APPROVED

by the Annual General Meeting of JSC “LENENERGO” on June 22, 2015

(Minutes No. 1/2015 of June 24, 2015)

**PUBLIC JOINT-STOCK COMPANY “LENENERGO”**

**REGULATIONS**

**for Remuneration and Compensations
Payable to Members of the Internal Audit Board**

(amended and restated)

Saint Petersburg

2015

**1. General**

1.1. These Regulations for Remuneration and Compensation Payable to Members of the Internal Audit Board of PJSC “LENENERGO” (hereinafter, the “Regulations”) is a document of PJSC “LENENERGO” (hereinafter, the “Company”) developed in accordance with Federal Law No. 208 dated December 26, 1995 *On Joint-Stock Companies*, the Articles of Association of PJSC “LENENERGO”, and other legal regulations.

1.2. These Regulations set out the procedure for calculation and payment of remuneration and compensation for members of the Internal Audit Board as provided for in the Russian laws in connection with the performance of their duties provided for in the Company’s Articles of Association and the Regulations for the Internal Audit Board.

1.3. These Regulations apply to the members of the Company’s Internal Audit Board who are not persons in respect of whom federal laws provide for a restriction or prohibition on receiving any payments from commercial organizations. No remuneration and compensations shall be paid to the members of the Internal Audit Board who are public officials (clause 3.3 of Article 12.1 of Federal Law No. 279-FZ dated December 25, 2008 *On Combating Corruption*).

1.4. In the event of lifting the prohibition or restriction on receiving payments from commercial organizations for reasons provided for in the Russian laws, remuneration and compensations for a member of the Internal Audit Board shall be calculated from the date when a written notice of lifting the prohibition or restriction is given by the member of the Internal Audit Board to the Company and the Internal Audit Board in accordance with the procedure provided for in these Regulations.

1.5. In the event of early termination of the powers or election of a member of the Internal Audit Board at the extraordinary General Meeting, the amount of remuneration shall be calculated taking into account the actual period of the performance of duties as a member of the Internal Audit Board.

1.6. Payments to the members of the Internal Audit Board shall be made in rubles, pursuant to an application / applications of the member of the Internal Audit Board for the payment of remuneration / compensation made in the form set forth in Annexes 3 and 4 hereto, by transfer of funds in accordance with the bank account (deposit) details specified in the application of the member of the Internal Audit Board.

**2. Amounts and Procedure for Payment of Remuneration**

**to the Members of the Internal Audit Board.**

2.1. Remuneration shall be paid to a member of the Internal Audit Board of the Company based on his/her performance in the corporate year and depends on the extent of his/her participation in the work of the Internal Audit Board. For the purpose of these Regulations, in connection with determining the amounts of remuneration payable to members of the Internal Audit Board, the corporate year shall mean a period from the date of election of the Internal Audit Board members at the General Meeting of the Company until the date of the next General Meeting of the Company with the item "Election of members of the Internal Audit Board of the Company" on its agenda.

For the purpose of calculating the amount of remuneration payable to members of the Internal Audit Board whose term of office was terminated earlier or who were elected at the extraordinary General Meeting, the corporate year shall equal 365 days.

2.2. Remuneration payable to a member of the Internal Audit Board shall be calculated based on the remuneration base amount (Rbase). The remuneration base amount payable to a member of the Internal Audit Board shall be based on the Company’s revenues calculated in accordance with Russian Accounting Standards for the financial year, in accordance with the following scale:

|  |  |  |
| --- | --- | --- |
| Group  | Amount of the Company’s revenues in the financial year | Remuneration base amount  |
| 1  | Over RUB 200 bn  | RUB 150,000 |
| 2  | Over RUB 30 bn  | RUB 135,000 |
| 3  | Over RUB 10 bn  | RUB 120,000 |
| 4  | Over RUB 1 bn  | RUB 105,000 |
| 5  | Over RUB 600 m  | RUB 90,000 |

2.3. The actual remuneration of a member of the Internal Audit Board based on his/her performance in the corporate year shall be calculated by the following formula:

Ractual = Rbase \* ( mi / m ) \* Cp, where:

Ractual is the actual amount of remuneration calculated based on the remuneration base amount;

Rbase is the remuneration base amount determined in accordance with the scale set forth in clause 2.2 hereof;

mi is the number of calendar days in the corporate year, during which the member of the Internal Audit Board performed as a member;

m is the total number of calendar days in the corporate year;

Cp is the personal participation coefficient of the Internal Audit Board’s member.

