

- Alignment of requirements with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains from Conflict-Affected and High-Risk Areas;
- Implementation of more stringent requirements on human rights in accordance with the UN Guiding Principles on Business and Human Rights and environmental protection;
- New requirements for delineating natural and synthetic diamond markets to protect consumer rights.

Natural Diamond Council

The Natural Diamond Council (NDC) is an association of diamond producers that supports the attractiveness of natural rough/polished diamonds and their promotion and protects the reputation of producers of natural diamond jewelry. As the only industry organization that directly interacts with the consumer through its consumer brand "Only Natural Diamonds", NDC is also the most respected and competent publisher of innovative digital content aimed at inspiring, educating and supporting consumers, promoting values and historical heritage associated with natural polished diamonds, as well as sharing information about important innovations in the world of polished diamond jewelry.

Since its foundation, ALROSA, along with other participating companies, has made a significant contribution to NDC financing helping increase efforts to promote generic marketing programs for natural polished diamonds in the USA and gradually cover the markets of India and China. In 2020, ALROSA actively participated in the total transformation of the NDC polished diamond generic marketing campaign in line with modern trends accelerated by the COVID-19 pandemic.

ALROSA also supported programs aimed at promoting the natural origin of gems and the reputation of the diamond industry. In particular, NDC member companies developed a common approach to the organization's contribution to achieving the UN Sustainable Development Goals, providing three "pillars" for the industry sustainable development based on nine UN SDGs of top priority for NDC. Moreover, to support industry-wide efforts to separate natural diamond and synthetic diamond markets, ALROSA updated the ALROSA ALLIANCE Guidelines on Responsible Business Practices with provisions for regulatory and physical separation of relevant operations.

In 2020, ALROSA was one of the first in the world to successfully undergo recertification according to the updated Code of Practices confirming its commitment to responsible business. ALROSA (ZIMBABWE) Limited confirmed its compliance with the Code of Practices, becoming the first RJC-certified company in the history of Zimbabwe. The audit also covered JSC PC Kristall merged with ALROSA Group in 2019.

To align corporate standards with the provision of new RJC Code of Practices, ALROSA adopted the Regulations on Responsible Diamond Supply Chain Management in line with the OECD Guidelines and approved by the organization's experts.

STAKEHOLDER ENGAGEMENT

GRI 102-21; 102-40, 102-43, 102-44

ALROSA Group is aware of the importance of effective stakeholder engagement for successful long-term development and strives to balance their interests. Stakeholder engagement is based on the principles of bilateral respect, transparency, integrity and responsibility.

The Company ensures regular communication and systematically processes the applications and requests of stakeholders, notifying them about its activities in a timely manner by means of channels and methods that are most suitable for the stakeholders. In 2020, despite the objective restrictions related to the COVID-19 pandemic, ALROSA used all available communication options, switching some of them online

ALROSA KEY STAKEHOLDER GROUPS

Stakeholders	Stakeholder interests	Key interaction formats
Shareholders and investors	<ul style="list-style-type: none"> — high shareholder return, regular payment of dividends — ensuring shareholder rights and minimizing investor risks — information transparency and timely information disclosure — improving the corporate governance system 	<ul style="list-style-type: none"> — disclosure of information on the Company's website — Investor days — road shows — conference calls — one-on-one meetings — visits to production sites¹ — Provision of GMS materials about Company's location (Moscow, Mirny)
Employees and the Profalmaz interregional Trade Union of ALROSA	<ul style="list-style-type: none"> — decent and safe working conditions — respect for human rights and nondiscrimination — social programs — fulfillment of the terms of the collective agreement — fulfillment of obligations to the trade union organization 	<ul style="list-style-type: none"> — communicating with employees through immediate supervisors and management — consultation with the union and collective bargaining — corporate web portal — corporate sports and cultural events, professional competitions — Khozaktiv annual forum¹ — corporate media, brochures, information screens — confidential feedback boxes
Government authorities	<ul style="list-style-type: none"> — compliance with regulatory requirements and recommendations — amendments to the legal and regulatory framework in order to ensure effective development and maintenance of the Company's resource base — timely receipt of tax and dividend payments — rational use of mineral and raw material resources, introduction of innovative technologies, creation of favorable working conditions, environmental protection 	<ul style="list-style-type: none"> — working and expert groups, commissions, committees — official requests — public events — cooperation agreements with regional authorities

¹ Not held in 2020 due to the COVID-19 pandemic

Stakeholders	Stakeholder interests	Key interaction formats
Local communities	<ul style="list-style-type: none"> — creating jobs in the regions of presence — development of transport, energy and social infrastructure of regions — charitable assistance to schools, kindergartens, health, science and educational institutions and other non-profit organizations — industrial and environmental safety — respect for the cultural heritage, traditions and rights of the population in regions of presence, including small-numbered and indigenous peoples 	<ul style="list-style-type: none"> — corporate programs, projects and cooperation agreements — community liaison offices — tours to production facilities
Business partners	<ul style="list-style-type: none"> — equal conditions for participation in competitive bidding — timely fulfillment of mutual obligations — anti-corruption activities — compliance with business ethics 	<ul style="list-style-type: none"> — meetings and negotiations — exhibitions and conferences — competitive bidding
Industry Russian and international community	<ul style="list-style-type: none"> — maintaining and enhancing the consumer value of polished diamonds — building consumer trust in diamond products — developing and promoting standards for responsible business conduct, including ensuring responsible rough/polished diamond supply chains, social and economic development of areas of presence, environmental protection, respect for human and labor rights, and occupational safety — implementing and improving the effectiveness of international regulatory mechanisms and sectoral self-regulation systems, including ensuring the "conflict-free" origin of rough/polished diamonds in the global market — differentiating the markets for natural and synthetic rough and polished diamonds 	<ul style="list-style-type: none"> — participating in compiling the agenda and work of industry organizations — cooperation with national and international industry and other relevant organizations — organizing and participating in sectoral agenda and sustainable development activities — developing and promoting standards for responsible business conduct — conducting research — improving corporate procedures and control mechanisms
Customers	<ul style="list-style-type: none"> — product quality and price, as well as supply and payment conditions — guarantees of conformity of rough diamond mining with Russian and international legislation 	<ul style="list-style-type: none"> — satisfaction surveys — meetings and negotiations — exhibitions and conferences
Public environmental organizations	<ul style="list-style-type: none"> — minimizing negative industrial impact on the environment — compliance with international environmental standards 	<ul style="list-style-type: none"> — conferences, seminars, round tables — participation in environmental ratings — responses to queries and suggestions
Analysts, expert community	<ul style="list-style-type: none"> — information transparency and timely disclosure of key information — compliance with regulations and requirements 	<ul style="list-style-type: none"> — conferences, seminars, round tables — participation in ratings — responses to queries and suggestions
Media	<ul style="list-style-type: none"> — information transparency and timely disclosure of key information — regular interaction and information exchange 	<ul style="list-style-type: none"> — publication of press releases on the website http://www.alrosa.ru — responses to information requests — interviews with the management — media tours

The Company follows the principle of neutrality in relation to financial and industrial groups, political parties and associations..

CORPORATE GOVERNANCE AND BUSINESS ETHICS

595

Assessed against social
and environmental criteria:

CORPORATE GOVERNANCE 41

SUSTAINABILITY RISK MANAGEMENT 45

RESPONSIBLE SUPPLY CHAIN 49

REQUIREMENTS FOR SUPPLIERS
AND CONTRACTORS 51

BUSINESS ETHICS
AND ANTI-CORRUPTION 52

HUMAN RIGHTS 54





KEY INDICATORS AND ACHIEVEMENTS

Women in the Supervisory Board

20%

new ALROSA suppliers were assessed against social and environmental criteria

595

business partners were tested for corruption risks

12,421

business partners familiarized with ALROSA anti-corruption requirements and policies

100%

MATERIAL TOPICS

- Economic performance
- Responsible supply chain
- Compliance with legislative requirements
- Responsible business practices
- Corporate governance

SUSTAINABLE DEVELOPMENT GOALS



CORPORATE GOVERNANCE

GRI 102-18; 102-19; 102-20; 102-22; 102-23; 102-26; 102-31; 102-32; 405-1

Sustainable development management is embedded in ALROSA's general corporate system. It is understood that in order to improve performance, a management model is required that is consistent with best practices and allows developing and making decisions to achieve strategic goals at all organizational levels. ALROSA continuously improves corporate governance practices by analyzing the management system, developing long-term plans and measures to improve its effectiveness.

In 2020, the Company had a great deal of work on further integrating the sustainability concept and principles into the Group's corporate governance system. ALROSA performed diagnostics and assessment of the current state of the Company's sustainability practices for compliance with the requirements of leading international standards and guidelines in this field, as well as the requirements of regulators, rating agencies and the best industry practices. The analysis resulted in the establishment of a target model of the Group's sustainable development management system, which includes a governance structure, a regulatory document system and an ESG data collection and disclosure system.


In the midterm, ALROSA intends to allocate sustainable development management responsibilities to all organizational levels of the Group to improve the effectiveness of the strategic and operational sustainable development management.


Strategic governance

Strategic sustainable development management is performed by the Supervisory Board, which defines the goals, strategic vision and approach of ALROSA in the field of sustainable development. In addition, the Supervisory Board approves key documents of the Company, including non-financial statements.


The Strategy and Sustainability Committee operates at the level of the Supervisory Board. In 2021, the functions of the Committee were expanded to include tasks related to the identification and achievement of the Company's strategic goals in the field of sustainable development, as well as the participation of the Group in international initiatives, organizations and associations on sustainable development and responsible business.

GENERAL INFORMATION ABOUT THE SUPERVISORY BOARD

 15 directors:
11 non-executive directors
3 independent directors
1 executive director

 Term of office:
< 3 years - 7 persons
3-5 years - 4 persons
> 5 years - 4 persons

 80% men
20% women

 30-50 years - 60%
> 50 years - 40%

The functions of the Committee comprise preliminary consideration and preparation of recommendations to the Supervisory Board including, inter alia, the following aspects:

- identification of the strategic goals and strategic risks of the Company's activity, including in the area of sustainability;
- consideration of issues related to defining and achieving the Company's strategic goals in the area of sustainability;

- approval of long-term, medium-term and short-term financial and business plans;
- approval of the strategic documents of the Company related to sustainability;
- improving corporate relations and corporate governance practices;
- review and approval of reporting on achievement of strategic objectives as part of the Program for Sustainable Development and non-financial statements of the Company;

- analysis and forecasting of scientific and technical development, and an assessment of the level of modernization and optimization of the technologies in use at the Company;
- participation of the Company in international initiatives, organizations, and associations on issues of sustainability and responsible business practices.

A working group composed of members of the Supervisory Board and external experts was created under the Strategy and Sustainability Committee. The scope of the working group includes the review of the best international practices and analysis of their applicability for implementation in the Company.

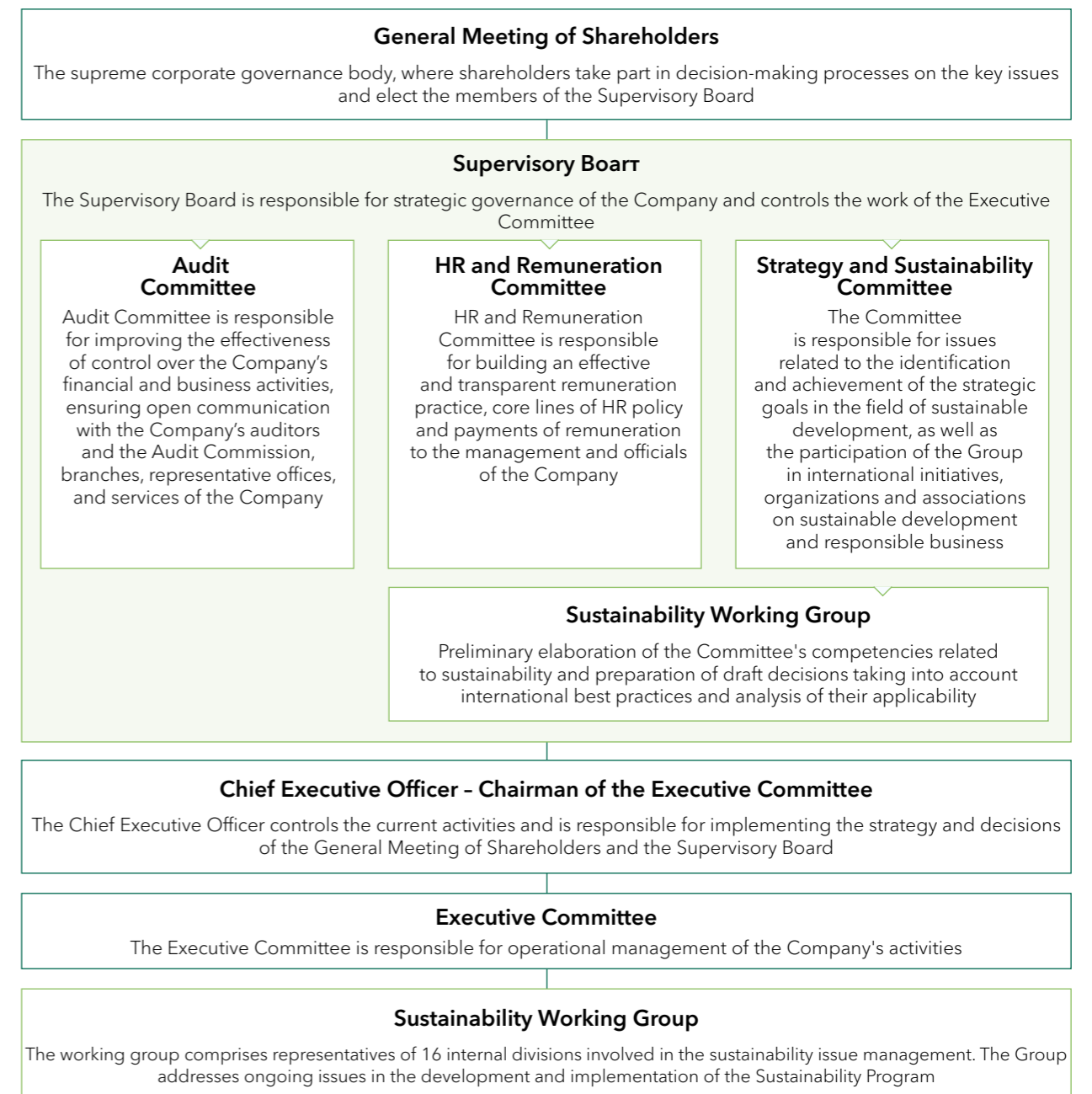
Operational governance

Operational sustainable development management is performed by the Chief Executive Officer - Chairman of the Executive Committee and the Executive Committee are responsible. They arrange for the implementation of decisions of the Supervisory Board and are responsible for the implementation of the sustainable development strategy. The Chief Executive Officer manages the current activities of the Company and is responsible for the distribution of responsibilities in the field of sustainable development among the structural divisions.

In 2020, a working group on sustainable development under the Executive Committee was created as a working body at the Company's management level. The working group includes representatives of 16 internal divisions of ALROSA involved in the management of environmental, economic and social aspects. The working group under the Executive Committee carries out constant day-to-day management of sustainable development issues, makes operational decisions on these issues and develops and improves the Sustainability Program.



ALROSA's structure of corporate governance¹



For more information on the corporate governance system and bodies, see the ALROSA Annual Report 2020.

¹ On 15 February 2021 by the decision of the Supervisory Board, minutes No.01/327-PR-NS, the Strategy Planning Committee under the Supervisory Board of PJSC ALROSA was renamed as the Strategy and Sustainability Committee under the Supervisory Board of PJSC ALROSA

Company's documents on sustainability

ALROSA is actively developing a system of internal regulatory documents on sustainability. In 2020, a number of Company's policies and codes were updated. The Company also developed ALROSA Group Sustainability Program 2021-2025 planned to be adopted in 2021.

As part of the Program development, the Company performed a comprehensive analysis of applicable requirements and obligations related to sustainability

issues, intra-corporate approaches and practices of comparable companies. The draft Program includes strategic priorities and targets indicators in the field of sustainable development, as well as the Company's approach to achieving the UN Sustainable Development Goals. The Program target indicators will be integrated into Long-Term Development Program of ALROSA Group for 2018-2024.

KEY DOCUMENTS OF THE SUSTAINABILITY MANAGEMENT SYSTEM

Top level documents:

- Development Strategy of the ALROSA Group for 2018-2024
- Long-Term Development Program of ALROSA Group for 2018-2024
- Innovative Development and Technological Modernization Program
- ALROSA Group Program for Sustainable Development (to be approved by the Supervisory Board in 2021)
- Sustainable Development and Corporate Social Responsibility Policy
- ALROSA ALLIANCE Guidelines on Responsible Business Practices

Environmental protection:

- Environmental Policy
- Comprehensive Program for Environmental Protection and Environmental Safety 2019-2023
- Concept of Energy Saving and Energy Efficiency Improvement until 2035

Occupational health and safety:

- Occupational Health and Safety Strategy for 2021-2025
- Occupational Health and Safety Policy

Development of human capital:

- Social Policy
- Collective Bargaining Agreement between PJSC ALROSA and Profalmaz Interregional Trade Union for 2020-2022

Regional development:

- Regulation on Charity and Sponsorship

Corporate governance and business ethics:

- Code of Corporate Ethics
- Corporate Governance Code
- Anti-Corruption Policy
- Regulation on Responsible Diamond Supply Chain Management
- Code of Business Ethics for Suppliers

SUSTAINABILITY RISK MANAGEMENT

GRI 102-15; 102-29; 201-2

ALROSA Group strives for continuous improvement of the effectiveness of the risk management system (RMS) to ensure the Company's sustainable development under conditions of uncertainty and changes in the external environment.

Sustainability risk management is integrated into the Company's risk management system.

Risk management system

ALROSA risk management is a continuous and systematic process that runs at all the Company's levels, integrated with key business processes and aimed at improving the quality of management decisions. The Company identifies, monitors, analyzes, assesses and responds to risks on an ongoing basis, including through systemic planning of measures to reduce the level of risks and ensure control over their implementation.

Internal regulatory documents were drafted with due account of the requirements of international risk management guidelines (including COSO ERM and ISO 31000:2018) and the demands and recommendations of national regulators. They establish the structure and the procedures of the risk management system.

KEY INTERNAL REGULATORY DOCUMENTS GOVERNING RISK MANAGEMENT PROCESSES AT ALROSA

Risk Management Policy¹

Regulation on Risk Management²

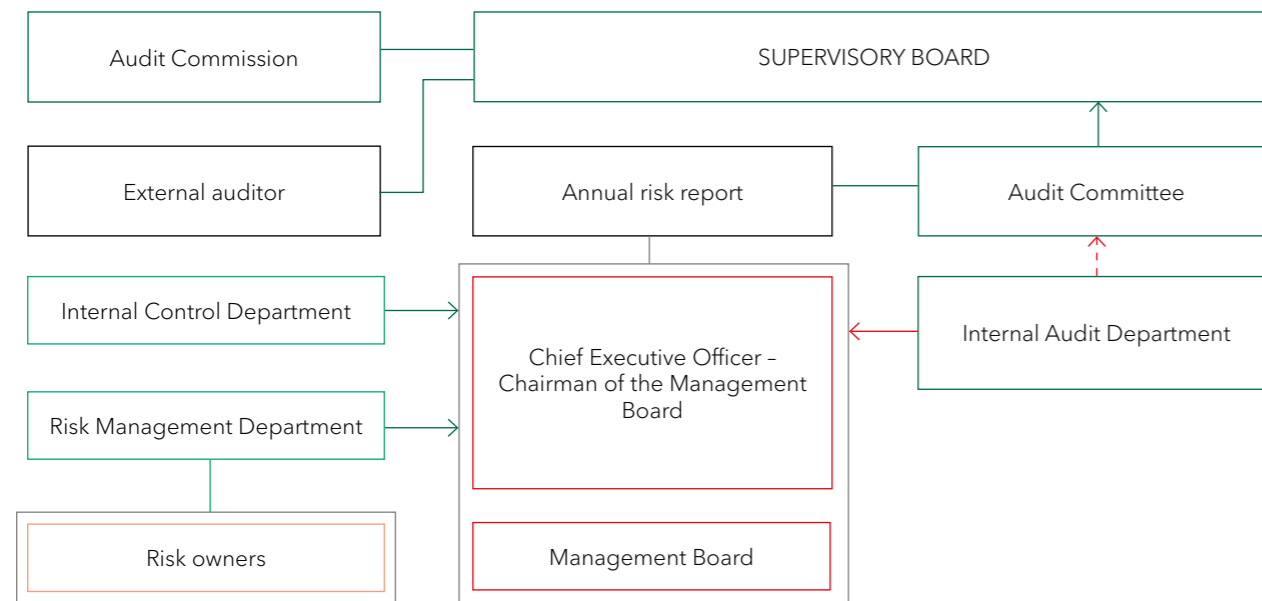
Informational regulation on risk management containing a Risk Classifier, the Method of Risk Identification and Assessment, and Templates of reporting documents in the RMS³

¹ Based on the decision of the Supervisory Board dated 29 December 2020, minutes No. 01/326-PR-NS

² Based on the decision of the Supervisory Board dated 29 December 2020, minutes No. 01/326-PR-NS

³ Order No. 01/355-P dated 31 December 2020 "On Approving the Informational Regulation on Risk Management"

Organizational structure of the risk management system at ALROSA



Participants in risk management processes:

■ Management and control bodies	■ Employees of the structural divisions and functional services
■ Decision-making Center	← Administrative subordination
■ Risk owners (owners of the risk management process)	← Functional and administrative subordination
■ Center for Aggregation of Risk Information and RMS Management	← - - Functional subordination

In 2020, ALROSA implemented a series of measures aimed at improving the risk management system:

- the Company's critical risk list and the assessments of risk levels were updated;
- planned measures were performed to manage critical production risks;
- a project was launched to develop pilot business continuity plans;
- a project was launched to assess the risks associated with the thawing of permafrost;
- measures were performed to mitigate the operating risks of the airline and the airport in Mirny.

The Internal Audit Department performs annual assessment of the reliability and effectiveness of the RMS and internal control system to be approved by the Supervisory Board. An independent external assessment is also carried out on a regular basis.

The Supervisory Board annually reviews and approves the Annual Critical Risk Report and approves the Action Plan to Minimize Critical Risks. The list of critical risks includes risks that could have a negative impact on the environment. Certain significant aspects of environmental risk management are reviewed by the Audit Committee.

ALROSA performs regular assessment of the effectiveness of the risk management system, which includes:

- checking the adequacy and maturity of the system elements for effective risk management;
- checking completeness of identification and correctness of risk assessment by the management at all management levels;
- checking the effectiveness of control procedures and other risk management activities, including the effective use of resources allocated for these purposes;
- analysis of information about implemented risks.

Quality control of the Risk Management System

GRI 102-30

Quality control is performed through regular reporting on risk management issues at the meetings of the Executive Committee, Audit Committee and Supervisory Board. Performance is evaluated by means of external and/or internal independent assessment and self-assessment.

RMS PERFORMANCE ASSESSMENT FORMS AND PROCEDURES

Self-assessment	Internal independent assessment	External assessment
<ul style="list-style-type: none"> Performed by RM department at least once a year Results are reviewed by the owner of risk management process 	<ul style="list-style-type: none"> Performed by Internal Audit department at least once a year Results are reviewed by Chief Executive Officer - Chairman of the Executive Committee and Audit Committee and approved by the Supervisory Board 	<ul style="list-style-type: none"> Performed by engaged independent expert organization if necessary, depends on the need for the external assessment and is based on the level of assumed risks and changes in organizational structure of the Company The results are escalated to the Chief Executive Officer - Chairman of the Executive Committee and the Supervisory Board after preliminary review of the Audit Committee and the Executive Committee

In 2020, the reliability and effectiveness of the risk management system were assessed with the overall score reaching 73%.

KEY IMPACTS, RISKS AND OPPORTUNITIES OF ALROSA'S SUSTAINABLE DEVELOPMENT

Key risk	Risk description	Improvement opportunities
Environmental impact – ALROSA Group divisions inevitably have an impact on the environment in the course of their production activity. The company strives to minimize the negative impact and conducts environmental protection initiatives	Environmental impact (emissions, disposals, wastes)	Adverse environmental impact
		<ul style="list-style-type: none"> Digitalization of environmental aspects: development and implementation of a geographic information system for environmental monitoring; equipping negative impact facilities with automated systems for monitoring and recording discharges/emissions. Development of environmental risk assessment and management model at negative impact facilities of PJSC ALROSA, including investment (planned) projects. Strengthening measures to protect the environment and ensure environmental safety in Yakutia as part of the "Comprehensive Program for Environmental Protection and Environmental Safety of PJSC ALROSA for 2019-2023" in terms of introducing new activities: <ul style="list-style-type: none"> Protecting environment from noise, vibration or other physical impact, Ensuring radiation safety of the environment, Social and environmental activities.
	Climate impact	Greenhouse gas emissions
		<ul style="list-style-type: none"> Achievement of indicators set in the Long-Term Development Program to reduce greenhouse gas emissions
	Impact on biodiversity	Decrease in animal and plant populations in the areas impacted by enterprise activity
		<ul style="list-style-type: none"> Implementation of animal and plant monitoring programs, satellite monitoring, reconnaissance surveys. Sponsorship in support of specially protected areas, natural parks. Implementation of programs to replenish the biodiversity of the region.

Key risk	Risk description	Improvement opportunities
Social risks		
Most of ALROSA Group employees work and live in single-industry towns, where the Company has a significant impact on employment, development of local infrastructure and solution of social problems of the region. ALROSA is a major benefactor participating in the implementation of scientific, medical, educational, cultural and sports projects		
Social impact	Negative social impact	<ul style="list-style-type: none"> — Provision of benefits and guarantees to employees under the collective bargaining agreement. — Ensuring stable functioning of cultural and sports facilities, preschool, secondary, secondary specialized and higher education. — Creation and development of comfortable living environment in the Far North areas and single-industry towns. — Improving the aesthetic conditions of cities, painting residential buildings, demolishing dilapidated housing. — Ensuring stable operation of public utilities. — Ensuring stable air traffic, support in maintaining the quality of roads. — Co-financing the construction of socially significant projects in the Republic of Sakha (Yakutia).
Occupational and industrial safety	Violation of occupational and industrial safety requirements and imposing sanctions against the Company in case of non-compliance with the requirements	<ul style="list-style-type: none"> — Compliance with industrial safety requirements of hazardous production facilities. — Compliance with requirements for ensuring safety of hydraulic structures. — Compliance with state regulatory occupational safety requirements. — Implementation of control measures, development of OHS culture.
Public safety (impact on the health of local residents)	Impact on the health of local residents living near production sites	<ul style="list-style-type: none"> — Development and implementation of projects to establish sanitary protection zones. — Monitoring pollutants and physical impact factors at the border of sanitary protection zones and the nearest residential development. — Implementation of measures in case of adverse weather conditions. — Compliance with production process standards. — Timely maintenance of production machinery and equipment.

For more information on ALROSA's sustainable development risks, see ALROSA Sustainability Report 2019.

Realized risks in 2020

Impact of the spread of the novel coronavirus infection (COVID-19)

The spread of the novel coronavirus infection started in late 2019, affecting every country in the world and leading the WHO to declare a pandemic in March 2020. The spread of the infection and a series of restrictive measures caused a sharp decline in demand for diamond jewelry in Q2 2020. The development of the situation in the USA and China and the suspension of diamond processing facilities in India were the most critical consequences for the Company. A recovery in demand was seen at the end of 2020.

- ALROSA took several measures to minimize the consequences of risk realization including:
- continuation of the price over volume strategy;
 - development of customer support mechanisms;
 - introduction of new logistics routes when shipping goods to foreign buyers;
 - development of virtual sales and remote video showings of diamonds;
 - work to enhance the customer-oriented approach by launching projects to improve the quality of products;
 - implementation of sales incentive programs during a period of growing demand.

For more information on ALROSA's risk management system, its participants, risk management methods and key risk groups, please refer to ALROSA Annual Report 2020.

RESPONSIBLE SUPPLY CHAIN

Building a responsible supply chain is an important element to ensure transparency of the industry and strengthening consumer trust. The Company is focused on complying with the principles of responsible business and providing complete and reliable information about rough/polished diamonds produced at all stages of activity - from the rough diamond exploration and production to sorting, cutting and jewelry making. ALROSA has a unique opportunity to provide customers with complete information about the country and the regional origin of rough and polished diamonds. At the same time, rough diamond raw materials received from various regions and mined by the ALROSA Group are not mixed during sorting, evaluation and sale.

ALROSA actively promotes responsible business practices, development of an industry self-regulation system and strengthening of consumer confidence in the framework of multilateral cooperation in international industry organizations. ALROSA is a member of the Kimberley Process (KP), the World Diamond Council (WDC), the Natural Diamond Council (NDC) and the Responsible Jewellery Council (RJC).

The Company undertakes the obligations and strictly follows the leading international and industry standards in the field of responsible business conduct. ALROSA was one of the first company in the industry to confirm its compliance with the requirements of the updated Responsible Jewellery Council Code of Practices 2019.

ALROSA UNDERWENT RECERTIFICATION BY THE RESPONSIBLE JEWELLERY COUNCIL

In 2020 ALROSA had the second recertification audit for compliance with the requirements of the updated RJC Code of Practices 2019. The audit covered the practice of ensuring decent working conditions for employees, their labor rights and freedoms, labor safety and protection, environmental protection, combating corruption and a responsible diamond supply chain.

For the first time, the audit covered JSC PC Kristall and ALROSA (ZIMBABWE) Limited, which became the first RJC certified company in Zimbabwe.

For more information about ALROSA's participation in international industry organizations, see "International industry cooperation".

The Company performs the supply chain management in accordance with the Regulation on Responsible Diamond Supply Chain Management developed in line with international regulations, industry standards and initiatives in the field of responsible business and sustainability. Compliance of the Company's internal control systems with OECD Guidelines for Responsible Mineral Supply Chains Management is of crucial importance. This allows the Company to guarantee the ethical and responsible origin of rough and polished diamonds.

ALROSA Group has a corporate diamond supply chain management system that includes a number of measures to confirm the ethical origin of diamonds:

- due diligence procedures as regards the diamond supply chain based on a preliminary risk assessment;
- providing stakeholders with reliable information on the responsible origin of rough and polished diamond products;
- regular interaction with customers, suppliers and industry organizations on the implementation and dissemination of responsible business practices;
- disclosing information to stakeholders to increase supply chain transparency.

PRINCIPLES OF RESPONSIBLE DIAMOND SUPPLY CHAIN MANAGEMENT

Countering illegal action in conflict-affected areas and high-risk areas	The Company performs its operating activity in strict conformity with the Kimberley Process certification scheme and does not operate in conflict-affected areas
Countering support to illegal military groups	The Company does not tolerate or create conditions for financing or supporting illegal military groups or affiliated parties
Countering illegal actions by security forces	The Company does not tolerate or create conditions for possible direct or indirect financing or support for illegal actions by security forces
Countering bribery and corruption	The Company does not tolerate any forms or manifestations of corruption
Anti-money laundering	The Company does not tolerate and makes all efforts to counter legalization of money laundering of proceeds from crime, financial fraud and terrorist financing
Ensuring transparency of payment to the state at all levels	The Company discloses complete and reliable information about payments to the state at all levels of the country of presence in accordance with the Russian legislation





ALROSA ALLIANCE principles

The ALROSA ALLIANCE logo brings together customers meeting high standards of doing business and having a deep understanding of the rough diamond market. The logo confirms that the customer is a reliable buyer of rough diamond raw materials. To develop corporate working standards, comply with best practices and strengthen trust to ALROSA ALLIANCE, the Company developed and implemented the ALROSA ALLIANCE Guidelines on Responsible Business Practices. The Guidelines are based on the world's best practices of business conduct, globally recognized corporate

governance standards, industry self-regulation standards, key international documents on financial transparency, human rights, health and safety, social economic development and environmental protection.

By using the ALROSA ALLIANCE logo, the participants declare their conformity and commitment to comply with principles in their activities and communication with business partners in the entire rough/polished diamond supply chain.

