



Minutes of Board of Directors Meeting No. 248/2016
Public joint stock Company of power industry and electrification of Kuban
(“Kubanenergo” PJSC)

Date of meeting	12 August 2016
Form of holding the meeting	absentee voting (questionnaire)
Place of vote counting	office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of “Kubanenergo” PJSC)
Date of vote counting	12.08.2016, 5 p.m.
Date of drawing up minutes	15 August 2016

Board of Directors Members: 11

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

Questionnaires were not submitted by: Bogashov A.Ye., Yefimov A.L., Khokholkova K.V.

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 approval of the Activity Plan for the Board of Directors of Kubanenergo PJSC for the 2nd half of 2016 – the 1st half of 2017.
2. On participation of Kubanenergo PJSC in charity.
3. On approval of the terms of the contract with the expert (specialist) invited by the Audit Commission.
4. On approval of the adjusted “Plan of production asset management system of Kubanenergo PJSC for 2016 -2018”
5. On approval of budget for the Technological Connection Committee under the Board of Directors Kubanenergo PJSC for the 1st half of 2016.
6. On consideration of the report of the General Director of Kubanenergo PJSC on the expenditure of funds for preparation and holding of the Annual General Meeting of Shareholders on June 24, 2016.
7. On the implementation of the resolutions issued by the Board of Directors on 22.06.2016 on the agenda item 3, paragraph 3.1. (Minutes of meeting No.243/2016 dd. 24.06.2016).
8. On consideration of the report of the General Director of the Company on insurance coverage of the Company for the 2nd quarter 2016.

9. On determination of the position of the Company on the agendas of the meetings of the Boards of Directors of Kubanenergo affiliated companies.
10. On approval of the registration of investment projects included in the list of investment projects.
11. On determining the amount of payment to the Company's auditor.
12. On introduction of amendments to the resolution of the BoD dated 07.21.2016 on agenda item 5 (Minutes of meeting No.246/2016 dd. 22.07.2016).
13. On approval of an energy service contract between Kubanenergo PJSC and “Energoservis Kuban” JSC as a transaction of interest.
14. On cancellation of the Regulations for management of the Company's cash flows.

Item 1

On approval of the Activity Plan for the Board of Directors of Kubanenergo PJSC for the 2nd half of 2016 – the 1st half of 2017

The following decision is proposed:

To approve the Activity Plan for the Board of Directors of Kubanenergo PJSC for the 2nd half of 2016 – the 1st half of 2017, in accordance with Annex 1 to the resolution of the Company’s BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 2

On participation of Kubanenergo PJSC in charity

The following decision is proposed:

1. To approve participation of Kubanenergo PJSC in charity in 2016, in accordance with Annex 2 to the resolution of the Company’s BoD.

2. To instruct the sole executive body of Kubanenergo PJSC to provide funding of charitable assistance without worsening the planned financial results of the Company’s activity with a view to ensuring the unconditional implementation of the reduction of indicator in unit operating costs by the results of 2016, scheduled in the approved business plan of Kubanenergo PJSC for 2016.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 3

On approval of the terms of the contract with the expert (specialist) invited by the Audit Commission

The following decision is proposed:

To approve the terms of the contract with Piotrovich Nikolay Borisovich – invited by the Audit Commission of the Company's specialist (expert) to carry out the audit of financial and economic activity of Kubanenergo PJSC in 2015, in accordance with Annex 3 to the resolution of the Company's BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 4

On approval of the adjusted “Plan of production asset management system of Kubanenergo PJSC for 2016 -2018

The following decision is proposed:

1. To recognize the plan of production asset management system of Kubanenergo PJSC for 2016-2018, approved by the Board of Directors No.237/2016 on 28.04.2016.
2. To approve the adjusted “Plan of production asset management system of Kubanenergo PJSC for 2016 -2018”, in accordance with Annex 4 to the resolution of the Company's BoD.
3. To instruct Company's Director General to ensure timely implementation of the plan of production asset management system of Kubanenergo PJSC for 2016-2018.”

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 5

On approval of budget for the Technological Connection Committee under the Board of Directors Kubanenergo PJSC for the 1st half of 2016

The following decision is proposed:

To approve the budget for the Technological Connection Committee under the Board of Directors Kubanenergo PJSC for the 1st half of 2016, in accordance with Annex 5 to the resolution of the Company's BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR

Gritsenko V.F. - FOR Shmakov I.V. - FOR

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

Item 6

On consideration of the report of the General Director of Kubanenergo PJSC on the expenditure of funds for preparation and holding of the Annual General Meeting of Shareholders on June 24, 2016

The following decision is proposed:

To take into consideration of the report of the General Director of Kubanenergo PJSC on the expenditure of funds for preparation and holding of the Annual General Meeting of Shareholders on June 24, 2016, in accordance with Annex 6 to the resolution of the Company's BoD.

