



Minutes of Board of Directors Meeting No. 260/2016

Public joint stock Company of power industry and electrification of Kuban

(Kubanenergo PJSC)

Date of meeting	30 December 2016
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of Corporate Secretary of "Kubanenergo" PJSC)
Date of vote counting	30.12.2016, 5 p.m.
Date of drawing up minutes	30 December 2016

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (Chairperson of the BoD), Varvarin A.V., Yefimov A.L., Gavrilov A.I., Serov A.Yu., Khokholkova K.V., Gritsenko V.F., Sofyin V.V., Shmakov I.V.

Questionnaires were not submitted by: Bogashov A.Ye. Bobkov D.A

According to requirements of paragraph 7.3 of Regulations for 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" PJSC shareholders dated 27.06.2016, minutes No.37), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. On implementation of the resolutions, adopted by the Board of Directors on item 1 paragraph 3 on 22.04.2016 (Minutes of meeting No.235/2016 dated 25.04.2016).
2. On approval of the insurance coverage programme of "Kubanenergo" PJSC for 2017.
3. On approval of Insurers of "Kubanenergo" PJSC.
4. On election of a member to the Management Board.
5. On approval of the credit plan of "Kubanenergo" PJSC for the 1st quarter of 2017.
6. On expressing the Company's opinion on the agendas of BoD meetings of affiliates of "Kubanenergo" PJSC.
7. On introduction of amendments to the procedure of calculation and evaluation of key performance indicators for the General Director of "Kubanenergo" PJSC.
8. On approval of the report on implementation of the consolidated on the principles of RAS business plan of the Group "Kubanenergo" PJSC for 9 months of 2016.
9. On approval of the business plan of "Kubanenergo" PJSC including the investment programme and information on the key operational risks for 2017 and the estimates for 2018-2021.
10. On approval of the Rules for accounts management.

11. On preliminary approval of the resolution on conclusion of transaction related to purchase of property constituting the fixed assets – administrative building located at 42a Konstitutsii street, Central district, Sochi.

12. On expressing the Company's opinion on agenda of the BoD of "Recreation Centre "Energetik" JSC, affiliate of Kubanenergo PJSC: "On approval of the company's business-plan for 2017 and estimates for 20108-2021".

Item 1

On implementation of the resolution, adopted by the Board of Directors on item 1 paragraph 3 on 22.04.2016 (Minutes of meeting No.235/2016 dated 25.04.2016)

The following decision is proposed:

1. To take into consideration the report of the Director General on implementation of orders of the BoD from 22.04.2016 (Minutes of meeting No.235/2016 dated 25.04.2016) on agenda item No.1 (paragraph 3) "On approval of amended business-plan of Kubanenergo PJSC, including investment programme and information on key operational risks for 2016 and estimated for 2017-2020 as well as programme on enhancement of operating performance and reduction of expenses in the period of 2016-2020", as well as explanation of why is it unreasonable to submit to the BoD the amended business-plan for 2016 and long-term investment programme for 2016, in accordance with Appendix 1 to the present decision of the BoD.

2. To declare the paragraphs 3.1 and 3.2 of the item 1 (resolution of the BoD adopted on 22.04.2016, minutes of meeting No.235/2016 dated 25.04.2016) to be no longer in force.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

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

Item 2

On approval of the insurance coverage programme of "Kubanenergo" PJSC for 2017

The following decision is proposed:

To approve the insurance coverage programme of "Kubanenergo" PJSC for 2017, in accordance with Appendix 2 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

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

Item 3

On approval of Insurers of “Kubanenergo” PJSC

The following decision is proposed:

To appoint the following companies as Company’s insurer:

Insurance	Insurance company	Period of insurance
Compulsory civil liability insurance of owners of motor vehicles (OSAGO)	SOGAZ Insurance Group	01.01.2017 – 31.12.2016
Voluntary insurance of vehicles	Reso-Garantia SPAO	01.01.2017 – 31.12.2016
Voluntary health insurance	AlfaStrakhovanie Group	01.01.2017 – 31.12.2016
Voluntary accident and illness insurance	AlfaStrakhovanie Group	01.01.2017 – 31.12.2016
Compulsory insurance of the civil liability of owners of hazardous facility for causing damage in the result of accident at hazardous facility	AlfaStrakhovanie Group	01.01.2017 – 31.12.2016

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

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

Item 4

On election of a member to the Management Board

The following decision is proposed:

To elect Ivanova Irina Viktorovna, Deputy Director General in charge of Corporate Governance, to the Management Board of Kubanenergo PJSC.

