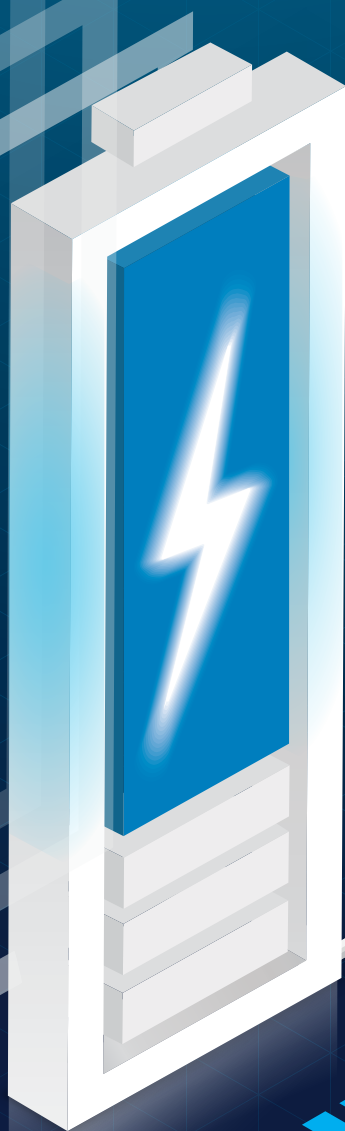




ROSSETI

SOUTH

Integrated Annual Report 2019



ENERGY
for people



PJSC Rosseti South

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About the Report

GRI 102-1 Organisation name

The present Annual Report (hereinafter – the Annual Report) is based on the information available to Rosseti South, Public Joint Stock Company (hereinafter – PJSC Rosseti South, Rosseti South, or the Company), its subsidiaries and associates as at the date this report is prepared. The Report discloses financial and operational performance and contains an overview of corporate and social responsibility activities in 2019.

The Report is based on the integrated reporting principles of the International Integrated Reporting Council (IIRC).

It is also aligned with the requirements of Russian legislation (the Information Disclosure Regulation, the Corporate Governance Code recommended by the Bank of Russia), as well as the requirements of PJSC Rosseti for generating subsidiaries' reporting. Non-financial information for 2019 is disclosed by applying the GRI Standards. In addition, the Report contains information on activities directed towards achieving the UN Sustainable Development Goals (SDGs).

Rosseti South, PJSC

Rosseti South unites distribution grid complexes in constituent entities of the Southern Federal District of the Russian Federation: the Republic of Kalmykia, the Astrakhan, Volgograd, and Rostov Regions – renders services for electricity transmission, grid connection of consumer terminals (power plants) owned by legal and physical entities to the Company's power grids, and carries out repair and operational activities.

Services of Rosseti South are mainly consumed by electricity retailers, entities of the wholesale and retail electricity markets, and local grid organisations.

The Company conducts its core activities under the conditions of natural monopoly with government regulation of electricity transmission tariffs and grid connection rates, as well as the provision of consumers with non-discriminatory access to power grids.

Disclaimer

The Company does not bear any responsibility for losses that may be incurred by physical or legal entities, whose actions relied upon the forward-looking statements. Such forward-looking statements on a case-by-case basis are just one of many possible scenarios and should not be treated as the most probable option.

Except for the cases explicitly stated by law, the Company does not undertake a commitment to publish forward-looking statement updates or amendments based on both new information and subsequent events.

#1

About the Company

In 2019, the number of satisfied agreements on grid connections went up by 3% compared to 2018 and by 10% over the last three years: 14 thousand satisfied agreements on grid connections covering 492 MW of connected loads. Over 130 of them are socially significant facilities.

Thus, Rosseti South made grid connections for several educational, health care, cultural and entertainment facilities in the Rostov Region, Volgograd Region, and Astrakhan Region (rural health posts, schools, Community centres). Under the national project "Safe and High-Quality Roads", the specialists of the Volgograd branch of Rosseti South connected equipment for lighting the roads of federal and regional importance to their grids.

AFFORDABLE
ENERGY



The Company today

Our mission

Being a professional business team, we create the basis for sustainable development of the economy of the Southern Russian regions, relying on the consolidation of energy assets and improvement of the power supply efficiency, as well as on best practices of each employee of the Company and our partners.

We constantly care about the advanced development of grids, ensuring the accessibility and availability of electricity to consumers wherever, whenever, and to whatever extent they need.

We are committed to create favourable working conditions for each of our employees so that they are able to deliver on their potential and preserve their health.

The role and mission of Rosseti South are associated with expectations of the key market players:

- for investment community – the Company as a tool for making investments to ensure their payback, reliability, profitability, and liquidity;

- for consumers – the Company aimed at the high-quality provision of services, high quality and reliable power supply, timely and transparent grid connection;
- for regions and local authorities – the Company ensuring the economic needs of transmission capacities, a reliable partner for the executive authorities of the Russian Federation subjects in planning and implementing the regional programmes of territorial development; the Company is a diligent taxpayer and employer;
- for employees – a diligent employer, an efficiently organised company, which has a transparent and clear corporate governance system that provides opportunities for the maximum development of employees' potential.

Our mission is to ensure reliable and stable electricity supply to meet the evolving needs of the economy and society, with a fair transparent pricing that makes our services affordable to consumers.

Our values

- Reliability – minimal interruptions in energy supply to consumers.
- Responsibility – faithful attitude of the Company's employees to their duties, awareness of the work importance and accountability for its results.
- Customer-oriented approach reflects the importance of the client's interests in the Company's priority system and, as a consequence, the management efforts to meet consumers' requirements;
- Leadership – a personal feature allowing the Company's top and mid-level managers to make a solid team and act proactively.
- Professionalism – an ability to reach the best results in professional activities with the minimum resources used.
- Social responsibility – top managers' acknowledgement of their responsibility to the Company, consumers, personnel, shareholders, and future generations and their efforts to provide the most positive impact on the people around.
- Sustainability – an ability of the Company to function continuously without sudden negative changes in the internal environment and simultaneously develop and integrate new technologies.

The Company's structure and footprint

- GRI 102-4** The number and names of countries/regions where a company operates, does core business
- GRI 102-6** Markets served by a organisation
- GRI 102-45** The list/structure of an organisation, with its front offices, operating companies, subsidiaries and joint ventures included in the consolidated financial statements of the organisation. An indication of whether they are all covered by the Report (and, if not all, an explanation of the reasons)

The Company's footprint

In the reporting year, Rosseti South operated in four regions of the Southern Federal District of Russia – the Rostov, Volgograd, and Astrakhan Regions, and the Republic of Kalmykia. The total area of the regions where PJSC Rosseti

South operates is more than 337 thousand km² (1.96% of the territory of Russia), with a population of 8 million people (5.4% of the population of Russia).

Rosseti South's structure

As of 31 December 2019, the Company has in place the organisation structure approved by the Board of Directors on 9 June 2017 (Minutes No. 236/2017 dtd 13 June 2017).

THE COMPANY'S BRANCHES¹

Branch	Location
PJSC Rosseti South — Astrakhanenergo	Astrakhan
Branch of PJSC Rosseti South — Volgogradenergo	Volgograd
Branch of PJSC Rosseti South — Kalmenergo	Elista
Branch of PJSC Rosseti South — Kubanenergo	Gelendzhik
Branch of PJSC Rosseti South — Rostovenergo	Rostov-on-Don

Since 14 February 2020, all branches have been renamed into branches of PJSC Rosseti South. Kubanenergo branch of Rosseti South is not engaged in operating activities.

DATA ON BRANCHES

Region	Length of power transmission lines, thousand km	Capacity of substations, MVA
Volgograd Region	45,027.4	8,427.4
Astrakhan Region	21,386.7	3,340.0
Republic of Kalmykia	20,337.1	1,277.2
Rostov Region	71,283.3	10,746.0

¹ Established by a decision of the Board of Directors of the Company on 11 January 2008 (Minutes No. 6/2008 dtd 16 January 2008), the decision is posted on the website of the Company: <https://rosseti-yug.ru/korporativnoe-upravlenie/resheniya-soveta-direktorov/>. All branches of PJSC Rosseti South, except for Kubanenergo branch of the same, have been operating since 31 March 2008.

The Company's History

The Company was registered on **28 June 2007** by a decision of the sole founder – OJSC RAO UES of Russia (Decree No. 192r of OJSC RAO UES of Russia dated 22 June 2007). Later, the Management Board of OJSC RAO UES of Russia, acting as an extraordinary General Meeting of Shareholders of OJSC IDGC of the South (Minutes No. 1795pr/6 dated 25 December 2007), as well as General Meetings of Shareholders of five distribution grid companies (DGCs): OJSC Astrakhanenergo, OJSC Volgogradenergo, OJSC Kubanenergo, OJSC Rostovenergo, OJSC Kalmenergo resolved to reorganise the companies by merging DGCs with OJSC IDGC of the South.

On **31 March 2008**, records were made in the Uniform State Register of Legal Entities on winding-up four out of five DGCs affiliated to the Company (OJSC Astrakhanenergo, OJSC Volgogradenergo, OJSC Rostovenergo, and OJSC Kalmenergo). Since this moment, the Company has been acting as a unified operator.

In relation to OJSC Kubanenergo, the Company acted as the sole executive body until **1 December 2010**. From **20 September 2014 to 14 March 2019** (in conformity with the agreement on the transfer of powers of the sole executive body of OJSC Donenergo to the managing company), the Company acted as the sole executive body with regard to JSC Donenergo. On **19 June 2015**, by the decision of the Annual General Meeting of Shareholders, the Company was renamed into Interregional Distribution Grid Company of the South, Public Joint Stock Company.

In **April 2018**, the Company took over the entire power grid complex of the city of Volgograd through a procedure unprecedented among the companies of Rosseti Group. Rosseti South acquired 100% of shares of PJSC VMES, a power grid company that supplies electric power to Volgograd's consumers. Today, JSC VMES is a subsidiary of PJSC Rosseti South, having significantly increased its share in the market for electricity transmission services in the Volgograd Region.

Since **December 2018**, the Company, along with all the companies of Rosseti Group, has entered into a new era in the development of the Power Grid Complex. By Minutes No. 336 dated 21 December 2018, the meeting of the Board of Directors of PJSC Rosseti approved the 2030 Digital Transformation Concept. The "Digital Transformation 2030" project remains a priority for the Company and includes three stages:

- introducing smart metering systems;
- streamlining operational and process-enabled control;

- working towards creating unified IT products that will improve the functioning of electric grids and advance the efficiency of distribution electric grid infrastructure.

IDGC of the South took the first steps towards implementing the smart grid components with due regard for modern-day needs, arranged own and leased digital data transmission channels from 31 facilities.

From **1 May 2019**, the distribution grid complex of the city of Taganrog, the Rostov Region, was brought under the management of PJSC Rosseti South. PJSC Rosseti South manages the Taganrog grid complex through subsidiaries of the Company.

On **28 June 2019** (Minutes No. 326/2019 of the Board of Directors dtd 1 July 2019), Rosseti South joined the Unified Corporate Identity Standard of PJSC ROSSETI and entities of PJSC Rosseti's group of companies. At the same time, preparations began for legal renaming. The procedure was completed on 14 February 2020. Rosseti South became the second company in the group of companies to legally execute the renaming, having received the approval of its shareholders.

On **5 November 2019**, the shareholders of PJSC IDGC of the South decided to rename the Company to Public Joint-Stock Company Rosseti South (PJSC Rosseti South).

Since **14 February 2020**, PJSC IDGC of the South was renamed into Public Joint Stock Company Rosseti South.

The Company, which holds a dominant position in the electricity transmission services market in the Southern Federal District, is currently a part of Rosseti's group of companies, one of the largest infrastructure companies in Russia, controlling about 70% of the domestic distribution grid complex in the regions.



More detailed History of the Company is available on the official website <https://rosseti-yug.ru/o-kompanii/>

Transition of Rosseti's group of companies to a single brand architecture

In June 2019, the St Petersburg International Economic Forum (SPIEF-2019) introduced the Unified Corporate Identity Standard of PJSC Rosseti and entities of Rosseti's group of companies approved by the Board of Directors of Rosseti. Since that time, all subsidiaries and affiliates of the transmission and distribution power grid complex have switched to a single brand architecture in corporate and marketing communications and have begun using new names containing Rosseti's trademark and regional or functional reference.

On 14 February 2020, Rosseti South became the second company in the group of companies to legally execute the renaming, having received the approval of its shareholders.

Rosseti Group operates in 80 constituent entities of the Russian Federation, adopts common approaches to the management and development of the domestic power grid infrastructure, and constantly improves the quality of services provided, while expanding their list. Working under a single brand strengthens the interconnection of enterprises of Rosseti's group of companies, makes the brand more recognisable in the country and in the power grid sector. Consumers is now finding it easier and more understandable to interact with us. The transition to a single name is part of the systemic process of great transformation across all areas of the holding."

Pavel Livinsky,
General Director, Rosseti PJSC:

Activities associated with the transition to a single brand architecture were divided into two main stages.

I stage. After the Board of Directors of PJSC Rosseti approved the Unified Corporate Identity Standard, all subsidiaries and affiliates of the transmission and distribution complexes put the relevant corporate procedures in place. The remaining branded items are being replaced progressively as their depreciation periods expire, without increasing the existing budgets and within the framework of approved business plans.

II stage. Change of legal names of subsidiaries and affiliates.

Since the end of December 2019, subsidiaries and affiliates of the distribution power grid complex that are part of Rosseti's group of companies have started changing their legal names in line with the new brand architecture.

The President of Russia, Vladimir Putin, approved the target model for managing the power grid complex. This large-scale project is focused on creating single grid control centres, city dispatch points, digital regions of power grids and on consolidating the grid assets and the projects for public lighting. Now it is possible to implement a programme for the transition of Rosseti's subsidiaries to a single brand architecture. We expect that the rebranding of Rosseti South will be accompanied by solving the tasks set by the President, i.e. a real increase in the efficiency and quality of public services".

