

## **Explanatory Note to Item 6 on the Agenda of the Annual General Meeting of Shareholders of PJSC ALROSA**

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

The Regulations on Remuneration to Members of the PJSC ALROSA Supervisory Board stipulate that the remuneration (basic remuneration and premium) shall not be 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;
- the chairperson and members of the Supervisory Board holding a public office of the Russian Federation, public office of a constituent entity of the Russian Federation, a municipal office, an office with a state service of a constituent entity of the Russian Federation or an office with a municipal service (hereinafter referred to as the public offices and the state service offices);
- members of the Supervisory Board who are at the same time the sole executive body or a member of the collective 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 that are members of the Company's Supervisory Board.

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

The remuneration shall be paid for the participation in the work of the Supervisory Board (basic remuneration) and for discharging additional duties in connection with presidency and/or membership with the Supervisory Board committees (premium).

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 a member.

A premium for the membership and/or presidency with committees under the Supervisory Board shall be calculated separately for each committee. The amount of a premium payable to each member of a committee for the membership and/or presidency with committees under the Supervisory Board is calculated based on the total number of meetings of the Committee held

during the previous corporate year as of March 31 this year, and the number of meetings of the Committee attended by such a member.

In corporate year 2018-2019, considering the change in the composition of the Supervisory Board under the decision of the Extraordinary General Meeting of Shareholders dated October 22, 2018, the Supervisory Board consisted of the following professional attorneys and independent directors to whom the remuneration shall be paid:

1. Borisov Yegor Afanasyevich;
2. Gordon Maria Vladimirovna;
3. Dmitriev Kirill Alexandrovich;
4. Konov Dmitry Vladimirovich;
5. Lemesheva Valentina Ivanovna;
6. Makarova Galina Maratovna;
7. Mestnikov Sergey Vasilyevich;
8. Fedorov Oleg Romanovich;
9. Chekunkov Alexey Olegovich;
10. Chekin Evgeny Alexeevich.

Given the structure of the members' involvement in the Supervisory Board's activities as well as their additional duties related to the management of the Supervisory Board's committees and membership therein, the total remuneration is RUB 60,067,895.00.

On April 15, 2019, the Personnel 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 Supervisory Board 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 to Members of the PJSC ALROSA Supervisory Board.