



Minutes of Board of Directors Meeting No. 271/2017
Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)

Date of meeting	25 April 2017
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 drawing up minutes	28 April 2017

Board of Directors Members: 11

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

Questionnaires were not submitted by:

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 discussion of information submitted by the Company's General Director on the level of reliability and quality of services rendered by the Company in 2016 that are subject to tariff regulation based on long-term parameters of activity regulation.
2. On approval of the RAS and IFRS-based consolidated business plan of Kubanenergo Group 2017 and the estimated figures for 2018-2021.
3. On approval of restated "Regulations for implementation of the unified communication policy of Kubanenergo PJSC".
4. On consideration of report submitted by the Company's General Director on arrangement and functioning of the Company's internal control system in 2016.
5. On consideration of report submitted by the Company's General Director on arrangement, functioning and effectiveness of the risk management system, including information on key operational risks management of Kubanenergo PJSC in 2016.
6. On consideration of the report on effectiveness of the internal control and risk management system of Kubanenergo PJSC in 2016, including the results of assessing the quality of the internal audit.
7. On expressing the Company's opinion on the issues of the agendas of the meetings of the Boards of Directors of affiliate companies of Kubanenergo PJSC.
8. On consideration of report submitted by the Company's General Director on the credit policy of the Company in the 4th quarter of 2016.
9. On approving the agreement to conclude a contract on rendering a range of services on providing communication channels and organizing a VPN between Kubanenergo PJSC and "FOCL-VL Management" JSC as an interested party transaction.

10. On approval of candidatures for certain positions at the Company's executive office determined by the Board of Directors of the Company.
11. On discussing the planned indicators of quality of the services for each period of tariff regulation within the long-term of tariff regulation up to 2022.
12. On discussing the report submitted by the Company Director General on the process of selling the non-core assets in the 1st quarter of 2017 and updating the registry (programme of selling) the non-core assets of Kubanenergo PJSC.

Item 1

On discussion of information submitted by the Company's General Director on the level of reliability and quality of services rendered by the Company in 2016 that are subject to tariff regulation based on long-term parameters of activity regulation

The following decision is proposed:

To take into consideration the information submitted by the Company's General Director on the level of reliability and quality of services rendered by the Company in 2016 that are subject to tariff regulation based on long-term parameters of activity regulation, in accordance with Annex 1 to the present resolution of the Company's BoD.

Voting results

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

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

Item 2

On approval of the RAS and IFRS-based consolidated business plan of Kubanenergo Group 2017 and the estimated figures for 2018-2021

The following decision is proposed:

To approve the RAS and IFRS-based consolidated business plan of Kubanenergo Group 2017 and the estimated figures for 2018-2021, in accordance with Annexes 2-3 to the present resolution of the Company's BoD.

Voting results

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

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

Item 3

On approval of the restated "Regulations for implementation of the unified communication policy of Kubanenergo PJSC"

The following decision is proposed:

1. To approve the restated “Regulations for implementation of the unified communication policy of Kubanenergo PJSC”, in accordance with Annex 4 to the present resolution of the Company’s BoD.

2. To consider as invalid the “Regulations for implementation of the unified communication policy of Kubanenergo PJSC” that was approved by the BoD on 23.12.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

Voting results

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

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

Item 4

On consideration of report submitted by the Company’s General Director on arrangement and functioning of the Company's internal control system in 2016

The following decision is proposed:

To take into consideration the report submitted by the Company’s General Director on arrangement and functioning of the Company's internal control system, in accordance with Annex 5 to the present resolution of the Company’s BoD.).

Voting results

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

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

Item 5

On consideration of report submitted by the Company’s General Director on arrangement, functioning and effectiveness of the risk management system, including information on key operational risks management of Kubanenergo PJSC in 2016

The following decision is proposed:

To postpone the discussion to a later date.

Voting results

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

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

Item 6

On consideration of the report on effectiveness of the internal control and risk management system of Kubanenergo PJSC in 2016, including the results of assessing the quality of the internal audit

The following decision is proposed:

To approve the report on the results of assessing the quality of the internal audit internal control and risk management system of Kubanenergo PJSC in 2016, in accordance with Annex 6 to the present resolution of the Company's BoD.

Voting results

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

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

Item 7

On expressing the Company's opinion on the issues of the agendas of the meetings of the Boards of Directors of affiliate companies of Kubanenergo PJSC

The following decision is proposed:

1. Concerning the agenda item "On approval of the report on the results of implementation of the business plan of the company in the 4th quarter of 2016" representatives of Kubanenergo PJSC on the Board of Directors of "Recreation Centre "Energetik" JSC shall be instructed to vote "For" the following decision:

- To approve the report on the results of implementation of the business plan of the company in the 4th quarter of 2016, in accordance with Annex 7 to the present resolution of the Company's BoD.

2. Concerning the agenda item "On approval of the report on the results of implementation of the business plan of the company in the 4th quarter of 2016" representatives of Kubanenergo PJSC on the Board of Directors of "Energoservis Kuban" JSC shall be instructed to vote "For" the following decision:

2.1. To approve the report on the results of implementation of the business plan of the company in the 4th quarter of 2016, in accordance with Annex 8 to the present resolution of the Company's BoD.

