

Corporate Governance



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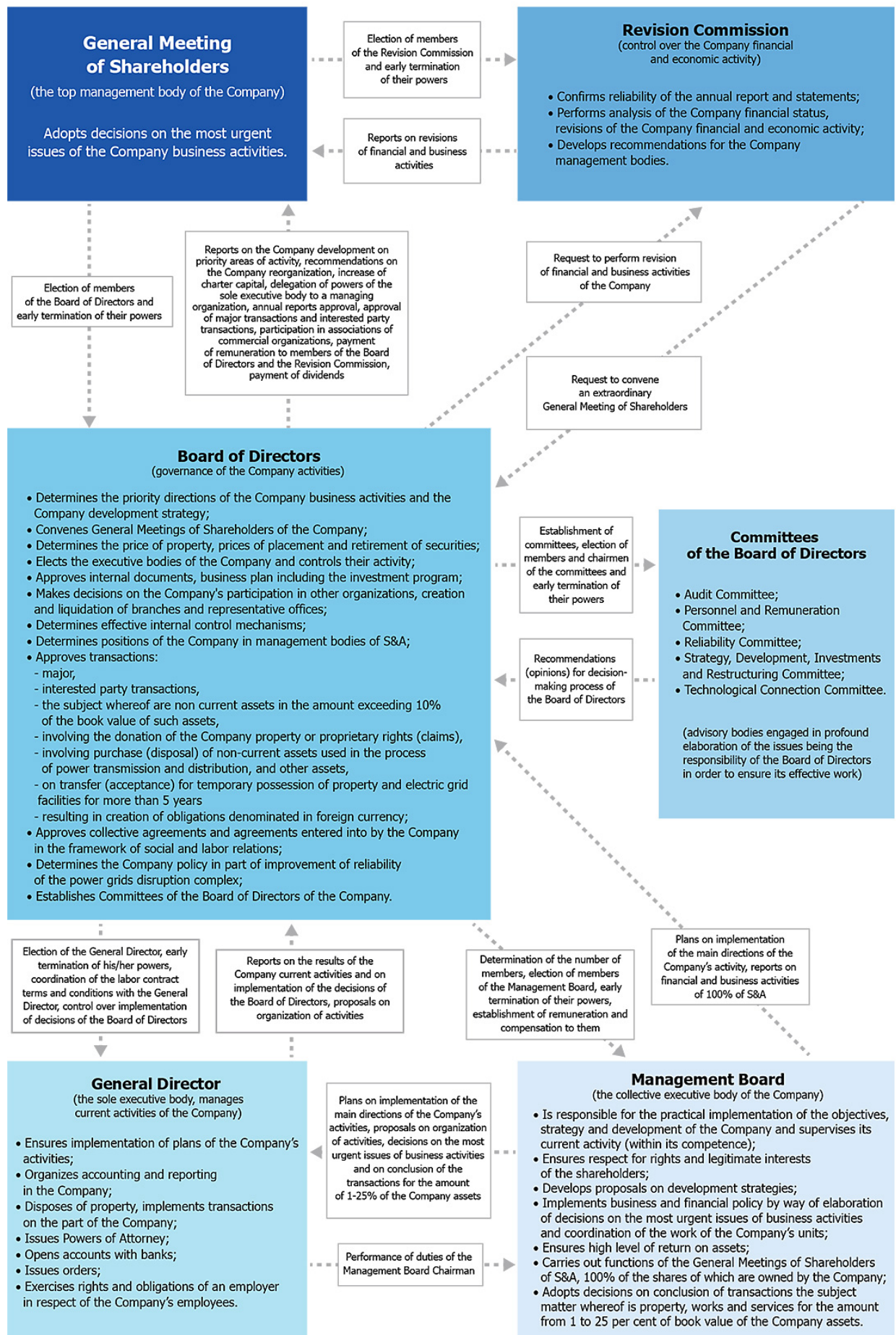
"The reporting year can be described as successful and consistent in terms of the Company's corporate governance:

- corporate events were held in due time, the management body was fully engaged in the Company's activities;
- no corporate conflicts developed, the members of management bodies refrained from actions that might cause a conflict between their and Company's interests;
- Kubanenergo PJSC disclosed information in full and in timely manner in accordance with the laws of the Russian Federation and with the Company's information policy;
- a number of Company's internal documents were approved as amended in order to bring them into accordance with recommendations of the Bank of Russia and the corporate governance practice established in PJSC ROSSETI Group of Companies.

The Company intends to maintain the attained level of corporate governance practice as well as works toward its further improvement".

Principles and Practices of Corporate Governance

The Company's corporate governance and control structure



Corporate governance is understood by the Company as a complex of processes ensuring management of and control over the Company's activity, including relationships between the shareholders, the Board of Directors and executive bodies in the interest of all participants of corporate relations that include shareholders and management bodies, as well as potential investors, service customers, Company's employees, contractors, creditors, partners, the state and local communities.

Kubanenergo PJSC considers corporate governance to be a tool to improve its business efficiency, enhance its reputation and reduce the cost of raising funds.

The company adheres to the following principles of corporate governance:

1. *Fairness.* The Company shall respect shareholders' legitimate rights and ensure equal treatment of all shareholders, as well as enable them to obtain efficient remedies in case of violation of their rights.
2. *Strategic management of the Company is performed by the Board of Directors.* The Board of Directors establishes the basic guidelines for long-term activities, principles of risk management and internal management, controls the activities of the Company's executive bodies, plays a key role in the prevention and resolution of internal conflicts and ensuring the Company's transparency.
3. *Accountability.* The Company's Board of Directors is accountable to all shareholders in accordance with the laws of the Russian Federation.
4. *Transparency.* The Company provides for timely disclosure of reliable information of all significant facts related to its activity, including its financial state, operational results, structure of property and Company management, as well as free access to such information for all interested parties.
5. *Liability.* The Company recognizes its responsibility to the shareholders of the Company and provides a reliable method of considering rights to their shares.

In order to ensure continuity of the corporate governance practices, the following internal documents have been approved and in force in the Company¹⁴:

- Corporate Governance Code;
- Regulations:
 - ✓ on General Meeting of Shareholders;
 - ✓ on Board of Directors;
 - ✓ on Management Board;
 - ✓ on Revision Commission;
 - ✓ on Committees of the Board of Director;
 - ✓ on Insider Information;
 - ✓ on Information Policy;
 - ✓ on Company's Corporate Secretary;
 - ✓ on Dividend Policy, etc.

The Company generally observes the principles and recommendations of the Corporate Governance Code recommended by the Bank of Russia in Letter No. 06-52/2463 of 4/10/2014 for application by joint-stock companies having stocks admitted to on-exchange trading (the "Corporate Governance Code")¹⁵.

¹⁴ Find the documents listed below and other internal documents on corporate governance of Kubanenergo PJSC on website www.kubanenergo.ru – section [About the Company / Constituent and in-house documents](#)

¹⁵ Report on Observance of the Corporate Governance Code is provided in Attachment 3.

Main events of the reporting year in the field of the Company's corporate governance:

- shareholders decided to increase the Company's authorized capital through placing of additional shares, the Board of Directors approved the issue documents, registered the Company's securities additional issue and prospectus;

- approval of the following Regulations as amended in order to bring them into accordance with the Corporate Governance Code and with the corporate governance practice established in PJSC ROSSETI Group of Companies:

- ✓ Regulations on Board of Directors (supplemented by the provisions on regular evaluation of the Board of Directors performance and on prevention of conflicts between the interests of the Board members).

- ✓ Regulations on Audit Committee (the Committee objectives and competences as well as the list of points in its action plan were specified).

- ✓ Regulations on Company's Corporate Secretary (the functions were extended, requirements for the Corporate Secretary position, his/her responsibilities, and duty to annually account for his/her work to the Human Resources and Remuneration Committee as well as to the Company's Board of Directors were specified).

- Regulations on Strategy, Development, Investments and Restructuring Committee of the Board of Directors were amended (the Committee competences were supplemented by the control over organization and operation of the Company's risk management system).

- the number of issues considered by the Board of Directors increased by 10.9% as compared with the previous year.

The Company intends to maintain the attained level of corporate governance practice and works toward its further improvement.

General Meeting of Shareholders

General Meeting of Shareholders is the top management body of the Company.

In accordance with the Articles of Association of Kubanenergo PJSC, the following issues, among other things, are the responsibility of the General Meeting of the Company's Shareholders:

- introduction of amendments and additions to the Articles of Association;
- reorganization and liquidation of the Company;
- Increase and decrease of the Company's authorized capital;
- split-up and consolidation of the Company's shares;
- decision-making on placement of stocks converted into shares by the Company;
- election of members of the Board of Directors and Revision Commission of the Company and early termination of their powers;
- approval of annual reports, annual accounting statements, profit distribution (including payment of dividends);
- decision-making on approval of major transactions and interested party transactions in the cases stipulated by the Federal Law "On Joint-Stock Companies";
- approval of internal documents regulating the activity of the Company bodies;
- decision-making on payment of remuneration and/or compensation to the members of the Board of Directors and the Audit Committee of the Company.
- decision-making on delisting application of the Company's shares and/or equity securities converted in its shares.

The General Meetings of Shareholders of Kubanenergo PJSC are prepared and held in accordance with the laws of the Russian Federation and Regulations on Procedure for Convening and Holding General Meeting of Shareholders¹⁶.

Two General Meetings of Company's Shareholders were held in 2016: annual and extraordinary meetings.

¹⁶ Find Regulations on Procedure for Convening and Holding General Meeting of Shareholders on the web-site www.kubanenergo.ru - section [About the Company / Constituent and in-house documents](#)

Date of the General Meeting of Shareholders (deadline for accepting ballots)	Date and Number of Minutes of the General Meeting of Shareholders	Quorum of the General Meeting of Shareholders	Decisions adopted by the General Meeting of Shareholders ¹⁷
1. Annual Meeting:			
6/24/2016	No. 37 of 6/27/2016	99.61% of total amount of placed voting shares	<ul style="list-style-type: none"> To approve the Company's annual report and annual financial statements for 2015. To approve the distribution of the Company's profits for 2015 in the amount of RUB 1,452,479 thou: <ul style="list-style-type: none"> ✓ RUB 72,624 thou. – for increase in the provision ✓ RUB 1,144,797 thou. – for dividend payment ✓ RUB 235,058 thou. – for redemption of losses. To pay the dividends on the Company's common shares for 2015 in the amount of RUB 4.047105 per share in cash. To elect the members of the Board of Directors and the Revision Commission of the Company. To approve LLC RSM RUS as the Company's auditor. To approve the Regulation on Company's Board of Directors as amended.
2. Extraordinary Meeting:			
9/19/2016	No. 38 of 9/21/2016	92.24% of total amount of placed voting shares	To increase the Company's authorized capital through placement of 57,457,846 additional ordinary registered uncertified shares with the nominal per-share price of RUB 100 totaling to RUB 5,745,784,600 by public offering at the price of RUB 100 per share paid in cash.

Board of Directors

The Board of Directors is the collective control body performing the general management of the Company's business, determining its strategy, and controlling work of the Company's executive bodies.

Main goals and objectives of the Board of Directors are as follows:

- To determine the Company's development strategy aimed at enhancement of its market capitalization and investment prospects, achievement of maximum profit and increments of assets of the Company.
- To ensure exercise and protection of rights and legitimate interests of shareholders, as well as to assist in settlement of corporate conflicts.
- To ensure completeness, reliability and neutrality of disclosure of information about the Company.
- To create effective internal control mechanisms.
- To regularly assess the Company's management work.

In order to implement the above purposes and tasks, the Board of Directors is guided by the following principles:

- To adopt decisions on the basis of reliable information on the Company's activity.
- To avoid restriction of the shareholders' rights to participate in the management of the Company, receipt of dividends and information about the Company.
- To achieve balance of convenience of different groups of shareholders and to have the most neutral decisions adopted by the Board of Directors to the benefit of all shareholders of the Company.

In its activities, the Board of Directors is guided by the Federal Law "On Joint-Stock Companies", other regulatory legal acts of the Russian Federation, the Company's Articles of Association, the Regulation on Board of Directors¹⁸.

