



## Minutes of Board of Directors Meeting No. 231/2016

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

Date of meeting	26 February 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	26.02.2016, 5 p.m.
Date of drawing up minutes	29 February 2016

#### Board of Directors Members: 11

**Questionnaires were submitted by:** Mangarov Yu.N. (chairperson), Bogach Ye.V., Gavrilov A.I., Varvarin A.V., Kataev S.M., Kislyakov A.M., Lavrova M.A., Kharin A.N., Khokholkova K.V.

**Questionnaires were not submitted by:** Niyazmetov A.K. Terebkov F.A.

According to requirements of paragraph 7.3 of Regulation on 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", JSC shareholders dated 11.06.2015, minutes No.36), the quorum for holding the meeting should count at least half of elected members of Board of Directors.

#### Quorum is present

##### Agenda

1. On preliminary approval of Collective Employment Agreement of Kubanenergo PJSC for 2016-2018.
2. On introduction of changes to the Regulations on payment of remunerations and compensations to members of the Committees of the Company's Board of Directors.
3. On determining the amount of members the Company's Management Board, termination of terms of office of Management Board member.
4. On consideration of report prepared by Director General of the Company on selling non-core assets in 2015.
5. On approval of service contract on support and adjustment of a soft-ware programme: "1C: Enterprise" between Kubanenergo PJSC and "Directorate of FOCL-power lines" as interested-party transaction.
6. On approval of Regulations on the procedure of preparation and implementation of programme of innovative development of Kubanenergo PJSC.
7. On expressing Company's opinion on agenda of extraordinary general meeting of shareholders of "Energoservis Kuban" JSC, affiliate of Kubanenergo PJSC.
8. On discussion of draft of long-term investment programme for 2016-2021.
9. On discussion of report on implementation of Plan of activities aimed at enhancement of efficiency of the Company's activity and improvement of its financial condition in 2015.

## **Item 1**

### **On preliminary approval of Collective Employment Agreement of Kubanenergo PJSC for 2016-2018.**

The following decision is proposed:

To approve the Collective Employment Agreement of Kubanenergo PJSC for 2016-2018, in accordance with Annex 1 to the resolution of the BoD..

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>AGAINST</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

Thus, the decision on the first item was adopted by majority of the BoD members participating in the meeting.

## **Item 2**

### **On introduction of changes to the Regulations on payment of remunerations and compensations to members of the Committees of the Company's Board of Directors.**

The following decision is proposed:

To introduce to all Regulations on payment of remunerations and compensations to members of the Committees of the Company's Board of Directors the following changes:

To add to paragraph 2 of the Regulation the passage:

“If Chairperson and/or members of the Committees are at the same time members of the BoD, the procedure and amount of payments shall be made in accordance with internal document regulating payments to members of the BoD approved by the general meeting of shareholders.”

#### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>AGAINST</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

Thus, the decision on the second item was adopted by majority of the BoD members participating in the meeting.

## **Item 3**

### **On determining the amount of members the Company's Management Board, termination of terms of office of Management Board member**

The following decision is proposed:

1. To decide that the Management Board of the Company shall consist of 11 members.
2. To terminate term of office of Rud Evgeniy Viktorovich, Director of Slavyanskiye Electric Networks, branch of "Kubanenergo" PJSC.
3. To elect Mikhailov Vladimir Alexandrovich, Director of Krasnodar Electric Networks, to the Management Board.

#### **Additional information:**

**Mikhailov Vladimir Alexandrovich**

Participatory interest of the person in the authorized capital of the Issuer, %: 0.0

Portion of the Issuer's ordinary shares held by the person, %: 0.0

**Rud Evgeniy Viktorovich**

Participatory interest of the person in the authorized capital of the Issuer, %: 0.0001

Portion of the Issuer's ordinary shares held by the person, %: 0.00001

**Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

Thus, the decision on the thirs item was unanimously adopted by the BoD members participating in the meeting.

