Corporate action statement

**“On decisions adopted by the Issuer’s Board of Directors”**

**(disclosure of inside information)**

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| 1. General data | |
| 1.1 Issuer’s full name | Public joint-stock company of power industry and electrification of Kuban |
| 1.2. Issuer’s short name | “Kubanenergo” PJSC |
| 1.3. Issuer’s location | 2A, Stavropolskaya str., Krasnodar, Russian federation, 350033 |
| 1.4. Issuer’s PSRN | 1022301427268 |
| 1.5. Issuer’s TIN | 2309001660 |
| 1.6. Issuer’s unique code given by registering authority | 00063-A |
| 1.7. Web-page for information disclosure | [www.kubanenergo.ru](http://www.kubanenergo.ru)  <http://www.e-disclosure.ru/portal/company.aspx?id=2827> |
| 2. Statement content | |
| **2.1 Quorum of meeting of issuer’s BoD and results of voting on the adopted decisions:**  Number of BoD members: 11 persons  Members participated in the meeting: 10 persons  Quorum necessary for holding the meeting of Kubanenergo JSC Board of Directors is present.  Voting results:   |  |  |  |  | | --- | --- | --- | --- | | No. | Votes | | | | FOR | AGAINST | ABSTAINED | | **1** | **10** |  |  | | **2** | **10** |  |  | | **3** | **10** |  |  | | **4** | **10** |  |  | | **5** | **10** |  |  | | **6** | **10** |  |  | | **7** | **10** |  |  | | **8** | **10** |  |  | | **9** | **10** |  |  | | **10** | **10** |  |  | | **11** | **10** |  |  | | **12** | **10** |  |  | | **13** | **10** |  |  | | **14** | **10** |  |  | | **15** | **10** |  |  | | **16** | **10** |  |  | | **17** | **10** |  |  | | **18** | **9** |  |  | | **19** | **10** |  |  | | **20** | **10** |  |  |   Gavrilov A.I. did not participate in voting on item 18. | |
| **Disclosure of insider information on item No. 1 “On approval of business plan, including investments programme and information on key risks, for 2016 and estimates for 2017-2020”.** | |
| 2.2.1. Decision adopted by issuer’s Board of Directors:  1. To approve business plan of Kubanenergo PJSC, including investments programme and information on key risks, for 2016 and take into consideration estimates for 2017-2020, in accordance with Annex 1 to the resolution of the BoD.  2. To instruct Director General of Kubanenergo PJSC to:  2.1 to ensure that during the next 2016 year, the specified in the business plan level of account payable and debt portfolio, as well as indicator Debt/EBITDA, will not be exceeded by the results of 2016.  2.2 reduce to minimum the debt portfolio of the Company by the end of 2016, in case of receiving extra income of reducing expenditures from the business plan  2.3 implement activities aimed at supporting financial stability of the Company, , in accordance with Annex 2 to the resolution of the BoD. | |
| **Disclosure of insider information on item No. 2 “On approval of the Programme of energy saving and enhancement of energy efficiency of Kubanenergo PJSC for 2016”.** | |
| 2.2.2. Decision adopted by issuer’s Board of Directors:  To defer the discussion to a later date. | |
| **Disclosure of insider information on item No. 3 “On approval Company’s internal document: Unitary procurement standard (Regulations on Procurement)”** | |
| 2.2.3. Decision adopted by issuer’s Board of Directors:  To approve Unitary procurement standard (Regulations on Procurement) as Company’s internal document, in accordance with Annex 3 to the resolution of the BoD. | |
| **Disclosure of insider information on item No. 4 “On approval Company’s internal document: Regulations on corporate look of Kubanenergo PJSC”** | |
| 2.2.4. Decision adopted by issuer’s Board of Directors:  To approve Regulations on corporate look of Kubanenergo PJSC as Company’s internal document, in accordance with Annex 4 to the resolution of the BoD. | |
| **Disclosure of insider information on item No. 5 “On approval Company’s internal document: Regulations on implementation of communication programme Kubanenergo PJSC”** | |
| 2.2.5. Decision adopted by issuer’s Board of Directors:  To approve Regulations on implementation of communication programme Kubanenergo PJSC as Company’s internal document, in accordance with Annex 5 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.6 “On approval of schedule of Department of internal audit and control of Kubanenergo PJSC for 2016”** | |
| 2.2.6. Decision adopted by issuer’s Board of Directors:  To approve of schedule of Department of internal audit and control of Kubanenergo PJSC for 2016, in accordance with Annex 6 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.7 “On approval of budget of Department of internal audit and control of Kubanenergo PJSC for 2016”** | |
| 2.2.7. Decision adopted by issuer’s Board of Directors:  To approve budget of Department of internal audit and control of Kubanenergo PJSC for 2016, in accordance with Annex 7 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.8 “On approval of cash flow indicators of Kubanenergo PJSC for the 1st quarter of 2016”** | |
| 2.2.8. Decision adopted by issuer’s Board of Directors:  1. To approve cash flow indicators of Kubanenergo PJSC for the 1st quarter of 2016, in accordance with Annex 8 to the resolution of the BoD.  2. To instruct Director General to:  - within 5 (five) business days after adopting this decision, to ensure preparation of project of cash flow indicators and its approval;  - within 1 (one) business day after approval of the cash flow indicators, to submit the document to members of the Board of Directors. | |
