



API Voting Recommendations for Annual General Meeting

Company: **PJSC Enel Russia (ENRU)**

Meeting date: **June 4, 2018**

Record date: **May 10, 2018**

Company Overview

PJSC Enel Russia, one of Russia's leading wholesale generating companies, is operating in three regions: Konakovskaya GRES (2,520 MW) in Tver region, Nevinnomysskaya GRES (1,530.2 MW) in Stavropol Krai, Sredneuralskaya GRES (1,578.5 MW) and Reftinskaya GRES (3,800 MW) in Sverdlovsk region.

As of December 31, 2017, the share capital of PJSC Enel Russia was equal to RUB 35,371,898,370 and consisted of 35,371,898,370 ordinary shares with a face value of 1 ruble each.

The share capital structure of PJSC Enel Russia is as follows:

Enel Investment Holding B.V.: 56.4%;

PFR Partners Fund I Limited: 19.0%;

Prosperity Capital Management Limited: 8.2%.

VTB Bank (PJSC): 3.9%

Other (minority) shareholders: 12.4%.

No.	AGM agenda item	API recommendation
1.	Approval of the Annual Report of PJSC Enel Russia for the year 2017	FOR
2.	Approval of the annual accounting (financial) statements for the year 2017	FOR
3.	Approval of the profit (including the payment (announcement) of dividends) and losses of PJSC Enel Russia based on the results of the 2017 financial year	FOR
4.	Election of members of the Board of Directors of PJSC Enel Russia	API recommends voting FOR* Andrey Morozov (an API-supported independent director)
5.	Election of members of the Internal Audit Commission of PJSC Enel Russia	API recommends voting FOR on all candidates

6.	Approval of the auditor of PJSC Enel Russia	FOR**
7.	Approval of a new version of the Company's Charter	FOR
8.	Approval of a new version of the regulation "Procedure for convening and holding meetings of the Board of Directors of PJSC Enel Russia"	FOR
9.	Approval of a new version of the Regulation on payment of remuneration and compensations to members of the Board of Directors of PJSC Enel Russia	FOR***
10.	Consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Kola, as a related party transaction	FOR
11.	Consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Azov, as a related party transaction	FOR
12.	Consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Kola, as a related party transaction	FOR
13.	Consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Azov, as a related party transaction	FOR
14.	Consent to the conclusion by PJSC Enel Russia of a suretyship agreement in relation to obligations of LLC Enel Rus Wind Kola, as a related party transaction	ABSTAINED****
15.	Consent to the conclusion by PJSC Enel Russia of a suretyship agreement in relation to obligations of LLC Enel Rus Wind Azov, as a related party transaction	ABSTAINED****
16.	Consent to the conclusion of a loan agreement by and between PJSC Enel Russia and LLC Enel Rus Wind Kola, as a related party transaction	ABSTAINED****

* The API recommends that the shareholders vote for the independent director Andrey Morozov nominated by a minority shareholder of the company and supported by the institutional investors that are API members. The resolution on this issue shall be passed by cumulative voting. If the shareholders vote for several independent candidates, their votes will be dispersed among the candidates and the independent API candidate will stand a zero chance of being elected. We therefore ask shareholders to vote only for one independent candidate, Andrey Morozov. In this way, the shareholders will be able to elect 5 independent directors: 3 independent directors nominated by Enel Russia will be elected by the votes of the main shareholder, 1 independent director nominated by Prosperity CM will be elected by the Prosperity CM votes and the API-backed independent director Andrey Morozov also nominated by Prosperity CM can be elected by the votes of the remaining minority shareholders.

** The API recommends that the company disclose information related to the auditor selection procedure as part of the reference materials for the meeting.

*** The API notes the absence of a rationale for increasing the amount of remuneration in the reference materials.

**** The materials for the shareholders meeting do not contain an economic justification for the surety provided by the Company in relation to the obligations of LLC Enel Rus Wind Kola and LLC Enel Rus Wind Azov, as well as the loan agreement to be concluded with LLC Enel Rus Wind Kola.

In-depth review of the Annual General Meeting agenda:

1-2.	AGM agenda item	API recommendation
1.	Approval of the Annual Report of PJSC Enel Russia for the year 2017	FOR*
2.	Approval of the annual accounting (financial) statements for the year 2017	FOR

*The API believes it necessary to note that the Company has not revealed the individual remuneration of the Executive Board members in the Annual Report as it was expected to do according to best corporate governance practices. We recommend that the Board of Directors pay attention to the need to disclose the remuneration of Executive Board members, including the salaries, bonuses and other payments (the total remuneration paid to the Executive Board members amounted to RUB 84.5 million in 2017).

AGENDA ITEMS 1-2 DETAILS:

The annual report of PJSC Enel Russia for 2017 presents information on the Company's main annual performance results, development priorities, a description of the key risk factors, information on related party transactions, a report on compliance with the recommendations of the Corporate Governance Code recommended for application by the Bank of Russia, etc.

The accuracy of the Company's annual accounting statements as per Russian Accounting Standards and its consolidated financial statements as per International Financial Reporting Standards is confirmed by an audit report of Ernst & Young LLC and a report provided by the Internal Audit Commission of PJSC Enel Russia.

