

Minutes of Board of Directors Meeting No. 224/2015

Public joint stock Company of power industry and electrification of Kuban ("Kubanenergo" PJSC)

Date of meeting	24 November 2015
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	Office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of "Kubanenergo" PJSC)
Date of vote counting	24.11.2015, 5 p.m.
Date of drawing up minutes	26 November 2015

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (chairperson), Bogach Ye.V., Varvarin A.V., Gavrilov A.I., Kataev S.M., Kislyakov A.M., Lavrova M.A., Terebkov F.A., Kharin A.N., Khokholkova K.V.

Questionnaires were not submitted by: Niyazmetov A.K.

According to requirements of paragraph 7.3 of Regulation on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban (approved by decision of annual General meeting of "Kubanenergo", JSC shareholders dated 11.06.2015, minutes No.36), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On approval of Company's internal document: The Regulations on Company's Insurance.
2. On taking into consideration the report of Director General on provision of Company's insurance in the 3rd quarter of 2015.
3. On approval of the Plan of procurements of Kubanenergo PJSC in 2016.
4. On taking into consideration the report of Director General on implementation of a range of activities aimed at elimination of violations specified in the report of the Auditing Committee by the results of audit of Company's business activity in 2014.
5. On approval of budgets of the Committee under the BoD of Kubanenergo PJSC.
6. On approval of the list of investment projects that presuppose construction, modernization, upgrading of capital construction facilities with the budgeted costs of ≥ 1.5 billion rubles each (including VAT) at all stages of projects implementation.
7. On taking into consideration the report on the reasons of implementation of unscheduled projects of the investment programme by the results of the 1st half of 2015, information on the planned volume of indicators on technological connection of beneficiary consumers in 2015 and suggestions on the funding sources for activities on technological connection of beneficiary consumers in 2015.
8. On approval of agreement between "Kubanenergo" PJSC and "Mobile GTES" JSC on cooperation while eliminating accidents (emergency situation) at grid facilities, as an interested party transaction.
9. On determining the quantitative composition and election of Reliability Committee under the BoD of Kubanenergo PJSC.

10. On approval of agency agreement on project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction.

11. On approval of agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction.

Item 1

On approval of Company’s internal document: The Regulations on Company’s Insurance.

The following decision is proposed:

1. To approve “The Regulations on Insurance Kubanenergo PJSC”, in accordance with Appendix 1 to the resolution of Company’s Board of Directors.

2. To fix the date of the Regulation coming into force – 01.01.2016.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	ABSTAINED
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the first item was adopted by majority of the BoD members participating in the meeting.

Item 2

On taking into consideration the report of Director General on provision of Company’s insurance in the 3rd quarter of 2015.

The following decision is proposed:

To take into consideration the report of Director General on provision of Company’s insurance in the 3rd quarter of 2015, in accordance with Appendix 2 to the resolution of the BoD.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the second item was unanimously adopted by the BoD members participating in the meeting.

Item 3

On approval of the Plan of procurements of Kubanenergo PJSC in 2016.

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
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Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the third item was unanimously adopted by the BoD members participating in the meeting.

Item 4

On taking into consideration the report of Director General on implementation of a range of activities aimed at elimination of violations specified in the report of the Auditing Committee by the results of audit of Company's business activity in 2014.

The following decision is proposed:

Trade secret.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the forth item was unanimously adopted by the BoD members participating in the meeting.

Item 5

On approval of budgets of the Committee under the BoD of Kubanenergo PJSC.

The following decision is proposed:

1. To defer the discussion of issue "On approval of the budget of the Audit Committee under the Board of Directors" to a later date.
2. To approve the budget of the Committee for Strategy, Development, Investments and Reform under the Board of Directors for the 2nd half of 2015 in accordance with Appendix 4 to the resolution of the BoD.
3. To approve the budget of the Reliability Committee under the Board of Directors for the 2nd half of 2015 in accordance with Appendix 5 to the resolution of the BoD.
4. To approve the budget of the Committee for Technological Connection under the Board of Directors for the 2nd half of 2015 in accordance with Appendix 6 to the resolution of the BoD.
5. To ensure minimization of Company's expenses on payments related to Committees' activity for 2015, for the purpose of implementing the Order of RF Government No. 2303π-II13 dated 16.04.2015 on reduction of operating expenses by 2-3% annually.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	ABSTAINED	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the fifth item was adopted by majority of the BoD members participating in the meeting.

