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by the General Meeting of  
Shareholders  
of OJSC ALROSA  
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Minutes No. 27

with amendments and modifications  
approved by the General Meeting of  
Shareholders of OJSC ALROSA on  
20 December 2013  
Minutes No. 31

## REGULATIONS

on Remuneration to Members of the Supervisory Board of OJSC ALROSA

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The Regulations on Remuneration to Members of the Supervisory Board of OJSC ALROSA (hereinafter referred to as the Regulations) have been developed in compliance with the Federal Law On Joint-Stock Companies dated 26.12.1995 No. 208-FZ, regulatory acts of the Russian Federation, Articles of Association of OJSC ALROSA (hereinafter referred to as the Company), and the recommendations of the Federal Agency for the State Property Management under the Russian Ministry for Economic Development.

These Regulations determine the size, terms and procedures of remuneration to Members of the Supervisory Board of the Company.

## 1. General Provisions

1.1. The Supervisory Board Members of the Company may be paid remuneration (hereinafter the Remuneration) for:

- participation in the work of the Supervisory Board (base remuneration),
- execution of additional duties connected with the chairmanship of the Supervisory Board and its committees (premium).

No other remuneration or compensation (of transportation, accommodation or other costs) connected with the execution of a Supervisory Board Member's duties shall be payable.

1.2. No base remuneration or premium shall be payable to:

- the Chairman and Members of the Supervisory Board possessing the status of a state or municipal officer under the effective laws of the Russian Federation;
- the Chairman and Members of the Supervisory Board, for whom any limitations or ban are imposed by the effective laws with respect to any remuneration from commercial entities;
- Members of the Supervisory Board, simultaneously holding the positions of a sole executive body or a member of a collective executive body of the Company.

1.3. Any remuneration shall be paid in compliance with a relevant resolution of the General Meeting of the Company's Shareholders. The amount of the remuneration to be paid shall be determined by a resolution of the General Meeting of the Company's Shareholders.

The General Meeting of Shareholders shall consider the remuneration as a separate item on the agenda of an Annual General Meeting of the Company's Shareholders.

1.4. The total sum of planned remuneration to the Supervisory Board Members, whose forecast amount shall be calculated by the Company's Department of Economics, HR Organization and Management in compliance with these Regulations, shall be included into the Company's Annual Work Plan and Budget in accordance with the Company's Accounting Policy and other internal regulations.

1.5. The total sum of remuneration (including possible premium for additional duties) payable to the Supervisory Board Members shall not exceed 10% of the Company's net profit.

Should the total sum of remuneration payable to the Supervisory Board Members entitled to such remuneration, calculated in compliance with with Section 2 hereof, exceed 10% of the Company's net profit for a reporting period, each Supervisory Board Member's remuneration including any possible premium shall be proportionally decreased.

1.6. In case the President and the Government of the Russian Federation issue relevant instructions causing the Supervisory Board to adopt relevant resolutions, the actual amount of remuneration payable to the Supervisory Board Members may be changed respectively.

1.7. Any remuneration under these Regulations shall be funded from the Company's net (distributable) profit.

Should no net (distributable) profit be available to the Company, no remuneration to the Supervisory Board members shall be calculated or paid.

1.8. Any information concerning the remuneration paid to the Supervisory Board Members under these Regulations shall be disclosed by the Company when so stipulated by the laws of the Russian Federation.

## 2. Remuneration to Supervisory Board Members

2.1. Remuneration to Supervisory Board Members shall be payable based on the results of their work for the period from the moment of their election to the Supervisory Board to the moment of election of the next Supervisory Board (hereinafter the Corporate Year).

Should the Supervisory Board Members be re-elected by an Extraordinary General Meeting of Shareholders, the amount of the remuneration payable to any newly elected (retired) Member of the Supervisory Board shall be calculated in proportion to the time spent in office within the Corporate Year.