Please see below the key figures representing the Company's financial and economic performance according to IFRS:

Item	2016	2017	Change year-on-year
Revenue, million rubles	72,211	74,400	3.0
Operating expenses, million rubles	62,783	60,920	-3.0
Operating profit, million rubles	10,334	13,970	35.2
Profit for the period, million rubles	4,387	8,544	94.8
Profit margin, %	6.1	11.5	5.4 p.p.
EBITDA, million rubles	13,909	17,732	27.5
EBITDA margin, %	19.3	23.8	4.5 p.p.
Net debt, million rubles	20,348	17,889	-12.1
Net debt / EBITDA ratio	1.5	1.0	-0.5

The revenue growth in 2017 was mainly driven by the following factors:

- higher revenue from CCGT units under capacity supply agreements as the CCGT units entered the seventh year of operation (according to the calculation methodology approved by the Government of Russia);
- higher supplies of capacity resulting from an increase in sales of capacity of the CCGT unit at Nevinnomysskaya GRES compared with the start of 2016 when the CCGT was undergoing repairs and a reduction in the number of unscheduled shutdowns at the other power plants;

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

- higher revenue from sales of electricity and capacity under regulated contracts due to the annual increase in rates. In 2017, the revenue growth offset the lower output by steam power units (mainly attributable to lower capacity utilization requested by the System Operator of the United Power System due to excessive production capacities in the Central and Ural regions).

EBITDA increased significantly, largely due to higher revenues, as well as lower fixed costs as a result of lower property tax expenses, lower expenses for raw and other materials and a reduction in staff costs as part of the long-term optimization program.

At the end of the reporting period, the Company's net debt decreased against December 31, 2016, mainly due to a solid cash flow offsetting the payments effected during this period.

DRAFT RESOLUTIONS ON AGENDA ITEMS 1-2:

No. 1. Approve the Annual Report of PJSC Enel Russia for the year 2017 (Appendix 1).

No. 2. Approve the annual accounting (financial) statements of PJSC Enel Russia for the year 2017 (Appendix 2).

3.	AGM agenda item	API recommendation
	Approval of the profit (including the payment (announcement) of dividends) and losses of PJSC Enel Russia based on the results of the 2017 financial year	FOR

AGENDA ITEM 3 DETAILS:

According to clause 2.5. of the Company's Dividend Policy Regulation (approved by a resolution of the Board of Directors of PJSC Enel Russia as of May 4, 2017, Minutes No. 6/17 dated May 4, 2017), the amount of 2017 dividends recommended for approval by the annual shareholders meeting shall be 60% of the net profit from ordinary activities according to International Financial Reporting Standards (IFRS).

The Board of Directors (Minutes 5/18 dated April 20, 2018) recommends that the shareholders decide at their meeting to distribute the Russian GAAP (RAS) profit earned in 2017 in the amount of RUB 5,942 million as follows: RUB 5,127 million for dividends (86% of the RAS profit, 60% of the IFRS net profit; RUB 81 million for increasing the Reserve Fund, retain the remaining earnings amounting to RUB 734 million (accumulated earnings amounting to RUB 16,050 million at the end of 2017).

Compared with the previous year (RUB 2,413 million in 2016), the amount of 2017 dividends increased by 112.5%.

DRAFT RESOLUTION ON AGENDA ITEM 3:

3.1. Approve the following distribution of the profit earned by PJSC Enel Russia as of December 31, 2017:

	(million rubles)
Net profit (loss) for the reporting period to be distributed (covered):	5,942
Accumulated earnings as of December 31, 2016	15,316
Distribute to the: legal reserve	81
dividends	5,127
absorption of losses	-
accumulated earnings	16,050

3.2. Pay dividends on the ordinary shares of PJSC Enel Russia based on the results of the 2017 financial year in the amount of RUB 0.14493 per ordinary share.

Set June 22, 2018 as the dividend record date, i.e. the date on which the persons entitled to dividends are determined.

The dividends shall be paid in cash within the timeframe provided for by the law. The amount of dividends attributable to each shareholder shall be determined with an accuracy to one kopeck. The mathematical rounding rules apply to the

calculation of dividends payable as necessary.

4.	AGM agenda item	API recommendation
	Election of members of the Board of Directors of PJSC Enel Russia	API recommends voting FOR Andrey Morozov

AGENDA ITEM 4 DETAILS:

11 of the 16 candidates nominated by the shareholders will be elected to the Board of Directors of the Company. The list of candidates includes 10 current Board members (italicized below).