Anton Inyutsyn,
Deputy Minister of Energy of the Russian Federation



Key performance indicators

GRI EU12

Transmission and distribution losses as a percentage of the total energy transmitted

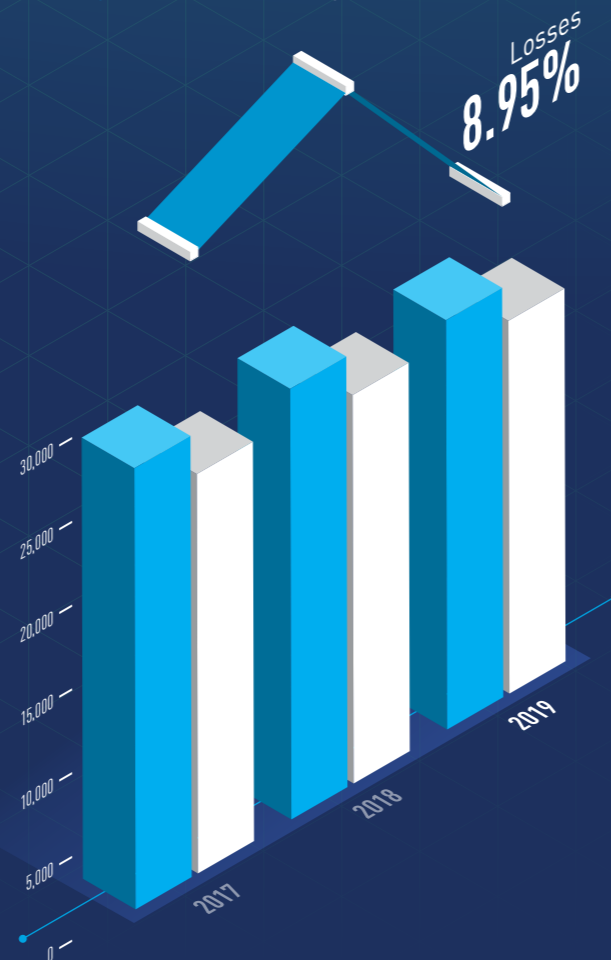
Power transmission and losses



Grid losses reduced by **0.53%** compared to 2018

Delivery to the grid **25,974** mn kWh in 2019

Delivery from the grid to consumers and TGOs **23,650** mn kWh in 2019



2019 saw an increase in the number of satisfied grid connection agreements

by **3%** compared to 2018

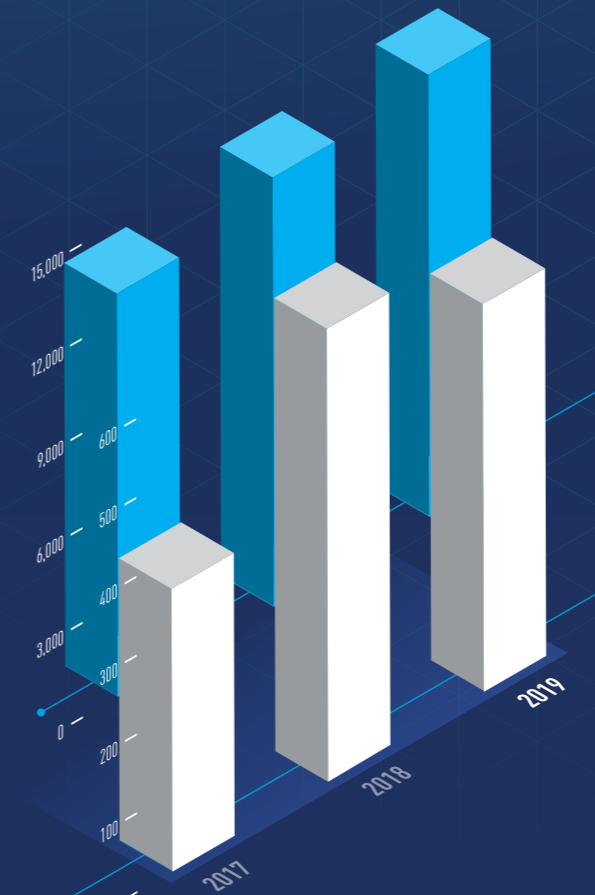
and by **10%** compared to 2017

Number of satisfied agreements **14,037** in 2019

Grid connections



Connected capacity **492** MW in 2019



EBITDA, EBITDA margin



EBITDA **1,266** RUB mn in 2019



GRI EU4 Length of power grids by type

Productive assets

Asset type	2017	2018	2019	
6-220 kV substations	32,040	32,168	32,497	
Total installed capacity, MVA	24,045.6	24,046.7	23,790.5	
35-220 kV substations	stations	1,214	1,213	1,209
	MVA	18,732.8	18,723.2	18,358.0
6-10(35)/0.4 kV transformer substations, distribution transformer substations	stations	30,826	30,955	31,288
	MVA	5,312.8	5,323.5	5,432.5
ROW length of 0.4-220 kV overhead lines, km	155,794.60	155,897.99	155,264.70	
220 kV and above overhead lines	386.2	386.2	141.0	
110 kV-150 kV overhead lines	15,802.5	15,753.9	15,753.9	
35 kV overhead lines	11,554.20	11,627.38	11,611.30	
6-10 kV overhead lines	75,758.70	75,746.23	75,305.70	
0.4 kV overhead lines	52,293.00	52,384.26	52,452.85	
Length of 0.4-220 kV cable lines, km	2,514.70	2,577.06	2,769.90	
220 kV and above cable lines	0	0	0	
110 kV cable lines	27.2	27.6	27.6	
35 kV cable lines	57.2	57.2	57.2	
6-10 kV cable lines	1,655.80	1,709.73	1,894.20	
0.4 kV cable lines	774.6	782.5	790.9	

TAXES AND INSURANCE CONTRIBUTIONS TO BUDGETS AND EXTRA-BUDGETARY FUNDS OF ALL LEVELS, RUB MN

Name	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019	Year-on-year change, %
Taxes and charges	785.789	688.135	754.556	9.650
Insurance contributions	162.994	210.293	280.862	33.560
Total:	948.783	898.428	1,035.418	

Corporate governance

The 2018 Annual Report of Rosseti South received several awards at the LACP Inspire Awards international competition of annual reports and upgraded the Company's position in the ranking of the IR Russian Regional Network (RRT).

The document also entered the TOP-100 of the best reports of the world, taking the 39th ranking spot, and received high marks in six other nominated categories of the prestigious international competition.

In 2019, efforts were made to improve and develop the corporate governance system of the Company with the result that in December 2019 the Russian Institute of Directors raised the national corporate governance rating from NCGR 6 ++ "Good Corporate Governance Practice" to NCGR 7 "Advanced Corporate Governance Practice".



7

Advanced Corporate Governance Practice

#2

Strategic report

2019 year showed that the very first digital transformation efforts under the Digital Transformation Programme are yielding results: the accident rate and the duration of outages have been declining, losses – mitigated, off-the-meter energy consumption – prevented, and operating costs – reduced.

Thus, the number of accidents in the 6 kV and above grid decreased year-on-year by 15.5% , the specific accident rate – by 16%, and the average duration of interruptions in power supply to consumers dropped by 28.5% to 1.38 hours. In the 110 kV and above grid, the number of accidents in 2019 declined by 15.7%. Electricity losses was down by 267.8 mn kWh, or 1.03%”.

Boris Ebzeev,
General Director, PJSC Rosseti South

STARTING
THE DIGITAL
TRANSFORMATION



Market Overview

The Company's position in the industry

Rosseti South brings together distribution grid complexes in constituent entities of the Southern Federal District of the Russian Federation: the Republic of Kalmykia and the Astrakhan, Volgograd, and Rostov Regions.

Core types of activities:

- fee-based power transmission services;
- services for connection of consumer terminals of legal entities and individuals to the electric power grids of the Company;
- repair, maintenance and operation.

By order No. 208-e of the Federal Tariff Service dated 16 June 2008, the Company was included in the register of subjects of natural monopolies in the fuel and energy sector, which are subject to state regulation and control through setting tariffs for electricity transmission services and services for connection consumers to the electric power grids of the Company.

Services of the Company are mainly consumed by electricity retailers, participants of the wholesale and retail electricity markets, and local grid operators.

Most of the electricity supplied to consumers within the service area of PJSC Rosseti South passes through the electric power grids of the Company.

Having the direct grid connection of electricity consumers to UNPG grids, PJSC Rosseti South signed grid assets lease agreements with the owner of the equipment of the UNPG grids [PJSC FGC UES] (last mile agreements) and thereby acquired the right to provide electricity transmission services to such consumers.

In 2019, the total revenue of PJSC Rosseti South amounted to RUB 36,966 million, 94.4% of this are proceeds from electricity transmission, 2.3% – from grid connections, 2.5% – from electricity sales, 0.8% – from other activities.

STRUCTURE OF REVENUE AND PROFITS BY BUSINESS LINES, RUB MN

Branch	Astrakhan-energo	Volgograd-energo	Kalmenergo	Rostov-energo	Kuban-energo	Executive office	Total
Total revenue	5,457	10,477	1,942	19,014	36	41	36,966
Share in the total revenue, %	14.8	28.3	5.3	51.4	0.1	0.1	100.0
Grid services (power transmission)	5,311	10,372	1,000	18,228	0	0	34,911
Share in the total value across PJSC Rosseti South, %	15.2	29.7	2.9	52.2	0.0	0.0	100.0
Grid services (grid connection)	100	60	4	683	0	0	848
Share in the total value across PJSC Rosseti South, %	11.8	7.1	0.5	80.6	0.0	0.0	100.0
Electricity and capacity resale	-	-	916	-	-	6	923
Share in the total value across PJSC Rosseti South, %	0.0	0.0	99.3	0.0	0.0	0.7	100.0
Other services	46	45	22	103	36	34	285
Share in the total value across PJSC Rosseti South, %	16.0	15.6	7.6	36.3	12.5	12.0	100.0

Estimation of the share of subsidiaries of the power distribution grid complex in the required gross revenue (RGR) of the regions served by PJSC Rosseti South over the last three years and the change drivers¹

RGR for the maintenance of PJSC Rosseti South in 2018 amounted to RUB 31,258.13 million (taking into account the consolidation of the TGO of the Astrakhan Region, municipal unitary enterprise "Comfortable City" of municipal entity "City of Narimanov", the TGO of the Volgograd Region – Municipal Unitary Production Enterprise (MUPE) "Volgograd Inter-District Electric Grids" (VMES), for the maintenance of TGOs – RUB 5,329.54 million.

RGR for the maintenance of PJSC Rosseti South in 2019 – RUB 26,781.20 million (taking into account the consolidation of JSC VMES in the Volgograd Region and LLC YugStroyMontazh in the Rostov Region), for the maintenance of TGOs – RUB 11,198.59 million.

RGR for the maintenance of PJSC Rosseti South in 2019

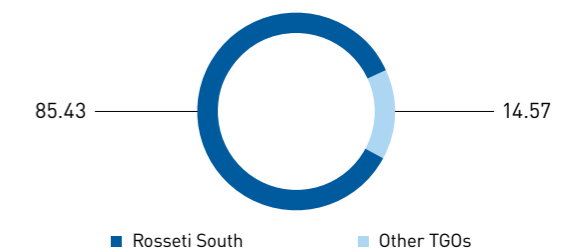
26,781.2 RUB mn

Expected RGR for the maintenance of PJSC Rosseti South in 2020 – RUB 27,793.19 million, for the maintenance of TGOs – RUB 11,005.98 million.

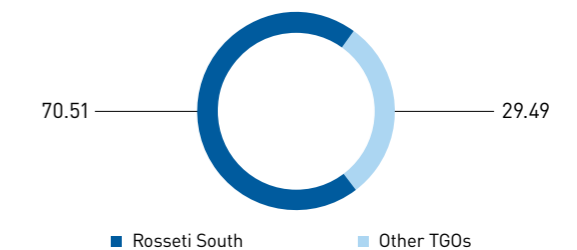
The share of the Rostovenergo branch of PJSC Rosseti South in the regional RGR in 2018 includes a controlled company, JSC Donenergo (on 20 September 2014, an agreement was signed on the transfer of powers of the sole executive body of OJSC Donenergo to the Managing Company). In 2019–2020, due to the termination of the agreement, the share of the Rostovenergo branch does not include the RGR of JSC Donenergo.

The share of Kalmenergo branch of Rosseti South since 2018 is determined taking into account the consolidation of electric grid equipment of Kalmenergo from 31 December 2016 (equipment sale contract dated 19 December 2016 and certificate of acceptance dated 31 December 2016).

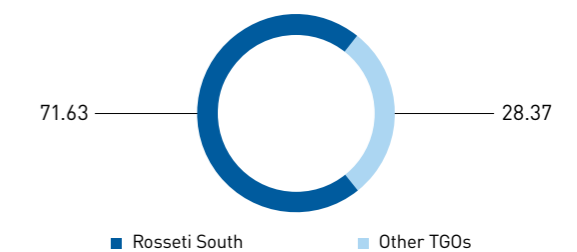
MARKET SHARE BY RGR FOR ELECTRICITY TRANSMISSION SERVICES IN 2018, %



MARKET SHARE BY RGR FOR ELECTRICITY TRANSMISSION SERVICES IN 2019, %



MARKET SHARE BY RGR FOR ELECTRICITY TRANSMISSION SERVICES IN 2019, %



¹ The estimate of the "Share in regional RGR" indicator used the information contained in the resolutions to apply all-in (common pot/joint operation) tariffs for electricity transmission services approved by the executive authorities of the constituent entities of the Russian Federation applicable to the state regulation of tariffs.

The reasons for the year-on-year growth in the share of Rosseti South in 2020 are as follows:

- In the Rostov Region:
 - withdrawal of the status of territorial grid companies from JSC "Energia" and LLC "DONEX" since 1 January 2020;
 - execution of the requirements of the Federal Antimonopoly Service of the Russian Federation by the Regional Tariff Service of the Rostov Region following the checks of JSC Donenergo and LLC Promelectroset.
- In the Astrakhan Region:
 - inclusion of the negative adjustments in the RGR of TGOs after considering the results of activities for the previous regulatory periods,
 - downward revision of the baseline operating expenses in regards to TGOs due to the beginning of new long-term regulatory periods.

Assigning the status of a guaranteeing supplier

In 2018 and 2019, the functions of a guaranteeing supplier on the territory of the Republic of Kalmykia within the city of Elista were performed on the basis of orders No. 1139 and No. 1108 of the Ministry of Energy of the Russian Federation dated 30 November 2017 and dated 29 November 2018, respectively.

The proceeds from the sale of electric energy of the Kalmenergo branch for 2019 amounted to RUB 922.7 million. In 2019, the volume of electricity supplied to the retail market amounted to 165.3 million kWh, including 164 million kWh under energy supply agreements, broken down into 87.1 million kWh supplied to the households and equivalent consumers and 1.3 million kWh supplied under purchase and sale agreements.

As the guaranteeing supplier, Kalmenergo serves 1,981 consumers, among them legal entities, private entrepreneurs, and persons carrying on a trade or business, as well as 3,441 consumers from the "Households" category.

The rate of payment on the electricity retail market in 2019 stood at 82.4%, the underperformance was 17.6%, or RUB 228.8 million, and resulted from incomplete payment from the housing and utilities sector, in respect of which it is impossible to apply measures to limit energy supply because of their social importance (heat and water supply), and from state-financed organisations due to the lack of received ceiling amounts and the falling economy of the region. All debts for consumed electricity are covered by the claims work.

In order to implement the function of the Guaranteeing Supplier on the territory of Elista of the Republic of Kalmykia, the balanced volume of electricity (capacity) purchase of Rosseti South in the wholesale market in 2019 amounted to 193.693 million kWh, with the cost of purchased electricity (including capacity) being RUB 387.260 million (excl. VAT).

The rate of payment obligations on the wholesale market for electricity in 2019 is 100%.

