

Minutes of Board of Directors Meeting No. 275/2017**Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)**

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| Date of meeting | 23 May 2017 |
| Form of holding the meeting | absentee voting (questionnaire) |
| Place of vote counting | office 105, building 1, 2A Stavropolskaya St., Krasnodar (postal address of Corporate Secretary of “Kubanenergo” PJSC) |
| Date of drawing up minutes | 23 May 2017 |

Board of Directors Members: 11

Questionnaires were submitted by: Mangarov Yu.N. (Chairperson of the BoD), Bogashov A.Ye. Bobkov D.A., Gavrilov A.I., Varvarin A.V., Yefimov A.L., Khokholkova K.V., Gritsenko V.F., Sofyin V.V., Shmakov I.V.

Questionnaires were not submitted by: Serov A.Yu.

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 report on the results of implementation of the business plan (including the investment programme and information on key operational risks) of Kubanenergo PJSC for the 4th quarter and 12 months of 2016.
2. On approval of the report on implementation of the RAS-based consolidated business plan of Kubanenergo PJSC Group for the 4th quarter and 12 months of 2016, the report on implementation of IFRS-based business plan of Kubanenergo PJSC Group for 2016.
3. On approval of the results of implementation of the key performance indicators of the General Director of Kubanenergo PJSC in the 4th quarter of 2016.
4. On early termination of office and election of new members to the Management Board of the Company.
5. On introducing amendments to the Regulations for the placement of temporarily disposable monetary resources of the Company.
6. On approval of the Programme of non-state pension provision for employees of Kubanenergo PJSC for 2017.

7. On discussion of Reports on implementation of the working plan of the Internal Audit Department and on the results of the internal audit of Kubanenergo PJSC in 2016.
8. On the adoption of the Code of Corporate Ethics and Employee Conduct of Kubanenergo PJSC.
9. On approval of corporate structure of executive office of Kubanenergo PJSC.
10. On approval of candidates for approved by the Board of Directors particular posts in the Company's executive office.

Item 1

On approval of the report on the results of implementation of the business plan (including the investment programme and information on key operational risks) of Kubanenergo PJSC for the 4th quarter and 12 months of 2016

The following resolution is proposed:

1. To approve the report on the results of implementation of the business plan (including the investment programme and information on key operational risks) of Kubanenergo PJSC for the 4th quarter and 12 months of 2016, in accordance with Annexes 1 -11 to present resolution of the Company's BoD.

2. Confidential

3. The General Director of Kubanenergo PJSC:

3.1. when planning the indicators of the Company's business plan for subsequent periods, shall take into account the forecast of the actuality of demand for technological connection under the current technological connection agreements, including technological connection contracts planned for termination.

3.2. shall ensure unconditional compliance with the provisions of the organizational and administrative documents of the Company, regulating the procedure for accepting the completed construction projects.

Voting results

| | | | | | |
|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On approval of the report on implementation of the RAS-based consolidated business plan of Kubanenergo PJSC Group for the 4th quarter and 12 months of 2016, the report on implementation of IFRS-based business plan of Kubanenergo PJSC Group for 2016.

The following resolution is proposed:

To approve the report on implementation of the RAS-based consolidated business plan of Kubanenergo PJSC Group for the 4th quarter and 12 months of 2016, the report on implementation of IFRS-based business plan of Kubanenergo PJSC Group for 2016, in accordance with Annexes 12-13 to present resolution of the Company's BoD

Voting results

| | | | | | |
|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On approval of the results of implementation of the key performance indicators of the General Director of Kubanenergo PJSC in the 4th quarter of 2016.

The following resolution is proposed:

To approve the results of implementation of the key performance indicators of the General Director of Kubanenergo PJSC in the 4th quarter of 2016, in accordance with Annex 14 to present resolution of the Company's BoD

Voting results

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|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On early termination of office and election of new members to the Management Board of the Company.

The following resolution is proposed:

1. Terminate the powers of Dmitry Yurievich Ryazantsev, a member of the Management Board of the Company.
2. To elect Shishigin Igor Nikolayevich – Deputy General Director for Technical Issues – Chief Engineer of Kubanenergo PJSC as a member of the Company's Management Board.