No.	Name	Candidate office / position (at the primary place of employment)	Nominated by	Years on the Board	Status
1.	<i>Stephane Maurice Zweguintzow</i>	<i>Head of External Relations, PJSC Enel Russia</i>	<i>Enel Investment Holding B.V.</i>	5	<i>executive director</i>
2.	<i>Roberto Antonio Enzo Deambrogio</i>	<i>Head of Europe and North Africa, Enel S.p.A.</i>	<i>Enel Investment Holding B.V.</i>	3	<i>non-executive director</i>
3.	<i>Rodolfo Avogadro Di Vigliano</i>	<i>Head of Legal and Corporate Affairs (Europe and North Africa), Enel S.p.A.</i>	<i>Enel Investment Holding B.V.</i>	1	<i>non-executive director</i>
4.	<i>Marco Fragale</i>	<i>Head of Business Development, Europe and Morocco for Enel Produzione S.p.A.</i>	<i>Enel Investment Holding B.V.</i>	1	<i>executive director</i>
5.	Maria Antonietta Giannelli	Mergers & Acquisitions Senior Project Manager, Administration, Finance and Control Department, Enel S.p.A.	Enel Investment Holding B.V.	0	non-executive director
6.	Andrea Palazzolo	Ex-Director of Legal and Corporate Affairs at major companies (Enel.it S.p.A. Maggiore Group); Compliance Officer of Gruppo Maggiore (now Avis Budget Group)	Enel Investment Holding B.V.	0	independent director
7.	Andrea Guaccero	Co-founder, Ranieri, Guaccero, Cornetta law firm; Full Professor of Law, University of Rome Tre	Enel Investment Holding B.V.	0	independent director
8.	Isabella Alessio	Head of Legal and Corporate Affairs, Global Thermal Generation Business Line, Enel Global Thermal Generation S.R.L.	Enel Investment Holding B.V.	0	non-executive director
9.	<i>Giuseppe Luzzio</i>	<i>Head of Market Development in Russia, Enel S.p.A.; First Deputy General Director, LLC Rusenergosbyt</i>	<i>Enel Investment Holding B.V.</i>	3	<i>non-executive director</i>
10.	Giorgio Callegari	Deputy CEO for Strategy and Alliances, Aeroflot Group	Enel Investment Holding B.V.	0	independent director

11.	<i>Gerald Joseph Rohan**</i>	<i>CEO, Rohan Global Consulting LLC</i>	<i>Enel Investment Holding B.V.</i>	7	<i>non-executive director</i>
12.	<i>Laurent Nicolas Souviron</i>	<i>Partner, AGC Equity Partners Ltd.</i>	<i>PFR Partners Fund I Limited</i>	3	<i>non-executive director</i>
13.	<i>Tagir Sitdekov</i>	<i>First Deputy General Director, Member of the Executive Board, JSC Management Company RDIF (LLC Management Company RDIF before restructuring)</i>	<i>PFR Partners Fund I Limited</i>	5	<i>non-executive director</i>
14.	<i>Denis Mosolov</i>	<i>Employed by Macquarie Group since 2008, specializing in funds management of infrastructure assets in Australia, Europe and Russia</i>	<i>PFR Partners Fund I Limited</i>	2	<i>non-executive director</i>
15.	<i>Alexander Arthur John Williams</i>	<i>Director, Taiga Capital (UK) limited, United Kingdom of Great Britain and Northern Ireland</i>	<i>The Russian Prosperity Fund</i>	2	<i>independent director</i>
16.	Andrey Morozov	Legal Director, Association of Institutional Investors	The Russian Prosperity Fund	0	independent director*

Members of the Board of Directors are elected by cumulative voting.

* The API officially supports the candidate at the Annual General Meeting.

** According to clause 4 sub-clause 7) of Annex 4.1. to the Listing Rules of PJSC Moscow Exchange, a person serving as a member of the Board of Directors of an issuer for more than 7 years in aggregate should be recognized as a party related to that issuer. Given that the candidate has been a member of the Company's Board of Directors for seven years, he cannot be considered as an independent director if elected at the annual general shareholders meeting in 2018.

The API proposes that the shareholders vote so as to increase the number of independent directors to 5. If 95% of the shareholders vote and the institutional investors cast all their votes in favor of Andrey Morozov, the chance of electing him to the Board is fairly high. The 3 independent directors nominated by Enel Investment Holding B.V. will be elected by the majority shareholder's votes, another independent director, Alex Williams, will be elected by the votes of Prosperity CM. Accordingly, investors will be able to elect Andrey Morozov as the fifth independent director if they manage to consolidate at least 7.7% of the shares.

For details on the API's engagement with independent directors, please visit the official API website:

<http://api-russia.org>.

All independent directors supported by the API are open to direct contact with shareholders; please contact us for further information.

DRAFT RESOLUTION ON AGENDA ITEM 4:

Elect candidates from the following list as members of the Board of Directors of PJSC Enel Russia:

1.	Stephane Maurice Zweguintzow
2.	Roberto Antonio Enzo Deambrogio
3.	Rodolfo Avogadro Di Vigliano
4.	Marco Fragale
5.	Maria Antonietta Giannelli

6.	Andrea Palazzolo
7.	Andrea Guaccero
8.	Isabella Alessio
9.	Giuseppe Luzzio
10.	Giorgio Callegari
11.	Gerald Joseph Rohan
12.	Laurent Nicolas Souviron
13.	Tagir Sitdekov
14.	Denis Mosolov
15.	Alexander Arthur John Williams
16.	Andrey Morozov

5.	AGM agenda item	API recommendation
	Election of members of the Internal Audit Commission of PJSC Enel Russia	API recommends voting FOR on all candidates

AGENDA ITEM 5 DETAILS:

It is proposed to elect the Internal Audit Commission consisting of five members. All the candidates are nominated by Enel Investment Holding B.V. Three of the five nominated candidates (italicized below) are current members of the Internal Audit Commission.

