



API Voting Recommendations for Extraordinary General Meeting

Company:	PJSC ALROSA / ALRS
Meeting date:	October 22, 2018
Record date:	August 30, 2018

Company Overview

ALROSA is a Russian group of diamond mining companies, the global leader in rough diamond mining, with the world's largest rough diamond reserves. The Group's activity is concentrated in two Russian regions (the Sakha Republic / Yakutia and Arkhangelsk region) and in the African continent.

The Group mainly derives revenues from sales of gem-quality rough diamonds, mostly under long-term framework contracts, to Russian and foreign companies processing diamonds for further use in the jewelry industry.

The authorized capital of ALROSA consists of 7,364,965,630 ordinary registered shares with a face value of 50 kopecks (RUB 0.5) each.

According to the corporate website, the Company's shareholding structure is as follows:

Russia's Federal Agency for State Property Management (Rosimushchestvo), on behalf of the Russian Federation: 33.0256%;

Ministry of Property and Land Relations of the Sakha Republic (Yakutia), on behalf of the Sakha Republic (Yakutia): 25.0002%;

other legal entities and individuals (free float): 33.9739%;

local government bodies of the eight districts (uluses) of the Sakha Republic (Yakutia) in which the joint-stock company is currently operating: 8.0003%.

No.	EGM agenda item	API recommendation
1.	Early termination of powers of the Supervisory Board of PJSC ALROSA	FOR
2.	Election of members of the Supervisory Board of PJSC ALROSA	API recommends voting FOR Maria Gordon and Oleg Fedorov (independent directors)*

* The API recommends that the shareholders vote FOR the independent directors Maria Gordon and Oleg Fedorov nominated by institutional investors and supported by API members investing both in Russia and globally. If the API-backed candidates are elected, the Company will have 3 independent directors, including 1 independent director elected by the votes carried by the stake of the Russian Federation.

In-depth review of the Extraordinary General Meeting agenda:

1.	EGM agenda item	API recommendation
	Early termination of powers of the Supervisory Board of PJSC ALROSA	FOR

AGENDA ITEM 1 DETAILS:

Given the high significance of PJSC ALROSA for the Sakha Republic (Yakutia), the local government is attentive to the number and personalities of its representatives on the Supervisory Board of the Company. The proposal for the shareholders to re-elect the Supervisory Board was motivated by the recent changes in the Government of Yakutia as a result of Mr. Borisov's resignation as Head of the Republic followed by the election of a new Head of the Republic won by Aisen Nikolaev, one of the candidates to the Supervisory Board.

DRAFT RESOLUTION ON AGENDA ITEM 1:

Terminate the powers of the Supervisory Board of PJSC ALROSA ahead of time.

2.	EGM agenda item	API recommendation
	Election of members of the Supervisory Board of PJSC ALROSA	API recommends voting FOR Maria Gordon and Oleg Fedorov (API-supported independent directors)

AGENDA ITEM 2 DETAILS:

According to the Company's Articles of Association, the Supervisory Board consists of 15 members. The shareholders have nominated 16 candidates, 12 of them being current Board members (italicized below). Two of the four other candidates (Galina Makarova, Leonid Petukhov) were nominated as candidates to the Board at the 2018 Annual General Meeting but failed to win the required number of votes.

Both candidates supported by the API meet the applicable director independence criteria. They are highly skilled professionals with extensive experience of serving on the Boards of Directors of Russian companies and current members of the Company's Supervisory Board.

No.	Name	Candidate office / position (at the primary place of employment)**	Nomianted by / equity stake	Years on the Board	Status
1.	<i>Nikolay Alexandrov</i>	<i>Deputy Head of the "Suntarsky ulus (district)" municipality of the Sakha Republic (Yakutia)</i>	<i>Governments of the municipalities of the Sakha Republic (Yakutia): "Verkhnevilyuysky ulus (district)", "Nyurbinsky district" and "Suntarsky ulus (district)" / 2.9997</i>	4 months	<i>Non-executive director</i>
2.	<i>Maria Gordon</i>	<i>Senior independent director, PJSC ALROSA; independent director, Polyus Gold; independent director, Moscow Exchange</i>	<i>East Capital, Genesis Asset Managers, LLP, Prosperity Capital Management/2.72035</i>	3 + 4 months	<i>Independent director</i>
3.	<i>Evgenia Grigorieva</i>	<i>Minister of Property and Land Relations of the</i>	<i>Ministry of Property and Land Relations of the Sakha</i>	3 + 4 months	<i>Non-executive director</i>

