

To study the issues falling within the competence of the Board of Directors or studied by the Board of Directors in order to control the activities of the executive body of the Company and develop the necessary recommendations to the Board of Directors of the Company in 2009, the following five committees of the Board of Directors of the Company were established by decisions of the Board of Directors of the Company:

Committee for technological connection to electric networks;

Audit Committee;

Human Resources and Remuneration Committee;

Reliability Committee;

Committee on Strategy, Development, Investment and Reforming.

In accordance with the approved regulations on committees, committee members are elected for a term of:

before re-election of the Board of Directors of the Company in a new composition (in the Reliability Committee);

until the election of the next Committee (Audit Committee);

until the first meeting of the Board of Directors of the Company in the new composition (in the remaining three committees).

The powers of any member of the committee can be prematurely terminated by a decision of the Board of Directors of the Company, adopted by a majority vote of the members of the Board of Directors of the Company of their total number.

According to the regulations on the committees, the functions of the secretaries of the committees are performed by the Corporate Secretary of the Company, unless otherwise provided by the decisions of the committees.

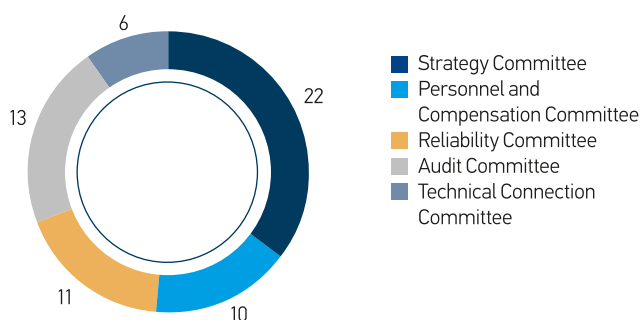
Most commonly, at one of the first meetings of the committees, their work plans for the current corporate year are approved, formed on the basis of the work plan of the Board of Directors,

decisions of the Board of Directors and committees, proposals of committee members, the General Director.

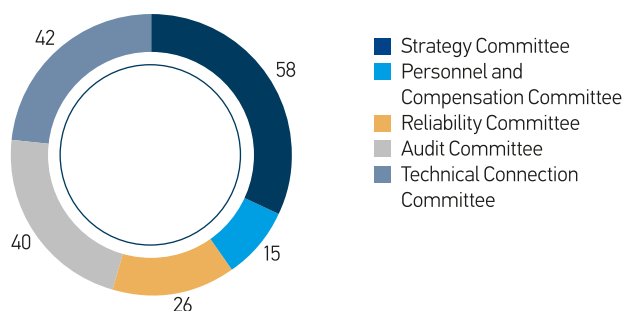
In 2018, each of the committees of the Board of Directors of the Company worked in two compositions, 62 meetings of the Committees were held, at which about 190 issues were considered.

## Committee activities in 2018

### Number of committees' meetings 2018



### Number of issues in 2018



The full text of the decisions made at the meetings of the committees can be found on the corporate [website](#) of IDGC of the South, PJSC on the Internet.

## **Committee for technological connection to electric networks**

The goal is to ensure openness of activities and non-discriminatory access to services for technological connection of consumers to the Company's power grids.

The Committee operates in accordance with the Regulations on the Committee for Technological Connection to Electric Grids of the Board of Directors of IDGC of the South, JSC.

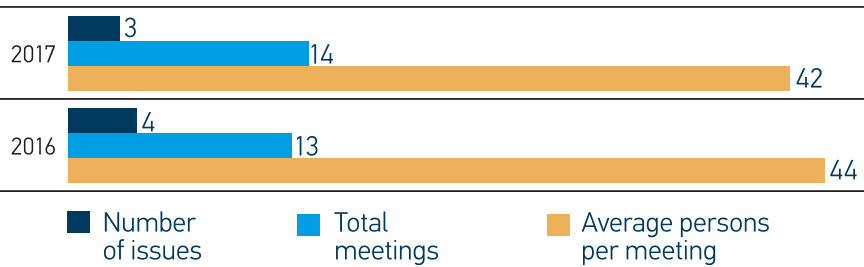
### **Members of the Committee elected at the meeting of the Board of Directors of the Company on July 19, 2017 and valid until June 15, 2018**

### **The current composition of the Committee elected at the meeting of the Board of Directors of the Company on August 27, 2018**

The Secretary of the Committee is Yulia Romanovna Manzhosova, Leading Specialist of the Department for Corporate Governance and Shareholder Relations of IDGC of the South, PJSC.

