

# Report on remuneration of the governing and control bodies [102-35]

## Remuneration of the Board of Directors and Board committees

The Company adopted a short-term incentive system for the Board of Directors (see the Regulations on Payment of Remunerations and Compensations to Members of RusHydro's Board of Directors).<sup>1</sup> The system relies on the following remuneration principle:

- the Regulations are not applicable to the members of the Board of Directors who act (during their term in office as members of the Board of Directors whether partial or entire) as members of the Company's collective executive body or as the Company's sole executive body;
- remuneration is not accrued or paid to the members of the Board of Directors for the period during their term in office as members of the Board of Directors when they were subject to restrictions or bans on receiving any payments from business entities in accordance with the applicable Russian laws;

- remuneration is paid to the members the Board of Directors for the period from their appointment as members of the Board of Directors to the election of a new Board of Directors;
- the remuneration depends on the number of meetings attended;
- the base remuneration of a member of the Board of Directors is RUB 3.51 mn;
- the remuneration is increased if the member of the Board of Directors is Chairman of the Board of Directors (by 30%), Chairman of a Board committee (by 20%), Senior Independent Director (by 15%), or member of a Board committee (by 10%).

The Board of Directors annually adopts a resolution on the Recommendations to the Annual General Meeting of Shareholders Regarding Payment of Remuneration to Members of the Board of Directors Who are Not Public Officers in the Amount

Set by the Internal Regulations as provided for in the relevant Regulations.

The Regulations also define the amount of remuneration for directors who are members of the Board committees and set out the procedure for payment of such remuneration.

On June 28, 2019, RusHydro's Annual General Meeting of Shareholders resolved<sup>2</sup> to pay remuneration to members of the Board of Directors for their services for the period from June 27, 2018 to June 28, 2019 in the amount, within the timeframes, and in accordance with the procedure set out in the relevant Regulations.



The Regulations on Payment of Remuneration and Compensation to Members of RusHydro's Board of Directors:

[www.eng.rushydro.ru](http://www.eng.rushydro.ru)

### Board of Directors' remuneration, '000 RUB<sup>3</sup>

Type of remuneration	2017	2018	2019
Remuneration for membership in governing bodies	7,472.3	27,945.0	24,840.0
Salary	0	0	0
Bonus	0	0	0
Commissions	0	0	0
Other types of remuneration	0	0	0
<b>Total</b>	<b>7,472.3</b>	<b>27,945.0</b>	<b>24,840.0</b>
Costs related to services of members of governing bodies compensated by the issuer	0	0	0

<sup>1</sup> A new version of the Regulations was approved by resolution of the Annual General Meeting of Shareholders (Minutes No. 18 of July 2, 2019).

<sup>2</sup> Minutes No. 18 of July 2, 2019.

<sup>3</sup> Including personal income tax.

## Personal remuneration of the Board of Directors in 2019, '000 RUB

Full name	Meetings held	Meetings attended	Senior Independent Director, %	Member of a Board committee, %	Aggregate bonus, %	Remuneration	Bonus	Total remuneration	Remuneration payable <sup>1</sup>
Artem Avetisyan	18	15	0	0	0	2,250	0	2,250	1,957.5
Maxim Bystrov	18	18	0	40	40	2,700	1,080	3,780	3,288.6
Pavel Grachev	18	18	0	20	20	2,700	540	3,240	2,818.8
Vyacheslav Pivovarov	18	17	0	40	40	2,550	1,020	3,570	3,105.9
Pavel Livinsky	18	18	0	0	0	2,700	0	2,700	2,349.0
Nikolay Rogalev	18	18	0	40	40	2,700	1,080	3,780	3,288.6
Sergey Shishin	18	18	0	10	10	2,700	270	2,970	2,583.9
Andrey Shishkin	18	17	0	0	0	2,550	0	2,550	2,218.5
<b>Total</b>						<b>20,850</b>	<b>3 990</b>	<b>24,840</b>	<b>21,610.8</b>

## Remuneration of the Management Board

Remuneration to members of the Management Board, including Chairman of the Management Board - General Director, is paid in accordance with the employment contracts and the Regulations on Payment of Remuneration and Compensation to Members of RusHydro's Management Board<sup>2</sup>.

In 2016, the Company engaged Ernst & Young (CIS) B.V. (Moscow branch), a global consultancy firm, to develop recommendations on remuneration for the collective executive and sole executive bodies in line with the best Russian practices. Market benchmarking of the remuneration structure and amount focused on major peer companies. The research results were used to revise the incentive system for the Management Board.

Since January 1, 2017, the remuneration system has become more transparent and is now directly

linked to the achievement of the Company's short- and long-term KPIs as recommended by the Nomination and Compensation Committee and approved by the Board of Directors.

The new incentive system relies on the following principles: transparency, balanced approach (interests of shareholders are aligned with the management's interests in achieving the Company's long- and short-term goals), impartiality (the remuneration depends on the RusHydro's performance and outcomes from the implementation of significant projects).