OBLIGATIONS OF ALROSA ALLIANCE MEMBERS

-  Compliance with the requirements and principles of the Kimberley Process and the World Diamond Council System of Warranties
-  Ethical business in line with the principles of lawful and fair competition, countering bribery and corruption, ensuring financial transparency and information disclosure
-  Strict compliance with human and labor rights, non-discrimination, zero tolerance to forced or child labor, ensuring safe and comfortable working conditions, decent salary and social guarantees
-  Implementation of prompt actions to reduce negative impact on the environment, sustainable use of mineral resources and environmental protection

REQUIREMENTS FOR SUPPLIERS AND CONTRACTORS

GRI 308-1; 414-1

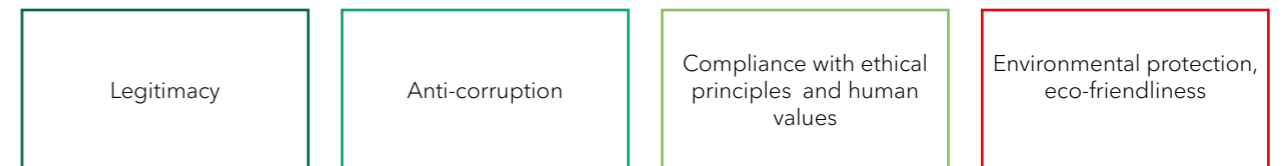
ALROSA seeks to enter into commercial relations only with the suppliers of goods, works, services able to demonstrate the necessary level of compliance with the requirements of legislation, international standards and guidelines in the field of financial sustainability and transparency, corporate governance, business ethics, labor and human rights, occupational health and safety, environmental protection and other aspects of responsible business. The main principles of cooperation are given in the ALROSA Code of Corporate Ethics.

ALROSA requires its contractors to comply with health and safety standards for employees during the provision of work and services both at the Company's production sites and other facilities. requirements, follow the ethical standards, and reject any activity that violates such standards. ALROSA requires its contractors to comply with health and safety standards for employees during the provision of work and services both at the Company's production sites and other facilities.

Moreover, the Company assesses suppliers based on social and environmental criteria. In 2020, 595 new ALROSA suppliers underwent assessment (34%). No violations of social and environmental requirements by contractors and suppliers were recorded in 2020.

The Company respects its suppliers and, in turn, expects suppliers and their subcontractors to comply with legal

Key supplier responsibility requirements



Ensuring transparency and competitiveness is one of the key principles in procurement procedures.

REGULATORY AND STRATEGIC DOCUMENTS

- Federal Law No. 223-FZ of 18 July 2011 "On the Procurement of Goods, Work and Services by Certain Types of Legal Entities"
- Federal Law No. 44-FZ dated 5 April 2013 "On the Contract System for Procurements of Goods, Work and Services for Government and Municipal Needs"
- Procurement provision
- Small- and medium-sized business partnership program
- Methodology to determine requirements, preferences, criteria for selection and evaluation of bids of participants in competitive procurement procedures
- ALROSA Group Long-term Development Program for 2018-2024
- Code of Business Ethics for Suppliers

For more information about procurement, supply and logistics management at ALROSA, see the section "Contribution to the development of regional economies" and Annual Report 2020.

BUSINESS ETHICS AND ANTI-CORRUPTION

Guided by its corporate values, ALROSA is doing business in accordance with the highest ethical standards. In its operating activities and cooperation with third parties, the Company has zero tolerance to any form of bribery and corruption.

INTERNATIONAL AND RUSSIAN STANDARDS AND REQUIREMENTS FOLLOWED BY ALROSA:

- ALROSA has been a member of the Russian Anti-Corruption Charter for Business since 2013
- ALROSA joined the World Diamond Council (WDC) since its inception
- ALROSA is a co-founder and member of the Natural Diamond Council (NDC)
- ALROSA developed ALROSA ALLIANCE Guidelines on Responsible Business Practices
- ALROSA joined the Responsible Jewellery Council (RJC) in 2016

Key regulatory documents

ALROSA believes it is important to create the necessary base of internal regulatory documents that ensure anti-corruption activities and keep it up to date. Internal regulatory documents should be in line with the developing anti-corruption legislation of the Russian

Federation, Company's participation in anti-corruption initiatives of the Russian business and international industry organizations that require to implement anti-corruption measures.

KEY INTERNAL ANTI-BRIBERY REGULATIONS

Code of Corporate Ethics¹

Anti-Corruption Policy²

ALROSA ALLIANCE Guidelines on Responsible Business Practices.

GRI 102-16

The Anti-Corruption Policy is a main document that establishes key goals, principles and requirements adopted in the Company in relation to anti-corruption.

The main anti-corruption principles reflected in the Policy are as follows:

- zero tolerance to any forms and manifestations of corruption
- preventing and resolving conflicts of interests
- inevitability of punishment
- legitimacy

- regular corruption risk assessment
- tone at the top
- systemic and adequate anti-corruption procedures
- due diligence principle
- monitoring and control
- improvement of anti-corruption system
- provision of information channels for communications and proposals for anti-corruption purposes

¹ Approved by the Supervisory Board of PJSC ALROSA on 10.03.2021, minutes No. 01/328-PR-NS dated 11.03.2021
² Approved by the Supervisory Board of PJSC ALROSA on 10.03.2021, minutes No. 01/328-PR-NS dated 11.03.2021

GRI 205-1, 205-2

100% of the Company's employees are familiar with the Anti-Corruption Policy and regularly confirm compliance with its principles and requirements.

The Company's Code of Corporate Ethics defines the key principles and standards of ethical business conduct - a core of corporate culture. The Code promotes building a moral basis to reject corruption in all forms and manifestations among employees, preventing their involvement in any corruption activities.

During the reporting period, the Company's documents regulating anti-corruption standards were updated, namely, the Anti-Corruption Policy, the Code of Corporate Ethics.

The Anti-corruption Policy was updated by the Company, inter alia, to comply with ISO 37001:2016.

Working with personnel and counterparties on implementing anti-corruption measures

The Company monitors the compliance of its employees with anti-corruption legislation and internal anti-corruption regulations and ensures that none of the employees will be prejudiced in career or financial terms if the employee refuses to perform corruption actions, even if such refusal results in losses for the Company. The Company also applies penalties for violation of anti-corruption rules (up to the dismissal of employees in fault) subject to compliance with labor and corporate laws and regulations.

GRI 102-25

To prevent corruption, the Company identifies the anti-corruption procedures necessary for working with personnel:

- requesting and verifying information necessary to assess possible threats to the Company from job candidates and employees applying for promotion;
- providing information to predict situations of potential conflict of interest to candidates for positions with high level of corruption risk and employees at such positions;
- urgent notification of such conflicts of interest;
- registration of persons obliged to provide information on personal interest in transactions (conflict of interest);
- ensuring the functioning of a conflicts of interest settlement mechanism.

The Company ensures security at all stages of the procurement procedures: the security service checks the legitimacy of the transaction, compliance with the procedure for determining the initial maximum price of the service (goods) and its compliance with the market price. The compliance of the contract fee and the scope of performed work is also checked (after the approval of the invoice submitted by the counterparty). Security Service representatives are members of the procurement commissions and committees of various levels and divisions.

- 12,421** business partners were tested for corruption risks
- 100%** of business partners familiarized with ALROSA anti-corruption requirements and policies
- 100%** of contracts with business partners contain an anti-corruption clause

GRI 102-17

Company's employees and third parties have the opportunity at all times to report (also anonymously) cases of abuse or other negative events to the hotline by e-mail or simple mail.

Security Service approach to combating fraud and corruption

Acting in accordance with the Regulation on the Security Service of PJSC ALROSA, in order to prevent fraud and corruption, the Security Service collects information on signs of corruption in business processes performed by the Company's divisions. Various sources of information are used for that purpose, including service scheduled or emergency checks of information previously obtained in another way.

Official investigations are performed in case any signs of violation and/or prerequisites for violation of anti-corruption norms are detected¹. Information containing signs of an administrative offence or crime together with a relevant application are submitted to law enforcement agencies to conduct preliminary investigation. The Security Service interacts with law enforcement agencies providing documents or other information within its competence.

Identified cases of corruption-related offences in the reporting period

GRI 205-3

In 2020, the Security Service identified and/or addressed 4 cases with signs of corruption. 3 of these cases have the status of public court cases.

Position of the Company regarding financing of political activities

ALROSA does not make any donations for political purposes in accordance with the Regulation on Charity and Sponsorship². Charitable donations were made in accordance with the List of Gratuitous Transactions of PJSC ALROSA approved by the Supervisory Board of PJSC ALROSA as part of the Consolidated Budget of the Company for 2020.

¹ Regulation on the Official Investigations in PJSC ALROSA No. A01/106-P dated 24.04.2018
² Approved by the decision of PJSC ALROSA Supervisory Board dated 19.04.2017 (minutes No. A01/256-PR-NS) with amendments approved by the decision of PJSC ALROSA Supervisory Board dated 23.09.2017 (minutes No. A01/262-PR-NSC), with amendments introduced by the decision of PJSC ALROSA Supervisory Board dated 13.02.2019 (minutes No. 01/289-PR-NS dated 15.02.2019).

HUMAN RIGHTS

GRI 102-41, 402-1, 405-1, 412-2

ALROSA is dedicated to international business standards. In its human rights and antidiscrimination activities, the Company is guided by the Russian legislation and international principles set out in the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Global Compact, and the UN Guiding Principles on Business and Human Rights, and the World Diamond Council System of Warranties Guidelines.

PJSC ALROSA joined the UN Global Compact in 2021.

ALROSA pursues the principle of equal opportunity and rejects all forms of discrimination on the basis of sex, race, skin color, ethnicity, language, origin, wealth, family status, social and job position, age, place of residence, religious attitude, convictions, membership or lack of membership in any public association or any social groups, and also other circumstances unrelated to the business qualities of the employee.

Human rights key documents

Human rights and anti-discrimination issues are regulated by ALROSA internal regulations.

KEY INTERNAL HUMAN RIGHTS REGULATIONS

Program for Sustainable Development 2021-2025 (expected to be approved in 2021)
Policy on Sustainable Development and Corporate Social Responsibility
Code of Corporate Ethics (human rights provisions will be expanded in the updated Code 2021)
Collective Bargaining Agreement
ALROSA ALLIANCE Guidelines on Responsible Business Practices
Regulation on Responsible Diamond Supply Chain Management

In order to comply with the generally recognized principles and norms of international law, the Constitution of the Russian Federation and regulatory legal acts of the Russian Federation, the subsidiaries

of PJSC ALROSA, which are security units, have developed and approved declarations in the field of human rights protection¹.

ALROSA approach to human rights

The goal of ALROSA is to provide the Company's employees with decent and fair working conditions with full respect for human rights and freedoms and non-discrimination. In accordance with the valid Policy on Sustainable Development and Corporate Social Responsibility, respect for human rights is one of the core principles of the Company's activity. ALROSA declares respect for human rights and recognizes their importance and inclusiveness.

Relations between the Company and its employees in the social and labor sphere are based on the principles of social partnership and stipulated by the Collective Agreement, which applies to all employees of PJSC ALROSA (including temporary or part-time ones). Territorially, the Collective Agreement governs all business units of the Company.

100% of the Group's employees are covered by collective agreements²

In the event of significant changes in the Company's activities, the Collective Agreement stipulates the obligation of PJSC ALROSA to inform hereon the Profalmaz trade union in writing no later than two months before the beginning of the dismissal and to inform the Profalmaz trade union and territorial employment services of the expected mass layoff of personnel no later than three months in advance.

The Company does not use the labor of persons under 16 years of age; forced labor is prohibited; the regulations on preventing persons under 18 years of age from working jobs in the mining industry with harmful or dangerous working conditions are strictly observed.

The process of recruiting and hiring employees at ALROSA is guided solely by the professional qualities of candidates and also does not permit any form of discrimination. ALROSA complies with the requirements for the employment of people with special needs and seeks to create a barrier-free environment where possible.



The share of number of women employed at PJSC ALROSA is one of the highest in the industry and totaled 30%.

Percentage of women:

- 30%** Total headcount
- 20%** Supervisory Board
- 44%** Managers, specialists, administrative staff
- 23%** Workers

ALROSA guarantees its employees¹ the right for freedom of association and collective bargaining in accordance with the requirements of the Russian legislation. The Interregional Trade Union of ALROSA employees - Profalmaz - is an authorized representative of the Company's employees.

Trade union representatives (primary trade union organizations) are present in all regions of the Company's operation and have access to production sites. Profalmaz collects and processes complaints of employees (including on human rights) and protects the rights of employees of the Company. The Human Resources department is responsible for compliance with the labor rights of the Company's employees. In ALROSA, the main body of social partnership in the field of labor is the Commission for the Regulation of Social and Labor Relations, which is formed from authorized representatives of the parties on a parity basis.

Checking the observance of human rights

Company's employees have the opportunity to submit an appeal or complaint on any issues related to their labor rights using various feedback mechanisms of the Company or the trade union (hotline or trade union website). ALROSA also monitors the compliance with the Code of Corporate Ethics by the Company's Security Service. The Security Service also conducts an assessment of counterparties based on the KYC (Know Your Customer) principle, which includes compliance with the ALROSA ALLIANCE Guidelines on Responsible Business Practices and WDC System of Warranties Guidelines.

Trainings on human rights for employees

In 2020, PJSC ALROSA organized the first training on respecting human rights and preventing discrimination for its employees with the participation of the heads of structural and functional divisions of the Company. Training was held on Zoom platform. The duration of the training course was 5 hours. 64 in total people attended the training. The company intends to conduct the course annually on an ongoing basis at all companies of the Group's diamond mining and processing operations.

Human rights strategic initiatives

ALROSA plans to implement the following human rights activities in 2021:

- Development of the Human Rights Policy;
- Development and implementation of human rights due diligence;
- Annual training in human rights and anti-discrimination.
- Human rights risk assessment as part of due diligence procedures.

¹ Declarations dated 21.11.2018 No. 969, dated 28.12.2018 No. 86, dated 01.02.2019 No. b / n, dated 01.12.2020 No. 02-3900 / 65-II
² Benefits under the Collective Agreement apply to all employees of the Company

¹ The freedom of association and freedom of collective bargaining is stipulated in the following key documents of the Company:
[Collective Bargaining Agreement between PJSC ALROSA and Profalmaz Interregional Trade Union for 2020-2022 \(13.12.2019\)](#);
[Policy on Sustainable Development and Corporate Social Responsibility of PJSC ALROSA \(14.12.2018\)](#).

DEVELOPMENT OF HUMAN CAPITAL¹

employees

32,475

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¹ This section provides data on diamond mining and processing operations of the ALROSA Group including PJSC ALROSA, PJSC Severalmaz, JSC Almaz Anabara, JSC PC Kristall, ALROSA Diamonds LLC, unless otherwise stated

KEY INDICATORS AND ACHIEVEMENTS

ALROSA Group average headcount¹

32,475

staff turnover rate in ALROSA Group

14.1%

the share of indigenous peoples in the total headcount of PJSC ALROSA

12%

staff turnover rate in PJSC ALROSA

13.6%

average salary in ALROSA Group²

120.9 thousand RUB

employees of PJSC ALROSA took training courses

17,131

MATERIAL TOPICS

Ensuring decent working conditions
Personnel training and development
Diversity and inclusiveness

SUSTAINABLE DEVELOPMENT GOALS



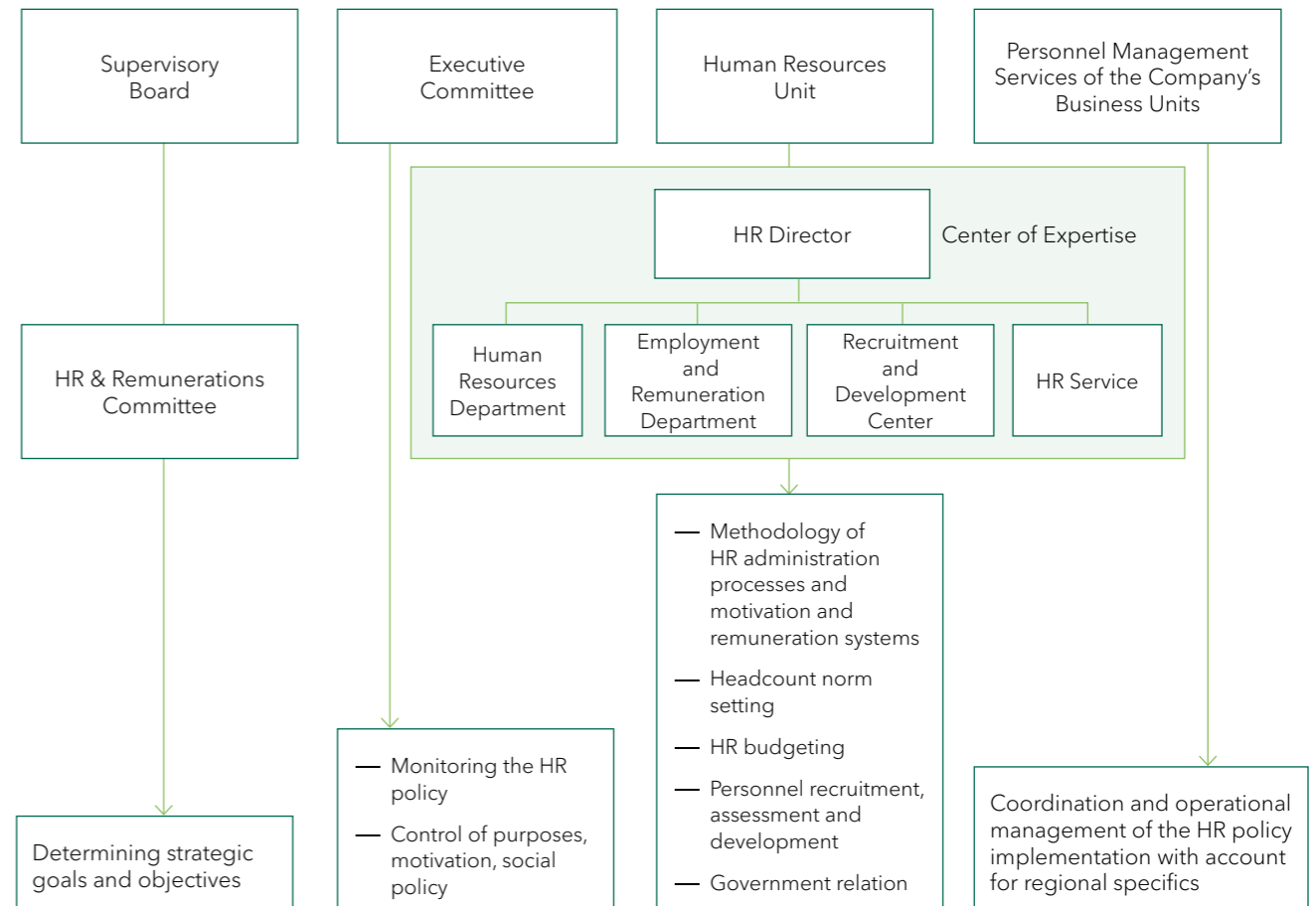
¹ Data on ALROSA Group, including Russian and foreign assets
² Data on ALROSA Group, including Russian and foreign assets

MANAGEMENT APPROACH

Employees are the key value of ALROSA Group, the basis of its success and sustainable development. In order to attract and retain highly qualified specialists,

the Company strives to create decent working conditions, improves management processes, and contributes to the training and development of employees.

HR management structure



ALROSA's HR policy is aimed at enhancing performance by improving working conditions and creating additional benefits for the Company's employees¹.

KEY INTERNAL HR REGULATIONS

- Long-Term Development Program of ALROSA Group for 2018-2024
- Internal employment regulations
- Collective Agreement
- Social Policy
- Organizational and administrative documents, orders and other internal documents

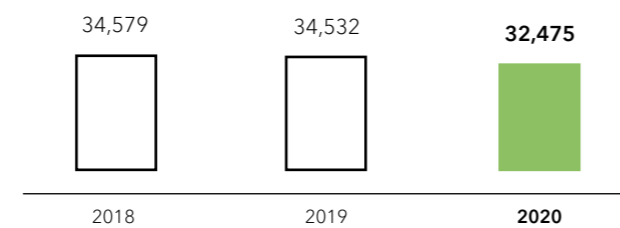
¹ The goals and objectives of the HR Policy are set out in [ALROSA Sustainability Report for 2019](#), section "Human Resources Management"

HEADCOUNT AND PERSONNEL STRUCTURE

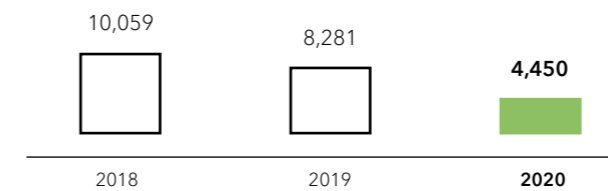
GRI 102-7; 102-8; 401-1; 405-1

The average headcount of ALROSA Group in 2020 was 32,475 people. Most of them (60%) are employed by PJSC ALROSA. The total headcount decreased by 6% compared to 2019 due to strategic business development objectives and reorganization measures. As a result, the number of new hires decreased by 46.3% in the reporting year.

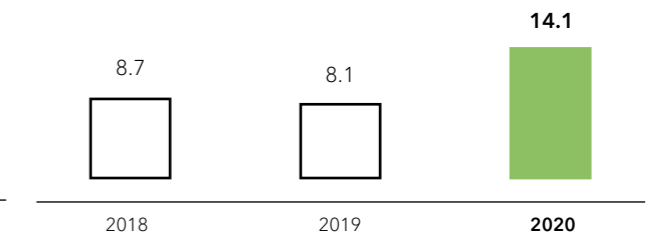
Average headcount of ALROSA Group¹, ppl



Total number of employees hired¹ during the reporting period in ALROSA Group, ppl

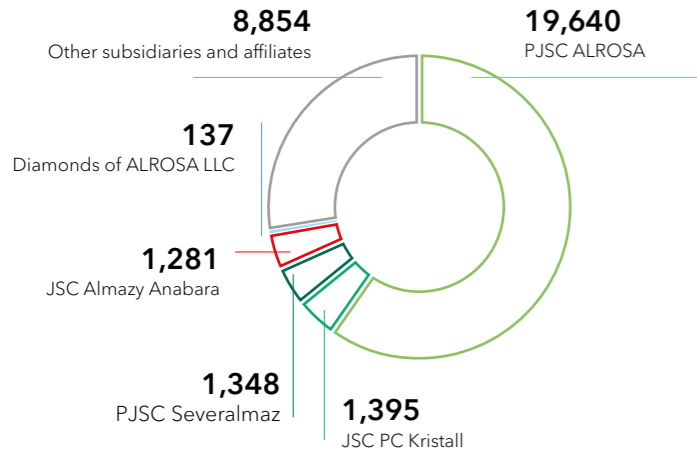


Turnover rate³ for ALROSA Group⁴



The turnover rate² for ALROSA Group as a whole in 2020 was 14.1%, which is 6 p.p. higher than in 2019. The changes are due to both planned reorganization and unplanned layoffs caused by suspension of structural divisions' operations in connection with the COVID-19 pandemic.

Structure of ALROSA Group² headcount by company, ppl



Indicator	ppl
PJSC ALROSA	19,460
JSC PC Kristall	1,395
PJSC Seversalmaz	1,348
JSC Almazny Anabara	1,281
Diamonds of ALROSA LLC	137
Other subsidiaries and affiliates	8,854

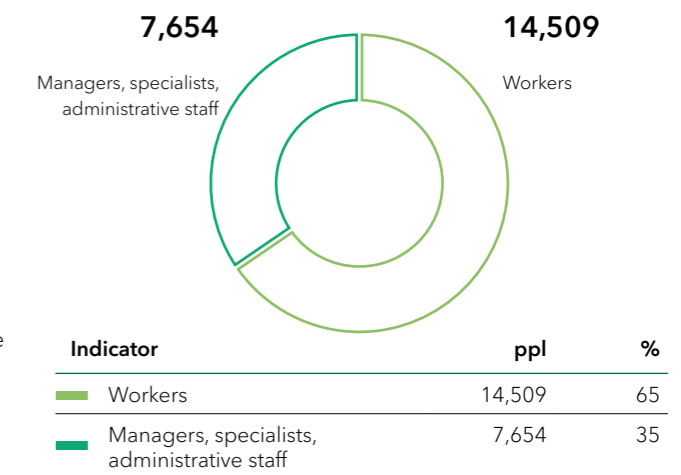
ALROSA is implementing a number of measures aimed at the professional development and engagement of employees affected by the reorganization process. To this end, the Group is implementing a number of measures, including:

- professional retraining and training of employees;
- regular information provision on in-demand jobs in the Group;
- liaising with agencies and other employers for the purpose of assistance and recruitment of staff for comparable positions.

The majority of employees of the diamond mining and processing operations of the ALROSA Group (99% or 22,005 people) work on a full-time basis, and the share of employees working part-time is 1% or 158 people. The share of employees hired on the terms of an open-term and fixed-term contract in 2020 was 93% (20,690 people) and 7% (1,473 people) respectively.

The majority of employees (65%) are workers, which is due to the specifics of the Company's activities.

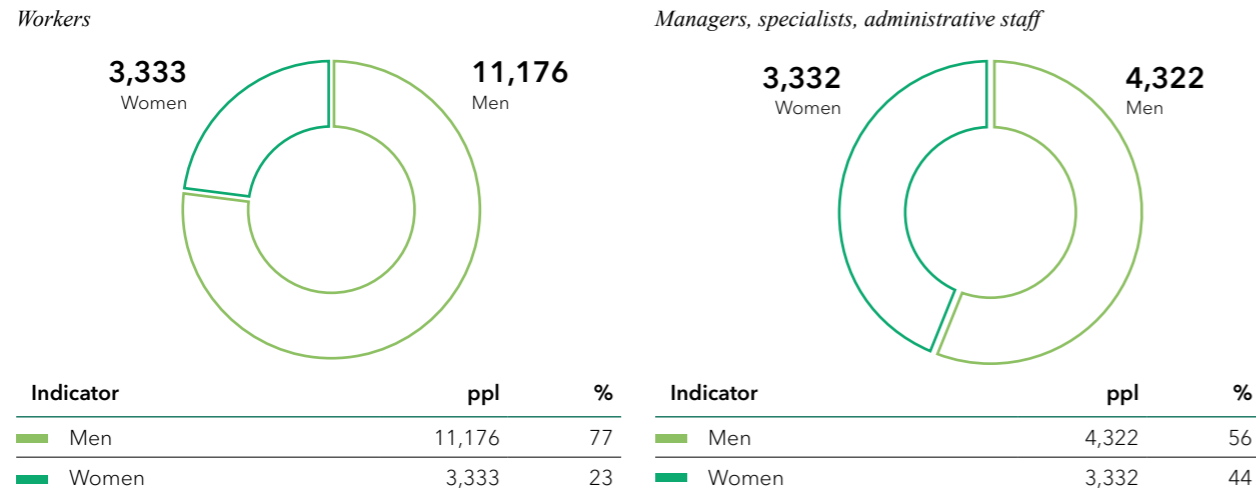
Structure of ALROSA Group's personnel by category (headcount), ppl



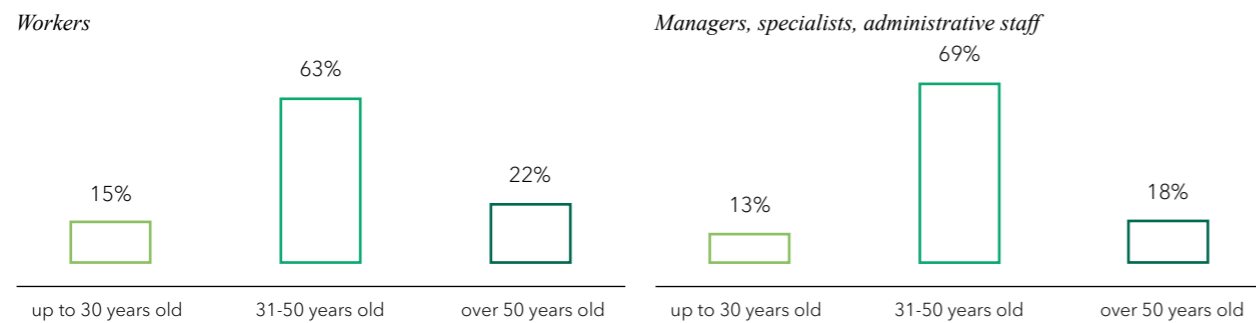
¹ Data on ALROSA Group, including Russian and foreign assets
² Data on ALROSA Group, including Russian and foreign assets

¹ The number of hired employees is determined by the number of contracts concluded
² In 2020, the employee turnover rate for 2018-2020 was calculated according to the new methodology and provided for diamond mining and processing operations of the ALROSA Group
³ Turnover ratio = $\frac{\text{number of dismissed employees}}{\text{average headcount}} \times 100\%$
⁴ For reference: the average industry turnover rate is ~8-10%

Headcount of managers, specialists, administrative staff and workers at ALROSA Group by gender

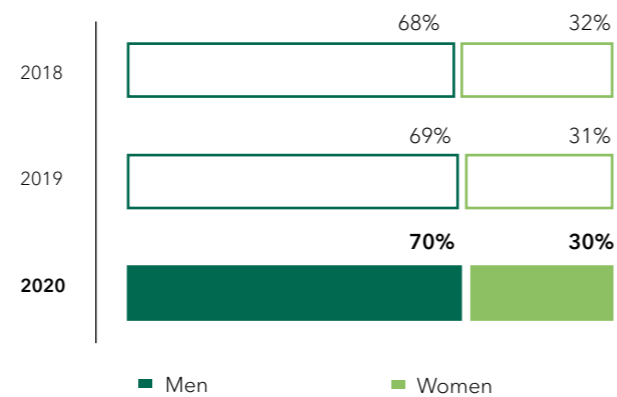


Headcount of managers, specialists, administrative staff and workers at ALROSA Group by age



ALROSA follows the principle of equal opportunities and does not accept any form of discrimination on any grounds unrelated to the employee's competencies. The Company provides equal opportunities in employment and professional promotion for men and women. The share of women in ALROSA Group accounts for 30% of the total headcount, which is one of the highest indicators in the industry. The predominance of men in the structure of personnel is also explained by the specifics of work and the difficult working conditions in the production activity.

Gender ratio in the structure of ALROSA Group's personnel (headcount)



EMPLOYEE RECRUITMENT AND ONBOARDING

ALROSA is constantly improving the mechanisms for recruitment and onboarding of new hires to develop the Group's human resources potential. In particular, the Company is actively working to increase

the attractiveness of production professions among young specialists and conducts awareness-raising events for schoolchildren and students in the regions of presence.

RECRUITMENT PROGRAM AT ALROSA GROUP

For schoolchildren

- ProfiClub
- My Choice
- ALROSA Class

For students

- CASE-IN
- Program of employer-sponsored education

Awareness-raising initiatives for schoolchildren promote the education of the younger generation and introduce children and teenagers to the Group's activities and the mining industry. Schoolchildren also learn about the professions that are in demand in the Company and this sector of the economy. In 2020 ALROSA continued to support and develop projects¹ for schoolchildren - ProfiClub, the Career Guidance Team Game "My Choice" and the Corporate Class of PJSC ALROSA. As part of these projects, ALROSA specialists provide professional guidance, hold master classes and meetings with the Group's top managers for schoolchildren.

ALROSA works with higher and vocational educational institutions to attract young specialists. Based on the requests of its business units, ALROSA enters into contracts with Mirny district school leavers on employer-sponsored education. In 2020, 57 students continued their studies in mining, applied geology, technosphere safety, process automation, industrial engineering support, power engineering, information technologies and geochemistry. In addition, ALROSA acts as a strategic partner of the international engineering championship CASE-IN in the Mining and Geological Exploration areas. The winners of the event are given a chance to undergo an internship and professional practical training with a possibility of subsequent employment.

The Company attracts talented and promising students to its structural divisions providing opportunities for internships and professional practical training.



¹ For details please see [ALROSA Sustainability Report for 2019](#), section "Personnel Formation and Development"

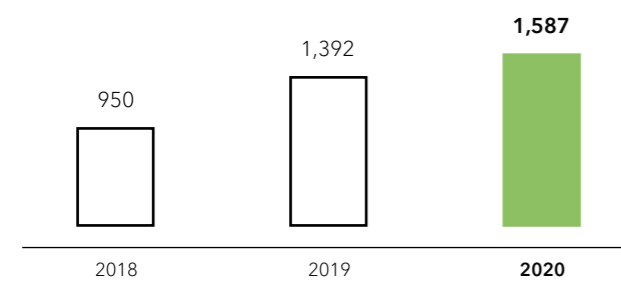
CREATION OF JOBS IN REGIONS¹

GRI 202-2

Creation of jobs in regions of presence is one of the priority areas of ALROSA Group's social policy. In 2020, structural divisions' natural personnel requirements were met mainly through the redistribution of internal labor resources, and the main focus of recruitment was on the employment

of local residents. A total of 1,735 employees from the Republic of Sakha (Yakutia) were hired by PJSC ALROSA in 2020, including 1,587 employees hired as part of the project "Local Workforce into Industry".