**Item 4**

**On consideration of report prepared by Director General of the Company on selling non-core assets in 2015**

The following decision is proposed:

1. To take into consideration of report submitted by Director general on selling of non-core assets in 2015.
2. Due to their selling the following items shall be excluded from the registry of non-core assets:
  - from the section "Housing and communal facilities":  
5 Girdostroiteley str., Krasnaya Polyana village, Sochi, Adler district;
3. To exclude the following objects from the Register of non-core assets of Kubanenergo in connection with the liquidation (write-off):
  - from the section "Facilities of production (commercial) purposes, not related to the service personnel and the provision of core business": p.1.6.3- Public bath houses in Gulkevichsky district, Nikolenskoe village, 2 Energetikov street;
  - from the section "Facilities of administrative, sanitary and domestic and other purposes for maintenance personnel and ensure core business": p.1.7.1 - networking site building in Gulkevichsky district, Nikolenskoe village, 2 Energetikov street.
4. To add the following facilities to the Register of non-core assets of Kubanenergo:
  - p.1.7.6. Warehouse. Area: 172.7 sq.m. Liter: G13. Address: 309 Kalinina street, Labinsk, Krasnodar region, Russian Federation;
  - p.1.7.7. Oil depot. Area: 87.8 sq.m. Floor: 1. Liter G14 Address: 309 Kalinina street, Labinsk, Krasnodar region, Russian Federation;
  - p.1.7.8. Automobile repair shop. Area: 139.8 sq.m. Liter: G15 Location: 309 Kalinina street, Labinsk, Krasnodar region, Russian Federation.
5. To set the new term for selling the following items: 1.2.3, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.24, 3.2.2., 3.2.3., 3.2.4., 3.3.1. — 4<sup>th</sup> quarter of 2016.

**Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

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

## Item 5

### **On approval of service contract on support and adjustment of a soft-ware programme: “1C: Enterprise” between Kubanenergo PJSC and “Directorate of FOCL-power lines” as interested-party transaction**

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 that the price of service contract on support and adjustment of a soft-ware programme: “1C: Enterprise” between Kubanenergo PJSC and “Directorate of FOCL-power lines” as interested-party transaction, shall not exceed 10 937 150 (ten million nine hundred thirty seven thousand one hundred fifty) rubles 75 kopecks, including 18% VAT.

2. To approve the service contract on support and adjustment of a soft-ware programme: “1C: Enterprise” between Kubanenergo PJSC and “Directorate of FOCL-power lines” as interested-party transaction, under the following essential conditions:

Parties to the agreement:

Customer - Kubanenergo PJSC

Contractor: - Directorate of FOCL-power lines

Subject of the contract:

The Customer requests, and the Contractor undertakes to provide services to support and further develop the software product “1C: Enterprise”, belonging to the Customer on the right of ownership to the extent and in the manner stipulated in the Contract and its annexes.

Price of the contract:

The price of the contract cannot exceed 10 937 150 (ten million nine hundred thirty seven thousand one hundred fifty) rubles 75 kopecks, including 18% VAT.

For supervision, carried out by the Contractor in accordance with the terms of the Contract, in accordance with Annex 3, the Customer makes monthly payments to the Contractor during the term of the Contract in the amount of 642 152 (six hundred and forty-two thousand one hundred fifty two) rubles 50 kopecks, including VAT 18%.

The cost of setting up the software, calculated based on the volume of services rendered, determined in accordance with paragraph 3.5 of the Contract and the cost of an hour of services rendered, as set out in section 7.3 of the Contract cannot exceed 3 231 320 (three million two hundred and thirty one thousand three hundred twenty) rubles 75 kopecks, including 18% VAT.

Term of the Contract:

The Contract shall enter into force upon signature by the Parties and is valid until the Parties fulfill all their obligations. The Contract is applied to relations between the Parties, arising from 01.01.2016

Term of rendering services under the contract:

Term of rendering services under the Contract: 01.01.2016 - 31.12.2016.

### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>AGAINST</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>

Kislyakov A.M. - **FOR** Lavrova M.A. - **FOR**

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

#### **Item 6**

#### **On approval of Regulations on the procedure of preparation and implementation of programme of innovative development of Kubanenergo PJSC**

The following decision is proposed:

To approve the Regulations on the procedure of preparation and implementation of programme of innovative development of Kubanenergo PJSC”, in accordance with Annex 2 to the resolution of the BoD.

#### **Voting results**

Bogach Ye.V.	- <b>FOR</b>	Mangarov Yu.N.	- <b>FOR</b>
Varvarin A.V.	- <b>FOR</b>	Kharin A.N.	- <b>FOR</b>
Kataev S.M.	- <b>FOR</b>	Khokholkova K.V.	- <b>FOR</b>
Kislyakov A.M.	- <b>FOR</b>	Gavrilov A.I.	- <b>FOR</b>
Lavrova M.A.	- <b>FOR</b>		

Thus, the decision on the sixth item was unanimously adopted by the BoD members participating in the meeting.

