

The Board of Directors is a collegial governing body that exercises general management of the Company's activities, determines its Strategy, controls the activities of the Company's executive bodies and acts in accordance with the laws of the Russian Federation, the Charter, the Corporate Governance Code and the Regulations on the Board of Directors of IDGC of the South.

In accordance with paragraph 16.1 of Art. 16 of the Charter of the Company, the quantitative composition of the Board of Directors of the Company is 11 people. The competence of the Board of Directors of the Company has been expanded in comparison with the provisions of the Federal Law "On Joint-Stock Companies". It additionally includes the following issues:

- establishing of the priority areas of activity and the Company's Development Strategy;
- approval of KPI target values of the Company and reports on their implementation;
- approval of business plan of the Company, including the investment programme;
- issues in the field of insurance, credit and procurement policies of the Company;
- management and control issues of organisations in which the Company participates;
- making decisions about obtaining consent for the Company to perform certain categories of transactions, etc.

Issues attributed to the competence of the Board of Directors of the Company cannot be transferred to the executive body of the Company for resolution.

The company considers important to have independent directors in the Board of Directors. According to the decision of the General Meeting of Shareholders held on June 9, 2018, independent director Morozov A.V. joined the current Board of Directors.

Currently, elected members of the Board of Directors ensure that the interests of all groups of shareholders of the Company are respected and possess diverse knowledge and skills in the areas of accounting, strategic management, corporate management, corporate finance, risk management, as well as in areas specific to the power industry, which allows to effectively manage the Company.

Meetings of the Board of Directors are held on a scheduled basis and as needed, but not less than once every six weeks.

In order to increase the efficiency of activities and the awareness of the members of the Board of Directors in the Company, there is an introductory course for newly elected members of the Board of Directors by holding an introductory meeting with the Company's management, as well as familiarisation with the Company's internal documentation, procedure for preparing and conducting meetings, and providing advice on the Company's activities. Presentation materials with a list of internal documents of the Company and the main business processes governing the work of the Board of Directors of the Company are submitted to the newly elected members of the Board of Directors.

Structure of the Board of Directors

During 2018, two structures of the Board of Directors operated in IDGC of the South PJSC.

**The Board of Directors elected on June 13, 2017
by decision of the Annual General Meeting of Shareholders
of the Company (Report No. 17 of June 16, 2017)**

The current Board of Directors was elected by the decision of the Annual General Meeting of Shareholders of IDGC of the South PJSC. Shareholders of the Company in 2018 provided a high level of support to independent director Morozov A.V. when forming the structure of the Board of Directors.



Sergeeva Ol'ga Andreevna

Chairman of the Board
of Directors, non-executive
director

Birth year: 1984

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors

09.06.2018/09.06.2018

Position at the time of election

Deputy General Director – Control Officer of Rosseti PJSC

Education

Higher education.

Plekhanov Russian Academy of Economics

Graduation year: 2006

Specialty: "Economics and enterprise management.
Construction"

Qualification: engineer-economist

Positions occupied in the last five years:

2018–31.12.2018 — Public Joint-Stock Company of Energy and Electrification of Kuban, Chairman of the Board of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the North-West Public Joint-Stock Company, Chairman of the Board of Directors;

2018–31.12.2018 — Moscow United Electric Grid Public Joint-Stock Company, member of Board of Directors;

2018–31.12.2018 — Lenenergo Public Joint-Stock Company of Energy and Electrification, member of the Board of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the North-West Public Joint-Stock Company, member of the Board of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, Chairman of the Board of Directors;

2017–31.12.2018 — Russian Networks Public Joint Stock Company, member of the Management Board, Deputy General Director — Head of the Apparatus;

2017–2018 — Russian Networks Public Joint Stock Company, Advisor, Chief Adviser;

2017–2017 — Department of Fuel and Energy of Moscow, Deputy Head of the Department of Housing and Communal Services of Moscow;

2016–2017 — Department of Fuel and Energy of Moscow, Deputy Head of the Department of Fuel and Energy of Moscow;

2015–2016 — Department of Fuel and Energy of Moscow, head of organisational and legal department;

2012–2015 — Department of Fuel and Energy of Moscow, head of affair management;



**Andrey Sergeevich
Kolyada** Member of the Board
of Directors
Birth year: 1984

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

06.06.2016/09.06.2018

Position at the time of election

Head of Securities and Disclosure of the Department for Corporate Governance and Interaction with Shareholders and Investors

Education

Higher education.

State University of Management, Institute of Management in Energy, specialty "management of the organisation."