Employees hired under the project "Local Workforce into Industry", ppl



"LOCAL WORKFORCE INTO INDUSTRY"

In 2020, PJSC ALROSA, together with the State Committee of the Republic of Sakha (Yakutia), continued to work under the Mutual Cooperation Agreement on the implementation of the priority project "Local Workforce into Industry."

The goal of the project is to employ the jobless and unemployed citizens of the Republic of Sakha (Yakutia). The project includes the organization of a professional training program, additional education of citizens and internships for young specialists. ALROSA carries out comprehensive work in the field of career guidance aimed at attracting the local workforce. Together with Mirny District Education Department, Mirny Polytechnic Lyceum, the Center for Children's Additional Education and Technopark, the Company conducts activities to provide career guidance support to students.

Project results in 2020:

- 1,587** people were employed, including:
 - 374** young professionals under the age of 30
 - 404** people on a shift basis and for seasonal work
 - 187** people from rural areas

Under the Cooperation Agreement on the implementation of the priority project "Local Workforce into Industry," the Company performs various measures aimed at employing Yakutia residents, including those from rural areas. Together with the State Employment Committee of the Republic of Sakha (Yakutia) and the Employment Center of Mirny District, ALROSA holds annual job

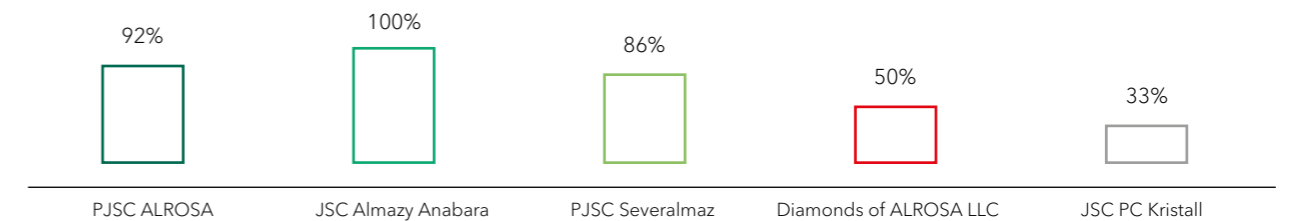
fairs. In 2020, despite COVID-19 restrictions, ALROSA continued to participate in online job fairs. The events were attended by 14 business units of the Company: mining and processing divisions, structural divisions of the Transportation and Delivery Complex, Capital Construction Division, and scientific and social units.

"ARGYS" LOCAL WORKFORCE ADAPTATION PROJECT

In order to reduce the time needed for the local workforce to adapt and integrate smoothly into production processes, ALROSA launched the Argys project for local workers in 2019.

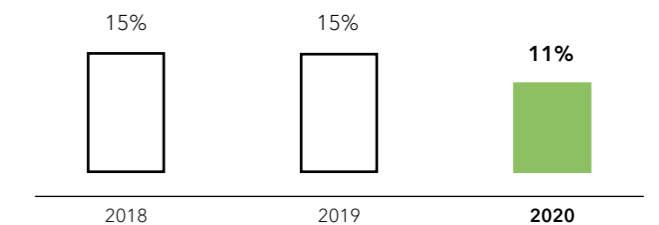
It is intended to help workers who are the uluses of Yakutia to more quickly find their feet at the Company's production sites and create a basis for their professional growth. In 2020, the project was suspended due to anti-COVID-19 measures, but ALROSA plans to resume the project in 2021 as the epidemiological situation improves.

Share of local senior¹ executives



ALROSA pays significant attention to the development of residence areas of c. Priority areas of support include the development of the economy of Arctic uluses and employment of the local population. In 2020, the indigenous people of Yakutia accounted for 11% of the total number of employees hired by PJSC ALROSA. At the end of 2020, the Company employed 2,234 representatives of the indigenous and small-numbered peoples of Yakutia (12% of the total headcount).

Share of the indigenous people of Yakutia in the total number of employees hired by PJSC ALROSA



For more information on ALROSA's work with indigenous peoples, please see the section "Interaction with indigenous and small-numbered peoples".

¹ The number of hired employees is determined by the number of contracts concluded

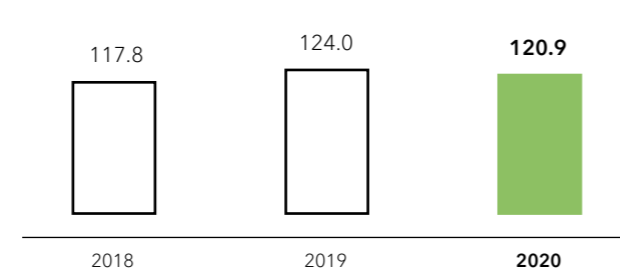
¹ Senior management - CEO, Deputy CEO, Directors of production divisions and other functions

REMUNERATION AND APPRAISAL

GRI 202-1; 401-2

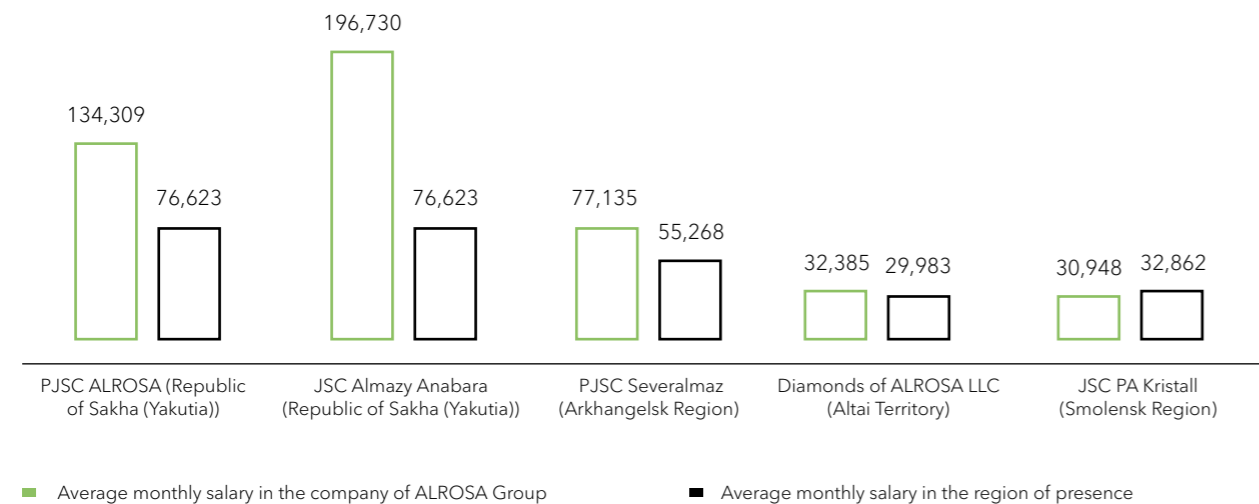
The remuneration system for ALROSA Group personnel is based on the principles of fairness and competitiveness, which facilitates the attraction and retention of professional staff and the achievement of the Group's strategic goals. As a responsible employer, the Company strives to provide its employees with a decent salary. In 2020 the average salary of ALROSA Group's employees was RUB 120.9 thousand per month. The Group Companies regularly index salaries and implement bonus systems.

Average salary at ALROSA Group, RUB thousand¹



In most regions of presence, the average monthly salary of employees of ALROSA Group companies is higher than the regional salary.

Ratio of ALROSA Group average monthly salary to regional average monthly salary



PJSC ALROSA and other Group's companies have a collective agreement covering 100% employees. The contract covers various aspects of interaction with personnel, including the possibility to provide benefits

for scarce professions and young specialists. In 2020, more than RUB 9 billion was allocated to provide benefits and guarantees for PJSC ALROSA employees.

¹ Data on ALROSA Group, including Russian and foreign assets

MOTIVATION AND ENGAGEMENT

The existing ALROSA incentive system is aimed at unlocking the maximum potential of employees. Additional bonuses, compensation and incentive payments related to the specifics of the work performed are established in order to increase motivation and involvement.

Incentive payments and allowances are aimed at establishing fair remuneration for employees working in specific conditions, such as working in remote regions. ALROSA employees are provided with social benefits regardless of their professional status and type of contract.

Bonuses are paid based on the performance of business units, production shops, services and each individual employee. ALROSA bonus system facilitates a more objective assessment of each employee's contribution and allows heads of business units to take a flexible approach to establishing the salary of employees.

In addition, corporate awards and incentives are provided to motivate employees. Information on employees awarded the honorary title "Distinguished Employee" and awarded the Honorary Certificate are entered in the Company's Honorary Book. Their photographs are placed on the Board of Honor, and awards are given by the top management in a solemn ceremony.

TRAINING AND DEVELOPMENT

GRI 404-1; 404-2; 404-3

ALROSA promotes the development of its employees' competencies and constantly improves the approach to their training. The Personnel Training Center of PJSC ALROSA is responsible for the organization, selection of optimal training formats and methods, it also interacts with the Company's business units as part of the personnel training.

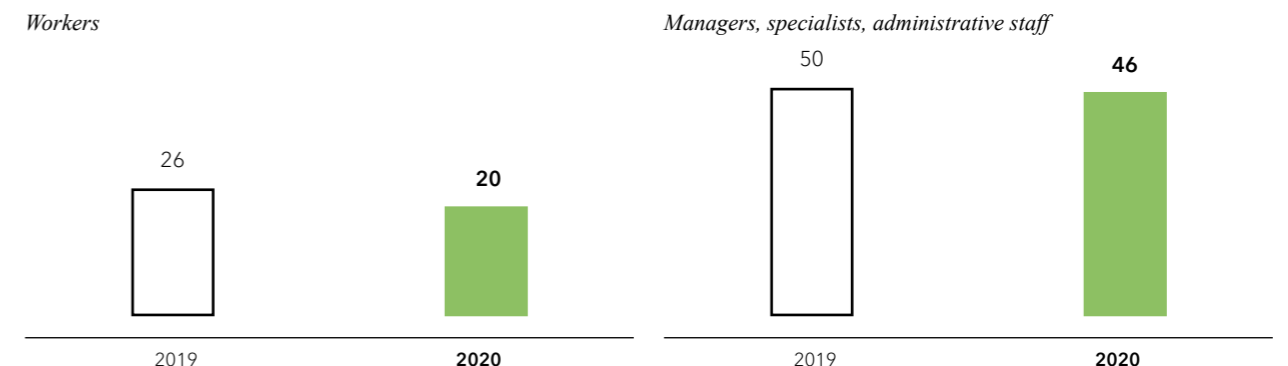
competencies. The advanced training path is determined in accordance with the personnel development strategy. In 2020, PJSC ALROSA held 228 internal training courses attended by 17,131 people. The share of employees trained in 2020 was 77% of the total headcount.

Employees are trained in accordance with legislative requirements on a planned basis, according to requests of the Group's business units. The training program varies depending on the category of employees and the required

In 2020, the average annual number of training hours in PJSC ALROSA was 29¹ hours. The number of training hours per worker was almost 20 hours, for managers, specialists and administrative staff the figure was 46 hours.

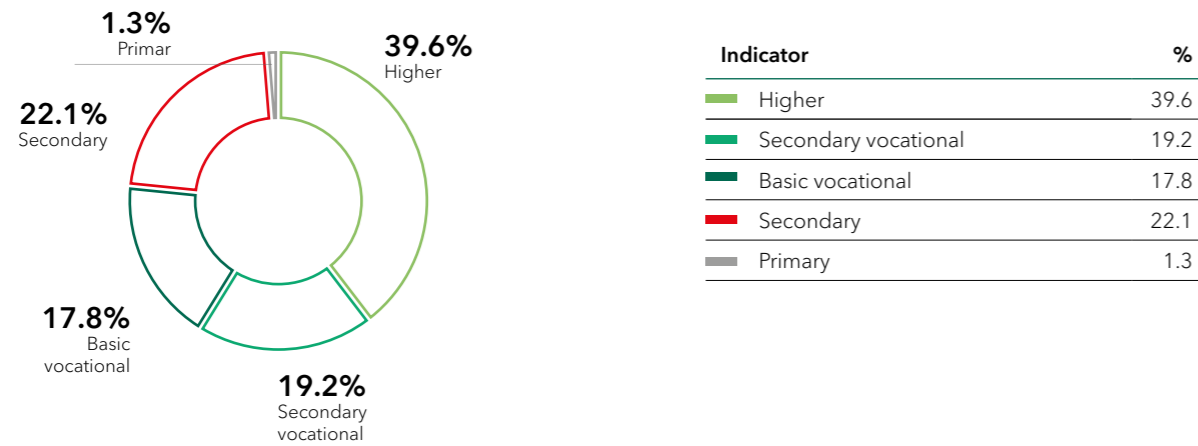
Total investments of PJSC ALROSA in training amounted to RUB 189.3 million.

Annual average number of training hours per employee by personnel category of PJSC ALROSA



¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

Education level of PJSC ALROSA employees in 2020



CORPORATE UNIVERSITY

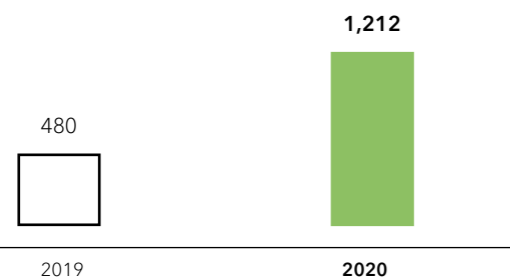
In 2020, the number of programs and events implemented by PJSC ALROSA under the aegis of the Corporate University increased significantly. Forced self-isolation measures have highlighted the need to develop online training. The programs cover the blocks "Leadership," "Heritage," and "Potential."

A new program, ALROSA Mentoring, was added in 2020. The program is aimed at developing the mentors' competencies, training them in skills of interaction with mentees, approaches and methods of training, development and motivation.

In addition, during the reporting year, the Corporate University added a HR block consisting of HR team sessions, succession planning program and corporate certification of specialists in online psychometric tools.

A total of 1,212¹ students were trained at the Corporate University in 2020.

Dynamics of trainees' numbers at the Corporate University



A total students were trained at the Corporate University in 2020¹

1,212

¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

SOCIAL SUPPORT

GRI 403-6

PJSC ALROSA strives to ensure social protection and create comfortable working conditions for its employees. In addition to compensation and benefits under the Russian labor legislation, the Company offers employees a wide range of programs aimed at improving the social position of employees and their family members.

For many years PJSC ALROSA has implemented programs "Healthcare", "Health resorts and recreation", "Culture and sports", and "Housing". All these programs are intended to create conditions for additional motivation to work in the Company, to consolidate professional staff, and to maintain a healthy psychological climate among employees.

KEY AREAS OF PJSC ALROSA SOCIAL PROGRAMS



"Health" Program

- More than 4 thousand visits to medical institutions under the VHI program (employees, children and pensioners)
- Over RUB 360 million - expenses in this area



Health resorts and recreation

- 1.6 thousand employees and their families stayed at health resorts
- Over RUB 240 million - expenses in this area



Housing program

- 340 people participated in the program
- RUB 54 million - expenses in this area



Culture and sports

- 11 thousand people engage in sports and creative activities on an ongoing basis
- Over RUB 1 billion - expenses in this area

Healthcare

Supporting and maintaining the health of PJSC ALROSA employees and their family members is one of the Company's strategically important areas of social policy. The program "Healthcare" is implemented on the basis of the Company's Medical Center and leading healthcare facilities and scientific and medical institutions in the Company's regions of operation. In 2020, employees of the Company and their family members, pensioners made more than 4 thousand visits¹ to leading healthcare facilities and scientific medical institutions of Russia and Yakutia to receive examination and treatment under the VHI program.

During the coronavirus pandemic, PJSC ALROSA implemented all necessary measures to prevent its spread. The wellbeing of employees is a top priority for the Company and it has adopted a set of measures aimed at protecting and supporting its employees. Medical equipment, medicines and personal protective equipment were purchased promptly. At the production sites, employees' temperature was measured several times a day, and free-of-charge PCR testing and COVID-19 antibody testing were performed.

PJSC ALROSA has been actively involved in the fight against the pandemic in the Company's regions of operations. In April 2020, the Company led the creation of the Medical Headquarters which included the chief doctors of hospitals, representatives of Rosпотребнадзор and the heads of municipal authorities. During 2020 Company provided financial assistance to state medical institutions, and also purchased medical goods and equipment for hospitals in Mirny, Aikhal, Lensk, Udachny, Yakutsk and Nyurba. Company's assistance was aimed at equipping hospitals with medicines, medical consumables, ventilators and other medical equipment, PPE (medical masks, caps, gloves, protective suits), tests and agents.

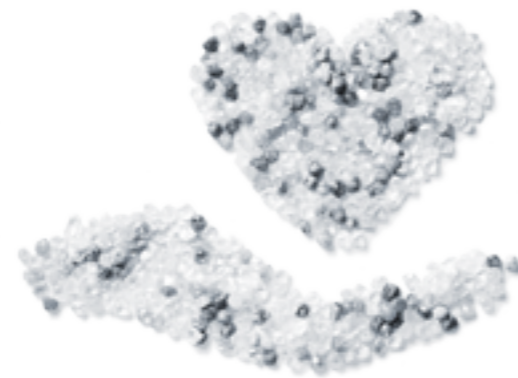
Treatment at health resorts and recreation

The organization of health resort treatment takes a priority area of social support for PJSC ALROSA employees and their families. The Company provides subsidized vacation vouchers to healthcare centers, as well as summer children's camps. The significance of this area is related to unfavorable working conditions in the Far North, as well as working conditions at production sites.

In 2020, due to the restrictions caused by the COVID-19 pandemic, the Company had to suspend arrangements in children's recreation camps for employees' children. The main work was performed in the following areas:

- health resort treatment and recreation at resorts and health centers of Krasnodar Territory, Altai and North Caucasus;
- health resort treatment in own healthcare center Gorniak in Mirny.

It was planned that 9 thousand people would be able to rest in the health centers during 2020, but due to the pandemic, only 1.6 thousand employees and their family members were able to participate in the Healthcare and Recreation program. In 2021, after the situation stabilizes, the Company plans to expand the geography of the program and offer new types of recreation.



Culture and sports

Historically, the Company holds various events, thus involving and uniting employees, introducing their family members and residents of the regions of operation to the corporate values. Activities under the Culture and Sports program are aimed at creating conditions for proper leisure time for employees and local communities.

For several years, the Company has had a special unit - the Culture and Sports Complex (hereinafter referred to as the CSC), which organizes cultural, mass, sports and recreation activities, and coordinates the activity of all cultural and sports facilities. The Company finances more than twenty facilities, including five community centers and clubs, five sports centers, an ice arena and a hockey court, four swimming pools, a ski center, a karting club, three museums and other facilities.

The CSC structure includes 124 sports classes and clubs. Activities are organized in seven creative areas and 26 sports. In 2020, about 150 sports events were held for employees, their families and residents of the regions. In addition, almost 2.5 thousand cultural events were also held. All activities were organized in compliance with the necessary anti-epidemiological measures

Allocations to the Culture and Sports program since 2015.

10.5 billion RUB

Housing program

The Company's housing program is aimed at achieving several goals - improving the housing conditions of employees, as well as attracting and retaining qualified staff.

The program is implemented in three main areas:

- creation of housing facilities;
- support for the Company's employees in purchasing housing;
- relocation of the Company's pensioners and veterans leaving the Far North.

In 2020 Company continued the implementation of a special Mortgage Loan Program which provides preferential conditions for establishing the interest rate and reimbursement of interest payments on mortgage loans. In 2020 reimbursement expenses exceeded RUB 50 million. The number of participants in the Mortgage Loan Program is 340 people.

Allocations to the Housing program since 2015.

2.7 billion RUB

¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

ACTIVITY OF THE TRADE UNION

Profalmaz Interregional Trade Union is one of the most influential and major public organizations with a presence in five Russian regions. Profalmaz is a member of the Federation of Trade Unions of the Republic of Sakha (Yakutia) and the Federation of Independent Trade Unions of Russia. The union consists of 58 primary organizations with more than 22 thousand members, including 5.5 thousand young specialists.

Profalmaz Trade Union and PJSC ALROSA entered into a Collective Agreement for 2020-2022 aimed at protecting the labor rights and interests of employees. The management of the Companies holds regular

meetings with active members of the trade union to discuss the content of the collective agreement and its implementation, and has a dialog on other important issues related to the social partnership. The Company and Profalmaz take measures to fully perform the mutual obligations contained in the Collective Agreement. The performance of the parties' obligations is assessed annually by the bilateral commission on the regulation of social and employment relations.

AREAS OF ACTIVITY OF PROFALMAZ TRADE UNION

- 1 **Occupational safety**
 - Monitoring of the OHS system (24 authorized individuals)
 - Organizing and participating in OHS activities
- 2 **Wellness and Recreation**
 - Programs of treatment and recreation in sanatoriums and health resorts
 - Children's recreation programs
- 3 **Sports**
 - Organization of sports events
 - Provision of equipment and financing of participation in competitions
- 4 **Profalmaz mass media**
 - Trade union news coverage
 - Interviews with chairmen of primary trade union organizations
 - Section "Profalmaz Molodoy"
- 5 **Youth**
 - Profalmaz-team Youth Forum
 - Volunteer Corps of support during the spread of COVID-19
- 6 **Support for employees**
 - Legal support and advice for employees
 - Program of Financial Assistance to Employees
 - Trade Union Discount Program "Profsoyuzny+"

PROFALMAZ-TEAM YOUTH FORUM

In 2020, members of the Trade Union held a youth forum Profalmaz-team as part of activities in the Youth area. The forum participants, members of the Trade Union aged 18 to 35, competed in developing ideas in three areas:

- Development of a mobile application of Profalmaz Trade Union
- Preparation of a remote event for the Trade Union Official's Day
- Development of an Instagram challenge aimed at encouraging membership in the trade union

Results of the forum:

- Over 60 participants
- Winners are included in Profalmaz new projects implementation groups
- The most active forum participants were recommended for participation in the National Youth Trade Union Educational Forum PROFstart in 2021 as members of Profalmaz Trade Union team.

PLANS FOR 2021 AND THE MEDIUM TERM

In 2021 and in the medium term, ALROSA plans to further develop its HR policy in the following areas:

- development of professional competencies;
- reform of the HR function: improvement of efficiency, development of functionality;
- improvement of the remuneration system, motivation of employees, restructuring of benefits and guarantees;
- improvement of the housing program, expansion of assistance from the Company;
- development of the succession system;
- launch of the HCM system (human capital management) - automation of all HR cycle processes;
- development of the employer's brand promotion project (the project timeline is until 2023);
- development of the Top Trainers Institute (participation of top managers in the development and delivery of training programs);
- development of career guidance projects: ProfiClub, TOP Class.

OCCUPATIONAL HEALTH AND SAFETY¹

MANAGEMENT APPROACH
TO OCCUPATIONAL HEALTH AND SAFETY 77

TRAINING AND DEVELOPING
A CULTURE OF SAFETY 81

PREVENTION OF OCCUPATIONAL
INJURIES AND ACCIDENTS 83

EMPLOYEES' HEALTH AND PREVENTION
OF OCCUPATIONAL DISEASES 86

PREVENTION OF EMERGENCIES 87

PLANS FOR 2021 AND THE MEDIUM TERM 87

expenses on occupational health
and safety measures

2.1 billion
RUB

¹ In this section, the data for ALROSA Group include PJSC ALROSA and all its subsidiaries, unless otherwise stated





MANAGEMENT APPROACH TO OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1

KEY INDICATORS AND ACHIEVEMENTS

LTIFR

0.24

the number of accidents fell by¹

22%

AARk

1.16

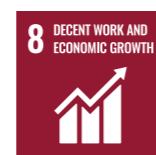
expenses on occupational health and safety measures

2.1 billion RUB

MATERIAL TOPICS

Occupational health and safety
Ensuring decent working conditions

SUSTAINABLE DEVELOPMENT GOALS



Creating safe and comfortable working conditions is one of ALROSA Group's top priorities. The Company is aware of its responsibility to employees and strives to constantly improve the level of occupational health and safety (OHS) at all production facilities. ALROSA takes all necessary measures to prevent occupational accidents and injuries among personnel and contractors.

The Group regularly performs inspections of working conditions and risk assessment, and takes measures to reduce the negative impact on employees' health. In addition, the focus is on working with suppliers and contractors on occupational health issues. The safety of production processes is a prerequisite for the performance of any work.

ALROSA annually allocates significant funds for occupational health and safety measures, implements advanced technologies and protection tools to mitigate risks associated with the impact of harmful and hazardous production factors on employees.

Zero injury level among employees and no accidents are the Company's strategic goal.

The Company strictly adheres to the legislative principles and requirements in the area of occupational safety and constantly improves its internal regulations on occupational safety. ALROSA strives to comply with best international practices, standards and voluntary initiatives. In particular, the Company aims to develop and implement occupational health and safety management principles based on international standard ISO 45001:2018. ALROSA also plans to perform a certification audit to confirm compliance with the requirements of the standard.

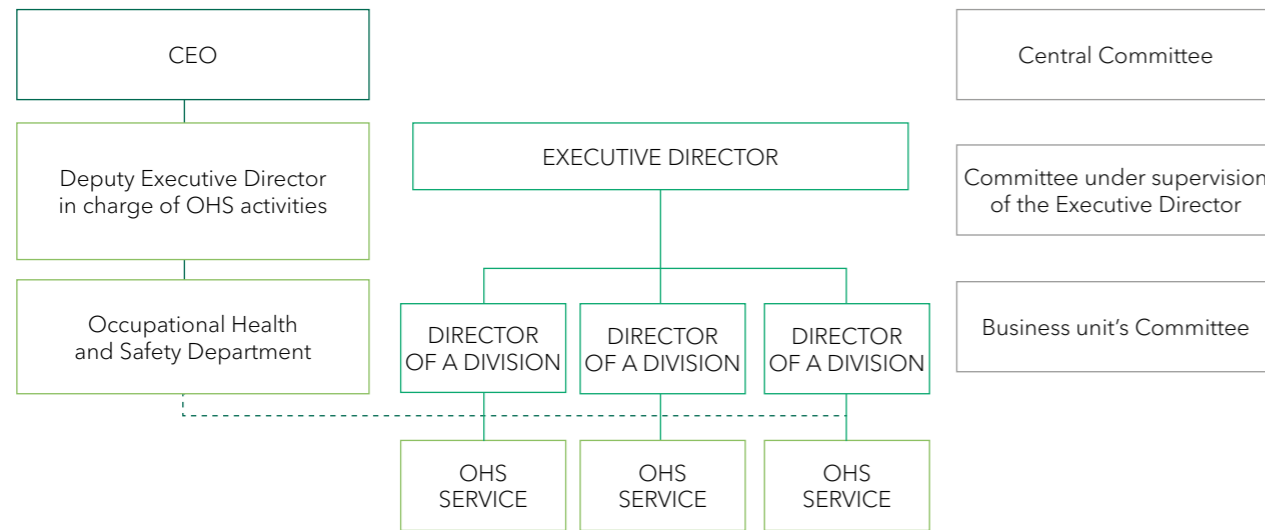
Occupational health and safety management system

ALROSA has done considerable work to build an effective occupational health and safety management system. At the Group level, the Deputy Executive Director of PJSC ALROSA is responsible for its integration and support.

In order to improve the effectiveness of the OHS management system and to comply with best practices, the Group has standing committees on occupational health and safety: under supervision of the Chief Executive Officer of PJSC ALROSA, the Executive Director, and the heads of structural divisions.

¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

Structure of occupational health and safety management of PJSC ALROSA



An important area of ALROSA's work is the involvement of managers in monitoring and resolving OHS issues. Personal plans in the area of OHS are part of managers' KPIs at all levels. Personal plans include training events, performance of inspections, and awareness-raising activities on occupational health and safety issues for personnel.

The Company has incentive systems for line managers and employees, including competitions for the best unit and the title "Safety Leader."

ALROSA's OHS activities are based on the Occupational Health and Safety Policy and a number of internal standards. Regulatory documents are regularly reviewed and updated.

KEY DOCUMENTS ON OCCUPATIONAL HEALTH AND SAFETY

Occupational Health and Safety Policy
Regulation on industrial control over compliance with industrial safety requirements at hazardous production facilities
Standard on "Occupational Health and Safety Document Management"
Corporate standard "Requirements to Contractors on Ensuring Occupational Health and Safety"
Standard "Piecework System in Business Units"
Strategic plan for the development of the OHS management system for 2018-2020
Occupational Health and Safety Strategy for 2021-2025

In 2020, the following tasks were completed in terms of improving the occupational health and safety system:

- the OHS management system was transformed;
- Lost Time Injury Frequency Rate (LTIFR) and an accident rate are included in the assessment of management's performance;
- communication support is provided for all OHS procedures by publishing articles in the corporate newspaper, interviews in messengers, radio and TV channel "Almaznyi Krai";
- a system of risk-oriented approach to performing OHS inspections was developed and implemented;
- a permanent standard "Piecework System in Business Units" was implemented;
- risks at hazardous production facilities were assessed;
- a permanent standard "Three-level control of occupational health and safety at the facilities of PJSC ALROSA" was introduced;
- a special assessment of working conditions at workplaces in all units was performed.

Staff participation in OHS management

ALROSA requires each employee of the Company and contractors to comply with the principles of occupational health and safety and seeks to increase employees' involvement in OHS issues. The Company has an Institute of Authorized (Trusted) Persons for Occupational Safety, which includes 267 employees. In 2020 they performed about 1.1 thousand inspections.

FUNCTIONS OF AUTHORIZED (TRUSTED) OCCUPATIONAL HEALTH AND SAFETY PERSONS

Authorized (trusted) occupational health and safety persons interact with heads of units, shops and other services of business units.

Functions of authorized (trusted) occupational health and safety persons:

- inspection of working conditions, preparation of proposals to eliminate identified violations;
- informing employees of the existence of harmful and hazardous production factors, the amounts of guarantees and compensation stipulated;
- control over timely provision of protective equipment, milk, special food and performance of duties on occupational safety;
- participation in OHS commissions (committees);
- participation in the development of measures to prevent accidents, injuries and occupational diseases, and to improve the working conditions of employees.

The trade union Profalmaz, its member trade union committees of primary trade union organizations, and the authorized (trusted) occupational health and safety persons also monitor the state of the OHS system. In 2020, OHS committees included 24 representatives of the trade union. In addition, representatives of trade unions and committees participate in commissions of investigation of on-the-job injuries and occupational diseases.

Every case of occupational injury with a possible permanent disability, group or fatal accident is taken as an extraordinary accident and is considered at the joint meetings of the Company's management and the Trade

Union Profalmaz. When trade union representatives deal with each accident, public control is exercised in respect to the fulfillment of obligations under the terms of the Collective Agreement in the area of occupational health and safety. Resolutions of the trade union Profalmaz on occupational health and safety issues are mandatory for consideration by PJSC ALROSA.

Together with trade union representatives and contractors the Group's structural divisions regularly exercise preventive control of compliance with industrial and occupational safety rules and instructions. Based on the assessment results, all identified violations are promptly eliminated.

Any Company's employee and employees of contracting organizations can report any violations detected by them on a production site, ask a question or share their proposals to ensure safe working conditions by sending an anonymous message to prombez@alrosa.ru.

Development OHS interaction with contractors

GRI 403-4

ALROSA aims to increase the level of contractors' involvement in OHS procedures. As part of the strategy for the management system development, it is planned to further enhance control over contractors' work, as well as to carry out joint inspections of the state of workplaces. In 2020 the Company began to involve employees of contracting organizations in identifying risks at hazardous production facilities.

