**Extract from the Minutes No. 180/2016 of the Board of Directors Meeting of
Public Joint-Stock Company "Interregional Distribution Grid Company of the South"(IDGC of the South, PJSC)**

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| **Date of the meeting:** | 11.03.2016 |
| **Form of the meeting:** | In absentia (by poll) |
| **Place of vote counting:** | 147 2-ya Krasnodarskaya Str., Rostov-on-Don |
| **Time of vote counting:** | 11.03.2016,17-00 |
| **Date of the Minutes:** | 14.03.2016 |

**Members of the Board of Directors:** 11.

**Polling forms were submitted by the following members of the Board of Directors:** Sergey Aleksandrovich Arkhipov, Aleksander Markovich Branis, Vladimir Vladimirovich Dudchenko, Yuriy Nickolayevich Pankstyanov, Nikolay Borisovich Piotrovich, Aleksander Nikolayevich Fadeyev, Roman Alekseyevich Filkin, Andrey Nikolayevich Kharin, Aleksander Victorovich Shevchuk, Igor Vladimirovich Shmakov, Boris Borisovich Ebzeyev.

**Polling forms were not submitted by the following members of the Board of Directors:** none.

In accordance with clause 7.3, article 7 of the Regulation on the Board of Directors of the IDGC of the South, PJSC, approved by the resolution of the Annual General Meeting of shareholders of IDGC of the South, PJSC dated 19.06.2015 (Minutes dated 22.06.2015 under No. 13), the quorum for the board meeting shall not be less than half of the elected members of the Board of Directors. **Quorum is present.**

**Agenda of the meeting of the Board of Directors**

*1. Approval of the Internal Audit Policy of IDGC of the South, PJSC*

*2. Approval of the Internal Control Policy of IDGC of the South, PJSC*

*3. Approval of the Regulation on the Audit Committee of the Board of Directors of IDGC of the South, PJSC*

*4. Making amendments and supplements to the Regulation on the Strategy, Development, Investment and Reforming Committee of the Board of Directors of IDGC of the South, PJSC*

*5. Approval of the service contract for administration and hosting of the Inter-Regional Personnel Professionalism Competitions in Repairs and Maintenance of the Substation Equipment and Cable Networks between IDGC of the South and Lengnergo PJSC as a related party transaction.*

*6. Approval of the contract between IDGC of the South, PJSC and Omega, LLC as of the related party transaction.*

*7. Preliminary approval of the resolution for the Company’s entering into a transaction related to free-of-charge disposal of the movable assets designed for production, transmission, and distribution of electricity and thermal energy - the backup power supply sources.*

**ISSUE 4: Making amendments and supplements to the Regulation on the Strategy, Development, Investment and Reforming Committee of the Board of Directors of IDGC of the South, PJSC**

DECISION:

1. Make amendments to Clause 2.2, Section 2, *Goals and Objectives of the Committee*, of the Regulation on the Strategy, Development, Investment and Reforming Committee of the Board of Directors of IDGC of the South, PJSC (hereinafter the “Regulation on the Committee”) , by adding paragraph 7 to read as follows:

«7) monitoring of establishment and operation of the risk management system.”

2. Make amendments to Clause 3.1, Section 3, *Committee Competence*, of the Regulation on the Committee, by supplementing it with paragraph 20) to read as follows:

20) annual review of the issues involving establishment, operation and efficiency of the risk management system in the Company:

а) review, before presentation to the Board of Directors, of the reports of the Company’s executive bodies on the establishment, operation and efficiency of the risk management system;

б) preliminary review, before approval by the Board of Directors, of the Company’s internal documents that determine the Company’s risk management system establishment and development strategy, the Risk Management Policy and the proposals as to their improvement;

в) preliminary review, before approval by the Board of Directors, and drafting of the opinion on the wording of the annual report of the Company, Risk Management and Internal Control Systems, as concerns

г) inform the Board of Directors of the Company of the risks associated with the Company's activities within the competence of the Committee in a timely manner.

д) review of the semi-annual report of the Company’s executive body on management of the Company’s operating risks according to the established manner;

е) liaising with the internal audit and internal control committees on operation in the Company of the Risk Management System, its efficiency, on taking of efforts on revealed and potential substantial deficiencies in the risk management system

g) review of the proposals on specification of the list and the structure of the Company’s risks (risk register), assignment (appointment) of the risk holders in the Company;

i) review of the proposals as to the improvement of the risk management system, including the risk identification issues and risk parameter adjustment issues; discussion of significant (key) risks of the Company and their indicators with the executive body;

j) assessment of completeness, efficiency, and results of taking of the efforts elaborated by the executive body in charge of management of the significant (key) risks of the Company.”

k) participation in the review of candidates for the risk management positions in the Company.”

**Results of the voting:**

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| S.A. Arkhipov | “**IN FAVOR”** | A.N. Fadeyev | “**IN FAVOR”** |
| A.M. Branis | **ABSTAINED**  | R.A. Filkin | **ABSTAINED**  |
| V.V. Dudchenko | “**IN FAVOR”** | A.N. Kharin | “**IN FAVOR”** |
| Yu.N. Pankstyanov | “**IN FAVOR”** | A.V. Shevchuk | “**IN FAVOR”** |
| N.B. Piotrovich | “**IN FAVOR”** | I.V. Shmakov | “**IN FAVOR”** |
| B.B. Ebzeyev | “**IN FAVOR”** |  |  |

Thus, on the fourth item, the proposed **resolution was adopted by the majority vote** of the members of the Board of Directors.

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| **Chairman of the Board of Directors** | ***Signature*** | **S. A. Arkhipov** |
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| **Corporate Secretary** | ***Signature*** | **E. N. Pavlova** |
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| **TRUE EXTRACT** |
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| **Corporate Secretary** | **E. N. Pavlova** |
| **14.03.2016** |  |