2.2. Remuneration for participation in the work of the Supervisory Board (base remuneration).

2.2.1. The amount of the remuneration for participation in the work of the Supervisory Board payable to each Supervisory Board Member shall be calculated with account for the total number of the Supervisory Board meetings held during the previous Corporate Year, as of 31 March of the current year, and the number of the meetings attended by a respective Supervisory Board Member, in accordance with the formula as follows:

$$S(1) = S_{\text{base}} * \frac{\sum n_i}{m}$$

where:

S(1) is the size of remuneration for participation in the work of the Supervisory Board;

S<sub>base</sub> is the base remuneration calculated in the order indicated in article 2.2.2 hereof;

∑ n<sub>i</sub> is the number of the Supervisory Board meetings held within the Corporate Year, as of 31 March of the current year, attended by a respective Supervisory Board Member. Whereas:

n<sub>i</sub> = 1, if a Supervisory Board Member attended the Supervisory Board meeting where personal attendance was required or submitted filled out questionnaires on the items on the agenda of the Supervisory Board meeting held in the form of a vote by correspondence, by the date of such meeting;

n<sub>i</sub> = 0,5, if a Supervisory Board member failed to attend the Supervisory Board meeting where personal attendance was required, submitting, however, a written opinion on the items on the agenda;

n<sub>i</sub> = 0, if a Supervisory Board member failed to attend the Supervisory Board meeting where personal attendance was required, failed to submit a written opinion on the items on the agenda and filled out questionnaires on the items on the agenda of the Supervisory Board meeting held in the form of an absentee voting, by the date of such meeting;

m is the total number of the Supervisory Board meetings (irrespective of their form) held within the Corporate Year, as of 31 March of the current year, or within the period spent in the office during the Corporate Year (for newly elected (retired) Supervisory Board members).

2.2.2. The size of the base part of the base remuneration (S<sub>base</sub>) shall be fixed based on the Company's gross income for a financial year, and shall be:

Income	S <sub>base</sub>
over RUB 200 bn	RUB 6 mln
over RUB 30 bn	RUB 4 mln
over RUB 10 bn	RUB 2 mln

2.2.3. No remuneration for the participation in work of the Supervisory Board shall be payable to the Supervisory Board Member who failed to attend more than 50% of the total number of the meetings held within the Corporate Year, as of 31 March of the current year.

2.3. Increment for execution of additional duties connected with the chairmanship of the Supervisory Board and its committees.

2.3.1. In addition to the remuneration stipulated by Clause 2.2 hereof, premium S(2) shall be fixed equal to:

- 50% of S(1) to a chairman of the Supervisory Board;
- 20% of S(1) to a chairman of a Supervisory Board committee.

2.3.2 The premium for chairmanship in the Supervisory Board shall not be paid if:

- less than three Supervisory Board meetings were held within one Corporate Year;
- the Chairman of the Supervisory Board failed to attend more than 50% of the Supervisory Board meetings (including absentee voting) held during a Corporate year or the period in office within the Corporate Year (for newly elected (retired) Chairmen of the Supervisory Board).

2.3.3. The premium for chairmanship in the Supervisory Board committees shall only be paid upon approval of a relevant committee's Corporate Year Report by a Supervisory Board meeting prior to the Annual General Meeting of Shareholders.

2.3.4. The premium for chairmanship in the Supervisory Board committees shall not be paid if:

- less than three meetings of a relevant Supervisory Board committee were held within one Corporate Year;
- a Supervisory Board member failed to attend more than 50% of the Supervisory Board meetings (including vote both in person and by correspondence) held during a Corporate year or the period in office within the Corporate Year (for newly elected (retired) Members of the Supervisory Board).

2.4. The total amount of remuneration payable to a Supervisory Board Member shall be calculated as follows:

$$S_{\text{TOTAL}} = S(1) + S(2)$$

where:

S<sub>TOTAL</sub> is the total amount of remuneration payable to a Supervisory Board Member;

S(1) is the size of remuneration for participation in the work of the Supervisory Board under Article 2.2 hereof;

S(2) is the premium for execution of additional duties calculated in compliance with Article 2.3.1 hereof.

