

COMMITTEES OF THE BOARD OF DIRECTORS

In order to provide for the efficient implementation of the general governance of Rosseti Kuban by its Board of Directors, the following Committees were set up:

- Reliability Committee;
- Audit Committee;
- Strategy Committee;
- Personnel and Remuneration Committee;
- Grid Connection Committee.

The Committees are collective advisory bodies. Main tasks and functions of the Committees:

- the preliminary consideration of the issues within the competence of the Board of Directors or under investigation of the Board of Directors to control the activities of the Company's executive bodies;
- development of necessary recommendations for the Board of Directors and executive bodies of Rosseti Kuban;
- consideration of other issues by order of the Board of Directors.

The activities of each of the Committees are subject to respective Regulations¹.

Members of the Committees and their chairmen are elected by the Board of Directors of the Company from the candidates among the Board of Directors at one of the first Board meetings in the new composition.

Members of Audit and Strategy Committee remain in office up to the next election of the respective Committee. Members of other Committees remain in office up to the first meeting of the newly elected Board of Directors.

Operation of the Committees is carried out in accordance with the action plans that are designed by them based on the action plan of the Board of Directors, resolutions of the Board of Directors and Committees, proposals of committee members, General Director.

Progress reports for the corporate year of 2019/2020 from the Committees were considered by the Board of Directors on November 17, 2020.

In the reporting year, all issues to be preliminarily considered by the Board Committees were considered in a timely manner.

Remuneration is provided for participation of the Committee's members in their meetings. The total sum of remuneration paid to the members of the Board Committees amounted to RUB 1,162 ths in 2020. The Company has no remuneration payments overdue to the Committee members.



The meeting minutes of Rosseti Kuban Board Committees are published on the Company's website in the section About the Company / Management / Committees under the Board of Directors.

¹ The Regulations on the Board of Directors' Committees of Rosseti Kuban are published on the Company's website in the section [About the Company / Constituent and in-house documents](#).

Reliability Committee

Committee creation date	15.09.2006
Meeting minutes date and number for the Company's Board of Directors, at which the Committee Regulation was approved (in the current revision)	No.281/2017 dated 21.07.2017
The key objectives of the Committee	<p>Developing and giving recommendations (conclusions) to the Board of Directors on the following aspects of its activities:</p> <ul style="list-style-type: none"> • assessment of production programs, plans for retrofitting and upgrading, reconstruction, new construction and repair of power facilities, analysis of their development and execution from the point of view of satisfying the requirements for operational reliability and technical condition of electric grids; • evaluation of the completeness and adequacy of measures taken based on accident investigation results, as well as control over their implementation; • analysis of the quality of the investigation into the causes of technological violations (accidents); • assessment of the Company's emergency response work (preparedness, organization, and conduct of emergency response and recovery works at power supply facilities); • analysis and implementation control for the programs of prevention and personnel and third-party injury risk mitigation at the power units of Rosseti Kuban; • control and assessment of the Company's technical services performance in terms of ensuring operational reliability and safety of power grids; • analysis of the internal technical control system in the Company; • analysis of the occupational safety management system; • analysis of the Environmental Policy Implementation Program; • analysis of fire and industrial safety systems
The personnel composition of the Committee in office in the reported year	<p>Board Committee acting from 16.08.2019 to 16.06.2020: Vladimir Anatolyevich Ukolov, (Committee Chair), Head for the Situation and Analytical Center of Rosseti Eduard Valeryevich Bogomolov, First Deputy Director for the Engineering Supervision Center of Rosseti Mikhail Vladimirovich Medvedev, Adviser to General Director of Avangard JSC, member of the Board of Directors of Kubanenergo Olga Vyacheslavovna Ocheredko, Deputy General Director for Economics and Finance, member of Management Board of Kubanenergo Igor Nikolayevich Shishigin, Deputy General Director for Technical Issues, Chief Engineer, member of Management Board of Kubanenergo</p> <p>The current composition of the Committee (elected on 07.07.2020): Vladimir Anatolyevich Ukolov, (Committee Chair), Head for the Situation and Analytical Center of Rosseti Eduard Valeryevich Bogomolov, First Deputy Director for the Engineering Supervision Center of Rosseti Mikhail Vladimirovich Medvedev, Deputy General Director for Intratool Group LLC, member of Rosseti Kuban Board of Directors Olga Vyacheslavovna Ocheredko, Deputy General Director for Economics and Finance, member of the Management Board of Rosseti Kuban Igor Nikolayevich Shishigin, to November 2020 – Deputy General Director for Technical Issues, Chief Engineer, member of the Management Board of Rosseti Kuban</p>

Results of Committee work in the reported year

In 2020, there were 16 meetings of the Committee (two in presence, including video conferences, and the rest in absentee voting) and 32 issues were considered.

