

COMMITTEES OF THE BOARD OF DIRECTORS

The committees of the Board of Directors have been established to ensure the effective performance of its functions related to the general management of the Company's operations:

- Reliability Committee
- Audit Committee
- Committee for Strategy, Development, Investment and Restructuring,
- Human Resources and Remuneration Committee
- Committee for technological connection.

The committees have the status of advisory bodies, which are engaged in the in-depth study of the most critical issues related to the competence of the Board of Directors, and preparation of recommendations (opinions) to the Board of Directors, and also consider other matters on behalf of the Board of Directors.

The activity of each committee is governed by a regulation that establishes the goals, objectives, competence of the committee, the procedure for its formation and organization of work¹.

The personal composition of the committees and their chairmen are elected by the Board of Directors of the Company from among candidates nominated by members of the Board of Directors at a new meeting of the Board of Directors in a new composition.

The members of the Audit Committee are elected until the election of the next composition of this committee. Members of the remaining committees are elected for a period until the first meeting of the Board of Directors, selected as a new composition.

Generally, the action plans for the current corporate year, compiled on the basis of the work schedule of the Board of Directors, decisions of the Board of Directors and committees, proposals from committee members, General Directors, are approved at one of the first meetings of each new committee.

May 24, 2018 the Board of Directors of Kubanenergo PJSC reviewed the reports of committees on the work done for the 2017/2018 corporate year.

In the reporting year, all issues subject to preliminary consideration by the committees of the Board of Directors were reviewed by the committees in a timely manner.

The minutes of meetings of the Kubanenergo PJSC Board of Directors committees were published on the website www.kubanenergo.ru – section "About Us/ Management bodies/ Committees of the Board of Directors."

Payment of remuneration to members of these committees is provided for participation in meetings of committees of the Board of Directors. The total amount of remuneration paid to members of committees of the Board of Directors in 2018 was 2,084 thousand rubles. The Company has no debts for remuneration to the members of committees.

1. Regulations for the committees of the Board of Directors of the Company are published on the website www.kubanenergo.ru – section "About Us/ Constituent and internal documents."

RELIABILITY COMMITTEE

Committee Creation Date	15.09.2006
Date and number of minutes of the Board of Directors meeting, at which there was approved the Regulation for the committee (in the current edition)	From 21.07.2017, No. 281/2017
The main tasks of the committee	Development and submission of recommendations (opinions) to the Board of Directors of the Company in the following activities of the Board of Directors: • examination of production programs, plans for technical re-equipment, reconstruction, new construction and repair of power facilities, analysis of their development and execution in terms of meeting the requirements for reliable operation and the technical condition of electrical networks; • assessment of the completeness and adequacy of measures taken as a result of the investigation of accidents, as well as control over the implementation • examination of the investigation quality of the causes of technological violations (accidents); • examination of the Company's activities in the field of emergency response work (preparedness, organization, and conduct of emergency and restoration work at power grid facilities); • examination and monitoring of the accomplishment of prevention and risk reduction programs for the Company's personnel and third parties at the Company's electrical installations; • monitoring and evaluation of the Company's technical services in terms of ensuring the reliability of electrical networks and industrial safety; • examination of the internal control system in the Company; • examination of the labor protection management system; • examination of the environmental policy implementation program; • examination of fire and industrial safety systems
Personal composition of the committee, acting in the reporting year¹	The composition of the Committee worked in the period from 19.07.2017 to 15.06.2018: 1. Ukolov Vladimir Anatolyevich (Chairman of the Committee), Deputy Director of the Situation-Analytics Center of PJSC Rosseti. 2. Bogomolov Eduard Valerievich, First Deputy Director of the Branch of PJSC Rosseti – the Center for Technical Supervision. 3. Medvedev Mikhail Vladimirovich, Deputy General Director of LLC Holding Company "Intra Tool," member of the Board of Directors of Kubanenergo PJSC. 4. Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance of PJSCKubanenergo, member of the Management Board of Kubanenergo PJSC. 5. Shishigin Igor Nikolaevich, Deputy General Director for Technical Issues – Chief Engineer of Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC. The current composition of the committee (elected 30.07.2018): 1. Ukolov Vladimir Anatolyevich (Chairman of the Committee), Deputy Director of the Situation-Analytics Center of PJSC Rosseti. 2. Bogomolov Eduard Valerievich, First Deputy Director of the Branch of PJSC Rosseti – the Center for Technical Supervision. 3. Medvedev Mikhail Vladimirovich, Deputy General Director of LLC Intra Tul Holding Company, member of the Board of Directors of Kubanenergo PJSC. 4. Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance, member of the Management Board of Kubanenergo PJSC. 5. Shishigin Igor Nikolaevich, Deputy General Director for Technical Issues – Chief Engineer, Member of the Management Board of Kubanenergo PJSC

