

Minutes of the Board of Directors Meeting No. 310/2018
Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)

Date of the meeting	18 May 2018
Form of the meeting	Absentee (by filling in questionnaires)
Place of vote counting	office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of the Corporate Secretary of “Kubanenergo” PJSC)
Date of drawing up minutes	21 May 2018

Board of Directors Members: 11

Questionnaires were submitted by: Fadeev A.N. (Chairperson of the BoD), Balayeva S.A., Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Medvedev M.V., Osipova Ye.N., Tyurkin K.V., Khokholkova K.V., Shagina I.A.

Questionnaires were not submitted by:

According to requirements of paragraph 7.3 of the 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 on 20.06.2017, minutes No.39), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

Quorum is present

Agenda

1. Approval of the Plan of rebuilding facilities of Kubanenergo PJSC by the third parties.
2. Defining the cases (amounts) of transactions with property that require preliminary approval of the Company’s BoD.
3. Approval of the target model of system of emergency and process control in distribution power grid.
4. Consideration of the report of the Director General on the process of implementation of the registry of non-core assets in the 1st quarter of 2018 and update of the registry of non-core assets of Kubanenergo PJSC.
5. Discussion of the results of the anti-corruption monitoring in 2017.
6. Approval of budgets for the Committees under the BoD of Kubanenergo PJSC.
7. Consideration of information provided by the Director General of Kubanenergo PJSC on indicators of the level of reliability and quality of services rendered in 2017 that are subject to tariff regulations on the basis of long-term parameters of activity regulation.
8. Consideration of information provided by the internal audit unit on the results of evaluation of the results of the programme of alienation of non-core assets and the plan of selling non-core assets of Kubanenergo PJSC in 2017.
9. Consideration of a report submitted by the internal audit on implementation of their schedule of work and the results of activity of internal audit unit, including the results of self-evaluation of quality of internal audit by the results of 2017, as well as implementation of the plan for development and improvement of the internal audit system in Kubanenergo PJSC over the period of 2017-2019.

10. Approval of RAS and IFRS based business plan of Kubanenergo Group for 2018 and estimates for 2019-2022.

11. Expressing the Company's opinion on the agenda of the meetings of its affiliated and dependent companies – Recreation Centre “Energetik” JSC and “Energoservis Kuban” JSC: “Approval of the company's business plan for 2018 and estimates for 209-2022.”

Item 1

Approval of the Plan of rebuilding facilities of Kubanenergo PJSC by the third parties

The following resolution is proposed:

To approve the Plan of rebuilding facilities of Kubanenergo PJSC by the third parties, in accordance with Annex 1 to the present resolution of the Company's Board of Directors.

Voting results

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

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

Item 2

Defining the cases (amounts) of transactions with property that require preliminary approval of the Company's BoD.

The following resolution is proposed:

1. To decide that in accordance with subparagraph 38 of paragraph 15.1 of Charter of Kubanenergo PJSC, the following transactions require preliminary approval of the Company's Board of Directors:

1.1. transactions (including several linked transactions) related to purchasing regardless of balance or market values of:

1.1.1. electric grid facilities¹ that are in operation, removed out of service or pulled out of operation, excluding:

- purchased by means of fees for technological connection to the grid facilities of the Company under contracts for the implementation of technological connection on individual projects in accordance with the specifications;

- included in the established procedure in the Company's investment program, the purchase price of which amounts 30 million rubles (excluding VAT) and less, if Criteria for making decisions on the projects for the consolidation of electric grid assets, set out in subparagraphs 2-10 of Appendix No. 2 to this decision of the Board of Directors of the Company;

- purchased on a gratuitous basis, while observing the Criteria for making decisions on the projects of consolidation of electric grid assets, specified in subparagraphs 2-4 and 6-10 of Appendix No. 2 to this decision of the Board of Directors of the Company;

- purchased exclusively towards debt repayment under operative-technological services contracts through conclusion of agreements on compensation, while observing the Criteria for making decisions on the projects for the consolidation of electric grid assets, specified in subparagraphs 1-10 of Appendix No. 2 to this decision of the Board of Directors of the Company.