¹⁷ Find the Minutes of the General Meetings of Kubanenergo PJSC Shareholders on the website www.kubanenergo.ru - section "About the Company / Management / Shareholders' General Meeting"

The responsibility of the Company's Board of Directors is extended compared to the standards of Federal Law "On Joint-Stock Companies"; it additionally includes the following matters:

- determination of the Company's development strategy;
- approval of business plan, including investment program;
- approval of target values of key performance indicators of the Company and reports on performance thereof;
- determination of the Company's policy;
 - ✓ with regard to improvement of a distributive electric grid complex and other electric grid facilities reliability;
 - ✓ in the area of insurance;
 - ✓ credit;
 - ✓ procurement;
 - ✓ housing;
- organization of management and control of organizations' business wherein it participates.
 - ✓ approval of the procedure of the Company's interaction with the organizations wherein it participates;
 - ✓ determination of the Company's stance on the basic issues of the agenda of the General Meetings of Shareholders (participants) and meetings of the Board of Directors of the S&A;
 - ✓ appointment of the Company's representatives in order to participate in the top management work of the organizations wherein it participates;
 - ✓ decision-making on promotion of candidates by the Company for election to governing and control bodies of the organizations wherein it participates, as well as election of the auditor;
- preliminary approval of the decisions on conclusion of the separate transactions by the Company:
 - ✓ the subject of which are non-current assets in the amount exceeding 10% of the book value of its assets;
 - ✓ involving acquisition, alienation or a possibility of alienation of property constituting fixed assets, intangible assets, assets under construction that are used in order to produce, transfer, dispatch, distribute of electric and thermal energy, as well as other types of property determined by certain decisions of the Board of Directors;
 - ✓ on transfer (acceptance) for temporary possession (use) of property and electric grid facilities for more than 5 years;
 - ✓ involving donation of the Company's property or proprietary rights (claims) to itself or to a third party; transactions involving releasing from property obligation before itself or a third party; transactions involving gratuitous provision of services by the Company to third parties;
 - ✓ which can result in creation of obligations denominated in foreign currency, transactions with derivative financial instruments;
- arrangement and control of the work of the Company's executive bodies:
 - ✓ making decision on appointment of the Company's Acting Director General;
 - ✓ bringing to a disciplinary responsibility of the Company's executive bodies and their recognition;
 - ✓ consideration of the Director General reports on Company's business;
 - ✓ control of the executive bodies work with regard to adherence to the strategy approved by the Company;
 - ✓ recommendations to the Company's executive bodies with regard any questions of its activity;
 - ✓ approval of regulations on financial incentives of the Director General and Top Managers of the Company;
 - ✓ approval of candidates for separate positions of the Company's executive office;
- preliminary approval of collective contract, agreements entered into by the Company as part of regulation of the social and labor relations, approval of documents related to non-state pension provision to the Company's employees;
 - approval of independent appraisers, financial consultants;
 - making decisions on Company's joining to industry and interindustry standards, regulations and other documents in the sphere of power industry on various areas of the Company's business, including technical regulation;
 - establishment of Committees of the Board of Directors and election of their members;
 - arrangement of the Risk Management and Internal Control Systems:
 - ✓ definition of basic principles and approaches to risk management and internal control system in the Company;
 - ✓ assessment of key operational risks as well as establishment of the acceptable size of risks for the Company;
 - ✓ arrangement of carrying out the annual analysis and assessment of functioning of Risk Management and Internal Control Systems;

¹⁸ Find the Regulation on Board of Directors of Kubanenergo PJSC on the web-site: www.kubanenergo.ru - section [About the Company / Constituent and in-house documents](#)

✓ annual consideration of issues related to arrangement, functioning and efficiency of risk management and internal control system in the Company;

✓ control and arrangement of internal audit unit work, approval of decisions on appointment and dismissal, as well as determination of remuneration of the head of internal audit unit.

The Board of Directors includes 11 persons elected by the General Meeting of Shareholders for the period up to the following annual General Meeting of Shareholders Should the Board of Directors be elected at the Extraordinary General Meeting of Shareholders, Board members are considered to be elected for the period prior to date of the following annual General Meeting of Shareholders.

The Board of Directors¹⁹

Two personal compositions of the Board of Directors acted in the reporting year.

The current Board of Directors elected at Annual General Meeting of Shareholders of the Company on 6/24/2016²⁰:

1. Yuriy Nikolayevich Mangarov, Chairman of the Board of Directors, Non-Executive Director:

Year of birth	1956
Education	Higher. Graduated from Plekhanov Russian University of Economics, qualification: "Economic Cybernetic"
Work experience for the last 5 years:	
2010–2013	Deputy Chairman of the Management Board, Head of Office of OJSC FGC UES
2012–2013	Deputy Executive Director, Head of Office (external secondary employment) of OJSC Rosseti (till April 4, 2013 – OJSC IDGC Holding)
2013–till present	Deputy Head of Office of PJSC ROSSETI (primary employment)
2013–2014	Chairman of the Human Resources and Remuneration Committee of the Board of Directors of OJSC Kubanenergo
2014–2016	Member of the Board of Directors of PJSC IDGC of the Northern Caucasus, PJSC MOESK
2014–till present	Member of the Board of Directors of JSC Yantarenergo, PJSC IDGC of Center
2015–2016	Member of the Board of Directors of PJSC Sevkavkazenergo, PJSC Kabbalkenergo, PJSC Dagestan Energy Retail Company, JSC Karachaevo-Cherkesskenenergo, JSC Kalmenergosbyt, JSC Tyvaenergosbyt, JSC Ingushenergo
2015–till present	Chairman of the Human Resources and Remuneration Committee of the Board of Directors of Kubanenergo PJSC
2015–till present	Advisor Director General, Acting Head of Administration (secondary employment) of PJSC Lenenergo.
2016–till present	Member of the Board of Directors of PJSC IDGC of the Northwest
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/24/2016

2. Dmitriy Alekseyevich Bobkov, Non-Executive Director:

Year of birth	1982
Education	Higher. Graduated from Lomonosov Moscow State University, qualification:

¹⁹ The consent to disclosure of personal data indicated in section "Corporate Governance" was secured from all persons who are or were the members of the management and control bodies of Kubanenergo PJSC.

²⁰ Information about the experience of the Board members specifies only the last positions held by them for each place of employment. All positions which were held by Board members (in a chronological order) are specified in the quarterly reports of the issuer published on the web-site www.kubanenergo.ru - section [For shareholders and investor / Information disclosure / Quarterly reports of the Issuer](#).

The data on the places of work and positions of the members of the Board of Directors are specified in accordance with the data provided by them to the Company as of the end of the reporting year. Here "till present" shall mean till 12/31/2016.

	“Philology”, Postgraduate studies in the Institute of Socio-Political Research. Academic degree: Ph.D. in Economics.
Work experience for the last 5 years:	
2011–2012	Head of Federal State Institution Press Service of the Ministry of Agriculture of the Russian Federation
2012–2012	Head of State Policy Department in the area of Agro-Industrial Complex and Information of the Ministry of Agriculture of the Russian Federation
2012–2013	Deputy Director General for Media and Government Authorities Relations of OJSC Kubanenergo
2013–till present	Head of Information Policy and Public Affairs Department of PJSC ROSSETI (primary employment)
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

3. Aleksandr Yevgenyevich Bogashov, representative of the legal interests of the Russian Federation, Non-Executive Director

Year of birth	1989
Education	Higher. Graduated from Federal State Budgetary Educational Institution of Higher Professional Education the State University of Management, qualification: “Enterprise Management”
Work experience for the last 5 years:	
2011–2013	Acting Advisor of Administration of the Federal Agency for State Property Management
2012–2013	Member of the Revision Commission of OJSC VNIKTi Neftekhimoborudovanie, OJSC Stavropolneftegeofizika, OJSC VNIPneft, OJSC VNIMI, OJSC CNIEIugol, OJSC Research Center VostNII, OJSC Nefteproduktkomplekt, OJSC All-Russia Research Institute of Oil Refining, OJSC NIITeplopribor, OJSC Soyuzmorgeo, OJSC SPC Supermetall name after Ye.I. Rytvin
2012–2014	Member of the Revision Commission of OJSC Kubanenergo, OJSC Moskovskiy Neftemaslozavod, OJSC Volgogradneftegeofizika, OJSC Permneftegeofizika, OJSC CGE
2013–till present	Head of Corporate Governance Office of the Department of Corporate Governance, Price Environment and Internal Control of the Fuel and Energy Sector of the Ministry of Energy of the Russian Federation (primary employment)
2013–2014	Member of the Board of Directors of OJSC Nizhnevartovskneftegeofizika, OJSC Krasnodarneftegeofizika, OJSC Mosenergostroy Construction Industrial Company. Member of the Revision Commission of OJSC Samaraneftegeofizika. Member of the Strategy, Development, Investment and Restructuring Committee, Member of the Board of Directors of Kubanenergo OJSC
2015–2016	Member of the Revision Commission of PJSC ROSSETI
2016–till present	Member of the Board of Directors of PJSC IDGC of Center, PJSC IDGC of Volga, PJSC IDGC of South
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

4. Aleksandr Viktorovich Varvarin, Non-Executive Director

Year of birth	1975
Education	Higher. Graduate from the Institute of International Law and Economics named after Griboyedov, qualification: “Legal Science”
Work experience for the last 5 years:	
2005–till present	Vice-President for Corporate Relations and Legal Support of RSPP (primary employment)
2006–till present	Director General, Board member of Non-Commercial Partnership Center of Corporate

	Relations Development and Economic Disputes Settlement
2006–2014	Deputy Chairman of the Management Board of the Russian Union of Self-Regulatory Organization of Insolvency Practitioners
2008–till present	Chairman of the Board of Non-Commercial Partnership MSO PAU
2009–2016	Member of the Board of Directors of OJSC VTsIOM
2009–2012	Member of the Board of Directors of OJSC Rosdorzizing
2009–2016	Chairman of the Board of Directors of OJSC VNIPIneft
2011–2016	Chairman of the Board of Directors of OJSC INPC TLP.
2011–till present	Member of the Board of Directors of PJSC IDGC of Volga
2012–2013	Member of the Board of Directors of CJSC TransTelecom
2012–till present	Member of the Revision Commission of OJSC RZD
2013–2015	Chairman of the Board of Directors of OJSC Science and Production Center, OJSC CNIIMMashdetal, OJSC CNIICP, OJSC CNIILKA, OJSC CNIPIK. Member of the Board of Directors of OJSC GTLK, OJSC IDGC of the Northern Caucasus
2014–till present	Chairman of the Committee for technological connection, member of the Human Resources and Remuneration Committee of the Board of Directors of Kubanenergo PJSC
2016–2016	Member of the Board of Directors of OJSC VNII NP
The first/last election to the Board of Directors of Kubanenergo PJSC	6/17/2013 / 6/24/2016

5. Aleksandr Ilyich Gavrillov, Executive Director

Year of birth	1973
Education	Higher. Graduated from Kuban State University, qualification: “Accounting and Audit”; Kuban State Technological University, qualification: “Development and Operation of Oil-and-Gas Field”. Completed advanced training course at Ernst & Young, subject: Risk Management. Academic degree: DPhil in Economics
Work experience for the last 5 years:	
2010–2012	Professor at the Department of Economic Theory, Economics and Management of Economics Faculty of the Institute of Economy, Law and Humanitarian Specialties.
2013	Top Advisor to the Chairman of the Management Board of OJSC FGC UES.
2013–till present	Director General, Chairman of the Management Board of Kubanenergo PJSC (primary employment)
The first/last election to the Board of Directors of Kubanenergo PJSC	6/23/2014 / 6/24/2016

6. Vladimir Fyodorovich Gritsenko, Independent Director:

Year of birth	1965
Education	Higher. Graduated from Russian State University for the Humanities, qualification: “Jurisprudence”
Work experience for the last 5 years:	
2010–2012	Business Development Director of LLC Unitel Group
2012–till present	Business Development Director of LLC Unitel Engineering (primary employment)
2016–till present	Member of the Presidium of Non-Profit Partnership OPORA RUSSIA Member of the Strategy, Development, Investment and Reforming Committee, Member of the Board of Directors of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

7. Aleksandr Leonidovich Efimov, Non-Executive Director

Year of birth	1982
Education	Higher. Graduated from Moscow University of the Ministry of Internal Affairs of the

	Russian Federation, qualification: "Jurisprudence"
Work experience for the last 5 years:	
2009–2013	Director for Protocol, Head of Protocol Department of OJSC FGC UES
2013–till present	Director of Administration of PJSC ROSSETI (primary employment)
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

8. Aleksey Yuryevich Serov, Non-Executive Director

Year of birth	1979
Education	Higher. Graduated from: - Lomonosov Moscow State University, qualification: "Applied Mathematics"; - New Economic School, Master of Finance
Work experience for the last 5 years:	
2009–2012	Senior analyst in power engineering of the Stock Market Analysis Department of CJSC TKB Capital
2012–2013	Senior Analyst of Business Development Office of CJSC Business Environment
2013–till present	Director of Finance Department of PJSC ROSSETI (primary employment)
2015–till present	Member of the Board of Directors of JSC NITs UES, JSC Ingushenergo
2016–till present	Member of the Board of Directors of PJSC TRK Member of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

9. Vladimir Vladimirovich Sofyin, Deputy Chairman of the Board of Directors, Non-Executive Director

Year of birth	1969
Education	Higher. Graduated from Ural State Technical University qualification: "Electrical Power Systems and Grids"
Work experience for the last 5 years:	
2010–2013	First Assistant Minister of the Ministry of Energy and Housing and Utility Infrastructure of the Murmansk Region
2012–2013	Director of Innovative Development of OJSC FGC UES
2013–till present	Director of Technological Development and Innovation Department of PJSC ROSSETI (primary employment)
2014–2015	Member of the Board of Directors of OJSC VNIPIenergoprom
2015–2016	Member of the Board of Directors of PJSC Lenenergo
2015–till present	Member of the Board of Directors of PJSC FTC, OJSC ENIN
2016–till present	Member of the Board of Directors of OJSC IDGC of Urals, JSC Administration of FOCL-OHL Chairman of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

10. Kseniya Valeriyevna Khokholkova, Non-Executive Director

Year of birth	1970
Education	Higher. Graduated from the State University of Management named after Sergo Ordzhonikidze, qualification: "Organization of Management in Fuel and Energy Sector"
Work experience for the last 5 years:	
2008–till present	Deputy Head of Share Capital Administration, Head of Office of Shareholders' Rights Enforcement of the Department of Corporate Governance and Shareholder Relations and Investors of PJSC Rosseti (primary employment)
2009–2013	Member of the Board of Directors of OJSC SZEUK

2009–2014	Member of the Board of Directors of OJSC Ingushenergo
2010–2014	Member of the Board of Directors of OJSC Volga Power Engineering Center
2013–2014	Member of the Revision Commission of OJSC IDGC of Volga Member of the Strategy, Investments and Restructuring Committee of the Board of Directors of OJSC IDGC of Siberia
2014–2015	Member of the Board of Directors of OJSC Energoservice, OJSC NITs of Volga
2014–2016	Member of the Strategy, Development, Investment and Reforming Committee, Member of the Board of Directors of Kubanenergo PJSC
2014–till present	Member of the Board of Directors of OJSC Lenenergospetsremont, OJSC Health and Recreation Resort “Energetik” Member of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
2015–till present	Member of the Board of Directors of OJSC ENIN
The first/last election to the Board of Directors of Kubanenergo PJSC	6/23/2014 / 6/24/2016

11. Igor Vladimirovich Shmakov, Executive Director:

Year of birth	1974
Education	Higher. Graduated from Kuban State University, qualification: “Economic and Social Planning”
Work experience for the last 5 years:	
2008–2012	Head of Internal Audit and Risk Management Department of OJSC IDGC of South
2012–2013	Head of Internal Control Directorate of OJSC FGC UES
2013–2016	Head of Internal Audit Directorate of PJSC ROSSETI
2013–2014	Member of the Revision Commission of OJSC MUS Energetiki
2013–2015	Member of the Revision Commission of OJSC Kubanenergo, OJSC IDGC of South, OJSC Yantarenergo, OJSC NITs of South
2015–2016	Member of the Board of Directors, Chairman of the Audit Committee of the Board of Directors of PJSC IDGC of South Chairman of the Audit Committee of the Board of Directors of PJSC TRK. Member of the Revision Commission of Kubanenergo PJSC, OJSC IDGC of Urals
2015–till present	Member of the Revision Commission of PJSC ROSSETI, PJSC MOESK
2016–till present	Deputy Director General for Controlling of Kubanenergo PJSC (primary employment)
2016–till present	Member of the Revision Commission of PJSC FGC UES, PJSC IDGC of the North Caucasus Member of the Strategy, Development, Investment and Reforming Committee, Member of the Board of Directors of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/24/2016 / 6/24/2016

The Board of Directors which was elected by the annual General Meeting of Shareholders on 6/10/2015 and acted until 6/24/2016.²¹

1. Yuriy Nikolayevich Mangarov, Chairman of the Board of Directors, Non-Executive Director²²:

Year of birth	1956
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²¹ Information about the experience of the Board members specifies only the last positions held by them for each place of employment.