The results of the work of the committee in the reporting year
There were 11 meetings held in 2018, (two – in person, the rest – by absentee voting) with consideration of 37 issues.

In the reporting year, the committee provided the Board of Directors with conclusions (recommendations) on the following most important issues:

- about approval:
 - / Company's reliability improvement programs,
 - / the revised plan for development of the asset management system for 2016–2019,
 - / the updated program for modernization (renovation) of the Company's electric grid facilities for 2018–2026,
 - / basic target model of operational and technological management;
- concerning reviewing the following reports:
 - / on the implementation of the investment program in terms of ensuring comprehensive reliability,
 - / on the results of the Company's readiness to work, as well as to the organization and conduct of emergency recovery work in the autumn-winter period of 2018–2019,
 - / on the implementation of the Company's innovative development program,
 - / on the implementation of the development plan of the assets management system of Kubanenergo PJSC.

In the reporting year, the Reliability Committee of the Board of Directors also considered:

- a program of measures aimed at addressing the "narrow" places, affecting the reliable power supply of the Company's consumers, and reports on the progress of its implementation and update;
- Company's management reports:
- concerning the events during the autumn-winter period in the Company,
- concerning readiness for the organization and performance of works in the autumn-winter and flood periods,
- concerning the execution of the program for maintenance and repair of the Company's facilities,
- concerning the comprehensive programs to reduce the risk of injury to the Company's staff and third parties;
- analysis of the quality of investigations into the causes of accidents and assessment of the completeness and sufficiency of measures taken to eliminate them;
- information on indicators of the level of reliability of services, subject to tariff regulation.

The share of issues previously considered by the committee with the preparation of recommendations to the Board of Directors in the total number of matters considered by the committee: 27.3% – in 2017, 35.1% – in 2018.

On average, the participation of committee members in the work of this body was: 92.4% – in 2017, 96.8% – in 2018.

1. Hereinafter, the positions of members of the Board of Directors committees are indicated at the time of their election to the committees.

AUDIT COMMITTEE

Committee Creation Date	16.10.2009
Date and number of minutes of the Board of Directors meeting, at which there was approved the Regulation for the committee (in the current edition)	From 18.03.2016, No. 233/2016, as amended on 28.10.2016, No. 253/2016
The main tasks of the committee	• Consideration of the accounting (financial) statements of the Company and control over the process of statements preparation; • control over the reliability and efficiency of the internal control system, risk management system, corporate management practices; • control over the conduct of an external audit and choice of an auditor; • ensuring the independence and objectivity of the internal audit function; • performance monitoring of the system for counteracting unfair actions of the Company employees and third parties
Personal composition of the committee, acting in the reporting year	The composition of the Committee, operating in the period from 19.07.2017 to 30.07.2018: 1. Khokholkova Ksenia Valeryevna (Committee Chairman) , Deputy Head of Securities Department and Information Disclosure of the Department of Corporate Governance and Interaction with Shareholders and Investors of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 2. Osipova Elena Nikolaevna , Head of the Financial Analysis and Liquidity Management Department of the Treasury Department of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 3. Shagina Irina Alexandrovna , Head of the Tariff Formation Department of the PJSC Tariff Policy Department of Rosseti, Member of the Board of Directors of Kubanenergo PJSC The current composition of the committee (elected 30.07.2018): 1. Khokholkova Ksenia Valeryevna (Chairman of the Committee) , Chief Expert of the Securities and Information Disclosure Department of the Corporate Governance Department of PJSC Rosseti, member of the Board of Directors of Kubanenergo PJSC. 2. Varvarin Alexander Viktorovich , Vice President – Managing Director of Corporate Relations and Legal Support of All-Russian Association of Employers "Russian Union of Industrialists and Entrepreneurs" (ARAE RUIE), Member of the Board of Directors of Kubanenergo PJSC. 3. Shagina Irina Aleksandrovna , Director of the Tariff Policy Department of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC

