

## **Results of the Board of Directors Meeting on March 26, 2019**

PJSC RusHydro (ticker symbol: MOEX, LSE: HYDR; OTCQX: RSHYY) announces that the Company's Board of Directors held a meeting in absentia on March 26, 2019.

### **Resolutions passed on Items of the agenda:**

**Item 1.** On the Draft Consolidated Investment Program of RusHydro Group for 2020–2024 and for 2019 (amendment), and on the Draft Investment Program of RusHydro for 2020–2029 and for 2019 (amendment).

#### **The resolution adopted:**

1. To take the Draft Consolidated Investment Program of RusHydro for 2020–2024 and for 2019 (amendment) (Appendices Nos. 1a, 1b and 1c to the Minutes) and the sources of their financing (Appendix No. 1d to the Minutes) under advisement.
2. To pre-approve the Draft Consolidated Investment Program of RusHydro for 2020–2024 and draft amendments to the Draft Investment Program of RusHydro for 2019–2028 approved by order of the Ministry of Energy of Russia (Minenergo) No. 6@ of October 22, 2018, (Appendices Nos. 2a, 2b and 2c to the Minutes) in order to ensure that information disclosure is compliant with Decree of the Government of the Russian Federation No. 24 of January 21, 2004 "On Approval of Standards for Information Disclosure by Wholesale and Retail Electricity Market Participants".
3. To instruct Chairman of the Management Board and General Director N.G. Shulginov to send the approved Draft Investment Program of RusHydro for 2020–2029 and the draft amendments to the Investment Program of RusHydro for 2019–2028 approved by order of the Ministry of Energy (Minenergo) of Russia No. 6@ of October 22, 2018, in accordance with the procedure established by Decree of the Government of the Russian Federation No. 977 of December 1, 2009 "On Investment Programs of Electrical Energy Industry Participants" (hereinafter referred to as "Decree No. 977").

**Item 2.** On approval of the report on the public technology and pricing audit of 2018 investment projects, with the results of a consolidated analysis of the audits and with the findings of public and expert discussions.

#### **The resolution adopted:**

To approve the report on the public technology and pricing audit of RusHydro's 2018 investment projects, with the results of a consolidated analysis of the audits and with the findings of public and expert discussions (Appendix No. 3 to the Minutes).

**Item 3.** On approval of the list of RusHydro's investment projects for the conduct of a public technology and pricing audit in 2019–2020.

#### **The resolution adopted:**

To approve the list of RusHydro's investment projects which are implemented or scheduled for implementation under the investment program of RusHydro for the conduct of a public technology and pricing audit in 2019–2020 (Appendix No. 4 to the Minutes).

**Item 4.** On Approval of the report on the insurance coverage of RusHydro in 2018.

#### **The resolution adopted:**

To approve the report on the insurance coverage of RusHydro in 2018 (Appendix No. 5 to the Minutes).

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**Item 5.** On determining the position of RusHydro (RusHydro's delegates) in the management bodies of its subsidiaries:

**The resolution adopted on items 5.1 – 5.2: Confidential.**

**Item 6.** On the consideration of matters of significance to the Company:

**6.1.** On determining cases when the Company may execute transactions related to release from liabilities to itself or to a third party without the prior approval of the Company's Board of Directors: Waiver by the Company of the rights under a bank guarantee and/or signing by the Company of an agreement to terminate a guarantor's liabilities under a bank guarantee.

**The resolution adopted:**

To decide that the sole executive body of the Company may enter into transactions (including several related transactions), without the prior consent of the Company's Board of Directors, under which the Company waives its rights under a bank guarantee and/or under which the Company consents to release a guarantor under a bank guarantee from its liabilities in the following cases:

- The Company receives a new bank guarantee (issued by the same or by a new guarantor) or another valid bank guarantee (issued by the same or by a new guarantor) is amended to ensure the fulfilment of the principal liability that was previously guaranteed by the terminated bank guarantee.

- In connection with a change in the principal liability, the Company receives a new bank guarantee (issued by the same or by a new guarantor) or another valid bank guarantee (issued by the same or by a new guarantor) is amended to ensure the fulfilment of the changed principal liability.

- The principal liability guaranteed by the terminated bank guarantee is fulfilled.

