**QUARTERLY REPORT**

***Public Joint-Stock Company "Interregional Distribution Grid Company of the South"***

***Issuer code: 34956-E***

**For the 4th quarter of 2017**

Address of the Issuer**: 49, Bolshaya Sadovaya St., Rostov-on-Don, Russian Federation 344002**

**The information contained in this quarterly report is subject to disclosure according to the securities laws of the Russian Federation**

|  |  |  |
| --- | --- | --- |
|  | | |
|  |  | B. B. Ebzeyev |
| Director General of IDGC of the South, PJSC  Date: February 14, 2018 | Signature |  |
|  |  |  |
|  |  | G. G. Savin |
| Chief accountant of PJSC “IDGC in the South”  Date: February 14, 2018 | Signature  Stamp here. |  |
|  | | |

|  |
| --- |
| Contact person: **Elena Grigorievna Tselikova, Chief Specialist  , Department for Corporate Governance and Cooperation with Shareholders, "IDGC of the South" PJSC**  Tel: **(863) 307-0469**  Fax: **(863) 238-55-65**  Email address: [**celikovaeg@mrsk-yuga.ru**](mailto:celikovaeg@mrsk-yuga.ru)  The information contained in this Quarterly Report is disclosed at the web pages located at: **mrsk-yuga.ru/aktsioneru-investoru/ezhekvartalnyy-otchet-emitenta/;** [**http://www.e-disclosure.ru/portal/company.aspx?id=11999**](http://www.e-disclosure.ru/portal/company.aspx?id=11999) |

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# Introduction

The grounds for arising the issuer's obligation to disclose information in the form of a quarterly report

***In respect of the Issuer's securities a registration of securities prospectus is carried out***

***State registration of issue (additional issue) of the Issuer's securities was accompanied by registration of the issue prospectus and such securities were offered publicly or privately to more than 500 persons***

***The Issuer is a public joint stock company***

***In accordance with clause 10.1. Provisions on information disclosure by issuers of equity securities No. 454-P dated 30.12.2014, approved by the Central Bank of the Russian Federation, to the issuers in respect of securities which carried out the registration of at least one of the prospectus, subject to the obligation to disclose information in the form of a quarterly report.***

***This Quarterly Report contains the information concerning Interregional Distribution Grid Company of South Public Joint Stock Company herein also referred to as PJSC “IDGC in the South”, Issuer, Company. In accordance with the adopted change in the company name, the issuer in this quarterly report is referred to as the Public joint-stock company “Interregional Distribution Grid Company of the South” (PJSC “IDGC in the South”), however, the text of the report may contain the name of OJSC “IDGC in the South”, with respect to the reference to the events that occurred before the change of the name of the Company, as well as with respect to references to documents approved (adopted) in the Company in the specified period.***

***On June 1, 2017, the Bank of Russia registered an additional issue of securities of PJSC “IDGC in the South” (registration number - 1-01-34956-E). Type of securities: uncertificated registered ordinary shares. The number of additional securities issue is 13 015185 446 units.***

***As of the date of disclosure (publication) of this quarterly report of the issuer of securities, the issuer placed 7,860,917,760 ordinary registered uncertificated shares for additional issue (state registration number: 1-01-34956-E from 01.06.2017), acquired by the shareholders of the company within the framework of pre-emption rights. The total number of the placed shares of the Company as of the date of disclosure of this quarterly report was 69,039,057 1,77 pieces.***

***Due to the fact that on the date of disclosure of this Quarterly Report the placement of an additional issue by open offering is not completed, data on the Issuer's securities (including the amount of the Authorized Capital) in Clauses 2.2, 8.1.1., 8.1.2. and 8.2. of this Quarterly Report are indicated without taking into account the outstanding shares of the additional issue.***

***Due to the fact that on the date of the disclosure of this Quarterly Report has expired the period, during which the shareholders of the Issuer were given the opportunity to exercise the preemptive right to purchase the common shares placed by public subscription, pro rata the number of their ordinary shares of the Issuer, data on the securities of the Issuer in Clauses 6.1., 6.2. and 6.3. of this Quarterly Report are indicated taking into account the placed shares of the additional issue.***

The present quarterly report contains estimates and forecasts of the issuer’s authorized management bodies as to the forthcoming events and/or actions, prospects of development of the issuer’s main industry and the issuer’s operating results, including the issuer’s plans, probability of certain events and actions. Investors should not entirely rely on the estimates and forecasts of the issuer’s management bodies, since for many reasons the issuer’s future actual operating results may differ from the forecast results. Acquisition of the issuer’s securities may entail risks described in the present quarterly report.

# Section I. Information on Bank accounts, on the auditor (auditing organization), the appraiser and the financial consultant and adviser of the Issuer, and the persons who signed the quarterly report

## 1.1. Information on the issuer’s bank accounts.

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810105000003326***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810205000003514***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810805000003516***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810605000003965***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810205000003019***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810605000003020***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810905000003021***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810505000003515***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810105000003517***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041203602***

Account number: ***40702810405000003518***

Correspondent account: ***30101810500000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***041806647***

Account number: ***40702810711100100886***

Correspondent account: ***30101810100000000647***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***040702615***

Account number: ***40702810060300102033***

Correspondent account: ***30101810907020000615***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***040702615***

Account number: ***40702810360300102034***

Correspondent account: ***30101810907020000615***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810252000000007***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810552000000011***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810952000000006***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company Sberbank of Russia***

Abbreviated company name: ***Sberbank, PJSC***

Registered address: ***19 Vavilova St, Moscow, 117997***

TIN (Taxpayer Identification Number): ***7707083893***

BIC (Russian Central Bank Identifier Code): ***046015602***

Account number: ***40702810552000000008***

Correspondent account: ***30101810600000000602***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***«Gasprombank» (Joint-Stock Company )***

Abbreviated company name: ***GPB (JSC)***

Registered address: ***117420, Moscow, Nametkina str., 16, building 1***

TIN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***040349781***

Account number: ***40702810800070000050***

Correspondent account: ***30101810500000000781***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***«Gasprombank» (Joint-Stock Company )***

Abbreviated company name: ***GPB (JSC)***

Registered address: ***117420, Moscow, Nametkina str., 16, building 1***

TIN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***040349781***

Account number: ***40702810211070305849***

Correspondent account: ***30101810500000000781***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Open Joint-Stock Company Bank Severny Morskoy Put***

Abbreviated company name: ***SMP Bank JSC***

Registered address: ***115035, Moscow, Sadovnicheskaya Str., 71, building 11***

TIN (Taxpayer Identification Number): ***7750005482***

BIC (Russian Central Bank Identifier Code): ***040349838***

Account number: ***40702810108300000131***

Correspondent account: ***30101810000000000838***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***191124, Saint-Petersburg, sq. Rastrelli, 2 letter A***

TIN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044030861***

Account number: ***40702810200000005510***

Correspondent account: ***30101810800000000861***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***2, Bldg A, Ploshchad Rastrelli, Saint Petersburg, 191124, Russia***

TIN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044525220***

Account number: ***40702810360016000419***

Correspondent account: ***30101810800000000861***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Joint stock company joint stock Bank "RUSSIA"***

Abbreviated company name: ***JSC "AB "RUSSIA"***

Registered address: ***191124, Saint-Petersburg, sq. Rastrelli, 2 letter A***

TIN (Taxpayer Identification Number): ***7831000122***

BIC (Russian Central Bank Identifier Code): ***044525220***

Account number: ***40702810260016100419***

Correspondent account: ***30101810800000000861***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Joint stock company “Russian Regional Development Bank”***

Abbreviated company name: ***Bank «RRDB» (JSC)***

Registered address: ***350063, Krasnodar, Ordzhonikidze St., 13/1***

TIN (Taxpayer Identification Number): ***7736153344***

BIC (Russian Central Bank Identifier Code): ***040349521***

Account number: ***40702810604030000199***

Correspondent account: ***30101810100000000521***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***«Gasprombank» (Joint-Stock Company )***

Abbreviated company name: ***GPB (JSC)***

Registered address: ***117420, Moscow, Nametkina Str., house 16, bldg. 1***

TIN (Taxpayer Identification Number): ***7744001497***

BIC (Russian Central Bank Identifier Code): ***040349781***

Account number: ***40702810600070000548***

Correspondent account: ***30101810500000000781***

Account type: ***settlement account***

Information about a credit organization

Full corporate name: ***Public Joint-Stock Company «Sovcombank»***

Abbreviated company name: ***PJSC "Sovcombank"***

Registered address: ***156000, Kostroma, Tekstilchikov avenue, 46***

TIN (Taxpayer Identification Number): ***4401116480***

BIC (Russian Central Bank Identifier Code): ***044525967***

Account number: ***407028100800005001464***

Correspondent account: ***30101810945250000967***

Account type: ***settlement account***

(This information is disclosed in respect of all settlement and other accounts of the Issuer and in the case that the number is more than 3, in respect of at least 3 settlement and other accounts of the Issuer which it considers to be main)

## 1.2. Information on issuer’s auditor(s)

Information is provided in respect of the Auditor (Audit organization), that carried out independent verification of accounting (financial) statements of the Issuer and of the consolidated financial statements of the Issuer included in the quarterly report and also the auditor (auditing organization) approved (selected) for auditing annual financial (accounting) statements and annual consolidated financial statements of the Issuer for the current and last completed fiscal year.

Full corporate name: ***Limited Liability Company “RSM Russia”***

Abbreviated company name: ***LLC “RSM Russia”***

Registered address:  ***4, Pudovkin St, Moscow, Russia, 119285***

TIN (Taxpayer Identification Number): ***7722020834***

PSRN (Primary State Registration Number): ***1027700257540***

Tel: ***(495) 363-2848***

Fax: ***(495) 981-4121***

Email address: [***mail@rsmrus.ru***](mailto:mail@rsmrus.ru)

Information about the auditor's membership in self-regulating organizations of auditors

Full name: ***Self-regulatory organization of auditors Non-Profit partnership «Auditor Association Sodruzhestvo» (SRO AAS)***

Location

***119192 Russian Federation, Moscow, Michurinsky Avenue 21 bldg. 4***

Further details:

***N/A***

Financial year (years) for the period of five last completed financial years and current fiscal year for which the auditor has carried or will carry out independent audit accounting (financial) statements of the issuer

|  |  |
| --- | --- |
| Accounting (financial) statements, Year | Consolidated financial statements,  Year |
| 2015 | 2015 |
| 2016 | 2016 |
| 2017 | 2017 |

The periods of five last completed financial years and current fiscal year for which the auditor has carried or will carry out independent interim audit accounting (financial) statements of the issuer

|  |  |
| --- | --- |
| Accounting (financial) statements, Reporting date | Consolidate financial statements, Accounting date |
| 30.09.2015 |  |
| 30.09.2016 |  |
| 30.09.2017 |  |

The factors that can influence the independence of the auditor (auditor organization) from the issuer are described, including information on the existence of significant interests connecting the auditor (persons holding positions in management bodies and bodies controlling financial and economic activities of the audit firm) with the issuer (persons holding positions in management bodies and bodies controlling financial and economic activities of the issuer)

***There are no factors that can influence the independence of the auditor (auditor organization) from the issuer are described, including information on the existence of significant interests connecting the auditor (persons holding positions in management bodies and bodies controlling financial and economic activities of the audit firm) with the issuer (persons holding positions in management bodies and bodies controlling financial and economic activities of the issuer)***

The procedure of selecting the issuer's auditor

Tender procedure for auditor selection, if any, and its basic terms and conditions:

***The selection of audit company was carried out based on the results of open contest held by the Company according to the Regulations on the procedure of scheduled procurements of goods, work and services for the needs of "IDGC of the South", PJSC (cl. 1.1.1, cl.7.1.1) or by an entity that was authorized by the Company based on the concluded agreement. The General Meeting of the Company Shareholders approves a prospective auditor candidate as the Company’s Auditor in accordance with sub-cl 11, cl 10.2, art 10 of the Charter of "IDGC of the South", PJSC.***

***To participate in the competition, audit organizations shall meet the following requirements: not to be in the process of winding;***

***do not have a decision to suspend activities taken in accordance with the procedure provided for by the Code on Administrative Violations of the Russian Federation as of the date of consideration of the application for participation in the Competition;***

***shall not have any debt on accrued taxes, duties and other mandatory payments to the budgets of any level or national non-budgetary funds for the last calendar year, the amount of which exceeds twenty five percent of the tenderer's asset book value according to the data of the accounting reports for the most recently completed accounting period. Tenderer shall be deemed to meet the requirement in case it filed an appeal against the debt in accordance with the legislation of the Russian Federation, and the decision on the appeal is not taken as of the date of competitive tender is considered;***

***not be subject to the conditions listed in clause 1 of article 8 of the Federal law "On auditing activities".***

***In accordance with the established procedures, an open tender was announced for the right to conclude agreements for the mandatory annual audit of the reporting of subsidiaries and affiliates of PJSC “ROSSETI” for 2015-2017. “RSM RUS”, LLC, an audit company, was recognized the winner of the open competition (Minutes of the Tender Committee's meeting M5/552р dd 04/20/2015).***

Auditor nomination for approval by the shareholders’ (members’) meeting, including the management body adopting such resolution:

***In accordance with cl. 47, 54 and 88 of the Federal Law "On Joint Stock Companies", cl. 11. cl. 10.2 art. 10, cl. 11.1 art.II, cl. 24.9 art. 24 of the Charter of the Company for verification and confirmation of the annual accounting of a company the General Shareholder Meeting annually approves the Company auditor.***

***The Federal Law "On Joint Stock Companies" does not specify the term and procedure for nominating an auditor to be included in the voting list on the issue of approving the Company's auditor, nor does the Federal Law provide shareholders with the right to nominate an auditor.***

***In this regard, the candidacy of the auditor for approval at the annual General Shareholders' Meeting shall be determined by the Board of Directors of the Company within the framework of resolving the issues of preparation and holding of the annual General Shareholders' Meeting.***

***For the inspection of accounting and financial (accounting) statements for***

***2015 the year the Board of Directors has recommended (Minutes 158/2015 dated 21.05.2015) and approved on 19 June 2015 by the decision of the annual General Shareholders' Meeting (Minutes No. 13 dated 22.06.2015) the Company auditor - LLC “RSM Russia”.***

***For the inspection of accounting and financial (accounting) statements for***

***2016 the year the Board of Directors has recommended (Minutes 186/2016 dated 04.05.2016) and approved on 06 June 2016 by the decision of the annual General Shareholders' Meeting (Minutes No. Ml5 dated 09.06.2016) the Company auditor - LLC “RSM Russia”.***

***For the inspection of accounting and financial (accounting) statements for***

***2017 the year the Board of Directors has recommended (Minutes 230/2017 dated 05.05.2017) and approved on 13 June 2017 by the decision of the annual General Shareholders' Meeting (Minutes No. Ml7 dated 16.06.2017) the Company auditor - LLC “RSM Russia”.***

***The auditor's work, within the framework of special audit assignments, was not conducted***

The procedure for determining the amount of remuneration of the auditor (audit organization) is described, the actual amount of remuneration, paid by the issuer to the auditor (audit organization) following the results of the last complete financial year for which the auditor (audit organization) carried out an independent inspection of annual accounting (financial) reports and (or) the annual consolidated financial statements of the issuer is specified:

***In accordance with clause 24.10. Article 24 of the Company's Charter, the amount of payment for the services of the auditor is determined by the Board of Directors of the Company.***

***Prices of services and procedure for the payment of the auditor’s remuneration are specified in the agreement concluded between the Company and the auditor.***

***The remuneration of the auditing services rendered by “RSM RUS” LLC, the auditor of IDGC of the South, PJSC, is defined by the Board of Directors as per its resolution dated 08/05/2016 (*Minutes *197/2016 dated 08/08/2016) under the Auditor Services Contract on the audit of the accounting report prepared in accordance with Russian Accounting Standards (RAS) and the audit of consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for the year ended on 12/31/2016 (period subject to audit: 1 January 2016 to 31 December 2016), in the amount of 2 177 796.75 RUB (two million one hundred and seventy seven thousand seven hundred ninety six rubles 75 kopecks), including VAT (18 %) in the amount of -***

***332 206.28 RUB.***

***The remuneration to RSM RUS for the audit of interim accounting reports of the Company for the period of 9 months of 2016 in the amount of 435 559.35 RUB and for 2016 fiscal year in the amount of 1 742 237.40 RUB.***

***There are no delayed or late payments for the services provided by the auditor based on 2016 performance.***

***The remuneration of the auditing services rendered by “RSM RUS” LLC, the auditor of IDGC of the South, PJSC, is defined by the Board of Directors as per its resolution dated 08/15/2017 (Minutes 243/2017 dated 08/18/2017) under the Auditor Services Contract on the audit of the accounting report prepared in accordance with Russian Accounting Standards (RAS) and the audit of consolidated financial statements prepared under International Financial Reporting Standards (IFRS) for the year ended on 12/31/2017 (period subject to audit: 1 January 2017 to 31 December 2017), in the amount of 2 177 796.74 RUB (two million one hundred and seventy seven thousand seven hundred ninety four rubles 74 kopecks), including VAT (18 %) in the amount of -***

***332 206.28 RUB.***

***The remuneration to "RSM RUS" for the audit of interim accounting reports of the Company for the period of 9 months of 2017 in the amount of 435 559,36RUB, including VAT (18%) - 66 441,26RUB.***

***There are no delayed or late payments for the services provided by the auditor***

## 1.3. Information on the appraiser (appraisers) of the issuer

***There were no changes in the information contained in this section of the Quarterly Report***

## 1.4. Information on the Issuer’s advisors

***With reference to this section, the Company has not engaged any financial advisers during 12 months prior to the end of the reporting quarter***

## 1.5. Other persons who signed the present quarterly report

Name: ***Ebzeyev Boris Borisovich***

Year of Birth: ***1975***

Data on primary employment:

Organization: ***PJSC “IDGC in the South”***

Position: ***Director General***

Name: ***Savin Grigory Grigoryevich***

Year of Birth: ***1952***

Data on primary employment:

Organization: ***PJSC “IDGC in the South”***

Position: ***Chief Accountant – Head of the Department of tax accounting and reporting***

# Section II. Basic information on the financial and economic condition of the Issuer

## 2.1. Indicators of the Issuer's financial and economic performance

***Not subject to presentation in the report for the 4th quarter***

## 2.2. Issuer’s market capitalization

***Market capitalization is calculated as the product of the number of shares of the corresponding category (type) by the market price of one share, disclosed by the trade organizer***

Unit of measurement: ***thou RUB***

|  |  |  |
| --- | --- | --- |
| Indicator name | As of 12/31/2016 | As of 12/31/2017 |
| Market capitalization | 2 550 328.12 | 3 615 628.04 |

Securities market trading organizer who provides data for market capitalization calculation and any other additional information on outstanding securities at the issuer’s discretion:

***As of the end date of the 4th quarter of 2017 the shares of "IDGC of the South", PJSC were listed at PJSC "Moscow Exchange".***

***Full name: Public joint stock company "Moscow Exchange MCSE-RTS" Abbreviated name: PJSC "Moscow Exchange"***

***TIN (Taxpayer Identification Number): 7702077840, PSRN: 1027739387411***

***Location (postal address): 13, Bolshoy Kislovsky Lane, Moscow, Russian Federation***

***Tel:* + 7 *(495) 363-32-32, website:*** [***http://moex.com/***](http://moex.com/)

***The calculation of the value of market capitalization included number of the Issuer's shares officially admitted to organized market trades and corresponding to the amount of the Issuer's authorized capital, i. e. excluding the number of all placement shares as at the date of this report.***

## 2.3. Issuer’s liabilities

### 2.3.1. Accounts payable

***Not subject to presentation in the report for the 4th quarter***

### 2.3.2. Issuer’s credit history

The following paragraph describes the execution of liabilities by the Issuer under the credit and (or) loan agreements that were valid in the most recently completed fiscal year and current fiscal year, including agreements concluded by the issue and sale of the bonds, the amount of principal debt on which was at least 5 percent of the Issuer's book value of assets as of the end date of the most recently completed reporting period that consisted of 3, 6, 9 or 12 months and preceded the conclusion of the correspondent agreement, as well as other credit agreements and (or) loan agreements, which the Issuer considered substantial.

|  |  |
| --- | --- |
| **Types and characteristics of liabilities** | |
| **1. Bond issue, 4В02-01-34956-Е** | |
| **Terms of obligations and information on its implementation** | |
| Name and location or surname, name, patronymic of the creditor (lender) | Acquirers of securities of the issue, |
| The amount of the principal debt at the moment of arising of the obligation, RUR | 5000000 RUR X 1000 |
| The amount of the principal debt as of the end date of the reporting quarter, RUR | 0 RUR X 1000 |
| The term of credit (loan), (years) | 5 |
| The average amount of interests on a loan, % per annum | 13.5 |
| Number of interest (coupon) periods | 20 |
| The presence of delinquencies in the payment of interest on a credit (loan), and in the case of their presence - the total number of specified delinquencies and their size in days | No |
| Planned term (date) of maturity of the credit (loan) | 08.06.2020 |
| Actual term (date) of maturity of the credit (loan) | 13.06.2017 |
| Other data on the obligation, specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. Bond issue has been prepaid 06/13/2017. |

|  |  |
| --- | --- |
| **Types and characteristics of liabilities** | |
| **2. Bond issue, 4В02-02-34956-Е** | |
| **Terms of obligations and information on its implementation** | |
| Name and location or surname, name, patronymic of the creditor (lender) | Acquirers of securities of the issue, |
| The amount of the principal debt at the moment of arising of the obligation, RUR | 5000000 RUR X 1000 |
| The amount of the principal debt as of the end date of the reporting quarter, RUR | 5000000 RUR X 1000 |
| The term of credit (loan), (years) | 5 |
| The average amount of interests on a loan, % per annum | 9.24 |
| Number of interest (coupon) periods | 20 |
| The presence of delinquencies in the payment of interest on a credit (loan), and in the case of their presence - the total number of specified delinquencies and their size in days | No |
| Planned term (date) of maturity of the credit (loan) | 01.07.2022 |
| Actual term (date) of maturity of the credit (loan) | current |
| Other data on the obligation, specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. |

### 2.3.3. The Issuer's obligations from provided security

***There are no such obligations***

### 2.3.4. Other Liabilities of the Issuer

***There are no other liabilities not shown in the balance sheet which may significantly affect the issuer’s financial position, its liquidity, sources of funds, and terms of their use, performance results, and expenses.***

## 2.4. Risks related to acquisition of placed equity securities or those being placed

Issuer's policy in the field of risk management:

***The Company's risk management policy is aimed at reducing the likelihood, the materiality of risks, and ultimately achieving the strategic objectives. For this, levels of acceptable risk are established for each category of significant risks.***

***The Company's risk management policy takes into account the relationship between the risks of different categories. To assess their overall impact on its activities, the Company applies a uniform approach to assessing financial, operational and other risks.***

***The key objectives of the Company's risk management policy are:***

***- ensuring compliance with the requirements of good corporate governance practices, in accordance with which the Company shall pay special attention to the accounting, monitoring, management and proper disclosure of risks in this area;***

***- preventing the situations threatening the Company's strategic goals and providing appropriate protection;***

***- ensuring coordination and integration of risk management processes related to various aspects of financial and business activities, with a view to improving overall management efficiency of the Company;***

***The Company's risk management system is interrelated with the process of strategic and operational planning, as well as with the budgeting process, and ensures that the Company's management bodies make the most effective economic decisions.***

***The organizational and legal framework for the operation of the Company's risk management system is the Risk management policy of PJSC “IDGC of the South”, approved by the decision of the Board of Directors dated 01.04.2016 (Minutes No. 182/2016 of 01.04.2016), which defines the main principles for the organization, implementation and monitoring of risk management processes in the PJSC "IDGC of the South".***

***Methodological documents on risk management of PJSC "IDGC of the South" approved by the order of PJSC "IDGC of the South" from 11.08.2015 № 512. The instruction for planning and implementing risk management measures for PJSC “IDGC in the South”, approved by the order of PJSC “IDGC in the South” dated 11.12.2015 No. 777, determines the procedure for the development of annual action plans in the risk management process.***

