

Minutes of the Board of Directors Meeting No. 318/2018
Public joint stock Company of power industry and electrification of Kuban
(Kubanenergo PJSC)

Date of the meeting	21 August 2018
Form of the meeting	Absentee (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	22 August 2018

Board of Directors Members: 11

Questionnaires were submitted by: Sergeeva O.A. (Chairperson of the BoD), Varvarin A.V., Gavrilov A.I., Gritsenko V.F., Medvedev M.V., Osipova Ye.N., Selivanova L.V., Tyukanko A.S., Tyurkin K.V., Khokholkova K.V., Shagina I.A.

Questionnaires were not submitted by:

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. Discussion of the report on implementation of the overdue contracts on technological connection in the 1st quarter of 2018.
2. Approval of candidatures for certain positions at the executive body of the Company, determined by the Board of Directors of the Company.
3. Discussion of the report submitted by the General Director of the Company on implementation of the register of non-core assets in the 2nd quarter of 2018 and updating the register of non-core assets of Kubanenergo PJSC.
4. Discussion of the report submitted by the General Director of Kubanenergo PJSC on expenditures related to preparation and holding of the Annual General Meeting of Shareholders of the Company on May 25, 2018.
5. Discussion of the report submitted by the General Director of Kubanenergo PJSC on implementation of decisions taken at meetings of the Board of Directors of the Company in the 1st quarter of 2018.
6. Consideration of the report from the Internal Audit Sector on the assessment of the effectiveness of systems of internal control, risk management, and corporate governance.
7. Consideration of the report of the Sole Executive Body and the Management Board of the Company on the organization and functioning of the internal control system and the report of the Sole Executive Body and the Management Board on the organization, functioning and effectiveness of the risk management system, including information on implementation of measures to improve these systems.
8. Consideration of the report of the Sole Executive Body of the Company “On Management of Key Operational Risks of the Company for 2017”.
9. Approval of the Plan for development of the management system for industrial assets of Kubanenergo PJSC for 2019.

10. Discussion of a report on implementation of the RAS and IFRS based business plan of Kubanenergo Group the 1st quarter of 2018.

Item 1

Discussion of the report on implementation of the overdue contracts on technological connection in the 1st quarter of 2018

The following resolution is proposed:

1. Take into consideration the report on implementation of the overdue contracts on technological connection in the 1st quarter of 2018, as per Annex 1 to this resolution of the Company's Board of Directors.
2. Recommend the management of Kubanenergo PJSC to ensure implementation of the schedule, including activities that were not carried out in the 1st quarter of 2018.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Approval of candidatures for certain positions at the executive body of the Company, determined by the Board of Directors of the Company

The following resolution is proposed:

To appoint Khazikova Zanda Ivanovna for the position of the Deputy Director General for Corporate Governance, Kubanenergo PJSC.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Discussion of the report submitted by the General Director of the Company on implementation of the register of non-core assets in the 2nd quarter of 2018 and updating the register of non-core assets of Kubanenergo PJSC

The following resolution is proposed:

1. Take into account the report on implementation of the register of non-core assets in the 2nd quarter of 2018 and updating the register of non-core assets of Kubanenergo PJSC, as per Annex 2 to this resolution of the Company's Board of Directors.
2. Update the Register of non-core assets in new revision as per Annex 3 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Discussion of the report submitted by the General Director of Kubanenergo PJSC on expenditures related to preparation and holding of the Annual General Meeting of Shareholders of the Company on May 25, 2018

The following resolution is proposed:

Take into account the report submitted by the General Director of Kubanenergo PJSC on expenditures related to preparation and holding of the Annual General Meeting of Shareholders of the Company on May 25, 2018, as per Annex 4 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.V.	-	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

Discussion of the report submitted by the General Director of Kubanenergo PJSC on implementation of decisions taken at meetings of the Board of Directors of the Company in the 1st quarter of 2018

The following resolution is proposed:

Take into account the report on implementation of decisions taken at meetings of the Board of Directors of the Company in the 1st quarter of 2018, as per Annex 5 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Consideration of the report from the Internal Audit Sector on the assessment of the effectiveness of systems of internal control, risk management, and corporate governance

The following resolution is proposed:

Approve the report from the Internal Audit Sector of the Company on the assessment of the effectiveness of systems of internal control, risk management, and corporate governance of the Company in 2017, as per Annexes 6-8 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Consideration of the report of the Sole Executive Body and the Management Board of the Company on the organization and functioning of the internal control system and the report of the Sole Executive Body and the Management Board on the organization, functioning and effectiveness of the risk management system, including information on implementation of measures to improve these systems

The following resolution is proposed:

Take into account the report of the Sole Executive Body and the Management Board of the Company on the organization and functioning of the internal control system and the report of the Sole Executive Body and the Management Board on the organization, functioning and effectiveness of the risk management system, including information on implementation of measures to improve these systems in 2017, as per Annexes 9 and 10 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Consideration of the report of the Sole Executive Body of the Company "On Management of Key Operational Risks of the Company for 2017"

The following resolution is proposed:

1. Take into account the report of the Sole Executive Body of the Company "On Management of Key Operational Risks of the Company for 2017", as per Annex 11 to this resolution of the Company's Board of Directors.

2. Instruct the Sole Executive Body of the Company to ensure implementation of the planned for 2018 activities on key operational risks management and pay particular attention to risks with critical and significant level of materiality, as per Annex 12 to this resolution of the Company's Board of Directors.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.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

Approval of the Plan for development of the management system for industrial assets of Kubanenergo PJSC for 2019

The following resolution is proposed:

1. Consider as no longer valid the Plan of development of the management system for industrial assets of Kubanenergo PJSC 2016-2018 that was approved by the BoD of the Company on 28.06.2017 (minutes No.279/2017).

2. Approve the Plan of development of the management system for industrial assets of Kubanenergo PJSC up to 2019, as per Annex 13 to this resolution of the Company's Board of Directors.

3. Instruct the Sole Executive Body of the Company to:

- ensure timely implementation of the Plan of introduction of the management system for industrial assets of Kubanenergo PJSC;

- set the limits on costs and financing for the implementation of activities from the business plan of Kubanenergo PJSC for 2019, taking into account the unconditional reduction in specific operating costs (costs) in 2019

- annually before the end of the 1st quarter of the year following the reporting quarter, to submit for consideration of the BoD the information on discussion of a report on the plan of development of the management system for industrial assets of Kubanenergo PJSC.

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.V.	-	FOR			

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

Item 10

Discussion of a report on implementation of the RAS and IFRS based business plan of Kubanenergo Group the 1st quarter of 2018

The following resolution is proposed:

Take into account the report on implementation of the RAS and IFRS based business plan of Kubanenergo Group the 1st quarter of 2018, as per Annex 14 to this resolution of the Company's Board of Directors

Voting results

Sergeeva O.A.	-	FOR	Osipova Ye.N.	-	FOR
Varvarin A.V.	-	FOR	Tyukanko A.S.	-	FOR
Gavrilov A.I.	-	FOR	Tyurkin K.V.	-	FOR
Gritsenko V.F.	-	FOR	Khokholkova K.V.	-	FOR
Medvedev M.V.	-	FOR	Shagina I.A.	-	FOR
Selivanova L.V.	-	FOR			

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

Chairperson of the BoD**Sergeeva O.A.****Corporate secretary****Russu O.V.**