1.1.2. real estate objects that are not related to grid facilities, regardless of purposes of use excluding land plots:

¹ Including facilities scheduled for repair or taken out of operation not in prescribed manner

- purchasing of which are carried out in accordance with articles 2 and 3 of Federal Law No. 137-FZ dd. 25.10.2001 “On bringing into force Land Code of the Russian Federation”;
- purchasing of which are carried out in accordance with investment projects on construction (reconstruction) of grid facilities including after putting into operating, with including expenses for purchasing in Investment programme of the Company;

1.1.3. objects under construction;

1.1.4. intangible assets.

1.2. transactions for a period of more than 5 years on transfer for holding and use or temporary use of real estate, electric grid facilities or for temporary holding and use or temporary use of real estate objects, the purpose of which is not transmission, distribution of electric power, in cases if the balance or market value of the transferred or received property exceeds 30 million rubles, except for cases of admission to temporary holding and use or for temporary use:

- land plots for operation or construction (reconstruction) of grid facilities in accordance with investment projects and land plots under the real estate objects of the Company;

- electric grid facilities implementing in accordance with paragraphs 6-8 of Article 8 of Federal Law No. 35-FZ dd. 26.03.2003 “On power industry”.

2. To charge General Director of the Company:

2.1. Quarterly submit for consideration of BoD a report on purchasing of grid facilities the approval of which is not required by BoD in accordance with paragraph 1 of this decision, with submitting information on correspondence of transaction to Criteria for making decisions on the projects of consolidation of electric grid assets, specified in Annex 2 to this decision of Company’s BoD. The report is submitted simultaneously with report on implementation of Investment programme of the Company.

2.2. Ensure the achieving of effects from implementation of transactions specified in paragraph 2.1. of this decision.

2.3. Upon the implementation of transaction, submit for consideration by the Board of Directors simultaneously with the Report on the execution of the Business plan of the Company for year following the year of the transaction, the final analysis of the compliance of the parameters of the transaction to the Criteria for making decisions on the projects for the consolidation of electric grid assets specified in Appendix No. 2 to this decision of the Company’s Board of Directors.

3. Consider as no longer valid the decisions of Kubanenergo PJSC Board of Directors on item 11 dd. 11.10.2011 (Minutes No. 119/2011 dd. 14.10.2011), on item 3 dd. 16.10.2015 (Minutes No. 221/2015 dd. 19.10.2015).

Voting results

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

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

Item 3

Approval of the target model of system of emergency and process control in distribution power grid.

The following resolution is proposed:

Approve three-tier model of emergency and process control in distribution power grid with grid control centre of Kubanenergo PJSC executive body, that perform operational functions regarding

to grid facilities in area of operational responsibility of Kubanenergo PJSC in accordance with Annex 3 to this decision of Company's Board of Directors.

Voting results

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

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

Item 4

Consideration of the report of the Director General on the process of implementation of the registry of non-core assets in the 1st quarter of 2018 and update of the registry of non-core assets of Kubanenergo PJSC.

The following resolution is proposed:

1. To take into account the report on progress of implementation of registry of non-core assets for the 1st quarter of 2018 in accordance with Annex 4 to this decision of Company's Board of Directors.
2. Update Registry of non-core assets in edition in accordance with Annex 5 to this decision of Company's Board of Directors.

Voting results

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

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

Item 5

Discussion of the results of the anti-corruption monitoring in 2017

The following resolution is proposed:

To take into account the information on results of Anti-corruption monitoring in Kubanenergo PJSC for 2017 in accordance with Annex 6 to this decision of Company's Board of Directors.

Voting results

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

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

Item 6

Approval of budgets for the Committees under the BoD of Kubanenergo PJSC.