| **Disclosure of insider information on item No.9 “On approval of the Company’s Insurer”** | |
| 2.2.9. Decision adopted by issuer’s Board of Directors:  To appoint as Company’s insurer the following companies:   |  |  |  | | --- | --- | --- | | Insurance | Insurance company | Period of insurance | | compulsory civil liability insurance of owners of motor vehicles | “VSK” insurance company | from 01.01.2016  to 31.12.2016 | | Voluntary insurance of vehicles | “SOGAZ” Insurance Group | from 31.12.2015  to 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 | from 01.01.2016  to 31.12.2016 | | |
| **Disclosure of insider information on item No.10 “On expressing the Company’s opinion on agendas of meetings held by the BoDs of Company’s affiliated and dependent companies”** | |
| 2.2.10. Decision adopted by issuer’s Board of Directors:  1. To instruct representatives of Kubanenergo PJSC in the Board of Directors of “Recreation Centre “Energetik” JSC to choose “for” when voting on the following resolution for agenda item “On approval of report on the results of implementation of business plan in the 3rd quarter of 2015 and 9 months of 2015”:  1.1. To approve the report on the results of implementation of business plan in the 3rd quarter of 2015 and 9 months of 2015, in accordance with Annex to the resolution of the BoD.  1.2. To note that by the end of 9 months of 2015the planned financial result was not reached (the planned result – 8 600 thousand rubles, actual result – 1 508 thousand rubles, loss of expected profit – 7 092 thousand rubles, or -82%).  1.3 To instruct director general to ensure that the parameters of the business plan are reached in 2015.  2. To instruct representatives of Kubanenergo PJSC in the Board of Directors of “Energoservis Kuban” JSC to choose “for” when voting on the following resolution for agenda item “On approval of report on the results of implementation of business plan in the 3rd quarter of 2015 and 9 months of 2015”:  2.1. To approve the report on the results of implementation of business plan in the 3rd quarter of 2015 and 9 months of 2015, in accordance with Annex to the resolution of the BoD.  2.2. To note that by the end of 9 months of 2015the planned financial result was not reached:  - “Revenue from services”: the planned result – 75 900 thousand rubles, actual result – 5 501 thousand rubles, loss of expected profit – 70 399 thousand rubles, or -93%).  2.3 To instruct director general to ensure that the parameters of the business plan are reached in 2015. | |
| **Disclosure of insider information on item No.11 “On determining the number of members and election of members of the Reliably Committee under the Company’s Board of Directors”** | |
| 2.2.11. Decision adopted by issuer’s Board of Directors:  1. To decide that the Reliably Committee under the Company’s Board of Directors shall consist of 7 members.  2. To elect the following person to he Reliably Committee under the Company’s Board of Directors:  - Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance, Kubanenergo PJSС  - Armaganyan Edgar Garrievich, Deputy General Director for selling of services of Kubanenergo PJSC. | |
| **Disclosure of insider information on item No.12 “On taking into consideration the report of Director general of Kubanenergo PJSC on the results of the Company’s preparedness to autumn-winter season 2015-2016”** | |
| 2.2.12. Decision adopted by issuer’s Board of Directors:  To take into consideration the report of Director general of Kubanenergo PJSC on the results of the Company’s preparedness to autumn-winter season 2015-2016, in accordance with Annex 9 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.13 “On taking into consideration the report on the reasons of implementing the unscheduled projects of investment programme by the results of the 1st half of 2015, information on the planned liabilities on technological connection of “beneficiary” category of consumers in 2015 and suggestions on the funding sources for activities on technological connection of “beneficiary” category of consumers in 2015”** | |
| 2.2.13. Decision adopted by issuer’s Board of Directors:  1. To take into consideration the report on the reasons of implementing the unscheduled projects of investment programme by the results of the 1st half of 2015, in accordance with Annex 10 to the resolution of the BoD.  2. To take into consideration the information on the planned liabilities on technological connection of “beneficiary” category of consumers in 2015 and suggestions on the funding sources for activities on technological connection of “beneficiary” category of consumers in 2015, in accordance with Annex 11 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.14 “On taking into consideration the report of Director general on approval of the amended investment programme for 2015 by authorized bodies of executive power of the Russian Federation”** | |
| 2.2.14. Decision adopted by issuer’s Board of Directors:  To take into consideration the report of Director general on approval of the amended investment programme for 2015 by authorized bodies of executive power of the Russian Federation, in accordance with Annex 12 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.15 “On taking into consideration the report on implementation of the Plan of activities aimed at enhancement of business efficiency and improvement of financial state of the Company by the results of 9 months of 2015”** | |
