



**"АЛРОСА" акционерной компания** **Акционерная компания "АЛРОСА"** **ALROSA**  
(аһаҗас акционерной уопсастыба) (публичное акционерное общество) Public Joint Stock Company

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## REGULATIONS

**on the procedure for considering applications submitted by business entities and individuals in order to purchase polished diamonds from DIAMONDS ALROSA, affiliate of PJSC ALROSA, and deciding on their inclusion on the list of potential purchasers**

### 1. General Provisions

1.1. These Regulations have been developed in compliance with the Sales Policy Concept of PJSC ALROSA, and the requirements of applicable Russian Federation legislation, including RF Federal Law No. 115-FZ dated August 7, 2001 "On Combating the Legalization (Laundering) of Criminal Proceeds and Financing of Terrorism" (hereinafter, "RF Federal Law No. 115-FZ").

1.2. These Regulations have been developed for the purposes of ensuring the effective resolution of sales issues, the application of standardized criteria to business entities and individuals, and the provision of equal access to polished-diamond purchases at DIAMONDS ALROSA, affiliate of PJSC ALROSA (hereinafter, the "Affiliate") per the requirements set out in the document.

1.3. These Regulations shall constitute the internal regulations of the Affiliate determining the procedure for considering applications submitted by business entities and individuals in order to purchase polished diamonds from the Affiliate.

### 2. Defined Terms

The following terms and definitions shall be used in these Regulations:

**Company** – PJSC ALROSA;

**Affiliate** – DIAMONDS ALROSA, affiliate of PJSC ALROSA;

**Polished Diamond** – cut and polished natural rough diamond of various types of cut with polished facets to be used in jewelry and as loose diamonds;

**Certified Polished Diamond** – polished diamond undergoing expert examination at one of Russia's gemological laboratories and bearing the relevant conclusion (certificate) confirming the diamond's classification features and authenticity per applicable Russian legislation;

**Committee** – Affiliate's permanent collegial body, whose functions include making decisions on the compliance/non-compliance of business entities with the requirements stipulated hereby and their inclusion on the list of potential purchasers. The personal composition of the Commission shall be approved by order of the Affiliate's Director;

**Market Conjunction Analysis Panel** – Company's collegial body forming the Company's sales policy and responsible for assessing the conformity of a business entity with the requirements envisioned in the Regulations on the Procedure and Terms of Sales of Natural Rough Diamonds by PJSC ALROSA.

**business entity of the RF internal market** – legal entity or individual entrepreneur registered under applicable Russian Federation legislation, located in the territory of the Russian Federation, holding certificates of special-purpose registration issued by the respective territorial inspectorates of

assay supervision and authorized to deal in precious stones under applicable Russian Federation legislation;

**business entity of the external market** – legal entity or individual entrepreneur registered under the applicable legislation of its country of registration, located outside the Russian Federation, affiliated with a Kimberley Process member state and authorized to deal in precious stones under the applicable legislation of the respective state;

**individual** – citizen of the Russian Federation or a foreign state applying to the Affiliate for the purchase of certified polished diamonds;

**potential purchaser** – legal entity or individual included on the Affiliate’s list of customers per these Regulations.

### **3. Requirements for Potential Purchasers**

3.1. Potential purchasers must comply with the following requirements:

- due legal capacity;
- transparency and availability of information about the business entity and its activities, including: transparency of its corporate-management structure, availability of information about its shareholders, management bodies and ultimate beneficiaries disclosing chain of ownership up to specific individuals;
- reliability, financial stability, due discharge of duties and obligations, operations aligned with the rules of corporate responsibility for compliance with industry standards and norms;
- positive business reputation of the business entity and its management on the market;
- no reorganization, liquidation or bankruptcy procedures pending against the business entity or grounds therefor;
- the business entity’s operations have not been suspended in compliance with the procedure stipulated by the RF Code of Administrative Offences or the applicable legislation of other states;
- no breach of civil, tax, customs or other legislation recognized by the Committee as materially binding;
- no negative information about the business entity, its sole executive body, founders-beneficiaries and/or beneficial owners, or data on their involvement in extremist or terrorist activities, on file with the RF Federal Financial-Monitoring Service.