All positions which were held by Board members (in a chronological order) are specified in the quarterly reports of the issuer published on the web-site www.kubanenergo.ru - section [For shareholders and investor / Information disclosure / Quarterly reports of the Issuer](#).

The data on the places of work and positions of the members of the Board of Directors are specified in accordance with the data provided by them to the Company as of 3/31/2016.

²² The status is determined by criteria of the Corporate Governance Code recommended by the Bank of Russia in Letter No. 06-52/2463 of April 10, 2014 for application by joint-stock companies having stocks admitted to on-exchange trading.

Education	Higher. Graduated from Plekhanov Russian University of Economics, qualification: "Economic Cybernetic"
Work experience for the last 5 years:	
2010–2013	Deputy Chairman of the Management Board, Head of Office of OJSC FGC UES
2012–2013	Deputy Executive Director, Head of Office (external secondary employment) of OJSC Rosseti (till April 4, 2013 – OJSC IDGC Holding)
2013–till present	Top Advisor to PJSC Rosseti (primary employment)
2013–2014	Chairman of the Human Resources and Remuneration Committee of the Board of Directors of OJSC Kubanenergo
2014–till present	Member of the Board of Directors of JSC Yantarenergo, PJSC IDGC of Center
2014–2016	Member of the Board of Directors of PJSC IDGC of the Northern Caucasus, PJSC MOESK
2015–2016	Member of the Board of Directors of PJSC Sevkavkazenergo, PJSC Kabbalkenergo, PJSC Dagestan Energy Retail Company, JSC Karachaevo-Cherkessskenergo, JSC Kalmenergosbyt, JSC Tyvaenergosbyt, JSC Ingushenergo
2015–till present	Advisor Director General, Acting Head of Administration (secondary employment) of PJSC Lenenergo.
2015–till present	Chairman of the Human Resources and Remuneration Committee of the Board of Directors of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/24/2016

2. Yelena Viktorovna Bogach, Non-Executive Director:

Year of birth	1976
Education	Higher. Graduated from Lomonosov Moscow State University, Faculty of Mechanics and Mathematics and Faculty of Economics
Work experience for the last 5 years:	
2004–2013	First Deputy Head of Department of OJSC FGC UES
2013–till present	Head of Strategic Planning Office of the Department of Strategic Projects of PJSC Rosseti (primary employment)
2015–2016	Member of the Board of Directors of PJSC Dagestan Energy Retail Company
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/10/2015

3. Aleksandr Viktorovich Varvarin, Non-Executive Director

Year of birth	1975
Education	Higher. Graduate from the Institute of International Law and Economics named after Griboyedov, qualification: "Legal Science"
Work experience for the last 5 years:	
2005–till present	Vice-President for Corporate Relations and Legal Support of RSPP (primary employment)
2006–till present	Director General, Board member of Non-Commercial Partnership Center of Corporate Relations Development and Economic Disputes Settlement
2006–2014	Deputy Chairman of the Management Board of the Russian Union of Self-Regulatory Organization of Insolvency Practitioners
2008–till present	Chairman of the Board of Non-Commercial Partnership MSO PAU
2009–2016	Member of the Board of Directors of OJSC VTsIOM
2009–2012	Member of the Board of Directors of OJSC Rosdorzizing
2009–2016	Chairman of the Board of Directors of OJSC VNIPIneft
2011–2016	Chairman of the Board of Directors of OJSC INPC TLP.
2011–till present	Member of the Board of Directors of PJSC IDGC of Volga
2012–2013	Member of the Board of Directors of CJSC TransTelecom
2012–till present	Member of the Revision Commission of OJSC RZD

2013–2015	Chairman of the Board of Directors of OJSC Science and Production Center, OJSC CNIIMMashdetal, OJSC CNIICP, OJSC CNIILKA, OJSC CNIPIK. Member of the Board of Directors of OJSC GTLK, OJSC IDGC of the Northern Caucasus
2014–till present	Chairman of the Committee for technological connection, member of the Human Resources and Remuneration Committee of the Board of Directors of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/17/2013 / 6/24/2016

4. Aleksandr Ilyich Gavrilov, Executive Director

Year of birth	1973
Education	Higher. Graduated from Kuban State University, qualification: “Accounting and Audit”; Kuban State Technological University, qualification: “Development and Operation of Oil-and-Gas Field”. Completed advanced training course at Ernst & Young, subject: Risk Management. Academic degree: DPhil in Economics
Work experience for the last 5 years:	
2010–2012	Professor at the Department of Economic Theory, Economics and Management of Economics Faculty of the Institute of Economy, Law and Humanitarian Specialties.
2013	Top Advisor to the Chairman of the Management Board of OJSC FGC UES.
2013–till present	Director General, Chairman of the Management Board of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/23/2014 / 6/24/2016

5. Sergey Mikhaylovich Katayev, Deputy Chairman of the Board of Directors, Non-Executive Director:

Year of birth	1975
Education	Higher. Graduated from the Moscow Power Engineering Institute (technical university), qualification: “Thermal Power Plants”
Work experience for the last 5 years:	
2010–2012	Head of Repair Department of OJSC RAO Energy Supply Systems of the East
2012–2014	Head of Department of Monitoring of Consumption of Non-Commercial Partnership “Market Council”
2014–till present	Director of Operative Process Management Department of PJSC ROSSETI (primary employment)
2015–2016	Member of the Board of Directors of OJSC IDGC of Urals
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/10/2015

6. Anton Mikhaylovich Kislyakov, Non-Executive Director

Year of birth	1970
Education	Higher. Graduated from the Moscow State Academy of Law, qualification: “Jurisprudence”
Work experience for the last 5 years:	
2008–2016	Head of Current Activities Support Office of the Legal Support Department of PJSC ROSSETI (primary employment)
2015–2016	Member of the Board of Directors of JSC Ingushenergo. Member of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/10/2015

7. Marina Aleksandrovna Lavrova, Non-Executive Director:

Year of birth	1982
Education	Higher. Graduated from the State University of Management, qualification: "Management in Power Economy" and the Financial University under the Government of the Russian Federation, qualification: "Finance and Credit".
Work experience for the last 5 years:	
2008–till present	Head of S&A Economy Administration of the Department of Economic Planning and Budgeting of PJSC Rosseti (primary employment)
2009–2016	Member of the Board of Directors of PJSC Dagestan Energy Retail Company
2013–2016	Member of the Board of Directors of OJSC EESK Chairman of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
2013–2014	Member of the Strategy, Development, Investment and Restructuring Committee, Member of the Board of Directors of Kubanenergo OJSC
2014–2016	Member of the Board of Directors of PJSC IDGC of the Northwest
2015–2016	Member of the Strategy, Development, Investment and Reforming Committee, Member of the Board of Directors of Kubanenergo PJSC
The first/last election to the Board of Directors of Kubanenergo PJSC	6/17/2013 / 6/10/2015

8. Artur Kamilovich Niyazmetov, Non-Executive Director

Year of birth	1985
Education	Higher. Graduated from the Khabarovsk State University of Economics and Law, qualification: "Finance and Credit" Academic degree: Ph.D. in Economics.
Work experience for the last 5 years:	
2011	Leading expert of CJSC Technical Inspection UES
2011–2016	Senior Teacher of the Federal State Budgetary Educational Institution of Higher Professional Education Financial University under the Government of the Russian Federation (0.25 fte) (secondary employment)
2011–2013	Deputy Chief of Department of the Ministry of Energy of the Russian Federation
2013–2014	Head of Department of the Ministry of Finance of the Russian Federation
2014–2015	Chief of Special Project Organization Office of Special Projects Implementation Department of OJSC Rosseti
2015–2016	Deputy Minister of the Ministry for Development of the Russian Far East (primary employment)
The first/last election to the Board of Directors of Kubanenergo PJSC	6/10/2015 / 6/10/2015

9. Fyodor Alekseyevich Terebkov, status: Non-Executive Director

Year of birth	1984
Education	Higher. Graduated from the National Research University Higher School of Economics, qualification "Finance and Credit"
Work experience for the last 5 years:	
2009–2012	Chief of Department of OJSC JSCB Svyaz Bank
2012–2013	Deputy Head of Corporate Finance Department of OJSC FGC UES
2013–2015	Head of Capital Markets and Structured Financing Office of Capital Markets Department of PJSC Rosseti
2015–2016	Head of Department of Loans in the Capital Markets of Bank GPB (JSC) (primary employment)
2014–2015	Member of the Board of Directors of OJSC IDGC of the Northern Caucasus
2015–2016	Member of the Board of Directors of JSC Karachaevo–Cherkesskenenergo, JSC NIIC MRSK
The first/last election to the Board of Directors	6/10/2015 / 6/10/2015

of Kubanenergo PJSC	
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10. Andrey Nikolayevich Kharin, representative of the legal interests of the Russian Federation, Non-Executive Director:

Year of birth	1979
Education	Higher. Graduated from Stavropol State University, qualification: “Jurisprudence”
Work experience for the last 5 years:	
2010–2012	Deputy Director General for Corporate Management of OJSC IDGC of the Northern Caucasus
2013–2014	Advisor Director General of OJSC DVEUK
2014–2016	Deputy Director of the Department of Corporate Management, Price Environment and Internal Control of the Fuel and Energy Sector of the Ministry of Energy of the Russian Federation (primary employment)
2014–2015	Member of the Board of Directors of OJSC IDGC of Center and Volga Region, OJSC NITs UES
2014–2016	Member of the Board of Directors of PJSC IDGC of South, OJSC VNIMI, JSC CGE
2015–2016	Member of the Board of Directors of JSC Arktikshelfneftgaz, PJSC IDGC of Center, PJSC IDGC of Volga
The first/last election to the Board of Directors of Kubanenergo PJSC	6/23/2014 / 6/10/2015

11. Kseniya Valeriyevna Khokholkova, Non-Executive Director

Year of birth	1970
Education	Higher. Graduated from the State University of Management named after Sergo Ordzhonikidze, qualification: “Organization of Management in Fuel and Energy Sector”
Work experience for the last 5 years:	
2008–till present	Deputy Head of Share Capital Administration, Head of Office of Shareholders’ Rights Enforcement of the Department of Corporate Governance and Shareholder Relations and Investors of PJSC Rosseti (primary employment)
2009–2013	Member of the Board of Directors of OJSC SZEUK
2009–2014	Member of the Board of Directors of OJSC Ingushenergo
2010–2014	Member of the Board of Directors of OJSC Volga Power Engineering Center
2013–2014	Member of the Revision Commission of OJSC IDGC of Volga Member of the Strategy, Investments and Restructuring Committee of the Board of Directors of OJSC IDGC of Siberia
2014–2015	Member of the Board of Directors of OJSC Energoservice, OJSC NITs of Volga
2014–2016	Member of the Strategy, Development, Investment and Reforming Committee, Member of the Board of Directors of Kubanenergo PJSC
2014–till present	Member of the Board of Directors of OJSC Lenenergospetsremont, OJSC Health and Recreation Resort “Energetik” Member of the Audit Committee of the Board of Directors of Kubanenergo PJSC.
2015–till present	Member of the Board of Directors of OJSC Krzhizhanovsky Power Energy Institute
The first/last election to the Board of Directors of Kubanenergo PJSC	6/23/2014 / 6/24/2016

All Company’s Board Members (elected in 2016 and now) are citizens of the Russian Federation.

Neither of the Company’s Board Members:

- held the Company’s shares or carried out transactions with them in the reporting year²³.
- was trained at the Company’s expense in the reporting year;

²³ According to the information provided to the Company by members of the Board of Directors, neither of them:

- was in kinship relations with any person being a member of management and/or financial and economic control bodies of Kubanenergo PJSC;
- was brought to administrative liability for offenses in the field of finance, taxes and dues, securities market or criminal liability for crimes in economy or for crimes against the government;
- held positions in management bodies of commercial organizations during the period when these organizations were filed for bankruptcy and / or one of bankruptcy proceedings stipulated by the legislation of the Russian Federation on insolvency;
- had conflicts of interests with the Company's Executive Bodies in the reporting year.

Activities of the Board of Directors

In 2016, 32 Board Meetings were held, of which 2 Meetings — in person and in absentia (including via videoconference), other Meetings — in absentia (by voting).

