**APPROVED BY:**

Resolution of the Supervisory Board of PJSC ALROSA dated September 25, 2020

(Minutes No. 01/321-PR-NS of September 28, 2020)

**Regulations on Charity, Other Gratuitous Transactions, and Sponsorship of PJSC ALROSA**

**2020**

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# Terms and Definitions

The terms used in these Regulations have the following definitions:

**Charity**means voluntary activities of the Company for disinterested (gratuitous or on preferential terms) transfer of property, including monetary funds, to individuals or legal entities, disinterested provision of work, services, or other support.

**Charitable Assistance** means financial, organizational and other assistance provided by the Company to individuals, legal entities (non-profit organizations), or public law entities through disinterested (gratuitous or on preferential terms) transfer of property, including monetary funds, disinterested provision of work, services, or other support or assistance.

**Gratuitous Transactions** means any transactions in which the Company assumes an obligation to provide something to the other party (including obligations to transfer funds, to provide things, material values, benefits, or services, to perform work, to transfer rights of claim or other rights) (hereinafter the “Company’s Endowment”) without receiving an equivalent payment or other equivalent consideration from the other party. In this case, the assumption by the Beneficiary of obligations to use the Company’s Endowment as intended will not be deemed a consideration.

Gratuitous transactions include, but are not limited to: charity, donation, gift, financial assistance, debt forgiveness, exemption from obligations, admission, membership, special-purpose fees and other expenses associated with the Company’s participation in non-profit organizations.

**Budget for Charitable and Sponsor Assistance, and Other Types of Gratuitous Transactions** means the amounts (limit) planned within the annual Consolidated Budget approved by the Company’s Supervisory Board for the provision of charitable and sponsor assistance, as well as for other types of gratuitous transactions for the respective year.

**ALROSA** refers to the Company and its subsidiaries participating in budget management when preparing and approving the consolidated budget of ALROSA.

**Image Projects** means projects aimed at improving the Company’s image by providing sponsor assistance in promoting sports and holding sports events, conducing forums, exhibitions, investment summits, round tables, and supporting other projects to promote the Company’s image.

**Company** means PJSC ALROSA.

**Charity and Sponsor Assistance Commission** is a collegial body of the Company, which is not a governing body, whose main objective is to address individual matters of providing charitable and sponsor assistance, as well as other types of gratuitous transactions, with further provision of recommendations to the Company’s Executive Committee.

**Inappropriate Use** means the area and use of funds received from the Company as charitable or sponsor assistance, or for other gratuitous transactions for any purpose other than the purposes of the document constituting the legal basis for their provision.

**Donation** means a gift of a thing or right for generally useful purposes. Donations can be made to citizens, medical facilities, educational establishments, social protection institutions and other similar institutions, foundations, museums, or other cultural institutions, public or religious organizations, as well as to the government or other subjects of civil law.

**Beneficiary** means a (non-profit) legal entity or individual, or a public law entity receiving charitable or other gratuitous assistance from the Company.

**Public Law Entities** means state formations (Russian Federation and subjects of the Russian Federation) and municipalities.

**Project (program)** means a plan or an idea for holding an event, campaign, or action to achieve certain goals with an indication of the timelines and resources needed for their implementation.

**Regions of Presence** means the constituent entities of the Russian Federation in which ALROSA carries out its production and economic activities, as well as foreign countries in which the Company’s branches, representative offices, and foreign subsidiaries are located.

**Social Obligations of the Company** means the Company’s obligations under the agreements for social and economic development and agreements for mutual cooperation made with the municipalities of the Republic of Sakha (Yakutia), approved long-term projects (programs).

**Sponsorship** means the Company’s voluntary activities for providing or ensuring the provision of funds for organizing and/or holding a sports, cultural or any other event, creating and/or broadcasting a television or radio program, or creating and/or using creative content for advertising and promoting the Company’s corporate name and business reputation, disseminating positive information about the Company’s activities and/or products manufactured by the Company.