### **4. Documents to be Submitted by Business Entities and Individuals for Pre-Qualification**

4.1. Applications by business entities for the purchase of polished diamonds from the Affiliate shall be sent to the Affiliate’s Director as free-form letters of introduction.

4.2. Letters from business entities for the purchase of polished diamonds must be registered by the Affiliate’s Administration: one copy with the resolution of the Affiliate’s Director must be submitted to the executive in charge for consideration, collection of the necessary documents about the business entity and the drafting of a decision on whether to include the business entity on the Affiliate’s list of potential purchasers; the second copy must be submitted to the Security Service.

4.3. For the purposes of verifying conformity with the requirements stipulated hereby, the business entity shall send the Affiliate the following documents:

**4.3.1. Business entities of the RF internal market shall submit the following documents for consideration by the Committee:**

- Questionnaire (Annex 1);
- Consent to personal-data processing (Annex 3);
- Charter documents;
- Extract from the Unified State Register of Legal Entities (for legal entities that are residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue;
- Extract from the Unified State Register of Individual Entrepreneurs (for individual entrepreneurs who are residents of the Russian Federation). The extract is valid for 1 (one) month from the date of issue;

- Special Registration Notification and Special Registration Card of a legal entity or an individual entrepreneur that deals in precious metals and gemstones;
- Bank statements of current accounts issued by resident banks;
- Documents confirming the authorities of persons acting on behalf of the business entity;
- Copies of identity documents of senior managers, beneficial owners, beneficiaries of the business entity or a letter from the business entity substantiating the reasons for the absence or incomplete submission of identity documents of its senior managers, beneficial owners, beneficiaries, and if the data on its beneficial owners and/or representatives is not reflected or is incompletely reflected in the Questionnaire;
- Power of attorney for persons authorized to conduct negotiations and sign documents on behalf of the business entity.

**4.3.2. Business entities of the external market shall submit the following documents for consideration by the Committee:**

- Questionnaire (Annex 2);
- Consent to personal-data processing (Annex 4);
- Extract from the commercial register of its country of registration or any other equivalent proof of legal capacity in compliance with the applicable law of the country of registration;
- Copy of a document (certificate, license) granting the right to conduct diamond business related to the sale and purchase of polished diamonds in the country of registration of the business entity (if the national laws of their country of registration require the same);
- Reference letter from the bank of the business entity, not more than 1 (one) month old;
- Documents confirming the authorities of persons acting on behalf of the business entity;
- Copies of identity documents of senior managers, beneficial owners, beneficiaries of the business entity or a letter from the business entity substantiating the reasons for the absence or incomplete submission of identity documents of its senior managers, beneficial owners, beneficiaries, and if the data on its beneficial owners and/or representatives is not reflected or is incompletely reflected in the Questionnaire;
- Power of attorney for persons authorized to conduct negotiations and sign documents on behalf of the business entity.

4.4. When considering applications from business entities, the Committee shall take into consideration its relationship background with the Company.

**4.5. Individuals shall submit the following documents to the Affiliate:**

- Questionnaire (Annexes 5 or 6);
- Copy of the passport of the citizen of the Russian Federation or the foreign state of which he is a citizen (or another document confirming the right of the citizen or stateless person to stay (reside) in the respective country);
- Consent to personal-data processing (Annex 3 or 4).

4.6. Should any discrepancies be found in the data (documents) submitted by business entities, individuals, the Affiliate shall be entitled to send follow-up requests to them, and such business entities shall be obliged to respond to these requests exhaustively (provide the relevant documents where necessary).

4.7. In case of any changes to the data (documents) stipulated by Clauses 4.3, 4.5 hereof, business entities, individuals shall be obliged to provide the Affiliate with data (documents) confirming such changes within fifteen (15) days of the date thereof.