Activities of the Board of Directors in 2014–2016:

	2014	2015	2016
Number of the Board meetings held	23	27	32
<i>including in person and in absentia</i>	0	0	2
Number of issues considered	224	211	234
<i>including decisions made</i>	224	211	234
Average participation of Board members in the work of the Board of Directors	80.8%	92.7%	84.6%
<i>including the Board members, elected on:</i>			
• 6/10/2015			80.1%
• 6/24/2016			89.2%

Participation of Kubanenergo PJSC Board members in the Board Meetings in 2016:

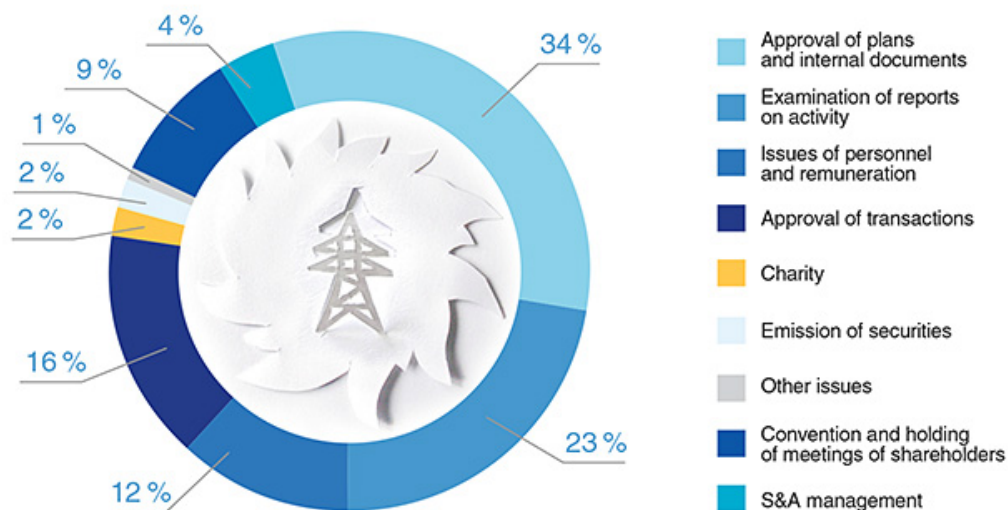
Date of the Board Meeting Board Members	20.01.2016	05.02.2016	26.02.2016	04.03.2016	17.03.2016	31.03.2016	22.04.2016	25.04.2016	27.04.2016	29.04.2016	17.05.2016	23.05.2016	31.05.2016	16.06.2016	22.06.2016	30.06.2016	07.07.2016	21.07.2016	29.07.2016	12.08.2016	26.08.2016	05.09.2016	20.09.2016	04.10.2016	26.10.2016	15.11.2016	28.11.2016	29.11.2016	05.12.2016	21.12.2016	23.12.2016	30.12.2016	Number of Meetings attended by the Board Member			
Ye.V. Bogach	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	Not elected as members of the Board of Directors at the annual General Meeting of the Company's Shareholders on 24.06.2016												15 of 15								
S.M. Katayev	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●													15 of 15								
A. M. Kislyakov	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●													15 of 15								
M.A. Lavrova	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●													15 of 15								
A.K. Niyazmetov	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○													0 of 15								
A. N. Kharin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●													15 of 15								
F.A. Terebkov	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○													2 of 15								
Yu.N. Mangarov	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	32 of 32		
A.V. Varvarin	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	32 of 32		
A.I. Gavrilov	●	●	●	○	●	●	●	●	○	○	●	●	●	○	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	26 of 32		
K.V. Khokhlova	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	31 of 32		
D.A. Bobkov																●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	○	○	15 of 17			
A.Ye. Bogashov																●	●	●	●	○	○	●	●	●	●	●	●	●	●	●	●	○	○	12 of 17		
V.F. Gritsenko																●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	17 of 17	
A.L. Efimov																●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	16 of 17	
A.Yu. Serov																●	●	●	●	●	●	●	○	●	●	●	○	●	●	●	●	●	●	●	16 of 17	
V.V. Sofyin																●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	○	●	15 of 17
I.V. Shmakov																●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	17 of 17	
Number of Board Members attending the Meeting	10	10	9	8	9	9	9	9	8	8	9	9	9	8	9	11	11	11	11	8	8	11	11	9	11	11	11	11	10	11	8	9				
Number of issues considered at the Meeting	2	5	9	2	11	13	1	3	17	2	14	1	13	9	17	3	1	11	3	14	3	5	11	2	10	8	2	2	12	1	15	12				

● / ○ — presence / absence of a Board member at the Meeting
 ■ / □ — in person and in absentia / in absentia Board Meeting

All the Company's Board members, being at the same time members of the Committees of the Board of Directors in 2016, were present at all the Meetings of the Committees, except for:

- A.M. Kislyakov who did not attend the meeting of the Audit Committee on 3/16/2016,
- V.V. Sofyin, who did not attend the meetings of the Audit Committee on 8/29/2016 and 9/12/2016.

The structure of issues considered by the Company's Board of Directors in 2016:



In the reporting year, the Board of Directors traditionally put focus on the approval of plans and internal documents, consideration of the Company's business reports, approval of transactions. New items included issue of additional shares of the Company and the Company's charity activities.

The major decisions adopted by the Board of Directors of Kubanenergo PJSC in the reporting year:

- the following strategic documents were approved:

- ✓ amended business plan of the Company, including the investment program and information on key operational risks for 2016 and forecast indicators for 2017–2020;
- ✓ action plan aimed at increasing work efficiency and improvement of financial and economic state of the Company;
- ✓ approval of the Company's draft long-term investment program for 2016–2021 for further public hearing;
- ✓ list of measures on reduction of losses and on improvement of economic efficiency to reach the target losses value by 2017;
- ✓ plan aimed at development of the Company's production assets management system for 2016–2018;
- ✓ action plan aimed at development and improvement of the Company's internal control and risk management systems for 2016–2018;
- ✓ regulation on the procedure for formation and use of the sponsor support and charity fund of Kubanenergo PJSC;
- ✓ procurement plan for 2017;
- ✓ procedure for organization of non-core assets sale of Kubanenergo PJSC, Non-Core Assets Disposal Program and Sales Plan;
- ✓ Program of Insurance Protection for 2017;
- ✓ Program of Internal Audit Quality Assurance and Improvement of Kubanenergo PJSC;
- ✓ Program of Non-State Pension Provision to Company's Employees for 2016;
- ✓ Internal Audit, Internal Control and Risk Management Policy, Key Operational Risks Register, Regulation on Audit Committee of the Board of Directors, Regulation on Central Tender Committee, Regulation on Corporate Secretary were approved as amended;
- ✓ Regulation on Strategy, Development, Investments and Restructuring Committee of the Board of Directors was amended;

- collective contract of Kubanenergo PJSC for 2016–2018 was preliminary approved;

- A.I. Gavrilov was elected as the Director General of Kubanenergo PJSC for a new term of three years;

- decisions on changes to the Management Board membership were adopted;

- decisions on preparation and holding of the General Meeting of Shareholders were adopted in due time;

- decision on convening an extraordinary General Meeting of Shareholders concerning the increase of the authorized capital by RUB 5.75 bln at the nominal price was adopted, additional issue and prospectus of Kubanenergo PJSC securities were approved;

- Action Plan of the Board of Directors for 2016–2017 corporate year was approved;

- Exchange Bonds Program and Prospectus of Exchange Bonds for a total amount of RUB 25 bln maturing in 30 years were approved;

- reports of the Director General on various aspects of financial and economic activity of the Company, as well as on implementation of decisions of the Board of Directors were considered regularly (quarterly, as a rule);

- interested party transactions are approved.

A Chairman of the Board of Directors, a Deputy Chairman and a Corporate Secretary are generally elected at the first meeting of a newly elected Board of Directors.

The Board of Directors approves its Action Plan for a corporate year at one of the first Board Meetings. The Action Plan is formed based on the proposals of the Chairman and members of the Board of Directors, Revision Commission, Director General, member of the Management Board, Auditor, in the following areas:

- Company's strategic development;
- mid-term and short-term planning of the Company's operations;
- organization of the Board of Directors activities;
- control over implementation of the decisions of the Board of Directors and of the General Meeting of Shareholders.

Find the Minutes of the Board Meetings of Kubanenergo PJSC on the web-site www.kubanenergo.ru – section [About the Company / Management / Board of Directors](#).

Committees of the Board of Directors

In order to ensure effective implementation by the Company's Board of Directors of its functions in relation to overall management of the Company, the Committees of the Board of Directors were established:

- Reliability Committee;
- Audit Committee;
- Strategy, Development, Investments and Restructuring Committee;
- Human Resources and Remuneration Committee;
- Technological Connection Committee.

The Committees have the status of advisory bodies engaged in profound elaboration of critical issues within the competence of the Board of Directors and preparation of recommendations (opinions) for the Board of Directors, and consider any other issues as instructed by the Board of Directors.

Activities of each Committee are governed by respective regulation establishing purposes and tasks of the Committee, the procedure for establishment thereof and organization of its work²⁴.

Personal composition of the committees and their chairmen shall be elected by the Board of Directors of the Company from among the candidates represented by members of the Board of Directors during one of the first meetings of the newly elected Board of Directors.

Members of the Audit Committee shall be elected for a period until the next election of members of this Committee. Members of the other Committees shall be elected for a period until the first meeting of the newly elected Board of Directors.

As a rule, during one of the first meetings the Committees approve their operating plans for the current corporate year to be developed on the basis of the operating plan of the Board of Directors, decisions of the Board of Directors and Committees, proposals of committee members, the Director General.

In the reporting year, all issues subject to preliminary consideration by the Committees of the Board of Directors were considered by the Committees in a timely manner.

²⁴ For the Regulations on the Committees of the Company's Board of Directors see the web-site: www.kubanenergo.ru - section [About the Company / Constituent and in-house documents](#)

For Minutes of Meetings of the Board of Directors of Kubanenergo PJSC see the web-site www.kubanenergo.ru – section [About the Company / Management / Committees under the Board of Directors.](#)

Members participating in meetings of the Committees of the Board of Directors are entitled to respective remuneration. Total amount of remuneration paid to members of the Committees of the Board of Directors in 2016 amounted to RUB 1,498 thou. The Company has no outstanding amounts payable to any members of the Committees.

Reliability Committee

Date of Committee establishment	9/15/2006
Date and number of the Minutes of Meetings of the Company's Board of Directors where the Regulation on Committee was approved (as amended)	No. 219/2015 of 9/7/2015
Main Objectives of the Committee	<p>Development and presentation of recommendations (opinions) to the Company's Board of Directors with regard to the following areas of focus of the Board of Directors:</p> <ul style="list-style-type: none"> • examination of investment programs and plans for repair of power facilities, analysis of their performance in terms of integrated reliability requirements; • evaluation of completeness and sufficiency of measures taken in response to accidents and major process faults, and follow-up; • control and assessment of operation of Company's technical services with respect to: <ul style="list-style-type: none"> ✓ ensuring comprehensive operating reliability of network and generating equipment and structures; ✓ ensuring normal condition of fixed assets and provision of information on expected reliability risks associated with functioning thereof; • analysis of measures relating to the implementation of contractual and economic mechanisms for reliability management.
Members of the Committee in the Reporting Year²⁵	<p><i>Committee composition acting in the period from 7/17/2015 (as amended on 12/23/2015) to 6/30/2016:</i></p> <ol style="list-style-type: none"> 1. Ruslan Raisovich Magadeyev (Chairman of the Committee), Deputy Director of Situation and Analytical Center of PJSC Rosseti. 2. Edgar Garriyevich Armaganyan, First Deputy Director General, Director of Sochi Electric Grids Branch, Deputy Director General for Service Sales of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 3. Dmitry Dmitriyevich Mikhayev, Head of Power Development Department of the Ministry of Energy of the Russian Federation. 4. Olga Vyacheslavovna Ocheredko, Deputy Director General for Economy and Finance of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 5. Dmitry Yurievich Ryazantsev, Deputy Director General for Technical Issues, Chief Engineer of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 6. Mikhail Vladimirovich Smaga, Deputy Director of PJSC Rosseti Branch "Technical Supervision Center". 7. Sergey Vladimirovich Shpilevoy, Deputy Office Director, Head of Accident Rate Analysis Department of Accident Rate and ERW Methodology Office of the Situation and Analytical Center of PJSC Rosseti.

²⁵ Positions of members of the Committees of the Board of Directors are hereinafter indicated as of the date of election to the Committees.