Russian State University of Trade and Economics, specialty "jurisprudence", qualification - Master of Laws

Positions occupied in the last five years:

2017–31.12.2018 — Russian Networks Public Joint Stock Company, Head of Securities and Disclosure of the Department for Corporate Governance and Interaction with Shareholders and Investors;

2016–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2014–31.12.2018 — Yantarenergoservis Open Joint-Stock Company, member of Board of Directors;

2014–31.12.2018 — Dagestan Energy Retail Public Joint Stock Company, member of Board of Directors;

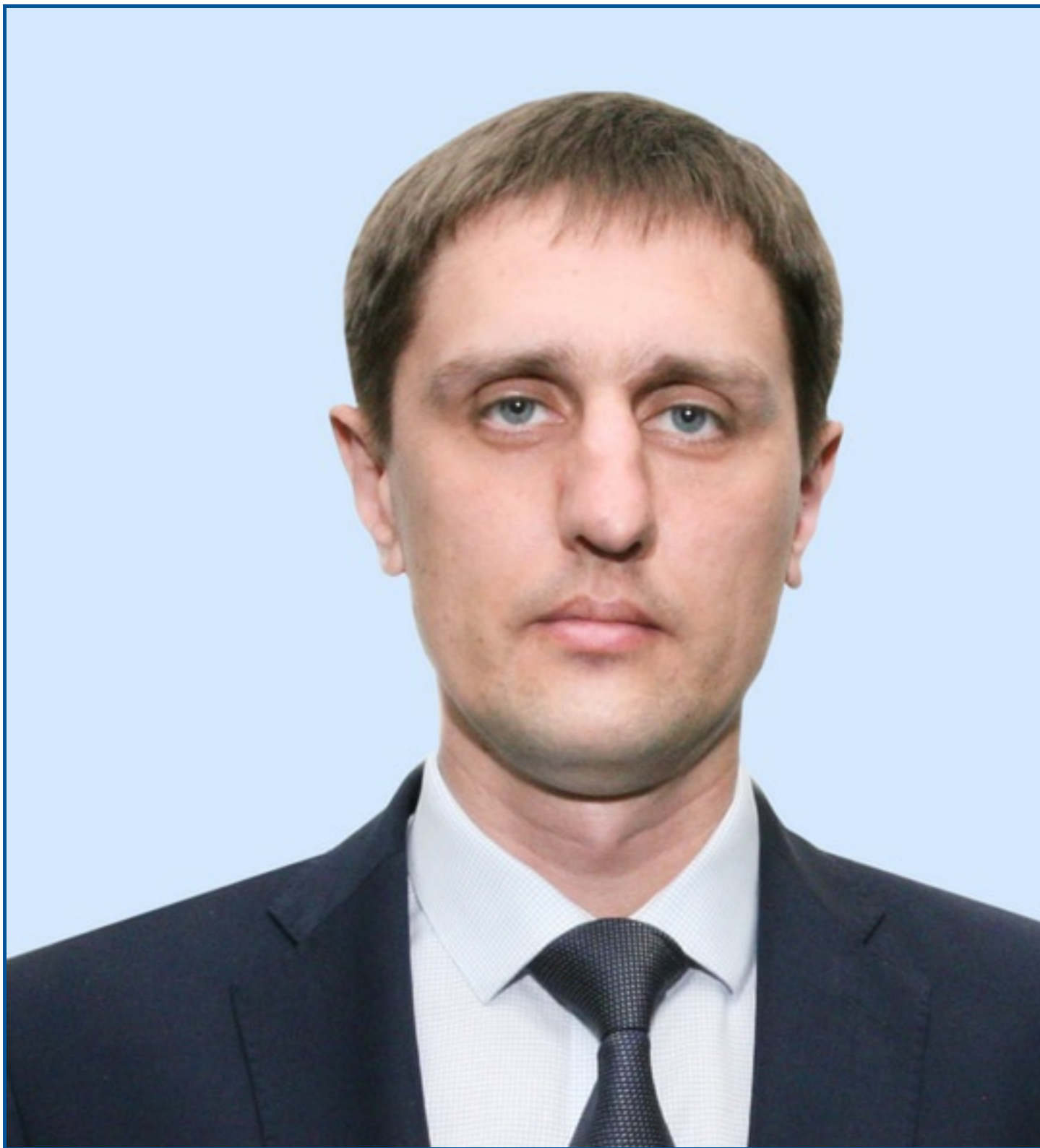
2014–2016 — Lenenergo Public Joint-Stock Company of Energy and Electrification, member of the Board of Directors;

2014–2016 — Uralenergotrans Limited Liability Company, member of Board of Directors;

2014–2015 — Real Estate of North-West Energy IC Open Joint-Stock Company, member of Board of Directors;

2014–2014 — Yantarenergoservis Open Joint-Stock Company, member of Board of Directors;

2014–2017 — Russian Networks Public Joint Stock Company, Head of the Equity Capital Division of the Department for Corporate Governance and Interaction with Shareholders and Investors



Andrey Nikolaevich
Meshcheryakov Member
of the Board of Directors

Birth year: 1979

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

13.06.2017/09.06.2018

Position at the time of election

Head of the department of survey and design work support and securing local approvals of of the Capital Construction Department of Rosseti PJSC

Education

Higher education.