The following resolution is proposed:

Approve the budgets for the Committees under the BoD of Kubanenergo PJSC for 2017-2018 corporate year in accordance with Annexes 7-8 to this decision of Company's Board of Directors.

Voting results

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

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

Item 7

Consideration of information provided by the Director General of Kubanenergo PJSC on indicators of the level of reliability and quality of services rendered in 2017 that are subject to tariff regulations on the basis of long-term parameters of activity regulation.

The following resolution is proposed:

Take note of the information on indicators of the level of reliability and quality of services rendered in 2017 that are subject to tariff regulations on the basis of long-term parameters of activity regulation in accordance with Annex 9 to this decision of Company's Board of Directors.

Voting results

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

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

Item 8

Consideration of information provided by the internal audit unit on the results of evaluation of the results of the programme of alienation of non-core assets and the plan of selling non-core assets of Kubanenergo PJSC in 2017.

The following resolution is proposed:

1. Take note of the Audit Report No. 01-2018 dd. 15.02.2018 "Audit of revealing and selling of non-core assets in Kubanenergo PJSC" in accordance with Annex 10 to this decision of Company's Board of Directors.

2. Recommend Company's management board:

2.1. To include in risk portfolio "risk of forming of incorrect list of non-core assets, incorrect defining of method of managing of non-core assets", guarantee managing of this risk.

2.2. Guarantee the implementation of recommendations of internal audit by the results of the carried out audit.

Voting results

Fadeev A.N.	-	FOR	Medvedev M.V.	-	FOR
Gavrilov A.I.	-	FOR	Osipova Ye.N.	-	FOR
Balayeva S.A.	-	FOR	Tyurkin K.V.	-	FOR

Varvarin A.V.	-	FOR	Khokholkova K.V.	-	FOR
Gritsenko V.F.	-	FOR	Shagina I.A.	-	FOR
Yefimov A.L.	-	FOR			

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

Item 9

Consideration of a report submitted by the internal audit on implementation of the schedule of work and the results of activity of internal audit unit, including the results of self-evaluation of quality of internal audit by the results of 2017, as well as implementation of the plan for development and improvement of the internal audit system in Kubanenergo PJSC over the period of 2017-2019.

The following resolution is proposed:

Approve the report on implementation of internal audit of Kubanenergo PJSC for 2017 including the results of self-evaluation of quality of internal audit by the results of 2017 in accordance with Annex 11 to this decision of Company's Board of Directors.

Voting results

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

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

Item 10

Approval of RAS and IFRS based business plan of Kubanenergo Group for 2018 and estimates for 2019-2022

The following resolution is proposed:

Approve RAS and IFRS based business plan of Kubanenergo Group for 2018 and take into account estimates for 2019-2022 in accordance with Annexes 12-13 to this decision of Company's Board of Directors.

Voting results

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

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

Item 11

Expressing the Company's opinion on the agenda of the meetings of its affiliated and dependent companies – Recreation Centre “Energetik” JSC and “Energoservis Kuban” JSC: “Approval of the company's business plan for 2018 and estimates for 2019-2022.

The following resolution is proposed:

1. Instruct the representatives of Kubanenergo PJSC in Board of Directors of Recreation Centre “Energetik” JSC on agenda item “On approval of the company’s business plan for 2018 and estimates for 209-2022” to vote FOR the adoption of the following decision:

- approve business plan of Recreation Centre “Energetik” JSC for 2018 and estimates for 2019-2022 in accordance with annex to this decision of Board of Directors.

2. Instruct the representatives of Kubanenergo PJSC in Board of Directors of “Energoservis Kuban” JSC on agenda item “On approval of the company’s business plan for 2018 and estimates for 209-2022” to vote FOR the adoption of the following decision:

- approve business plan of “Energoservis Kuban” JSC for 2018 and estimates for 2019-2022 in accordance with Annex to this decision of Board of Directors.

Voting results

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

Thus, on the eleventh 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.