ALROSA plans to work in the following areas to increase the level of contractors' involvement in OHS procedures:

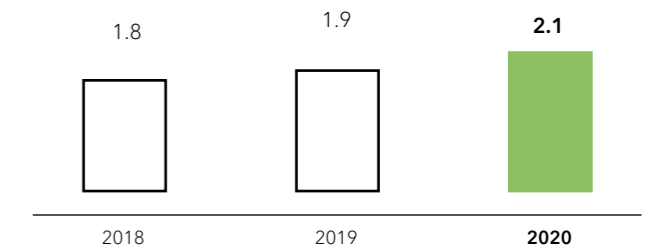
- development and implementation of the Contractor Management Standard;
- creation of a unified list of documents required for work with contractors;
- training and testing of contractors on OHS standards;
- organization of joint committees' activities.

The Company plans to create a single database of contractors with the possibility to see their track record and identified violations, and with a mechanism to generate a ranking of the best contractors and a "black list" of violators. During the database creation period, control over the work of contractors will be further strengthened, uniform requirements and criteria for equipment and production processes will be introduced, and claims handling in case of violations will be enhanced.

Investments in occupational health and safety

ALROSA Group's expenses¹ in the area of OHS in 2020 totaled RUB 2.1 billion, or more than RUB 65 thousand per employee. Expenses per PJSC ALROSA employee exceeded RUB 92 thousand. Most of the funds were used to purchase personal protective equipment, as well as measures to prevent the spread of COVID-19.

ALROSA Group expenses on occupational health and safety, RUB billion



TRAINING AND DEVELOPING A CULTURE OF SAFETY

GRI 403-4; 403-5; 102-21

Workplace safety advice

The trade union Profalmaz and the Central Committee for Occupational Health and Safety advise employees on occupational health and safety issues. Profalmaz protects employees' interests, monitors the Company's performance of its OHS obligations, and advises on OHS issues within the scope of its authorities.

The Central Committee for Occupational Health and Safety conducts awareness-raising work on the strategic decisions taken, plans and programs for the Company's strategic development. Communication on occupational safety issues is also conducted based on results of internal meetings, investigations of emergencies, accidents, incidents, and based on results of audits and departmental inspections regarding compliance with legal requirements.

¹ Within the framework of this section, data for the ALROSA Group includes PJSC ALROSA and all its subsidiaries

PREVENTION OF OCCUPATIONAL INJURIES AND ACCIDENTS

Staff training in OHS

ALROSA regularly conducts mandatory staff training in OHS issues, as well as updating and checking the Company's employees and managers' knowledge of the OHS Policy provisions and standards. OHS training is provided on the basis of internal and external training centers. Experts in the relevant areas are engaged to conduct training sessions, webinars and knowledge tests. In 2020, 15,520 people were trained in OHS at PJSC ALROSA.

ALROSA strives to develop a culture of safety at all of the Group's structural divisions. Thus, as part

of implementing the OHS development strategy measures in 2019-2020, the provisions of the OHS Policy and Principles were widely communicated in the Company: information and clarifications were provided, and meetings with the OHS heads were held. Videos and radio and TV programs on certain aspects of OHS principles were produced. Training courses have been developed for all new standards, and internal trainers were selected and instructed.

LEADERSHIP IN DEVELOPING A CULTURE OF SAFETY

ALROSA believes that the development of a safety culture requires the focus, resources and involvement of all employees, starting with the top management. It is planned to develop leadership in the OHS area on the basis of the Central Committee for Occupational Health and Safety. The Company will implement the "Executive Code of Conduct" and "Principles," and the standard "Demonstration of the Executive Commitment to Occupational Health and Safety."

In order to increase the level of leadership in OHS, the Company intends to develop and implement a set of key mandatory safety requirements "Key Safety Rules," and to develop and supplement them. Training programs will include training sessions, seminars, overviews of best practices and industrial site visits, including those for the purpose of conducting behavioral audits of safety. An important part of the project implementation will be collection of feedback from employees of business units.

In the future, it is planned to introduce annual monitoring of production safety development with the involvement of external experts in ALROSA Group business units. In addition, a plan will be developed for employees to make study trips and visits to production facilities of industry leaders in OHS to introduce best practices and learn from their experience. An important part of the development will be the creation of a system of communication and notification of employees about incidents at Russian mining enterprises, as well as the rotation of employees to exchange best practices in safety culture.

The plans also include the development of a methodological framework for assessing the safety culture, development of own competence models, their

testing and subsequent coverage of the entire Group. The effectiveness of OHS events is planned to be discussed at joint conferences with industry leaders, as well as based on benchmarking of ALROSA Group. The list of best practices will be prepared in the form of a register. It is also planned to implement a tool for identifying systemic root causes of incidents, recording and identifying incidents.

Some processes and procedures within the system are planned to be automated, for example, through the implementation of the system "Automation of personnel training control," "Testing of actions monitoring and control over driver's fatigue," "Implementation of a complex of measures to assess driving quality and develop safe driving methods."

Hazard identification and risk assessment

GRI 403-2

The Company is constantly developing procedures for identifying, assessing and managing professional risks. ALROSA structural divisions regularly perform procedures to identify risks and hazards as part of preventing accidents and occupational injuries. The identification of hazardous and harmful production factors and their specifics is performed on a daily basis as part of the procedure of three-level monitoring and special assessment of working conditions.

When investigating emergencies, accidents and incidents, comprehensive risk mitigation measures are developed. In particular, the reasons are eliminated, additional staff training is provided, and the standards are updated. In addition, the Company analyzes complaints, reports and observations from employees and the results of unscheduled audits. The OHS development strategy stipulates the development of a provision on employees' refusal to perform work in case of hazards at the workplace.

PROCEDURE FOR REFUSAL FROM WORK AND SUSPENSION OF WORK

Refusal from work or suspension of work is a behavioral safety program aimed at modeling safe behavior and preventing injuries and occupational diseases in the workplace. The program aims to encourage employees to take responsibility not only for their health and safety, but also for the health and safety of their colleagues. The program includes training, observation, correction and termination of work when identifying a hazard in the production process.

A justified refusal from work or suspension of work is not only an example of responsible behavior, but also an effective tool for identifying, assessing and managing operational risks.

As part of the OHS management system development and production risks minimization, the Company regularly develops additional standards. The plans include implementation of the standard on energy sources insulation and the standard "Working at Heights." An important tool for preventing injuries will also be

the Register of Risks for All Workplaces, which is planned to be developed at ALROSA. It will enable the creation of annual/monthly health and safety plans based on the risk assessment. The implementation of a risk-oriented approach will be accompanied by training new employees in the skills of managing production risks.

OHS measures

GRI 403-3; 403-7

The Company's key measures to prevent and minimize a negative impact on employees' health include:

- special assessment of working conditions at workplaces;
- medical examinations: preliminary, periodic, pre-shift, pre-trip;
- audits: internal, external, scheduled, unscheduled;
- three-level control procedure;
- provision and application of individual and collective protection equipment;
- provision of preventive nutrition and health resort treatment to employees;
- additional medical insurance.

Based on the results of analyzing injuries and hazardous situations, business units develop measures to mitigate the risks of injuries, including through the introduction of best OHS practices.

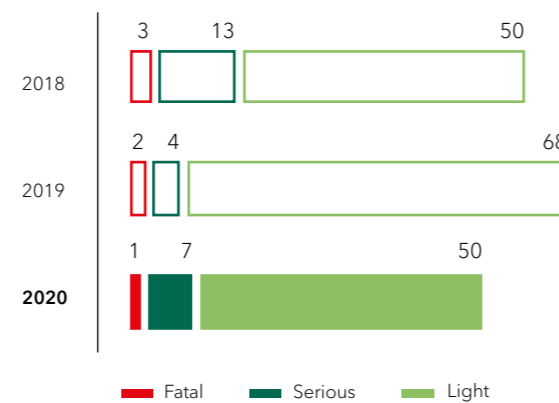
ALROSA also performs measures to improve a number of elements of the OHS management system. In particular, a system has been developed to motivate occupational safety managers at various levels. Management performance is assessed on a quarterly basis. The assessment criteria are both the effectiveness in the area of injury prevention and measures taken to minimize risks, and the effectiveness of responses when investigating accidents. In addition, the actions of management bodies and Company employees who stopped (suspended) work, which in their opinion may lead to an injury or deterioration of health, are financially rewarded and accompanied by an expression of gratitude.

Occupational injuries

GRI 403-9

In 2020, 57 production-related accidents took place in ALROSA Group¹, as a result of which 59² people were injured (48 people in the Group's Diamond Mining and Processing Operations). Owing to the consistent implementation of measures to improve the OHS management system, the number of accidents decreased by 22%³ compared to 2019.

Total number of registered injuries⁴ across PJSC ALROSA



NUMBER OF INDUSTRIAL ACCIDENTS AND INJURED PEOPLE IN ALROSA GROUP'S DIAMOND MINING AND PROCESSING OPERATIONS IN 2020

Company	Number of accidents	Number of injured people, ppl
PJSC ALROSA	44	46
JSC Almazy Anabara	1	1
PJSC Severalmaz	1	1
JSC PC Kristall	0	0
ALROSA Diamonds LLC	0	0

¹ Within the framework of this section, data for the ALROSA Group includes PJSC ALROSA and all its subsidiaries

² The indicator value was clarified for 2020 due to the improvement of the reporting processes

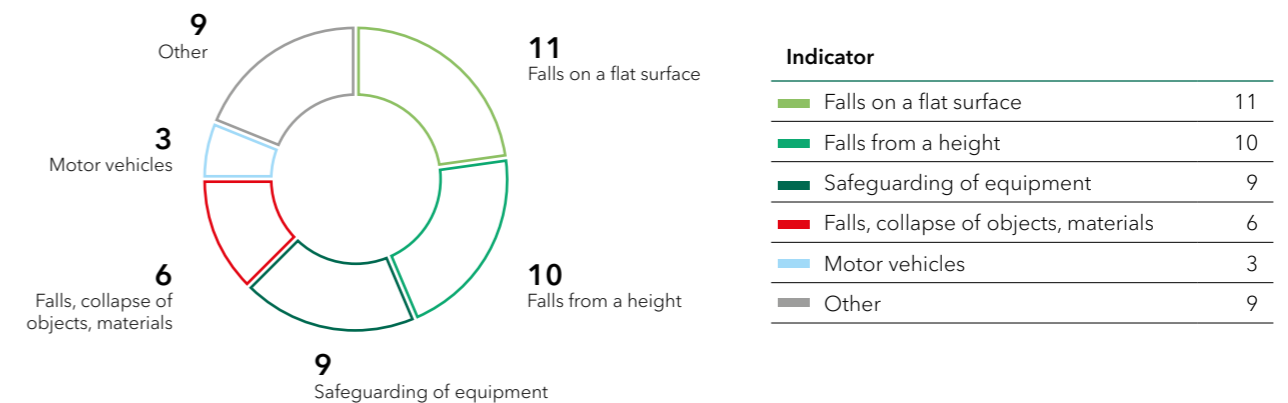
³ The indicator value was clarified for 2020 due to the improvement of the reporting processes

⁴ Based on the results of the investigation, 1 injury was carried over from 2019 to 2018. Also, in 2020 the Company identified 1 injury that had occurred in 2019 at Yakutsk Generating Company LLC. The indicator value was clarified for 2020 due to the improvement of the reporting processes

The main risks of severe occupational injuries in 2020, based on the results of analyzing investigation materials on occupational accidents, are related to:

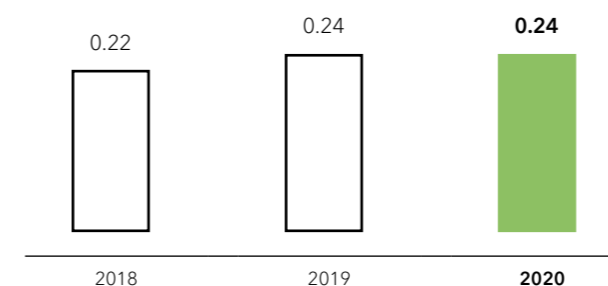
- falls in case of different height levels (a fall from a height);
- falls, collapse of objects, materials;
- electric shock;
- absence/failure of safeguarding of equipment.

Distribution of the number of injured people by the main types and factors of injury risks in ALROSA Group Diamond Mining and Processing Operations in 2020

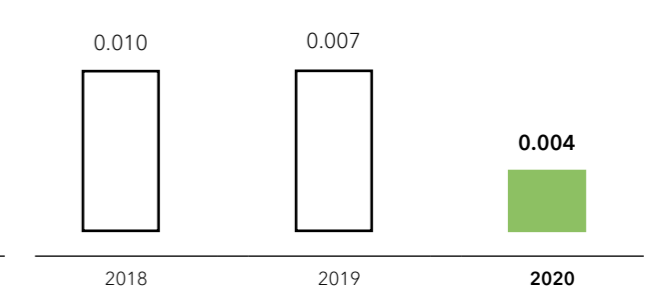


LTIFR remained at the 2019 level and equaled 0.24 for ALROSA Group. In turn, the Fatal Injury Frequency Rate (FIFR) decreased by 2.5 times compared to 2019.

LTIFR¹ dynamics in ALROSA Group²



FIFR³ dynamics in ALROSA Group⁴



¹ Lost Time Injury Frequency Rate, LTIFR = number of lost time injuries / number of man-hours worked × 200 thousand man-hours

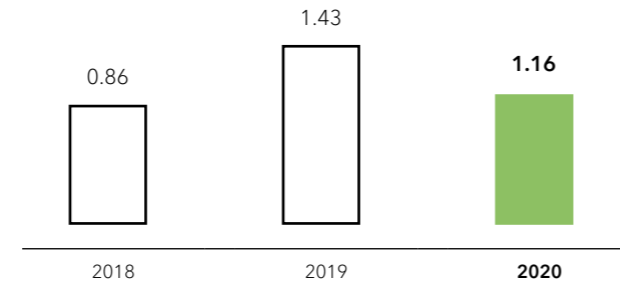
² In this section, data for the ALROSA Group includes PJSC ALROSA and all its subsidiaries

³ Fatal Incident Frequency Rate (FIFR) = number of fatal injuries/number of man-hours worked × 200 thousand man-hours

⁴ Within the framework of this section, data for the ALROSA Group includes PJSC ALROSA and all its subsidiaries.

The Company places special emphasis on transport safety issues. Due to the measures taken in the reporting year, the overall automotive accident rate (AARK) in ALROSA Group decreased by almost 19% compared to 2019.

Overall automotive accident rate (AARK)¹ in ALROSA Group Diamond Mining and Processing Operations



EMPLOYEES' HEALTH AND PREVENTION OF OCCUPATIONAL DISEASES

GRI 403-6; 403-7; 403-10

ALROSA aims to create comfortable working conditions where the risk to employees' health is minimal at all stages of the production process. The main activity in this area is to ensure the high quality of medical services, including through mandatory preliminary (on admission to work) and periodic medical examinations (checkups) of employees engaged in difficult work and work in harmful and/or hazardous working conditions. In 2021-2025, it is planned to automate certain processes on employee admission, for example, to implement the automated complex "Pre-shift express testing of employees."

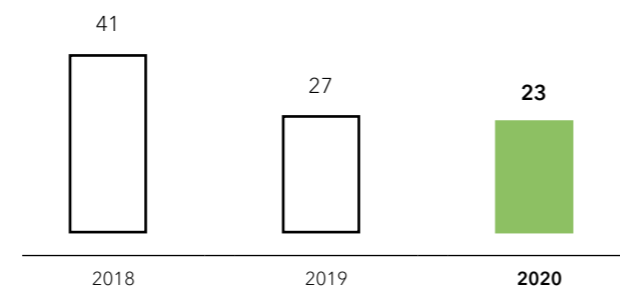
The Company performs all types of medical examinations (checkups) to protect employees' health, prevent the appearance and spread of occupational diseases. The provision of personal and collective protective equipment prevents exceeding acceptable thresholds for harmful factors at workplaces. As a result of the COVID-19 pandemic, new occupational health and sanitation procedures have been developed and implemented that helped contain the spread of coronavirus at production facilities.

The main causes of occupational diseases are:

- chemical factors,
- biological factors,
- strongly fibrogenic aerosols and dust,
- physical factors.

These causes are determined at the Centers of Occupational Pathology when referring an employee for a checkup. The number of registered occupational diseases in PJSC ALROSA has decreased by two times over the past three years.

Number of registered occupational diseases in ALROSA Group²



¹ Automobile Accident Rate (AARK) = number of motor vehicle accidents for the year × 1 million km/total run of all vehicles of the Company (subsidiary) for the reporting period

² Within the framework of this section, data for the ALROSA Group includes PJSC ALROSA and all of its subsidiaries

The company provides voluntary health insurance to employees under corporate programs that include disease prevention and rehabilitation. Based on the results of a special assessment of working conditions, employees are also provided with medical and preventive nutrition and health resort treatment as part of the Wellness and Recreation Plans.

In addition, as part of social support for employees in case of occupational accidents, a payment mechanism is used to allow families of injured employees to receive

compensation within a shorter timeframe. Payments are linked to salaries, which increases the average amounts of compensation.

As part developing the OHS strategy for 2021-2025, the main goals of preventing occupational diseases will be to reduce the impact of environmental hazards identified during the special assessment of working conditions at workplaces and to implement action plans designed to improve classes of working conditions.

PREVENTION OF EMERGENCIES

ALROSA is taking measures to prevent emergencies. They include a set of preventive measures aimed at protecting employees' health, reducing environmental damage and financial losses for the Company. In addition, work is being carried out on civil defense and emergency response, as well as on the operation of hazardous production facilities.

The main activities on emergencies prevention include training of personnel, including training involving relevant agencies, analysis of emergencies and their consequences, and creation of an early warning and response system.

In 2020, ALROSA's accident and injury analysis included monitoring of both the incidents and their causes. The results of this work were checklists of risks and their consequences.

PLANS FOR 2021 AND THE MEDIUM TERM

In 2021 and the medium term, the following main tasks will be achieved as part implementing the OHS development strategy:

- development of the leadership team, managers' achievement of leading positions in the area of OHS for their teams;
- development of a safety culture to prevent injuries and dangerous situations;
- reducing the level of exposure to hazards and minimizing the risks of the impact of production activities on employees' health and safety;

- improvement of the safety management processes and procedures of the Company's partners and contractors;
- transformation of the OHS service operating model;
- implementation and assessment of the effectiveness of the best global occupational safety practices;
- digitalization of OHS processes: analysis and implementation of digital solutions.

CLIMATE RISK MANAGEMENT¹ AND ENVIRONMENTAL PROTECTION

Investments in
environmental protection

5,6 billion
RUB

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¹ Data for diamond mining and processing operations of ALROSA Group includes PJSC ALROSA PJSC Severalmaz, JSC Almazny Anabara, JSC PC Kristall, ALROSA Diamonds LLC, JSC Alrosa-Niyrbu



APPROACH TO CLIMATE RISK MANAGEMENT

As a mining company ALROSA produces a significant amount of greenhouse gases (GHG) that contribute to global climate change. The Company is aware of its responsibility to contribute to the resolution of climate problems and is making significant efforts to reduce greenhouse gas emissions.

ALROSA's major projects in this area are:

- Program for Innovation Development and Technological Upgrade of PJSC ALROSA until 2024, and the Concept of Energy Saving and Energy Efficiency Improvement of PJSC ALROSA until 2035;
- Conversion of road transport from liquid fuel (gasoline, diesel fuel) to natural gas.

ALROSA understands the importance of climate risks impact on business processes and develops a climate risk management strategy to take into account the impact of climate change when making key decisions.

KEY INDICATORS AND ACHIEVEMENTS

direct GHG emissions in 2020 (Scope 1) of ALROSA Group

553 thousand tons CO₂ equivalent

GHG emissions per unit of rough diamond products

18,4 kg CO₂ eq./carat

MATERIAL TOPICS

GHG emissions and climate change

SUSTAINABLE DEVELOPMENT GOALS



PARTICIPATION IN CARBON DISCLOSURE PROJECT

Carbon Disclosure Project (CDP) is one of the most reputable international ESG rating agencies helping businesses to disclose their own environmental impact. In 2020, ALROSA provided the agency with data on climate change for the first time. Based on results of assessing the Company's activities on the climate aspect, ALROSA received a D rating ("Disclosure" level).

As part of implementing the Long-Term Development Program, annual monitoring of GHG emissions and achievement of the established strategic goals on their reduction is performed. Once a year, the target indicators approved by the Supervisory Board are adjusted.

According to the Long-Term Development Program, the Company plans to reduce the amount of GHG emissions in CO₂ equivalent annually through the introduction of the best available technologies to treat waste gases and the introduction of automated systems for accounting and control of industrial emissions.

In 2021, ALROSA included ESG management issues, including climate strategy, in the competence of the Strategy and Sustainability Committee under the Supervisory Board. It is planned that the CEO and Chairman of the Executive Committee and heads of relevant business units will be entrusted with responsibility for the achievement of the goals and implementation of measures in the field of climate risk management.



STRATEGY

ALROSA is developing a climate risk management strategy to ensure the Company's sustainable growth in the face of global climate change. The strategy is based on processes within the production chain taking into account the geographical characteristics of ALROSA's regions of operations.

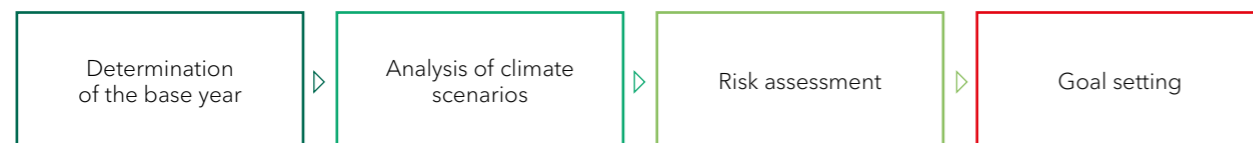
ALROSA'S CLIMATE STRATEGY

In 2020, the Company developed a climate strategy that will serve as a corporate standard for ALROSA's work in the climate area.

It will include two main blocks:

- know the Company impacts the climate and how to reduce this footprint;
- how the climate affects the Company and what measures should be taken to preserve the integrity of assets.

Approach to developing the climate strategy



The first step in developing the strategy will be to determine the base year for GHG emissions management. Then, climate change scenarios in each region of operations will be analyzed. Analysis of the impact of climate change on the Company's operations should result in a register of risks in accordance with the TCFD

requirements. The risk register will serve as a tool for their prioritization and allocation of the Company's resources used to manage the most acute risks. ALROSA analyzed physical and transitional risks. Transitional risks were divided into sub-groups: political and legal, technological, market, reputational.

Transitional risks

TRANSITIONAL RISKS CONSIDERED

Risk subcategory	Risk factor	Risk	Risk impact areas	Capability
Political and legal	Introduction of Mandatory Greenhouse Gas Reporting (GHG)	Costs of preparing and verifying GHG reporting	— Adaptation of business processes	— Improved GHG emissions monitoring system
	Introduction of the carbon border adjustment mechanism	Additional tax burden	— Investments to implement GHG emission reduction measures	— Production decarbonization
Technological	High carbon intensity of production processes	Capital expenditures on transition to low-emission and carbon-free energy sources		— Leading position in reducing GHG emissions in the industry
Market	Competitors achieve industry standards on GHG emissions	Decrease in product margins		— Increase in investments
Reputational	Negative perception of the Company by investors, independent shareholders	Lower investment appeal of the Company		— New market opportunities for low carbon products sale

Physical risks

PHYSICAL RISKS CONSIDERED

Risk subcategory	Risk factor	Risk	Risk impact areas	Capability
Acute	Probability of abnormal precipitation and floods	Damage to production facilities	Mining	Enhanced monitoring of production processes and the natural environment
		Interruption of production processes	Mining	
		Pollution due to damage to the integrity of tailings facilities	Processing	
	Probability of abnormal heat	Lower productivity	All production processes	Improved working conditions at higher temperatures
		Damage to production facilities due to forest fires	All production processes	Enhanced environmental monitoring
	Probability of abnormal cold	Supply and shipment schedule failures Damage to roads integrity	Supply chain	Improved approach to procurement and supply planning
Chronic	Increase in average annual temperatures	Additional fuel consumption	All production processes	Continuous production processes under high temperature conditions
	Increase in average annual precipitation	Damage to production facilities	Mining and processing	Integrity of production facilities: underground mining facilities and tailings facilities
		Damage to production facilities located in the area of permafrost rock	All production processes in the area of permafrost rock	Integrity of facilities in the area of permafrost rock

Risks associated with the melting of permafrost rock

Climate changes and human activity on perpetually frozen soil have an effect on permafrost condition, and therefore the state of permafrost rock needs continuous control aimed at recording changes in soil – the permafrost degradation, ground subsidence, etc. Timely response to these changes makes it possible to prevent the destruction of facilities located in areas of permafrost rock.

ALROSA complies with all the legal requirements applicable to working with permafrost rock and exercises control using thermal wells to monitor permafrost

temperature. Almost all of the Company's buildings in the Republic of Sakha (Yakutia) are installed on piles ensuring the stability of structures and laid at a depth of up to 20 meters (with account for the natural depth of seasonal soil thawing of 3.5 meters). In turn, thermal wells are also laid to an appropriate depth – from 12 to 20 meters.

Freezing systems are managed by analyzing soil temperature data obtained from Automated Thermal Control Systems. ALROSA has a system of monitoring the compliance with soil temperature conditions on a permanent basis, and measures are developed

and implemented as needed to reduce the level of negative processes of increasing soil temperatures. For each structure, depending on its category and purpose, a specific period for measuring soil temperature is determined. Thermal wells around stems of underground mines operate online and other buildings may have a quarterly or semi-annual inspection period. If necessary, the frequency of inspections is increased.

The existence of permafrost in the areas where ALROSA's hydraulic structures are located is a significant factor affecting their safe operation. In order to control the frozen

state of dams and surrounding rock, the Company has a Permafrost Control Sector at Yakutniproalmaz Institute that performs research and regular monitoring of the state of permafrost soil and the stability of piles on which industrial facilities are installed. Contractors specializing in this area are engaged for more detailed research.

Taking into account the climate change dynamics, the system of measures created by ALROSA to maintain the stability of the permafrost soil areas makes it possible to ensure the stable operation of production facilities for several decades.

ASSESSMENT OF RISKS RELATED TO THAWING OF PERMAFROST ROCK

In 2020, ALROSA initiated a project on permafrost thawing risk assessment with the following key goals:

- Analysis of the system of control over the condition of objects located in the permafrost soil area;
- A detailed assessment of the current level of risks associated with the consequences of permafrost rock thawing, including updating assessments of a possible environmental damage in the event of certain risk scenarios implementation;
- Determination of an approach to prioritizing facilities for developing the system for monitoring the current level of permafrost rock thawing risk.

According to the established plan, the project results will be presented in Q2 2021.

RISK MANAGEMENT

The implemented corporate climate risk management system will be a set of internal policies and procedures on climate risk mitigation for all ALROSA levels. It is planned to integrate climate risk management processes and procedures into ALROSA Risk Management System, thanks to which the Company will ensure a prompt and comprehensive response to all factors of the business environment related to climate change, including international and national initiatives on climate change.

Instructions and Guidelines on Quantification of Greenhouse Gas Emissions by Entities Engaged in Business and Other Activities in the Russian Federation, Order of the Ministry of Natural Resources of the Russian Federation No. 330 of 29.06.2017 On the Approval of Methodological Instructions on the Quantification of the Volume of Indirect Energy Emissions of Greenhouse Gases.

- Development of a systematic approach to monitoring and disclosing climate risk information using TCFD recommendations to provide timely and objective information on climate risk management performance to all stakeholders.

Goals

Based on the analyzed risks, ALROSA determines the following preventive measures:

- Implementation of a system for GHG regular reporting and monitoring using generally accepted methods and standards, including: GHG Protocol, Guidelines for National Greenhouse Gas Inventories, IPCC 2006, Order of the Ministry of Natural Resources and Environment of the Russian Federation No. 300 of 30.06.2015 On the Approval of Methodological



KEY INDICATORS AND ACHIEVEMENTS

investments in environmental protection

5.6 billion RUB

biodiversity conservation costs

31.6 million RUB

MATERIAL TOPICS

- Energy consumption and efficiency
- GHG emissions and climate change
- Air emissions
- Water management
- Biodiversity
- Sustainable waste management and tailings dam management
- Environmental management
- Exploration and field development



SUSTAINABLE DEVELOPMENT GOALS

MANAGEMENT APPROACH TO ENVIRONMENTAL PROTECTION

The Company's key strategic objective in the area of environmental protection is to ensure environmental safety and minimize environmental footprint at all stages of production activity.

ALROSA performs environmental protection activity in accordance with international and Russian standards, as well as on the basis of the principles set forth in internal policies focused on best practices in reducing the environmental footprint and maintaining the environmental balance in the regions where

the Company's structural divisions are located. Environmental safety is included in the Company's system of values and is one of ALROSA's top priorities.

The Company's environmental protection programs are based on measures aimed at gradually reducing the environmental footprint: reducing emissions, discharges, waste generation, and implementing rational use of land resources.

KEY DOCUMENTS GOVERNING ALROSA'S ACTIVITIES ON ENVIRONMENT PROTECTION

External:	Internal:
Constitution of the Russian Federation	Long-Term Development Program for 2018-2024
Regulations of the Russian Federation and the Republic of Sakha (Yakutia)	Comprehensive Program for Environmental Protection for 2019-2023
Environmental Safety Strategy of the Russian Federation until 2025	Policy on Sustainable Development and Corporate Social Responsibility
Environmental Doctrine of the Republic of Sakha (Yakutia)	Environmental Policy of ALROSA Group
Russian Foreign Policy Framework (International Economic and Environmental Cooperation)	Program for Innovation Development and Technological Upgrade until 2024
	Concept of Energy Saving and Energy Efficiency Improvement until 2035

In 2018, ALROSA Group adopted the Long-Term Development Program until 2024, which reflects the top priorities of the Company's measures of environmental protection:

- construction and upgrade of sewage treatment plants;
- expansion of facilities for wastewater injection into underground aquifers;
- conversion to natural gas motor fuel;
- use of mining machines with high emission standard;
- block caving underground mining;
- introduction of a circulating water supply system and a tailings thickening system;
- use of waste in secondary production;
- introduction of satellite-based monitoring of reindeer migration;
- use of geoinformation systems for monitoring;
- reproduction of aquatic biological resources;
- increase in the reclamation area and biological recovery.

The Company's highest governing body in the system of environmental management is the Executive Committee of PJSC ALROSA.

For more information on the environmental management system see Sustainability Report 2019.

In order to ensure sustainable use of natural resources and environmental safety of the Company's activities, as well as to introduce a unified approach to environmental management, in 2018 JSC ALROSA created an Environmental Center bringing together 29 environmentalists from all structural divisions.

For more information on the structure, goals and objectives of the Environmental Center see Sustainability Report 2019.

Environmental Policy

The key document governing ALROSA's approach to environmental management and safety is ALROSA Group's Environmental Policy. The document developed in 2020 and approved at the beginning of 2021 replaced JSC ALROSA's Environmental Policy that was in effect in the Company since 2013. The business principles set out in the Environmental Policy are an integral part of JSC ALROSA's Policy on Sustainable Development and Corporate Social Responsibility and ALROSA ALLIANCE Guidelines on Responsible Business Practices.

The Environmental Policy reflects the guidelines of doing business, the implementation of which ensures the maintenance of ALROSA's environmental sustainability and contributes to achieving the UN Sustainable Development Goals. The Company strives to encourage employees' personal interest in and commitment to these principles.

PRINCIPLES OF ALROSA'S ENVIRONMENTAL POLICY

- Comprehensive water resources management
- Improved energy efficiency
- Upgrade of infrastructure and industrial enterprises in terms of applying best available and environmentally friendly technologies
- Responsible consumption and use of natural resources
- Responding to climate change
- Ensuring the conservation and reproduction of biological resources and their diversity
- Fostering a corporate culture of production based on each employee's personal involvement and personal responsibility for the state of the environment
- Ensuring information transparency and availability of environmental information, improving its targeting and dissemination using various information resources
- Interaction with government bodies, international and public organizations, the scientific community, the population in the regions of presence and other stakeholders
- Applying a systematic approach to environmental risk management, including immediate response in case of a risk event, at all stages of activities
- Continuous improvement of the environmental management system

Objectives of the Environmental Policy include:

- minimization of the negative impact on the environment in all areas of environment-related activity;
- comprehensive and rational use of mineral resources;
- risk management and adherence to Russian and international law on environmental protection;
- development of the environmental management system;
- raising of stakeholders' awareness and work culture in the field of environment;
- development and implementation of comprehensive programs to improve the environmental situation in the regions of the Company's presence.