Stavropol State Agricultural Academy, electrotechnical engineer

Positions occupied in the last five years:

2017–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2014–31.12.2018 — Russian Networks Public Joint Stock Company, Head of the department of survey and design work support and securing local approvals;

2013–2014 — United Directorate for Design and Construction of the Centre for the Development and Commercialisation of New Technologies (Skolkovo Innovation Centre) Limited Liability Company, engineer



**Aleksey Aleksandrovich
Ozherelev** Member of Board
of Directors, Chairman of the Audit
Committee, member of the

Human Resources and
Remuneration Committee,
member of the Committee for
Strategy, Development,
Investments and Reform

Birth year: 1986

Citizenship: Russian Federation

**Nominated by (representative
of shareholders groups):** Rosseti PJSC

**Date of initial/last election to the Board of Directors
of IDGC of the South PJSC**

13.06.2017/09.06.2018

Position at the time of election

Head of the Directorate for Organising the Activities of the
Management Board, Board of Directors and Interaction with
Shareholders and Investors of the Department for Corporate
Governance and Interaction with Shareholders and Investors
of Rosseti PJSC

Education

Higher education.

Moscow State University of Economics, specialty "finance and
credit"

Positions occupied in the last five years:

2018–31.12.2018 - Open Joint-Stock Company "Russian
Networks"/Russian Networks Public Joint Stock Company, Head of
the Directorate for Organising the Activities of the Management

Board, Board of Directors of the Corporate Governance Department;

2017–31.12.2018 — Yantarenergo Joint-Stock Company, member of Board of Directors;

2017–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2016–31.12.2018 — Federal Grid Company of the Unified Energy System Public Joint-Stock Company, corporate secretary;

2014–2017 — Kuban Energoservice Open Joint-Stock Company, member of Board of Directors;

2014–2017 — North Caucasus Interregional Distribution Grid Open Joint-Stock Company/North Caucasus Interregional Distribution Grid Public Joint-Stock Company, member of Board of Directors;

2014–2015 — Kurortenergo Limited Liability Company, member of Board of Directors;

2014–2015 — Real Estate of the Southern IC of Energy Open Joint Stock Company;

2013–2018 – Open Joint-Stock Company "Russian Networks"/Russian Networks Public Joint Stock Company, Head of the Directorate for Organising the Activities of Management Bodies, Head of the Directorate for Organising the Activities of the Management Board, Board of Directors and Interaction with Shareholders and Investors of the Department for Corporate Governance and Interaction with Shareholders and Investors



Andrey Vladimirovich
MOROZOV Member of Board
of Directors, member of the Audit
Committee, member of the

Human Resources and
Remuneration Committee,
member of the Committee for
Strategy, Development,
Investments and Reform

Birth year: 1978

Citizenship: Russian Federation

**Nominated by (representative
of shareholders groups):** Lancrenan
Investments Limited Company

**Date of initial/last election to the Board of Directors
of IDGC of the South PJSC**

09.06.2018/09.06.2018

Position at the time of election

Legal Director of the Professional Investors Association

Education

Higher education.

Russian Law Academy of the Ministry of Justice of the Russian
Federation.

Gavrard School of Law, Master of Laws

Positions occupied in the last five years:

2018–31.12.2018 — Interregional Distribution Grid Company
of the South Public Joint-Stock Company, member of the Board
of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the Centre and Volga Public Joint-Stock Company, member of the Board of Directors;

2017–31.12.2018 — Association of Professional Investors, Legal Director;

2008–2014 — Ulyanovsk Automobile Plant Open Joint-Stock Company, member of Board of Directors;

2003–2015 — Moscow office of NCH Advisors, Inc., Head of Legal Department



Aleksey Yuryevich Perets

Member of Board of Directors,
Chairman of the Human Resources
and Remuneration Committee

Birth year: 1980

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

09.06.2018/09.06.2018

Position at the time of election

Chief Advisor of Rosseti PJSC

Education

Higher education.

St. Petersburg State University

Positions occupied in the last five years:

2018–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2018–31.12.2018 — Tyumenenergo Public Joint-Stock Company, member of Board of Directors;

2018–31.12.2018 — Tomsk Distribution Public Joint Stock Company, Chairman of Board of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the North Caucasus Public Joint-Stock Company, Chairman of the Board of Directors;

2017–31.12.2018 — Russian Networks Public Joint Stock Company, Chief Advisor of Rosseti PJSC;

2011–2017 — own business projects in the fuel and energy complex



Alexey Yuryevich Serov
Member of Board of Directors,

member of the Audit Committee

Birth year: 1979

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

13.06.2017/09.06.2018

Position at the time of election

Director of the Finance Department of Rosseti PJSC

Education

Higher education.

Moscow State University named after M.V. Lomonosov, Faculty of Mechanics and Mathematics (specialty "applied mathematics").