***Improvement of the system of the internal control and risk management systems***

***The Company secured the owners of key risks which are responsible for quarterly updating of risk and personal responsibility for the organization of risk management process. The risk owners identify and assess risks on a quarterly basis, develop and implement risk management activities, and monitor risks; annual planning of risk management activities. Based on the results of the assessment, the Internal Control and Risk Management Department creates a quarterly report on the key risks, including information on risk classification, risk factors, distribution of integrated risk values for business processes, risk map, data on the most significant risks, their assessment, management activities risks, information on the implementation of risks, conclusions and proposals for further monitoring and control of the risks.***

***The risk management plan of measures is approved by the Management Board of the Company. The report on key risks is considered quarterly at the meetings of the Board meeting of the Company.***

***The report on key risks for the six months and a year is considered by the Strategy, Development, Investment and Reform Committee of the Board of Directors of PJSC “IDGC in the South” and the Board of Directors of the Company. This allows the shareholders and management of the Company to receive information about the most significant risks in the context of the main business processes, control the level of the Company's risks, monitor the risk management activities, and integrate information on the Company's key risks with the purpose of further risk management decisions. The Company's operating units in accordance with their functional responsibilities carry out current monitoring through the existing local regulatory documents.***

### 2.4.1. Industry risks

***In accordance with the current legislation, the provision of services for the transmission of electrical energy and the technological connection of electricity consumers to electric grids are regulated activities. Thus, the revenue of PJSC "IDGC of the South" and the fulfillment of obligations relating to securities depend on the rates approved by the regulatory bodies.***

***By the order of Minenergo of Russia of 30.11.2017 №1139, the guarantee supplier status of Elista (Republic of Kalmykia) was assigned to the PJSC "IDGC of the South" up to the effective date of the resolution of the guarantee supplier status to the winner of the tender. The business of the guaranteeing supplier of electric power selling is subject to state regulation in the retail market of electric power.***

***Thus, the revenue of PJSC "IDGC of the South" and the fulfillment of obligations relating to securities depend on the rates approved by the regulatory bodies.***

***The main industry (regulatory) risks are:***

***- the instability of legislation in the electricity sector, which is reflected in frequent changes in the existing regulatory framework, the issuance of new legislation;***

***- the emergence of a shortage of funds to finance costs and development associated with state policy aimed at curbing the growth of rates for the transmission of electricity through regional networks;***

***- decrease in the market share of the Company due to the termination of lease contracts for the facilities of the power grid complex of PJSC FGC UES (the "last mile") and the transition of consumers of electricity transmission services to direct settlements with JSC "FGC UES". According to the provisions of the Federal Law No. 35-FZ of March 26, 2003 "On Electric Power Industry", the "last mile" agreements have been terminated in the Astrakhan Region since 01.01.2014 and in the Volgograd and Rostov regions since 01.07.2017 which had a significant impact on the Issuer's activities;***

***- decrease in market share of PJSC "IDGC of the South" due to the aggressive market strategy of some related network organizations. The latter create a technological opportunity to connect new consumers to their networks, including networks of PJSC "FGC UES" (UNPG);***

***- outrunning growth of required gross proceeds of other territorial grid organizations (TGOs), the increase in the number of other TGO, in the conditions of containment of rates leads to regional redistribution of the required gross proceeds;***

***- outrunning growth of the purchase price rises of electric energy from the wholesale market and sales markups of guaranteeing suppliers in comparison with rates for services in transfer of electric energy;***

***- incorrect demand forecasting for electricity and new accessions, resulting from the lack of a system for planning the development of territories at the level of municipalities and subjects of the Russian Federation.***

***The following measures are undertaken to reduce risks:***

***- the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***

***- interaction with the Executive authorities of subjects of the Russian Federation in state regulation of tariffs to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***

***- the conduction of systematic work to reduce own costs and optimize the investment program;***

***- if necessary, the submission of applications for pretrial review of disputes with executive authorities of the subjects of the Russian Federation in the area of government control of tariffs in the Federal Anti-monopoly Service, as well as applications to the arbitration court (commercial disputes court) or court of general jurisdiction concerning issues related to tariff regulation.***

***- the instability of legislation in the electricity sector, which is reflected in frequent changes in the existing regulatory framework, the issuance of new legislation;***

***- the emergence of a shortage of funds to finance costs and development associated with state policy aimed at curbing the growth of rates for the transmission of electricity through regional networks;***

***- decrease in the market share of the Company due to the termination of lease contracts for the facilities of the power grid complex of PJSC "FGC UES" (the "last mile") and the transition of consumers of electricity transmission services to direct settlements with JSC "FGC UES". In accordance with the provisions of the Federal Law dated March 26, 2003 №35-FZ "On Electric Power Industry" the contracts of the “last mile” were canceled in Astrakhan Oblast (region) on January 1, 2014, that had a significant impact on the Issuer's activities. The lease contracts of United National Electrical Grid (UNEG) facilities were extended in Volgograd and Rostov Oblast (regions) to July 1, 2017, with simultaneous introduction of an extra level of voltage HV1;***

***- decrease in market share of PJSC "IDGC of the South" due to the aggressive market strategy of some related network organizations. The latter create a technological opportunity to connect new consumers to their networks, including networks of PJSC "FGC UES" (UNPG);***

***- outrunning growth of required gross proceeds of other territorial grid organizations (TGOs), the increase in the number of other TGO, in the conditions of containment of rates leads to regional redistribution of the required gross proceeds;***

***- outrunning growth of the purchase price rises of electric energy from the wholesale market and sales markups of guaranteeing suppliers in comparison with rates for services in transfer of electric energy;***

***- the inaccurate electric power demand forecasting and new connections resulting from the lack of territory development planning system at the level of the municipalities and subjects of the Russian Federation;***

***The following measures are undertaken to reduce risks:***

***the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***

***interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***

***interaction with regional regulators, the Federal Tariff Service, the Ministry of Energy of the Russian Federation to compensate for the falling income of branches of PJSC “IDGC in the South”, related to the implementation of the provisions of the Federal Law of March 26, 2003 №35-FZ "On Electric Power Industry" with respect of the lease contracts of UNPG facilities ("last mile");***

***carrying out systematic work to reduce own costs and optimization of the investment program.***

***Operational risks***

***Depreciation of fixed assets may lead to negative changes in the industry, such as reduced energy supply reliability. The Company, in order to reduce these risks, reconstructs existing and construction of new electric grids, as well as the technical re-equipment of fixed assets.***

***From this group of risks we can distinguish the following industrial and technical risks:***

***the risk of passage to operating regime with forced (maximum permissible) flows of electric power in interconnected systems;***

***- risk of a one-time sudden increase in the load beyond planned in connection with natural disasters;***

***the technical risks connected with equipment operation that were caused by such factors as equipment operation with limit deviations from regulatory and engineering requirements, errors committed by operational personnel, violations of the dispatch schedule and discipline.***

***The Company activities for the reduction of these risks are as follows:***

***analysis of probable risk situations with the aim of predicting the occurrence of risks during the implementation of the production program and taking measures of protection against their influence;***

***the commercial insurance of property, hazardous production facilities, transport vehicles, civil responsibility, and health and accident insurance;***

***the carrying out of measures on the improvement of electric power system reliability, including the measures carried out at the expense of the continuous replenishment of fuel, spares and materials.***

***Expected actions of the Issuer in case of changes in the industry:***

***The following measures are undertaken to reduce risks:***

***- the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***

***- interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***

***interaction with regional regulators, the Federal Tariff Service and the Ministry of Energy of the Russian Federation in the area of compensation for shortfall in the incomes of the branches of PJSC “IDGC in the South”, related to the implementation of the provisions of the Federal Law of March 26, 2003 №35-FZ "On Electric Power Industry" with respect of the lease contracts of UNPG facilities ("last mile");***

***- the conduction of systematic work to reduce own costs and optimize the investment program;***

***- if necessary, filing applications for pre-trial consideration of disputes with executive authorities of the subjects of the Russian Federation in the field of state regulation of tariffs to the Federal Antimonopoly Service.***

***Risks connected with possible change of prices for the raw materials, services used by the Issuer in its activities (separately on the domestic and external markets) and their influence on the Issuer's activities and execution of obligations under securities.***

***The main activities of the Issuer include the transportation of electricity through networks that are not related to the Unified national (all-Russian) energy grid (UNPG).***

***The implementation of the specified activities associated with the procurement of material and technical resources and use of outsourced services for repair, maintenance and construction of own electric networks.***

***The probability of price increase is primarily associated with inflation. Significant increase in prices for material and technical resources and outsourced services will require adjustments to planned expenditures, and changes in plans for the implementation of investment programs.***

***In order to minimize these risks, the Issuer carries out the purchase of material and technical resources and the selection of service providers through the conduct of competitive and regulated procurement of raw materials, production and other services.***

***Risks related to possible change of prices for products and/or services of the Issuer (separately at internal and external markets) and their influence on the Issuer's activities and execution of obligations under securities.***

***The main income of the issuer is the receipt of funds from the payment for services for the transmission of electrical energy and technological connection. The company's activity as subject***

***of natural monopoly is associated with the risk of incorrect state tariff regulation. Currently, the executive authorities in the field of tariff regulation (TR) do not take into account or take into account incomplete volume of tariff decisions of PJSC “IDGC in the South”.***

***To minimize these risks, the Issuer conducts permanent work with regional tariff authorities in order to approve a justified level of tariffs and introduce new, progressive tariff-setting methods. However, the issuer's sphere of influence on decision-making by federal and regional executive authorities is limited and the issuer can not guarantee that actions aimed at overcoming the negative changes that have occurred can lead to a correction of the situation.***

***The influence of a possible deterioration of the situation in the Issuer's industry for the fulfillment of the issuer's obligations on securities is estimated as moderate, the Issuer will take the measures specified in this clause.***

***The following measures are undertaken to reduce risks:***

***- the participation of "IDGC of the South" PJSC in the development of new standard regulations and amendments to the current legal acts having higher priority for the organization of the electric power distribution grid complex;***

***- interaction with regional regulatory bodies to defend the position on the need for outstripping growth of expenses of PJSC “IDGC in the South” as a strategic company of the region;***

***- interaction with regional regulators, the Federal Tariff Service, the Ministry of Energy of the Russian Federation to compensate for the falling income of branches of PJSC “IDGC in the South”, related to the implementation of the provisions of the Federal Law of March 26, 2003 №35-FZ "On Electric Power Industry" with respect of the lease contracts of UNPG facilities ("last mile");***

***- carrying out systematic work to reduce own costs and optimization of the investment program.***

***There are no risks associated with price changes in external markets, as the issuer does not provide export services. The Issuer operates in the foreign market, in this connection the description of branch risks in a foreign market in this sub clause is not provided in their absence.***

### 2.4.2. Country and Regional Risks

***Risks connected with political and economic situation in the country and region where the Issuer is registered as a taxpayer and/ or carries out its primary activity.***

***The Company is registered in Rostov-on-Don and carries out productive activity in the territories of Astrakhan Oblast, Volgograd Oblast and Rostov Oblast, as well as the Republic of Kalmykia.***

***The specified regions are politically stable and risk of military conflicts and emergency situation is low. However, there is a risk of terrorist acts and the Company takes measures that minimize this risk and ensure safe production.***

***The social situation in the named regions may be characterized as stable, without pronounced ethnic conflicts or religious extremism, and enables to fulfill economic activities with minimum social and political risks.***

***Expected actions of the Issuer in case of negative impact of the changes of the situation in the country (countries) and region on the Company’s operation are as follows:***

***In the case of destabilization of political and economic situations in Russia or in a separately taken region which can negatively affect activity of the Issuer, the latter will take a number of actions on crisis management with the aim of maximum reduction of the negative impact of the situation at PJSC "IDGC of the South", including the reduction of production costs and other expenditures, reducing investment plans.***

***Risks connected with possible military conflicts, strikes or announcement of the state of emergency in the country or the region where the Issuer is registered as a taxpayer and/ or carries out its primary activity.***

***Probability of military conflicts or the announcement of the state of emergency in the Issuer’s operating country and regions is low. In the event of possible military conflicts, the issuer bears the risks of disabling its fixed assets.***

***Risks related to geographical features of the country and region where the Issuer is registered as taxpayer and/or carries out core activity, including heightened danger of natural disasters, possible interruption of transport communication in connection with remoteness and/or inaccessibility, etc.***

***The risks associated with the geographical characteristics of the areas in which the issuer operates may include the risk of loss due to adverse weather conditions. The Issuer’s activities to reduce the impact of these risks are limited to the development of electric power transmission lines with regard to specific weather features in the regions, as well as insurance against corresponding risks.***

***Regions in the territory of which the issuer operates are characterized by a developed transport infrastructure and are not exposed to the risks associated with the termination of transport communication due to remoteness and / or inaccessibility.***

### 2.4.3. Financial risks

***Risks caused by interest rate and foreign currency exchange rate changes arising from the Issuer’s activity or hedging practiced by the Issuer for the purpose to decrease the negative consequences resulted from the impacts of the above risks.***

***Due to the fact that PJSC "IDGC of the South" actively uses borrowed funds in its activities, the Company's activity is subject to the changes of the interest rate risk. However, only a substantial increase in interest rates may limit the pace of development of the Company's activities.***

***Due to the fact that the Company's assets and liabilities are denominated in rubles, IDGC of the South, PJSC is almost not subject to the risk of changes in foreign currency exchange rates.***

***To minimize the service costs of debt portfolio, the Company selects financial institutions to render financial services through single stage open tender or public auction held in compliance with the procedures established by laws of the Russian Federation, as well as carries out persistent monitoring of debt capital market and, if applicable, debt restructuring.***

***The Issuer, in the course of business activity, does not use hedging as a tool for financial risk management.***

***Exposure of the issuer's financial condition, its liquidity, sources of financing, performance results, etc. change in the exchange rate (currency risks).***

***Assets and liabilities of the Issuer are nominated in national currency. In this regard the financial condition of the Issuer, its liquidity, sources of financing, results of activities depend little on the exchange-rate changes. Moreover, the Issuer carries out its activity only in the internal market of the Russian Federation and does not plan to operate in the foreign markets, thereby the impact of national currency exchange rate changes to foreign currencies (US Dollar, Euro) variations on the Issuer’s financial state is estimated as inconspicuous.***

***Liquidity risks - the probability of loss due to the lack of funds in the required time and, as a consequence, the inability of the Company to meet its obligations. The occurrence of such risk event may entail fines, penalties, damage of business reputation of PJSC “IDGC of the South”, etc.***

***The liquidity risk management is carried out by the PJSC "IDGC of the South" by cash flow planning, analysis of planned and actual cash flows in general for PJSC "IDGC of the South" and in the context of branches, availability of credit lines by ensuring the availability of concluded credit agreements in the form of overdrafts. Emerging problems with absolute liquidity are solved by attracting loans and loans, as well as by prioritizing payments.***

***Supposed actions of the Issuer in case of negative influence of changes in the exchange rate and interest rates on the issuer's activity.***

***The Issuer is subject to the risk of interest rate change. With the growth of interest rates, interest payments for the use of loans from commercial banks increase, and, accordingly, the Company's profit decreases.***

***In case of significant adverse changes in interest rates, the issuer will be guided by the attraction of short-term borrowings.***

***In case of the negative impact of exchange rate change on the financial and economic activity the Issuer plans to perform the analysis of the risks and adopt a corresponding decision in each particular case.***

***Influence of inflation on the payments under securities. Inflation values that are considered critical by the Issuer, as well as the prospective actions of the Issuer on the specified risk reduction. The current level of inflation does not have a significant impact on the financial situation of the issuer. In accordance with predicted values of inflation they shall not substantially influence the Issuer’s payment-worthiness, including payments on securities.***

***The risk of inflation influence may occur, when the financial incomes of "IDGC of the South", PJSC devalue with regard to real purchasing power faster, than they grow nominally. Inflation escalation may result in the Company’s expenditure growth (at the expense of the rise of prices for fixed assets, materials, work and services of outside organizations), and, consequentially, the Company's profits and operating profitability reduction, as well as rise in the prices of borrowed assets that in its turn will result in the shortage of current assets.***

***In the Issuer's opinion, the inflation rate that is significantly higher than the annual growth rate of tariffs for electricity transmission services will be a critical inflation rate.***

***In the case of rapid development of inflation, the Company intends to pay special attention to increasing the turnover of current assets, first of all, by reducing inventories, and also to review existing contractual relations with consumers in order to reduce the turnover of receivables.***

***Financial reporting indicators that are to the utmost subject to changing at the result of the influence of above mentioned financial risks. Risks, probability of their formation, and behavior of changes in reports.***

***The greatest effect in the financial statements of the Issuer as a result of occurrence of these risks is subject to a rate of receivables arising from economic failure of counterparties to pay for services of the Issuer. Probability of this risk formation is low and is connected to overall situation in the country, inflation, and exchange rate alteration, as well as the effect of these factors on Russian economy in general. The deterioration of the economic situation in Russia may also affect the growth of costs for electricity transmission on the Issuer's electrical grids, and it will lead to a reduction in profits, if current tariffs are maintained.***

### 2.4.4. Legal risks

***Currently, the Company is involved in court disputes with the participation of last resort suppliers of electric power (related to the zones of activity of the Company branches). Adverse result of such processes carries the risk of additional losses incurred by the Issuer that are associated with the need to pay for the additional amount of electric power consumed for the purposes of compensation for losses in electrical power grid facilities.***

***The additional financial burden can be and the negative results of consideration by courts of cases involving the recovery of sums of legal and contractual penalties on executed in violation of the payment terms of the supply agreement, contract, rendering of services.***

***Legal risks management is based on optimizing the process of legal execution of documents and monitoring of the Company's activity. To reduce legal risks any business processes of the Company subjected to risks shall pass obligatory legal examination, also the ongoing monitoring of changes in existing legislation and court practice shall be performed. The Issuer (as well as all joint-stock companies operating in the territory of the Russian Federation) is (are) subject to a legislative risk (change of federal laws, government rules and regulations regulating economic relations).***

***Risks inherent in changes in foreign exchange legislation.***

***Risks inherent in foreign exchange legislation changes will not have influence on the Issuer’s activity, because the Issuer does not carry out any activities and does not intend to carry out activities outside the Russian Federation.***

***Risks inherent in tax law changes.***

***Tax risks may have following manifestations: the possibility of introducing new types of taxes and fees; the probability of current tax rates increase; the extension of tax basis; the change of terms and procedure of tax payment, and also submission of tax reporting. A change in the tax legislation, in terms of increasing tax rates or changing the procedure and timing of the calculation and payment of taxes (fees), may lead to a decrease in the net profit of the issuer, which in turn may lead to a decrease in the amount of dividends paid.***

***To minimize the risks of improper tax assessment and/ or payment caused by ambiguous treatment of tax legislation, the Company's staff continuously works on optimizing the patterns of taxation base calculation in strict adherence to the current legislation of the Russian Federation.***

***Risks inherent in changes in the rules of customs control and duties.***

***Changes in the rules of customs control and duties do not bear any risks for the Issuer’s activity, since the Issuer does not plan to export services outside the Russian Federation.***

***Risks connected with change of requirements on licensing the primary activity of the Issuer or licensing of rights to use objects whose presence in circulation is limited (including natural resources).***

***Change of the requirements for licensing main activities of the Company may lead to increase in term of preparation of documents necessary for renewal of licenses, as well as the need for compliance with the requirements. However, in general this risk shall be considered insignificant, except for the cases when the requirements stipulated for the renewal of license or for carrying out the activities subject to licensing that the Company will not be able to meet or if the compliance to such requirements will be associated with excessive costs that may lead to the termination of this type of activity.***

***In case of the alteration of legal regulations controlling licensing, the Company will follow the legal regulations of new legislation.***

***Risks inherent in the changes in court practice concerning the Issuer's activity related issues (including licensing issues) that may negatively affect the results of its activity, as well as the results of ongoing court proceedings with the participation of the Issuer. Despite the fact that there is no case law in the Russian Federation, judicial practice is of no small importance in the law enforcement system. Though judicial acts are not considered the sources of the legal system in the literal sense, in certain cases presume the compulsion of the interpretation of the legal regulations that shall be applied. Judicial acts are used to correctly understand and apply the rules of law.***

### 2.4.5. Risk of loss of business reputation (reputation risk)

***The formation of default risk because of the Issuer's losses resulting from the reduction of the Issuer's customers (counterparties) number as a consequence of the formation of negative vision of the Company's financial stability, financial standing, quality of its products (work, services) or the nature of its activity in general. The reputation risk management is carried out by the Company in order to reduce possible losses, preserve and maintain the company's business reputation before customers and contractors, shareholders, state authorities and local self-government.***

***The formation of reputation risk may be conditioned by the following internal and external factors:***

**• *The failure of Company to comply with the legislation of the Russian Federation, the constituent and internal documents of Company, the customs of business, the principles of professional ethics, and the failure to perform contractual obligations before the parties,***

**• *the appearance of a conflict of interests with contractors and employees, including the occurrence of complaints, lawsuits with counterparties and the application of measures of impact by bodies of regulation and supervision,***

**• *faults in the management of industry risks of the Company, leading to the possibility of damage to business reputation. The Company's realization of risky policies credit, investment and market, and a high level of operational risk,***

**• *Publication of negative information about the Company or its employees, founders and members of the management bodies in the mass media.***

***In order to minimize reputation risks, the Company carries out the following activities:***

***- the formation of the official position of the Company, its publication on the official website, the organization of press conferences and briefings with the management of the company in the mass media, publication of information in social media sites with the further discussion of the publications as it is necessary for the Company;***

***- demonstration of openness and willingness to dialogue with the mass media;***

***- preparation and coordination of responses to mass media queries;***

***The following measures are undertaken to reduce reputation risks:***

***- daily maintenance of the Company's presence in the media space***

***- constant interaction with editors and leading journalists of key media for timely information, information exchange***

***- the daily monitoring of mass media and social media sites***

***- preparation and coordination of responses to mass media queries***

***- implementation of press tours and events***

***- the publication on the official website of the Company, in the mass media, social networks of an information forming a positive information background about the results of activities and plans of the company, including implementation of programs to prevent third-party injuries at power facilities, reduction of accounts receivable, as well as accessibility and transparency of the technological connection process (informing about the actions for increasing the territorial accessibility of COP/COK/PRP service "consumer's Day", to popularize on-line resources for the receipt of applications for technological connection).***

***- initiation in the social networks of active discussions/discussions among bloggers/moderators of opinions in the required company on topics related to the activities of the Company***

### 2.4.6. Strategy risk

***The risk of the infliction of losses to the Issuer as a result of errors (defects) committed by making decisions that determine the strategy of the Issuer's activity and development (strategic management) and that are reflected in the failure to take into account possible hazards that may threaten the Issuer's activity, incorrect or ill-founded definitions of business opportunities, when the Issuer may achieve advantages over competitors, as well as the lack or incomplete provision with necessary (financial, material, or human) resources and organizational measures (management decisions) that shall ensure the achievement of the strategic objectives of the Issuer's activities.***

***In accordance with Electric Power Grid Complex Development Strategy of the Russian Federation (approved by the Decree of the Russian Federation Government of April 3, 2013 №511-r) the main objective (mission) of the electric grid complex is long-term provision of reliable, high-quality and affordable power supply to consumers of the Russian Federation.***

***Thus, the Company's strategic risks are risks that affect the likelihood of the Company achieving a long-term reliable, high-quality and affordable energy supply to consumers of the Russian Federation.***

***Factors of strategic risks are as follows:***

***- the wear of the components of electrical grids;***

***- reduction of the level of technological safety and labor protection;***

***- threats of a terrorist nature.***

***In order to manage strategic risks and prevent the realization of a given risk, the Company carries out a package of measures, including the following major measures:***