**6.2.** Financing of the project "Construction of two single-chain 100 kV overhead power lines 'Pevek — Bilibino'" (construction stage 2).

**The resolution adopted:**

To instruct Chairman of the Management Board and General Director of the Company N.G. Shulginov to grant an intra-group loan to JSC Chukotenergo (with the possibility of subsequent capitalization) to ensure the financing of the design documentation for the priority project "Construction of two single-chain 100 kV overhead power lines 'Pevek — Bilibino'" (construction stage 2) (hereinafter referred to as the "Project") under the following material terms and conditions:

Parties to the Agreement:

The Borrower: JSC Chukotenergo;

The Lender: RusHydro.

Subject of the Agreement:

The Lender shall issue funds (loan amount, loan) to the Borrower and the Borrower undertakes to repay the loan to the Lender.

Maximum loan amount:

Two hundred eleven million seven hundred forty thousand rubles and 0 kopecks (RUB 211,740,000.00).

Loan repayment period:

The parties shall determine the loan repayment schedule by March 1, 2020, by way of signing a supplementary agreement to the Agreement.

Until the loan repayment scheduled is determined, the loan shall be repaid at call

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within five (5) business days from the moment of delivery to the Borrower of the Lender's notice of loan repayment, but in any case no later than on December 28, 2027.

The interest rate for the Loan is 0% per annum.

The Loan's intended use:

Financing of working capital to cover the expenses for the preparation of design documentation for the Project.

Loan terms and conditions:

Non-revolving tranches based on the request of the Borrower.

Terms and conditions for early repayment of the Loan:

The Lender shall have the right to demand early repayment of the Loan from the Borrower.

The Borrower shall have the right to repay the loan early in part or in full.

**6.3.** On approval of the 2018—2021 Action Plan for the Company's transition to the preferred use of Russian software.

**The resolution adopted:**

1. To approve the 2018—2021 Action Plan for the Company's transition to the preferred use of Russian software in accordance with Appendix No. 8 to the Minutes.

2. To approve performance indicators for taking actions to transition to the preferred use by the Company of Russian software in accordance with Appendix No. 9 to the Minutes.

**6.4.** On development of programs to improve procurement quality:

**The resolution adopted:**

To instruct Chairman of the Management Board and General Director of the Company N.G. Shulginov to arrange for the following:

development and approval of the Program for Improvement of the Company's Procurement Quality (hereinafter referred to as the "Program"), which shall include the following:

an assessment procedure and performance indicators of the Program that take into account the level of competition in procurements, as specified in Appendix No. 10 to the Minutes,

actions to assess and improve the qualification of personnel, both those directly involved in procurement and those responsible for identifying the client's specific need, and performance of agreements and payments under agreements,

by April 1, 2019.

Dissemination of the Program to the organizations controlled by the Company (Appendix No. 11 to the Minutes).

Publication of information about the execution of Directives of the Government of the Russian Federation No. 1519p-P13, together with electronic copies of support documents, on the Interdepartmental State Property Management Portal by April 3, 2019.

**6.5.** On the update of the long-term development program of RusHydro and submission of an audit report on the long-term development program to the Ministry of Economic Development of Russia, the Federal Agency for State Property Management and the Ministry of Energy of the Russian Federation.

**The resolution adopted:**

1. The Company's Management Board shall ensure the following:

1.1. Analysis and amendment of the long-term development program for its subsequent update in view of the Action Plan and for the improvement of return on investments in capital assets in line with the goals defined by Decree of the President of the

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Russian Federation No. 204 of May 7, 2018 "On National Goals and Strategic Development Objectives of the Russian Federation up to 2024" (hereinafter referred to as "Decree No. 204"), within three months as of the date of approval of the Action Plan for the accelerated pace of growth of investments in capital assets and for the increase of their share in the Gross Domestic Product to 25%, including the performance targets by types of economic activity (hereinafter referred to as the "Plan").

1.2. Submission of audit reports concerning the long-term development program to the Ministry of Economic Development of the Russian Federation, the Federal Agency for State Property Management and the Ministry of Energy of the Russian Federation, including by way of publishing the audit reports on the Interdepartmental State Property Management Portal by June 1 of each year.