The proceeds from the sale of electric energy of the Kalmenergo branch for 2019 amounted to

RUB 922.7 million

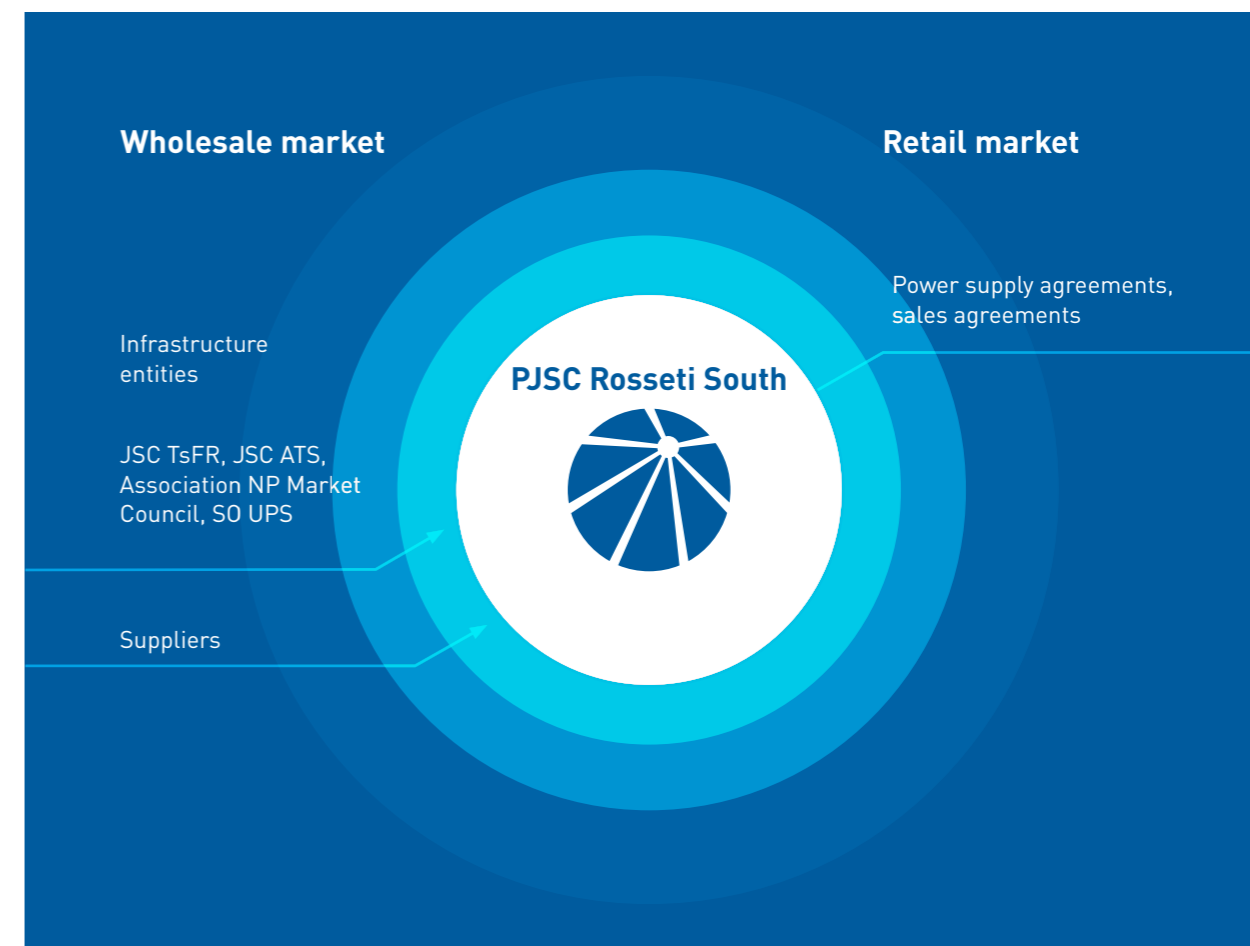
In 2019, the volume of electricity supplied to the retail market amounted to

165.3 million kWh

The rate of payment on the electricity retail market in 2019 stood at

82.4%

THE LIAISON MECHANISM OF PJSC ROSSETI SOUTH ACTING AS A GUARANTEEING SUPPLIER WITH ENTITIES OF THE WHOLESALE AND RETAIL ELECTRICITY (CAPACITY) MARKETS



Competitive environment

The Company's competitors are small and medium-sized companies within its footprint. It is important to note that smaller competitors are at the local level, are tied to certain municipal districts, and have a little impact on the Company's business. The likely major competitors are JSC Donenergo in the Rostov Region, municipal unitary enterprise of Astrakhan Gorelektroset in the Astrakhan Region, CJSC VOE in the Volgograd Region due to their coverage area and a single rate of grid connection tariffs. However, existing delimitation of the territorial responsibility of the Company, apart from certain municipal districts, downgraded the influence of these grid companies on the competitiveness of the grid connection services provided.

In addition, to measure the attractiveness of investing in shares of PJSC Rosseti South in the stock market, the Company is usually compared with other IDGCs, although the companies are not physically competitors and, moreover, are subsidiaries of PJSC Rosseti.

GRI 102-14 Statement from senior decision-makers: short, medium and long-term strategy (including a sustainable development strategy), main goals and objectives (among others for sustainable development) for the next reporting period, comparison of achievements in the current reporting period (including achievements pertaining to sustainable development) with previously set goals and objectives.

Statement by the Chairman of the Board of Directors

GRI 102-14 Statement from senior decision-makers: short, medium and long-term strategy (including a sustainable development strategy), main goals and objectives (among others for sustainable development) for the next reporting period, comparison of achievements in the current reporting period (including achievements pertaining to sustainable development) with previously set goals and objectives.



Dear shareholders, partners and colleagues,

In analysing the production and financial and economic performance indicators of PJSC Rosseti South in 2019, I'd like to note that the past year was remarkable for the Company for a number of significant events. So, in June the Company joined the Unified Corporate Identity Standard and since then has been doing its corporate and marketing communications under the Rosseti South brand. At the same time, we started preparations for legal renaming. The procedure was completed on 14 February 2020. Rosseti South became the second company in the group of companies to legally execute the renaming, after receiving the approval of its shareholders.

PJSC Rosseti South was included in the top ten most transparent companies in Russia according to the results of the study of the Russian Regional Network (RRN) for integrated reporting – the Company moved up from 57th immediately to 8th spot in the corporate transparency ranking, increasing its performance by 11.8 points. The Company was the only representative of Rosseti's group of companies in the TOP-10 ranking.

An important event in the history of the Company was the public takeover of 100% of the shares of the power grid company, PJSC VMES, supplying electricity to Volgograd consumers, which significantly increased its share in the market of electricity transmission services in the Volgograd Region. This was the culmination of an unprecedented project in Rosseti's group of companies – debtor's bankruptcy through the corporatisation with the preservation of the entire work team and production areas.

The issue of asset consolidation in the regions was on the agenda throughout the year. The entire distribution grid complex of the city of Taganrog, the Rostov Region, also was brought under the management of PJSC Rosseti South. Altogether, for the year, the Company accepted transfer of ownership over 4.9 thousand km of power lines and packaged transformer substations with a capacity of 1,091 MVA in the territory of the Rostov, Volgograd, and Astrakhan Regions and the Republic of Kalmykia. Another 230 km of power transmission lines and packaged transformer substations with a capacity of more than 130 MVA (including ownerless electric grid assets) will be consolidated in 2020. As a result, we enjoy higher efficiency of management and control of the power grid complex, cost saving, optimisation of costs for connecting new consumers, a single transparent centre of responsibility, an integrated approach to retrofitting and implementation of development programmes.

During the course of our energy retailing activities in Elista of the Republic of Kalmykia, the obligations to suppliers in the wholesale electricity and capacity market were paid off timely and in full. In 2019, proceeds from sales in the retail electricity market grew by 8.9% year-on-year and amounted to RUB 922 million.

To the great extent, the financial result was influenced by the extremely poor payment discipline of guaranteeing suppliers in the regions. As of 2019, reserves were created to cover the debt of PJSC Astrakhan Electricity Retailing Company and PJSC Volgogradenergobyty, which resulted in a loss of RUB 3.2 billion. On the other hand, the Company's revenue for this period increased by 4% to RUB 38 billion.

Despite financial constraints, the Company maintained stable functioning of the grid infrastructure, while improving key performance indicators, reducing accident rate, ensuring reliable power supply to its consumers, and implemented the assumed obligations for new grid connections.

In the future, PJSC Rosseti South has ambitious tasks in the digital transformation of the grid complex. And these are new challenges, intricate and, at the same time, interesting and strategically important. The Board of Directors and management of the Company will make every effort to achieve the set targets with maximum economic effect, strengthen the position of the Company and the economy of the regions of its operation in general!

Respectfully yours,

Olga Sergeeva,
Chairman of the Board of Directors,
PJSC Rosseti South



Statement by the General Director



2019 Integrated Annual Report

Dear shareholders,

The past 2019 year showed that the very first digital transformation efforts are yielding results: the accident rate and the duration of outages have been declining, losses – mitigated, off-the-meter energy consumption – prevented, and operating costs – reduced. Thus, the number of accidents in the 6 kV and above grid decreased by 15.5% year-on-year, the specific accident rate – by 16%, and the average duration of interruptions in power supply to consumers dropped by 28.5% to 1.38 hours. In the 110 kV and above grid, the number of accidents in 2019 declined by 15.7%. In such event, among other causes of failures, 54% are attributable to third-party interventions and weather effects.

Losses of electric energy in 2019 resulting from all technical, instrumental and organisational measures decreased by 267.8 million kWh, or 1.03%, under comparable conditions for the supply of electricity to the grid, together with the volume of “last mile” delivery excluded this year as compared to the previous year. The economic effect of installing smart metering systems in the operations area of PJSC Rosseti South in 2019 amounted to 244.3 million kWh of electricity, or RUB 1.13 billion. Today, over 170 thousand most advanced metering devices are installed across all branches of Rosseti South. We are planning to install more than 88 thousand metering devices until the end of 2020.

Pursuant to the Smart Electricity Metering Development Programme, from 2020 to 2030 a total of 1,014 thousand smart metering devices will be replaced and installed, thus creating a unified automated electricity metering system. The expected outcome by 2030 is a reduction in the process-related consumption of electric energy from 8.95% to 6.06% for delivery to the grid, or 582 million kWh.

In 2019, 794 km of power lines were commissioned vs a target of 497 km and 215 MVA of transformer capacity, outstripping the target by 160%. Total capital investments exceeded RUB 3 billion, or 99% of the approved Investment Programme. The increase in new fixed assets vs target values was driven by the Company's commitments to build facilities providing a connection to the Company's power grids within its entire footprint. Just to connect the subsidised consumers, branches constructed power grid facilities worth a total of RUB 728 million (384 km of power transmission lines) and commissioned 42 MVA of transformer capacity.

In 2019, the number of satisfied agreements on grid connections went up by 3% compared to 2018 and by 10% over the last three years: 14 thousand satisfied agreements on grid connections covering 492 MW of connected loads. Over 130 of them are socially significant facilities.

PJSC Rosseti South continues to promote and facilitate the development of alternative energy sources. The construction of the new Zarya substation in the Krasnosulinsky district of the Rostov Region, which will transfer electricity from the Gukovo-1 wind farm, has been almost completed. Zarya Substation will become the first digital power substation in the Southern Federal District that meets the new standards adopted by Rosseti. Technically, this is a digital main substation with the switching equipment controlled by an operator via digital control channels from the Grid Control Centre. Furthermore, three solar power plants in the Astrakhan Region with a total capacity of 79 MW and two solar power plants in Kalmykia were connected to the grid. For Kalmykia, which consumes approximately 98 MW per year, while not having its own large generation facilities – all electricity comes from neighbouring regions via overhead lines – the development of renewable energy sources of this scale is a landmark event. Work is in progress for grid connection of wind parks in the Volgograd and Rostov Regions and in the Republic of Kalmykia.

In response to current trends and customer preferences, the Company is actively promoting online services. Now you can obtain services through the official website of the Company, the Unified Portal of Power Grid Services, the “Rosseti – my account” new mobile application, and the “Light Country” portal. This approach is consistent with the concept of 2030 Digital Transformation. Compared with the previous year, the number of consumer appeals to Rosseti South in 2019 increased by more than 16%, exceeding 242 thousand appeals. Almost half of them were submitted through a call centre, Internet services, and the Company's website. The consumer survey revealed that the level of awareness of interactive services and the possibilities of remote servicing was 80%.

As before, the debts of guaranteeing suppliers and TGOs remain the critical areas of concern, which have a direct impact on the main financial indicators of the Company and the energy security of the regions. At the end of 2019, the debt of the Company's counterparties for rendered electricity transmission services totalled RUB 14.6 billion. The bulk of the debt, 62.1%, is attributed to regional guaranteeing suppliers. The decline in this indicator was mainly driven by the repayment of debts for electricity transmission services of MUPE VMES in the amount of RUB 2.6 billion. The funds were repaid as a result of the public takeover of 100% of shares of PJSC VMES within the bankruptcy procedure of a debtor, MUPE VMES. Beyond that, the situation with the guaranteeing supplier of the Volgograd Region, PJSC Volgogradenergoby, is not getting better. Over the year, a debt of RUB 3.9 billion has decreased by only 9%, almost all payments are made pursuant to court orders. A retail company appeals with judgments on debt recovery and then receives instalment payments for enforced debts, so jeopardising the implementation of production programmes and the security of power delivery to regional consumers. Astrakhan Electricity Retailing Company increased its debt by RUB 1.1 billion. Due to the critically poor payment discipline in the regions where PJSC Rosseti South operates, it was forced to create bad debt reserves to cover the debts of guaranteeing suppliers of PJSC Astrakhan Electricity Retailing Company and PJSC Volgogradenergoby, which, consequently, led to a loss of RUB 3.2 billion, while the revenue for 2019 increased by RUB 572.4 million and amounted to RUB 36.9 billion.

PJSC Volgogradenergoby has established itself as an unscrupulous counterparty: evasion of payment of rendered electric power transmission services, regular formation of disagreements to certificates of electric power transmission services rendered, frivolous litigation when considering cases on collection of debts for electric power transmission services in order to delay deadlines for the settlement of disputes, obtaining by judicial means an order for a judgment be paid by instalments for a long period of time, both on the amount of the principal debt and the fine, violation of the terms of the debt restructuring agreement. The long experience of interaction has proved that the measures taken are insufficient and the only possible way out of the situation is bankruptcy of this grid company with the subsequent withdrawal of its status of a guaranteeing supplier. In relation to PJSC Volgogradenergoby, the Company filed an application to withdraw the status of a guaranteeing electricity supplier of the Volgograd Region with the Ministry of Energy of the Russian Federation and a bankruptcy petition with the Arbitration Court of the Volgograd Region.

The Company's management as ever attached great importance to social policy, ensuring decent working and off-working conditions for employees, and attracting recent graduates of blue-collar jobs. For example, to train specialists necessary in the context of digital transformation of qualifications, the Company is working with universities and colleges, new subjects are brought into the training programme, students undergo practical training at existing facilities of the enterprise. In 2019, the Company paid first ever scholarships to students who entered into an employer-sponsored training agreement. “A” and “B” full-time students receive financial incentives on a monthly basis.