***- the implementation of investment and repair programs to renovate electrical power grid complex;***

***- the implementation of programs to improve the management system of occupational safety;***

***- the conduction of counter-terrorism training at the Company's facilities and the installation of technical security equipment according to the approved IRP.***

***The Company estimates the probability of occurrence of these risks as low.***

### 2.4.7. Risks related to the issuer’s operations

***Risks peculiar only to the Issuer or related to the Issuer's primary financial and economic activities.***

***Occupational safety and health risks.***

***Specific activity in the Company assumes the presence of serious professional training of personnel, including in the field of labor protection.***

***Accidents at work threaten the health and life of people, may cause the suspension of work, property damage. To reduce the risks of personnel injuries, the Company follows the principles of the corporate "Health and Safety Policy" approved by the Board of Directors of PJSC "IDGC of the South".***

***In the Company, work is constantly carried out to train and improve the qualifications of personnel, occupational safety specialists-instructors and employees are trained in safe methods and methods of work, testing knowledge and requirements for labor protection, emergency and fire fighting training, duplication and other forms of work with personnel, regulated current legislation. Along with the mandatory forms of work with personnel, the study of advanced domestic and foreign experience in improving the system of labor protection and its implementation in the subdivisions of PJSC "IDGC of the South" is being conducted.***

***In order to implement obligations in the sphere of labor protection taken by the Company, it follows principals and requirements of international standard OHSAS-1800-200 7 Occupational Health and Safety Management Certification, as well as the requirements of the local normative acts that are in force at the "IDGC of the South", PJSC***

***Policies in the field of health and safety at work;***

***Standard "Hazard identification and risk assessment in the field of health and safety at work";***

***"Planning in the Sphere of Health Care and Occupational Safety" corporate standard.***

***Annually, the Board of Directors approves the current year Program in the Reduction of Personnel Accident Risks that contains the major measures, including expensive measures that are directed at the injury prevention of the personnel of "IDGC of the South", PJSC.***

***Risks associated with current law proceeding with the participation of the Issuer.***

***Currently, the Issuer participates in a number of court disputes initiated by lawsuits filed by territorial grid organizations on the recovery of unjust enrichment. The adoption of the negative court decisions carries the risk of shortfall in the incomes, the amount of which may significantly affect the Issuer's financial and economic activity.***

***In addition, the strengthening of this type of court practice will allow other contractors of the Company using similar mechanisms to raise such claims related to subsequent periods and electrical power grid facilities.***

***The Company is involved in court disputes with the participation of last resort suppliers of electric power (related to the zones of activity of the Company branches). Adverse result of such processes carries the risk of additional losses incurred by the Issuer that are associated with the need to pay for the additional amount of electric power consumed for the purposes of compensation for losses in electrical power grid facilities.***

***The additional financial burden can be and the negative results of consideration by courts of cases involving the recovery of sums of legal and contractual penalties on executed in violation of the payment terms of the supply agreement, contract, rendering of services.***

***Risks inherent in the inability of the Issuer’s license renewal for a certain type of activity or use of facilities limited in circulation (including natural resources).***

***Risks inherent in the inability to extend the Issuer’s license for a certain type of activity or the use of facilities limited in circulation (including natural resources) do not appear at present, save for the cases, when for the sake of a license renewal or carrying out an activity that will be subject to licensing some requirements will be stipulated that the Issuer will not be able to meet.***

***Thus, risks connected with re-licensing are estimated as low.***

***Risks connected with the possible responsibility of the issuer for the debts of third parties, including the issuer's subsidiaries.***

***Currently, the Issuer is not responsible for the debts of third parties.***

***Responsibility for the debts of subsidiaries may occur if the issuer, by its instructions binding on the subsidiary, leads such a company to losses or bankruptcy. However, the Issuer shall make every effort to prevent the occurrence of such situation, because it would be contrary to the principal goal of the Company's activity, i. e. gaining of profit.***

***Risks inherent in the potential liability of the Issuer for third parties' debts are estimated by the Issuer's management as low.***

***The risks associated with the possibility of losing customers, which account for no less than 10 percent of the total proceeds from the sale of products (works, services), are estimated by the issuer's management as insignificant.***

# Section III. Detailed Information on the Issuer

## 3.1. History and Development of the Issuer

### 3.1.1. Issuer’s corporate name (name):

Full company name of the issuer: ***Public joint-stock company “Interregional Distribution Grid Company of the South”***

Date of introduction of current full company name: ***01.07.2015***

Abbreviated legal name of the issuer: ***PJSC “IDGC in the South”***

Date of introduction of abbreviated company name: ***01.07.2015***

***The full or abbreviated corporate name of the Issuer (name for a non-profit organization) is similar to that of another legal entity***

Names of such legal entities:

***"Interregional Distribution Grid Company of the Center and Volga Region" Public Joint Stock Company ("IDGC of the Center and Volga Region", PJSC);***

***Public Joint-Stock Company "Interregional Distribution Grid Company of Volga" (PJSC "IDGC of Volga");***

***Public Joint Stock Company "Interregional Distribution Grid Company of Center" (PJSC "IDGC of Center");***

***Public Joint Stock Company "Interregional Distribution Grid Company of the North Caucasus" (PJSC "IDGC of the North Caucasus");***

***Public Joint Stock Company "Interregional Distribution Grid Company of Siberia" (PJSC "IDGC of Siberia");***

***Public Joint Stock Company "Interregional Distribution Grid Company of the North-West" (PJSC "IDGC of the North-West").***

Explanations necessary to avoid confusion of these names:

***in order to avoid confusion of the indicated names, it is necessary to pay special attention to the component of the full and abbreviated names of these organizations, indicating the regions of their location - the Center, the Center and the Volga Region, the Volga, the North Caucasus, Siberia, the North-West.***

All previous names of the Issuer over the course of its existence

Full corporate name: ***Open Joint-Stock Company “Interregional Distribution Grid Company of the South”***

Abbreviated company name: ***OJSC “IDGC in the South”***

Effective date of the name: ***28.06.2007***

Reason for introduction of the name:

***Directions of OJSC RAO “UES of Russia” dated 22.06.2007 №192р.***

### 3.1.2. State registration of the issuer

The principal state registration number of the legal entity: ***1076164009096***

State registration date: ***28.06.2007***

Name of registering authority: ***Inspectorate of the Federal Tax Service in Leninskiy district, Rostov-on-Don***

### 3.1.3. Information on the issuer's establishment and development

***There were no changes in the information contained in this section of the Quarterly Report***

### 3.1.4. Contact information

Location of the issuer

***Rostov-on-Don, Russian Federation***

The issuer's address specified in the unified state register of legal entities

***49, Bolshaya Sadovaya St., Rostov-on-Don, Russian Federation 344002***

Tel: ***(863) 238-58-95; (863) 238-54-64***

Fax: ***(863) 238-55-65***

Email address: [***office@mrsk-yuga.ru***](mailto:office@mrsk-yuga.ru)

The address of the page (pages) on the Internet where (at which) the available information about the Issuer, issued and/or its securities: ***www.mrsk-yuga.ru;***[***http://www.e- disclosure***](http://www.e-disclosure)***. ru/portal/company.aspx ?id=l 1999***

The name of a special unit of the Issuer for work with shareholders and investors of the Issuer:

***The corporate management Department and interaction with shareholders of JSC "IDGC of the South"***

Location address of the unit: ***Russian Federation, Rostov-on-Don, 2-nd Krasnodar str., 147, cab. 325.***

Tel: ***(863)307-08-38***

Fax: ***It does not have any fax***

Email address: [***pavlovaen@mrsk-yuga.ru***](mailto:pavlovaen@mrsk-yuga.ru)

***It does not have any web-page.***

### 3.1.5. Taxpayer identification number.

***6164266561***

### 3.1.6. Branches and representative offices of the issuer

*There were no changes in branches and representative offices of the issuer in the reporting quarter.*

## 3.2. Principal economic activity of the Issuer

### 3.2.1. Main types of economic activity of the Issuer

Code of economic activity, which is the Issuer's primary

|  |
| --- |
| OKVED codes |
| 35.12 |
|  |
|  |
| OKVED codes |
| 35.13 |
| 70.22 |
| 70.10.2 |
| 61.10.1 |

### 3.2.2. Principal economic activity of the Issuer

***Not subject to presentation in the report for the 4th quarter***

### 3.2.3. Issuer’s supplies, goods (raw materials), and suppliers

***Not subject to presentation in the report for the 4th quarter***

### 3.2.4. Marketing outlets for the issuer’s products (work, services)

***The main activity of the Issuer is provision of services for electric power transmission and services on technological connection of power receiving devices (power installations devices) legal and physical persons to electric networks.***

***PJSC "IDGC of the South" unites distribution network complexes of 4 subjects of the Russian Federation: Republic of Kalmykia, Astrakhan, Volgograd and Rostov regions.***

***Its core activities the Issuer carries out in conditions of natural monopoly regulated by the state in terms of establishment of tariffs for services on electric power transmission and services on technological connection of consumers to electric networks. Taking into account the growing demand for electricity in the regions where the company is present, the issuer pays considerable attention to the development, reconstruction and increase of the transmission capacity of electric grid facilities, studies issues related to the consolidation of the electric grid assets of other TGO, expecting in the future to increase the volume of services for electricity transmission.***

***Consumers of power transmission services of branches of IDGC of the South, JSC are subjects of wholesale and retail electricity markets. According to the reported data for the 4th quarter of 2017, the Company has previously concluded contracts for the provision of electric power transmission services, including 6 contracts with last resort suppliers (LRS), 45 contracts with independent electric power sales companies, 917 direct contracts with consumers, and 61 contracts with territorial grid organizations. 94.55% of the total number of the contracts concluded by "IDGC of the South", PJSC are revenue agreements.***

***Market share of electric power transmission services to the ultimate consumers of electric power in the territory of the presence of "IDGC of the South", PJSC in the 4th quarter of 2017***

|  |  |
| --- | --- |
| Branch name | Market share, % |
| IDGC of the South, PJSC |
| “Astrakhanenergo” | 90,62% |
| “Volgogradenergo” | 56,92% |
| “Kalmenergo” | 100,00% |
| “Rostovenergo” | 22,45% |
| **Market coverage in the territory of the presence of IDGC of the South, PJSC** | 43,93% |

Factors that can adversely affect the issuer’s sales of goods (works, services) and steps that may be taken by the issuer to mitigate such impact

***In terms of the services rendered by the issuer for electric power transmission, the volume of services can be reduced as a result of the reduction of electricity consumption by existing enterprises (recession of production).***

### 3.2.5. Issuer’s permits (licenses) or authorizations for the certain types of works.

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01548 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground sanitary water abstraction***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2032***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01550 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Extraction of groundwater for domestic and industrial needs, watering of green plantations at the substation "Danilovka"***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2034***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01540 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Extraction of groundwater for domestic and industrial needs, watering of green plantations***

The date of issue of the authorization (license) or admission to separate kinds of work: ***16.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 01549 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction for domestic and drinking needs***

The date of issue of the authorization (license) or admission to separate kinds of work: ***26.05.2008***

The term of validity of authorization (license) or admission to separate kinds of work: ***01.01.2034***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Agency for Subsoil Use of the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***VLG 02041 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Groundwater extraction for technical needs***

The date of issue of the authorization (license) or admission to separate kinds of work: ***06.03.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***21.06.2037***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02227 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at Zavetninsky 2 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***05.10.2010***

The term of validity of authorization (license) or admission to separate kinds of work: ***04.10.2030***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02228 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction in the Volgodonsk 10 site for the technological facility of industry***

The date of issue of the authorization (license) or admission to separate kinds of work: ***05.10.2010***

The term of validity of authorization (license) or admission to separate kinds of work: ***04.10.2030***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02327 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Bolshoyartynovsky 2 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***21.01.2011***

The term of validity of authorization (license) or admission to separate kinds of work: ***20.01.2031***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02414 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective

authorization (license) or admission: ***Underground water abstraction at Klyuchnikovsky 1 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***21.04.2011***

The term of validity of authorization (license) or admission to separate kinds of work: ***20.04.2031***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02024 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Exploration and underground water abstraction for process water supply to industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***01.07.2009***

The term of validity of authorization (license) or admission to separate kinds of work: ***30.06.2029***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02925 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Starostanichny 3 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RCT 02920 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Milyutinskiy 5 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02921 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Tatsinskiy 8 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RTS 02923 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Kolushkinsky section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02922 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Golubinsky 4 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 02924 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at the Kalitvensky 1 section for the technological supply of water to the power facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.04.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.04.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Department for Subsoil Use in the Southern Federal District***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***RST 03017 VE***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Underground water abstraction at Volgodonsk 4 site for technological supply of water to the industrial facility***

The date of issue of the authorization (license) or admission to separate kinds of work: ***30.12.2013***

The term of validity of authorization (license) or admission to separate kinds of work: ***29.12.2033***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Federal Environmental, Technical and Nuclear Inspection Service***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***BX-29-006566***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Industrial and chemical safety of hazardous production facilities of I, II and III class of hazard***

The date of issue of the authorization (license) or admission to separate kinds of work: ***20.09.2017***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Federal Service for Supervision in the Sphere of Telecom, Information Technologies and Mass Communications***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***№120752***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Provision of local telephony services, except for local telephone services using coin-box telephones and sharing capabilities***

The date of issue of the authorization (license) or admission to separate kinds of work: ***06.08.2014***

The term of validity of authorization (license) or admission to separate kinds of work: ***06.08.2019***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: *Self regulating organization* ***NP "ENERGOSTROY"***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***0265.04-2015-6164266561-C-060***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Admission to a certain type of operations or type of operations affecting the capital project safety***

The date of issue of the authorization (license) or admission to separate kinds of work: ***07.09.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Self regulating organization "ENERGOPROEKT"***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***P-0251-04-2010-0262***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***Admission to a certain type of operations or type of operations affecting the capital project safety***

The date of issue of the authorization (license) or admission to separate kinds of work: ***02.09.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***Termless***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Rostov region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665 (GT No. 0073358) dd 13.07.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification as being classified as the information of "Top Secret" of the executive apparatus of PJSC "IDGC of the South".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***13.07.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Rostov region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3724 (GT No. 0073413) dd 16.10.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” - "Astrakhanenergo".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***03.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Volgograd Region***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665/1204-LZ (GT No. 0076599) dd 17.11.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” - "Volgogradenergo".***

The date of issue of the authorization (license) or admission to separate kinds of work: ***17.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

Body (organization) which issued the corresponding authorization (license) or admission to separate kinds of work: ***Office of the Federal Security Service of Russia for the Republic of Kalmykia***

Number of authorization (license) or document, confirming obtaining of admission to separate kinds of work: ***3665/171 (GT No. 0010852) dd 17.11.2015***

Type of activity (works), for implementation (carrying out) of which the Issuer obtained respective authorization (license) or admission: ***A license to carry out the works connected with the use of information constituting a state secret, with security classification authorized for use the information of "Top Secret" of the subsidiary PJSC "IDGC of the South” -"Kalmenergo*".**

The date of issue of the authorization (license) or admission to separate kinds of work: ***17.11.2015***

The term of validity of authorization (license) or admission to separate kinds of work: ***12.07.2020***

### 3.2.6. Information on activities of separate categories of issuers

***The issuer is not a stock investment fund, insurance or lending institution, or mortgage agent.***

### 3.2.7. Additional requirements for issuers whose main activity is mining operations

***The main activity of the Issuer is not mining operations***

### 3.2.8. Additional requirements to be met by issuers, whose primary activity is telecommunication services provision.

***The main activity of the Issuer is not rendering the communication services***

## 3.3. Plans for the issuer’s future activity

***There were no changes in the information contained in this section of the Quarterly Report***

## 3.4. Issuer’s share in banking groups, bank holding companies, holdings and associations

***There were no changes in the information contained in this section of the Quarterly Report***

## 3.5. Entities of substantial importance controlled by the Issuer

***There were no changes in the information contained in this section of the Quarterly Report***

## 3.6. Composition, structure and value of the Issuer's fixed assets, information on plans for the acquisition, replacement, disposal of fixed assets, as well as all facts of encumbrance of the Issuer's fixed assets

***Not subject to presentation in the report for the 4th quarter***

# Section IV. Financial and operating activities of the issuer

## 4.1. Results of the issuer’s financial and operating activities

***Not subject to presentation in the report for the 4th quarter***

## 4.2. Liquidity ratios of the Issuer, capital adequacy ratio and adequacy of net current assets

***Not subject to presentation in the report for the 4th quarter***

## 4.3. Issuer’s financial investments

***Not subject to presentation in the report for the 4th quarter***

## 4.4. Intangible assets of the Issuer

***Not subject to presentation in the report for the 4th quarter***

## 4.5. Information on the Issuer's policies and expenses in the field of scientific and technological development with regard to licenses and patents, and new developments and studies

***Not subject to presentation in the report for the 4th quarter***

## 4.6. Analysis of the Development Trends in the Issuer’s Primary Activity

***There were no changes in the information contained in this section of the Quarterly Report***

## 4.7. Analysis of the factors and terms affecting the Issuer's activity

***There were no changes in the information contained in this section of the Quarterly Report***

## 4.8. Issuer’s competitors

***There were no changes in the information contained in this section of the Quarterly Report***

# Section V. Detailed data on the members of the Issuer's management bodies, the Issuer's bodies supervising its financial and economic activities, and brief data on the Issuer's employees (workers)

## 5.1. Structure and terms of reference for the issuer’s management bodies

***Full description of the structure of the Issuer's management bodies and their competence in accordance with the charter (constitutional documents) of the Issuer:***

***In accordance with Clause 9.1., Article 9 of the Company Charter, the management of the Company includes the following management bodies:***

***General Meeting of the Shareholders of the Company***

***Board of Directors;***

***Management Board;***

***Director General.***

***The General Meeting of Shareholders of the Company is the supreme management body of the Company.***

***In accordance with Clause 10.2., Article 10 of the Company's Charter, the following issues are within the competence of the General Meeting of Shareholders:***

***1) making changes and additions to the Charter or approval of the Charter in a new edition;***

***2) liquidation of the Company, appointment of the Liquidation Committee and approval of the interim and final liquidation balance sheets;***

***3) determination of the number, nominal value, category (type) of authorized shares and the rights granted by these shares;***

***4) increase of the Company's authorized capital by increasing the nominal value of shares or by placing additional shares;***

***5) decrease of the Company's authorized capital by decreasing the nominal value of shares, by acquiring a part of shares by the Company in order to reduce their total number, as well as by paying off shares acquired or repurchased by the Company;***

***6) splitting and consolidation of the Company's shares;***

***7) taking a decision on placement of bonds by the Company convertible into shares and other equity securities convertible into shares;***

***8) determination of the number of members of the Board of Directors of the Company, election of its members and early termination of their powers;***

***9) election of members of the Company's Audit Committee and early termination of their powers;***

***10) approval of the Company's Auditor;***

***11) taking a decision on the transfer of powers of the sole executive body of the Company to the managing organization (manager) and on early termination of its powers;***

***12) approval of the annual report, annual financial statements of the Company;***

***13) 13.1) distribution of profit (including payment (declaration) of dividends, except for profits distributed as dividends for the first quarter, six months, nine months of the reporting year) and losses of the Company based on the results of the reporting year;***

***14) payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting year;***

***15) determination of the rules of procedure of the General Meeting of Shareholders of the Company;***

***16) taking decisions on consent to commit or on subsequent approval of transactions in cases provided for by Article 83 of the Federal Law “On Joint Stock Companies”;***

***17) taking decisions on consent to commit or on subsequent approval of major transactions in cases provided for by Article 79 of the Federal Law “On Joint Stock Companies”;***

***18) taking a decision on participation in financial and industrial groups, associations and other associations of commercial organizations;***

***19) approval of the internal documents regulating the activities of the Company's bodies;***

***20) taking a decision on payment of remuneration and (or) compensation to the members of the Company's Audit Committee;***

***21) taking a decision on payment of remuneration and (or) compensation to the members of the Company's Board of Directors;***

***22) taking a decision on the handling of an application for delisting shares of the Company and (or) equity securities of the Company convertible into its shares;***

***23) solving other issues provided for by the Federal Law “On Joint Stock Companies”.***

***The issues referred to the competence of the General Meeting of Shareholders can not be transferred to the Board of Directors, the Management Board and the Director General of the Company.***

***The General Meeting of Shareholders is not entitled to consider and adopt decisions on issues not referred to its competence by the Federal Law “On Joint Stock Companies”.***

***The Board of Directors of the Company is a collegial management body that controls the activities of the Sole Executive Body of the Company and performs other functions entrusted to it by the law or the Charter of the Company. The Board of Directors of the Company exercises general management of the Company's activities with the exception of resolving issues referred by the Federal Law “On Joint-Stock Companies” and this Charter to the competence of the General Meeting of Shareholders.***

***The following issues fall within the competence of the Board of Directors of the Company in accordance with Clause 15.1., Article 15 of the Company's Charter:***

***1) determination of priority directions of activity and development strategy of the Company;***

***2) convocation of the annual and extraordinary General Meetings of Shareholders of the Company, except for the cases provided for by Paragraph 14.8. of Article 14 of this Charter, as well as the announcement of the date of the new General Meeting of Shareholders instead of the failed due to the absence of a quorum;***

***3) approval of the agenda of the General Meeting of Shareholders of the Company;***

***4) election of the Secretary of the General Meeting of Shareholders of the Company;***

***5) determination of the date for compilation of the list of persons entitled to participate in the General Meeting of Shareholders of the Company, determination the date of drawing up the list of persons entitled to receive dividends, approval of the cost estimate for the General Meeting of Shareholders of the Company and resolution of other issues related to the preparation and conduction of the General Meeting of Shareholders of the Company;***

***6) submitting to the decision of the General Meeting of Shareholders of the Company the issues stipulated by subclasses 2, 5, 7, 8, 12-20 of paragraph 10.2 of Article 10 of this Charter, on the reduction of the Company's charter capital by reducing the nominal value of shares, as well as setting the date on which the persons entitled to receive dividends are determined;***

***7) placement by the Company of additional shares that preference shares of a certain type placed by the Company may be converted into ordinary shares or preference shares of other types, if such placement is not related to an increase in the Company's authorized capital, and also placement of bonds or other equity securities; Issue of Eurobonds and determination of the Company's policy regarding the issue of equity securities (with the exception of shares) and Eurobonds;***

***8) approval of the decision on the issue (additional issue) of securities, securities prospectus and the report on the results of the issue (additional issue) of securities and the notice of the results of the issue (additional issue) of securities, approval of reports on the results of the acquisition of shares from the shareholders of the Company, reports on the results of the redemption of shares, reports on the results of presentation by shareholders of the Company of the requirements for redemption of shares owned by them;***

***9) determination of the price (monetary value) of the property, the placement price or the procedure for determining it, and the price of redemption of equity securities in cases stipulated by the Federal Law “On Joint Stock Companies”, as well as when resolving the issues specified in subclasses 11, 23, 39 of paragraph 15.1.of Article 15 of this Charter;***

***10) acquisition of shares, bonds and other securities placed by the Company in cases stipulated by the Federal Law “On Joint Stock Companies”;***

***11) alienation (sale) of the Company's shares that were placed at the disposal of the Company as a result of their acquisition or repurchase from the Company's shareholders, as well as in other cases stipulated by the Federal Law “On Joint Stock Companies”;***

***12) election of the Director General of the Company and early termination of his powers, including the adoption of a decision on the early termination of the employment contract with him;***

***13) determination of the quantitative composition of the Management Board of the Company, election of members of the Management Board of the Company, establishment of remunerations and compensations paid to them, early termination of their powers;***

***14) recommendations to the General Meeting of Shareholders of the Company on the amount of remuneration and compensation paid to the members of the Company's Audit Committee and determining the amount of the remuneration paid for the services of the Auditor;***

***15) recommendations on the size of the dividend on shares and the procedure for its payment;***

***16) approval of internal documents of the Company that determine the procedure for the formation and use of the Company's funds;***

***17) taking a decision on the use of the Company's funds; approval of estimates of the use of funds for special purpose and consideration of the results of the implementation of estimates for the use of funds for special purpose;***

