

# QUARTERLY REPORT

**Public Joint-Stock Company  
of Power Industry and Electrification of Kuban**

**Публичное акционерное общество  
энергетики и электрификации Кубани**

**Issuer's code 00063-A**

**Quarter 2, 2017**

The issuer's address: **2A Stavropolskaya str., Krasnodar, Russia 350033**

**Information contained in the quarterly report is subject to disclosure in accordance with the legislation of the Russian Federation on securities**

Director general

Date: 11 August 2017

\_\_\_\_\_ Gavrilov A.I.  
signature

Chief accountant – head of Department of Financial  
Records, Accounts and Tax Returns

Date: 11 August 2017

\_\_\_\_\_ Skiba I.V.  
signature

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Internet page(s) used for disclosure of information contained in this quarterly report:  
**[www.kubanenergo.ru/stockholders/disclosure\\_of\\_information/amp\\_reports/](http://www.kubanenergo.ru/stockholders/disclosure_of_information/amp_reports/),**  
**<http://www.e-disclosure.ru/portal/company.aspx?id=2827>.**

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## Introduction

Ground for the issuer's obligation to disclose information in the form of a quarterly report:

**Securities prospectus with respect to the issuer's securities was registered;**

**The state registration of issue (additional issue) was followed by registration of securities prospectus, along with it such securities were offered by public subscription or by private offering to persons which amount did not exceed 500.**

**The Issuer is a joint-stock company founded in the process of privatization of state and/or municipally owned enterprises (subdivisions) under the privatization plan approved in accordance with the established procedure, representing Issuer's shares issuance prospectus as of its approval date and envisaging the possibility of the Issuer's shares alienation by more than 500 purchasers or by general public.**

**The bonds of the issuer were admitted to trading at the stock exchange with submission to the stock exchange of the bonds prospectus for such admission**

In the report Public Joint-Stock Company of Power Industry and Electrification of Kuban is also referred to as "Kubanenergo" PJSC, the Issuer, the issuer and the Company, when referring to the events happened before 22.06.2015 (the date of changing the Company's name) – "Kubanenergo" JSC.

"Rosseti" PJSC ("IDGC Holding" JSC until 04.04.2013, from 04.04.2013 until 17.07.2015 – "Rosseti" JSC) and the names of other legal entities are used here the way they were at the referring period (event).

The report contains additional information, which disclosure is required by the restated Regulations on the Information Policy of the Company approved by the Board of Directors of "Kubanenergo" JSC on 15.08.2013, Minutes No.170/20013 dated 16.08.2013. The full text of the Regulations on the Information Policy is available on the corporate website of "Kubanenergo" PJSC and website of information agency "Interfax":

<http://kubanenergo.ru/o-kompanii/uchreditelnye-i-vnutrennie-dokumenty/vnutrennie-polozheniya/>,  
<http://www.e-disclosure.ru/portal/company.aspx?id=2827>.

The issuer's activity is referred to the sphere of natural monopoly being controlled by the state, tariffs for services of electric energy transmission through distribution networks as well as the amount of payment for technological connection to electric power grids are established by the state body for tariff regulation – Regional Energy Commission - Price and Tariff Department for the Krasnodar Region.

Abbreviated DZO means affiliated and dependent companies in accordance with article 6 of the Federal law "On joint stock companies".

Information on the positions held by members of the management and control bodies of the issuer are specified in paragraphs 5.2.1 – 5.2.3 and 5.5 of this report in accordance with the data provided by the members. When disclosing information on these persons, their posts and companies are specified as of the date of the reporting quarter.

Due to the election of the new compositions by the BoD dd. 19.07.2017 (Minutes of meeting No. 281/2017 dd. 21.07.2017), the information on membership of these persons in the committees of the Company's BoD are specified in paragraphs 5.2.1 and 5.2.3 as of the moment of drawing this report

This quarterly report contains estimates and forecasts by the Issuer's authorized management bodies regarding the future events and/or actions, prospects for development of the economy branch wherein the Issuer carries out one's core activity and results of the Issuer's actions inclusive of the Issuer's plans, probability of occurring particular events and implementation of particular activities. Investors should not completely rely on the estimates and forecasts presented by the Management Bodies of the Issuer since actual results of the Issuer's activity in the future may vary from those forecast due to multiple reasons. Acquisition of the Issuer's securities is associated with risks described in the quarterly report.

## **I. Information on the bank accounts, auditor (auditing company), appraiser and financial consultant of the Issuer as well as other persons who signed the quarterly report**

### **1.1. Information on the issuer's bank accounts**

Information on the credit institution

Full business name: **Public Joint Stock Company “Sberbank of Russia”**

Abbreviated business name: **“Sberbank of Russia” PJSC**

Location: **19 Vavilova street, Moscow 117997**

TIN: **7707083893**

BIC: **040349602**

Account number: **40702810330020101989**

Correspondent account: **30101810100000000602**

Account type: **Settlement account in rubles**

Information on the credit institution

Full business name: **Public Joint Stock Company “Sberbank of Russia”**

Abbreviated business name: **“Sberbank of Russia” PJSC**

Location: **19 Vavilova street, Moscow 117997**

TIN: **7707083893**

BIC: **040349602**

Account number: **40702810230020101076**

Correspondent account: **30101810100000000602**

Account type: **Settlement account in rubles**

Information on the credit institution

Full business name: **“Gazprombank” (joint stock company)**

Abbreviated business name: **Bank GPB (JSC)**

Location: **16/1 Nametkina street, Moscow 117420**

TIN: **7744001497**

BIC: **040349781**

Account number: **40702810500070010191**

Correspondent account: **30101810500000000781**

Account type: **Settlement account in rubles**

**(The information on all settlement accounts and other types of accounts of the issuer is disclosed, and if the issuer has more than three accounts then it should specify at its own discretion at least three settlement accounts and other types of accounts)**

### **1.2. Information on the issuer's auditor**

The following information is specified: information about the auditor (auditing company), that conducted an independent audit of the accounting (financial) statements of the issuer and the consolidated financial statements of the issuer, which are included into the quarterly report, as well as the auditor (auditing company) approved (chosen) to audit the annual accounting (financial) statements and annual consolidated financial statements of the issuer for the current and the last completed fiscal year.

Full business name: **Limited Liability Company “RSM RUS”**

Abbreviated business name: **“RSM RUS” LLC**

Location: **4 Pudovkina street, Moscow, 119285**

TIN: **7722020834**

PSRN: **1027700257540**

Telephone: **+7 (495) 363-2848**

Fax: **+7 (495) 981-4121**

E-mail: **mail@rsmrus.ru**

Auditor's membership in self-regulating auditor organizations:

Name: **Self-regulatory organization of auditors Non-profit Partnership “Auditing Association “Sodruzhestvo”**

Address: **21/4 Michurinsky Prospekt, Moscow, Russia 119192**

Additional Information:

**The primary registration number of “RSM RUS” LLC in Self-regulatory organization of auditors Non-profit Partnership “Auditing Association “Sodruzhestvo” is 11306030308.**

Financial year(s) from among the last five financial years and the current year for which the Auditor conducted (will conduct) an independent audit of the accounting (financial) statements of the issuer

financial (accounting) statements, year	Consolidated financial report, year
2015	2015
2016	2016
2017	2017

Periods from among the five financial last years and the current year for which the Auditor conducted (will conduct) an independent audit of the accounting (financial)) interim statements of the issuer

financial (accounting) statements, year	Consolidated financial report, year
9 months of 2015	-
9 months of 2016	-
9 months of 2017	-

Factors that may affect the independence of the auditor (auditing company) of the issuer, including information on any material interests between the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the auditing

company) and the issuer (persons holding positions in the management and control bodies of financial and economic activities of the issuer):

There are no factors that may affect the independence of the auditor (auditing company) of the issuer, including information on any material interests between the auditor (or persons holding positions in the management bodies and the bodies of control over financial and economic activities of the audit organization) and the issuer (persons holding positions in the management and control bodies of financial and economic activities of the issuer)

Procedure for selection of the issuer's Auditor:

Presence of a tendering procedure for selection of Auditor and its basic conditions:

**Tender procedure for selecting an auditor (auditing company) was not carried out.**

**The auditor candidate was determined via competitive procedures. For participation in the competitive procedures, an auditor (company) should meet the following requirements:**

- shall not be in the process of liquidation;
- shall not have the resolution concerning the suspension of operations in accordance with the procedure stipulated by the Code of the Russian Federation on Administrative Offences as of the date of consideration of the Application Form for participation in the Competition;
- shall not have any overdue taxes, duties and other obligatory payments to the budgets of any level or the state unappropriated funds as of the last calendar year, the amount of which exceeds twenty five percent of the balance sheet asset of the participant according to the accounting reports as of the last completed accounting period;
- shall not fall under terms enlisted in clause 1 of article 8 of the Federal Law "On the Auditor's Activity" No.307 dated 30 December 2008.

**On the basis of decision of the Tender committee of Rosseti JSC on summing up the results of public competitive negotiations without prequalification of bidders for the right to conclude contracts on obligatory annual audit of reports of affiliated and depended companies of Rosseti for 2015-2017 (minutes of meeting No.5/552p dated 20.04.2015), the candidature of "RSM RUS", LLC was pronounced the winner.**

Procedure for nominating auditor for approval at the Meeting of Shareholders (Participants), including indication of the management body making the decision:

**According to the Federal Law "On Joint-Stock Companies", the Auditor of the Company is subject to approval by the General Meeting of Shareholders. However, the legislation fails to set forth the auditor candidacy nomination procedure: unspecified are the terms and the procedure of the auditor candidacy nomination for inclusion in the list for voting on the issue of approval of Auditor of the Company. In this regard, the candidature of an auditor for approval by the general meeting of shareholders shall be preliminary considered by the Audit Committee of the Board of Directors of the Company and, with the advice of the Audit Committee shall be determined by the Board of Directors of the Company in dealing with the issue of preparation and holding of the Annual General Meeting of Shareholders.**

The auditor did not perform works within the framework of special audit assignments.

Procedure for determining the remuneration of the auditor; actual amount of remuneration paid to the auditor by the results of the last completed financial year on which the auditor performed audit of accounting report; information on deferred and overdue payments for the services rendered by the auditor:

**The amount of payment for services of the Issuer's Auditor approved by the General Meeting of Shareholders of the Issuer for compulsory annual review and validation of the Issuer's annual financial statements is determined by decision of the Board of Directors.**

**The amount of payment to "RSM RUS" LLC for the audit of accounting (financial) statements of the Issuer for 2015 prepared in accordance with the Russian Accounting Standards and audited consolidated financial statements for 2015 prepared in accordance with the**

**International Financial Reporting Standards amounted to 1 614 104 rubles 40 kopecks, including VAT. The payment for services of “RSM RUS” LLC for the audit of the accounting (financial) statements of the issuer for 2016 prepared in accordance with the Russian Accounting Standards and audited consolidated financial statements for 2016 prepared in accordance with the International Financial Reporting Standards will be 1 614 104 rubles 40 kopecks, including VAT.**

**There are no deferred or overdue payments for the services provided by the Auditor.**

There are no factors that may affect the independence of the auditor from the issuer as well as interests binding auditor (officials of the auditing company) with the issuer (officials of the issuer).

### **1.3. Information on the Appraiser(s) of the issuer**

**Appraisers** for the reasons listed in this paragraph, within 12 months prior to the end date of the reporting quarter, were not involved.

### **1.4. Information on consultants of the Issuer**

**Consultants** for the reasons listed in this paragraph, within 12 months prior to the end date of the reporting quarter, were not involved.

### **1.5 Information on other persons who signed the quarterly report**

**Name: Gavrilov Aleksandr Ilich**

Year of birth: **1973**

Place of work: **Kubanenergo PJSC**

Position: **Director General**

**Name: Skiba Inna Viktorovna**

Year of birth: **1975**

Place of work: **Kubanenergo PJSC**

Position: **Chief Accountant – Head of Department of Financial Records, Accounts and Tax Returns**

## **II. Information on the Financial and Economic Condition of the Issuer**

### **2.1. Financial and economic performance indicators of the issuer**

Performance indicators that characterize the issuer’s activity are calculated on the basis of the accounting (financial) statements

Standards (rules) used for making the accounting report – RAS (the Russian Accounting Standards)

Unit of measurement for index of performance: **rubles/employee**

Indicator	6 months of 2016	6 months of 2017
Workforce productivity	2 264 029	2 227 738.7
Debt-to-equity ratio	1.05	0.98
Long-term debt to long-term debt plus equity	0.25	0.39
Debt coverage ratio (profit)	0.57	0.26
Rate of overdue repayment of debts, %		



Level of overdue receivables, %:	38.04	31.92
Level of overdue payables, %:	56.56	35.21

Analysis of the issuer's financial and economic activities based on an economic analysis of changes in the shown indicators:

In 2017 "Workforce productivity" reduced by 1.6%, compared with the same period of 2016. Such reducing is explained by decreasing in revenue from selling the products (services) by 0.9%.

"Debt-to-equity ratio" reduced in 2017 by 0.07 points as a result of increase in equity by 272 mln rubles or 0.8%.

"Long-term debt to long-term debt plus equity" increased by 0.15 points in 2017 due to growth of liabilities by 11 815 mln rubles or 2.1 times.

## 2.2. Market capitalization of the issuer

Market capitalization is calculated as the production of the quantity of shares of the corresponding category (type) and the market price of one share disclosed by the securities market trade organizer.

Unit of measurement: thousand rubles

Indicator	31.12.2016	31.06.2017
Market capitalization	24 694 387.7	21 695 985.6

Information on the trade organizer at the securities market, on the grounds of which data calculation of the market capitalization is carried out, as well as other additional information on public circulation of securities at the issuer's discretion:

Full business name: Public Joint-Stock Company "Moscow Exchange MICEX-RTS"

Abbreviated business name: Moscow Exchange

Location: 13 Bolshoy Kislovsky lane, 125009, Moscow

TIN: 7702077840.

PSRN: 027739387411

Telephone: +7 (495) 363-32-32, +7 (495) 232-33-63

Fax: +7 (495) 234-48-40.

Licenses:

Stock Exchange License No. 077-001 dated 29.08.2013 issued by the Federal Service for Financial Markets,

Webpage: <http://moex.com/>

The amount of market capitalization of the Issuer is specified without placed shares of additional issue.

## 2.3. Liabilities of the issuer

### 2.3.1. Borrowed funds and accounts payable

#### The structure of the borrowed funds

30.06.2017

unit of measurement: thousand rubles

Indicator	Value
Long-term borrowings	20 674 391

including:	
Credits	13 674 391
Loans, except bonded loans	0
bonded loans	7 000 000
Short-term borrowings	519 104
including:	
Credits	445 454
Loans, except bonded loans	0
bonded loans	73 650
Total amount of overdue loan debt	0
including:	
Credits	0
Loans, except bonded loans	0
bonded loans	0

#### **The structure of accounts payable**

unit of measurement: thousand rubles

Indicator	Value
Total for accounts payable	8 751 194
overdue	2 618 736
including	
Payable to budget and state off-budget funds	717 779
overdue	0
payable to suppliers and contractors	3 469 252
overdue	1 863 010
payable to staff	214 838
overdue	0
other	4 349 325
overdue	755 726

If there are overdue accounts payable, including debt in relation to borrowings, the reasons for nonperformance and past or future effects of the failure to perform the relevant obligations on the issuer, including penalties imposed on the issuer and the (expected) time limits for the settlement of overdue accounts payable or overdue debt in relation to borrowings.

According to the business plan of Kubanenergo PJSC the redemption of overdue accounts payable is planned for 2017, including debt restructuring arrangements.

Levies, penalties: no.

The main cause of overdue accounts payable: retail companies delay in fulfilling their obligations to the Company for electricity transmission services.

Creditors accounting for at least 10 percent of total accounts payable, or at least 10 percent of total (long-term and short-term) borrowings:

Full company name: **Joint Stock Company Gazprombank**

Short company name: **Bank GPB (JSC)**

Location: **16/1 Nametkina street, Moscow 117420**

TIN: **7744001497**

PSRN: **1027700167110**

Sum of debt: **6 738 723 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties): **no.**

The creditor is an affiliate of the issuer: **no**

Full company name: **Public Joint Stock Company Sberbank of Russia**

Short company name: **Sberbank of Russia PJSC**

Location: **19 Vavilova str., Moscow 117997**

TIN: **7707083893**

PSRN: **1027700132195**

Sum of credit: **7 214 737 thousand rubles**

Rate and terms of overdue accounts payable (interest rate, levies, penalties): **no.**

The creditor is an affiliate of the issuer: **no**

### **2.3.2. Credit history of the issuer**

Fulfilment of liabilities by the Issuer under credit and/or loan contracts in force within the most recently closed reporting year and the current year if their principal amount accounted for five percent or more of the book value of the issuer's assets as of the last date of the most recently closed reporting period consisting of 3, 6, 9, or 12 months and preceding the time of entering into the relevant agreements and under any other loan agreements and/or credit facility agreements considered by the issuer to be material for itself.

<b>Type and identification characteristics of the obligation</b>	
<b>1. credit line, resolution on securities issue No. 4B02-02-00063-A-001P dated 10.11.2015 series 001P-02</b>	
<b>Terms of the obligation and information on its fulfillment</b>	
Name, location or of the creditor (lender)	Purchasers of securities
Sum of the debt as of the moment of occurring of obligation, rubles	3400000 RUR X 1000
Sum of the debt as of the end of	3400000 RUR X 1000

reporting quarter, rubles	
Sum of credit (loan), (years)	10
Average interest on credit (loan), % per annum	12.63
Number of interest (coupon) periods	20
Presence of overdue in interest payments, in case of presence – the total amount of overdue and their volume in days	no
Planned term (date) of credit (loan) payment	11.11.2025
Actual term (date) of credit (loan) payment	current
Other information on obligations, specified by the issuer at its discretion	no

<b>Type and identification characteristics of the obligation</b>	
<b>2. credit line, resolution to issue securities No. 4B02-01-00063-A-001P dated 10.11.2015 series 001P-01</b>	
<b>Terms of the obligation and information on its fulfillment</b>	
Name, location of the creditor (lender)	Purchasers of securities
Sum of the debt as of the moment of occurring of obligation, rubles	3600000 RUR X 1000
Sum of the debt as of the end of reporting quarter, rubles	3600000 RUR X 1000
Sum of credit (loan), (years)	10
Average interest on credit (loan), % per annum	10.44
Number of interest (coupon) periods	20
Presence of overdue in interest payments, in case of presence – the total amount of overdue and their volume in days	no
Planned term (date) of credit (loan) payment	21.11.2025
Actual term (date) of credit (loan) payment	current
Other information on obligations, specified by the issuer at its discretion	no

### **2.3.3. Liabilities of the issuer arising from guarantees provided to third persons**

The issuer does not have such liabilities.

### **2.3.4. Other liabilities of the issuer**

There are no other liabilities unrepresented in the balance sheet that may substantially affect the financial status of the Issuer, one's liquidity, sources of funding and conditions of their use, as well as the results of activity and expenses.

### **2.4. Risks related to acquisition of securities being placed (placed)**

Risk management policy of the issuer:

"Rosseti" JSC Board of Directors approved the Strategy of development and improvement of internal control system of "Rosseti" JSC and subsidiaries and affiliates of "Rosseti" JSC (Minutes of meeting No. 143 dd. 13.02.2014), that determines the current and target condition of internal control and risks management system of "Rosseti" PJSC and its subsidiaries and affiliates.

To implement this Strategy, the Issuer's Board of Directors approved Policy of internal control and Policy of risks management of Kubanenergo PJSC (Minutes of meeting No. 233/2016 dd. 18.03.2016) that are aimed at timely revealing and providing of preventive actions on minimization of risk (control procedures) to decrease the possibility of financial and other losses that influence at reaching the goals of the Company. The Policy of the Issuer on risks management requires the necessity of compliance with the following principals:

- 1) establishment and protection of the Company's property (the System of Risks Management contributes to the achievement of goals and improvement of productivity, ensuring health and safety employees, ensuring that the safety of all the Company's activities comply with legal and regulatory requirements, environmental protection, improve service quality, operational efficiency, control and reputation);
- 2) Risk management is an integral part of all organizational processes (risk management is not a separate activity that is separate from the activities and processes in an organization; it is a part of management's commitment and an integral part of all organizational processes, including strategic planning and all project management processes and changes);
- 3) Risk management is part of the decision-making process;
- 4) Risk management is systematic, structured and well-timed;
- 5) Risk management is based on the best available information;
- 6) Risk management is transparent and takes into account the interests of stakeholders;
- 7) Risk management is dynamic, iterative (repetitive) and responsive to changes;
- 8) Risk management contributes to the continuous improvement of the organization;
- 9) responsibility for risk management – all participants of the System of Risks Management are responsible for the identification, assessment, analysis and continuous monitoring of risks in the framework of its activities, the development and implementation of the necessary measures for risk management, continuous monitoring of the effectiveness of risk management measures;
- 10) the principle of optimality (analysis of the ratio of expenses for implementation of measures for the risk and impact of the implementation of these measures, including correspondence between the level of complexity of the System of Risks Management and level of complexity and the degree of importance the object, the is analyzed in terms of risk);
- 11) the unity of the methodological framework. Risk management (identification, analysis, assessment and monitoring of risks, development and monitoring of the effectiveness of risk management) are carried out on the basis of approaches and standards, common to all structural units of the Issuer.

Every quarter the Issuer collects and analyses information on internal and external factors that can have a negative effect on Issuer's goals achieving. For minimization of consequences from risks implementation the Issuer developed and carried out events on prevention of negative consequences; at the same time there are political and economic factors that influence the activity of

“Kubanenergo” PJSC in respect of which the Issuer cannot guarantee that events aimed to overriding of possible negative situations can change the situation for the better because these risks factors are out of Issuer’s control.

#### **2.4.1. Industry Risks**

In connection with the restriction of growth of tariffs for transmission services for end-users at the level of the RF Government, the likelihood of establishing a tariff lower than the economically justified level is estimated as high.

To prevent and mitigate the impacts from implementation of this risk the Company provides supporting materials to regulatory authorities, that confirm level of economically feasible expenses of the Issuer, upholds the position on necessity of outrunning growth of expenditures, as strategic Company, collective fund holder of Krasnodar region and Republic of Adygea, forms and send disputes to Federal Antimonopoly Service of the Russian Federation.

The Issuer is exposed to risks of reducing of revenues amount in connection with changing of structure of electric energy transmission relating to accepted one while tariffs were approved, and risks of changing of legislation in sphere of tariffs setting.

The following events are implemented to minimize risks:

- 1) interaction with tariff regulatory authorities concerning questions related to accounting of losses that were caused by determining at the federal level the sums of falling out income from applying non-regulated price at necessary gross revenue of the Issuer in the next period of tariff regulation;
- 2) preparation and submission to authorities of state regulating of tariffs the propositions on technological electric energy/power consumption taking into account dynamics of productive supply for purposes of forming of consolidated balance forecast for production and delivery of electricity for the next year;
- 3) development and implementation of Programme of increasing of electric energy efficiency and its coordination with administration of the regions;
- 4) development and implementation of eth Programme of cost management.

The issuer's sphere of influence on the bodies of tariff regulation is limited, and the issuer cannot guarantee that the measures aimed at minimizing the consequences will be as effective as possible.

The Issuer is exposed to risk of scarcities of source of funding of events on agreements on implementation of technological connection (hereafter – technological connection) due to approving by regulating authority of paying rate for technological connection lower of economically feasible level. One of the factors of this risks arising is introduction of amendments to legislation of the Russian Federation (Federal Law No. 35-FZ dd. 26.03.2003 “On power industry”) on excluding of power receivers of maximum capacity 150 kW from paying for technological connection of investment component for covering of charges for construction of power supply network facilities (from 1 October of 2015 – no more than 50% from amount of specified expenditures, from 1 October of 2017 – excluding this expenditures from paying for technological connection).

To minimize risk, the Company cooperates with tariffs regulatory authorities, forms correct scope of obligation on technological connection agreements, develops project documents on scope of obligations on technological connection agreements, submits in regulatory authorities the additional supporting materials, and adopts economic feasibility of paying rate for technological connection.

Risk of antimonopoly legislation is evaluated by Company as medium.

The reason of risk implementation is non-fulfillment of obligations of the Issuer on technological connection on concluded agreement on technological connection (because of scarcity of funds and large number of agreements on technological connection), it may lead to paying of forfeit by the Company. To avoid the risk, the Issuer plans to implement its obligations on technological connection agreement in full.

#### **Risk of reducing the amount of services on electric energy transmission.**

Risk of reducing the amount of services on electric energy transmission is industry risk. The reduction of electric energy consumption can be the consequence of external factors influence such

as: economy crisis and production decline, construction of electrical generation facilities by customers, extreme weather events, industrial accidents, and industrial disasters. Potential influence of these factors may influence on changing of revenue of the Issuer.

In connection with economic development of the region where the Issuer operates, there is a dynamic of increasing of amounts of electric energy consumption for the last few years. This risk is evaluated as medium. The Issuer implements monitoring of current and expected economic situation in region and in country, fulfills preparation works for appropriate work of power equipment in all seasons, carries out maintenance and repair of power facilities.

### **Operational risks**

In the production process the Issuer is exposed to risks associated with physical deterioration, abuse and critical changes in the parameters of the equipment.

The main ones are:

- 1) deterioration of performance and economic indicators of electric equipment;
- 2) threat of failures with partial or full undersupply of electricity with corresponding negative social consequences;
- 3) failure to comply with the obligations under the contracts for the provision of electricity transmission services;
- 4) negative environmental effects.

In order to decrease the risk of the group the issuer takes the following steps:

- 1) scheduled repair and maintenance of equipment;
- 2) technical re-equipment, reconstruction and new construction;
- 3) regular optimization of structure and amount of components and spare parts in reserve and other;
- 4) providing of industrial security and manufacturing control.

Issuer assesses the level of risk above the average and believes that the negative factors will not materially affect its activities and performance of obligations on its securities.

### **Price risks**

Provision of electricity transmission services includes as well the purchase of raw materials, services, equipment and other materials used by the Company in its operations. The price increase is mainly explained by inflationary pressures and the impact of macroeconomic factors. During the economic instability the risk of augmentation of cost for goods and services used by the Company increases.

In order to minimize these risks, the issuer uses the position of a large consumer and purchases the material and technical resources and selects the service providers through a competitive and regulated procurement of raw materials, production and other services.

#### **2.4.2. Country and regional risks**

Risks associated with the political and economic situation in the country and region

The worsening of economic and political situation in the country and the region are main risk factors for the Company. Since the Issuer operates only on internal market, government of the Russian Federation develops programmes on import substitution including in regions where the Issuer operates, it leads to increasing of amount of electric energy consumption. Increasing of energy efficiency and adoption of energy-efficient technologies are development priorities of economics.

In the event of significant political instability, which can negatively affect the operations and earnings, the Issuer takes measures of crisis management, reduces as much as possible the expenses, and investment plans.

Additionally, there are risks associated with military conflicts, introduction of a state of emergency, natural disasters that may have consequences as follows:

- Deterioration of the whole national economy status and, consequently, of the Issuer's

financial status;

- Detriment to the Issuer's properties that may negatively affect its ability to timely and fully fulfil its liabilities to consumers and counterparties.

The Company operates in the Krasnodar Territory and the Republic of Adygea. The regions where the Issuer carries out its activity are politically stable with the risk of a military conflict or a state of emergency occurrence there due to internal causes being minimal. At the same time, because of the proximity of the republics of the North Caucasus region, there is a considerable risk of terrorist acts; for its minimization, the Issuer actively cooperates with state bodies in charge and takes coordinated measures to ensure security of production. The Issuer has elaborated and is carrying out target arrangements for protection of the Issuers' energy facilities against subversive or terrorist acts. The Company established a permanent working group on combating terrorism in the power distribution facilities in the region. To compensate for damage of the effect of emergency circumstances associated, inter alia, with natural disasters, the Issuer concludes property insurance contracts.

Sharp regional scale changes (environmental, political, demographic, social) are unlikely, but their emergence will doubtlessly affect the Company's activity.

Taking into account the level of the region's transport infrastructure development, the risks of interruption of transport communication due to difficulty of access or remoteness of location are minimal.

In the Issuer's opinion, the situation in the region will have a favourable effect on the Issuer's activity; there existing no reasons to expect that a change of the situation in the region will entail the Issuer's failure to fulfil one's liabilities.

#### **2.4.3. Financial risks**

##### **Risk of interest rates change:**

The Issuer attracts short- and long-term borrowings from the Russian financial market. Since the Issuer operates in the Russian Federation, inflation growth in the Russian Federation is one of the factors of overall growth of interest rates.

A substantial increase of interest rates on credits and loans may entail appreciation of the Issuer's debt servicing. For optimization of the debt portfolio structure and reduction of its servicing costs, the Issuer strains after use of credits and loans with the fixed interest rate which results in significant reduction of the above risk. Issuer's supposed actions in the event of negative effect of interest rates change on one's activity: Attraction of longer-term credits to avoid negative effect of interest rates short-term fluctuations and diversify funding sources. Due to the decreasing of inflation rate, the risk is evaluated as moderate.

##### **Risk of changes of foreign currencies exchange rates:**

Carrying out one's core business activity within the territory of the Russian Federation, the Issuer has no investments into foreign companies, value of net assets whereof is exposed to the risk of currency exchange rates fluctuations nor revenues or expenses expressed in terms of foreign currency. Risks related to exchange rate fluctuations are not factors of direct impact on the financial and economic activities of the Issuer, but may lead to augmentation of prices for energy equipment. Currently, this risk is assessed as medium. In order to reduce the risk, the Company is implementing a program of import substitution. In case of a further weakening of the national currency the issuer plans to analyse the risks and make appropriate decisions in each particular situation.

##### **Risk of reducing the customer's prices**

Changes in the consumer price index to some extent affect the Issuer's rate of return and its financial and business activity results, but their effect is not a direct dependence factor. Indirect dependence of the Issuer's rate of return on changes of the consumer price index is mainly conditioned by the fact that tariffs for services for transmission of electric energy cross electric power grids are established by state tariff bodies on the basis of justified expenses on their provision and fully or partially compensate for growth of the Issuer's expenses associated with inflation.



However, during high inflation periods, risks of reduction of the tariff compensatory component amount and of solvency of the Issuer's major consumers grow up. Taking into account the abovementioned information, there are no guarantees that possible increase of consumer prices will not lead to a drop of the Issuer's rate of return in future. However, due to reduction of inflation this risk is estimated as moderate.

### **Inflation risks**

The current inflation level cannot have a significant effect on the Issuer's financial status. Nevertheless, for minimization of financial risks associated with inflation processes and affecting the financial results of activity, the Issuer is implementing an integrated programme for analysis of financial risks, planning and appraisal of actual profitability of activity; one identifies return rate indices that are indicative of the Issuer's level of cost-efficiency, normative values of financial coefficients characterizing the Issuer's solvency and liquidity, which enable one to promptly detect drawbacks in the Issuer's work and take measures for their elimination. As well as in accordance with RF Government Regulation No. 1178 dd. 29.12.2011 "On price formation in sphere of regulated prices (tariffs) in power industry" when regulating electricity tariffs inflation level should be taken into consideration (consumer price index), that was defined in the prognosis of social and economic development of the Russian Federation. Thus, the Issuer considers these risks as moderate.

The occurrence of these financial risks can have an impact on the issuer's financial statements. The indicator which is most affected in the Issuer's statements is the index of accounts receivable arising from the inability of counterparties to pay for services of the Issuer. The probability of this risk is assessed as moderate. The deterioration of the economic situation in Russia may affect the growth of the cost of electricity transmission through electric grids of the Issuer, which, while maintaining the established tariffs will reduce the profits. To reduce this risk, the issuer carries out the work on the management of debt receivable directed to optimization of its amount and repayment of debts.

### **2.4.4. Legal risks**

The Issuer carries out its activity only at domestic market; therefore, the legal risks are considered only from this point of view.

Risks associated with tax and environmental legislation and customs and currency regulation.

Since no special taxation mode is applicable to the Issuer's activity and the Issuer has no overdue tax and levy indebtedness to budgets of all levels, the Issuer's tax risks are considered as the minimum within the framework of a conscientious taxpayer's activity.

In the shorter term, the Issuer does foresee emergence of any significant risks in one's financial and business activity associated with changes in tax and civil legislation.

Changes of currency and customs legislation of the Russian Federation are of no relevance for the Issuer's activity and, consequently, do not entail emergence of legal risks.

In case of changes and/or launch of requirements for licensing the Issuer's core activity the Issuer will take all necessary measures for obtaining the licenses and permissions required.

The Issuer has licenses for carrying out other activity data whereon is given in Clause 3.2.5 of this report. The Issuer carries out regular work for prolongation of the licenses necessary for conduction of its business activity. The Issuer's exposure to the above risk may be considered insignificant. In case of change of requirements on licensing of the basic kinds of activity, the Issuer will take necessary steps to obtain the appropriate licenses and permits. Risks connected with absence of possibility to extend the license of the Issuer are minimal and cannot influence on Issuer's fulfillment of obligations on placed securities.

### **2.4.5. Reputational risks.**

The risk that the issuer of incurs losses due to such factors as a reduction in the number of customers (counterparties) because of the formation of negative image of financial stability, the financial position of the issuer, the quality of the work, is considered as minimal. The Issuer is a natural monopoly, there is an annual increase in the number of electricity consumers. In addition, the Issuer developed a good practice for long-term cooperation with its partners.

#### **2.4.6. Strategy risks**

The Issuer, being a part of the single distribution grid complex of Russia, seeks to achieve the objectives defines at the national level. On 3 April 2013 the Russian Government approved the development strategy for the electric grid complex of the Russian Federation. Due to the fact that the Issuer is a subsidiary of Rossetti, the largest Russian backbone grid company, the Issuer is a participant in implementation of policies and programmes on activities (business processes) of Rossetti PJSC. The decision to start the implementation of a specific strategy (programme) in the activities of the Issuer's shall be accepted by the Board of Directors.

The probability of the risk of the Issuer losses arising from errors (defects) made in management decisions, defining the strategy and activities of the Issuer, is assessed as low.

Measures to prevent the occurrence of this risk are:

- elaboration of proposals and scenarios to improve the implementation of specific policies and programmes;
- analysis of effectiveness of particular strategy, adoption of managerial solutions by the results of analysis
- development and implementation of key performance indicators to achieve policies, linking them with bonuses of managers of the Issuer;
- continuous monitoring by the structural units of the Issuer's the ratio of the cost of implementing a specific strategy to the received profit and submission to the Board of Directors of the Issuer of the information for decision-making (including, by definition, the quantity and quality of resources)

#### **2.4.7. Risks connected with the Issuer's activity**

##### **Risks connected with the current legal trials of the Issuer.**

The Issuer participates in legal trials the results of which can influence financial and operational activities of the Issuer. Enforcement proceeding is implemented in regard to accounts and loan receivables of the Issuer.

The Issuer carries out monitoring of judicial practice that allows to use this information for reaching positive judicial decision for the Issuer. Currently there are no changes in judicial practice that can negatively affect at results of current trials and thus on the results of business activity of the Company.

