



**Minutes of Board of Directors Meeting No. 233/2016**

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

Date of meeting	17 March 2016
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	04.03.2016, 5 p.m.
Date of drawing up minutes	18 March 2016

**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., Kharin A.N., Khokholkova K.V.

**Questionnaires were not submitted by:** Niyazmetov A.K. Terebkov F.A.

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 restated Internal Audit Policy of "Kubanenergo" PJSC.
2. On approval of restated Internal Control Policy of "Kubanenergo" PJSC.
3. On approval of the Regulations on the Audit Committee under the Board of Directors of "Kubanenergo" PJSC in the new edition.
4. On facilitation of the procurement procedures for the provision of financial services aimed at providing emergency financing of "Kubanenergo" PJSC if necessary.
5. Consideration of the report of the Director general on the provision of insurance coverage in the 4<sup>th</sup> quarter of 2015.
6. Consideration of the report of the Director general of "Kubanenergo" PJSC on the implementation of decisions taken by the Board of Directors in the 4<sup>th</sup> quarter of 2015.
7. On approval of the report on the implementation of the Group's business plan based on principles of RAS in 9 months of 2015.
8. On approval of the agreement for implementation of design and survey works between PJSC "Kubanenergo" PJSC and "Energoservis Kuban" as a transaction of interest.
9. On approval of restated Risk Management Policy of "Kubanenergo" PJSC.

10. On introducing amendments to the Regulations on the Committee for Strategy, Development, Investments and Reform attached to Board of Directors of “Kubanenergo” PJSC.

11. On preliminary approval of the decision on the Company’s entering into a transaction associated with transferring title to the property intended for generation, transmission, dispatching, and distribution of electricity and heat – backup power sources

### **Item 1**

#### **On approval of restated Internal Audit Policy of “Kubanenergo” PJSC**

The following decision is proposed:

1. To approve the restated Internal Audit Policy of “Kubanenergo” PJSC, in accordance with Annex 1 to the resolution of the BoD.

2.Beginning on the date of adoption of the decision Audit Policy of “Kubanenergo” PJSC that was approved by the BoD on 12.09.2014 is considered as invalid (minutes of meeting 196/2014).

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

### **Item 2**

#### **On approval of restated Internal Control Policy of “Kubanenergo” PJSC**

The following decision is proposed:

1. To approve the restated Internal Control Policy of “Kubanenergo” PJSC, in accordance with Annex 2 to the resolution of the BoD.

2.Beginning on the date of adoption of the decision, Internal Control Policy of “Kubanenergo” PJSC that was approved by the BoD on 12.09.2014 is considered as invalid (minutes of meeting 196/2014).

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

### **Item 3**

#### **On approval of the Regulations on the Audit Committee under the Board of Directors of “Kubanenergo” PJSC in the new edition**

The following decision is proposed:

1. To approve the restated the Regulations on the Audit Committee under the Board of Directors of “Kubanenergo” PJSC, in accordance with Annex 3 to the resolution of the BoD.

2. Beginning on the date of adoption of the decision, the Regulations on the Audit Committee under the Board of Directors that was approved by the BoD on 16.04.2015 are considered as invalid (minutes of meeting 204/2015).

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 4**

##### **On facilitation of the procurement procedures for the provision of financial services aimed at providing emergency financing of “Kubanenergo” PJSC if necessary**

The following decision is proposed:

To set a simplified procedure of procurement for the provision of financial services aimed at providing emergency financing of “Kubanenergo” PJSC when necessary, in accordance with Annex 4 to the resolution of the BoD.

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>AGAINST</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 5**

##### **Consideration of the report of the Director general on the provision of insurance coverage in the 4<sup>th</sup> quarter of 2015**

The following decision is proposed:

To take into consideration the report of the Director general on the provision of insurance coverage in the 4<sup>th</sup> quarter of 2015, in accordance with Annex 5 to the resolution of the BoD.