No.	Name	Candidate office / position (at the primary place of employment)
1.	<i>Giancarlo Pescini</i>	<i>Head of the "Group's Participation" Unit, Enel S.p.A</i>
2.	Paolo Pirri	Head of Administration of South America, Enel Chile
3.	Kumlachew Marchetti Mechal Ebisa	Head of Financial Strategy, Enel S.p.A.
4.	<i>Mauro Di Carlo</i>	<i>Head of Thermal Generation Planning and Control, Enel S.p.A.</i>
5.	<i>Natalia Khramova</i>	<i>Senior Accountant, Enel Finance International B.V.</i>

Members of the Internal Audit Commission are elected by a simple majority of votes.

DRAFT RESOLUTION ON AGENDA ITEM 5:

Elect candidates from the following list as members of the Internal Audit Commission of PJSC Enel Russia:

No.	Candidate Name
1	Giancarlo Pescini
2	Paolo Pirri
3	Kumlachew Marchetti Mechal Ebisa
4	Mauro Di Carlo
5	Natalia Khramova

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

6.	AGM agenda item	API recommendation
	Approval of the auditor of PJSC Enel Russia	FOR

AGENDA ITEM 6 DETAILS:

The Board of Directors (see Minutes 5/18 as of May 18, 2018) recommends that the shareholders meeting approve Ernst & Young LLC as the auditor of PJSC Enel Russia for 2018; however, the Company has not disclosed information on the other open tender participants, their bids and other significant aspects of the auditor selection process.

We recommend that the Company include these data, as well as information on the price of services (including, if any, non-audit services) offered by the winning bidder, in materials prepared for the general shareholders meeting.

DRAFT RESOLUTION ON AGENDA ITEM 6:

Approve the Limited Liability Company Ernst & Young as the auditor of PJSC Enel Russia for 2018.

7.	AGM agenda item	API recommendation
	Approval of a new version of the Company's Charter	FOR

AGENDA ITEM 7 DETAILS:

The list of issues within the competence of the Board of Directors as regards recommendations to the Company's representatives at general meetings of shareholders (members) at subsidiary and affiliate economic entities is structured in terms of the quorum size:

- resolutions shall be passed by a supermajority of votes (i.e. 9 out of the 11 votes of members of the Company's Board of Directors) for issues specified in clause 15.2.35 of the restated Charter (any change of the subsidiary's charter; reorganization, liquidation; increase/decrease of the charter capital; placement of securities convertible into shares; delisting of securities convertible into shares; major transactions valued at more than 25% of the subsidiary's book value; approval of related party transactions valued at more than 2% of the book value of PJSC Enel Russia; transfer of the General Director's powers to a managing company; appointment of a managing company as sole executive body of the subsidiary; suspension of the managing company's powers).

- resolutions shall be passed unanimously for issues specified in clause 15.2.36 of the restated Charter (reducing the subsidiary's charter capital to a level below the subsidiary's net asset value if the subsidiary's net asset value was found to be below its charter capital during an audit);

- resolutions shall be passed by a simple majority of votes for other issues, including issues specified in item 15.2.37 of the restated Charter (except for those specified in clauses 15.2.35 and 15.2.36 of the Charter) and preliminary approval of the powers of attorney issued to such representatives for participating in and voting at general meetings of shareholders (members) at subsidiary and affiliate economic entities.

The restated version provides for the possibility of sending notices via e-mail by persons who may be recognized as related parties to transactions made by the Company (clause 18.14 of article 18 of the Company's Charter).

The wording "the first level of the general organizational structure of the Company" is replaced by the wording "the list of the key managers of the Company".

Following recommendations of the Corporate Governance Code and in order to bring separate clauses of the Company's by-laws in compliance with the Charter, the competence of the Board of Directors has been expanded to include the following powers:

- consideration of issues related to the Company's compliance with its risk management policy;

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

- approval of the annual internal audit plan and the report on its fulfillment;
- approval of the annual expense budget for the Company's structural subdivision conducting internal audit;
- approval of the activity plan of the Company's Board of Directors;
- approval of the budgets of the Company's Board of Directors and Board committees;
- consideration of reports made by the chairpersons of the Company's Board committees.
- assessment of candidates to the Company's Board of Directors.

In the API's view, no innovations prejudicing the position or restricting the rights of shareholders are proposed in the new version of the document.

DRAFT RESOLUTION ON AGENDA ITEM 7:

Approve the new version of the Company's Charter (Appendix 3)

8.	AGM agenda item	API recommendation
	Approval of a new version of the regulation "Procedure for convening and holding meetings of the Board of Directors of PJSC Enel Russia"	FOR

AGENDA ITEM 8 DETAILS:

Following recommendations of the 2014 Corporate Governance Code, the duties of the Chairman of the Board of Directors were revised to include the obligation to take measures to timely provide members of the Board of Directors with materials on the agenda items of Board of Directors meetings.

Members of the Board of Directors may abstain from participation in a meeting or from voting in a Board of Directors meeting on an issue the resolution on which may be subject to sanctions of the UN, the European Union, the USA, a state the jurisdiction of which directly applies to the Board member, including the status of citizenship, nationality, or resident rights, as well as an international organization, in which such a state participates. To that end, members of the Board of Directors undertake to timely provide the Company, following, among other things, a request from the Corporate Secretary and/or the Board of Directors Secretariat, with all information pertaining to their citizenship or another legal status in Russia and/or any other states of the world.

This innovation aims at eliminating potential conflicts of laws between the requirements of the Russian legislation and the personal law of the members of the Board of Directors who are not citizens of Russia.