### **Decisions taken by the Committee**

### **Number of issues reviewed at Committee meetings**



## Audit Committee

Purpose: facilitating the effective performance of the functions of the Board of Directors in the preliminary consideration of issues related to the control over the Company's financial and economic activities.

Tasks:

consideration of the accounting (financial) statements of the Company and overseeing the process of its preparation;  
 control over the reliability and efficiency of the internal control system, risk management system, corporate management practices;  
 control over the conduct of an external audit and the choice of an auditor;  
 ensuring the independence and objectivity of the internal audit function;  
 supervision over the effectiveness of the system of counteracting the unfair actions of the Company's employees and third parties.

The Committee carried out its activities in accordance with the Regulation on the Audit Committee of the Board of Directors of IDGC of the South, PJSC, located on the Company's corporate website on the Internet.

## **Composition of the Committee elected at the meeting of the Board of Directors of the Company on June 30, 2017 and valid until July 31, 2018 (the date of election of the new Committee)**

All members of the Committee were members of the Board of Directors of the Company.

## **The current composition of the Committee elected at the meeting of the Board of Directors of the Company on July 31, 2018**

Secretary of the Committee is Elena Nikolaevna Pavlova, Head of the Department for Corporate Governance and Interaction with Shareholders, Corporate Secretary of IDGC of South, PJSC.

The issues of organization, functioning and efficiency of the internal control and internal audit system, considered in 2018, are presented on the [website](#).

Information on the assessment of the effectiveness of the Company's internal control system in the reporting year is presented in the Internal Control System section of this Report.

## **Information on the activities of the Committee and major decisions**

In the reporting year, 13 meetings (including six in the form of joint attendance) of the Audit Committee of the Board of Directors of the Company were held, at which 40 issues were considered.

Among the substantive issues considered by the Audit Committee of the Board of Directors in 2018:

reviewed the results of anti-corruption monitoring at the end of 2017;

reviewed the Company's management information on the implementation of corrective action plans to remedy the deficiencies identified by the Company's Audit Commission, the Company's internal audit, external control (supervision) bodies, the implementation of measures taken on the facts of informing about potential incidents of unfair actions of employees, and the results of investigations conducted the results of 2017;

the content of the section of the Company's Annual Report "The System of Internal Control" was agreed upon;

taken into account the information of the Company's management on non-standard operations and events, as well as on the formation of a reserve of doubtful debts and estimated liabilities for 2017;

The Board of Directors of the Company is recommended to include the Opinion of the Audit Committee of the Board of Directors of IDGC of the South PJSC on the level of efficiency and quality of the external audit process in the list of materials provided to persons entitled to participate in the annual General Meeting of Shareholders of the Company;

approved the Report of the Internal Audit Department of IDGC of the South, PJSC on the implementation of the work plan and took note of the results of the internal audit activities for the three months of 2018;

approved the work plan of the Audit Committee of the Board of Directors of the Company for the 2018/2019 corporate year;

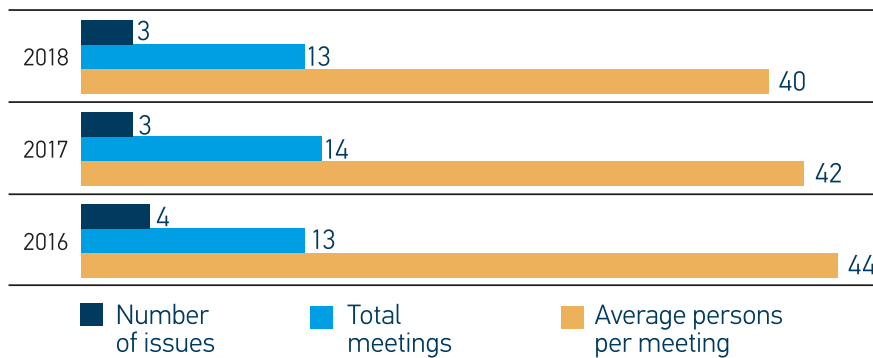
approved the terms of reference and the essential terms of the contract for the provision of services for an independent assessment of the effectiveness of the internal control system;

periodically reviewed the accounting (financial) statements of the Company prepared in accordance with RAS, as well as reports on the implementation of the work plan and the results of the internal audit activities;

heard reports of the Company's management with reports on the implementation of corrective action plans to eliminate the deficiencies identified by the Company's Audit Commission, the Company's internal auditor, and external monitoring bodies;

reviewed a report on the effectiveness of the Company's internal control system.