Russian economic school. Master of Finance.

Russian Economic University named after G.V. Plekhanov, specialties "banking", "risk management"

Positions occupied in the last five years:

2017–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2017–31.12.2018 — Interregional Distribution Grid Company of the Urals Public Joint-Stock Company, member of the Board of Directors;

2016–2017 — Tomsk Distribution Public Joint Stock Company, member of Board of Directors;

2016–2017 — Real Estate IC NG Joint Stock Company, member of Board of Directors;

2016–2017 — Public Joint-Stock Company of Energy and Electrification of Kuban, member of the Board of Directors;

2015–2017 — Ingushenergo Joint-Stock Company of Energy and Electrification, member of the Board of Directors;

2013–31.12.2018 — Russian Networks Open Joint-Stock Company/Russian Networks Public Joint-Stock Company, Director of the Finance Department



Lyudmila Vasilyevna
Selivanova Member of the
Board of Directors
Birth year: 1958

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

09.06.2018/09.06.2018

Position at the time of election

Chief Advisor of Rosseti PJSC

Education

Higher education.

Moscow State University named after M.V. Lomonosov, Candidate of Economic Sciences

Positions occupied in the last five years:

2018–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2018–31.12.2018 — Interregional Distribution Grid Company of the Volga Public Joint-Stock Company, member of the Board of Directors;

2018–31.12.2018 — Public Joint-Stock Company of Energy and Electrification of Kuban, member of the Board of Directors;

2018–31.12.2018 — Russian Networks Public Joint Stock Company, Deputy General Director for Government Relations;

2017–2018 — Russian Networks Public Joint Stock Company, Advisor, Chief Adviser;

2013–2014 — European Institute JUSTO, Head of the Department of Problems of National Economy Development; Head of the Department of Economic Policy, Taxes and Taxation



Farit Gabdulfatovich
Shaydullin Member of the

Board of Directors

Birth year: 1955

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

09.06.2018/09.06.2018

Position at the time of election

Head of the Analytical Department of the Situation-Analytical Centre of Rosseti PJSC

Education

Higher education.

Ural Electromechanical Institute of Railway Service

Positions occupied in the last five years:

2018–31.12.2018 — Interregional Distribution Grid Company of the South Public Joint-Stock Company, member of the Board of Directors;

2015–31.12.2018 — Interregional Distribution Grid Company of the Volga Public Joint-Stock Company, member of the Board of Directors;

2015–2016 — Interregional Distribution Grid Company of the North Caucasus Public Joint-Stock Company, member of the Board of Directors;

2016–2014 — Interregional Distribution Grid Company of the South Open Joint-Stock Company, member of the Board of Directors;

2013-31.12.2018 — Russian Networks Open Joint-Stock
Company/Russian Networks Public Joint-Stock Company, Head
of the Analytical Department of the Situational Analytical Centre



Roman Alekseevich Filkin

Member of Board of Directors,
member of the Committee for
Strategy, Development,
Investments and Reform

Birth year: 1983

Citizenship: Russian Federation

**Nominated by (representative
of shareholders groups):** Lancrenan
Investments Limited Company

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

04.07.2011/09.06.2018

Position at the time of election

Director for Electric Power Industry and Machine Building of the
Representative Office of Prosperity Capital Management (RF) Ltd.

Education

Higher education.

Finance Academy under the Government of the Russian
Federation

Positions occupied in the last five years:

2011–31.12.2018 — Interregional Distribution Grid Company
of the South Open Joint-Stock Company/Interregional Distributive
Grid Company of the South Public Joint-Stock Company, member
of Board of Directors;

2016–31.12.2018 — Kamensk-Uralsk Plant for Processing Non-Ferrous Metals Open Joint-Stock Company, member of Board of Directors;

2015–31.12.2018 — Representative Office of Prosperity Capital Management (RF) Ltd., Director for Electric Power Industry and Mechanical Engineering;

2014–31.12.2018 — Interregional Distribution Grid Company of the Northwest Open Joint-Stock Company/Interregional Distributive Grid Company of the Northwest Public Joint-Stock Company, member of Board of Directors;

2013–2018 — Territorial Generating Company No. 2 Open Joint-Stock Company/Territorial Generating Company No. 2 Public Joint-Stock Company, member of Board of Directors;

2013–2018 — Smolensk Energy Repair Open Joint-Stock Company, member of Board of Directors;

2012–2016 — Far Eastern Joint-Stock Company for the Installation of Thermal Power Equipment Open Joint-Stock Company, member of Board of Directors;

2012–2015 — Urengoytruboprovodstroy Open Joint-Stock Company, member of Board of Directors;

2012–2014 — Noyabrskelektrosetstroy Open Joint-Stock Company, member of Board of Directors;

2012–2014 — Prokatmontazh Open Joint-Stock Company, member of Board of Directors;

2012–2014 — Kurgan Machine-Building Plant Open Joint-Stock Company;