Following recommendations from PricewaterhouseCoopers Advisory LLC which conducted an external assessment of the Board of Directors' activity, provisions for the possibility of using dedicated software for sending/receiving documents and information arising or used in the course of the Board of Directors' activity are included in the Regulation.

In our view, no innovations prejudicing the position or restricting the rights of shareholders are proposed in the new version of the document.

DRAFT RESOLUTION ON AGENDA ITEM 8:

Approve the new version of the regulation "Procedure for convening and holding meetings of the Board of Directors of PJSC Enel Russia" (Appendix 4).

9.	AGM agenda item	API recommendation
	Approval of a new version of the Regulation on payment of remuneration and compensations to members of the Board of Directors of PJSC Enel Russia	FOR

AGENDA ITEM 9 DETAILS:

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

The amount of fixed remuneration payable to a member of the Board of Directors has almost doubled from RUB 1,800,000 to RUB 3,300,000 per year. The amount of fixed remuneration payable to Board Chairman and the Senior Independent Director has increased from RUB 2,100,000 to RUB 3,960,000 per annum, payable monthly in the amount of 1/12 of the annual remuneration. The wording making the calculation of remuneration dependent on the number of Board meetings in which a member of the Board participated in the reporting period is excluded from the Regulation.

The Senior Independent Director is granted the right to enter into a share purchase contract with the Company with deferred performance of obligations to transfer and pay for the shares under the Option Program ratified by the Company’s Board of Directors; the value of such share purchase contract shall not exceed 0.15% of the total value of the Company’s outstanding shares for the Senior Independent Director and the Chairman of the Board of Directors, 0.10% of the total value of outstanding shares for other Board members.

The percentage of missed Board of Directors meetings per month entailing the forfeiture of monthly fixed remuneration has been changed. According to the explanatory notes to the document, the new rule aims at encouraging Board members to attend meetings, since it increases the number of meetings a Board member is required to attend to be entitled to monthly remuneration. However, the extremely poor wording used in the document actually allows Board members to miss MORE meetings while preserving the right to remuneration, as explained below:

According to the current wording of clause 4.1. of the Regulation, “the fixed remuneration for the month shall not be paid if the member of the Board of Directors has not participated in more than 50% of the Board of Directors meetings held within a month.” The reworded provision *increases* the percentage of missed meetings not entailing the forfeiture of remuneration to 70%. For example, a Board member not attending 6 of 10 meetings (60%) is still entitled to remuneration as the “threshold” of 70% is not exceeded.

It is expedient to revise clause 4.1.4. of the restated Regulation removing the negative particle (“not”) and rewording the clause as follows: “the fixed remuneration for the month shall be paid if the member of the Board of Directors has participated in more than 70% of the Board of Directors meetings held within a month.”

DRAFT RESOLUTION ON AGENDA ITEM 9:

Approve the new version of the Regulation on payment of remuneration and compensations to members of the Board of Directors of PJSC Enel Russia (Appendix 5).

10.	AGM agenda item	API recommendation
	Consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Kola, as a related party transaction	FOR

AGENDA ITEM 10 DETAILS:

LLC Enel Rus Wind Kola is a wholly-owned subsidiary of PJSC Enel Russia established with the aim of building a renewable generating facility. Without transferring the rights and obligations under the capacity supply contract to this design organization, the obligation to ensure the timely commissioning of the facility and supply of capacity will rest with PJSC Enel Russia even though it will not own the facility. Therefore, it is expedient to transfer the related rights and obligations under the capacity supply contract. It should be noted that the independent director Alex Williams voted “Abstained” on this issue, providing a comment not disclosed in the minutes.

DRAFT RESOLUTION ON AGENDA ITEM 10:

Give consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Kola, as a related party transaction, on the following essential terms:

Parties to the agreement	Transferor of the rights and obligations (Supplier): PJSC Enel Russia. Transferee of the rights and obligations (New Supplier): LLC Enel Rus Wind Kola. JSC Trading System Administrator of Wholesale Electricity Market Transactions.
Subject of the agreement	Transfer by the Supplier of all rights and obligations under the capacity supply contracts to the New Supplier, with the result that the New Supplier shall completely replace the Supplier in relation to all the conditions and requirements of the capacity supply contracts, without exceptions or inapplicability clauses. The capacity supply contracts are concluded with respect to the supply of capacity from renewable generating facility with an installed capacity of 200.97 MW. The total value of the rights and obligations assigned under the capacity supply contracts is equal to the maximum cost of capacity supplied from the renewable generating facility during the supply period and exceeds RUB 10 billion net of VAT.
Price of the agreement	Without consideration

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in LLC Enel Rus Wind Kola through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Kola; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in the latter company.

11.	AGM agenda item	API recommendation
	<u>Consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Azov, as a related party transaction</u>	FOR

AGENDA ITEM 11 DETAILS:

LLC Enel Rus Wind Azov is a wholly-owned subsidiary of PJSC Enel Russia established with the aim of building a renewable generating facility. Without transferring the rights and obligations under the capacity supply contract to this design organization, the obligation to ensure the timely commissioning of the facility and supply of capacity will rest with PJSC Enel Russia even though it will not own the facility. Therefore, it is expedient to transfer the related rights and obligations under the capacity supply contract.

