



РОССЕТИ

КУБАНЬЭНЕРГО

ПУБЛИЧНОЕ АКЦИОНЕРНОЕ ОБЩЕСТВО
ЭНЕРГЕТИКИ И ЭЛЕКТРИФИКАЦИИ КУБАНИ
(ПАО «КУБАНЬЭНЕРГО»)

Minutes of the Board of Directors Meeting No. 294/2017
Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)

Date of the meeting	27 December 2017
Form of the meeting	in person and in absentia
Place of vote counting	A5-048 office, 4 Belovezhskaya street, Moscow
The meeting started at	12 p.m.
The meeting ended at	2 p.m.
Date of drawing up minutes	28 December 2017

In accordance with the requirements of paragraph 7.1 of the Regulations for the Board of Directors approved by the resolution of the Annual General Meeting of Shareholders of the Company on June 16, 2017 (Minutes No. 39 of June 20, 2017), the meeting of the Board of Directors is opened by the Chairperson of the Board of Directors of Kubanenergo PJSC – **Fadeev Alexander Nikolayevich**.

In accordance with paragraph 7.3 of the Regulations for the Board of Directors, the Corporate Secretary of the Company **Russu Olga Vladimirovna** is called to determine the presence of the quorum for the meeting of the Board of Directors. The quorum for the meeting of the Board of Directors shall be at least half of elected members of the Company's Board of Directors. According to paragraph 16.1 of the Charter of Kubanenergo PJSC, 11 (eleven) people were elected to the Company's Board of Directors.

The meeting was attended by the members of Board of Directors: Fadeev A.N. (Chairperson of the BoD), Varvarin A.V., Balayeva S.A., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Medvedev M.V., Osipova Ye.N., Tyurkin K.V., Khokholkova K.V., Shagina I.A.

The members of Board of Directors that did not attend the meeting: none

At the meeting there are 10 members of the Board of Directors of the Company, which is at least half of the elected members of the Company's Board of Directors.

The required quorum for the meeting of the Board of Directors is present.

The members of the Board of Directors that provided questionnaires: Varvarin A.V.

The members of the Board of Directors that did not provide questionnaires: no

The agenda of the meeting of the Board of Directors of Kubanenergo PJSC includes the following issues:

1. Approval of the business plan of Kubanenergo PJSC for 2018 and estimates for 2019-2022
2. Discussion of the report on the results of implementation of the business plan of Kubanenergo PJSC for 9 months of 2017
3. Approval of the report on the results of implementation of the investment programme of Kubanenergo PJSC for the 3rd quarter and 9 months of 2017
4. On the Company's readiness to autumn-winter season 2017-2018

During the discussion of the item 2, the following reports were considered:

- report on implementation of scenario conditions for formation of the business plan indicators of Kubanenergo PJSC for 9 months of 2017;

- report on the process of implementation of the Energy Saving and Enhancement of Energy Efficiency Programme of Kubanenergo PJSC for the 3rd quarter of 2017;
- report on implementation of production programmes (maintenance and repairs, technical re-equipment and reconstruction for 9 months of 2017;
- information on key operational risks of the Company in the 3rd quarter of 2017.

During the discussion of the item 3, a report on implementation of priority projects of the investment programme of Kubanenergo PJSC for the third quarter of 2017 was taken into consideration.

The first item of the agenda of Kubanenergo PJSC BoD meeting:

“Approval of the business plan of Kubanenergo PJSC for 2018 and estimates for 2019-2022”

Report by:

- Olga Ocheredko, Deputy General Director for Economics and Finance of Kubanenergo PJSC.