The Company is recognized a **Sponsor** as an entity providing or ensuring the provision of funds for organizing and/or holding a sports, cultural or any other event, creating and/or broadcasting a television or radio program, or creating and/or using creative content. In the Sponsorship Agreement, the Sponsor acts as an Advertiser.

**Sponsored Advertising** means advertising distributed on a binding condition that it mentions the Company as its Sponsor.

**Sponsor Assistance** means the provision of funds for organizing and/or holding a sports, entertainment or any other event (participating in such events), creating and/or broadcasting a television or radio program, or creating and/or using other creative content for advertising and promoting the Company’s corporate name and business reputation, disseminating positive information about the Company’s activities and/or products manufactured by the Company. Sponsor assistance has its target purpose.

The **Sponsored** is a legal entity that received Sponsor Assistance from the Company for organizing and/or holding a sports, cultural or any other event, creating and/or broadcasting a television or radio program, or creating and/or using creative content. In the Sponsorship Agreement, the Sponsored acts as an Advertising Distributor.

# General provisions

2.1. These Regulations on Charity, Other Gratuitous Transactions, and Sponsorship of PJSC ALROSA (hereinafter the “Regulation”) have been developed in accordance with the Civil Code of the Russian Federation, the Federal Law “On Charitable Activities and Volunteering”, the Federal Law “On Advertising”, the Company’s Charter, the Company’s Collective Agreement and other internal documents of the Company.

2.2. These Regulations have been developed to establish the foundations, priorities and principles of the Company’s charitable and sponsor activities, and other types of gratuitous transactions, including the procedure for the formation and spending of the Company’s budgetary funds for these purposes, the procedure for monitoring and controlling the spending of funds, and information support.

The detailed procedure of charitable and sponsor activities, and other types of gratuitous transactions is established by the Regulations on Socially Significant and Socially Useful Expenses and Sponsor Assistance approved by the Company’s order.

2.3. The Company carries out its charitable and sponsor activities to support charitable projects (programs), initiatives of federal, regional and local significance in the regions of presence of the Company, its branches and subsidiaries to form and strengthen thereby the Company’s image as a socially responsible organization and create a favorable social environment for its development.

2.4. The annual budget for charitable and sponsor assistance, and other types of gratuitous transactions for the planned period is determined by a resolution of the Supervisory Board when forming the Company’s budget for the next year.

2.5. The participants of charitable activities are the Company, its subsidiaries, non-profit organizations and institutions entitled to accept charitable assistance in accordance with the applicable Russian laws, as well as individuals.

2.6. These Regulations are binding on all subdivisions and functional services of the Company’s management apparatus.

2.7. The procedure for providing charitable and sponsor assistance, and other types of gratuitous transactions by the Company’s subsidiaries shall comply with the requirement of Clause 4.3 of the Regulations on the Performance of Transactions by Subsidiaries within the consolidated budget of ALROSA approved by the Company’s Supervisory Board.

# Goals, principles and priority areas

## of charitable and sponsor activities

 3.1. Charitable activities.

3.1.1. The charitable activities of the Company as a socially responsible organization are aimed at creating and promoting a favorable social environment for sustainable activities.

3.1.2. The Company carries out its charitable activities to support and develop the social, cultural and humanitarian spheres of the society, including social support for the vulnerable segments of the population, education, health care, physical culture and sports, support and development of gifted children, assistance to victims of natural disasters, as well as to implement socially significant state programs, republic-wide and regional events aimed at the attainment of the said goals.

