

APPROVED

By the Resolution of the Extraordinary General  
Meeting of Shareholders of PJSC ALROSA  
Minutes No. 36 of January 15, 2018

## **REGULATIONS**

### **on Remuneration to Members of the Supervisory Board of PJSC ALROSA (New Version)**

2018

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These Regulations On Remuneration to Members of the Supervisory Board of PJSC ALROSA (hereinafter – the Regulations) have been developed in accordance with the Federal Law On Joint Stock Companies of December 26, 1995, No. 208-FZ, standard acts of the Russian Federation, Articles of Association of PJSC ALROSA (hereinafter – the Company), and recommendations of the Federal Agency for State Property Management of the Ministry of Economic Development of Russia.

These Regulations shall determine the size, terms and procedure of paying remuneration to members of the Supervisory Board of the Company.

## 1. General Provisions

1.1. Remuneration to members of the Supervisory Board of the Company (hereinafter – the remuneration) can be paid for:

- involvement in the Supervisory Board activities (base remuneration),
- additional duties connected with the chairmanship of the Supervisory Board, and the chairmanship of and (or) membership in its committees (premium).

Members of the Supervisory Board shall also receive compensation of the following expenses connected with the execution of duties of a Supervisory Board member:

- travel costs;
- accommodation expenses;
- expenses for the services related to ensuring technical conditions for the participation in meetings of the Supervisory Board and/or the Supervisory Board committees held through videoconferencing or using other technical communications.

No other remuneration or compensation connected with the execution of a Supervisory Board member's duties shall be payable.

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

- the Chairman and members of the Supervisory Board under the applicable laws of the Russian Federation, when these persons are considered to be public officials or municipal servants;
- the Chairman and members of the Supervisory Board replacing the public post of the Russian Federation, the public post of the constituent entity of the Russian Federation, municipal post or replacing the post of the federal public service, the public service of the constituent entity of the Russian Federation or the post of municipal service (hereinafter – public posts and public positions);

– Members of the Supervisory Board, simultaneously holding the positions of the sole executive body or a member of the 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 the Annual General Meeting of the Company's Shareholders.

1.4. The total sum of planned remuneration to the Supervisory Board members, which forecast amount is 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 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 the 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.

If a member of the Supervisory Board in the period of work in the Supervisory Board in the current Corporate Year replaced a public post or public position, the period when such member of the Supervisory Board did not replace the said posts and positions shall be accounted for the purpose of calculation of the remuneration to such member of the Supervisory Board.

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 March 31 of the current year, and the number of meetings attended by a respective Supervisory Board member, in accordance with the formula as follows:

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

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 as indicated in Clause 2.2.2 hereof;

$\sum n_i$  is the number of the Supervisory Board meetings held within the Corporate Year, as of March 31 of the current year, attended by a respective Supervisory Board member. Whereas:

$n_i = 1$ , if a Supervisory Board member attended the Supervisory Board meeting where personal attendance was required or submitted filled out questionnaires on the items of the agenda of the Supervisory Board meeting held in the form of absentee voting, by the date of such meeting;

$n_i = 0.5$ , 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 of the agenda;

$n_i = 0$ , 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 of the agenda and filled out questionnaires on the items of the agenda of the Supervisory Board meeting held in the form of absentee voting, by the date of such meeting;

$\sum n_g$  is the number of the Supervisory Board meetings held during the Corporate Year, as of March 31 of the current year, in which a relevant member of the Supervisory Board participated in the period of replacing a public post or public position.

Whereas:

$n_g = 1$ , if a member of the Supervisory Board, in the period of replacing a public post or public position, attended a Supervisory Board meeting where personal attendance was required or submitted filled out questionnaires on the items of the agenda of the Supervisory Board meeting held in the form of absentee voting, by the date of such meeting;

$n_g = 0.5$ , if a member of the Supervisory Board, in the period of replacing a public post or public position, failed to attend a Supervisory Board meeting where personal attendance was required, submitting, however, a written opinion on the items of the agenda;

$n_g = 0$ , if a Supervisory Board member, in the period of replacing a public post or public position, failed to attend the Supervisory Board meeting where personal attendance was required, failed to submit a written opinion on the items of the agenda and filled out questionnaires on the items of the agenda of the Supervisory Board meeting held in the form of absentee voting, by the date of such meeting;

$\Sigma n_g = 0$ , if during the Corporate Year a member of the Supervisory Board did not replace a public post or public position, or the Company has no such information at the end of the Corporate Year;