Voting results

Bobkov D.A.	- FOR	Mangarov Yu.N.	- FOR
Varvarin A.V.	- FOR	Serov A.Yu.	- FOR
Gavrilov A.I.	- FOR	Sofyin V.V.	- FOR
Gritsenko V.F.	- FOR	Shmakov I.V.	- FOR

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

Item 7

On the implementation of the resolutions issued by the Board of Directors on 22.06.2016 on the agenda item 3, paragraph 3.1. (Minutes of meeting No. 243/2016 dd. 24.06.2016)

The following decision is proposed:

To take into consideration report on the causes of the deviations, specified in paragraphs 2.1 of the resolution adopted by the Board of Directors on 22.06.2016 on item 3 (Minutes of meeting No.243/2016 dated 24.06.2016), that occurred in the course of implementation of the approved investment programme, and the measures taken to prevent these abnormalities in subsequent periods, in accordance with Annex 7 to the resolution of the Company's BoD.

Voting results

Bobkov D.A.	- FOR	Mangarov Yu.N.	- FOR
Varvarin A.V.	- FOR	Serov A.Yu.	- FOR
Gavrilov A.I.	- FOR	Sofyin V.V.	- FOR
Gritsenko V.F.	- FOR	Shmakov I.V.	- FOR

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

Item 8

On consideration of the report of the General Director of the Company on insurance coverage of the Company for the 2nd quarter 2016

The following decision is proposed:

To take into consideration the report of the General Director of the Company on insurance coverage of the Company for the 2nd quarter 2016, in accordance with Annex 8 to the resolution of the Company's BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 9

On determination of the position of the Company on the agendas of the meetings of the Boards of Directors of Kubanenergo affiliated companies

The following decision is proposed:

1. To instruct representatives of Kubanenergo PJSC in the Board of Directors of Recreation Centre “Energetik” JSC on the agenda item “On approval of the report on results of implementation of the business plan of Recreation Centre “Energetik” JSC in the 1st quarter 2016” to vote “FOR” the adoption of the following decision:

1.1. To approve the report on implementation of the Business Plan of the Company in the 1st quarter of 2016.

1.2. To note late submission of item “On approval of the report on results of implementation of the business plan of Recreation Centre “Energetik” JSC in the 1st quarter 2016” to the Board of Directors.

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 in the 1st quarter 2016” to vote “FOR” the adoption of the following decision:

2.1. To approve the report on implementation of the Business Plan of the Company in the 1st quarter of 2016.

2.2. To note late submission of item “On approval of the report on results of implementation of the business plan of “Energoservis Kuban” JSC in the 1st quarter 2016” to the Board of Directors.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 10

On approval of the registration of investment projects included in the list of investment projects’

The following decision is proposed:

To approve the Procedure for registration of investment projects included in the list of investment projects that correspond to selection criteria set out by the Order of Russian Federation Government No.1516 on 30.12.2015, in accordance with Annex 9 to the resolution of the Company’s BoD.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 11

On determining the amount of payment to the Company's auditor

The following decision is proposed:

To define the amount of payment to the Company's auditor RSM Rus LLC in 2016 for the audit of accounting (financial) statements prepared in accordance with RAS (Russian Accounting Standards) and the audit of the financial (accounting) statements according to IFRS the Company (International Financial Reporting Standards): 1 614 104.40 (one million six hundred fourteen thousand one hundred four) rubles 40 kopecks, including 18% VAT – 246 219.32 (two hundred forty six thousand two hundred nineteen) rubles 32 kopecks

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 12

On introduction of amendments to the resolution of the BoD dated 07.21.2016 on agenda item 5 (Minutes of meeting No.246/2016 dd. 22.07.2016)

The following decision is proposed:

1. To determine the quantitative composition of Technological Connection Committee under the Board of Directors of Kubanenergo – 7 (seven) members.
2. To elect the personal composition of Technological Connection Committee:

#	Name	Position
1	Varvarin Aleksandr Viktorovich	Managing director in charge of corporate relations and legal support, RSPP, member of Kubanenergo BoD
2	Kosteskiy Vyacheslav Yurievich	Deputy director general in charge of development and technological connection, Kubanenergo PJSC
3	Soltan Yelena Leonidovna	Head of Department for technological connection, Kubanenergo PJSC
4	Masalyova Irina Borisovna	Head of Department for perspective development for the grid and technological connection, Rosseti PJSC

5	Korneyev Alexandr Yurievich	Head of sector for scheduling the technological connection at Department of perspective development of grids and technological connection, Kubanenergo PJSC
6	Sokolov Denis Yevgenievich	Chief expert at Directorate for regulation of technological connection at Department of perspective development of network and technological connection, Rosseti PJSC
7.	Pavlov Alexander Valerievich	Leading advisor at division for development of legal framework of the industry, Department for development of power industry, RF Ministry of Energy

3. To appoint Varvarin Aleksandr Viktorovich for the position of Chairperson of Technological Connection Committee.
4. This composition of the Technological Connection Committee comes into force on 21.07.2016.

