

**Minutes of the Meeting of the Board of Directors No. 374/2020**

**of the Public Joint Stock Company**

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

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| Date of Meeting | January 21, 2020 |
| Form of Meeting: | in person and in absentia (as well asvia video conferencing) |
| Location of summing up the voting results: | Room A7-057, 4 Belovezhskaya Str., Moscow  |
| Start time of voting: | 1 p.m. |
| End time of voting: | 2.30 p.m. |
| Date on which the minutes were drawn up: | January 24, 2020  |

In accordance with the Clause 7.1 Regulations on the Board of Directors of Public Joint Stock Company of Power Industry and Electrification of Kuban passed by the resolution at the Annual General Meeting of Shareholders of the Company of June 20, 2019 (Minutes No. 42 of June 20, 2019), the meeting of the Board of Directors was called to order by Chairman of the Board of Directors of PJSC Kubanenergo Gavrilov Aleksandr Ilich.

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 if there is quorum for a meeting of the Board of Directors, the Corporate Secretary of the Company Russu Olga Vladimirovna should be permitted to speak. 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. In accordance with Clause 16.1 of the Regulations of PJSC Kubanenergo eleven persons have been elected as members of the Board of Directors.

**The following Members of the Board of Directors were present at the Meeting:** Gavrilov A.I. (Chairman of the Board of Directors), Kiryukhin S.V., Larionov D.V., Medvedev M.V., Osipova E.N., Rozhkov V.V., Sergeeva O.A., Khokholkova K.V., Shagina I.A.

**The following Members of the Board of Directors were absent at the Meeting:** Varvarin A.V., Yavorskiy V.K.

Nine members of the Board of Directors were present at the Meeting that constitutes at least half of the number of elected members of the Board of Directors of the Company.

**There is** a necessary **quorum** for a meeting of the Board of Directors.

**Members of the Board of Directors were submitted the checklists**: Varvarin A.V., Yavorskiy V.K.

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

Guests in Attendance:

1. Sergeev Sergey Vladimirovich – General Director of PJSC Kubanenergo;
2. Shishigin Igor Nikolaevich – Deputy General Director for Technical Issues – Chief Engineer of PJSC Kubanenergo (via video conferencing);
3. Nishchuk Oleg Fedorovich – Deputy General Director for Service Implementation of PJSC Kubanenergo;
4. Ocheredko Olga Vyacheslavovna – Deputy General Director for Economics and Finance of PJSC Kubanenergo (via video conferencing);
5. Didenko Ekaterina Evgenevna - Head of Corporate Management and Shareholders’ Arrangements Department of PJSC Kubanenergo;
6. Treputin Ivan Vladimirovich - Head of Human Resources Department and Organization Design of PJSC Kubanenergo (via video conferencing);
7. Golovaha Oleg Nikolaevich – Head of Department for Corporate Management Systems and Automatic Control Systems of Technological Processes of PJSC Kubanenergo (via video conferencing).

 The following items that were raised at the meeting of the Board of Directors of PJSC Kubanenergo:

1. *On approval of the “Digital Transformation Program of PJSC Kubanenergo for 2020-2030”.*
2. *On approval of the* *Intellectual Energy Accounting Development Program of PJSC Kubanenergo for 2020-2030.*

Under the proposal of Sergeev S.V., the General Director of the Company and with the consent of the members of the Board of Directors the procedure for submitting the reports regarding the Agenda was changed.

Nishchuk Oleg Fedorovich, the Deputy General Director for Service Implementation of PJSC Kubanenergo reported on Agenda Item 2 of the meeting **“*On approval of* *the* *Intellectual Energy Accounting Development Program of PJSC Kubanenergo for 2020-2030”.***

**The following solution was offered based on the discussion related to voting on issue No.2 of the Agenda of the meeting:**

1. *To approve the* *Development Program for Intellectual Accounting of Energy that is transferred out of the electrical system of the Company for 2020-2030 specified in Appendix No.1 (hereinafter referred to as the Program) to the present resolution of the Board of Directors of the Company.*
2. *The Prospective Development Program for Electrical Energy Accounting of PJSC Kubanenergo for 2017-2021 passed by the Company’s Board of Directors (Minutes No. №267/2017 of March 31, 2017) is considered to be no longer in force*
3. *To assign the chief executive officer (CEO) of the Company to provide:*