Additional information: share in the authorized capital of the issuer and ordinary shares of the issuer, which is a joint stock company: 0/0

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
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Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Thus, the BoD members participating in the meeting unanimously adopted the proposed decision on the fourth item.

Item 5

On approval of the credit plan of “Kubanenergo” PJSC for the 1st quarter of 2017

The following decision is proposed:

To approve the credit plan of “Kubanenergo” PJSC for the 1st quarter of 2017, in accordance with Appendix 3 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

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

Item 6

On expressing the Company’s opinion on the agendas of BoD meetings of affiliates of “Kubanenergo” PJSC

The following decision is proposed:

1. To instruct representatives of “Kubanenergo” PJSC in the Board of Directors of “Recreation Centre “Energetic” JSC on the agenda item “On approval of the report on results of implementation of the business plan of “Recreation Centre “Energetic” JSC for the 3rd quarter and 9 months 2016” to vote “FOR” the following decision:

1.1. To approve the report on results of implementation of the Business Plan for the 3rd quarter and 9 months of 2016, in accordance with Appendix 4 to the present decision of the BoD.

1.2. To note that by the end of 9 months of 2016 the planned financial result was not reached (the planned result – 8 477.7 thousand rubles, actual result – 8 455.4 thousand rubles, loss of expected profit – 22.3 thousand rubles)

1.3 To instruct the Director General of “Recreation Centre “Energetic” JSC to ensure that the parameters of the business plan, as well the business results, are reached in 2016.

2. To instruct representatives of “Kubanenergo” PJSC in the Board of Directors of “Energoservis Kuban” JSC on the agenda item “On approval of the report on results of implementation of the business plan of “Energoservis Kuban” JSC” for the 3rd quarter and 9 months of 2016” to vote “FOR” the following solutions:

To approve the report on results of implementation of the Business Plan for the 3rd quarter and 9 months of 2016, in accordance with Appendix 5 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	ABSTAINED	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Thus, the two thirds of the BoD members participating in the meeting adopted the proposed decision on the sixth item.

Item 7

On introduction of amendments to the procedure of calculation and evaluation of key performance indicators for the General Director of “Kubanenergo” PJSC

The following decision is proposed:

Pursuant to the orders of the Russian Federation Government Directives from 29.03.2016 No.2073p-P13 since on January 1, 2016 to introduce the changes to the methodology of calculation and evaluation of key performance indicators of the Director General of Kubanenergo PJSC, approved by the Board of Directors on 31.03.2016 (minutes of meeting 01.04.2016 No.234/2016), as amended on 29.04.2016 (minutes of me29.04.2016 No.238/2016), in accordance with Appendix 6 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Thus, the BoD members participating in the meeting unanimously adopted the proposed decision on the seventh item.

Item 8

On approval of the report on implementation of the consolidated on the principles of RAS business plan of the Group “Kubanenergo” PJSC for 9 months of 2016

The following decision is proposed:

To approve the report on implementation of the consolidated on the principles of RAS business plan of the Group “Kubanenergo” PJSC for 9 months of 2016, in accordance with Appendix 7 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	ABSTAINED	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR

Mangarov Yu.N. - FOR

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

Item 9

On approval of adjustments to the Plan of purchases of Kubanenergo PJSC in 2016

The following decision is proposed:

1. To postpone the discussion.

2. Confidential

3. To entrust the sole executive body of Kubanenergo PJSC:

3.1. to ensure the preparation and submission for approval to the Board of Directors of the Company the proposed budget for the 1st quarter of 2017, in accordance with paragraph 3.11 of the Standard of business planning of Kubanenergo PJSC, approved by the Board of Directors on 31.03.2015 (Minutes of meeting No. 206/2015 dd 03.04.2015)

Deadline: 15.01.2017.