Speakers:

- Fadeyev Alexander, Chairperson of the Board of Directors: on the Company’s revenue from technological connection services;
- Gavrilov Alexander, Member of the Board of Directors, General Director of the Company: on the Company’s level of the technological losses;
- Osipova Elena, Member of the Board of Directors: on the tariff policy in the Company;
- Balaeva Svetlana, Member of the Board of Directors: on the financing of the Company’s investment programme, on the network losses;
- Medvedev Mikhail, Member of the Board of Directors: on grid output, on revenue from technological connection services;
- Nischuk Oleg, Acting Deputy Director General for the Sale of Services: on the standard level of technological losses of the Company;
- Golov Andrey, Deputy General Director for Investment Activities: explanations on financing of the Company’s investment programme.

Also the following members of the Board of Directors took part in the discussion of the agenda item: Konstantin Tyurkin, Irina Shagina.

Based on the results of the discussion of the item 1, the following decision is proposed:

1. To approve the business plan of Kubanenergo PJSC for 2018 and take into account the estimates for 2019-2022, as specified in Annex 1 to the present resolution of the Company's Board of Directors.

2. To instruct the Sole Executive Body of Kubanenergo PJSC to ensure:

2.1. working out of measures to reduce the losses of electricity, ensuring the achievement of target indicator “Electricity losses in electric grids from the total volume of electricity supply” of the State Programme of the Russian Federation “Energy Efficiency and Development of Power Industry” approved by the Decree of the Government of the Russian Federation No.321 on April 15, 2014, starting in 2019, and provide the sources of funding for these activities;

2.2. introduction of the necessary changes and additions to the Programme of Measures to Reduce Electricity Losses in the Networks of Kubanenergo PJSC approved by the decision of the Board of Directors of Kubanenergo PJSC on July 19, 2017 (Minutes No.281/2017), taking into account the fulfillment of the instruction specified in the paragraph 2.1 of this decision of the Board of Directors of the Company.

Deadline: 01.09.2018.

2.3. formation and inclusion in accordance with the current legislation in the tariff and balance decisions from 2018 (for the next long-term period of regulation) the basic level of operational (controlled) expenses and expenses out of the profit not lower than the level stipulated in the Company’s business plan for 2018-2022.

Term: December 31, 2017.

2.4. in case of failure to comply with the paragraph 2.3 of this decision based on the results of the adopted tariff and balance decisions for 2018, to ensure the adjustment of the business plan of the Company for 2018 and the estimates for 2019-2022, taking into account the alignment of operating expenses in the business plan for 2018-2022 to the level of expenses, recorded in the tariff-balance decisions for 2018.

Deadline: 28.02.2018.

2.5. financing of the projects and activities of the investment programme provided for in the business plan of the Company for 2018-2022, if the adjustment of the investment programme was approved in accordance with the procedure provided for in the Decree of the RF Government No.977 of 01.12.2009 and the updated Development Plan of Kubanenergo PJSC, taking into account the inclusion of these measures.

Voting results:

FOR

Fadeev A.N., Varvarin A.V., Balayeva S.A.,
Gavrilov A.I., Gritsenko V.F., Yefimov A.L.,
Medvedev M.V., Osipova Ye.N., Tyurkin
K.V., Khokholkova K.V., Shagina I.A.

AGAINST

none

ABSTAINED

none

Thus, on the first issue, the proposed decision was unanimously adopted by the members of the Board of Directors participating in the meeting.

The second item of the agenda of Kubanenergo PJSC BoD meeting:

“Discussion of the report on the results of implementation of the business plan of Kubanenergo PJSC for 9 months of 2017”

Report by:

- Olga Ocheredko, Deputy General Director for Economics and Finance of Kubanenergo PJSC: in part of the report on the results of the business plan and information on key operational risks, as well as the report on implementation of scenarios for the development of the business plan indicators of Kubanenergo PJSC.