4.8. For the purposes of verifying purchasers' compliance with the requirements envisioned herein, the Affiliate shall be entitled to request from business entities, individuals the data (documents) stipulated by Clauses 4.3, 4.5 hereof, no more frequently than once every six months for the same data (documents). For the purposes of verifying purchasers' compliance or non-compliance with the requirements envisioned herein, the Affiliate shall be entitled to be guided by the data (documents) provided by government bodies.

4.9. The decision on including a business entity on the Affiliate's list of potential purchasers shall be made by the Committee per the procedure set forth herein.

4.9.1. The decision on including a business entity on the Affiliate's list of purchasers can also be made by the Company's Market Conjuncture Analysis Panel acting per the Regulations on the Market-Analysis Panel of PJSC ALROSA, or by the Competitive-Sales Committee with regard to natural rough diamonds of PJSC ALROSA, which make decisions on eligibility for rough-diamond purchases per the Regulations on the Procedure and Terms of Sales of Natural Rough Diamonds by PJSC ALROSA.

## **5. Requirements for the Form of Document Submission**

5.1. The data (documents) specified in Clauses 4.3, 4.5 hereof shall be submitted to the Affiliate as originals or duly-certified copies by one of the following methods:

5.1.1 by courier with record of delivery;

5.1.2 by registered mail with notice of receipt;

5.1.3 for the purposes of accelerating the submission of data, it shall be permitted to use postal, telegraph, electronic or other means of communication making it possible to establish that the data (documents) came from the concerned business entity, individual. That said, original data (documents) must be subsequently sent by the methods specified in Clauses 5.1.1 and 5.1.2 within three days of the sending of the copies.

The method of submitting the data (documents) specified in this clause shall be left to the discretion of the concerned business entities and individuals.

5.2 Business entities shall provide the Affiliate with documents signed by a senior manager and certified by the company's official seal (in any).

5.3 By operation of the respective decision adopted by the Committee, notarized documents can be requested if necessary (the authenticity and reliability of submitted documents is in doubt, the business entity is little known on the diamond market, etc.).

5.4 All of the information (document forms per the requirements hereof, procedure for considering applications, contact telephone, fax numbers, email) that a business entity or individual must submit with the respective application to the Affiliate for the purchase of polished diamonds shall be posted on the Company's official website ([www.alrosa.ru](http://www.alrosa.ru)).

## **6. Procedure for Considering Applications Submitted by Business Entities and Individuals**

6.1. The data (documents) submitted by business entities, individuals pursuant to Section 4 hereof shall be reviewed in compliance with the procedure stipulated by this section.

6.2. The initial analysis of the submitted data (documents) shall be conducted by the Affiliate's functional services within their respective fields of competence stipulated by the respective internal regulations, in order to assess the conformity of business entities, individuals with the requirements stipulated hereby.

### **6.3 Procedure for considering applications submitted by business entities:**

6.3.1. While preparing the materials, the executive in charge shall initially analyze the data set forth in the Questionnaire and the data in the supporting documents submitted by the business entity as to its completeness and correctness, and, in case of full compliance, shall submit the entire set of documents specified in Section 4 to the Company's Security Service (hereinafter, the "Security Service").

6.3.2. The Security Service shall check the accuracy of the data (information) submitted by the business entity.

6.3.3. The Committee shall consider applications from business entities and submitted documents within 30 (thirty) business days upon submission of all of the requisite documents if there is a conclusion from the Security Service.

6.3.4. While considering applications from business entities and submitted documents, their conformity with formal requirements (sufficiency of submitted documents and data, compliance with

the form of document submission, etc.) is assessed, additional information received from other sources (materials from the mass media, industry publications, etc.) is considered.

6.3.5. Should any deficiencies be found in the submitted documents, the business entity shall be invited to eliminate them. The executive in charge, no later than on the business day following the day on which such concerns are identified, shall email the business entity a request for the provision of more precise and/or missing information. The term for the consideration of applications shall be extended by 15 (fifteen) calendar days upon submission of the last document.

6.3.6. The Committee shall be entitled to request that business-entity pre-qualification participants provide additional information and documentation.

