

**Minutes of the Board of Directors Meeting No. 354/2019**  
**Public joint stock Company of power industry and electrification of Kuban**  
**(Kubanenergo PJSC)**

Date of the meeting	25 July 2019
Form of the meeting	Absentee and in presentia (as well by videoconference)
Place of vote counting	Room A7-065, Belovezhskaya str. 4, Moscow
Start time of the meeting	12:00 p.m.
End time of the meeting	14:40 p.m.
Date of drawing up minutes	26 July 2019

In accordance with the requirements of clause 7.1 of Regulations for the Board of Directors of Public joint stock Company of power industry and electrification of Kuban (approved by decision of the Annual General Meeting of Shareholders of Kubanenergo PJSC on 20.06.2019, minutes No.42), the meeting of the Board of Directors is opened by the Chairperson of the Board of Directors of Kubanenergo PJSC – **Gavrilov Alexander Ilyich**.

In accordance with paragraph 7.3 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, to determine the presence of a quorum for the meeting of the Board of Directors, the floor is given to the Corporate Secretary of the Company – **Rusu Olga Vladimirovna**; the quorum for holding a meeting of the Board of Directors is not less than half of the number of the elected members of the Board of Directors of the Company. According to paragraph 16.1 of the Charter of Kubanenergo PJSC, 11 (eleven) people were elected to the Company’s Board of Directors.

**Members of the board of directors that are present at the meeting:** Gavrilov A.I. (Chairperson of the BoD), Kiryukhin S.V., Larionov D.V., Medvedev M.V., Osipova Ye.N., Rozhkov V.V., Sergeyeva O.A., Khokholkova K.V., Shagina I.A., Yavorsky.V.K.

**Absent members:** Varvarin A.V.

10 members of the Board of Directors of the Company attended the meeting, which is not less than half of the number of elected members of the Board of Directors of the Company.

The required **quorum** for the meeting of the Board of Directors **is present**.

The members of the Board of Directors that submitted questionnaires: Varvarin A.V.

The members of the Board of Directors that did not submit questionnaires: none

Invitees:

1. Sergeyev Sergey Vladimirovich, Director General of Kubanenergo PJSC
2. Ocheredko Olga Vyacheslavovna, Deputy Director General for Economics and Finances, Kubanenergo PJSC
3. Korzhanevsky Viktor Anatolievich, Acting Director General for Investments, Kubanenergo PJSC
4. Didenko Yekaterina Yevgenievna, Head of Corporate Governance and Shareholder Relations Department;

The agenda of the meeting of the Board of Directors of Kubanenergo PJSC includes the following items

1. Discussion of a report on the results of the Business Plan of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019

2. Approval of a report on the results of the Investment Programme of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019

On the sidelines of the agenda, Sergey Vladimirovich Sergeyev, Director General of Kubanenergo PJSC, made a report on plans and objectives and topical issues of the activities of Kubanenergo PJSC for 2019-2020.

The following speakers joined the discussion of the report: Alexander Ilyich Gavrilov, Chairperson of the Board of Directors, as well as members of the Board of Directors: Sergeyeva Olga Andreyevna, Osipova Elena Nikolayevna, Yavorsky Viktor Korneyevich.

At the suggestion of a member of the Board of Directors Sergeyeva O.A., the Board of Directors established further consideration of the Intelligent Accounting Development Programme of Kubanenergo PJSC and Digital Transformation Programme of Kubanenergo PJSC at an in-person meeting.

The first item of the agenda: **“Discussion of a report on the results of the Business Plan of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019”**

Reports by: Ocheredko Olga Vyacheslavovna, Deputy Director General for Economics and Finances, Kubanenergo PJSC

The discussion was joined by:

Gavrilov A.I., Chairperson of the BoD, Sergeyev S.V., Director General, Nischyuk O.F., Deputy Director General for Selling of Services (videoconference), as well as members of the Board of Directors:

- Osipova Elena Nikolayevna: on the growth of other expenses of the Company, on payment discipline; as well as with the proposal to amend Appendix No.2 (in terms of adjustment of Clause 1) to the draft decision on the issue;
- Sergeyeva Olga Andreyevna: on the necessity to indicate the real effects of the implementation of the target programmes of the Company, in particular: Production Assets Management System, survey and design work, consolidation;
- Medvedev Mikhail Vladimirovich and Rozhkov Vasily Vladimirovich: on the methodology for calculating the effects of introducing Production Assets Management System;
- Kiryukhin Sergey Vladimirovich: on voting procedure on the agenda items of the meeting of the Board of Directors.