2.3.1 The personal participation coefficient reflects the participation of the Internal Audit Board’s member in meetings of the Internal Audit Board and performance by such member of additional duties as the Chairperson or the Secretary of the Internal Audit Board.

2.3.2 The personal participation coefficient shall be determined individually for each member of the Internal Audit Board by the following formula:

Cp = (1 + Cmeet + Cadd) \* Caud, where:

Cp is the personal participation coefficient;

Cmeet is the coefficient of participation in the meetings of the Internal Audit Board;

Cadd is the coefficient taking into account additional duties as the Chairperson / Secretary of the Internal Audit Board;

Caud is the coefficient of participation in audits conducted by the Internal Audit Board.

2.3.3. The Cmeet coefficient shall be determined based on the extent of participation of the Internal Audit Board’s member in ni meetings out of n meetings held by the Internal Audit Board in the corporate year, including absentee voting:

Cmeet = 0.1 \* (ni / n), where

the values of ni and n shall be determined based on the minutes of meetings of the Internal Audit Board.

2.3.4. The Cadd coefficient taking into account additional duties as the Chairperson / Secretary of the Internal Audit Board shall be calculated by the following formula:

Cadd Ch = 0.3 \* (fi / m) - for the Chairperson of the Internal Audit Board,

Cadd S = 0.1 \* (fi / m) - for the Secretary of the Internal Audit Board, where:

fi is the number of days in the corporate year (out of the total number m) when the responsibilities of the Chairperson / Secretary were performed; it shall be determined based on the minutes of meetings of the Internal Audit Board.

2.3.5. The Caud coefficient shall be determined by the decision of the Chairperson of the Internal Audit Board based on the extent of participation of the Internal Audit Board’s member in the auditing process and the quality of his/her work, and shall have the value from 0.000 to 1.000.

When determining the value of individual Caud coefficients, the extent of participation of the Internal Audit Board’s member in all stages of the auditing process shall be taken into account:

- preparing for / planning an audit;

- conducting the audit;

- preparing the audit report;

- interacting with the Company on the audit results (including monitoring the remedying of the revealed non-conformance).

2.3.6. The personal participation coefficient Cp and its components (Cmeet, Cadd, Caud) shall be determined as a decimal fraction, accurate to the third decimal place.

2.3.7. The personal participation coefficient Cp shall be established by the Chairperson of the Internal Audit Board and sent to the Sole Executive Body of the Company in the format set forth in Annex 1 hereto.

2.3.8. No remuneration shall be paid to a member of the Internal Audit Board who participated in less than half of the meetings held during the term of his/her office as a member of the Internal Audit Board (Cp shall be established equal to 0).

2.3.9. The calculation of the actual amount of remuneration for each member of the Internal Audit Board shall be made by the Company in the format set forth in Annex 2 hereto.

2.3.10. The Company shall independently calculate, withhold, and pay personal income tax and other taxes and charges arising in connection with the payment of remuneration and compensation to the members of the Internal Audit Board.

2.4. If during the corporate year a member of the Internal Audit Board was substantially involved in additional audits conducted by the Internal Audit Board or in follow-up activities with respect to certain issues that were carried out by the resolution of the General Meeting, the Board of Directors of the Company or at the request of the Company’s shareholder(s) holding in aggregate at least 10 (ten) percent of the Company’s voting shares, the Chairperson of the Internal Audit Board may request that the General Meeting increase the actual amount of remuneration calculated by the formula set forth in clause 2.3 hereof.

2.5. The Chairperson of the Internal Audit Board shall be instructed to monitor the calculation of remuneration for members of the Internal Audit Board of the Company, the Sole Executive Body of the Company shall be instructed to monitor the payment of remuneration.