In the reporting year, the Committee provided the Board of Directors with conclusions (recommendations) on the following crucial issues:

1. approval of the Company's internal documents:
 - Digital Transformation Programs for 2020–2030,
 - plan for the development of the production asset management system for 2020–2022,
 - revised Environmental Policy of the Rosseti Power Grid Complex as an internal document of the Company;
2. consideration of the following reports:
 - on the implementation of the Investment Program in terms of providing its comprehensive reliability,
 - on the results of the autumn and winter period of 2019/2020,
 - on the readiness of the Company to work in the autumn-winter period 2020/2021,
 - on the work carried out by the Reliability Committee in the 2019/2020 corporate year;
3. consideration of information on the provision of reliable power supply to the spa facilities.

In the reporting year, the Committee also considered the following:

1. target programs for production activities for 2020–2024;
2. Maintenance and Repair Program for 2020;
3. on the event program aimed at removing bottlenecks impacting the reliable power supply to the Company's customers for 2020;
4. the Company's management reports:
 - on the Company's results after the flood period,
 - on the preparedness to the operation in the autumn and winter, fire and flood periods,
 - on the implementation of the Maintenance and Repair Program for the Company's facilities,
 - on the implementation of the event program aimed at removing bottlenecks impacting the reliable power supply to the Company's customers,
 - on the implementation of comprehensive programs on injury risk mitigation for the Company personnel and third-parties;
5. the quality assessment of the accident cause investigations and the assessment of the adequacy and sufficiency of actions to neutralize them;
6. the data on service reliability values subject to tariff regulation.

The proportion of the issues considered preliminary by the Committee, on which it prepared recommendations for the Board of Directors, to the total number of issues considered by the Committee: in 2019–29.4%, in 2020–37.5%.

Average participation of the Committee members in its meetings: in 2019–98.8%, in 2020–93.8%

Audit Committee

Committee creation date	16.10.2009
Meeting minutes date and number for the Company Board of Directors, at which the Committee Regulation was approved (in the current revision)	No.233/2016 dated 18.03.2016, with amendments – No.253/2016 dated 28.10.2016
The key objectives of the Committee	<ul style="list-style-type: none"> • Review of the Company's accounting (financial) statements and control over their preparation; • control over the reliability and effectiveness of the internal control system, risk management system, and corporate governance practices; • control over external audits and selection of the auditor; • ensuring independence and objectivity of the internal audit function; • control over the efficiency of the system for countering unfair practices of the Company's employees or third parties
The personnel composition of the Committee in office in the reported year	<p>Board Committee acting from 16.08.2019 to 07.07.2020:</p> <p>Sergey Vladimirovich Kiryukhin, (Committee Chair), Chief Advisor of Rosseti, to 29.05.2020 – member of the Board of Directors of Kubanenergo</p> <p>Aleksandr Viktorovich Varvarin, Managing director for the Corporate Relations and Legal Support Office of RSPP, member of Kubanenergo Board of Directors</p> <p>Yelena Nikolayevna Osipova, Head of Financial Analysis Office at the Finance Department of Rosseti, to 29.05.2020 – member of the Board of Directors of Kubanenergo</p> <hr/> <p>The current composition of the Committee (elected on 07.07.2020):</p> <p>Viktor Korneyevich Yavorskiy (Committee Chair), member of the Board Presidium of All-Russian Non-Governmental Organization of Small and Medium Business OPORA RUSSIA, member of Rosseti Kuban Board of Directors</p> <p>Irina Aleksandrovna Shagina, Head for Tariff Policy Department at Rosseti, member of Rosseti Kuban Board of Directors</p> <p>Ivan Andreyevich Terekhov, Head of Insurance Office of the Strategy Department, member of the Board of Directors of Rosseti Kuban</p>

Results of Committee work in the reported year

In 2020, there were 12 meetings of the Committee (four in presence, including video conferences, and the rest in absentee voting) and 35 issues were considered.