To motivate blue-collar staff, the Company introduced such a form of corporate support as compensation for interest on mortgages. Last year, 198 employees of key specialties of Rosseti South made use of this incentive. The sum of compensated mortgage interests amounted to more than RUB 10 million, and the recipients were electricians, electrical fitters, foremen, operators of production departments of all Rosseti South's branches.

The efforts made by the Company's management are focused on offering new opportunities for consumers and improving the quality of services provided. The next year will require us to solve substantial problems in a challenging economic climate. The priority will still be given to the provision of reliable, uninterrupted power supply to our consumers, the renovation and construction of new power facilities, and the transition to a digital platform. I am sure that the Company is well positioned to further positive dynamics!

Respectfully yours,



Boris Ebzeev,
General Director,
Chairman of the Management Board,
Rosseti South

Business Model

GRI 102-2

Activities, brands, products, and services

Assets

Installed capacity

23,790.5 MVA
35-220 kV
substations – 18,358 MVA
6-10(35)/0.4 kV
substations – 5,432.5 MVA

ROW length of overhead lines

155,264.7 km

Length of cable lines

2,769.9 km

Knowledge based capital

Intangible assets –
RUB 22.84 million

R&D results –
RUB 7.14 million

Fixed assets –
RUB 8.43 million

Human capital assets

Average headcount
13,686 people

Activity

Power transmission

Electric power supply
25,974 mn kWh

Power Sales

Functions of a guaranteeing supplier
in the territory of the Republic of Kalmykia:

1,981 legal entities, private entrepreneurs,
and persons carrying on a trade
or business, and

3,441 consumers in the Households
category

Grid connection

14,037 grid connections

Other types of activities

Urban lighting services, etc.

Revenue by type of activity

34,911
RUB mn

923
RUB mn

848
RUB mn

285
RUB mn

Revenue and other highlight figures

Revenue

36,966
RUB mn

RGR

RUB 37,184.84 mn
(own RUB 18,967 mn)

Market share
by RGR for electricity
transmission services,
70.5%¹

Net profit (loss)

–RUB 3,198 mn

EBITDA

RUB 1,266 mn

Stakeholders

Consumers

Customer quality
satisfaction rating
4.9 of 5

0.79 thousand km
power transmission lines commissioned

23,650 mn kWh
net electricity delivered from the grid

14,037 satisfied agreements

492 MW connected loads

Employers

Turnover rate
4.1%

Government

Tax liabilities
RUB 1,035 mn

Investors

Net debt/EBITDA
RUB 1,266 mn

Shareholders

Dividends (RAS)
RUB 561 mn

Trade payables

Total purchases Share of purchases
from SMEs

RUB 11,239 mn 86.14%

Environmental programmes

RUB 18.754 mn

¹ Based on domestic turnover of sales operation
in the Republic of Kalmykia.

Key Performance Indicators (KPI)

Achieving the overarching development goals of the Company is assessed by the system of key performance indicators (KPIs).

The key performance indicators set for the Company's General Director were based on:

- Clause 15.1 of Article 15 of the Articles of Association of PJSC Rosseti South;
- Decisions of the Board of Directors of the Company dated 6 April 2017 (Minutes No. 226/2017 dtd 10 April 2017), taking into account changes approved by the decision of the Board of Directors on 24 December 2019 (Minutes No. 348/2019 dtd 25 December 2019).

In complying with the said decision of the Board of Directors, the following mix of KPIs was set in 2019.

QUARTERLY KPIS

Indicators	Actual results achieved in 2018	2019 targets	Actual results achieved in 2019
Consolidated operating profit (EBITDA)	KPIs achieved in all quarters	for Q1, H1 and 9 months ≥ 0 ; for year – $\geq 3.0\%$	KPIs achieved in all quarters
Consolidated net debt / EBITDA	KPIs achieved in all quarters	Q1, Q2, Q3 ≤ 3.9 Q4 ≤ 3.5	KPIs achieved in all quarters, except for Q2, Q3
Planned measures taken to reduce accounts receivable of S&As	KPIs achieved in all quarters	$\geq 100.0\%$	KPIs achieved in all quarters
Zero growth in major incidents	KPIs achieved in all quarters	Zero growth Target value in digital measurements: ≤ 1	KPIs achieved in all quarters
Zero increase in the number of people injured in accidents	KPIs achieved in all quarters, except for Q3	Zero growth Target value in digital measurements: ≤ 0.0123	KPIs achieved in all quarters
Complying with the commissioning schedule	-	$\geq 90\%$	KPIs achieved in Q3 and Q4

ANNUAL KPIS

Indicators	Actual results achieved in 2018	2019 targets	Actual results achieved in 2019
Consolidated net cash flow	\geq -RUB 428.7 mn	\geq RUB 1.131.9 mn	282% KPIs achieved
Reduction of per unit operating expenses (costs)	6.1%	$\geq 2.0\%$	150% KPIs achieved
Increase of utilisation of power supply capacity	Achieved	Achieved	Achieved
Electricity losses	9.80%	≤ 9.01	101% KPIs achieved
Reduction of per unit investment costs	0.88	≤ 1.00	116% KPIs achieved
Increase in labour productivity	6.56%	$\geq 2.00\%$	101% KPIs achieved
Innovation performance	98%	$\geq 90\%$	-
Compliance with grid connection time-frames	1.0	≤ 1.1	110% KPIs achieved
Securing the reliability of services provided	0.26	Simultaneously: KPI ≤ 1.00 Ki < 1.00	100% KPIs achieved

Considering the time limits and procedure for preparing reports and statements used to calculate the KPIs, actual KPI values for Q4 2019 and Y2019 have not been drawn up and approved by the Company's Board of Directors at the time the Annual Report was prepared.

In order to increase the efficiency of the subsidiaries and affiliates of PJSC Rosseti, as well as to update the methods for calculating their KPIs, pursuant to the decision of the Board of Directors of PJSC Rosseti dated 18 April 2019 (Minutes No. 349 dated 22 April 2019), the following amendments were made in 2019 to the system of key performance indicators approved by the decision of the Board of Directors dated 24 December 2019 (Minutes No. 348/2019 dated 25 December 2019):

- in connection with the achieved statistical minimum of quarterly accident rates, amendments were made to the method for calculating the "No growth of major accidents" quarterly indicator in terms of switching from recording general statistical data to an index-linked assessment of indicator achievement depending on the volume of equipment serviced;
- in connection with the transition of the Company's branches to the application of SAIDI/SAIFI indicators in tariff regulation and accounting for the provisions of Order No. 1256

of the Ministry of Energy of Russia dtd 29 November 2016, amendments were made to the "Securing the level of reliability of services provided" annual KPI to correlate the achieved actual SAIDI/SAIFI values in the branches with the targets set for them by the regulatory authority;

- the "Compliance with the commissioning schedule" annual KPI was transferred from 1 July 2019 from annual KPIs to quarterly KPIs;
- for the "Electricity Losses" indicator, the information sources section were further detailed;
- an indicative figure was introduced into the KPI methodology "Compliance with the time limits for grid connections", taking into account the task of reducing the volume of agreements with overrun time limits of grid connections caused by untimely discharge of obligations, including those of an applicant.

Key Performance Indicators adopted at the Company are aligned with the variable remuneration of the management – a specific ratio in the amount of paid bonuses is set for each indicator, quarter and annual bonuses are paid subject to the fulfilment of relevant KPIs.

Strategic development priorities

The development plans of the Company are based on the Development Strategy for the Power Grid Complex of the Russian Federation approved by Order No. 511-r of the Government of the Russian Federation dated 3 April 2013.

3–5 year strategic targets

In December 2019, a new strategy of Rosseti's group of companies was approved, which defines the goals and trends of development until 2030.

A key change in the activities of Rosseti's group of companies relates to the transition to a business model of modern innovative infrastructure. Promoting the further upgrade of efficiency of current activities in order to develop the sector and ensuring reliability, quality and accessibility of infrastructure in the new digital environment are among the main strategic priorities. The main focus is on maintaining a balance of interests of all parties, including the state, consumers, shareholders, investors, as well as the development of new business areas.

Announced targets are planned to be achieved through the main lines of the Strategy:

- technological and innovative development;
- digital transformation;
- business diversification;
- upgrade of operational and investment efficiency;
- promotion of legislative initiatives;
- development of international activities;
- development of human resources.

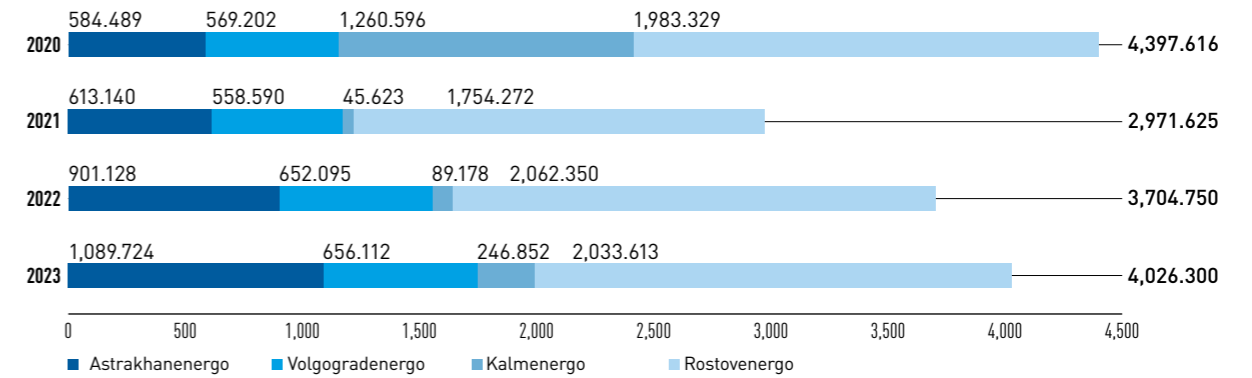
Prospects for the development of PJSC Rosseti South until 2023

Between 2019 and 2023, six priority investment projects are going to be realised in four regions of operations worth a total of RUB 2.2515 billion, incl. VAT.

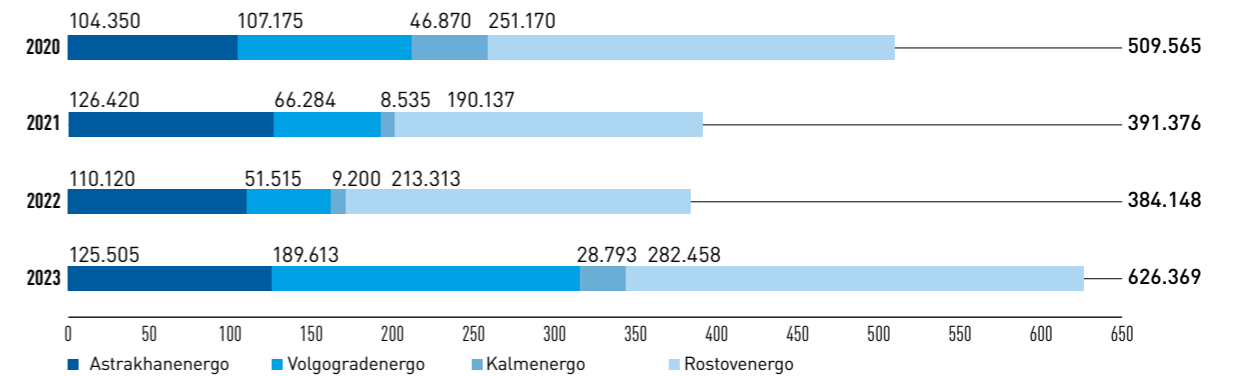
The top-priority projects include the construction of four new substations and the construction of more than 40 km of high-voltage power transmission lines.

Within the framework of the 2019–2023 Long-term Investment Programme, the Company plans to commission a total of 2,408.81 km of power transmission lines and more than 400 MVA of substation capacity. The planned financing of the investment programme amounts to RUB 21.3067 billion, incl. VAT.

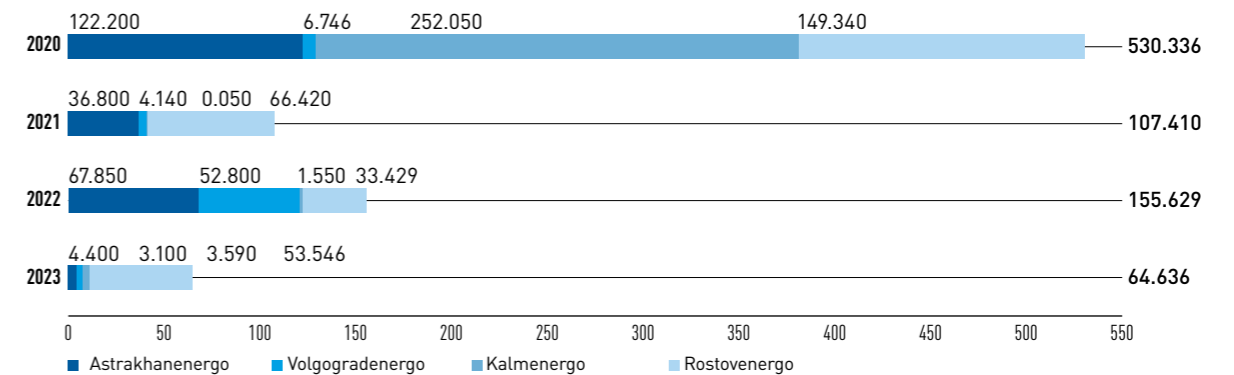
FINANCING FOR THE PERIOD OF 2020–2023, RUB MN, INCL. VAT



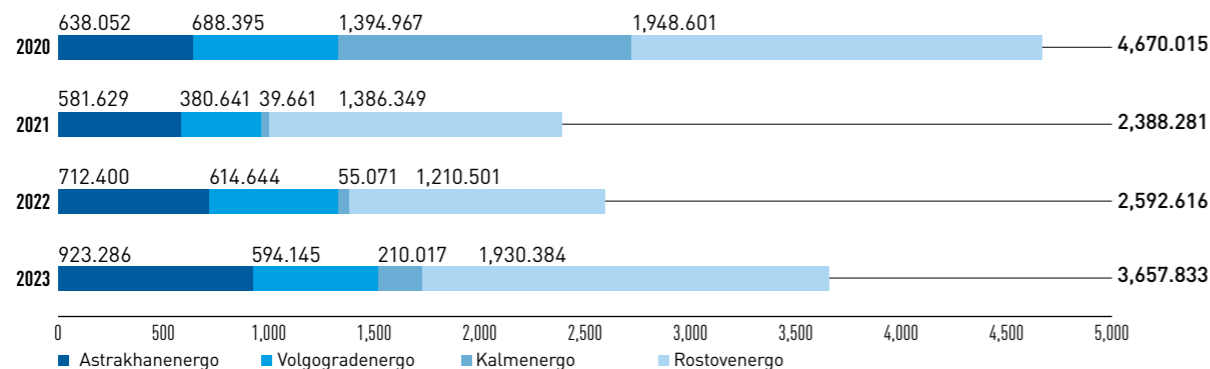
POWER TRANSMISSION LINES TO BE COMMISSIONED FOR THE PERIOD OF 2020–2023, KM



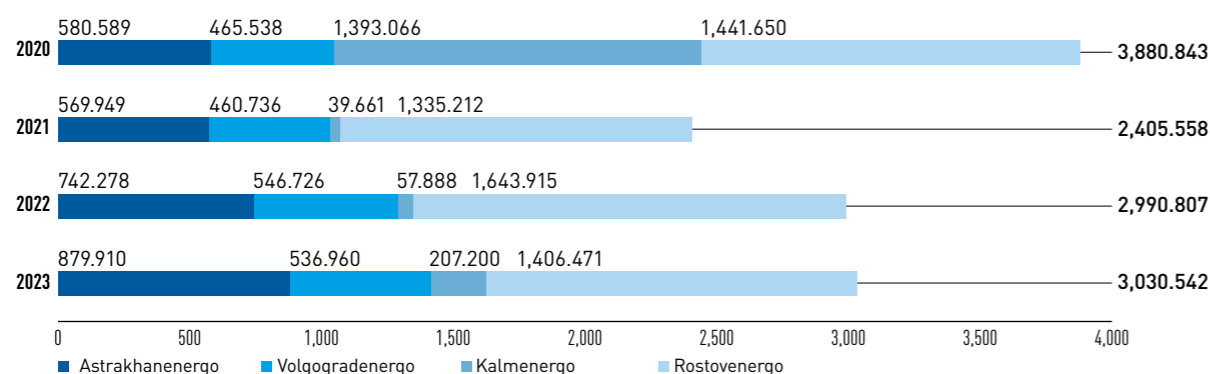
CAPACITY TO BE CONNECTED FOR THE PERIOD OF 2020–2023, MVA



COMMISSIONING VOLUMES FOR THE PERIOD OF 2020–2023, RUB MN, EXCL. VAT



SPENDING VOLUMES FOR THE PERIOD OF 2020–2023, RUB MN, EXCL. VAT



Prospects for development in the regions of operations

Key areas for development:

- customer-oriented policy and higher availability of the power grid infrastructure;
- coordination of the concluding procedure and supervision over the execution of agreements between administrative authorities of constituent entities of the Russian Federation within the area of responsibility of Rosseti South and Rosseti’s group of companies;
- assessment of grids expansion topology and forecasting of the power and electricity demand;
- efficient planning of the power grid expansion through the lens of the socio-economic trending and alternations in land use planning of regions;

- renovation and retrofitting of the power industry facilities;
- new construction of power grid facilities;
- energy efficiency and energy saving.

Rosseti South has materialised and continuously updates an interactive map of 35-110 kV substations capacities to pursue a unified approach to prospective expansion and regional planning issues and to delivering on SME investment projects. The interactive map is a geographical map containing the data on existing main substations and their coverage areas, loading level of power grid equipment, and scheduled renovation and new construction stages.

The main substation loading is visualised through mandatory information disclosure forms corresponding to Standards of Information Disclosure for Entities of Wholesale and Retail Electricity Markets approved by Decree No. 24 of the Government of the Russian Federation dated 21 January 2004.

Since 2017, the Company has been constantly sending informational letters to applicants with the maximum capacity of consumer terminals of at least 5 MW on the availability of the Interactive Map that allows for selecting the optimal location of an applicant’s facility.

The data on the loading of the main substations of allied territorial grid organisations are fee-free published and updated on the interactive maps posted on the corporate website.

Within its footprint, Rosseti South is implemented large-scale business development projects, which contributes to the socio-economic development of the regions in general.

Expanding Power Grid Complex in the constituent entities of the Russian Federation within the Company’s footprint

Rosseti South’s footprint comprises four regional coordination bodies overseeing the elaboration of five-year schemes and programmes for power industry prospective development in the constituent entities of the Russian Federation:

- the Ministry for Industry, Transport, and Natural Resources of the Astrakhan Region;
- the Committee for Housing and Utilities, Fuel and Energy Complex of the Volgograd Region;
- the Ministry of Housing and Utilities and Energy of the Republic of Kalmykia;
- the Ministry of Industry and Energy of the Rostov Region.

development of the constituent entities of the Russian Federation:

- Scheme and programme of power industry development in the Astrakhan Region for 2020–2024 (approved by Order No. 247-R of the Governor of the Astrakhan Region dated 30 April 2019);
- Scheme and programme of power industry development in the Volgograd Region for 2019–2023 (approved by Decree No. 214 of the Governor of the Volgograd Region dated 29 April 2019);
- Scheme and programme of power industry development in the Republic of Kalmykia for 2020–2024 (approved by Order No. 89rg of the Head of the Republic of Kalmykia dated 30 April 2019);
- Scheme and programme of power industry prospective development in the Rostov Region for 2019–2023 (approved by Order No. 115 of the Governor of the Rostov Region dated 30 April 2019).

In order to synchronise the prospective development schemes and programmes with the Company’s Investment Programme, the Company established special working groups. These groups hold regular meetings and discuss the progress on regional planning in Russian regions, location of the power grid complex facilities and the power industry five-year development programme.

Employees of both Rosseti South and its branches are involved in activities of the regional coordination bodies that oversee the development of the schemes and programmes.

Annually, the branches of Rosseti South forward letters to executive authorities of a constituent entity of the Russian Federation to report on the confirmation of, or change in, the membership of a respective working group.

In 2019, the Company prepared and approved the following five-year schemes and programmes for power industry prospective

A five-year comprehensive programme for the development of 35 kV and above electric grids on the territory of the constituent entities of the Russian Federation is designed to improve the quality of planning for the development of territories and the efficiency of expansion of electric grids and also serves as guidelines in providing initial data to prepare prospective development schemes and programmes for the constituent entities of the Russian Federation and synchronisation of the same with the investment programme of the Company.

Investment activities

Investment activities are one of the key areas of the general development strategy of the Company and intended to ensure the growth of operating profit.

Progress on the Investment Programme in 2019

The Investment Programme of Rosseti South for 2019-2023 was approved by Order No. 150 of the Ministry of Energy of Russia dated 2 December 2019. Investment activities are aimed

towards augmenting the reliability and enhancing the operation of the power grid complex, as well as reducing losses in electric grids.

THE KEY PARAMETERS OF THE INVESTMENT PROGRAMME IN 2019

Spending	Fixed assets commissioned	Financing	Capacity commissioned	
RUB mn, excl. VAT		RUB mn, incl. VAT	MVA	km
3,155	2,619	2,296	215	794

Priorities and structure of capex financing

The approved Investment Programme of PJSC Rosseti South for 2019 did not include any priority investment projects for the reporting year.

Significant projects implemented in 2019

- Installation of metering devices and their integration into the system that collects and transfers data on 0.2(0.4) kV voltage levels; Creation of an electricity metering system in the Ikryaninsky RPG of Astrakhanenergo branch of Rosseti South – 4,838 metering points
- Creation of a system of fiscal and technical electricity metering with remote collection of data on overhead lines/transformer substations with the largest commercial losses of electricity in Kalmenergo branch of Rosseti South – 4,812 metering points
- Renovation of electricity metering systems at 35-110 kV substations to the extent of outgoing connections of 6-20 kV

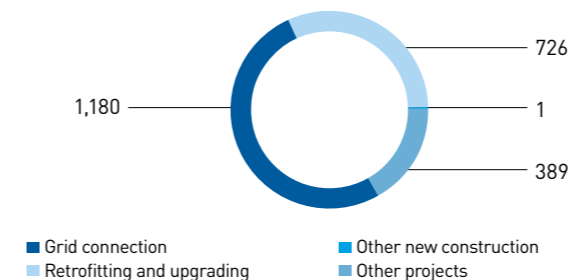
- voltage class in Kalmenergo branch of Rosseti South. Installation of interval electricity metering devices that meet the requirements of the technical policy of PJSC Rosseti with remote data collection – 168 metering points
- Installation of a 10 kV fiscal metering point in Kalmenergo branch of Rosseti South. Set-up of a electricity metering system with remote collection of data – 48 metering points
 - Renovation of electricity metering systems at 35 kV and above substations to the extent of outgoing connections of a 10 kV voltage class in Kalmenergo branch of Rosseti South. Installation of interval electricity metering devices that meet the requirements of the technical policy of PJSC Rosseti with remote data collection – 135 metering points

The construction and commissioning of the facilities will reduce commercial losses of electricity within Rosseti South's footprint, as well as ensure compliance with the requirements of the technical policy regarding remote collection of data.

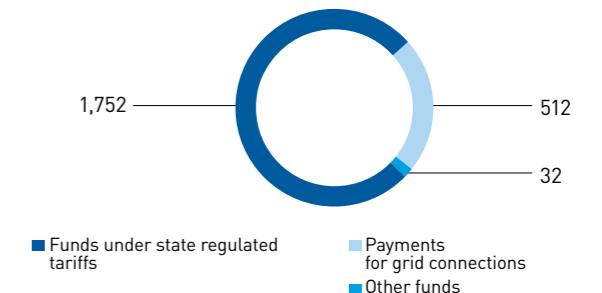
CAPEX FINANCING STRUCTURE IN 2017–2019, RUB MN, INCL. VAT

Indicator	2017	2018	2019
Grid connection	2,804	995	1,180
Reconstruction, upgrading, and retrofitting	437	929	726
Investment projects which are driven by the schemes and programmes for prospective development of the power industry	1	0	0
Other new construction of grid facilities	69	67	1
Purchase of land parcels for investment projects	0.00	-	0
Other investment projects	326	121	389
Total	3,637	2,112	2,296

CAPEX FINANCING STRUCTURE IN 2019, RUB MN, INCL. VAT



INVESTMENT PROGRAMME FINANCING BY SOURCE



2019 Investment Programme Results

- The average loading of transformer substations:
 - for Astrakhanenergo – 31.2%;
 - for Rostovenergo – 36.2%;
 - for Volgogradenergo – 20%;
 - for Kalmenergo – 16.98%.
- A measure for estimating the change in the share of net electricity supply which is formed by electricity meters included in the data collection and transfer system:
 - for Astrakhanenergo – 37.03%;
 - for Rostovenergo – 20%;
 - for Kalmenergo – 0.0726%;
 - for Volgogradenergo – no measures taken.

- System Average Interruption Duration Index Δ Psaidi is -0.266271¹.
- System Average Interruption Frequency Index Δ Psaiifi is -0.059252¹.
- The total number of power grid connections made by the grid organisation under the Investment Programme using Capex in 2019 – 2,478.
- The total capacity of the electricity consumers connected in 2019 – 134,736 kW.

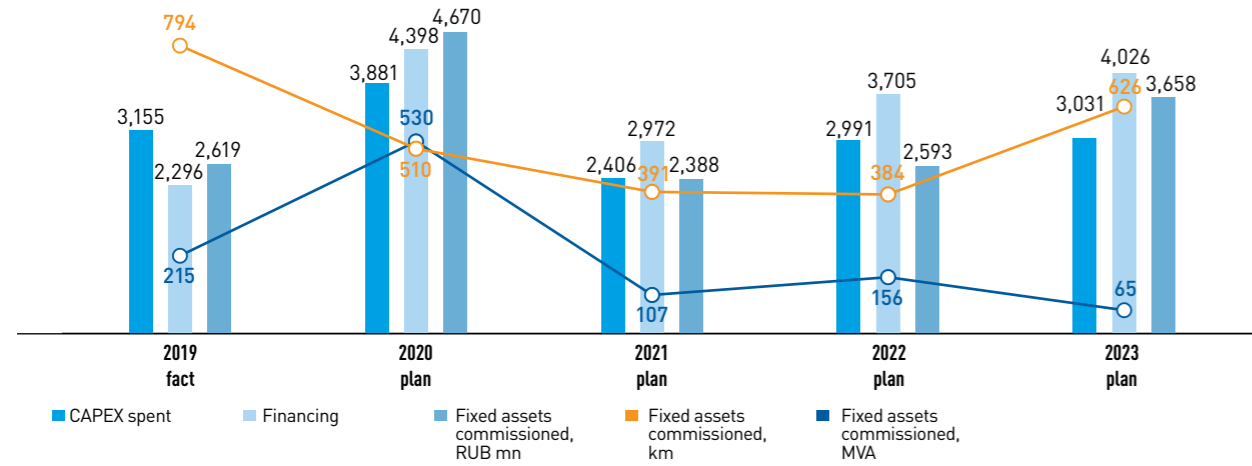
¹. Actual values of indices are calculated on the basis of accident statistics for 2019 for facilities reconstructed in 2018

Long-Term Investment Programme

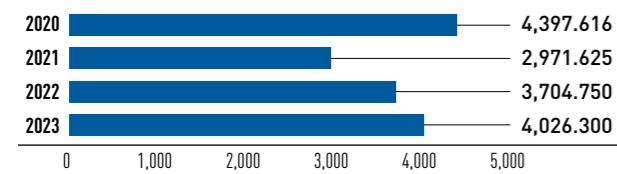
The Long-Term Investment Programme for 2020-2023 envisages the spending of capital investments worth of RUB 12,307.751 mn (excl. VAT), financing worth of RUB 15,100.291 mn (incl. VAT), commissioning of fixed assets worth of RUB 13,308.746 mn.

Between 2020 and 2023, the Company plans to construct and reconstruct 1,911.458 km of power transmission lines and commission 858.011 MVA of transformer capacity.

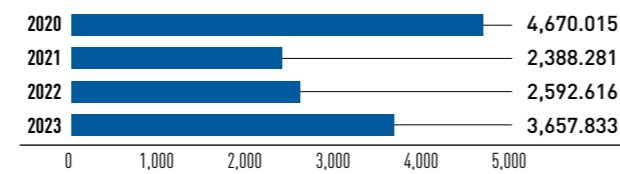
PARAMETERS OF INVESTMENT ACTIVITIES AS ENVISAGED IN THE LONG-TERM INVESTMENT PROGRAMME



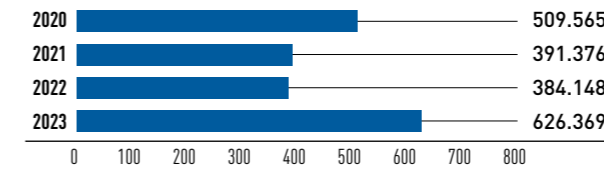
FINANCING FOR THE PERIOD OF 2020-2023, RUB MN, INCL. VAT



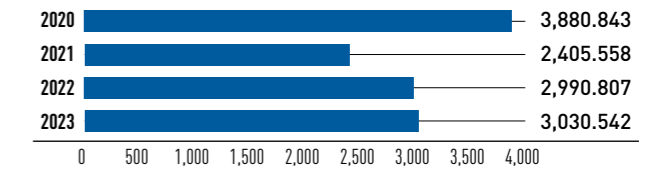
COMMISSIONING VOLUMES FOR THE PERIOD OF 2020-2023, RUB MN, EXCL. VAT



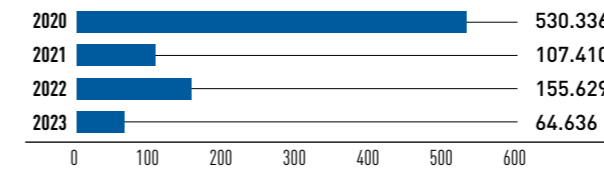
POWER TRANSMISSION LINES TO BE COMMISSIONED FOR THE PERIOD OF 2020-2023, KM



SPENDING VOLUMES FOR THE PERIOD OF 2020-2023, RUB MN, EXCL. VAT



CAPACITY TO BE CONNECTED FOR THE PERIOD OF 2020-2023, MVA



Major construction quality control

GRI 203-1 Description of the infrastructure projects of the organisation and infrastructure investments during the reporting period. Positive and negative impacts on society, local communities and the regional economy associated with the development of infrastructure by the organization An indication of whether these investments are commercial or voluntary.

