

REMUNERATION OF MEMBERS OF EXECUTIVE BODIES AND COMPENSATION PAYMENT

Remuneration of members of the Board and compensation payment

By the decision of the Board of Directors of the Company (minutes No. 203/2015 dated February 25, 2015), members of the Management Board were assigned to the top managers of the first division. In accordance with the Regulation on Material Incentives and Social Package of Top Managers of OJSC Kubanenergo, approved by the Board of Directors of the Company (minutes No. 207/2015, dated 17.04.2015), remuneration of members of the Management Board is carried out in accordance with the labor contracts concluded with them allowances for the fulfillment of the powers of a member in the collegial executive body – the Company's Management Board.

The remuneration of members of the Company's Management Board depends on the results of the KPIs implementation approved by the Company's General Director for the reporting periods – quarter and year. If the General Director of the Company determined the conditions (strategic priorities) identified by the results of the year, additional premiums might be paid to members of the Management Board by the decision of the General Director. For the achievement of a high KPI value determined by the General Director of the Company as a priority, members of the Management Board may be paid a special award by the decision of the General Director of the Company in the reporting year.

Members of the Management Board, by the Regulation of the procedure for the provision of compensation for the costs of renting (sub-leasing) residential premises, approved by Order of the Company dated 25.09.2017, No. 1051, the prices for renting residential premises are compensated.

Remuneration of General Director

Issues related to the payment of remuneration to the General Director are regulated by the Regulation on Material Incentives for the General Director of Kubanenergo PJSC, approved by the decision of the Board of Directors of the Company (minutes No. 114/2011 dated 22.07.2011), taking into account changes in accordance with decisions of the Company's Board of Directors (minutes dated 29.12.2012, No. 150/2012, 06.03.2015, No. 204/2015 and dated 21.07.2017, No. 281/2017). The Regulation is an integral part of the employment contract with the General Director and establishes the procedure for determining, approving and changing the salary, types of bonuses for the General Director, as well as the method for paying the official payroll and bonuses.

Bonuses for the Company's General Director depend on the results of the implementation of KPI, approved by the Board of Directors, for the reporting periods – quarter and year. If the Company's Board of Directors determines the conditions (strategic priorities) identified by the results of the year, additional prizes may be paid to the General Director upon the decision of the Company's Board of Directors. For the achievement of a high KPI value, defined by the Board of Directors of the Company as a priority, the General Director may be paid an individual premium according to the Company's performance by the Board of Directors for the estimated year.

The Board of Directors of the Company has the right to award the General Director for performing particularly critical tasks (works), for which special requirements are set in terms of quality and time, responsibility and importance for the industry and the state.

The total amount of remuneration paid to members of the executive bodies of the Company for 2018 amounted to 67,063 thousand rubles, including:



NAME OF AN INDICATOR	2018
Remuneration for participation in the work of the governing body	1,401
Wages	31,404
Cash bonuses	32,281
Commission	0
Benefits	0
Other types of rewards	1,977
IN TOTAL	67,063

The total amount of compensation paid to members of the executive bodies of the Company for 2018 amounted to 684 thousand rubles.

The Company has no arrears in the payment of remuneration and reimbursement to members of the executive bodies.