During the discussion of the issue, it was also proposed to exclude clause 2 from the Appendix No.4 of the draft decision on the issue and the executive office of the Company was proposed to come up with the initiative not to consider at the meetings of the Board of Directors the information on observance of the level of electricity losses in the context of the Company’s power distribution zones, if necessary,

**Based on the results of the discussion, the following decision is proposed for voting on item No.1 pertaining to paragraph 1:**

1. To take into consideration the report on the results of implementation of the Business Plan of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019, in accordance with Appendix 1 to the present resolution of the Company’s Board of Directors.

Voting results:

**FOR** - **Gavrilov A.I. (Chairperson of the BoD), Varvarin A.V., Kiryukhin S.V., Larionov D.V., Medvedev M.V., Osipova Ye.N., Rozhkov V.V., Sergeyeva O.A., Khokholkova K.V., Shagina I.A., Yavorsky.V.K**

**AGAINST** - **none**  
**ABSTAINED** - **none**

**pertaining to paragraphs 2 and 3:**

2. By the results of the Company activity in the 1<sup>st</sup> quarter of 2019, it recommended to take into consideration:

2.1. a deviation from the planned indicators of the Business Plan, in accordance with Appendix 2 to the present resolution of the Company's Board of Directors

2.2 deviations from the allowable level of electricity losses that are specified in the Business Plan 2019, in accordance with Appendix 3 the present resolution of the Company's Board of Directors.

3. To instruct the Sole Executive Officer of Kubanenergo PJSC to ensure implementation of orders as specified in Appendix 4 the present resolution of the Company's Board of Directors.

Voting results:

**FOR** - **Gavrilov A.I. (Chairperson of the BoD), Varvarin A.V., Larionov D.V., Medvedev M.V., Osipova Ye.N., Rozhkov V.V., Khokholkova K.V., Shagina I.A., Yavorsky.V.K**

**AGAINST** - **none**  
**ABSTAINED** - **Kiryukhin S.V., Sergyeeva O.A.,**

Thus, on the first agenda item, the proposed decision was adopted by a **majority vote of all elected** members of the Board of Directors.

The second item of the agenda: **“Approval of a report on the results of the Investment Programme of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019”**

Reports by: Korzhanevsky Viktor Anatolyevich, Acting Deputy General Director for Investments, Kubanenergo PJSC.

The discussion was joined by:

- Osipova Elena Nikolaevna: on financing of contracts for preferential technological connection;
- Shagina Irina Aleksandrovna: on the source of depreciation.

**Based on the results of the discussion, the following decision is proposed for voting on item No.2:**

1. Take into consideration the report on the results of the Investment Programme of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019, in accordance with Appendixes 5-6 to the present resolution of the Company's Board of Directors.

2. Note:

2.1. Failure to implement the investment programme of Kubanenergo PJSC in the 1<sup>st</sup> quarter of 2019 on financing 31% of to the approved planned parameters.

2.2. Failure to complete control stages of integrated network schedules of priority investment projects.

2.3. Low level of construction readiness of two priority objects of the current year:

Construction of 2 cable lines of 110 kV “East Industrial Zone – Severnaya”;

Reconstruction of 110/35/6 kV substation “Severnaya”. Installation of three transformers with a capacity of 40 MVA.

3. Instruct the Sole Executive Body of Kubanenergo PJSC to:

3.1. strengthen control over the implementation of control stages of integrated network schedules of priority investment projects.

3.2. ensure acceptance of priority projects into operation within the time periods established by the investment programme of Kubanenergo PJSC.

Voting results:

<b>FOR</b>	-	<b>Gavrilov A.I. (Chairperson of the BoD), Varvarin A.V., Kiryukhin S.V., Larionov D.V., Medvedev M.V., Osipova Ye.N., Rozhkov V.V., Sergeyeva O.A., Khokholkova K.V., Shagina I.A., Yavorsky.V.K</b>
<b>AGAINST</b>	-	<b>none</b>
<b>ABSTAINED</b>	-	<b>none</b>

Thus, on the second agenda item, the proposed decision was **unanimously** adopted by members of the Board of Directors participating in the meeting.

**Chairperson of the BoD**

**Gavrilov A.I.**

**Corporate secretary**

**Russu O.V.**