

Approved:
by the resolution of the AGM of shareholders
of Kubanenergo PJSC on 25 May 2018
Minutes of the meeting No. 40 of 28.05.2018

Chairperson of the meeting

_____ Fadeev A.N.

**Regulations for
Payment of Remuneration and Compensation to Members of the Auditing
Commission of Kubanenergo PJSC**

(restated)

1. General provisions

1.1 The Regulations payment of remunerations and compensations to the members of the Auditing Commission of Kubanenergo PJSC (hereinafter – the Regulations) are a document of Kubanenergo PJSC (hereinafter – the Company) prepared in accordance with the Federal Law #208-FZ “On Joint-Stock Companies” of 26 December 1995, the Charter and other laws and regulations.

1.2 The Regulations shall determine the procedure for calculation and payment of remuneration and compensation to members of the Auditing Committee, statutorily required by the legislation of the Russian Federation in connection with the performance of obligations described in the Charter of the Company and the Regulations on the Auditing Commission.

1.3. The Regulations apply to the members of the Auditing Commission of the Company, who are not restricted or forbidden by the federal laws to receive any kinds of payments from commercial entities.

1.4. In case of lifting a ban or restrictions on the receipt of payments from commercial entities on the grounds statutorily required in the Russian Federation, the payment of remuneration and compensation to the members of the Auditing Commission shall be carried out starting from the date when both member of the Commission and the Auditing Commission provide a written notification on removal on a ban or restriction in accordance with the procedure designated by the Regulations.

1.5. In the event of early termination of powers and election of a member of the Auditing Commission at the Extraordinary General Meeting of Shareholders, the person shall be paid remuneration for the actual period of their activity as the member of the Auditing Commission.

1.6. Payments to the members of the Auditing Commission shall be made in Russian rubles, on the basis of application/ applications from the members of the Auditing Commission to receive such remuneration/compensation drawn up according to the form set out in the Annexes 1 and 2 to the Regulations, by transferring the funds to the bank accounts specified by the members of the Auditing Commission in the application.

2. The amount and procedure for payment of remunerations to members of the Auditing Committee.

2.1. The remuneration shall be paid to the members of the Auditing Commission of the Company by the results of the corporate year and it depends on the degree of their participation in the activity of the Committee. For the purposes of the Regulations in order to determine the amount of remuneration for members of the Auditing Committee, a corporate year means the period from the moment of

election of the members of the Auditing Commission at the General Meeting of Shareholders and until the date of the next General Meeting of Shareholders with the agenda issue “Election of members to the Auditing Commission of the Company”.

In order to calculate the remuneration for the members of the Auditing Committee, whose powers were terminated early, and who are elected at an extraordinary general meeting of shareholders, a corporate year equals to 365 days.

2.2. Remuneration of the members of the Auditing Commission shall be determined from the base portion of remuneration (R_{base}). The basic remuneration paid to a member of the Auditing Commission is established on the basis of the Company's revenue under the Russian Accounting Standards (hereinafter – RAS) per the fiscal year, according to following scale:

Group	Revenue per fiscal year	Base remuneration
1	over 200 billion rubles	150 000 rubles
2	over 30 billion rubles	135 000 rubles
3	over 10 billion rubles	120 000 rubles
4	over 1 billion rubles	105 000 rubles
5	over 600 million rubles	90 000 rubles

2.3 The actual amount of remuneration by the results of activity shall be calculated according to the following formula:

$$R_{final} = R_{base} * (m_i / m) * P_{performance} F_{actor}$$

where:

R_{final} – final amount remuneration calculated on the basis of the base remuneration;

R_{base} – the base amount of remuneration calculated on the basis of the scale specified in paragraph 2.2 hereof;

m_i – number of calendar days in a corporate year when a member of the Commission fulfilled its duties;

m – total number of calendar days in a corporate year;

$P_{performance} F_{actor}$ – personal participation of a member of the Committee.

2.3.1 The Performance factor shows the participation of a member in meetings of the Commission as well as their implementation of additional duties as a Chairperson or Secretary of the Auditing Committee.

2.3.2 The Performance factor is determined separately for each member of the Commission according to the following formula:

$$P_{performance} F_{actor} = (1 + C_{meeting} + C_{additonal duties}) * C_{inspections}$$

where:

$P_{performance} F_{actor}$ – personal participation of a member of the Committee;

C_{meeting} – coefficient of meetings attended by a member of the Committee;

$C_{\text{additional duties}}$ – coefficient of implementation of additional duties as a Chairperson or Secretary of the Auditing Committee

$C_{\text{inspections}}$ – coefficient of participation in inspections of the Auditing Committee

2.3.3 The coefficient C_{meeting} is set on the basis of number of meetings attended by a member of the Commission in a corporate year (n - meetings out of n_i), including absentee meetings:

$C_{\text{meeting}} = 0.1 * (n_i / n)$, where:

n_i and n are determined on the basis of minutes of meetings.