***18) approval of internal documents of the Company, except for internal documents the approval of which is attributed to the competence of the General Meeting of Shareholders, as well as other internal documents the approval of which is attributed to the competence of the executive bodies of the Company;***

***19) approval of the business plan (adjusted business plan) and consideration of the quarterly report on the implementation of the business plan (for the first quarter, first half, nine months, the reporting year);***

***20) on approval of the investment program, including changes in it, and a quarterly report on the results of its implementation;***

***21) approval (adjustment) of the cash flow control indicators of the Company;***

***22) establishment of branches and opening of representative offices of the Company, their liquidation;***

***23) taking a decision on the Company's participation in other organizations (on joining an existing organization or creating a new organization, including the approval of constituent documents), as well as on the acquisition, alienation and encumbrance of shares and stakes in the charter capitals of organizations in which the Company participates, on the change in the share of participation in the authorized capital of the relevant organization, and the termination of the Company's participation in other organizations, with the exception of the participation decisions stipulated in subclasses 18 of Clause 10.2 of Article 10 of this Charter;***

***24) determination of the credit policy of the Company regarding the issuance of loans by the Company, making credit and loan agreements, issue of guarantees, acceptance of the obligations under the bill (issuing of ordinary and transfer bill), transfer of property as collateral and making decisions on the Company's transactions in the cases when the procedure for taking decisions on them is not determined by the Company's credit policy, as well as taking decisions in accordance with the procedure provided for by the Company's credit policy to bring the Company's debt position into line with the limits established by the Company's credit policy;***

***25) taking a decision on consent to the completion or subsequent approval of major transactions in cases provided for by Chapter X of the Federal Law “On Joint-Stock Companies”;***

***26) taking a decision on consent to commit or on subsequent approval of transactions provided for by Chapter XI of the Federal Law “On Joint Stock Companies”;***

***27) approval of the company's registrar, terms of the contract with him, as well as termination of the contract with him;***

***28) election of the Chairman of the Board of Directors of the Company and early termination of his powers;***

***29) election of the Deputy Chairman of the Board of Directors of the Company and early termination of his powers;***

***30) election of the Corporate Secretary of the Company and early termination of his powers;***

***31) preliminary approval of decisions on the Company's transactions related to the gratuitous transfer of the Company's property or property rights (claims) to itself or to a third party; transactions related to exemption from property obligations to themselves or to a third party; transactions related to gratuitous provision of services (performance of work) to third parties in cases (amounts) determined by separate decisions of the Board of Directors of the Company and making decisions on the Company's performance of these transactions in cases where the above cases (amounts) are not determined;***

***32) taking a decision on the suspension of the powers of the managing organization (manager);***

***33) taking a decision on appointment of the Acting Director General of the Company in cases determined by separate decisions of the Board of Directors of the Company, as well as bringing him to disciplinary responsibility;***

***34) bringing to the disciplinary responsibility of the Director General of the Company and members of the Management Board of the Company and their encouragement in accordance with the labor legislation of the Russian Federation;***

***35) consideration of the reports of the Director General on the activities of the Company (including on the performance of his official duties), on the implementation of decisions of the General Meeting of Shareholders and the Board of Directors of the Company;***

***36) approval of the procedure for interaction of the Company with organizations in which the Company participates;***

***37) determination of the position of the Company (representatives of the Company), including the instruction on participation or non-participation in voting on the agenda items, to vote on the draft decisions “for”, “against” or “abstained” on the following items of agendas of general meetings of shareholders (participants) of subsidiaries and dependent companies (hereinafter — SDCs), and meetings of the boards of directors of SDCs:***

***а) the determination of the agenda of the general meeting of shareholders (participants) of SDCs (with the exception of those SDCs 100 (One hundred) percent of the authorized capital of which belong to the Company);***

***b) the reorganization or liquidation of SDCs;***

***c) the determination of the quantitative composition of the management and control bodies of SDCs, nomination, and election of their members, as well as early termination of their powers, nomination, and election of the sole executive body of SDCs and early termination of its powers;***

***d) the determination of the amount, nominal value, category (type) of the declared shares of SDCs and the rights granted by these shares;***

***e) the increase of the authorized capital of SDCs by increasing the nominal value of shares or by placing additional shares;***

***f) the placement of the securities of SDCs convertible into ordinary shares;***

***g) the fragmentation, consolidation of shares of SDCs;***

***h) on consent to the completion or subsequent approval of major transactions performed by SDCs;***

***i) the participation of SDCs in other organizations (on joining an operating organization or establishing a new organization), as well as on the acquisition, alienation and encumbrance of shares and stocks in the authorized capitals of organizations in which SDCs participate, the change of an owned amount of the authorized shares of or a membership interest in the corresponding organization;***

***j) the performance of transactions by SDCs (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and heat energy in cases (amounts) determined by the procedure for interaction of the Company with the organizations in which the Company participates, approved by the Board of Directors of the Company;***

***k) the introduction of amendments and additions to the constitutional documents of SDCs;***

***l) on determining the procedure for paying remuneration to members of the Board of Directors and the Audit Committee of SDCs;***

***m) the approval of target values of key performance indicators (adjusted target values of key performance indicators);***

***n) the approval of the report on the implementation of the planned values of annual and quarterly key performance indicators;***

***o) on approval of the business plan (adjusted business plan) of SDCs;***

***p) on consideration of the report on the execution of the business plan of SDCs for the reporting year;***

***q) on approval of the distribution of profits and losses based on the results of the reporting year;***

***r) the recommendations on the amount of the dividend on shares and the procedure for its payment;***

***s) on payment (declaration) of dividends based on the results of the first quarter, six months, nine months of the reporting year, as well as the results of the reporting year;***

***t) the discussion of the investment program, including changes in it;***

***u) on the reduction of the authorized capital of SDCs by reducing the nominal value of shares, by acquiring by SDCs of a portion of shares in order to reduce their total number, as well as by paying off shares acquired or repurchased by SDCs;***

***v) the determination of the credit policy of SDCs in terms of issuing loans, concluding credit agreements and loan agreements, issuing guarantees, accepting obligations on a bill (issuing a simple and transfer bill), transferring property as collateral and taking decisions on the performance of SDCs of the specified transactions in cases when the procedure for taking decisions on them is not determined by the credit policy of SDCs, as well as the adoption of decisions on bringing the debt position of SDCs in line with the credit policy of SDCs, in accordance with the limits set by the SDC's credit policy, on approval of the SDC's credit plan, approval of the SDC's Long-term Development Plan, and an updated SDC Long-term Development Plan, reviewing the report on the implementation of the SDC's Long-term Development Plan.***

***38) determination of the position of the Company (representatives of the Company) on the following agenda issues of the meetings of the boards of directors of SDCs (including instructions to take part or not to take part in voting on agenda items, to vote on draft decisions “for”, “against” or “abstained”):***

***а) on the determination of the position of representatives of subsidiaries and dependent companies on the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of subsidiaries and dependent companies in relation to SDCs related to the completion (approval) of transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, objects of construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by the procedure for interaction of the Company with the organizations in which the Company participates, approved by the Board of Directors of the Company;***

***b) on the determination of the position of representatives of SDCs on the agenda of general meetings of shareholders (participants) and meetings of the boards of directors of subsidiaries and dependent companies in relation to SDCs engaged in the production, transmission, dispatching, distribution and sale of electric and heat energy, on reorganization, liquidation, increase of the authorized capital of such companies by increasing the nominal value of shares or by placing additional shares, placement of securities convertible into ordinary shares;***

***39) preliminary approval of decisions on the committing by the Company of:***

***а) transactions the subject of which are non-current assets of the Company in the amount of over 10 percent of the book value of these assets of the Company according to the accounting (financial) statements as of the last reporting date;***

***b) transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***c) transactions (including several interrelated transactions) related to the acquisition, alienation or possible alienation of property constituting fixed assets, intangible assets, construction in progress, the purpose of which is not the production, transmission, dispatching, distribution of electric and thermal energy in cases (amounts) determined by separate decisions of the Board of Directors of the Company, or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***d) preliminary approval of transactions the subject of which is the Company's immovable property, including land plots, as well as objects of unfinished construction in cases determined by separate decisions of the Board of Directors (for example, by determining the size and/or list), as well as any of the above transactions with real estate, including land, as well as objects of unfinished construction, if such cases (size, list) are not determined;***

***e) transactions for a period of more than 5 years for the transfer to temporary possession and use or temporary use of real estate, electric grid facilities or for temporary possession and use or temporary use of real property, in cases (amounts) determined by separate decisions of the Board of Directors of the Company or if the specified cases (amounts) are not determined by the Board of Directors of the Company;***

***40) nomination by the Company of candidates for election to the position of the sole executive body, to other management bodies, control bodies, as well as candidatures of the auditor of organizations in which the Company participates in the production, transfer, dispatching, distribution and sale of electric and thermal energy, as well as repair and service activities;***

***41) determination of the Company's policy in the field of insurance, control over the provision of insurance coverage of the Company, including approval of candidatures of the Company's Insurers;***

***42) approval of the organizational structure of the executive body of the Company and introduction of changes into it;***

***43) approval of candidatures for certain positions of the executive body of the Company, determined by the Board of Directors of the Company;***

***44) approval of the provision on material incentives for the Director General, provisions on material incentives for the Company's top managers; approval of the list of top managers;***

***45) preliminary approval of the collective contract, agreements concluded by the Company within the framework of regulation of social and labor relations, and approval of documents on non-state pension provision for employees of the Company;***

***46) creation of committees of the Board of Directors of the Company, election of members of the Committees of the Board of Directors of the Company and early termination of their powers, election and early termination of the powers of the chairmen of the Committees of the Board of Directors of the Company;***

***47) approval of the appraiser (appraisers) to determine the value of the Company's shares, property and other assets in cases provided for by the Federal Law “On Joint-Stock Companies”, this Charter, as well as certain decisions of the Board of Directors of the Company;***

***48) the approval of nominees for the position of financial adviser engaged in compliance with the Federal Law “On the securities market”, as well as nominees for the positions of organizers of the issue of securities and consultants for transactions directly related to raising funds in the form of public borrowings;***

***49) preliminary approval of transactions that may entail the emergence of liabilities expressed in foreign currency (or liabilities whose value is linked to foreign currency), transactions with derivative financial instruments, in cases and amounts determined by separate decisions of the Board of Directors of the Company, and also if specified cases (amounts) by the Board of Directors of the Company are not defined; determination of the Company's policy with respect to transactions with derivative financial instruments;***

***50) the determination of procurement policy in the Company, including the approval of the Regulation on the procurement of goods, work, and services, the approval of the head of the Central Purchasing Body of the Company and its members, and approval of the purchase plan and other decisions in accordance with the documents approved by the Company that are regulating the procurement activities of the Company;***

***51) the adoption of a resolution on the nomination of the General Director of the Company for national awards;***

***52) approval of target values (adjusted values) of the Company's key performance indicators (KPI) and reports on their implementation;***

***53) the determination of the Company's policy aimed at improving reliability of the distribution complex of electric grids and other electric power grid facilities, including the approval of the Company's strategic programs to improve the reliability of the electric power grid complex, the development of the power grid complex and its security;***

***54) determination of the housing policy of the Company in terms of providing the company's employees with corporate support in improving housing conditions in the form of subsidies, compensation of expenses, interest-free loans and making decisions on the provision of the Company with this support in cases where the procedure for its provision is not determined by the housing policy of the Company;***

***55) application of listing of the Company's shares and (or) equity securities of the Company convertible into shares of the Company;***

***56) taking decisions on the Company's joining industry and inter-industry standards, regulations and other documents in the electric power industry in various areas of the Company's activities, including technical regulation;***

***57) determination of principles and approaches to the organization of internal audit, risk management systems and internal control in the Company;***

***58) assessment of key operational risks (both financial and non-financial risks), as well as establishing an acceptable level of risks for the Company.***

***59) organization of at least once a year analysis and evaluation of the functioning of risk management and internal control systems, including on the basis of reports regularly received from the Company's executive bodies, internal audit and external auditors;***

***60) the discussion of the matters relating to the organization, functioning and efficiency of the risk management and internal control system in the Company held once a year;***

***61) control and organization of internal audit activities, including the approval of the provisions on the internal audit department, in case of attraction for the implementation of internal audit of an external independent organization — the approval of the organization and the conclusion of contract with it; approval of the plan of the internal audit activity, the report on the implementation of the internal audit activity plan and the internal audit budget, approval of the appointment decisions, dismissing decisions, as well as the determination of the remuneration of the head of internal audit, review of the results of the evaluation of the quality of the internal audit function;***

***62) exercising control over the compliance of the activities of the executive bodies of the company with the strategy approved by the Company; hearing reports of the Director General and members of the Management Board of the Company on the implementation of the strategy approved by the Company;***

***63) recommendations to the executive bodies of the Company on any issues of the Company's activities;***

***64) the preliminary approval of one or several interrelated transactions related to the acquisition or the possibility of purchasing by the Company options, bills, investment shares of a mutual investment fund and/or bonds for the amount of more than***

***1,000,000,000 (one billion) RUB;***

***65) the preliminary approval of one or several interrelated transactions of the Company related to the Company's transfer or the possibility of transfer some property in the amount of more than 1,000,000,000 (one billion) RUB under fiduciary management;***

***66) the preliminary approval of one or several interrelated transactions of the Company related to the acquisition or the possibility of obtaining by the Company of bank guarantees for which the Company is the principal for the amount of more than 1,000,000,000 (one billion) RUB;***

***67) the approval of the list of credit institutions where the Company may place its financial funds;***

***68) other issues referred to the competence of the Board of Directors by the Federal Law “On Joint Stock Companies” and the Charter.***

***Issues referred to the competence of the Board of Directors of the Company can not be transferred to the Director General and the Management Board of the Company.***

***The current activity of the Company is managed by the sole executive body — the Director General and the collegial executive body — the Management Board of the Company. The Director General and the Management Board of the Company are accountable to the General Meeting of Shareholders and the Board of Directors of the Company.***

***In accordance with Clause 22.2., Article 22 of the Company's Charter, the following issues are within the competence of the Management Board of the Company:***

***1) development and submission to the Board of Directors of the development strategy of the Company;***

***2) preparation of a business plan (adjusted business plan) and a quarterly report on the implementation of the business plan (for the first quarter, first half-year, nine months, reporting year), and approval (adjustment) of cash (budget) flow of the Company;***

***3) preparation of the Company's annual report, report on the Board's implementation of the decisions of the General Meeting of Shareholders and the Board of Directors of the Company;***

***4) review of reports of the Deputy Directors General of the Company, heads of the Company's separate structural divisions on the results of the implementation of approved plans, programs, instructions, consideration of reports, documents and other information on the activities of the Company and its subsidiaries and affiliates;***

***5) taking decisions on issues within the competence of the supreme management bodies of business entities, 100 (One hundred) percent of the authorized capital of which belongs to the Company (taking into account subclauses 37 and 38 of Clause15.1 of Article 15 of this Charter);***

***6) taking decisions on conclusion of transactions, the subject of which is property, works and services, the value of which is from 1 to 25 percent of the book value of the assets of the Company, according to the accounting (financial) statements for the last reporting date (with the exception of cases specified in subclauses 39, 64-66 of Clause15.1 of this Charter);***

***7) effective risk management within the current activities of the Company; approval of the budget for risk management activities in the Company within the limits agreed by the Board of Directors of the Company; the resolution of cross-functional (performed by several structural divisions) risk management task;***

***8) resolving other issues related to the management of the Company's current activities in accordance with the decisions of the General Meeting of Shareholders, the Board of Directors of the Company, as well as issues submitted by the Director General of the Company to the Board for consideration.***

***The Director General shall manage the Company’s current activities in accordance with the decisions of the General Meeting of Shareholders of the Company, the Board of Directors and the Management Board of the Company adopted in accordance with their competence.***

***The competence of the Director General of the Company includes all issues related to the management of the Company's current activities, with the exception of matters falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.***

***In accordance with clause 23.3., Clause 23 of the Company's Charter the Director General of the Company without a power of attorney acts on behalf of the Company, also, taking into account the restrictions provided for by the current legislation, this Charter and decisions of the Board of Directors of the Company:***

***- ensures the implementation of the Company's business plans necessary for the solution of its tasks;***

***- organizes accounting and reporting in the Company;***

***- disposes of the Company's property, commits transactions on behalf of the Company, issues powers of attorney, opens settlement and other accounts of the Company in banks, other credit organizations (and also in cases provided by law in organizations that are professional participants of the securities market);***

***- issues orders, approves (accepts) instructions, local normative acts and other internal documents of the Company on matters of its competence, gives instructions mandatory for execution by all employees of the Company;***

***- approves the Regulations on the Company's branches and representative offices;***

***- in accordance with the organizational structure of the executive body of the Company, approves the staffing and official salaries of the Company's employees;***

***- carries out, in relation to the Company's employees, the rights and obligations of the employer provided for by labor law;***

***- performs the functions of the Chairman of the Management Board of the Company;***

***- distributes duties between the Deputy Directors General;***

***- not later than 45 (Forty five) days prior to the date of the Annual General Meeting of Shareholders of the Company, submits to the Board of Directors of the Company an annual report, annual accounting (financial) statements, distribution of profits and losses of the Company;***

***- resolves other issues of the Company's current activities, with the exception of matters falling within the competence of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.***

***The Issuer approved (adopted) the corporate governance code or other similar document*** Information on the corporate governance code or similar document:

***On the meeting, held on 31.10.2017 (dd 02.11.2017 №248/2017) the Company’s Board of Directors took the decision to approve as null and void the corporate governance code of the Company, approved by the resolution of the Board of Directors of the Company on March 6, 2013 (minutes №105/2013 dated March 11,2013) and to identify that the Company in its activities focuses on the recommendations of the Code of corporate management that is adopted on 21.03.2014 by the Board of directors of Bank of Russia (the letter of Bank of Russia of 10.04.2014 № 06-52/2463) as the document that defines standards of corporate management.***

There were no changes in the charter (constitutional documents) of the issuer or in internal documents that govern the operations of Issuer's bodies for the last reporting period

## 5.2. Information on the persons that participate in the Issuer's management bodies

### 5.2.1. Members of the Issuer's Board of Directors (Supervisory Board)

Name: ***Arkhipov Sergey Aleksandrovich***

Year of Birth: ***1967***

Education:

***Higher Candidate of economic sciences.***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2012 | IDGC of the South, OJSC | Director General |
| 2013 | 2013 | Rosseti, OJSC | Deputy Executive Director - Technical Director |
| 2013 | 2013 | Rosseti, OJSC | Deputy General Director - Technical Director |
| 2013 | 2014 | Rosseti, OJSC | Deputy General Director - Chief Engineer |
| 2014 | 2014 | Rosseti, OJSC | Deputy Director General for the North Caucasus and Southern Federal Districts |
| 2014 | currently | OJSC “Rosseti” / PJSC “ROSSETI” | Chief Adviser |
| 2014 | 2017 | OJSC “MRSK of North Caucasus” / PJSC “MRSK of North Caucasus” | Chairman of the Board of Directors (BoD) |
| 2015 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Deniskina Olga Sergeevna***

Year of Birth: ***1977***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2005 | 2013 | "FSK UES", OJSC | Head of the Judicial Work of the Department of Legal Support |
| 2013 | 2015 | Rosseti, OJSC | Head of the Legal Protection Department of the Department of Legal Support |
| 2015 | 2016 | "Rosseti", PJSC | Head of the Legal Protection Coordination Division of the Legal Defense Department |
| 2016 | 2017 | "Rosseti", PJSC | Head of the Department for the provision of current activities of the Department of Legal Protection |
| 2017 | currently | "IDGC of the South", PJSC | BoD Member |
| 2018 | currently | "Rosseti", PJSC | Head of the Legal Protection Coordination Division of the Legal Defense Department |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Kolyada Andrey Sergeevich***

Year of Birth: ***1984***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | Federal Agency for State Property Management | Leading expert, expert, chief specialist-expert, deputy. Head of the Department of Fuel and Energy and Coal Industry Organizations, Directorate of Infrastructure Industries and Organizations of the Military-Industrial Complex, Head of the Department of Fuel and Energy Industry Organizations, Property Relations and Privatization of Major Organizations |
| 2013 | 2017 | "Rosseti", PJSC | Head of the Administration for Equity Capital at the Department  of corporate governance and interaction with shareholders and investors |
| 2014 | 2014 | Yargorelectroset, OJSC | BoD Member |
| 2014 | 2015 | OJSC "Research Center of the North-West" | BoD Member |
| 2014 | 2016 | LLC “Uralenergotrans” | BoD Member |
| 2014 | 2016 | PJSC "Lenenergo" | BoD Member |
| 2014 | currently | PJSC “Dagestanian energy service company” | BoD Member |
| 2014 | currently | OJSC "Yantarenergoservis" | BoD Member |
| 2016 | currently | "IDGC of the South", PJSC | BoD Member |
| 2017 | currently | "Rosseti", PJSC | Head of Securities and disclosure of information division of Corporate Governance and Shareholder and Investor Relations Department of Rosseti PJSC |

*Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares*

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Andrey N. Meshcheryakov***

Year of Birth: ***1979***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2013 | "FSK UES", PJSC | Chief Expert |
| 2013 | 2014 | LLC "ODPS SKOLKOVO" | Engineer |
| 2014 | currently | "Rosseti", PJSC | Head of the Department for Support of Design and Survey Work and Preparation of Authorization Documents |
| 2017 | currently | "IDGC of the South", PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Aleksey A. Ozhereliev***

Year of Birth: ***1986***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2013 | "FSK UES", PJSC | Deputy Head of the Department of Corporate Governance |
| 2013 | currently | "Rosseti", PJSC | Head of the Directorate for the Organization of the Activities of the Management Bodies, Head of the Department for the Organization of the Activity of the Management Board, the Board of Directors and interaction with shareholders and investors of the Department for Corporate Governance and Relations with Shareholders and Investors |
| 2014 | 2015 | OJSC "Research Center of the South" | BoD Member |
| 2014 | 2015 | CJSC “Kurortenergo" | BoD Member |
| 2014 | 2015 | PJSC "IDGC of the North Caucasus" | Member of the Audit Committee |
| 2014 | 2017 | PJSC "IDGC of the North Caucasus" | BoD Member |
| 2014 | 2017 | OJSC "Energoservice of Kuban" | BoD Member |
| 2015 | 2016 | PJSC "IDGC of the North Caucasus" | Committee Member of the strategy and development |
| 2015 | 2017 | PJSC "IDGC of the North Caucasus" | Chairman of the Audit Committee |
| 2016 | 2017 | PJSC “IDGC of Center” | Member of the Strategy and Development Committee of the Board of Directors |
| 2016 | 2017 | PJSC "IDGC of Centre and Volga region" | Member of the Strategy and Development Committee of the Board of Directors |
| 2016 | currently | "FSK UES", PJSC | Corporate Secretary |
| 2017 | currently | "IDGC of the South", PJSC | BoD Member |
| 2017 | currently | JSC "Yantarenergo" | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Pankstyanov Yuri Nikolayevich***

Year of Birth: *1980*

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | OJSC “IDGC Holding” | Head of department of tariff setting |
| 2013 | 2017 | OJSC “Rosseti” / PJSC “ROSSETI” | Head of Department of Tariff Policy |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |
| 2017 | currently | "Rosseti", PJSC | Counsellor |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Aleksey Yu. Serov***

Year of Birth: ***1979***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2012 | CJSC “TKB Capital”(IB) | Senior Energy Analyst, Equity Research Department |
| 2012 | 2013 | CJSC "Business environment" | Analyst, Business Development Department |
| 2013 | currently | PJSC "Rosseli" | Director of the Department of Finance |
| 2015 | 2017 | JSC "Ingushenergo" | BoD Member |
| 2016 | 2017 | "Kubanenergo", PJSC | BoD Member |
| 2016 | 2017 | JSC “RC EEC” | BoD Member |
| 2016 | 2017 | PJSC "TRK" | Bod member |
| 2017 | currently | PJSC “IDGC of Ural” | BoD Member |
| 2017 | currently | "IDGC of the South", PJSC | BoD Member |

*Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares*

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Spirin Denis Aleksandrovich***

Year of Birth: ***1980***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2007 | currently | Representative Office of the Company "Prosperity Capital Management (RF) Ltd." | Director for Corporate Governance |
| 2010 | 2014 | "Territorial generating company - 6", OJSC | BoD Member |
| 2012 | 2014 | "Prokatmontazh", OJSC | Lay auditor |
| 2011 | 2015 | "Urengoytruboprovodstroy", OJSC | BoD Member |
| 2012 | currently | OJSC “TGC-2” | BoD Member |
| 2013 | currently | "Smolensk Energy Repair Company", OJSC | BoD Member |
| 2016 | currently | "IDGC of Center", OJSC/"IDGC of Center", PJSC | BoD Member |
| 2016 | 2016 | OJSC “KUNFMWP” | BoD Member |
| 2016 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***He was a member of the Board of Directors of "Urengoytruboprovodstroy", OJSC, that was subjected to bankruptcy proceedings.***

Name: ***Filkin Roman Alekseevich***

Year of Birth: ***1983***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2006 | 2014 | "Territorial generating company - 6", OJSC | BoD Member |
| 2009 | 2015 | Representation of the company "Prosperity Capital Management (RF) Ltd." | Co-Director, power engineering, mechanical engineering |
| 2009 | currently | OJSC “IDGC of Center” / PJSC “IDGC of Center” | BoD Member |
| 2009 | currently | OJSC “IDGC of Center and Volga region” / PJSC “IDGC of Center and Volga region” | BoD Member |
| 2011 | 2012 | "Prokatmontazh", OJSC | Lay auditor |
| 2011 | 2013 | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | BoD Member |
| 2012 | 2014 | "Kurganmashzavod" (Kurgan Machine Factory), OJSC |  |
| 2012 | 2014 | OJSC “Prokatmontazh” | BoD Member |
| 2012 | 2014 | "Noyabrskelektrosetstroy", OJSC | BoD Member |
| 2012 | 2015 | "Urengoytruboprovodstroy", OJSC | BoD Member |
| 2012 | 2016 | "Dalenergomontazh", OJSC | BoD Member |
| 2013 | currently | "Smolensk Energy Repair Company", OJSC | BoD Member |
| 2013 | currently | OJSC “TGC-2” | BoD Member |
| 2014 | currently | OJSC “IDGC of North-West” / PJSC “IDGC of North-West” | BoD Member |
| 2015 | currently | Representation of the company "Prosperity Capital Management (RF) Ltd." | Director, power engineering, mechanical engineering |
| 2016 | currently | OJSC “KUNFMWP” | BoD Member |
| 2011 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | Yes |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC | No |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy): ***He was a member of the Board of Directors of "Urengoytruboprovodstroy", OJSC, that was subjected to bankruptcy proceedings.***

Name: ***Fadeyev Aleksandr Nikolaevich***

Year of Birth: ***1949***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2014 | "FSK UES", OJSC | Deputy Chairperson of the Board of Security |
| 2014 | 2017 | OJSC “Rosseti” / PJSC “ROSSETI” | Deputy General Director for Security |
| 2011 | 2012 | OJSC "Tyumenenergo" | BoD Member |
| 2011 | 2012 | JSC CIUS | BoD Member |
| 2012 | 2013 | OJSC "Electrosetservice" | BoD Member |
| 2013 | 2014 | "IDGC of Ural", OJSC | BoD Member |
| 2015 | 2017 | "IDGC of the Center and Volga Region", OJSC/"IDGC of the Center and Volga Region", PJSC | Chairman of the Board of Directors (BoD) |
| 2015 | 2016 | "IDGC of Ural", OJSC | Chairman of the Board of Directors (BoD) |
| 2015 | currently | OJSC “IDGC of Siberia” / PJSC “IDGC of Siberia” | Chairman of the Board of Directors (BoD) |
| 2015 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | BoD Member |
| 2017 | currently | "Rosseti", PJSC | Chief Adviser |
| 2017 | currently | "IDGC of Volga", PJSC | BoD Member |
| 2017 | currently | "Kubanenergo", PJSC | BoD Member |
| 2017 | currently | PJSC “IDGC of Ural” | BoD Member |
| 2017 | currently | PJSC "IDGC of the North Caucasus" | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

|  |  |
| --- | --- |
| Name of the Committee | Chairperson |
| The Audit Committee of the Board of Directors of IDGC of the South, PJSC | No |
| Human Resources and Compensation Committee of the Board of Directors of IDGC of the South, PJSC | Yes |

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Ebzeyev Boris Borisovich***

Year of Birth: ***1975***

Education:

***Higher Candidate of Juridical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | currently | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Data on participation in the Committees of the Board of Directors

***This member of the Board of Directors (Supervisory Board) does not participate in any Committee of the Board of Directors (Supervisory Board)***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

There is no additional information on the members of the Board of Directors of the Company.

### 5.2.2. Information on the sole executive body of the Issuer

Name: ***Ebzeyev Boris Borisovich***

Year of Birth: ***1975***

Education:

***Higher Candidate of Juridical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | currently | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

*Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares*

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

### 5.2.3. Members of the collegial executive body of the issuer

Name: ***Ebzeyev Boris Borisovich***

Year of Birth: ***1975***

Education:

***Higher Candidate of Juridical Sciences***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2014 | "United Energy-Construction Corporation", OJSC | Expert Adviser to Director General |
| 2014 | 2014 | IDGC of the South, OJSC | Deputy Director-General |
| 2014 | currently | OJSC "Donenergo" / JSC "Donenergo" | BoD Member |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Chairman of the Management Board, Director General |
| 2015 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | BoD Member |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Alaev Timur Uljumdzhievich***

Year of Birth: ***1971***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | 2013 | IDGC of the South, OJSC | Deputy Director General, Director of "Kalmenergo" Branch |
| 2011 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |
| 2013 | 2016 | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Director General, Director of "Astrakhanenergo" Branch |
| 2016 | currently | "IDGC of the South", PJSC | Deputy Director General, Director of "Kalmenergo" Branch |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Goncharov Pavel Viktorovich***

Year of Birth: ***1966***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2013 | IDGC of the South, OJSC | Deputy Director General, Director of "Astrakhanenergo" Branch |
| 2010 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |
| 2011 | 2013 | JSC "Astrakhanelektrosetremont" | BoD Member |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Director General for Technical Affairs, Chief Engineer |
| 2013 | currently | OJSC "Energy Service of the South" / JSC "Energy Service of the South" | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Rybin Aleksey Aleksandrovich***

Year of Birth: ***1972***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2012 | "FSK UES", OJSC | Deputy Director for Development of Investment Activities and Services of the branch "Rostov Enterprise of Backbone Electric Grids" |
| 2012 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy General Director for Economics and Finance |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Savin Grigory Grigoryevich***

Year of Birth: ***1952***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2008 | currently | IDGC of the South, OJSC / IDGC of the South, PJSC | Chief Accountant – Head of the Department of tax accounting and reporting |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Chasovskoy Aleksandr Aleksandrovich***

Year of Birth: ***1957***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2004 | 2013 | Military unit № 2400 Pyatigorsk town | Deputy director of Administration |
| 2013 | 2013 | IDGC of the South, OJSC | Head of Security Department |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy general director for security |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Chekmaryov Sergey Alekseyevich***

Year of Birth: ***1976***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2011 | 2013 | IDGC of the South, OJSC | Deputy Director for Branch Technical Affairs, Chief Engineer of "Kalmenergo" Branch |
| 2013 | 2014 | IDGC of the South, OJSC | Deputy Director General, Director of "Kalmenergo" Branch |
| 2014 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy General Director - Director of branch of PJSC "IDGC of the South" - "Rostovenergo" |
| 2013 | currently | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Member of Management Board |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Dzhabrailova Yulianna Khasanovna***

Year of Birth: ***1981***

Education:

***Higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2007 | 2014 | IDGC of the South, OJSC | Head of Department of Administrative and Economic Support |
| 2014 | 2015 | "IDGC of the North Caucasus", OJSC | Counsellor |
| 2015 | 2016 | OJSC “IDGC of the South” / PJSC “IDGC of the South” | Deputy Chief of Staff |
| 2016 | currently | "IDGC of the South", PJSC | Deputy Director General, Chief of Staff |
| 2016 | currently | "IDGC of the South", PJSC | Member of Management Board |
| 2016 | currently | "IDGC of the South", PJSC | Director of the branch "Kubanenergo" of PJSC "IDGC of the South" |
| 2016 | currently | "Energetik" Recreational Center", JSC | Chairman of the Board of Directors (BoD) |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions Additional data on the members of the Management Board of the Company does not exist.***

## 5.3. Remuneration and/or compensation for expenses for each management body of the issuer

Data on the amount of remuneration with regard to each management body (except for a natural person exercising the functions of the Issuer's sole executive management body). All types of remuneration, including salaries, bonuses, commissions, benefits and (or) reimbursement for expenses, as well as other financial rewards and incentives shall be indicated below:

Remunerations

Board of Directors

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Remuneration for participation in the work of the management body | 7 477 |
| Salary | 0 |
| Bonuses | 0 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 7 477 |

Existing agreements in relation to such payments in the current financial year:

***Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on payment of remuneration and compensation to members of the Board of Directors of the Company in the new version (hereinafter referred to as the Regulations) approved by the Company's AGM held on June 19, 2015 (Minutes of June 22, 2015). No. 13). The effect of this provision does not apply to a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company.***

***In accordance with Clause 3. The remuneration provisions to the chairman and members of the Board of Directors of the Company who are persons for whom a federal law restricts or prohibits any payments from commercial organizations is not accrued or paid.***

***In accordance with Clause 4.1. The provisions of the payment of remuneration to the members of the Board of Directors of the company made by results of work for the period since the election of a candidate member of the Board of Directors until the election of the Board of Directors in a new composition.***

***In accordance with Clause 4.4. Provisions and remuneration to members of the Board of Directors of the Company for participation in the work of the Board of Directors shall be paid within 60 days after the annual General Meeting of Shareholders of the Company.***

***For these reasons, payment of remuneration to members of the Board of Directors of the Company for the corporate 2016-2017 year (the period from 06.06.2016 to June 13, 2017) was made in July 2017; information on the amount of remuneration paid will be reflected in the quarterly report for the third quarter of 2017.***

Collegial executive body

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Remuneration for participation in the work of the management body | 1 787 |
| Salary | 34 344 |
| Bonuses | 28 662 |
| Commission fees | 0 |
| Other types of remuneration | 2 940 |
| TOTAL | 67 733 |

Existing agreements in relation to such payments in the current financial year:

***Members of the Board are included in the category of senior managers of the Company.***

***In the reporting period in accordance with the labor agreements between the company and members of management Board, remuneration to the member of the management Board was paid in the amount and manner established by the Provision on material incentives and social package of top managers of JSC "IDGC of the South" in a new wording approved by resolution of the Board of Directors on 14.06.2011 (minutes dated 16.06.2011 № 67/2011).***

***Motivation of the members of the Management Board is carried out by the following means:***

**• *by establishing by the order of the General Director of the Company a personal allowance in the amount of up to 15% of the official salary established by the senior manager;***

**• *by payment of quarterly and annual remuneration to members of the Board for the performance of relevant key performance indicators as top managers.***

***On the basis of decisions of the Board of Directors on definition of quantitative structure of the Board and election of members of the management Board and in accordance with article 21 of the Statute of the PJSC "IDGC of the South" and articles 15 and 57 of the Labour code of the Russian Federation, with members of the management Board of the company concluded additional agreements to labor contracts for the exercise of powers of the member of the collegial Executive body - company Board.***

***The members of the Management Board of the Company were paid monthly remuneration in the amount of 5 (five) minimum monthly tariff rates of the first-class worker established by the sectoral tariff agreement in the electric power complex of the Russian Federation from the date of the creation of the Management Board of "IDGC of Center", OJSC (May 19, 2008) to August 31, 2011.***

***For the exercise of authorities from September 1, 2011 the members of the Management Board of the Company are paid monthly remuneration in the amount of 11% of the salary set to the highest manager.***

Reimbursements

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Name of the management body | 2017 |
| Board of Directors | 9 |
| Collegial executive body | 0 |

Further details:

***Payment of remuneration to members of the Board of Directors is carried out in accordance with the Regulations on the payment of remuneration and compensation to the members of the Board of Directors of the Company in a new wording (hereinafter referred to as the Regulations) approved by the Company's Annual General Meeting held on June 19, 2015 (Minutes No. 13 dated June 22, 2015), as well as in accordance with the order of the Company dated November 20, 2015 №730 "On the rates of the reimbursement for travel expenses to BoD members of the PJSC «IDGC of the South».***

***The effect of this provision does not apply to a member of the Board of Directors who is simultaneously a member of the collegial executive body of the Company or the sole executive body (Director General) of the Company.***

***In accordance with clause 5.1. the Provisions the member of the Board of Directors is compensated for expenses related to participation in the meeting of the Board of Directors, at the time of the meeting, the rates of the reimbursement for travel expenses established by the Company.***

***In accordance with Clause 5.2. Provisions payment of compensations is made the Company after submission of the documents confirming the made expenses.***

Further details:

***N/A***

## 5.4. Information on the structure and competence of the bodies controlling the issuer's financial and business operations, as well as the organization of a risk management and internal control system

Give the full description of the structure of the agencies supervising the issuer’s financial and business activities and their terms of reference in accordance with the issuer’s charter (constituent documents) and internal documents:

***In accordance with Clause 9.2 of the Issuer's Charter, the Audit Committee of the Company is the body controlling the financial and economic activities of the Issuer.***

***In accordance with clause 24.1 of the Issuer's Charter, the Audit Commission of the Company shall be elected by the General Meeting of Shareholders for the period until the next annual General Meeting of Shareholders to monitor the Company's financial and business operations.***

***In case if the Audit Committee of the Company is elected at an extraordinary General Meeting of Shareholders, the members of the Audit Committee shall be deemed elected for the period up to the date of the annual General Meeting of Shareholders of the Company.***

***The numerical composition of the Audit Commission of the Company is 5 (Five) people.***

***The Members of the Company’s Audit Committee may not simultaneously be members of the Company’s Board of Directors, as well as hold other positions in the Company's management bodies.***

***By decision of the General Meeting of Shareholders, the powers of all or some members of the Company's Audit Commission may be terminated early.***

***In accordance with the decision to conduct an audit (audit), the Audit Committee has the right to engage experts in the relevant fields of law, economics, finance, accounting, management, economic security and others, including specialized organizations, in order to carry out an audit (audit).***

***In accordance with clause 24.3 of Article 24 of the Issuer's Charter, the competence of the Auditing Commission includes:***

***Verification (auditing) of the financial, accounting, payment and other documentation of Company related to the financial and economic activities of the Company, with a view to its conformity with the legislation of the Russian Federation, the Charter, Internal and other documents of Company;***

***checking and analyzing the financial condition of the Company, its solvency, the functioning of the internal control system and the risk management system, the liquidity of assets, the ratio of own and borrowed funds, the correctness and timeliness of accrual and payment of interest on bonds, income on other securities;***

***monitoring of spending the Company’s money according to the Company’s approved activity plan and budget;***

***monitoring over creation and use of the Company’s surplus and other special provisions; checking the timeliness and correctness of conducting settlement operations with counter-parties and the budget, as well as settlement operations for labor remuneration, social insurance, accrual and payment of dividends and other settlement transactions;***

***control over observance of the established procedure for writing off the debt of insolvent debtors to the Company's losses;***

***audit of the Company's economic transactions entered into according to the concluded contracts;***

***verification of compliance with the use of material, labor and financial resources in the financial - economic activity of the contract, Mr and regulations, approved budgets, and other documents regulating the activity of the Company;***

***audit of the Company’s cash and assets, the efficient use of the Company’s assets and other resources, identification of reasons for non-productive losses and costs, identifications of the reserves of improvement of the Company’s financial standing;***

***verification of compliance with the requirements to eliminate violations and deficiencies previously identified by the Company's Audit Commission;***

***development of requirements for company management bodies;***

***performing other actions (measures) connected with check of financial and economic activities.***

***All decisions on issues within the competence of the Audit Committee are taken by a simple majority of votes of the total number of its members.***

***The Audit Committee of the Company is entitled and, in case of revealing serious violations in the financial and economic activities of the Company, obliged to demand the convocation of an extraordinary General Meeting of Shareholders of the Company.***

***The functioning of the Audit Commission of the Company is determined by the internal document of the Company approved by the General Meeting of Shareholders of the Company.***

***The operating procedure of the Issuer's Audit Commission is determined by the Regulations on the Auditing Commission of PJSC "IDGC of the South", approved by the decision of the General Meeting of Shareholders of PJSC "IDGC of the South" (Minutes No. 17 of June 16, 2017).***

***In accordance with the Regulations, the tasks of the Issuer's Auditing Commission are:***

***1. monitoring of the Company’s financial and economic operations;***

***2. independent confidence estimation of data contained in the Company’s annual report and annual financial statements.***

***The full text of the Regulations on the Audit Committee of IDGC of the South, PJSC is available on the corporate Web site of IDGC of the South, PJSC at:*** [***http://mrsk-yuga.ru***](http://mrsk-yuga.ru) ***in "Corporate Governance" section. An inspection (audit) of financial and business activities of the Issuer shall be performed at the end of the business year and at any time at the initiative of the Company Audit Commission by resolution of the General Shareholders Meeting, Company’s Board of Directors or at the request of a shareholder (shareholders) of the Company holding, in the aggregate, at least 10 per cent of voting shares of the Company.***

***Based on the results of the Company's financial and economic activities, the Audit Commission of the Company shall draw up a Conclusion that shall contain:***

***confirmation of the reliability of the data contained in the annual report of the Company, the annual accounting (financial) statements;***

***information on the facts of violation of the order of accounting and presentation of financial statements, as well as implementation of financial and economic activity;***

***Conclusions of the audit of financial and economic activities of the Company shall be made no later than 10 (Ten) working days from the date of inspection and signed by all members of the audit Committee of the Company.***

***The Audit Committee of the Board of Directors was formed in the Company***

The Audit Committee of the Board of Directors shall have the following main functions:

***By the decision of the Board of Directors of PJSC "IDGC of the South" (Minutes No. 37/2009 dd 04.12.2009), as of December 1, 2009, the Audit Committee of the Board of Directors of PJSC "IDGC of the South" was established and is functioning. The Committee shall be a subsidiary advisory body of the Board of Directors of the Company. The Committee shall not be the management and control body of the Company and shall have no right to act on behalf of the Company.***

***The Committee shall have the purpose to facilitate the effective performance of the functions of the Board of Directors of the Company in relation to the preliminary consideration of issues related to control over the financial and economic activities of the Company.***

***The main tasks of the audit Committee:***

***- consideration of the Company's accounting (financial) statements and supervision over the process of its preparation;***

***- control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices;***

***- control over the external audit and selection of the auditor;***

***- provision of independence and objectivity of the internal audit function;***

***- supervision of the effectiveness of the system of counteraction to dishonesty of employees of the Company and third parties.***

***The Committee carried out its activities in accordance with the Regulation on the audit Committee of the Board of Directors PJSC "IDGC of the South" approved by decision of the Board of Directors 11.03.2016, (minutes 14.03.2016 No. 180/2016) and posted on the company's corporate website in the Internet. The Committee is not intended to act as a guarantor for achieving the Company's purposes in providing the reliability of accounts and records, effectiveness of internal control systems, risk management, corporate governance practices, independence and objectivity of the internal audit function performance, and observance of the legislation, but shall perform the control over the fulfillment of the obligations of the executive bodies of the Company to ensure the fulfillment of named purposes of the Company.***

***The competence of the Committee includes consideration of issues related to the accounting (financial) statements of the company, control over reliability and effectiveness of the internal control system, risk management system, corporate governance practices, the external audit and the selection of the auditor, ensuring the independence and objectivity of the internal audit functioning of the system of counteraction to dishonest actions of the employees of the Company and third parties, as well as other issues on the instructions of the Board of Directors of the Company. The Committee shall perform the following functions within the scope of its competence:***

***1. Functions concerning accounting reports (financial statements) of the Company***

***- Control (supervision) for ensuring the completeness, accuracy and reliability of annual and interim reporting.***

***- Analysis of significant aspects of the Company's accounting policies.***

***- Participation in consideration of significant issues and judgments in respect of the Company's accounting reports (financial statements).***

***- Analysis of the Company's press releases on financial matters, any public statements regarding the external and internal audit, the Company's risk management and internal control systems, as well as published financial information.***

***- Consideration of the Company's interim accounting reports (financial statements), preliminary consideration of the Company's annual accounting (financial) statements carried out prior to the consideration by the Board of Directors of the Company.***

***2. In the field of monitoring the reliability and effectiveness of the functioning of internal control systems, risk management systems, corporate governance practices.***

***- Consideration, prior to the determination by the Board of Directors of the Company, of approaches to the organization of risk management systems and internal control, analysis and evaluation of the implementation of the Company's policy in the field of risk management, internal control.***

***- Control over the reliability and effectiveness of the internal control system, risk management system, corporate governance practices:***

***- Monitoring of observance of the statutory and regulatory requirements by the Company.***

***3. Functions concerning monitoring of external audit and selection of an auditor***

***- Consideration and development of recommendations for the Board of Directors of the Company that shall be provided to the shareholders for approval at the annual General Meeting of Shareholders of the Company with respect to the re-election and removal of the external auditor.***

***- Development of recommendations for the Board of Directors of the Company on determining the deadline for the rotation of the external auditor.***

***- Implementation of general supervision over the selection of an external auditor.***

***- Supervision over the external audit and assessment of the quality of audit and auditor's report.***

***- Evaluation of the effectiveness of the external audit process at least once a year.***

***- Development and submission of the Policy in the Provision of Non-audit Services by External Auditor to the Board of Directors of the Company for the Board's approval.***

***- Provision of effective interaction between the external and internal auditors of the Company.***

***4. In the field of ensuring the independence and objectivity of the internal audit function.***

***- The organization of the implementation of the internal audit function.***

***- Ensuring the independence and objectivity of internal audit.***

***- Consideration of restrictions that can negatively affect the performance of the internal audit function.***

***- Evaluation of effectiveness of the functions of internal audit.***

***5. In the field of supervision of the effectiveness of the system of counteraction to dishonesty of employees of the Company and third parties.***

***- Supervision over the implementation of measures taken by the Company with regards to the information on the potential cases of unfair acts and revealed violations of the employees, and results of investigations.***

***- Development and submission for submission to the Board of Directors of the Company of draft documents relating to the organization of the activities of the Audit Committee.***

***In accordance with the decision of the Board of Directors of the Company, other matters related to its competence may be submitted for consideration by the Audit Committee of the Board of Directors.***

***Within the framework of exercise of its powers, the Committee cooperates with***

***- the Board of Directors of the Company***

***- The executive bodies of the Company***

***- The Expert of the Committee***

***- Internal audit***

***- External auditor of the Company***

***- The Audit Committee of the Company***

***In accordance with the Regulations on the Audit Committee of the Board of Directors of PJSC "IDGC of the South" approved by the decision of the Board of Directors on 14.03.2016 (Minutes No. 180/2016), the number of members of the commission is at least 3 (three) people. The personal composition of the Committee is elected by the Board of Directors of the Company from the number of candidates represented by members of the Board of Directors of the Company. Members of the Committee are elected for a term until the election of the next Committee.***

***The composition of the Committee elected at the meeting of the Board of Directors of the Company on 30.06.2017 (Minutes No. 238/2017 of 03.07.2017). The numerical composition of the Audit Committee of the Board of Directors of the Company is 3 people.***

Members of the Audit Committee of the Board of Directors

|  |  |
| --- | --- |
| Name | Chairperson |
| Filkin Roman Alekseevich | Yes |
| Kolyada Andrey Sergeevich | No |
| Fadeyev Aleksandr Nikolaevich | No |

