

The Social Policy of the Company in 2018 was based on the Sectoral Tariff Agreement (in the electric power industry for 2016–2018), the Collective Agreement of IDGC of the South for 2016–2018, internal regulations, rules, orders, and other local regulations, corporate and cultural events of ROSSETI and IDGC of the South.

The priority areas for IDGC of the South are stable social and labour relations of co-workers facilitated by effective cooperation with trade union organisations. Complying with the interests of the parties to social partnership, ensuring and maintaining social stability contributes to improving labour productivity and competitiveness of the Company.

In order to retain qualified personnel and ensure social protection of employees and their families, as outlined by the Collective Agreement of IDGC of the South for 2016–2018, the Company's employees were given various social benefits and guarantees.

### **The amount of funds allocated for material assistance to employees, RUB thous.**

IDGC of the South has in place the Regulation on the provision of vouchers to recreation houses and health camps for employees. Based on this Regulation, 762 employees and their families received health-improving rest at the Energetik recreation centre and 414 employees' children rested in health camps on the Black Sea coast of Krasnodar Territory. 2018 was marked with a year-on-year increase in the number of preferential vouchers provided for employees and their families (by 19%), as well as for children of employees (by 18%), which proves the improved social protection of employees and the strong performance of the HR and

social policies of the Company. These add to employees' motivation to work towards the achievement of the Company's targets, creates the positive brand image of the Company as a social responsible organisation.

The Company pays special attention to veterans of electric power industry. By the end of 2018, 3,062 of electric power industry veterans and 117 veterans of the Great Patriotic War are registered at the Company. The Coordination Council of Veterans of the Company on a regular basis manages the activities of veteran organisations in close

cooperation with the HR Department of IDGC of the South, the Councils of Young Specialists, the Coordination Council of Veterans under the Government of the Rostov Region, the Rostov Region Youth Policy Committee, the Centre for Patriotic Youth Education, Veterans' organisations of cities and regions, search parties, the command of the Southern Military District.

The Company oversees health status of veterans and their living conditions. The Company maintains the tradition of visiting veterans at home with congratulations and gifts dedicated to holidays and memorials. The Company assists to veterans in purchasing products and medicines. In 2018, financial assistance to veterans totaled RUB 3.2 mn. payments were timed to the Victory Day, the Power Engineer's Day. Financial assistance is also provided on applications of veterans being in difficult situation. In 2018, 101 veterans of the Company were able to get free vouchers to Znanie health resort (Adler), as well as to in Energetik recreation centre.

In order to increase the prestige of work in the Company, attract and retain highly qualified specialists, ensure the competitive position of the Company in the labour market, IDGC of the South

has in place the Regulation on corporate support of branches' employees in improving housing conditions. The priority right to receive such support is given to employees of RPGs and production departments with key electrical engineering specialties, young professionals aged under and including 35 years. Receivers of compensation for the improvement of housing conditions were electricians, electrical fitters, foremen, dispatchers of the production departments of the Company's branches. The maximum amount of compensation was RUB 100 thous., the minimum amount was RUB 1.3 thous. In total, this benefit was used by 187 employees who received compensation in the total amount of RUB 9,913 thous.

Another important priority of IDGC of the South is stable social and labour relations of co-workers facilitated by effective cooperation with trade union organisations. Complying with the interests of the parties to social partnership, ensuring and maintaining social stability contributes to improving labour productivity and competitiveness of the Company. Pursuant to the collective agreement, the Company finances the costs of mass cultural, physical culture and recreational initiatives taken jointly with the primary trade union organisations. In 2018, over RUB 24.8 mn were allocated to these initiatives. (0.3% of payroll budget). All joint activities were aligned with action plans approved with the primary trade union organisations for 2018.

Due to expiration of the Company's Collective Agreement for 2015–2018, in October–December 2018, the Company held collective negotiations on parity basis attended by 15 representatives of the employer and 15 representatives of primary trade union organisations.

The result of the constructive work of the parties to the social partnership was the completed draft collective agreement of IDGC of the South for 2019-2021 meeting the requirements of both Russian legislation and the industry agreement, which covers the interests of all categories of workers, representatives of trade union organisations, and veterans of the Company.

According to the draft collective agreement, an expert opinion was obtained from «ERA of Russia» Association, which noted the highly developed social and labour relations in the Company, as well as the well-established relationship between the employer and trade unions.

On December 28, 2018, after previous approval of Collective Agreement for 2019–2021 by the Board Of Directors of the Company, it was signed by authorised representatives of the parties to the social partnership.

**The amount of funds allocated for material assistance to employees, RUB thous.**