

For an independent assessment of the reliability of the accounts (financial statements) prepared under RAS and IFRS, the Company engages an External Auditor on the basis of competitive procedures.

Criteria and method of choice an auditor

The candidacy of the Auditor for approval at the annual General Meeting of Shareholders is determined by the Board of Directors of the Company as part of resolving issues of preparing and holding the annual General Meeting of Shareholders.

The choice of the Company's Auditor was made based on the results of an open competition conducted by an organization authorized by the Company in accordance with the Regulations on the procedure for conducting regulated procurement of goods, works, and services for the needs of the Company.

In order to ensure the independence and objectivity of the External Auditor, the selection of the Company's External Auditor was carried out through an open competition held in the  United Information System of the Russian Federation in the field of procurement using the electronic trading platform of  Rosseti, PJSC.

Information about the competition for the right to conclude an audit services agreement in 2018–2020 was posted on the  website. The end date for the competition is April 16, 2018. According to the results of the competition, Ernst & Young LLC was declared the winner. The evaluation of the contest participants was carried out according to the criteria set in advance and stated in the conditions of the contest.

The external auditor provides auditing the accounts in accordance with the requirements of the Russian Federation legislation on the basis of an agreement with him.

To carry out a mandatory audit of the accounts according to RAS and consolidated financial statements for 2018, the Board of Directors of the Company was recommended (Protocol dated May 4, 2018 No. 272/2018) and approved on June 9, 2018 by a decision of the annual General Shareholders Meeting of the Company (Protocol dated June 15, 2018 No. 18) Company Auditor — Ernst & Young LLC.

Ernst & Young LLC is a member of Self-Regulatory Organization of Auditors «Russian Union of Auditors» (SRO RUA).

Auditor's Remuneration

The amount of payment for the Auditor's services in accordance with clause 24.10 of Art. 24 of the Charter of IDGC of the South, PJSC is determined by the Board of Directors of the Company.

The service cost and the procedure for payment for the Auditor's services are specified in the contract concluded between the Company and the Auditor. With the decision of the Board of Directors of the Company the amount of payment for the services of the Auditor of IDGC of the South, PJSC — Ernst & Young LLC is determined, under an agreement on the provision of audit services for auditing accounts prepared in accordance with RAS and the audit of consolidated financial statements prepared in accordance with IFRS , for the year ending December 31, 2018 (the audited period from January 1, 2018 to December 31, 2018), in the amount of 2,743,640.99 rubles (two million seven hundred and forty three thousand six hundred and forty rubles 99 kopecks), including VAT (18%). Due to the increase in the VAT rate from

1 January 2019 to 20%, the value of the contract for the provision of audit services increased to 2,769,217.30 rubles (two million seven hundred sixty nine thousand two hundred seventeen rubles 30 kopecks), including VAT. Works within special audit assignments were not carried out in the current year.

In 2019, the firm within Ernst & Young Global Limited will provide comprehensive analysis of the Company's financial and business activities and the preparation of a summary report on its results for 2016-2018 worth 10,880,100 rubles.

There is no affiliation of the Auditor with the Company employees and management. There are no business relationships (participation in the products (services) promotion, participation in joint business activities, etc.), as well as kinship between officials of Ernst & Young LLC and the Company.