Information about the availability of a separate structural divisions (subdivisions) of the Issuer's risk management and internal controls (other, different from the audit Commission (auditor), body (structural subdivision) responsible for internal control over financial and economic activities of the Issuer), its tasks and functions:

***Ensuring the effective functioning of the system of internal control and risk management in the Company is carried out by the Department for Internal Control and Anti-Corruption Activities. In accordance with the organizational structure, the Internal Control and Anti-Corruption Department is directly subordinate to the General Director of the Company.***

***The main functions of the Internal Control and Anti-Corruption Department:***

***organization and implementation of subsequent control over the activities of the Company and its subsidiaries and affiliates;***

***organization of effective interaction and support of the activity of the Audit Commission of the Company, organization of activity of the audit commissions of subsidiaries and affiliates;***

***organization of interaction with the external auditor of the Company and subsidiaries and affiliates on issues relating to the evaluation of the effectiveness of the internal control and risk management system;***

***interaction with the Audit Committee in the framework of functional subordination;***

***introduction in the Company and subsidiaries and affiliates of single approaches to the construction of internal control and risk management system;***

***methodological and organizational support for the implementation of preventive and ongoing control in the Company and SDCs and affiliates;***

***interaction with state control and supervisory bodies on internal control issues.***

***Interaction with executive bodies of the issuer's management and the Board of Directors (supervisory board) of the issuer is carried out in accordance with the internal documents of the Company that are in force at the issuer:***

***- Regulations on the Department of Internal Control and Anti-Corruption Activities, approved on May 25, 2017;***

***- The policy of internal control of PJSC "IDGC of the South", approved by The Board of Directors of PJSC "IDGC of the South", Minutes No. 180/1016 of March 11, 2016 (establishes general principles for building an internal control system, its goals and objectives, general approaches to organization, division of responsibilities between Internal Control Service members and the nature of their interaction);***

***- The risk management policy of PJSC "IDGC of the South", approved Of the Board of Directors PJSC "IDGC of the South", report from 01.04.2016 No. 182/2016 (defines risk tolerance, establishes the General principles of the risk management system, its goals and objectives, General approaches to the organization, distribution of responsibility between the members of the SUR and the nature of their interaction).***

Information on the Issuer of a separate structural unit (service) of internal audit, its tasks and functions:

***The internal audit function in the Company is performed by the Internal Audit Department.***

***The Internal Audit Department is reorganized and liquidated by an order of the General Director on the basis of a decision of the Board of Directors, with preliminary consideration by the Audit Committee of the Board of Directors.***

***The purpose of the internal audit is to assist the Board of Directors and the executive bodies of the Company in improving the management of the Company, improving its financial and economic activities, including through a systematic and consistent approach to the analysis and evaluation of risk management systems, internal control and corporate governance as the tools to provide reasonable assurance in achieving the goals set for the Company.***

***Within the framework of the organization of internal audit, the Internal Audit Department solves the following tasks:***

***1. The introduction and application of uniform approaches to creation, management and coordination of the internal audit function in the Company;***

***2. Conducting internal audits, participation in other verification activities in the Company and SDCs;***

***3. Provision of independent and objective guarantees regarding the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and arrangements to improve the Company's internal control, risk management and corporate governance systems;***

***4. Organization of efficient interaction of the Company with the external auditor of the Company, the Audit Committee of the Company, and other interested parties in matters within the competence of internal audit;***

***5. Preparation and submission of reports on the results of the activities of the Asset Recovery Department (including those that include information on significant risks, faults, results and effectiveness of measures to address revealed faults, results of the internal audit plan, assessment of the actual condition, reliability and effectiveness of internal control systems, risk management and corporate governance) to the Board of Directors, the Audit Committee of the Board of Directors and the Company's executive bodies.***

***To achieve the goals and solve the tasks, the internal audit of the Issuer performs the following functions:***

***1. In terms of implementation and application of the common approaches to the construction, management and coordination of the internal audit function in the Company and SDCs:***

***- the development of proposals on the most optimal form of realization of the internal audit function in the Company and SDCs;***

***- the activity to introduce in the Company common principles for building the internal audit function and assessing the implementation of the internal audit function established in the Rosseti Group of Companies;***

***- development and implementation of methodological documents regulating the activity of internal audit;***

***- the creation of proposals for the development of documents that define common approaches and principles for the construction, management and coordination of the internal audit function, and the participation in working groups on the development of documents on the regulatory support of internal audit activities;***

***- the organization and carrying in of arrangements on automation of the internal audit activities of the Company and SDCs.***

***2. With regard to conducting internal audit, participation in other due diligence actions in the Company and SDCs:***

***- planning, organization and conducting internal audits of business processes, business functions, projects, plans, programmes of structural and separate subdivisions and other objects of the inspection of the Issuer to comply with the requirements of legislation, normative legal acts, regulations, standards, contractual obligations; execution of orders of state bodies of the Russian Federation concerning functioning and development of electric grid complex; implementation of decisions of the management bodies of the Issuer, the requirements of organizational-administrative documents; effectiveness, efficiency and effectiveness; reliability, accuracy, completeness and timeliness of the preparation of accounting (financial) and managerial reporting; safeguarding of assets.***

***- implementation of the practice of conducting thematic audits on a specific topic in accordance with a unified audit program;***

***- the inspections, fulfillment of other tasks on the instructions of the Board of Directors (Audit Committee), and the Issuer's executive bodies with regard to the matters that are considered the competence of internal audit;***

***- organization, planning, ensuring audit reviews of SDCs, participation in the activities of audit commissions of SDCs;***

***- participation in specialized (official) investigations into the facts of abuse, causing damage to the Company and subsidiaries and affiliates, misuse, inefficient use of resources and other facts of unfair, unlawful acts of employees and third parties;***

***- the provision of information to the Board of Directors (Audit Committee), the executive bodies of the Issuer on the results of audits, providing recommendations on eliminating violations and faults revealed during inspections, and proposals to improve the efficiency and effectiveness of internal control systems, risk management and corporate governance, to improve the Company's operations and SDCs;***

***- the monitoring of the implementation of corrective action plans aimed at eliminating violations and faults revealed during inspections, and implementing recommendations and proposals for improving the activities of the Company and SDCs;***

***- the organization and execution of post-audits in relation to business processes, business functions, projects, plans, programs of structural and separate subdivisions and other objects of verification.***

***3. Functions with regard to the provision of independent and objective guarantees concerning the effectiveness of internal control systems, risk management and corporate governance, as well as assistance to the executive bodies and employees of the Company in developing and monitoring the implementation of procedures and arrangements to improve the Company's internal control, risk management and corporate governance systems:***

***- evaluation of the efficiency of internal control system,***

***- evaluation of the efficiency of risk management system,***

***- corporate governance evaluation,***

***- providing consultations to executive bodies of the issuer on internal control, risk management and corporate management.***

***4. Organization of interaction of the Issuer's Board of Directors, Executive bodies of the Issuer and the external auditor, the audit Commission, as well as with persons rendering consulting services in the field of risk management, internal control and corporate governance, internal audit, JSC "ROSSETI" - shareholder Companies, state Supervisory agencies, and other interested parties in the order stipulated by the legislation of the Russian Federation and internal normative documents of the Issuer, on matters within the competence of the internal audit.***

***5. The preparation and submission to the Board of Directors (Audit Committee) and executive bodies of the Issuer of reports on the results of internal audit activities.***

***Policy of the issuer in risk management and internal control is described by the Issuer in Clause 2.4 of this quarterly report***

***The issuer ratified (approved) the issuer’s internal document establishing rules to prevent unauthorized use of confidential and insider information****.*

Data on the availability of the Issuer's internal document establishing rules for preventing the unlawful use of confidential and insiders information:

***Policy of the issuer in risk management and internal control is described in the Internal Control Policy of "IDGC of the South", PJSC, approved by The Board of Directors (Minutes od meeting No.180 dated 14.03.2016) and Risk Management Policy of "IDGC of the South PJSC", approved by The Board of Directors (minutes of meeting No. 01.04.2016)***

***In order to implement the requirements of the Federal Law No. 224-FZ dated July 27, 2010, On Countering the Illegal Use of Insider Information and Market Manipulation and on Amending Certain Legislative Acts of the Russian Federation (hereinafter referred to as FZ-224), on May 28, 2015, the Regulations on the Insider Information of IDGC of the South, PJSC (hereinafter referred to as the Regulations) were approved by the decision of the Board of Directors IDGC of the South, PJSC (Minutes No. 160/2015, item No. 4 dated May 29, 2015). The Regulations is available on the corporate website of the PJSC "IDGC of the South" in the section "Information insiders", where it can be accessed by all stakeholders.***

***In accordance with Clause 5.5. of the Regulations, a report on the implementation of measures to comply with the requirements of the relevant laws on the control of insider information in IDGC of the South, PJSC is annually submitted to the BoD of the Company.***

***The full text of the Regulations is freely available on the Web at:*** [***http://mvw.mrsk-yuga.ru/pages/show/company\_insiders***](http://mvw.mrsk-yuga.ru/pages/show/company_insiders)

Further details:

***N/A***

## 5.5. Members of the agencies supervising the issuer’s financial and business activities

Name of the agency supervising the issuer’s financial and business activities: ***Auditing Committee***

Name: ***Zadorozhnaya Anzhelika Alexandrovna***

***(Chairperson)***

Year of Birth: ***1966***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 10.2001 | 12.2013 | Accounting chamber of the Russian Federation | Senior Inspector;  Lead Inspector;  Chief inspector;  Deputy Head of  Inspection;  Deputy Director of the Department;  Head of Inspection |
| 12.2013 | 12.2014 | Government Accountability Office of Moscow | Head of a department |
| 12.2014 | 12.2016 | PJSC "RusHydro" | Deputy Director of Department |
| 12.2016 | 12.2017 | PJSC "Rosseli" | Head of a department |
| 12.2017 | currently | "Rosseti", PJSC | Head of Directorate of the Internal Audit |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Medvedeva Oksana Alekseyevna***

Year of Birth: ***1978***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2010 | 2011 | LLC "Baikal Service TC" | Head of sector for internal audit |
| 2011 | 2014 | "FSK UES", OJSC | Head of the Department of Control and Revisions |
| 2014 | currently | "Rosseti", PJSC | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2015 | currently | "IDGC of the South", PJSC | Lay auditor |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Kirillov Artem Nikolaevich***

Year of Birth: ***1984***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2012 | "FSK UES", OJSC | Chief Specialist of the Department of Control and Revisions |
| 2012 | 2013 | "FSK UES", OJSC | Chief Expert of the Department of Control and Revisions |
| 2013 | currently | PJSC “ROSSETI” | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2014 | currently | PJSC “ROSSETI” | Lay auditor |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name:  ***Kabizskina Elena Aleksandrovna***

Year of Birth: ***1964***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2005 | 2013 | OJSC “UES FGC” | Deputy Head of the Control and Revision Department |
| 2013 | 2014 | OJSC “MUEGC” | Head of the Department of Methodological Support of the Internal Audit Department |
| 2014 | 2015 | OJSC “ROSSETI” | Deputy Head of the Audit and Internal Audit Division of the Internal Audit and Control Department |
| 2015 | currently | PJSC “ROSSETI” | Deputy Head of the Administration for Audit Activity of the Control and Audit Activity Department |
| 2016 | currently | "IDGC of the South", PJSC | Lay auditor |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name: ***Slesareva (Guseva) Elena Yuryevna***

Year of Birth: ***1970***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2009 | 2013 | IDGC of the South, OJSC | Chief specialist of the internal audit and control department |
| 2013 | currently | "Rosseti", PJSC | Chief Expert of the Directorate of Internal Audit |
| 2014 | currently | "IDGC of the South", PJSC | Lay auditor |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name of the agency supervising the issuer’s financial and business activities: ***Other***

***Department of Internal Audit***

Information relating to the head of such a separate structural unit (body) of the Issuer

Name of the position of the head of a structural unit: ***Director for Internal Audit, Head of the Internal Audit Department***

Name: ***Pechenkin Nikolay Vladimirovich***

Year of Birth: ***1983***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2012 | 2012 | OJSC “IDGC of the South” | Head of the Internal Control and Risk Management Department of the Internal Audit and Risk Management Department |
| 2012 | 2013 | OJSC “IDGC of the South” | Deputy Head of the Internal Audit and Risk Management Department |
| 2013 | 2016 | IDGC of the South, PJSC | Head of the Internal Audit and Control Department |
| 2016 | currently | "IDGC of the South", PJSC | Director for Internal Audit, Head of the Internal Audit Department |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

*This person was never prosecuted*

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

Name of the agency supervising the issuer’s financial and business activities: ***Other***

***Department of Internal Control and Anti-Corruption Activities***

Information relating to the head of such a separate structural unit (body) of the Issuer

Name of the position of the head of a structural unit: ***Head of the Department for Internal Control and Anti-Corruption Activities***

Name: ***Menshenin Aleksey Evgenievich***

Year of Birth: ***1974***

Education:

***higher***

All positions that this person occupied in the Issuer and other organizations including as a second job within the last 5 years and at present arranged chronologically

|  |  |  |  |
| --- | --- | --- | --- |
| Timeframe | | Name of organization | Position |
| from | to |  |  |
| 2014 | 2017 | FSBI "Management on operation of buildings of the Supreme bodies of power" in the SFU | Deputy chief of service for maintenance and operation of the residence of the Plenipotentiary of the President of the Russian Federation in the SFD |
| 2015 | 2017 | "IDGC of the South", PJSC | Expert Adviser to Director General |
| 2017 | currently | "IDGC of the South", PJSC | Head of the Department for Internal Control and Anti-Corruption Activities |

***Ownership of the authorized shares of the Issuer/Lack of the ownership of the Issuer's ordinary shares***

Number of the Issuer's shares of each category (type) that may be acquired by the person due to exercising the Issuer's options owned by this person: ***the Issuer did not issue any options***

Person's membership interests in the Issuer's SDCs or an owned amount of the authorized shares of SDCs

***The person does not have such shares***

Data on a character of any family relationships with other persons participating in the Issuer's management bodies and/or bodies controlling the financial and economic activities of the Issuer:

***There are no stated family ties***

Administrative sanctions imposed on such person for any financial, tax/charge, securities market violations or criminal prosecution (criminal record) of the person for economic crimes or crimes against the state:

***This person was never prosecuted***

Data on the positions held by this person in the management bodies of commercial entities in a period when the named entities were prosecuted for insolvency and/or insolvency proceedings were started in conformity with the laws of the Russian Federation on Insolvency (bankruptcy):

***This person did not hold the named positions***

## 5.6. Information on the amount of remuneration and (or) compensation for expenses for the agency supervising the issuer’s financial and economic activity

Remunerations

For each body of control over financial and economic activities of the Issuer (except a natural person, occupying the position (exercising functions) of auditor of the Issuer) are described by indication of the size of all types of remuneration, including the salaries of members of bodies controlling financial and economic activities of the Issuer are (were) its employees, including those working (worked) part-time, bonuses, commissions, remuneration, separately payable for the participation in the work of the relevant body of control over financial and economic activities of the Issuer, other types of remuneration that were paid by the Issuer during the relevant reporting period and describes the amount of the costs associated with execution of functions of members of bodies of control over financial and economic activities of the Issuer are compensated by the Issuer during the relevant reporting period.

Unit of measurement: ***thou RUB***

Name of the agency supervising the issuer’s financial and business activities: ***Auditing Committee***

Remuneration for participation in the work of the control body

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and economic activities | 780 |
| Salary |  |
| Bonuses |  |
| Commission fees |  |
| Other types of remuneration |  |
| TOTAL | 780 |

Existing agreements in relation to such payments in the current financial year:

***The remuneration payment to the members of the Audit Commission is carried out in accordance with the Regulations on payment of remunerations and compensations to the members of the Audit Commission of Open Joint-Stock Company Interregional Distribution Grid Company of the South (hereinafter referred to as the Regulations) approved by the AGMS of the Company on June 19, 2015, Minutes No. 13 of June 22, 2015.***

***According to clause 1.3., the Regulation effectiveness applies to members of the Company's Audit Commission who are not persons for whom a federal law restricts or prohibits receiving any payments from commercial organizations. Remunerations and compensations are not paid to members of the Audit Commission who are civil servants (clause 3.3 cm 12.1 of the Federal Law of 25 December 2008, M279-FZ "On Combating Corruption"). In accordance with Clause 2.1. of the Regulations, the remuneration shall be paid to the members of the Audit Committee on the results of the Company for the corporate year and depends on the degree of his/her participation in the work of the Audit Committee. For the purposes of the Regulations in order to determine the amount of remuneration payable to the members of the Audit Committee, "the corporate year" shall mean a period between the date of the election of the members of the Audit Committee at the General Meeting of Shareholders and the date of the subsequent General Meeting of Shareholders with the agenda item running "On the election of the members of the Audit Committee of the Company."***

***Any additional agreements with the members of the Audit Commission regarding payments, were not concluded by the Issuer.***

Name of the agency supervising the issuer’s financial and business activities: ***Department of Internal Audit***

Remuneration for participation in the work of the control body

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and economic activities | 0 |
| Salary | 4 106 |
| Bonuses | 2 656 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 6 762 |

Existing agreements in relation to such payments in the current financial year:

***Payments were made in accordance with labor contracts concluded with employees of the Department of Internal Control and Anti-Corruption Activities. Any additional agreements with employees of the Department of Internal Control and Anti-Corruption Activities.***

Name of the agency supervising the issuer’s financial and business activities: ***Department of Internal Control and Anti-Corruption Activities***

Remuneration for participation in the work of the control body

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Remuneration for participation in the work of the agency supervising the issuer’s financial and economic activities | 0 |
| Salary | 2 576 |
| Bonuses | 1 265 |
| Commission fees | 0 |
| Other types of remuneration | 0 |
| TOTAL | 3 841 |

Existing agreements in relation to such payments in the current financial year:

***Payments were made in accordance with labor contracts concluded with employees of the Department of Internal Control and Anti-Corruption Activities. The issuer did not conclude any additional agreements with employees of the Department of Internal Control and Anti-Corruption Activities.***

Reimbursements

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Name of the control body (structural subdivision) | 2017 |
| Auditing Committee | 67 |
| Department of Internal Audit | 0 |
| Department of Internal Control and Anti-Corruption Activities | 0 |

Further details:

***Calculation of compensation payable to the members of the Audit Committee in accordance with the Regulations on the payment of remunerations and compensations to the members of the Audit Committee of "Interregional Distribution Grid Company of the South", Open Joint Stock Company (hereinafter* referred to as the *Regulations), approved by the resolution of the AGM of the Company on June 19, 2015, minutes No.13 dated June 22, 2015.***

***In accordance with Clause 3.1. of the Regulations, Audit Committee members, who are not subject to the restrictions listed in Clause 1.3. of the Regulation, in case of visiting the Company's facilities, participation in the meetings of the Audit Committee held on the actual location of the Company, as well as other tasks of the Audit Committee of the Company, the Company compensates for documented expenses associated with the participation in the activities of the Audit Committee of the Company.***

***In accordance with Clause 3.2. of the Regulations, the amount of compensation for the expenses related to participation in the meetings of the Audit Committee and the audits shall be determined in the amount of actual expenses confirmed by the relevant documents, but not exceeding the rules set forth in section 3.4 of the Regulations.***

Further details:

***N/A***

## 5.7. Number of the issuer’s employees (workers), their categories and changes in their number

Unit of measurement: ***thou RUB***

|  |  |
| --- | --- |
| Indicator name | 2017 |
| Average number of employees, person. | 13 671.8 |
| Fund of the accrued wages of employees for the reporting period | 6 238 195 |
| Payments of social nature made to employees during the reported period | 20 523.7 |

***The executive body of the Company established a trade union body (certificate of registration of the primary trade union organization of 05.08.2015 № 1610307).***

Description of the issuer's organizational structure and basic, functional relationships between key operating units:

***From 01.07.2017 the organizational structure of PJSC "IDGC of the South", approved by the decision of the Board of Directors of PJSC "IDGC of the South" (minutes No. 236/2017 dated June 13, 2017), is in effect.***

***The organizational structure meets the requirements of the main shareholder to the organizational structure of the operating company. The main activities of the Company are divided into functional units, which are managed by the Deputy General Directors of the Company:***

***- Economics and finance;***

***- Accounting and tax accounting and reporting***

***- Implementation of a service;***

***- Development and technological connection;***

***- Investment activity, capital construction, logistics and logistical support;***

***- Technical block;***

***- Corporate governance, property management and legal support;***

***- Personnel management, organizational design, organization of labor rating and remuneration, management of affairs, management of public relations;***

***- Special Projects;***

***- Security, protection of state secrets, mobilization training, civil defense. - The separate directions are withdrawn to independent structural subdivisions directly subordinate to the General Director of the Company:***

***- Internal Audit Department;***

***- Department of corporate and technological ACS;***

***- Department of Internal Control and Anti-Corruption Activities.***

***The Deputy General Directors, who are the directors of Astrakhanenergo, Volgogradenergo, Kalmenergo, Rostovenergo, branches of the Company, and the director of the Kubanenergo are represented in the organizational structure, and manage day-to-day activities of following branches of the Company established in accordance with the resolution of the Board of Directors of the Company (Minutes No. 6/2008 of January 11, 2008):***

***- "Astrakhanenergo", branch of the "IDGC of the South", PJSC, (32, Krasnaya Naberezhnaya St, Astrakhan, 414000, Russia);***

***- "Volgogradenergo", branch of the "IDGC of the South", PJSC (15, Lenin Ave, Volgograd, 400066, Russia);***

***- Branch of PJSC "IDGC of the South" - "Kalmenergo*" *(358007, Republic of Kalmykia, Elista, Northern Industrial Zone);***

***- "Kubanenergo", branch of "IDGC of the South", PJSC (2, Stavropolskaya St, 350033, Russia);***

***- "Rostovenergo", branch of "IDGC of the South", PJSC (49, Bolshaya Sadovaya St, Rostov-on-Don, 344002, Russia).***

## 5.8. Obligations of the issuer to its employees (workers) relating to their possible participation in the issuer’s charter capital

***The Issuer has no obligations to employees (workers) concerning the possibility of their share in the charter capital of the issuer***

# Section VI. Information on Issuer’s members (shareholders) and interested party transactions conducted by the issuer

## 6.1. Total number of the issuer’s shareholders (members)

Total number of persons registered in the Register of Shareholders of the Issuer as of the end date of the reported quarter: ***11 092***

Total number of nominee shareholders of the Issuer: **7**

Total number of persons included in the most recently recorded list of persons who had (who have) the right to participate in the General Meeting of Shareholders of the Issuer (the nominal holders of the Issuer's shares represented data on the persons for the benefit of whom they owned (own) shares of the Issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): ***11199***

Date of the preparation of the list of the persons included in the latest list of those who had (have) the right to participate In the General Meeting of the Shareholders of the Issuer (the date, when nominal holders of the Issuer's shares represent data on the persons for the benefit of whom they owned (own) shares of the issuer in order to create another list for recording the persons acting to execute (sell) rights on the shares of the Issuer): ***19.05.2017***

Holders of the ordinary shares of the Issuer that are subject to be inserted in the above list: ***11199***

Information about the number of own shares held on the balance sheet of the Issuer on the end date of the reporting quarter

***Own shares on the Issuer's balance sheet: none***

Information on the number of Issuer's shares belonging to the organizations controlled by it

***There are no shares in the issuer belonging to the organizations controlled by it***

## 6.2. Information on the participants (shareholders) of the issuer owning not less than five percent of its authorized capital or at least five percent of its ordinary shares, as well as information on those controlling such participants (shareholders), and in the absence of such persons about such participants (shareholders) owning not less than 20 percent of the authorized capital or at least 20 percent of their ordinary shares

Participants (shareholders) of the Issuer holding no less than 5 percent of the Issuer’s Authorized Capital or no less than 5 percent of the Ordinary Shares

