Explanatory Note to
Item 6 of the Agenda of
The Annual General Meeting of
Shareholders

Calculation of the remuneration to the members of the Supervisory Board is conducted in accordance with the Regulations on Remuneration to Members of the Supervisory Board of PJSC ALROSA.

The Regulations on Remuneration to Members of the Supervisory Board of PJSC ALROSA stipulate that the remuneration (basic remuneration and premium) is not paid:

- To the chairperson and members of the Supervisory Board who are recognized as governmental or municipal officials – as per the applicable laws of the Russian Federation;
- To the chairperson and members of the Supervisory Board who are subject to statutory restriction or ban receipt of any benefits from commercial companies;
- To the members of the Supervisory Board who are at the same time the sole executive body or a member of the plural executive body of the Company.

Thus, according to the Regulations, the remuneration (basic and premium) may be paid only to professional attorneys and independent directors – members of the Company's Supervisory Board.

The remuneration of each member of the Supervisory Board for participation therein is calculated based on the total number of meetings of the Supervisory Board held during the previous corporate year as of March 31 this year, and the number of meetings of the Supervisory Board attended by such member.

For corporate year 2017-2018, the following professional attorneys and independent directors have been elected to the Company's Supervisory Board:

1. Maria Vladimirovna Gordon, Chief Emerging Markets Equity Portfolio Manager at Pacific Investment Management Co. (PIMCO) until 2014;
2. Kirill Alexandrovich Dmitriev – Chief Executive Officer of JSC Russian Direct Investment Fund Managing Company;
3. Dmitry Vladimirovich Konov – Chairman of the Executive Committee of PJSC SIBUR Hoding;
4. Valentina Ivanovna Lemesheva – Chair of the State Committee for Pricing Policy – Regional Energy Commission of the Republic of Sakha (Yakutia) until 2014;
5. Sergey Vasilyevich Mestnikov – Chief Executive Officer of Special Purpose Fund for Future Generations of the Republic of Sakha (Yakutia);
6. Oleg Romanovich Fedorov – Adviser to the Head of the Federal Agency for State Property Management, until 2014;
7. Alexey Olegovich Chekunkov – Chief Executive Officer of the Far East and Baikal Region Development Fund.

Given the framework for the members' involvement in the Supervisory Board activities as well as their additional responsibilities related to the chairmanship of the Supervisory Board and the chairmanship of its committees, the total remuneration is RUB 43,350,000.00.

On March 11, 2018, the HR and Remunerations Committee under the Supervisory Board preliminary considered the issue and recommended the Supervisory Board approve it. On April 28, 2018, the Supervisory Board recommended the Annual General Meeting of Shareholders to pay remuneration for work in the Supervisory Board of PJSC ALROSA to members of the Supervisory Board – non-public servants for 2017-2018 corporate period (year) in the amount and due course established in accordance with the Regulations on Remuneration to Members of the Supervisory Board of PJSC ALROSA.