

**Minutes of the Meeting of the Board of Directors No. 373/2019**

**of the Public Joint Stock Company**

**of Power Industry and Electrification of Kuban (PJSC Kubanenergo)**

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| Date of Meeting | December 31, 2019 |
| Form of Meeting: | Absentee voting (by questionnaire) |
| Location of summing up the voting results: | room 105, building 1, 2А Stavropolskaya Str., Krasnodar (for postage to the Corporate Secretary of PJSC Kubanenergo) |
| Date on which the minutes were drawn up: | December 31, 2019 |
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**Members of the Board of Directors:** 11 persons

**Members of the Board of Directors were submitted the checklists**: Gavrilov A.I. (Chairman of the Board of Directors), Varvarin A.V., Kiryukhin S.V., Larionov D.V., Medvedev M.V., Osipova E.N., Rozhkov V.V., Sergeeva O.A., Khokholkova K.V., Shagina I.A., Yavorskiy V.K.

**Members of the Board of Directors were not submitted the checklists:** none.

In accordance with the Clause 7.3 “Regulations on the Board of Directors of Public Joint Stock Company of Power Industry and Electrification of Kuban” (passed by the decision of the Annual General Meeting of Shareholders of PJSC Kubanenergo, Minutes No. 42 of June 20, 2019) at least half of the number of elected members of the Board of Directors of the Company constitutes a quorum for a meeting of the Board of Directors.

**A quorum is present.**

**Agenda of the meeting of the Board of Directors:**

1. On consideration of the report concerning bottom-line performance business plan of PJSC Kubanenergo for the first nine months of 2019.
2. On the approval of the report concerning bottom-line performance of PJSC Kubanenergo investment program for the third quarter and the first nine months of 2019.
3. On consideration of the report concerning the performance of the Company’s investment projects included in the list of high interest objects of PJSC Kubanenergo for the third quarter of 2019.
4. On consideration of measures for the maintenance of the effective risk management system of PJSC Kubanenergo.
5. On the approval of the budgets of the Board of Directors' committees of PJSC Kubanenergo for the second half of the 2019.
6. On consideration of the report of General Director of PJSC Kubanenergo concerning the results of the Company availability for service in the autumn-winter period of 2019-2020.
7. On the approval of KPI targets of the Company director and other lead managers of IAD of the Company for 2020.
8. On consideration of results of the external independent evaluation of procedure of work performance of the Company’s internal audit.
9. On the approval of IAD work plan of PJSC Kubanenergo for 2020.
10. On the approval of IAD budget of PJSC Kubanenergo for 2020.

**Item No.1: On consideration of the report concerning bottom-line performance business plan of PJSC Kubanenergo for the first nine months of 2019.**

**The following solution was offered:**

1. *Take into consideration the report concerning bottom-line performance business plan of PJSC Kubanenergo for the first nine months of 2019 in accordance with the Appendix No. 1 to the present resolution of the Company’s Board of Directors.*

*2.* *It is necessary to notice the deviation of actual figures from planned figures of the business plan on the basis of performance of PJCS Kubanenergo in accordance with the Appendix No. 2 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 2:** **On the approval of the report concerning bottom-line performance of PJSC Kubanenergo investment program for the third quarter and the first nine months of 2019.**

**The following solution was offered:**

*Take into consideration the report concerning bottom-line performance of PJSC Kubanenergo investment program for the third quarter and the first nine months of 2019 in accordance with the Appendix No. 3 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 3:** **On consideration of the report concerning the performance of the Company’s investment projects included in the list of high interest objects of PJSC Kubanenergo for the third quarter of 2019.**

**The following solution was offered:**

*1. Take into consideration the report* *concerning the performance of the Company’s investment projects included in the list of high interest objects of PJSC Kubanenergo for the third quarter of 2019 in accordance with the Appendix No. 4 to the present resolution of the Company’s Board of Directors.*

*2. To assign the Chief Executive Officer of PJSC Kubanenergo to provide:*

*2.1. the completion of works and acceptance for operation of introductory high interest objects of the current year.*