2009–31.12.2018 — Interregional Distribution Grid Company of the Centre and Volga Open Joint-Stock Company/Interregional Distributive Grid Company of the Centre and Volga Public Joint-Stock Company, member of Board of Directors;

2009–31.12.2018 — Interregional Distribution Grid Company of the Centre Open Joint-Stock Company/Interregional Distributive Grid Company of the Centre Public Joint-Stock Company, member of Board of Directors;

2009–2015 — Representative Office of Prosperity Capital Management (RF) Ltd., Joint Director for Electric Power Industry and Mechanical Engineering;

2006–2014 — Territorial Generating Company No. 6 Open Joint-Stock Company, member of Board of Directors





Boris Borisovich Ebzeev

Member of the Board of Directors,
Chairman of the Management
Board

Birth year: 1975

Citizenship: Russian Federation

Nominated by (representative of shareholders groups): Rosseti PJSC

Date of initial/last election to the Board of Directors of IDGC of the South PJSC

27.03.2015/09.06.2018

Position at the time of election

General Director of IDGC of the South PJSC

Education

Higher education.

Lomonosov Moscow State University, specialty "jurisprudence", qualification - lawyer.

Ph.D. in Law.

Awarded the title "Honoured Energy Worker"

Positions occupied in the last five years:

2018–31.12.2018 — Volgograd Inter-district Electric Networks Joint-Stock Company/Volgograd Inter-district Electric Networks Public Joint-Stock Company, Chairman of the Board of Directors;

2015–31.12.2018 — Interregional Distribution Grid Company of the South Open Joint-Stock Company/Interregional Distributive Grid Company of the South Public Joint-Stock Company, member of Board of Directors;

2014–31.12.2018 — Open Joint-Stock Company "Interregional Distribution Grid Company of the South"/Public Joint-Stock Company "Interregional Distributive Grid Company of the South", Chairman of the Management Board, General Director;

2014–2019 — Donenergo Open Joint-Stock Company/Donenergo Joint-Stock Company, member of Board of Directors;

2014–2014 — Open Joint-Stock Company "Interregional Distribution Grid Company of the South", First Deputy General Director;

2012–2014 — United Energy Open Joint-Stock Company, Advisor to the General Director

General Information about the Board Members and Conflicts of Interest

In the reporting period, none of the members of the Board of Directors of IDGC of the South PJSC:

did not own the shares of IDGC of the South PJSC and subsidiaries and affiliates and did not make transactions on their acquisition or alienation;

has no family ties with the persons that are members of the governing bodies and (or) control over the financial and economic activities of IDGC of the South PJSC;

not brought to administrative responsibility for offences in the field of finance, taxes and fees, the securities market or criminal liability for crimes in the field of economics or for crimes against state power;

did not occupy positions in the management bodies of commercial organisations during the period when a bankruptcy case was initiated and/or one of the bankruptcy procedures provided for by the legislation of the Russian Federation on insolvency was instituted (bankruptcy);

did not have a conflict of interest with members of the Board of Directors and the executive bodies of IDGC of the South PJSC (including related to the participation of the said persons in the governing bodies of the Company's competitors);

did not provide information about the acquisition possibility or the

acquisition by certain shareholders of the control degree disproportionate to their participation in the authorised capital of the Company, including on the basis of shareholder agreements, the presence of ordinary shares with different nominal values. The agreement of all members of the Board of Directors to disclose information about them in this Annual Report was obtained.

Board of Directors activities in 2018

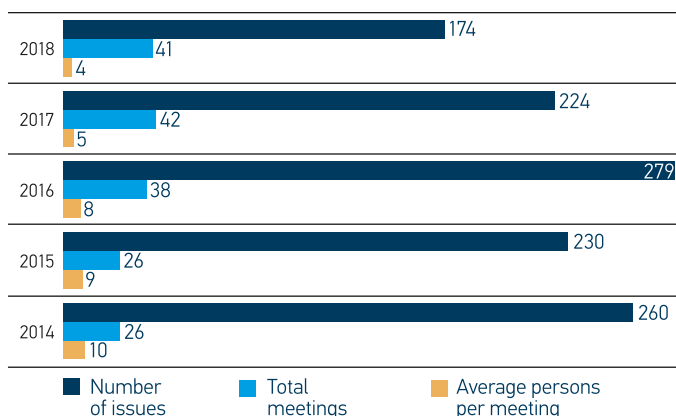
In the reporting year 2018, 41 meetings of the Board of Directors of the Company were held (of which two meetings — in the form of joint attendance and 39 meetings — in the form of absentee voting), at which about 200 issues were considered.