2.6. Remuneration shall be paid within 30 (thirty) calendar days after the date of issue of the Internal Audit Board’s Report based on the results of an annual audit of the financial and business operations and submission by the Chairperson of the Internal Audit Board to the Company’s Sole Executive Body of the calculation of the personal participation coefficient Cp in respect of members of the Internal Audit Board.

If the General Meeting resolves to increase the amount of remuneration based on the results of audits conducted on the grounds set forth in clause 2.4 hereof, the Company shall take into account the amount of the increase established by the resolution of the General Meeting when calculating the actual remuneration payable to the members of the Internal Audit Board.

If the resolution of the General Meeting on increasing the actual amount of remuneration payable to the members of the Internal Audit Board is adopted after the date of assessment of the remuneration, the Company shall assess the remuneration in the amount of difference between the assessed value and the remuneration adjusted for the increased amount established by the resolution of the General Meeting.

2.7. A member of the Internal Audit Board of the Company may decline to receive the remuneration and compensation provided for in these Regulations, in full or in part, by notice thereof to the Sole Executive Body of the Company.

**3. Amounts and Procedure for Payment of Compensations to the Members of the Internal Audit Board.**

3.1. In the event of visiting the Company's facilities, participating in meetings of the Internal Audit Board of the Company held at the Company's actual location, and performance of other tasks of the Internal Audit Board of the Company, members of the Internal Audit Board who are not subject to the restrictions specified in clause 1.3 hereof shall be compensated by the Company for documented expenses in connection with participation on the activities of the Internal Audit Board of the Company.

3.2. The amount of compensation of expenses connected with participation in the meetings of the Internal Audit Board and conducting audits shall be determined in the amount of actual expenses supported by respective documents but not exceeding the limits specified in clause 3.4 hereof.

3.3. If the amount of actual expenses incurred by a member of the Internal Audit Board exceeds the amount calculated in accordance with clause 3.2 hereof, the excess amount shall not be compensated.

3.4. At the request of the Internal Audit Board, the Company shall purchase tickets to all types of transport for members of the Internal Audit Board to ensure their travelling to a business trip destination and back to the permanent place of work and shall ensure (book, pay for) accommodation at hotels in accordance with the following standards:

- by air (economy class);

- by rail: in a compartment car of premium-service trains, in an economy class car of high-speed trains;

- by regular road transport to the business trip destination and back at the regular local rate for transport organizations;

- by car (except taxi), by rail to the airport/railway station and back at the local rate (by Aeroexpress trains to/from airports with an economy class ticket);

- hotel accommodation (4\* or lower class hotels), standard room category.

If air or railway tickets are not available at the above rates, and/or if there are no vacant rooms in hotels of the said category, the Company may buy tickets and/or book accommodation of a higher class.

3.5. To request compensation for expenses incurred, a member of the Internal Audit Board shall send a written application to the Company using the form shown in Annex 3 hereto together with the original proof of expenses, specifying the bank/deposit account details.

Proof of compensable expenses shall be provided by a member of the Internal Audit Board in accordance with the business travel expenses accounting procedure prescribed by the Russian law.

3.6. Compensation shall be paid by the Company within 5 business days after the documents specified in clause 3.5 above are received by the Company.

**4. Final provisions.**

4.1. These Regulations shall become effective from the date of their approval by the General Meeting of the Company.

4.2. In case of conflict between these Regulations and the provisions of the Russian law, the latter shall apply until these Regulations have been revised and amended accordingly (an amended and restated version is approved) by the General Meeting of the Company.

