

BOARD OF DIRECTORS

The Board of Directors is a collegial management body that exercises general management of the Company's activities, defines its strategy, controls the actions of the Company's executive bodies, as well as implements decisions of the General Meeting of Shareholders and ensures the legitimate interests of shareholders of Kubanenergo PJSC.

The main goals and objectives of the Board of Directors:

- determination of the Company's development strategy pointed at increasing its market capitalization and investment prospects, achieving maximum profit and expanding the Company's assets;
- assuring the implementation and protection of the rights and legitimate interests of shareholders, as well as facilitating the resolution of corporate conflicts;
- ensuring the completeness, reliability, and objectivity of disclosure of information about the Company;
- creating effective internal control mechanisms;
- regular assessment of the executive bodies and work of the Company's management.

For the realization of these goals and objectives of the Board of Directors is guided by the following principles:

- decisions making is based on reliable information about the Company's activities;
- exclusion of restrictions for participation of shareholders in the management of the Company, receiving dividends and information about the Company;
- balancing the interests of various groups of shareholders and adopting the most sensible decisions by the Board of Directors in the interests of all shareholders of the Company.

In the course of business activity, the Board of Directors is guided by the Federal Law dated December 26, 1995, No. 208-ФЗ "Concerning the Joint-Stock Companies," other regulatory legal acts of the Russian Federation, Charter of the Company, Regulation of the Board of Directors¹.

The competence of the Board of Directors of the Company, in addition to the mandatory provisions of the Federal Law No. 208-ФЗ, dated 26.12.1995, "Concerning the Joint-Stock Companies," also includes:

- determination of the Company's development strategy;
- approval of a business plan and review of quarterly reports on business plan execution;
- approval of the investment program and quarterly reports on the results of its execution;
- approval of the target values of key performance indicators and performance reports;
- making decisions on the acceptance of offers to acquire additional shares of the Company placed through an open subscription;
- definition of the Company's policy:

- in terms of improving the reliability of the electric networks distribution complex of and other facilities of the power supply network,
- in the insurance,
- credit,
- purchasing,
- housing areas of activity;
- organization of management and control of organizations, which are in the scope of the Company activities:
 - / approval of the procedure for the Company's interaction with organizations of direct participation;
 - / determining the position of the Company on the central issues on the agendas of General Meetings of shareholders (participants) and meetings of Boards of Directors of subsidiaries and associates of the Company;
 - / appointment of Company representatives for participation in the highest management bodies of organizations of its direct activities;
 - / deciding on the nomination of candidates by the Company for election to the management and control bodies of organizations of its direct participation, as well as the nomination of auditor;
- preliminary approval of decisions for the conclusion of individual transactions by the Company:
 - / in the non-current assets of the Company in the amount of more than 10% of their book value;
 - / related to the acquisition, alienation or the possibility of separation of the property constituting fixed assets, intangible assets, construction in progress, generally used for production, transmission, dispatching, distribution of electrical and thermal energy, as well as of other types of property determined by individual decisions of the Board of Directors;
 - / for transfer (reception) to the temporary possession (use) of real estate and power supply network for more than five years;
 - / related to the gratuitous transfer of the Company's property or property rights (claims) back to the Company or a third party; transactions related to exemption from property obligations to the Company or a third party; transactions related to the granting of services by the Company to third parties;
 - / which may entail the emergence of liabilities denominated in foreign currency, transactions with derivative financial instruments;

1. The Regulation on the Board of Directors of Kubanenergo PJSC was published on the website www.kubanenergo.ru – section 'About Us/ Constituent and internal documents.'

- organization and control of the Company's executive bodies:
 - / making decisions on the appointment of the Acting General Director of the Company,
 - / disciplinary action against bodies of the Company and their promotion,
 - / consideration of the Company activities General Director reports,
 - / control over the activities of executive bodies in terms of the implementation of the strategy approved by the Company,
 - / recommendations to the executive bodies of the Company on any issues of the Company's activities,
 - / approval of Regulations of material incentives for the General Director and top managers of the Company,
 - / approval of candidates for specific positions in the executive office of the Company;
- preliminary approval of the collective agreement, agreements concluded by the Company in the framework of social and labor regulation, approval of documents for non-state pension coverage for the Company's employees;
- approval of appraisers, financial consultants;
- making decisions on the Company's accession to industry and inter-sectoral standards, Operating Procedures and other documents in the electricity sector in various areas of the Company's activities, including technical control;
- the establishment of committees of the Board of Directors and the election of their members;
- determination of principles and approaches to the organization of internal audit, risk management, and internal control systems in the Company;
- assessment of critical operational risks, as well as the detection of an acceptable amount of risks for the Company;
- organizing an annual analysis and evaluation of the functioning of risk management and internal control systems;
- annual consideration of the organization, functioning, and effectiveness of risk management and internal control systems in the Company;
- control and organization of the internal audit subdivision, reviewing the results of the quality assessment of the internal audit function.

BOARD OF DIRECTORS¹

The Board of Directors is elected by the General Meeting of Shareholders of the Company in the amount of 11 persons for the period until the next Annual General Meeting of Shareholders. In case of the election of the Board of Directors at an extraordinary General Meeting of Shareholders, members of the Board of Directors shall be deemed elected for the period until the date of the next Annual General Meeting of Shareholders.

In the reporting year, there were two personal members of the Board of Directors of the Company.

The current composition of the Board of Directors elected at the Annual General Meeting of Shareholders of the Company on May 25, 2018²

1. Sergeeva Olga Andreevna, Chairman of the Board of Directors, the Non-Executive Director³:

Year of birth	1984
High	Education. She graduated from the Russian Academy of Economics, named after G.V. Plekhanov, majoring in "Economics and Management at an Enterprise. Construction"
Has experience over the past five years:	
2010–2017	Deputy Head of the Department of Fuel and Energy Economy of Moscow
2017–2017	Deputy Head of the Department for Housing and Communal Services of Moscow
2018 – present time	Member of the Management Board, Deputy General Director – Chief of Staff of PJSC Rosseti – the main place of work
2018 – present time	Member of the Boards of Directors of PJSC "IDGC of the South," PJSC "Moscow United Electric Grid Company," PJSC "IDGC of the North-West," PJSC Lenenergo, PJSC "IDGC of Northern Caucasus,"
2018 – present time	Chairman of the Committee for Human Resources and Remuneration of the Board of Directors of Kubanenergo PJSC
Period of work in the Board of Directors of Kubanenergo PJSC	From 25.05.2018 to the present time

1. Consent to the disclosure of personal information specified in the 'Corporate Governance' section was obtained from all persons who currently are or were members of the management and control bodies of Kubanenergo PJSC.

2. Information about the work experience of the members of the Board of Directors represents only the last positions they hold for each place of work. All positions held by members of the Board of Directors are listed in the Issuer's quarterly reports published on the website www.kubanenergo.ru – section 'Shareholders and Investors/ Disclosure of Information/ Issuer's quarterly reports. Information about the places of work of the members of the Board of Directors and the positions held by them are indicated according to the data provided by them to the Company at the end of the reporting year. By the term "present time" in this case the Company is referring to December 31, 2018.

3. The status of members of the Board of Directors (executive, non-executive, independent) is determined by the criteria of the Corporate Governance Code.