***1.***

Full corporate name: ***"Rosseti", Public Joint Stock Company***

Abbreviated company name: ***"Rosseti", PJSC***

Location

***Moscow, Russia***

TIN (Taxpayer Identification Number): ***7728662669***

PSRN (Primary State Registration Number): ***1087760000019***

The share of participation of the individual in the Issuer's authorized capital: ***65.118%***

The share belonging to the person of the Issuer’s ordinary shares: ***65.118%***

Persons controlling the participant (shareholder) of the issuer:

***1.1.***

Full corporate name: ***Full company name: The Russian Federation as represented by the Federal Agency for State Property Management***

Abbreviated company name: ***FGUP Federal Property Management Agency***

Location

***Moscow, Russian Federation***

TIN (Taxpayer Identification Number): ***7710723134***

PSRN (Primary State Registration Number): ***1087746829994***

The basis by which the person controlling the participant (shareholder) of the Issuer exercises such control (participation in a legal entity, being participant (shareholder) of the Issuer, conclusion of simple partnership contract, conclusion of contract orders, conclusion of shareholder agreement, conclusion of other agreement which subject is exercise of rights certified by shares (stakes) of a legal entity, being participant (shareholder) of the Issuer): ***the conclusion of the shareholders' agreement which subject is exercise of rights certified by shares (stakes) of a legal entity, being participant (shareholder) of the Issuer***

The fact that the person controlling the issuer's participant (shareholder) has exercised such control:  ***the right to appoint (select) a sole executive body of the legal entity, who is a participant (shareholder) of the issuer* Type of control: *indirect control***

All organizations controlled by the person controlling the issuer's participant (shareholder) (a chain of entities under direct or indirect control of the person controlling the issuer's shareholder) through which the person controlling the issuer's participant (shareholder) exercises indirect control. At the same time, for each such organization, full and abbreviated company names, location, TIN (if applicable), PSRN (if applicable): ***information is not provided to the issuer***

The share of participation of the individual in the Issuer's authorized capital: ***88.04%***

The share belonging to the person of the Issuer’s ordinary shares: ***88.04%***

***2.***

Full corporate name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name:

Location

***1087 Cyprus, NICOSIA, CYPRUS, ESPERIDON12 4ТН FLOOR***

The share of participation of the individual in the Issuer's authorized capital: ***7.7122%***

The share belonging to the person of the Issuer’s ordinary shares: ***7.7122%***

Persons controlling the participant (shareholder) of the issuer:

***No information on the indicated persons is provided to the issuer***

Participants (shareholders) of the Issuer holding no less than 20 percent of the Issuer’s Authorized Capital or no less than 20 percent of the Ordinary Shares

***No information on the indicated persons is provided to the issuer***

## 6.3. Information on the state's or a municipal entity's share of the issuer's authorized capital and the existence of a special right ("golden shares")

Information on managers of state, municipal blocks of shares ***Federal ownership***

Name: ***Federal Agency for State Property Management***

Registered address: ***Moscow, Russian Federation***

Participating Interest of the Issuer's Authorized Capital owned by the government (federal government or federal subjects of the Russian Federation) or a municipal formation: ***0.1***

Persons who exercise the functions of a Participant (Shareholder) of the Issuer on behalf of the Russian Federation, a federal subject of the Russian Federation or a municipal formation

***None***

Availability of a special right for participation of the Russian Federation, federal subjects of the Russian Federation, municipal formations in management of the Issuer (Joint Stock Company) (“golden share”):

***No such right is provided.***

## 6.4. Restrictions on participation in the issuer’s charter capital

***Restrictions on participation in the Authorized Capital of the Issuer: None***

## 6.5. Data on changes in composition and proportion of participation of the Shareholders (Participants) of the Issuer holding no less than 5 percent of Authorized Capital or at least 5 percent of the Ordinary Shares

Structure of the Issuer’s Shareholders (Participants) who held no less than 5 percent of the Issuer’s Authorized Capital, and for the issuers that are joint stock companies no less than 5 percent of the Issuer’s Ordinary Shares, as of the date of drawing up the list of the persons entitled to participate in each General Meeting of the Shareholders within the most recently completed fiscal year preceding the end date of the reported quarter, as well as for the period from the date of the beginning of the current date and to the end date of the reported quarter in accordance with the data of the list of the persons who had a right to participate in each of such meetings.

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: ***18.04.2016***

List of Shareholders (Participants)

Full corporate name: ***"Russian Grids", Public Joint-Stock Company***

Abbreviated company name: ***"Rosseti", PJSC***

Registered address: ***4, Belovezhskaya St, Moscow, 121353***

TIN (Taxpayer Identification Number): ***7728662669***

PSRN (Primary State Registration Number): ***1087760000019***

Person's share ownership in the Issuer's authorized capital, %: ***51.66***

Share of the Issuer's ordinary shares that is owned by the person, %: ***51.66***

Full corporate name: ***Lancrenan Investments Limited***

Abbreviated company name: ***Issuer does not have any information***

Registered address: ***1065 Giannou Kranidioti, 9, 2nd floor, Flat/Office 210,1065, Nicosia, Cyprus***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: ***9.28***

Share of the Issuer's ordinary shares that is owned by the person, %: ***9.28***

Full corporate name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***Issuer does not have any information***

Registered address: ***9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: ***6.96***

Share of the Issuer's ordinary shares that is owned by the person, %: ***6.96***

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: ***13.03.2017***

List of Shareholders (Participants)

Full corporate name: ***"Russian Grids", Public Joint-Stock Company***

Abbreviated company name: ***"Rosseti", PJSC***

Registered address: ***4, Belovezhskaya St, Moscow, 121353***

TIN (Taxpayer Identification Number): ***7728662669***

PSRN (Primary State Registration Number): ***1087760000019***

Person's share ownership in the Issuer's authorized capital, %: ***60.64***

Share of the Issuer's ordinary shares that is owned by the person, %: ***60.64***

Full corporate name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***Issuer does not have any information***

Registered address: ***9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: ***8.703***

Share of the Issuer's ordinary shares that is owned by the person, %: ***8.703***

Date of preparing the list of persons who are entitled to participate in the Issuer’s Shareholders (Participants) Meeting: *19.05.2017*

List of Shareholders (Participants)

Full corporate name: ***"Russian Grids", Public Joint-Stock Company***

Abbreviated company name: ***"Rosseti", PJSC***

Registered address: ***4, Belovezhskaya St, Moscow, 121353***

TIN (Taxpayer Identification Number): ***7728662669***

PSRN (Primary State Registration Number): ***1087760000019***

Person's share ownership in the Issuer's authorized capital, %: ***60.64***

Share of the Issuer's ordinary shares that is owned by the person, %: ***60.64***

Full corporate name: ***PROTSVETANIYE HOLDINGS LIMITED***

Abbreviated company name: ***Issuer does not have any information***

Registered address: ***9 Giannou Kranidioti, 2nd floor, Office 210, 1065, Nicosia, Cyprus;***

***It is not a resident of the Russian Federation***

Person's share ownership in the Issuer's authorized capital, %: ***8.703***

Share of the Issuer's ordinary shares that is owned by the person, %: ***8.703***

Further details:

***N/A***

## 6.6. Data on the related-party interest transactions conducted by the Issuer

Data on the number and monetary value of transactions concluded by the Issuer that are recognized in accordance with the legislation of the Russian Federation as related-party interest transactions requiring approval by the authorized management body of the Issuer, based on the results of the most recently completed reported quarter

Unit of measurement: ***thou RUB***

|  |  |  |
| --- | --- | --- |
| Indicator name | Total number, pcs. | Total amount expressed in terms of money |
| Transactions concluded by the Issuer as related-party interest | 1 | 101,020.96 |
| Transactions concluded by the Issuer as related-party interest and in respect of which the General meeting of participants (shareholders) of the Issuer made decisions on their consent or their subsequent approval | 0 | 0 |
| Transactions concluded by the Issuer as related-party interest and in respect of which the General meeting of the Board of Directors (Supervisory Board) of the Issuer made decisions on their consent or their subsequent approval | 1 | 101,020.96 |

Data on transactions (groups of interrelated transactions), if their price (amount) is no less than five percent of the book value of the Issuer's assets, determined according to its accounting reports for the last completed reporting period that consisted of 3, 6, 9 or 12 months and preceded the date of the transaction, made by the Issuer for the last reported quarter

***The specified transactions were not made***

Further details:

***There was one transaction concluded by the Issuer as related-party interest and in respect of which the General meeting of the Board of Directors (Supervisory Board) of the Issuer made decisions on their consent or their subsequent approval:***

***The contract of compensated rendering of services on technical supervision between PJSC "Rosseti" and PJSC "IDGC of the South" (minutes 09.01.2018 No. 253/2018 meetings of the Board of Directors of PJSC "IDGC of the South" held on 28.12.2017).***

***Contract price:***

***The cost of the Contractor's services under the Contract for the calendar year is 28 536 996 (twenty-eight million five hundred and thirty-six thousand nine hundred and ninety-six) RUB and 00 kopecks, moreover VAT 18%, calculated in accordance with the legislation of the Russian Federation, in the amount of 5 136 659 (five million one hundred and thirty-six thousand six hundred and fifty-nine) RUB and 28 kopecks. The amount of Customer services under the Contract for the calendar year is 1 640 601 (one million six hundred and forty thousand six hundred and one) RUB and 60 kopecks, moreover VAT 18%, calculated in accordance with the legislation of the Russian Federation, in the amount of 295 308 (two hundred and ninety-five thousand three hundred and eight) RUB and 29 kopecks.***

***Other essential terms of the Contract/procedure for their determination:***

***General term of rendering services under the Contract: from 01.01.2018 to 31.12.2020***

## 6.7. Data on the amount of accounts receivable

***Not subject to presentation in this reporting quarter.***

# Section VII. Issuer’s accounting (financial) statements and other financial information

## 7.1. Annual accounting (financial) statements of the issuer.

***Not subject to presentation in this reporting quarter.***

## 7.2. Intermediate accounting (financial) statements of the Issuer

***Not subject to presentation in this reporting quarter.***

## 7.3. Consolidated financial statements of the issuer

***No information on consolidated financial statements in this quarter The interim consolidated financial statements for 6 months of 2017 are presented in the quarterly report of the Issuer for the 3rd quarter of 2017. The annual consolidated financial statements of the Issuer for the last completed financial year will be prepared in the first quarter of 2018 and included in the report for the 1st quarter of 2018.***

## 7.4. Accounting policy of the issuer

***By order of PJSC "IDGC of the South" from 29.12.2016 No. 909 the Accounting policy of the company in 2017 is approved. Orders of the PJSC "IDGC of the South" from 30.12.2016 No. 932, from 28.09.2017 No. 714 and 19.12.2017 No. 904 make amendments to the Company's Accounting policy for 2017. The wordings on the assessment of the costs of maintaining specialized units for capital construction have been clarified, in the establishment of the allowance for doubtful receivables, an unification of Accounting policies Companies, and Corporate standard "Unified Corporate accounting principles (ECOP) according to Russian accounting standards (RSB) has been made, a formulation in terms of the application of the special coefficient to depreciation rate of fixed assets for tax accounting has been completed.***

***Accounting Policy of the Company was formed based on the following assumptions:***

***Business entity assumption. This assumption means that the assets and liabilities of each of the Companies exist separately from the assets and liabilities of other entities. At the same time, only those assets are accounted on the Company's balance sheet that are controlled by it in accordance with the law or the contract. Going concern assumption.***

***Going concern This assumption means that the Company will continue its activities in the foreseeable future and it has no intentions and the need to liquidate or significantly reduce its activity and, consequently, the liabilities of the Company will be repaid in accordance with the established procedure.***

***Consistency assumption. This assumption means that the accounting policy adopted by the Company is applied consistently from one reported year to another. Accrual assumption. This assumption means that the facts of the Company's economic activity refer to the reported period, when they occurred, regardless of the actual time of receipt or payment of funds connected with these facts.***

***In forming the Accounting Policy with regard to a specific matter of accounting the Company selects one method among several methods allowed by the "Unified Corporate Accounting Principles" Corporate Standard, and in the event that this matter is not considered in the "Unified Corporate Accounting Principles" the Company may select one of several methods allowed by the legislation of the Russian Federation and (or) normative legal acts on accounting.***

***If methods of accounting are not established with regard to a specific matter in regulatory legal acts, as well as in the Unified Corporate Accounting Principles, then in developing the Accounting Policy the Company shall develop a corresponding method based on other provisions on accounting, as well as International Financial Reporting Standards.***

***The information is given in Appendix to this Quarterly Report.***

## 7.5. Data on the total amount of exports, as well as on the share of exports in total sales

***Not subject to presentation in this reporting quarter.***

## 7.6. Substantial changes in the issuer’s property after the end of the last completed fiscal year

Data on substantial changes in the composition of the Issuer's property that occurred within 12 months before the end date of the reporting quarter

***Substantial changes in the composition of the Issuer's property that occurred within 12 months before the end date of the reporting quarter***

Further details: ***N/A***

## 7.7. Issuer’s participation in litigations in case such participation may substantially affect financial and business activities of the issuer

***1. Disputes between PJSC "TNS Energo Rostov-on-don" and Company related to differences in the volume of network losses grid company of MUE “Taganrogenergo:”***

***- on recovery of debts in order to compensate for energy losses for the period January-December 2016 in the case No. A53-21205 / 2017 in the amount of 205,445,800.46 rubles, as well as penalties in the amount of 54,017,511.37 rubles. The Arbitration court of the Rostov region from 12.01.2018 claims satisfied in full.***

***2. Disputes between PJSC "Astrakhan Power Sales Company" and the Company related to debt collection in order to compensate for electric power losses in the Company's networks:***

***- on recovery of the cost of electric energy losses in the amount of 6,288,643.34 rubles for the period January 2016 (case No. A06-7548/2016). Proceedings suspended pending consideration and entry into force of the judicial act in the case M A06-8293/2016.***

***- on collection of the value of electric energy losses in the amount of 16,427,034.95 RUB for the period February 2016 (case No. A06-7893/2016). Proceedings suspended pending consideration and entry into force of the judicial act in the case M A06-8293/2016.***

***- on collection of the value of electric energy losses in the amount of 19,553,457.25 RUB for the period February 2016 (case No. A06-8225/2016). Proceedings suspended pending consideration and entry into force of the judicial act in the case M A06-8293/2016.***

***- on collection of the value of electric energy losses in the amount of 19,904,491.41 RUB for the period April 2016 (case No. A06-8318/2016). The proceedings, after the examination, was scheduled for 22.01.2018.***

***- on recovery of the cost of electric energy losses in the amount of 9 526 652,37 rubles for the period May 2016 (case No. A06-8644/2016). The decision of 09.10.2017 in the satisfaction of claims - denied. Consideration of the appeal of PJSC "AESK" is scheduled for 22.01.2018.***

***- on recovery of the cost of electric energy losses in the amount of 38 019 307,09 rubles for the period June 2016 (case No. A06-12737/ 2016). The legal proceeding is suspended in connection with examination appointment.***

***- on recovery of the cost of electric energy losses in the amount of 53 964 918,75 rubles for the period July 2016 (case No. A06-12982/2016). The legal proceeding is suspended in connection with examination appointment.***

***- on recovery of the cost of electric energy losses in the amount of 28 267095,64 rubles for the period August 2016 (case No. A06-1461/2017). The legal proceeding is suspended in connection with examination appointment.***

***3. Disputes between PJSC "Volgogradenergosbyt" and the Company related to recovery of the Company's indebtedness for rendered services on electric energy transmission and consideration of counter claims to the Company for collection of debts in order to compensate for electric power losses in the Company's networks:***

***- PJSC "IDGC of the South" filed a statement of claim on recovery of indebtedness for services on electric power transmission to PJSC "Volgogradenergosbyt" for the period April-June 2015 in the amount of 521 469 525,83 RUB (with consideration of payment amount of claims specified up to 115 02 7 680,37 RUB (case M A12-28642/2015)). Volgogradenergosbyt, PJSC, presented counter claim on the collection of the value of electric power losses in the amount of 138,534,746.03 RUB. 115,027,680.37 RUB were collected in favor of IDGC of South, PJSC, and 115,027,680.37 RUB were collected in favor of "Volgogradenergosbyt", PJSC, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated March 11, 2016. By decision of 12ААС from 27.02.2017 the decision of AC VO was changed, in favor of PJSC "IDGC of the South" it was collected 54 733 187,41 rubles, in favor of PJSC "Volgogradenergosbyt" - 119 788 584,97 rubles. Resolution 12AAS of 28.08.2017 changed the decision of the first-instance court. 58 029 401,89 rubles are collected from PJSC "Volgogradenergosbyt", 117 716 649,49 rubles are collected from PJSC "IDGC of the South".***

***- PJSC "IDGC of the South" filed a statement of claim on recovery of indebtedness for services on electric power transmission to PJSC "Volgogradenergosbyt" for the period September-November 2015 in the amount of 501 048 718 RUB (with consideration of payment amount of claims specified up to 32 349 853,28 RUB (case M А12-890/2016)). PJSC "Volgogradenergosbyt" presented a counter claim to PJSC "IDGC of the South" for the recovery of the cost of losses in the amount of 45 464 957RUB for the similar period (17 545 337,80 RUB taking into account refining of claim requirements). Requirements of PJSC "IDGC of the South" are partially satisfied in the amount of 7 528 401,91 RUB, counterclaims of PJSC "Volgogradenergosbyt" are fully satisfied in the amount of 545 17 337,80 RUB, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated November 1, 2017. On November 29, 2017 an appeal was filed in 12AAS, consideration of which is scheduled for January 24, 2018.***

***- PJSC "IDGC of the South" filed a statement of claim on recovery of indebtedness for services on electric power transmission to PJSC "Volgogradenergosbyt" for the period April-June 2016 in the amount of 539 410 117,04 RUB (with consideration of payment amount of claims specified up to 481 410 177,04 RUB (case M A12-46023/2016)). PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 270 719161,67 RUB (80 720 910,99 RUB taking into account refining of claim requirements) over the same period. Requirements of PJSC "IDGC of the South" are partially satisfied in the amount of 376 847 151,61 RUB, counterclaims of PJSC "Volgogradenergosbyt" are fully satisfied, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated December 6, 2017. The Company filed an appeal in 12AAS, the consideration of which is scheduled for 05.02.2018.***

***- PJSC "IDGC of the South" filed a statement of claim on recovery of indebtedness for services on electric power transmission to PJSC "Volgogradenergosbyt" for the period July-August 2016 in the amount of 425 681 781,95 RUB (with consideration of payment amount of claims specified up to 134 947 433,06 RUB (case M A12-65582/2016)). PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 123 890458,84 RUB (101327252,84 RUB taking into account refining of claim requirements) over the same period. Requirements of PJSC "IDGC of the South" are partially satisfied in the amount of 55 723 372,30 RUB, counterclaims of PJSC "Volgogradenergosbyt" are fully satisfied, on the strength of the Decision of Arbitration Court of Volgograd Oblast dated December 12, 2017. The appeal is in preparation in 12AAS.***

***- "IDGC of the South", PJSC filed a claim against "Volgogradenergosbyt", PJSC on the collection  of debts for electric energy transmission services for the period September-October 2016 in the amount of 506,254,720.17 RUB (case No. A12-858/2016). "Volgogradenergosbyt", PJSC filed a counter claim against "IDGC of the South", PJSC to recover the cost of losses in the amount of 98,874,601.74 RUB for the same period. By the decision of April 05, 2017 the proceedings were suspended until June 16, 2017 in connection with the examination. The period for carrying out the examination was extended to January 30, 2018.***

***- "Volgogradenergosbyt", PJSC appealed to the court with a claim "IDGC of the South", PJSC debts on payment of losses of electric energy in electric networks for November, December 2016 in amount of 220 858 751,34 rubles. "IDGC of the South", PJSC appealed to the court with a claim "Volgogradenergosbyt", PJSC to recover of debts of payment for the electric energy transmission services rendered in November, December 2016, in amount of 340,600,810,01 rubles (case No. А12-7246/2017 combined with case МА12-5460/2017). By decision of Arbitration Court of Volgograd Oblast dd 23.06.2017 expertise was appointed in the case. On the strength of Arbitration Court of Volgograd Oblast of October 23, 2017 the case was resumed, the court session scheduled for 02.11.2017. is put on 11.01.2018.***

***- PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement of a claim for collection of debts for electricity transmission services for the period January-February 2017 in the amount of 65 006 499,58 rubles. (case No. A12-15859/2017). PJSC “Volgogradenergosbyt” filed a counter claim to PJSC “IDGC in the South” on the recovery of the cost of losses in the amount of 86 788 967,88 rubles for the same period. By the decision of 21.07.2017 the proceedings were suspended until November 15, 2017 in connection with the examination. By decision of the Court, the period for carrying out the examination was extended to February 28, 2018.***

***- PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim for collection of debts for electricity transmission services 280 019 665 rubles 39 kopecks debt for March, April 2017 under the contract for the provision of electricity transmission services No. 425 of 28.12.2002 (case No. A12-22534/2017). PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 146 530 715 rubles and 61 kopecks over the same period. By the decision of***

***20.09.2017 the proceedings were suspended until 11.12.2017 in connection with the carrying out expert examination. The examination is extended to March 31, 2018.***

***- PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim for collection of debts for electricity transmission services 410 017 666,78 rubles debt for May-June 2017 under the contract for the provision of electricity transmission services No. 425 of 28.12.2002 (case No. A12-31414/2017) PJSC "Volgogradenergosbyt" was filed counter-claim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 50 000 RUB for the same period. By decision of Arbitration Court of Volgograd Oblast of 20.12.2017 an expertise was appointed in the case in LLC "Regional expertise centre" (expert institution of the proposed PJSC "Volgogradenergosbyt") with a duration of up to 28.02.2018.***

***- PJSC “IDGC in the South” to PJSC “Volgogradenergosbyt” filed a statement to of a claim for collection of debts for electricity transmission services 130 900 156,95 rubles debt for July 2017 under the contract for the provision of electricity transmission services No. 425 of 28.12.2002 (case No. A12-36109/2017). PJSC "Volgogradenergosbyt" was filed counterclaim to the PJSC "IDGC of the South" about collecting of cost of losses in the amount of 57 403 661,14 RUB over the same period. By decision of the Court of***

***06.10.2017 the statement of claim filed hearing scheduled for 06.12.2017. The court session was adjourned to 18.12.2017 to provide PJSC "Volgogradenergosbyt" additional evidence. The court session is scheduled for 22.01.2018.***

# Section VIII. Further information on the issuer and equity securities placed by the issuer

## 8.1. Further information on the issuer

### 8.1.1. Data on the amount and structure of the authorized capital of the Issuer

Amount of the Issuer's Authorized Capital as of the end date of the reported quarter, Rub: ***6117 813 941.7***

Ordinary shares

Total nominal value: ***6117813 941.7***

Participating Interest of the Authorized Capital, %: ***100***

Preference shares

Total nominal value: ***0***

Participating Interest of the Authorized Capital, %: ***0***

Information on compliance of the size of authorized capital specified in the present point, to constituent documents of the issuer is specified:

***The amount of the Authorized Capital specified in this Clause corresponds to the Issuer's constitutional documents as of the date of compilation of this Quarterly Report of the Issuer, i.е. as of the end date of the reported quarter on December 31, 2017.***

### 8.1.2. Information about any change in the amount of the issuer's authorized capital

If within the most recently completed fiscal year preceding the end date of the reported quarter, as well as within the period from the beginning of the current year to the end date of the reporting quarter, there was an alteration in the amount of the issuer's authorized capital, the following data shall be indicated with regard to each fact of changes occurred:

Date of the alteration of the Authorized Capital: ***10.05.2017***

Amount of the Authorized Capital before its alteration (RUB): ***4 981109 606.4***

The structure of AC before making any changes

Ordinary shares

Total nominal value: ***4 981109 606.4***

Participating Interest of the Authorized Capital, %: ***100***

Preference shares

Total nominal value: ***0***

Participating Interest of the Authorized Capital, %: ***0***

Amount of the Authorized Capital after its alteration (RUB): ***6117 813 941.7***

