

Minutes of the Board of Directors Meeting No. 298/2018
Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)

Date of the meeting 7 February 2018
Form of the meeting postal voting (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 8 February 2018

Board of Directors Members: 11

Questionnaires were submitted by: Fadeev A.N. (Chairperson of the BoD), Varvarin A.V., Balayeva S.A., 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: none

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 Activity Plan of the Internal Audit Department of Kubanenergo PJSC for 2018.
2. Approval of the budget for the Internal Audit Department of Kubanenergo PJSC for 2018.
3. Approval of the KPI for the head of Internal Audit Unit of the Company for 2018.
4. Discussion of a report on implementation of the RAS based business plan of Kubanenergo Group and IFRS based business plan of Kubanenergo Group for 9 months of 2017.
5. Approval of a report on achieving of KPI “Efficiency of innovative activity” of the Director General of Kubanenergo PJSC in 2016.
6. Approval of an interested party transaction: An agreement on Kubanenergo’s debt redemption for electricity transmission services between Kubanenergo PJSC and FGC UES PJSC.

Item 1

Approval of the Activity Plan of the Internal Audit Department of Kubanenergo PJSC for 2018

The following decision is proposed:

To approve the Activity Plan of the Internal Audit Department of Kubanenergo PJSC for 2018, as specified in Annex 1 to the present resolution of the BoD.

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

Approval of the budget for the Internal Audit Department of Kubanenergo PJSC for 2018

The following decision is proposed:

To approve the budget for the Internal Audit Department of Kubanenergo PJSC for 2018, as specified in Annex 2 to the present resolution of the BoD.

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 KPI for the head of Internal Audit Unit of the Company for 2018

The following decision is proposed:

1. To establish the Method of calculating and evaluating the key performance indicators of the director and other leading managers of the internal audit department of Kubanenergo PJSC, as specified in Annex 3 to the present resolution of the BoD.
2. To determine the target values of the functional key performance indicators for the director and other leading managers of the internal audit department of Kubanenergo PJSC, as specified in Annex 4 to the present resolution of the BoD.
3. To instruct the Sole Executive Body of the Company to approve the method of calculating and evaluating the key performance indicators of the director and other leading managers of the internal audit department, as specified in paragraphs 1 and 2 of this decision of Kubanenergo PJSC, the target values of the functional key performance indicators for the director and other leading managers of the internal audit department of Kubanenergo PJSC in accordance with the procedure established in Kubanenergo PJSC.

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

Discussion of a report on implementation of the RAS based business plan of Kubanenergo Group and IFRS based business plan of Kubanenergo Group for 9 months of 2017

The following decision is proposed:

To take into consideration the report on implementation of the RAS based business plan of Kubanenergo Group and IFRS based business plan of Kubanenergo Group for 9 months of 2017, as specified in Annexes 5 and 6 to the present resolution of the BoD.

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

Approval of a report on achieving of KPI “Efficiency of innovative activity” of the Director General of Kubanenergo PJSC in 2016

The following decision is proposed:

To approve the report on achieving of KPI “Efficiency of innovative activity” of the Director General of Kubanenergo PJSC in 2016, as specified in Annex 7 to the present resolution of the BoD.

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 an interested party transaction: An agreement on Kubanenergo’s debt redemption for electricity transmission services between Kubanenergo PJSC and FGC UES PJSC

The following decision is proposed:

1. To determine that the amount of indebtedness subject to settlement under the agreement (which is an interested party transaction) on the repayment of the debt of Kubanenergo PJSC for electricity transmission services between FGC UES PJSC and Kubanenergo PJSC, amounts to 1 957 869 991 (one billion nine hundred fifty seven million eight hundred sixty nine thousand nine hundred ninety one) rubles 84 kopecks, including:

- indebtedness for electricity transmission services under the contract for provision of services from December 24, 2014 No.II5/OY/4 for the period from 01.04.2016 to 30.06.2017 in the amount of 1 662 133 690 (one billion six hundred sixty two million one hundred thirty three thousand six hundred ninety) rubles 02 kopecks (including VAT);

- indebtedness for payment of forfeit and interest in the amount of 295 736 301 (two hundred ninety-five million seven hundred thirty six thousand three hundred and one) rubles 82 kopecks, including:

a) indebtedness for payment of forfeit under the agreement accrued on the amount of indebtedness of 1 662 133 690 (one billion six hundred sixty two million one hundred thirty three thousand six hundred ninety) rubles 02 kopecks for the period from 17.05.2016 to 31.07.2017 in the amount of

261 122 475 (two hundred sixty one million one hundred twenty two thousand four hundred seventy five) rubles 53 kopecks;

b) indebtedness for payment of interest, confirmed by the court decision on case No. A32-28104/15 in the amount of 34 613 826 (thirty four million six hundred thirteen thousand eight hundred twenty six) rubles 29 kopecks.

The amount of debt for the rendered services, forfeits and interest is collectively referred to as the Debt.

Kubanenergo PJSC undertakes to pay for the use of funds the interest to FGC UES PJSC that has accrued on the amount of the Debt. The interest rate is 9% per annum; the amount of interest shall be calculated in respect of the outstanding part of the Debt as of the beginning of each day from 01.08.2017 to the date of the actual final repayment of the Debt, inclusive, and taking into account the actual repayment schedule.

The total price of the Agreement for the whole term of validity shall not exceed 10 (ten) percent of the net value of assets of Kubanenergo PJSC according to its financial statements as of the last reporting date.

2. To approve the agreement on the repayment of the debt of Kubanenergo PJSC for electricity transmission services between FGC UES PJSC and Kubanenergo PJSC (hereinafter referred to as the Agreement), which is an interested party transaction, concluded on the following terms:

Parties to the Agreement:

Debtor: Kubanenergo PJSC;

Creditor: FGC UES PJSC.

Subject, price and other material terms of the Agreement:

The subject, price and other material terms of the Agreement are specified in Annex No. 8 to this decision of the Board of Directors of the Company.

Term of the Agreement:

The Agreement comes into force upon the signing and is valid until the Debtor fully discharges its obligations under the Agreement. The terms of the Agreement shall apply to the relations of the Parties starting from 01.08.2017.

Entities interested in the transaction, and reasons for interest:

1. The controlling entity of the Company is Rosseti PJSC, which is the controlling entity of FGC UES PJSC, which is the party to the transaction.

Voting results

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

Thus, on the sixth issue, the proposed decision was unanimously adopted by the members of the Board of Directors having the right to participate in the voting in accordance with the Federal Law "On Joint Stock Companies".

Chairperson of the BoD

Fadeev A.N.

Corporate secretary

Russu O.V.