Environmental management system

GRI 102-11

In 2020, ALROSA's environmental management system was successfully re-certified for compliance with the international standard ISO 14001:2015. This system was adopted in 2013; it also meets the requirements of the national standard GOST R ISO 14001-2016. The Company follows the precautionary principle and makes efforts to constantly develop the environmental management system preventing potential environmental risks.

The Environmental Center includes a dedicated group for production and environmental control

and supervision. The group's main tasks are internal control and audit. The Company has implemented the Standard on Production and Environmental Control, on the basis of which a schedule for site visits and on-site surveys is developed and approved.

ALROSA strives to promote high environmental principles across the supply chain. In 2021, the Company intends to develop and approve an internal standard for environmental assessment of suppliers, which is expected to test their operating methods for compliance with the criteria of ALROSA's Sustainability Policy.

WWF ENVIRONMENTAL TRANSPARENCY RATING

For the fourth time ALROSA was included in the Environmental Transparency Rating of Mining and Metals Companies Operating in Russia, prepared by WWF Russia and the UN Environmental Program of the Russian Federation, developed at the initiative of WWF of Russia and the Project of the UN Development Program/GEF/Ministry of Natural Resources. According to the rating published in December 2020, the Company is one of the top ten organizations in terms of quality of environmental management and environmental impact. The organizers also noted ALROSA for the absence of environmental emergencies during the reporting period.

Monitoring the quality of environment

As the state of the environment changes over time due to both the Company's activities and natural and other factors, environmental monitoring plays an important role in managing environmental aspects. It includes observations, assessments and forecasts of environmental quality.

ALROSA monitors the quality of environment where its production facilities are located, on the border of sanitary protection zone, and in adjacent areas.

Key goals of environmental monitoring:

- evaluating indicators of the condition of ecosystems and human habitat;
- identifying drivers of change in these indicators and evaluating the impact of such changes, as well as choosing remedial actions;
- creating a prerequisite for the determination of measures to address a negative situation before any damage is inflicted.

TARGETS OF ALROSA'S ENVIRONMENTAL MONITORING

Category	Target of monitoring
Environmental components	<ul style="list-style-type: none"> — Soil — Surface and ground water — Air — Flora and fauna
Natural objects	<ul style="list-style-type: none"> — Natural ecosystems — Natural landscapes and their elements
Sources of human impact	<ul style="list-style-type: none"> — Noise — Vibration — Electromagnetic and radioactive radiation

In 2019, ALROSA initiated a project to create an Information and Analytical System for Environmental Monitoring (IAS Ecomonitoring). Pilot operation of the system is planned for 2021. The strategic objectives of IAS implementation include:

- creation of a single information landscape for the Environmental Center and ALROSA's structural divisions in terms of environmental protection;
- ensuring the possibility of sharing heterogeneous data on environmental protection targets located in the Company's perimeter of operations;

- accumulation and storage of data for monitoring, prompt analysis and making management decisions on environmental protection;
- creation of unified registers of objects of negative impact on the environment, natural resources, and regulatory and permit documents;
- control and coordination of environmental protection activities of ALROSA's structural divisions;
- automation of processes for preparing reporting documents on environmental protection.

Comprehensive Program for Environmental Protection and Environmental Safety

The comprehensive program of the Company's measures on environmental protection and environmental safety for 2019-2023 is agreed with the Ministry of Ecology of the Republic of Sakha (Yakutia). The program provides for environmental protection measures, including ensuring the environmental protection of the population in the areas of PJSC ALROSA business units' activities.

The comprehensive program makes provision for:

- air protection and climate change prevention;
- collection and treatment of waste water;
- management of production and consumption waste;
- protection and rehabilitation of land, surface and ground waters;
- protection of the environment from noise, vibration or other physical impacts;
- conservation of biodiversity and protection of natural areas;
- radiation safety of the environment;
- research and development activities on the reduction of negative anthropogenic impacts on the environment.

In addition, ALROSA strives to actively involve local communities in environmental protection activities by participating in the organization of various campaigns, contests and other initiatives.

The planned amount of financing under the program totals

29,4 billion RUB

"ALL TOGETHER" CAMPAIGN

In 2020 the Company initiated a campaign to collect spent batteries - "All Together." Since there are no companies processing lithium batteries (which are classified as highly hazardous wastes) in Yakutia, ALROSA Environmental Center specialists have entered into a contract on their disposal with the Megapolisresurs group of companies.

For a few months Yakutia residents could hand over spent batteries at any of the 47 collection points located both in public places and on the Company's production sites. As a result, they collected more than 200 kg of batteries that were sent for recycling. The components extracted from them can be used in manufacturing packaging, new power sources, as well as composition and substances for industrial production.

MOTOR RALLY "GOING ON VACATION BY CAR"

ALROSA organized a motor rally "Going on Vacation by Car" during which a column of vehicles, including vehicles representing the Company, crossed the entire country from St. Petersburg to Mirny. The event was aimed at promoting the use of natural gas as motor fuel and was approved by the Government of the Republic of Sakha (Yakutia).

Meetings were organized with the participation of the largest Russian manufacturers of automotive vehicles powered by natural gas. The event coverage focused on cities participating in the federal project "Clean Air" under the national project "Environment" and actively promoting the transition to vehicles powered by natural gas.

ENVIRONMENTAL RESEARCH OF THE VILYUY ULUS GROUP

In 2020, the Company conducted the first stages of the environmental research of the Vilyuy ulus group and a study of the population's health organized in cooperation with the Government of Republic of Sakha (Yakutia) and the Fund for Future Generations. At the beginning of 2021, interim results of studies on the state of the floodplain ecosystems of Vilyuy and its inflows, a study of the population's health, and the possibility of providing the territories with alternative sources of water supply were summarized.

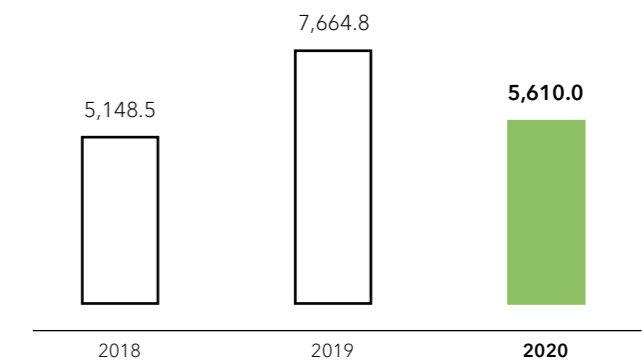
Environmental costs and investments

ALROSA continues to implement environmental initiatives in accordance with the Comprehensive Program for Environmental Protection and Environmental Safety for 2019-2023 adopted in 2019. In 2020, ALROSA Group's investments in implementing the program amounted to RUB 5.6 billion, or 2.5% of the consolidated revenue.

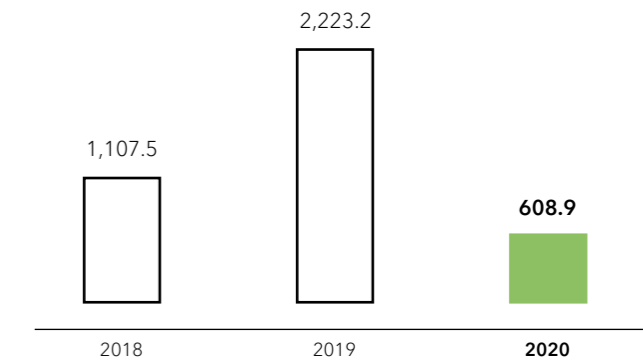
In 2020, ALROSA Group's current (operating) expenses on environmental protection activities amounted to RUB 5 billion. The bulk of the funds (64%) was allocated to waste management.

In 2020, the Group allocated RUB 608.9 million for capital expenditures on construction and repair of fixed assets for environmental protection purposes. The amount of expenses related to research and development activities on the reduction of the negative human impact on the environment equaled RUB 47.0 million.

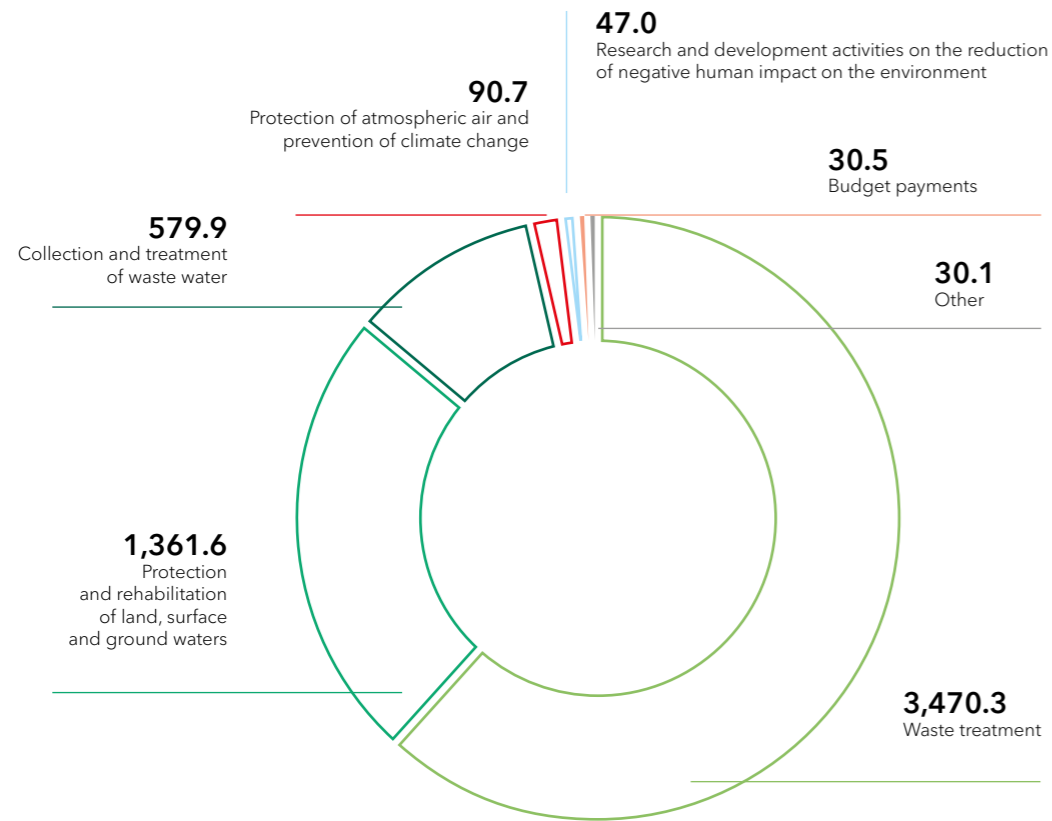
ALROSA Group's environmental expenses, RUB million.



ALROSA Group's equity investment allocated to environmental protection, RUB million



Structure of ALROSA Group's expenses for environmental protection, RUB million



Indicator	mln RUB
Waste treatment	3,470.3
Protection and rehabilitation of land, surface and ground waters	1,361.6
Collection and treatment of waste water	579.9
Protection of atmospheric air and prevention of climate change	90.7
Research and development activities on the reduction of negative human impact on the environment	47.0
Budget payments	30.5
Other	30.1

SIGNIFICANT FINES AND TOTAL NUMBER OF NON-FINANCIAL SANCTIONS IMPOSED ON ALROSA GROUP FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

Indicator	2018	2019	2020
Number of fines for non-compliance with environmental laws and regulations	9	4	1
Total amount of fines imposed for non-compliance with environmental laws, RUB thousand	840	230	200
Number of non-financial sanctions – instructions based on results of the inspection by the Federal Service for Supervision of Natural Resources	5	6	3
Number of violations eliminated	0	5	3

Following the results of the inspections carried out by the Federal Service for Supervision of Natural Resources of the Republic of Sakha (Yakutia), Federal Agency for Fishery of the Republic of Sakha (Yakutia), Ministry of Ecology of the Republic of Sakha (Yakutia) in 2020, the Company was presented with:

- 1 report with the assignment of an administrative penalty of RUB 200 thousand concerning the use of the coastal protection area and designated conservation area of a water body;

- 3 instructions following the results of an inspection by the Ministry of Ecology of the Republic of Sakha (Yakutia): one was implemented, and two others were canceled as a result of an appeal by the Company.

The total payment for the negative environmental impact (in excess of industry norms) in ALROSA Group for 2020 amounted to RUB 1.2 million.

ENERGY CONSUMPTION AND EFFICIENCY

GRI 302-1; 302-3; 302-4; 302-5

The Company's main goals and areas of activity related to energy consumption and energy efficiency are set out in the Concept of Energy Saving and Energy Efficiency Improvement of PJSC ALROSA until 2035:

- reducing specific energy consumption and improving energy efficiency of the Company's divisions through the implementation of energy-saving measures;
- reduction of unit costs on energy resources in the cost of main products in comparable conditions due to energy saving and an increase in the share of local and cheaper energy resources;
- optimization of the Company's energy balance through replacement of non-renewable fuel energy resources transported from offsite (diesel fuel, gasoline) with local energy resources (natural gas, oil) and renewable energy resources of hydropower generation at the Cascade of Vilyuy HPPs (provided that economic efficiency is confirmed);

- assessment of the potential and efficiency of using alternative types of energy, secondary energy resources and implementing elements of distributed energy (provided that economic efficiency is confirmed).

Electricity consumption by ALROSA Group in 2020 totaled 3,163 TJ, and heat consumption totaled 882 TJ. Total energy consumption was 11,591¹ TJ. The main reason for the reduction in energy consumption is the temporary mothballing and closing of certain production facilities, as well as partial production downtime due to the adverse epidemiological situation. In addition, in 2020 the Group's energy conservation initiatives resulted in savings of RUB 1.1 billion or 903 TJ.

The specific power consumption was 0.38 GJ per carat of produced rough diamond products. At the same time, the total volume of reduction in energy intensity of products was 0.0022 GJ per carat of produced rough diamond products.

¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

INCREASING THE USE OF SOLAR POWER

In 2020, the Mirny Motorways Department of ALROSA implemented two new hybrid units at remote infrastructure facilities. The units generate energy from sunlight and have a diesel generator as a backup source. The units keep automatic accounting of resources consumption and power generation. New equipment will reduce fuel expenses and improve indicators of air emissions.

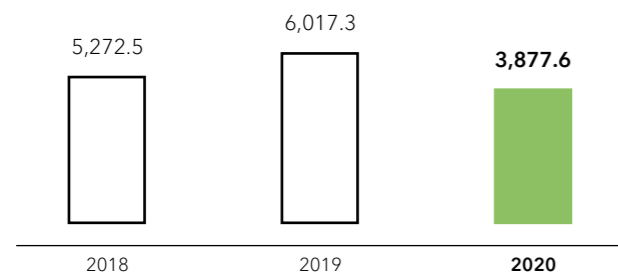
ALROSA actively engages in re-using energy resources. For example, various divisions of the Company use spent oils to generate energy in the process of their utilization by waste-heat boilers, and also transfer these oils for sale to third parties.

UTILIZATION OF USED ENGINE OIL

At Verkhne-Munskoye mining complex, used engine oil is now used in the accommodation camp's heating system. According to calculations, the oils accumulated during the year at the Aikhal-Udachny site will be sufficient for the complete transfer of the boiler units to a new energy resource.

The implementation of this initiative will not only reduce costs on the removal of used oils and the purchase of previously used diesel fuel and oil, but also improve the environmental indicators of the division, since utilization of used oils generates 8% less greenhouse gases than oil combustion.

Fuel consumed by the Company's vehicle fleet, TJ



INDUSTRIAL CERTIFICATION OF WORKING WITH VEHICLES RUNNING ON GAS FUEL

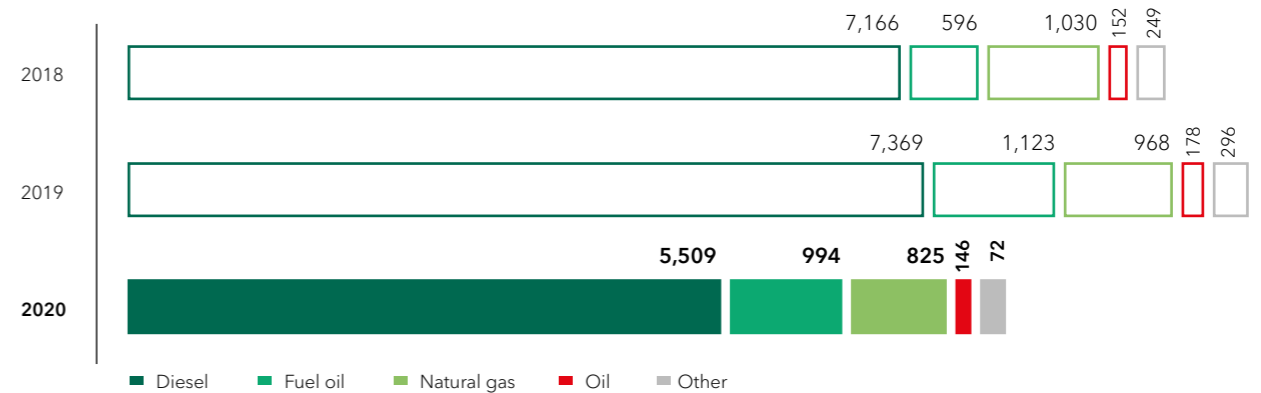
In 2020, ALROSA underwent voluntary industrial certification of working with vehicles running on gas fuel. The document confirms staff qualifications and makes it possible to upgrade vehicles running on natural gas and perform maintenance and repair of this type of vehicles.

The Company is actively engaged in transferring its own vehicles to natural gas motor fuel. This makes it possible to reduce both operating costs and environmental impact indicators.

FUEL CONSUMPTION BY ALROSA GROUP IN 2020

Type of energy resource	Unit of measurement	Consumption in natural units	Consumption, RUB million (excl. VAT)
Diesel fuel	tons	129,629.3	7,209.7
Fuel oil	tons	24,216.9	389.6
Natural gas	thousand m ³	24,696.5	128.0
Kerosene	tons	223.8	9.2
Oil	tons	3,494.0	77.6
Motor gasoline	tons	653.5	32.9
Coke	tons	7.0	0.2
Other types of fuel (waste oil)	tons	874.2	0 ¹

Fuel energy consumption from non-renewable sources, TJ



AIR EMISSIONS

Indicators of pollutant emissions

GRI 305-7

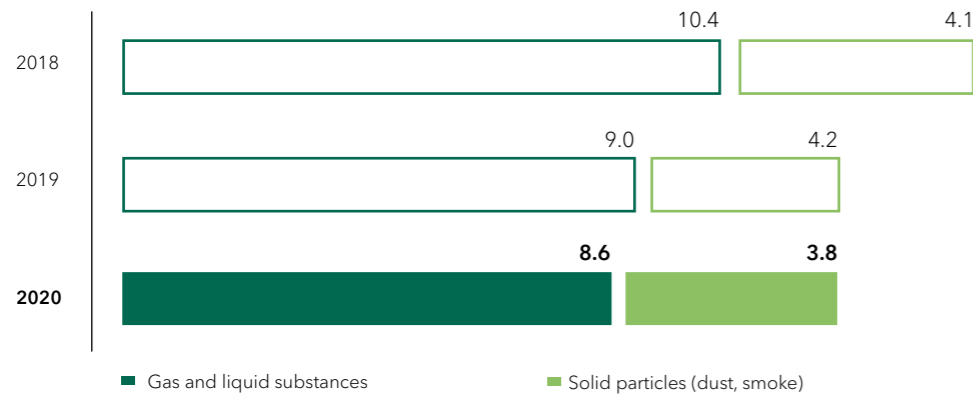
In order to reduce the emission of pollutants, the Company implements technological solutions aimed at reducing the amount of air emissions, as well as reducing the risks of technological accidents at production facilities through the creation of an effective system of production and environmental control. In order to reduce the amount of pollutant emissions, PJSC ALROSA is implementing the Program for Innovation Development and Technological Upgrade until 2024.

ALROSA's key activities to improve environmental indicators in terms impact on air:

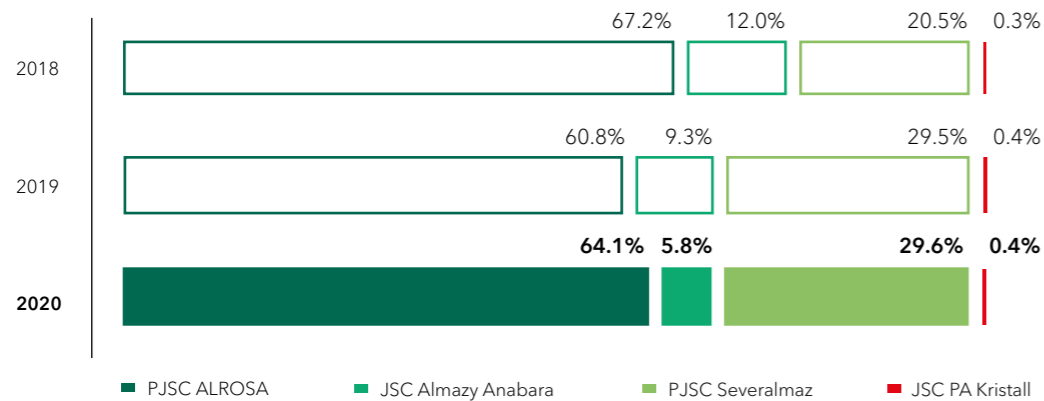
- dust-suppression works on haul roads in summer;
- using hydraulic cyclones for ore processing at processing plants;
- using the dust collection system on wood and metal working machines;
- using water injection and dry dust collection systems on drilling rigs;
- large-scale efforts for the conversion of vehicles and boiler units to gas fuel;
- replacing explosive mixtures based on diesel fuel with emulsion mixtures with low oxygen balance.

¹ Money-free unit

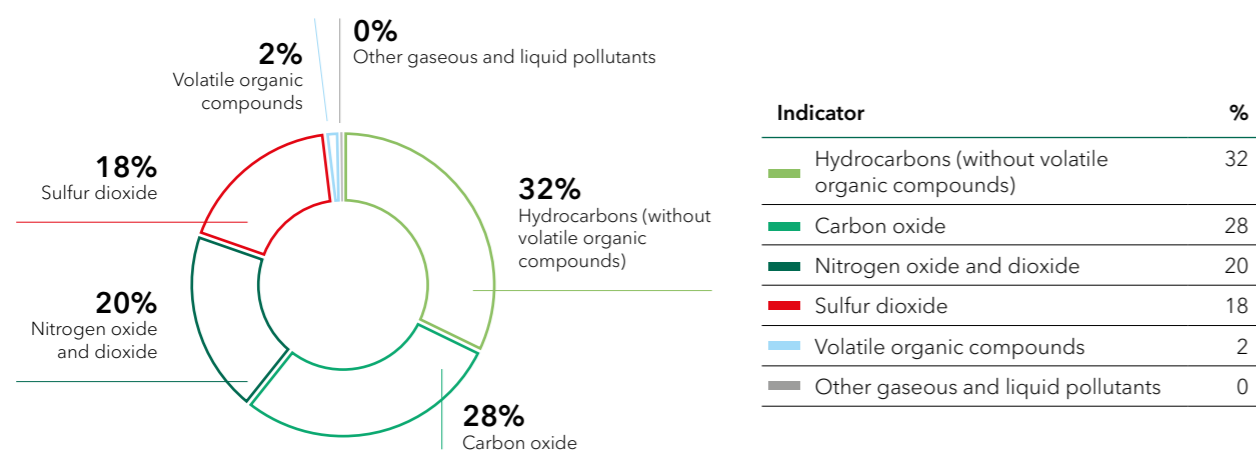
Structure of pollutant emissions by ALROSA Group, 2018-2020, thousand tons



Structure of pollutant emissions by ALROSA Group by division



Structure of pollutant emissions in the form of gaseous and liquid substances by ALROSA Group



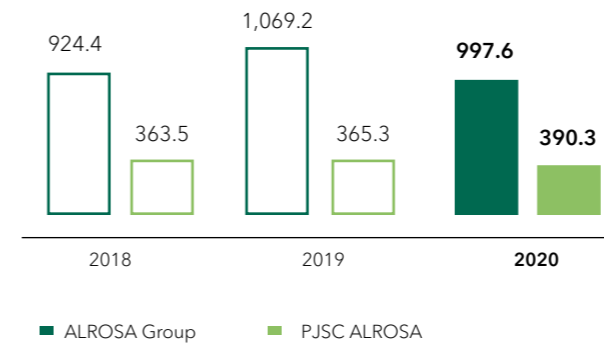
In 2020, ALROSA Group's total pollutant emissions equaled 12.4 thousand tons, a reduction of 6% compared to 2019. The mining complex accounts for 99.8% of pollutant emissions.

No ozone-depleting substances are produced as a result of the Company's production activity.

Indicators of GHG emissions

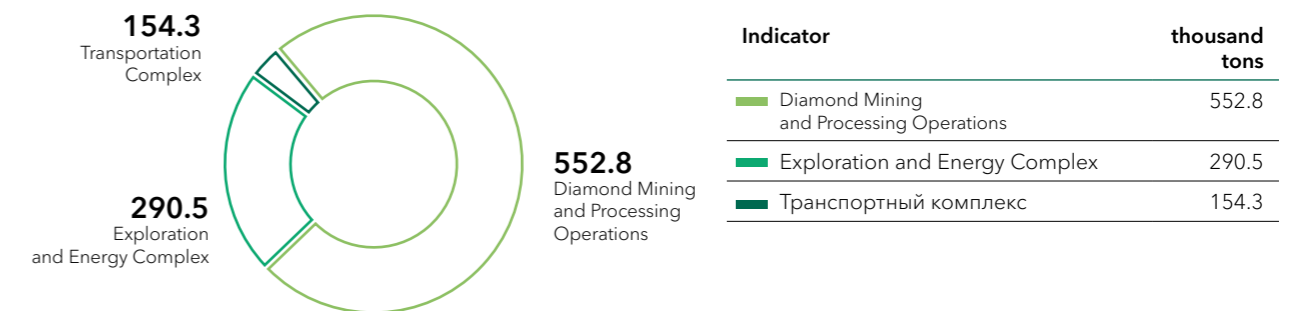
GRI 305-1, 305-2, 305-4; 305-5

Direct greenhouse gas emissions in CO₂ equivalent (Scope 1), thousand tons



In 2020 the amount of direct GHG emissions (Scope 1)¹ by ALROSA Group in CO₂ equivalent equaled 997.6 thousand tons. The following significant components are included in the calculation of direct GHG emissions: carbon dioxide (CO₂), methane (CH₄) and nitrogen oxide (N₂O).

Structure of total GHG emissions by ALROSA Group by division in CO₂ equivalent (Scope 1), thousand tons

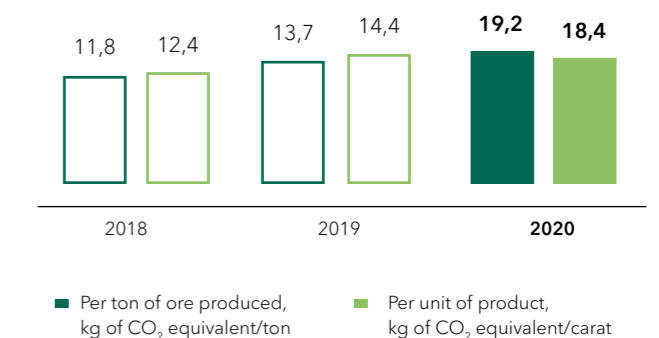


The reduction in direct GHG emissions during the reporting period is mainly due to temporary mothballing and closing of certain production facilities, as well as partial production downtime due to the adverse epidemiological situation and measures to reduce greenhouse gas emissions. Such activities include, but are not limited to, the conversion of vehicles to gas fuel and the use of solar collectors to generate heat and electricity.

In 2020 ALROSA Group calculated indirect GHG emissions (Scope 2)² for the first time. In the reporting period, the volume of indirect generation of GHG through the acquisition of energy resources equaled 104.5 thousand tons in CO₂ equivalent.

Specific direct GHG emissions (Scope 1) per 1 carat of rough diamond products in 2020 equaled 18.4 kg of CO₂ equivalent/carat. Taking into account indirect GHG emissions (Scope 2), specific emissions equaled 21.8 kg of CO₂ equivalent/carat. Specific GHG emissions per ton of ore produced in 2020 were 19.2 kg of CO₂ equivalent/ton.

Specific GHG emissions by ALROSA Group (Scope 1)



For more information on GHG emissions management and the climate agenda see the section Climate Risk Management.

¹ For the purposes of this indicator, the ALROSA Group includes all subsidiaries (including diamond mining and processing operations, geological exploration, energy and transport complexes)
² Data for diamond mining and processing operations of the ALROSA Group including PJSC ALROSA PJSC Severalmaz, JSC Almazny Anabara, JSC PC Kristall, ALROSA Diamonds LLC

USE OF WATER RESOURCES

GRI 303-1, 303-2, 303-3, 303-4, 303-5

Water is a multi-functional resource for mining enterprises: it is used both directly at various stages of the production process and for business purposes. In view of the possible environmental risks and negative consequences for the environment and people in connection with water use, there is a pressing need to implement sustainable water management practices.

The Company does not withdraw water in areas with water resources scarcity, the availability of which is assessed at the stage of planning an activity. Technical decisions are made taking into account the forecast of availability and quality of water resources based on the results of long-term observations by the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet). In 2020, there were no risks associated with the lack of water resources for withdrawal and consumption.

ALROSA takes measures for the rational use of water resources, which contribute to the reduction of water withdrawal indicators, and also performs responsible management of wastewater. The Company focuses on developing circulating water supply system and a tailings thickening system. According to PwC survey¹ ALROSA's water consumption intensity per million dollars of revenue is the lowest among producers of both rough diamonds and gold.

COMMISSIONING OF THE THICKENING UNIT AT UDACHNY DIVISION

At Processing Plant No.12 of Udachny Division, ALROSA commissioned a thickening unit. The unit includes a system of pumps, a battery of hydro-cyclones and two large tanks with a diameter of 28 m, which allow the extraction of most of the recycled water from the tailings under the influence of centrifugal force. The thickening unit operations lead to a reduction in the volume of water withdrawal for production needs, and the placement of thickened tailings according to the tapered method makes it possible to use the tailings facility safely until 2066. The investments amounted to RUB 3 billion.

The investments in Processing Plant No.12 of Udachny Division

3 billion RUB

The Company's main activities to reduce the impact on water bodies include:

- reduction in water withdrawal for production needs based on the application of a circulating water supply system and organization of dredges in closed pits;
- monitoring of the condition and elimination of leaks in domestic water supply and heating pipelines.

Measures to protect water bodies include;

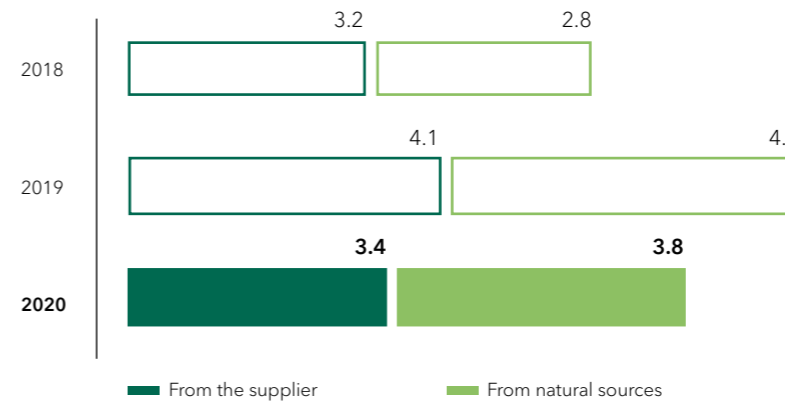
- injection of salt water (water produced from open pit and underground mines) into the aquifer;
- monitoring of water bodies and control of natural and waste water quality.

Water withdrawal and water consumption

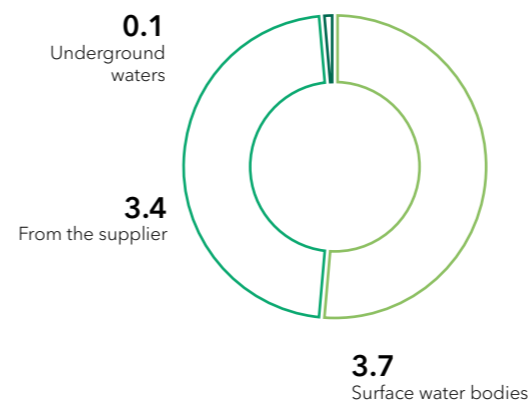
ALROSA withdraws water from surface and underground natural sources, and purchases water from suppliers (from municipal and other water supply systems).