Information on the participation of members of the Board of Directors in meetings held in 2018

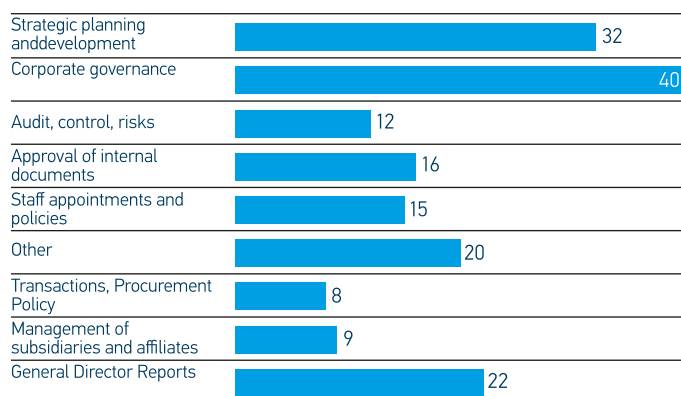
Structure of the Board of Directors until June 9, 2018

Structure of the Board of Directors since June 9, 2018

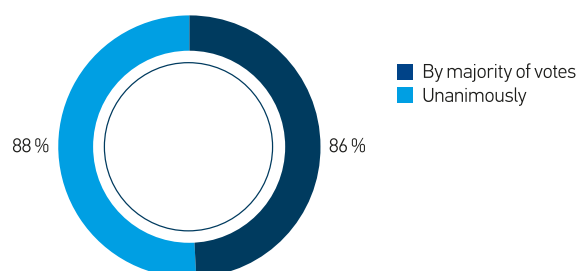
Average number of issues reviewed by the Board of Directors over five years



Subjects of the issues considered by the Board of Directors



Nature of voting on issues in 2018



Key issues considered by the Board of Directors in 2018

Report of the Board of Directors of IDGC of the

South PJSC on the results of the Company's development in priority areas of activity

In 2018, no decisions were made on priority areas on the Board of Directors of the Company.

In the reporting year, the Company continued to work on the implementation of priority areas identified by the Board of Directors of the Company in previous periods.

Application of recommendations on the management of intellectual property rights.

On April 30, 2014, within the framework of consideration of the priority areas of IDGC of the South JSC activity (on the expediency of applying recommendations on managing intellectual property rights), the Board of Directors of the Company made decision on the expediency of applying methodological recommendations on managing intellectual property rights, developed by Ministry of Economic Development of Russia. In addition, the General Director of the Company is instructed to take into account the methodological recommendations on the management of rights to the results of intellectual activity in the preparation of measures for the implementation of the intellectual property management system at IDGC of the South JSC.

In accordance with the decision of the Board of Directors of the Company, IDGC of the South PJSC applies Methodological recommendations on managing intellectual property rights in organisations, developed by the Ministry of Economic Development, the requirements of which are duly taken into account when preparing measures for implementing the intellectual property management system of IDGC of the South PJSC.

In the process of conducting production activities by IDGC of the South PJSC, the requirements of the Recommendations on the management of intellectual property rights developed by the Ministry of Economic Development of the Russian Federation are fully taken into account, including the preparation of appropriate organisational measures for the implementation of the intellectual property management system at IDGC of the South PJSC.

Certification of equipment, materials and systems at the Company's facilities




On June 11, 2014, within the framework of consideration of the priority areas of IDGC of the South JSC (on certification of equipment, materials and systems at IDGC of the South JSC objects), the Board of Directors of the Company decided to entrust the General Director of the Company to create and make operational in IDGC of the South JSC "Commission on the admission of electrical equipment, materials in the 2nd quarter of 2014, as well as develop and approve the Regulations of the Commission operation on the admission of electrical equipment, materials and systems (Report No. 135/2014 of June 16, 2014).

As part of the implementation of this priority area in the Company due to changes in the organisational structure of IDGC of the South PJSC, and also in order to carry out activities regarding certification of equipment, materials and systems at the facilities of IDGC of the South PJSC, issued the Order No. 285 of May 12, 2016 "On Amendments to the Order No. 449 of June 30, 2014 of IDGC of the South PJSC "On Approval of the Regulations of the Commission for the admission of electrical equipment, materials and systems of IDGC of the South PJSC", which determined the composition of the Commission and approved the Regulations of the Commission on the admission of electrical equipment, materials and systems.

Ensuring the availability of energy infrastructure and the quality of technological connection to the Company's power grids

Increasing the energy infrastructure accessibility is one of the priorities of IDGC of the South PJSC.