The results of the work of the committee in the reporting year

In 2018, there were conducted 14 meetings of the Audit Committee (six – in person, the rest – by absentee voting), 42 issues were considered, including:

- the candidacy of the external auditor of the Company was preliminarily approved to audit the Company's accounting (financial) statements for 2018, prepared in accordance with RAS, and to audit the consolidated financial statements for 2018, prepared in accordance with IFRS (minutes No. 69/2018, dated 19.04.2018);
- there was assessed the effectiveness of the external audit of the Company's accounting (financial) statements for 2017 (minutes No. 68/2018 dated 10.04.2018);
- information on key activities aimed at eliminating violations/deficiencies, as well as implementing recommendations, issued by the Company's Auditing Commission, was considered on the results of the audit of the Company's financial and economic activities for 2017 (minutes No. 66/2018, dated 02.03.2018);
- written information provided by the external auditor on the main problems of the Company's accounting (financial) statements were reviewed periodically (minutes dated 10.04.2018, No. 68/2018, dated 20.12.2018, No. 77/2018);
- there was discussed information, concerning the non-standard operations and events of the Company, as well as on the formation of a reserve of doubtful debts and estimated liabilities (minutes No. 68/2018, dated 10.04.2018);
- was analyzed the material aspects of the accounting policy and changes to that (minutes, dated 20.12.2018, No. 77/2018);
- were periodically reviewed accounting (financial) statements of the Company prepared by RAS, and consolidated financial statements made in accordance with IFRS (minutes dated 10.04.2018, No. 68/2018, minutes dated 24.05.2018, No. 70/2018, minutes dated 17.09.2018, No. 72/2018, minutes dated 07.12.2018, No. 76/2018);
- were approved the candidate for the position of head of the internal audit department, and the terms of remuneration (minutes No. 67/2018, dated 26.03.2018);
- The report of the Audit Committee on the work done in the 2017–2018 corporate years was prepared for submission to the Board of Directors of the Company (minutes No. 69/2018 dated 19.04.2018);
- the internal audit plan and budget were agreed upon; the KPIs of the head and other leading managers of the internal audit subdivision were defined for 2019 (minutes No. 75/2018, dated 16.11.2018);
- reports for the implementation of the job schedule and the results of the internal audit activities were periodically reviewed (minutes dated 15.02.2018, No. 65/2018, minutes dated 24.05.2018, No. 70/2018, minutes dated 02.10.2018, No. 73/2018, minutes dated 07.12.2018, No. 76/2018);
- management information on the performance of the Company's Internal Control Policy was reviewed, including a report on the action plan for development and improvement of the Internal Control Systems and risk management systems (minutes No. 72/2018, dated 17.09.2018);
- Company's management information were routinely observed, concerning the implementation of corrective measures to eliminate the deficiencies, identified by the Company's Internal Auditing Commission, Company's internal auditor, the external control (supervision) bodies, towards the measures taken on cases of informing about potential unfair actions of employees, as well as the results of conducted investigations (minutes dated 15.02.2018, No. 65/2018, minutes dated 02.10.2018, No. 73/2018);
- there was reviewed the internal audit report on the assessment of the effectiveness of the compliance control, risk management and corporate governance systems for 2017 (minutes No. 67/2018, dated 26.03.2018);
- the report of the General Director on the organization and functioning of the Company's internal control system was preliminarily reviewed for 2017 (minutes No. 68/2018, dated 10.04.2018);
- a report on the implementation of an action plan for the development and improvement of internal control and risk management systems in the period 2016–2018 was reviewed for 2017 (minutes No. 68/2018, dated 10.04.2018);
- information from management on the implementation of anti-corruption policies was considered, including the results of anti-corruption monitoring (minutes dated 15.02.2018, No. 65/2018; dated 02.10.2018, No. 73/2018).