All water withdrawn by the Company is fresh and its volume does not exceed the maximum permissible volumes. In 2020, the total water withdrawal by ALROSA Group equaled 7.2 mln m³, which is 18% less than in 2019.

Total water withdrawal by ALROSA Group, mln m³

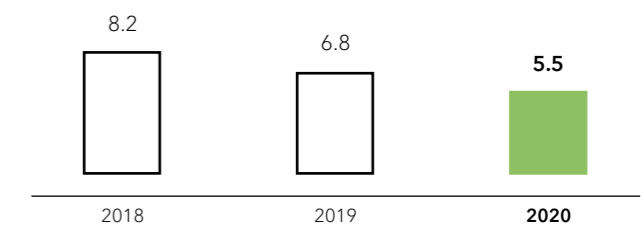


Structure of water withdrawal by ALROSA Group, mln m³



The volume of water withdrawal for production needs equaled 5.5 mln m³, while 1.7 mln m³ was used for household needs.

Water consumption for production needs by ALROSA Group, mln m³

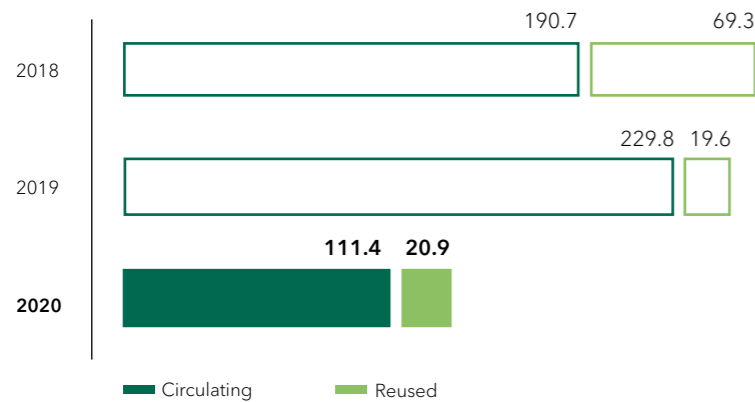


The total volume of circulating and reused water consumption of PJSC ALROSA in the process cycle in 2020 was 132.3 mln m³, or 95% of the total water consumption volume (139.5 mln m³).

Показатель	mln m ³
Surface water bodies	3.7
From the supplier	3.4
Underground waters	0.1

¹ PwC Sustainability Benchmark Report, 2016-2018

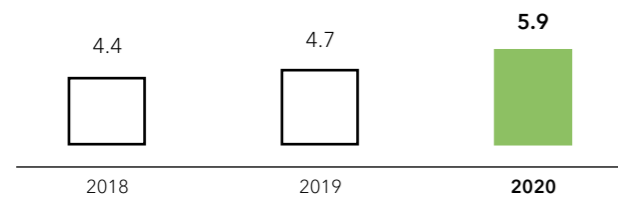
Volume of circulating and reused water supply, mln m³



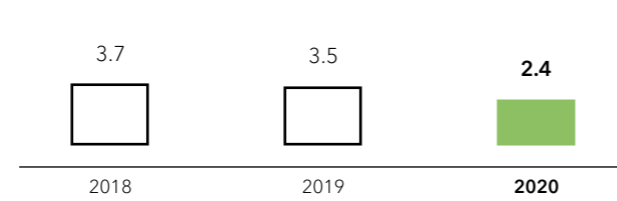
PJSC ALROSA divisions are equipped with a system of circulation of salt water produced. Drainage water from open pit and underground mines flows to reinjection stations and returns into underground aquifers.

All open pit, drainage and mining salt waters are pumped into Metegero-Ichersky aquifer system, underground aquifers, Levoberezhny fault line and production accumulator tanks without any changes in composition.

Volume of water in drainage pits of ALROSA Group¹, mln m³



Volume of water in sedimentation tanks of ALROSA Group, mln m³



Waste water discharge

In the course of the Company's activity, waste water is created, either to be discharged into water bodies provided by the Ministry of Ecology of the Republic of Sakha (Yakutia) for ALROSA's use, or to be transferred to responsible municipal organizations. Water is discharged to surface water bodies exclusively from sewage treatment plants. In addition, water is discharged into tailings facilities, sedimentation and storage tanks. Industrial and waste water may also be injected into underground aquifers.

The waste water does not contain toxic, carcinogenic or radioactive substances since ALROSA Group structural divisions do not use radioactive substances or aggressive chemical agents in the production and processing of diamond ore.

The Company's industrial sanitary laboratories systematically monitor the state of water bodies to determine the chemical composition of surface, underground and waste waters. The monitoring program includes an examination of wastewater quality at all production sites connected to central sewage networks.

Acceptable discharge rates are calculated as part of the Environmental Impact Statement. Background concentration of pollutants in water bodies is also taken into account when implementing standards and requirements on waste water disposal.

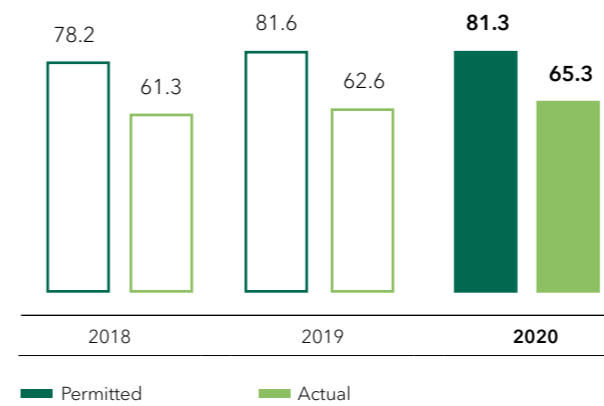
In order to enhance environmental safety and reduce the environmental impact, ALROSA is taking measures to improve waste water treatment technologies. For example, in 2020, industrial trials of waste water desalination technology were conducted in Nyurba division. If this pilot project shows good results, in the long term it will be gradually replicated in other divisions.

In 2020, the total volume of waste water discharge by ALROSA Group was 65.3 mln m³. The bulk of water was discharged into the surface freshwater bodies

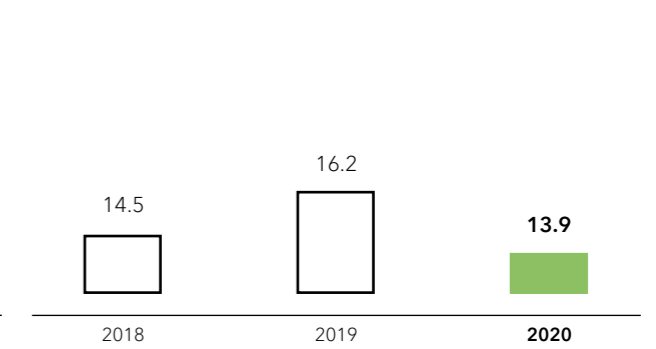
(64.2 mln m³), while the remaining water was disposed through municipal facilities. The volume of pollutants discharged by the Company with waste water was 13.9 tons. The discharge of heavy metals was 0.3 tons for PJSC ALROSA and 0.2 tons for JSC Almazy Anabara.

According to the Long-Term Development Program, by 2025 the Company aims to reduce specific water consumption by 15% and specific water disposal by 7.5% compared to 2019.

Wastewater discharge by ALROSA Group, mln m³



Discharge of pollutants¹ into water bodies by ALROSA Group, tons



¹ Data are shown as at the end of the washing season. The discrepancy between the data for 2018 and the data presented in the Sustainability Report for 2019 is due to using the indicator at the start of the washing season for that year

¹ The indicator value was clarified for 2020 due to the improvement of the reporting processes

WASTE MANAGEMENT

GRI 306-1, 306-2, 306-4; 306-5

The Company's production activity involves the generation of a significant amount of production and consumption waste. ALROSA collects generated wastes and sends them to collection points for temporary accumulation. The waste is then transported to placement, disposal and neutralization facilities. Waste management is performed in accordance with its hazard class, aggregate state and chemical characteristics. The hazard class of different categories of waste is determined based on results of annual bio-testing. ALROSA does not transport, import, export or process wastes that are hazardous in accordance with Annexes I, II, III and VIII to the Basel Convention.

Collection channels are formed along the perimeter of waste disposal locations. Comprehensive monitoring of location characteristics, including radiology, is performed in the placement areas. All dumps of overburden rocks, dry tailings and tailings facilities are included in the State Register of Waste Disposal Facilities, and an inventory for each of them is performed every five years. In addition, the Company prepares an annual report on production and environmental control of waste disposal locations submitted to the Federal Service for Supervision of Natural Resources. An independent audit of waste management is performed annually during the period of re-certification or inspection of the environmental management system.

In 2020 the total volume of waste generated by ALROSA Group decreased by 29.1% compared to 2019 to 80.9 million tons. Most of this waste comes from the mining complex (99.99%) and falls into hazard class V (diamond mining waste - stripping). Part of the overburden rock is used in the secondary production process, preparation of the planned construction areas and for other construction purposes. Using waste in secondary production processes, including in secondary energy resources, is a priority area of waste management for ALROSA.

The Company operates under centralized contracts for the disposal and neutralization of hazardous wastes. This makes it possible to follow a uniform approach to the safe management of waste and the reduction of waste sent for disposal.

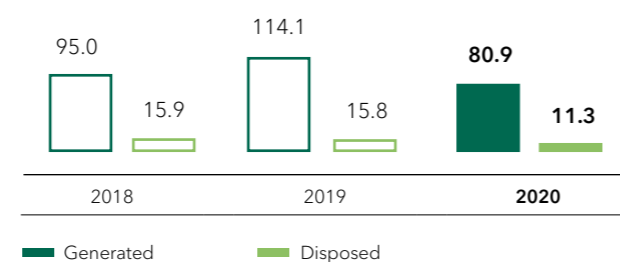
In 2020 ALROSA Group disposed of 11.3 million tons of production and consumption waste. According to the Long-Term Development Program for 2018-2024, the Company aims to increase the share of disposable waste by 50%.

VOLUME OF ALROSA GROUP'S WASTES BY TYPE OF WASTE MANAGEMENT, TONS

Division	Disposal	Neutralization	Storage	Landfill
PJSC ALROSA	11,349,442.3	191.7	63,097,512.9	1,341,751.5
Almazy Anabara	94.9	42.8	10.2	308.4
Severalmaz	279.8	380.7	-	8,009,415.4
Kristall	-	0.2	-	54.5
ALROSA Diamonds	1.9	0.0	-	29.2

From 2018 to 2020 waste sent for storage was not transferred to the landfill, neutralization or disposal (use for production purposes). At the same time, according to the effective legislation, production and consumption waste sent to the landfill site is not subject to further treatment (disposal, neutralization).

Volume of waste generated and disposed by ALROSA Group, million tons



WASTE GENERATION BY ALROSA GROUP IN 2020

Hazard class	Description	Volume, tons	Change compared to 2019, %	Reasons for the increase/decrease	Disposal and use
Class I (extremely hazardous)	Mercury-quartz lamps and fluorescent lamps that lost their usefulness	6.5	-22.2	Reduction in fluorescent lamps creation (the Company's fluorescent lamps are replaced with LED ones).	Part of this waste is transferred to licensed enterprises for further neutralization and disposal. Another part is disposed of in house: waste oil products are used as secondary energy or fuel and energy resources; sludge, oil and other filters contaminated with oil products are neutralized in the modern mobile Forsazh-2M units..
Class II (highly hazardous)	Waste lead batteries containing electrolyte (undamaged) and waste battery acid (sulfuric acid)	7.2	-13.0	According to the Company's accounting policy, batteries have been given the status of materials.	Part of this waste is disposed of in house: tires are used as structural elements. Another part is neutralized in the modern mobile Forsazh-2M units. Another part of waste is transferred to licensed enterprises for further neutralization/disposal.
Class III (moderately hazardous)	Waste oils	1,656.3	-3.8	Due to the adverse sanitary and epidemiological situation in the world and temporary mothballing of facilities, part of the waste was accumulated (in 2021 tires will be used as small architectural forms for own needs in the construction of water pipelines).	Part of this waste is disposed of in house: tires are used as structural elements. Another part is neutralized in the modern mobile Forsazh-2M units. Another part of waste is transferred to licensed enterprises for further neutralization/disposal.
Class IV (low hazard)	Construction waste, scrap tires and air tubes, wood scrap, weld slag, ash and slag waste from coal combustion, waste generated as the result of mechanical and biological treatment of sewage water	4,927.3	-39.5	Due to the adverse sanitary and epidemiological situation in the world and temporary mothballing of facilities.	Part of this waste is disposed of in house: tires are used as structural elements. Another part is neutralized in the modern mobile Forsazh-2M units. Another part of waste is transferred to licensed enterprises for further neutralization/disposal.
Class V (nearly nonhazardous)	diamond waste from mining and processing of rock mass (overburden rocks and waste (tailings) from diamond ore processing	80,897,304.0	-29.1	The decrease is due to the adverse sanitary and epidemiological situation in the world and temporary mothballing of facilities.	Part of this waste is disposed of in house: overburden rocks and tailings are used for the establishment of dams and embankments, construction works, reclamation of disturbed lands, riprap and road maintenance.

MANAGEMENT OF TAILINGS DAMS

Tailings dams are operated by the Company in accordance with all applicable legal requirements. Each item is subject to registration, expert examination and approval for operation. In total, ALROSA manages ten tailings dams, all of them recorded in the State Register of Waste Disposal Facilities.

Every five years, an accredited expert organization, based on the results of a detailed inspection, prepares a Declaration of Safety of a Hydraulic Structure (HS). The organization evaluates the compliance of a facility with the established parameters, current height and condition

of enclosing dams. Once the declaration is ready, Rostekhnadzor conducts comprehensive inspections to decide whether to issue, extend or suspend a permit to operate a facility.

Tailings dams are eliminated, and the land is reclaimed upon completion of operation. Reclamation of the abandoned areas of a tailings dam is conducted pursuant to the Decree of the Government of the Russian Federation "On the Reclamation and Conservation of Land."

ORGANIZATIONAL STRUCTURE OF THE COMPANY'S SYSTEM FOR MANAGING RISKS IN HYDRAULIC STRUCTURES

Managing function	Area of responsibility
Chief Engineer	Oversees the management of production risks
Risk Management	Provides coordination of the risk management process, aggregates information on risks. Submits risk reports to the Executive Committee and the Supervisory Board of the Company
Deputy Chief Engineer for hydraulic structures (responsible for operation of the Company's HS)	Organizes and controls monitoring of the Company's hydraulic structures, carries out operational risk management, determines risk response methods, develops risk mitigation measures
Yakutniiproalmaz Institute	Conducts supervision over compliance with design solutions, regularly monitors the state of the structures, issues recommendations for their safe operation and risk mitigation. Develops design documentation with the involvement of external experts
Chief Engineers of divisions operating hydraulic structures	Organize risk management processes, process and monitor risks, carry out risk mitigation measures
Divisional Deputy Chief Engineers for hydraulic structures	Monitor the structures, carry out daily risk management and process the results of risk monitoring, conduct risk mitigation measures
Operation personnel of hydraulic structures	Monitor the state of structures, identify risks on a daily basis, implement decisions to mitigate the emergency risk at the facilities
Industrial and sanitary laboratories	Conduct periodic water sampling and chemical analysis to analyze the state of a structure
Environmental Center	Controls and monitors the environment around the hydraulic structures
Independent expert organizations (additional control)	Conduct independent expert assessment of design documentation, the state of structures, facility inspection, risk assessment, special types of observations

In 2019, the Company engaged Willis Towers Watson, an independent insurance broker, to examine ALROSA's hydraulic structures, including tailings dams, for possible risks to their functioning (including environmental risks). 126 scenarios of environmental risks were examined. The analysis found that the Company's system to manage

risks associated with the facilities totally reflects the specifics of their functioning. ALROSA is continuously improving this system, thereby improving the safety of its structures, in particular, tailings dams. Based on the results of the examination, an action plan to mitigate potential risks was developed and was successfully implemented in 2020.

UPGRADE OF A TAILINGS DAM OF PROCESSING PLANT NO. 14

In 2020, ALROSA initiated a number of measures to modernize the tailings dam of Aikhal Division.

It launched the process of deploying an automated wireless monitoring system on the division's hydraulic structures. The system has a network of sensors installed in the instrumentation of the tailings dam of Processing Plant No. 14 that enable to monitor the state of the hydraulic structure in real time. The use of the system makes it possible to quickly respond to changes in tailings dams, thus enhancing the safety of their operation.

In addition, in early 2021, the Company launched a project to create a network of wells to reduce the permeability of the base of the tailings dam of Aikhal Division. The purpose of the project is to increase the reliability of the facility, while reducing the operational costs associated with pumping drainage water from the containment pond to the sedimentation tank.

LAND RECLAMATION

ALROSA activities carried out in six regions of Yakutia are associated with land disturbance. After completion of industrial works, the land of industrial locations gets the "abandoned" status. According to the Decree of the Government of the Russian Federation "On the Reclamation and Conservation of Land," ALROSA shall restore the land and return it to the owner, a municipality or a forestry enterprise. The reclamation plan is reviewed annually.

Land reclamation is a complex process that involves the technical and biological rehabilitation of land

resources, including tailings dams and water reservoirs, as well as the restoration of land after exploration. To restore the ecological balance of the territories, ALROSA employees sow them, with the preliminary preparation of a fertile soil layer, examine the current state of the biosphere and measure plants.

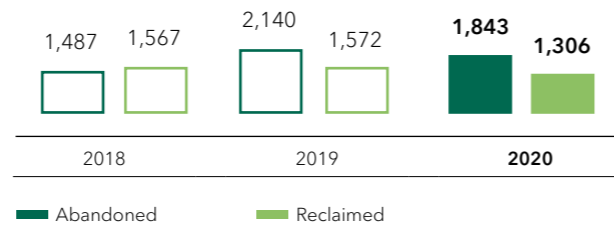
In 2020, the Company allocated RUB 129 mln to land reclamation.

The area of abandoned land amounted to 1,843 hectares, with 1,306 hectares of land reclaimed, a decrease of 18% compared to the last reporting period. The reduction

in the reclamation rate is due to the need to implement anti-crisis measures to cut the costs of the Company's operations amid the pandemic.

In 2019, ALROSA set a goal to reclaim 4,290 hectares at exploration sites until 2029. In addition, according to the long-term development program, the area of worked out land is subject to an annual reduction of 10% due to reclamation work.

Total area of land abandoned and reclaimed by ALROSA Group, ha



FOREST RESTORATION

According to the legislation of the Russian Federation, entities that consume forest resources shall restore them on the area equal to the felled area. In 2020, ALROSA carried out works to reproduce 585 hectares of forest in Mirny District of Yakutia, where artificial and combined restoration was performed.

The Company uses wood when carrying out geological exploration of subsoil, developing mines, as well as during construction, reconstruction and operation of infrastructural facilities.

BIODIVERSITY CONSERVATION

GRI 304-1,304-2; 304-3; 304-4

ALROSA actively conducts programs aimed at conserving and replenishing the biological diversity of the Republic of Sakha (Yakutia). These programs are part of the Comprehensive Program for Environmental Protection and Environmental Safety of PJSC ALROSA for 2019-2023. Every three years, the Company conducts monitoring of animals and plants with the involvement of external research institutes. ALROSA also maintains a stable partnership with the Directorate of Biological Resources of the Republic. The Company does not perform commercial development in the areas of potential impact on special protection zones.

In total, 4 species of animals belonging to species with a minimum risk of extinction (according to the classification of the International Union for Conservation of Nature) have been identified in the Group's production areas. According to the classification of the Red Book of the Russian Federation, two species identified in the area of JSC Almazny Anabara's operations belong to the vulnerable species and one to the endangered. Based on the results of monitoring the plant and animal world in the area of PJSC ALROSA's operations, 10 protected species of plants and animals were identified in the standard zones located within 10-15 km from the borders of the industrial sites.

ALROSA-RANGIFER-CHEKANOVSKY

In 2021, the ALROSA-Rangifer-Chekanovsky resource reserve, a new regional specially protected natural area (SPNA) of more than 64 thousand hectares, is to start its operation in Yakutia.

The project is aimed at reproducing the wild reindeer of the Leno-Olenek population and fully sponsored by ALROSA, including research work to select the areas for a future SPNA.

The wild reindeer and all ichthyophagous animals are priority No. 1 for the Company as far as biodiversity efforts are concerned. For several years, ALROSA has been monitoring the wild reindeer and joined the project to maintain its Taimyr population in the reporting year. It arranged convenient crossings along the entire road from Udachny to the Verkhne-Munskoye deposit to ensure comfortable migration of deer. Traffic on haul roads is also regulated taking into account the needs of animals.

ALROSA is implementing a joint project with the Institute for Biological Problems of Cryolithozone of the Siberian Branch of the RAS, aimed at tracking reindeer migration using special GLONASS collars. In 2019-2022, the Company plans to allocate RUB 4.2 mln to this project (in 2020, the costs amounted to RUB 1.7 mln). A similar agreement was concluded with the Directorate of Biological Resources, Specially Protected Natural Areas and Natural Parks of the Republic of Sakha (Yakutia). As part of this agreement, ALROSA finances evaluation of the current state of wild reindeer populations in Yakutia, as well as their protection and restoration. The Company allocated RUB 1 mln for this purpose in the reporting year.

Over the past three years, the Company has managed to triple the amount of funding for fish stocking efforts (it was close to RUB 10 mln in 2020). Fish stocking is a voluntary initiative involving the release of valuable fish to water bodies. In cooperation with the State Unitary Enterprise "Chernyshevsky Rybovodny Zavod" (fish factory), ALROSA is implementing measures to preserve the genetic pool of populations inhabiting local rivers and lakes.

In 2020, the factory conducted fish stocking as planned by ALROSA, with more than 4 million larvae and 65 thousand fry released to water bodies. This release of aquatic biological resources is the largest since the beginning of cooperation with the factory.

The Company released fish to the Vilyuy, Lena Rivers, Lake Timir-Künde in Verkhne-Vilyuysky District and the Vilyuy Reservoir.

Annually, in accordance with the Comprehensive Program for Environmental Protection and Environmental Safety agreed with the Ministry of Ecology, Nature Management and Forestry of the Republic of Sakha (Yakutia), the Company maintains the functioning of the Living Diamonds of Yakutia natural park, where yaks, bison, deer and other animals live in almost natural habitats. In 2020, it allocated RUB 4 mln for the needs of the park.

ALROSA Group's total expenditure on biodiversity conservation initiatives in 2020 amounted to RUB 31.6 mln.

ALROSA Group's total expenditure on biodiversity conservation initiatives in 2020

31.6 billion RUB

PLANS FOR 2021 AND THE MEDIUM TERM

In 2021, ALROSA plans to implement the following initiatives:

- develop and approve an internal environmental assessment standard for suppliers
- introduce a climate standard
- complete the permafrost melting risk assessment project
- to put into pilot operation the Information and Analytical System of Environmental Monitoring.

REGIONAL DEVELOPMENT

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100

social expenses¹

billion
RUB



¹ The amount of social expenses includes the Company's contributions to NPF Almaznaya Osen



KEY INDICATORS AND ACHIEVEMENTS

ALROSA Group social expenses¹

10.2 billion RUB

taxes and mandatory payments

43.1 billion RUB

Agreements between the Company and the regions of operations

19

MATERIAL TOPICS

Interaction with local communities and indigenous peoples

Social and economic impact on regions of operations

SUSTAINABLE DEVELOPMENT GOALS



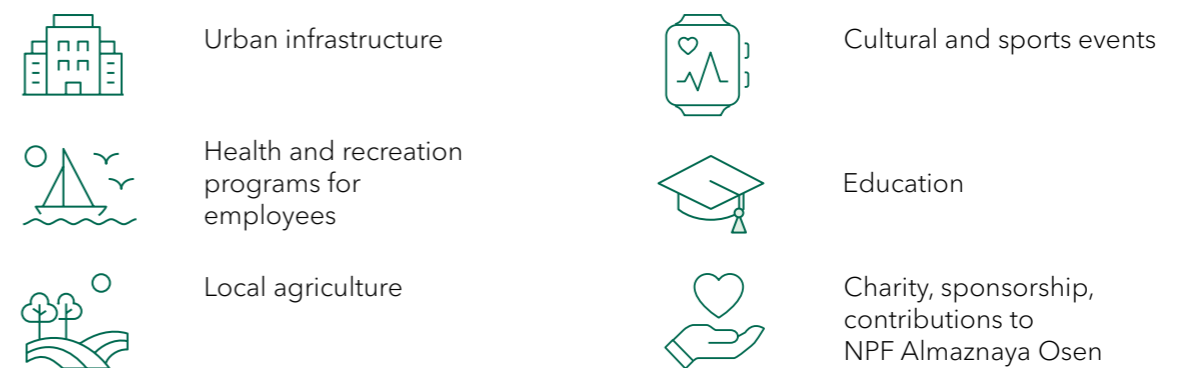
MANAGEMENT APPROACH

GRI 413-1

ALROSA is aware that the success of production activities largely depends on how effectively it cooperates with the regions of operations. The Company takes

part in financing the construction of social facilities and institutions, supports pre-school institutions, health care, science, culture and sports.

KEY AREAS OF ALROSA SOCIAL EXPENSES



The Chief Executive Officer and Chairman of the Executive Committee of ALROSA Group decides on its social policy. Deputies responsible for personnel and social development issues of the Company implement the policy. At the Group level, this area is overseen by the Directorate of Social Services and Regional Development.

ALROSA seeks to take into account the views of local communities in determining the directions of its activities. For these purposes, the Company has feedback mechanisms: a hotline and an official website, through which stakeholders can contact the Company on issues related to its activities.

REGULATIONS ON SOCIAL AND CHARITABLE ACTIVITIES

- Social Policy
- Collective Agreement
- Regulations on socially significant and socially useful expenses and sponsorship
- Regulations on charity, other donations and sponsorship
- Regulations on the Commission on Financial and Sponsorship Support
- Regulatory documents on housing programs, on the organization of recreation and health resort treatment of employees and their families

To fulfill its obligations to local communities and implement a wide range of social and economic projects, ALROSA enters into development agreements with regions. In 2020, 19 agreements were in force.

Key agreements of the Company with regions: — Agreement on social and economic development of the Republic of Sakha (Yakutia) until 2021

¹ The amount of social expenses includes the Company's contributions to NPF Almaznaya Osen

- Cooperation agreements with the uluses of the "diamond province" (Mirninsky, Anabarsky, Lensky, Oleneksky, Suntarsky, Nyurbinsky, Vilyuysky, Verkhne-Vilyuysky, Kobayaysky) until 2021
- Agreements on social and economic development of Oleneksky, Nyurba Districts and the Sadynsky national nasleg in the Republic of Sakha (Yakutia)
- Annual agreements on social and economic cooperation of JSC Almazy Anabara with the Anabarsky, Oleneksky, Bulunsky, Zhigansky and Eveno-Bytyntaysky uluses
- Cooperation agreement between ALROSA and the Federal Agency for Ethnic Affairs (FADN of Russia) to preserve the traditional way of life of the indigenous peoples of the North, Siberia and the Far East
- In 2021, the Agreement on social and economic development of the Republic of Sakha (Yakutia) for 2021-2025 was approved¹ and is planned to be concluded in May 2021. Pursuant to this agreement, cooperation agreements with the uluses of the "diamond province" (Mirninsky, Anabarsky, Lensky, Oleneksky, Suntarsky, Nyurbinsky, Vilyuysky, Verkhne-Vilyuysky, Kobayaysky) will also be made for 2021-2025

CONTRIBUTION TO THE DEVELOPMENT OF REGIONAL ECONOMIES

GRI 203-2

The Company's activities contribute to the sustainable development of its regions of presence and well-being of local residents. ALROSA plays an active role in the economic development of the regions by involving

local suppliers in procurement activities, supporting small and medium-sized businesses and making timely contributions to budgets at all levels.

KEY INDICATORS OF ALROSA'S ECONOMIC IMPACT IN THE REGIONS OF OPERATIONS

Indicator	2018	2019	2020
Taxes paid and mandatory payments made, RUB bln, including:	69.7	61.3	43.1
to the federal budget, RUB bln	1.8	-1.0	-4.1
to regional budgets, RUB bln	54.9	48.3	34.4
to extrabudgetary funds, RUB bln	13.0	14.0	12.8
Dividends paid, RUB bln, including:	80.7	57.5	19.0
to the federal budget, RUB bln	27.2	19.3	6.4
to regional budgets, RUB bln	27.1	19.3	6.4
Share of tax and dividend deductions of ALROSA Group in tax and non-tax income of the consolidated budget of the Republic of Sakha (Yakutia), %	47	40	25
Average salary at ALROSA Group, RUB thousand per month	117.8	124.0	120.9
Ratio of the average salary of ALROSA Group employees to the average salary in the Republic of Sakha (Yakutia)	1.7	1.7	1.6
Ratio of the average salary of ALROSA Group employees to the average salary in Russia	2.7	2.6	2.4
Social expenses of ALROSA Group², RUB bln	16.3	12.6	10.2
Share of social expenses in revenue, %	5.4	5.3	4.6

¹ By the decision of the Supervisory Board of the Company dated 14 April 2021 (Minutes 01/331-PR-NS)

² The amount of social expenses includes the Company's contributions to NPF Almaznaya Osen

ECONOMIC VALUE GENERATED AND DISTRIBUTED, RUB MLN

GRI 201-1; 201-4

Indicator	2019 ¹	2020
Economic value generated	259,090	216,819
Revenue from core sales	215,422	201,748
Revenue from other sales	17,434	15,380
Profit (loss) from disposal of subsidiaries and assets held for sale	179	-
Other operating income	6,734	12,536
Income from subsidies	5,330	4,356
Share of results of associates and joint ventures	3,485	3,725
Interest income	2,311	1,410
Foreign exchange gains	9,404	-21,127
Royalties	-1,209	-1,209
Economic value distributed (excluding sands, including depreciation)	252,505	240,505
Operating costs, including:	77,015	84,784
Cost of sales	48,671	60,622
Selling expenses	1,006	1,170
Administrative expenses	5,738	4,699
Loss on impairment of fixed assets	2,525	0
Other operating expenses	11,394	9,718
Exploration costs	7,681	8,575
Salaries, payroll contributions and other employee benefits	57,343	56,356
Payments to capital providers, including:	65,626	65,948
Dividends	57,524	57,524
Interest costs arising from use of borrowed funds, net of capitalized costs	8,102	8,424
Payments to the government:	43,706	29,123
Mineral production tax and other mandatory payments (included in cost)	21,937	13,012
Taxes and payments other than income tax, mineral extraction tax and payments to social funds	4,932	4,902
Income tax expenses	18,311	11,209
Community investments, charity	7,341	4,294
Economic value retained (including depreciation)	6,585	-23,686

¹ The indicator for 2019 has been restated taking into account the refinement of the calculation methodology.

Government support

GRI 201-4

During 2020, ALROSA¹ received government subsidies of RUB 4.4 bln from federal and local authorities to compensate for lost income in connection with bringing electricity prices to the planned base price levels in the Far

Eastern Federal District, for lost income for the delivery to a preferential category of utility consumers, lost income related to the air transportation of passengers.

Procurement from local suppliers

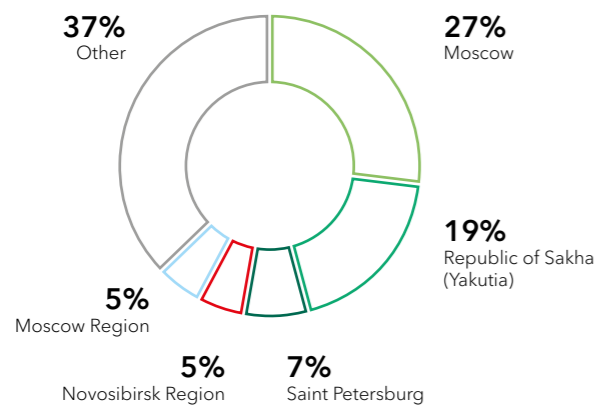
GRI 102-9; 204-1

In 2020, the Group spent RUB 72.2 bln on procurement in total². Traditionally, local businesses have had a significant share in procurement of inventory and services. The purchases from local suppliers³ amounted to RUB 21.4 bln in 2020.

