

**APPROVED**  
by the resolution of  
the Annual General Meeting of Shareholders on 20.06.2019  
of Kubanenergo PJSC  
Minutes of the meeting No.42 of 20 June 2019

Chairperson of the meeting:

\_\_\_\_\_ Sergeeva O.A

**Regulations  
on Remuneration and Compensations Paid to Members of the Board of  
Directors of Kubanenergo PJSC  
(restated)**

Krasnodar  
2019

1. These Regulations on Remuneration and Compensations Paid to Members of the Board of Directors of Kubanenergo PJSC (hereinafter – the Regulations) are prepared in accordance with the Federal Law “On Joint Stock Companies” and establish the amount and procedure of payment of remuneration and compensation to the members of the Board of Directors of Kubanenergo PJSC (hereinafter –the Company).

2. Remuneration is paid in monetary assets.

3. These Regulations does not apply to members of the Board of Directors, that are also members of the collegial executive body of the Company or the sole executive body (General Director) of the Company.

4. Remuneration and compensation are not accrued and paid to Chairperson and those members of the Board of Directors in relation to whom restriction or interdiction for reception of profit from commercial organizations is stipulated by the federal laws.

5. Payment of remuneration.

5.1. Remuneration shall be paid to members of the Company’s BoD for their activity during the period from their election to the Board of Directors until the election of new members of the Board of Directors of the Company.

5.2. Remuneration shall be paid to members of the Board of Directors of the Company quarterly.

5.3. Amount of remuneration paid to each member of the Board of Directors of the Company is calculated with regard of the total number of meetings of the Board of Directors in the previous corporate year and the number of meetings in which such member of the Board of Directors takes part, using the following formula:

$$S (1) = R_{base}/4 \times 100/130 \left( \frac{n}{m} \right), \text{ where}$$

**S (1)** is the amount of remuneration paid for participation in the Board of Directors of the Company;

**Rbase** is the remuneration base amount determined in accordance with the procedure set forth in paragraph 5.4 of these Regulations;

**n** is the number of meetings of the Board of Directors (irrespective of the form of such meetings) in which the member of the Board of Directors takes part within the reporting quarter;

**m** is the total number of meetings of the Board of Directors (irrespective of the form of the meetings) within the reporting quarter.

5.4. The amount of remuneration base (Rbase) shall be based on the revenues calculated in accordance with Russian Accounting Standards and received by the Company for the last completed financial year preceding the election of the Company’s Board of Directors and is as follows:

Revenues	Rbase
over 200 billion rubles	3 000 000 rubles
over 70 billion rubles	2 700 000 rubles

over 300 billion rubles	2 200 000 rubles
over 10 billion rubles	1 600 000 rubles
over 1 billion rubles	1 000 000 rubles
over 600 million rubles	800 000 rubles
less 600 million rubles	600 000 rubles

5.5. The remuneration specified in paragraph 5.3 of the Regulations shall be paid within 30 (thirty) days after the end of the reporting quarter.

5.6. In addition to the remuneration specified in paragraph 5.3 of the Regulations, the following premiums shall apply:

- 30% of S(1) payable to the Chairperson of the Board of Directors of the Company;
- 20% of S(1) payable to the Chairperson of a specialized committee of the Board of Directors of the Company;
- 10% of S(1) payable to a member of a specialized committee of the Board of Directors of the Company.

5.7. Premiums for chairmanship and/or membership in a specialized Committee under the Board of Directors of the Company are not paid if there has not been a single meeting of the Committee in the reporting quarter.

5.8. For the purposes of the Regulations in order to determine the amount of remuneration and compensation payable to members of the Board of Directors, the reporting quarter is a regular calendar quarter (from the moment of election of the composition of the Board of Directors at the Annual General Shareholders Meeting of the Company until the next Annual General Shareholders Meeting of the Company).

5.9. The total amount of quarterly remuneration for each member of the Board of Directors specified in paragraph 5.3 hereof, including the premiums specified in paragraph 5.6 hereof, cannot exceed  $\frac{1}{4}$  of the Rbase.

5.10. No remuneration shall be paid to any member of the Board of Directors of the Company if such member fails to participate in more than 50% of the meetings held in the reporting quarter.

5.11. Any member of the Board of Directors of the Company may decline to receive the remuneration provided for in these Regulations, in full or in part, by notice thereof to the sole executive body (Director General) of the Company.

## 6. Payment of compensations.

6.1. Any member of the Board of Directors is reimbursed for expenses related to participation in meetings of the Board of Directors, a specialized Committee under the Board of Directors, and general meetings of shareholders of the Company, according to the rules of reimbursement of travel expenses established for senior managers of the Company at the time of the meeting (session)

6.2. Compensation shall be paid by the Company within 3 (three) business days after the submission of documents supporting expenses incurred.

7. Payment of remuneration is made at the expense of profits from unregulated activities.