Risks connected with potential liability of the Issuer on debts of third parties including affiliates of the Issuer. The Issuer has affiliate joint stock companies with owning of 100% shares in the authorized capital. As the parent Company for subsidiaries and affiliates, the Issuer can be responsible for their debts. These liabilities can negatively effect on results of financial and operational activities of the Issuer. The possibility of specified risks is evaluated as medium. Risks connected with possibility of loss of customers that constitute at least 10% of total revenue from sales of products (work, services) of the Issuer.

The Company cooperates with main customers and is monopolist in sphere of services rendering on electric energy transmission in the regions of the Issuer's activity. The possibility of loss of main customers is minimal.

Risks in manufacturing activity of the Issuer:

- 1) systematic interruption of power supply of customers in the result of accidents and disturbances at grid sections and substation equipment;

- 2) violation of requirements of GOST 31144-2013 on providing the quality of electric energy;
- 3) disturbance of regime of electric energy transmission and reducing of quality of rendered services;
- 4) non-implementation of maintenance (including diagnosis) and repair in time;
- 5) emergency situations in related networks, that can breakdown the equipment of the Issuer;
- 6) excessive losses of electric energy.

To reduce these risks, the Issuer pays much attention to development of electric grid complex with using of science based engineering decisions and technologies, tested in operation, modern electric equipment.

Increasing of tariffs on rendered services by the Issuer, due to increasing of “external” expenses influence on risks: purchased electric energy on losses compensation, changing of amount of payment of services for electric energy transmission of “FGC UES” PJSC and other factors.

### **Investment risk**

Implementation of investment programme of the Issuer demands fund raising both owned and loaned, on conditions satisfying the requirements of RAB-regulating.

One of the investment risks is a risk of reduction of sources of financing of Company’s investment programme. Currently this risk is rated as minimal and is determined by influence of the following factors: decline in the ruble, upturn in inflation, and rise in cost of debt capital.

To decrease the investment risk, the investment programmes of the Issuer are planned taking into account following key criterions of efficiency:

- increasing of reliability and availability of network infrastructure;
- decreasing of amortization and modernization of facilities of power supply network system;
- reaching of high load of commissioned capacity;
- optimization of engineering solutions out of necessity of excluding the usage of imported equipment and materials, cost of which has high dependence from rate of exchange.

To minimize risk of untimely and incorrect implementation of investment programme, the Issuer controls deadlines and quality of investment projects.

## **III. Detailed information on the Issuer**

### **3.1. History of foundation and development of the Issuer**

#### **3.1.1. Information on the Issuer’s business name (registered name)**

Issuer's full business name: Public Joint-Stock Company of Power Industry and Electrification of Kuban, Публичное акционерное общество энергетики и электрификации Кубани

Date of introducing the current company name: **22.06.2015**

Short company name: **Kubanenergo PJSC, ПАО "Кубаньэнерго"**

Date of introducing the current company short name: **22.06.2015**

#### **Company’s name (name of non-profit partnership) registered as trademark or service mark**

Information on registered trademarks:

On 31.01.2013 and 19.07.2013 (certificates No.479755 and No.4922215) the Federal Intellectual Property Service registered trademarks (service marks) in favour of the Company in Russian language – КУБАНЬЭНЕРГО. Duration of the registration of a mark ends on 27.12.2021.

Full company name: **Акционерное общество открытого типа энергетики и электрификации Кубани, Open Joint-Stock Company of Power Industry and Electrification of Kuban**

Short company name: **“Kubanenergo” JSC**

Date of introducing the name: **10.02.1993**

Ground of introducing the name: **State registration of the issuer’s Charter (certificate of stage registration No.127 dated 10.02.1993)**

Full company name: **Открытое акционерное общество энергетики и электрификации Кубани, Joint-Stock Company of Power Industry and Electrification of Kuban**

Short company name: **“Kubanenergo” JSC**

Date of introducing the current company name: **29.05.1996**

Ground of introducing the name: **State registration of adjustment to the issuer’s Charter No.2858 dated 29.05.1996. The charter was approved at the AGM on 26.04.1996, minutes of meeting No.4**

Full company name: **Открытое акционерное общество энергетики и электрификации Кубани, Joint-Stock Company of Power Industry and Electrification of Kuban**

Short company name: **“Kubanenergo” JSC**

Date of introducing the name: **30.06.1998**

Ground of introducing the name: **State registration of adjustment to the issuer’s Charter, No.7315 dated 30.06.1998. The charter was approved at the AGM on 22.05.1998, minutes of meeting No.6**

### **3.1.2. Data on the Issuer’s State Registration**

Data on primary state registration

State registration number: **127**

State registration date: **10.02.1993**

Name of the body having carried out primary state registration: **Administration of the Oktyabrsky District of Krasnodar**

Data on legal entity registration;

Primary legal entity state registration number: **1022301427268**

Registration date: **17.09.2002**

Name of registering body: **Inspectorate No. 3 for Krasnodar of the Ministry of Taxation of the Russian Federation**

### **3.1.3 Information on establishment and development of the Issuer**

The Issuer has been founded for an indefinite period.

Brief description of the Issuer's foundation and development history: Issuer's establishment objective, mission (if any) and other information on the Issuer's activity required for taking decisions on acquisition of the Issuer’s securities:

History of Kuban electric energy system began in the 19th century with construction of small substations.

Since 1930 the managing of power facilities of Kuban was performed by North-Caucasus power directorate – “Sevkavenergo” with headquarter in Rostov-on-Don, then in January 1934 it was separated into two independent directorates: “Azcherenergo” (Rostov-on-Don) and “Sevkavenergo”

(Pyatigorsk).

In order to restore the ruined power network of the Kuban and for its further development, by the Order of the People's Commissar of the USSR from March 14, 1944 No.66 the Krasnodar district energy management "Krasnodarenergo" (REU) was organized. The principal activities of RG were the production, distribution and sale of electricity and thermal energy, recovery and development of energy systems, power control and supervision over the operation of power equipment on plants. The jurisdiction of the RG on the Rights of the independent self-supporting enterprises were power plants, substations, network areas, repair-mechanical plant, the central warehouse, planning and surveying offices, industrial and research laboratory.

In the late 50s - early 60s we installed transmission networks of 110 kV and 220 necessary for connecting the power system of southern Russia and the Caucasus, railroad network was electrified, electricity distribution facilities were built, electrification of rural areas reached 86%. In 1963, in accordance with the order of USSR Council of Ministers dated 14.05.63, city and rural electric grids were transferred to regional electricity board.

In 1972 the first in USSR 100 MW gas turbine unit (GTU) was installed at Krasnodar thermal power station (TPS), the second GTU was installed in 1975. Total power of TPS, units and 2 GTUs amounted 959 MW.

The rapid growth of electricity consumption by the national economy of Kuban in 1970-1980 led to the construction of a large number of transmission lines and substations, switching to a higher voltage classes - 330 and 500 kV. The total length of transmission lines reached 90 thousand km and amount of substations of 35-500 kV exceeded 700.

On November 1, 1988, in accordance with the order of USSR Council of Ministers dated 02.07.87 # 812, Krasnodar district network "Krasnodarenergo" was discontinued, and on the basis of its subordinate enterprises and organizations Krasnodar Production Association of Power industry and Electrification "Krasnodarenergo" was established.

In 1993, in accordance with Russian legislation on privatization of state and municipal enterprises Krasnodar Production Association of Power industry and Electrification "Krasnodarenergo" was reorganized into "Kubanenergo" JSC with the following branches Krasnodar TPP, "Energonadzor" repair and construction company, training center, recreation centre, summer camp.

"Kubanenergo" PJSC is formed to gain profit from rendering services on electric energy supplying of customers of Krasnodar region and the Republic of Adygea (both generated electric energy and bought from other producers), and generated heating energy for consumers of Krasnodar.

In accordance with Presidential Decree No. 923 dd. 15.08.1992 "On control of the power industry of the Russian Federation in the context of privatization" 49% of the Company's shares were transferred as the payment of the authorized capital of RAO "UES of Russia" in 1993, while the remaining 51% stake of "Kubanenergo" were acquired via private subscription by employees of the Company and other persons/entities entitled to benefits under the State program of privatization.

In 2003-2006 "Kubanenergo" JSC, as well as power industry in general, has undergone large-scale reforms.

The main objective of the Russian electric power industry reformation is the increase of efficiency of the enterprises of the branch, creation of conditions for the latter development on the basis of investment process motivation and provision for reliable and uninterrupted supply of energy to consumers.

During the reformation, "Kubanenergo" JSC got rid of service and non-core types of activity as well as dispatching functions by way of entrusting them to dedicated special entities:

- Operative dispatching management functions were transferred to Open Joint-Stock Company "System Operator of the Unified Energy System";
- Open Joint-Stock Company "Krasnodarenergoremont", "Krasnodarenergosetremont", "Recreation Centre "Energetik" and Recreation Centre "Plamya" were founded;

- Non-State Non-profit Educational Institution “Kubanenergo” Training Centre” was founded where workers of the Company and other power industry enterprises advance their qualifications and master new trades.

In 2006, as the result of reorganization of “Kubanenergo” JSC, the following open-end joint-stock companies appeared:

“Kuban Generating Company”, with the generating capacities of the Company (Krasnodar CHP and minor-scale hydroelectric power plants) included in one’s authorized capital;

“Kuban Trunk Grids”, authorized capital whereof was composed of electric power grid facilities related to the Unified National Electric Power Grid (with voltage = 220 kV and higher);

“Kuban Energy Selling Company” discharging the functions of a guaranteeing electric energy supplier, additionally in charge of electric energy purchase in the wholesale market and supply to end consumers.

At present “Kubanenergo” PJSC is the biggest electric power grid company in the Krasnodar region and Republic of Adygea that transmits and distributes electric energy to consumers via 110 kV electric power grids with voltage or less between populated regions, rural settlements and cities and district centres of the Krasnodar region and Republic of Adygea including Sochi.

“Kubanenergo” PJSC carries out its main activity under conditions of natural monopoly regulated by the state in the part of setting tariffs for electric energy transmission and provision for consumers a non-discriminatory access to electric power grids.

Since July 1, 2008 “Kubanenergo” has been a dependent company of “IDGC Holding” JSC (now “Russian Grids” JSC) having received a pack of the Company’s voting shares through legal succession under a dividing balance sheet as a result of reorganization of “RAO UES of Russia” in the form of separation.

The mission of “Kubanenergo” PJSC is receiving of profit in conditions of long-term, reliable, qualitative and reasonable power supply of customers of Krasnodar region and Republic of Adygea based on organization of effective management of distribution grid with using of modern technologies and innovations and taking into account world standards of quality of rendered services and best practices of corporate management.

### **Strategic objectives of the Company:**

Strategic objectives of Kubanenergo PJSC were formed in accordance with Paragraph VI (Milestones) of the Strategy of development of Russia power grid approved by RF Government Decree No. 511-r dd. 03.04.2013:

- 1) Increasing of reliability of power supply of Krasnodar region and Republic of Adygea;
- 2) Improving of quality of customers services and increasing of availability of power grid facilities;
- 3) Advanced development of the network and introduction of new technologies;
- 4) Increasing of investment attractiveness and capitalization;
- 5) Decent work conditions, increasing of competence and loyalty of the Company’s staff.

Mission and strategic targets are approved by the decision of Company’s Board dd. 10.04.2017.

### **3.1.4. Contact information**

Location of the issuer:

**Krasnodar, Russian Federation**

Address of the issuer specified in the Unified State Register of Legal Entities:

**2A Stavropolskaya str., Krasnodar, Krasnodar region, Russia 350033**

Telephone: **(861) 268-5913**

Fax: (861) 268-2493

E-mail: [telet@kuben.elektra.ru](mailto:telet@kuben.elektra.ru)

Internet page (s) where information is available on the Issuer and on securities issued and/or being issued by the latter:

**[www.kubanenergo.ru](http://www.kubanenergo.ru), <http://www.e-disclosure.ru/portal/company.aspx?id=2827>,  
<http://www.e-disclosure.ru/portal/company.aspx?id=2827>**

Name of the Issuer's special subdivision for work with the Issuer's shareholders and investors:  
**Department for Corporate Governance and Interaction with Shareholders**

Subdivision location: **2A Stavropolskaya str., Krasnodar, Russia 350033**

Telephone: (861) 212-22-76

Fax: (861) 212-27-08

E-mail: [podsvirovaiv@kuben.elektra.ru](mailto:podsvirovaiv@kuben.elektra.ru)

Internet page: [kubanenergo.ru/aktsioneram-i-investoram/](http://kubanenergo.ru/aktsioneram-i-investoram/)

### **3.1.5. Taxpayer Identification Number**

**2309001660**

### **3.1.6. Branches and representative offices of the Issuer**

Changes in composition of branches and representative offices of the Issuer did not occurred in the reporting quarter.

## **3.2. Core business activities of the issuer**

### **3.2.1. Core economic activities of the issuer**

Code of the issuer's type of core economic activity

OKVED
35.12

OKVED codes [the Russian National Classifier of Economic Activity Types]
35.13
41.20
52.10.21
52.29
71.11
71.20.9

### **3.2.2. Core business activities of the issuer**

The Issuer's business activities (type of activities, type of goods (works, services) which made up at least 10 percent of the Issuer's revenue (income).

Unit of measurement: **thousand rubles**

Type of activity: **electricity transmission services**

Indicator	6 months of 2016	6 months of 2017
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Revenue from this business activity, thousand rub	17 910 935	18 557 475
Portion of revenue from this type of business activity in the total amount of revenue of the Issuer, %	94	98.3

Information on changes of revenue (proceeds) from core business activity by 10 percent and more compared with the corresponding previous reporting period and causes of changes:

**Such changes did not occur.**

**Additional information:**

**Electric energy transmission**

**The main indexes of electric energy transmission of Kubanenergo PJSC (thousand kW\*h):**

Indicators	1 <sup>st</sup> half of 2016	1 <sup>st</sup> half of 2017
Receipt of electric energy into the Company's grid for its transmission under service contracts	10 835 739.94	11 039 331.28
Electric supply	9 391 674.16	9 675 924.22
Productive supply of electric energy by the "boiler" method	8 562 988.21	8 856 275.21
per voltage levels		
- high voltage (110 kV and more)	1 841 209.88	1 838 627.73
- medium voltage 1 (35 kV)	529 017.24	548 927.77
- medium voltage 2 (1-20 kV)	2 553 351.01	2 633 753.22
- low voltage (0.4 kV and less)	3 639 410.08	3 834 966.49
Actual losses of electric energy	1 444 065.78	1 363 407.05
Saving (+) / loss (-) of electric energy from the allowed losses	- 18 531.89	- 105 231.58

#### **Quarterly forecast for production results and comments**

The main purpose of Kubanenergo in 2017 is to pass trouble-free the winter and summer peak loads, timely implementation of the activities of supervisory authorities to obtain a certificate of preparedness, the performance of investment and maintenance programmes that will create an opportunity for further connection of consumers to the networks of Kubanenergo PJSC and minimization of excessive losses.

To fulfill the targets of financial and economic activity of electricity transmission it is necessary: to implement the planned structure of productive supply by voltage levels; to eliminate the growth of costs on housekeeping overheads and uncontrolled expenses of the Issuer.

A significant risk in 2017 for electricity transmission is:

- imprecise planning of balances of electric energy and capacities by the regional market participants and Regional Energy Commission of the Krasnodar region
- approval of the mid-year of the electricity transmission tariffs for the newly formed network of related organizations, the emergence of uncompensated costs on them
- in case of transition to payments for network maintenance there increases economic responsibility of sales companies for non-compliance of the actual structure of productive supply to consumers from the planned, by voltage levels



- low payment discipline of energy selling companies, failure to comply with their contractual obligations.

#### **Technological connection of consumers to the Company's electric power grids**

The company concluded 8 233 contracts for technological connection to the electric power grids with total capacity 192 MW in the second quarter of 2017. Cash collected amounts to 78 million rubles (VAT excluded), proceeds equal to 72 million rubles (VAT excluded). The volume of cash was received mostly from consumers having submitted applications for capacity in excess of 150 kW.

In fact, in the 2<sup>nd</sup> quarter of 2017, 7 899 consumers with total capacity 143 MW were connected (generation considered).

#### **Core production capacities of the Company (as of 01.01.2017):**

Length of 110, 220 kV high voltage lines	110 kV overhead lines – 4 908.30 km (route) 110 kV overhead lines – 6 207.69 km (circuits) 220 kV overhead lines – 76.1 km 110 kV cable lines – 81.05 km
Length of medium voltage lines (6 - 35 kV)	Power lines 6-35 kV – 41 179.0 km (route) Power lines 6-35 kV – 42 091.40 km (route), including: Overhead-35 kV – 6 833.73 km (route) Overhead -35 kV – 7 746.13 km (circuit) Overhead - 6-10 kV – 32 621.77 km Cable lines-35 kV – 0.94 km Cable lines- 6-10 kV – 1 722.56 km
Length of 0.4 kV low voltage lines	04 kV – 42 204.83 km, including: overhead lines – 41 729.51 km cable lines – 475.32 km
Number/capacity of substations with high (110 kV) basic voltage	220 substations/7065 MVA
Number/capacity of substations with high (35/6-10 kV) basic voltage	496 substations/2 454 MVA
Number/capacity of transformer substations (6-35/0.4 kV)	22 852 substations/4 754 MVA

#### **Additional information of Company's business activity**

##### **Economic indicators:**

	<b>Indicator</b>	<b>6 months of 2016</b>	<b>6 months of 2017</b>
1	Revenue from selling products (services), total,	19 045 487	18 877 134
2	Production (services) costs, total	17 399 052	17 478 942
3	Gross profit, total	1 687 020	1 449 877
4	Net profit (loss)	223 651	- 914 385

Changes in financial and economic activity of Kubanenergo for 6 months of 2017 compared with 6 months of 2016, are characterized by the following:

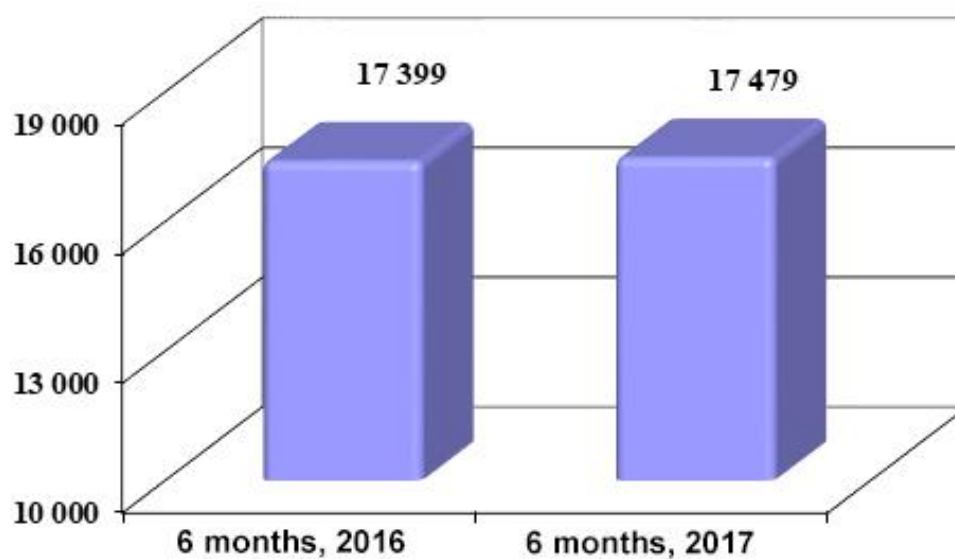
- decrease in revenue from sales of products (services) in the reporting period by 168 million rubles or 0.9%, due to the decrease in revenue from grid connection by 817 mln. rubles, in the result of execution of technological connection with “GazProm Invest” PJSC of total capacity 5.5 MW for total amount 971 mln. rubles;
- increase in production costs, including management expenses by 80 million rubles or by 0.5%;
- decrease in net profit as of the end of the reporting period by 1 138 million rubles

The accounting policy of the Company allows the structuring of revenue and cost of goods sold (services) business areas with access to the overall financial performance of the company.

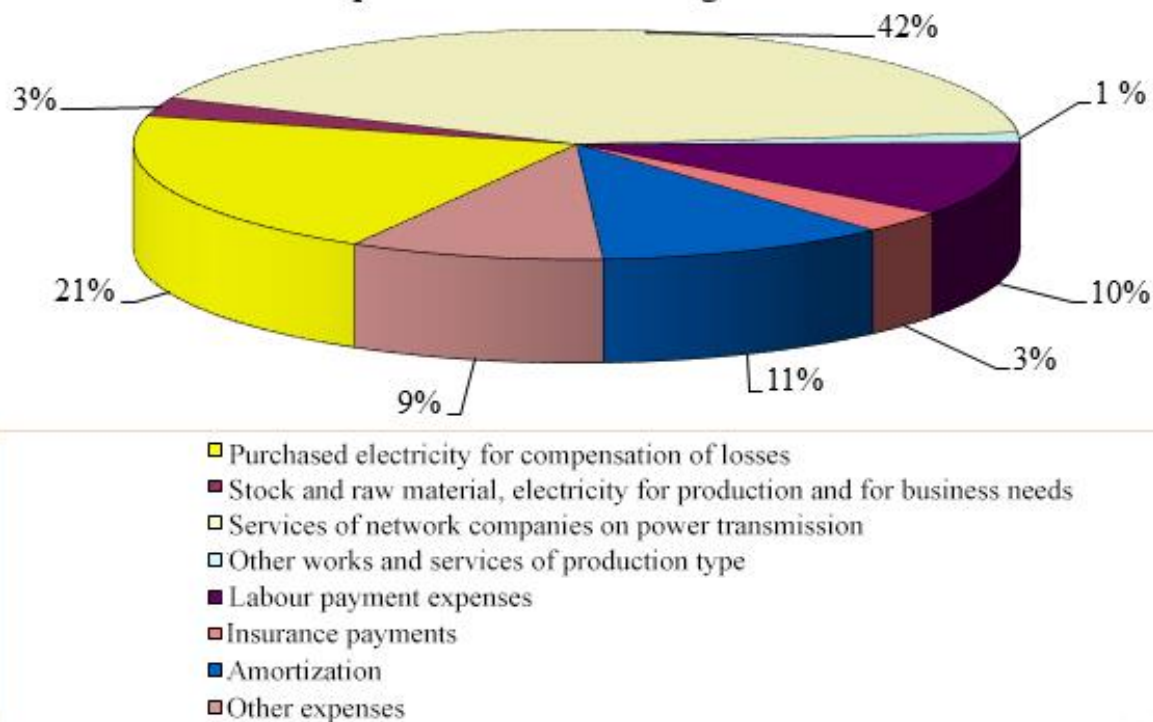
Expenditures structure, thousand rubles:

	<b>Expenditures</b>	<b>6 months of 2016</b>	<b>6 months of 2017</b>
1.	Material expenditures	4 174 852	4 066 801
	including		
1.1.	Purchased power for loss compensation	3 746 632	3 603 407
1.2.	Purchased energy for industrial and domestic needs	58 082	63 204
1.3.	Materials and supplies	370 138	400 190
2.	Work and production services	7 165 478	7 549 321
2.1.	Services of network companies for electricity transmission	6 953 445	7 301 471
2.2.	Other works and production services	212 033	247 850
3.	Labour payment expenditures	1 823 176	1 824 807
4.	Insurance payments	549 732	552 512
5.	Amortization	1 804 042	1 622 399
6.	Misc.	1 881 772	1 622 399
	including		
6.1.	Payment of third party services	355 900	394 188
6.2.	Management services	0	0
6.3.	Insurance expenses	44 346	50 031
6.4.	Taxes and levies	289 337	327 566
6.5.	Provision for estimated liabilities	1 023 337	667 897
6.6.	Provision for unutilized vacation	49 692	28 934
7.	Production and sales expenses	17 399 052	17 478 942

### Expenditures on production, mln. rubles



### Structure of expenditures of Kubanenergo PJSC for 6 months of 2017



### Performance indicators

Indicator	6 months of 2016	6 months of 2017
ROE, %	0.71	-2.69
ROA, %	0.35	-1.36
ROTA, %	1.18	-1.01

### Debt to equity ratio

Indicator	6 months of 2016	6 months of 2017
Debt to equity ratio, %	1.83	1.60

The debt to equity ratio shows the share of borrowed funds in the capital structure of the company. By the results of 6 months of 2017 this index reduced by 0.23 points and was 1.60.

### The dynamics of growth (falling) incomes, thousand rubles:

#	Indicator	6 months of 2016	6 months of 2017
1	Net proceeds from selling production, service, total, including	19 045 487	18 877 134
1.1.	from transmission and transit of electric energy through networks	17 910 935	18 557 475
1.2.	from grid connection services	1 093 549	276 270
1.3.	other products (services) of core activity	41 003	43 389

By the results of 6 months of 2017 revenues from sales of products, works and services amounted 18 877 million rubles, which is 168 million rubles or 0.9% lower than in 6 months of 2016. The main influence on the decrease in this index had a decrease in revenues from services on technological connection by 817 million rubles as a result of execution technological connection contract in 6 months of 2016 with “Gazprom invest” PJSC of total capacity 5.5 MW for the amount 971 mln. rubles.

### Expenditures:

#	Expenses for production and selling of products	mln rubles	Rate of growth, %
			6 months of 2017 / 6 months of 2016
1	6 months of 2016	17 399	100.5
2	6 months of 2017	17 479	

Growth of production expenses and selling of products in the first half year of 2017 amounted 80 mln. rubles in comparison with the same period of 2016, is caused by increasing of expenses for services of grid companies on electric energy transmission, amortization, taxes and fees.

Increasing of expenditures on “Services of grid companies on electric energy transmission” amounting 348 mln. rubles and is connected with growth of expenditures for services of “FGC UES” PJSC on electric energy transmission in the amount 535 mln. rubles in connection with growth of normative losses of electric energy for the first half year of 2017 by 12.7% in comparison with the first half year of 2016. In the first half of 2016 the reserve for estimated liabilities in the amount of 429 million rubles was created, the amount of disagreements in the amount of declared capacity with “FGC UES” PJSC – 493.96 MW.

Growth of expenditures on “Amortization” in the amount of 59 mln. rubles is determined by putting into operation of fixed assets of the power grid complex as part of implementation of approved investment programme of the Company.

Growth of expenditures on “Taxes and fees” in the amount of 38 mln. rubles is a result of amount of property tax growth due to implementation of approved investment programme of the Company.

In addition, the increase in expenses is due to an increase in the tax rate applied to power lines and facilities, which are their integral technological part from 1.3% in the first half of 2016 to 1.6% in

the first half of 2017, as well as in connection with the application from January 1, 2017 on the territory of Krasnodar region a new procedure for calculating property tax from the cadastral value of certain real property facilities, in accordance with Article 378.2 of the Tax Code of the Russian Federation.

Economy on “Purchased power for losses compensation” in the amount of 143 mln. rubles is a result of reduction of electric energy losses in comparison with the first half of 2016 by 5.6%

Estimated liabilities reserve is formed on disputed claims of electric energy suppliers on electric energy transmitting in accordance with Accounting Regulations 8/2010 approved by order No. 167n dd. 13.10.2010 of Russian Ministry of Finance, and is accrued in the first half of 2017 in the amount of 668 mln. rubles that is less than in similar period of the last year by 355 mln. rubles by reason of disagreements on capacity of “FGC UES” PJSC in the amount of 429 mln. rubles.

Dynamics of other items is small.

#### **The structure of revenue and profit by type of activities, thousand rubles**

#	Indicator	6 months of 2016	6 months of 2017
1	Net proceeds from selling production, service, total, including	19 045 487	18 877 134
1.1	Production (services) of core activity, total, including:	19 045 487	18 877 134
1.1.1.	Network services	19 004 484	18 833 745
1.1.1.1	from transmission and transit of electric energy through networks	17 910 935	18 557 475
1.1.1.2	from grid connection services	1 093 549	276 270
1.1.2.	electric energy to internal consumers	0	0
1.1.3.	heat energy	0	0
1.1.4.	other production (services) of core activity	41 003	43 389
1.2	Production (services) of non-core activity	0	0

By the results of 6 months of 2017 revenues from sales of products, works and services reached 18 877 million rubles, which is 0.9% lower than the corresponding figure for 6 months of 2016. The main influence on the decrease of this indicator has had a decrease in revenues for network services by 171 million rubles or 74.7% as a result of execution of technological connection contract with “Gazprom invest” PJSC in the first half-year of 2016, total capacity – 5.5 MW, total amount – 971 mln. rubles.

Quarterly forecasting of financial results and comments:

The activities of the Company are planned on the basis of the following indicators:

- consolidated forecast balance of production and supply of electric energy within the Unified Energy System of Russia by subjects of the Russian Federation;
- forecast of growth in tariff on electricity transmission services;
- forecast of growth in consumer prices;
- forecast of growth in purchase of electricity to cover energy losses;
- amount of electricity losses, taking into account the depreciation of equipment, modes of loads on networks, business losses, etc.

Trends and changes in the structure of receivables of the Company, thousand rubles:

**Accounts receivable as of 30.06.2017**

Indicator	31.12.2016	31.06.2017	Dynamics, 6 months of 2017
Trade debtors	6 410 581	5 191 093	-1 219 488
including overdue	2 086 478	1 824 103	-262 375
Notes payable	0	0	0
including overdue	0	0	0
Accounts receivable from founders (participants) on share capital payment	0	0	0
including overdue	0	0	0
Other accounts receivable	708 838	876 359	167 521
including overdue	206 930	112 866	-94 064
Total amount of accounts receivable	7 119 419	6 067 452	-1 051 967
Including total amount of overdue accounts receivable	2 293 408	1 936 969	-356 439

Trends and changes in the structure of payables of the Company, thousand rubles:

**Accounts payable as of 30.06.2017**

Accounts payable	31.12.2016	30.06.2017	Dynamics, 6 months of 2017
Long-term liabilities, including	1 429 365	1 314 504	-114 861
Other liabilities	1 429 365	1 314 504	-114 861
Short-term liabilities, including	8 280 201	7 436 690	-843 511
suppliers and contractors	4 837 353	3 469 252	-1 368 101
salaries payable	212 336	214 838	2 502
payables to public non-budgetary funds	93 935	106 341	12 406
taxes payable	654 431	611 438	-42 993
advances received	1 922 409	1 983 269	60 860
accounts payable to founders (participants) on share capital payment	37	535 162	535 125
other accounts payable	559 700	516 390	-43 310
Accounts payable, total	9 709 566	8 751 194	-958 372

**In the following table “General structure of the Issuer’s prime cost” the structure of prime cost is specified with regard to management expenses:**

General structure of the Issuer’s prime cost

	6 months of 2016	6 months of 2017
Raw materials, %	2.1	2.1
Purchased component parts and semi-finished goods, %	0	0
Works and production-related services, performed by third parties, %	41.2	43.2
Fuel, %	0	0
Power, %	21.9	21
Salaries and wages, %	10.5	10.4
Interest on credit, %	0	0
Rent, %	0.5	0.7
Allocations for social needs, %	3.2	3.2
Depreciation of fixed assets, %	10.4	10.6
Taxes included in cost of sales, %	1.7	1.9
Other expenses (clarify)	8.5	6.7
depreciation of intangible assets, %	0	0
remunerations for rationalization proposals, %	0	0
mandatory insurance payments, %	0	0
hospitality expenditure, %	0	0
other, %	8.5	6.7
outsourced services, %	2	2.3
reserves for future expenses, %	5.9	3.8
voluntary insurance payment, %	0.2	0.3
miscellaneous	0.4	0.3
Total: Costs of production and sales of products (works, services) (prime cost), %	100	100
For reference: Proceeds from sales of products (works, services), %	109.5	108

New types of products (works, services) offered by the Issuer in one's core activity market that may be of substantial importance judging by the openly available information on such types of products (works, services). Specify the development condition of such types of products (works, services).

**There are no new types of products (works, services) that may be of substantial importance.**

Standards (rules) in accordance with which the Issuer prepared the accounting statements and carried out calculations presented in this paragraph of the quarterly report:

Russian standards of accounting reports.

### 3.2.3. Materials, goods (raw materials) and suppliers of issuer

For 6 months of 2017

The Issuer's suppliers that account for at least 10 percent of all supplies of materials and goods (raw materials)

Name: **Limited Liability company “KTS”**

Location: **183 Oktyabrskaya street, Krasnodar, 350000**

TIN: **2310138475**

PSRN: **1092310001695**

Purchase share, %: **20**

Name: **Joint Stock Company FIG “ENERGOKONTRAKT”**

Location: **3 Profsoyuznaya street, Moscow 117036**

TIN: **7703268269**

PSRN: **1027739479404**

Purchase share, %: **14.9**

Information on changes in basic material and goods (raw material) prices for more than 10% within the corresponding reporting period compared to the corresponding reporting period of the previous year

**The prices are increased for the following items:**

- reinforced concrete poles SV (Material and technical resources) by 20%,
- insulator PSD 70E 212 W by 17 %.

**The prices are decreased for the following items:**

- self-supporting insulated wire (Material and technical resources) by 13%,
- high voltage lead GKTIII-60-126/800 O1 by 10%.

Portion of import in the material and goods supply, the forecast with respect to accessibility of import in the future and possible alternative sources of import

**The share of import supplies is 0.37%.**

**The forecast of availability of import in the future is favourable.**

**Possible alternative sources are currently not available.**

### **3.2.4. Target markets of the Issuer's products (works, services)**

Core markets wherein the Issuer carries out its activity:

The Company is the largest electric power grid company in the Krasnodar Territory and Republic of Adygea carrying out transmission and distribution of electric energy across electric power grids with voltage equal or below 110 kV among the populated localities, in rural settlements and individual cities and regional centres of the Krasnodar Territory and Republic of Adygea including Sochi.

The market share on services of energy transmission was 71.04% within 2016 and 71.4% within the 1<sup>st</sup> half of 2017.

“Kubanenergo” PJSC carries out its main activity under conditions of natural monopoly regulated by the state to the extent of establishment of tariffs for electric energy transmission and provision for non-discriminatory consumers' access to electric power grids. Taking into account the growing demand for electric energy in the region, the Company pays great attention to development,



reconstruction and increase of carrying capacity of electric power grid facilities, reckoning on increase of one's services sales volume in future.

Since 01.07.2007 a "boiler" method of settlements for transmission of electric energy is in force in the region, with the "boiler holder" status reserved to "Kubanenergo" PJSC. This means that all energy selling companies marketing electric energy in the regional market pays to "Kubanenergo" PJSC for services for electric energy transmission across electric power grids of the whole regional energy system within the framework of contracts for electric energy transmission while "Kubanenergo" PJSC pays for electric energy transmission services to territorial grid companies.

Since September 22, 2011 an individual calculation scheme based on the "boiler below" principle has been used in the Krasnodar region with regard to LLC "Maykop CHP" Grid Company. Within the framework of this scheme, "Kubanenergo" PJSC provides electric energy transmission services to LLC "Maykop CHP" grid company and receives payment as per the individual tariff established by REC-PTD KT.