3.1.3. The main principles when deciding on the provision of charitable support are:

3.1.3.1. Objective necessity (expediency);

3.1.3.2. Transparency and responsibility in decision making;

3.1.3.3. Targeted allocation of funds;

3.1.3.4. Compliance with priorities;

3.1.3.5. Practical efficiency;

3.1.3.6. Targeted spending of funds allocated within the charitable assistance budget.

3.1.4. The main priority areas for charitable activities are:

3.1.4.1. Assistance to the Company’s employees (including former ones) and their family members who turn out to be in an extremely difficult financial situation;

3.1.4.2. Assistance to socially unprotected segments of the population (children left without parental care; children from large families; elderly people left without guardians; pensioners; disabled people, veterans of World War II);

3.1.4.3. Assistance to orphanages and centers, other social non-profit organizations;

3.1.4.4. Assistance to medical institutions and health care organizations;

3.1.4.5. Support of projects promoting national culture;

3.1.4.6. Assistance in the restoration of historical and architectural monuments, the development of culture, science, and sport;

3.1.4.7. Support for education, development of the material and technical base in higher educational establishments involved in professional training of potential specialists for the Company;

3.1.4.8. Measures for eliminating the consequences of natural and man-made emergencies occurring in the Russian Federation;

3.1.4.9. Fulfillment of the Company’s social obligations under the agreements/contracts made;

3.1.4.10. Anniversary, festive, cultural and entertainment events;

3.1.4.11. Other measures taken to address individual social and economic issues of particular importance in the regions of the Company’s presence.

3.1.5. Charitable assistance is provided to:

3.1.5.1. Non-profit state, municipal and other institutions and organizations with which the Company cooperates on production and economic matters, personnel training, education and upbringing of children of the Company’s employees;

3.1.5.2. Non-profit organizations for health care and social protection of the population located in the Republic of Sakha (Yakutia) and other regions of the Company’s presence (hospitals, medical institutions, boarding schools for children left without parents, disabled children, elderly people, etc.);

3.1.5.3. Non-profit charitable organizations and foundations registered in the Republic of Sakha (Yakutia) and in other regions of the Company’s presence that provide assistance to orphans, disabled and poor people, hospitals, orphanages, boarding schools, sports, religious and cultural and educational organizations;

3.1.5.4. Individuals (employees and non-employees of the Company) in case of:

3.1.5.4.1. Special need for treatment and rehabilitation in connection with a serious illness, injury, accident, traffic accident, as well as for the purchase of expensive medicines, where necessary;

3.1.5.4.2. Loss of personal property as a result of fire or natural disaster, or as a result of unlawful actions of third parties;

3.1.5.4.3. Loss of a breadwinner (death of the employee) as a result of an industrial accident;

3.1.5.4.4. Difficult financial situation;

3.1.5.4.5. Other unforeseen or extraordinary circumstances;

3.1.5.5. To other persons for purposes stipulated by the Federal Law “On Charitable Activities and Volunteering”.

3.1.6. The Company does not provide charitable assistance to commercial organizations, political parties, movements, groups and campaigns by sending money or other material values.

 3.2. Sponsor activities.

3.2.1. The purpose of sponsorship is to positively influence the Company’s image and brand positioning. Within the scope of its sponsor activities, the Company gives attention to the implementation of strategic programs, projects, and campaigns of federal and regional scale that have a potential for effective promotion of the Company’s products and strengthening its image in the territories of its presence.

3.2.2. When determining the feasibility of allocating resources to support certain sponsorship events, the Company forecasts the effect it will have from supporting this event, including the coverage and degree of influence on target audiences in order to promote the Company’s brand and products.

3.2.3. The main priority areas for sponsor activities are:

3.2.3.1. Events aimed at promoting the Company’s products (including projects in the media, international conferences, forums, etc.);

3.2.3.2. Socially significant projects in the regions of the Company’s presence;

3.2.3.3. Events held at the instruction of the Company’s Supervisory Board or Executive Committee;

3.2.4. The main principles when deciding on the provision of sponsor support are:

3.2.4.1. Effective promotion of the Company’s products;

3.2.4.2. Positive impact on the Company’s image;

3.2.4.3. An objective need (expediency) of assistance for its beneficiary;

3.2.4.4. Transparency and responsibility in decision making;

3.2.4.5. Compliance with sponsorship priorities;

3.2.4.6. Effectiveness – active influencing of the achievement of results, including the impact on Company’s the reputation and core activities;

3.2.4.7. Practical effectiveness of events – evaluation of programs (projects) in terms of their effectiveness and compliance with the beneficiary’s goal;

3.2.4.8. Social and public significance of events for which sponsor assistance is provided.

3.2.5. Sponsor assistance is provided to:

3.2.5.1. Non-profit organizations and institutions;

3.2.5.2. Commercial organizations, if they implement programs (projects) of strategic interest to the Company and the regions of its presence.