In the reporting year, the Committee provided the Board of Directors with conclusions (recommendations) on the following crucial issues:

1. on approval of the following:
 - reports on implementation of the Action Plan and the performance of the internal audit,
 - plan of events to develop and improve the internal audit performance;
2. on consideration of the candidate of the Company's external auditor for auditing of the Company's statements for 2020 and on determination of the sum paid for these services;
3. on consideration of the following reports (information):
 - internal audit regarding the results of the assessment of measures to identify and dispose non-core assets,
 - anti-corruption monitoring results,
 - organization, functioning and improving of the Company's internal control system in 2019,
 - internal audit regarding the efficiency of the internal control and risk management systems of the Company,
 - internal audit regarding the corporate governance efficiency for 2019/2020 corporate year,
 - accounting (financial) statements of the Company prepared in accordance with RAS,
 - Audit Committee performance report for the 2019/2020 corporate year.

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

1. information of the external auditor regarding key problems in the Company's accounting (financial) statements;
2. consolidated financial statements prepared in accordance with IFRS;
3. efficiency of the external audit of the accounting (financial) statements of the Company for 2019,
4. reports (information) of the Company's management:
 - on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made,
 - on following the laws on insider information control,
 - on non-standard operations and events of the Company, as well as regarding the formation of a reserve on doubtful debts and estimated liabilities.

The proportion of the issues considered preliminary by the Committee, on which it prepared recommendations for the Board of Directors, to the total number of issues considered by the Committee: in 2019–44.7%, in 2020–37.1%.

Average participation of the Committee members in its meetings: in 2019–97.9%, in 2020–100%

Strategy Committee

Committee creation date	05.02.2010
Meeting minutes date and number for the Company Board of Directors, at which the Committee Regulation was approved (in the current revision)	No.358/2019 dated 16.08.2019
The key objectives of the Committee	<p>Development and submission to the Board of Directors of recommendations (conclusions) concerning the following issues:</p> <ul style="list-style-type: none"> • strategic development and activity priorities; • Company's innovation development; • organization of business-processes; • business planning; • dividend policy; • risk management; • efficiency assessment for the operations of the Company and its S&A
The personnel composition of the Committee in office in the reported year	<p>Board Committee acting from 16.08.2019 (with amendments dated 11.10.2019 and 15.11.2019) to 06.08.2020:</p> <p>Yuliya Gennadyevna Obrezkova (Committee Chair), Deputy Director for the Strategy Department of Rosseti</p> <p>Konstantin Sergeyeovich Guselnikov, General Director for Fininvestkonsalting LLC</p> <p>Mikhail Vladimirovich Medvedev, Adviser to General Director of Avangard JSC, member of the Board of Directors of Kubanenergo</p> <p>Sergey Ivanovich Miromanov, Head of the Consolidation and Transaction Efficiency Assessment Office at the Property Management Department of Rosseti</p> <p>Olga Vyacheslavovna Ocheredko, Deputy General Director for Economics and Finance at Kubanenergo, member of Kubanenergo Management Board</p> <p>Maksim Mikhailovich Pokalyuk, Head of the Innovation Project Implementation Office at the Department of Technological Development and Innovation of Rosseti</p> <p>Yekaterina Aleksandrovna Rudenko, Deputy Head of the Strategic Development and Capital Markets Office at the Strategy Department of Rosseti</p> <p>Irina Aleksandrovna Shagina, Director for Tariff Policy Department at Rosseti, member of the Board of Directors of Kubanenergo</p> <p>Kseniya Valeryevna Khokholkova, Chief Expert for the Securities and Disclosure Office at the Corporate Governance Department of Rosseti, to 29.05.2020 – member of the Board of Directors of Kubanenergo</p> <p>Eduard Mikhailovich Sheremetsev, Deputy Director for the Digital Transformation Department of Rosseti</p> <hr/> <p>The current composition of the Committee (elected on 06.08.2020):</p> <p>Dmitriy Mikhailovich Andropov (Committee Chair), Head for Finance Department at Rosseti</p> <p>Igor Dmitriyevich Alyushenko, Deputy Chief Engineer, Chief Dispatcher at Rosseti, member of Rosseti Kuban Board of Directors</p> <p>Astkhik Artashesovna Bashindzhagyan, Deputy Head for Corporate Governance Department at Rosseti</p> <p>Konstantin Sergeyeovich Guselnikov, General Director for Fininvestkonsalting LLC</p> <p>Mikhail Vladimirovich Medvedev, Adviser to General Director of Avangard JSC, member of Rosseti Kuban Board of Directors</p> <p>Dmitriy Dmitriyevich Mikheev, Head of the Department for Service Sales of Rosseti</p> <p>Olga Vyacheslavovna Ocheredko, Deputy General Director for Economics and Finance of Rosseti Kuban, member of the Management Board of Rosseti Kuban</p> <p>Maria Vladimirovna Polyanskaya, First Deputy Head of the Strategy Department of Rosseti</p> <p>Irina Aleksandrovna Shagina, Head for Tariff Policy Department at Rosseti, member of Rosseti Kuban Board of Directors</p>