#### **Item 7**

#### **On expressing Company’s opinion on agenda of extraordinary general meeting of shareholders of “Energoservis Kuban” JSC, affiliate of Kubanenergo PJSC**

The following decision is proposed:

1. To instruct representatives of Kubanenergo PJSC at the Extraordinary General Meeting of Shareholders of “Energoservis Kuban” JSC:

On agenda item “On early termination of term of office of the BoD members and election of new members to the Board of Directors of “Energoservis Kuban” JSC” to choose “FOR” when voting on the following resolution:

1.1 To early terminate the terms of office of all members of the BoD of “Energoservis Kuban” JSC;

1.2 To elect the following persons to the Board of Directors of “Energoservis Kuban” JSC

	Name	Position
1.	Armaganian Edgar Garrievich	First deputy director general - Director of Sochi Electric Networks, branch of Kubanenergo PJSC
2.	Dvorniy Vladimir Viktorovich	Head of sector for accounting of electric energy, Kubanenergo PJSC
3.	Loza Andrey Aleksandrovich	Head of sector for operational supervision at Department of Department of services selling and energy accounting, Kubanenergo PJSC, acting director general of “Energoservis Kuban” JSC
4.	Piletsky Viktor Georgievich	Head of the Department of services selling and energy accounting, Kubanenergo PJSC
5.	Tsyba Irina Alexandrovna	Head of the Department of economics, Kubanenergo PJSC
6.	Ozhereliev Alexey Alexandrovich	Head of Directorate for arrangement of activity of governance board, Rosseti PJSC
7.	Nekhaev Sergey Viktorovich	Chief expert at Directorate of balance and loss analyses at

### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>FOR</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

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

### **Item 8**

#### **On discussion of draft of long-term investment programme for 2016-2021**

The following decision is proposed:

1. To approve the draft of the Company's long-term investment programme for the period from 2016 for the purpose of public discussion in accordance with paragraph 7 of the Rules of approval of investment programmes of electric power industry entities, approved by the order of the RF Government on 01.12.2009 No.977 "On the investment programmes for electric power industry", in accordance with Annex 3 to the resolution of the BoD.
2. To entrust the sole executive body of the Company by the results of public discussion to submit for the consideration to the Board of the Company's draft project on long-term investment programme for the period from 2016 and attach reports received in accordance with paragraph 8 of the Rules of approval of investment programmes in electric power industry entities, approved by the order of the RF Government on 01.12.2009 No.977 "On the investment programmes for electric power industry" containing proposals with motivated opinion on information about including to the investment programme of such proposals or refusal of its inclusion.

Term: 04.04.2016

### **Voting results**

Bogach Ye.V.	-	<b>FOR</b>	Mangarov Yu.N.	-	<b>FOR</b>
Varvarin A.V.	-	<b>FOR</b>	Kharin A.N.	-	<b>ABSTAINED</b>
Kataev S.M.	-	<b>FOR</b>	Khokholkova K.V.	-	<b>FOR</b>
Kislyakov A.M.	-	<b>FOR</b>	Gavrilov A.I.	-	<b>FOR</b>
Lavrova M.A.	-	<b>FOR</b>			

Thus, the decision on the eighth item was adopted by majority of the BoD members participating in the meeting.

### **Item 9**

#### **On discussion of report on implementation of Plan of activities aimed at enhancement of efficiency of the Company's activity and improvement of its financial condition in 2015**

The following decision is proposed:

To approve the report on implementation of Plan of activities aimed at enhancement of efficiency of the Company's activity and improvement of its financial condition in 2015, in accordance with Annex 1 to the resolution of the BoD.

### **Voting results**

Bogach Ye.V. - **FOR**

Mangarov Yu.N. - **FOR**

Varvarin A.V. - **FOR**

Kharin A.N. - **FOR**

Kataev S.M. - **FOR**

Khokholkova K.V. - **FOR**

Kislyakov A.M. - **FOR**

Gavrilov A.I. - **FOR**

Lavrova M.A. - **FOR**

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

Chairperson

Mangarov Yu.N..

Corporate secretary

Russu O.V.