3.2. to amend in accordance with the investment programme the draft of the business plan for 2017 and the targets for 2018-2021, taking into account the non-worsening of basic financial and economic parameters with respect to the financial plan, approved by the Board of Directors on 04.10.2016 (Minutes of meeting No. 252/2016 dd 04.10.2016).

Deadline: 30.01.2017.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	ABSTAINED	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Gavrilov A.I. and Shmakov I.V., members of the BoD, have expressed special opinions (Appendixes 11 and 12 to the present decision of the BoD)

Thus, majority of the BoD members participating in the meeting adopted the proposed decision on the ninth item.

Item10

On approval of Plan of purchases of Kubanenergo PJSC for 2017

The following decision is proposed:

To approve the Plan of purchases of Kubanenergo PJSC for 2017, in accordance with Appendix 9 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR

Yefimov A.L. - FOR Shmakov I.V. - FOR

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

Item 11

On preliminary approval of the resolution on conclusion of transaction related to purchase of property constituting the fixed assets – office located at 42a Konstitutsii street, Central district, Sochi

The following decision is proposed:

1. To approve the transaction related to the acquisition of property which constitutes the fixed assets that are not used for production, transmission, dispatching, distribution of electric and heat energy – an office located at 42a Konstitutsii street, Central district, Sochi on the following material terms and conditions.:

The acquired property:

Administrative building with cadastral number 23:49:0204001:2013, non-residential premises, total area: 366.1 square meters, located at: 42a Konstitutsii street, Central district, Sochi on the plot with cadastral number 23:49:0204001:16.

Seller:

Baghdavadze David Demurievich.

Cost of acquisition:

The cost of property is equal to the market value determined on the basis of the evaluation report by independent appraiser “Information Business Technology” LLC dated 31.10.2016 No.165.16 and amounts 24 313 559 (twenty four million three hundred thirteen thousand five hundred fifty nine) rubles 00 kopecks (VAT exempt).

Method of purchasing:

Conclusion of sales contract.

The order of transfer of the property:

The property is transferred by the Seller to the Buyer on the day of signing the contract under the bilateral statement of transfer and acceptance, which is an integral part of the sales contract. Ownership of the property passes in accordance with the procedure established by the legislation of the Russian Federation.

This decision is valid on condition of inclusion of costs for the acquisition of property – an office building located at: 42a Konstitutsii street, Central district, Sochi, in the approved investment programme of Kubanenergo PJSC for 2016-2020.

Voting results

Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	ABSTAINED	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Thus, majority of the BoD members participating in the meeting adopted the proposed decision on the ninth item.

Item 12

On expressing the Company's opinion on agenda of the BoD of "Recreation Centre "Energetik" JSC, affiliate of Kubanenergo PJSC: "On approval of the company's business-plan for 2017 and estimates for 2018-2021"

The following decision is proposed:

1. To instruct representatives of "Kubanenergo" PJSC in the Board of Directors of "Recreation Centre "Energetic" JSC on the agenda item "On approval of the company's business-plan for 2017 and estimates for 2018-2021" to vote "FOR" the following decision:

To approve the company's business-plan for 2017 and estimates for 2018-2021, in accordance with Appendix 9 to the present decision of the BoD.

2. To instruct representatives of "Kubanenergo" PJSC in the Board of Directors of "Energoservis Kuban" JSC on the agenda item "On approval of the company's business-plan for 2017 and estimates for 2018-2021" to vote "FOR" the following solutions:

To approve the company's business-plan for 2017 and estimates for 2018-2021, in accordance with Appendix 10 to the present decision of the BoD.

Voting results

Varvarin A.V.	-	FOR	Mangarov Yu.N.	-	FOR
Gavrilov A.I.	-	FOR	Serov A.Yu.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Yefimov A.L.	-	FOR	Shmakov I.V.	-	FOR

Thus, the BoD members participating in the meeting unanimously adopted the proposed decision on the twelfth item.

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.