The total procurement was from local suppliers in the regions of operation

30%

Top 5 suppliers by geography



Indicator	%
Moscow	27
Republic of Sakha (Yakutia)	19
Saint Petersburg	7
Novosibirsk Region	5
Moscow Region	5
Other	37

¹ Subsidies were received by: JSC ALROSA Airlines, JSC Vilyuykaya HPP-3, LLC PTVS

² The volume of purchases under contracts concluded in 2020, excluding the acquisition of raw materials (rough diamonds) by JSC PC Kristall from PJSC ALROSA

³ Local suppliers are those registered and operating in the region of registration of PJSC ALROSA or its subsidiaries (Republic of Sakha (Yakutia), Arkhangelsk Region, Altai Territory, Smolensk Region)

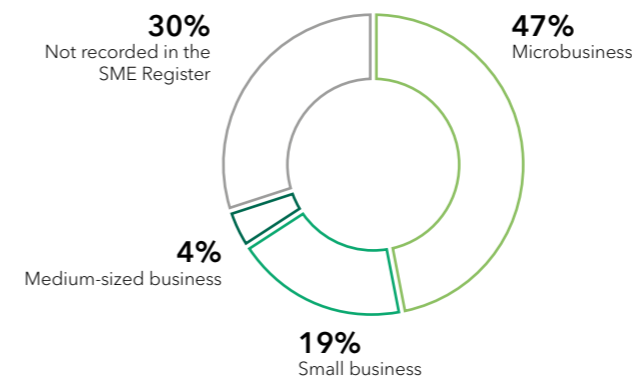
Support for small and medium-sized businesses

ALROSA cooperates with small and medium-sized businesses in various areas, with procurement categories from such businesses in the Company's regions of operations going beyond a certain area of supply or a narrow range of services. ALROSA takes a responsible approach to market analysis and works with SME

partners in various fields, including occupational safety, environmental monitoring and innovations.

Small and medium-sized businesses, including microbusinesses, dominated the supplier structure in 2020 accounting for 70% of the counterparties.

Supplier structure by counterparty type¹



Показатель	%
Microbusiness	47
Small business	19
Medium-sized business	4
Not recorded in the SME Register	30

Interacting with the business, ALROSA regularly informs SMEs about participation in the Company's procurement procedures. In 2020, Group representatives took part in four workshops regarding the access of SMEs to large customers' procurement. The workshops were supported by the Ministry of Entrepreneurship, Trade and Tourism of the Republic of Sakha (Yakutia), the Government of Mirny District and JSC "Federal Corporation for the Development of Small and Medium Enterprises". As part of the Agreement on social and economic development of the Republic of Sakha (Yakutia), ALROSA takes part in joint programs to promote the development of small and medium-sized enterprises.

To foster agricultural production and preserve the traditional way of life of the local population, the Company promotes ordering agricultural products for its needs from local producers.

Transparent and competitive procurement

ALROSA is committed to ensuring transparent and competitive procurement. To regulate these activities, the Company has developed a number of documents to comply with antitrust policy:

- Compliance of the Procurement Business Process
- Supplier Code of Business Ethics
- Rules for Equal-Opportunity Access of Suppliers to Procurement of Goods, Works

Comprehensive evaluation of the effectiveness of antitrust measures of the Company is carried out based on the number of complaints of procurement participants to the Federal Antimonopoly Service or the Company's commission for complaints, on which positive decisions were made, to the total number of purchases made.

In 2020, the share of purchases for which complaints were filed by the participants was 0.14%. This figure corresponds to a low risk of violation of antitrust requirements.

¹ According to the classification of counterparties in the Unified Register of Small and Medium-Sized Enterprises from the website of the Federal Tax Service <https://rmsp.nalog.ru/>

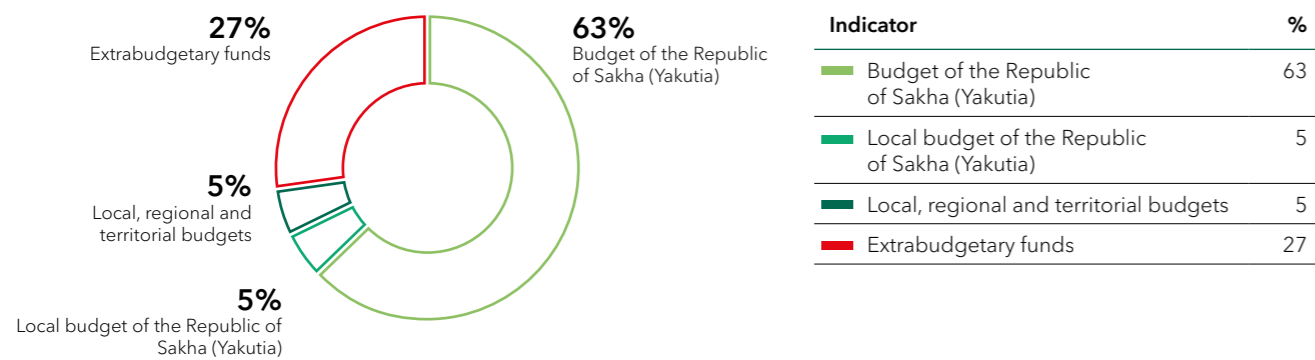
Taxes and social investments in regions of operations

GRI 203-1, 203-2; 207-1; 207-2

ALROSA is a major taxpayer making regular contributions to local budgets. In 2020, the Company paid RUB 43.1 bln in taxes and mandatory payments to the federal and local

budgets and extrabudgetary funds. The Republic of Sakha (Yakutia), where the main production of the Company is located, accounts for more than 60% of the contributions.

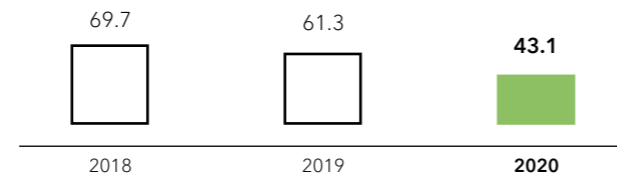
Breakdown of ALROSA Group's contributions to budgets and extrabudgetary funds



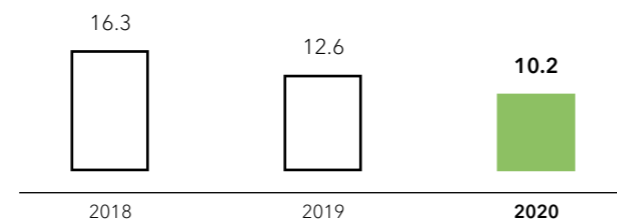
In addition, ALROSA pays dividends twice a year to the Republic of Sakha (Yakutia) as the owner of 33% of the Company's shares, which also contributes to the development of the region.

ALROSA annually provides free financial support for social projects in various areas. The Group's social expenditures are among the highest in the industry. In 2020, the Company allocated RUB 10.2 bln in investments in infrastructure, free services, social programs for employees, as well as contributions to NPF Almaznaya Osen. In total, the social expenses comprised 4.6% of ALROSA's revenue.

Tax and mandatory payments by ALROSA Group, RUB bln

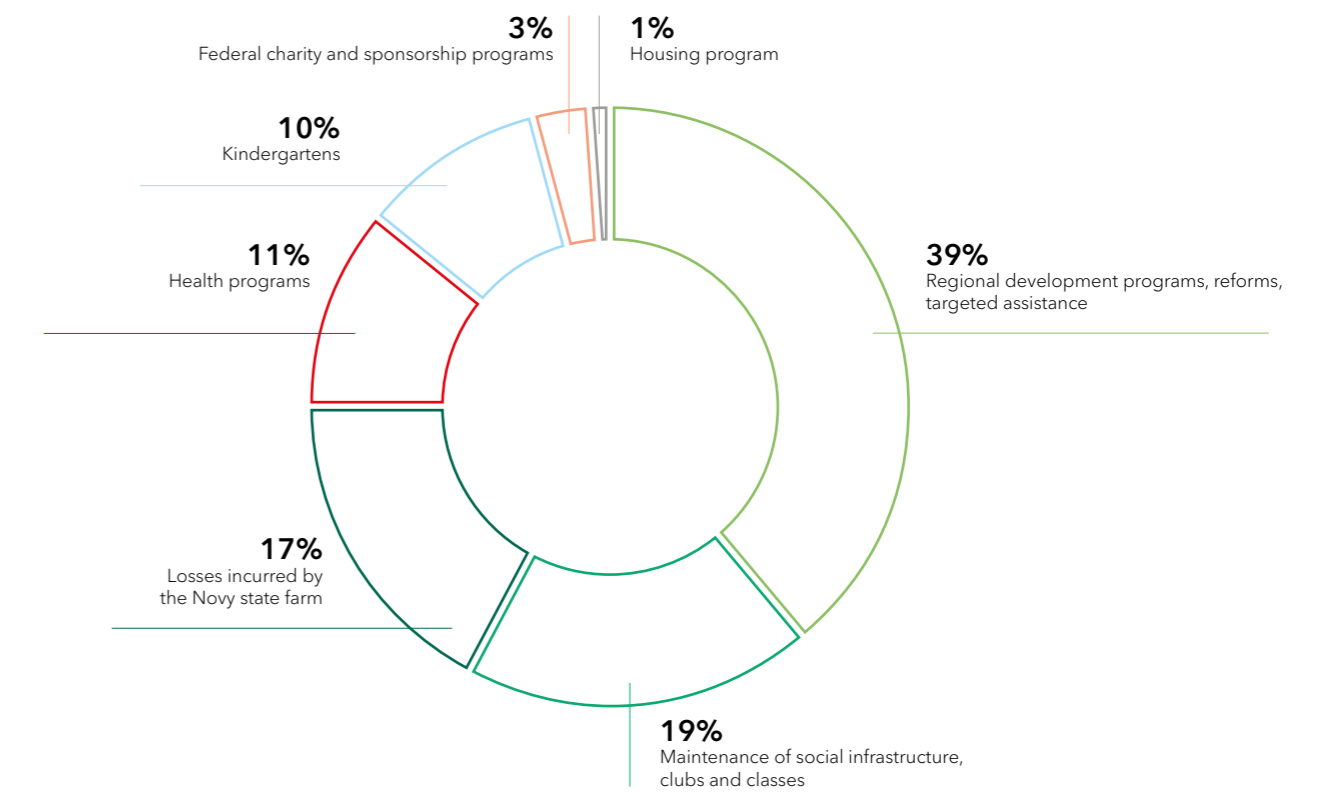


Social expenses¹ of ALROSA Group, RUB bln



¹ The amount of social expenses includes the Company's contributions to NPF Almaznaya Osen. The social expenses, net of contributions to NPF Almaznaya Osen, amounted to RUB 5.9 bln in 2020

Key areas of social expenses in 2020 (net of contributions to NPF Almaznaya Osen)



Indicator	%
Regional development programs, reforms, targeted assistance	39
Maintenance of social infrastructure, clubs and classes	19
Losses incurred by the Novy state farm	17
Health programs	11
Kindergartens	10
Federal charity and sponsorship programs	3
Housing program	1

KEY SOCIAL AND CHARITABLE PROJECTS OF ALROSA IN 2020

Project	Objective	Financing, RUB mln
Trust Fund for Future Generations	Implementation of projects in the area of education, health care, culture and sports, science, ecology, landscaping, construction, repair, reconstruction of buildings and structures	700
Trust Fund for Future Generations	Co-financing of measures to provide the Vilyuyskaya ulus group with quality drinking water	150
Trust Fund for Future Generations	Bringing G. E. Cholbodukov Health Care Center (Kempendyay Village, Suntarsky ulus) in line with the existing standards	60
Almazik Pre-school Educational Establishment	Support for charter activities	593
Mirny District	— Targeted financing of the ongoing activities of an agricultural entity in Arylakh	200
	— Targeted financing to create an agribusiness company in Arylakh	796
Mirny District Lensky District Yakutsk	Assistance to hospitals in the fight against COVID-19	184

CONTRIBUTION TO THE DEVELOPMENT OF REGIONAL INFRASTRUCTURE

GRI 413-1

Promoting the development of the regions of presence and investments in the regional infrastructure are a strategic focus of ALROSA's activities. The projects are implemented by the Company pursuant to agreements on social and economic cooperation.

One of the main tools employed by ALROSA to drive regional development is financial support for the Trust Fund for Future Generations of the Republic of Sakha (Yakutia) under the Agreement on social and economic cooperation between the Company and the Government of Yakutia. Most of the Company's social and charitable projects are implemented through the Trust Fund. Thanks to their cooperation, 39 educational, sports, cultural and social facilities have been renovated or built and infrastructure projects implemented in 17 districts of Yakutia. In 2020, the Company's total contributions amounted to RUB 910 mln, while RUB 7.2 bln was transferred to the Trust Fund for Future Generations of the Republic of Sakha (Yakutia) in total between 2011 and 2020.

ALROSA also participates in programs and projects for the development of infrastructure in certain regions of the Republic.

It is one of the key investors of the program "Development of Water Supply Systems in the Vilyuy Uluses in 2019-2024." The program involves building new water treatment plants in 14 settlements of the "diamond province," as well as increasing throughput and the construction of a well water intake facility and engineering networks. By 2024, the Group's investments in the development of the water supply system in Yakutia are to reach RUB 833 mln.

2020 also saw another infrastructure project of the Company launch in Mirny District, which is the construction of a gas pipeline and outlet in Udachny. Currently, the city is supplied with water and heat using electric energy, however, the existing electric grid infrastructure does not guarantee a reliable and uninterrupted supply of power to residents. Gasification of Udachny will lead to a decrease in the cost of thermal energy helping drive the social and economic development of the area.

The project envisages the construction of a gas pipeline almost 60 km long, a gas distribution station, intracity gas networks to gas consumption facilities, gas boiler houses, the reconstruction of heat networks. The work is to be completed by the beginning of the heating season of 2023. ALROSA will allocate about RUB 5.8 bln for gasification of the city.

ALROSA also contributes to the development of rural areas, supports agricultural production in the uluses of Yakutia. In 2020, the Company allocated more than RUB 1 bln to the development of rural settlements in Mirny District.

RURAL SETTLEMENTS IN MIRNY DISTRICT RECEIVE ALROSA'S SUPPORT

The support is aimed at the development of rural areas, the growth of employment and living standards of the rural population, as well as improving the competitiveness of agricultural products, ensuring food security of the region.

The financing amounted to RUB 1,006 mln:

- RUB 670 mln - to support the Arylakh agribusiness facility, including land improvement works, building a livestock complex, modernization of a dairy and poultry farm, upgrade of the fleet of agricultural machinery
- RUB 326 mln - targeted support to purchase the property of the Novy state farm
- RUB 10 mln - to develop the Sadynsky national nasleg municipality, including the improvement of budgetary institutions and cultural development.

To create a comfortable and modern infrastructure of single-industry towns and villages, ALROSA invests in projects to improve the urban environment.

Over the past few years, it has financed a number of infrastructural projects aimed at improving housing conditions, developing health care and school institutions, supporting leisure and cultural facilities.

DEVELOPMENT OF URBAN INFRASTRUCTURE

A new polyclinic in Verkhoyansky District with a therapeutic and a children's departments for 30 beds was built using donations from PJSC ALROSA. The facility is already designed for 180 visits per shift and is planned to provide health care services not only to residents of Verkhoyansky District, but also to nearby uluses.

In 2020, the grand opening of a multifunctional cultural and leisure center took place in the Maya Village. The building was constructed under the Assistance subprogram of the targeted program being implemented by the Trust Fund for Future Generations and funded by PJSC ALROSA. Total investments were RUB 300 mln. The facility hosts several clubs, a folk choir, a theater of humor and satire, a theater for the young, vocal, dance and drama groups.

MAJOR PROJECTS TO DEVELOP SOCIAL INFRASTRUCTURE, 2011-2020

Project	Financing, RUB mln
Republican Children's Rehabilitation Center Yakutsk	1,023
Rehabilitation Center "Tabagynsky Mys" Yakutsk	516.2
Hospital with outpatient clinic Zhigansk Village, Zhigansk ulus	398.8
School for 90 students Abyy Village, Abyy ulus	337.6
School for 275 students Elgyay Village, Suntarsky ulus	334.2
Cultural and leisure complex named after D. F. Khodulov Maya Village, Megino-Kangalassky ulus	301.1
Republican sports school with an assembly hall in Churapcha	289.3
Cultural and sports complex Zyryanka Village, Verkhnekolymsky ulus	283.0
Multipurpose sports venue Churapcha Village	200.0
Mirny Social Rehabilitation Center for Minors "Haryskhal"	196.7
Apartment building for health workers (71 apartments) Mirny	181.5

CHARITY AND SPONSORSHIP PROJECTS

ALROSA's charitable activities are an effective tool for social and economic interactions with personnel, local residents and state authorities in the regions of operations. The Company provides assistance to its employees and pensioners, residents of Yakutia and other regions in difficult life situations, to children's pre-school and educational institutions, public law entities, public and non-profit organizations.

The Agreement on social and economic development of the Republic of Sakha (Yakutia) provides for the Company's contributions to the budget of Yakutia under targeted donation agreements for the construction

of educational, health care, cultural and sports facilities in 2011-2020. ALROSA strives to ensure that funds are directed to the most interested organizations in a targeted and effective manner. The total targeted charitable donations of ALROSA amounted to RUB 4 bln in 2020.

The Company is committed to implementing social and charitable projects in all regions of its operations. PJSC Severalmaz (member of ALROSA Group) allocated about RUB 50 mln in social investments to projects in the Arkhangelsk Region.

PJSC SEVERALMAZ IS THE CHARITY GIVER OF THE YEAR IN THE ARKHANGELSK REGION

In 2020, PJSC Severalmaz allocated RUB 50 mln to the provision of students of rural schools with meals, the repair of museums and the construction of the main church of the city and also provided financial support to sports and cultural groups.

Meals for students in rural schools. Before 2018, the Red Cross paid for lunches in a number of schools in villages located on the coast of the White Sea. After the completion of the Red Cross program, the mission to help schoolchildren was taken over by PJSC Severalmaz. The company covers part of the cost of lunches, with the remaining part paid by social authorities of the region.

Repair of museums. The Company financed the repairs and restoration of the A. A. Borisov Museum of Artistic Exploration of the Arctic and the Museum of Painter and Storyteller S. G. Pisakhov located in the 19th century architectural monument.

Renovation of the culture center. The Company covered the costs of overhaul of the culture center in Katunino, Primorsky District. Many current and former employees of PJSC Severalmaz structural divisions live in this village.

Besides, PJSC Severalmaz pays scholarships to students, provides financial support in the field of culture and sports and sponsors regional competitions.

ALROSA actively cooperates with stakeholders as far as financial aid is concerned. In 2020, PJSC ALROSA's financial support and sponsorship commissions approved more than 300 applications from employees, pensioners of the Company and various organizations for the amount of RUB 47 mln.

In addition, the Company's divisions provide patronage assistance to educational institutions, kindergartens covering about 45 educational institutions (schools).

SUPPORT FOR EDUCATION

Pre-school education

In 2013, the Company opened Almazik Pre-school Educational Establishment, which includes 29 pre-school institutions attended by about 5 thousand children per year. The sole founder of Almazik before 2019, ALROSA entered into the Agreement on the co-founding procedure and conditions with Mirny District under which financing of activities is carried out on equal terms.

The Company's contribution totaled between 2013 and 2020.

7.1 bln RUB

Assistance in the organization of online education for schoolchildren

In 2020, the Trust Fund for Future Generations and ALROSA became partners of a Russian campaign "Help Study at Home." The regional operator of the campaign in Yakutia is the Republican Resource Center "Young Yakutians."

The equipment for distance learning was transferred to the Toybohoysky orphanage of the Suntarsky ulus, as well as families in difficult life situations. As part of the campaign, more than 3 thousand students of Yakutia were provided with computer equipment.

In addition, employees of various divisions of PJSC ALROSA initiated their own project and started the cycle of giving in the fight against the spread of coronavirus. Employees of the Company presented tablets to children from large families for distance education.

By implementing social and infrastructural programs and projects, the Company actively engages local residents and other stakeholders in a dialog to determine the areas of further initiatives. In 2020, ALROSA launched an online portal care.alrosa.ru where information about

social and charitable projects implemented by the Group in the regions of operations is published. The portal contains a feedback form and contacts for more detailed information about projects.

SUPPORT FOR INDIGENOUS PEOPLES

GRI 411-1

ALROSA carries out production activities in territories where indigenous peoples live and is aware of the need to respect and protect their rights and interests. The Company strives to strike a balance between the interests of the state, business and small indigenous peoples in order to achieve sustainable social and economic development of the territories, improve the quality of life, preserve and develop the national culture of peoples.

It places a great focus on providing support to the ancestral communities of reindeer herders and fishermen in the northernmost regions of the Republic. ALROSA provides assistance to the population in agricultural and traditional fishing and hunting activities, finances social activities, thereby making a significant contribution to regional development.

AREAS OF SUPPORT FOR INDIGENOUS PEOPLES

- 1 Municipal programs
- 2 Employment of indigenous people
- 3 Financial aid to financially struggling residents
- 4 Preservation of the indigenous peoples' cultural heritage
- 5 Financing of air transportation of agricultural products
- 6 Charity events for children, support for talented children

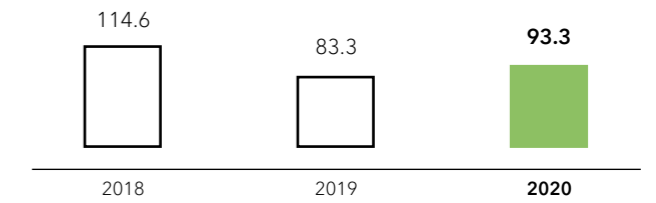
The priority areas of support are the development of the economy of Arctic uluses, the creation of favorable conditions for solving basic social problems, compliance with environmental requirements, retraining and employment of local people.

For more information on the employment of local and indigenous people, see the section "Creation of jobs in regions."

Agreements of ALROSA Group companies with the uluses of Yakutia

The Company entered into cooperation agreements with nine uluses of the "diamond province" (Mirninsky, Verkhne-Vilyuysky, Oleneksky, Anabarsky, Suntarsky, Vilyuysky, Lensky, Nyurbinsky, Kobayasky) for the period until 2021, under which the amount of financing for each ulus shall be at least RUB 9.3 mln per year. In 2020, ALROSA fulfilled its obligations in full. During the term of the agreements from 2011 to 2020, financial assistance in the amount of RUB 852 mln was provided under this program.

Expenses related to the development of the "diamond province" uluses, RUB mln



AGREEMENTS BETWEEN JSC ALMAZY ANABARA AND THE ULUSES OF YAKUTIA

At the beginning of 2021, annual agreements on social and economic development were signed between JSC Almazy Anabara and the municipal uluses of the Republic of Sakha (Yakutia). Agreements with the heads of the Anabarsky national (Dolgan-Evenki) ulus, the Oleneksky Evenki national district and the Eveno-Bytantaysky national ulus are annual and are signed within the approved budget of the company. In 2021, Almazy Anabara plans to allocate about RUB 109 mln to the social and economic development of these uluses.

Preservation of the culture and traditions of the indigenous peoples of Yakutia

ALROSA strives not only to support social and economic development of the territories in which indigenous and small peoples live, but also to preserve and develop

their cultural heritage. It takes part in the annual traditional national holidays¹, such as the Day of the Reindeer Breeder and Ysyakh.

DAY OF THE REINDEER BREEDER

Day of the Reindeer Breeder is a traditional holiday of the indigenous peoples of the North. Reindeer herding for the peoples of Yakutia is a unique branch of agriculture that provides people with home, transport, food and clothing. This ancient tradition allows Northern ethnic groups to preserve their original culture and customs.

ALROSA annually participates in the organization of the holiday in the uluses of Yakutia where indigenous peoples live. The main prize in reindeer running, which completes the events, is sponsored by the Company. The winner receives RUB 1 mln.

YSYAKH OLONKHO

The national holiday Ysyakh Olonkho is recognized by UNESCO as a masterpiece of the oral and intangible heritage of mankind. In the settlements where the events are held, cultural and sports facilities are built, territories are improved. In the days of Ysyakh, competitions are organized among performers of the epic, musicians playing the khomus (the national jaw harp), masters of applied art and national clothing. ALROSA is traditionally one of the main sponsors of the national holiday.

¹ Due to the COVID-19 pandemic, most events in 2020 were canceled or postponed to 2021

ALROSA Group companies also promote the culture and traditions of the small indigenous peoples of Yakutia. The divisions of the ALROSA Cultural and Sports Complex are a venue for 13 amateur groups of Yakut folk art (choreography, vocal art, folklore) with more than 200 members. The groups are permanent participants in cultural events, ALROSA holidays and are repeated winners of various competitions.

The Company is also promoting national holidays, languages, customs and traditions in the media and social networks. For example, in 2020, JSC Almazny Anabara took part in the launch of an Internet portal aimed at preserving the languages and customs of the indigenous peoples of the North.

INTERNET PORTAL ABOUT THE INDIGENOUS PEOPLES OF THE NORTH

In March 2020, JSC Almazny Anabara, together with the Ilken Internet resource, launched a portal aimed at preserving the languages and culture of the indigenous peoples of the North.

The platform publishes materials in the languages of five small peoples, as well as in Russian and English; there are thematic sections on literature, education, history and culture of the peoples of the North. The site broadcasts news from all regions of the Republic.

Special audiopodcasts have been developed for children where they can listen to tales of the peoples of the North in indigenous languages. It is also planned to develop a unique course of 140 basic lessons to learn the five indigenous languages of the peoples of Yakutia, as well as create pages on popular social networks and a mobile application



PLANS FOR 2021 AND THE MEDIUM TERM

The Company intends to continue to make a significant contribution to the well-being of local communities. In the medium term, ALROSA plans to:

- maintain the level of investments in the social and economic development of the regions of operations, to participate together with the Government and municipalities of the Republic of Sakha (Yakutia) in the development of new effective, socially significant projects and programs
- continue joint work with the Republic of Sakha (Yakutia) to provide annual targeted financial assistance aimed at the development of culture and sports, health care, education, science, environmental protection, improvement of territories, construction, repair of buildings and structures, residential buildings
- implement two social projects in 2021: "Construction of a children's center in Mirny" (RUB 115 mln) and "Dilapidated housing demolition program in Mirny" (RUB 300 mln) for a total amount of RUB 415 mln
- allocate financing for 2021 in the amount of RUB 946.6 mln in accordance with the Agreement on social and economic development of the Republic of Sakha (Yakutia) for 2021-2025
- fulfill financial obligations under the agreements with nine uluses for the amount of RUB 93.3 mln pursuant to the Agreement on social and economic development of the Republic of Sakha (Yakutia) for 2021-2025
- complete by 2023 the financing of the dilapidated and emergency housing demolition program with the relocation of residents.

APPENDICES

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GRI CONTENT INDEX 145

UN GLOBAL COMPACT AND WEF ESG
METRICS COMPLIANCE TABLES 153

GLOSSARY 156

CONTACT INFORMATION 160



ABOUT THIS REPORT

Description of the Report

GRI 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54

The 2020 Sustainability Report (hereinafter the Report) is the 10th annual social and environmental report prepared by ALROSA. The previous report was published in Q4 2020.

The Report is intended to inform a wide range of stakeholders about the principles, goals, results and prospects of the Company's activities in the field of sustainable development.

THIS REPORT HAS BEEN PREPARED USING THE FOLLOWING STANDARDS AND GUIDELINES AS A METHODOLOGICAL BASIS:

- 1 **GRI Standards, the Core disclosures**
- 2 **UN Global Compact**
- 3 **IIRC (International Integrated Reporting Council) Standard)**
- 4 **WEF ESG Metrics**
- 5 **The United Nations Guiding Principles on Business and Human Rights (UNGPs)**
- 6 **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**

ALROSA's Sustainability Report for 2020 has been audited by independent auditors, see the audit report in Appendix 2.

Scope of the Report

The terms "ALROSA Group," "ALROSA," "Group," "Company" in this Report mean the following legal entities included in the boundaries of the Report (unless otherwise specified in the explanations):

- PJSC ALROSA
- JSC Almazny Anabara
- PJSC Severalmaz
- JSC PC Kristall
- ALROSA Diamonds LLC

When providing disclosures, another perimeter of the Report may be specified, if applicable, as well as information about changes in wording, restatement of indicators. A number of indicators disclosed in previous

non-financial reports have been modified/restated due to the refinement of data caused by changes in the perimeter of the calculation of relevant indicators, as well as due to adjustments in the methods of data collection, calculation and elimination of previous technical inaccuracies.

This Report covers the period from 1 January 2020 to 31 December 2020, in some cases significant events relating to sustainable development for Q1 2021 are disclosed. The financial information included in the Report is presented and calculated based on the International Financial Reporting Standards (IFRS).

Occasionally, in order to avoid duplication of information, this Report refers to the Company's Annual Report 2020 or other publicly available documents.

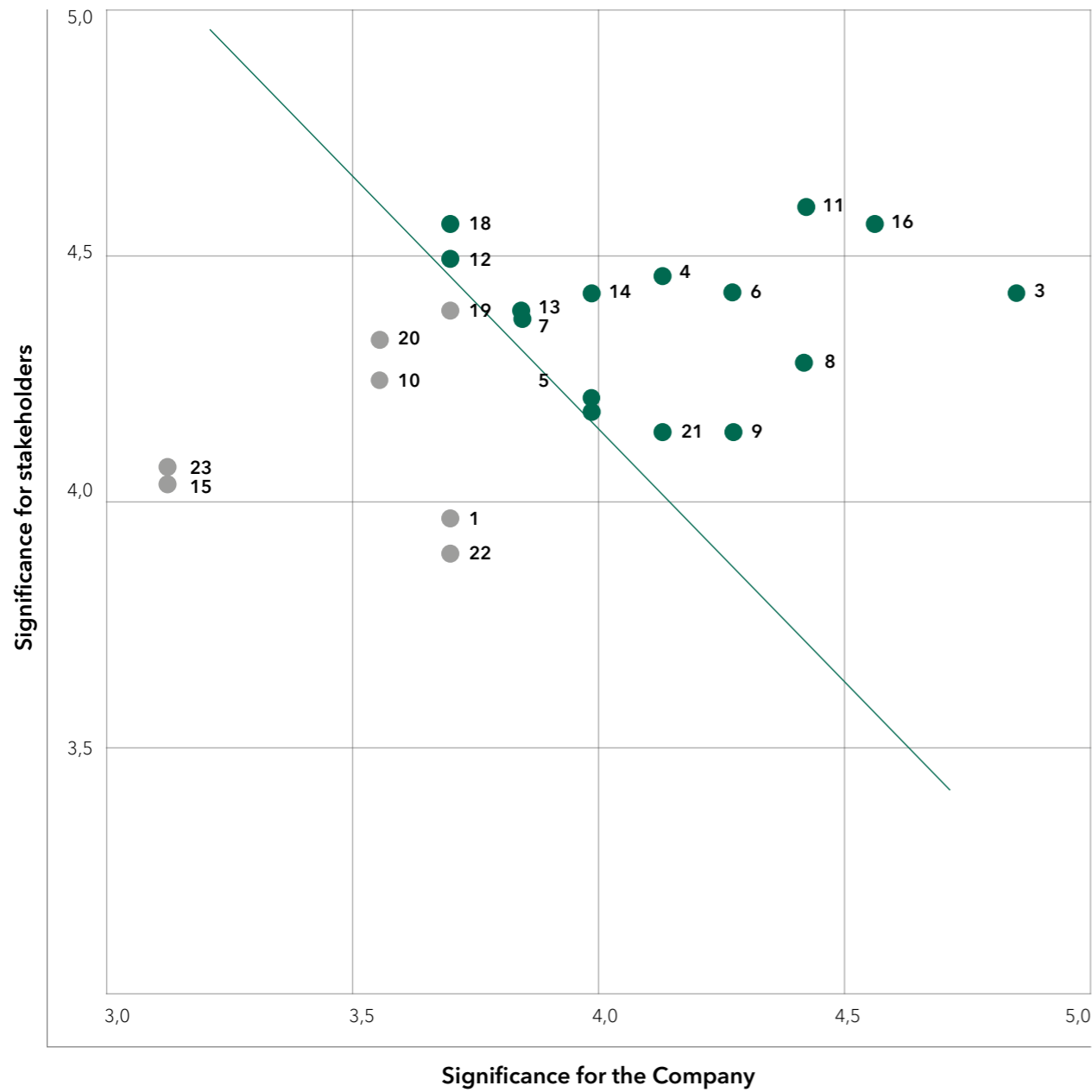
Identification of material topics

In accordance with the requirements of the GRI Standards, the Company performed a procedure for determining the content of the 2020 Report. A preliminary analysis was conducted to identify a complete list of significant aspects of ALROSA's activities, which included:

- analysis of reporting materials of rating and analytical agencies in the ESG field
- analysis of ESG and sustainable development rating and index requirements
- analysis of industry standards and guidelines
- analysis of sustainability reports of comparable companies
- analysis of corporate media of the Company and publications about the Company in the media during the reporting period.

