**Statement of material fact**

**“On decisions adopted by the Issuer’s Board of Directors”**

**(disclosure of inside information)**

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| 1. General data | |
| 1.1 Full business name of the issuer | Public joint-stock company of Power Industry and Electrification of Kuban |
| 1.2. Abbreviated business name of the issuer | “Kubanenergo” PJSC |
| 1.3. Location of the issuer | Krasnodar, Russian Federation |
| 1.4. PSRN of the issuer | 1022301427268 |
| 1.5. TIN of the issuer | 2309001660 |
| 1.6. The issuer’s unique code assigned by the registering body | 00063-A |
| 1.7. Website used by the issuer for information disclosure | [www.kubanenergo.ru](http://www.kubanenergo.ru)  <http://www.e-disclosure.ru/portal/company.aspx?id=2827> |
| 1.8. Date of the event (material fact) that is disclosed in the statement (if applicable) | 13.08.2019 |
| 2. Statement content | |
| **2.1 Quorum of meeting of the issuer’s BoD and the results of voting on the proposed decisions**:  Number of the BoD members: 11 members  Members participated in the meeting: 11 members  Quorum necessary for holding the meeting of Kubanenergo PJSC Board of Directors is present*.*  Voting results**:**   |  |  |  |  | | --- | --- | --- | --- | | No. | Votes | | | | FOR | AGAINST | ABSTAINED | | **1** | **11** |  |  | | **2** | **11** |  |  | | **3** | **11** |  |  | | **4** | **11** |  |  | | **5** | **11** |  |  | | **6** | **11** |  |  | | |
| **Disclosure of insider information**  **Item No. 1 “Approval of a report on observance of the key performance indicators (KPI) of the Company’s Director General in the 3rd quarter of 2018”** | |
| 2.2.1. Decision adopted by the issuer’s Board of Directors:   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 3rd 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: “≤ 3.1”. 2. To approve the Report on the implementation of key performance indicators (KPIs) of the Company Director General for the 3rd quarter of 2018 in accordance with Appendix 1 to this decision of the Board of Directors of the Company. 3. Authorize Olga Sergeyeva, 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 3rd and 4th quarters of 2018, 2018, 1st and 2nd quarters of 2019, and 2019. | |
| **Disclosure of insider information**  **Item No. 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”** | |
| 2.2.2. Decision adopted by the issuer’s Board of Directors:   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. | |
| **Disclosure of insider information**  **Item No. 3 “Discussion of a report of the Company’s Internal Audit on evaluation of efficiency of the internal control and risks management systems”** | |
| 2.2.3. Decision adopted by the issuer’s Board of Directors:  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. | |
| **Disclosure of insider information**  **Item No. 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”** | |
| 2.2.4. Decision adopted by the issuer’s Board of Directors:  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. | |
| **Disclosure of insider information**  **Item No. 5 “Approval of the list of investment projects subject to technological price audit in 2019”** | |
| 2.2.5. Decision adopted by the issuer’s Board of Directors:  Approve the list of investment projects subject to technological price audit in 2019in accordance with Appendix 7 to this decision of the Board of Directors of the Company. | |
| **Disclosure of insider information**  **Item No. 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”** | |
| 2.2.6. Decision adopted by the issuer’s Board of Directors:  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. | |
| 2.3. Date of holding the meeting of the Board of Directors which adopted the resolutions:  **12 August 2019.**  2.3. Date of holding the meeting of the Board of Directors which adopted the resolutions: **13 August 2019, minutes No.3576/2019.** | |

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| 3. Signature | | |
| 3.1 Head of Corporate Governance and Shareholder Relations Department (by power of attorney No.119/10-1406 of 19.12.2018) | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (signature) | Didenko Ye.Ye. |
| 3.2 Date: 14 August 2019 | seal |  |