	<p><i>The current composition of the Committee (elected on 7/21/2016):</i></p> <ol style="list-style-type: none"> 1. Andrey Nikolayevich Leonov (Committee Chairman), Head of Production Activity Office of the Operating and Process Control Department of PJSC Rosseti. 2. Edgar Garriyevich Armaganyan, First Deputy Director General, Director of Sochi Electric Grids Branch, Deputy Director General for Service Sales of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 3. Aleksandr Yuryevich Matyushin, Head of Maintenance and Repair Division of the Production Activity Office of the Operating and Process Control Department of PJSC Rosseti. 4. Olga Vyacheslavovna Ocheredko, Deputy Director General for Economy and Finance of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 5. Dmitry Yurievich Ryazantsev, Deputy Director General for Technical Issues, Chief Engineer of Kubanenergo PJSC, Member of the Management Board of Kubanenergo PJSC. 6. Mikhail Vladimirovich Smaga, Deputy Director of PJSC Rosseti Branch "Technical Supervision Center". 7. Sergey Aleksandrovich Shabalin, Principal Advisor to the Pricing Policy and Industry Infrastructure Control Division of the Electric Power Industry Development Department of the Ministry of Energy of the Russian Federation
Main Results of the Committee in the Reporting Year	<p><i>11 meetings in the form of absentee voting were held, 46 issues were considered.</i></p> <p>In the reporting year, the Committee submitted to the Board of Directors its opinions (recommendations) on the following key issues:</p> <ul style="list-style-type: none"> • approval of the Company's draft investment program for 2016–2021 from the viewpoint of comprehensive reliability assurance; • approval of the Production Assets Management System Development Plan of Kubanenergo PJSC for 2016–2018; • 2017 repair program review; • consideration of reports on the Company's readiness to work in the autumn and winter period, on the implementation of repair and investment programs (from the viewpoint of comprehensive reliability assurance), information on indicators of reliability and quality level of the Company's services, reports on the activities of the Company's technical services for ensuring reliable operation of the power grid complex. <p>In the reporting year, the Reliability Committee of the Board of Directors also considered the following:</p> <ul style="list-style-type: none"> • Program for improvement of efficiency, reliability, and safety of energy production for 2016, and progress reports; • Program of measures aimed at elimination of "narrow" places influencing reliable energy supply to the Company's consumers, and progress reports; • analysis of accident rate and investigation quality of causes for technological disturbances (accidents); • regular reports of the Company management on the passage of the autumn and winter period by the Company, preparation for work in fire hazardous, flooding, thunderstorm periods, implementation of reliability improvement programs at the Company's facilities, fulfillment of the instructions of controlling and supervisory authorities, comprehensive program to reduce the risks of injury to the Company's personnel and third parties, etc. <p><i>Share of issues previously considered by the Committee with preparation of recommendations for the Board of Directors in the total number of issues considered by the Committee: 37,0%.</i></p> <p><i>Participation of Committee members in the operation of this body averaged to 86.3%</i></p>

Audit Committee

Date of Committee establishment	10/16/2009
Date and number of the Minutes of Meetings of the Company's Board of Directors where the Regulation on Committee was approved (as amended)	3/18/2016 No. 233/2016, with amendments of 10/28/2016 No. 253/2016

Main Objectives of the Committee	<ul style="list-style-type: none"> • consideration of the Company's accounting (financial) statements and supervision over the process of preparation thereof; • control of reliability and efficiency of the internal control system, risk management system, corporate governance practices; • control of external audit and selection of an auditor; • ensuring independence and objectivity of the internal audit function; • supervision over functioning efficiency of the system of counteraction to unethical practice of Company's employees and third parties.
Members of the Committee in the Reporting Year	<p><i>Committee composition acting in the period from 7/17/2015 to 7/21/2016:</i></p> <ol style="list-style-type: none"> 1. Marina Aleksandrovna Lavrova (Committee Chairman), Head of S&A Economy Administration of the Department of Economic Planning and Budgeting of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 2. Kseniya Valeriyevna Khokholkova, Deputy head of Share Capital Administration, the Head of Office of Shareholders' Rights Enforcement of the Department of Corporate Governance and Shareholder Relations and Investors of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 3. Anton Mikhaylovich Kislyakov, Head of Current Activities Support Office of the Legal Support Department of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. <p><i>The current composition of the Committee (elected on 7/21/2016):</i></p> <ol style="list-style-type: none"> 1. Vladimir Vladimirovich Sofyin (Committee Chairman), Director of Process Development and Innovation Department of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 2. Kseniya Valeriyevna Khokholkova, Deputy head of Share Capital Administration, the Head of Office of Shareholders' Rights Enforcement of the Department of Corporate Governance and Shareholder Relations and Investors of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 3. Aleksey Yuryevich Serov, Acting Director of Finance Department, Head of Capital Market and Strategic Investment Office of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC.
Main Results of the Committee in the Reporting Year	<p><i>13 meetings were held (5 in praesentia, the rest in the form of absentee voting), 42 issues were considered.</i></p> <p>On 4/27/2016, the Board of Directors considered and took note of the report on the efficiency of the internal control and risk management system of the Company based on 2015 year-end results (Minutes No. 237/2016 of 4/28/2016). For information on assessment of Company's internal control system effectiveness in the reporting year see section "Internal Control and Internal Audit".</p> <p>The following significant issues were considered at meetings of the Audit Committee of the Company's Board of Directors in the reporting period:</p> <ul style="list-style-type: none"> • the candidacy of the Company's external auditor carrying out audit of the accounting (financial) statements of the Company for 2016 prepared in accordance with RAS as well as audit of the consolidated financial statements for 2016 prepared in accordance with IFRS is pre-approved (Minutes No. 37/2016 of 4/20/2016); • the assessment of external audit efficiency is given, including the assessment of external auditor's opinion (Minutes No. 37/2016 of 4/20/2016); • written information provided by the external auditor with regard to the main problems of accounting (financial) statements of the Company was considered (Minutes No. 37/2016 of 4/20/2016, Minutes No. 47/2016 of 12/23/2016); • information related to non-standard operations and events of the Company as well as information related to creation of provisions for doubtful debts and estimated liabilities was discussed (Minutes No. 36/2016 of 3/17/2016); • substantial aspects of the accounting policy and changes planned for 2017 were considered (Minutes No. 47/2016 of 12/23/2016); • accounting (financial) statements of the Company prepared in accordance with RAS, and the consolidated financial statements prepared in accordance with IFRS were periodically considered (Minutes No. 37/2016 of 4/20/2016, Minutes No. 39/2016 of 5/31/2016, Minutes No. 41/2016 of 8/29/2016, Minutes No. 45/2016 of 11/17/2016); • the Plan of measures for the development and improvement of the internal control and risk management system of the Company for 2016–2018 was considered (Minutes No. 45/2016 of 11/17/2016); • revised Internal Control Policy, Internal Audit Policy, Regulation on the Audit

	<p>Committee of the Board of Directors of the Company were reviewed before the approval by the Board of Directors (Minutes No. 35/2016 of 2/19/2016, No. 43/206 of 10/5/2016);</p> <ul style="list-style-type: none"> the Regulation on the Internal Audit Department, structure and manpower of the internal audit department, candidacy for the position of the head of the internal audit department and his/her remuneration were coordinated (Minutes No. 40/2016 of 8/11/2016, No. 42/2016 of 9/14/2016, No. 46/2016 of 11/25/2016); a progress report of the Audit Committee was compiled for 2015–2016 corporate year for submission to the Board of Directors of the Company (Minutes No. 39/2016 of 5/31/2016); operating plans and budgets of the internal audit department for 2016 and 2017 were agreed (Minutes No. 42/2016 of 9/14/2016, No. 44/2016 of 11/2/2016); the Company Program of Warranty and Internal Audit Quality Improvement was approved (Minutes No. 44/2016 of 11/2/2016); reports on implementation of the operating plan and work results of the internal audit department were periodically considered (Minutes No. 35/2016 of 2/19/2016, Minutes No. 39/2016 of 5/31/2016, Minutes No. 41/2016 of 8/31/2016, Minutes No. 45/2016 of 11/17/2016); management information on the implementation of the Company's Internal Control Policy was reviewed (Minutes No. 45/2016 of 11/17/2016); information and reports of the Company's management were reviewed on a periodical basis with respect to the implementation of planned corrective actions to eliminate defects identified by the Company's Revision Commission, internal audit of the Company, external control and supervision bodies, with respect to the implementation of measures taken based on the information on employees' potential unfair acts and results of investigations (Minutes No. 38/2016 of 5/26/2016, No. 41/2016 of 8/31/2016); report on the efficiency of the Company's internal control system and risk management system was considered (Minutes No. 36/2016 of 3/17/2016). <p><i>Share of issues previously considered by the Committee with preparation of recommendations for the Board of Directors in the total number of issues considered by the Committee: 50,0%.</i></p> <p><i>Participation of Committee members in the operation of this body averaged to 91.3%</i></p>
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Strategy, Development, Investments and Restructuring Committee

Date of Committee establishment	2/5/2010
Date and number of the Minutes of Meetings of the Company's Board of Directors where the Regulation on Committee was approved (as amended)	2/5/2010 No. 84/2010 (with amendments of 3/18/2016 No. 233/2016)
Main Objectives of the Committee	<p>Development and submission of recommendations (opinions) to the Board of Directors on the issues related to:</p> <ul style="list-style-type: none"> identification of priorities, strategic objectives and core principles for the strategic development of the Company; assessment of its activity efficiency; enhancement of investment appeal, improvement of investment activities; control of implementation of the approved programs, projects and restructuring of the Company; dividend policy; control of the risk management system organization and functioning.

<p>Members of the Committee in the Reporting Year</p>	<p><i>Committee composition acting in the period from 7/17/2015 to 6/30/2016 (as amended on 9/4/2015):</i></p> <ol style="list-style-type: none"> 1. Aleksey Igorevich Pavlov (Committee Chairman), Head of Office of Finance of PJSC Rosseti. 2. Yuriy Nikolayevich Pankstiyarov, Head of Tariff Policy Department of PJSC Rosseti. 3. Sergey Vladimirovich Podlutsky, Head of Office of Master Planning and Reporting of Investment Department of PJSC Rosseti. 4. Marina Aleksandrovna Lavrova, Head of S&A Economy Administration of the Department of Economic Planning and Budgeting of PJSC Rosseti , Member of the Board of Directors of Kubanenergo PJSC. 5. Fyodor Nikolayevich Balaban, Head of Research and Information Department of PJSC Rosseti. 6. Aleksey Nikolayevich Goncharov, Head of Department for Cooperation with Participants of Wholesale and Retail Electricity Markets of PJSC Rosseti. 7. Kseniya Valeriyevna Khokhlova, Deputy Head of Share Capital Administration, Head of Office of Shareholders' Rights Enforcement of the Department of PJSC Rosseti, Member of the Board of Directors of Kubanenergo PJSC. 8. Pavel Nikolayevich Snikkars, Head of Power Development Department of the Ministry of Energy of the Russian Federation. 9. Olga Vyacheslavovna Ocheredko, Deputy Director General for Economy and Finance, Member of the Management Board of Kubanenergo PJSC. <p><i>The current composition of the Committee (elected on 7/21/2016):</i></p> <ol style="list-style-type: none"> 1. Aleksey Igorevich Pavlov (Committee Chairman), Director of Treasury Department of PJSC Rosseti. 2. Fyodor Nikolayevich Balaban, Deputy Head of Strategic Project Office of the Strategic Development Department of PJSC Rosseti. 3. Aleksey Nikolayevich Goncharov, Head of the Office for Cooperation and Settlement with Participants of Electricity Markets of the Department for Electricity Metering and Cooperation with Participants of Electricity Markets of PJSC Rosseti. 4. Vladimir Fyodorovich Gritsenko, Business Development Director of LLC Unitel Engineering, Member of the Board of Directors of Kubanenergo PJSC. 5. Tatyana Valentinovna Zobkova, Head of Division of the Department for Corporate Governance, Pricing Environment and Internal Control of the Fuel and Energy Sector in the Ministry of Energy of the Russian Federation. 6. Marina Aleksandrovna Lavrova, Head of S&A Economy Administration of the Department of Economic Planning and Budgeting of PJSC Rosseti. 7. Olga Vyacheslavovna Ocheredko, Deputy Director General for Economy and Finance, Member of the Management Board of Kubanenergo PJSC. 8. Yuriy Nikolayevich Pankstiyarov, Head of Tariff Policy Department of PJSC Rosseti. 9. Sergey Vladimirovich Podlutsky, Head of Office of Master Planning and Reporting of Investment Department of PJSC Rosseti. 10. Igor Vladimirovich Shmakov, Deputy Director General for Controlling of Kubanenergo PJSC, Member of the Board of Directors of Kubanenergo PJSC
<p>Main Results of the Committee in the Reporting Year</p>	<p><i>22 meetings were held (4 in person and in absentia, the others in the form of absentee voting), 52 issues were considered, recommendations to the Board of Directors with regard to the following most important issues were developed:</i></p> <ul style="list-style-type: none"> • on approval of the Company's business plan, including the investment program and information on key operational risks, as well as on approval of reports on its performance; • on approval of results of milestones performance of KPIs of the Director General of the Company; • on approval of in-house documents; • on approval of the revised register of key operating risks for the Company; • on determination of the Company's position on the issues in agendas of meetings of the Board of Directors of the Company S&A; • on approval of the action plan aimed at increasing performance efficiency as well as improvement of financial and economic state of the Company and review of progress reports; • on approval of the revised list of projects in the field of energy conservation and economic efficiency improvement to be implemented through entering into energy service contracts; • on review of Company's draft long-term investment program; • on consideration of reports of the Director General regarding competence of the Committee (including quarterly reports on implementation of decisions taken by the Board of

	<p>Directors, key operating risk management reports).</p> <p><i>Share of issues previously considered by the Committee with preparation of recommendations for the Board of Directors in the total number of issues considered by the Committee: 90,4%.</i></p> <p><i>Participation of Committee members in the operation of this body averaged to 96.0%</i></p>
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Human Resources and Remuneration Committee