The share of issues previously considered by the committee with the preparation of recommendations to the Board of Directors in the total number of matters considered by the committee: 39.1% – in 2017, 40.5% – in 2018.

On average, the participation of committee members in the work of this body was: 100% – in 2017, 94.4% – in 2018.

On 21.08.2018 the Board of Directors has considered and adopted the report of the General Director on the organization and functioning of the internal control system, as well as the report of the General Director and the Management Board about organization, operation and effectiveness of the Company's risk management system for 2017 (minutes, dated 22.08.2018, No. 318/2018). Information on the assessment of the effectiveness of the Company's internal control system in the reporting year is presented in the "Internal Control System" section.

STRATEGY, DEVELOPMENT, INVESTMENT, AND REFORM COMMITTEE

Committee Creation Date	05.02.2010
Date and number of minutes of the Board of Directors meeting, at which there was approved the Regulation for the committee (in the current edition)	From 05.02.2010, No. 84/2010 (as amended on 18.03.2016, No. 233/2016)
The main tasks of the committee	Development and submission of recommendations (opinions) to the Board of Directors on issues related to: • definition of priorities, strategic goals and basic principles of the Company's strategic development, adjustment of the Company's development strategy; • assessment of the Company's performance; • increasing the investment attractiveness, and improving investment activities; • control over the implementation of adopted programs, projects and the process of reforming the Company; • Dividend Policy; • control over the organization and operation of the risk management system
Personal composition of the committee, acting in the reporting year	The composition of the Committee worked in the period from 19.07.2017 to 15.06.2018: 1. Pavlov Alexey Igorevich (Chairman of the Committee) , Director of the Treasury Department of PJSC Rosseti. 2. Balaban Fedor Nikolaevich , Deputy Head of the Strategic Projects Department of the Strategic Development Department of PJSC Rosseti. 3. Gritsenko Vladimir Fedorovich , Director of Business Development of LLC Unitel Engineering, member of the Board of Directors of Kubanenergo PJSC. 4. Guselnikov Konstantin Sergeevich , General Director of LLC Fininvestkonsalting. 5. Ivanova Olga Sergeevna , Assistant Deputy General Director for Strategic Development of PJSC Rosseti. 6. Mikryukov Dmitry Vasilyevich , Chief Expert of the Consolidated Planning And Reporting Department of the Investment Activity Department of PJSC Rosseti. 7. Lavrova Marina Aleksandrovna , Head of the Economics Department of the subsidiaries and affiliates of the Economic Planning and Budgeting Department of PJSC Rosseti. 8. Ocheredko Olga Vyacheslavovna , Deputy General Director for Economics and Finance, member of the Management Board of Kubanenergo PJSC. 9. Rafalskaya Inna Sergeevna , Deputy Head of the Department for Dispute Resolution in the rate-setting of the Tariff Policy Department of PJSC Rosseti. 10. Seleznev Viktor Yuryevich , Head of the Department of Scientific and Technological Development for the Organization and Control over the Implementation of R & D of the Technological Development of Innovations Department of PJSC Rosseti The current composition of the committee (elected 30.07.2018): 1. Pavlov Alexey Igorevich (Chairman of the Committee) , Director of the Treasury Department of PJSC Rosseti. 2. Gritsenko Vladimir Fedorovich , Director for Business Development of LLC Unitel Engineering, member of the Board of Directors of Kubanenergo PJSC. 3. Guselnikov Konstantin Sergeevich , Director General of LLC Fininvestconsulting. 4. Balaban Fedor Nikolaevich , Deputy Head of the Strategic Projects Department of the Strategic Development Department of PJSC Rosseti. 5. Mikryukov Dmitry Vasilyevich , Chief Expert of the Consolidated Planning and Reporting Department of the Investment Activities Department of PJSC Rosseti. 6. Ocheredko Olga Vyacheslavovna , Deputy General Director for Economics and Finance of Kubanenergo PJSC, member of the Board of Kubanenergo PJSC. 7. Rafalskaya Inna Sergeyevna , Deputy Head of the Department for Dispute Resolution in the field of tariff setting of the Tariff Policy Department of PJSC Rosseti. 8. Seleznev Victor Yurievich , Head of the Department of Scientific and Technical Development of the Organization and Control over the Implementation of R&D of the Department of Technological Development and Innovations of PJSC Rosseti