In the reporting quarter, the core consumers of "Kubanenergo" PJSC energy transmission services were:

- 2 guarantee suppliers – subjects of the wholesale and retail markets that sell electricity to end users connected to the Company's electric grids and networks of other network organizations ("Kubanenergobytt" JSC, "NESK" JSC),
- 27 energy selling companies– subjects of the wholesale and retail markets that sell electricity to end users connected to the Company's electric grids and networks of other network organizations ("MAREM+" LLC, "Rusenergoresurs" LLC, "Rusenergobytt" LLC, "Transservisenergo" JSC, "RN-Energo" LLC, "Southern Energy Retail Company" LLC, "MagnitEnergo" LLC, "Mosenergobytt" PJSC, "KES" LLC, "Yugstroy-Energobytt" LLC, "Energy Efficiency" LLC, "Kvant" LLC, "NSK" LLC, "Transneftenergo" LLC, "Rusnergo" LLC, "RegionEnergoKontrakt" LLC, "Mezhregionenergobytt" JSC, "Energobytt" LLC, "Garantenergo" LLC, "KNGK-Energo" LLC, "Alternativ-Energo-Sbyt " LLC, "AER" LLC, "ProfServisTrade" LLC, "Forest" LLC, "UES Garant" LLC, "ESK Nezavisimost" LLC, "VN-Energotrade" LLC);
- more than 100 consumers that concluded with Kubanenergo direct contracts for electricity transmission ("Novorostsement" JSC, "Tamanneftegaz" CJSC, "Euro Khim-Belorechenskie Minudobreniya" LLC, "Poultry farm "Primorskaya" LLC, "Fanagoria" APF, "Agriculture stud farm "Pobeda" CJSC, "Kubanskiy bacon" LLC, "Sad-Gigant" CJSC, "Verkhnebakan cement factory" CJSC, "Abrau Durso" CJSC, "Novoroslesexport" JSC, "Stud farm "Leninskiy put" JSC, "Stud farm "Gulkevichskiy" CJSC, "RAMO-M" CJSC, "Novomol" LLC, "Pioneer" CJSC, "Novorossiysk commercial seaport" JSC, "Formika-Yug" LLC, "Kanevskiy Gas fitting plant" LLC, "IPP" JSC), concluded Agreement for the transmission of electricity;
- grid company - transmission and distribution of electricity on the grid to consumers and related distribution companies ("Maikop CHP" LLC).

**Factors that may affect the products (works, services) marketing by the Issuer and possible actions of the Issuer to reduce such effect:**

Negative factors that may have a negative effect on "Kubanenergo" PJSC products marketing represent political risks associated with:

- political risks associated with decisions of the Russian Government on the development of the power industry,
- risks associated with the relationship with local authorities,
- economic risks connected with state regulation of prices on the Issuer's services,
- financial risks associated with the conditions and the cost of borrowed resources;

- risks associated with the operation of the main equipment (power transmission) and other risks.

Currently, the Issuer does not forecast substantial deterioration of the branch situation. In case of substantial deterioration of the branch situation, the Issuer plans to make risks analysis and to take corresponding decision in each specific case.

### **3.2.5. Information on the Issuer's licenses**

Name of the body issued the license: **Ministry of Natural Resources of the Russian Federation**

Number of licence or document evidencing the access to particular types of activities: **licence for the use of subsurface resources KRD No. 80383VE**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **Recovery of fresh subsurface waters for household, potable and process water supply in Krasnodar.**

Date of issue of licence or access to particular types of works of licence or access to particular types of works: **30.11.2015**

Expiry date of licence or access to particular types of works of licence or access to particular types of works of licence or access to particular types of works: **20.07.2034**

Name of the body issued the license: **Ministry of Natural Resources of Krasnodar region**

Number of licence or document evidencing the access to particular types of activities: **licence for the use of subsurface resources KRD No. 80380BЭ**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **Recovery of fresh subsurface waters for household, potable and process water supply in Tverskaya village, Apsheronskiy district**

Date of issue of licence or access to particular types of works of licence or access to particular types of works: **26.10.2015**

C Expiry date of licence or access to particular types of works of licence or access to particular types of works of licence or access to particular types of works: **01.01.2035**

Name of the body issued the license: **Self-Regulating Organization NP "Energoprojekt"**

Number of licence or document evidencing the access to particular types of activities: **P-0263-05-2010-0274**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **access to works on preparation of design of external supply lines up to 35kV and their constructions that affect the safety of capital facilities**

Date of issue of licence or access to particular types of works **17.08.2015**

Expiry date of licence or access to particular types of works: **Perpetual**

Name of the body issued the license: **The Federal Security Service of the Russian Federation in Krasnodar region**

Number of licence or document evidencing the access to particular types of activities: **GT 0083528, registration number 1504**

Type (types) of activity for performance of which the issuer obtained a licence or and access: **activities that involve usage of information constituting state secret**

Date of issue of licence or access to particular types of works **20.07.2015**

Expiry date of licence or access to particular types of works: **06.08.2018**

The Issuer's management takes all the actions required for timely obtainment, actualization and prolongation of licenses and minimization of the probability of the suspension, change or withdrawal. In this connection, the forecast of licenses prolongation probability is favourable.

At the same time, there is a risk related to changes in the legislation or with decisions of federal or regional bodies on licensing issues that is beyond the Issuer's control. Thus, the Issuer cannot guarantee that no future changes will take place that may have negative effect on one's activity. However, presently the Issuer's activity reveals no prerequisites of legal, economic or political character related to complication of the procedure or reduction of the licenses prolongation possibility.

### **3.2.6. Information on activity of particular categories of issuers**

Issuer is not joint stock investment fund, insurance or credit company, or mortgage agency.

### **3.2.7. Additional requirements to issuers which main activity is the extraction of minerals**

Mining is not the core activities of the issuer

### **3.2.8. Additional requirements to issuers which main activity is the provision of telecommunications services**

Provision of telecommunications services is not the core activities of the issuer

### **3.3. Issuer's future activity plans**

The Issuer's plans related to arrangement of new production capacity: **the Issuer does not plan to arrange new production.**

The Issuer's plans related to extension or reduction of production capacity.

Development of the electric power grid sector of the Company is carried out in accordance with the approved scheme of prospective development of electric power grids and requirements of the technical specification for organization of technological connection of consumers to the Company's electric power grids.

It is planned to conclude over 30 thousand contracts for technological connection to the electric power grids with total capacity = 660 MW in 2017, the amount of cash fees (payment for technological connection) is projected to be 2 296 million rubles (excluding VAT).

It is expected that in 2021, due to the growth of power consumption in the region and the connecting of new customers, the amount of electricity transmission services rendered by the Company amount to 19 317 070.20 thousand kWh. (106.97% compared to 2016).

The Issuer's plans related to development of new types of products: Development of new types of products is not planned.

The Issuer's plans related to modernization and reconstruction of fixed assets:

During the few coming years, "Kubanenergo" PJSC has scheduled construction and reconstruction of overhead lines, substations and other energy facilities, primarily – those oriented at provision for uninterrupted electric power supply of the Krasnodar Territory seaside areas (along the Black Sea and Azov Sea coasts), Krasnodar as a social and cultural centre and implementation of project of national standing on Taman peninsula: "Construction of Kerch strait bridge", "Construction of dry-cargo zone of Taman seaport".

#### **Plans of issuer's investment activity:**

Kubanenergo PJSC carried out its investment activity in accordance with the approved by the BoD Investment programme for 2016-2020. The Investment programme was also approved by the Ministry of Energy of the Russian Federation (order No.1388 dated 22.12.2016).

Sources of funding the investment programme 2017:

- depreciation – 3 024.24 million rubles; funds received from placement of additional shares – 2 711.86 million rubles; - advances on technological connection – 4 633.21 million rubles; - credit funds – 3 007.47 million rubles.

Implementation of investment programme includes construction and reconstruction of 3 170.11 km of power lines and putting into operation the transformer capacity in amount of 2 189.69 MVA.

Plans of the issuer related to possible changes in operating activities: the changing of operating activity is not planned.

#### **Future prospects in terms of sources of future income:**

Main elements of Company's financial strategy:

- provision of qualitative, reliable and stable power supply;
- reduction of power equipment tear and wear;
- keeping of tariff sources of investment for the renewal and development of the network;
- improving the efficiency of operating costs;
- making of a reserve capacity of power grids in the volume advancing economic development for 3 years;
- introduction of innovative technologies that meet the highest international standards in the field of power distribution at all stages of the process;
- ensuring of the profitability of investments in the distribution grid complex at the level of profitability of companies with comparable market conditions in the Russian Federation

#### **3.4. Issuer's participation in industrial, banking and financial groups, holdings, groups of companies and associations**

Name of the group, holding, corporate group or association: *“Rosseti” PJSC*

Term of issuer's participation: *since July 1, 2008*

#### **Role (place) and functions of the issuer in organization:**

Since July 1, 2008 the issuer was a dependent and then later affiliated company of “Rosseti” PJSC that received the portfolio of voting shares of the Company by the law of succession on dividing balance sheet in the results of reorganization of RAO “UES of Russia” JSC.

**Functions of the issuer in the Holding: formation of power sector of Russia in the sphere of distribution grid complex.**

#### **3.5. Subsidiary and dependent companies of the Issuer**

The issuer does not have subsidiary and dependent companies of material significance

#### **3.6. Composition, structure and value of the Issuer's fixed assets, information on plans for acquisition, replacement and retirement of fixed assets as well as all facts of encumbrance on the Issuer's fixed assets**

**30.06.2017**

Unit: **thousand rub**

Group of fixed assets	Acquisition cost (replacement cost)	Accumulated Depreciation
Fixed assets	103 262 684	53 401 629

Total	103 262 684	53 401 629
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Information on depreciation calculation method for groups of fixed assets:  
**Depreciation on fixed assets objects is charged in linear mode based on the terms of useful service of these objects**

Reporting date: **30.06.2017**

Results of last revaluation of fixed assets and leased assets, carried out during the last completed financial year, with the date of the revaluation, gross and net (net of depreciation) of the book value of fixed assets before revaluation and gross and net (net of amortization) of the replacement cost fixed assets to reflect current revaluation. The above information is provided for groups of fixed assets. The data are provided on methods of accrual of depreciation charges on groups of fixed assets.

Unit: **thousand rub**

Group of fixed assets	Total cost before revaluation	Net asset value (excluding amortization) before revaluation	Revaluation date	Full replacement cost after revaluation	Depreciated replacement cost (excluding amortization) after revaluation
Homogeneous groups of fixed assets (group 110, 420)	43 563 850	14 951 010	31.12.2015	47 548 686	16 175 206
Total	43 563 850	14 951 010		47 548 686	16 175 206

Method of revaluation of fixed assets (according to coefficient of federal executive body for statistics, market cost of fixed assets, supported by documents and experts' reviews. In case of presence of experts' review it is necessary to specify the method of evaluation):

Revaluation of fixed assets as of 31.12.2015 was carried out for the groups of fixed assets (code 110 "Industrial buildings", code 420 "Equipment for the conversion of electric power") by "ENPI Consult" JSC in accordance with the agreement No. **2e392/15/407/30-933 dated** 01.09.2015. The final results of the revaluation of homogeneous groups of fixed assets (code 110 "Industrial buildings", code 420 "Equipment for the conversion of electric power") not reflected in the financial statements for 2015 in accordance with legislation.

**Contractor:**

**Open Joint-Stock Company "EPNI Consult" (abbreviated name – "EPNI Consult" JSC)**

**Location: premises 500, 65 Starokaluzhskoe highway, Moscow 117630**

**Address: premises 500, 65 Starokaluzhskoe highway, Moscow 117630**

**PSRN 1027700283566 dd. 07.10.2002**

**Legal liability of the Contractor is insured:**

**"UGORIA Insurance Company" JSC in the amount of 50 000 000 (fifty million) rubles (certificate of insurance dd. 12.09.2013 to additional agreement No. 3 dd. 12.09.2013 to agreement of compulsory insurance of liability of appraiser in the implementation of valuation activities (additional collateral) No. 59-000187-09/11 dd. 05.08.2011, insurance period from 9 March 2012 to 31 December 2017).**

**"AlfaStrakhovanie" JSC, liability insurance contract of appraisers of the Issuer No. 0991R/776/10004/5 dd. 12.02.2015 on the basis of which the certificate No.**

**0991R/776/10004/5 dd. 18.02.2015 was issued. Certificate of insurance period of validity from 9 March 2015 to 8 March 2016. Total amount of insurance – 500 000 000 (Five hundred million) rubles. Franchise – 50 000 000 (Fifty million) rubles.**

**“ENPI Consult” JSC fully meets the requirements with paragraph 15.1 of RF Federal Law No. 135-FZ dd. 29.07.1998 “On valuation activity in Russian Federation”.**

**Current (reinstatement) cost for research objects equals total cost for creation of new similar objects.**

Information on plans for the acquisition, replacement, retirement of fixed assets, the value of which is 10 or more percent from the total assets value, and other fixed assets at the discretion of the issuer, as well as all facts of encumbrance of the issuer (indicating the type of burden, the date of encumbrance, its validity and other conditions at the issuer's discretion):

The approved investments programme 2016-2020 does not include modernization of facilities, cost of modernization of which is more than 10% of issuer's fixed assets

**Property of “Kubanenergo” PJSC encumbered by leases as of 30.06.2017:**

Fixed assets	Type of encumbrance	Start-date	End date	Other conditions
Room 16 in Kubanenergo, building: 2A, Stavropolskaya str., Krasnodar. Place on communication mast, area: 5.84 sq. m	Rent	01.02.2004	31.10.2017	Prolongation is possible
Premises at 2A Stavropolskaya str., Krasnodar. area: 192.8 sq. m	Rent	01.02.2014	30.09.2017	Prolongation is possible
Premises at 2A Stavropolskaya str., Krasnodar. area: 1.2 sq. m	Rent	01.11.2006	30.11.2017	Prolongation is possible
Premises No. 213, 214, 214/1, 214/2 in the building of lit. D, located at: 2A Stavropolskaya str., Krasnodar; area: 54.2 sq.m.	Rent	01.12.2007	indefinite term	indefinite term
Part of non-residential premises No. 5 located at 2A, Stavropolskaya str., Krasnodar, Area: 1.2 sq. m	Rent	01.01.2007	01.01.2018	Prolongation is possible
Parts of non-residential premises for installation of communication equipment. Location: branches of Kubanenergo PJSC. Area: 21.6 sq.m.	Rent	31.07.2007	30.09.2017	Prolongation is possible
Premises for installation of metering devices. Location: branches of Kubanenergo PJSC. Area: 149 sq.m.	Rent	31.03.2010	31.07.2017	Prolongation is possible
Rooms: 18, 19, 20 located at: 47 Novorossiyskaya str., Krasnodar. Area: 23.8 sq.m.	Rent	01.02.2011	30.06.2017	Prolongation is possible
Rooms 20-22 at: 153 Stavropolskaya str., Krasnodar; Area: 64.4 sq.m.	Rent	31.10.2016	30.09.2017	Prolongation is possible
4 single-mode optical fiber No.21,22,23,24 at optical cable	Rent	01.09.2007	30.11.2017	Prolongation is possible
The hotel complex, building F, facility room Ya: 4 Pionerskaya str., Divnomorskoe village, Gelendzhik	Rent	01.05.2016	01.03.2018	Prolongation is possible
Supports of overhead power transmission lines 0,4-10 kV	Rent	23.09.2015	10.08.2035	Prolongation is possible
Radio mast for installation of communication equipment, 30, Tabachnaya ul., Saratovskaya ul.,	Rent	01.04.2003	31.01.2018	Prolongation is possible

area; 6 sq. m				
Site for installation of electric tower with antenna and feeder equipment, 74, Gagarina ul., Yablonovsky vill., area: 14.3 sq. m	Rent	20.07.2005	20.05.2018	Prolongation is possible
Premises No. 34 located at 131, Pashkovskaya street, Krasnodar. Total area 23 sq.m.	Rent	01.08.2013	01.03.2018	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	Rent	01.09.2009	01.03.2018	Prolongation is possible
Concrete flumes for holding 2 electrical lines, length 700 m, substation 110/35 "Naberezhnaya"	Rent	01.04.2010	30.09.2017	Prolongation is possible
Premises for installation of metering devices. Location: branches of Kubanenergo PJSC. Area: 5.2 sq.m.	Rent	30.01.2010	30.06.2017	Prolongation is possible
Premises: 7, 7/1 Aerodornaya str., Takhtamukai village, Adygea Area: 77.6 sq.m.	Rent	01.01.2015	01.10.2017	Prolongation is possible
Wall of substation control building lit. B1 for installation of billboard, 0.3 sq.m	Rent	05.03.2015	05.12.2017	Prolongation is possible
Pylons of 35/10-0.4 kV high voltage lines for installation of fiber optic channel located at Takhtamukaiskiy district, area: 17 905 m	Rent	18.05.2015	indefinite term	indefinite term
Radio mast, 119 Akademika Lukyanenko str., Krasnodar	Rent	29.06.2016	29.04.2018	Prolongation is possible
Supports of 10-0.4 kV overhead lines to install fiber optic line	Rent	29.07.2016	31.12.2045	Prolongation is possible
Places for installation of electricity metering devices – the building of indoor switch-gear, substation control building of 110/6-10 "KhBK" at: Starokubanskaya-Sormovskaya str., Krasnodar	Rent	29.09.2016	29.08.2017	Prolongation is possible
Supports of 10-0.4 kV overhead lines to install fiber optic line. Dinskoi and Severskiy districts	Rent	02.02.2016	02.12.2017	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop. Area: 29.8 sq.m.	Rent	01.01.2014	01.09.2017	Prolongation is possible
Premises located at 358, Shovgenov street, Maikop. Area: 1 sq.m.	Rent	14.10.2013	14.04.2018	Prolongation is possible
Places for installation of communication equipment located at 110kV Apsheronksaya substation, Apsheronsk, Krasnodar region. Area: 0.08 sq.m.	Rent	12.01.2015	12.11.2017	Prolongation is possible
Supports of 10-0.4 kV overhead lines, Tulskey village, Maikop district, the Republic of Adygea	Rent	16.05.2016	16.03.2018	Prolongation is possible
Supports of 10-0.4 kV overhead lines, Khanskaya str., Gaverdovskiy village, Republic of Adygea	Rent	14.09.2016	31.12.2026	Prolongation is possible
Premises at the address: 1a	Rent	15.02.2017	15.01.2018	Prolongation

Industrialnaya, str., Maikopsky district, Absheronsk; 5 Energetikov str., Tulsy village				is possible
Supports of 10-0.4 kV overhead lines, Maikop, Maikop district, Krasnogvardeysky and Shovgenovsky districts	Rent	28.09.2015	28.06.2018	Prolongation is possible
Antenna; 475 Pobedy str., Belorechensk	Rent	01.09.2016	01.08.2017	Prolongation is possible
Equipment; Hyaginsky district, Dondukovskaya village	Rent	15.12.2016	31.12.2017	Prolongation is possible
Supports of 0.4 kV overhead power line, village Rodnikovyi, Maikop	Rent	24.10.2016	24.09.2017	Prolongation is possible
ATM, 334, Mira, Labinsk, Krasnodar Region. Area: 1 sq.m.	Rent	04.09.2013	30.11.2017	Prolongation is possible
Premises located at: 334, Mira street, Labinsk. Area: 18.6 sq.m.	Rent	01.12.2015	31.10.217	Prolongation is possible
Warehouse located at: 173 Vladimirskaya street, Labinsk. 36.6 sq.m.	Rent	01.12.2015	31.10.2017	Prolongation is possible
Antenna and mast construction with platform located at: 1A, Lugovaya street Kurganinsk and 1, 50 years of VLKSM street, village Novoalekseevskaya, total square 8 sq. m	Rent	01.06.2008	01.08.2017	Prolongation is possible
Rooms No. 11 and 11a total area 23.1 sq.m, located at building lit. K, 6, 302 <sup>nd</sup> diviziya street, village Leningradskaya, Leningradskaya district, Krasnodar region	Rent	03.02.2014	03.09.2017	Prolongation is possible
Part of premises located at 41 Krupskoy street, Krylovskaya village	Rent	30.03.2016	31.01.2018	Prolongation is possible
0.4 kV HVL Supports with the street lighting installed on them; Kushevskaya village	Rent	20.11.2015	20.09.2017	Prolongation is possible
0.4kV power line in Temryukskiy district	Rent	01.11.2012	01.04.2018	Prolongation is possible
Room No.15 located at: 49 Stroitel'naya str., Slavyansk-na-Kubani. Area: 28 sq.m.	Rent	01.03.2014	01.11.2017	Prolongation is possible
Part of premises located at: 49 Stroitel'naya street, Slavyansk-na-Kubani. 14 sq.m.	Rent	26.06.2017	25.05.2018	Prolongation is possible
Part of non-residential premises at office 104, 42, Konstitutsii street, Sochi, area: 1.2 sq. m	Rent	29.12.2006	Indefinite term	Prolongation is possible
Non-residential premises (lit. Z) located at 42, Konstitutsiya USSR str., Sochi, area: 7.47 sq.m.	Rent	01.10.2014	01.07.2017	Prolongation is possible
Non-residential premises (lit. B, building of substation control building and lock and seal device) located at 22 substations "Volkonka" of 110 kV, Kommunalnikov street, village Lazarevskoe, Sochi. Area: 1.2 sq.m.	Rent	01.08.2014	01.04.2018	Prolongation is possible



Places for the arrangement of reinforcement and fiber-optic cables on poles of power lines, Sochi	Rent	01.04.2011	30.09.2017	Prolongation is possible
Places for arrangement of facilities and power transmission towers 0.4-10 kV, the length of 67.8 km	Rent	29.04.2011	29.10.2017	Prolongation is possible
Singlemode optical fiber of fiber-optic transfer link "Sochi-Substation "Matsesta" 9.7 km	Rent	01.07.2013	01.02.2018	Prolongation is possible
Premises for dispatch centre, located at 42, Konstitutsii USSR str., Sochi, area: 0.84 sq.m.	Rent	01.08.2014	01.04.2018	Prolongation is possible
Non-residential premises for installation of communication equipment: 147/B Kalarash str., Sochi, area: 0.12 sq.m.	Rent	01.06.2011	01.12.2017	Prolongation is possible
Optical fiber in a fiber-optic wire of a transmission line	Rent	01.07.2016	01.05.2018	Prolongation is possible
Pylons of power lines for installation located at Sochi, Area: 7.062 sq.m.	Rent	11.02.2015	31.10.2017	Prolongation is possible
Real estate, control room, lit A, office. 32, area 1.32 sq. m and repair production capacities lit A, Room 47, 147/B Kalarash str., Lazarevskiy district, area: 1.32 sq. m	Rent	01.06.2011	01.12.2017	Prolongation is possible
Terminal Box/ODF/: 42, Konstitutsiya USSR str., Sochi, area: 0.25 sq.m.	Rent	30.10.2012	31.04.2018	Prolongation is possible
Optical single-mode fiber optic cable FOL "Dzhubginskaya thermal plant - substation "Dzhubga 110kV"-- access-feeder node of "Rostelekom" JSC No.15 and 16. Sochi electrical networks	Rent	17.12.2013	17.08.2017	Prolongation is possible
10 kV high voltage lines on sectors village Georgievskoe – village Maloe Pseushko and village Maloe Pseushko – village Bolshoe Pseushko, total length: 14.24 km	Rent	01.07.2015	31.10.2017	Prolongation is possible
Place for installation and use of equipment	Rent	18.07.2016	18.05.2018	Prolongation is possible
Place for installation and use of equipment	Rent	17.08.2016	17.07.2017	Prolongation is possible
Place for installation and use of equipment	Rent	23.09.2016	23.08.2017	Prolongation is possible
1 single-mode optical fiber No.7; fiber-optic transmission line from substation Golovinka to substation Volokonka, Lazarevskiy distribution zone	Rent	01.06.2011	01.12.2017	Prolongation is possible
Rooms No. 19 and 21 in building lit. A located at: 62, Dzerzhinskiy street, Tikhoretsk. Area: 21 sq.m.	Rent	08.04.2014	16.10.2017	Prolongation is possible
Part of a corridor in administrative building, located at: 176 Lenina street, Timashevsk, Krasnodar region (ATM is installed), 2 square metres.	Rent	01.06.2007	01.08.2017	Extended to an indefinite term
Premises No. 6 and 6' located at the 2 <sup>nd</sup> floor in building lit. A, 45, Pobedy	Rent	21.03.2014	21.12.2017	Prolongation is possible

street, Timashevsk, Timashevsk district, Krasnodar region. Area: 25.8 sq.m.				
11 reinforced concrete supports of 0.4kV power supply lines	Rent	01.11.2011	Indefinite term	Prolongation is possible
13 reinforced concrete supports of 0.4kV power supply lines	Rent	01.11.2011	Indefinite term	Prolongation is possible
12 reinforced concrete supports of 0.4kV power supply lines	Rent	01.11.2011	Indefinite term	Prolongation is possible
16 reinforced concrete supports of 0.4kV power supply lines	Rent	01.11.2011	Indefinite term	Prolongation is possible
284 reinforced concrete supports of 0.4kV power supply lines	Rent	01.11.2011	Indefinite term	Prolongation is possible
Room № 6 at: 1 Eastern Pier, Novorossiysk, Krasnodar region; total area: 2.5 square metres	Rent	14.04.2009	14.07.2017	Prolongation is possible
Building of control board and back rooms, lit. 2B located at 19, Sacco and Vanzetti street, Novorossiysk. Area: 1.98 sq.m.	Rent	05.08.2011	05.01.2018	Prolongation is possible
Room 1 in dispatch office lit. B, located at: 19 Sacco and Vanzetti street, 10.54 sq.m.	Rent	20.09.2011	20.02.2018	Prolongation is possible
Premises No. 7 on the territory of Gelendzhik distribution zone in repair and production building lit. A at: 24a, Suvorov street, Gelendzhik, total area 0.72 sq.m.	Rent	01.04.2013	01.12.2017	Prolongation is possible
Rooms with communication equipment: a metal cabinet in a modular substation control building and two metal antennas located on the site lightning support at: Krasnodar, Gelendzhik, Praskoveevka, 0.54 sq.m.	Rent	10.07.2014	10.03.2018	Prolongation is possible
Singlemode optical fiber on cable lines sector 110kV, Gelendzhik – Praskoveyevka, 24.4 km	Rent	15.06.2014	15.02.2018	Prolongation is possible
Power line-10 kV, Power line-0,4 kV	Rent	04.02.2016	04.12.2017	Prolongation is possible
Premises with total area 1362.6 square meters, 4 Krasnodarskaya str., Ust-Labinsk, Krasnodar region, area: 31.7 square meters	Rent	04.02.2014	04.10.2017	Prolongation is possible
Facilities No.34, 35, 36, 37 Located at: 54 Vorovskogo str., Armavir, Krasnodar; area: 46, 3 sq.m.	Rent	01.12.2014	01.09.2017	Prolongation is possible

#### IV. Information on the Issuer's business activity

##### 4.1. Results of business activity

Dynamics of indicators showing the issuer's business activity, including its profitability and loss

Standard (rules) applied for making the accounting report: RAS

Unit of measurement for the sum of uncovered loss: thousand rubles

Indicator	2016, 6 months	2017, 6 months
Net Profit, %	1.17	-4.84
Asset turnover ratio, times	0.3	0.28
Profitability of assets, %	0.35	-1.36
Profitability of internal capital, %	0.71	-2.69
Sum of non-covered loss as of reporting date	14 361 524	13 942 069
Ratio of non-covered loss as of reporting date and balance currency	22.29	20.74

All indicators are calculated on the basis of the recommended methods of accounting

Economic analysis of the liquidity and solvency of the issuer, the issuer's capital adequacy for fulfillment of the short-term liabilities and to cover current operating expenses based on the economic analysis of the specified parameters describing the factors which, in the opinion of the issuer, had the most significant effect on the liquidity and solvency of the issuer:

Indicators of return on assets and equity by the results of 6 months of 2017 are negative in connection with loss by the results of the reporting period. Net profitability of equity is decreased for 6 months of 2017 by 3.41 and amounted "minus" 2.69%. A significant impact on the decline of this indicator in the reporting period was the decrease in the Company's net profit, which happens because of decrease in revenues from technological connection by 817 million rubles or 74.7%, as a result of the implementation in the first half of 2016 of a technological connection agreement with "Gazprom invest" PJSC, 5.5 MW capacity for the amount of revenues of 971 million rubles.

Opinions of the issuer's management bodies on the causes or their effects on the financial and economic activities are not the same: **None**

Member of the Board of Directors (Supervisory Board) of the Issuer, or a member of the collegial executive body that has a special opinion on the reasons and/or their impact on the financial performance of the issuer, as reflected in the minutes of the meeting (session) of the Board of Directors (Supervisory Board) of the Issuer or the collective executive body, which considered the relevant issues, and insists on such a view in the quarterly report: **None**

#### 4.2. Liquidity of the Issuer, sufficiency of equity and current assets

Dynamics of indicators showing the issuer's liquidity

Standard (rules) applied for making the accounting report: RAS

Unit of measurement for the sum of net fixed assets index: thousand rubles

Indicator	6 months of 2016	6 months of 2017
Net fixed assets index	-12 939 392	-1 663 490
Current liquidity ratio	0.67	0.85
Quick liquidity ratio	0.59	0.71

By issuers decision the dynamics if indicators characterizing issuer's liquidity is additionally disclosed, the indicators are compiled on the basis of data of consolidated accounting report which is included in the quarterly report: **no**

All indicators are calculated on the basis of recommended methods of accounting: **yes**

Economic analysis of the liquidity and solvency of the issuer, the issuer's capital adequacy for fulfillment of the short-term liabilities and to cover current operating expenses based on the economic analysis of the specified parameters describing the factors which, in the opinion of the issuer, had the most significant effect on the liquidity and solvency of the issuer:

The indicator "Net working capital" has increased by the results of six months of 2017 in comparison to the same period of 2016 and amounts -1 663 490 thousand rubles. The optimum amount of net working capital (net working assets) is determined in accordance with the individual needs of each company and depends on the size and characteristics of its activities, the turnover period of inventories, receivables, and on the conditions of borrowings and loans, etc.

The current liquidity ratio allows to determine how many times current assets cover short-term liabilities. Current liquidity ratio in comparison with the similar period in 2016 increased by 0.18 points, and amounted 0.85.

The quick liquidity ratio shows how the most liquid assets cover the short-term liabilities of the Company. In the first half of 2017, the fast liquidity ratio increased by 0.12 in comparison with the same period in 2016 and amounted 0.71.

The main reason for these changes is reduction in sum of monetary funds and money equivalents.

Opinions of the issuer's management bodies on the causes or their effects on the financial and economic activities are not the same: **None**

Member of the Board of Directors (Supervisory Board) of the Issuer, or a member of the collegial executive body that has a special opinion on the reasons and/or their impact on the financial performance of the issuer, as reflected in the minutes of the meeting (session) of the Board of Directors (Supervisory Board) of the Issuer or the collective executive body, which considered the relevant issues, and insists on such a view in the quarterly report: **None**

#### **4.3. Financial investments of the Issuer**

30.06.2017

The list of the Issuer's financial investments, representing 5 or more percent of all financial investments as of the end of the reporting period

Investments in the securities

Form of securities: **shares**

The Issuer's full business name: **Recreation Centre Plamya Open Joint-Stock Company**

The Issuer's abbreviated business name: **RC Plamya, OJSC**

Issuer's location: **Novomikhailovsky-2 vill., Tuapse district, Krasnodar Territory, 352856**

TIN: **2365000589**

PSRN: **1042330761274**

Date of state registration of the issue (issues)	Registration number	Registering Authority
21.12.2004	1-01-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District
30.01.2012	1-02-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District

06.11.2012	1-03-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District
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Number of securities owned by the Issuer: **19 288 083**

The total nominal value of securities owned by the Issuer: **102226.84 RUR x 1**

The total book value of securities owned by the Issuer: **17 234.2**

Unit of measurement: **thousand rubles**

**The Issuer of securities is subsidiary and (or) affiliate Company in relation to the Issuer that drew up this quarterly report**

**By results of 2016 and 6 months of 2017 no dividends were declared or paid.**

The size of the fixed interest or other income on bonds and other promissory equity securities or the procedure for determining the payment deadline;

the amount of dividend on preferred shares or the procedure for determining when it is defined in the charter of the joint stock company - issuer, term of payment;

the size of declared dividend on ordinary shares (in the absence of data on the size of declared dividend on ordinary shares in the current year, the amount of dividends declared in the previous year), term of payment

Additional information:

By the decision of the Commercial Court of Krasnodar region dd. 02.09.2015 "Recreation Centre Plamya" JSC was declared insolvent (bankrupt), in respect of this company, a bankruptcy proceeding is opened. In accordance with Federal Law "On concerning the Insolvency (bankruptcy)" No. 127-FZ dd. 26.10.2002 since the date of court's decision to declare the debtor a bankrupt and on starting of bankruptcy proceeding, the authorities of managing board of "Recreation Centre Plamya" are terminated.

Type of securities: **shares**

The full name of the Issuer: **"Recreation centre "Energetik", JSC**

Abbreviated name of the Issuer: **"Recreation centre "Energetik" JSC**

Address of the Issuer: **4, Pionerskaya street, village Divnomorskoe, Gelendzhik, Krasnodar region, 353490**

TIN: **2304041820**

PSRN: **1042301876495**

Date of state registration of the issue (issues)	Registration number	Registering Authority
21.12.2004	1-01-34134-E	Direction of the Russian Federal Securities Commission for the Southern Federal District
26.01.2017	1-02-34137-E	Rostov district department of the Southern head management of Bank of Russia

Number of securities owned by the Issuer: **39 845 257**

Total face value of the securities owned by the Issuer: **34665373.59 RUR x 1**

Total book value of the securities owned by the Issuer, RUR: **45 586.7**

Unit of measurement: **thousand rubles**

**The Issuer of securities is subsidiary and (or) affiliate Company in relation to the Issuer that drew up this quarterly report**

**By results of 2016 and 6 months of 2017 no dividends were declared or paid.**

The size of the fixed interest or other income on bonds and other promissory equity securities or the procedure for determining the payment deadline;

the amount of dividend on preferred shares or the procedure for determining when it is defined in the charter of the joint stock company - issuer, term of payment;

the size of declared dividend on ordinary shares (in the absence of data on the size of declared dividend on ordinary shares in the current year, the amount of dividends declared in the previous year), term of payment

Additional information: no

**Investments in non-emission securities**

There are no investments in non-emission securities that make up more than 5 percent of all investments.

The issuer made a reserve for possible losses from investments in securities

The quantity of provision for impairment of securities at the beginning and end of the last completed fiscal year before the expiry date of the last reporting quarter:

In accordance with the Russian Accounting Standard (RAS) "Accounting of investments" RAS19/02 approved by the Ministry of Finance of the Russian Federation on 10.12.2002 No. 126n (hereinafter - RAS 19/02), by Regulation on the accounting policy of the Company provision for impairment as of 31 December 2015 and 31 December 2016 amounted 17 336 thousand rubles. During the 6 months of 2017 the provision for impairment wasn't changed.

**Other financial investments**

There are no other financial investments that make up more than 5 percent of all investments.

Information about the magnitude of potential losses associated with the bankruptcy of organizations (enterprises), in which investments were made, for each type of investment: **no**

Information about losses is provided in the evaluation of the issuer's financial investments, as reflected in the issuer's financial statements for the period from the beginning of the year to the end of the last reporting quarter.

Standards (rules) of accounting reports, under which the issuer made the calculations reflected in this paragraph of quarterly report:

"Financial reports of the organization", approved by order of Ministry of Finance of Russian Federation, RAS 19/02, "Accounting of investments", approved by order of the Ministry of Finance of Russian Federation dated 10.12.2002 No. 126n.