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR
Gavrilov A.I.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR

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

Item 13

On approval of an energy service contract between Kubanenergo PJSC and “Energoservis Kuban” JSC as a transaction of interest

In accordance with paragraph 3 of article 83 of the Federal Law No.208-FZ dated 26.12.1995 “On Joint Stock Companies” resolution on this item should be taken by majority of votes of independent directors uninterested in the transaction. Except Gavrilov A.I. other members of the BoD vote on this item and are recognized as independent directors uninterested in the transaction in accordance with paragraph 3 of article 83 of the Federal Law “On Joint Stock Companies”.

The following decision is proposed:

1. To determine the price of energy service contracts between Kubanenergo PJSC and Energoservis Kuban JSC, as transaction of interest, amounting 13 131 870.00 rubles. (thirteen million one hundred thirty one thousand eight hundred seventy rubles) (including VAT).
2. To approve the energy service contract between Kubanenergo PJSC and Energoservis Kuban JSC, as transaction of interest (hereinafter – the Contract) on the following essential terms:

Parties to the contract:

Customer: Kubanenergo PJSC

Energy Service Company: Energoservis Kuban JSC

Subject of contract:

Within the framework of the Contract, Energy Service Company performs actions that are aimed at saving energy and enhancement of energy efficiency (including reduction in technological consumption (losses) of electricity at its transmission through networks) by identifying and reducing losses in electric networks of the Customer, and the Customer pays for the services of

energy service company using the saved resources due to the actions of the Energy Service Company.

The purpose of the Contract is to reduce customer's costs when carrying out its core activity – transportation of electricity.

The subject of the Contract is the provision of services – implementation of actions aimed at energy saving and enhancement of use of energy resources (reducing electricity transmission losses in electrical networks) in the branch of Kubanenergo – South-Western Electric Networks.

Price of the contract:

Contract Price is defined in accordance with “Contract price negotiation protocol” specified in Annex No.2 to the Contract, and is 13 131 870.00 rubles (thirteen million one hundred thirty one thousand eight hundred seventy rubles) (including VAT).

Contract duration:

The contract shall enter into force upon signature by both Parties and is valid during the period corresponding to the term of the Contract specified in the Appendix 3 to the Contract.

Settlement of disputes:

All disputes, controversies and claims arising from the Contract or in connection with it, including those related to its conclusion, change, implementation, infringement, cancellation, termination and validity are to be settled through negotiations.

In case of failure to settle disputes through negotiations, before applying to court, they shall be settled through the use of alternative dispute resolution procedures (mediation), on the terms and in the manner prescribed by law and the Rules of consideration and settlement of disputes and conflicts of interest within the Group Rosseti, approved by the Board of Directors of Kubanenergo on 12.23.2015 (minutes of meeting No.227/2015 dd 25.12.2015).

If the parties fail to reach an agreement on the settlement of dispute through mediation, they shall settle it by the Arbitration Court of the Russian Union of Industrialists and Entrepreneurs (RSPP Arbitration Court) (location – Moscow) in accordance with its rules in effect as of the date of filing a claim. The decisions of the Court of Arbitration under the RSPP are binding, final and are not subject to appeal.

Voting results

Bobkov D.A.	-	FOR	Serov A.Yu.	-	FOR
Varvarin A.V.	-	FOR	Sofyin V.V.	-	FOR
Gritsenko V.F.	-	FOR	Shmakov I.V.	-	FOR
Mangarov Yu.N.	-	FOR			

Thus, the majority of independent directors uninterested in conclusion of the transaction adopted the decision on the thirteenth item.

Item 14

On cancellation of the Regulations for management of the Company's cash flows

The following decision is proposed:

To cancel the Regulations for management of the Company's cash flows approved by the BoD on 5 March 2007 (Minutes of meeting NO.31/2007 dated 09.03.2007).

Voting results

Bobkov D.A.	-	FOR	Mangarov Yu.N.	-	FOR
Varvarin A.V.	-	FOR	Serov A.Yu.	-	FOR

Gavrilov A.I. - FOR

Sofyin V.V. - FOR

Gritsenko V.F. - FOR

Shmakov I.V. - FOR

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.