The Company oversees and control over the construction in order to verify compliance of the work performed with design documentation, the requirements of technical regulations, the results of engineering surveys, the requirements of the urban development plan of a land plot during construction, reconstruction, and overhaul of capital construction facilities as required by Article 53 of the Civil Code of the Russian Federation, under Order No. 468 of the Government

of the Russian Federation dated 21 June 2010 "On the Procedure for Construction control during construction, reconstruction, and overhaul of capital construction facilities." The construction control in PJSC Rosseti South is governed by the Regulation on the construction control at the facilities of the power grid complex approved by Order No. 450 of PJSC Rosseti South dtd 22 September 2016.

The quantitative index of the independent construction control coverage of 35 kV and above facilities under construction within the Company's investment programme, as well as facilities implemented beyond the scope the investment programme, reached 100%.

#3

Operational performance

In 2019, 794 km of power lines were commissioned vs a target of 497 km and 215 MVA of transformer capacity, outstripping the target by 160%. Total capital investments exceeded RUB 3 billion, or 99% of the approved Investment Programme.

- The increase was driven by the Company's commitments to build facilities providing a connection to the Company's power grids within its entire footprint. Just to connect the subsidised consumers, branches constructed power grid facilities worth a total of RUB 728 million (384 km of power transmission lines) and commissioned 42 MVA of transformer capacity".

Boris Ebzeev
General Director, PJSC Rosseti South

COMMISSIONING
NEW CAPACITIES



Electricity transmission activities

In 2019:

25,973.5
mn kWh
delivery to the grid

23,649.7
mn kWh
delivery from the grid

8.95%
electricity
losses

ELECTRICITY TRANSMISSION AND LOSSES IN 2019, MN KWH

Branch	Delivery		Electricity losses	
	to the grid	from the grid		
Astrakhanenergo	3,320.3	2,790.8	529.5	15.95%
Volgogradenergo	8,666.2	8,033.3	632.9	7.30%
Kalmenergo	764.0	630.1	133.9	17.53%
Rostovenergo	13,223.0	12,195.5	1,027.5	7.77%
Total Rosseti South	25,973.5	23,649.7	2,323.8	8.95%

In 2019, the power delivered from the grid to consumers and allied TGOs within the balance sheet attribution and operational responsibilities was 23,649.7 mn kWh, which is 997.3 mn kWh (or 4%) below the previous year (24,647 mn kWh in 2018).

POWER TRANSMISSION SERVICES PROVIDED IN 2018-2019 (INCLUDING INTERNAL BUSINESS VOLUME)

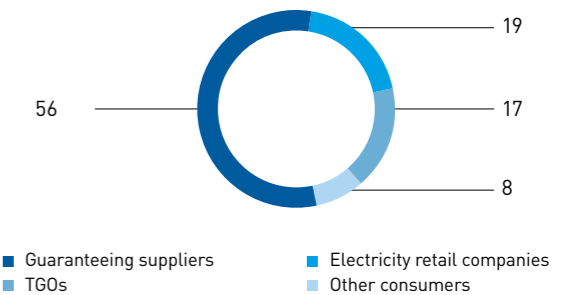
Branch	2018		2019		Change		% of services provided
	mn kWh	RUB mn	mn kWh	RUB mn	mn kWh	RUB mn	
Astrakhanenergo	2,745.4	5,136.2	2,764.9	5,311.1	19.5	175.6	0.7
Volgogradenergo	8,281.1	10,778.7	7,940.9	10,372.3	-340.2	-406.4	-4.1
Kalmenergo	598.7	1,435.3	630.1	1,562.9	31.4	127.6	5.2
Rostovenergo	12,684.9	18,108.2	12,094.4	18,227.6	-590.5	119.4	-4.7
Total Rosseti South	24,310.0	35,458.3	23,430.3	35,473.8	-879.7	16.2	-3.6

In 2019, Rosseti South provided the electricity transmission services in the amount of 23,430 mn kWh, including the internal business volume, which is down by 879 mn kWh (3.6%) year-on-year (24,310 mn kWh in 2018). The decrease was mostly attributable to the termination of the last mile model since 1 July 2017 in the Astrakhan and Volgograd Regions in line with Art. 8, Clause 9 of Federal Law No.35-FZ On Electric Power Industry dated 26 March 2003, as well as to the general stagnation of business in the regions within the Company's footprint.

The revenue from power transmission services including the internal electricity sales went up by RUB 15.5 mn year-on-year. The increase was driven by a 3.8% growth of the average power transmission tariff due to changes in the net delivery structure by voltage levels and consumers' categories.

GRI EU3 Number of consumers by categories

ELECTRICITY CONSUMER CATEGORIES, %



Major consumers and TGOs

MAJOR INDUSTRIAL CONSUMERS AND TRANSPORT COMPANIES IN 2015-2019, MN KWH

Name	2015	2016	2017	2018	2019
LLC Gazprom Astrakhandobycha (JSC Gazpromenergosbyt)	477,2	447,4	489,2	476,4	500,1
JSC Volzhsky Pipe Plant	395,36	377,91	358,34	372,50	359,34
JSC Sebyakovtsement	321,79	319,44	326,00	324,20	301,47
JSC RITEK	34,16	35,02	40,62	34,24	16,86
JSC KTK-R (Electricity retail organisation LLC Transneftenergo)	30,7	41,7	118,5	248,6	276,9
JSC RZD	816,26	834,71	635,78	545,29	572,55

MAJOR TGOs IN 2015-2019, MN KWH

Name	2015	2016	2017	2018	2019
JSC Donenergo	5,813.90	5,953.40	5,804.80	5,871.40	5,307.19877
PJSC Volgogradoblenergo	1,175.79	876.80	1,216.74	1,246.21	1,243.51
MPE VMES	445.04	439.57	433.89	446.17	556.87
MUPE VMES	1,951.75	1,929.17	1,805.11	1,722.99	1,607.24

Electricity losses

In 2019, the volume of electricity delivered to the grid reduced by 1,352 mn kWh year-on-year, while the volume of electricity delivered from the grid within the boundaries of DGCs – by 997.2 mn kWh. The electricity losses in 2019 decreased by 267.8 mn kWh, or 1.03%, year-on-year in comparable conditions of electricity supply to the grid considering the last mile consumers disconnected in the current year.

grid equipment in sparsely populated areas of the constituent entity, wear-out of the power grid equipment (about 80%) in integrated grids (Elista city, Iki-Burul settlement, Bolshoy Tsaryn settlement) accepted by the branch for ownership to repay the receivables accumulated by the previous owners.

Astrakhanenergo, Volgogradenergo, Rostovenergo branches managed not to exceed the target electricity loss rate in the reporting period. At the year-end, Kalmenergo was found to be beyond the target electricity loss rate due to significant transit flows to allied power systems (the Republic of Dagestan and the Stavropol Territory), underutilisation of the distribution

Electricity losses in 2019 was down by **1.03%**

ELECTRICITY LOSSES IN 2017–2019 (ACTUAL)

Branch	2018			2019		Change ¹	
	mn kWh	%	% in comparable conditions ²	mn kWh	%	mn kWh	p.p.
1	2	3	4	5	6	7=fixed assets in comp. conditions 8/100%	8 = 6 – 4
Astrakhanenergo	605.7	17.56	17.56	529.5	15.95	-53.6	-1.61
Volgogradenergo	720.2	7.93	7.97	632.9	7.30	-57.6	-0.66
Kalmenergo	149.7	20.00	20.00	133.9	17.53	-18.9	-2.47
Rostovenergo	1,203.4	8.57	8.84	1,027.5	7.77	-141.5	-1.07
Total Rosseti South	2,679.0	9.80	9.98	2,323.8	8.95	-267.8	-1.03

Electricity loss reduction

One of the Company's top priorities is the reduction of electricity losses. Measures taken therefor allowed saving 346.0 mn kWh for a total amount of RUB 1 bn in 2019.

Such measures included taking readings and checking electricity meters, raiding to detect off-the-meter electricity consumption, balancing phase loads in 0.4 kV power grids, and disconnecting transformers at seasonal load substations and allowed saving 112.4 mn kWh worth RUB 280.8 mn, or 4.84% of the actual transmission losses.

The achieved benefit of the Investment Programme to develop electricity metering development was 43.2 mn kWh (RUB 142.6 mn), or 1.86% of the actual electricity transmission losses.

Efforts aimed at the reduction of electricity losses through energy service agreements performed provided a saving of 190.5 mn kWh (RUB 765.3 mn), or 8.20% of the actual transmission losses.

Savings from measures to reduce electricity losses **346.032 mn kWh**

amounting to **RUB 1,188.738 mn**

LOSS REDUCTION MEASURES, MN KWH

No.	Measure	Electricity loss reduction	
		Target	Actual
1	Detection of off-the-meter electricity during raids	118.347	107.378
2	Phase load balancing in 0.4 kV power grids	1.740	1.666
3	Disconnection of transformers at seasonal load substations	3.213	3.337
4	Technical measures to implement the Investment Programme projects	58.666	43.152
5	Execution of energy service agreements	156.530	190.499
Total		338.496	346.032

Grid connections¹

Under Decree No.147-r of the Government of the Russian Federation dated 31 January 2017, the Company implements the Grids Connection target model in each covered region in cooperation with regional executive authorities in an attempt to simplify business processes and enhance the investment appeal of the Russian Federation constituent entities.

In 2019

14,037 satisfied agreements

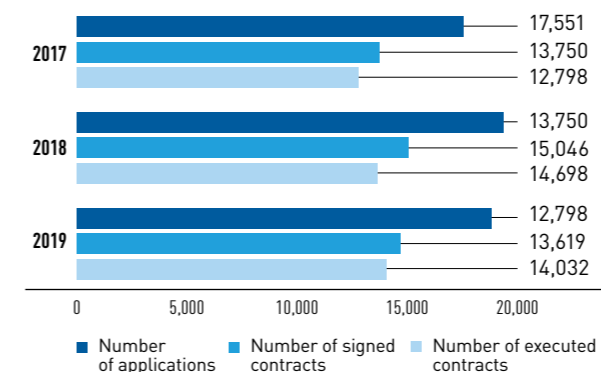
492 MW connected loads

The following was made in 2019:

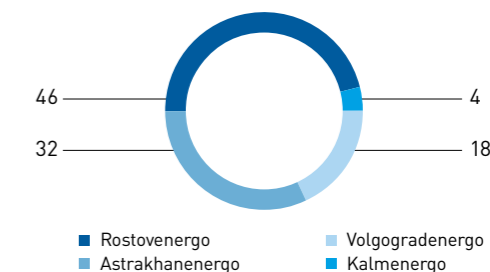
- roadmap activities envisaged by the target model with the grid organisation as a responsible party, and submission of branches' quarterly reports to the regional executive bodies;

- interaction with the regional executive bodies to take the necessary measures to achieve the target indicators of the roadmaps, this achievement being the responsibility of relevant ministries and municipal entities.

DYNAMICS OF GRID CONNECTION AGREEMENTS PERFORMED IN 2017–2019²



STRUCTURE OF GRID CONNECTION APPLICATIONS IN 2019, %



¹ The change in the relative electricity losses in percentage points is calculated as a difference between the loss rates in 2019 and 2018 concerning changes in the structure of consumers, the structure and operation mode of power grids being serviced; the change in the absolute electricity losses is calculated as the multiplication of the relative electricity losses variation by the volume of electricity delivered to the grid in 2019.

² The electricity loss rate specified for the conditions comparable with operation conditions of Rosseti South's branch in 2019 considering the structure of consumers, the structure and operation mode of power grids being serviced.

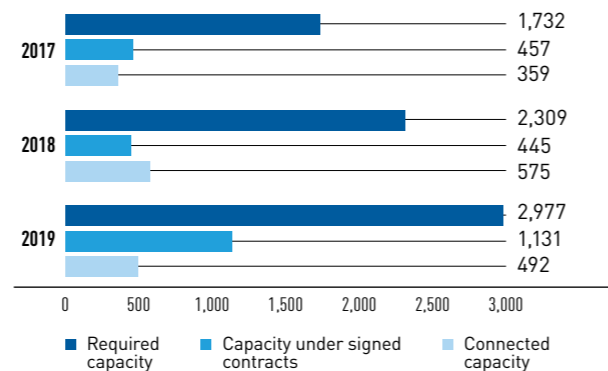
¹ A full list of normative documents regulating the grid connection works are publicly available on the Company's website at: <https://rosseti-yug.ru/potrebitelyam/tehnologicheskoe-prisoedinenie/>
² Excluding grid generation objects

Major socially significant facilities of infrastructural applicants

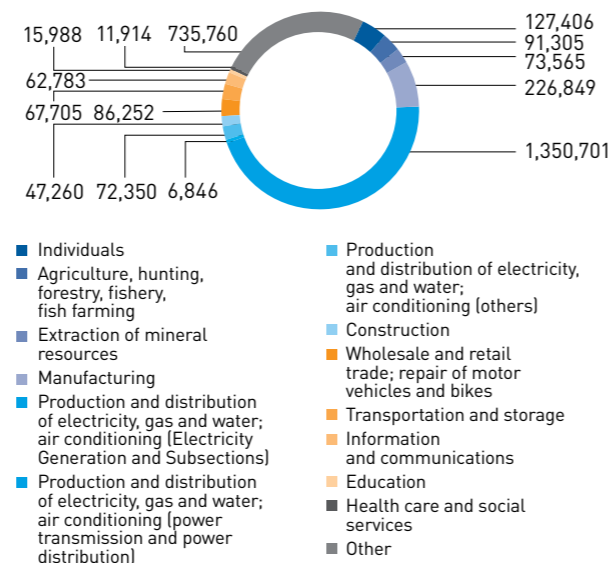
In 2019, over 130 socially significant facilities were connected to Rosseti South's distribution grid across all the Company's branches. The total connected capacity exceeded 5 MW. The connected socially significant facilities included health care facilities, preschools, secondary, professional and additional education facilities, sports and cultural institutions.

Rosseti South made grid connections for several educational, health care, cultural and entertainment facilities in the Rostov Region, Volgograd Region, and Astrakhan Region, as well as for rural health posts in Egorlyksky, Sovetsky and Krasnosulinsky districts of the Rostov Region. Over 300 kW capacity was connected for a school (1,100 students) in Krasny Aksai residential area of the Rostov city. Power engineers of the Company installed power supply equipment for a 340-student school in the Pallasovsky district of the Volgograd Region; the connected capacity amounted to 100 kW. Specialists from the Astrakhan branch of Rosseti South made a grid connection of a community centre in the Akhtubinsky district (5 kW).