Results of Committee work in the reported year

In 2020, there were 19 meetings of the Committee (three in presence, including video conferences, and the rest in absentee voting) and 39 issues were considered.

Recommendations were made for the Board of Directors concerning the following critical issues:

1. approval of Digital Transformation and Smart Metering Programs for 2020–2030;
2. approval of the Company's business plan;
3. approval of the Methodology for Calculating and Evaluating KPIs of the General Director;
4. approval of target KPI values for the General Director;
5. amount of dividends on the Company's shares;
6. approval of amendments to the Investment Program,
7. approval of the list of priority anti-crisis measures,
8. approval of reports:
 - on KPI implementation by the General Director of the Company,
 - on implementation of the Innovative Development Program;
9. update of the Company's register of non-core assets;
10. consideration of the following reports:
 - on the works performed in the corporate year of 2019–2020 by the Strategy Committee,
 - on the implementation of the Company's business plan and Investment Program,
 - on the implementation rate of the priority investment projects, etc.

The proportion of the issues considered preliminary by the Committee, on which it prepared recommendations for the Board of Directors, to the total number of issues considered by the Committee: in 2019–81.6%, in 2020–94.9%.

Average participation of the Committee members in its meetings: in 2019–89.0%, in 2020–99.5%

Personnel and Remunerations Committee

Committee creation date	06.08.2010
Meeting minutes date and number for the Company Board of Directors, at which the Committee Regulation was approved (in the current revision)	No.194/2014 dated 01.08.2014
The key objectives of the Committee	<p>Development and submission to the Board of Directors of recommendations (conclusions) concerning the following issues:</p> <ul style="list-style-type: none"> • picking selection and evaluation criteria for the Board of Directors and Company executive body candidates; • defining the principles and criteria for the remuneration size selection for the members of Company executive bodies; • defining the key provisions of the contracts with the members of the Board of Directors and executive bodies; • regular assessment of General Director's and Management Board members' work; • determining remunerations for the members of the Board of Directors
The personnel composition of the Committee in office in the reported year	<p>Board Committee acting from 16.08.2019 to 16.06.2020: Larisa Anatolyevna Romanovskaya, (Committee Chair), Deputy General Director for Relations with Government Agencies of Rosseti Sergey Vladimirovich Kiryukhin, Chief Advisor of Rosseti, to 29.05.2020 – member of the Board of Directors of Kubanenergo Natalia Ilyinichna Erpsher, Head of the Personnel Recruitment and Development Office of the HR Management Department of Rosseti</p> <p>The current composition of the Committee (elected on 07.07.2020): Natalia Klimentyevna Ozhegina (Committee Chair), Deputy General Director for Human Resources at Rosseti Yulia Viktorovna Kuznetsova, Head of HR Management Department of Rosseti Aleksandr Viktorovich Varvarin, Managing director for the Corporate Relations and Legal Support Office of RSPB, member of Rosseti Kuban Board of Directors</p>
Results of Committee work in the reported year	<p>In 2020, there were 18 meetings of the Personnel and Remuneration Committee (one in presence, including video conferences, and the rest in absentee voting) and 26 issues were considered. Recommendations were made for the Board of Directors concerning the following issues:</p> <ul style="list-style-type: none"> • changes to the composition of the Company's Management Board; • amendments to the Regulation on Financial Incentives for the General Director and senior managers; • approval of the Methodology for Calculating and Evaluating KPIs of the General Director; • approval of target KPI values for General Director; • approval of the organizational structure of the executive arm; • approval of KPI implementation reports of General Director; • preliminary approval of candidates for the positions defined by the Board of Directors of the Company; • reviewing of the report of the Personnel and Remuneration Committee on works performed in 2019/2020 corporate year; • consideration of the progress report of the Corporate Secretary; • approval of the organizational structure of the executive arm. <p>In addition, the Personnel and Remuneration Committee implemented the following:</p> <ul style="list-style-type: none"> • approved the composition of the management and youth talent pools; • reviewed the performance of First Deputy General Director – Director of the Power Grids of Sochi branch, Deputy General Director for Service Sales, Deputy General Director for Economics and Finance, Chief Accountant – Head of the Department of Financial Records, Accounts, and Tax Returns and gave a recommendation to the General Director to conclude labor agreements with them for the new term. <p>The proportion of the issues considered preliminary by the Committee, on which it prepared recommendations for the Board of Directors, to the total number of issues considered by the Committee: in 2019–80.0%, in 2020–76.9%.</p> <p>Average participation of the Committee members in its meetings: in 2019–100%, in 2020–88.5%</p>