 3.3. Other gratuitous transactions may be made with:

3.3.1. Municipalities in which the Company’s divisions are located, as well as other municipalities located in the Republic of Sakha (Yakutia) and in other regions of the Company’s presence;

3.3.2. State authorities of the Russian Federation, the Republic of Sakha (Yakutia) and other regions of the Company’s presence within the scope of support for the holding of socially significant events and the implementation of social and economic projects;

3.3.3. Other persons on the basis of resolutions of the governing bodies of the Company and its subsidiaries.

# Budgeting for charitable and sponsor assistance,

## and other types of gratuitous transactions

4.1. The Company provides charitable and sponsor assistance, and performs other gratuitous transactions within the budget approved by the Company’s Supervisory Board for charitable and sponsor assistance, and other types of gratuitous transactions for the respective year.

4.2. The draft budget for charitable and sponsor assistance, and other types of gratuitous transactions for the next calendar year is developed/adjusted under the procedure and on the terms determined by the Company’s organizational and administrative document on the development/adjustment of ALROSA’s consolidated budget for the respective year.

4.3. The draft budget for charitable and sponsor assistance, and other types of gratuitous transactions for the next calendar year contains the main areas of assistance, the total amount of funds, and is formed by the Company’s functional services responsible for charitable and sponsor activities.

The budget of Company’s subsidiaries for charitable and sponsor assistance, and other types of gratuitous transactions for the next calendar year is reviewed and approved by the Company’s Supervisory Board within the scope of approving ALROSA’s consolidated budget.

The Company’s representatives vote in the governing bodies of its subsidiaries on providing charitable and/or sponsor assistance by the subsidiary concerned, or other types of gratuitous transactions in accordance with the parameters of ALROSA’s consolidated budget approved by the Company’s Supervisory Board.

4.4. The consolidated list of applications and requests for charitable or sponsor assistance, or for other types of gratuitous transactions forms a draft budget for charitable and sponsor assistance, and other types of ALROSA’s gratuitous transactions for the next calendar year and includes the following sections:

4.4.1. Expenses for charitable and other gratuitous assistance within the scope of the Company’s social obligations under the agreements/contracts for socio-economic interaction with the Republic of Sakha (Yakutia) and municipalities (uluses) in the regions of the Company’s operation;

4.4.2. Expenses for charitable assistance on applications and requests of legal entities and individuals;

4.4.3. Expenses for sponsor assistance on applications and requests of legal entities and individuals;

4.4.4. A list of real estate objects (except for residential premises) offered for gratuitous alienation in the planned year;

4.4.5. A list of real estate objects (buildings, structures, non-residential premises, land plots) planned for transfer for free use in the planned year; 4.4.6. A list of real estate objects (residential premises) offered for gratuitous alienation in the planned year;

4.4.7. A list of fixed assets (movable property) subject to gratuitous alienation in the planned year;

4.4.8. Inventory items subject to gratuitous alienation in the planned year.

4.5. The draft budget for charitable and sponsorship assistance, and other types of gratuitous transactions for the next calendar year shall be formed with providing explanations for the relevant items of the Company’s budget implying expenses for charity, sponsorship, debt forgiveness, donations, gifting and other gratuitous transactions:

4.5.1. Full name of the Beneficiary (for an individual);

4.5.2. Corporate name of the Beneficiary / the Sponsored (for a legal entity or public law entity);

4.5.3. The amount of funds, if the subject of the transaction is:

4.5.3.1. Sponsor assistance;

4.5.3.2. Transfer of funds to the Beneficiary;

4.5.3.3. Forgiveness of the Beneficiary’s debt to the Company or a Company’s subsidiary, or other release of the Beneficiary from the obligation to transfer funds to the Company or a Company subsidiary;

