

Explanatory Note to Item 7 on the Agenda of the Annual General Meeting of Shareholders of PJSC ALROSA

The remuneration to the members of the Company's Audit Committee is paid on the ground of a decision of the General Meeting of Shareholders. The amount of remuneration paid is recommended by the Supervisory Board and determined by a decision of the General Meeting of Shareholders.

According to the Regulations on Remuneration and Compensation to Members of the Audit Committee of PJSC ALROSA, the remuneration may be paid to members of the Audit Committee for participation in the work of the Audit Committee and performance of additional duties related to chairing the Audit Committee.

The remuneration shall not be paid to the chairperson and members of the Audit Committee who are government or municipal officials under the applicable laws of the Russian Federation and to the chairperson and members of the Audit Committee payments to whom by commercial entities are limited or banned by the applicable laws.

In corporate year 2018-2019, the Audit Committee of the Company consists of 5 elected members, 4 of them are governmental officials.

Thus, Pozdnyakov Konstantin Konstantinovich has a right to receive a remuneration for his work as a member of the Audit Committee.

The actual amount of remuneration for each member of the Audit Committee shall be calculated by the chairperson of the Audit Committee and shall be considered preliminarily at the meeting of the Supervisory Board.

Considering the structure of involvement of the member of the Audit Committee in its work, the total amount of remuneration is RUB 1,297,725.00.

On April 15, 2019, the HR and Remunerations Committee under the Supervisory Board considered this matter preliminarily and recommended to the Supervisory Board to approve it. On April 30, 2019, the Supervisory Board recommended to the General Meeting of Shareholders to adopt a decision on the payment of remuneration for the work in the PJSC ALROSA Audit Committee to the members of the Supervisory Board who are not public officials for corporate year 2018-2019 in the amount and in the manner determined under the Regulations on Remuneration and Compensation to Members of the Audit Committee of PJSC ALROSA.