Voting results

| | | | | | |
|----------------|---|-----------|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | ABSTAINED | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | ABSTAINED | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | FOR |

Member of the Board of Directors Bogashov A.Ye., when voting in the questionnaire expressed a special opinion (Annex No.20 to the minutes of meeting).

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

Item 5

On introducing amendments to the Regulations for the placement of temporarily disposable monetary resources of the Company.

The following resolution is proposed:

To introduce amendments to Annex 1 to the Regulations for the placement of temporarily disposable monetary resources of the Company, in accordance with Annex 15 to present resolution of the Company's BoD.

Voting results

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|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On approval of the Programme of non-state pension provision for employees of Kubanenergo PJSC for 2017.

The following resolution is proposed:

To postpone the discussion to a later date.

Voting results

| | | | | | |
|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On discussion of Reports on implementation of the working plan of the Internal Audit Department and on the results of the internal audit of Kubanenergo PJSC in 2016.

The following resolution is proposed:

1. To approve the Reports on implementation of the working plan of the Internal Audit Department and on the results of the internal audit of Kubanenergo PJSC in 2016 and take into account the results of self-assessment of the quality of internal audit activities in 2016, in accordance with Annexes 16-17 to present resolution of the Company's BoD.
2. To entrust the internal audit of Kubanenergo PJSC to improve the plan of measures for development and improvement of the internal audit activity, taking into account the remarks set forth in Annex 18 to present resolution of the Company's BoD

Voting results

| | | | | | |
|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On adoption of the Code of Corporate Ethics and Employee Conduct of Kubanenergo PJSC.

The following resolution is proposed:

1. To approve the Company's internal document: Code of Corporate Ethics and Employee Conduct of Kubanenergo PJSC according to Annex 19 to present resolution of the Company's BoD
2. To instruct the sole executive body of Kubanenergo PJSC to ensure (by the necessary corporate procedures) the adoption of the Code of Corporate Ethics and Employee Conduct in the subsidiaries of Kubanenergo PJSC as a single internal document that defines the basic rules and rules of conduct for the employees of the Company and its subsidiaries and dependent companies.
3. The Code of Corporate Ethics of the Company, approved by the decision of the Board of Directors of the Company on 06.03.2013 (minutes of the meeting of the Board of Directors dated 07.03.2013 No.154/2013), shall be recognized as invalid from the date of adoption of this decision.

Voting results

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|----------------|---|-----|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | FOR | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | 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

On approval of corporate structure of executive office of Kubanenergo PJSC.

The following resolution is proposed:

1. To approve corporate structure of the executive office of the Company in accordance with Annex 19 to present resolution of the Company's BoD and to bring it into effect, taking into account the terms provided for by the legislation of the Russian Federation when changing and terminating employment contracts with employees.

2. From the date of introduction of the corporate structure of the executive corporate of the Company, the corporate structure of the executive office of the Company approved by the decision of the Board of Directors of Kubanenergo PJSC on 28.03.2017 (minutes of meeting No.267/2017 of 31.03.2017) shall be considered as invalid.

Voting results

| | | | | | |
|----------------|---|-----------|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | ABSTAINED | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | FOR |

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

Item 10

On approval of candidates for approved by the Board of Directors particular posts in the Company's executive office.

The following resolution is proposed:

To approve the candidacy of Vladislav Andreevich Statuyev to the post of Deputy General Director of Kubanenergo PJSC

Voting results

| | | | | | |
|----------------|---|-----------|------------------|---|-----|
| Bobkov D.A. | - | FOR | Yefimov A.L. | - | FOR |
| Bogashov A.Ye. | - | ABSTAINED | Mangarov Yu.N. | - | FOR |
| Varvarin A.V. | - | FOR | Sofyin V.V. | - | FOR |
| Gavrilov A.I. | - | FOR | Khokholkova K.V. | - | FOR |
| Gritsenko V.F. | - | FOR | Shmakov I.V. | - | FOR |

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.