Date of Committee establishment	8/6/2010
Date and number of the Minutes of Meetings of the Company's Board of Directors where the Regulation on Committee was approved (as amended)	No. 194/2014 of 8/1/2014
Main Objectives of the Committee	Development and submission of recommendations (opinions) to the Board of Directors on the issues related to establishment of selection and assessment criteria of candidates to the Company's Board of Directors and its executive bodies, formation of principles and criteria to determine remuneration amount for members of the Company's management, work assessment of the Director General and members of the Management Board, amount of remuneration to members of the Board of Directors
Members of the Committee in the Reporting Year	<p><i>Committee composition acting in the period from 7/17/2015 to 6/30/2016:</i></p> <ol style="list-style-type: none"> 1. Yuriy Nikolayevich Mangarov (Committee Chairman), Top Advisor to PJSC Rosseti, Chairman of the Board of Directors of Kubanenergo PJSC. 2. Aleksandr Victorovich Varvarin, Vice-President for Corporate Relations and Legal Support of RSPP, Member of the Board of Directors of Kubanenergo PJSC. 3. Dmitriy Aleksandrovich Chevkin, Director of Department of HR Policy and Organizational Development of PJSC Rosseti. 4. Nataliya Alekseyevna Shumakher, Chief Specialist of Office of Property Rights Enforcement of the Department of Property Management of PJSC IDGC of Center. 5. Nataliya Ilyinichna Erpsher, Head of Office of Organizational Development of the Department of HR Policy and Organizational Development of PJSC Rosseti. <p><i>The current composition of the Committee (elected on 7/21/2016):</i></p> <ol style="list-style-type: none"> 1. Yuriy Nikolayevich Mangarov (Committee Chairman), Top Advisor to PJSC Rosseti, Chairman of the Board of Directors of Kubanenergo PJSC. 2. Aleksandr Victorovich Varvarin, Vice-President for Corporate Relations and Legal Support of RSPP, Member of the Board of Directors of Kubanenergo PJSC. 3. Tatyana Valentinovna Zobkova, Head of Division of the Department for Corporate Governance, Pricing Environment and Internal Control of the Fuel and Energy Sector in the Ministry of Energy of the Russian Federation. 4. Dmitriy Aleksandrovich Chevkin, Director of Department of HR Policy and Organizational Development of PJSC Rosseti. 5. Nataliya Ilyinichna Erpsher, Head of Office of Organizational Development of the Department of HR Policy and Organizational Development of PJSC Rosseti.
Main Results of the Committee in the Reporting Year	<p><i>12 meetings in the form of absentee voting were held, 21 issues were considered.</i></p> <p>Recommendations to the Board of Directors with regard to the following main issues were developed:</p> <ul style="list-style-type: none"> - on election of the Director General of the Company for the next period; - on amendments to the composition of the management Board of the Company; - on approval of corporate structure of the Company's executive office; - on approval of the list of positions included into the category of top managers of the Company; - on approval of a procedure for calculation and assessment of Director General's KPI performance; on approval of results of milestones performance of KPIs of the Director General; - on pre-approval of candidates for certain management positions of the Company. <p>Furthermore, the Committee:</p>

	<p>- considered performance of Deputies of the Director General of the Company and recommended to the Director General to extend employment contracts with them;</p> <p>- approved a list of managerial personnel reserve.</p> <p><i>Share of issues previously considered by the Committee with preparation of recommendations for the Board of Directors in the total number of issues considered by the Committee: 71,4%.</i></p> <p><i>Participation of Committee members in the operation of this body averaged to 93.3%</i></p>
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Technological Connection Committee

Date of Committee establishment	10/11/2011
Date and number of the Minutes of Meetings of the Company's Board of Directors where the Regulation on Committee was approved (as amended)	No. 119/2011 of 10/14/2011
Main Objectives of the Committee	Development of recommendations (opinions) to the Board of Directors on the issues related to the analysis of the current situation, increase of efficiency and development of Company's activity in the sphere of technological connection of customers to electric grids
Members of the Committee in the Reporting Year	<p><i>Committee composition acting in the period from 7/17/2015 to 6/30/2016:</i></p> <ol style="list-style-type: none"> Aleksandr Victorovich Varvarin (Committee Chairman), Vice-President for Corporate Relations and Legal Support of RSPP, Member of the Board of Directors of Kubanenergo PJSC. Daniel Maratovich Bashmakov, Chairman of Krasnodar Krai Territorial Branch of All-Russian Public Organization of Small and Medium Business OPORA ROSSII. Dmitry Dmitriyevich Mikheyev, Head of Power Development Department of the Ministry of Energy of the Russian Federation. Irina Borisovna Masalyova, Director of Department of Grid and Technological Connection Prospective Development of PJSC Rosseti. Aleksandr Yuriyevich Korneyev, Head of Office of Technological Connection Regulation of the Department of Grid and Technological Connection Prospective Development of PJSC Rosseti. Vyacheslav Yuriyevich Kostetsky, Deputy Director General for Service Sales and Development, Member of the Management Board of Kubanenergo PJSC. Yelena Leonidovna Soltan, Head of Department of Technological Connection of Kubanenergo PJSC. <p><i>The current composition of the Committee (elected on 7/21/2016, as amended on 8/12/2016, Minutes No. 248/2016):</i></p> <ol style="list-style-type: none"> Aleksandr Victorovich Varvarin (Committee Chairman), Vice-President for Corporate Relations and Legal Support of RSPP, Member of the Board of Directors of Kubanenergo PJSC. Aleksandr Yuriyevich Korneyev, Head of Office of Technological Connection Regulation of the Department of Grid and Technological Connection Prospective Development of PJSC Rosseti. Vyacheslav Yuriyevich Kostetsky, Deputy Director General for Service Sales and Development, Member of the Management Board of Kubanenergo PJSC. Irina Borisovna Masalyova, Director of Department of Grid and Technological Connection Prospective Development of PJSC Rosseti. Aleksandr Valeryevich Pavlov, Principal Adviser of the Industry Regulations Development Division of the Electric Power Industry Development Department of the Ministry of Energy of the Russian Federation. Yelena Leonidovna Soltan, Head of Department of Technological Connection of Kubanenergo PJSC. Denis Yevgenyevich Sokolov, Chief Expert of Office of Technological Connection Regulation of the Department of Grid and Technological Connection Prospective Development of PJSC Rosseti.

Main Results of the Committee in the Reporting Year	<p><i>5 meetings were held (1 in praesentia and in absentia, the rest in the form of absentee voting), 23 issues were considered, including:</i></p> <ul style="list-style-type: none"> • election of the Chairman, Deputy Chairman and Secretary of the Committee; • the following issues were regularly considered: <ul style="list-style-type: none"> ✓ plan of measures for reduction of overdue liabilities related to the technological connection; ✓ reports on technological connection of customers' electric facilities and generating facilities; ✓ analysis of claim-related work on technological connection; ✓ system of prospective planning of electric grid development; ✓ current situation and problems concerning technological connection and determination of a payment for it; • the Committee's work plan was approved. <p><i>Share of issues previously considered by the Committee with preparation of recommendations for the Board of Directors in the total number of issues considered by the Committee: 13,0%.</i></p> <p><i>Participation of Committee members in the operation of this body averaged to 95.7%</i></p>
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Executive Bodies

Current activities of Kubanenergo PJSC are managed by the sole executive body, the Director General, and a collective executive body, the Management Board.

The Director General and the Management Board are accountable to General Meeting of Shareholders and the Board of Directors of the Company.

In accordance with the Company's Articles of Association, the Director General is elected by the Board of Directors and is the Chairman of the Management Board. Members of the Management Board are also elected by the Board of Directors following a proposal of the Director General of the Company in the number specified by the decision of the Board of Directors.

All members of the Management Board, including the Chairman of the Management Board, have sufficient experience, knowledge and skills required for due performance of their obligations. The Director General and members of the Management Board act in good faith in the interests of the Company and all its shareholders. In order to avoid conflict of interest and related negative consequences for the Company, members of the Management Board disclose all information on their commercial activity unrelated to the Company.

Director General

In accordance with the Articles of Association of Kubanenergo PJSC, the competence of the Director General includes all matters of the current activities of the Company, except for the matters falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

The Director General of the Company is entitled to act on behalf of the Company without any power of attorney, including, but not limited to, as follows:

- secures the implementation of plans of the Company activities, required for attaining of the set objectives;
- arranges accounting and reporting in the Company;
- disposes of the Company property, implements transactions on behalf of the Company, issues powers of attorney;
- issues 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 the Regulations on Branches and Representative Offices of the Company;
- in accordance with the organizational structure of the executive body of the Company, approves the manning table and salaries of the Company employees;

- exercises the rights and performs the obligations of an employer in respect of the Company's employees as required by the labor law;
- performs the functions of the Chairman of the Management Board of the Company;
- distributes duties between the Deputy Directors General.

Since 3/19/2013, the functions of the sole executive body of the Company have been performed by Aleksandr Ilyich Gavrilov²⁶.

Management Board

The Management Board is responsible for practical implementation of the Company's purposes, strategy and policy and performs management of the Company's current activity within its competence.

Main objectives of the Management Board:

- ensuring of respect for rights and legal interests of the Company's shareholders;
- development of proposals on the Company's development strategy;
- implementation of business and financial policy of the Company, elaboration of decisions on the most urgent issues of business activities and coordination of the work of the Company's units;
- increase of internal control and risks monitoring systems efficiency;
- ensuring of achievement of high level of return on the Company's assets and maximum operating profit.

The Management Board of the Company operates on the basis of the Articles of Association and the Regulation on the Management Board²⁷ approved by the Decision of the General Meeting of Shareholders of the Company.

In particular, the following issues fall within the competence of this executive body:

- approval of resolutions on the issues falling within the competence of the supreme governance bodies of economic societies in which 100% of authorized capital or all voting shares are held by the Company;
- preparation and submission to the Board of Directors of the reports on financial and business activities of economic societies, in which 100% of authorized capital or all voting shares are held by the Company;
- elaboration and submission to the Board of Directors of prospective plans for implementation of the principal areas of Company activities;
- preparation of business plan and reports on the progress of its implementation, as well as approval and adjustment of cash flow;
- preparation of report on financial and business activities of the Company, and on compliance with the decisions adopted by the General Meeting of Shareholders and the Board of Directors by the Management Board;
- establishment of social benefits and guarantees for the Company employees;
- 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% of the book value of the Company assets.
- effective risk management within the current activity of the Company; the adoption of the

²⁶ By Decision of the Board of Directors of 3/18/2013 (Minutes No. 155/2013), A.I. Gavrilov was appointed as Acting Director General; by Decision of the Board of Directors of 6/4/2013 (Minutes No. 165/2013), Mr. Gavrilov was appointed as Director General of the Company for 3 years. By Decision of the Board of Directors of 5/23/2016 (Minutes No. 240/2016), A.I. Gavrilov was elected as the Director General of Kubanenergo PJSC for the next period from 6/4/2016 to 6/3/2019.

For more information about A.I. Gavrilov see the information on the current compositions of the Board of Directors and the Management Board.

²⁷ For the Regulation on the Management Board of Kubanenergo PJSC see the web-site: www.kubanenergo.ru - page [About the Company / Constituent and in-house documents](#).

budget for risk management measures within the limits approved by the Decision of the Board of Directors of the Company; finding of solution to risk management issues performed by several structural units.

Composition of the Management Board

The following changes in the personal composition of the Management Board took place during the reporting year:

Item No.	Content of decisions of the Board of Directors on changes in the composition of the Management Board of the Company	Date of decision of the Board of Directors
1	1. To determine number of members of the Management Board of the Company — 1 persons. 2. To terminate authorities of Yevgeniy Viktorovich Rud, member of the Management Board of the Company, Director of the Branch Slayansk Electric Grids. 3. To elect Vladimir Aleksandrovich Mikhailov, Director of the Branch Krasnodar Electric Grids, as a member of the Management Board of the Company	2/26/2016
2	To terminate authorities of Kirill Sergeyevich Konevts, member of the Management Board of the Company	6/22/2016
3	To elect Irina Viktorovna Ivanova, Deputy Director General for Corporate Governance, as a member of the Management Board of the Company	12/30/2016

The following Management Board members of the Company were in office as of the end of the accounting year²⁸:

1. Aleksandr Ilyich Gavrilov, Management Board Chairman

Year of birth	1973
Education	Higher. Graduated from Kuban State University, qualification: “Accounting and Audit”; Kuban State Technological University, qualification: “Development and Operation of Oil-and-Gas Field”. Completed advanced training course at Ernst & Young, subject: Risk Management. Academic degree: DPhil in Economics
Work experience for the last 5 years:	
2010–2012	Professor at the Department of Economic Theory, Economics and Management of Economics Faculty of the Institute of Economy, Law and Humanitarian Specialties.
2013	Top Advisor to the Chairman of the Management Board of OJSC FGC UES.
2013–till present	Kubanenergo PJSC, Director General
2014–till present	Member of the Board of Directors
Date of entering into service as the Chairman of the Management Board of Kubanenergo PJSC	6/4/2013

2. Edgar Garriyevich Armaganyan

Year of birth	1984
Education	Higher. Graduated from Kuban State Agrarian University, qualification: “Electrification and Automation”, Non-State Educational Institution of Higher Professional Education Moscow Institute of Entrepreneurship and Law, qualification: “Management of Organization”. Passed professional retraining course in: - “Management of Organization” in Bauman Moscow State Technical University on the basis of Non-Commercial Non-State Educational Institution Training Center of Kubanenergo;

²⁸ Information about the experience of the Management Board members specifies only the last positions held by them for each place of employment.

For all positions which were held by the Management Board members (in a chronological order) see the quarterly reports of the issuer on the web-site www.kubanenergo.ru - section [For shareholders and investor / Information disclosure of / Quarterly Reports of the Issuer](#).