The results of the work of the committee in the reporting year

In 2018, there were 12 meetings (three – in person-absentee form, the rest – by absentee voting), 40 issues were considered with recommendations made to the Board of Directors on the following most pressing aspects:

- concerning the approval of the draft amendments to the long-term investment program of Kubanenergo PJSC;
- on approval of reports:
 - / concerning the introduction of the General Director for KPI,
 - / concerning the introduction of an action plan for the development and improvement of internal control and risk management systems,
 - / concerning carrying out technological and price audit of investment projects;
 - / concerning approval of the new version of the Dividend Policy Regulation, scenario conditions for the formation of the investment program;
 - / on updating the register of non-core assets of the Company;
- concerning reviewing the following reports:
 - / concerning the implementation of the Company's business plan and investment program,
 - / concerning the management of critical operational risks,
 - / concerning the organization, functioning, and effectiveness of the risk management system, etc.

The share of issues previously considered by the Committee with the following recommendations to the Board of Directors in the total number of matters considered by the Committee: 86.5% – in 2017, 87.5% – in 2018.

On average, the participation of committee members in the work of this body was: 88.4% – in 2017, 93.9% – in 2018

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Committee Creation Date	06.08.2010
Date and number of minutes of the Board of Directors meeting, at which there was approved the Regulation for the committee (in the current edition)	From 01.08.2014, No. 194/2014
The main tasks of the committee	Development and submission of recommendations (opinions) to the Board of Directors on issues related to: • setting the criteria for the selection and evaluation of candidates to the Board of Directors and executive bodies of the Company; • setting of principles and criteria for determining the amount of remuneration for the members of the Company's management bodies; • determination of the material terms of contracts with members of the Board of Directors and executive bodies; • regular evaluation of the work of the General Director and members of the Board; • determining the remuneration of members of the Board of Directors
Personal composition of the committee, acting in the reporting year	The composition of the Committee worked in the period from 19.07.2017 to 15.06.2018: 1. Varlamov Nikolay Nikolayevich (Chairman of the Committee) , Deputy General Director – Chief of Staff of PJSC Rosseti. 2. Chevkin Dmitry Alexandrovich , Director of the Department for Personnel Policy and Organization Development of PJSC Rosseti. 3. Erpsher Natalia Ilinichna , Head of the Organization Development Department of the Personnel Policy and Organization Development Department of PJSC Rosseti The current composition of the committee (elected 30.07.2018): 1. Sergeeva Olga Andreevna (Chairman of the Committee) , Deputy General Director – Chief of Staff of PJSC Rosseti, Chairman of the Board of Directors of Kubanenergo PJSC. 2. Chevkin Dmitry Alexandrovich , Director of the Personnel Policy and Organization Development Department of PJSC Rosseti. 3. Erpsher Natalia Ilinichna , Head of the Organization Development Department of the Personnel Policy and Organization Development Department of PJSC Rosseti
The results of the work of the committee in the reporting year	In 2018, nine meetings were held in the form of absentee voting, 21 issues were considered. Recommendations to the Board of Directors were developed on the following main issues: • concerning the amendments to the composition of the Management Board of the Company; • concerning the approval of reports for the implementation of the General Director KPI; • concerning the preliminary approval of candidates for certain management positions of the Company; • concerning the consideration of the report for the activity of Corporate Secretary of Kubanenergo PJSC. In addition, the committee: • reviewed the results of the activities of the Deputy General Directors of the Company and recommended the General Director to conclude labor contracts with them for a new term, • approved the list of members of the managerial personnel reserve and the composition of the youth personnel reserve of the Company. The share of issues previously considered by the committee with the preparation of recommendations to the Board of Directors in the total number of matters considered by the committee: 63.2% – in 2017, 61.9% – in 2018. The participation of committee members in the work of this body was as follows: 97.3% on an average in 2017, 100% – in 2018.