In order to implement the Activity Plan (road map) "Improving the energy infrastructure accessibility", approved by the decree of the Government of the Russian Federation dated June 30, 2012 No. 1144-p, in 2018, IDGC of the South, PJSC has organized the following areas work:

the decree of IDGC of the South, PJSC dated December 25, 2017 No. 924 was issued "On the implementation of technological connection facilities of Doing Business category applicants";
the decree of IDGC of the South, PJSC dated April 13, 2018 No. 262 was issued "On the implementation of technological connection facilities of Doing Business category applicants";
The infrastructure of full-time services in the Company's branches has been modernized, which fully ensures the territorial accessibility of the Company's services. There are 12 customer service centres and 102 centres for working with consumers; meetings with representatives of SMEs on technological connection were organized;
informational support and consumer awareness raising were carried out, including the promotion and development of interactive services:
Consumer forum on the official  website,
Sign up for  Consumer's Day,
Feedback portal  "Bright Country";
applications for technological connection with a capacity of up to 150 kW at voltages up to 10 kV inclusive are being

received through the information and telecommunication network Internet through the personal account of the Portal for work with clients ("Portal-TP.rf" and My Account on the official website of the Company) with the ability to calculate the cost of technological connection using an interactive calculator;

the issuance of documents on the implementation of technological connection to the applicants is ensured at the stage of the actual supply of voltage to the power receiving devices of the applicant's target group;

the possibility of signing documents on the implementation of technological connection by electronic signature and issuing them to the applicant in electronic form;

it has been organized the work on interaction with sales companies in order to draw up and issue an energy supply contract to the applicant in electronic form (including the signed one with an electronic signature);

Agreements on cooperation with multifunctional centres providing state and municipal services in all regions of the Company's presence are concluded in order to increase the accessibility of the procedure for technological connection;

the work on the implementation of technological connection for applicants of SMEs in an economic way was organized under the order of IDGC of the South, PJSC dated December 22, 2017 No. 922 "On approval of the Work Plan for the implementation of agreements on the implementation of technological connection in 2018";

the technological connection procedure is enforced for applicants (legal entities and individual entrepreneurs; the maximum power of power receivers is from 15 to 150 kW, remoteness from electric grid facilities is no more than 300 m in cities and no more than 500 m in rural areas, 2nd or 3rd category of power supply reliability, up to 20 kV) on the basis of the Schedule for technological connection of applicants with electrical installations with a capacity of 15–150 kW to the power grids of subsidiaries

and affiliates of JSC Russian Grids in a period not more than 90 days.

In accordance with the decree of the Government of the Russian Federation dated January 31, 2017 No. 147-p, the Company in 2018 organized work on the implementation of the target model "Technological connection to power grids".

In each region of the Company's presence, together with the executive authorities and branches of the Company, road maps of measures to achieve the indicators established in the target model "Technological connection to power grids" were developed and approved.

The implementation of road map events was organized on a regular basis, for which the network organization was responsible individual, as well as the provision of quarterly reports to the executive bodies by the branches.

The company organized interaction with regional executive authorities on a regular basis in order to take the necessary measures to implement the road map indicators, for which the responsible executives for achieving the target values are the relevant ministries and municipalities of the regions.

To study the consumer's opinions about the quality of provided services, surveys of consumers of services are regularly conducted. 1,424 respondents were surveyed in 2018.

The obtained statistic data indicate that consumers in general have a positive opinion of the level of customer service and are satisfied with the quality of the services rendered at branches of IDGC of the South, PJSC.

Improving the system of internal control and

risk management, the development of the internal audit function

As a part of the improvement of the internal control and risk management systems in 2018, the Company carried out the following key activities.

In order to improve the management of key operational risks, the risks of core and other business processes, the introduction of a transparent and effective risk management system, Order No. 679 of September 27, 2018 approved a number of methodological documents in the field of risk management, including the form of risk passport and methodology operational risk assessment.

The Company approved the Action Plan for the management of key operational risks, risks of core and other business processes for 2018 (Minutes No. 298 of the Company's Management Board meeting dated November 22, 2018).

An order dated January 29, 2019 was developed according to the approval of the Procedure for determining the risk appetite of IDGC of the South, PJSC for 2019 and the Methodological Guidelines for the Assessment of Functional Risks, to determine the risk appetite. For the effective functioning of the internal control system in accordance with common standards, the ROSSETI group of companies approved the Procedure for implementing the requirements of the Internal Control Policy of IDGC of the South, PJSC (order No. 52 dated January 26, 2018), in accordance with which, together with the process owners, a phased evaluation of the design and operational effectiveness of control procedures. Order No. 802 dated November 13, 2018 updated the regulations of the Company's main business processes (19 business process regulations).

The process of updating the process control matrices in IDGC of the South, PJSC was organized (Order No. 926 dated

December 26, 2018).

It is improved activities for managing key operational risks, operational risks of main and other business processes, introducing a transparent and effective risk management system, updating methodological documents in the field of evaluating operational risks and improving the effectiveness of risk management measures (Order No.679 dated September 27, 2018).

In order to improve the management efficiency of the integrated management system and to take into account the new requirements of the international standard ISO 9001: 2015, the order No. 686-A dated September 28, 2018 new version of the KSI ISM 80380011-IA/F-7220 002-2018 Guide to an integrated management system in areas of quality, ecology, health and occupational safety at IDGC of the South, PJSC is improved.