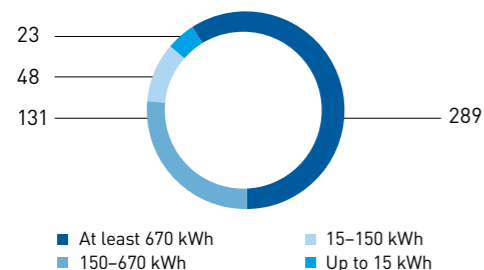
GRID CONNECTION APPLICATIONS SATISFIED, MW



STRUCTURE OF CONNECTED CAPACITY BY SECTOR, %



STRUCTURE OF CONNECTED CAPACITY BY APPLICANT CATEGORY, MW



STRUCTURE OF APPLICATIONS FOR 2017-2019 (INCLUDING GENERATING FACILITIES)

	2017		2018		2019	
	for total capacity, MW	applicat-ions	for total capacity, MW	applicat-ions	for total capacity, MW	applicat-ions
Individuals	135	12,893	144	13,710	127	11,737
Legal entities	1,597	4,677	2,165	5,661	2,850	7,087
Total	1,732	17,570	2,309	19,371	2,977	18,824

The total number of applications accepted in 2019 dropped by 3% year-on-year, while the capacity requested under submitted applications increased by 29%.

Three solar power plants in the Astrakhan Region with a total capacity of 79 MW were connected to the grid



Mikhailovskaya solar power plant with

15,000 kW
capacity



North Elista solar power plant with

15,000 kW
capacity



Akhtubinskaya solar power plant with

49,000 kW

Making the power grid infrastructure more available for small and medium-sized enterprises (SMEs)

Higher availability of the power grid infrastructure and better service for small and medium-sized enterprises are in the Company's area of focus. In 2019, the Company suggested the regional leaders to create a one-contact unified regional portal via the Internet information and telecommunication networks for easier approval of preliminary permissions and obtaining of necessary permits in an electronic form.

An order was issued that a grid connection from small and medium-sized enterprises should be made within 90 days maximum. Consumers were provided with information support regarding grid connection aspects. Applications for grid connections of 150 kW capacity maximum and up to 10 kV voltage inclusive are submitted via the Internet information and telecommunication network using "ЭПортал-ТП.рф" portal and User account on the Company's official website. In 2019, the share of electronic grid connection applications was 70%.

There is ongoing cooperation with Multifunctional Centres (MFC) providing state and municipal services. Customers can submit grid connection applications via MFC offices and take part in service quality questionnaire survey held on a regular basis.

Customer relations

According to 2019 reports, the Company has in place the previously signed power transmission agreements:

- 6 – with guaranteeing suppliers;
- 65 – with independent electricity retail companies;
- 827 – directly with consumers;
- 66 – with territorial grid organisations.

The bulk (93.18%) of the total number of existing agreements is income-generating.

In the reporting year, customer relations relied on the following principles:

- awareness of consumers about the Company and its services;
- local accessibility and convenience of in-person service;
- availability and efficiency of remote and interactive services of the Company;
- transparency of consumer service business processes and fair complaint investigation.

The Consumer Day service is active. It is a unique project that allows sorting out the issues related to the grid connection process directly with the Company's line managers.

Customers also could call toll-free hotline number, 8 (800) 100-70-60, available from the Rostovenergo branch. Interactive services were actively developed, including via "Light Country" portal (Rosseti project) designed to create an efficient online feedback mechanism.

According to the survey of public attitudes to service quality, employees' professional competence scored 4.9 out of 5 possible. The level of awareness of interactive services and the possibilities of remote servicing was 80%.

Additional (non-tariff) services

Offering additional services is a significant trend for the Company and could become the growth driver under the conditions of a moderate increase in net electricity supply and stable demand for grid connection services.

The following services are fee-based:

- setting-up the electricity metering;
- maintenance and repair of power grid facilities;
- shared use of poles;
- accommodation of equipment;
- construction and installation activities, etc.

In 2019, a new service was offered for executing works typically performed by a customer – Turn-key grid connection.

The share of revenue from other types of activities in the reporting year was 0.8% of the total proceeds from regulated types of activity.

Process faults

With integrated repair and maintenance of power grids, scheduled reliability improvement measures, target programmes of equipment upgrading and replacement, the Company managed to achieve a sustained decline in failure rate by all indicators across all Rosseti South's branches.

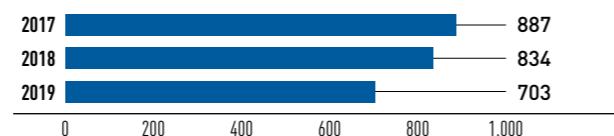
The number of failures in 6 kV and above grids declined by 15.5% year-on-year (from 7,222 incidents in 2018 to 6,100 incidents in 2019).

The failure rate reduced by 16% year-on-year (from 6.38 incidents per 1,000 conventional units (c.u.) in 2018 to 5.36 incidents per 1,000 c.u. in 2019).

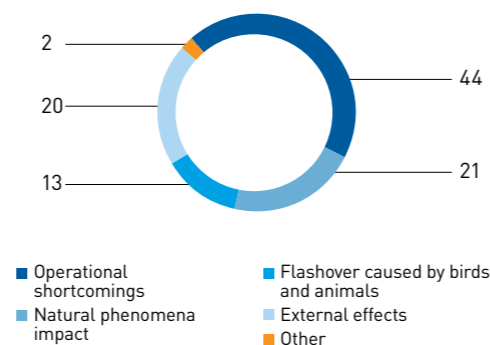
The average duration of power outages in the 6 kV and above grids decreased by 28.5% year-on-year from 1.93 hour in 2018 to 1.38 hour in 2019).

The number of failures in the 110 kV and above grids dropped by 15.7% year-on-year (from 834 incidents in 2018 to 703 incidents in 2019).

THE CHANGE IN THE FAILURE RATE IN THE 110 KV AND ABOVE GRIDS AT THE COMPANY'S FACILITIES IN 2017–2019



CAUSES OF FAILURES AT THE 110 KV AND ABOVE GRID FACILITIES, %



In 2019, all the Company's branches had in place a new long-term tariff regulation period with a transition to indicative reliability indices (SAIDI, SAIFI¹). The target index values are approved by orders of RTS for Astrakhanenergo, Kalmenergo, Rostovenergo branches for 2018–2022 and Volgogradenergo branch for 2019–2023. By the end of 2019, all branches achieved the set values.

Preparedness to respond to potential process-related faults

G4-DMA (former EU21) Planning of measures in case of emergencies, programme of personnel training in emergency response, planning of capacity restoration measures in case of damage during emergencies

In any time of year and in any weather conditions, the Company's employees are prepared for the elimination of potential

process-related faults: For emergency recovery works and elimination of large-scale outages, 40 mobile crews made up of 245 employees and 105 vehicles were made ready and can be directed to assist other subsidiaries and affiliates of Rosseti, if necessary. Moreover, 162 emergency repair crews of contractors can be involved in power supply restoration. There are 343 backup power supply sources with a total capacity of 13.6 MW.

System average interruption frequency and duration indices

EU28 System average interruption frequency index (SAIFI)
EU29 System average interruption duration index (SAIDI)

SYSTEM AVERAGE INTERRUPTION FREQUENCY AND DURATION INDICES FOR 2017–2019

	2017	2018	2019
SAIFI	2.560	2.259	1.892
SAIDI	5.688	4.089	2.391

There is a steady decline in SAIFI and SAIDI

Maintenance and repair programme

Maintenance and repair of power facilities is aimed to keep the equipment of substations and high-voltage transmission lines in good working order.

Costs for operation, maintenance and repair plan of Rosseti South in 2019 totalled RUB 1,469.9 mn, or 101% of the year's target.

Maintenance costs in 2019 amounted to RUB 705.9 mn, or 103% of the approved target – RUB 687.7 mn.

With timely and full maintenance and repair, power grid assets at the Company's branches were successful prepared for peak loads in the autumn and winter period and consumers within Rosseti South's area of responsibility enjoyed reliable power supply.

In preparations for operation in thunderstorm, flood, fire, autumn and winter periods in 2019, Rosseti South undertook a set of activities to provide reliable operation of the Company's power grid facilities.

On 15 November 2019, Rosseti South was granted the Certificate of readiness for operation in autumn and winter period of 2019–2020 based on the resolution of the Russian Ministry of Energy (Order No.1225 dated 15 November 2019).

Physical indicators of 2019 Repair Programme were achieved for

> 112%

The failure rate in 2019 was down by

16%

¹ SAIDI – System Average Interruption Duration Index; SAIFI – System Average Interruption Frequency Index.

Consolidation of grid assets

The work on the consolidation of the grid assets is based on the consideration of proposals for the transfer of power grid facilities under the management of Rosseti South and also on the identification of the power grid facilities that are potentially interesting for the consolidation, and subsequent collaboration with owners of such facilities for determining optimal conditions of the related transactions.

Key Activities in 2019:

- Requests were sent to TGOs with a proposal to transfer their power grid facilities under the management of Rosseti South. Proposals were made to hold meetings with owners of power facilities. Rosseti South campaigns to increase awareness in the covered regions, including the creation of news topics and reporting on activities of Rosseti South aimed at the reliable power supply to consumers, successful emergency containment at in-house and third-party grid facilities, advantages of the Company's grid connection for consumers, and additional services.
- In Q3 2019, letters were addressed to the administrations of the Astrakhan, Volgograd, Rostov Regions, and the Republic of Kalmykia on considering the possibility of creating a single point of responsibility in the regions under the aegis of Rosseti South; an appeal was sent to the Chairman of the Government of the Russian Federation with the proposal to set up a single operator utilising the power grid complex in the mentioned regions on the basis of Rosseti's Group of Companies. The initiative was supported by the administrations of the Astrakhan Region and the Republic of Kalmykia.
- A working group was set up to identify and determine the technical condition of ownerless (abandoned) power grid facilities located in the city of Astrakhan.
- In September 2019, the Company entered into a Concession Agreement with the administration of the Astrakhan City municipal entity. Facilities that are the subject of the Concession Agreement include 759 facilities of the fixed assets located in Astrakhan. The mentioned facilities are combined into 16 power grid complexes including the power grids with an overall length of 172.815 km and the distribution points, transformer substations (72 pcs) with a total capacity of 39,140 kVA.
- In 2019, the Company continued with the measures to implement the Roadmap for the consolidation of power grids in the Rostov Region. In Q3 2019, the Commission for the Consolidation of Rosseti South's grid assets made positive decisions on the feasibility of acquiring ownership of the power grid facilities owned by CJSC SMU No. 1, LLC Rostovstroy (a total of 41.41 conventional units), whose consent to the sale of the grid assets in favour of the Company was obtained under the legal relations arising from agreements on grid connection of consumer terminals. In Q4 2019, the Company entered into contracts for sale and purchase of grid assets owned by SMU No. 1, Rostovstroy.

POWER GRID ASSETS CONSOLIDATED FOR 2017–2019

Name	Power grid asset consolidated for the period								
	2017			2018			2019		
	MVA	km	c.u.	MVA	km	c.u.	MVA	km	c.u.
Rosseti South	105.81	304.042	1,489	188.5	480.0	4,070.0	1,227	5,248.4	29,114.6
Grid facilities acquired	0	9.6	18	0.50	4.06	19.72	1,038.3	4,769.3	24,349
Grid facilities leased	65.81	110.742	360	129.43	159.706	1,973.747	121.6	74.2	1,786.6
Other (permanent rights of ownership and use)	0	8.7	18	9.273	119.503	338.612	53.4	166.3	1,092.8
Other (temporary rights of ownership and use)	40	175	1,093	49.14	199.96	1,740.48	13.7	238.6	1,886.25

The costs of Rosseti South for the measures on consolidating the grid assets in 2019 amounted to

RUB 2,722.27 mn

with

RUB 2,715.5 mn

spent for acquiring the grid assets

and

RUB 6,768 mn

for leasing

THE LARGEST PROJECTS ON CONSOLIDATION OF GRID ASSETS IN 2019

Rosseti South	PTL, km	TSS	c.u.
Grid facilities leased (concession)			
Concession Agreement with Astrakhan City municipality	171.78	71	1,432.96
Grid facilities acquired			
OJSC Volgograd Inter-District Electric Grids (100% shares acquired)	3,301	1,301	21,098.83
LLC YugStroyMontazh (100% stake in the share capital acquired by the Company's subsidiaries)	1,361	140	2,927.76
Acquisition of power grid complex owned by Bolshoy Tsaryn rural settlement	85.5	30.0	190.11

Collection of the overdue payment from an allied grid organisation through a controlled bankruptcy process

In 2019, a project for the collection of the overdue payment from a cooperating grid organisation (MUPE VMES) through a controlled bankruptcy process was successfully implemented. Under the bankruptcy process of the mentioned municipal enterprise providing power supply to the consumers in Volgograd, the assets were replaced on the initiative of Rosseti South by creating a new power grid company (PJSC VMES) on the basis of debtor's facilities.

In June 2019, based on the results of public bidding in the form of a tender, Rosseti South acquired 100% shares of PJSC VMES.

The project for the consolidation of MUPE VMES was a pilot project for the Russian power industry that was implemented through the assets replacement process. Therewith, the replacement of assets helped synchronise the measures set forth by the Bankruptcy Act with the mandatory corporate procedures for coordinating the acquisition of shares of PJSC VMES (subsequently JSC VMES) by the management bodies of Rosseti and Rosseti South. During the project, the full staff of MUPE VMES was retained and this prevented any social tension in the Volgograd Region. By implementing the strategic activities, Rosseti's group of companies managed to increase its share in the market for power transmission services in the Volgograd Region by 7% (from 65.4% to 72.3%).

Sale of non-core assets

Following the strategy to sell non-core assets from the power grid system, three facilities were sold for an total amount of RUB 30.38 mn, allowing the Company to cut financial and organisational expenses for maintenance of non-core assets.

To make the project a success, extensive efforts were taken to coordinate the transaction with the federal authorities (Federal Antimonopoly Service of the Russian Federation, Federal Property Management Agency, the Ministry of Economic Development and Trade of the Russian Federation, Ministry of Energy of the Russian Federation, and Government of the Russian Federation) as a part of obtaining the Directive for the transaction mentioned. Practical solutions and legal precedents prepared by Rosseti South in the course of implementing the above project enable companies included in Rosseti's Group to solve tasks of consolidating and collecting overdue payments for power transmission services at a qualitatively new level.

With this project, Rosseti South managed to deliver another strategic objective – payment of receivables of Rosseti South for the rendered power transmission services in the amount of RUB 2.7 bn since the funds paid by Rosseti South for shares of PJSC VMES were returned to MUPE VMES to the address of Rosseti South for repay the debts for the rendered power transmission services.

Besides, as part of the monitoring of current business activities carried out by MUPE VMES, the accounts receivable for power transmission services in the amount of RUB 13.7 bn were repaid during the period of external management.

In 2019, the Company also sold UNPG facilities in favour of FGC UES. The specified procedure was one of the key activities of the Development Plan of IDGC of the South for 2018–2023 approved by the Board of Directors of PJSC Rosseti. The selling price of the facilities amounted to RUB 343.177 mn. An economic effect achieved through this sale was equal to RUB 250 mn.