Grid Connection Committee

Committee creation date	11.10.2011
Meeting minutes date and number for the Company Board of Directors, at which the Committee Regulation was approved (in the current revision)	No.281/2017 dated 19.07.2017
The key objectives of the Committee	<p>Development of recommendations (conclusions) to the Board of Directors concerning the following issues:</p> <ul style="list-style-type: none"> • improvement of the legal framework of the antitrust law and ensuring equal-opportunity access to the grid connection services; • improvement of the Company's internal standards for ensuring equal-opportunity access to the grid connection services; • development of principles and criteria for assessing the Company's performance efficiency regarding connecting customers to power grids; • assessment of the Company's performance efficiency regarding connecting customers to power grids; • assessment of the Company's performance efficiency in the improvement of power grid development plans in the regions of presence; • analysis of the current situation in the Company and the preparation of suggestions for the Board of Directors concerning customers' grid connection and the future development of the grid in general
The personnel composition of the Committee in office in the reported year	<p>Board Committee acting from 21.06.2019 to 16.06.2020:</p> <p>Aleksandr Mikhailovich Pyatigor (Committee Chair), Deputy General Director for Service Sales of Rosseti</p> <p>Aleksandr Viktorovich Varvarin, Managing director for the Corporate Relations and Legal Support Office of RSPP All-Russian Non-Governmental Organization, member of the Board of Directors of Kubanenergo</p> <p>Vladimir Aleksandrovich Davydkin, Head of the Grid Connection Office, Department for Service Sales of Rosseti</p> <p>Vyacheslav Yuryevich Kostetskiy, Assistant to General Director of Kubanenergo</p> <p>Andrey Vladimirovich Lyashko, Deputy Minister of Fuel, Energy, and Utilities of Krasnodar Territory</p> <hr/> <p>The current composition of the Committee (elected on 07.10.2020):</p> <p>Aleksey Valeryevich Molskiy, (Committee Chair), Deputy General Director for Investment, Capital Construction and Service Sales of Rosseti PJSC</p> <p>Aleksandr Viktorovich Varvarin, Managing director for the Corporate Relations and Legal Support Office of RSPP All-Russian Non-Governmental Organization, member of Rosseti Kuban Board of Directors</p> <p>Vladimir Aleksandrovich Davydkin, Head of the Office of the Department for Grid Connection and Infrastructure Development of Rosseti</p> <p>Andrey Vladimirovich Lyashko, First Deputy Minister of Fuel, Energy, and Utilities of Krasnodar Territory</p> <p>Vladimir Andreyevich Skladchikov, to December, 2020 – Deputy General Director for Development and Grid Connection, member of the Management Board of Rosseti Kuban</p>

Results of Committee work in the reported year

In 2020, there were six meetings of the Committee (one in presence, including video conferences, and the rest in absentee voting) and 15 issues were considered, among them:

1. recommendations to the Board of Directors on the consideration of the Grid Connection Committee's report on the work done for the 2019/2020 corporate year;
2. analysis of the situation with grid connection at the end of 2019, based on which the Company's management received certain recommendations;
3. monitoring of the Company actions concerning customer grid connection to the Company lines;
4. the following management reports were considered:
 - on the Company involvement in the drafting of the Regional Electric Power Industry Development Roadmap,
 - on the implementation of grid connection contracts with breached deadlines,
 - on the implementation of KPIs for grid connection schedule compliance and improving the utilization rate of the grid equipment capacity.

The proportion of the issues considered preliminary by the Grid Connection Committee, on which it prepared recommendations for the Board of Directors, to the total number of considered issues: in 2019–16%, in 2020–20%.

Participation of the Committee members in its meetings: in 2019–97.2%, in 2020–94.7%