The current remuneration system includes a Long-Term Incentive Plan for the Management Board linked to the growth in share price and achievement of KPIs set by the Company's Board of Directors. The Plan aims to ensure closer alignment of motivation of the management and shareholders in

delivering consistent growth of the company's value and developing the business. The key objectives and principles underpinning the Plan are to motivate the Company's management to achieve strategic objectives and pursue openness to shareholders as remuneration is dependent on the achievement of the KPIs, is calculated using the unified methodology and is based on equal payment conditions.

The amount and terms of payment of remuneration to the members of the Management Board upon early termination of employment are determined in the regulation on payment of remuneration and compensation to RusHydro's Management Board approved by the Board of Directors. The Company does not make "golden parachute" payouts for early termination. The maximum compensation paid to members of the Management Board upon early termination

<sup>1</sup> Excl. personal income tax.

<sup>2</sup> Approved by the Company's Board of Directors (Minutes No. 243 of November 14, 2016), amended as per Minutes No. 283 of February 21 2019.

of employment is limited to three average monthly salaries as provided for by the Russian legislation. Pursuant to the Regulations on Payment of Remuneration and Compensation to Members of RusHydro's Management Board, members of the Management Board are reimbursed for:

- hotel booking and accommodation costs, return tickets on business trips and other expenses associated with business trip assignments;
- representation expenditures (with the procedures for planning, monitoring and documenting representation allowances governed by the Company's internal regulations).

The members of the Management Board may receive other compensations associated with performing their job duties in the amount and manner prescribed by the Company's internal regulations.

For more information on the Management Board's KPIs and performance, see the [Key Performance Indicators](#) section

## Remuneration of the Management Board, '000 RUB<sup>1</sup>

Type of remuneration	2017	2018	2019
Remuneration for membership in governing bodies	0	0	0
Salary	185,393.1	157,616.6	172,190.2
Bonus	344,618.0	244,368.6	260,281.3
Commissions	0	0	0
Other types of remuneration	0	0	0
<b>Total</b>	<b>530,011.1</b>	<b>401,985.2</b>	<b>432,471.5</b>
Compensations	1 697.5	861.6	638.1

## Remuneration of the Internal Audit Commission

Remuneration to members of the Internal Audit Commission is based on the following principles approved by the Regulations on Payment of Remuneration and Compensation to Members of RusHydro's Internal Audit Commission<sup>2</sup> (the "Regulations"):

- the remuneration and compensation are paid to members of the Internal Audit Commission for the corporate year which Clause 2.1 of the Regulations defines as the period from the appointment of new members of the Internal Audit Commission at the General Meeting of Shareholders until the next General Meeting of Shareholders charged with considering election of new members to the Internal Audit Commission;



The Regulations on Payment of Remuneration and Compensation to Members of RusHydro's Internal Audit Commission: [www.eng.rushydro.ru](http://www.eng.rushydro.ru)

- the remuneration amount is directly linked to the remuneration paid to members of the Board of Directors;
- the base part is set at 15% of the average annual remuneration for a member of the Board of Directors;
- pursuant to Article 12.1 of Federal Law No. 273-FZ On Combating Corruption of December 25, 2008 and Clause 1.3

of the Regulations, remuneration is not paid to the members of the Internal Audit Commission for the period during their term in office when they were subject to restrictions or bans on receiving any payments from business entities in accordance with the applicable Russian laws. If any such restriction or ban are lifted on the grounds specified in the applicable Russian legislation, the remuneration shall be calculated from the date on which the Company's Board of Directors is notified in writing of any such restriction or ban being lifted as per the Regulations.

There are no agreements in place on the amount of remuneration paid to members of the Internal Audit Commission.

<sup>1</sup> Including personal income tax.

<sup>2</sup> A new version of the Regulations was approved by resolution of the Annual General Meeting of Shareholders (Minutes No. 18 of July 2, 2019).

## Remuneration of the Internal Audit Commission, '000 RUB

Type of remuneration	2017	2018	2019
Remuneration for membership in a control body overseeing the Company's financial and business activities	530.5	370.8	550.5
Expenses related to duties in the control body overseeing the Company's financial and business activities and compensated by the Company	0	0	0

## Individual disclosure of remuneration for work in RusHydro's Internal Audit Commission in 2019<sup>1</sup>

Member of the Internal Audit Commission	Remuneration, RUB '000
Natalia Annikova	275.2
Igor Repin	275.2
Tatyana Zobkova	-
Denis Konstantinov	-
Dmitry Simochkin	-

## Auditor's fee

The auditor's fee is determined by the Board of Directors based on the results of competitive bidding

and after prior consideration of the matter by the Audit Committee

under the Board of Directors of PJSC RusHydro.

## Auditor's fee, RUB mn<sup>2</sup>

Type of remuneration	2017 <sup>3</sup>	2018	2019
Audit of the annual RAS financial (accounting) statements and IFRS consolidated statements	136.1	84.2	83.4
Non-audit services	None	None	None

<sup>1</sup> Membership effective, among other things, as at December 31, 2019.

<sup>2</sup> Including VAT.

<sup>3</sup> The auditor's fee for 2017 includes the review of the consolidated statements for nine months ended September 30, 2017.