Contributions to the charter capital of other organizations are recognized as financial investments of the organization and are accounted at sum of actual costs of investor, i.e. at the value of contributed assets on which they are recorded in the balance sheet of the investor.

Financial investments, on which the current market value is not determined, are to be reflected in the accounting records and financial statements at the balance sheet at initial cost (paragraph 21 of Regulation on Accounting 19/02).

Financial investments, which make possible to determine the current market value are recognized in the financial statements at the end of the year at the current market value by adjusting their

estimates for the previous reporting date (paragraph 20 PBU 19/02).

Debt securities are accounted at the cost of purchase. The difference between the acquisition cost and the nominal value of the securities should be included in other income and expenses.

#### **4.4. Intangible assets**

30.06.2017

Unit: **thousand rubles.**

Intangible assets	Initial (replacement) cost	Depreciation
Intangible assets	60 273	33 272
TOTAL	60 273	33 272

Standards (rules) of accounting, under which the issuer provides information on its intangible assets:

**Accounting of intangible assets in accordance with the Order of Ministry of Finance of Russian Federation dated 27.12.2007 No. 153n “About approval of accounting “Accounting of Intangible Assets” (RAS 14/2007).”**

Reporting date: **30.06.2017**

#### **4.5. Details of the Issuer’s policy and expenses in the field of scientific and technical development, with regard to licenses and patents, new researches and developments**

Information on the Issuer’s policy in the field of scientific and technical development for the reporting period including disclosure of costs in connection with scientific and technical activity carried out at the expense of the Issuer’s proprietary assets:

The Company’s policy in the field of scientific and technical development is aimed at increase of reliability of energy equipment operation, cost-effectiveness and environmental safety of the Company’s core energy facilities activity.

The Innovative Development Program of Kubanenergo PJSC for 2012-2016 was approved by the Board of Directors of Kubanenergo on 29.07.2011 (as amended on 15.06.2012).

The Innovative Development Program of Kubanenergo PJSC for 2016-2020 with perspectives up to 2025 was approved by the Board of Directors of Kubanenergo on 21.07.2017.

Research and Development plan is part of the Innovative Development Programme of the Company.

Research and Development plan is formed for 5 years:

- for the first year – in details, by topics that are subjects to execution in the planned year including transiting topics on non-completed innovative projects;
- for the next years – forecasting with yearly adjustments.

Research and Development plan for 2017 contains 7 topics, five of them will be launched in 2017.

The Innovative Development Program of the Company for 2017 includes a limit of developing of events of Research and Development plan in the amount of 52.88 mln rubles without VAT.

In the 1<sup>st</sup> quarter of 2017 the company paid the state duty for the maintenance of the patent of the Russian Federation for useful model for the fourth year in the amount of 1 250 rubles.

For R&D topics “Device for phase differential protection of the power line with two-way power supply with the function of long-distance protection of relay protection and switching devices of substations connected to branches” the third stage at the total amount of 2.4 mln rubles

was adopted and “Development of a reflectometry monitoring complex for power transmission lines of 35-220 kV, to detect the locations of their damage and ice deposits on them” the third and fourth stages of R&D works at the total amount of 4.35 mln rubles excluding VAT were adopted.

Information on the creation and acquisition by the Issuer of legal protection of intellectual property rights (including the date of issue and the duration of patents for invention, utility model or industrial design, the state registration of trademarks and service marks, appellations of origin):

On 04.05.2017 as a result of completing of R&D, the “Certificate on state registration of software No. 2017615159 dd. 04.05.2017 “PC for planning MRO” was received.

Federal Intellectual Property Service adopted and registered the following applications:

- Application for invention No. 2017118106 dd. 24.05.2017 “Method of identifying of damage point of power line”;
- Application for invention No. 2017118107 dd. 24.05.2017 “Method of identifying of damage point of power line with many obstacles”;
- Application for utility model No. 2017118103 dd. 24.05.2017 “Improved part of remote backup protection and switching devices of substations connected to brunches from the main power line with double way feed, being a part of differential phase carrier-current protection”.

#### **The main directions and results of use of main for the issuer intellectual property objects:**

It was offered to use the following results of R&D projects received earlier:

- Microprocessor adaptive fine protection of near and remote redundancy of transformers of tap-off and intermediate substations. The specified protection provides a high sensitivity to short circuits for transformers by detecting emergency operation against the background of a comparable level of current load, start-up (self-starting) of electric motors, the influence of transition resistance of the electric arc.

- system of control of power transformers isolation using method of searching of partial discharges. The system prevents accidents, speeds up the detection of isolation defects, decreases repair time and controls quality of repair works.

Risk factors associated with the possible expiry of the basic patents, licenses for the use of trademarks:

**There are no risks associated with the expiration of the patents and licenses for the use of trademarks in the Issuer.**

#### **4.6. Analysis of development trends in the sphere of Issuer's core activity**

Implementation of investment programmes of Kubanenergo and providing for development, technical re-equipment and reconstruction of the electric power grid sector of the Company should provide reliable electric power supply to existing and future electric energy consumers in the next few years.

Positive factors and conditions affecting the Issuer’s activity include, in particular:

- growth of energy consumption in the region
- increase of payment discipline of energy selling companies and “direct” consumers
- growth of capacities commissioned
- power redistribution among consumers according to their needs (actual consumption).

Negative factors and conditions affecting the Issuer’s activity include, in particular:

- ageing of the Issuer's core equipment
- necessity to provide meter reading because of the absence of automated system of remote control and accounting of electric energy



- increase in losses of active energy consumed for heating of wires due to the lack of compensation of reactive power.

General evaluation of the results of Issuer's activity in this particular sector; correspondence of the results of the Issuer's activity to the trends in the sector development; reasons justifying the obtained results of the activity (satisfactory and unsatisfactory results, in the Issuer's opinion):

The main result of the Issuer's activity in power industry consists in provision of reliable and uninterrupted power supply of consumers, consistent implementation of investment projects on construction and reconstruction of overhead lines, substations and power industry facilities, primarily oriented at provision for uninterrupted power supply of the of the Krasnodar Territory seaside areas (along the Black and Azov Seas coasts), Krasnodar as a social and cultural centre, as well as implementation of projects on Taman peninsula: "Construction of transport passage through the Kerch Strait", "Project on construction of dry cargo district in Taman port". Successful resolution of tasks set to the Company contributes to it.

#### **4.7. Analysis of factors and conditions affecting the Issuer's activity**

The impact of inflation, changes in exchange rates, government decisions, economic, financial, political and other factors affecting the business activity of the issuer and which influenced the amount of revenue from sale of goods, products, services and income (loss) from core business.

Among the factors and conditions that directly influence the Issuer's activity is the economic stability of the region.

In the current macroeconomic conditions, the core activity of the issuer is influenced by inflation, as well as increasing interest on loans by the creditor banks. In addition, the growth of productive supply and electricity transmission revenue due to the increase of energy consumption, including through the development of infrastructure of the Krasnodar region and the Republic of Adygea.

Prices (tariffs) for Company's services on energy transmission and grid connection are subject to tariff regulation. The tariffs for 2017 are approved by the Regional Energy Commission of the Krasnodar region:

On 30.12.2016, Order of Order the Regional Energy Commission of the Krasnodar region No.57/2016e approved uniform (boiler) tariffs on transmission services for 2017 (from 01.01.2017 to 27.02.2017).

On 15.02.2017, Order of Order the Regional Energy Commission of the Krasnodar region No.4/2017-e approved uniform (boiler) tariffs on transmission services for 2017. The growth of medium (boiler) tariffs with respect to the approved average tariff in 2016 was 3.5%.

In accordance with the decision of head of administration (governor) of Krasnodar region No. 414 dd. 01.04.2017 "On recognition the decisions of head of administration (governor) of Krasnodar region No. 654 dd. 31.08.2016 "On application of social norm of electric energy consumption (power) on the territory of Krasnodar region" as invalid, by the Order of Regional Energy Commission-Department of Prices and Rates of Krasnodar region No. 13/2017-e dd. 28.06.2017 the changes were made in the Order of Regional Energy Commission-Department of Prices and Rates of Krasnodar region No. 4/2017-e dd. 15.02.2017 for the second half year of 2017.

On 26.12.2016, Order the Regional Energy Commission of the Krasnodar region No.53/2016-e (with changes and additions from 29.12.2016, 18.01.2017) approved standardized tariff rates and the rate per unit of maximum power for technological connection to the networks of Kubanenergo PJSC for 2017. Standardized tariff rates and the rate per unit of maximum output to cover the construction costs of transmission facilities (C2, C3 and C4) are approved for connection to a voltage below 35 kV. Standardized rate (C1) to cover expenses for technological connection, not including the cost of construction and reconstruction of electric grid facilities, approved at the 35 kV voltage level and below. Growth C1 rate was 4.5% compared to last year's level. The values of C2, C3 and C4 are approved at the level of 2016.

Undeveloped networks in particular districts of the Krasnodar region and the Republic of Adygea together with ever growing demand have led to overloading of power lines and transformers. Reliability of power supply is reduced because of aged equipment, which means extra expenditures for keeping the equipment going.

In the part of power transmission services, the Issuer's activity is influenced by:

- due to the fact that calculation of technological losses is performed based on regular network scheme, all changes in its parameters and configurations influence the amount of energy losses (necessity of redistribution of loads related to prevention of emergency situations in networks of Kubanenergo PJSC, and in the networks of related entities of electric power; technological necessity under the instructions of the Regional Dispatch Control). These forced changes to the normal network scheme usually lead to a significant increase in the actual losses of electricity as due to losses in the power transformers, and power loss occurring due to the transmission of additional reactive power derived from the backup power transformers and increased for the reasons given admission to the network.

- shortage of record-keeping equipment makes impossible to analyze in due time the load on networks.

These factors are components of general trend of service market development, in the opinion of the Issuer, they are able to have positive influence on the activity in the medium term.

Measures taken by the issuer to efficiently use these factors and conditions:

The Company pays great attention to development of power grid facilities using scientifically grounded technical solutions and technologies tested during the operation of, modern equipment.

In order to meet consumers' demand for more capacity, a reliable and uninterrupted electricity supply, the Company invested considerable funds for the reconstruction of electrical networks and the creation of new connection points.

The Company continuously interacts with the Department in order to establish reasonable tariffs.

The list of internal and external measures, taken to increase the efficiency of business processes in both "Kubanenergo" PJSC and the group of companies "Rossetti" PJSC in general, has been defined taking into account the prevailing macroeconomic conditions.

Methods used by the issuer and methods the issuer plans to use in the future to reduce the negative effect of factors and conditions influencing the issuer's activity:

Currently Kubanenergo PJSC implements the following programmes:

- investment programme,
- programme on improvement of the efficiency, reliability and safety of energy production,
- repair programmes.

Implementation of developed by Kubanenergo investment programmes that include the development, modernization and reconstruction of electric grid facilities of the Company. This should improve the state of power supply to consumers of electricity in the coming years.

In addition, the issuer shall apply the following methods:

- implementation of measures aimed to improve the payment discipline and reduce the accounts receivable for electricity transmission services, including the elaboration of mechanisms of consolidation of transmission assets;
- optimization of the investment costs;
- providing cost savings through effective use of material resources, increase productivity, optimization of the organizational structure of the Company (without loss of qualified personnel);
- imposition of limitations on power consumption in case of debts in payments for the electricity from the customers;

- carrying out work on the consolidation of property owned by territorial grid companies that do not meet the criteria of referring the owners to territorial grid companies, approved by the order of the RF Government No.184 dated 28.02.2015 “On attribution of owners of grid facilities to territorial grid companies”.

Significant events/factors that may have the most negative impact on the possibility gaining by the Issuer in the future the same or better results as compared to the results obtained for the last reporting period, as well as the likelihood of such events (factors):

Development of infrastructure of the region that is located in the Company's area of responsibility, construction of various objects is accompanied by an increase in electricity consumption. There is a situation in which may occur and increase the risks of ensuring reliability of electricity supply to consumers and stable operation of the power grid due to overloading of transmission lines and transformers in normal and post-emergency conditions, as well as the wear and tear of power equipment. Number of equipment, buildings and structures that are worn-out and subject to replacement, reconstruction or technical re-equipment is growing constantly. The probability of such events is estimated by the Company as average.

Negative factors and conditions affecting the Issuer's activities also include:

-half automatized electricity metering systems, which reduces the accuracy of the reporting of account information from user;

- increase in the active power loss consumed for heating wires due to the lack of compensation of reactive power consumers.

Significant events/factors that may improve the performance of the issuer, and the probability of their occurrence and their duration:

- the growth of energy consumption in the regions of the Company's presence,

- implementation of the investment programme, which allows to increase operational efficiency,

- improving the payment discipline of retail companies and “direct” customers;

- redistribution of power between consumers according to their needs (actual consumption);

- development of energy service activities, automation of electricity metering in networks with problem areas helps to reduce losses;

- solution of public authorities in setting tariffs for electricity transmission and to ensure non-discriminatory access of consumers to power grids,

- decrease in interest charged by banks on credit contracts due to changes in financial market conditions,

- minimization of operating costs as part of the performance management programme of activities that allow the Company to achieve the target to reduce the cost of electrical equipment maintenance unit by 15% by 2017 from the level of 2012, and achieve a reduction in operating expenses by at least 3% compared to the previous year.

Implementation of the developed by Kubanenergo investment programmes that ensure the development, modernization and reconstruction of electric grid facilities of the Company, will provide reliable power supply of existing and prospective consumers of electricity in the coming years.

The likelihood of such factors is estimated by the Company as considerable. To anticipate the duration of these events is not possible due to the uncertainty of the economic situation development in Russia and in the whole world.

#### **4.8. Issuer's Competitors**

Information disclosed in this paragraph did not changes during the reporting period.

## **V. Information on persons that are members of the Issuer's management bodies, the Issuer's bodies in charge of control of financial and business activity and brief details on the Issuer's employees (workers)**

### **5.1. Information on the structure and competence of the Management Bodies of the Issuer**

Detailed description of the Issuer's Management Bodies and their competences in accordance with the Issuer's Charter (constituent documents):

In accordance with the Charter of "Kubanenergo" PJSC, the management bodies of the Company are:

- General Meeting of Shareholders (Supreme Management Body of the Company);
- Board of Directors (General Management of the Company);
- Management Board (Collegial Executive Body of the Company);
- General Director (Sole Executive Body of the Company).

The General Director and the Management Board of the Company govern the current activity of the Company.

Issues referred by the Company's Charter to the competence of the General Meeting of Shareholders of the Issuer:

**In accordance with the Company Charter, the following issues are referred to the competence of the General Meeting of Shareholders:**

- 1) Introduction of changes and amendments to the Charter or approval of a new version of the Charter;
- 2) Reorganization of the Company;
- 3) Liquidation of the Company, appointment of liquidation commission and approval of intermediate and final liquidation balances;
- 4) Determining the number, nominal value, category (type) of declared shares and rights, vested in such shares;
- 5) Increase of charter capital of the Company through increase of nominal value of shares or placement of additional shares;
- 6) Reduction of charter capital of the Company through reduction of nominal value of shares, acquisition of a part of shares by the Company with the purpose of reducing of their total number and through redemption of shares acquired or bought out by the Company;
- 7) Splitting and consolidation of the Company shares;
- 8) Making decision on placement of the Company bonds convertible into shares and other issued securities convertible into shares;
- 9) Determination of the number of members of the Board of Directors of the Company, election of its members and early termination of their powers;
- 10) Election of members of the Auditing Commission of the Company and early termination of their powers;
- 11) Approval of external Auditor of the Company;
- 12) Approval of resolution on transfer of the power of the sole executive body of the Company to a management organization (manager) and on early termination of their powers;
- 13) Approval of annual report, annual accounting statements (financial) of the Company;
- 13.1) profit distribution (including the payment (declaration) of dividends, except for the profits distributed as dividends according to the results of the first quarter, six months, nine months, reporting year) and losses of the Company according to the results of the reporting year
- 14) payment (declaration) of dividends by the results of the first quarter, semi year, nine months of reporting year;
- 15) Determination of the proceedings of the General Meeting of the Company's Shareholders;
- 16) Making decision on consent to making or on subsequent approval of transactions in the cases stipulated by Article 83 of the Federal Law "On Joint Stock Companies";

- 17) Making decision on consent to making or on subsequent approval of major transactions in the cases stipulated by Article 79 of the Federal Law “On Joint Stock Companies”;
- 18) Approval of resolution on participation in financial and industrial groups, associations and other unions of commercial organizations;
- 19) Approval of internal documents regulating the activity of the Company’s bodies;
- 20) Making decision on payment of remuneration and (or) compensations to the members of Auditing Commission;
- 21) Making decision on payment of remuneration and (or) compensations to the members of the Board of Directors;
- 22) decisions on filing an application on delisting Company’s shares or securities convertible to shares
- 23) Making decision on other matters, stipulated by the Federal Law “On Joint Stock Companies”.
  - 1) Determination of the priority domains of the Company activities;
  - 2) Convening of the annual and extraordinary General Meetings of the Company Shareholders, with exception of the cases specified in Clause 14.8 of Article 14 hereof and declaration of the new General Meeting date to be held instead of a failed one due to absence of quorum;
  - 3) Approval of the agenda of the General Meeting of the Company’s Shareholders;
  - 4) Election of the secretary of the General Meeting of the Company’s Shareholders;
  - 5) Determination of the date of record of the list of persons entitled to attend the General Meeting of the Company’s Shareholders, fixing up the date of making the list of persons entitled to receive dividends, approving of costs estimated on holding general meeting and making decisions on other issues related to preparation and holding of the General Meeting of the Company’s Shareholders;
  - 6) The decisions on issues specified in sub-items 2, 5, 7, 8, 12–20 of Clause 10.2 of Article 10 hereof, as well as reduction of charter capital of the Company, on fixing up the date of making the list of persons entitled to receive the dividends can be made by AGM only at the suggestion of the Board of Directors of the Company.
  - 7) placement of additional shares, into which preferred shares placed by the Company of a certain type are converted, convertible into common shares or preferred shares of other types, if such a placement is not associated with an increase in the authorized capital of the Company, as well as placement of bonds or other equity securities other than shares; Eurobond issue and determining policy in the sphere of the issue of securities (except for shares) and Eurobonds;
  - 8) Approval of resolution on issue (additional issue) of securities, securities issue prospect, and report on the results of the securities issue (additional issue), and notification on results of issue (additional issue) of securities, approval of reports on the results of acquisition of shares from the Company shareholders, reports on share redemption results, reports on the claims of the Company shareholders for repurchase of shares held by them;
  - 9) Determination of the property price (pecuniary valuation), price of placement or procedure of fixing the price and redemption of issued securities in the cases stipulated by the Federal Law “On Joint Stock Companies” and upon making decisions on the issues specified in Items 11, 21, 38 of Clause 15.1 hereof;
  - 10) Acquisition of the shares, bonds and other securities placed by the Company in the cases stipulated by the Federal Law “On Joint Stock Companies”;
  - 11) Alienation (realization) of the Company shares occurring at the Company’s disposal as a result of their acquisition or repurchase from the shareholders of the Company and in other cases stipulated by the Federal Law “On Joint Stock Companies”;
  - 12) Election of General Director of the Company and early termination of his powers, including resolution on early termination of the employment contract within him;
  - 13) Determination of the number of members of the Management Board of the Company, election of members of the Management Board of the Company, fixing the remuneration and compensation to be paid to them, early termination of their powers;
  - 14) Recommendations to the General Meeting of the Company’s Shareholders concerning the

size of remuneration and compensations paid to the members of the Auditing Commission and determination of the amount of fee to be paid for the Company's external Auditor's services;

15) Recommendations on the size of dividends on shares and the procedure of their payment;

16) Approval of internal documents of the Company determining the procedure of formation and use of the Company funds;

17) Approval of resolutions on the use of the Company funds; approval of the estimates for the use of the special purpose funds and consideration of the results of implementation of estimates of the special purpose funds;

18) Approval of internal documents of the Company, with exception of the internal documents, the approval of which falls within the competence of the General Meeting of Shareholders, and other internal documents the approval whereof falls within the competence of executive bodies of the Company;

19) Approval of business plan (adjusted business plan) and consideration of the quarterly report on implementation of the business plan (for the first quarter, first half, nine months, the reporting year); approval (adjustment) of the list and values of the control indicators of the cash flow of the Company;

19.1) On approval of investment program, including amendments to it and quarterly report on the results of implementation of investment programme;

20) Establishing of branches and opening of representative offices of the Company, their liquidation;

21) Approval of resolutions on the Company's participation in other organization (joining an existing organization or establishment of a new organization, including approval of constituent documents) and on acquisition, alienation, and encumbrance of shares and shareholdings in the charter capital of the organizations in which the Company participates change of participatory interest in the charter capital of a corresponding organization and termination of the Company's participation in other organizations, with the exception of the decisions on participation provided for in subparagraph 18 of paragraph 10.2 of Article 10 of the Charter;

22) Determination of credit policy of the Company as regards the Company's granting loans, entering into credit agreements and loan agreements, issue of sureties, assuming liabilities on bills and notes (issue of promissory notes and bills of exchange), pledge of property, and passing resolutions on the Company's participation in such transactions in the cases when the decision making procedure in their respect has not been determined by the credit policy of the Company, and the approval of resolutions on bringing the Company's debts in balance with the limits established by the credit policy of the Company in accordance with the procedure stipulated in the credit policy of the Company;

23) Consent to making or further approval of major transactions in the cases stipulated by chapter X of the Federal Law "On Joint Stock Companies";

24) Consent to making or further approval of transactions stipulated by chapter X of the Federal Law "On Joint Stock Companies";

25) Approval of the Company's Registrar, terms and conditions of an agreement with him, as well as termination of the agreement with him;

26) Election of the Chairman of the Board of Directors of the Company and early termination of his powers;

27) Election of the Deputy Chairman of the Board of Directors of the Company and early termination of his powers;

28) Election of Corporate Secretary of the Company and early termination of his powers;

29) Preliminary approval of resolutions on the Company's making transactions connected with gratuitous transfer of the Company property and property rights (claims) as regards itself or a third party; transactions connected with release from property liability towards itself or a third party; transactions connected with free of charge rendering of services (performance of work) by the Company to third parties in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, and approval of resolutions on the Company's making of such

transactions in the cases when the above specified cases (scopes) are not determined;

30) Approval of organizational structure of the executive authority of the Company and alterations to the same;

31) Making decision on suspension of the powers of the managing company (manager);

32) Making decision on appointment of an acting General Director of the Company in the cases determined by specific resolutions of the Board of Directors of the Company, and his bringing to disciplinary responsibility;

33) Bringing the General Director of the Company and members of the Management Board of the Company to disciplinary responsibility, and their reward pursuant to the labor law of the Russian Federation;

34) Consideration of reports of the General Director on the Company's activity (including the discharge of his duties), on implementation of the resolutions of the General Meeting of Shareholders and the Board of Directors of the Company;

35) Approval of the procedure of relations of the Company with the organizations, in which the Company is a participant;

36) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the General Meetings of Shareholders (participants) and meetings of the boards of directors of affiliated and dependent companies), including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained:

- a) On determination of agenda of a general meeting of shareholders (participants) of affiliated and subsidiary companies (except those where the Company owns 100% of authorized capital);
- b) On determination of the number of members in the supervisory and control bodies of affiliated and dependent companies, nomination, election of their members and early termination of their powers; nomination, election of sole executive body of affiliated and dependent companies and early termination of its powers;
- c) On definition of number, nominal value, category (type) of declared by affiliated and dependent companies shares and rights, vested in such shares;
- d) On increase of charter capital of affiliated and dependent companies through increase of nominal value of the shares or through placement of additional shares;
- e) On placement of securities of affiliated and dependent companies convertible into ordinary shares;
- f) On splitting, consolidation of shares of affiliated and dependent companies;
- g) Consent to making or further approval of major transactions made by affiliated and dependent companies;
- h) On affiliated and dependent companies' participation in other organizations (on joining an existing organization or establishing of a new organization), and on acquisition, alienation or encumbrance of shares and interest in charter capitals of the organizations in which affiliated and dependent companies, change of participatory interest in the charter capital of a respective organization;
- i) On affiliated and dependent companies entering into transactions (including interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;
- j) On introduction of alterations and amendments to the constituent documents of affiliated and dependent companies;
- k) Determination of the procedure of remuneration payment to the members of the Board of Directors and Auditing Commission of affiliated and dependent companies;

- l) on approval of business-plan (adjusted business-plan) of SDC;
  - m) On consideration of investment program, including amendments to the same;
  - n) On approval of target values of key performance indicators (adjusted target values of key performance indicators);
  - o) On approval of report on compliance with the planed values of annual and quarterly key performance indicators;
  - p) on consideration of business plan status report of SDC for the reporting year;
  - q) On approval of profit and loss distribution by the results of fiscal year;
  - r) On recommendations as regards size of dividends on shares and their payment procedure;
  - s) On payment (declaration) of dividends by the results of the first quarter, half-year, nine months of fiscal year, and by results of the fiscal year;
  - t) On approval (consideration) of report on the implementation of the investment program;
  - u) on reduction of the authorized capital of subsidiaries and affiliates by reducing the nominal value of shares through the acquisition of subsidiaries and affiliates' shares in order to reduce their total number, as well as by redemption of repurchased shares of subsidiaries and affiliates
  - v) determination of the credit policy of the affiliated and subsidiary companies in respect of provision of loans, making credit contracts and loan agreements, issue of guarantees, commitments on bills (issuing of ordinary and transfer bill), property mortgage and making decisions about the subsidiaries and affiliates of such transactions when the procedure for making decisions on them is not determined by the credit policy of subsidiaries and affiliates, as well as the adoption in the manner prescribed by the credit policy of affiliated and subsidiary companies on bringing the debt position of affiliated and subsidiary companies in line with the limits established by the credit policy of the SDC report on the review of the credit policy of subsidiaries and affiliates, the approval of the loan plan of affiliated and subsidiary companies on the approval of the plan of development of subsidiaries and affiliates, the adjusted plan of development of subsidiaries and affiliates, on the consideration of the report on the implementation of the plan of development of affiliated and subsidiary companies;
- 37) Determination of the opinion of the Company (representatives of the Company) on the following issues of the agenda of the meetings of the boards of directors of subsidiaries and affiliates (including the authorization to participate or not to participate in the voting on the agenda issues, voting on the draft resolutions in favor, against or abstained):
- a) On determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of the general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, related to making (approval of) transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by the procedure of the Company's interaction with the organizations, in which the Company participates, to be approved by the Board of Directors of the Company;
  - b) Determination of the opinion of subsidiaries and affiliates representatives on the issues of the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of societies affiliated and associated in respect of subsidiaries and affiliates, engaged in generation, transmission, dispatching, distribution and sale of electric and thermal energy, on reorganization, liquidation, increase of charter capitals of such societies through increase of nominal value shares or through placement of additional shares, placement of securities convertible into ordinary shares;
- 38) Preliminary approval of resolutions on the Company's entering into:
- a) Transactions the subject matter whereof is noncurrent assets of the Company comprising over 10 percent of book value of such assets according to the accounting statements of the Company as of



the latest reporting date;

b) Transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases (amounts) were not determined by the BoD;

c) Transactions (including several interrelated transactions) connected with acquisition, alienation or possible alienation of the property comprising the fixed assets, intangible assets, facilities under construction, the purpose of use whereof is not generation, transmission, dispatching, distribution of electric and thermal energy in the cases (within the scopes) determined by specific resolutions of the Board of Directors of the Company, or if the specified cases were not determined by the BoD;

d) transactions for receiving or transferring of fixed assets for temporary possession and use or for temporary use for a period of more than 5 years, in cases (amounts) determined by separate decisions of the Board of Directors

39) Appointment of Company representatives for participation in supreme governance bodies of organizations with any legal form of incorporation, in which the Company participates;

40) Approval of resolutions on nominating of persons to the position of sole executive body, to other governance bodies, control bodies, and nominees to the position of external auditor of the organizations of organizations of any legal form of incorporation, in which the Company is a participant;

41) definition of the Company's policy in the field of insurance, control of insurance coverage for the Company, including the approval of the Company's nominees Insurers;

42) Approval of appraiser (appraisers) for determination of the value of shares, property and other assets of the Company in the cases stipulated by the Federal Law "On Joint Stock Companies", this Charter, and specific resolutions of the Board of Directors of the Company;

43) Preliminary approval of collective agreement, contracts entered into by the Company within the scope of regulation of social and labor relations, and approval of documents on non-state pension schemes for the Company employees;

44) Approval of financial adviser engaged pursuant to the Federal Law "On Securities Market", and organizers of securities issue, and advisors on transactions directly connected with raising funds in the form of public borrowings;

45) Preliminary approval of transactions which may entail origination of currency liabilities (or liabilities the amount whereof is linked with foreign currency), transactions with derivative financial instruments, in the cases and in the amounts to be determined by specific resolutions of the Board of Directors of the Company, and when such cases (amounts) have not been determined by the Board of Directors of the Company; determination of Company's policy in the sphere of conclusion of transactions with derivative financial instruments;

46) Determination of procurement policy of the Company, including approval of Regulations on purchase of goods, works, services, and approval of procurement plan, and passing of other resolutions in accordance with the approved documents of the Company regulating the procurement activity of the Company;

47) Approval of methodology for calculating and evaluating the key performance indicators (KPIs) of the Company's General Director, their target values (adjusted values) and reports on their implementation;

48) Approval of resolution on nominating the General Director of the Company a deserving to be decorated with state awards;

49) Determination of housing policy of Company in terms of providing the Company participants with corporate assistance in improving their housing conditions in the form of subsidies, compensation of expenses, interest free loans and approval of resolutions on rendering the above support by the Company in the cases when the procedure of such support is not defined in the housing policy of the Company;

- 50) Determination of the Company policy as regards the enhancement of reliability of the distribution facilities of electric mains and other power grid facilities, including approval of strategic programs of the Company on enhancement of reliability of the power grid facilities, development and safety of power grid facilities;
- 51) Forming committees of the Company Boards of Directors, election of members of the committees of the Company Boards of Directors, and early termination of their powers, election and early termination of powers of the chairmen of the committees of the Company Boards of Directors;
- 52) Approval of regulations on material incentives of the General Director, regulations on material incentives of top managers of the Company; approval of the list of top managers;
- 53) Approval of nominees to certain positions in the Company's executive body, determined by the Company's Board of Directors;
- 54) filing an application for listing of Company's shares and (or) securities of the Company convertible into shares
- 55) decision on joining the Company to industry and inter-industry standards, regulations and other documents in the electricity sector in various areas of the Company's activities, including the technical regulation.
- 56) determination of the principles and approaches to internal audit, risk management and internal control systems in the Company;
- 57) assessment of key operational risks (both financial and non-financial risks), as well as the establishment of an acceptable amount of risk for the Company;
- 58) organization of at least once a year of analysis and evaluation of the systems of risk management and internal control including on the basis of data from reports regularly received from the executive bodies of the company, internal audit and external auditors of the company;
- 59) annual review of questions of arrangement, functioning and effectiveness of the risk management and internal control systems in the Company;
- 60) control and organization of activity of the internal audit, including approval of the provision on the division of internal audit, in case of involvement of an external independent organization for the internal audit - approval of such an organization and conclusion of a contract with it, approval of a plan of internal audit activity, the report on performance of the plan of activities of internal audit and budget of the internal audit, approval of decisions on the appointment, termination, and also definition of remuneration of the head of the internal audit, review of results of assessment of the quality of the internal audit function;
- 61) monitoring the compliance of the company's executive bodies approved by the Company's strategy; hearing of reports of General Director and members of Company's Management Board on the implementation of the approved the Company of strategy;
- 62) recommendations to the executive bodies of the Company on any matters of the Company;
- 63) other issues, referred to the competence of the Board of Directors by the Federal Law "On Joint Stock Companies" and this Charter.

**The following issues fall within the competence of the Management Board of the Company:**

- 1) Approval of resolutions on the issues falling within the competence of the supreme governance bodies of economic societies in which 100 (one hundred) percent of charter capital or all voting shares are held by the Company (taking into account Item 36 of Clause 15.1 of Article 15 hereof);
- 2) Elaboration and submission to the Board of Directors of prospective plans for implementation of the principal areas of Company activities;
- 3) Preparation of business plan (adjusted business plan), and reports on the progress of its implementation as well as approval (adjustment) of the indicators of cash (budget) flow of the Company;
- 4) Preparation of the annual report of the Company, a report on implementation of the decisions of the General Meeting of Shareholders and the Board of Directors of the Company by the Management Board;
- 5) Approval of plans and arrangements for training and skill development of the Company employee;

- 6) Establishing social benefits and guarantees for the Company employees;
- 7) Approval of resolutions on entering into transactions the subject matter whereof is the property, works and services, the value of which makes from 1 to 25 percent of the book value of the Company's assets according to the accounting statements as of the latest reporting date (except for the cases specified in Item 38 of Clause 15.1 of Article 15 hereof);
- 8) Consideration of reports of the Deputies General Director of the Company, heads of structural divisions of the Company on the results of implementation of the adopted plans, programs, instructions, consideration of reports, documents and other information on the activities of the Company and its affiliated and associated companies;
- 9) effective risk management within the framework of the current activities of the Company; approval of the budget for the risk management activities within the limits agreed by the Board of Directors of the Company; the resolution of cross-functional (performed by several structural divisions) objectives for risk management;
- 10) Solving of other issues of management of day-to-day operations of the Company in compliance with the resolutions of the General Meeting of Shareholders, Board of Directors of the Company, and other issued submitted by the General Director to the Management Board for consideration.

**Items related by Company Charter to the competence of the Director General of the Issuer:**

The competence of Kubanenergo, PJSC Director General includes all matters pertaining to management of the company's day-to-day activities, with the exception of those matters, which are referred to the competence of the Company's General Shareholders Meeting, of the Board of Directors or of the Management Board.

The Director General of the Company acts on behalf of the Company without a power of attorney, including subject to the restrictions imposed by the law of the Russian Federation in force, the Charter and the decisions of the Board of Directors of the Company:

- Secures the implementation of plans of the Company activities, required for attaining of the set objectives;
- Arranges the accounting and reporting in the Company;
- Manages the Company property, makes transactions on behalf of the Company, issues powers of attorney, opens current and other accounts of the Company with the banks, other credit institutions (and in the cases stipulate by the law – with organizations that are professional participants of the securities market);
- Issues orders, approves (accepts) instructions, local normative acts and other internal documents of the Company related to the matters within his competence, gives instructions binding on all employees of the Company;
- Approves Regulations on branches and representative offices of the Company;
- In accordance with the organizational structure of the executive body of the Company the manning table and salaries of the Company employees;
- Exercises the rights and performs the obligations of the employer in respect of the Company employees, stipulated by the labor law;
- Performs the functions of the Chairman of the Management Board of the Company;
- Distributes duties between the deputies of General Director;
- The latest 45 (forty five) days prior to the date of the annual General Meeting of Shareholders submits to the Board of Directors the annual report, annual accounting statements, profit and loss account of the Company, profit and loss distribution;
- Resolves other issues of day-to-day operations of the Company, except for the issues falling within the competence of the General Meeting of shareholders, Board of Directors and the Management Board;
- Is responsible for securing the secrecy order in the Company, including upon arrangement of encrypted communication;

- Is personally responsible for selection of persons having access to the data classified as state secret, and for creation of conditions in which the Company employees become aware only of those details of the data classified as state secret and to such an extent which according to the law of the Russian Federation on state secrets is required for performance of official (functional) duties.
- Approves the methodology for calculating and evaluating the key performance indicators for the Company's units (officers), their target values (adjusted values), and reports on their implementation

The Issuer has adopted (accepted) the Corporate Governance Code or any other similar document.