### **Number of issues reviewed at Committee meetings**



### **Staff and Remuneration Committee**

Task: development and submission of recommendations (opinions) to the Board of Directors of the Company on the amount of remuneration to members of the Board of Directors of the Company, on determining the material terms of contracts with members of the Board of Directors, members of the collegial executive body and the person performing the functions of the sole executive body of the Company.

Competence, as well as the procedure for convening and holding meetings of the Committee are defined in the Regulations on the Committee for Personnel and Remuneration of the Board of Directors of IDGC of the South, JSC, in a new edition posted on the Company's corporate website.

### **The composition of the Committee elected at the meeting of the Board of Directors of the Company on June 30, 2017 and valid until June 15, 2018 (the date of the meeting of the Board of Directors in the new composition)**

### **The current composition of the Committee elected at the meeting of the Board of Directors of the Company on July 31, 2018**

Secretary of the Committee - Tatyana Sergeevna Kirichenko, Chief Specialist of the Department for Corporate Governance and Shareholder Relations of IDGC of the South, PJSC.

### **Information on the activities of the Committee and major decisions**

In the reporting year, 10 meetings were held (all in absentia) of the Personnel and Remuneration Committee of the Company's Board of Directors, at which about 15 issues were considered.

Among the substantive issues considered by the Personnel and Remuneration Committee of the Board of Directors in 2018:

the members of the Board of Directors of the Company were recommended to agree on the candidacy of Anton



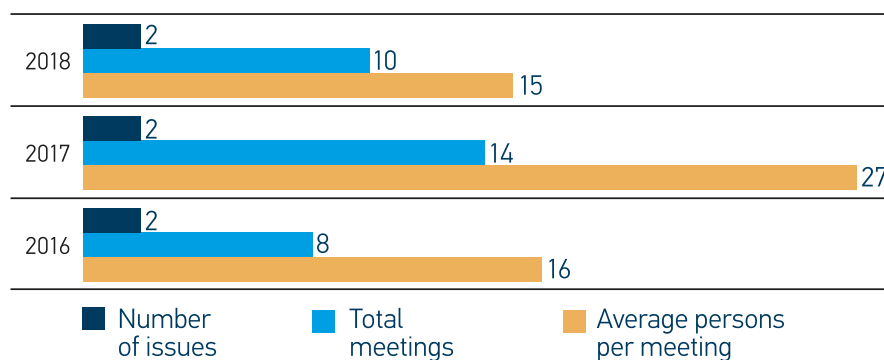
Antoninaevich Muriy for the position of Deputy General Director for the implementation of services of IDGC of the South, PJSC; approved and submitted to the Board of Directors of the Company the results of a preliminary assessment of candidates for members of the Board of Directors of IDGC of the South, PJSC;

members of the Board of Directors of the Company were recommended to approve the Report on the work of the Corporate Secretary of IDGC of the South, PJSC;

nominations for the positions determined by the Board of Directors of the Company are preliminarily agreed

reviewed the performance of the Deputy General Directors of the Company and prepared relevant recommendations to the General Director of the Company.

### **Number of issues reviewed at Committee meetings**



### **Strategy, Development, Investment and Reform Committee**

Task: development and submission of recommendations (conclusions) to the Board of Directors of the Company on the determination of priority areas, strategic goals and basic principles of the Company's strategic development.

The competence, as well as the procedure for convening and holding meetings of the Committee are determined by the Regulations on the Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South.

**Members of the Committee elected at the meeting of the Board of Directors of the Company on July 19, 2017 and valid until June 15, 2018 (the date of the meeting of the Board of Directors of the Company as a new member)**

**The current composition of the Committee elected at the meeting of the Board of Directors of the Company on July 31, 2018, as amended on November 28, 2018**

Secretary of the Committee is Elena Nikolaevna Pavlova, Head of the Department for Corporate Governance and Interaction with Shareholders, Corporate Secretary of IDGC of South, PJSC.

