



Minutes of Board of Directors Meeting No. 256/2016

Public joint stock Company of power industry and electrification of Kuban (“Kubanenergo PJSC)

Date of meeting	29 November 2016
Form of holding the meeting	in person and in absentia (as well as by videoconference)
Place of vote counting	office A5-048, 4 Belovezhskaya street, Moscow
The meeting started at:	1 p.m.
The meeting ended at:	2:50 p.m.
Date of drawing up minutes	2 December 2016

In accordance with the requirements of paragraph 7.1 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, approved by the Annual General Meeting of Shareholders on 24.06.2016 (Minutes of meeting No.37 of 27.06.2016), the Board of Directors meeting is opened by the Chairman of the Board of Directors of “Kubanenergo” PJSC – **Mangarov Yuri Nikolayevich**.

In accordance with paragraph 7.3 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, the Corporate Secretary of the Company – **Rusu Olga Vladimirovna**, is called upon to determine the presence of quorum for holding the meeting of the Board of Directors.

In accordance with paragraph 7.3. of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, the quorum for the meeting of the Board of Directors is at least half of the elected members of the Board of Directors. According to clause 16.1 of the Charter of “Kubanenergo” PJSC the Board of Directors consists of 11 (eleven) members.

The meeting was attended by: Mangarov Yu.N. (Chairperson of the BoD), Bobkov D.A., Yefimov A.L., Gavrilov A.I., Serov A.Yu., Khokholkova K.V., Sofyin V.V., Gritsenko V.F., Shmakov I.V.

The meeting was not attended by: Bogashov A.Ye., Varvarin A.V.

The meeting is attended by 9 members of the Board of Directors, representing not less than half of the elected members of the Board of Directors. The necessary **quorum** for the meeting of the Board of Directors **is present**.

Questionnaires have been submitted by: Bogashov A.Ye., Varvarin A.V.

Questionnaires have not been submitted by: no

Agenda of the meeting of Kubanenergo Board of Directors includes the following questions:

1. On approval of report on the results of implementation of the business-plan (including the investment programme and information of main risks) of Kubanenergo PJSC in the 3rd quarter and 9 months of 2016

2. On approval of the Plan of activities aimed at development and sophistication of internal control system and risk management system of Kubanenergo PJSC for 2016 - 2018

According to the decisions of the Board of Directors for the first item of the agenda, the following reports have been made:

- report for the 3rd quarter and the first 9 months of 2016 on implementation of the plan for the future development of “Kubanenergo” PJSC in 2014-2018;
- report for the 3rd of 2016 on the results of implementation of the Programme of measures to address problematic issues hindering the reduction of power losses that can be solved at the level of “Kubanenergo” PJSC in 2013-2018;
- report for the 3rd of 2016 on the implementation of the list of measures taken to reduce the losses and improve economic efficiency, ensuring reduction of the level of actual losses for the target value of losses in 2017;
- report on implementation of energy saving and energy efficiency programmes of “Kubanenergo” PJSC for the 3rd quarter 2016.

The first item of the agenda: **“On approval of report on the results of implementation of the business-plan (including the investment programme and information of main risks) of Kubanenergo PJSC in the 3rd quarter and 9 months of 2016”**

Reports by:

- Ocheredko Olga Vyacheslavovna, Deputy General Director for Economics and Finance, “Kubanenergo” PJSC made a report on the results of implementation of the business plan and information on the key operational risks, as well as a report on the implementation plan for future development;
- Belik Vyacheslav Alexandrovich made a report on the results of KPI in the 3rd quarter 2016;
- Golova Andrey Valerievich, Deputy Director General in charge of Investment Activities made a report on the results of implementation of the investment programme;
- Piletskiy Victor Georgiyevich, Head of Sales of Services and Accounting of Electricity made a report on the results of implementation of the Programme of measures aimed to address problematic issues hindering the reduction of power losses that can be solved at the level of “Kubanenergo” PJSC; report on the implementation of the list of measures taken to reduce losses and increase the economic efficiency, ensuring reduction of the level of actual losses for the target value of loss by 2017;
- Kovalev Valery Vladimirovich, the Deputy Head of the Department of Energy Saving and Efficiency, “Kubanenergo” PJSC made a report on the implementation of energy saving and energy efficiency programmes of “Kubanenergo” PJSC for 9 months of 2016.