4.5.3.4. Payment for goods (work or services) delivered to the Beneficiary by third parties;

4.5.3.5. Payment of the Beneficiary’s debt to third parties;

4.5.3.6. Payment of membership fees (other payments) related to the participation of the Company or a Company subsidiary in non-profit organizations;

4.5.4. Individual or generic characteristics of a thing or property right allowing for their identification (if the subject of the transaction is a gratuitous transfer

of a thing or property right to the Beneficiary);

4.5.5. An approximate list of work or services (if the subject of the transaction is a gratuitous performance of work or services in the Beneficiary’s interests).

4.6. The draft budget for charitable and sponsor assistance, and other types of gratuitous transactions for the next calendar year is submitted to the Company’s Supervisory Board for consideration and approval with a list (breakdown) of applications and requests for amounts exceeding 1 million rubles.

4.7. Charitable and sponsor assistance, and other types of gratuitous transactions outside the budget approved by the Supervisory Board may only be performed by the Company and its subsidiaries based on individual resolutions of the Supervisory Board.

# Procedure for processing applications and making decisions on the provision of charitable or sponsor assistance, or performing other types of gratuitous transactions

5.1. Written applications and requests to the Company for charitable and sponsor assistance, and other types of gratuitous transactions, are processed on an individual basis and assessed for compliance with the priorities and principles of charitable and sponsor assistance, and are to contain:

5.1.1. In case of applications from legal entities and public law entities:

5.1.1.1. Information in the form of projects (programs) with a clear description of the scope and justification of the effect and the need for assistance;

5.1.1.2. The amount of assistance requested;

5.1.1.3. The signature of the authorized person; 5.1.2. In case of applications from individuals:

5.1.2.1. Description of the problem with a justification of the need for assistance (reasons, goals, etc.);

5.1.2.2. The amount of assistance requested.

5.2. In the process of preparing documents for the applications received, the Company’s functional services may, in the regular course of work, request the author of the application or the contact person stated in the application to provide the following additional documents:

 5.2.1. In case of applications from legal entities and public law entities:

5.2.1.1. The estimate with a description of specific expenditure items;

5.2.1.2. The purpose, main technical characteristics and other description of the property requested (if assistance is requested in the form of a gratuitous transfer of property (other than money));

5.2.1.3. Constituent documents (for legal entities);

5.2.1.4. Documents confirming the approval procedure at the local, regional, or federal level (in particular, applications for charitable or sponsor assistance to organizations or institutions of settlements under the Agreements for Socio-Economic Interaction located in the territory (uluses) of the regions of the “Diamond Province” (Mirninsky, Lensky, Anabarsky National (Dolgan-Evenkiysky), Nyurbinsky, Verkhnevilyuisky, Vilyuisky, Oleneksky Evenkiysky National, and Suntarsky) shall be approved by the Administration of the relevant municipal ulus (district) of the Republic of Sakha (Yakutia) or appended with a petition from the Administration);

5.2.1.5. Other supporting documents; 5.2.2. In case of applications from individuals:

5.2.2.1. The estimate with a description of specific expenditure items;

5.2.2.2. The applicant’s passport data and marital status;

5.2.2.3. Petitions from the head and chairman of the trade union committee of the enterprise where the employee (former employee) works (worked) for assistance (in case of an application of a non-employee of the Company, a petition from the municipality at the applicant’s place of residence);

5.2.2.4. Information about the applicant’s work experience in the Company (only for applications from employees of the Company);

5.2.2.5. Information about the composition and financial situation of the family (total income of family members);

5.2.2.6. Information on the measures taken before contacting the Company;

5.2.2.7. Other supporting documents.

5.3. The decision on the provision of charitable or sponsor assistance, or performing other types of gratuitous transactions will be made by:

5.3.1. The Company’s executive bodies (by the Chief Executive Officer – Chairman of the Executive Committee of the Company solely or by the Company’s Executive Committee, including by approving the recommendations of the Commission for Financial and Sponsor Assistance (hereinafter the “Commission”), the First Deputy Chief Executive Officer – Executive Director, Deputy Chief Executive Officer, whose scope of competence (based on the order on the distribution of responsibilities among persons holding managerial positions with the Company) includes management of the implementation of the social policy (hereinafter the “Deputy Chief Executive Officer for Social Policy”), heads of structural and standalone subdivisions of the Company, if the terms of the transaction fully comply with the breakdown parameters specified in Clause 4.5 of the Regulations for the applicable item of the budget approved by the Company’s Supervisory Board;

5.3.2. The Company’s executive bodies (by the Chief Executive Officer – Chairman of the Executive Committee of the Company solely or by the Company’s Executive Committee, including by approving the recommendations of the Commission), if the terms of the transaction are not directly stipulated by the breakdown of the respective item of the budget approved by the Company’s Supervisory Board, but the price of this transaction (the amount of the Company’s Endowment to one Beneficiary (and if the Company’s Endowment is provided to several Beneficiaries who are members of the same family, the amount of the Company’s Endowment to one family) does not exceed 1,000,000 rubles per year (or 2,500,000 rubles for transactions involving the sale of housing to retired veterans of the Company) and the Company’s expenses (costs) under such transactions do not exceed the total parameters of the Company’s budget approved by the Supervisory Board for the applicable budget item;

5.3.3. The Company’s executive bodies (by the Chief Executive Officer – Chairman of the Executive Committee of the Company solely or by the Company’s Executive Committee, including by approving the recommendations of the Commission), the First Deputy Chief Executive Officer – Executive Director, Deputy Chief Executive Officer for Social Policy, if the transaction is provided for by Clause 5.3.2 of the Regulations and the subject of the transaction is:

* gratis use of residential premises beneficially or otherwise owned by the Company;
* reimbursement of expenses for the payment of accrued interest on mortgage loans received for the purchase of residential property in accordance with the Mortgage Lending Program for Employees of PJSC ALROSA for 2011–2018 approved by the Company’s Executive Committee on February 21, 2011 (Minutes No. 137) as amended;

5.3.4. By the Company’s Supervisory Board in cases not covered by Clauses 5.3.1–5.3.3 of these Regulations by:

* approving the Company’s budget, including the budget item breakdown parameters as per Clause 4.5 of the Regulations;
* making a separate decision on a gratuitous or sponsorship transaction in cases not covered by Clause 5.3.5 of the Regulations (in this case, the Company’s Supervisory Board is provided with recommendations from the Company’s Executive Committee regarding the gratuitous or sponsorship transaction).

5.3.5. On the basis of individual decisions of the Company’s Executive Committee, where transactions for an amount of over1 million rubles are made within the limits of the reserve approved by the Company’s Supervisory Board upon the approval of the budget for charitable and sponsor assistance, and other types of gratuitous transactions within ALROSA’s Consolidated Budget for the current year, in the following cases:

* if there is an urgent need;
* to secure the rights and protect the Company’s interests;
* to prevent and (or) liquidate emergency or other circumstances that may have a significant adverse effect on the Company’s activities;
* to fulfill socially significant tasks in the territory

of production activities;