This was followed by a survey of internal and external stakeholders. The number of respondents in 2020 was 8 and 30 people, respectively. The survey was conducted on topics and issues of importance to the Company that were subsequently analyzed by the Working Group for the preparation of the Report. Based on the results of the survey of internal and external stakeholders, a map of material topics (materiality matrix) was compiled.

MATERIALITY MATRIX



Based on the materiality analysis, the 15 most significant topics in sustainable development were identified for disclosure in the Report. Among them, the new ones compared to 2019 are:

- GHG emissions and climate change
- Waste management and tailings dam management
- Environmental management

- Staff training and development
- Interaction with local communities and indigenous peoples
- Origin of rough and polished diamonds
- Innovative activity

FULL LIST OF TOPICS

Material topics	GRI indicator	The most significant topics are highlighted	The new topics compared to 2019
Environmental protection			
1. Energy consumption and efficiency	GRI 302		
2. GHG emissions and climate change	GRI 305	●	●
3. Air emissions	GRI 305	●	
4. Water management	GRI 303	●	
5. Biodiversity	GRI 304		
6. Waste management and tailings dam management	GRI 306	●	●
7. Environmental management	GRI 103, 307	●	●
8. Exploration works and deposit development	-	●	
Social aspect			
9. Staff training and development	GRI 404	●	●
10. Diversity and inclusion	GRI 405, 406		
11. Occupational health and safety	GRI 403, 410	●	
12. Interaction with local communities and indigenous peoples	GRI 413	●	
13. Respect for human rights and non-discrimination	GRI 405, 406, 407, 410, 411, 412	●	●
14. Origin of rough and polished diamonds	-	●	●
15. Shutdown of operations	-		
Corporate governance and economic performance			
16. Economic performance	GRI 201	●	
17. Responsible supply chain	GRI 414	●	
18. Compliance with legislative requirements	GRI 219	●	
19. Social and economic impact on regions of operations	GRI 203, 411, 413		
20. Responsible business practices	GRI 205, 402, 419		
21. Innovative activity	-	●	●
22. Digitalization of production	-		
23. Corporate governance	GRI 102		

INDEPENDENT AUDITORS' REPORT

GRI 102-56



Independent Limited Assurance Report

To the Management of Public Joint Stock Company ALROSA:

Introduction

We have been engaged by the Management of Public Joint Stock Company ALROSA (hereinafter – the “Company”) to provide limited assurance on the selected information described below and included in the Sustainability Report of the Company for the year ended 31 December 2020 (hereinafter – the “Sustainability Report”). The Sustainability Report represents information related to the Company and its subsidiaries (hereinafter together – the “Group”).

Selected information

We assessed the qualitative and quantitative information, that is disclosed in the Sustainability Report and referred to or included in the GRI Context Index (hereinafter – the “Selected Information”). The Selected Information has been prepared in accordance with GRI Sustainability Reporting Standards (Core option), published by the Global Reporting Initiative (GRI).

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 31 December 2020. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting principles and requirements, in the GRI Standards (hereinafter – the “Reporting Criteria”). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

Responsibilities of the management of the Group

Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Sustainability



Report, which will be published on the Company's website¹, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained.

Professional standards applied and level of assurance

We performed the limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our limited assurance engagement in respect of the Selected Information in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Group's management, including the Sustainability Reporting (SR) team and those with responsibility for SR management and group reporting;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- reviewed the Selected Information for compliance of the disclosures with the relevant requirements of the Reporting Criteria.

¹ The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

GRI CONTENT INDEX

GRI 102-55



Reporting and measurement methodologies

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management as described in the Sustainability Report and for which the Group is solely responsible.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe, that the Selected Information for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

AO PricewaterhouseCoopers Audit

17 June 2021

Moscow, Russian Federation



T. V. Sirotinskaya, certified auditor (licence No. 01-000527), AO PricewaterhouseCoopers Audit

Audited entity: Public Joint Stock Company ALROSA

Independent auditor: AO PricewaterhouseCoopers Audit

Registered by the Administration of Miminsky district (ulus) of the Republic of Sakha (Yakutia) on 13 August 1992 under No. 1

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 17 July 2002 under State Registration Number 1021400967092

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 1433000147

Taxpayer Identification Number 7705051102

6, Lenin Street, Mirny, 678175, Republic of Sakha (Yakutia), Russian Federation

Member of Self-regulatory organization of auditors Association «Sodruzhestvo»
Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

Indicator	Section / comment	Page	External assurance
GRI 102: General Disclosures (2016)			
Organizational profile			
102-1 Name of the organization	About Company	14	+
102-2 Activities, brands, products and services	About Company Geography of assets	14, 18	+
102-3 Location of headquarters	Contact information	160	+
102-4 Location of operations	Geography of assets	18	+
102-5 Ownership and legal form	Contact information	14, 160	+
102-6 Markets served	Geography of assets	18	+
102-7 Scale of the organisation	About Company Headcount and personnel structure	14, 60	+
102-8 Information on employees and other workers	Headcount and personnel structure	60	+
102-9 Supply chain	Contribution to the development of regional economies	124	+
102-10 Significant changes to the organization and its supply chain	There were no significant changes to the organization's boundaries and its supply chain in 2020	-	+
102-11 Precautionary principle or approach	Environmental management system The Company is guided by the precautionary principle, especially in the area of health, industrial safety and environmental impact. The principle is implemented in the risk management process	99	+
102-12 External initiatives	Approach to sustainability Contribution to the UN Sustainable Development Goals	26, 28	+
102-13 Membership of associations	Engagement in international organizations and initiatives International industry cooperation	20, 34	+
Strategy			
102-14 Statement from senior decision-maker	Message from the CEO and Chairman of the Executive Committee	4	+
102-15 Key impacts, risks and opportunities	Contribution to the Sustainable Development Sustainability risk management	28, 45	+
Ethics and integrity			
102-16 Values, principles, standards and norms of behavior	Business ethics and anti-corruption	52	+
102-17 Mechanisms for advice and concerns about ethics	Business ethics and anti-corruption	53	+

Indicator	Section / comment	Page	External assurance
Corporate governance			
102-18 Governance structure	Corporate governance Annual Report 2020, section "Corporate Governance"	41	+
102-19 Delegating authority to resolve economic, environmental and social issues from the highest governance body to senior executives and other employees	Corporate governance	41	+
102-20 Executive-level responsibility for economic, environmental and social topics	Corporate governance	41	+
102-21 Consulting stakeholders on economic, environmental and social topics	Stakeholder engagement Training and developing a culture of safety	36, 81	+
102-22 Composition of the highest governance body and its committees	Corporate governance Annual Report 2020, section "Corporate Governance"	41	+
102-23 Chair of the highest governance body	Corporate governance Annual Report 2020, section "Corporate Governance"	41	+
102-24 Nominating and selecting the highest governance body	Annual Report 2020, section "Corporate Governance"	-	+
102-25 Conflicts of interest	Business ethics and anti-corruption	53	+
102-26 Role of highest governance body in setting purpose, values and strategy	Corporate governance Annual Report 2020, section "Corporate Governance"	41	+
102-27 Collective knowledge of highest governance body	Annual Report 2020, section "Corporate Governance"	-	+
102-28 Evaluating the highest governance body's performance	Annual Report 2020, section "Corporate Governance"	-	+
102-29 Identifying and managing economic, environmental and social impacts	Sustainability risk management	45	+
102-30 Effectiveness of risk management processes	Sustainability risk management	46	+
102-31 Review of economic, environmental and social topics	Corporate governance	41	+
102-32 Highest governance body's role in sustainability reporting	Corporate governance	41	+
102-35 Remuneration policies	Annual Report 2020, section "Corporate Governance"	-	+
102-36 Process for determining remuneration	Annual Report 2020, section "Corporate Governance"	-	+
102-37 Stakeholders' involvement in remuneration	Annual Report 2020, section "Corporate Governance"	-	+
Stakeholder engagement			
102-40 List of stakeholder groups	Stakeholder engagement	36	+
102-41 Collective bargaining agreements	Human rights	54	+
102-42 Identifying and selecting stakeholders	The principles for identifying and selecting stakeholders have not changed since the previous reporting period. For more information on the principles, see ALROSA Social and Environmental Report 2018, pp. 75-77	-	+
102-43 Approach to stakeholder engagement	Stakeholder engagement	36	+
102-44 Key topics and concerns raised	Stakeholder engagement	36	+

Indicator	Section / comment	Page	External assurance
Reporting practice			
102-45 Entities included in the consolidated financial statements	The Company's significant enterprises included in the consolidated financial statements are specified in the 2020 IFRS report	-	+
102-46 Defining report content and topic boundaries	About this Report	138	+
102-47 List of material topics	About this Report	138	+
102-48 Restatements of information	About this Report	138	+
102-49 Changes in reporting	About this Report	138	+
102-50 Reporting period	About this Report	138	+
102-51 Date of most recent report	About this Report	138	+
102-52 Reporting cycle	About this Report	138	+
102-53 Contact point for questions regarding the report	Contact information	160	+
102-54 Claims of reporting in accordance with the GRI Standards	About this Report	138	+
102-55 GRI content index	GRI Content Index	145	+
102-56 External assurance	Independent Auditors' Report	142	+
Material topics			
GRI 201: Economic Performance (2016)			
GRI 103 Management approach 2016	Contribution to the development of regional economies Annual Report 2020, section "Financial Performance"	125-127	+
201-1 Direct economic value generated and distributed	Contribution to the development of regional economies	123	+
201-2 Financial implications and other risks and opportunities due to climate change	Sustainability risk management	45	+
201-3 Defined benefit plan obligations and other retirement plans	Note No. 17 to the consolidated financial statements of PJSC ALROSA under IFRS for the year ended on 31 December 2020	-	+
201-4 Financial assistance received from government	Contribution to the development of regional economies Note No. 16 to the consolidated financial statements of PJSC ALROSA under IFRS for the year ended on 31 December 2020	123, 124	+
GRI 202: Market Presence (2016)			
GRI 103 Management approach 2016	Remuneration and appraisal Creation of jobs in regions	64, 65	+
202-1 Ratios of standard entry level wage by gender compared to local minimum wage in significant regions of operation	Remuneration and appraisal The information on the average monthly salary for ALROSA Group and in the respective constituent entities of the Russian Federation is presented without a breakdown by gender	66	+
202-2 Proportion of senior management hired from the local community	Creation of jobs in regions	64	+
GRI 203: Indirect Economic Impacts (2016)			
GRI 103 Management approach 2016	Contribution to the development of regional economies	122	+

Indicator	Section / comment	Page	External assurance
203-1 Infrastructure investments and services supported	Contribution to the development of regional economies	126	+
203-2 Significant indirect economic impacts	Contribution to the development of regional economies	122, 126	+
GRI 204: Procurement Practices (2016)			
GRI 103 Management approach 2016	Contribution to the development of regional economies	124	+
204-1 Proportion of spending on local suppliers	Contribution to the development of regional economies	124	+
GRI 205: Anti-corruption (2016)			
GRI 103 Management approach 2016	Business ethics and anti-corruption	52	+
205-1 Operations assessed for risks related to corruption	Business ethics and anti-corruption All employees and counterparties of the Company are familiarized with the Anti-Corruption Policy	53	+
205-2 Communication and training about anti-corruption policies and procedures	Business ethics and anti-corruption The plans provide for the development of training programs within the competence of all training units. All employees and counterparties of the Company are familiarized with the Anti-Corruption Policy	53	+
205-3 Confirmed incidents of corruption and actions taken	Business ethics and anti-corruption No incidents of corruption were identified, according to the statistics on terminated contracts	53	+
GRI 207: Tax (2019)			
207-1 Approach to tax	Contribution to the development of regional economies Annual Report 2020, section "Financial Performance" The Company pays taxes in accordance with the laws of the Russian Federation	126	+
207-2 Tax governance, control and risk management	Contribution to the development of regional economies Annual Report 2020, section "Financial Performance" The Company pays taxes in accordance with the laws of the Russian Federation	126	+
GRI 302: Energy (2016)			
GRI 103 Management approach 2016	Energy consumption and efficiency	103	+
302-1 Energy consumption within the organization	Energy consumption and efficiency	103	+
302-3 Energy intensity	Energy consumption and efficiency	103	+
302-4 Reduction of energy consumption	Energy consumption and efficiency	103	+
302-5 Reductions in energy requirements of products and services	Energy consumption and efficiency	103	+
GRI 303: Water and Effluents (2018)			
GRI 103 Management approach 2016	Use of water resources	108	+
303-1 Interactions with water as a shared resource	Use of water resources	108	+
303-2 Management of water discharge-related impacts	Use of water resources	108	+
303-3 Water withdrawal	Use of water resources The Company takes in fresh water only	108	+
303-4 Water discharge	Use of water resources	108	+

Indicator	Section / comment	Page	External assurance
303-5 Water consumption	Use of water resources	108	+
GRI 304: Biodiversity (2016)			
GRI 103 Management approach 2016	Biodiversity conservation	116	+
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity conservation	116	+
304-2 Significant impacts of activities, products, and services on biodiversity	Biodiversity conservation	116	+
304-3 Habitats protected or restored	Biodiversity conservation	116	+
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity conservation	116	+
GRI 305: Emissions (2016)			
GRI 103 Management approach 2016	Climate risk management Air emissions	91, 105	+
305-1 Direct (Scope 1) GHG emissions	Air emissions	107	+
305-2 Energy indirect (Scope 2) GHG emissions	Air emissions	107	+
305-4 GHG emissions intensity	Air emissions	107	+
305-5 Reduction of GHG emissions	Air emissions	107	+
305-6 Emissions of ozone-depleting substances (ODS)	Not recorded	-	+
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Air emissions The Company does not have emissions of persistent organic substances under the Stockholm Convention	105	+
GRI 306: Effluents and Waste (2016)			
GRI 103 Management approach 2016	Waste management	112	+
306-1 Water discharge by quality and destination	Waste management	112	+
306-2 Waste by type and disposal method	Waste management	112	+
306-4 Transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and the percentage of hazardous waste shipped internationally	Waste management	112	+
306-5 Waste directed to disposal	Waste management	112	+
GRI 307: Environmental Compliance (2016)			
GRI 103 Management approach 2016	Environmental protection	103	+
307-1 Non-compliance with environmental laws and regulations	Environmental costs and investments	103	+
GRI 308: Supplier Environmental Assessment (2016)			
GRI 103 Management approach 2016	Requirements for suppliers and contractors	51	+
308-1 New suppliers that were screened using environmental criteria	Requirements for suppliers and contractors	51	+
308-2 Negative environmental impacts in the supply chain and actions taken	None identified in the reporting period	-	+
GRI 401: Employment (2016)			
GRI 103 Management approach 2016	Development of human capital	60	+
401-1 New employee hires and employee turnover	Headcount and personnel structure The data are not broken down by gender, age and region	60	+

Indicator	Section / comment	Page	External assurance
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Remuneration and appraisal	66	+
GRI 402: Labor/Management Relationships (2016)			
GRI 103 Management approach 2016	Human rights	52	+
402-1 Minimum notice periods regarding operational changes	Human rights	54	+
GRI 403: Occupational Health and Safety (2018)			
GRI 103 Management approach 2016	Occupational health and safety	77	+
403-1 Occupational health and safety management system	Management approach to occupational health and safety	77	+
403-2 Hazard identification, risk assessment, and incident investigation	Prevention of occupational injuries and accidents	83	+
403-3 Occupational health services	Prevention of occupational injuries and accidents	84	+
403-4 Worker participation, consultation, and communication on occupational health and safety	Management approach to occupational health and safety Training and developing a culture of safety	80, 81	+
403-5 Worker training on occupational health and safety	Training and developing a culture of safety Training and development	81	+
403-6 Promotion of worker health	Social support Employees' health and preventive treatment of occupational diseases	69, 86	+
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Prevention of occupational injuries and accidents Employees' health and prevention of occupational diseases	84, 86	+
403-9 Work-related injuries	Prevention of occupational injuries and accidents The data are not broken down by gender as the Company does not keep relevant records Without injury statistics broken down by contractors Without the ratio of recorded injuries	84	+
403-10 Work-related ill health	Employees' health and prevention of occupational diseases The data are not broken down by gender as the Company does not keep relevant records	86	+
GRI 404: Training and Education (2016)			
GRI 103 Management approach 2016	Training and development	67	+
404-1 Average hours of training per year per employee	Training and development No breakdown by gender	67	+
404-2 Programs for upgrading employee skills and transition assistance programs	Training and development	67	+
404-3 Percentage of employees receiving regular performance and career development reviews	Training and development	67	+
GRI 405: Diversity and Equal Opportunity (2016)			
GRI 103 Management approach 2016	Business ethics and anti-corruption Human rights	52, 54	+

Indicator	Section / comment	Page	External assurance
405-1 Diversity of governance bodies and employees	Corporate governance Human rights Headcount and personnel structure	41, 54, 60	+
405-2 Ratio of basic salary and remuneration of women to men	Employee remuneration complies with ILO Convention No. 100 - the principle of equal remuneration for men and women workers for work of equal value	-	+
GRI 406: Non-discrimination (2016)			
GRI 103 Management approach 2016	Human rights	54	+
406-1 Incidents of discrimination and corrective actions taken	Human rights None identified in the reporting period	-	+
GRI 407: Freedom of Association and Collective Bargaining (2016)			
GRI 103 Management approach 2016	Human rights	54	+
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human rights None identified in the reporting period	-	+
GRI 408: Child Labor (2016)			
408-1 Operations and suppliers at significant risk for incidents of child labor	No incidents of child labor and the related risks were identified	-	+
GRI 409: Forced or Compulsory Labor			
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incidents of forced or compulsory labor and the related risks were identified	-	+
GRI 410: Security Practices (2016)			
GRI 103 Management approach 2016	Human rights	-	+
410-1 Security personnel trained in human rights policies or procedures	No training was conducted during the reporting period (but it is planned)	-	+
GRI 411: Rights of Indigenous Peoples (2016)			
GRI 103 Management approach 2016	Support for indigenous peoples	132	+
411-1 Incidents of violations involving rights of indigenous peoples	Support for indigenous peoples None identified in the reporting period	132	+
GRI 412: Human Rights Assessment (2016)			
GRI 103 Management approach 2016	Human rights	54	+
412-1 Operations that have been subject to human rights reviews or impact assessments	No reviews/assessments were conducted during the reporting period (but they are planned)	-	+
412-2 Employee training on human rights policies or procedures	Human rights The percentage of employees in the total number of staff is not specified, as such training was conducted for the first time for 64 employees	54	+
GRI 413: Local Communities (2016)			
GRI 103 Management approach 2016	Regional development	128	+
413-1 Operations with local community engagement, impact assessments, and development programs	Contribution to the development of regional infrastructure Programs of interaction with local communities are implemented at all key enterprises of the Company	121, 128	+
GRI 414: Supplier Social Assessment (2016)			
GRI 103 Management approach 2016	Requirements for suppliers and contractors	51	+

Indicator	Section / comment	Page	External assurance
414-1 New suppliers that were screened using social criteria	Requirements for suppliers and contractors	51	+
414-2 Negative social impacts in the supply chain and actions taken	None identified in the reporting period	-	+
GRI 419: Socioeconomic Compliance (2016)			
GRI 103 Management approach 2016	Business ethics and anti-corruption Human rights Regional development	51, 54, 62	+
419-1 Non-compliance with laws and regulations in the social and economic area	In 2020, one such incident was recorded at JSC Almazy Anabara within the Group perimeter; the fine was RUB 50 thousand ¹ .	-	+
Specific material topics relevant to ALROSA Group			
Exploration works and deposit development			
GRI 103 Management approach 2016	Annual Report 2020, section "Operating Performance"	-	+
Area of disturbed land	Land reclamation	115	+
Area of reclaimed land	Land reclamation	115	+
Origin of rough and polished diamonds			
GRI 103 Management approach 2016	Responsible supply chain Requirements for suppliers and contractors	49-51	+
Responsible supply chain			
GRI 103 Management approach 2016	Responsible supply chain Requirements for suppliers and contractors	49-51	+
Innovative activity			
GRI 103 Management approach 2016	Annual Report 2020, section "Increasing efficiency"	-	+

UN GLOBAL COMPACT AND WEF ESG METRICS COMPLIANCE TABLES

Compliance with the UN Global Compact

Area of responsibility	The UN Global Compact principle	GRI indicator	Page
Human rights	Businesses should support and respect the protection of internationally proclaimed human rights	102-12 102-13	26, 28
	Businesses should make sure that they are not complicit in human rights abuses		18, 34
Labor	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41 407-1	54
	Businesses should uphold the elimination of all forms of forced and compulsory labor	412-1	45
	Businesses should uphold the effective abolition of child labor	412-1	45
Environment	Businesses should uphold the elimination of discrimination in respect of employment and occupation	406-1	45
	Businesses should support a precautionary approach to environmental challenges	102-11	99
	Businesses should undertake initiatives to promote greater environmental responsibility	102-12 102-13	18, 26, 28, 34
	Businesses should encourage the development and diffusion of environmentally friendly technologies	302-4 307-1	103
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	205-2 205-3 419-1	53

¹ Following an inspection by the prosecutor's office of Anabarsky District (Republic of Sakha (Yakutia)) of the investigation file on a fatal accident that occurred on 7 November 2019, the State Labor Inspectorate in the Republic of Sakha issued decision No. 14/4-105-20-PPR/12-1418-1/74-34 dated 3 April 2020 on an administrative sanction under part 1 of Art. 5.27.1 of the Russian Code of Administrative Offenses

WEF ESG Index (Core Metrics and Disclosures)¹

Theme	Indicator	GRI indicator	Link
Principles of Governance			
Governing Purpose	Setting purpose	102-26	SR 2020: Mission and strategy AR 2020: Development strategy
Quality of Governing Body	Board composition	102-22 405-1	SR 2020: Mission and strategy AR 2020: Development strategy
Stakeholder Engagement	Impact of material issues on stakeholders	102-27	SR 2020: About this Report
Ethical Behaviour	Anti-corruption	205-2 205-3	SR 2020: Corporate governance and business ethics
	Protected ethics advice and reporting mechanisms	102-17	SR 2020: Corporate governance and business ethics Code of Corporate Ethics Anti-Corruption Policy ALROSA ALLIANCE Guidelines on Responsible Business Practices Hot line on the website
Risk and Opportunity Oversight	Integrating risk and opportunity into business process	-	SR 2020: Sustainability risk management AR 2020: Risk management system Risk Management Policy
Planet			
Climate Change	Greenhouse gas (GHG) emissions	305-1	SR 2020: Approach to climate risk management Air emissions
	TCFD-aligned reporting	-	SR 2020: Approach to climate risk management Sustainability Program
Nature Loss	Land use and ecological sensitivity	304-1	SR 2020: Land reclamation Biodiversity conservation
		304-3	
		304-4	
Fresh water availability	Fresh water consumption in water stressed areas	303-3	SR 2020: Use of water resources The Company does not withdraw water in areas with water resources scarcity

Theme	Indicator	GRI indicator	Link
People			
Dignity and Equality	Gender pay equality (%)	405-2	SR 2020: Motivation and engagement Employee remuneration complies with ILO Convention No. 100 with employees of the same profession and tariff rate receiving equal remuneration, regardless of gender
	Diversity and inclusion (%)	406-1	SR 2020: Headcount and personnel structure
	Wage level (%)	202-1	SR 2020: Motivation and engagement Contribution to the development of regional economies
Health and Well-being	Risk of incidents of child and forced labour	408	SR 2020: Responsible supply chain Human rights No incidents of child labor and the related risks were identified
		409	
Health and Well-being	Health and safety (%)	403-2	SR 2020: Prevention of occupational injuries and accidents
Skills for the Future	Training provided (#, \$)	404-1	SR 2020: Training and development
Prosperity			
Employment and Wealth Generation	Net number of jobs created	401-1	SR 2020: Headcount and personnel structure Employee recruitment and onboarding, Creation of jobs in regions
	Net economic contribution	202-1	SR 2020: Contribution to the development of regional economies
		201-4	
	Net investment	-	SR 2020: Our performance in 2020 AR 2020: Financial performance
Innovation of Better Products and Services	R&D spend ratio (%)	-	AR 2020: Increasing efficiency The share of spending on innovation in relation to revenue in 2020 was 0.5%
Community and Social Vitality	Community investment (%)	-	SR 2020: Contribution to the development of regional economies
	Country by country tax reporting	207-4	SR 2020: Contribution to the development of regional economies Financial Results

¹ WEF Report: Toward Common Metrics and Consistent Reporting of Sustainable Value Creation

GLOSSARY

Charity	refers to voluntary activity undertaken by the Company on a non-commercial basis (free of charge or on favorable terms) such as transfer of assets to individuals or legal entities, including cash funds, and performance of work, provision of services and other support at the Company's expense.
Safe working conditions	refer to a working environment in which the impact of harmful and hazardous production factors is excluded or the level of such impact does not exceed hygienic standards.
Stakeholder engagement	refers to the Company's activities aiming to understand the expectations and concerns of its stakeholders and to involve them in the decision-making process.
Payments and benefits	are direct payments made by the organization to its employees, as well as payment for services rendered to or of expenses incurred by employees. Severance pay in excess of statutory minimum, payment for temporary business interruption, additional benefits related to work injury, survivor benefits, and additional paid days off.
Stakeholders	are individuals and legal entities or groups of persons who either influence or are influenced by the Company's activities, as well as having the right under the law and international conventions to directly bring claims against the Company. Stakeholders are the Company's shareholders, investors, employees, suppliers, contractors, consumers, trade unions and other public organizations, government and local authorities, mass media, residents of the area where the Company operates, etc.
Corporate social responsibility	refers to the philosophy of behavior and concept for the business community, companies and business representatives to build their activities with a view to meeting the expectations of stakeholders for the purpose of sustainable development.
Collective agreement	is a legal document that regulates social and labor relations at an enterprise, as well as securing benefits and guarantees at the employer's expense.
IUCN Red List	is a list of endangered plant and animal species with their global conservation status, developed by the International Union for Conservation of Nature.
Local suppliers	are an organization or entity that supplies products or services to the reporting organization and is located in the same geographical market as the reporting organization (i. e. there are no cross-border payments to the supplier). The geographic definition of "local" in the context of the Company's procurement activities refers to the Russian Federation.
Local population	is the population of a certain territory, regardless of its ethnic composition or culture.
Local community	refers to people or groups of local residents who live and/or work in all areas exposed to economic, social or environmental impact (both positive and negative) of the Company's divisions. The local community can comprise both people living in proximity to these divisions and those from remote isolated settlements affected by them.
Mission	means a reason for existence, the purpose of the Company that makes it different from other similar organizations.
Motivation	is a mechanism for enhancing labor efficiency and productivity, as well as incentive for an employee or a group of employees to pursue activities aimed at achieving the Company's goals.
Young employee	is a PJSC ALROSA employee up to the age of 30, regardless of their educational background.
Occupational incident or accident	is an event resulting in an injury or other health impairment or damage of an employee in the course of performance of their respective duties under an employment contract within the territory of the Company's production facilities or while traveling to or from the place of work by transport provided by the Company, entailing the transfer of such employee to another job, temporary or permanent occupational disability or death.

Sustainability report (non-financial report, social and environmental report)	means a straightforward, reliable and balanced description of the Company's core activities along with results achieved in the areas related to values, goals, sustainable development policy, and issues of greatest interest to key stakeholders. It is a public document for informing shareholders, employees, partners and other stakeholders about how and at what pace the Company is achieving its mission or strategic development goals in respect of economic sustainability, social wellbeing and environmental sustainability.
Occupational safety	is a system for ensuring the safety of life and health of employees at their workplaces, including legal, social, economic, organizational, technical, sanitary, medical, rehabilitation and other activities.
Environmental and resource-saving activities	refer to the area of the Company's programs implemented to reduce its environmental impact.
HR management	is an end-to-end integrated system for human resource management, which covers all stages of interaction between employees and the Company, from attraction, adaptation and retention of an employee in the Company to their retirement.
Community development program	means a detailed plan of actions to minimize, mitigate and compensate for the adverse social and economic impacts, designed to identify opportunities and measures to enhance the positive effect of the project on the local community.
Occupational disease	is a disease that appears and develops due to systematic and prolonged exposure of an employee to workplace factors peculiar to such an occupation or to conditions peculiar only to a certain industry.
Environmental costs	mean all costs associated with environmental protection incurred by or on behalf of the Company to prevent, reduce, control and document environmental aspects, environmental impact and environmental hazards. They also include costs of waste handling, treatment, environmental improvement and remediation of environmental damage.
Risk	is a threat of adverse impact of external and internal factors on the achievement of the Company's corporate goals.
Senior executives	are the Company's top managers holding senior managerial positions (President or CEO, vice presidents, heads of business units).
Certification	Certification means confirmation of compliance with quality characteristics to the level required by a quality standard.
Social policy	means the activities of employers, managers and employees aimed at maintaining and/or changing their social status, meeting social needs, harmonizing social interests, implementing social rights and guarantees, providing social services and protecting personnel from the social point of view.
Social programs	refer to the Company's voluntary efforts or activity to develop and motivate personnel, create favorable workplace conditions, develop the corporate culture, and support local communities and charity purposes; they have a systemic nature and are related to the business strategy and aimed at meeting the balanced demands of different stakeholders.
Staff turnover	means the number of employees who leave the Company voluntarily (other than retired employees) or are dismissed for other reasons (violation of labor discipline or by agreement of the parties).
Sustainable development	is a concept of development of the world community that provides for considering the interests of not only the present generations, but also the future ones.

Abbreviations

CAPEX	Capital expenditures
CDP	Carbon Disclosure Project is an international non-profit organization that helps companies and cities disclose their environmental impact.
COVID-19	The novel coronavirus infection, first discovered in China, which caused the 2020 pandemic
ESG	Environmental, social and governance
FADN of Russia	Federal Agency for Ethnic Affairs
FTSE4Good	Series of ethical investment stock market indexes launched in 2001 by the FTSE Group
GOST	State standard of the Russian Federation
GRI	Global Reporting Initiative that publishes standards for non-financial reporting (GRI Standards)
HPP	Hydraulic power plant
HS	Hydraulic structure
IFRS	International Financial Reporting Standards
INPO	Independent non-profit organization
IPO	Initial Public Offering
IR	Investor Relations
ISO	International Organization for Standardization is an international standard-setting body that publishes international standards for management systems
KP	Kimberley process
KPI	Key performance indicators
LTIFR	Lost Time Injury Frequency Rate
MM	Mass media
MSCI ESG	MSCI ESG index
NCGS	National corporate governance score
NDC	Natural Diamond Council
NPF	Non-state pension fund
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational health and safety
PCR test	In the Report: a test to detect the COVID-19 coronavirus infection
PEI	Pre-school educational institution
PJSC	Public joint stock company
PP	Processing plant
Price over volume	A trading strategy that prioritizes price over volume of sales
RF	Russian Federation
RJC	Responsible Jewellery Council
RMS	Risk management system
RS (Ya)	Republic of Sakha (Yakutia)
SAM CSA	SAM Corporate Sustainability Assessment is an assessment of the corporate sustainability practices at a company
SB	Supervisory Board
SDGs	UN Sustainable Development Goals to 2030
SME	Small and medium-sized enterprises
Sustainalytics	A company that rates the sustainability of listed companies based on their environmental, social and corporate governance (ESG) performance indicators

Ulus	District, an administrative and territorial division of the Republic of Sakha (Yakutia)
UNO	United Nations Organizations
USA	United States of America
VAT	Value-added tax
VHI	Voluntary Health Insurance
Video Viewer	A service for the remote, online showing of products
WDC	World Diamond Council
WWF	World Wildlife Fund

Units of measurement

ha	hectare
mIn	million
bln	billion
m ²	square meter
m ³	cubic meter
RUB	Russian rouble
ppl	people
USD/\$	US dollar

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GRI 102-3, 102-5, 102-53

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