2.3.4 $C_{\text{additional duties}}$ - a coefficient of implementation of additional duties as a Chairperson or Secretary of the Auditing Commission shall be calculated using the following formula:

$C_{\text{additional duties/chairperson}} = 0.3 * (f_i / m)$ – for chairperson of the Auditing Committee;

$C_{\text{additional duties/secretary}} = 0.1 * (f_i / m)$ – secretary of the Auditing Committee,

where:

f_i – is the amount of days of a corporate year (from total amount m) where a secretary/chairperson fulfilled their functions; this amount is determined on the basis of minutes of meetings of the Committee.

2.3.5 $C_{\text{inspections}}$ is set by the resolution of the Chairperson on the basis of the amount of inspections wherein a Commission member took part and on the basis of the quality of work done during such inspections, the coefficient ranges from 0.000 to 1.000.

When determining the value of individual coefficients of $C_{\text{inspections}}$ it is necessary to take into account the participation of a member of the Commission in all stages of an inspection:

- preparation/planning;
- inspection;
- report on inspection;
- interaction with the Company on the results of the inspection (as well as monitoring of elimination of revealed violations).

2.3.6 Coefficient of personal participation $P_{\text{performance}} F_{\text{actor}}$ and its components are determined in the format of decimal number accurate to three decimal places.

2.3.7 Coefficient of personal participation $P_{\text{performance}} F_{\text{actor}}$ shall be set by the Chairperson of the Commission and ends the results to the Sole executive body in the form specified in Annex 1 hereof.

2.3.8 A member of the Auditing Commission shall not be paid remuneration in case he/she participated in less than half of the meetings of the Commission during the membership in the Commission (the $P_{\text{performance}} F_{\text{actor}}$ equals 0 in such case).

2.3.9. The calculation of the actual amount of remuneration for each member of the Auditing Commission shall be carried out by the Company in accordance with Appendix 24 hereof.

2.3.10. Income tax and any other taxes and fees related to the remuneration of the Commission members the Company shall determine, withhold and pay itself.

2.4. If during the corporate year a member of the Auditing Commission took an active part in additional inspections or audits on specific issues conducted by the decision of the General Meeting of Shareholders, then the Board of Directors or at the request of the shareholder(s) holding in aggregate at least 10 percent of the voting shares of the Company, the Chairperson of the Auditing Commission shall be entitled to apply to the General Meeting of Shareholders to increase the actual amount of remuneration calculated using the formula in 2.3 hereof.

2.5. The Chairperson is assigned to control the calculation of remuneration for members of the Auditing Commission of the Company, the sole executive body of the Company shall monitor the remuneration is paid out.

2.6. Remuneration shall be paid not later than 30 (thirty) calendar days after Annual General Meeting of the Company's Shareholders and the Chairperson submitted to the sole executive body the calculation the coefficient $P_{\text{performance}} F_{\text{actor}}$ of members of Audit Commission.

If the General Meeting of Shareholders decides to increase the amount of remuneration on the basis of checks carried out on the grounds set out in paragraph 2.4 hereof, the Company in the calculation of the actual remuneration of the members of the Auditing Commission takes into account the size of such increase set by the resolution of the General Meeting of Shareholders.

If the decision of the General Meeting of Shareholders to increase the size of the actual remuneration was made later than the accrual of such payment, then the Company shall pay the difference between the already paid our remuneration and the remuneration calculated taking into account the increased payment established by the General Meeting of Shareholders.

2.7. Member of the Auditing Commission of the Company has the right to refuse the remuneration and compensation provided for in the Regulations, completely or partially, by submitting an application to the sole executive body of the Company.

3. The amount and procedure of payment of compensation to members of the Auditing Commission.

3.1. Members of the Audit Commission, who are not subject to the restrictions specified in paragraph 1.3 of the Regulations, in the case of a visit to the company's venue, participation in the meetings of the Auditing Commission of the Company held at the actual location of the Company, as well as other tasks of the Auditing Commission of the Company, are paid compensations by the Company for the documented expenses related to participation in the activities of the Auditing Commission of the Company.

3.2. The amount of compensation expenses related to the participation in the meetings of the Auditing Commission and inspections shall be determined in the amount of actual expenses confirmed by the relevant documents, but shall not exceed the limit set out in section 3.4 hereof.

3.3. If the amount of the actual costs incurred by a member of the Auditing Commission exceeds the amount calculated in accordance with paragraph 3.2 hereof, the excess amount shall not be refundable.

3.4. At the request of the Auditing Commission of the Company shall acquire for the members of Auditing Commission tickets for all types of transport to the place of the business trip and back to the place of permanent employment, and provides (books, pays) hotel accommodation using the following standards:

- air ticket on economy class;
- railway transport in compartment carriage of named train, high-speed trains, economy class coach;
- regular highway transportation to the place of the trip and back within the existing in this area fares on highway transport;
- car (except taxis), by railway transport to the airport/railway station and back at the existing in the area fare (trains "Aeroexpress" to/from the airports on economy class tickets);
- accommodation in hotels no higher than 4 stars, room of category "standard".