| 2.2.15. Decision adopted by issuer’s Board of Directors:  1. To take into consideration the report on implementation of the Plan of activities aimed at enhancement of business efficiency and improvement of financial state of the Company by the results of 9 months of 2015, in accordance with Annex 13 to the resolution of the BoD.  2. To instruct director general to include the following information to final report on implementation of the Plan of activities aimed at enhancement of business efficiency and improvement of financial state of the Company:  2.1. in order to achieve the effect in terms of indicator “Coverage of construction in progress from the investment program by the independent construction control up to 70% in 2019” the following figures should be specified: the number of the Company's facilities covered by an independent building control with regard of facilities provided for the implementation of construction supervision under procurement plan for 2015;  2.2 in order to achieve the effect, the indicator “Reduction up to 30% in 2019 the number of technological failures (accidents) associated with poor construction of commissioned facilities and as a result, the decline in electricity shortage for consumers and reduction of costs of repair and restoration works:” shall include the number of technological failures (accidents) occurred because of poor construction and classified by the code of organizational reasons 3.4.11. “Defects (drawbacks) of the project design, construction, installation” of table number 3, Annex 2 to the Sample of filling-in the form of investigating the causes of accidents in the electric power industry, Annex 2 to the Order of the Ministry of Energy No. 90 dated 02.03.2010 “On approval of the form of act for investigating the causes of accidents in the electricity and the procedure of its completion”, taking into account the indicators of quality of capital construction –decline in the number of technological disturbances: in 2015 at least 10%, in 2016 at least 15%, in 2017 at least 20%, in 2018 at least 25%; in 2019 at least 30%. | |
| **Disclosure of insider information on item No.16 “On taking into consideration the report of Director general of Kubanenergo PJSC on implementation of resolutions taken by the BoD in the 3rd quarter of 2015”** | |
| 2.2.16. Decision adopted by issuer’s Board of Directors:  To take into consideration the report of Director general of Kubanenergo PJSC on implementation of resolutions taken by the BoD in the 3rd quarter of 2015, in accordance with Annex 14 to the resolution of the BoD. | |
| **Disclosure of insider information on item No.17 “On taking into consideration the report on implementation of liabilities under contracts on technological connection by the results of 9 months of 2015”** | |
| 2.2.17. Decision adopted by issuer’s Board of Directors:  To defer the discussion to a later date | |
| **Disclosure of insider information on item No.18 “On introduction of changes to the resolution of the BoD dated 24.02.2015 (minutes of meeting No.2003/2015 dated 25.02.2015)”** | |
| 2.2.18. Decision adopted by issuer’s Board of Directors:  1. The resolution of the BoD dated 24.02.2015 (minutes of meeting NO.2015/2015 dated 25.02.2015) on agenda item 14 “On approval of the contract of commercial representation of Owner of power facilities for the purposes of the conclusion and implementation of contracts on installation of fiber-optic communication lines in the electric grid facilities of territorial distribution network between Kubanenergo PJSC and VOLS-VL Directorate JSC (Fiber-Optic Communication Line – power lines) as a transaction of interest” shall be amended as follows:  “1. To determine that the price of the contract of commercial representation of Owner of power facilities for the purposes of the conclusion and execution of contracts on installation of fiber-optic communication lines in the electric grid facilities between “Kubanenergo” JSC and “Management VOLS-VL”, as transaction of interest, cannot be equal to or exceed 2% of the balance cost of the assets of "Kubanenergo" JSC according to its accounting report for the last reporting date. The amount of remuneration of Commercial representation is defined in Appendix No. 8, No. 10, No. 12 to the Contract.  2. To approve contract of commercial representation of Owner of power facilities for the purposes of the conclusion and execution of contracts on installation of fiber-optic communication lines in the electric grid facilities between “Kubanenergo” JSC and “Management VOLS-VL” (hereafter- Contract, Appendix No. 15 to present decision of Board of Directors), as transaction of interest at the following conditions:  Parties of the Contract:  Grantor – “Kubanenergo” PJSC  Commercial representative – “Management VOLS-VL” JSC  Subject of the Contract:  As part of the execution of the Contract the Principal instructs and Commercial Representative undertakes to perform on behalf of and at the expense of the Principal the following legal and practical actions:  - To find and attract potential Customers of electricity generation facilities.  -To deliver to Customers of electricity generation facilities the following technic specifications; to sign acts, minutes of meetings, certificates and other documents to execute specified technic specifications: technic specifications of installation of fiber-optic communication lines in the electric grid facilities (standard form of technic specifications is described in Appendix 6 to the Contract);  -To conclude with Customers of electricity generation facilities and execute the following Contracts (Agreements); make changes and additions to Contracts, to terminate them in cases and in accordance with procedure specified in Contracts (Agreements); to sign acts, minutes, certificates and other documents to execute specified Contracts (Agreements):   * contracts providing an access to grid facilities for FOCL construction and operation (form of a contract is specified in Annex 7 to the contract); * contracts on temporal limited use of overhead power lines operation (form of a contract is specified in Annex 9 to the contract); * contracts on installation of FOCL on aerial power lines and other grid facilities (form of a contract is specified in Annex 11 to the contract);   - To settle accounts with users of grid facilities according to the prices (tariffs) approved by the Grantor.  - To represent the interests of the Grantor in technical inventory authority on issues of technical inventory of grid facilities in order to install fiber-optic communication lines with the right to submit application and documents, as well as the right to receive technical passports and other documents.  - To represent the interests of the Grantor in the state registration of rights on immovable property and transactions on the issues of the registration of transactions and subsequent registration of rights and deals with grid facilities (including lease agreement, easement agreements), that are objects of immovable property as well as the land plots with installed facilities (including leases, contracts on easement of land plots); with the right to sign and submit applications, obtaining certificates; with the right to obtain state registrations certificates, extracts from Unified State Register and other documents; as well as other actions related to the state registration of the rights and transactions.  Annex 2 to the Contract contains the list of grid facilities of territorial distribution network to which the contract is applied.  Order of interaction between the Grantor and the commercial representative when concluding and performing the contracts, prices (tariffs) on contracts, remuneration of the Commercial Representative under the contracts stipulated in Clause 3.1.3 of the Contract are specified in Annex 8, 10, 12 to the Contract.  Validity: The Contract shall enter into force upon the signature and shall last for an indefinite period.”   1. To instruct Director general to conclude contract on the specified conditions. | |
| **Disclosure of insider information on item No.19 “On approval of the Company’s internal document: Regulations on consideration ad settlement of disputes and conflict of interest within the Group of Companies Rosseti.”** | |
| 2.2.19. Decision adopted by issuer’s Board of Directors:  1. To approve “Regulation of consideration and settlement of disputes and conflicts of interests in “Rosseti” group” as internal document of the Company in accordance with Appendix 16 to present decision of BoD.  2. To instruct sole executive body of the Company:  2.1. To provide the implementation of the Regulation and maintenance of order of settlement of disputes and conflicts of interests with other Companies of “Rosseti” PJSC group provided by the Regulation.  2.2. To provide the inclusion in Contracts concluding with other companies of “Rosseti” PJSC group:  - mediative stipulation in accordance with Appendix 1 to the Regulation;  - arbitration clause on referral of disputes to Arbitration Court affiliated with Russian Union of manufacturers in accordance with Appendix 1 to the Regulation;  2.3. To provide the conclusion with other companies of “Rosseti” PJSC group in case of absence of mediative stipulation in Contract on which dispute occured, the agreements on implementation of procedures of out-of-court settlement (mediation) in accordance with Appendix 2 to the Regulation.  2.4. To provide bringing in correspondence of internal documents and local normative acts of the Company with the Regulation.  2.5. To provide (by methods of corporate control) the introduction of extrajudicial procedure of disputes settlement and conflicts of interests occuring in “Rosseti” PJSC group in subsidiaries and affiliates in relation to the Company according to the procedure established by the Regulation.  Deadline: no later than 30 days from the moment of adoption of this decision. | |
| **Disclosure of insider information on item No.20 “On approval of the Plan of Procurement of Kubanenergo PKSC for 2016”** | |
| 2.2.20. Decision adopted by issuer’s Board of Directors:  To defer the discussion to a later date | |
| 2.3. Date of holding the meeting of Board of Directors: 23 December 2015  2.4. Date of making and number of minutes of meeting: 25 December 2015, minutes of meeting No.227/2015**.** | |
| 3. Signature | |

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| 3.1 Deputy director general in charge of corporate management (attorney No. 4D-1602 dated 01.07.2015) |  |  | Konevets K.S. |  |
| (signature) |  |  |  |
| 3.2 Date: 28 December 2015 |  |  | | |
|  | seal |  | | |