	<p>- “Jurisprudence: civil law relations” in the Federal State Budgetary Educational Institution of Higher Professional Education Kuban State University</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> – at Ernst & Young, subject: Risk Management; – on the basis of the Moscow School of Management Skolkovo, subject: Development of Leaders in the Power Grid Complex.
Work experience for the last 5 years:	
2009–till present	First Deputy Director General, Director of Sochi Electric Grids Branch, Deputy Director General for Service Sales (in addition to other duties) of Kubanenergo PJSC.
2015–till present	Member of the Reliability Committee of the Board of Directors of Kubanenergo PJSC.
2016–till present	Chairman of the Board of Directors of OJSC Energoservice Kubani
Date of election to the Management Board	8/28/2014

3. Andrey Valeriyevich Golov:

Year of birth	1980
Education	<p>Higher. Graduated from Orenburg State University, qualification: “Finance and Credit”.</p> <p>Academic degree: Ph.D. in Economics.</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> – at Ernst & Young, subject: Risk Management; – at Autonomous Non-profit Organization “Education and Advisory Center Energopersonal”, subject: Internal control: theoretic and practical background”
Work experience for the last 5 years:	
2011–2012	Financial Director of LLC AGRIUS XXI.
2012	Sales Director of CJSC Prompostavka.
2012–till present	Deputy Director General for Investment of Kubanenergo PJSC
Date of election to the Management Board	4/9/2013

4. Dmitry Nikolayevich Golovakha:

Year of birth	1977
Education	<p>Higher. Graduated from Krasnodar Technical College, qualification: “Installation and Maintenance of Electrical Equipment of Agricultural Companies”, Kuban State Agrarian University, qualification: “Electrification and Automation of Agricultural Industry”</p> <p>Attended the course of professional retraining at Bauman State Technical University, discipline: Company management.</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> - in 2013, at Kuban State University, subject: Protection of Secret of State by Executive and Local Authorities of the Krasnodar Krai, - in 2014, at the Federal State Educational Institution of Continuing Professional Education “Institution of Advanced Training for High-Level Personnel and Fuel and Energy Sector Specialists”, subject: Mobilization of economy, preparation of entities for the mobilization; - in 2016, at State Public Institution of the Krasnodar Krai “Education and Methodology Center for Civil Defense and Emergency Response”, subject: Training of officials and specialists for civil defense and emergency response.
Work experience for the last 5 years:	
2008–2012	Head of Prospective Development Department of OJSC IDGC of the South.
2012–2013	Deputy Minister of the Ministry of Industry and Energy of the Krasnodar Krai.
2013–till present	Kubanenergo PJSC, South-Western Power Grids Branch Director
Date of election to the Management Board	6/14/2013

5. Lyudmila Alekseevna Golovakha:

Year of birth	1955
Education	Higher. Graduated from Kuban State University, qualifications: “Law” and “State and Municipal Management”, the Krasnodar College of Sugar Industry, qualification:

	“Electrical Equipment of Industrial Enterprises and Facilities”. Completed advanced training course at Ernst & Young, subject: Risk Management.
Work experience for the last 5 years:	
2011–2012	Director for General Issues of OJSC NESK-Elektroseti
2013–till present	Deputy Director General, Head of Office of Kubanenergo PJSC
Date of election to the Management Board	6/14/2013

6. Irina Viktorovna Ivanova

Year of birth	1973
Education	Higher. Graduated from Kuban State University, qualification: “Accounting and Audit” and “Law”. Completed professional retraining at the Bauman Moscow State Technical University, qualification: “Company Management”. Completed advanced training course at Ernst & Young, subject: Internal audit: best practice concepts and tools.
Work experience for the last 5 years:	
2003–2015	Deputy Head of the Document Check and Review Division of the Economic Security and Anti-Corruption Department of the Chief Directorate of the Ministry of Internal Affairs of the Russian Federation for the Krasnodar Krai
2015–till present	Deputy Director General for Corporate Governance of Kubanenergo PJSC
Date of election to the Management Board	12/30/2016

7. Vyacheslav Yuryevich Kostetsky

Year of birth	1974
Education	Higher. Graduated from the Institute of Economics, Law and Natural Specialties, qualification: “Jurisprudence”; the Kuban State Technical University, qualification: “Electric Power Supply”. Completed the “Company Management” professional retraining course at Bauman Moscow State Technical University on the basis of Non-Commercial Non-State Educational Institution Training Center of Kubanenergo. Completed advanced training courses: - at Ernst & Young, subject: Risk Management, and at Autonomous Non-profit Organization “Education and Advisory Center Energopersonal”, subject: Internal control: theoretic and practical background; - at FBI ITC of the FAS of Russia (seminar), subject: Tariff regulations in 2016 and regulatory authorities’ objectives for 2017.
Work experience for the last 5 years:	
2011–2012	Deputy Head of Territorial Administration of the Federal Agency for State Property Management in the Krasnodar Krai.
2013–till present	Deputy Director General for Development and Technological Connection of Kubanenergo PJSC
2013–2015	Chairman of the Board of Directors of OJSC Energoservice Kubani Member of the Strategy, Development, Investment and Restructuring Committee, Member of the Board of Directors of Kubanenergo OJSC
2013–till present	Member of the Committee for Technological Connection of the Board of Directors of Kubanenergo PJSC
Date of election to the Management Board	6/14/2013

8. Vladimir Aleksandrovich Mikhaylov

Year of birth	1982
Education	Higher. Graduated from South-Russian State Technical University (Novocherkassk Polytechnic University), qualification: “Electric Systems and Grids”. Completed professional retraining course: - at South-Russian State Technical University (Novocherkassk Polytechnic University), qualification: Process and Production Safety in the Energy Industry and Energy Supply; - at Bauman Moscow State Technical University on the basis of Non-Commercial Non-State Educational Institution Training Center of Kubanenergo, program:

	<p>Company Management.</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> - at LLC NPK Innovative Technologies, program: Internal Auditor Training for Environmental Management Systems; - at the National Academy of Retraining and Advanced Training of Managers and Investment Specialists, program: Ensuring environmental safety managers and specialists of general business management systems; - at Autonomous Non-profit Organization "Education and Advisory Center Energopersonal", subject: Economic Mobilization Training.
Work experience for the last 5 years:	
2011–till present	Kubanenergo PJSC, Krasnodar Electric Grids Branch Director
Date of election to the Management Board	2/26/2016

9. Olga Vyacheslavovna Ocheredko

Year of birth	1972
Education	<p>Higher. Graduated from Kuban State University, qualification: "Economic and Social Planning", the Moscow State Institute of International Relations (University) at the Ministry of Foreign Affairs of Russia, MBA "Management and Regulation of Economic Activity in the International Power Industry".</p> <p>Completed the "Company Management" professional retraining course at Bauman Moscow State Technical University on the basis of Non-Commercial Non-State Educational Institution Training Center of Kubanenergo.</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> – at Ernst & Young, subject: Risk Management; - at the Training and Information Center EnergoResheniye, subject: Russian Electric and Thermal Energy Industry Development, at the Bureau for Intelligent Support to Reforms in the Energy Sector, subject: FAS of Russia. Updates in tariff-making and setting balances in thermal and electric energy industry, at FBI ITC of the FAS of Russia (seminar), subject: Tariff regulations in 2016 and regulatory authorities' objectives for 2017.
Work experience for the last 5 years:	
2008–till present	Deputy Director General for Economics and Finance of Kubanenergo PJSC
2014–2015	Chairman of the Board of Directors of OJSC Recreation Center Plamya
2014–till present	Chairman of the Board of Directors of OJSC Recreation Center Energetik
2015–till present	Member of the Strategy, Development, Investment and Restructuring Committee and the Reliability Committee of Kubanenergo PJSC
Date of election to the Management Board	8/28/2014

10. Dmitry Yuryevich Ryazantsev

Year of birth	1973
Education	<p>Higher. Graduated from Kuban State Technical University, qualifications: "Electric Power Supply (by industries)" and "Enterprise Economy and Management (by industries)".</p> <p>Completed advanced training courses:</p> <ul style="list-style-type: none"> – at Ernst & Young, subject: Risk Management; - at State Fire Service Academy of the EMERCOM of Russia, discipline: Fire Safety. <p>Director</p>
Work experience for the last 5 years:	
2010–till present	Deputy Director General for Technical Issues, Chief Engineer of Kubanenergo PJSC.
2012–2013	Member of the Reliability Committee of the Board of Directors of OJSC Kubanenergo
2014–2015	Member of the Board of Directors of OJSC Energoservice Kubani
2015–till present	Member of the Reliability Committee of the Board of Directors of Kubanenergo PJSC.
Date of election to the Management Board	8/28/2014

11. Vladislav Andreyevich Statuyev

Year of birth	1956
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Education	Higher. Graduated from Dzerzhinsky Higher Naval Engineering School (St. Petersburg), qualification: “Physics and Power Facilities”; the Federal State Educational Institution of Higher Professional Education Financial University under the Government of the Russian Federation, qualification: “Enterprise Management”. Advanced vocational training on “Risk Management” provided by Ernst & Young
Work experience for the last 5 years:	
2009–2013	Director of Krasnodar branch of Federal State Unitary Enterprise Federal Computer Center of Share and Commodity Information Technologies (FT-CENTER)
2013–till present	Deputy Director General for Security of Kubanenergo PJSC
Date of election to the Management Board	12/4/2013

All members of the Management Board are citizens of the Russian Federation.

All Company’s Management Board members at the same time being members of the Committees of the Board of Directors attended all meetings of the Committees in 2016, except for:

- D.Yu. Ryazantsev, who did not attend meetings of the Reliability Committee on 5/30/2016 and 11/2/2016,
- O.V. Ocheredko, who did not attend meetings of the Reliability Committee and the Strategy, Development, Investment and Restructuring Committee on 8/10/2016.

Neither member of the Management Board of the Company, save for O.V. Ocheredko, held any position in management bodies of commercial organizations during the period when these organizations were filed for bankruptcy and / or one of bankruptcy proceedings stipulated by the laws of the Russian Federation on insolvency (bankruptcy). O.V. Ocheredko was the Chairman of the Board of Directors of OJSC Recreation Center Plamya during initiation of the bankruptcy case against this company in accordance with the ruling of the Commercial Court of the Krasnodar Krai of 3/3/2015 and finding OJSC Recreation Center Plamya as insolvent and commencement of the bankruptcy proceeding in accordance with the decision of the Commercial Court of the Krasnodar Krai of 9/2/2015.

Neither member of the Management Board of the Company in the reporting period:

- held shares in the Company or made transactions in respect thereof²⁹, except for Ye.V. Rud who held 30 shares in the Company,
- made transactions with the Company;
- was in kinship relations with any person being a member of management and/or financial and economic control bodies of Kubanenergo PJSC, except for L.A. Golovakha and D.N. Golovakha (mother and son);
- was brought to administrative liability for offenses in the field of finance, taxes and dues, securities market or criminal liability for crimes in economy or for crimes against the government;
- had conflict of interest with the Company.

Activities of the Management Board

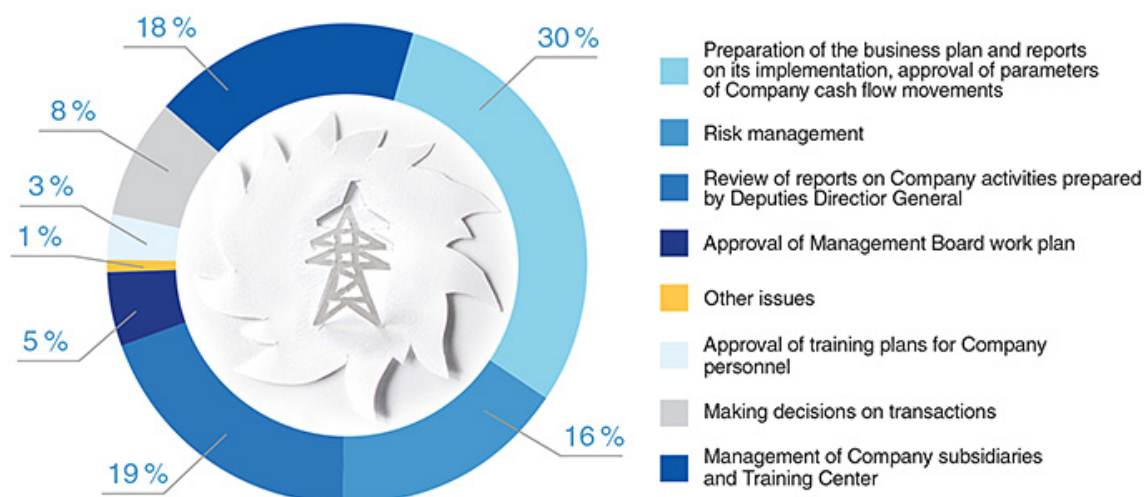
Activities of the Management Board in 2014–2016:

	2014	2015	2016
Number of meetings of the Management Board	24	22	25
<i>inter-alia, by joint attendance</i>	1	1	3
Number of issues considered	56	53	74

The meetings of the Management Board were held in the reporting period in accordance with its action plans and upon the initiative of the Chairman of the Management Board. All Management Board members were fully engaged in the meetings.

Structure of issues considered by the Management Board of the Company in 2016:

²⁹ According to the information provided to the Company by members of the Management Board.



Corporate Secretary

To ensure compliance with the procedures for calling and holding General Meetings of Shareholders as well as to arrange activities of the Company Board of Directors, the Board of Directors of Kubanenergo PJSC elects a Corporate Secretary³⁰.

The Corporate Secretary is an officer of Kubanenergo PJSC ensuring compliance of the Company with the legislation of the Russian Federation, Company Articles of Association and internal documents ensuring enforcement of rights and legitimate interests of Company shareholders.

Since 7/20/2011 Olga Vladimirovna Russu has been continuously performing functions of the Corporate Secretary of Kubanenergo PJSC:

Year of birth	1967
Education	Higher. Graduated from Krasnodar Polytechnic Institute (now Kuban State Technological University), qualification: "Economy and Organization of Food Industry", and Ural Academy of Public Administration, qualification: "Jurisprudence". Attended the course of professional retraining, program "Management of Organization" in Bauman Moscow State Technical University on the basis of Non-Commercial Non-State Educational Institution Training Center of Kubanenergo.
Work experience for the last 5 years:	
2011–till present	Chief Specialist of Department of Corporate Governance and Shareholder Relations of Kubanenergo PJSC
Date of the first / last election as the Corporate Secretary	7/20/2011 / 6/30/2016

O. V. Russu, Company Corporate Secretary:

- did not own stocks of the Company and did not carry out transactions with stocks of the Company in the reporting year;
- has no family relations with members of bodies managing and/or controlling financial and economic activities of Kubanenergo PJSC;

³⁰ Functions, procedures for appointment and dismissal, rights and duties of the Corporate Secretary specified by the Regulation on Corporate Secretary approved by the Board of Directors are available on the website www.kubanenergo.ru, see [About the Company / Constituent and in-house documents](#).