Speakers:

- Fadeev Alexander, Chairperson of the Board of Directors: on the growth of the Company’s expenses on consulting and auditing services;
- Osipova Elena, Member of the Board of Directors: on dropping of revenues from grid connection below the planned value;
- Medvedev Mikhail, Member of the Board of Directors: on increase of expenses for staff salaries;
- Irina Shagina, Member of the Board of Directors: on key operational risks of the Company;

Also the following members of the Board of Directors took part in the discussion of the agenda item: Gavrilov Alexander, Member of the Board of Directors, General Director of the Company; Edgar Armaganyan, First Deputy General Director - Director of the Sochi electric grids branch; Nishchuk Oleg, Acting Deputy Director General for Selling of Services.

Based on the results of the discussion of the item 2, the following decision is proposed:

To take into consideration the report on the results of implementation of the business plan of Kubanenergo PJSC for 9 months of 2017, as specified in Annex 2 to the present resolution of the Company’s Board of Directors.

Voting results:

FOR

Fadeev A.N., Varvarin A.V., Balayeva S.A.,
Gavrilov A.I., Gritsenko V.F., Yefimov A.L.,
Medvedev M.V., Osipova Ye.N., Tyurkin
K.V., Khokholkova K.V., Shagina I.A.

AGAINST none
ABSTAINED none

Thus, on the second issue, the proposed decision was unanimously adopted by the members of the Board of Directors participating in the meeting.

The third item of the agenda of Kubanenergo PJSC BoD meeting:

“Approval of the report on the results of implementation of the investment programme of Kubanenergo PJSC for the 3rd quarter and 9 months of 2017”

Report by:

- Golova Andrey, Deputy General Director for Investment Activity, of Kubanenergo PJSC: on the report on the results of the investment programme and the report on implementation of priority projects of the investment programme of Kubanenergo PJSC for the 3rd quarter of 2017.

Speakers:

- Osipova Elena, Member of the Board of Directors: on financing of the Company’s investment programme; on reduction of the total amount of accounts payable on investment activities;

Also the following members of the Board of Directors took part in the discussion of the agenda item: Medvedev Mikhail, Member of the Board of Directors

Based on the results of the discussion of the item 3, the following decision is proposed:

To approve the report on the results of implementation of the investment programme of Kubanenergo PJSC for the 3rd quarter and 9 months of 2017, as specified in Annex 3 to the present resolution of the Company’s Board of Directors.

Voting results:

FOR Fadeev A.N., Varvarin A.V., Balayeva S.A.,
Gavrilov A.I., Gritsenko V.F., Yefimov A.L.,
Medvedev M.V., Osipova Ye.N., Tyurkin
K.V., Khokholkova K.V., Shagina I.A.

AGAINST none
ABSTAINED none

Thus, on the third issue, the proposed decision was unanimously adopted by the members of the Board of Directors participating in the meeting.

The fourth item of the agenda of Kubanenergo PJSC BoD meeting:

“On the Company’s readiness to autumn-winter season 2017-2018”

Report by:

- Igor Shishigin, Deputy General Director for Technical Issues

- Igor Shishigin, **Chief Engineer of Kubanenergo PJSC**

Also the following members of the Board of Directors took part in the discussion of the agenda item: Fadeev Alexander, Chairperson of the Board of Directors; members of the Board of Directors: Medvedev Mikhail and Alexander Yefimov

Based on the results of the discussion of the item 4, the following decision is proposed:

To take into consideration the report of the Director General of Kubanenergo PJSC on the Company’s readiness to autumn-winter season 2017-2018, as specified in Annex 4 to the present resolution of the Company’s Board of Directors.

Voting results:

FOR Fadeev A.N., Varvarin A.V., Balayeva S.A.,
Gavrilov A.I., Gritsenko V.F., Yefimov A.L.,
Medvedev M.V., Osipova Ye.N., Tyurkin
K.V., Khokholkova K.V., Shagina I.A.

AGAINST none

ABSTAINED

none

Thus, on the fourth issue, the proposed decision was unanimously adopted by the members of the Board of Directors participating in the meeting.

Chairperson of the BoD

Fadeev A.N.

Corporate secretary

Russu O.V.