

# REMUNERATION SYSTEM FOR MANAGEMENT AND CONTROL BODIES

## REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS

In the reporting year, remuneration and expenditure reimbursement for the Board members were accrued and paid in accordance with the revised Regulation on Remuneration and Reimbursement Payment to the Board of Directors of the Company approved by the resolution of the annual General Meeting of Shareholders of Kubanenergo, PJSC on 20 June 2019 (Minutes No. 42) (hereafter – Regulation).

According to the Regulation, the remuneration to the members of the Board of Directors is paid quarterly in the period starting from the candidate election to the Board and finishing at the end of the Board's office.

The amount of remuneration for sitting on the Board of Directors for each of the Board members was calculated against the overall number of the Board of Directors meetings in the reporting quarter and the number of meetings every Board member attended.

The remuneration consists of base and additional parts:

- base part of the remuneration S (1) is calculated as per the formula:

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

- $R_{\text{BASE}}$  is the amount of the base annual remuneration by reference to the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors.

The amount of the Company's revenue under RAS calculated for the last completed reporting year before the election of the Company's Board of Directors	$R_{\text{BASE}}$ (RUB)
Over RUB 200 bn	3,000,000
Over RUB 70 bn	2,700,000
Over RUB 30 bn	2,200,000
Over RUB 10 bn	1,600,000
Over RUB 1 bn	1,000,000
Over RUB 600 mn	800,000
Less than RUB 600 mn	600,000

- n is the number of meetings of the Board of Directors (irrespective of the form of a meeting) attended by a Board member in the reporting quarter
- m is the total number of meetings of the Board of Directors (irrespective of the form of a meeting) in the reporting quarter

- uplifts expressed in % relative to the remuneration base part are defined additionally:
  - 30% – for the Chairman of the Company's Board of Directors
  - 20% – for the Chairman of the specialised Committee under the Board of Directors
  - 10% – for the membership in a dedicated committee under the Company's Board of Directors

Uplifts for performing the duties of a Chairman and/or Board member are not paid if there are no Committee meetings held within the reporting quarter.

Remuneration is not paid to the members of the Board of Directors if they do not take part in more than 50% of the meetings held in the reporting quarter.

The remuneration is paid to the members of the Board of Directors within 30 calendar days after the end of the reporting quarter.

The Regulation on Remuneration and Reimbursement Payment to the Board of Directors:

- Does not apply to the members of the Board of Directors that are simultaneously members of executive bodies
- States that remunerations are not accrued and paid to the Chairman or members of the Company's Board of Directors if the federal legislation restricts or prohibits them to receive any payments from commercial organisations
- Provides the right of the Board members to receive reimbursement of expenditures associated with attending the meetings of the Board of Directors, its Committee, General Meetings of Shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company

## REMUNERATION ACCRUED AND PAID TO MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS<sup>1</sup> (RUB '000)

Indicator	Corporate 2019/2020	2020	Corporate 2020/2021	2021 <sup>2</sup>	Corporate 2021/2022	2022
Basic remuneration for participation in meetings of the Board of Directors	17,421	20,692	14,885	14,478	19,484	15,991
Uplift of 30% to the Chairman of the Board of Directors	511	635	497	496	635	508
Uplift of 20% to the Chairman of a dedicated committee under the Board of Directors	321	395	336	545	1,229	999
Uplift of 10% for membership in a dedicated committee under the Board of Directors	1,215	1,604	1,274	959	843	719
<b>Total</b>	<b>19,468</b>	<b>23,326</b>	<b>16,992</b>	<b>16,478</b>	<b>22,191</b>	<b>18,217</b>

The Company did not pay any other remunerations to the members of the Board of Directors.

The Company has no remuneration or reimbursement payments overdue to the Board of Directors members.

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

The Company did not provide any loans (credits) to the Board of Directors members.

## REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

In accordance with the decision of the Board of Directors of the Company dated 22 June 2016 (Minutes No. 243/2016 dated 24 June 2016) on approval of the list of positions included in the category of senior managers of Kubanenergo, JSC, members of the Management Board of the Company are classified as senior managers of the 1st category.

2015), when a senior manager is elected to the Management Board of the Company under the terms of employment contracts of Management Board members, payment is made by establishing a monthly personal allowance for performing the duties of a member of the collective executive body of the Company – the Management Board of Rosseti Kuban, PJSC.

In accordance with the Regulations on Financial Incentives and Social Package for Senior Managers of Rosseti Kuban, PJSC approved by the Company's Board of Directors (Minutes No. 207/2015 dated 17 April

<sup>1</sup> To ensure comparison of indicators in 2018–2020, the amounts of remuneration accrued and paid to the members of the Board of Directors for corporate years were released, as till 20 June 2019, there was a Regulation, under which remuneration to the members of the Board of Directors was paid once as per the results of work during the period from candidate election to the Board of Directors to formation of the new composition of the Board of Directors. The amount of the remuneration for participation in the work of the Company's Board of Directors was calculated in the same way as specified in the current Regulation, but the amount of the base annual remuneration ( $R_{\text{BASE}}$ ) set in relation to the Company's revenues had different values. In addition, the members of the Board of Directors also received extra payments from the net profits if the Company market capitalisation increases during their work.

<sup>2</sup> Subject to accrual and payment of remuneration for Q4 2021 in January 2022.

**REMUNERATION AND REIMBURSEMENT OF EXPENSES PAID TO THE MEMBERS OF THE COMPANY'S EXECUTIVE BODIES (RUB '000)**

Indicator	2020	2021	2022
Remuneration for sitting on the Management Board	1,918	1,506	1,667
Salary	29,359	28,324	38,185
Bonuses	24,765	21,528	36,204
Reimbursement of expenses	920	1,437	2,291
Other types of remuneration	3,352	3,284	2,192
<b>Total</b>	<b>60,314</b>	<b>56,079</b>	<b>80,539</b>

For the members of executive bodies, the Company has no remuneration or reimbursement payments overdue.

**REMUNERATION AND REIMBURSEMENT FOR THE AUDITING COMMISSION MEMBERS**

According to the effective Regulation on the Remuneration and Reimbursement Paid to the Auditing Commission of Kubanenergo, PJSC<sup>1</sup>, as approved by the Annual General Meeting of Shareholders (Minutes No. 40 dated 28 May 2018), the members of the Auditing Commission receive remunerations depending on the results of the work during the corporate year and their involvement with the work of such controlling body.

The remuneration amount for the Auditing Commission is calculated while taking into consideration the following:

- Size of the base part of the remuneration set according to the Company RAS profits for the financial year
- Personal involvement modifier for the Auditing Commission members, reflecting their participation in meetings and inspections, as well as their fulfilment of additional duties as Chairman or Secretary of the Auditing Commission.

No remuneration is paid to a member of the Auditing Commission who has not participated in more than half of the meetings held during his/her membership in the Auditing Commission.

Reimbursement of expenses related to the participation in the meetings of the Auditing Commission is performed to the extent of the real expenditures according to the standard regulations.

**REMUNERATION ACCRUED AND PAID TO THE MEMBERS OF THE AUDITING COMMISSION (RUB '000)**

2020 (for 2019/2020 corporate year)	2021 (for 2020/2021 corporate year)	2022 (for the 2021/2022 corporate year)
648	756	793

The expenses of the Auditing Commission members were not reimbursed in the reporting year.

<sup>1</sup> The Regulation on Payment of Remuneration and Reimbursement to Members of the Auditing Commission is published on the Company's website in the About the Company / Constituent and Internal Documents section (HYPERLINK <https://rosseti-kuban.ru/o-kompanii/uchreditelnye-i-vnutrennie-dokumenty/vnutrennie-polozeniya/>). The Regulation applies to members of the Auditing Commission who are not persons restricted or prohibited by federal laws from receiving any payments from commercial organisations.