In the absence of air or train tickets at the abovementioned fares or rooms available in hotels of established categories, the Company may buy tickets and make reservations for accommodation of a higher class.

3.5. To compensate for expenses incurred, the member of the Auditing Commission shall send to the company a written statement as specified in Annex 3 to the Regulations with the application of original documents, confirming the expenses, indicating the details of the bank account (deposit).

Documents proving the reimbursable expenses shall be provided by the Auditing Commission in the manner prescribed by RF law for accounting the travel expenses.

3.6. The payment of compensations shall be carried out by the Company within 5 business days from the date of receipt of documents specified in paragraph 3.5 hereof.

4. Final Provisions.

4.1. The Regulations shall enter into force upon the date of its approval by the General Meeting of Shareholders.

4.2. In case the Regulations contradict the law of the Russian Federation, the current RF legislation shall be applied until the Regulations are made consistent with the norms and changes are introduced by the resolution of the General Meeting of Shareholders.

Annex 1
to the Regulations for
on Payment of Remunerations and Compensations
to the members of the Auditing Commission of Kubanenergo PJSC

(sole executive body)

PJSC

(name)

from member of the Auditing Commission
(name)

Application for Payment of Remuneration

You are kindly requested to give an instruction to pay me remuneration in connection with the performance by me of duties as a member of the Auditing Commission (*name of the Company*) in the period _____.

I confirm that during the specified period I was included in list of persons that are by federal law restricted to receive any payments from commercial entities

Please make the payment of compensation by transfer of funds to the bank account (deposit) (*bank account details*).

Date _____ / full name /

Annex 2
to the Regulations for
on Payment of Remunerations and Compensations
to the members of the Auditing Commission of Kubanenergo PJSC

(sole executive body)

PJSC

(name)

from member of the Auditing Commission
(name)

Application for Payment of Compensation

You are kindly requested to give an instruction to reimburse me for expenses in the amount of _____ rubles connected with travelling and renting accommodation under (*specify the activity of the Auditing Committee*):

- travelling expenses - (tickets number, class, costs, sum of expenses);
- accommodation expenses - (hotel “_____” period from “ ” to “ ”
with total amount of _____).

Please make the payment of compensation by transfer of funds to the bank account (deposit) (*bank account details*).

Annex: Documents in support of the incurred expenses that are subject for compensation.

Date _____ / name /

Annex 3
to the Regulations
for Payment of Remunerations and Compensations
to the members of the Auditing Commission of Kubanenergo PJSC

Calculation of the coefficient of personal participation of a member of the Auditing Commission¹

Member of the Auditing Commission

coefficient	indicator	explanation
n		Number of meetings of the Commission carried out during a corporate year, including absentee voting
ni		Number of meetings attended by the Commission member
C _{meeting}		Coefficient of participation in the meetings: $C_{\text{meeting}} = 0.1 * (ni/n)$
fi		The amount of days of a corporate year (from total amount m) where a secretary/chairperson fulfilled their functions
m		Total amount of days I a corporate year
C _{addiitonal dutie}		coefficient of implementation of additional duties as a Chairperson or Secretary of the Auditing Committee: $C_{\text{addiitonal dutie/chairperson}} = 0.3 * (fi / m)$ – for chairperson of the Auditing Committee; $C_{\text{addiitonal dutie/secraterly}} = 0.1 * (fi / m)$ – secretary of the Auditing Committee,
C _{inspections}		C _{inspections} – coefficient of the amount of inspections wherein a Commission member took part: from 0.0 to 1.0. For Chairperson the C _{inspections} is 1,000
P _{erformance} F _{actor}		$P_{\text{erformance}}F_{\text{actor}} = (1 + C_{\text{meeting}} + C_{\text{addiitonal duties}}) * C_{\text{inspections}}$ A member of the Auditing Commission shall not be paid remuneration in case he/she participated in less than half of the meetings of the Commission during the membership in the Commission (the P _{erformance} F _{actor} equals 0 in such case).

Chairperson of the Auditing Commission / name /

¹ Shall be filled in by the Chairperson of the Committee on each member, including the Chairperson.

Annex 4
to the Regulations
for Payment of Remunerations and Compensations
to the members of the Auditing Commission of Kubanenergo PJSC

Calculation of actual amount of remuneration of a member of the Auditing Commission

Member of the Auditing Commission

coefficient	indicator	explanation
m		– total number of calendar days in a corporate year
mi		– number of calendar days in a corporate year when a member of the Commission fulfilled its duties
R_{base}		In accordance with paragraph 2.2
$P_{performanceFactor}$		The Performance factor is determined by the Chairperson and submitted to the Sole executive body.
R_{final}		$R_{final} = R_{base} * (mi / m) * P_{performanceFactor}$
Application on increase of final amount of remuneration by ___%		Resolution on increasing the final amount of remuneration
Total R_{final}, with regard of resolution on increase of remuneration		

Chief accountant of the Company

/ name /