The information on corporate governance code or similar document:

For the purpose of Issuer's management transparency, observance of standards of due corporate governance, the Board of Directors adopted Corporate Governance Code on 30.10.2006. Redrafted document dd. 06.03.2013 approved by Company's BoD (Minutes No. 154/2013 dd. 07.03.2013).

Full text of the Corporate Governance Code is available on the Company's website at:

<http://kubanenergo.ru/o-kompanii/uchreditelnye-i-vnutrennie-dokumenty/vnutrennie-polozheniya/>

During the last reporting period, changes were made to the charter (constitutive documents) of the issuer, or in the internal documents regulating the activities of the issuer's bodies

Details included in the last reporting period in the statute of the issuer and the internal documents regulating the activities of the issuer:

In order to bring in compliance with the requirements of the legislation of the Russian Federation and improve the practice of corporate governance, on 16.06.2017 the annual General Meeting of Shareholders of the issuer adopted resolutions on the new version of the Charter, the Regulations for the General Meeting of Shareholders, the Regulations for the Board of Directors, the Regulations for the Audit Commission of the Company.

The most significant novelties introduced in the Charter of Kubanenergo PJSC:

- changing the wording of the Company's activities in accordance with the requirements of the current legislation;
- clarification of the procedure for information support for persons who are clients of nominal holders;
- bringing the terminology into line with the current legislation;
- inclusion of the possibility of distant participation of shareholders in the General Meetings;
- bringing the deadlines for convening an extraordinary General Meeting of Shareholders in line with the current legislation;
- clarification of the competence of the Board of Directors and the Management Board.

The most significant novelties introduced in the Regulations for the General Meeting of Shareholders of Kubanenergo PJSC:

- clarification of the procedure for information support for persons who are clients of nominal holders;
- bringing the terminology in line with current legislation;
- inclusion of the possibility of distant participation of shareholders in the General Meetings;
- bringing the deadlines for convening an extraordinary General Meeting of Shareholders in line with the current legislation;
- supplementing the list of information (materials) to be submitted to persons entitled to participate in the General Meeting of Shareholders of the Company.

Significant novelties introduced in the Regulations for the Board of Directors of the Company:

- inclusion of obligations of the members of the Board of Directors on declaring the presence of circumstances, by virtue of which they can be deemed interested in the Company's transactions;
- inclusion of requirements to the members of the Board of Directors in terms of their status and competence;

- the possibility of expressing a special opinion on the agenda of the meeting of the Board of Directors by a member of the Board of Directors.

The main changes to the Regulations for the Audit Commission of Kubanenergo PJSC:

- expansion of the duties of the Company's employees in cooperation with the Audit Commission (in order to improve the effectiveness of the response to violations and shortcomings identified by the audit commissions);
- the possibility of sending a written opinion to the Audit Commission on the issues of the agenda of the meeting of the Audit Commission is envisaged.

## 5.2. Information on members of the Issuer's Management Bodies

### 5.2.1. Composition of the Board of Directors of the Issuer (Supervisory Board)

Name: **Fadeev Alexander Nikolaevich**

(chairperson)

Year of birth: **1949**

Education:

**Higher. Moscow Institute of Engineers in Geodesy, Aerophotography and Cartography: "Optical and electrical devices" (1972).**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2011	2014	FGC UES JSC	Deputy Chairperson of the Management Board in charge of Security
2012	2013	Elektroservis JSC	Member of the Board of Directors
2013	2016	IDGC of Ural JSC	Chairperson, Member of the Board of Directors
2014	now	Rosseti PJSC (former Rosseti JSC)	Deputy Director General in charge of Security; then Chief Advisor
2015	2017	IDGC of Centre and Volga region PJSC	Chairperson of the Board of Directors
2015	now	IDGC of Siberia PJSC	Chairperson of the Board of Directors
2016	now	IDGC of Ural PJSC	Member of the Board of Directors
2017	now	IDGC of North Caucasus PJSC	Chairperson of the Board of Directors
2017	now	IDGC of Volga PJSC	Member of the Board of Directors
2017	now	Kubanenergo PJSC	Chairperson of the Board of Directors
2015	now	IDGC of the South PJSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: **This member of the board of directors (supervisory board) does not participate in any committees under the board of directors (supervisory board)**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal

record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Balaeva Svetlana Alexandrovna**

Year of birth: **1973**

Education:

**Higher. The State University of Management: “Manager -Economist” (1995), passed qualifying exams for admission to postgraduate study**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2008	now	Rosseti PJSC (former Holding IDGC JSC, Rosseti JSC)	Head of Investments Department; then Head of Investment Activity Department; the Deputy Director General in charge of Investments; then Chief Advisor
2013	2014	IDGC of North West JSC	Member of the Board of Directors
2014	2017	Tyumenenergo JSC (former Tyumenenergo OJSC)	Member of the Board of Directors
2017	now	Kubanenergo PJSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: **This member of the board of directors (supervisory board) does not participate in any committees under the board of directors (supervisory board)**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Varvarin Alexander Viktorovich**

Year of birth: **1975**

Education:

**Higher. Institute of International Law and Economics named after Griboedov A.S. – Legal studies (1998)**

All offices having been/being held by the person concerned with the Issuer and other organizations

during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		
2005	now	Russian Union of Industrialists and Entrepreneurs	Head of Legal Department, Director of Department of Corporate Relationships, after – Managing Director in charge of Corporate Relationships and Legal Groundwork; then Vice-President in charge of Corporate Relations and Legal Support
2006	now	Central checkup committee of distribution zone Non-profit organization	Director General, Member of the Board
2006	2014	Russian union of self-regulatory organization of arbitration managers	Deputy Chairperson of the Board
2008	now	MSOPAU Non-profit partnership	Chairperson of the Management Board
2009	2016	VTsiOm JSC	Member of the Board of Directors
2009	2016	VNIPINeft JSC	Chairperson of Board of Directors
2011	2016	TNITI JSC	Chairperson of Board of Directors
2011	2017	IDGC of Volga PJSC (earlier – IDGC of Volga JSC)	Member of the Board of Directors
2012	2013	TransTeleCom Company CJSC	Member of the Board of Directors
2012	now	Russian Railways JSC	Member of Auditing Committee
2013	2015	Production and scientific centre JSC, TsNIIMashdetal JSC, TsNIIKP JSC, TsNIILKA JSC, TsNIIPIK JSC	Chairperson of Board of Directors
2013	2015	GTLK JSC; IDGC of North Caucasus JSC	Member of the Board of Directors
2013	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Member of the Board of Directors
2014	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Chairperson of the Committee for Technological Connection;
2014	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Member of the Personnel and Remuneration Committee
2016	2016	VNII NP JSC	Member of the Board of Directors
2017	now	Mosenergostroy Construction Industrial Company	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
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Committee for technological connection	yes
Personnel and remuneration committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Full name: **Gavrilov Alexander Ilich**

Year of birth: **1973**

Education:

**Higher:**

**State Kuban University, specialty – Accounting and audit (1995)**

**State Kuban Polytechnic University, specialty – Exploitation and operation of oil-and-gas-field (2006)**

**Conferred a degree on Doctor of Economics (2010)**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
From	To		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic theory chair, Economics and Management of Faculty of Economics
2013	2013	FGC UES, JSC	Chief Advisor to the Chairman of Board
2013	Now	Kubanenergo PJSC (former – Kubanenergo JSC)	Director General, chairperson of Management Board
2014	Now	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: **This member of the board of directors (supervisory board) does not participate in any committees under the board of directors (supervisory board)**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal



record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Gritsenko Vladimir Fyodorovich**

**Independent member of the BoD**

Year of birth: **1965**

Education: higher education. **Russian State University for the Humanities – “Law studies”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2010	2012	Unitel Grupp LLC	Business Development Director
2012	now	Unitel Engineering LLC	Business Development Director
2016	now	OPORA RUSSIA Non-profit Partnership	Presidium member
2016	now	Kubanenergo PJSC	Member of the BoD
2016	now	Kubanenergo PJSC	Member of the Committee for Strategy. Development, Investments and Reform under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Committee for strategy, investments, reform and development	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Yefimov Alexander Leonidovich**

Year of birth: **1982**

Education: higher education. **Moscow Law Enforcement Academy – “Law studies”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		

2009	2013	FGC UES JSC	Head of Department for Protocol Functions; then Director in charge of Protocol Function – Head of Department for Protocol Functions
2013	now	Rosseti PJSC (former – Rosseti JSC)	Head of Department for Protocol Functions; then Head of Department for Protocol Functions and Administrative Services; then Head of Administrative Department; Head of then Administrative Governance Department; then Head of Administrative Department
2016	now	Kubanenergo PJSC	Member of the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities: **This member of the board of directors (supervisory board) does not participate in any committees under the board of directors (supervisory board)**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Medvedev Mikhail Vladimirovich**

Year of birth: **1969**

Education: higher education.

**Saint-Petersburg State University of Economics and Finances: "Finances and Credit"**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2011	2015	VTM-Engineering LLC	Director General
2011	now	IntraTool Group LLC	Deputy Director General
2015	now	Industrial park "Safonovo" LLC	Deputy Director General in charge of Economics and Finances; Chairperson of the BoD
2017	now	Kubanenergo PJSC	Member of the BoD
2017	now	Kubanenergo PJSC	Member of the Reliability Committee under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Reliability Committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Osipova Elena Nikolaevna**

Year of birth: **1984**

Education: higher education. **Financial University under the Government of the Russian Federation, Moscow, Accounting and Audit Institute: "Accounting, analysis and audit"**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2009	2014	Inter RAO JSC	Leading Expert at Budgeting Division at Treasury Department
2013	2014	Bank of Moscow JSC	Chief Specialist of Small Business Division
2014	now	Rosseti PJSC (former Rosseti JSC)	Head of Division for Financial Analysis and Liquidity Management at Treasury Department
2017	now	Kubanenergo PJSC	Member of the BoD
2017	now	Kubanenergo PJSC	Member of the Audit Committee

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit Committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in

a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Tyurkin Lonstantin Vladimirovich**

Year of birth: **1982**

Education: **Higher. Lomonosov State University, Economist and area Studies Specialist**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2007	2013	AK Transaero JSC	Head of Sector for Mass Media Relations and Social Mass Media at Corporate Communications Division
2013	now	Rosseti PJSC (former Rosseti JSC)	Head of Division for Communications and External Communication at Department of Information Policy and Public Relations
2017	now	Kubanenergo	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
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The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Khokholkova Kseniya Valerievna**

Year of birth: **1970**

Education:

**Higher education. State academy of management named after Sergo Ordzhonikidze, specialization: Organization of management in the sphere of fuel and energy complex (1993).**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		

2008	2013	Holding IDGC JSC	Head of Sector at Department of Corporate Governance and Interaction with Shareholders
2013	Now	Rosseti PJSC (earlier – Rosseti JSC)	Deputy Head of the Equity Capital Department - Head of the Division for Securing Shareholder Rights of the Department of Corporate Governance and Relations with Shareholders and Investors, then Deputy Head of Securities and Information Disclosure Sector of the same Department
2009	2013	SZEUK JSC	Member of the Board of Directors
2009	2014	Ingushenergo JSC	Member of the Board of Directors
2010	2014	Engineering centre of Power Industry of Volga region JSC	Member of the Board of Directors
2013	2014	IDGC of Volga JSC	Member of the Auditing Committee
2013	2014	IDGC of Siberia JSC	Member of the Committee for Strategy, Development, Investments and Reforming attached to the BoD
2014	2015	Scientific and research centre of Volga region JSC	Member of the Board of Directors
2014	2015	Energoservis JSC, Research and development centre of Volga region JSC	Member of the Board of Directors
2014	2016	Lenenergospetsremont JSC	Member of the Board of Directors
2014	2017	Recreation Centre Energetik JSC	Member of the Board of Directors
2014	now	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Board of Directors
2014	now	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Audit committee
2014	2016	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Committee for strategy, investments, reform and development attached to the BoD
2015	now	Power engineering institute named after G.M. Krzhizhanovskiy JSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit committee	yes

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to**

**responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Name: **Shagina Irina Alexandrovna**

Year of birth: **1979**

Education: **Higher.**

**Russian Distance-Learning Finance and Economics Institute: “Accounting and Audit”;**  
**Vladimir Law Institute at the Federal Penal Correction Service: “Legal studies”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2011	2015	Federal Tariff Service of Russia	Head of Sector; Deputy Head of Administration for Regulation of Electric Power Industry
2015	now	Rosseti PJSC	Head of Administration for Tariff Formation at Tariff Policy Department
2016	now	IDGC of Volga PJSC	Member of the Board of Directors
2017	now	Kubanenergo PJSC	Kubanenergo PJSC
2017	now	Kubanenergo PJSC	Member of the Audit Committee under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

Information on participation in the committees' activities:

Committee	Chairperson
Audit Committee	no

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices.**

Additional information:

**All members of Kubanenergo PJSC Board of Directors are citizens of Russian Federation**

Information on transactions between the issuer and members of the Board of Directors: **such transactions were not concluded during the reporting quarter.**

Information about training of members of the Board of Directors of the Issuer: **in the reporting quarter BoD members have not been trained at the expense of the Company.**

**Committees attached to the Board of Directors of the Issuer<sup>1</sup>:**

In order to ensure the Board of Directors of “Kubanenergo” PJSC efficiently fulfils its functions as a general manager of the Company’s activity, the Board of Directors has established the following Committees representing advisory and consultative bodies:

**The Reliability Committee** established by decision of the Board of Directors dated 18.09.2006, Minutes No. 21/2006.

The Committee tasks consist in elaboration of recommendations on the following issues and their submittal to the Board of Directors:

- expertise of investment programmes and plans for repair of energy facilities, analysis of their execution regarding provision for compliance with integrated reliability requirements;
- estimation of completeness and sufficiency of activities following the results of incidents in accordance with the Rules of investigation of causes of accidents in the power industry, approved by Resolution of the Russian Government No. 846 dated 28.10.2009) as well as control of their performance;
- examination of the quality of investigations of the causes of technological breakdowns (accidents);
- examination of the Company's activities in the field of emergency work (preparedness, organization and conduct of rescue and recovery operations at the network facilities);
- examination of prevention programmes and reducing the risk of injury to personnel of the Company and third parties at facilities of the Company, as well as monitoring their implementation;
- monitoring and evaluation of the technical services of the Company in terms of ensuring reliable operation of electrical networks and industrial safety;
- examination of internal technical control system in the Company;
- expertise of the OSH management system in the Company;
- examination of the implementation of environmental policy programme;
- expertise in fire and safety systems.

Composition of the Reliability Committee of “Kubanenergo” PJSC as of 23.06.2017 (the date of introducing the new Board of Directors):

#	Name	Position
1	Leonov Andrey Nikolayevich, chairperson	Head of Directorate for production activity at Department of process management, Rosseti PJSC
2	Matyushin Alexandr Yuriyevich	Head of maintenance and repair division of Directorate for production activity at Department of process management, Rosseti PJSC
3	Smaga Mikhail Vladimirovich	Deputy head of Centre of engineering supervision, branch of Rosseti PJSC
4	Ryazantsev Dmitry Yurievich	Deputy Director general in charge of technical issues – chief engineer of Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC

<sup>1</sup> Positions of the members of the Company’s Committees of BoD are specified at the moment of nomination of the candidates for these positions.

5	Ocheredko Olga Vyacheslavovna	Deputy general director for economics and finance, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC
6	Armaganyan Edgar Garrievich	First Deputy general director - Director of Sochi Electric Networks, branch of Kubanenergo PJSC, Deputy general director for selling of services, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC
7	Shabalin Sergey Alexandrovich	Leading advisor at division for pricing environment and control over industry infrastructure at Department of development of power industry, RF Ministry of Energy

On 19.07.2017 the Board of Directors appointed the new Reliability Committee:

#	Name	Position
1.	Ukolov Vladimir Anatolievich (chairperson)	Deputy Director of Situation and Analytical Centre, Rosseti PJSC
2.	Bogomolov Eduard Valerievich	First Deputy Director of Engineering Supervision Centre, branch of Rosseti PJSC
3.	Medvedev Mikhail Vladimirovich	Deputy Director General, Holding "Intra Tool" LLC, member of the Board of Directors of Kubanenergo PJSC
4.	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC
5.	Shishigin Igor Nikolaevich	Deputy Director General in charge of Technical Issues – Chief Engineer, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC

**The Audit Committee** established on October 16, 2009 by decision of the Board of Directors (Minutes No. 80/2009 from 16.10.2009).

The main objective of establishment of the Audit Committee consists in provision for efficient work of the Board of Directors of the Company in resolution of issues referred to its competence. The task of the Committee consists in elaboration of recommendations (conclusions) on the Company audit and reporting and their submittal to the Board of Directors, in particular – on the following issues:

- consideration of the accounting (financial) statements of the Company and control over the process of its preparation;
- control over the reliability and efficiency of the internal control systems, risk management, corporate governance practices;
- supervising the external audit and the selection of the auditor;
- ensuring the independence and objectivity of the internal audit function;
- supervision of the efficiency of functioning of system of counteraction to fraud by the Company's employees and third parties.

Composition of the Audit Committee under the Board of Directors of "Kubanenergo" JSC valid as of the end of the reporting quarter:

#	Name	Position
1	Sofyin Vladimir Vladimirovich, chairperson	Director of the Department for technological development and innovation, Rosseti PJSC, member of the Board of Directors of Kubanenergo PJSC
2	Khokholkova Kseniya Valerievna	Deputy Head of Directorate of Share Capital Issues at Department of Corporate Governance and Interaction with Shareholders, Rosseti



		PJSC, member of the Board of Directors of Kubanenergo PJSC
3	Serov Alexey Yurievich	Acting Director of the Department of finances, Head of sector for capital market and strategic investments, Rosseti PJSC, member of the Board of Directors of Kubanenergo PJSC

On 19.07.2017 the Board of Directors appointed the new Audit Committee:

#	Name	Position
1	Khokholkova Kseniya Valerievna, chairperson	Deputy Head of Directorate of Share Capital Issues at Department of Corporate Governance and Interaction with Shareholders, Rosseti PJSC, member of the Board of Directors of Kubanenergo PJSC
2	Shagina Irina Alexandrovna	Head of Tariff Policy Sector of Tariff Policy Department, Rosseti PJSC, member of the Board of Directors of Kubanenergo PJSC
3	Osipova Yelena Nikolayevna	Head of Financial Analysis and Liquidity Management Sector of the Treasury Department, Rosseti PJSC, member of the Board of Directors of Kubanenergo PJSC

**The Committee for Strategy, Development, Investment and Reforms** under the Board of Directors established by decision of the Board of Directors of “Kubanenergo” JSC, Minutes No. 84/2010 dated 05.02.2010, for elaboration of recommendations (conclusions) on the following aspects of activity of the Board of Directors and their submittal to the Board of Directors:

- Determination of priority aspects, strategic objectives and the core principles of the Company strategic development;
- Evaluation of the Company activity efficiency;
- Increase of investment attractiveness of the Company, improvement of investment activity and taking justified investment decisions;
- Correction of the existing Company development strategy;
- Control of the process of implementation of adopted programs, projects and the Company reform process;
- Elaboration of recommendations on the dividend policy;
- Control of implementation and functioning of risks management system

Composition of the Committee for Strategy, Development, Investment and Reforms as of 23.06.2017 (the date of the first meeting of the new Board of Directors):

#	Name	Position
1	Pavlov Alexey Igorevich, chairperson	Head of Treasury department, Rosseti PJSC
2	Pankstiyanov Yuriy Borisovich	Head of Tariff policy department, Rosseti PJSC
3	Podlutskiy Sergey Vladimirovich	Head of Sector of consolidated planning and reporting at Investment activity department, Rosseti PJSC
4	Lavrova Marina Alexandrovna	Head of Economics of affiliated companies division at Department of economic planning and allocation of funds, Rosseti PJSC
5	Balaban Fyodor Nikolaevich	Deputy head of Strategic projects divisions, at Department of strategic development, Rosseti PJSC
6	Goncharov Alexey Nikolaevich	Head of Directorate for interaction with wholesale and retail market entities in the sphere of power industry, Rosseti PJSC
7	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, “Kubanenergo” PJSC
8	Shmakov Igor Vladimirovich	Deputy director general in charge of controlling, Kubanenergo PJSC
9	Zobkova Tatiana	Head of sector at Department of corporate governance, pricing

	Valentinovna	environment and control-and-auditing activity in fuel-power complex, RF Ministry of Energy
10	Gritsenko Vladimir Fyodorovich	Director of business development, Yunitel Engineering LLC

On 19.07.2017 the Board of Directors appointed the new Committee for Strategy, Development, Investment and Reforms:

#	Name	Position
1	Pavlov Alexey Igorevich, chairperson	Head of Treasury Department, Rosseti PJSC
2	Rafalskaya Inna Sergeyevna	Deputy Head of Division for Settlement of Disputes in the field of Tariff Formation of the Tariff Policy Department, Rosseti PJSC
3	Mikryukov Dmitriy Vasilievich	Chief Expert of Division for Consolidated Planning and Reporting at Investments Activity Department, Rosseti PJSC
4	Lavrova Marina Alexandrovna	Head of Economics of Affiliated Companies Division at Department of Economic Planning and Allocation of Funds, Rosseti PJSC
5	Balaban Fyodor Nikolaevich	Deputy Head of Strategic Projects Division at Department of Strategic Development, Rosseti PJSC
6	Ivanova Olga Sergeyevna	Assistant to Director General in charge of Investments Planning, Rosseti PJSC
7	Ocheredko Olga Vyacheslavovna	Deputy General Director for Economics and Finance, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC
8	Seleznyov Viktor Yurievich	Head of Department of Scientific and Technical Development and Control over implementation of R&D under the Department of Technological Development of Innovations, Rosseti PJSC
9	Gritsenko Vladimir Fyodorovich	Director of Business Development, Yunitel Engineering LLC
10	Guselnikov Konstantin Sergeyevich	Director General, FinInvest Consulting LLC

**The Personnel and Remuneration Committee** under the Board of Directors established by decision of the Board of Directors of “Kubanenergo” JSC, Minutes No. 94/2010 dated 06.08.2010 for elaboration of recommendations (conclusions) on the following aspects of activity of the Board of Directors and their submittal to the Board of Directors:

- Amount of reward payable to members of Board of Directors of the Company;
- Elaboration of principles and criteria for determination of the amount of reward payable to members of the Board of Directors, members of the Collegial Executive Body and the person discharging the functions of Sole Executive Body of the Company including a management organization or general manager;
- Working out of proposals on determination of substantial conditions of contracts with the members of the Board of Directors, members of the Collegial Executive Body and the person discharging the functions of Sole Executive Body of the Company;
- Determination of criteria for selection of candidates for membership in the Board of Directors, in the Collegial Executive Body and for the office of Sole Executive Body of the Company as well as preliminary evaluation of such candidates;
- Regular evaluation of activity of the person discharging the functions of Sole Executive Body of the Company (management organization, general manager) and members of the Company's the Collegial Executive Body and preparation of proposals on the possibility of their reappointment for the Board of Directors.

Composition of the Personnel and Remuneration Committee as of 23.06.2017 (the date of the first meeting of the new Board of Directors):

#	Name	Position
1	Mangarov Yuriy Nikolaevich, chairperson	Chief advisor, Rosseti PJSC. Chairperson of the Board of Directors of Kubanenergo PSC
2	Chevkin Dmitriy Aleksandrovich	Head of Personnel and organization development department, Rosseti PJSC
3	Erpsheer Nataliya Ilinichna	Head of Head of Directorate organization development under Department of HR policy and organization development, Rosseti PJSC
4	Zobkova Tatiana Valentinovna	Head of sector at Department of corporate governance, pricing environment and control-and-auditing activity in fuel-power complex, RF Ministry of Energy
5	Varvarin Aleksandr Viktorovich	Vice-president in charge of corporate relations and legal support, RSPP; member of Kubanenergo BoD

On 19.07.2017 the Board of Directors appointed the new Personnel and Remuneration Committee:

#	Name	Position
1	Varlamov Nikolay Nikolevich, chairperson	Deputy Director General – Chief of Staff, Rosseti PJSC
2	Chevkin Dmitriy Aleksandrovich	Head of Personnel and Organization Development Department, Rosseti PJSC
3	Erpsheer Nataliya Ilinichna	Head of Division for Organization Development under Department of HR Policy and Organization Development, Rosseti PJSC

**The Grid Connection Committee attached to Board of Directors** was organized by the decision of “Kubanenergo” BoD, minutes of meeting No.119/2011 dated 11.10.2011, for the purpose of elaboration and provision of recommendation to Board of Directors on the following activities of the BoD:

- sophistication of legal base of antimonopoly control and provision of non-discriminatory access to services on technological connection of consumers to electric grids;
- sophistication of internal regulations and proprietary standards on provision of non-discriminatory access to services on technological connection of consumers to electric grids
- elaboration of principles and criteria of evaluation of Company’s activity in technological connection of consumers to electric grids
- evaluation of efficiency of Company’s activity in technological connection of consumers to electric grids
- analysis of current situation in the Company and preparation of propositions to the BoD on technological connection of consumers to electric grids

Composition of the Grid Connection Committee as of 23.06.2017 (the date of the first meeting of the new Board of Directors):

#	Name	Position
1	Varvarin Aleksandr Viktorovich, chairperson	Managing director in charge of corporate relations and legal support, RSPP, member of Kubanenergo BoD
2	Kosteskiy Vyacheslav Yurievich	Deputy director general in charge of development and technological connection, Kubanenergo PJSC, member of the Management Board of Kubanenergo PJSC
3	Soltan Yelena Leonidovna	Head of Department for technological connection, Kubanenergo PJSC

4	Masalyova Irina Borisovna	Head of Department for perspective development for the grid and technological connection, Rosseti PJSC
5	Korneyev Alexandr Yurievich	Head of sector for scheduling the technological connection at Department of perspective development of grids and technological connection, Kubanenergo PJSC
6	Sokolov Denis Yevgenievich	Chief expert at Directorate for regulation of technological connection at Department of perspective development of network and technological connection, Rosseti PJSC
7	Pavlov Alexander Valerievich	Chief advisor at sector of development of legal base of the industry at Department of Power industry development, RF Ministry of Energy

On 19.07.2017 the Board of Directors appointed the new Grid Connection Committee:

#	Name	Position
1	Varvarin Aleksandr Viktorovich, chairperson	Vice-president - Managing Director in charge of Corporate Relations and Legal Support, Russian Union of Industrialists and Entrepreneurs
2	Korneyev Alexandr Yurievich	Head of Department of Perspective Development of Grids and Grid Connection, Rosseti PJSC
3	Denezhnaya Natalia Vladimirovna	Chief Expert of the Department for Regulation of Grid Connection under the Department Perspective Development of Grids and Technological Connection, Rosseti PJSC

### 5.2.2. Information on the Sole Executive Body of the Issuer

Full name: **Gavrilov Alexander Ilich**

(**chairperson**)

Year of birth: **1973**

Education:

**Higher. State Kuban University, specialty – Accounting and audit (1995)**

**State Kuban Polytechnic University, specialty – Exploitation and operation of oil-and-gas-field (2006)**

**Conferred a degree on Doctor of Economics (2010)**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Organization	Position
from	till		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic theory chair, Economics and Management of Faculty of Economics
2013	2013	FGC UES, JSC	Chief Advisor to the Chairman of Board
2013	now	Kubanenergo PJSC (earlier - Kubanenergo JSC)	Director General, Chairperson of the Management Board

2014	now	Kubanenergo PJSC (earlier - Kubanenergo JSC)	Member of the Board of Directors
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**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

### 5.2.3. Composition of the Collegial Executive Body of the Issuer

Full name: **Gavrilov Alexander Ilich**

(chairperson)

Year of birth: **1973**

Education:

**Higher. State Kuban University, specialty – Accounting and audit (1995)**

**State Kuban Polytechnic University, specialty – Exploitation and operation of oil-and-gas-field (2006)**

**Conferred a degree on Doctor of Economics (2010)**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2010	2012	Institute of Economics, Law and Humanities	Professor of Economic Theory, Economics and Management of Faculty of Economics
2013	2013	FGC UES JSC	Chief Advisor to the Chairperson of Board
2013	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Director General, Chairperson of the Management Board
2014	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on family relations with other persons that are members of the Management Bodies of

the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Armaganian Edgar Garriyevich**

Year of birth: **1984**

Education:

**Higher. Kuban State Agrarian University in 2008, specialty – “Electrification and Automation”, conferred qualification “engineer”.**

**Course of professional retraining at BMSTU on the basis of “Training centre “Kubanenergo”, specialty “Management of organization” (2014)**

**Kuban State University – advanced training: “Law studies: Civil law relations” (2015)**

**Advanced training courses at Bauman Moscow State Technical University, on the basis of “Education Centre “Kubanenergo”, specialization “Management of organization” (2008)**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

**Advanced training courses at the Moscow School of Management SKOLKOVO, course: “Development of leaders of grid complex” (2016)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2009	now	Kubanenergo PJSC (earlier - Kubanenergo JSC)	Head of sector for selling of services on energy transmission; then head of sector for technological connection; then head of sector for electricity transport; then deputy director in charge of development and selling of services at Kubanenergo branch Sochi electrical networks; then advisor to director general of Kubanenergo JSC, acting first deputy director general of the Company; then head of Kubanenergo branch Sochi electrical networks (main job) with part-time job as acting first deputy director general; after – director of branch Sochi electrical networks, then first deputy director general – director of Kubanenergo branch Sochi electrical networks, deputy director general in charge of selling of services (combined duties)

2014	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Member of the Management Board
2015	2017	Kubanenergo PJSC	Member of Reliability Committee
2016	now	Energoservis Kuban JSC	Chairperson of the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations:

Name: **Golov Andrei Valerievich**

Year of birth: **1980**

Education:

**Higher. Graduated in 2002 from Orenburg state university, specialization – “Finance and credit”. In 2008 was conferred a degree of Candidate of Sciences (Economics).**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

**Consulting and Education Centre “Energopersonal“, course “Internal audit: basic theory and practice” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2011	2012	AGRIUS XXI LLC	Financial Director
2012	2012	Prompostavka CJSC	Business Director
2012	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Adviser of Director General; after – acting deputy Director General in charge of logistics and inventory without discharge from the main job; after – deputy Director General in charge of logistics and inventory; acting deputy Director General on investment activity (part time job); then deputy Director General in charge of investment activity
2013	now	Kubanenergo PJSC (former - Kubanenergo JSC)	Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Golovakha Dmitriy Nikolaevich**

Year of birth: **1977**

Education:

**Higher. Graduated from Krasnodar technical college in 1997, specialization –**

**“Installation and maintenance of electrical equipment of agricultural companies”. Graduated from Kuban State Agrarian University, specialization – “Electrification and automation of agricultural industry”.**

**Professional retraining at Moscow State Technical University named after Bauman, course: “Company management”;**

**Advanced training courses:**

**Kuban State Technological University, course “Official secrets protection at public agencies and local government of the Krasnodar region” (2013)**

**Institution of Further Training of administrative officers and specialists of fuel and energy industry, course: “Economic mobilization and mobilization preparation of companies” (2014)**

**State Public Institution “Civil defense and emergency situations training center”, course: “Training for administrative officers and specialists of civil defense and emergency situations” (2016)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2008	2012	IDGC of the South JSC	Head of Department of Perspective Development
2012	2013	Department on issues of fuel and energy complex of Krasnodar region (from 01.07.2012 – Industry and Energy Ministry of Krasnodar region)	First Deputy Head of Department, after – Deputy Minister
2013	Now	Kubanenergo PJSC (former – Kubanenergo JSC)	Director of branch South- Western power grids, Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's**



**ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity:

**Son of the member of the Management Board – Golovakha Lyudmila Alekseevna.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Golovakha Lyudmila Alekseevna**

Year of birth: **1955**

Education:

**Higher. Kuban State University, specialization “Law” and “State and municipal management”.**

**Krasnodar College of the sugar industry, specialization – “Electrical equipment of industrial enterprises and facilities”**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

**Power engineering institute of advanced training, programmes: “Responsibility for ensuring traffic safety” and “Urban electric and motor transport safety” (2016)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2011	2012	“NESK-electric grids” JSC	Director in charge of General Issues
2013	Now	Kubanenergo PJSC (earlier – Kubanenergo JSC)	Director General Adviser, after – deputy Director General –chief of staff; Member of the Management Board
2017	now	Recreation Centre “Energetik” JSC	Member of the Board of Directors

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Mother of member of the Management Board – Golovakha Dmitriy Nikolaevich.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to**

**responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Ivanova Irina Viktorovna**

Year of birth: **1973**

Education:

**Higher. Kuban State University, course: “Accounting and audit” (1995)**

**Kuban State University, course: “Legal studies” (2010)**

**Advanced training courses at Bauman Moscow State Technical University, course: “Company management” (2016)**

**Advanced training courses at “Ernst&Young” – “Internal audit: concepts and best practices” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2003	2015	Economic security and anti-corruption department at Head Department of the Ministry of Internal Affairs in Krasnodar region	Chief Specialist – Inspector; then Deputy Head of Sector for Desk Audit and Investigations
2015	Now	Kubanenergo PJSC	Head of Internal Audit and Control Department ; then Deputy Director General in charge of Corporate Governance
2015	Now	Kubanenergo PJSC	Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Kostetskiy Vyacheslav Yurievich**

Year of birth: **1974**

Education:

**Higher. Institute of Economics, Law and natural specialties, specialization – “Law” (1999).  
Kuban State Technological University, specialization “Electric power supply” (2009).**

**The course of retraining “Management” in Moscow State Technical University named after  
Bauman on the basis of Non-state non-profit educational institution “Educational centre  
“Kubanenergo” (2008).**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

**Consulting and Education Centre “Energopersonal“, course “Internal audit: basic theory and  
practice” (2015)**

**Engineering and Technical Center at the Federal Antimonopoly Service of the Russian  
Federation, seminar: “Tariff regulation in 2016 and activities of the regulating bodies for  
2017”**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2011	2012	Territorial board of Federal Agency for the Administration of State Property in Krasnodar region	Head of Division of commercial Organization and Privatization, after – Deputy Head
2013	now	Kubanenergo PJSC (former – Kubanenergo JSC)	CEO's advisor; then Deputy General Director for Development and Sales; then Deputy Director General for implementation and development of services; then Deputy Director General for development and grid connection; Member of the Management Board
2013	2015	Energoservis Kuban JSC	Chairperson of the Board of Directors
2013	2015	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Committee for Strategy, Development, Investments and Reforming under the BoD
2013	2017	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Committee for Technological Connection under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices at management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by

the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Mikhailov Vladimir Alexandrovich**

Year of birth: **1982**

Education:

**Higher. South-Russian State Polytechnic University (Novocherkassk Polytechnic University) – “Electric systems and networks” (2014);**

**Advanced training:**

- **South-Russian State Polytechnic University (Novocherkassk Polytechnic University) – “Safety at technological processes and production in the sphere of power industry and power supply” (2004);**
- **affiliate of Bauman Moscow State Technical University at Educational Centre of Kubanenergo – “Corporate Governance” (2013);**
- **Educational centre “Innovative Technologies”, programme “Internal auditors of environment management systems” (2008);**
- **Institute of supplementary vocational education, programme “Environmental safety for heads and specialists of departments general economic management systems” (2010);**
- **Consulting and Education Centre “Energopersonal“, course “Training course on mobilization preparation of economy” (2016)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2011	now	Kubanenergo PJSC (earlier – Kubanenergo JSC)	Deputy Head in charge of Technical Issues – Chief Engineer of Slavyanskiye electric networks; Head of Slavyanskiye electric networks; Head of branch Krasnodarskiye electric networks
2016	now	Kubanenergo PJSC (earlier – Kubanenergo JSC)	Member of the Management Board

**The person holds no participatory stake in the Issuer’s authorized capital or the Issuer’s ordinary shares.**

The person’s participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer’s subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer’s financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Ocheredko Olga Vyacheslavovna**

Year of birth: **1972**

Education:

**Higher. Kuban state university, specialization “Economic and social planning” (1994)**

**University of International Relations of the Ministry of Foreign Affairs of the Russian Federation, course: “Administration and control of business activity in international electric power industry”, qualification “Master of business administration” (2015)**

**Advanced retraining at BMSTU on the basis of “Training centre “Kubanenergo”, course “Management of organization” (2010)**

**Advanced training courses at**

**“Ernst&Young” – “Risk management” (2015)**

**Educational Centre “EnergoResheniye”, course: “Development of Russian electric and heat power industry”; Agency for smart assistance of reforms in energy industry, course: “RF Federal Antimonopoly Service. New in tariff setting and formation of balance of heat and electric power industry”; Engineering and Technical Center at the Federal Antimonopoly Service of the Russian Federation, seminar: “Tariff regulation in 2016 and activities of the regulating bodies for 2017” (2016)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2008	now	Kubanenergo PJSC (former – Kubanenergo JSC)	Head of financial department under financial directorate, head of directorate – head of division at financial department, head of financial division on construction of Olympic facilities, deputy head of department – head of financial division at financial department, head of financial department, head of division for construction of Olympic facilities at department of property and legal support of construction of Olympic facilities, deputy director general in charge of economics and finances
2014	2015	Recreation centre “Plamya” JSC	Chairperson of the Board of Directors
2014	now	Recreation centre “Energetik” JSC	Chairperson of the Board of Directors
2014	now	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Management Board
2015	now	Kubanenergo PJSC	Member of the Committee for Strategy, Development, Investments and Reforming; member of the Reliability Committee under the BoD
2017	now	Kubanenergo PJSC	Member of the Reliability Committee under the BoD

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

The person was member of the BoD of Recreation centre "Plamya" when bankruptcy case was initiated in relation to the company, in accordance with order of Commercial court of Krasnodar region on 03.03.2015 and when Recreation centre "Plamya" was considered by the Commercial Court of Krasnodar region as insolvent on 02.09.2015.