* in cases where an agreement is to be made that will include information constituting a commercial secret;
* in the event of a change of the Beneficiary or the Sponsored under a project or target purpose the financing of which is agreed in the List of ALROSA’s gratuitous transactions and sponsorship agreements within ALROSA’s consolidated budget for the current year within the agreed limit amount for this transaction.
	1. The Charity and Sponsor Assistance Commission reviews the applications and requests received by the Company in accordance with the procedure for holding meetings and within the timelines established by the Regulations on this Commission and following their review issues recommendations to be approved by the Company’s Executive Committee. This procedure applies only if the amount of requested assistance (as stated in the application) does not exceed 1 million rubles. In cases where assistance is requested in the form of a gratuitous transfer of property, the Commission will, regardless of the amount, assess the market value of the property transferred.
	2. Transactions stipulated by the Regulations are made by the Company’s functional services in compliance with the Company’s internal regulations governing the procedure for the approval, execution, and fulfillment of agreements by the Company based on the decision made in accordance with these Regulations on their execution.
	3. The Company’s functional services responsible for charitable and sponsorship activities, and other gratuitous transactions, ensure reconciliation, formation of materials, preparation of responses to requests and applications received by the Company, and also combine all previously approved applications and requests into a consolidated list – draft budget for charitable and sponsor assistance, and other types of gratuitous transactions for the next calendar year.
	4. To eliminate corruption risks, charitable and sponsorship assistance, and other types of gratuitous transactions are considered taking into account the Company’s Anti-Bribery and Ant-Corruption Policy.

# Reporting and control of the intended expenditure of the budget for charitable and sponsor assistance, and other types of gratuitous transactions

6.1. Reports on the Company’s expenses for charitable and sponsorship assistance, and other types of gratuitous transactions are made in the manner and on the terms established by the Company’s Order on annual reporting for the respective period.

6.2. The intended expenditure of funds allocated for charitable and sponsor assistance, and other types of gratuitous transactions is daily monitored and controlled in the following manner:

6.2.1. Sponsorship is planned, organized and monitored by the Marketing and Public Relations Department;

6.2.2. Gratuitous transactions the beneficiaries of which are the authorized governmental and administration authorities of the Russian Federation, the Republic of Sakha (Yakutia) and the municipalities located in the Republic of Yakutia (Sakha), or immediately the Republic of Sakha (Yakutia) and the municipalities of the Republic of Sakha (Yakutia), as well as those located in the Republic of Sakha (Yakutia) and created by the public law entities mentioned in this clause and their subordinate organizations, are planned, organized and controlled by the Department of Social Support and Regional Development supervised by the Deputy Chief Executive Officer for Social Policy;

6.2.3. Gratuitous transactions the beneficiaries of which are third parties located or permanently residing (registered at the place of residence) in the Republic of Sakha (Yakutia) are planned, organized and controlled by the Department of Social Support and Regional Development supervised by the Deputy Chief Executive Officer for Social Policy;

6.2.4. Gratuitous transactions the beneficiaries of which are the authorized governmental and administration authorities of the Russian Federation, constituent entities of the Russian Federation and municipalities located outside the Republic of Sakha (Yakutia), or immediately the Russian Federation, constituent entities of the Russian Federation and municipalities located outside the Republic of

Sakha (Yakutia), and public law entities and organizations subordinate to them created by the entities mentioned above in this paragraph, as well as gratuitous transactions for the benefit of third parties located or permanently residing (registered at the place of residence) outside the Republic of Sakha (Yakutia), are planned, organized and supervised by the Marketing and Public Relations Department;

6.2.5. The intended expenditure of funds (at least once a year) under all transactions involving the provision of charitable or sponsor assistance, or other types of gratuitous transactions in an amount of over 10 million rubles is periodically monitored by the Internal Audit Department and the Audit Commission of the Company. Periodic selective control of all expenses may be performed by the Audit Commission, the Internal Audit Department or an independent audit organization on behalf of the Supervisory Board or the Audit Commission within the Supervisory Board.

6.3. The intended use of funds is controlled as follows:

6.3.1. The Beneficiaries are verified by the Company’s Security Service with the purpose to identify any instances of fraud or misuse of previously received charitable or sponsor assistance or funds received under other gratuitous transactions;

6.3.2. The Beneficiaries’ reports on the intended use of funds upon the provision of charitable assistance under Donation Agreements made are collected and analyzed

by the Agreement supervisor;

6.3.3. The reports of the Sponsored on the fulfillment of the Sponsorship Agreements, including information on advertising publication of information about the Sponsor and advertising opportunities for the Sponsor under the agreement, are collected and analyzed;

6.3.4. The Company’s representatives are sent to facilities and the attendance of events organized under the agreement with the purpose to verify the intended use of funds is ensured in accordance with the established procedure (sending of employees on business trips, local business trips) at the initiative of the Agreement supervisor.