*Deadline – December 31, 2019.*

*2.2. the compliance with the provisions of regulatory and administrative documents regulating acceptance procedure for operation of completed construction projects.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 4:** **On consideration of measures for the maintenance of the effective risk management system of PJSC Kubanenergo.**

**The following solution was offered:**

*1. Take into consideration the* *results of the external independent evaluation of risk management system of PJSC Kubanenergo.*

*2. To approve the Plan for risk management system development of PJSC Kubanenergo in accordance with the Appendix No. 5 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 5:**  **On the approval of the budgets of the Board of Directors' committees of PJSC Kubanenergo for the second half of the 2019.**

**The following solution was offered:**

*To approve the* *budgets of the Board of Directors' committees of PJSC Kubanenergo for the second half of the 2019 in accordance with the Appendix No. 6-10 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 6:** **On consideration of the report of General Director of PJSC Kubanenergo concerning the results of the Company availability for service in the autumn-winter period of 2019-2020.**

**The following solution was offered:**

*Take into consideration the report of General Director of PJSC Kubanenergo concerning the results of the Company availability for service in the autumn-winter period of 2019-2020 in accordance with the Appendix No. 11 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 7: On the approval of KPI targets of the Company director and other lead managers of IAD of the Company for 2020.**

**The following solution was offered:**

1. *To approve* *the design procedure and KPI evaluation of the Company director and* *internal audit unit employees in accordance with the Appendix No.12 to the present resolution of the Company’s Board of Directors.*
2. *To define* *KPI targets of the Company director and internal audit unit employees of PJSC Kubanenergo for 2020* *in accordance with the Appendix No.13 to the present resolution of the Company’s Board of Directors.*

*3. To assign the General Director of the Company to approve the design procedure and KPI evaluation of the Company director and internal audit unit employees of PJSC Kubanenergo, KPI targets of the Company director and internal audit unit employees of the Company for 2020, specified in Clauses 1 and 2 to the present resolution in accordance with the specified procedure of PJSC Kubanenergo.*

**The results of voting:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 8:** **On consideration of results of the external independent evaluation of procedure of work performance of the Company’s internal audit.**

**The following solution was offered:**

*1.* *Take into consideration the**report of independent expert of AO KPMG and evaluation of procedure of work performance of PJSC Kubanenergo internal audit**principally conforming to the International Standards for the Professional Practice of Internal Auditing, Code of Ethics developed by the Institute of Internal Auditors (IIA) and Internal Audit Policy of the Company in accordance with the Appendix No. 14 to the present resolution of the Company’s Board of Directors.*

*2. To assign the head of Internal Audit Department (IAD) of PJSC Kubanenergo to provide the elaboration of plan of measures for development and improvement of internal audit for approval by the Board of Directors of the Company.*

*Deadline: not later than March 01, 2020.*

**The results of voting:**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Item No. 9:** **On the approval of IAD work plan of PJSC Kubanenergo for 2020.**

**The following solution was offered:**

*To approve IAD work plan of PJSC Kubanenergo for 2020 in accordance with the Appendix No. 15 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Вопрос 10:** **On the approval of IAD budget of PJSC Kubanenergo for 2020.**

**The following solution was offered:**

*To approve IAD budget of PJSC Kubanenergo for 2020 in accordance with the Appendix No. 16 to the present resolution of the Company’s Board of Directors.*

**The results of voting:**

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| --- | --- | --- | --- | --- | --- |
| Gavrilov A.I. | - | **“FOR”** | Sergeeva О.А. | - | **“FOR”** |
| Varvarin А.V. | - | **“FOR”** | Rozhkov V.V. | - | **“FOR”** |
| Kiryukhin S.V. | - | **“FOR”** | Shagina I.А. | - | **“FOR”** |
| Larionov D.V. | - | **“FOR”** | Khokholkova К.V. | - | **“FOR”** |
| Medvedev М.V. | - | **“FOR”** | Yavorskiy V.К. | - | **“FOR”** |
| Osipova Е.N. | - | **“FOR”** |  |  |  |

Thus, regarding the first Agenda Item of the meeting, the resolution **was adopted unanimously** by the Board of Directors participating in the meeting.

**Chairman of the Board of Directors А.I. Gavrilov**

**Corporate Secretary O.V. Russu**