Name: **Shishigin Igor Nikolaevich**

Year of birth: **1979**

Education:

**Higher.**

**Kuban State Agrarian University: "Electrification and automation" (2007);**

**Moscow New Law Institute: "Legal studies" (2013);**

**Retraining course at Bauman Moscow State Technical University at the Educational Centre "Kubanenergo": "Enterprise Management" (2015);**

**Advanced training:**

**Bauman Moscow State Technical University: "Control and audit activity in power industry; energy saving" (2010);**

**SGS Vostok Limited: "Internal auditor of Occupational Health, Safety and Environmental Management System. OHSAS 18001:2007" (2013);**

**State academy for advanced training and retraining for construction and housing and communal services of Russia: "Energy supply – changes in legal base, modern technologies, materials and equipment, peculiar features in installation work" and Education Centre "Kubanenergo": "Environmental safety at grid facilities" (2014)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
from	to		
2013	now	Kubanenergo PJSC (former – Kubanenergo JSC)	Deputy head of Production Control and Occupational Safety Sector at Krasnodarskiye electric networks; Head of Division for Production Control and Occupational Safety at Krasnodarskiye electric networks; Deputy Chief Engineer – Head of Division for Production

			Control and Occupational Safety at Krasnodarskiye electric networks and Sochi electric networks; First Deputy Director – Chief Engineer of Sochi electric networks; Deputy Director General in charge of Technical Issues – Chief Engineer
2017	now	Kubanenergo JSC	Member of the Management Board
2017	now	Kubanenergo PJSC	Member of the Reliability Committee

**The person holds no participatory stake in the Issuer’s authorized capital or the Issuer’s ordinary shares.**

The person’s participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer’s subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer’s financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Statuyev Vladislav Andreyevich**

Year of birth: **1956**

Education:

**Higher.**

**Navy engineering academy named after Dzrezhinskiy F.E. (Saint-Petersburg), specialization “Physics and Power Engineering” (1978).**

**Financial University under the Government of the Russian Federation, specialization “Company management” (2012)**

**Advanced training courses at “Ernst&Young” – “Risk management” (2015)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis:

Period		Company	Position
2009	2013	Federal state unitary enterprise Fedreal Computer Centre of Funds and Market IT solutions (“FT-Centre”)	Director of Krasnodar branch
2013	Now	Kubanenergo PJSC (former – Kubanenergo JSC)	Advisor of Director General with duties of deputy director general in charge of security, without discharge from primary employment, then Deputy Director General in charge of Security; then Deputy Director General in

			charge of Security; then Advisor to Director General
2013	Now	Kubanenergo PJSC (former – Kubanenergo JSC)	Member of the Management Board

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **Such family relations are absent.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

#### **Additional information disclosed in accordance with the Information Policy of Kubanenergo PJSC:**

All members of the Management Board of Kubanenergo PJSC are citizens of Russian Federation. Transactions concluded in the reporting quarter between the Company and Member of the Management Board: during the reporting quarter such transactions were not concluded.

#### **5.3. Information on the amounts of reward, benefits and/or compensation for expenses due to each of the Issuer's management bodies**

Information on the amount of reward payable to each management body (except for the natural person discharging the functions of Sole Executive Body of the Issuer). Indication of all types of rewards including wages, bonuses, commission fees, benefits and/or compensations for expenses as well as other pecuniary rewards paid by the Issuer for the last completed financial year:

Unit of measurement: **thousand rubles**

Board of Directors

Indicator	6 months of 2017
Remuneration for participation in activity of the management body	0
Salary	
Bonuses	
Commission fees	
Other remunerations	
Total	0

**Details on current agreements on such payments in the current financial year: In accordance with Regulations on payment of remuneration to members of the Board of Directors of Kubanenergo PJSC (approved by the AGM, minutes of meeting No.36 dated 11.06.2015), remuneration to members of the Board of Directors shall be paid as lump sum payment by the results of their activity during the period from their election to the Board of Directors until the election of new members of the Board of Directors of the Company.**

Amount of remuneration paid to each member of the Board of Directors of the Company is



calculated with regard of the total number of meetings of the Board of Directors in the previous corporate year and the number of meetings in which such member of the Board of Directors takes part. The amount of remuneration base shall be based on the revenues calculated in accordance with Russian Accounting Standards and received by the Company in the financial year.

Additionally to the remuneration the following premiums shall be paid:

- 30% payable to the Chairman of the Board of Directors of the Company;
- 20% payable to the chairman of a specialized committee of the Board of Directors of the Company;
- 10% payable to a member of a specialized committee of the Board of Directors of the Company.

Additional remuneration is paid to the members of the Board of Directors in case of increasing the amount of the Company's market capitalization during the period of work of the Board of Directors

#### **Collegiate executive body**

Unit of measurement: **thousand rubles**

Indicator	6 months of 2017
Remuneration for participation in activity of the management body	848
Wages	16 751
Bonuses	4 028
Commission fees	0
Fringe benefits	
Other remunerations	1 006
Total	22 633

Details of current agreements on such payments in the financial year:

Information on current agreements on such payments in the financial year:

In accordance with decision adopted by the Company's BoD on 24.02.2015 (minutes of meeting No. 203/2015 dated 25.02.2015) "On approving the list of offices included in the category of top managers of Kubanenergo JSC", Members of the Management Board of are considered as top-managers of first category.

According the Regulation on motivation and social benefits set for Top managers of Kubanenergo, approved by the Company's BoD (minutes of meeting No.207/2015 dated 17.04.2015) the labour contracts with members of Management Board stipulates that the payment is performed monthly for fulfillment of obligations of member of collegiate executive body of the Company – Management Board of Kubanenergo PJSC.

Compensations

Unit of measurement: **thousand rubles.**

Management body	6 months of 2017
The Board of Directors	0
Collegiate executive body	342

Additional Information:

In accordance with the Regulations on payment of remunerations and compensations to members of

the Board of Directors of Kubanenergo PJSC approved by the Annual General Meeting of Shareholders (Minutes of meeting No.36 dated 11.06.2015), members of the Board of Directors are reimbursed for expenses related to participation in the meeting of the Board of Directors, according to the current rates of reimbursement of travel expenses set out in the Company.

Members of the Management Board, in accordance with the Regulations on the procedure for payment of compensation for rent of residential premises, approved by order of the Company on March 27, 2015 No.262, are compensated the payment for rent of residential premises.

#### **5.4. Information on the structure and competence of bodies for control over the Issuer's financial and business activity and on organization of risks management and internal audit systems.**

Full description of the structure of bodies for control of the Issuer's financial and business activity and their competences in accordance with the Issuer's Charter (constituent documents) and internal documents of the Issuer:

For control of the financial and business activity of the Issuer, the General Meeting of Shareholders elects the Auditing Commission of the Issuer for the period until arrangement of the next General Meeting of Shareholders.

The number of members of the Auditing Commission of the Issuer is 5 (Five) persons. The following issues fall within the competence of the Auditing Commission of the Issuer are:

- inspection and analysis of financial status of the Company, its financial solvency, functioning of internal control and risks management systems, assets liquidity, proportion of own and borrowed funds, accuracy and timeliness of accrual and payment of interests on bonds, revenue on other securities; review (revision) of the Issuer's financial, accounting, payment-and-settlement and other documentation related to the Issuer carrying out financial and business activity for such documentation compliance with the Russian Federation legislation, the Charter, in-house and other documents of the Issuer;
- control of integrity and use of fixed assets;
- control of compliance of the established procedure for charging insolvent borrowers' indebtedness to the Issuer's loss;
- control of spending the Issuer's cash in accordance with the approved Business Plan and budget of the Issuer;
- control of accumulation and use of the reserve and other special funds of the Issuer;
- review of correctness and timeliness accrual and payment of dividend on the Issuer's shares, interest on bonds, income from other securities;
- review of fulfilment of previously issued prescriptions for elimination of violations and inconsistencies detected in the course of previous reviews (revisions);
- inspection of the Company's operations conducted in accordance with the existing agreements;
- check of compliance with the norms and standards, approved budgets, and other documents regulating the activity of the Company while using material, labor and financial resources in the financial and economic activities under current contracts;
- check of the Company's cash and assets, effectiveness of use of assets and other resources of the Company, identifying the causes of non-production losses and costs, search for reserves for improving the Company's financial condition;
- check of compliance with orders to eliminate violations and deficiencies previously identified by the Audit Commission of the Company;
- recommendations for Company's management bodies
- other actions (arrangements) related to review of the Issuer's financial and business activity.

For review and validation of the Company's annual financial statements, the General Meeting of Shareholders annually approves Auditor of the Company.

The Issuer's Auditor carries out an audit of the Issuer's financial and business activities in accordance with the requirements of the Russian Federation legislation and under the contract concluded with one.

Following the results of review of the Issuer's financial and business activity, the Company's Auditing Commission or Auditor draws up a conclusion that shall contain:

- statement of validation of consistency of data contained in reports/statements and other financial documents of the Issuer;
- information on facts of the Issuer having violated the procedures of accounting records keeping and financial reporting, as established by legal instruments of the Russian Federation, as well as on other violations of legal instruments of the Russian Federation, or legal instruments of the Russian Federation in the course of the Issuer's financial and business activity.

The procedure and terms for drawing a conclusion following the results of review of the Issuer's financial and business activity are determined by legal instruments of the Russian Federation and the Issuer's internal documents.

The Committee on audit of Board of Directors was established in the Company.

The Audit Committee's competence:

The main purpose of the Committee is to assist in effective implementation by the Board of Directors of the functions of preliminary consideration of issues related to control of financial and economic activities of the Company.

The main tasks of the Committee are:

- consideration of the accounting (financial) statements of the Company and control of the process of its preparation;
- control over reliability and efficiency of the internal control systems, risk management, corporate governance practices;
- supervision of the external audit and selection of the auditor;
- ensuring the independence and objectivity of the internal audit function;
- supervision of efficiency of functioning of system of counteraction to fraud of the Company's employees and third parties.

#### **The members of the Audit Committee of the Board of Directors**

Name	chairperson
Khokholkova Kseniya Valerievna	yes
Osipova Yelena Nikolayevna	no
Shagina Irina Alexandrovna	no

Information on the availability of a separate structural unit(s) for the risk management and internal control (other than the Audit Commission (Auditor), body (structural unit) in charge of internal control of financial and economic activities of the issuer), its tasks and functions:

Before April, 2008, functions of the Issuer's internal control service were discharged by the Controlling and Internal Audit Service established in August, 2004.

From April, 2008 till November, 30, 2010, under Contract No. 407/30-1143/26 "On transfer of powers of Sole Executive Body" between the Issuer and OJSC "IDGC of South" dated 14.09.2007, discharge of functions aimed at provision for efficient functioning of the internal control system in

the Issuer was carried out by the Department for Internal Control and Audit of OJSC “IDGC of South”.

In accordance with Decision of the Board of Directors of the Issuer dated 05.08.2010 (Minutes No. 94.2010 dated 06.08.2010), a Directorate for Internal Audit and Risk Management was established within the Issuer's organizational structure.

In accordance with the resolution of the Issuer's Board of Directors (Minutes of meeting No.195/2014 dd. 29.08.2014) the Directorate of Internal Audit and Risk Management was transformed into the Internal Audit and Control Department.

The Audit Committee (Minutes of meeting No.25/2015 dd. 27.02.2015) agreed to establish a Directorate for Internal Control and Risks Management as part of the Internal Audit and Control Department.

In accordance with the decision of the Issuer's Board of Directors dated 31.05.2016 (Minutes of meeting No.241/2016 dd. 31.05.2016), starting from 1 August 2016, the Department of Internal Audit and Control is divided into Internal Audit Department and the Directorate of Internal Control and Risk Management.

The main objectives of the Directorate of Internal Control and Risk Management include:

- 1) organization of development and improvement of the internal control system (ICS) of the Company, and provision of methodological support of internal control system;
- 2) organization of development and improvement of the risk management system (RMS) of the Company, providing methodological support and provision of RMS;
- 3) organization of monitoring activities of the Company;
- 4) organization of interaction with the external auditor concerning the issues of functioning of ICS and RMS;
- 5) interaction with state regulatory authorities on internal control

The main functions of the Directorate of Internal Control and Risk Management are:

- 1) development and provision of implementation and adaptation of key methodological documents on the construction and improvement of the ICS and RMS;
- 2) assistance to the Company's management in creation of the control environment, development of recommendations for the description and introduction to processes (activities) the control procedures and assignment of responsibility for officials, counseling on internal control;
- 3) coordination of activities for maintenance and monitoring of progress towards the target state of ICS and RMS;
- 4) overall coordination of risk management processes, including organization of interaction of all participants of the RMS;
- 6) formation of the annual consolidated report on organization, functioning and effectiveness of the risk management system of the Company, as well as other matters stipulated by the Risk Management Policy.
- 7) monitoring of implementation of activities and internal control procedures in the Company;
- 8) provision of information on the state of ICS and RMS in the Company;
- 9) organization to ensure compliance with the requirements of state supervisory bodies to the ICS;
- 10) ensuring interaction with state regulatory authorities in the exercise of control measures in respect of the Company and its subsidiaries;
- 11) coordination of activities of the Company and its subsidiaries to develop corrective actions to address deficiencies and implement recommendations and prescriptions.

Information on the Issuer's separate structural unit of internal audit, its tasks and functions:

Before April, 2008, functions of the Issuer's internal control service were discharged by the Controlling and Internal Audit Service established in August, 2004.

From April, 2008 till November, 30, 2010, under Contract No. 407/30-1143/26 “On transfer of powers of Sole Executive Body” between the Issuer and OJSC “IDGC of South” dated 14.09.2007, discharge of functions aimed at provision for efficient functioning of the internal control system in the Issuer was carried out by the Department for Internal Control and Audit of OJSC “IDGC of South”.

In accordance with Decision of the Board of Directors of the Issuer dated 05.08.2010 (Minutes No. 94.2010 dated 06.08.2010), an Administration for Internal Audit and Risk Management was established within the Issuer's organizational structure.

In accordance with the decision of the Issuer's Board of Directors (Minutes of meeting No.195/2014 dd. 29.08.2014) the Directorate of Internal Audit and Risk Management was transformed into the Internal Audit and Control Department.

The Audit Committee of Board of Directors (Minutes of meeting No. 25/2015 dd. 27.02.2015) approved the creation of management board of internal control and risks as a part of department of internal audit and control.

In accordance with the decision of the Issuer's Board of Directors dated 31.05.2016 (Minutes of meeting No.241/2016 dd. 31.05.2016) starting from 1 August 2016, the Department of Internal Audit and Control is divided into Internal Audit Department and the Directorate of Internal Control and Risk Management.

The Internal Audit Department is functionally subordinated to the Board of Directors (the Board of Directors, through the Audit Committee), and administratively – to the General Director of the Company.

The main objectives of the Internal Audit Department are:

- 1) implementation and application of common approaches to establishment, management and coordination of the internal audit function in the Company;
- 2) carrying out the internal audit, participation in other inspection activities of the Company and its subsidiaries;
- 3) provision of independent and objective assurance regarding the effectiveness of ICS, RMS and corporate governance, and assistance to the executive bodies and employees of the Company in development and monitoring of implementation of procedures and measures for improvement of ICS, RMS and corporate governance;
- 4) organization of effective interaction with the Company's external auditor, the Audit Committee of the Company, with other stakeholders on issues related to the competence of the internal audit;
- 5) preparation and submission of reports on the results of the internal audit activity (including information about significant risks, deficiencies, results and effectiveness of the implementation of measures to address identified deficiencies, the results of the implementation plan of the internal activities audit, the results of the actual condition assessment, reliability and efficiency of ICS, RMS and corporate governance) to the Board of Directors, the Audit Committee of the Board of Directors and executive bodies of the Company.

The main functions of the Internal Audit Department are:

- 1) introduction of unified principles of establishment of the internal audit function, management and evaluation of the implementation of the internal audit function approved by Rosseti PJSC;
- 2) updating regulations governing the internal audit activities (policies, regulations, rules, procedures, instructions and other documents);
- 3) planning, organizing and conducting internal audits of business processes (activities), business functions, projects/plans/programmes, structural and separate subdivisions of the Company
- 4) carrying out thematic audits on a particular topic in accordance with the unified audit programme approved by the Rosseti PJSC;
- 5) organization of activities of the Audit Commission of affiliates;
- 6) participation of the Department of Internal Audit employees as elected members of audit

commissions or invited experts in the activities of the Audit Commission of an affiliate;

7) participation in special (official) investigation into abuse (fraud), causing damage to the Company and its subsidiaries, misuse, inefficient use of resources, and other acts of unfair/illegal actions of employees and third parties;

8) inform the Board of Directors (Audit Committee), the executive bodies of the Company on the results of inspections, submission of recommendations to eliminate violations and deficiencies identified during the audit, and proposals to improve the efficiency and effectiveness of the ICS, RMS and corporate governance, on improving the Company's activities and its subsidiaries and affiliates;

9) monitor the implementation of corrective action plans to address violations and deficiencies identified in the audits and implementation of recommendations and proposals for improving the operations of the Company;

10) evaluation of the effectiveness of ICS, RMS and corporate governance;

11) advising the executive bodies of the Company on the CRS, RMS and corporate governance (while maintaining the independence and objectivity of the internal audit).

12) assessment of quality of work of the external auditor, preparing reports on the results of this assessment, performance evaluation for consideration by the Audit Committee of the Board of Directors, to ensure awareness of interested parties;

13) interaction with the Audit Committee of the Company.

Policies of the issuer in the field of risk management and internal control are described in item 2.4 of the issuer's quarterly report

**The Issuer approved and internal document that sets the rules for preventing use of confidential and insider information.**

Information on the issuer's internal document establishing the rules to prevent misuse of confidential and insider information:

The Issuer approved and internal document that sets the rules for preventing use of confidential (insider) information.

In accordance with the requirements of the law No.224-FZ of 27.07.2010 "On Prevention of Unlawful Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation", the Issuer:

- developed and approved at the Board of Directors on 02.08.2013 (Minutes №of meeting No.168/2013) the Regulations on the insider information of the Company;
- formed a list of insider information;
- defined the persons related to insiders;
- sends notifications of inclusion/exclusion of persons in the list of insiders;
- maintains the list of insiders and sends to the organizers of trade an analysis of transactions in the securities market;
- ensures protection of the confidentiality of insider information and compliance with the rules of treatment of insider information by defining the rights of access to insider information, network folders inspection units, checks the state of network security, protection from leaks of confidential information;
- organized control over the Company's compliance with the legal requirements and regulations, legal acts of the Russian Federation on insider information.

Information on the activity of Kubanenergo PJSC in the field of combating unauthorized use of insider information and market manipulation is available on the Company's web site at: <http://kubanenergo.ru/aksioneram-i-investoram/informatsiya-dlya-insayderov-obschestva/>

The Issuer plans to continue to develop activities aimed at organization and development of control mechanisms on use of insider information.

Additional information:

In 2013, the Company adopted a single strategy document – Anti-corruption policy of Rosseti PJSC and affiliated companies of Rosseti (approved by the Board of Directors (Minutes of meeting No.201 dated 30.12.2014) (hereinafter –the anti-corruption policy), which defined a common approach to the implementation of requirements of article 13.3 of the Federal Law No. 273-FZ of 25.12.2008 “On combating corruption” (hereinafter – the Law on counteraction to corruption), relating to the Issuer's obligations to develop and adopt measures to prevent and fight against corruption: identification and subsequent elimination of the causes of corruption ( prevention of corruption); detection, prevention and suppression of corruption and other offenses; minimization and (or) liquidation of the consequences of corruption and other offenses, including those described in the article 19.28 of Administrative Code “the responsibility for the illegal remuneration on behalf of the legal entity”

By the decision of the Company’s Board of Directors (Minutes of meeting No. 261/2017 dd. 02.02.2017) the Anti-corruption policy is brought up to date. Necessity of making changes is conditioned by the following legal and standard acts of the Russian Federation:

- changes in Federal Law of RF No. 273-FZ dd. 25.12.2008 “On anti-corruption”;
- National anti-corruption plan for 2016-2017 approved by the Decree of the President of Russia No. 147 dd. 01.04.2016;
- Methodological recommendation of Federal Agency for State Property Management and other instruction of federal executive authorities.

The Issuer approved a list of anti-corruption measures for Kubanenergo, providing for the implementation of activities and procedures and the procedure for their implementation.

The Programme of anti-corruption measures in Kubanenergo PJSC (“Kubanenergo” PJSC Order No. 28, dd. 28.02.2017) is developed and approved, and it contains:

- plan of measures (list) connected with development/updating of internal local standard acts of organizational and operational level, implementation of organizational measures, approving of system monitoring procedure and results of measures on implementation of anti-corruption policy of “Rosseti” PJSC and subsidiary and dependent companies of “Rosseti” PJSC;
- assignment of persons responsible for implementation of specific measures;
- assignment of schedule of specific measures implementation;

Main directions of anticorruption policy:

- assignment of departments responsible for prevention of corruption offenses and the fight against corruption
- organization of management and internal control processes in sphere of prevention and countermeasure of corruption
- monitoring of risks management and internal control systems
- identifying and resolving conflicts of interest
- development and introduction of standards and procedures designed to ensure fair work
- legal education and laying the groundwork of law-abiding behavior of workers, consulting and training of Company’s employees;
- the adoption of measures to combat and prevention of corruption in cooperation with organizations of contractors
- interaction with public authorities exercising control and supervisory functions
- participation in collective initiatives for combating and preventing corruption.

All of this imposes a special obligation on the Issuer at forming a single vertically-integrated system of implementation of anti-corruption policies within the Group Rosseti, which controlling shareholder is the state. In this connection, the Issuer uses standard contractual anti-corruption clauses.

Much attention Kubanenergo PJSC pays to the formation of transparent business standards. The

automated system – “Analysis and collection of information on the beneficiaries” was created. The system allows collecting data from multiple sources into a single information space, providing test data on legal entities and individuals, identifying signs of affiliation, conflict of interest, pre-conflict situations, and other abuses.

The structural unit of the Company responsible for the prevention and fight against corruption performs the following functions:

- Carries out activities aimed at the implementation of the principles and requirements of the Anti-Corruption Policy;
- Carries out monitoring of activities aimed at identifying corruption and other offenses;
- Reviews reports of possible facts of committing corruption and other offenses by employees, contractors of Rosseti PJSC and its affiliated companies or other persons/entities;
- Organizes the completion and review of declarations of conflict of interest;
- Organizes training activities for the prevention and combating of corruption and individual consultation of employees;
- Evaluates the results of anti-corruption work and reporting materials management organization;
- Carries out activities to prevent and counter corruption and other offenses, conflicts of interest;
- Develops anti-corruption standards and provides technical assistance in the implementation of measures for combating and preventing corruption and legal education of employees;
- Coordinates the activities of the structural units in the sphere of implementation of anti-corruption policy;
- Prepares documents in the sphere of combating and prevention of corruption and initiates the updating of documents in connection with changes in the anti-corruption laws of the Russian Federation.

The Issuer, in particular, approved procedure for receiving, considering and resolving the applicant's requests (employees, contractors Kubanenergo PJSC and other natural and legal persons) of the possible cases of corruption, the Regulations for the Commission of Kubanenergo for Compliance of corporate ethics and conflicts of interest, the Regulation for the settlement of the conflicts of interest in Kubanenergo PJSC.

The Issuer updated the Commission on compliance with the rules of conduct and conflict of interest in Kubanenergo PJSC, organized work on the prevention of corruption, provided legal education and formation of the foundations of law-abiding behavior among employees of the electric grid complex and many other anti-corruption procedures, introduced an interactive channel of communication with applicants through the corporate web-site, the “hotline” for reporting on corruption.

Information about the activity of Kubanenergo PJSC in the field of preventing and combating corruption is available on the Company's web site at: <http://kubanenergo.ru/o-kompanii/antikorrupsionnaya-politika/>

## 5.5. Information on members of bodies for control of the Issuer's financial and business activity

The body controlling business activity of the issuer – **Auditing Commission**

Name: **Zadorozhnaya Anzhelika Alexandrovna**

Year of birth: **information is not provided**

Education: **information is not provided**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		



	now	Rosseti PJSC	Head of Administration for Control and Analysis at Department of Control and Audit Activity
	now	IDGC of the North Caucasus PJSC	Member of the Auditing Commission
	now	TyumenenergoPJSC	Member of the Auditing Commission
2017	now	Kubanenergo PJSC	Member of the Auditing Commission
	now	MOESK PJSC	Member of the Auditing Commission
	now	IDGC of the South PJSC	Member of the Auditing Commission

Share of the person in the authorized capital of the issuer, %: **information is not provided**

Share of the issuer's ordinary shares held by the person, %: **information is not provided**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **information is not provided.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **information is not provided.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **information is not provided**

Name: **Kabizskina Yelena Alexandrovna**

Year of birth: **1964**

Education:

**Higher. Far Eastern State Technical Fisheries University, engineering and financial faculty.**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2005	2013	FGC UES JSC	Deputy Head of Department for Control and Inspections; then Head of Department for Internal Control and Risks Management
2013	2014	MOESK JSC	Head of Directorate for Methodological Support at Department of Internal Audit
2014	now	Rosseti PJSC (former – Rosseti JSC)	Deputy Head of Directorate for Auditing Activity at Department of Supervisory Activity; then Deputy Head of Division for Auditing Activity at Department of Control and Auditing Activity
2015	now	Kubanenergo PJSC, IDGC of North Caucasus PJSC, Lenenergo PJSC,	Member of the Auditing Commission

		TRK PJSC, IDGC of North-West PJSC, Yantarenergo JSC, IDGC of Siberia JSC (PJSC), Sevkavkazenergo JSC, Kabbalkenergo JSC, Karachaevo-Cherkessskenergo JSC, Tyvaenergosbyt JSC, Scientific and research centre of UES, Chechenenergo JSC, Dagestan energy selling company JSC, Kalmenergosbyt JSC, “Ingushenergo” JSC	
2016	now	North-West power industry managing company PJSC, IDGC of Centre and Volga region PJSC, IDGC of Volga PJSC, IDGC of the South PJSC, IDGC of Ural PJSC, MOESK PJSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Kirillov Artyom Nikolayevich**

Year of birth: **1984**

Education:

**Higher. Moscow Power Industry Institute – “Engineer-electrical fitter” (2008).**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	to		
2009	2013	FGC UES PJSC	Chief Specialist, later – Chief Expert at Department of Control and Audits
2013	now	Rosseti PJSC (former – Rosseti JSC)	Head of Sector for Investment Audit at Directorate Auditing Activity and Internal Audit at Department of

			Internal Audit and Control; later – Deputy Head of Directorate Auditing Activity and Internal Audit at Department of Internal Audit and Control
2013	2014	Kubanenergo JSC	Member of the Auditing Commission
2016	now	Kubanenergo PJSC, MOESK PJSC, IDGC of Ural PJSC, “TRK PJSC, IDGC of the South PJSC, IDGC of Volga PJSC, IDGC of the North Caucasus PJSC, IDGC North-West PJSC, Lenenergo PJSC, North-Western power industry managing company PJSC, Sevkavkazenergo JSC, Ingushenergo JSC, NIITs IDGC JSC, Kalmenergosbyt JSC, VNIPInergoprom JSC, FOCL-Power Lines Administration JSC, Scientific and Research Centre of UES JSC, Nurenergo JSC, Power engineering university ENIN JSC	Member of the Auditing Commission
2017	now	IDGC of Siberia PJSC, Karachaevo-Cherkessenergo JSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Malyshev Sergey Vladimirovich**

Year of birth: **1965**

Education:

**Higher, Higher military financial college in Yaroslavl (1986)**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period	Company	Position
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from	to		
2013	2013	FGC UES JSC	Head of Department of Investments Audit at Department for Internal Control and Risks Management
2013	now	Rosseti PJSC (former – Rosseti JSC)	Chief Expert at Directorate for Auditing Activity at Department for Control Activity; Leading Specialist at Directorate for Auditing Activity at Department for Control and Auditing Activity
2014	2015	Lenenergo JSC, Tyumenenergo JSC, , IDGC of Centre and Volga region JSC, IDGC of Ural JSC, Kalmenergosbyt JSC, Scientific and research centre of Ural JSC	Member of the Auditing Commission
2014	now	IDGC of Volga PJSC (earlier – IDGC of Volga JSC), IDGC of Centre PJSC (earlier – IDGC of Centre JSC), IDGC of Siberia JPSC (IDGC of Siberia JSC), IDGC of North-West PJSC (North-West JSC), Sevkavenergo PJSC (Sevkavenergo JSC), Kubanenergo PJSC (Kubanenergo JSC), Yantarenergo JSC, Karachaevo-Cherkesskenergo JSC, Tyvaenergosbyt JSC, Dagestan energy selling company JSC, Ingushenergo JSC, SZEUK PJSC (SZEUK JSC)	Member of the Auditing Commission
2015	now	Kabbalknergo PJSC, IDGC of North Caucasus PJSC, Chechenenergo JSC, Scientific and research centre of IDGC JSC, VNIPInergoprom Association JSC, VNIPInergoprom real property JSC, Its UES real property JSC, Real property of the Southern centre of power industry”	Member of the Auditing Commission
2016	now	Lenenergo PJSC, Tyumenenergo JSC	Member of the Auditing Commission
2017	now	Kalmenergosbyt JSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Information on any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Name: **Slesareva Yelena Yurievna**

Year of birth: **1970**

Education:

**Higher. Academy of Labor and Social Relations, Moscow**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
from	till		
2009	2013	IDGC of the South JSC	Chief Specialist at Department of Internal Audit and Risks Management
2013	Now	Rosseti PJSC ( former – Rosseti JSC)	Leading Specialist at Sector of Investments Audit, Auditing Activity and Internal Audit at Department of Internal Audit and Control; then – Chief Expert at Internal Audit Directorate
2014	2015	IDGC of Volga JSC, Tyumenenergo JSC, IDGC of Centre JSC, IDGC of Siberia JSC, IDGC North-West JSC, IDGC of the North Caucasus JSC, MOESK JSC, Sevkavkazenergo JSC, Kubanenergo JSC	Member of the Auditing Commission
2014	Now	IDGC of the South JSC ( IDGC of the South PJSC)	Member of the Auditing Commission
2015	2016	IDGC of the North Caucasus PJSC, Tyumenenergo JSC, Tyvaenergoby JSC, Association VNIPIenergoprom JSC	Member of the Auditing Commission
2015	now	IDGC of Center and Volga Region PJSC, Chechenenergo JSC, Dagestan Energy Retail Company JSC, Kalmenergosbyt JSC	Member of the Auditing Commission
2016	now	Kubanenergo PJSC	Member of the Auditing Commission
2017	now	Kabbalkenergo PJSC, IDGC of Ural JSC, Tyumenenergo JSC	Member of the Auditing Commission

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

Body controlling business activity of the issuer:

**Internal Control Department**

Head of such department, name of position: Head of **Internal Control Department**

Name: **Karmiryan Anatoliy Viktorovich**

Year of birth: **1972**

Education:

**Higher education.**

**Kuban State Agrarian University: "Accounting and audit", 1999; "Law studies", 2008**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2012	2016	AiS, LLC	Director General
2016	now	Kubanenergo PJSC	Head of Internal Control Department

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

**Body exercising control over financial and economic activities of the issuer: Other**

**Directorate of Internal Control and Risk Management**

Information about the leader of the separate structural unit (body) of the issuer

Position name of the head of structural department: **Head of directorate of internal control and risks management.**

Name: **Ochikov Sergei Ivanovich**

Year of birth: **1983**

Education:

**Higher education.**

**Krasnoyarsk state technical university: “Power stations and substations”.**

**Siberian federal university: “Economics and management of power industry enterprises”.**

All offices having been/being held by the person concerned with the Issuer and other organizations during the last 5 years and at present, including those held on part-time basis

Period		Company	Position
From	To		
2013	2013	“FGC UES” JSC	Chief expert of internal control and risks management department
2013	2017	“Rosseti” PJSC (former “Rosseti” JSC)	Lead expert of internal audit and risks management department , after – lead expert of directorate of internal audit, then – chief expert of the same directorate
2017	Now	“Kubanenergo” PJSC	Head of directorate of internal control and risks management

**The person holds no participatory stake in the Issuer's authorized capital or the Issuer's ordinary shares.**

The person's participatory stake in authorized (pooled) capitals (co-op share funds) of the Issuer's subsidiary and dependent companies: **The person does not hold such stake.**

Details of the nature of any family relations with other persons that are members of the Management Bodies of the Issuer and/or bodies for control of the Issuer's financial and business activity: **There are no such family relations.**

Details of the person having been brought to administrative responsibility for offences in the field of finance, taxes and levies, securities market or to criminal responsibility (existence of criminal record) for economic crimes or crimes against the State: **The person has not been brought to responsibility as specified.**

Details of the person having held offices with management bodies of commercial organizations in a period when bankruptcy procedures were instigated and/or a bankruptcy procedure as stipulated by the Russian Federation bankruptcy (insolvency) legislation initiated against such organizations: **The person did not hold such offices**

## **5.6. Information on the amount of benefits and/or compensation of expenses on the bodies controlling the Issuer's financial and business activity**

Remunerations

For each body exercising control of financial and economic activities (except for the individual holding the position (performing the functions) of the issuer's internal auditor), information concerning the amounts of all types of remuneration, including salaries of members of bodies exercising control of the issuer's financial and economic activities who are (were) the issuer's employees (including part-time employees), bonuses, commission fees, remuneration specifically paid for participation in the work of the relevant body exercising control of the issuer's financial and economic activities, and other types of remuneration paid by the issuer within the relevant reporting period, also specifying the amounts of expenses associated with the performance of the functions of members of bodies exercising control of the issuer's financial and economic activities and reimbursed by the issuer within the relevant reporting period.

