



ROSSETI
KUBAN

Kuban Public Joint-Stock Company of
Power Industry and Electrification
(Kubanenergo PJSC)

**Minutes No. 359/2019 of the session of the Board of Directors
of the Public Joint-Stock Company
of Power Industry and Electrification of Kuban (Kubanenergo PJSC)**

Date of arrangement: September 05, 2019
Form of arrangement: In absentia (through questioning)
Place of tally of votes:: Krasnodar, Stavropolskaya St. 2A, bld. 1, office
105 (address for forwarding correspondence to
Corporate Secretary of Kubanenergo PJSC)
Minutes generation date: September 06, 2019

Number of members of the Board of Directors: 11 persons.

Those having provided questionnaires: 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.

Those having failed to provide questionnaires:

In accordance with the requirement of Clause 7.2 of the “Regulations on the Board of Directors of Kuban Public Joint-Stock Company of Power Industry and Electrification” (approved by decision of the annual General Meeting of Shareholders of Kubanenergo PJSC, Minutes No. 42 dated 20.06.2019), the quorum required for arrangement of a session of the Board of Directors is at least half the number of elected members of the Board of Directors of the Company.

The quorum is present.

Agenda of the session of the Board of Directors:

1. On approval of the work plan of the Board of Directors of Kubanenergo PJSC for H2 2019 and H1 2020.
2. On consideration of the report of the Single Executive Body of the Company for the management of key operational risks of the Company for 2018.
3. On consideration of information of the internal audit on the audit results on determination and sale of non-core assets of the Company in 2018.
4. On approval of the report on the results of the technological price audit of major investment projects in 2018.
5. On consideration of the report of the Single Executive Body of the Company on the implementation of decisions taken at meetings of the Company Board of Directors.
6. On consideration of the information of the Single Executive Body of the Company on the reliability and quality level indicators of the services provided by the Company, which are subject to tariff regulation based on long-term activity control parameters for 2018.
7. On the development of cooperation with enterprises of the defense industry complex of the Russian Federation.

Issue 1: On approval of the work plan of the Board of Directors of Kubanenergo PJSC for H2 2019 and H1 2020.

The following decision is proposed to be taken:

Approve the Plan of activities of the Board of Directors of the Company for H2 2019 – H1 2020 in accordance with Appendix No. 1 to this decision of the Board of Directors of the Company.

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the first issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 2: On consideration of the report of the Single Executive Body of the Company for the management of key operational risks of the Company for 2018.

The following decision is proposed to be taken:

1. *Take notice of the report of the Single Executive Body of the Company on the management of key operational risks of the Company for 2018 in accordance with Appendix No. 2 to this decision of the Board of Directors of the Company.*

2. *To mark the implementation of certain key operational risks in accordance with Appendix No. 3 to this decision of the Board of Directors of the Company.*

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the second issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 3: On consideration of information of the internal audit on the audit results on determination and sale of non-core assets of the Company in 2018.

The following decision is proposed to be taken:

1. *To take notice of the Audit report No. 01-2019 of January 31, 2019 on the audit “Assessment of the implementation of non-core asset management programs in Kubanenergo PJSC” in accordance with Appendix No. 4 to this decision of the Board of Directors of the Company.*

2. *The single executive body of Kubanenergo PJSC shall ensure an increase in the efficiency of the process of determination and sale of the non-core assets, including improving the internal control system of this process, including through the implementation of recommendations of the internal audit.*

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the third issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 4: On approval of the report on the results of the technological price audit of major investment projects in 2018.

The following decision is proposed to be taken:

To approve the report on the results of the technological price audit of major investment projects of Kubanenergo PJSC in 2018 in accordance with Appendix No. 5 to this decision of the Board of Directors of the Company.

Voting outcome:

Gavrilov A.I.	-	“FOR”	Sergeeva O.A.	-	“FOR”
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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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the forth issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 5: On consideration of the report of the Single Executive Body of the Company on the implementation of decisions taken at meetings of the Company Board of Directors.