		<i>Sakha Republic (Yakutia)</i>	<i>Republic (Yakutia) / 25.0002</i>		
4.	<i>Kirill Dmitriev</i>	<i>CEO, JSC RDIF Management Company</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>1 + 4 months</i>	<i>Non-executive director</i>
5.	<i>Ilya Yelizarov</i>	<i>Assistant to Head of Rosimushchestvo</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>4 months</i>	<i>Non-executive director</i>
6.	<i>Sergey Ivanov</i>	<i>CEO, Chairman of the Executive Committee, PJSC ALROSA</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>1 + 4 months</i>	<i>Executive director</i>
7.	<i>Dmitry Konov</i>	<i>Chairman of the Management Board, PJSC SIBUR Holding</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>1 + 4 months</i>	<i>Independent director***</i>
8.	<i>Galina Makarova</i>	No data available	<i>Ministry of Property and Land Relations of the Sakha Republic (Yakutia) / 25.0002</i>	<i>3</i>	<i>Independent director**</i>
9.	<i>Sergey Mestnikov</i>	<i>CEO, Non-profit organization "Special Purpose Fund for Future Generations of the Sakha Republic (Yakutia)"</i>	<i>Ministry of Property and Land Relations of the Sakha Republic (Yakutia) / 25.0002</i>	<i>3 + 4 months</i>	<i>Non-executive director</i>
10.	<i>Alexey Moiseev</i>	<i>Deputy Minister of Finance of the Russian Federation</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>4 months</i>	<i>Non-executive director</i>
11.	<i>Aisen Nikolaev</i>	<i>Head of the Sakha Republic (Yakutia)</i>	<i>Ministry of Property and Land Relations of the Sakha Republic (Yakutia) / 25.0002</i>	<i>0</i>	<i>Non-executive director</i>
12.	<i>Leonid Petukhov</i>	<i>General Director, autonomous nonprofit organization Far East Investment and Export Agency</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>0</i>	<i>Non-executive director</i>
13.	<i>Anton Siluanov</i>	<i>Minister of Finance of the Russian Federation</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>3 + 4 months</i>	<i>Non-executive director</i>
14.	<i>Vladimir Solodov</i>	<i>Chairman of the Government of the Sakha Republic (Yakutia)</i>	<i>Ministry of Property and Land Relations of the Sakha Republic (Yakutia) / 25.0002</i>	<i>0</i>	<i>Non-executive director</i>
15.	<i>Oleg Fedorov*</i>	<i>Independent director, PJSC ALROSA</i>	<i>East Capital, Genesis Asset Managers, LLP, Prosperity Capital Management/2.72035</i>	<i>5 + 4 months</i>	<i>Independent director</i>
16.	<i>Alexey Chekunkov</i>	<i>General Director, Far East and Baikal Region Development Fund JSC</i>	<i>The Russian Federation represented by Rosimushchestvo / 33.0256</i>	<i>3 + 4 months</i>	<i>Non-executive director</i>

Members of the Supervisory Board are elected by cumulative voting.

*The API officially supports this candidate at the EGM.

** The candidate is independent according to the Company's data, but the API tends to believe that the candidate should qualify as a non-executive director as she is the Sakha Republic's permanent representative to St. Petersburg subject to appointment by the Head of the Republic, according to the official website of the Sakha Republic.

*** According to the API, Dmitry Konov is indeed an independent director, but he is guaranteed to have a seat on the Supervisory Board, given that he will be elected by the state's votes pursuant to the Government's instruction. Therefore, we encourage shareholders to refrain from voting for this candidate so as to avoid dispersing shareholders' votes cast for the API-backed candidates. By voting for Dmitry Konov, minority shareholders would actually reduce the other independent directors' chances and increase the likelihood of election for non-executive directors supported

by the majority shareholder.

Details on the API's engagement with independent directors are provided on the official API website:

<http://api-russia.org>.

All independent directors supported by the API are open to direct contact with shareholders; please [contact us](#) for further information.

DRAFT RESOLUTION ON AGENDA ITEM 2:

Elect candidates from the following list as members of the Supervisory Board of PJSC ALROSA:

1. Nikolay Alexandrov;
2. Maria Gordon;
3. Evgenia Grigorieva;
4. Kirill Dmitriev;
5. Ilya Yelizarov;
6. Sergey Ivanov;
7. Dmitry Konov;
8. Galina Makarova;
9. Sergey Mestnikov;
10. Alexey Moiseev;
11. Aisen Nikolaev;
12. Leonid Petukhov;
13. Anton Siluanov;
14. Vladimir Solodov;
15. Oleg Fedorov;
16. Alexey Chekunkov.

For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: maksimov@api-russia.org.