DRAFT RESOLUTION ON AGENDA ITEM 11:

Give consent to the conclusion of an agreement for the transfer of capacity supply contracts (contractual rights and obligations) for the supply of capacity from qualifying renewable generating facilities concluded by PJSC Enel Russia to LLC Enel Rus Wind Azov, as a related party transaction, on the following essential terms:

Parties to the Agreement	Transferor of the rights and obligations (Supplier): PJSC Enel Russia. Transferee of the rights and obligations (New Supplier): LLC Enel Rus Wind Azov. JSC Trading System Administrator of Wholesale Electricity Market Transactions.
Subject of the Agreement	Transfer by the Supplier of all rights and obligations under the capacity supply contracts to the New Supplier, with the result that the New Supplier shall completely replace the Supplier in relation to all the conditions and requirements of the capacity supply contracts, without exceptions or inapplicability clauses. The capacity supply contracts are concluded with respect to the supply of capacity from renewable generating with an installed capacity of 90.09 MW. The total value of the rights and obligations assigned under the capacity supply contracts is equal to the maximum cost of capacity supplied from the renewable generating facility during the supply period and exceeds RUB 10 billion net of VAT.
Price of the Agreement	Without consideration

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in LLC Enel Rus Wind Azov through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Azov; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in the latter company.

12.	AGM agenda item	API recommendation
	Consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Kola, as a related party transaction	FOR

AGENDA ITEM 12 DETAILS:

The guarantee is a prerequisite for ensuring the construction of a wind farm and the supply of the required equipment. Given that this project is to be implemented under a capacity supply agreement, with penalties for delays in supplying capacity from the power facility, we believe it appropriate to vote “FOR” on this agenda item.

DRAFT RESOLUTION ON AGENDA ITEM 12:

Give consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Kola, as a related party transaction, on the following essential terms:

Parties to the Guarantee	PJSC Enel Russia (the Guarantor); LLC Enel Rus Wind Kola (the Obligor); Siemens Gamesa Renewable Energy LLC (the Guarantee Beneficiary)
Subject of the Guarantee	The Guarantor shall indemnify the Guarantee Beneficiary against all losses and expenses to the extent of the Guarantee Amount, which the Guarantee Beneficiary may incur in connection with the Obligor’s failure to perform obligations under the Turbine Supply Agreement. The Turbine Supply Agreement will be concluded by and between the Guarantee Beneficiary and the Obligor for implementing the project of construction of a wind farm with a capacity of 200.97 MW in Murmansk region (hereinafter referred to as the “Project”).

Guarantee Amount	Not to exceed ninety nine million seven hundred thousand (99,700,000.00) euro and four billion six hundred million (4,600,000,000.00) rubles. The Guarantee Amount shall be automatically lowered by the amount paid by the Obligor under the Turbine Supply Agreement.
Guarantee Term	Valid from the date of issuance until the a) fulfillment by the Obligor of its obligations under the Turbine Supply Agreement or b) February 28, 2022, whichever comes earlier.
Guarantee fee rate	0%

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in LLC Enel Rus Wind Kola through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Kola; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in the latter company.

13.	AGM agenda item	API recommendation
	Consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Azov, as a related party transaction	FOR

AGENDA ITEM 13 DETAILS:

The guarantee is a prerequisite for ensuring the construction of a wind farm and the supply of the required equipment. Given that this project is to be implemented under a capacity supply agreement, with penalties for delays in supplying capacity from the power facility, we believe it appropriate to vote “FOR” on this agenda item.

DRAFT RESOLUTION ON AGENDA ITEM 13:

Give consent to the issue by PJSC Enel Russia of an independent guarantee for LLC Enel Rus Wind Azov, as a related party transaction, on the following essential terms:

Parties to the Guarantee	PJSC Enel Russia (the Guarantor); LLC Enel Rus Wind Azov (the Obligor); Siemens Gamesa Renewable Energy LLC (the Guarantee Beneficiary)
Subject of the Guarantee	The Guarantor shall indemnify the Guarantee Beneficiary against all losses and expenses to the extent of the Guarantee Amount, which the Guarantee Beneficiary may incur in connection with the Obligor’s failure to perform obligations under the Turbine Supply Agreement. The Turbine Supply Agreement will be concluded by and between the Guarantee Beneficiary and the Obligor for implementing the project of construction of a wind farm with a capacity of 90.09 MW in Rostov region (hereinafter referred to as the “Project”).
Guarantee Amount	Not to exceed forty five million (45,000,000.00) euro and two billion one hundred million (2,100,000,000.00) rubles. The Guarantee Amount shall be automatically lowered by the amount paid by the Obligor under the Turbine Supply Agreement.
Guarantee Term	Valid from the date of issuance until the a) fulfillment by the Obligor of its obligations under the Turbine Supply Agreement or b) March 1, 2021, whichever comes earlier.
Guarantee fee rate	0%

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment

127473 Москва, 1-й Щемиловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in LLC Enel Rus Wind Azov through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Azov; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in the latter company.

