

**Minutes of the Board of Directors Meeting No. 357/2019**  
**Public joint stock Company of power industry and electrification of Kuban**  
**(Kubanenergo PJSC)**

Date of the meeting	12 August 2019
Form of the meeting	Absentee (by filling in questionnaires)
Place of vote counting	office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of the Corporate Secretary of “Kubanenergo” PJSC)
Date of drawing up minutes	13 August 2019

**Board of Directors Members: 11**

**Questionnaires were submitted by:** 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., Sergeeva O.A., Khokholkova K.V., Shagina I.A., Yavorsky.V.K.

**Questionnaires were not submitted by:** none

According to requirements of paragraph 7.3 of the 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 quorum for holding the meeting should count at least half of elected members of Board of Directors.

**Quorum is present**

**Agenda**

1. Approval of a report on observance of the key performance indicators (KPI) of the Company’s Director General in the 3<sup>rd</sup> quarter of 2018
2. Discussion of a report of the Director General on establishment and functioning of the system of internal control and a report of the Director General and the Company’s Management Board on establishment, functioning and efficiency of the risks management system in the Company, as well as information on improvement of such systems in 2018
3. Discussion of a report of the Company’s Internal Audit on evaluation of efficiency of the internal control and risks management systems
4. Discussion of a report on implementation of the consolidated business plan of Kubanenergo Group based on the principles of RAS, consolidated business plan of the Kubanenergo Group based on the principles of IFRS for 9 months of 2018 and 2018
5. Approval of the list of investment projects subject to technological price audit in 2019
6. Consideration of a report of the Director General of Kubanenergo PJSC on expenditures pertaining to the preparation and holding of the extraordinary General Meeting of Shareholders of the Company on 17 April 2019

## Item 1

### **Approval of a report on observance of the key performance indicators (KPI) of the Company's Director General in the 3<sup>rd</sup> quarter of 2018**

The following resolution is proposed:

1. In order to bring it to comparability in terms of the list of excludable external factors on uncontrolled expenses, taken into account when calculating the KPI "Consolidated Net Debt/EBITDA" and the KPI "Consolidated Operating Profit (EBITDA)", it is decided to read the the target value of the KPI "Consolidated Net Debt/EBITDA" for the 3<sup>rd</sup> quarter of 2018, approved by the decision of the Board of Directors of the Company on 30.07.2018 (minutes No.315/2018 of 31.07.2018) on the agenda item "Approval of target values of KPIs of the Director General of Kubanenergo PJSC for 2018", as follows: " $\leq 3.1$ ".

2. To approve the Report on the implementation of key performance indicators (KPIs) of the Company Director General for the 3<sup>rd</sup> quarter of 2018 in accordance with Appendix 1 to this decision of the Board of Directors of the Company.

Authorize Olga Sergeeva, the Chief Advisor to Rosseti PJSC, to implement actions stipulated in paragraphs 5.2 and 5.3 of the Regulations on material incentives for the Director General of the Company when making decisions on payment of bonuses to the Director General of the Company for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2018, 2018, 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2019, and 2019.

#### **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

Thus, on the first issue, the proposed decision was **unanimously adopted** by the members of the Board of Directors participating in the meeting.

## Item 2

### **Discussion of a report of the Director General on establishment and functioning of the system of internal control and a report of the Director General and the Company's Management Board on establishment, functioning and efficiency of the risks management system in the Company, as well as information on improvement of such systems in 2018**

The following resolution is proposed:

1. Take into consideration the report of the Director General on establishment and functioning of the system of internal control and the report on establishment, functioning and efficiency of the risks management system in the Company, in accordance with Appendixes 2-3 to this decision of the Board of Directors of the Company.

2. Elaborate instructions to the Sole Executive Body of the Company regarding measures for the further development of the internal control system after considering the results of an external independent evaluation of the efficiency of the internal control system.

3. In the subsequent reports on organization and functioning of the internal control system, instruct the executive bodies of Kubanenergo PJSC to disclose information how the internal control system impacts the achievement of the Company's goals, compliance with applicable legislation and local regulatory acts of the Company, and the reliability of reports.

## **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

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

## **Item 3**

### **Discussion of a report of the Company's Internal Audit on evaluation of efficiency of the internal control and risks management systems**

The following resolution is proposed:

Take into consideration the report of the Company's Internal Audit on evaluation of efficiency of the internal control and risks management systems in 2018, in accordance with Appendix 4 to this decision of the Board of Directors of the Company.

## **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

Thus, on the third issue, the proposed decision was **unanimously adopted** by the members of the Board of Directors participating in the meeting.

## **Item 4**

### **Discussion of a report on implementation of the consolidated business plan of Kubanenergo Group based on the principles of RAS, consolidated business plan of the Kubanenergo Group based on the principles of IFRS for 9 months of 2018 and 2018**

The following resolution is proposed:

Take into consideration the report on implementation of the consolidated business plan of Kubanenergo Group based on the principles of RAS, consolidated business plan of the Kubanenergo Group based on the principles of IFRS for 9 months of 2018 and 2018 in accordance with Appendixes 5-6 to this decision of the Board of Directors of the Company.

## **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

Thus, on the fourth issue, the proposed decision was **unanimously adopted** by the members of the Board of Directors participating in the meeting.

## **Item 5**

### **Approval of the list of investment projects subject to technological price audit in 2019**

The following resolution is proposed:

Approve the list of investment projects subject to technological price audit in 2019 in accordance with Appendix 7 to this decision of the Board of Directors of the Company.

#### **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

Thus, on the fifth issue, the proposed decision was **unanimously adopted** by the members of the Board of Directors participating in the meeting.

## **Item 6**

### **Consideration of a report of the Director General of Kubanenergo PJSC on expenditures pertaining to the preparation and holding of the extraordinary General Meeting of Shareholders of the Company on 17 April 2019**

The following resolution is proposed:

Take into consideration the report of the Director General of Kubanenergo PJSC on expenditures pertaining to the preparation and holding of the extraordinary General Meeting of Shareholders of the Company on 17 April 2019, in accordance with Appendix 8 to this decision of the Board of Directors of the Company.

#### **Voting results**

Gavrilov A.I.	-	FOR	Sergeeva O.A.	-	FOR
Varvarin A.V.	-	FOR	Rozhkov V.V.,	-	FOR
Kiryukhin S.V.	-	FOR	Shagina I.A.	-	FOR
Larionov D.V.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Yavorsky.V.K.	-	FOR
Osipova Ye.N.	-	FOR			

Thus, on the sixth issue, the proposed decision was **unanimously adopted** by the members of the Board of Directors participating in the meeting.

**Chairperson of the BoD**

**Gavrilov A.I.**

**Corporate secretary**

**Russu O.V.**