TECHNOLOGICAL CONNECTION COMMITTEE

Committee Creation Date	11.10.2011
Date and number of minutes of the Board of Directors meeting, at which there was approved the Regulation for the committee (in the current edition)	From 19.07.2017, No. 281/2017
The main tasks of the committee	Development of recommendations (opinions) to the Board of Directors on issues related to: - improving the legislative base of antimonopoly regulation and ensuring non-discriminatory access to services for technological connection of consumers to electric networks; - improvement of the Company's internal standards for ensuring non-discriminatory access to services for technological connection of consumers to electric networks; - development of principles and criteria for evaluating the effectiveness of the Company's activities in the technological connection of consumers to electric networks; - assessment of the effectiveness of the Company's technological connection of consumers to power grids; - assessment of the effectiveness of the Company's activities to improve the quality of planning the development of the electrical network in the regions where the Company operates; - analysis of the current situation in the Company and preparation of proposals to the Board of Directors in the field of technological connection of consumers to power grids and future development of the network in general
Personal composition of the committee, acting in the reporting year	The composition of the Committee worked in the period from 19.07.2017 to 15.06.2018: Varvarin Alexander Viktorovich (Chairman of the Committee) , Vice-President for Corporate Relations and Legal Support of ARAE RUIE, member of the Board of Directors of Kubanenergo PJSC. Korneev Alexander Yurevich , Director of the Department for Perspective Development of the Network and Technological Connection of PJSC Rosseti. Denezhnaya Natalya Vladimirovna , the Chief Expert of the Technological Connection Regulation Department of the Network Development and Technological Connection Department of PJSC Rosseti The current composition of the committee (elected 21.09.2018): Pyatigor Alexander Mikhailovich (Chairman of the Committee) , Acting Deputy General Director for Development and Sales of Services of PJSC Rosseti. Varvarin Alexander Viktorovich , Vice President – Managing Director of Corporate Relations and Legal Support of ARAE RUIE, Member of the Board of Directors of Kubanenergo PJSC. Korneev Alexander Yurevich , Director of the Network Development and Technological Connection Department, PJSC Rosseti. Kostetsky Vyacheslav Yurevich , Deputy General Director for Development and Technological Connection, member of the Management Board of Kubanenergo PJSC
The results of the work of the committee in the reporting year	Nine meetings were held in 2018, (one – in person-absentee form, the rest – by absentee voting) with consideration of 25 questions, including: - was elected the deputy Chairman and secretary of the Committee; - was approved the work plan of committee; - there was performed monitoring of the Company's activities for technological connection of consumers and Generation Facilities to the Company's power grids; - analysis of the small and medium-sized businesses entities connection and the implementation of measures to increase the availability of technological connection were carried out regularly; - reports have been reviewed: - on the participation of Company in the development of the Diagram and Program for development of the electric power industry of the Russian Federation constituent entities in 2018, - on the development of integrated programs for development of electrical networks with a voltage of 35 kV and above in the territory of Krasnodar Territory and the Republic of Adygea in 2018 for 5 years, - concerning the execution of technological connection agreements, for which the applicants have violated the terms of performance of obligations; - there were regularly reviewed the following reports: - on the execution of the schedule for the implementation of overdue contracts for technological connection, - on the implementation of KPI in terms of meeting the deadlines for technological connection and increasing the capacity load of power grid equipment; - the report on the work, performed by the committee in the 2017–2018 corporate year, was pre-approved. The share of issues previously considered by the committee with the preparation of recommendations to the Board of Directors in the total number of matters considered by the committee: 8% – in 2017, 12% – in 2018. The participation of committee members in the work of this body was as follows: 100% – in 2017, 100% – in 2018