## **Information on the activities of the Committee and major decisions**

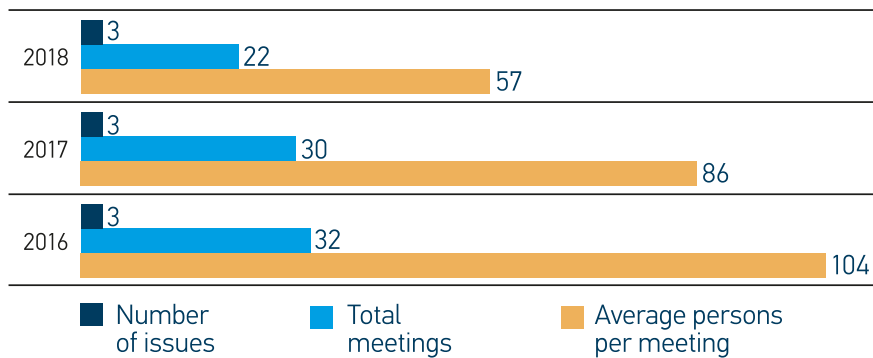
In the reporting year, 22 meetings of the Committee were held (including three meetings by absentee voting), at which about 60 issues were considered.

Among the substantive issues considered by the Committee in 2018, issues were considered and recommendations were given to the Board of Directors on the approval of the adjusted business plan of IDGC of South, PJSC, including the investment programme and information on key operational risks for 2019,

as well as organization, operation and effectiveness of the risk management system and revision of the Strategy in relation to all non-core assets, according to which the Preservation of Participation strategy is determined in current Register (Sales Plan) of non-core assets of IDGC of South, PJSC.

A detailed list of issues considered by the Committee for Strategy, Development, Investments and Reform is presented on the [website](#).

### Number of issues reviewed at Committee meetings



### Reliability Committee

Task: elaboration and submission of recommendations (conclusions) to the Board of Directors of the Company on the examination of investment programmes and plans for the repair of power facilities, analysis of their implementation in terms of ensuring the requirements of comprehensive reliability.

The competence, as well as the procedure for convening and holding meetings of the Committee in 2018, are determined by [Regulations on Reliability Committee of the Board of Directors](#)

of IDGC of South, PJSC.

## **Members of the Committee elected at the meeting of the Board of Directors of the Company on July 19, 2017 and valid until June 15, 2018**

## **The current composition of the Committee elected at the meeting of the Board of Directors of the Company on July 31, 2018**

The Secretary of the Committee is Natalya Vasilyevna Kazak, Chief Specialist of the Department for Corporate Governance and Shareholder Relations of IDGC of South, PJSC.

## **Information on the activities of the committee and major decisions**

In the reporting year, 11 meetings of the Committee were held (all in absentia) at which about 30 issues were considered.

In 2018, the reports of the General Director on the Company's activities in terms of reliability, injuries, accident rates and the implementation of regulatory legal acts on the establishment of reliability and quality indicators for the services provided by the Company's branches, etc., were considered.

A detailed list of issues addressed by the Reliability Committee is presented on the [website](#).

All Committees of the Board of Directors of the Company acted on the basis of approved Work Plans for 2018.

During the reporting period, the Chairmen and members of the Committees held regular working meetings with top managers of the Company, heads of the structural divisions of the executive office of the Company involved in the process of business planning and strategy development of IDGC of the South, PJSC.

External experts were invited to face-to-face meetings of the Committees.

Consents of all members of the Committee to disclose information about them in this Annual Report were obtained.

## **Remuneration (reimbursement of expenses) to members of the Committees of the Board of Directors**

At the meeting of the Board of Directors of IDGC of South, JSC on February 3, 2010, all the committees of the Board of Directors of the Company approved the relevant Regulations on Payment of Remuneration and Compensation to Members of Committees of the Board of Directors of IDGC of South, JSC (Minutes No. 39/2010 dd. February 5, 2010). In addition, by the decision of the Board of Directors of the Company on January 29, 2016, all Regulations on the payment of remuneration and compensation to members of the committees of the Board of Directors of the Company were amended, providing for payment of remuneration to members of the committees who are also members of the Board of Directors of the Company (Minutes dd. February 1, 2016 No. 176/2016).

The total amount of remuneration paid to members of the committees of the Board of Directors for 2018 was 2,136,370 rubles. (including personal income tax), including:

1,338,632 rubles to the members of the Committee for Strategy, Development, Investments and Reform of the Board of Directors of the Company;

74,566 rubles to the members of the Audit Committee;

353,816 rubles to the members of the Committee for Technological Connection to Electric Grids;

330,008 rubles to the members of the Reliability Committee;

39,348 rubles to the members of the Open Committee for Personnel and Remuneration.

The amount of remuneration paid to the secretaries of the committees of the Board of Directors for each meeting in the form of joint attendance is the equivalent of 1 (one) MMTR (Minimum monthly tariff rate) on the day of the Committee meeting, in absentia - 0.5 (zero point five) MMTR.

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