

REMUNERATION AND COMPENSATION OF THE COMPANY'S MANAGEMENT AND CONTROL BODIES

REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS AND PAYMENT OF COMPENSATION TO THEM

In accordance with the current Regulation on the payment of remuneration and compensation to the members of the Board of Directors of Kubanenergo PJSC¹, approved by the Annual General Meeting of Shareholders (minutes No. 36 of 11.06.2015), payment of remuneration to members of the Board of Directors is made as a lump sum according to the results of work for the period from the moment of election of a candidate to the Board of Directors until the election of a new Board of Directors (for the corporate year).

Payment is made at a time within 60 days after the annual General Meeting of Shareholders of the Company.

The amount of remuneration for participation in the work of the Company's Board of Directors of each member of the Board of Directors is calculated with account for:

- the basic part of remuneration, which is set on the basis of the Company's revenue, calculated according to RAS for the financial year;
- the total number of meetings of the Board of Directors for the past corporate year and the number of meetings in which a member of the Board of Directors participated.

The following allowances are set in addition to the remuneration described above:

- 30% – to the Chairman of the Board of Directors of the Company;
- 20% – to the Chairman of the Committee of the Board of Directors;
- 10% – for membership in the Committee of the Board of Directors.

The premiums for the Chairman ship and/or membership in the committee of the Board of Directors are paid if at least three meetings of the committee of the Board of Directors were held during the corporate year.

The remuneration is not paid if a member of the Board of Directors did not attend more than 50% of the meetings of the Board of Directors that took place from the moment of his election until the termination of his powers.

Members of the Board of Directors also receive additional remuneration from the net profit in the event of an increase in the size of the Company's market capitalization throughout the Members work in the Board of Directors.

Remunerations to the Chairman and members of the Board of Directors of the Company who are persons, in which respect federal law provides for a restriction or prohibition on receiving any payments from commercial organizations, are not accrued or paid.

Kubanenergo PJSC also reimburses the members of the Board of Directors for expenses related to participation in a meeting of the Board of Directors, following the standards for travel expenses, which are in effect at the time of the meeting, organized in the Company.

The total amount of remuneration paid to members of the Board of Directors in 2018, amounted to 7,605 thousand rubles. The Company did not pay other remuneration to the members of the Board of Directors.

The expenses of members of the Board of Directors in the reporting year were not reimbursed by the Company.

The Company has no debts for remuneration and compensation to members of the Board of Directors.

1. Regulation on the payment of remuneration and compensation to the members of the Board of Directors of Kubanenergo PJSC is published on the website www.kubanenergo.ru – section 'About Us/ Constituent and internal documents'.