Structure of the Authorized Capital after its alteration

Ordinary shares

Total nominal value: ***6117 813 941.7***

Participating Interest of the Authorized Capital, %: ***100***

Preference shares

Total nominal value: ***0***

Participating Interest of the Authorized Capital, %: ***0***

Name of the Issuer's management body that took a decision to change the amount of the Issuer's Authorized Capital: ***Annual General Meeting of Shareholders of the Company***

Date of drawing up the Minutes of the Meeting (session) of the Issuer's management body, when the decision to change the amount of the Issuer's Authorized Capital was adopted: ***09.06.2016***

Minutes No. ***15***

### 8.1.3. Convening and holding a meeting (session) of the issuer’s supreme management body.

***There were no changes in the information contained in this section of the Quarterly Report***

### 8.1.4. Information on commercial organizations where the Issuer owns at least five percent of Charter capital or not less than five percent ordinary shares

The list of commercial organizations where the Issuer for the end date of the last accounting quarter, owns not less than five percent of the authorized (share) capital (share Fund) or not less than five percent of ordinary shares

***1. Full corporate name: Agricultural Enterprise Sokolovskoye, Joint-Stock Company***

Abbreviated company name: ***PSK Sokolovskoye, JSC***

Location

***Sokolovo-Kundryuchenskiy, Novoshakhtinsk, Russian Federation***

TIN (Taxpayer Identification Number): ***6151011887***

PSRN (Primary State Registration Number): ***1036151002667***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

*2.* ***Full corporate name: Energetik Recreation Center Joint- Stock Company***

Abbreviated company name: ***Energetik Holiday Home JSC***

Location

***Shepsy village, Tuapsinsky District, Krasnodar Krai, Russian Federation***

TIN (Taxpayer Identification Number): ***2355016847***

PSRN (Primary State Registration Number): ***1032330762463***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

*3.* ***Full corporate name: "Energoservis Yuga", Open Joint-Stock Company***

Abbreviated company name: ***JSC "EnergoserviceYuga"***

Location

***Rostov-on-Don, Russian Federation***

TIN (Taxpayer Identification Number): ***6164301167***

PSRN (Primary State Registration Number): ***1106164005750***

The share of the Issuer in the authorized capital of the commercial organization: ***100%***

The share of the Issuer's common shares of such joint stock company: ***100%***

The share of participation of the individual in the Issuer's authorized capital: ***0%***

The share belonging to the person of the Issuer’s ordinary shares: ***0%***

### 8.1.5. Major transactions conducted by the issuer

***The named transactions were not concluded in this period***

### 8.1.6. Data on the Issuer's credit ratings

***There were no changes in the information contained in this section of the Quarterly Report***

## 8.2. Data on each class (type) of share of the Issuer

***There were no changes in the information contained in this section of the Quarterly Report***

## 8.3. Data on previous issues of securities of the Issuer except for the Issuer's shares

### 8.3.1. Information on the issues, all securities of which are redeemed

***There were no changes in the information contained in this section of the Quarterly Report***

### 8.3.2. Data on the issues with non-redeemed securities

***There were no changes in the information contained in this section of the Quarterly Report***

## 8.4. Data on entity (entities) providing (which provided) security for Issuer's bonds with security, and the security provided under the Issuer's bonds with collateral

***The issuer did not register the prospectus of secured bonds, the admission of secured listed bonds to exchange trades was not carried out***

### 8.4.1. Additional data on mortgage coverage on the Issuer's mortgage-backed bonds

***The issuer did not place any mortgage bonds with obligations not fulfilled yet***

### 8.4.2. Additional data on the mortgage security of monetary claims on the Issuer's bonds with the mortgage security of monetary claims

***The Issuer did not place bonds with the mortgage security of monetary claims, the obligations on which have not yet been fulfilled***

## 8.5. Organizations keeping records of rights for the issuer’s equity securities

***There were no changes in the information contained in this section of the Quarterly Report***

## 8.6. Legislative acts regulating import and export of capital, which may influence the payment of dividends, interests, and other payments to non­residents

***There were no changes in the information contained in this section of the Quarterly Report***

## 8.7. Data on the declared (accrued) and (or) paid dividends on the Issuer's shares, as well as on income on the Issuer's bonds

### 8.7.1. Dividends declared and paid on the Issuer’s shares:

Information for the last five completed reported years, or for each completed reported year, if the Issuer has been operating for less than five years, as well as for the period from the beginning of the current year to the end date of the reported quarter

|  |  |
| --- | --- |
| Indicator name | Index value for the reported period: 2012, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |

|  |  |
| --- | --- |
| Indicator name | Index value for the reported period: 2013, full-year |
| The category of shares, for preference shares - type | ordinary |
| The Issuer's management body that made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | Annual General Meeting of Shareholders of "IDGC of the South", OJSC, 06/25/2014, minutes of meeting No. 11 dated 06/25/2014 |
| Amount of declared dividends per share, RUB | 0.00014 |
| The amount of declared dividends in aggregate for all shares of this category (type), rubles. | 6 973 553,81 |
| Date on which are defined (determined) persons who have (had) the dividends right | 14.07.2014 |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2013, full year |
| Deadline (date) for the payment of declared dividends | The period of dividends payment to a nominal holder is a professional participant of the securities market, the Trustee is not more than 10 working days others registered in the register of shareholders - 25 working days from the date of making the list of persons entitled to receive dividends. |
| Form of the payment of declared dividends (monetary funds, other property) | Cash |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year |
| Share of declared dividends in the net profit of the reported year, % | 25.65 |
| Total amount of dividends paid on shares of this class (type), RUB | 6 884 032,91 |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.72 |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Payment of dividends for 2013 was made in the 3rd quarter of 2014. |

|  |  |
| --- | --- |
| Indicator name | Index value for the reported period: 2014, full-year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |

|  |  |  |
| --- | --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2015, full year | |
| The category of shares, for preference shares - type | ordinary | |
| The Issuer's management body that made decision to declare dividends, the date of adoption of such decision, the date of drawing up and the number of the minutes of the meeting (session) of the Issuer's management body when the decision was adopted | Annual General Meeting of Shareholders of "IDGC of the South", PJSC, 06/06/2016, minutes of meeting No. 15 dated 06/09/2016 | |
| Amount of declared dividends per share, RUB | 0.002852693 | |
| The amount of declared dividends in aggregate for all shares of this category (type), rubles. | 142 095 765,43 | |
| Date on which are defined (determined) persons who have (had) the dividends right | 24.06.2016 | |
| The reported period (year, quarter) for which (as a result of which) declared dividends are (were) paid | 2015, full year | |
| Deadline (date) for the payment of declared dividends | The period of dividends payment to a nominal holder is a professional participant of the securities market, the Trustee is not more than 10 working days others registered in the register of shareholders - 25 working days from the date of making the list of persons entitled to receive dividends. | |
| Form of the payment of declared dividends (monetary funds, other property) | Cash |
| Source of the payment of declared dividends (net profit of the reported year, undistributed net profit of previous years, special fund) | Net profit of the reported year |
| Share of declared dividends in the net profit of the reported year, % | 95.00 |
| Total amount of dividends paid on shares of this class (type), RUB | 140 418 818,72 |
| The proportion of the paid dividends in the total amount of declared dividends on the shares of this category (type), % | 98.82 |
| If the declared dividends are not paid or are not paid by the Issuer in full, the reasons for non-payment of declared dividends | The reason for non-payment of the remainder of declared dividends is the lack of requisites for the transfer of funds. |
| Other data on the declared and (or) paid dividends, specified by the Issuer at its own discretion | Date of drawing up the list of persons eligible to receive dividends is June 24, 2016. Payment of dividends for 2015 was made in the 3rd quarter of 2016. |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2016, full year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |

|  |  |
| --- | --- |
| Indicator name | The value of the index for the corresponding reporting period of 2017, full year |
| Within the specified period the Issuer did not adopt decisions on the payment of dividends | |

### 8.7.2. Accrued and paid yield on the issuer’s bonds

Information is provided for each bond issue that has been issued in the last five reporting years, and if the issuer has been operating for less than five years for each completed reporting year, and for the period from the beginning of the current year to the date End of the reporting quarter that year revenue.

Type of security: ***bonds***

Form of security: ***certificated bearer share***

Series: ***02***

***non-convertible interest-bearing documentary bonds with mandatory centralized custody interest***

Official registration number of the Issue: ***4-02-34956-Е***

Date of the state registration of the Issue: ***16.12.2008***

Number of bonds in the issue, pcs: ***6 000 000***

Par value of each bond, RUB: ***1 000***

Amount of the issue at par value: ***6 000 000 000***

|  |  |
| --- | --- |
| Basic data on the incomes on the bonds of the issue:  Indicator name | Accounting Period |
| Type of securities (bonds), series, form and other identification features of the bond issue | non-convertible interest-bearing documentary bearer bonds of series 02 with mandatory centralized custody |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4-02-34956-Е dd 16 December 2008 |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Face value and coupon |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 1 040,39 RUB. / 28.80 USD. USD |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, rub / foreign currency | 184 084 614,42 rub./5 096 459,16 USD |
| Established term (date) of the payment of income on bonds of the issue | 26.08.2014 |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 3,199,509,686.52 RUB/88,579,757.16 USD |
| The share of paid income on bonds of the issue in the total amount due on the payment of revenues on bonds of the issue, % | 100% |
| In the event that the income due to the issue bonds was not paid or paid out by the issuer in full, the reasons for non-payment of such income | The income on the bonds of the issue to be paid was paid by the issuer in full |
| Additional information on income on bonds of the issue specified by the Issuer at its own discretion | There is no other information about income on bonds of the issue |

Type of security: ***exchange-listed/commercial bonds***

Form of security: ***certificated bearer share***

Series: ***BO-01***

***documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-02 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of PJSC "IDGC of the South" placed through public subscription.***

Identification Number of the Issue: ***4В02-01-34956-Е***

Date when this identification number was allotted: ***04.09.2014***

Number of bonds in the issue, pcs: **5 *000 000***

Par value of each bond, RUB: ***1 000***

Amount of the issue at par value: **5 *000 000 000***

|  |  |
| --- | --- |
| Basic data on the incomes on the bonds of the issue:  Indicator name | Accounting Period |
| Type of securities (bonds), series, form and other identification features of the bond issue | documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-02 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of PJSC "IDGC of the South" placed through public subscription. |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4В02-01-34956-Е dd 04 September 2014 |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | Face value and eighth coupon |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 1 033,66 rubles / 18,13 USD |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, rub / foreign currency | 5 168 300 000 rub./90 668 748,46 USD |
| Established term (date) of the payment of income on bonds of the issue | 12.06.2017 |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 6 333 450 000,00 rub./109 110 572,08 USD |
| The share of paid income on bonds of the issue in the total amount due on the payment of revenues on bonds of the issue, % | 100% |
| In the event that the income due to the issue bonds was not paid or paid out by the issuer in full, the reasons for non-payment of such income | The income on the bonds of the issue to be paid was paid by the issuer in full |
| Additional information on income on bonds of the issue specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. Payment of the face value and the eighth coupon yield is indicated in USD At the rate of USD To the ruble of the Russian Federation set by the Central Bank as of 12.06.2017 |

Type of security: ***exchange/commercial bonds* Form of securities: *certificated bearer share***

Series: ***BO-02***

***documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-02 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of PJSC "IDGC of the South" placed through public subscription.***

Identification Number of the Issue: ***4В02-02-34956-Е***

Date when this identification number was allotted: ***04.09.2014***

Number of bonds in the issue, pcs: **5 *000 000***

Par value of each bond, RUB: ***1 000***

Amount of the issue at par value: **5 *000 000 000***

|  |  |
| --- | --- |
| Basic data on the incomes on the bonds of the issue:  Indicator name | Accounting Period |
| Type of securities (bonds), series, form and other identification features of the bond issue | documentary interest-bearing non-convertible exchange-traded bearer bonds series BO-01 with obligatory centralized custody with possibility of early repayment on request of owners and at the discretion of JSC "IDGC of the South" placed through public subscription. |
| Official registration number of the bond issue and the date of its official registration (identification number of the bond issue and the date of its allotment in case the issue of bonds was not subject to official registration) | 4В02-01-34956-Е dd September 4, 2014 |
| Type of income paid on bonds of the issue (nominal value, interest (coupon), other) | First coupon |
| Amount of income payable on the bonds of the issue, expressed in terms of money, per one bond of the issue, RUB/foreign. currency | 21.26 RUB/0.37 USD |
| The amount of income that was payable on the bonds of the issue, in monetary terms in aggregate for all bonds of the issue, rub / foreign currency | 106 300 000 RUB/1 846 091,86 USD |
| Established term (date) of the payment of income on bonds of the issue | 06.10.2017 |
| Form of payment of income on the bonds of the issue (cash, other property) | Cash |
| Total amount of income paid on all bonds of the issue, Rub/foreign currency | 106 300 000,00 RUB /1 846 091,86 USD |
| The share of paid income on bonds of the issue in the total amount due on the payment of revenues on bonds of the issue, % | 100% |
| In the event that the income due to the issue bonds was not paid or paid out by the issuer in full, the reasons for non-payment of such income | The income on the bonds of the issue to be paid was paid by the issuer in full |
| Additional information on income on bonds of the issue specified by the Issuer at its own discretion | Number of bonds in the issue: 6 000 000 pcs; number of actually placed securities: 5 000 000 pcs. Payment of the seventh coupon income is indicated At the rate of USD USD/RUB established by the Central Bank of the Russian Federation as of on October 6, 2017 |

***Coupon period on bonds of series 02 is equal to 182 days.***

***The interest rate on coupon income for coupons from the 1st to the 4th is 17.5% per annum, from the 5th to the 10th is 8.1% per annum.***

***In August 2011, the coupon rate for the fifth coupon period was confirmed at 8.1 (eight point one-tenth) percent per annum on the Issuer's 02 series bonds (non-convertible interest-bearing certificated bearer bonds subject to mandatory deposit). The sixth, seventh, eighth, ninth and tenth coupon rates are equal to the rate for the fifth coupon period.***

***On the day of the offer on 1 September 2011, on "MICEX stock exchange" during the submission address bids for the sale of the Bonds were brought and redeemed from holders of 2 112 589 bonds in the amount of 2 112 589 000 rubles. From repurchased 2 112 589 Bonds 2 Sep sold in the secondary market 670 267 pieces.***

***The coupon income was paid in the amount of 368169 228 rubles 84 kopecks in 2014.***

***Indicators additionally disclosed in accordance with the Regulation on the Information Policy of JSC IDGC of the South.***

***Bonds of the issuer are admitted to circulation by the securities market operator from 01.09.2009 and included in the Quotation list "B" of the stock exchange CJSC "FBMMBB". The bonded loan was repaid on August 26, 2014.***

***Information on the persons that organized the trade and the quotation list, in which the Company's securities are included****:*

|  |  |
| --- | --- |
| ***1. Full company name Abbreviated company name: Registered address:*** | ***"MICEX Stock Exchange", Close Joint-Stock Company***  ***13, Bolshoy Kislovski Side Street, Moscow, 13*** |
|  |  |
| ***Web site:*** | [***www.micex.ru***](http://www.micex.ru) |
|  |  |
| ***License number of stock exchange:*** | ***№ 077-10489-000001*** |
| ***Date of issuance of the license stock exchange:*** | ***August 23 , 2007*** |
| ***Validity of the Stock Exchange License:*** | ***Not limited*** |
| ***Authority that issued the Stock Exchange License:*** | ***The Federal Service for the Financial Markets of Russia*** |

## 8.8. Other data

***None***

## 8.9. Represented securities and the issuer of represented securities the title to which is evidenced by Russian Depositary Receipts

***The Issuer is not the issuer of submitted securities, the ownership to which is certified by Russian depositary receipts***

# Enclosure to quarterly report. Accounting Policy

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| --- | --- | --- |
|  | | PJSC "Interregional distribution grid company of the South" |
|  |  |  |
| December 19, 2017 | **ORDER**  Rostov-on-Don | № 904 |

**On amendments to the order of PJSC "IDGC of the South" of 29.12.2016  
№ 909 "On accounting policy of PJSC "IDGC of the South" for 2017"**

Due to the amendments to the Federal Standards of accounting report (Order of the Russian Ministry of 28.04.2017 № 69n "On amendments to the Provisions of accounting report "Accounting policy of the Company" (RAR 1/2008(, approved by the order of the Minister of Finance of the Russian Federation dd 06.10.2008 № 106n")

IT IS ORDERED AS FOLLOWS:

1. Include additional enclosure № 1 "Provisions on accounting policy for the purposes of accounting report of PJSC "IDGC of the South" for 2017" to the order of PJSC "IDGC of the South" of 29.12.2016 № 909 "On accounting policy of PJSC "IDGC of the South"" for 2017" according to the enclosure № 1 to this order.

2. Include additional enclosure №2 "Provisions on accounting policy for the purposes of tax report of PJSC "IDGC of the South" for 2017" to the order of PJSC "IDGC of the South" of 29.12.2016 № 909 "On accounting policy of PJSC "IDGC of the South"" for 2017" according to the enclosure № 2 to this order.

3. Include additional enclosure №5 "List of forms of primary accounting documentation" approved by the order of PJSC "IDGC of the South" to the order of PJSC "IDGC of the South" of 29.12.2016 №909 "On accounting policy of PJSC "IDGC of the South"" for 2017" according to the enclosure № 3 to this order.

4. To impose supervising the implementation of this order on the chief accountant-the head of Department of accounting and tax accounting and reporting Savin G. G.

Director General B. B. Ebzeyev

Annex №1

to the order of PJSC "IDGC of the South"

of December 19, 2017 № 904

Amendments to annex №1 "Provisions on accounting policy for the purposes of accounting report of   
 PJSC "IDGC of the South" for 2017" to the order of PJSC "IDGC of the South" of 29.12.2016 № 909

| NO. | Clause/paragraph of the clause Annex №1 to the order of PJSC "IDGC of the South" №909 of 29.12.2016 (in wording Annex №1 to the order of PJSC "IDGC of the South" № 932 of 30.12.2016 and Annex №1 to the order of PJSC "IDGC of the South" №714 of 28.09.2017 | Revision | Cause of revision |
| --- | --- | --- | --- |
| 1 | 3.1.10. Suspension of construction. Conservation of construction paragraph 1 Annex 2 | To state the offer in the following wording:  For registration of suspension of construction the Act on suspension of construction in the form No. MRY-54 for a period of up to six months, and in the form No. KS-17 for a period of more than six months is applied. | Clarification, addition |
| 2 | 3.8.4. Assessment of goods for public catering at their acquisition for a fee | To state the clause in the following wording:  Assessment of goods is carried out at the cost of acquisition, taking into account the cost of procurement and delivery of goods to the Central warehouses (bases) produced until their transfer to sale without the use of the account 42 "trade margin"). | C. 5.1. RAR 1/2008 |
| 3 | 3.8.5. Assessment goods at their disposal | To state the clause in the following wording:  Assessment of goods (with the exception of apartments, cars, land, products for public catering and other non-core for the community) in the implementation and other Disposals made by the average cost method moving average evaluation - by determining the actual cost of the goods at the time of its release (moving estimate), with the weighted average calculations include the quantity and value of goods at the beginning of the month and all receipts until the moment of release.  When selling or otherwise disposing of non-core goods for the Company, they are estimated at the cost of each unit.  Assessment of goods for public catering at implementation is made on average Prime cost by method of the weighted average assessment-proceeding from the average monthly actual Prime cost (the weighted assessment) which calculation includes quantity and cost of goods for the beginning of the month and all receipts for the month (the accounting period).  For each group (type) of goods during the reporting year, one method of evaluation is used. | C. 5.1. RAR 1/2008 |
| 4 | 3.8.6. Disclosure of the financial statements paragraph 1 | Remove words:  «trade margin» | C. 5.1. RAR 1/2008 |
| 5 | 3.20.4. Qualification of income on ordinary activities. Analytical accounting of income from ordinary activities, paragraph 2, enumeration | Add enumeration:  Selling of the electric energy and capacity | Clarification |
| 6 | 3.21.12. Distribution costs | Paragraph 2 add enumeration  Commercial expenses related to energy supply activity (functions of a guaranteeing supplier);  Add the following paragraph:  Commercial expenses related to energy supply activity (functions of a guaranteeing supplier) are written off in the debit account 90.07 "selling Expenses" in the statements included in the row 2210 "Report on financial results". | Clarification, addition |
| 7 | 3.25.3. Procedure of reflection of transactions on acquisition of electric energy and capacity | Add the following paragraph:  For the accounting of the electric power and power acquired in the wholesale market under regulated contracts for the population and the groups of consumers equated to them separate nomenclature numbers are applied. | Clarification |
| 8 | 3.25.4. The procedure of write-off the cost of purchased electricity and capacity. Accounting for technological losses of electricity | To state the clause in the following wording:  The purchased electricity and capacity under regulated contracts for the population and the equivalent groups of consumers, monthly, in full are written off in the debit account 90 "Sales" by the type of activity "Resale of electricity and capacity".  Purchased electricity and capacity other than those acquired under regulated contracts for population and equated consumer groups, monthly in full is charged on the basis of the physical volumes actually consumed, sold electricity and losses:  regarding the electric power sold to consumers-in debit of the account 90 "Sales" by the type of activity " Resale of the electric power and power  regarding the electric power used on production and economic needs of production divisions-in debit of accounts of accounting of production costs in the generally established order;  regarding the electric power used by PA production and economic needs of management of an Energosbyt - in the debit of the account 44 "expenses on sale";  regarding the power losses in the debit account 20 "Primary production" affecting activities "electricity Transmission". Assessment of electricity in the sale (other disposal) is made in the manner prescribed by I. 3.7.19 of this regulation. | Revision |

Annex №2

to the order of PJSC "IDGC of the South"

of December 19, 2017 № 904

Amendments to annex №2 "Provisions on accounting policy for the purposes of accounting report of   
PJSC "IDGC of the South" for 2017" to the order of PJSC "IDGC of the South" of 29.12.2016 № 909

|  |  |  |  |
| --- | --- | --- | --- |
| NO. | Clause/paragraph of the clause of Annex №2 to the order of PJSC "IDGC of the South" №909 of 29.12.2016 | Revision | Cause of revision |
| 1 | 4.2.5. Tax accounting of fixed assets | Complete the paragraph with the following content:  The company may apply the following special raising coefficients (not higher than 2):  - the raising coefficient (not higher than 2) to depreciation rate of fixed assets which belong to the objects having high power efficiency according to the list established by the Government of the Russian Federation, and also to the objects having the high class of power efficiency concerning which according to the legislation determination of classes of their power efficiency is provided (sub-clause 4 Clause 1 Article 259.3 of the Tax Code of the Russian Federation);  - the raising coefficient (not higher than 2) to depreciation rate concerning the fixed assets used for work in the conditions of the aggressive environment and (or) the increased replacement. This ratio applies to depreciable property, plant and equipment that were taken into account before 01.01.2014 (sub-clause 4 clause 1 of article 259.3 of the Tax Code of the Russian Federation);  If more than one special coefficient can be applied to the same fixed asset, then only one of them, the maximum one, is established in relation to it (clause 5 sg.259.3 of the Tax Code of the Russian Federation). | Addition |

Annex №1

to the order of PJSC "IDGC of the South"

of December 19, 2017 № 904

Amendments to Annex №5 "List of forms of primary accounting documentation"   
 to the order of PJSC "IDGC of the South" of 29.12.2016 №909

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of the form** | **Number of the form** | **The document, which approves/ cancels the form** | **Note   (Form application area)** |
| Act on suspension of construction | Form №MPY-54 | present order | It is applied for registration of suspension of construction for a period of up to six months (without preservation). |
| Act on the suspension of construction (Conservation) | Form №КС-17 | Resolution of Federal Public Statistics Service of the Russian Federation of 11.11.1999 N 100 with amendments to wording of this order | It is used for registration of construction suspension for a period of more than six months (Conservation). |