6.3.7. Following the consideration of applications, having assessed the conformity of business entities with the requirements stipulated hereby, and based on the conclusion from the Security Service, the Committee shall make a motivated decision on whether or not to include a business entity on the Affiliate's list of potential purchasers.

6.3.8. The result of the Committee's consideration of applications from business entities shall be recorded in the form of the corresponding minutes approved by the Affiliate's Director.

6.3.9. Written notice of the decision made shall be sent to the registered/residential address of the respective business entity by registered mail with notice of receipt.

#### **6.4. Procedure for considering documents submitted by individuals:**

6.4.1. The executive in charge shall check the data in the Questionnaire against the data in the supporting documents submitted by the individual for its completeness and correctness, and shall thereafter submit the documents to the Company's Security Service for verification in accordance with applicable Russian Federation law and the relevant internal regulations of the Company and Affiliate.

6.4.2. Following the verification, the Security Service shall reach a conclusion as to the possibility (impossibility) of selling the certified polished diamonds being sold by the Affiliate to the concerned individual.

### **7. Grounds for the Refusal of Inclusion on the List of Potential Purchasers**

7.1. Failure to submit the documents and data stipulated hereby.

7.2. Submission of forged documents or deliberately misleading information.

7.3. Negative information from the Security Service.

### **8. Procedure for the Inclusion of Business Entities and Individuals on the Affiliate's List of Potential Purchasers**

8.1. When a decision as to the eligibility of business entities and individuals to engage in purchases of polished diamonds is made in accordance herewith, they shall be included on the Affiliate's list of potential purchasers.

### **9. Grounds for the Suspension of Polished-Diamond Sales or Exclusion from the Affiliate's List of Purchasers**

9.1. The Affiliate shall be entitled to make exclusions from the Affiliate's list of purchasers in the following cases:

9.1.1. The purchaser has violated applicable legislation regulating production and trade in gemstones, criminal, tax or customs laws, with the respective violation having been finally adjudicated or recognized by the competent state bodies.

9.1.2. In case of the purchaser's non-performance or improper performance of its respective obligations under the corresponding diamond-sale contracts, where substantiated by a court ruling that has become final and binding or by official correspondence.

9.1.3. Should there be no response from a potential purchaser within two months of the respective request being sent twice by the Affiliate for the updating of a set of documents and more precise

information per the requirements of RF Federal Law No. 115-FZ and the Company's internal regulations.

9.2. The Affiliate shall be entitled to suspend polished-diamond sales to an Affiliate purchaser for six months, and in case of repeated violation within a single calendar year – for one year from the date of the respective decision, should the purchaser refuse to sign (avoid signing) the respective sales contract or fail to make payments under the corresponding sales contract for polished diamonds based on the results of competitive sales, whereupon the relevant written notice is sent.

9.3. Guided by the current Internal Control Regulations of PJSC ALROSA and these Regulations, in accordance with the established procedure and terms, the Affiliate shall request that purchasers submit documents per the lists specified in Section 3 hereof. Should there be no changes, the purchaser shall send the relevant letter to the Affiliate.

9.3.1. The Affiliate shall be entitled to suspend polished-diamond sales to a purchaser in cases where the purchaser submits unreliable data (documents) and/or fails to submit the data (documents) in accordance with RF Federal Law No. 115-FZ and Clause 9.3 hereof until such time as the missing data (documents) is submitted.

9.4. The Committee shall make decisions about the suspension or exclusion of a business entity from the Affiliate's list of purchasers. Motivated written notice of such a decision shall be sent to the registered/residential address of the respective purchaser by registered mail with notice of receipt.

9.4.1. The Company's Market Conjecture Analysis Panel shall also make decisions about suspending or excluding a business entity from the Affiliate's list of purchasers.

9.5. Purchasers excluded from the list of business entities eligible to conclude transactions on the purchase of polished diamonds in accordance herewith shall be entitled to apply to the Affiliate once again to be checked for compliance with the requirements stipulated hereby, per the procedure stipulated by Section 4 hereof.

## **10. Final Provisions**

10.1. The Affiliate shall guarantee the confidentiality of the data submitted by business entities and individuals.

<Name. Surname  
Phone number>