- has not been held administratively liable for offences in the field of finance, taxes and dues, securities market or prosecuted for crimes in economy or for crimes against the government;
- did not hold positions in management bodies of commercial organizations during the period when these organizations were filed for bankruptcy and/or one of bankruptcy proceedings stipulated by the legislation of the Russian Federation on insolvency,

Revision Commission

The Revision Commission is a permanent elected internal control body of Kubanenergo PJSC carrying out regular control of Company financial and economic activities, its separate divisions, officers, management of the Company and structural units of the Company executive office by conducting document and actual checks:

- legality, economic feasibility and efficiency (expediency) of economic and financial operations performed by the Company within the period audited;
- completeness and correctness of economic and financial operations reflected in Company documents.

The Revision Commission has the following objectives:

- control over financial and economic activities of the Company;
- implementation of an independent assessment of reliability of the information given in the Company annual report, annual accounting statements.

The Revision Commission shall act in the interests of the shareholders and report to the General Meeting of Shareholders. When performing its functions, the Revision Commission is independent of the officers, the Company management and Heads of structural units of the Company executive office.

In its activities, the Revision Commission is guided by the legislation of the Russian Federation, the Articles of Association of Kubanenergo PJSC and the Regulation on the Revision Commission³¹.

Composition of the Revision Commission

Two personal compositions of the Revision Commission acted in the reporting year.

Current members of the Revision Commission elected at the Annual General Meeting of Shareholders of Kubanenergo PJSC on 6/24/2016³²:

Item No.	Full name	Employer and position
1	Svetlana Anatolyevna Kim, Chairperson of the Revision Commission	Head of Office of Control Activities of the Department of Control and Revision Activities of PJSC ROSSETI.
2	Yelena Aleksandrovna Kabizskina	Deputy Head of Office of Revision Activities of the Department of Control and Revision Activities of PJSC ROSSETI.
3	Artyom Nikolayevich Kirillov	Deputy Head of Office of Revision Activities of the Department of Control and Revision Activities of PJSC ROSSETI.
4	Sergey Vladimirovich Malyshev	Leading Expert of Office of Revision Activities of the Department of Control And Revision Activities of PJSC ROSSETI.
5	Yelena Yuryevna Slesareva	Chief Expert of the Directorate of Internal Audit of PJSC ROSSETI

³¹ Find the Regulation on the Revision Commission of Kubanenergo PJSC on the website www.kubanenergo.ru, see [About the Company / Constituent and in-house documents](#).

³² Information on employers and positions of the members of the Revision Commission are specified according to the information provided to the Company as of the end of the reporting year. Here "till present" shall mean till 12/31/2016.

Members of the Revision Commission elected at the Annual General Meeting of Shareholders on 6/10/2015 and acting till 6/24/2016³³:

Ite m No.	Full name	Employer and position
1	Svetlana Anatolyevna Kim, Chairperson of the Revision Commission	Head of Office of Revision Activities of the Department of Control and Revision Activities of PJSC ROSSETI.
2	Yelena Aleksandrovna Kabizskina	Deputy Head of Office of Revision Activities of the Department of Control and Revision Activities of PJSC ROSSETI.
3	Irina Pavlovna Lukovkina	Till 12/1/2015, Chief Expert of Office of Control and Risks of the Department of Control Activities of PJSC ROSSETI.
4	Sergey Vladimirovich Malyshev	Leading Expert of Office of Revision Activities of the Department of Control And Revision Activities of PJSC ROSSETI.
5	Igor Vladimirovich Shmakov	Head of Internal Audit Directorate of PJSC ROSSETI

No transactions between the Company and members of the Revision Commission of Kubanenergo PJSC acting in 2016 were conducted in the reporting year.

No members of the Revision Commission acting in 2016 owned the Company shares in the reporting year³⁴.

Results of the Revision Commission

In 2016, the Revision Commission of the Company exercised control by conducting audits of financial and economic activities. Six meetings of the Revision Commission were held, where the following key issues were considered³⁵:

- on approval of the Program of Revision Audits of Financial and Economic Activities of the Company for 2015, including the approval of objects, terms and scope of audits, as well as procedure for conducting thereof;
- on defining the list of information, documents, materials necessary for carrying out audits on each object, ways and sources of their obtainment;
- on specification of dates of Revision Commission meetings on assessment of the Company annual report and annual accounting statements reliability for 2015 and summing up audit results;
- on consideration and approval of the Revision Commission opinion with regard to assessment of reliability of information included in the Annual Report and accounting (financial) statements of Kubanenergo PJSC for 2015;
- on consideration and approval of Revision Commission Report on results of the audit of Kubanenergo PJSC financial and economic activities for 2015;
- on election of Chairperson and Secretary of the Company Revision Commission;
- on approval of the work plan of the Company Revision Commission (for 2016–2017).

According to the results of the audit of financial and economic activities for 2015, a report and opinion were drawn up, including recommendations for improvement of the control environment of the Company and elimination of violations, both of which were sent to the Company so that the violations were eliminated and recommendations were fulfilled.

According to the work plan of the Company Revision Commission (for 2016–2017), audit of Company financial and economic activities for 2016 is scheduled for March–June 2017.

³³ Information on employers and positions of current members of the Revision Commission are specified according to the information provided to the Company as of 3/31/2016.

³⁴ According to the information provided to the Company by members of the Revision Commission.

³⁵ Minutes of Meetings of the Revision Commission of Kubanenergo PJSC are available on the website www.kubanenergo.ru, see [About the Company / Activities control system / Revision Commission](#)

Remuneration and Compensation Payable to Members of Company Executive and Control Bodies

Remuneration and Compensation Payable to Board Members

In accordance with the Regulation on Remuneration and Compensation Payable to the Board Members of Kubanenergo PJSC³⁶ approved by the Annual General Meeting of Shareholders (Minutes No. 36 of 6/11/2015), remuneration to the Board Members is paid as a lump sum based on the results of the work for the period from the moment of election of the candidate to the Board of Directors till the moment of election of a new composition of the Board of Directors:

Remuneration to the Board Members is paid based on the results of their work for the corporate year. The payment is performed in a lump sum within 60 days after the Annual General Meeting of Company Shareholders.

Remuneration amount for participation in the work of the Company Board of Directors for each member of the Board of Directors is calculated considering the following:

- basic part of remuneration stipulated on the basis of the Company revenue calculated in accordance with RAS for a fiscal year;
- total number of meetings of the Board of Directors for the last corporate year and number of meetings attended by a member of the Board of Directors.

In addition to the remuneration stated above, the following extra charges are established:

- 30% to the Chairperson of the Company Board of Directors;
- 20% to the Chairperson of the Committee of the Board of Directors;
- 10% for membership in the Committee of the Company Board of Directors.

Extra charges are paid for chairmanship and/or membership in the Committee of the Board of Directors if at least three Committee meetings of the Board of Directors were held during the corporate year.

No remuneration shall be paid if a member of the Board of Directors did not participate in more than 50% of the Board Meetings that were held from the moment of his/her election till the termination of powers.

Additional remuneration to the Board Members of is also paid from the net profit in case of increase in the amount of the Company market capitalization during the period of their work in the Board of Directors.

Kubanenergo PJSC also reimburses members of the Board of Directors for expenses related to participation in Meetings of the Board of Directors according to the standards of travel expenses compensation established and applicable in the Company at the moment of holding a meeting.

As for the Chairperson and the Board Members being restricted or banned from any payments by commercial organizations in accordance with federal laws, no remuneration or compensation were charged or paid.

Total remuneration paid to the Board Members in 2016 amounted to RUB 14,026 thou. Other remuneration to the Board Members was not paid by the Company.

Expenses of the Company Board Members were not compensated in the reporting year.

The Company has no outstanding amounts payable to the Board Members.

Remuneration and Compensation Payable to Members of Executive Bodies

Remuneration and Compensation Payable to Members of the Management Board:

³⁶ Regulation on Remuneration and Compensation Payable to the Board Members of Kubanenergo PJSC is available on the website www.kubanenergo.ru, see [About the Company / Constituent and in-house documents](#).

The Regulation does not cover the Board Members being at the same time members of the Management Board or Director General.

According to the Decision of the Company Board of Directors (Minutes No. 203/2015 of 2/25/2015), the Management Board Members are classified as first category top managers. In accordance with the Regulation on Financial Incentives and Benefit Package of Top Managers of Kubanenergo PJSC approved by the Company Board of Directors (Minutes No. 207/2015 of 4/17/2015), remuneration to the Management Board Members shall be paid in compliance with labor agreements entered into with them through establishing personal monthly bonuses for acting as members of the Company collective executive body, i.e. the Management Board of the Company.

Bonus payments to Company Management Board Members shall be preconditioned by the achievement of KPIs approved by the Company Director General for the accounting periods (quarter and year). Upon fulfillment at year-end of the conditions (strategic priorities) set by the Company Director General, the Management Board Members may be paid an extra bonus by decision of the Company Director General. For the achievement of high values of KPIs established by the Company Director General as priorities, Management Board members may be paid a special premium by decision of the Company Director General based on the Company results in the reporting year.

According to the Regulation on Procedure for Granting Compensation for Accommodation Costs approved by Company's Order No. 262 of March 27, 2015, the Management Board Members are reimbursed for accommodation costs.

Remuneration to the Director General:

Payment of remuneration to the Director General shall be governed by the Regulation on Financial Incentives for the Director General of Kubanenergo PJSC approved by the Decision of the Company Board of Directors (Minutes No. 114/2011 of 7/22/2011), taking into account amendments in accordance with the Decisions of the Company Board of Directors (Minutes No. 150/2012 of 12/29/2012 and Minutes No. 204/2015 of 3/6/2015). This Regulation shall form an integral part of the labor agreement concluded with the Director General and establish the procedure for determining, approving and changing the basic salary and types of bonuses to be paid to the Director General, as well as the procedure for payment thereof.

Bonus payment to the Company Director General shall be preconditioned by the achievement of KPIs approved by the Company Board of Directors for the accounting periods (quarter and year). Upon fulfillment at year-end of the conditions (strategic priorities) set by the Company Director General, Director General may be paid an extra bonus by decision of the Company Board of Directors. For the achievement of high values of KPIs established by the Company Director General as priorities, Director General may be paid a special premium by decision of the Company Board of Directors based on the Company results in the reporting year.

The Board of Directors may decide to pay a one-time bonus to the Director General for the performance of particularly important tasks (work) implying compliance with special timing and quality requirements, liability and importance for the industry and the state.

Total remuneration paid to the members of the Company executive bodies for 2016 amounted to RUB 82,337 thou, including:

Indicator	2016
Remuneration for participation in the work of the Management Board	1,696
Salary	40,644
Bonuses	37,789
Commissions	0
Benefits	0
Other types of remuneration	2,208
TOTAL	82,337

Total compensation paid to the members of the executive bodies of the Company for 2016 amounted to RUB 684 thou.

The Company has no outstanding amounts of remuneration and compensation payable to the members of the executive bodies.

Remuneration and Compensation Payable to Members of the Revision Commission

In accordance with the Regulation on Remuneration and Compensation Payable to Members of the Revision Commission of Kubanenergo PJSC³⁷ approved at the Annual General Meeting of Shareholders (Minutes No. 36 of 6/11/2015), remuneration is paid as a lump sum based on their performance for the corporate year.

Remuneration to the members of the Revision Commission is calculated taking into account:

- basic part of remuneration stipulated on the basis of the Company revenue calculated in accordance with RAS for a fiscal year;
- coefficient of personal participation of a member of the Revision Commission which reflects his/her participation in meetings and inspections of the Revision Commission as well as his/her fulfillment of additional duties as the Chairperson or Secretary of the Revision Commission.

No remuneration is paid to a member of the Revision Commission who participates in less than a half of meetings held during his/her membership in the Revision Commission.

Compensation to members of the Revision Commission for the expenses associated with their participation in actions taken by the Revision Commission is determined taking into account the established standards.

Total remuneration paid to the members of the Revision Commission for participation in its work in 2016 amounted to RUB 899 thou.

Expenses of members of the Company Revision Commission were not compensated in the reporting year.

The Company has no outstanding amounts payable to the Members of the Revision Commission.

Information Policy

Information policy of the Company is aimed at complete satisfaction of the demand of shareholders, potential investors, creditors, professional participants of securities market, government bodies and other persons interested in reliable information about the Company and its activities, as well as in ensuring free and easy access to such information.

Objectives, principles, the list of information and documents subject to disclosure, procedures and terms for disclosure of information by the Company are stipulated in the Regulation on Information Policy of the Company approved by the Board of Directors³⁸.

In addition to information subject to mandatory disclosure, the Company shall disclose the details of its activities, securities and shareholders, management and control bodies, major transactions and its S&A.

The Company shall disclose information in Russian and in English, in all cases when it is admissible in accordance with the laws of the Russian Federation.

The Company strives to disclose information in Russian and in English at the same time.

³⁷ Regulation on Remuneration and Compensation Payable to the Members of the Revision Commission Kubanenergo PJSC is available on the website www.kubanenergo.ru, see [About the Company / Constituent and in-house documents](#).

The Regulation covers members of the Company Revision Commission not being restricted or banned from any payments by commercial organizations in accordance with federal laws.

³⁸ Regulation on Information Policy of the Company is available on the website www.kubanenergo.ru, see [About the Company / Constituent and in-house documents](#)

Any information about Company activities is generally disclosed by way of publishing on the corporate website www.kubanenergo.ru, in the news feed of Interfax (authorized news agency), publications in printed and online mass media, as well as by means of holding meetings with shareholders and other stakeholders.

Company Director General shall ensure implementation of the Information Policy.

Principles of Information Policy of Kubanenergo PJSC

- regularity, sequencing and promptness;
- information availability;
- information completeness;
- reliability and neutrality of information disclosed;
- keeping an adequate balance between the Company transparency and its commercial interests.