Speakers:

- Mangarov Yuri Nikolaevich, Chairman of the Board of Directors, made a speech on the necessity to discuss by 15.12.2016 at the meeting of the Board of Directors the Action Plan implementation of orders of the of Rosseti Board of Directors (Minutes of meeting No.232 dated 09.06.2016) and Plan of Development “Kubanenergo” PJSC;
- Alexander Ilyich Gavrilov, Member of the Board of Directors, the Company's CEO, provided explanations on the performance indicators of the Company's investment programme;
- Serov Alexey Yurevich, Member of the Board of Directors, made a speech on the growth of accounts payable and receivable, on failure to reach parameters of the Company's investment programme; on additional measures under the Plan of Development of the Company;

- Sofin Vladimir Vladimirovich, Member of the Board of Directors, spoke on the parameters of the Company's activity in regard of technological connection;
- Shmakov Igor Vladimirovich, Member of the Board of Directors, spoke on the preparation of decision concerning the implemented risks.
- Kostecki Vyacheslav Yuryevich, Deputy General Director in charge of Development and Technological Connection, spoke on clarifications on the cash flow from the grid connection services.

Following the discussion results there are two resolutions to be voted for:

Option 1 on item 1:

1. To approve the report on the results of implementation of the business-plan (including the investment programme and information on main risks management) of Kubanenergo PJSC in the 3rd quarter and 9 months of 2016, in accordance with Annexes1-7 to the present resolution of the BoD.

2. Confidential.

3. Confidential.

Voting results:

FOR - Bobkov D.A., Bogashov A.Ye., Serov A.Yu., Sofin V.V., Khokholkova K.V.

AGAINST -none

ABSTAINED - Mangarov Yu.N. (Chairman of the BoD), Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Shmakov I.V.

Thus, the first option of resolution proposed on item 1 was not approved by the Board of Directors members participating in the meeting.

Option 2 on item 1:

1. To approve the report on the results of implementation of the business-plan (including the investment programme and information of main risks) of Kubanenergo PJSC in the 3rd quarter and 9 months of 2016, in accordance with Annexes1-7 to the present resolution of the BoD.

2. Confidential.

3. Confidential.

Voting results:

FOR - Mangarov Yu.N. (Chairman of the BoD), Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Shmakov I.V..

AGAINST -none

ABSTAINED - Bobkov D.A., Bogashov A.Ye., Serov A.Yu., Sofin V.V., Khokholkova K.V

Thus, the second option of resolution proposed on item 1 was approved by majority of the Board of Directors members participating in the meeting.

The second item of the agenda: **“On approval of the Plan of activities aimed at development and sophistication of internal control system and risk management system of Kubanenergo PJSC for 2016 - 2018”**

Reports by:

- Shmakov Igor Vladimirovich, Member of the Board of Directors, made a report on activities aimed at enhancement and development of the internal control system and risks management system of “Kubanenergo” PJSC in 2016-2018.

Speaker:

- Sofin Vladimir Vladimirovich, Member of the Board of Directors, spoke on preliminary discussion of these activities at the meeting of the Audit Committee under the BoD that took place on 14.11.2016.

By the results of discussion it is proposed to approve the following decision:

1. To approve the Plan of activities aimed at development and sophistication of internal control system and risk management system of Kubanenergo PJSC for 2016 - 2018, in accordance with Annex 28 to the present resolution of the BoD.
2. To instruct the sole executive body of Kubanenergo PJSC to submit for consideration of the BoD the interim report on implementation of the Plan of activities aimed at development and sophistication of internal control system and risk management system of Kubanenergo PJSC for 2016 – 2018 as of 30.06.2017.

Deadline: 15.09.2017

Voting results:

FOR - Mangarov Yu.N. (Chairman of the BoD), Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Yefimov A.L., Shmakov I.V., Bobkov D.A., Bogashov A.Ye., Serov A.Yu., Sofin V.V., Khokholkova K.V.

AGAINST -none

ABSTAINED - none

Thus, the resolution proposed on item 2 was approved by majority of the Board of Directors members participating in the meeting.

In accordance with paragraph 7.7 of the Regulations on the Board of Directors of Public joint stock Company of power industry and electrification of Kuban, the meeting heard the information provided by Russu Olga Vladimirovna, the Corporate Secretary, on the implementation of the previously adopted resolutions of the Board of Directors. This information was discussed outside the scope of the agenda of the meeting and was taken into consideration by the Board of Directors members.

Chairperson of the Board of Directors

Yu.N.Mangarov

Corporate Secretary

O.V. Russu