In order to determine a common procedure and rules for organizing measures for preparing for the stock-taking, stock-taking procedures during its conduct, and drawing up documents based on the results of the stock-taking, Order No. 718 dated October 11, 2018 amended the Methodological Recommendations for the stock-taking of capital, assets and liabilities.

A Methodology for Corruption Risk Assessment in PJSC ROSSETI and Subsidiaries and Affiliates PJSC ROSSETI was developed and approved (Order No. 199 dated March 23, 2018).

The Company has approved and implemented all necessary measures for the implementation of the Internal Control Policy and the Risk Management Policy, as well as the improvement of the internal control system and the risk management system in the Company.

Transfer of powers of the sole executive body of Donenergo JSC to the Company

On September 4, 2014, the Board of Directors of the Company prioritized the implementation of the powers of the sole executive body of Donenergo JSC.

In the reporting year, employees of IDGC of the South, PJSC in Volgodonsk, Rostov Region, organized an on-site meeting of the Technical Council of IDGC of the South, PJSC, which was also held with the direct participation of employees of Donenergo JSC.

The functionality of the automated transfer in the Ministry of Energy of Russia of data on the extent of cessation of transmission of electrical energy to consumers, indicated by network organizations in Records of the data of primary information on all cessation of transmission of electric energy (Form 8.1, approved by Order No. 1256 of the Ministry of Energy of Russia dated November 29, 2016).

During the period of 2018, IDGC of the South, PJSC, within the framework of its authority, ensured the joint operation of grid companies in order to:

preparation of the World Cup 2018 objects in the Rostov region; timely execution of road map activities to achieve the indicators established in the target model "Technological connection to electric networks" of the Rostov region, approved on February 22, 2017 by the Governor of the Rostov region Golubev V. Yu.

During the period of validity of the contract of IDGC of the South, PJSC within the framework of its authority:

organized the reception of applications for technological connection on the principle of "one window" of IDGC of the South, PJSC and Donenergo JSC in the Rostov region, which allowed to increase the coverage of the population with the infrastructure

of the adjacent network organization of Donenergo JSC, ensuring the principle of easy access to services. The presence of such a number of windows for the reception of applicants reduces the time to service citizens;

ensured the joint work of network companies in order to prepare the objects of the World Cup 2018 in the Rostov region;

organized the commissioning at Donenergo JSC of the corporate technological complex Technological Connection, which allows you to create a unified accounting and analytical system of the technological connection process and ensure the transparency of business processes for the provision of services and customer service.

On February 11, 2019, the sole shareholder of Donenergo, JSC, made a decision to terminate the powers of the sole executive body (ENO) of Donenergo, JSC, the management organization of IDGC of the South, PJSC. The deadline for IDGC of the South PJSC to fulfill the authority of Donorgo JSC AOI is March 14, 2019.

Remuneration (reimbursement of expenses) to members of the Board of Directors

The procedure for calculating and paying remuneration to members of the Board of Directors of the Company is established by the Regulations on Payment of Remuneration and Compensation to Members of the Board of Directors of IDGC of South, PJSC, in accordance with which each member of the Board of Directors of the Company participates in the Board of Directors taking into account the total the number of meetings of the Board of Directors of the Company for the past corporate year and the number of meetings in which a member of the Board of Directors participated, according to the following formula:

$$S (1) = V_{\text{baza}} \times 100/130 (n / m),$$

where $S(1)$ is the remuneration for participation in the Board of Directors of the Company; V_{baza} — the basic part of remuneration; n is the number of meetings of the Board of Directors (regardless of the form in which they are held) in which a member of the Board of Directors participated in the period between the annual General Shareholders' Meetings;

m is the total number of meetings of the Board of Directors (regardless of the form in which they are held) in the period between the annual General Shareholders' Meetings.

The size of the basic part of the remuneration (V_{baza}) is established on the basis of the Company's revenue, calculated under RAS for the financial year, and is:

In addition to the remuneration, the following allowances are established:

30% of $S(1)$ — to the Chairman of the Board of Directors of the Company;

20% of $S(1)$ — to the Chairman of the specialized committee under the Board of Directors of the Company;

10% of $S(1)$ — for membership in a specialized committee under the Board of Directors of the Company.

Premiums for chairmanship and / or membership in a specialized committee are not paid if less than three meetings of the Committee of the Board of Directors were held during the corporate year.

A corporate year is the period from the moment of election of the personal composition of the Board of Directors at the annual General Meeting of Shareholders of the Company to the time

of the subsequent annual General Meeting of Shareholders of the Company.

There are no arrears in the payment of remuneration to members of the Board of Directors for the last completed fiscal year.

The total amount of remuneration to members of the Board of Directors of the Company for 2018 was 9,917,516.47 rubles. (including personal income tax).

In 2018, the members of the Board of Directors of the Company were not provided loans and did not enter into civil law contracts, including those that entailed property gain.

In 2018, members of the Board of Directors were not trained at the expense of the Company.

The amount of remuneration paid in 2018