2. To deem the order specified in Directives of the Government of the Russian Federation No. 276p-P13 of January 17, 2019, and in Paragraph 1.1 hereof with regard to bringing the long-term development program into line with the objectives specified in Decree No. 204 to have been executed in connection with the adoption by the Company's Board of Directors of a decision on Item 3.4 "On amendments to the long-term development program of RusHydro Group" (Minutes No. 279 of October 26, 2018).

**6.6.** On revision of the corporate import substitution plans with regard to means of protection against radiation, chemical and biological factors.

**The resolution adopted:**

1. To take note of the following:

and Paragraph 5.17 of the Unified Regulation on Product Procurement for the Needs of RusHydro Group, approved by the Company's Board of Directors (Minutes No. 277 of October 4, 2018, hereinafter referred to as the "URPP"), priority shall be placed on procured products (goods, work, services) of Russian origin over procured products of foreign origin<sup>1</sup>.

The above provision of the URPP applies, among other things, to the purchase of Russian means of protection against radiation, chemical and biological factors.

The requirements of the URPP have been applied to the organizations controlled by the Company starting November 1, 2018.

2. To establish that no additional amendments to the URPP or other bylaws of the Company related to procurement are required to establish the priority of the purchase of modern Russian means of protection against radiation, chemical and biological factors.

3. To instruct the Chairman of the Management Board and General Director of the Company to revise the production process procedures and/or bylaws of the Company governing occupational health and safety in view of the latest technologies, including Russian ones, related to protection against radiation, chemical and biological factors.

**6.7.** On forming the Reliability, Energy Efficiency, and Innovations Committee under the Company's Board of Directors.

**The resolution adopted:**

1. To prematurely terminate the powers of Dmitry Borisovich Gvozdev, a member of the Reliability, Energy Efficiency, and Innovations Committee under the Company's Board of Directors.

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<sup>1</sup> In accordance with Decree of the Government of the Russian Federation No. 925 of September 16, 2016 "On the Priority of Goods of Russian Origin and Work Performed and Services Provided by Russian Persons as Compared to Goods of Foreign Origin or Work Performed and Services Provided by Foreign Persons",

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2. To elect Andrey Vladimirovich Mayorov, Deputy General Director and Chief Engineer of PJSC Rosseti, as a member of the Reliability, Energy Efficiency, and Innovations Committee under the Company's Board of Directors.

**6.8.** On the progress of the priority construction projects in the Far East (CHPP in Sovetskaya Gavan, Sakhalin GRES-2 (stage 1)) as of December 31, 2018.

**The resolution adopted:**

To take note of the information on the progress of the priority construction projects in the Far East (CHPP in Sovetskaya Gavan, Sakhalin GRES-2 (stage 1)) as of December 31, 2018 (Appendix No. 12 to the Minutes).

**6.9. Confidential.**

**The resolution adopted: Confidential.**

**About RusHydro**

RusHydro Group is one of Russia's largest generating companies. RusHydro is the leading producer of renewable energy in Russia with over 400 generating facilities in Russia and abroad. The company also manages a number of R&D, engineering and electricity retail companies. Group's thermal assets are operated by subsidiary - RAO Energy System of East in the Far East of Russia. Total electricity generation capacity of the Group is 39.4 GW, heat capacity - 18.5 thousand GCal/h.

Russian Federation owns 60.56% in RusHydro, the rest is held by other institutional and individual shareholders (over 360,000). The company's stock is traded on Moscow Exchange (MOEX), and included in MSCI EM и MSCI Russia indexes. Company's GDRs in the IOB section of LSE, ADRs - in OTCQX.

**For more information:**

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*The information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of PJSC "RusHydro" ("RusHydro"). One can identify forward-looking statements by terms such as "expect", "believe", "anticipate", "plan", "aim", "target", "forecast", "project", "should", "estimate", "intend", "will", "could", "may" or "might", the negative of such terms or other similar expressions. We wish to caution you that these statements are only predictions and that actual events or results may differ materially from these statements.*

*We do not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, general economic and political conditions, our competitive environment, risks associated with operating in Russia and rapid technological and market changes in our industries, as well as many other risks specifically related to RusHydro and its operations.*

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