14.	AGM agenda item	API recommendation
	Consent to the conclusion by PJSC Enel Russia of a suretyship agreement in relation to obligations of LLC Enel Rus Wind Kola, as a related party transaction	ABSTAINED

AGENDA ITEM 14 DETAILS:

The materials for the shareholders meeting do not include an economic justification of the proposed amount (RUB 32 billion) of the surety to be provided by the Company in relation to a loan which LLC Enel Rus Wind Kola intends to take out to finance the wind farm construction. Besides, the materials do not include a justification for a preliminary calculation of the borrowed capital recovery under the project reflecting the creditworthiness of LLC Enel Rus Wind Kola to avoid the risks related to the guarantee execution. Therefore, we recommended voting ABSTAINED. Independent director Alex Williams voted “Against” providing no comment.

DRAFT RESOLUTION ON AGENDA ITEM 14:

Give consent to the conclusion by PJSC Enel Russia of a Suretyship Agreement in relation to obligations of LLC Enel Rus Wind Kola under a credit contract concluded with Bank(s) (hereinafter referred to as the “Credit Contract”), recognized as a related party transaction for PJSC Enel Russia, on the following essential terms:

Parties to the Suretyship Agreement	PJSC Enel Russia (the Surety Provider) Bank(s) (the Lender)
Beneficiary	LLC Enel Rus Wind Kola (the Borrower)
Bank(s)	<p>A financial institution meeting the following criteria:</p> <ol style="list-style-type: none"> 1. For commercial banks: <ul style="list-style-type: none"> ▪ rated at least two notches below the sovereign rating of the Russian Federation (by Fitch, S&P or Moody’s) at the time of the transaction, or ▪ being among the top 10 Russian banks in terms of net asset value at the time of the transaction. 2. For other financial institutions (including banks for development): <ul style="list-style-type: none"> ▪ rated at least two notches below the sovereign rating of the Russian Federation (by Fitch, S&P or Moody’s) at the time of the transaction and possessing at least RUB 100 billion in total assets. <p>The financial institution shall be selected by the Borrower as a result of consideration of the relevant offers.</p>
Subject of the Suretyship Agreement	The issue of a surety by the Surety Provider to the Bank to secure due performance by the Borrower of all its obligations under the Credit Contract signed between the Borrower and the Bank (the Lender), including the repayment of the whole credit amount and interest for the use of borrowed money accrued according to Article 395 of the Civil Code of the Russian Federation, in case of invalidity of the Credit Contract or its recognition as uncompleted, the payment of interest on the credit (taking into account a potential increase in the interest rate

	<p>subject to the terms and conditions of the Credit Contract), the payment of fees and penalties provided for by the Credit Contract, the obligation to reimburse the legal expenses associated with debt recovery and other losses caused by non-performance or improper performance by the Borrower of its obligations under the Credit Contract.</p> <p>The Surety Provider shall undertake to be liable to the Lender jointly with the Borrower for due performance by the Borrower of its obligations under the Credit Contract.</p> <p>The Credit Contract shall be concluded by and between the Borrower and the Bank for the purpose of financing the project of construction of a renewable generating facility (wind farm) with a designed capacity of approximately 201 MW in Murmansk region (hereinafter referred to as the "Project") and/or refinancing the expenses previously incurred in relation to the Project.</p>
Limit of the Surety Provider's total shared liability to the Bank	Not to exceed 32,000,000,000.00 rubles
Term of Suretyship	Not to exceed 20 years
Suretyship Fee	The Surety Provider shall provide the Surety without consideration.

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in LLC Enel Rus Wind Kola through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Kola; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in the latter company. Other suretyship terms and conditions shall be determined by the sole executive body of the Surety Provider at its discretion.

15.	AGM agenda item	API recommendation
	Consent to the conclusion by PJSC Enel Russia of a suretyship agreement in relation to obligations of LLC Enel Rus Wind Azov, as a related party transaction	ABSTAINED

AGENDA ITEM 15 DETAILS:

The materials for the shareholders meeting do not include an economic justification of the proposed amount (RUB 15 billion) of the surety to be provided by the Company in relation to a loan which LLC Enel Rus Wind Azov intends to take out to finance the wind farm construction. Besides, the materials do not include a justification for a preliminary calculation of the borrowed capital recovery under the project reflecting the creditworthiness of LLC Enel Rus Wind Azov to avoid the risks related to the guarantee execution. Therefore, we recommended voting ABSTAINED.

DRAFT RESOLUTION ON AGENDA ITEM 15:

Give consent to the conclusion by PJSC Enel Russia of a Suretyship Agreement in relation to obligations of LLC Enel Rus Wind Azov under a credit contract concluded with Bank(s) (hereinafter referred to as the "Credit Contract"), recognized as a related party transaction for PJSC Enel Russia, on the following essential terms:

Parties to the Suretyship Agreement	PJSC Enel Russia (the Surety Provider), Bank(s) (the Lender)
-------------------------------------	--