Item 6

On approval of the list of investment projects that presuppose construction, modernization, upgrading of capital construction facilities with the budgeted costs of ≥ 1.5 billion rubles each (including VAT) at all stages of projects implementation.

The following decision is proposed:

To approve the list of investment projects that presuppose construction, modernization, upgrading of capital construction facilities with the budgeted costs of ≥ 1.5 billion rubles each (including VAT) at all stages of projects implementation: preparation and design, implementation (including phased implementation), commissioning, in accordance with Appendix 7 to the resolution of the BoD.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	ABSTAINED
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the sixth item was adopted by majority of the BoD members participating in the meeting.

Item 7

On taking into consideration the report on the reasons of implementation of unscheduled projects of the investment programme by the results of the 1st half of 2015, information on the planned volume of indicators on technological connection of beneficiary consumers in 2015 and suggestions on the funding sources for activities on technological connection of beneficiary consumers in 2015.

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	AGAINST
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the seventh item was adopted by majority of the BoD members participating in the meeting.

Item 8

On approval of agreement between “Kubanenergo” PJSC and “Mobile GTES” JSC on cooperation while eliminating accidents (emergency situation) at grid facilities, as an interested party transaction.

The following decision is proposed:

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov A.I. and Terebkov F.A. other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

1. To determine that the price of agreement between “Kubanenergo” PJSC and “Mobile GTES” JSC on cooperation while eliminating accidents (emergency situation) at grid facilities, as an interested party transaction, cannot be 2 or more percent of the net value assets of “Kubanenergo” PJSC, according to its financial statements as of the last reporting date.

2. To approve the agreement between “Kubanenergo” PJSC and “Mobile GTES” JSC on cooperation while eliminating accidents (emergency situation) at grid facilities (hereinafter – the Agreement – Appendix 8 to the decision of the Board of Directors), as an interested party transaction on the following terms:

Parties of the Agreement:

“Mobile gas turbine power plant” JSC

“Kubanenergo” PJSC.

Subject of the Agreement:

The agreement defines the rights and obligations of the Parties and their interaction in the prevention and elimination of consequences of accidents (emergencies) at the facilities of electric grid complex, involving damage to equipment and cutoffs of consumers caused by natural disasters and severe weather (natural) phenomena, as well as the need to disconnect the supply of electricity in order to eliminate the threat to life and health, property damage and other causes in the area of responsibility of the Parties.

The concept (definition) of the accident is understood in the sense in which it is treated by the Rules of investigation of the causes of accidents in the power sector, approved by the Government of the Russian Federation No.846 dated October 28, 2009.

Liability of the Parties:

For non-performance or improper performance of their obligations under the Agreement, the Parties shall be liable in accordance with the legislation of the Russian Federation.

Term of Agreement:

The Agreement shall enter into force upon the signature, valid until July 30, 2016.

If none of the Parties declares on termination of the Agreement in advance of 30 (thirty) days before it expires, the Agreement shall be extended for each subsequent year, without limiting the number of renewals.

Settlement of disputes:

All disputes related to the implementation of the Agreement, the Parties shall endeavor to resolve by negotiation. Pending the negotiation process disputed issues shall be resolved in accordance with the legislation of the Russian Federation

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR
Lavrova M.A.	-	FOR			

Thus, the decision on the eighth item was adopted by majority of the BoD members participating in the meeting.

Item 9

On determining the quantitative composition and election of Reliability Committee under the BoD of Kubanenergo PJSC.

The following decision is proposed:

To defer the discussion to a later date.

Voting results

Bogach Ye.V.	-	FOR	Lavrova M.A.	-	FOR
Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR

Thus, the decision on the ninth item was unanimously adopted by the BoD members participating in the meeting.

Item 10

On approval of agency agreement on project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction.