2.5. Calculation of the remuneration recommended to be paid to a Supervisory Board Member shall be carried out by the Company's Department of Economics, HR Organization and Management in compliance with relevant instructions of the Company's President (CEO). The calculations shall be made in compliance with the provisions hereof, on the basis of:

- statements, extracts from the Supervisory Board minutes and other documents submitted by the Secretary of the Supervisory Board;
- statements, extracts from the minutes of the Supervisory Board Committees and other documents submitted by the Secretary of a relevant committee.

2.5.1. In order to calculate the sum of remuneration payable to a Supervisory Board Member for execution of responsibilities of a Supervisory Board Member, the Secretary of the Supervisory Board shall send the following documents to the President (CEO) of the Company:

- a certificate stating the number of the meetings held (absentee voting) of each Supervisory Board Committee and attendance of each Supervisory Board Member thereto, as of 31 March of the current year;
- information about written opinions on the items under consideration submitted by the Supervisory Board Members (for the meetings, at which personal attendance was required), as of 31 March of the current year.

The certificate shall be signed by the Secretary of the Supervisory Board and submitted to the President (CEO) of the Company not later than 30 business days before the Annual General Meeting of Shareholders, whose agenda contains the item concerning the remuneration to Supervisory Board Members.

2.5.2. In order to calculate the sum of remuneration payable to a Supervisory Board Member for execution of additional responsibilities, the Secretary of the Supervisory Board Committee shall send the following documents to the President (CEO) of the Company:

– a certificate stating the number of the meetings held (absentee voting) of each Supervisory Board Committee and acting of a Supervisory Board Member as the Chairman of a relevant committee, as of 31 March of the current year.

The certificate shall be signed by the Secretary of a relevant Supervisory Board Committee and submitted to the President (CEO) of the Company not later than 30 business days before the Annual General Meeting of Shareholders, whose agenda contains the item concerning the remuneration to Supervisory Board Members.

2.5.3. Any meetings of the Supervisory Board or Committees thereunder held after 31 March of the current year shall not be taken into account in calculation of the remuneration payable for the relevant Corporate Year.

### 3. Remuneration Procedure

3.1. The decision on the remuneration to Supervisory Board Members shall be made by the General Meeting of Shareholders.

3.2. The remuneration under Section 2 hereof shall be paid within 30 days after the Annual General Meeting of the Company's Shareholders that makes a decision on the remuneration to Supervisory Board Members.

3.3. The remuneration under these Regulations shall be paid by transfer of the relevant amounts to the Supervisory Board Members' private bank accounts (by a bank transfer).

3.4. In compliance with the taxation laws of the Russian Federation, the Company's Accounting Department shall calculate, withdraw and pay personal income tax, as well as any other similar taxes arising from the remuneration paid to a Supervisory Board Member.

3.5. A Supervisory Board Member may refuse any remuneration hereunder or a part thereof, by sending a relevant notice to the President (CEO) of the Company.

### 4. Final Provisions

4.1. These Regulations and any modifications and amendments hereto shall come into effect from the date of their approval by the General Meeting of the Company's Shareholders.

4.2. These Regulations shall apply to any relations arising since the date of the Annual General Meeting of Shareholders held in 2009 (i.e. from 20 June 2009) and the provisions hereof shall apply to calculation of the base remuneration and premium to the Supervisory Board Members elected on 20 June 2009, and thereafter.

4.3. Should any provisions of these Regulations come into a conflict with the laws of the Russian Federation and/or the Company's Charter, they shall become invalid, and the relevant provisions of the laws of the Russian Federation and/or the Company's Charter shall apply. Invalidity of any individual provisions hereof shall not invalidate any other provisions or these Regulations as a whole.