Beneficiary	LLC Enel Rus Wind Azov (the Borrower)
Bank(s)	<p>A financial institution meeting the following criteria:</p> <ol style="list-style-type: none"> 1. For commercial banks: <ul style="list-style-type: none"> ▪ rated at least two notches below the sovereign rating of the Russian Federation (by Fitch, S&P or Moody's) at the time of the transaction, or ▪ being among the top 10 Russian banks in terms of net asset value at the time of the transaction. 2. For other financial institutions (including banks for development): <ul style="list-style-type: none"> ▪ rated at least two notches below the sovereign rating of the Russian Federation (by Fitch, S&P or Moody's) at the time of the transaction and possessing at least RUB 100 billion in total assets. <p>The financial institution shall be selected by the Borrower as a result of consideration of the relevant offers.</p>
Subject of the Suretyship Agreement	<p>The issue of a surety by the Surety Provider to the Bank to secure due performance by the Borrower of all its obligations under the Credit Contract signed between the Borrower and the Bank (the Lender), including the repayment of the whole credit amount and interest for the use of borrowed money accrued according to Article 395 of the Civil Code of the Russian Federation, in case of invalidity of the Credit Contract or its recognition as uncompleted, the payment of interest on the credit (taking into account a potential increase in the interest rate subject to the terms and conditions of the Credit Contract), the payment of fees and penalties provided for by the Credit Contract, the obligation to reimburse the legal expenses associated with debt recovery and other losses caused by non-performance or improper performance by the Borrower of its obligations under the Credit Contract.</p> <p>The Surety Provider shall undertake to be liable to the Lender jointly with the Borrower for due performance by the Borrower of its obligations under the Credit Contract.</p> <p>The Credit Contract shall be concluded by and between the Borrower and the Bank for the purpose of financing the project of construction of a renewable generating facility (wind farm) with a designed capacity of approximately 90.09 MW in Rostov region (hereinafter referred to as the "Project") and/or refinancing the expenses previously incurred in relation to the Project.</p>
Limit of the Surety Provider's total shared liability to the Bank	Not to exceed 15,000,000,000.00 rubles
Term of Suretyship	Not to exceed 20 years
Suretyship Fee	The Surety Provider shall provide the Surety without consideration

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in LLC Enel Rus Wind Azov through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Azov; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Azov on account of indirect ownership of an equity stake in the latter company. Other suretyship terms and conditions shall be determined by the sole executive body of the Surety Provider at its discretion.

16.	AGM agenda item	API recommendation
	Consent to the conclusion of a loan agreement by and between PJSC Enel Russia and LLC Enel Rus Wind Kola, as a related party transaction	ABSTAINED

AGENDA ITEM 16 DETAILS:

The materials for the shareholders meeting do not include an economic justification of the proposed amount (RUB 5.5 billion) of the loan to be provided by the Company to LLC Enel Rus Wind Kola (in particular, an indication whether the loan is sufficient for the successful implementation of the project). It should be noted that providing the loan at no interest is not economically unjustified in this case as the loan is provided to a wholly-owned subsidiary whose profit, if any, will be attributed to PJSC Enel Russia. Besides, if the project fails, the subsidiary can be wound up, with part of the rights to its property assigned to the parent company (taking into account other creditors' rights). It should be noted that, according to the Ministry of Finance's letter no. 03-01-18/29936 dated May 25, 2015, PJSC Enel Russia may be obliged to additionally pay a tax on the shortfall in interest income. Taking into account the importance of implementing the project under a capacity supply agreement within the prescribed time limits, with possible penalties for delays in implementing it, as well as the absence of justification on the issue in the materials for the shareholders meeting, API does not consider it possible to give a positive voting recommendation. We recommend voting ABSTAINED on this agenda item.

DRAFT RESOLUTION ON AGENDA ITEM 16:

Give consent to the conclusion of a loan agreement by and between PJSC Enel Russia and LLC Enel Rus Wind Kola, as a related party transaction, on the following essential terms:

Parties to the Agreement	PJSC Enel Russia (the Lender); LLC Enel Rus Wind Kola (the Borrower)
Subject of the Agreement	Provision of loans (tranches) by the Lender to the Borrower
Permitted loan purpose	The loans are provided to finance payments required for the due performance of agreements and activities related to the project of construction of a renewable generating facility (wind farm) with a designed capacity of 200.97 MW in Murmansk region, as well as the Borrower's operating expenses.
Maximum amount of loans	Not to exceed RUB 5,500,000,000.00.
Loan rate	0%
Maturity	Final maturity of each separate tranche shall not exceed 20 years from the date of signing each drawdown notice.
Other terms and conditions	The amount, final maturity, repayment schedule and other terms and conditions shall be defined in the drawdown notice within the above limits.

Persons related to the transaction and grounds for recognizing the related party interest of such persons: Enel Investment Holding B.V. shall be recognized as a related party to the transaction since it is the controlling entity of PJSC Enel Russia directly owning a 56.43% equity stake and the controlling entity of LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in LLC Enel Rus Wind Kola through the equity participation in PJSC Enel Russia, the owner of 100% of the authorized capital of LLC Enel Rus Wind Kola; besides, Enel S.p.A. (Italy) shall be recognized as a party related to the transaction since it is the controlling entity of PJSC Enel Russia (through the 100% equity participation in Enel Investment Holding B.V.) and LLC Enel Rus Wind Kola on account of indirect ownership of an equity stake in the latter company.

The Voting Recommendations are based on the Annual General Meeting reference materials published on the website of

127473 Москва, 1-й Щемилловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org

PJSC Enel Russia. For questions and/or comment, please contact us at: +7 (495) 510-5306 or via email: polovnev@api-russia.org.

127473 Москва, 1-й Щемиловский пер., д. 17, оф.
11
Тел./факс +7 495 510-53-06
api-russia.org/ru

127473 Moscow, 1st Schemilovsky per., 17, office
11
Tel/fax +7 495 510-53-06
api-russia.org