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

2.2.2. The amount of the base part of the principal remuneration ( $S_{base}$ ) shall be fixed based on the income calculated on the basis of the consolidated financial statements under the International Financial Reporting Standards and shall be:

| Income          | Sbase     |
|-----------------|-----------|
| 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 March 31 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 absentee voting) 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:

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

where:

$S_{TOTAL}$  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 Clause 2.2 hereof;

S(2) is the premium for execution of additional duties calculated in compliance with Clause 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 Chief Executive Officer – Chairman of the Executive Committee. The calculations shall be made in compliance with the provisions hereof, on the basis of:

- certificates, extracts from the Supervisory Board minutes and other documents submitted by the Secretary of the Supervisory Board;
- certificates, 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 Chief Executive Officer – Chairman of the Executive Committee of the Company:

- a certificate stating the number of the meetings (absentee voting) held by the Supervisory Board and attendance of each Supervisory Board member thereto, as of March 31 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 March 31 of the current year;
- information about the periods within the Corporate Year when Supervisory Board members replaced public posts or public positions.

The certificate shall be signed by the Secretary of the Supervisory Board and submitted to the Chief Executive Officer – Chairman of the Executive Committee of the Company no later than 30 business days before the Annual General Meeting of Shareholders, which 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, Secretaries of the Supervisory Board Committees shall send the following documents to the Chief Executive Officer – Chairman of the Executive Committee of the Company:

- a certificate stating the number of the meetings (absentee voting) held by each Supervisory Board Committee and acting of a Supervisory Board member as the chairman of a relevant committee, as of March 31 of the current year.

The certificate shall be signed by the Secretary of a relevant Supervisory Board Committee and submitted to the Chief Executive Officer – Chairman of the Executive Committee of the Company no later than 30 business days before the Annual General Meeting of Shareholders, which agenda contains the item on the remuneration to Supervisory Board members.

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

### 3. Procedure of Payment of Remuneration and Compensations

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 Shareholders of the Company 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 account (by a bank transfer).

3.4. In compliance with the tax laws of the Russian Federation, the Company's Accounting Department shall calculate, withdraw and pay personal income tax and 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 application to the Chief Executive Officer – Chairman of the Executive Committee of the Company.

3.6. In order to compensate the expenses, a Supervisory Board member shall send to the Company a written application according to form in Annex 1 hereto attaching original documents to confirm such expenses and documents required for the payment of money.

The documents confirming the expenses incurred and subject to compensation shall be submitted by the Supervisory Board member in accordance with the procedure established by the laws of the Russian Federation for the accounting of business trip expenses.

3.7. Compensations shall be paid by the Company within 30 work days from the date when the Company receives the documents stipulated by Clause 3.6 hereof.

3.8. No separate decision of the General Meeting of Shareholders on payment of the remuneration to Supervisory Board members calculated in accordance with the provisions of this Section shall be required.

#### 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 Shareholders of the Company.

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 June 20, 2009) and the provisions hereof shall apply to calculation of the base remuneration and premium to the Supervisory Board members elected on June 20, 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 Articles of Association, they shall become invalid, and the relevant provisions of the laws of the Russian Federation and/or the Company's Articles of Association shall apply. Invalidity of any individual provisions hereof shall not invalidate any other provisions or these Regulations as a whole.

To the Chief Executive Officer – Chairman of  
the Executive Committee of PJSC ALROSA

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from the member of the Supervisory Board  
of PJSC ALROSA  
(Full name of the member of the Supervisory Board)

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### Application for Compensation

I hereby request to arrange for the compensation of my expenses in the amount of RUB \_\_\_\_\_, related to the business trip, accommodation and payment for the services related to ensuring technical conditions for the participation in the meetings of the Supervisory Board and/or the Supervisory Board committees

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– travel costs – \_\_\_\_\_

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*(bank details and class of tickets purchased, amount of expenses.)*

– accommodation expenses – \_\_\_\_\_

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*(number of days, room and hotel category, amount of expenses)*

– expenses for the services related to ensuring technical conditions for the participation in the meetings of the Supervisory Board and/or the Supervisory Board committees – \_\_\_\_\_

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*(bank details of the organization that provided services, amount of expenses)*

I hereby request to pay the compensation by a transfer to the bank account (deposit) to the bank details as follows:

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Encl.:

- 1) documents confirming the expenses subject to compensation.

Date \_\_\_\_\_ /Full name/