Annex 1

to the Regulations for Remuneration

and Compensations Payable to Members

of the Internal Audit Board

of PJSC “LENENERGO”

**Calculation**

**of the Personal Participation Coefficient**

**of a Member of the Internal Audit Board[[1]](#footnote-1)**

Member of the Internal Audit Board \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Calculated coefficient** | **Value**  | **Explanation** |
| n |  | The number of meetings held by the Internal Audit Board in the corporate year, including absentee voting. |
| ni  |  | The number of meetings in which the member of the Internal Audit Board participated. |
| Cmeet  |  | The coefficient of participation in the meetings of the Internal Audit Board:Cmeet = 0,1 \* (ni / n). |
| fi  |  | The number of days in the corporate year when the duties of the Chairperson / Secretary were performed. |
| m  |  | The total number of days in the corporate year. |
| Cadd |  | The coefficient taking into account additional duties as the Chairperson / Secretary:Cadd Ch = 0.3 \* (fi / m) - for the Chairperson of the Internal Audit Board,Cadd S = 0.1 \* (fi / m) - for the Secretary of the Internal Audit Board. |
| Caud |  | Caud is the coefficient of participation in audits conducted by the Internal Audit Board: from 0.0 to 1.0.For the Chairman of the Internal Audit Commission it is established as Caud = 1.000 |
| Cp |  | Cp = (1 + Cmeet + Cadd) \* CaudFor a member of the Internal Audit Board who was absent at more than a half of the meetings held during the term of his/her office as a member of the Internal Audit Board, the Cp coefficient shall be established equal to 0. |

Chairperson of the Internal Audit Board / (full name) /

Annex 2

to the Regulations for Remuneration and Compensations Payable to Members of the Internal Audit Board of PJSC “LENENERGO”

**Calculation**

**of the Actual Amount of Remuneration**

**of a Member of the Internal Audit Board**

Member of the Internal Audit Board \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Calculated coefficient** | **Value**  | **Explanation** |
| m  |  | The total number of days in the corporate year. |
| mi  |  | The number of days in the corporate year when the duties of a member of the Internal Audit Board were performed. |
| Rbase  |  | In accordance with clause 2.2 of the approved Regulations |
| Cp |  | To be determined by the Chairperson of the Internal Audit Board of the Company and submitted to the Sole Executive Body of the Company. |
| **Ractual**  |  | Ract  = Rbase  \* (mi / m) \* Cp |
| Request for increasing the actual amount of remuneration by \_\_\_\_\_ % |  | Resolution on increasing the actual amount of remuneration |
| **Total Ractual**, taking into account the resolution on increasing |  |  |

Chief Accountant of the Company / (full name) /

Annex 3

to the Regulations for Remuneration and Compensations Payable to Members of the Internal Audit Board of PJSC “LENENERGO”

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*(specify the Sole Executive Body)*

*PJSC “LENENERGO”*

*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(full name )*

from a Member of the Internal Audit Board

*full name of a Member of the Internal Audit Board*

**Application for Remuneration Payment**

I hereby request that you give an instruction to pay me remuneration in connection with the performance of my duties as a member of the Internal Audit Board of *(name of the Company)* for the following period: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

I confirm that during the specified period I was not among the persons in respect of whom federal laws provide for a restriction or prohibition on receiving payments from commercial organizations. Please pay my remuneration by transferring it to the following bank account (deposit) (*specify the details of the bank account (deposit)*)

Date \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_/ full name */*

Annex 4

to the Regulations for Remuneration and Compensations Payable to Members of the Internal Audit Board of PJSC “LENENERGO”

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*(specify the Sole Executive Body)*

*PJSC “LENENERGO”*

*\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*(full name)*

from a Member of the Internal Audit Board

*full name of a Member of the Internal Audit Board*

**Application for Compensation Payment**

I hereby request that you give an instruction to compensate me for my expenses in the amount of RUB \_\_\_\_\_\_\_\_\_ associated with travel and accommodation as part of (*specify the Internal Audit Board activity*):

- travel expenses – *(specify the details, class and cost of tickets, amount of expenses);*

- accommodation expenses - (*staying at " " hotel during the period from " " to " "* in the amount of ).

Please pay my compensation by transferring it to the following bank account (deposit): *(specify the details of the bank account (deposit)).*

Enclosed: Proof of compensable expenses

Date \_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_/ full name */*

1. To be completed by the Chairperson of the Internal Audit Board in respect of each member of the Internal Audit Board, including the Chairperson of the Internal Audit Board. [↑](#footnote-ref-1)