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 6**

##### **Consideration of the report of the Director general of “Kubanenergo” PJSC on the implementation of decisions taken by the Board of Directors in the 4<sup>th</sup> quarter of 2015**

The following decision is proposed:

1. To take into consideration the report of the Director general of “Kubanenergo” PJSC on the implementation of decisions taken by the Board of Directors in the 4<sup>th</sup> quarter of 2015, in accordance with Annexes 6-11 to the resolution of the BoD.

2. confidential

3. confidential

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 7**

##### **On approval of the report on the implementation of the Group's business plan based on principles of RAS in 9 months of 2015**

The following decision is proposed:

To approve the report on the implementation of the Group's business plan based on principles of RAS in 9 months of 2015, in accordance with Annex 12 to the resolution of the BoD.

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>AGAINST</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 8**

##### **On approval of the agreement for implementation of design and survey works between PJSC “Kubanenergo” PJSC and “Energoservis Kuban” as a transaction of interest**

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., 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 “On Joint Stock Companies”.

The following decision is proposed:

To defer the discussion to a later date.

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

Thus, the decision on the eighth item was adopted by majority of the independent directors uninterested in conclusion of the transaction.

#### **Item 9**

##### **On approval of restated Risk Management Policy of “Kubanenergo” PJSC**

The following decision is proposed:

1. To approve the restated Risk Management Policy of “Kubanenergo” PJSC, in accordance with Annex 1 to the resolution of the BoD.
2. Beginning on the date of adoption of the decision, Risk Management Policy of “Kubanenergo” PJSC that was approved by the BoD on 12.09.2014 is considered as invalid (minutes of meeting 196/2014).

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 10**

##### **On introducing amendments to the Regulations on the Committee for Strategy, Development, Investments and Reform attached to Board of Directors of “Kubanenergo” PJSC**

The following decision is proposed:

1. To add to paragraph 2.2 of chapter 2 “Aims and objectives of the Committee” of the Regulations on the Committee for Strategy, Development, Investments and Reform (hereinafter - the Regulations), subparagraph 7:

“7) control over the arrangement and functioning of the risk management system.”

2. To make changes in paragraph 3.1 of chapter 3 “Competence Committee” of the Regulations by adding subparagraph 20:

“20) in the field of risk management:

- a) reports of executive bodies on arrangement, functioning and effectiveness of the risk management system shall be discussed prior to submission to the Board of Directors;
- b) the Company's internal documents defining the strategy of the organization and development of the Company's risk management system, risk management policies and proposals for their improvement shall be discussed prior to submission to the Board of Directors;
- c) chapter of annual report of the Company “internal control and risk management system” shall be discussed and recommendation shall be given prior to submission to the Board of Directors;
- d) timely informing of the Board of Directors on the risks associated with the Company's activities within the competence of the Committee;
- e) consideration of the semi-annual report of the executive body of the Company's management on operational risk in accordance with established procedures;
- f) interaction with the Audit Committee on the issues related to operation of the Company's risk management system and its effectiveness, arrangement of activities to identify and eliminate potential significant deficiencies in the system of risk management;
- g) consideration of proposals to clarify the list and risk profile (risk registers) of the Company, assignment of risk owners;
- h) consideration of proposals for improving the system of risk management, including risk identification and adjustment of risk parameters; discussion with the executive body of the essential (key) risks of the Company, their indicators;
- i) assessment of the completeness, effectiveness and impact of the activities developed by the executive body for the management of essential (key) risks of the Company.
- j) participation in the discussion of candidates for positions in the Company, related to risk management.”

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

#### **Item 11**

**On preliminary approval of the decision on the Company's entering into a transaction associated with transferring title to the property intended for generation, transmission, dispatching, and distribution of electricity and heat – backup power sources**

The following decision is proposed:

To approve free of charge transfer of property intended for generation, transmission, dispatching, and distribution of electricity and heat – backup power sources on the following conditions:

- Specification of property and balance are stated in Annex 14 to the resolution of the BoD;
- Method of alienation of property is stated in Annex 15 to the resolution of the BoD

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>ABSTAINED</b>
Gavrilov A.I.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Lavrova M.A.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>			

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.