The following decision is proposed:

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov A.I. and Terebkov F.A. other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

1. To determine that the price of the agency agreement on project “550kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC (hereinafter the Agreement), as an interested-party transaction, is the cost of the work entrusted to “FGC UES” PJSC by “Kubanenergo” PJSC, in the amount of 30 234 280 (thirty million two hundred and thirty-four thousand two hundred eighty) rubles 00 kopecks, including VAT (18%) – 4 612 010 (four one million six hundred twelve thousand and ten) rubles 00 kopecks, including the cost of agency fee in the amount of 118 000 (one hundred eighteen thousand) rubles, including VAT (18%) of 18 000 (eighteen thousand) rubles 00 kopecks.

2. the agency agreement on project “550kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC, as an interested-party transaction on the following essential terms and conditions:

Parties to the Agreement:

Agent – “FGC UES” PJSC;

Principal – “Kubanenergo” PJSC.

Subject of the contract:

Principal orders and the Agent in a manner and under conditions stipulated by the Agreement, on its own behalf, but at the expense of the Principal, or on behalf and for the account of the Principal, performs legal and other actions on the reconstruction of the Principal’s facilities, within the frameworks of the construction of the Agent’s Facility.

Price of the Agreement:

Contract Price is defined in the paragraph 1 of this decision.

Contract time:

The Agreement shall enter into force upon the signature and is valid until the Parties fulfill all their obligations under the Agreement.

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR
Lavrova M.A.	-	FOR			

Thus, the decision on the tenth item was adopted by majority of the BoD members participating in the meeting.

Item 11

On approval of agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction.

The following decision is proposed:

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction.

Except Gavrilov A.I. and Terebkov F.A. other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies”.

1. To determine the price of agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” (hereinafter – the Agreement) between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction, in the amount of 30 477 150 (thirty million four hundred seventy seven thousand one hundred fifty) rubles 00 kopecks, including 18% VAT – 4 649 056 (four million six hundred forty nine thousand and fifty six) rubles 78 kopecks.

2. To approve the agreement on reimbursement of costs under the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation” (hereinafter – the Agreement) between “Kubanenergo” PJSC and “FGC UES” PJSC as an interested-party transaction on the following conditions:

Parties to the Agreement:

Owner – Kubanenergo PJSC

Company - FGC UES PJSC

Subject of the Agreement: The subject of the Agreement is compensation to the owner of expenses on implementation of measures for the benefit of and in connection with the activities of the Company for the construction of the Company's facilities, which involve the need for reconstruction of the facilities of the Owner.

Due to the compensation received by the Company under the Agreement, the Owner ensures the works on the upgrade of the Owner’s facilities, and also carries out other activities, the necessity in which papered in the result of Reconstruction.

Activities implemented by the Owner may include dismantling (demolition, removal), switches, moving and installation in a different configuration and different place of the Owner’s facilities, change the length and/or other parameters of the Owner’s facilities as well as other necessary measures (listed in Appendix 1 to the Agreement), including clearing of the territory for the construction and the creation of conditions for installation of the electric grid facilities of the Company and their commission in accordance with design and estimate

documentation for the project “500kV power line Rostovskaya – AES – Tikhoretskaya-2 with extension 500kV Tikhoretsk substation.”

Activities implemented by the Owner are also aimed at preserving the connection point with the parameters necessary to connect to the reconstructed (built) the Company's facility.

Price of the Agreement:

The amount of compensation under the Agreement is 30 477 150 (thirty million four hundred seventy seven thousand one hundred fifty) rubles 00 kopecks, including 18% VAT – 4 649 056 (four million six hundred forty nine thousand and fifty six) rubles 78 kopecks.

Term of the Agreement:

The Agreement enters into force upon the signature and is valid until the Parties fulfill their obligations.

Voting results

Bogach Ye.V.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Terebkov F.A.	-	FOR
Kataev S.M.	-	FOR	Kharin A.N.	-	FOR
Kislyakov A.M.	-	FOR	Khokholkova K.V.	-	FOR
Lavrova M.A.	-	FOR			

Thus, the decision on the eleventh item was adopted by majority of the BoD members participating in the meeting.

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.