2.2. To pay attention to the fact that the company bears losses by the results of 2016 in amount of 9.0 million rubles, while the planned profit was 7.4 million rubles, because the financial report contained the expenses related to implementation to contracts that are planned for completion in 2017.

2.3. To instruct Director General of "Energoservis Kuban" JSC by the results of 2017 to ensure unconditional implementation of the business plan as well as receipt of profit from the contracts in order to level the losses received in 2016.

Voting results

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

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

Item 8

On consideration of report submitted by the Company's General Director on the credit policy of the Company in the 4th quarter of 2016

The following decision is proposed:

1. To take into consideration the report submitted by the Company's General Director on the credit policy of the Company in the 4th quarter of 2016, in accordance with Annex 9 to the present resolution of the Company's BoD.
2. To note that by the results of calculation of value limit of a debt position as of 31.12.2016 the Company's credit quality is group A.

Voting results

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

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

Item 9

On approving the agreement to conclude a contract on rendering a range of services on providing communication channels and organizing a VPN between Kubanenergo PJSC and "FOCL-VL Management" JSC as an interested party transaction

The following decision is proposed:

1. To set the maximum cost of the services purchased by the Company under the contract on rendering a range of services on providing communication channels and organizing a VPN between Kubanenergo PJSC and "FOCL-VL Management" JSC as an interested party transaction: 70 757 435 (seventy million seven hundred fifty seven thousand four hundred thirty five) rubles 00 kopecks, including VAT (18%): 10 793 507 (ten million seven hundred ninety three thousand five hundred and seven) rubles 03 kopecks.
2. To give consent for the conclusion of interested-party transaction – the the contract on rendering a range of services on providing communication channels and organizing a VPN between Kubanenergo PJSC and "FOCL-VL Management" JSC (hereinafter referred to as the Contract), on the following terms and conditions:

Parties to the Contract:

Customer – Kubanenergo PJSC;

Operator – FOCL-VL Management JSC.

Subject of the Contract:

The Operator undertakes to render service to the Customer (the services related to the organization and provision of communication channels and/or communication services for data transmission with the organization of virtual private networks), and the Customer undertakes to accept and pay for the Services provided in accordance with the terms of the Contract. The specification and list of Services, as well as the additional rights and obligations of the Parties, are determined by Additional Agreements and Order Forms for provision of Services to these Supplementary Agreements.

Price of the Contract:

The contract cost limit is 70 757 435 (seventy million seven hundred fifty seven thousand four hundred thirty five) rubles 00 kopecks, including VAT (18%): 10 793 507 (ten million seven hundred ninety three thousand five hundred and seven) rubles 03 kopecks.

Other essential terms of the Contract:

Contract time:

The Contract comes into force upon the signature and is valid for three years from the date of entry into force.

Persons interested in the transaction, and grounds for interest:

1. The Company's controlling entity: Rosseti PJSC, which is the controlling entity of FOCL-VL Management JSC – the party in the transaction.
2. Member of the Board of Directors Sofyin V.V., who holds a position in the management bodies (member of the Board of Directors) of FOCL-VL Management JSC– the party in the transaction.

Voting results

Bobkov D.A.	-	FOR	Yefimov A.L.	-	FOR
Bogashov A.Ye.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Serov A.Yu.	-	FOR	Shmakov I.V.	-	FOR

Thus, the BoD members having the voting in accordance with the Federal Law “On Joint Stock Companies” adopted the proposed decision on the ninth item.

Item 10

On approval of candidatures for certain positions at the Company's executive office determined by the Board of Directors of the Company

The following decision is proposed:

To approve the candidature of Shishigin Igor Nikolaevich for the position of Deputy Director General in charge of Technical Issues – Chief Engineer of Kubanenergo PJSC.

Voting results

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

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

Item 11

On discussing the planned indicators of quality of the services for each period of tariff regulation within the long-term of tariff regulation up to 2022

The following decision is proposed:

1. To take into consideration the planned indicators of quality of the services for each period of tariff regulation within the long-term of tariff regulation up to 2022, in accordance with Annex 10 to the present resolution of the Company's BoD.

2. To entrust the Director General of the Company to ensure that the proposals on the planned indicators of the level of reliability and quality of the services for the period up to 2022 are submitted to the executive authorities of the constituent entities of the Russian Federation in the field of state regulation of tariffs.

Voting results

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

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

Item 12

On discussing the report submitted by the Company Director General on the process of selling the non-core assets in the 1st quarter of 2017 and updating the registry (programme of selling) the non-core assets of Kubanenergo PJSC

The following decision is proposed:

1. To take into consideration the report on the process of selling the non-core assets in the 1st quarter of 2017 and updating the registry (programme of selling) the non-core assets of Kubanenergo PJSC, in accordance with Annex 11 to the present resolution of the Company's BoD.
2. To update the registry (programme of selling) the non-core assets, in accordance with Annex 12 to the present resolution of the Company's BoD.

Voting results

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