Unit: **rubles**

Name of the body for control of the Issuer's financial and business activity:

**Auditing Commission**

Indicator	6 months of 2017
Remuneration for participation in the work of the body exercising control of the issuer's financial and economic activities	782
Salary	
Bonuses	
Commission fees	
Other remunerations	
Total	782

Information concerning the existing agreements for such payments in the present fiscal year:

In accordance with Regulations on payments of remunerations and compensations to members of Auditing Commission approved by annual General meeting of shareholders (minutes of meeting No.36 dd 11.06.2015) the remuneration shall be paid as a lump-sum by the results of activity in the corporate year.

The remuneration shall be paid to the members of the Auditing Commission of the Company depending on the degree of their participation in the activity of the Committee on the basis of base amount of remuneration with application of a coefficient of participation of the committee member in the Committee's activity by the results of a corporate year.

The Base amount of remuneration is determined on the basis of Company's revenue calculated in accordance with Russian Accounting Standards.

#### **Body controlling Issuer's business activity:**

##### **Internal Audit Department**

Remuneration for participation in the work of the inspection body  
unit of measure: **thousand rubles**

indicator	6 months of 2017
Remuneration for participation in the work of the body exercising control of the issuer's financial and economic activities	0
Salary	2 597
Bonuses	692
Commission fees	0
Other remunerations	0
Total	3 289

Details on the effective agreements on such payments in the current financial year:

The Internal Audit Department operates from 1 August 2016. Payments to the employees of Internal Audit Department were carried out according to the Order №439 of 27.05.2016 "On introduction of the Regulation on material incentives and benefits for the leading managers of Kubanenergo PJSC" from 01.01.2016 and the Collective Agreement of Kubanenergo PJSC for 2016-2018, enacted on 31.12.2015 by the order of the Company No.1149.

Name of the body supervising financial and economic activities of the issuer:

##### **The Internal Audit and Risks Management Department**

Remuneration for participation in the work of the inspection body

Unit of measurement: thousand rubles.

Indicator	6 months of 2017
Remuneration for participation in the work of the body exercising control of the issuer's financial and economic activities	0
Salary	1 541
Bonuses	345
Commission fees	0
Other remunerations	0



Total	1 886
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Information on the existing agreements concerning such payments in the current fiscal year:  
The Internal Audit Department operates from 1 August 2016. Payments to the employees of Internal Audit Department were carried out according to the Order №439 of 27.05.2016 “On introduction of the Regulation on material incentives and benefits for the leading managers of Kubanenergo PJSC” from 01.01.2016 and the Collective Agreement of Kubanenergo PJSC for 2016-2018, enacted on 31.12.2015 by the order of the Company No.1149.

## Compensations

Unit of measurement: thousand rubles

Name of the control body	6 months of 2017
Audit Commission	0
Department of Internal Audit and Control	0
Department of Internal Audit	0
Directorate of Internal Control and Risk Management	0

Additional information:

In accordance with the Regulations for payment of remunerations and compensations to the members of the Auditing Committee of Kubanenergo PJSC approved by the Annual General Meeting of Shareholders (Minutes of meeting No.36 dated 11.06.2015), compensation of the costs of members of the Auditing Committee associated with their participation in the activities of the Auditing Committee shall be determined on the basis of the established standards.

## 5.7. Information on the number of employees (workers) and summary data on their education and staff composition as well as changes in the number of employees (workers) of the Issuer

Unit of measurement: **thousand rubles**

Indicator	6 months of 2017
Average number of employees	8 474
Volume of cash allocated for payment of wages in the reporting period	2 021 320
Volume of cash allocated for social welfare in the reporting period	15 467

There were no significant changes in the number of the issuer's employees during the reporting period.

There are no employees substantially affecting financial and business activity of the Issuer in Kubanenergo.

A trade union body has been founded by employers (workers) of the Issuer.

## 5.8. Information on any other liabilities of the Issuer to employees (workers) related to possibility of their participation in authorized capital of the Issuer

The Issuer has no liabilities to its employees (workers) related to possibility of their participation in authorized capital of the Issuer

## VI. Information on the Issuer's participants (shareholders) and on interested-party transactions effected by the Issuer

### 6.1. Information on the total number of the Issuer's shareholders (participants)

Total number of persons registered in the Issuer's Register of Shareholders as of the expiry date of the last reporting quarter: **1 809**

Total number of the Issuer's nominal shareholders: **2**

Total number of persons included in the last list of persons who had (have) the right to participate in

the general meeting of the issuer's shareholders (other list of persons compiled for the purpose of exercising (implementing) rights granted by the issuer's shares and for which the nominal holders of the issuer's shares represented data on persons in whose interests they owned (own) shares of the issuer): **2 678**

Date of making the list persons included in the last list of persons who had (have) the right to participate in the general meeting of the issuer's shareholders (other list of persons compiled for the purpose of exercising (implementing) rights granted by the issuer's shares and for which the nominal holders of the issuer's shares represented data on persons in whose interests they owned (own) shares of the issuer): **23.05.2017**

Holders of ordinary shares of the issuer subject to inclusion in the list: **2 675**

Information on the number of own shares possessed by the issuer as at the reporting quarter:

Own shares possessed by the issuer: no

Information on the number of shares belonging to the organizations controlled by the issuer

**There are no shares belonging to organizations under issuer's control**

**6.2. Information on participants (shareholders) of the issuer owning at least five percent of its authorized capital or at least five percent of its ordinary shares, as well as information on those controlling such participants (shareholders), and in case of absence of such persons - information on participants (shareholders), owning at least 20 percent of the authorized capital or at least 20 percent of ordinary shares.**

Participants (shareholders) of the issuer owning at least five percent of its authorized capital or at least five percent of its ordinary shares

1. Full business name: **Russian Federation represented by the Federal Agency for Management of State Property**

Abbreviated business name: **RF represented by the Federal Agency for Management of State Property**

Address

**9 Nikolsky lane, Moscow, Russia, 109012**

TIN: **7710723134**

PSRN: **1087746829994**

Participatory interest of the person in the authorized capital of the Issuer: **7.36%**

Portion of the Issuer's ordinary shares held by the person: **6.86%**

Persons controlling the participant (shareholder) of the Issuer: **There aren't such persons**

Participants (shareholders) of the person holding no less than 20 percent of their authorized (pooled) capitals (co-op share funds) or no less than 20 percent of their ordinary shares: **There aren't such persons**

2.

Full business name: **Public Joint-Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" PJSC**

Address: **Moscow, Russia**

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer: **92.24%**

Portion of the Issuer's ordinary shares held by the person: **92.77%**

2.1.

Full business name: **Russian Federation represented by the Federal Agency for Management of State Property**

Abbreviated business name: **RF represented by the Federal Agency for Management of State Property**

Address:

**9 Nikolsky lane, Moscow, Russia, 109012**

TIN: **7710723134**

PSRN: **1087746829994**

The reason whereby the entity that controls the participant (shareholder) of the Issuer exercises such control (participation in a legal entity being a participant (shareholder) of the Issuer, the conclusion of a simple partnership agreement, agency contract, the conclusion of the shareholders' agreement, the conclusion of other agreements, the subject of which is the exercise of rights certified by shares (interests) of the legal entity that is a participant (shareholder) of the issuer): **RF is a shareholder of Rossetti PJSC.**

The sign of the entity controlling the participant (shareholder) of the issuer of such control: the right to dispose of more than 50 percent of the votes in the supreme governing body of the legal entity that is a participant (shareholder) of the Issuer

Type of control: **direct control**

The share of such entity in the authorized (share) capital (mutual fund) of the participant (shareholder) of the Issuer, %: **87.9**

The share of this entity in the ordinary shares (shareholder) of the Issuer, %: **88.75**

#### **Other information provided by the issuer at its own discretion:**

Currently the Company is placing additional shares of the issue that was registered by the Bank of Russia on 15.12.2016 (paragraph 8.2 of the report), but changes in the chapter of the Company's Charter pertaining the authorized capital have not been made, therefore:

- the shares of shareholders in the authorized capital of the issuer are indicated without consideration of the placed additional shares,
- the shares owned by the shareholders are indicated with regard of the placed additional shares.

#### **6.3. Information on participatory stake of the State or a municipal unit in the authorized capital of the Issuer and on availability of a special right ("Golden Share")**

Information about the controllers of state, municipal shares: **There are no such persons**

Persons who, on behalf of the Russian Federation, subject of Russian Federation or municipal entity shall perform the functions participant (shareholder) of the Issuer.

##### **Federal property**

Name: **Federal Agency of State Property Management**

Address: **9, Nikolskiy lane, Moscow, 109012**

The size of the authorized (share) capital (share fund) of the Issuer of municipal property, located in the state (federal, subjects of Russian Federation): **7.36**

#### **Property of subjects of Russian Federation**

Full business name: **Regional state specialized agency "State Property Fund of Krasnodar region"**

Address: **176, Krasnaya street, Krasnodar, 350063**

The size of the authorized (share) capital (share fund) of the Issuer of municipal property, located in the state (federal, subjects of Russian Federation): **0.0002**

Presence of a special right of the Russian Federation, subjects of Russian Federation, municipalities in the management of the issuer - a joint stock company ("golden share"), the validity of a special right ("golden share"): **This right is not provided.**

#### **6.4. Information on restrictions on participation in the Issuer's authorized capital**

There are no restrictions on participation in the Issuer's authorized

#### **6.5. Information on changes in composition and amount of participation of shareholders (participants) of the Issuer holding no less than 5% of the Issuer's authorized capital or no less than 5% of one's ordinary shares**

Compositions of shareholders (participants) of the Issuer holding at least 5% of the Issuer's

authorized capital, for joint-stock company issuers – also those holding at least 5% of one's ordinary shares as determined as of the date of making the list of persons having the right to participate in each General Meeting of Shareholders (Participants) of the Issuer carried out for the last completed financial year preceding the end date of the reporting quarter, as well as for the period from the beginning of the current year and to the end date of the reporting quarter according to the list of persons entitled to participate in each such meeting.

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **06.05.2016**

List of Shareholders (Participants):

Full business name: **Russian Federation represented by Federal Agency for the Administration of State Property**

Abbreviated business name: **RF represented by Federal Agency for the Administration of State Property**

Address: **9, Nikolskiy lane, Moscow 109012**

TIN: **7710723134**

PSRN: **1087746829994**

Participatory interest of the person in the authorized capital of the Issuer, %: **7.36**

Portion of the Issuer's ordinary shares held by the person, %: **7.36**

Full business name: **Public Joint Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" PJSC**

Address: **Moscow, Russia**

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **92.24**

Portion of the Issuer's ordinary shares held by the person, %: **92.24**

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **26.08.2016**

List of Shareholders (Participants):

Full business name: **Russian Federation represented by Federal Agency for the Administration of State Property**

Abbreviated business name: **RF represented by Federal Agency for the Administration of State Property**

Address: **9, Nikolskiy lane, Moscow 109012**

TIN: **7710723134**

PSRN: **1087746829994**

Participatory interest of the person in the authorized capital of the Issuer, %: **7.36**

Portion of the Issuer's ordinary shares held by the person, %: **7.36**

Full business name: **Public Joint Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" PJSC**

Address: **Moscow, Russia**

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **92.24**

Portion of the Issuer's ordinary shares held by the person, %: **92.24**

Additional information: **No.**

Date of making the list of persons having the right to participate in the General Meeting of Shareholders (Participants) of the Issuer: **23.05.2017**

List of Shareholders (Participants):

Full business name: **Russian Federation represented by Federal Agency for the Administration of State Property**

Abbreviated business name: **RF represented by Federal Agency for the Administration of State Property**

Address: **9, Nikolskiy lane, Moscow 109012**

TIN: **7710723134**

PSRN: **1087746829994**

Participatory interest of the person in the authorized capital of the Issuer, %: **7.36**

Portion of the Issuer's ordinary shares held by the person, %: **6.86**

Full business name: **Public Joint Stock Company "Russian Grids"**

Abbreviated business name: **"Rosseti" PJSC**

Address: **Moscow, Russia**

TIN: **7728662669**

PSRN: **1087760000019**

Participatory interest of the person in the authorized capital of the Issuer, %: **92.24**

Portion of the Issuer's ordinary shares held by the person, %: **92.77**

Additional information: **No.**

#### **6.6. Information on the interested-party transactions of the Issuer**

The number and volume in terms of money made by the issuer transactions recognized in accordance with the laws of the Russian Federation party transactions which had an interest requiring approval by the governing body of the issuer, for the most recent reporting quarter

Unit: thousand rub.

Indicator	Total amount, pieces	Total amount in monetary assets
Transactions of interest concluded by the issuer during the reporting period which require the approval by the governing body of the Issuer	1	70 757 435
Transactions of interest concluded by the issuer during the reporting period which have been approved by the general meeting of members (shareholders) of the Issuer	0	0
Transactions of interest concluded by the issuer during the reporting period which have been approved by the board of directors (supervisory board of the issuer)	1	70 757 435
Transactions of interest concluded by the issuer during the reporting period which require approval, but have not been approved by the authorized body of the issuer	0	0

Transactions (groups of related transactions), the price of which is 5 percent or more of the book value of assets of the issuer as defined according to its financial statements for the last reporting date before the transaction, the issuer of the last reporting quarter

**Such transactions have not been performed**

Transactions (groups of related transactions) in the commission of which there was an interest and which is subject to the board of directors (supervisory board) or a general meeting of shareholders (members) of the Issuer was not taken in cases where such approval is required under the legislation of the Russian Federation

**Such transactions have not been performed**

Additional Information: **none**

#### **6.7. Information on the accounts receivable**

**30.06.2017**

Unit of measurement: **thousand rubles**

Indicator	Value of the indicator
Trade receivables	5 191 093
including overdue	1 824 103
Notes receivable	0
including overdue	0
Accounts receivable of participants (founders) on share capital payments	0
including overdue	0
Other accounts receivable	876 359
including overdue	112 866
Total amount of accounts receivable	6 067 452
including total amount of overdue accounts receivable	1 936 969

Debtors occupy at least 10% of total amount of accounts receivable in the reporting period

Full business name: **Open Join Stock Company “Kuban energy selling company”**

Abbreviated business name: **“Kubanenergoby” OJSC**

Address: **55/1 Gimnazicheskaya street, Krasnodar, Krasnodar region 350000**

TIN: **2308119595**

PSRN: **1062309019794**

Amount of accounts receivable: **3 101 392.72**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalties, fines):

**Accounts receivable: 1 382 070.04 thousand rubles**

**Sanctions, penalties, fines: no.**

Debtor is affiliated entity of the Issuer: **No**

Full business name: **Joint Stock Company “Independent power selling company of Krasnodar region”**

Abbreviated business name: **“NESK” JSC**

Address: **101 office, 13 Perepravniy lane, Krasnodar, Krasnodar region 350033 Russia**

TIN: **2308091759**

PSRN: **1032304155102**

Amount of accounts receivable: **1 235 039.38**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalties, fines): **no.**

Debtor is affiliated entity of the Issuer: **No**

Full business name: **Interregional inspection of the Federal Tax Service of Russia on major taxpayers No.4**

Abbreviated business name: **Interregional inspection of the Federal Tax Service of Russia on major taxpayers No.4**

Address: **16A, 3<sup>rd</sup> Mytischinskaya str., 129626, Moscow**

TIN: **7707321795**

PSRN: **1047707041909**

Amount of accounts receivable: **417 680.85**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalties, fines): **no.**

Debtor is affiliated entity of the Issuer: **No**

Full business name: **Limited Liability Company “Maikopskaya Thermal Power Plant”**

Abbreviated business name: **“Maikopskaya TPP” LLC**

Address: **708 Kuragannaya str., Maikop, Adygea Republic 385018**

TIN: **0107019540**

PSRN: **1100107001280**

Amount of accounts receivable: **338 724.19**

Unit of measurement: **thousand rubles**

Amount and conditions of overdue accounts receivable (interest rate, penalties, fines): **297 273.21 thousand rubles.**

**Sanctions, penalties, fines: no.**

Debtor is affiliated entity of the Issuer: **No**

## **VII. The Issuer’s accounting (financial) statements and other financial information**

### **7.1. The Issuer’s annual accounting (financial) statements**

Such information is not disclosed in the report for this quarter

### **7.2. Interim accounting (financial) statements of the Issuer**

#### **Balance sheet**

**30.06.2017**

Form No. 1 as per OKUD [Russian National Classifier of Management Documentation]	Codes
	<b>0710001</b>
Organization: <b>Public Joint Stock Company of Power Industry and Electrification of Kuban</b>	Date <b>30.06.2017</b>
	<b>00104604</b>
Taxpayer Identification Number	TIN <b>2309001660</b>
Type of activity: <b>transmission of electricity</b>	as per OKVED [Russian National Classifier of Types of Economic Activity] <b>35.12</b>
Organizational legal form/ownership form <b>public joint-stock company/private ownership</b>	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership] <b>12247 / 16</b>
Unit: <b>thousand rubles</b>	As per OKEI [Russian National Classifier of Measurement Units] <b>384</b>
Address: <b>2A Stavropolskaya street, Krasnodar, Krasnodar region, Russia 350033</b>	

notes	ASSETS	Line code	as of 30.06.2017	as of 31.12.2016	as of 31.12.2015
1	2	3	4	5	6
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	27 001	25 834	13 233
	R&D results	1120	31 158	24 411	32 385
	Intangible development assets	1130			
	Tangible development assets	1140			

	Fixed assets	1150	56 803 451	55 910 737	53 710 490
	Income-bearing investments in tangible valuables	1160			
	Financial investments	1170	45 588	45 588	45 588
	Deferred tax assets	1180	892 688	839 768	972 310
	Other non-current assets	1190	58 077	52 375	59 480
	<b>TOTAL Section I</b>	<b>1100</b>	<b>57 857 963</b>	<b>56 898 713</b>	<b>54 833 486</b>
	<b>II. CURRENT ASSETS</b>				
	Stock	1210	1 533 442	1 407 566	1 292 106
	Value added tax on valuables acquired	1220	6 054	7 496	6 198
	Accounts receivable	1230	6 067 452	7 119 419	4 900 772
	Financial investments	1240			
	Cash and equivalents	1250	1 065 761	1 245 575	2 577 455
	Other current assets	1260	707 123	609 432	708 381
	<b>TOTAL Section II</b>	<b>1200</b>	<b>9 379 832</b>	<b>10 389 488</b>	<b>9 484 912</b>
	<b>BALANCE</b>	<b>1600</b>	<b>67 237 795</b>	<b>67 288 201</b>	<b>64 318 398</b>

notes	LIABILITIES	Line	as of 30.06.2017	as of 31.12.2016	as of 31.12.2015
1	2	3	4	5	6
	<b>III. CAPITAL AND RESERVES</b>				
	Authorized capital (reserve capital, statutory find and partners' contributions)	1310	30 358 979	30 358 977	28 286 813
	Treasury stock bought out at from the shareholders	1320			
	Revaluation of non-current assets	1340	10 781 079	10 805 974	10 851 166
	Additional capital (without revaluation)	1350	6 481 916	6 481 916	6 481 916
	Reserve capital	1360	268 996	161 971	89 347
	Unallocated profit (uncovered loss)	1370	-13 942 069	-12 410 429	-13 378 700
	<b>TOTAL Section III</b>	<b>1300</b>	<b>33 948 901</b>	<b>35 398 409</b>	<b>32 330 542</b>
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowed funds	1410	20 674 391	18 912 239	10 000 000
	Deferred tax liabilities	1420	141 523	128 343	122 951
	Contingent liabilities	1430			
	Other liabilities	1450	1 314 504	1 429 365	468 760
	<b>TOTAL Section IV</b>	<b>1400</b>	<b>22 130 418</b>	<b>20 469 947</b>	<b>10 591 711</b>
	<b>V. SHORT-TERM LIABILITIES</b>				
	Borrowed funds	1510	519 104	79 078	7 071 346
	Payables	1520	7 436 690	8 280 201	11 799 752
	Income of future periods	1530	127 062	130 231	115 298
	Estimated liabilities	1540	3 075 620	2 930 335	2 409 749
	Other liabilities	1550			
	<b>TOTAL Section V</b>	<b>1500</b>	<b>11 158 476</b>	<b>11 419 845</b>	<b>21 396 145</b>
	<b>BALANCE (assets)</b>	<b>1700</b>	<b>67 237 795</b>	<b>67 288 201</b>	<b>64 318 398</b>



## Profit and loss statement

**January – June 2017**

Form No. 2 as per OKUD [Russian National Classifier of Management Documentation]	Codes <b>0710002</b>
Organization: <b>Public Joint Stock Company of Power Industry and Electrification of Kuban, Публичное акционерное общество энергетики и электрификации Кубани</b>	Date <b>30.06.2017</b>
Taxpayer Identification Number	As per OKPO [Russian National Classifier of Businesses and Organizations] <b>00104604</b>
Type of activity: <b>transmission of electricity</b>	INN [Taxpayer Identification Number] <b>2309001660</b>
Organizational legal form/ownership form <b>public joint-stock company/private ownership</b>	as per OKVED [Russian National Classifier of Economic Activities] <b>35.12</b>
Unit: <b>thousand rubles</b>	As per OKOPF [Russian National Classifier of Organizational Legal Forms]/OKFS [Russian National Classifier of Forms of Ownership] <b>12247 / 16</b>
Location (address): <b>2A, Stavropolskaya str., Krasnodar, Krasnodar region, Russia 350033</b>	As per OKEI [Russian National Classifier of Measurement Units] <b>384</b>

Not es	Indicator	Line	6 months of 2017	6 months of 2016
1	2	3	4	5
	Proceeds	2110	18 877 134	19 045 487
	Cost of sales	2120	-17 427 257	-17 358 467
	Gross profit (loss)	2100	1 449 877	1 687 020
	Commercial expenses	2210		
	Administrative expenses	2220	-51 685	-40 585
	Sales profit (loss)	2200	1 398 192	1 646 435
	Participation incomes	2310		
	Interest receivable	2320	18 506	61 419
	Interest payable	2330	-998 285	-916 908
	Other incomes	2340	656 279	1 052 770
	Other expenses	2350	-1 754 645	-1 085 022
	Profit (loss) before tax	2300	-679 953	758 694
	Current profit tax	2410	-270 571	-415 500
	Including constant tax liabilities (assets)	2421	323 973	349 338
	Changes in deferred tax liabilities	2430	-13 329	1 112
	Changes in deferred tax assets	2450	95 918	-86 689
	Other	2460	-46 450	-33 966
	Net profit (loss)	2400	-914 385	223 651
	FOR REFERENCE:			
	Results of revaluation of non-current assets not included into net profit (loss) of the period	2510		
	Results of other operations not included into net profit (loss) of the period	2520		
	Aggregate financial result of the period	2500	-914 385	223 651
	Basis profit (loss) per share	2900	-3.047	0.791
	Diluted profit (loss) per share	2910	-3.047	0.791

### **7.3. Consolidated accounting statements of the Issuer**

**Annual consolidated financial statements of the Issuer for the last fiscal year are composed before the date of the end of the first quarter and are included on the report for the 1<sup>st</sup> quarter.**

2016 - IFRS/GAAP

Reporting period

Year: **2017**

Quarter: 1

The standards (rules) in accordance with which the consolidated financial statements are disclosed in this paragraph of the report: **IFRS**

**Information is provided in Annex to this quarterly report.**

The consolidated financial statements of the Group companies Kubanenergo PJSC are prepared in 2016 in accordance with IFRS for the six months and the full year, and from 01.01.2017 are prepared quarterly.

### **7.4. Information on the accounting policy of the Issuer**

During the reporting quarter information did not change

### **7.5. Information on the total sum of export and of the portion of export in the total volume of sales**

Issuer does not export products (goods, works, services).

### **7.6. Information on material changes having occurred in the Issuer's real property after the last completed financial year expiry date**

Information on substantial changes in the Issuer's real property having occurred within 12 months before the reporting quarter expiry date

Substantial changes in the Issuer's real property within 12 months before the reporting quarter expiry date did not occur

Additional Information: None

### **7.7 Details on the Issuer's participation in judicial trials that may substantially affect the Issuer's financial and business activity**

**Within 2016 the Company participated in 20 trials:**

– the claim of EnergoSeti LLC to Kubanenergo PJSC on collection of debt in amount of 178 270 237 rubles 56 kopecks on service contract for electric energy transmission. On 26.02.2015 the Arbitration Court of the Krasnodar region satisfied the claim, Kubanenergo was charged 178 270 237 rubles 56 kopecks. Decision of the Fifteenth arbitration appeal court on 31.08.2015 cancelled the decision of the Arbitration Court of 26.02.2015 and the requirements of “MK Energoset” were denied. On 08.12.2015 resolution of the Arbitration Court of the North Caucasus region cancelled the decision of the Arbitration Court of Krasnodar region from 26.02.2015 and the decision of the Fifteenth arbitration appeal court on 31.08.2015, the case was sent for retrial to the Arbitration Court of the Krasnodar region. The case is under consideration by the Commercial Court of Krasnodar region. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.

– the claim of Kubanenergo PJSC to “Maikopskiy thermal power station” LLC on collection of debt in amount of 318 198 950 rubles on service contract for electric energy transmission. The case is under consideration by the Commercial Court of Republic of Adygea. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.

– the claim of Kubanenergo PJSC to “Maikopskiy thermal power station” LLC on collection of debt in amount of 105 538 930 rubles on service contract for electric energy transmission. The case is under consideration by the Commercial Court of Republic of Adygea. As of 31.12.2016 the final

decision is not determined, the case will proceed in 2017.

- the claim of Kubanenergoby JSC to Kubanenergo PJSC on collection of debt (disagreement on agreement) in amount of 47 969 240 rubles. The case is under consideration by the Commercial Court of Krasnodar region. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.
- the claim of Kubanenergo PJSC to Oboronenergoby JSC on collection of debt in amount of 153 294 823 rubles 41 kopecks under the contract for services on electric power transmission. The case is under consideration by the Commercial Court of Krasnodar region. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.
- the claim of FGC UES PJSC to Kubanenergo PJSC on collection of debt on service contract for electric energy transmission in amount of 338 622 360 rubles. The resolution of the Commercial Court of Krasnodar region dd. 21.01.2016, the resolution of the Fifteenth Arbitration Court of Appeal dd. 06.05.2016 and the resolution of Commercial court of North-Caucasus district dd. 28.07.2016 satisfied the plaintiff's claims; Kubanenergo was charged 347 767 154 rubles 10 kopecks.
- the claim of Kubanenergo PJSC to Lukoil-Kubanenergo LLC on recovery of unjust enrichment in amount of 48 435 825 rubles 85 kopecks. The resolution of the Commercial Court of Krasnodar region dd. 06.05.2016 satisfied claims of Kubanenergo PJSC; appellee was charged 56 874 277 rubles. The resolution of the Fifteenth Arbitration Court of Appeal dd. 15.08.2016 changed the resolution of the Commercial Court of Krasnodar region dd. 06.05.2016 was charged and charged 48 435 825 rubles.
- the claim of Aksoi LLC to Kubanenergo PJSC on collection of debt on service contract for electric energy transmission in amount of 49 755 484 rubles 55 kopecks. The resolution of the Commercial Court of Krasnodar region dd. 10.03.2016 partially satisfied claims; Kubanenergo was charged 35 514 509 rubles 65 kopecks. The resolution of the Fifteenth Arbitration Court of Appeal dd. 01.06.2016 cancelled the resolution of the Commercial Court of Krasnodar dd. 10.03.2016, case is dismissed.
- the claim of Kubanenergo PJSC to Kubanenergoby JSC on recovery of costs in amount of 41 258 375 rubles 80 kopecks on service contract for electric energy transmission. The resolution of the Commercial Court of Krasnodar region dd. 17.06.2016, left the resolution of the Fifteenth Arbitration Court of Appeal dd. 18.08.2016 unchanged, claims were satisfied, appellee was charged 41 258 375 rubles 80 kopecks in favor of Kubanenergo.
- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC for the recovery of debt in the amount of 111 980 720 rubles 00 kopecks under the contract for services on electric power transmission. The resolution of the Commercial Court of Adygea dd. 29.04.2016 partially satisfied claims, appellee was charged 3 045 813 rubles in favor of Kubanenergo.
- the claim of Kubanenergo PJSC to Lukoil-Ekoenergo LLC for the collection of unjust enrichment in the amount of 180 138 010 rubles. By the decision of the Arbitration Court of the Rostov region dd. 25.01.2016 the requirements of Kubanenergo PJSC were denied. By decision of the Fifteenth arbitration appeal court dd. 11.07.2016 the claims were partially met, in favor of Kubanenergo PJSC to recover the amount of unjust enrichment in the amount of 67 995 498 rubles.
- the claim of Glavstroy-Ust-Labinsk LLC to Kubanenergo PJSC on recovery of unjust enrichment in amount of 83 378 770 rubles. The resolution of the Commercial Court of Krasnodar region dd. 29.07.2016, changed by the resolution of the Fifteenth Arbitration Court of Appeal dd. 23.09.2016, partially satisfied claims, Kubanenergo was charged unjust enrichment in amount of 63 999 494 rubles 24 kopeks.
- the claim of Kubanenergo PJSC to SKERK JSC for recovery of the penalty under contract in the amount of 67 636 800 rubles. The decision of the Arbitration Court of Stavropol region dd. 22.10.2015 was upheld by the Sixteenth Appellate Court dated 24.02.2016, the claim is partially satisfied in favor of Kubanenergo PJSC to recover the penalty in the amount of 33 583 040 rubles. Resolution of the Arbitration Court of the North Caucasus region cancelled the decision of the

Arbitration Court of Stavropol region dated 22.10.2015 and the decision of the Sixteenth Arbitration Appeal Court dated 24.02.2016, the case was sent for retrial to the Arbitration Court of Stavropol region. The Arbitration Court of Stavropol region from 13.09.2016 rejected the claims of Kubanenergo PJSC.

- the claim of Kubanenergo PJSC to RZhD JSC on collection of debt on debt recovery under the contract of fee-based services on deregulation on land-use in amount of 4 340 221 360 rubles. The resolution of the Commercial Court of Krasnodar region dd. 16.08.2016 established amicable agreement between the parties, claims of Kubanenergo were partially satisfied, appellee was charged 664 978 235 rubles 92 kopeks.
- the claim of Kubanenergo PJSC to SOGAZ JSC for the recovery under the insured event in the amount of 113 150 450 rubles. The resolution of the Commercial Court of Krasnodar region from 31.10.2016 partially satisfied the claims, appellee was charged 50 703 906 rubles 54 kopeks.
- the claim of Kubanenergoby JSC to Kubanenergo PJSC on collection of debt (compensation for electricity losses) in amount of 1 376 411 190 rubles. The resolution of the Commercial Court of Krasnodar region dd. 29.09.2016 partially satisfied claims, Kubanenergo was charged 304 731 440 rubles 40 kopeks. The case is under consideration by the Fifteenth Commercial Court. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.
- the claim of FGC UES PJSC to Kubanenergo PJSC for the recovery of debt under the contract for services on electric power transmission in amount of 748 419 004 rubles 79 kopeks. As of 31.12.2016 the final decision is not determined, case consideration is proceeded at 2017.
- the claim of Kubanenergo PJSC to Oboronenergoby JSC on collection of debt in amount of 127 832 810 rubles under the contract for services on electric power transmission. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.
- the claim of Kubanenergoby JSC to Kubanenergo PJSC on collection of debt (compensation for electricity losses) in amount of 155 395 380 rubles. As of 31.12.2016 the final decision is not determined, the case will proceed in 2017.
- the claim of Kubanenergo PJSC to Kubanenergoby JSC on collection of interest on third-party money in the amount of 82 706 920 rubles. By the decision of the Commercial court of Krasnodar region dd. 14.12.2016 left unchanged by the decision of the Fifteenth Commercial Appeal Court dd. 24.04.2017, the claims were satisfied, the amount of 67 098 453 rubles 71 kopecks was recovered from Kubanenergoby JSC.

**In the 1<sup>st</sup> half of 2017 the Company participated in 27 trials:**

- the claim of MK EnergoSeti LLC to Kubanenergo PJSC on collection of debt in amount of 178 270 237 rubles 56 kopecks under the contract on electric energy transmission. By the decision of the Commercial court of Krasnodar region dd. 26.02.2015 the claims are satisfied, 178 270 237 rubles 56 kopecks were recovered from Kubanenergo JSC. By the decision of the Fifteenth Commercial Appeal court dd. 31.08.2015 the decision of Commercial court of Krasnodar region dd. 26.02.2015 was canceled, MK EnergoSeti LLC was denied in satisfaction of claims. By the decision of Commercial court of North-Caucasian district dd. 08.12.2015 the decision of Commercial court of Krasnodar region dd. 26.02.2015 and decision of the Fifteenth Commercial Appeal court dd.31.08.2015 were cancelled, the case was remanded for retrial to Commercial court of Krasnodar region. The case is under consideration by the Commercial court of Krasnodar region.
- the claim of FGC UES PJSC to Kubanenergo PJSC for the recovery of debt under the contract for services on electric power transmission in amount of 748 419 004 rubles 79 kopeks. By the decision of Commercial court of Krasnodar region dd. 12.01.2017 left without changes by the decision of the Fifteenth Commercial Appeal court dd. 17.03.2017 the claims were partially satisfied. 877 338 325 rubles 88 kopecks were recovered from Kubanenergo PJSC.
- the claim of Kubanenergoby JSC to Kubanenergo PJSC on collection of debt (compensation for electricity losses) in amount of 1 376 411 190 rubles. The resolution of the Commercial Court of Krasnodar region dd. 29.09.2016 partially satisfied claims. Kubanenergo was charged 304 731 440 rubles 40 kopeks. By the decision of the Fifteenth Commercial Appeal court dd. 03.05.2017 the

proceedings were terminated due to the refusal of Kubanenergosbyt JSC from claims. Cassational appeal was filed.

- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC on recovery of debt in the amount of 318 198 950 rubles under the contract for services on electric power transmission. The case is under consideration by the Commercial court of Republic of Adygea.
- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC on recovery of debt in the amount of 105 538 930 rubles under the contract for services on electric power transmission. The case is under consideration by the Commercial court of Republic of Adygea.
- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC on recovery of debt in the amount of 43 196 200 rubles under the contract for services on electric power transmission. During the consideration of the case, 41 229 866.36 rubles of debt were fully paid. By the decision of the Commercial Court of the Republic of Adygea on the case that was left unchanged by the Court of Appeal on 30.06.2017, 1 917 188.78 rubles of penalties and 133 463.00 rubles of state duty were collected in favor of Kubanenergo PJSC. The enforcement order will be received after the case has been submitted to the Commercial Court of the Republic of Adygea;
- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC on recovery of debt in the amount of 45 848 410 rubles under the contract for services on electric power transmission. During the consideration of the case, 33 091 800.66 rubles of debt were partially paid. By the decision of the Commercial Court of the Republic of Adygea on the case of 01.06.2017, Maikopskaya HPP LLC recovered 11 058 529.74 rubles of principal debt, 4 627 810.25 rubles of forfeit and 200 000.00 rubles of state duty expenses. Maikopskaya HPP LLC filed an appellate complaint against the decision of the court. The case is under consideration of the Fifteenth Commercial Appeal court;
- the claim of Kubanenergo PJSC to Maikopskaya HPP LLC on recovery of debt in the amount of 49 233 150 rubles under the contract for services on electric power transmission. The case is under consideration by the Commercial court of Republic of Adygea.
- the claim of Kubanenergo PJSC to Oboronenergosbyt JSC for the recovery of debt in the amount of 153 294 823 rubles 41 kopecks under the contract for services on electric power transmission. By the decision of Commercial court of Krasnodar region dd. 20.02.2017 the claims were satisfied, 153 294 823 rubles 41 kopecks were recovered from Oboronenergosbyt JSC.
- the claim of Kubanenergo PJSC to Oboronenergosbyt JSC for the recovery of debt in the amount of 127 832 810 rubles under the contract for services on electric power transmission. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of debt (disagreements on contract) in the amount of 47 969 240 rubles 00 kopecks. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of debt in the amount of 69 112 900 rubles. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of debt in the amount of 92 266 71 rubles. The decision of the Commercial Court of 18.04.2017 in favor of Kubanenergo PJSC entered into force on 03.08.2017;
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of debt in the amount of 79 742 400 rubles. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of debt in the amount of 100 187 610 rubles. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of damages for untimely performance of payment obligations in the amount of 143 541 430 rubles. The court upheld the plaintiff's claim; 129 635 499.87 rubles were charged. The money were transferred to the Company's account.
- the claim of Kubanenergo PJSC to Kubanenergosbyt JSC for the recovery of damages for untimely performance of payment obligations in the amount of 188 376 700 rubles. Recovery of 148 359 113.00 rubles was satisfied;

- the claim of Kubanenergoby JSC to Kubanenergo PJSC for the recovery of debt (electric energy losses) in the amount of 299 616 490 rubles. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergoby JSC to Kubanenergo PJSC for the recovery of penalty in the amount of 149 165 650 rubles. The case is under consideration of Commercial court of Krasnodar region.
- the claim of Kubanenergoby JSC to Kubanenergo PJSC for the recovery of debt (electric energy losses) in the amount of 155 395 380 rubles. The claims under the lawsuit have been reduced to 1 660 000.00 rubles;
- the claim of NTT-Centre LLC to Kubanenergo PJSC for the recovery of rent receivable in the amount of 1 843 537 850 rubles. On 26.06.2017 the Commercial Court of Krasnodar region dismissed the claims. NTT-Centre LLC filed a petition for;
- the claim of Kubanenergo PJSC to Kubanenergoby JSC for recovery of penalty in the amount of 46 848 152 rubles. The case is under consideration of the Commercial Court of Krasnodar region;
- the claim of Kubanenergo PJSC to NESK JSC for the recovery of debt (disagreements on points of receipt of Energosistemy LLC) in the amount of 119 855 150 rubles. The case is under consideration of Commercial court of Krasnodar region. The court session is scheduled for 04.09.2017.
- the claim of Kubanenergo PJSC to to NESK JSC for the recovery of debt (disagreements on points of receipt of Energosistemy LLC, VT-Resurs LLC in the amount of 37 951 577.72 rubles. The case is under consideration of the Commercial Court of Krasnodar region. The court session is scheduled for 26.09.2017;
- the claim of the branch of Oboronenergoby JSC – “Yuzhniy” to Kubanenergo PJCS for the recovery of debt under the contract for services on electric power transmission in amount of 25 780 008.62 rubles. The case is under consideration of the Commercial Court of Krasnodar region;
- the claim of Kubanenergoby JSC to Kubanenergo PJCS for the recovery of forfeit in the amount of 23 407 058.53 rubles. The case is under consideration of the Commercial Court of Krasnodar region.

## **VIII. Additional information on the Issuer and on the issued securities**

### **8.1. Additional information on the Issuer**

#### **8.1.1. Information on the amount and structure of authorized (reserve) capital (share fund) of the Issuer**

The amount of authorized (reserve) capital (share fund) of the Issuer as of the date of termination of the last accounting period, rubles: **28 286 813 000**

Ordinary shares

Total nominal cost: **28 286 813 000**

Share in the authorized capital, %: **100**

Privileged:

Total nominal cost: **0**

Amount of share in the authorized capital, %: **0**

The information is specified on correspondence of the sum authorized capital mentioned in this document to constituent documents of the issuer:

**The sum authorized capital mentioned in this paragraph corresponds to issuer's Charter.**

#### **8.1.2. Information on changes in the authorized (reserve) capital (share fund) of the Issuer**

The amount of authorized capital did not change during the reporting quarter

### **8.1.3. Information on convocation and holding meetings (sessions) of the supreme management body of the Issuer**

Name of the supreme management body of the Issuer: **General Shareholders Meeting**

Procedure for informing shareholders (participants) on holding of a meeting (session) of the supreme management body of the Issuer:

Notification about holding of the General Shareholders Meeting is posted on the Company web site on Internet: [www.kubanenergo.ru](http://www.kubanenergo.ru) , not later than 30 (thirty) days before the meeting.

The announcement on holding the General Meeting of Shareholders by absentee voting is posted on the Company's website on the Internet at [www.kubanenergo.ru](http://www.kubanenergo.ru) not later than 30 (thirty) days before the deadline for receipt of voting ballots by the Company.

In accordance with the Federal Law "On Joint Stock Companies":

In the cases provided for in paragraphs 2 and 8 of Article 53 of the Federal Law "On Joint Stock Companies", the announcement on the general meeting of shareholders shall be made not later than 50 days prior to the meeting.

Persons (bodies) entitled to convoke (claim for convocation) of and extraordinary meeting (session) of the Issuer's supreme management body, as well as the order of forwarding (presentation) of such claims:

An extraordinary General Shareholders Meeting shall be held by the decision of the Company Board of Directors on its own initiative, upon demand of the Auditing Commission of the Company or the Auditor of the Company, or by request of a shareholder(s) representing at least 10 (ten) per cent of the Company's voting shares as of the date of such request.

A request on an extraordinary General Shareholders Meeting shall contain the items proposed for inclusion to the meeting's agenda.

Person (persons) requesting the Extraordinary General Shareholders Meeting of the Company shall be entitled to submit a wording of the decision for the General Shareholders Meeting and a proposal on the form of holding of the General Meeting of Shareholders. If the request to convene an Extraordinary General Meeting of Shareholders contains a proposal for nomination of candidates, such proposal shall be governed by the corresponding paragraphs of Article 13 of the Charter.

If the request for convocation of an extraordinary General Shareholders Meeting is made by a Shareholder(s), such request shall identify such shareholder(s) claiming for convocation of the meeting and indicate number and categories (types) of Company shares in ownership of the latter.

The request for an extraordinary General Shareholders Meeting of the Company shall be signed by the person (persons) requesting the convention of such Extraordinary General Shareholders Meeting of the Company.

#### **The procedure for defining the date of holding the meeting (session) of the Issuer's supreme management body:**

The Annual General Meeting Shareholders shall be held not earlier than two months and not later than six months after the end of the reporting year.

In accordance with the Federal Law "On Joint Stock Companies":

An extraordinary General Shareholders Meeting of the Company may be convoked by the Auditing Commission, by the Auditor or by shareholder(s) being the owner of not less than 10% of Company's voting shares, must be held within 40 days from the date of the request to convene an extraordinary general meeting of shareholders.

If the proposed agenda of the Extraordinary General Meeting of Shareholders includes election of members of the Board of Directors, such General Meeting of Shareholders shall be held within 75 days from the date of the request to hold an extraordinary general meeting of shareholders, unless a shorter period is provided by the company's charter.

#### **Persons entitled to make proposals to the agenda of the meeting (session) of the Issuer's supreme body, as well as the procedure for making such proposals:**

Shareholder (shareholders) of the Company who holds a total of at least two (2) percent of voting shares of the Company is entitled to put forward suggestions for the agenda of the annual General



Shareholders Meeting and to nominate candidates for the Board of Directors and the Auditing Commission of the Company in the number not exceeding the number of members of the bodies in question within the period of not later than 60 (sixty) days from the end date of financial year.

The proposal on inclusion of issues into the agenda of General Shareholders Meeting and proposals on nomination of candidates shall be presented in writing stating names (institutional names) of shareholders (shareholder) initiating such proposal, the amount and category (type) of shares owned by them and shall be signed by shareholders (shareholder).

Shareholder(s) who are not registered in the register of shareholders of the Company shall be entitled to make proposals to the agenda of the General Shareholders Meeting and proposals on nomination of candidates by giving appropriate instructions to a person who takes into account the rights to shares. These instructions are given in accordance with the rules of the Russian Federation on securities.

A proposal on introduction of issues into the agenda of the General Shareholders Meeting shall contain wording of each proposed issue, and the proposal on nomination of candidates shall contain the name and the data of issue of the identity document (series and (or) number of the document, date and place of issue and the name of issuing body) of each nominated Persons entitled to be familiarized with the information (materials) presented for preparation and holding of the Issuer's supreme management body meeting (session), as well as the order of familiarization with such information (materials):

Information on matters of the agenda of the General Shareholders Meeting shall be made available to the persons entitled to participate in the General Shareholders Meeting at the office of Executive Body of the Company or other places at addresses stated in the notice on holding the General Shareholders Meeting within the period of 20 (Twenty) days, or, in case of holding the General Shareholders Meeting to discuss the matter on reorganization of the Company, within 30 (Thirty) days prior to the holding the General Meeting of Shareholders.

The procedure for the persons entitled to participate in the General Meeting of shareholders receiving the information (materials) on the agenda of the General Shareholders Meeting and the list of such information (materials) are determined by the Board of Directors.

The order of announcement (communication to the Issuer's shareholders (participants) of the decisions taken by the Issuer's supreme management body, as well as of the ballots:

Resolutions adopted by the General Shareholders Meeting and the voting results may be announced at the General Meeting of Shareholders at which the voting took place, and shall be also communicated to the persons included in the list of persons entitled to attend the General Meeting of Shareholders, in the form of the Voting Report in the manner prescribed for the notice of the General Meeting of Shareholders not later than four working days after the closing date of the General Meeting of Shareholders.

If on the date of determination (fixing) the persons entitled to attend the general meeting of the shareholders, a person registered in the register of shareholders of the company was a nominee holder of shares, the information contained on the results of the report voting, shall be provided to the nominal holder of shares in accordance with the Russian legislation on securities in the sphere of provision of information and materials to persons exercising rights under securities.

#### **8.1.4. Information on commercial organizations in which the Issuer owns at least five percent of the authorized capital, or not less than five percent of ordinary shares**

List of commercial organizations in which the Issuer, as of the date of the last accounting quarter, owns at least five percent of the authorized (reserve) capital (share fund), or not less than five percent of ordinary shares

**1. Full business name: Recreation Centre "Plamya", Joint-Stock Company**

Abbreviated business name: **Recreation Centre "Plamya" JSC**

Location

**2, Novomikhailovsky village, Tuapse district, Krasnodar Territory, 352856, Russia**

TIN (Tax Payer ID): **2365000589**



OGRN (Primary State Registration Number): **1042330761274**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

**2. Full business name: Energoservis Kuban Joint-Stock Company**

Abbreviated business name: **Energoservis Kuban JSC**

Location

**47, Novorossiyskaya street, Krasnodar, 350080, Russia**

TIN (Tax Payer ID): **2312178191**

OGRN (Primary State Registration Number): **1112312000536**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

**3. Full business name: Recreation Centre "Energetik", Joint-Stock Company**

Abbreviated business name: **Recreation Centre "Energetik", JSC**

Location

**4, Pionerskaya street, Divnomorskoye village, Ghelendjik, Krasnodar Territory, 353490**

TIN (Tax Payer ID): **2304041820**

OGRN (Primary State Registration Number): **1042301876495**

Share of the Issuer in the authorized capital of the person, %: **100**

Person's portion of ordinary shares of the Issuer, %: **100**

Share of person's participation in the authorized capital of the Issuer, %: **0**

Person's portion of ordinary shares of the Issuer, %: **0**

**8.1.5. Information on material deals effected by the Issuer**

The specified transactions were not concluded during the reporting quarter

**8.1.6. Information about credit ratings of the Issuer**

The Issuer is not aware of any credit ratings.

**8.2. Information on each category (type) of the Issuer's shares**

Shares category: **Ordinary**

Nominal value of each share (rubles): **100**

Amount of shares in circulation (shares that were not cancelled or discharged): **282 868 130**

Quantity of additional shares placement whereof is in progress (quantity of additional issue shares in respect of which the state registration of the report on their issue has not been carried out or the notification on the results of additional issue was not provided, if in accordance with federal law "On securities market" the state registration of report is not necessary): **57 457 846**

Quantity of declared shares: **194 439 107**

Quantity of shares on the Issuer's balance sheet: **0**

Quantity of additional shares that may be placed as a result of conversion of placed securities convertible into shares or as a result of fulfilment of liabilities under the Issuer's options: **0**

Issues of shares of the said category (type):

State registration date:	Registration number
08.07.2003	1-02-00063-A
15.12.2016	1-02-00063-A

Rights granted to holders of the shares:

In accordance with Clause 6.2 of the Issuer's Charter, an equal scope of rights shall be granted to

the holder of each ordinary share of the Company.

Shareholders holding registered ordinary shares of the Company have the right to:

- 1) participate in the General Meeting of Shareholders (personally or through a representative) with the right of vote on all issues referred to their competence;
- 2) propose agenda items to the General Meeting of Shareholders in accordance with the procedure stipulated by the Russian Federation legislation and the Charter;
- 3) obtain information on the Company's activity and access to the Company's documents in accordance with Article 91 of Federal Law "On Joint-Stock Companies", other regulatory legal instruments and the Charter;
- 4) receive dividend announced by the Company;
- 5) on a preferential basis acquire shares and issue-grade securities convertible into shares that are being placed by way of subscription in amounts proportional to the quantity of ordinary shares one holds in cases stipulated by the Russian Federation legislation;
- 6) receive a part of the Company's property in case of liquidation of the Company;
- 7) appeal against decisions of managing bodies of the Company causing civil law consequences in case and in manner provided by the Russian Federation legislation;
- 8) claim compensation for losses caused to the Company;
- 9) challenge transactions implemented by the Company on the grounds provided by Legislation of Russian Federation and invoke consequences of their nullity, and invoke consequences of nullity of void transactions of the Company;
- 10) conclude between themselves and with Credit Companies, and other third Parties the Contract on implementation of corporate laws (corporate agreement);
- 11) exercise other rights stipulated by the Russian Federation legislation and the Charter.

Other details of the shares indicated by the Issuer at one's sole discretion:

On 15.12.2016 the Bank of Russia carried out the state registration of the additional issue and the prospectus of the Company's securities.

From 20.12.2016 to 16.10.2017 the Issuer accepts applications from shareholders to purchase additional shares of the Company in the exercise of preemptive rights.

Placement of additional shares of the Company will end on 15.12.2017.

### **8.3. Data on the previous issues of the Issuer's issuable securities, except the Issuer's shares**

#### **8.3.1. Details of the issues all securities that have been redeemed**

Changes did not occur in this paragraph during the reporting quarter.

#### **8.3.2. Information on the issues of securities that were not redeemed**

Kind of securities: **exchange/commercial bonds**

Form of security: **certificated, bearer**

Series: **001P-02**

Other identification characteristic of securities: **subject to mandatory deposit**

The issue of securities is not subject to state registration: **Yes**

State registration number of the issue: **4B02-02-00063-A-001P**

Date of state registration: **10.11.2015**

Authority that registered the issue: **the MICEX Stock Exchange**

Number of securities issued: **3 400 000**

The amount of securities at par value, rubles: **3 400 000 000**

Par value, rubles: **1 000**

In accordance with the legislation of the Russian Federation the presence of par value of this type of securities is not provided: **No**

State of securities: **in circulation**

State registration of the report on the issue has not been performed: **Yes**  
The amount of interest (coupon) periods over which the payment of interest (coupons, interest) on securities is made: **20**  
Time (date) issue securities repayment: **11.11.2025**  
Exact dates: **Yes**  
Address of the website, which published the text of the decision to issue securities and the securities prospectus:  
**[www.e-disclosure.ru/portal/company.aspx?id=2827](http://www.e-disclosure.ru/portal/company.aspx?id=2827); <http://kubanenergo.ru/aktsioneram-i-investoram/emissiya-obligatsiy/emissiya-2015-g/emissionnaia-dokumentazia/>**

Additional issues of securities: **No**  
There are no unfulfilled obligations on bonds

Kind of securities: **exchange/commercial bonds**  
Form of security: **certificated, bearer**  
Series: **001P-01**  
Other identification characteristic of securities: **subject to mandatory deposit**  
The issue of securities is not subject to state registration: **Yes**  
State registration number of the issue: **4B02-01-00063-A-001P**  
Date of state registration: **10.11.2015**  
Authority that registered the issue: **the MICEX Stock Exchange**

Number of securities issued: **3 600 000**  
The amount of securities issue at par value, rubles: **3 600 000 000**  
Par value, rubles: **1 000**  
In accordance with the legislation of the Russian Federation the presence of par value of this type of securities is not provided: **No**  
State of securities: **in circulation**

State registration of the report on the issue has not been performed: **Yes**  
The amount of interest (coupon) periods over which the payment of interest (coupons, interest) on securities is made: **20**  
Time (date) issue securities repayment: **21.11.2025**  
Exact dates: **Yes**  
Address of the website, which published the text of the decision to issue securities and the securities prospectus:  
**[www.e-disclosure.ru/portal/company.aspx?id=2827](http://www.e-disclosure.ru/portal/company.aspx?id=2827);**  
**<http://kubanenergo.ru/aktsioneram-i-investoram/emissiya-obligatsiy/emissiya-2015-g/emissionnaia-dokumentazia/>**  
Additional issues of securities: **No**  
There are no unfulfilled obligations on bonds

**8.4. Information of person(s) that provided security on bonds of the issue as well as on the terms and conditions of the security to perform obligations on the collateralized bonds of the issuer**  
The issuer did not register the prospectus of bonds with security, admission to trading at stock exchange was not stipulated

**8.4.1. Additional data on conditions of implementation obligations on mortgage-backed securities**  
The issuer did not distribute mortgage-backed securities, obligations for which were not implemented

#### **8.4.2. Additional data on security with cash claims under the issuer's secured-bonds with cash claims**

The issuer did not place secured-bonds with cash claims, liabilities on which have not been fulfilled yet.

#### **8.5. Information on organizations controlling the implementation of rights on issuer's securities**

Information on the Registrar

Full business name: **Joint-Stock Company "Registrar R.O.S.T."**

Abbreviated business name: **"Registrar R.O.S.T." JSC**

Location: **Block 13, 18, Stromynka str., Moscow**

TIN: **7726030449**

PSRN: **1027739216757**

Details of license for engagement in activity for maintenance of a register of securities holders

No.: **045-13976-000001**

Date of issue **03.12.2002**

Expiry date: **Unlimited**

Body issuing the license: **Russian Federal Securities and Exchange Commission**

Date of starting the registry keeping: **16.12.2010**

The Issuer's documentary securities with mandatory centralized custody are in circulation.

Depository

Full business name: **Non-bank credit organization Joint Stock Company "National Settlement Depository"**

Short name: **NSD**

Address: **12, Spartakovskaya St., Moscow, Russia**

Taxpayer Identification Number: **7702165310**

Primary State Registration Number: **1027739132563**

License of a professional participant of the equity market for performing of depository activities.

No.: **177-12042-000100**

Date of issue: **19.02.2009**

Expiry date: **Unlimited**

Body issuing the license: **Bank of Russia**

#### **8.6. Information on legislative instruments regulating the capital import and export that may affect payment of dividend, interests and other payments to non-residents**

1. The Tax Code of the Russian Federation (Part One dd 31.07.1998 No. 146-FZ, the second part of 05.08.2000 No.117-FZ).
2. The Federal Law "On Joint Stock Companies" No.208-FZ dated 26.12.1995.
3. The Federal Law "On Currency Regulation and Currency Control" No.173-FZ dated 10.12.2003.
4. The Federal Law "On the Securities Market" No.39-FZ dated 22.04.1996.
5. The Federal Law "On the Central Bank of Russian Federation (Bank of Russia)" No.86-FZ dated 10.07.02.
6. The Federal Law "On counteraction to legalization (laundering) of proceeds from crime and terrorist financing" No.115-FZ dated 07.08.2001.
7. The Federal Law "On Foreign Investments in the Russian Federation" No. 160-FZ dated

July 9, 1999.

8. The Federal Law “On Investment Activity in the Russian Federation in the form of capital foreign investments” No. 39-FZ dated 25.02.1999.

9. The Federal Law “On Protection of Rights and Lawful Interests of Investors on the Securities Market” No. 46-FZ dated 05.03.1999.

10. The Presidential Decree “On improvement of the Russian banking system” No.1184 dated 10.06.1994.

11. The Presidential Decree “On the activity of foreign banks and cooperative banks with non-residents on the territory of the Russian Federation” No.1924 dated 17.11.1993.

12. The Regulations for opening of the Bank of Russia bank accounts for non-residents in the Russian Federation currency and carrying out of approved operations on those accounts CBR No.269-P 04.05.2005.

13. International treaties of the Russian Federation for the avoidance of double taxation.

14. The CBR Instruction “On the procedure for submission by the residents and non-residents to authorized banks of documents and information related to the conduct of foreign exchange operations, the order of registration of transactions passports, as well as the accounting for the authorized banks foreign currency transactions and control over their conduct” No.138–I dated 04.06.2012.

15. Other legislative acts of the Russian Federation.

## **8.7. Information on the announced (accrued) and paid dividends on the Issuer’s shares as well as on incomes from the Issuer’s bonds**

### **8.7.1. Information on the announced (accrued) and paid dividends on the Issuer’s shares**

Information for the last five completed fiscal years or for each completed fiscal year if the Issuer operates less than five years, and for the period from the beginning of the current year to the end of the reporting quarter

Indicator name	Indicator value for reporting period – 2007, full year
Shares category, for preferred shares- type	обыкновенные
Issuer’s management body that made decision on announcing the dividends, date of such decision, date and number of minute of meeting of Issuer’s management body on which the decision was made	Annual General Meeting of shareholders dd. 29.05.2008, minutes of meeting No. 23 dd. 06.06.2008
Amount of announced dividends per one share, rubles	1,67884388
Total amount of announced dividends on all the shares of the specific category (type), rubles	30000000
Date on which the persons who have (had) right on receiving dividends are (were) defined	17.04.2008
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2007, full year
Term (date) of payment of announced dividends	15 days
Form of payment of announced dividend (monetary funds, other property)	Monetary funds
Source of payment of declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit

Share of declared dividends in net revenue of reporting year, %	8.2
Total amount of dividend paid on all the shares of the specific category (type), rubles	29 873 068.07
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	99.58
In case if announced dividends were not paid or not paid in full amount – causes of nonpayment of announced dividends	Failure to submit by persons registered in Registry of Company's shareholders the information on changing their data. In accordance with legislation of Russian Federation, as well as with paragraph 8.6 of dividend policy of Kubanenergo, declared and unclaimed within three years upon the end of payout dividends will be included in accounting line 84 "Undistributed profit (uncovered loss)".
Other information on announced and (or) paid dividends, specified by the Issuer in its sole discretion	No

Indicator name	Indicator value for reporting period – 2008
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2009
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2010
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2011
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2012
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2013
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2014
During the specified period decisions on payment of dividends were not adopted.	

Indicator name	Indicator value for reporting period – 2015, full year
Shares category, for preferred shares- type	Ordinary

Issuer's management body that adopted a decision on announcing the dividends, date of such decision, date and number of minutes of meeting of the Issuer's management body on which such decision was made	Annual General Meeting of shareholders dd. 24.06.2016, minutes of meeting No.37 or 27.06.2016
Amount of the announced dividends per one share, rubles	4.047105
Total amount of the announced dividends for all shares of the specific category (type), rubles	1144797000
Date on which the persons who have (had) right on receiving dividends are (were) defined	13.07.2016
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2015, full year
Term (date) of payment of the announced dividends	Term of payment to a nominal holder and a trustee that is a market participant: within maximum 10 business days, to other shareholders from the register: within maximum 25 business days from the date of compiling the list of persons entitled to receive dividends
Form of payment of the announced dividends (monetary funds, other property)	Monetary funds
Source of payment of the declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit
Share of the declared dividends in the net revenue of the reporting year, %	78.82
Total amount of the dividends paid on all the shares of the specific category (type), rubles	1144063851.31
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	99.94
In case the announced dividends were not paid or not paid in full amount – causes of such nonpayment of the announced dividends are specified	The reason the dividends were not paid in full is the lack of necessary information on transfer of dividends in the questionnaire of the registered person.
Other information on the announced and (or) paid dividends, specified by the Issuer in its sole discretion	No

Indicator name	Indicator value for reporting period – 2016, full year
Shares category, for preferred shares- type	Ordinary
Issuer's management body that adopted a decision on announcing the dividends, date of such decision, date and number of minutes of meeting of the Issuer's management body on which such decision was made	Annual General Meeting of shareholders, 16.06.2017, minutes No.39, 20.06.2017
Amount of the announced dividends per one share, rubles	1.762658567
Total amount of the announced dividends for all shares of the specific category (type), rubles	535 125 135
Date on which the persons who have (had) right on receiving dividends are (were) defined	27.06.2017
Reporting period (year, quarter), for which (by the results) the announced dividends are (were) paid	2016

Term (date) of payment of the announced dividends	Term of payment to a nominal holder and a trustee that is a market participant: within maximum 10 business days, to other shareholders from the register: within maximum 25 business days from the date of compiling the list of persons entitled to receive dividends
Form of payment of the announced dividends (monetary funds, other property)	Monetary funds
Source of payment of the declared dividends (net profit for the accounting year, undistributed net profits of past years, special fund)	Net profit
Share of the declared dividends in the net revenue of the reporting year, %	25
Total amount of the dividends paid on all the shares of the specific category (type), rubles	- (as of the reporting date, the payment deadline has not commenced)
Share of paid out dividends from total volume of declared dividends on shares of the type (category), %	- (as of the reporting date, the payment deadline has not commenced)
In case the announced dividends were not paid or not paid in full amount – causes of such nonpayment of the announced dividends are specified	- (as of the reporting date, the payment deadline has not commenced)
Other information on the announced and (or) paid dividends, specified by the Issuer in its sole discretion	no

According to the Regulations for the Company's Information Policy, information on the dividends declared and paid shall be specified for the last 10 completed fiscal years.

#### **Additional information disclosed in accordance with the Regulations for the Information Policy:**

The Dividend Policy is a system of relations and principles for determining the amount of dividends, the procedure and terms of their payment, as well as the establishment of the Company's liability for failure to fulfill obligations on payment of dividends.

The dividend policy is based on balance of interests of the Issuer and its shareholders when determining the amount of dividend payments in respect for and strict observance of shareholders' rights stipulated by current legislation of the Russian Federation, the Charter and internal documents of the issuer, and is aimed at improving the investment attractiveness of the Issuer, its capitalization and shareholder value.

The Company strives, along with the growth of capitalization, to increase the amount of dividends paid to shareholders, based on the amount of net profit for the financial period and the needs of production and investment activities of the Company.

In order to ensure the transparency of the mechanism for determining the amount of dividends and their payment, as well as informing the shareholders and other interested parties about the Company's dividend policy, on December 3, 2006 Kubanenergo Board of Directors approved the Regulations for the Dividend Policy (Minutes of meeting No.25/2006). On August 31, 2010 the Board of Directors of Kubanenergo approved this Regulation in the new edition (Minutes of meeting No.95/2010), which further contains provisions that improve the procedure for disclosure of information to shareholders and other stakeholders on the calculation and payment of dividends and the procedure for determining the amount of dividends.

#### **8.7.2. Information on accrued and paid income on Bonds**

Information is specified for each issue of bonds, under which for the last five complete reporting years, and if the issuer has been active for less than five years, for each complete reporting year,



plus for a period from the date of the current year beginning till the date of the reporting quarter ending, income was paid.

Type of security: **listed/commercial bonds**

Form of security: **documentary to bearer**

Series: **001P-02**

**non-convertible bonds with the compulsory centralized storage**

State registration number of the issue: **4B02-02-00063-A-001P**

Date of assignment of identification number: **10.11.2015**

Agency that assigned identification number to the issue:

Number of bonds in the issue, pcs: **3 400 000**

Par value of each bond of the issue, rubles: **1 000**

Volume of the issue at the par value: **3 400 000 000**

Key information on income from bonds in the issue: Indicator	Its value for the corresponding reporting periods	Its value for the corresponding reporting periods	Its value for the corresponding reporting periods
Type of the income paid on the bonds of the issue (par value, interest (coupon), other)	<b>coupon</b>	<b>coupon</b>	<b>coupon</b>
Amount of the income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>62.98 rubles</b>	<b>62.98 rubles</b>	<b>62.98 rubles</b>
Amount of the income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>214 132 000.00 rubles</b>	<b>214 132 000.00 rubles</b>	<b>214 132 000.00 rubles</b>
Term (date) of payment of the income on bonds of the issue	<b>24.05.2016</b>	<b>22.11.2016</b>	<b>23.05.2017</b>
Form of payment of income on bonds of the issue (moneys, other property)	<b>money</b>	<b>money</b>	<b>money</b>
Total income paid on all bonds of the issue, rubles/foreign currency	<b>214 132 000.00 rubles</b>	<b>214 132 000.00 rubles</b>	<b>214 132 000.00 rubles</b>
Share of the income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue,%	<b>100%</b>	<b>100%</b>	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-	-	-
Other information on the income on bonds of the issue to be specified by the issuer at their discretion	-	-	-

Type of security: **listed/commercial bonds**

Form of security: **documentary to bearer**

Series: **001P-01**

**non-convertible bonds with the compulsory centralized storage**

State registration number of the issue: **4B02-01-00063-A-001P**

Date of assignment of identification number: **10.11.2015**

Agency that assigned identification number to the issue:

Number of bonds in the issue, pcs: **3 600 000**

Par value of each bond of the issue, rubles: **1 000**  
Volume of the issue at the par value: **3 600 000 000**

Key information on income from bonds in the issue:

Indicator	Its value for the corresponding reporting periods	Its value for the corresponding reporting periods	Its value for the corresponding reporting periods
Type of the income paid on the bonds of the issue (par value, interest (coupon), other)	<b>coupon</b>	<b>coupon</b>	<b>coupon</b>
Amount of the income on bonds of the issue to be paid in money as per one bond of the issue rubles/foreign currency	<b>52.06 rubles</b>	<b>52.06 rubles</b>	<b>52.06 rubles</b>
Amount of the income on bonds of the issue to be paid in money for all bonds of the issue rubles /foreign currency	<b>187 416 000.00 rubles</b>	<b>187 416 000.00 rubles</b>	<b>187 416 000.00 rubles</b>
Term (date) of payment of the income on bonds of the issue	<b>03.06.2016</b>	<b>02.12.2016</b>	<b>02.06.2017</b>
Form of payment of income on bonds of the issue (moneys, other property)	<b>money</b>	<b>money</b>	<b>money</b>
Total income paid on all bonds of the issue, rubles/foreign currency	<b>187 416 000.00 rubles</b>	<b>187 416 000.00 rubles</b>	<b>187 416 000.00 rubles</b>
Share of the income paid on bonds of the issue in the full amount of the income to be paid on bonds of the issue,%	<b>100%</b>	<b>100%</b>	<b>100%</b>
If the income on bonds of the issue have not been paid or paid not in full by the issuer, reasons for such failure	-	-	-
Other information on the income on bonds of the issue to be specified by the issuer at their discretion	-	-	-

## 8.8. Other details

### 8.8.1. Information on transactions concluded by the Issuer with state companies and quarterly review of such transactions

#### 8.8.1.1. Transactions with state companies:

In the reporting quarter, the Company has concluded 271 transactions with state and municipal companies for a total sum of 89.75 million rubles.

The state and municipal companies provided the following services to the Company:

- lease of land plots;
- technical inventory of real property;
- employees' training
- medical examination of the Company employees;
- processing of legal land and town planning documents;
- information and advertisement servicing;
- subscription for printed periodicals and post services;
- infrastructure guarding
- delivery of special clothes and shoes
- state expert valuation of design and cost estimate documentation

- analysis and review of industrial emissions of contaminants
- public and other services.

The Company provided to the state and municipal companies services for transmission and distribution of electric energy, repair and maintenance of energy facilities, technological connection of electrical units to electric power grids of “Kubanenergo” PJSC, check and replacement of schemes and electricity meters.

#### 8.8.1.2 Intra-group transactions:

During the reporting quarter the Company concluded 4 intra-group transactions for the total sum of 48 630.0 thousand rubles:

#	Contractor	Contract	Sum of the contract, in rubles
1.	“Energoservis Kuban” JSC	Service contract	45 350 000.00
2.	“Energoservis Kuban” JSC	R&D project	3 280 000.00
3.	“Energoservis Kuban” JSC	Additional agreement to a service contract on adjustment of contractual facilities because of the production need, without changing the cost, timing and volume of services provided	-
4.	“Energoservis Kuban” JSC	An additional agreement to a service contract to adjust initial data – the amount of actual power losses of one of the facilities from the contract	-

**Total**

**48 630 000.00**

**Transactions between affiliates of the issuer were not concluded in the reporting quarter.**

#### 8.8.1.3. Interested party transactions requiring notice / consent from the management bodies of Kubanenergo PJSC concluded in the reporting quarter:

#	Contractor	Contract	Sum of the contract, in rubles
1	“FOCL-Power Lines Administration”	A range of services on provision of communication channels and installation of VPN	70 757 435.00

#### 8.8.1.4 Material transactions concluded by Company’s affiliates

No.	Subsidiaries and affiliates of the Issuer	Subject	Counterparty to the deals	Contract price, rubles
1	“Energoservis Kuban” JSC	Service contract	Kubanenergo PJSC	45 350 000.00
2.	“Energoservis Kuban” JSC	R&D project	Kubanenergo PJSC	3 280 000.00

#### 8.9. Data on the securities distributed and on the Issuer of the distributed securities, the property right certified by Russian depositary receipts

**The Issuer is not the Issuer of the securities, the property right of which is to be certified by Russian depositary receipts.**

Annex to the quarterly report. Annual consolidated accounting (consolidated financial) statements prepared in accordance with the International Financial Reporting Standards or internationally recognized rules other than IFRS