6.4. If the Company’s Security Service and/or the Agreement supervisor reveals the fact of improper use by the Beneficiary / the Sponsored of charitable or sponsor assistance or funds received under other gratuitous transactions, repeated applications sent to them for consideration will not be accepted, and the money allocated or property provided is to be returned ( in the scope of their inappropriate use) in the manner prescribed by Russian laws and the relevant Donation Agreement or Sponsorship Agreement.

6.5. Following the resolution on providing charitable or sponsor assistance, or performing other gratuitous transactions, made by the Company’s Functional Services responsible for charitable and sponsorship activities, and other gratuitous transactions as per Section 5 of the Regulations, the following Agreements are to be made:

6.5.1. If charitable assistance is provided to legal entities and individuals (in cases where charitable assistance exceeds 1 million rubles), a Donation Agreement is to be signed containing the following information and terms:

6.5.1.1. Beneficiary’s name;

6.5.1.2. Purpose, size and procedure for using the Charitable Assistance (estimate);

6.5.1.3. Obligations of the Beneficiary to provide any reports and other information requested by the Company, to provide access for the Company’s representatives to the Beneficiary’s facilities and events organized and conducted by the Beneficiary within the scope of the Agreement made in order to verify the intended use of charitable assistance;

6.5.1.4. The Beneficiary’s obligations to provide the Company with a report on the intended use of the Charitable Assistance within the timeframe and with the frequency agreed upon in the Donation Agreement; the report on the intended use shall contain copies of financial documents confirming the intended expenditure, including: copies of contracts, invoices, payment orders, service acceptance acts, consignment notes, photo reports);

6.5.1.5. The Beneficiary’s obligation to return the funds (property) received from the Company in case of failure to fulfill the obligations stated in Clause 6.5.1.4 of these Regulations or in case of misuse of the assistance in the amount of such misuse;

6.5.2. If sponsor assistance is provided to legal entities, a Sponsorship Agreement is to be made containing the following information and terms:

6.5.2.1. The name of the Sponsored, it being understood that the Sponsored acts as an Advertising Distributor under the Agreement;

6.5.2.2. A description of the sponsorship package, including the format, volume, schedule and targeted program of the advertising provided;

6.5.2.3. The amount of sponsor assistance;

6.5.2.4. The obligation of the Sponsored to provide reports on the fulfillment of obligations to place the Sponsor’s promotional materials within the timeframe and with the frequency agreed upon in the Sponsorship Agreement (including photo, video, audio and other documentary reports), and on the effectiveness of the use of sponsorship funds, to provide access for the Company’s representatives to the Sponsored facilities and events organized and conducted by the Sponsored under the Agreement to check the intended use of the Sponsorship Assistance;

6.5.2.5. The obligation of the Sponsored to return the funds received from the Company in case of failure to fulfill the obligations stated in Clause 6.5.2.4 of these Regulations or in case of misuse of the assistance in the amount of such misuse;

6.5.3. If it is necessary to make another gratuitous transaction, an agreement is made that will set forth the objectives of such a transaction and will most fully specify its terms.

# Information and image support of charitable and sponsorship activities

7.1. The Company’s charitable and sponsorship activities are publicized by disclosing information in the Company’s annual reports and placing this information on the Company’s website.

7.2. For each project financed by the Company within the scope of its sponsorship and charitable activities, communication support in the media is developed and implemented with the purpose to promote the Company’s image and products.

7.3. The Company may inform the public through mass media of the goals of its charitable and sponsorship activities, as well as about the Beneficiaries and the Sponsored persons.

# Final provisions

8.1. These Regulations are approved by the resolution of the Company’s Supervisory Board and takes effect on the date of its approval.

8.2. These Regulations may be modified or amended under the same procedure as they are approved.