*- funding for business events Program under the investment programme limits and business plan of the Company;*

*- improving the efficiency of business events Program in accordance with the “Digital Transformation 2030” strategy for including in the project of adjusted investment program of subsidiaries and affiliates in 2020 by reducing expenses and increasing revenues;*

*- submission for consideration by the Board of Directors of the Company of Annual Program Implementation Report (APRI) not later than the end of the second quarter (Q2).*

**The results of voting:**

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| **«FOR»**  | **-** | Gavrilov А.I. (Chairman of the Board of Directors), Varvarin А.V., Kiryukhin S.V., Larionov D.V., Medvedev М.V., Osipova Е.N., Rozhkov V.V., Sergeeva О.А., Khokholkova К.V., Shagina I.А., Yavorskiy V.К. |
| **«AGAINST»**  | **-** | None. |
| **«ABSTAIN»**  | **-** | None. |

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

Shishigin Igor Nikolaevich, the Deputy General Director for Technical Issues – Chief Engineer of PJSC Kubanenergo presented the report on Agenda Item 1 (via video conferencing), which included approval of the Program “*Digital Transformation Program of PJSC Kubanenergo for 2020-2030*”.

The members of the Board of Directors presented the following reports during the process of debate:

- Gavrilov Aleksandr Ilich (Chairman of the Board of Directors) – on amount of financing for the Intellectual Energy Accounting Development Program;on expenditures for the installed equipment maintenance as the result of digital transformation; on the interrelations between digital transformation and consolidation of electric grid assets; on the presence of qualified specialists for implementation of digital transformation; on the pilot project on digitalization of “Dagomysskiy” power distribution zone;

-Sergeeva Olga Andreevna – on the impact of the implementation of digital transformation; on electronic document management system (EDMS) and logic of business process; and also on staff number in case of digital transformation; on amount of financing for the DevelopmentProgram for Intellectual Accounting of Energy that is transferred out of the electrical system of the Company and the “Digital Transformation Program of PJSC Kubanenergo for 2020-2030”;

-Osipova Elena Nikolaevna – on period of recoupment of expenses in the process of adopting the Intellectual Energy Accounting Development Program and Digital Transformation Program;

- Medvedev Mikhail Vladimirovich– on the impact of labor productivity in the process of adopting Digital Transformation Program.

The members of the Board of Directors reported with explanatory notes during the process of debate: Sergeev S.V. (General Director), Shagina I.А., Ocheredko О.V., Nishchuk О.F., Treputin I.V., Golovaha О.N.

**Regarding the Agenda Item 1 it was resolved that:**

1. *To approve the “Digital Transformation Program of PJSC Kubanenergo for 2020-2030” in accordance with the Appendix No.2 to the present resolution of the Company’s Board of Directors.*
2. *To assign the chief executive officer (CEO) of PJSC Kubanenergo to provide:*

*- funding for business events Program “Digital Transformation Program of PJSC Kubanenergo for 2020-2030” under the investment programme limits and business plan of the Company;*

*- the project efficiency of the Program “Digital Transformation of PJSC Kubanenergo for 2020-2030” in accordance with the fulfillment of principles for evaluation of economic efficiency of adopting the digital technologies in accordance with the strategy of PJSC Rosseti – “Digital Transformation for 2020-2030”;*

*- introduction of amendments to the Program “Digital Transformation of PJSC Kubanenergo for 2020-2030” with subsequent submission for approval by the Board of Directors of PJSC Kubanenergo upon modification of initial parameters and characteristics of the Program “Digital Transformation of PJSC Kubanenergo for 2020-2030”;*

*- submission for consideration by the Board of Directors of PJSC Kubanenergo of Annual Measures Implementation Consolidated Report provided by the Program Digital Transformation of PJSC Kubanenergo for 2020-2030”.*

**The results of voting:**

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| **“FOR”** | **-** | Gavrilov А.I. (Chairman of the Board of Directors), Varvarin А.V., Kiryukhin S.V., Larionov D.V., Medvedev М.V., Osipova Е.N., Rozhkov V.V., Sergeeva О.А., Khokholkova К.V., Shagina I.А., Yavorskiy V.К. |
| **“AGAINST”**  | **-** | None. |
| **“ABSTAIN”**  | **-** | None. |

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**