The following decision is proposed to be taken:

1. Take notice of the report of the Single Executive Body of the Company on fulfillment of decisions taken at the Company Board of Directors meetings in accordance with Appendix No. 6 to this decision of the Board of Directors of the Company.

2. Take notice of the information on fulfillment of decisions of the Board of Directors of 22.02.2018 as per para. 2 of the issue 1 (Minutes No. 302/2018), of 26.12.2018 as per para. 4 of the issue No. 2 (Minutes No. 326/2018) of 22.04.2019 as per para. 3.1 of the issue No. 2 (Minutes No. 341/2019).

3. To instruct the Single Executive Body of the Company to ensure strict compliance with the Decree of the Government of the Russian Federation dated December 11, 2014 No. 1352 regarding payment terms for contracts concluded with small and medium-sized businesses.

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the fifth issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 6: On consideration of the information of the Single Executive Body of the Company on the reliability and quality level indicators of the services provided by the Company, which are subject to tariff regulation based on long-term activity control parameters for 2018.

The following decision is proposed to be taken:

Take notice of the information on the provided services reliability and quality level indicators per Company subject to tariff regulation based on long-term activities regulation parameters for the 2018 (tariff regulation calculation period) as per Appendix No. 7 to this decision of the Board of Directors of the Company.

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the sixth issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Issue 7: On the development of cooperation with enterprises of the defense industry complex of the Russian Federation.

The following decision is proposed to be taken:

In order to ensure the stability of the company against foreign exchange and sanctions risks upon implementation of investment programs, as well as fulfilling instructions of the President of

the Russian Federation (“List of instructions for implementing the Presidential Address to the Federal Assembly”, approved by the President of the Russian Federation as 05.12.2016 No. Pr-2346) within the framework of products diversification, which is manufactured by the organizations of the defense and industry complex of the Russian Federation (hereinafter referred to as “DIC RF”), the Single Executive Body of the Company shall ensure the following:

1. Analysis of the Company's technological dependence on the foreign production equipment, materials, components, software and services with generation of a list of foreign production critical technologies and demand forecast for the period up to 2023.

2. Stress testing of applied technical solutions at the Company's facilities, aimed at determining the efficiency and stability of the energy system and its individual units under dramatic change in the foreign currency exchange rate and/or sanctions of the foreign countries. Investigate emerging information security risks separately with authorized government agencies. Report on the results of stress tests to be submitted to the Board of Directors of the Company.

3. Based on the results of stress testing simulations, preparation of proposals for the formation of the Development Program for alternative suppliers of products from the enterprises of the Russian defense industry complex, aimed at creating/developing existing defense industry enterprises to the required level of technological maturity and a complete transition to domestic solutions, software and microelectronics.

4. Interaction with organizations of the defense industry complex of the Russian Federation on the following matters:

- generation of a list of basic technologies used at the facilities of the integrated power grid, production of which can be ensured by enterprises of the defense industry complex of the Russian Federation;

- use of civilian products (works, services) produced by organizations of the defense industry complex of the Russian Federation.

5. Submission of the report on the results of the implementation of paragraphs 1-4 of this decision for consideration by the Board of Directors of the Company.

Deadline: within 1 month from the date of adoption of this decision.

6. Timely annual informing of the Board of Directors of the Company on the scopes of contracts concluded by the Company with organizations of the defense industry complex of the Russian Federation for the purchase of civilian products (works, services) that are not related to the State defense order.

Deadline: annually before April 15 of the year following the reporting one.

Voting outcome:

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”	Yavorskiy V.K.	-	“FOR”
Osipova E.N.	-	“FOR”			

Thus, on the seventh issue the decision proposed by members of the Board of Directors taking part in the meeting **was taken unanimously**.

Chairman of the Board of Directors

A.I. Gavrilov

Corporate Secretary

O.V. Russu