IT, R&D advances

Rosseti South is a modern energy company that is actively promoting digital technologies and incorporates breakthrough management solutions.

Implementation of Rosseti's Policy on Information Technologies, Automation, and Telecommunication

In October 2018, the Board of Directors of Rosseti South approved Rosseti's Policy on Information Technologies, Automation, and Telecommunication (ITT Policy) as the Company's internal document. The ITT Policy and 2030 Digital Transformation Concept outline the strategic initiatives, trends of technological and organisational changes to improve the reliability, efficiency, quality and availability of power transmission and grid connection services for consumers, as well as to establish a new infrastructure for optimal electricity transmission between electric power engineering entities.

Stages of achieving the ITT Policy targets:

- Digital Transformation 2030;
- measures to provide cybersecurity, develop information security system;
- introduction of corporate information management systems for electricity metering and transmission and production assets;
- introduction and development of corporate centralised information systems;
- introduction and development of financial and business operations;
- optimisation and development of the ITT-infrastructure;
- development of the automated process control systems;
- development of telecommunications;
- optimisation of ITT business processes.

Automated process control systems

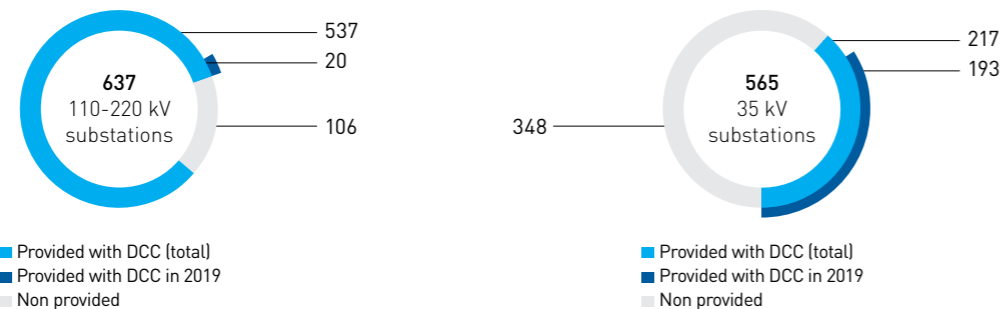
The Company has been steadily increasing the share of remotely controlled substations by replacing the outdated telemetering devices with modern digital software and hardware packages. Modern digital technologies are used for new construction.



3
110-220 kV
substations
were provided with remote control
in 2019

207
35 kV
substations

NUMBER OF 35-220 KV SUBSTATIONS WITH NEW DIGITAL COMMUNICATION CHANNELS (DCC)



Communication and IT infrastructure systems

Digital technologies enable multi-channel data transmission, adaptable response to variable loads, remote controllability from unified control centres, and to reduce OPEX and reliability.

Three server hardware items of the operative-information complex were replaced to ensure continuous operation of the grid control centre at the Rostovenergo branch of Rosseti South. The server hardware was commissioned to accommodate the data processing system of the Piramida-Seti software. Other activities are as follows:

- Four remote RPG sections were connected via the Internet using encryption engines. These initiatives allow prompt access to the Company's corporate and technological information systems without the need to visit a RPG or production department (PD);
- The project "Reconstruction of servers and data-storage system at Volgogradenergo branch of Rosseti South" was implemented successfully. To replace obsolete equipment (used for more than 8-10 years), the Company scheduled the delivery and adjustment of five items of server hardware, data storage system, and two firewalls for the technological and corporate networks. New server hardware helped to enhance the performance the software packages several times

Corporate and technological business applications

- Pursuant to Rosseti's Model PAMS Development Plan approved by the Management Board of Rosseti and based on Minutes No. 87/2-03/02 dated 24 January 2018 of the working group meeting on PAMS development in Rosseti South, its subsidiaries and affiliates, the Production Asset Management System was transferred to 1C: Holding Management platform. The following software modules under the PAMS development plan were put into commercial operation: Equipment Recording, Initial Data Migration, etc.;
- "Digital Operating Log Book of GCCs/PDs/RPGs" information system (Rostovenergo branch of Rosseti South), as well

as a regional subsystem of the Integrated Analytical Situational Management system and the data processing system of the Piramida-Seti software for own needs were launched into commercial operation

Plans for further IT improvements

Rosseti South defined a development vector for grids in terms of digitalisation for 2018–2030.

Key areas of IT development in 2020:

- Making the Company more client-oriented;
- Implementation of intelligent electricity metering systems;
- Development of the Production Asset Management System (PAMS);
- Creation of a common information space between Rosseti South and Rosseti;
- Solution of import substitution of software.

Key activities to fulfil the above tasks:

- Adoption of the intelligent power grid control systems based on digital technologies (pilot projects) in line with the 2030 Digital Transformation Concept;
- Creation of the information analysis system to control communication networks within Rosseti South's operational responsibility;
- Enhanced functionality of the information system based on the results of the "Operating Log Book of DGCs/PDs/RPGs" pilot project;
- Continued implementation of the common corporate system based on 1C: Holding Management for needs of Rosseti South;
- Development of the Integrated Analytical Situational Management system;
- Commercial operation of the Piramida-Seti software package for remote collection and transmission of readings from electricity meters and provision of cybersecurity of the Piramida-Seti data processing system;
- implementation of a development planning system for the below 35 kV power grid in a pilot zone of Rostovenergo branch of Rosseti South.

Information Security

In order to ensure compliance of Rosseti South with the requirements of Federal Law No.187-FZ "On the Security of the Critical Information Infrastructure of the Russian Federation", the Company set up a commission for categorising the critical information infrastructure entities of Rosseti South.

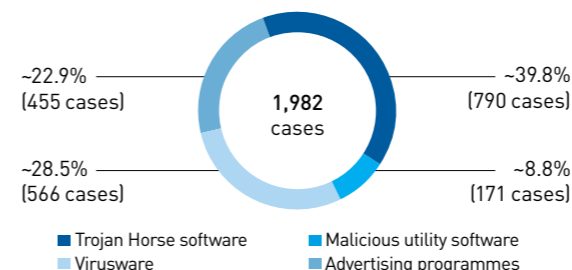
The information and telecommunication infrastructure of Rosseti South is fully connected to the Regional Monitoring Centre in the Southern Federal District, the official segment of the Federal Security Service of the Russian Federation

in GosSOPKA system, which is intended for centralised counteraction to cyberattacks and protection of the Company's critical information infrastructure against the same, and also for prompt mitigation of their consequences.

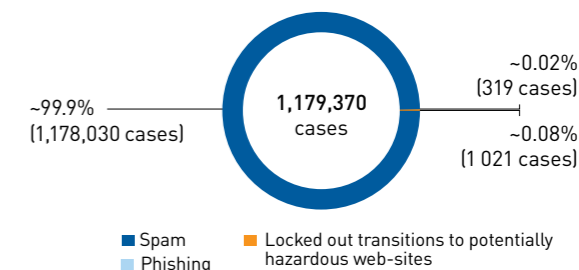
Within the framework of the 2030 Digital Transformation Concept, the Company started the creation of the Integrated Information Security System based on the Security Information and Event Management system (SIEM) deployed at Rostovenergo GCC.

Results of 2019

MALICIOUS SOFTWARE



INFORMATION ATTACKS



COMPUTER INCIDENT DAMAGE

	Incidents recorded	Reports to NCIRCC	Damage, RUB
No incidents recorded	0	0	0

Innovative development

Rosseti South's Innovative Development Programme for the period of 2016–2020 with an outlook until 2025 was aligned with Rosseti's Innovative Development Programme to ensure the transition to distribution grids of new technological setup and with whole new parameters of reliability, efficiency, availability, controllability, and customer orientation of the distribution power grid complex.

Key areas of the Company's innovative development:

Transition to digital substations operating at different voltages

Transition to digital smart grids with a distributed intellectual automation and control system

Transition to integrated business processes and automation of control systems

Utilisation of new technology solutions and materials in power engineering

Key innovative projects implemented by the Company in 2019

Transition to digital smart grids with a distributed intellectual automation and control system

- Delivering a project of digital smart grids in the distribution power grid complex of Volgogradenergo branch of Rosseti South through the integration of the Smart Grid system. The project envisages all-around automation of 10 kV overhead lines by integrating Smart Grids in the Petrovskiy RPG, PD Kamyshin Power Grids of Volgogradenergo. Construction, installation and commissioning works scheduled for 2019-2020 were completed in full (ahead of the schedule).
- All-around automation of 10 kV overhead lines No. 1 and No. 2 of the 110/35/10 kV Chaltyr substation, 10 kV overhead line No. 6 of 35/10 kV Bolshye Saly substation by integrating Smart Grids in the Chaltyrsky RPG, PD South-Western Power Grids at Rostovenergo branch. The FEED stage of the project was completed in 2019.
- All-around automation of 6 kV overhead lines No. 44 and No. 74 of the 35/6 kV T-8 substation in the Taganrogsky RPG, PD South-Western Power Grids at Rostovenergo branch of Rosseti South. The FEED stage of the project was completed in 2019.

Transition to integrated business processes and automation of control systems

The 10-110 kV overhead lines at Volgogradenergo branch of Rosseti South were provided with the icing monitoring system that ensures integration with the geoinformation software-hardware complex, weather monitoring and forecast systems.

With the icing monitoring system, we achieved a significant reduction in the cost of repairing damaged overhead lines, organising field trips, recovering electricity losses during melting, as well as a reduction of lost profits from electricity sales.

Construction, installation and commissioning works were fully carried out in 2019. The actual amount of funds spent totalled RUB 13.37 mn vs the target of RUB 16.31 mn.

In 2019, the actual total costs for implementation of the Innovative Development Programme for the period of 2017-2021 with an outlook until 2026 amounted to RUB 473.07 mn.

TARGET AND ACTUAL EXPENSES BY KEY INNOVATIVE DEVELOPMENT AREAS, RUB MN (EXCL. VAT)

Sr. No.	Innovative development area	Target costs	Actual costs
1	Transition to digital substations operating at different voltages	48.17	0.00
2	Transition to digital smart grids with a distributed intellectual automation and control system	407.65	410.25
3	Transition to integrated business processes and automation of control systems	65.5	36.06
4	Utilisation of new technology solutions and materials in power engineering	5.41	0

Research and development

G4-DMA (former EU8) R&Ds to improve power supply reliability and to ensure sustainable development of the Company

The implementation of the R&D Programme is one of the key innovative development areas for the power grid complex. This Programme covers measures to ensure reliable (uninterruptible) and high-quality power supply of electricity consumers, reduction of material expenses for repair and maintenance of overhead lines with a minimum expenditure of money for repair and maintenance of the system equipment, and transition to digital signal transmission at all levels of control over substations.

The following R&D activities were performed in 2019:

- Research, Development, and Engineering (RD&E) concerning "Research and Development of Technology and Instrumental & Analytical Support for X-ray Examination of High-voltage Circuit-breakers";
- Research and Development (R&D) concerning "Development of a Methodological Basis for the Metrological Support of Digital Substations";
- RD&E concerning "Designing and Building of a Simulator for a 110/35/10 kV Digital Substation". Development of educational materials for training the electrical technicians to work on IEC 61850-compliant equipment using the 110/35/10 kV digital substation simulator.

In 2019, Rosseti South received a patent on the "Mobile X-ray Examination Device for High-voltage Circuit-breakers" utility model.

#4

Financial Review

The economic effect of installing smart metering systems in the operations area of PJSC Rosseti South in 2019 amounted to 244.3 million kWh of electricity, or RUB 1.13 billion. Today, over 170 thousand most advanced metering devices are installed across all branches of Rosseti South. We are planning to install more than 88 thousand metering devices until the end of 2020.

Pursuant to the Smart Electricity Metering Development Programme, from 2020 to 2030 a total of 1,014 thousand smart metering devices will be replaced and installed, thus creating a unified automated electricity metering system. The expected outcome by 2030 is a reduction in the process-related consumption of electric energy from 8.95% to 6.06% for delivery to the grid, or 582 million kWh.

SMART METERS



Basic financials

BASIC FINANCIALS OF THE COMPANY UNDER RAS IN 2017–2019, RUB MN

Indicator	2017	2018	2019
Proceeds from product (service) sales, total:	35,144	36,394	36,966
Electricity transmission	33,439	34,928	34,911
Grid connection	415	380	848
Electricity sales	860	847	923
Other services	430	238	285
Production costs of products (services)	28,630	30,683	31,835
Gross profit	6,514	5,711	5,132
Management costs	738	730	797
Selling costs	26	22	23
Profit (loss) from sales	5,750	4,958	4,311
Interest receivable	61	47	360
Interest payable	3,070	2,508	2,441
Income from shareholdings	0	1	0
Other revenues	3,864	3,652	3,714
Other expenses	5,970	4,663	9,761
Profit (loss) before tax	635	1,489	-3,818
Income tax and other charges	-491	592	-619
Net profit (loss)	1126	897	3,198
EBITDA	6,286	6,668	1,266

The proceeds from the sale of products (services) in 2019 are RUB 572 mn (1.6%) higher than in 2018, including revenue from electricity transmission – RUB 34,911 mn (RUB 17 mn below the level of 2018); this is due to a reduction in the volume of electricity transmission services by 881.0 million kWh, or 3.65%, as a result of the general stagnation of business in the regions within Rosseti South's footprint. Apart from that, there is a 3.7% increase of the average power transmission tariff due to changes in the net delivery structure by voltage levels and consumers' categories.

The production costs are RUB 1,152 mn (3.8%) above the level of 2018, which is mainly attributable to an increase in the costs

for energy services by RUB 597 mn and an increase in personnel costs by RUB 568 mn, owing to bringing the size of one minimum monthly wage to the level of the same in electric power industry from 1 July 2018.

In 2019, the financial result showed a year-on-year drop of RUB 4,095 mn. This was due to the growth of the negative balance of other revenues and expenses resulting from the movement of bad debt provisions and legal actions existing at the end of 2019 (supplementing of bad debt provisions for PJSC Astrakhan Electricity Retailing Company).

Factor analysis of revenues

Revenues from electricity sales increased by **8.9%**

Revenue from grid connection services grew by **123%**

Revenue from other activities increased by almost **20%**

Power transmission

Revenue from electricity transmission services, excluding internal turnover, decreased by RUB 16.6 mn, or 0.05%, from RUB 34,928 mn for the year ended 31 December 2018, up to RUB 34,911 mn for the year ended 31 December 2019. Lower revenues was a result of a decrease in the volume of electricity transmission services by 881.0 million kWh, or 3.65%, driven by the general stagnation of business in the regions where the Company operates.

Electricity sales

Revenue from electricity sales went up by RUB 75.3 mn, or 8.9%, from RUB 847.3 mn in 2018 to RUB 922.7 mn in 2019. Higher revenue was associated with an increase in delivery to the grid and tariff indexation.

Accounts receivable from buyers and customers amounted to RUB 531 mn, which is RUB 38.9 mn (7.9%) higher than the level of the same at the end of 2018. Such a situation stemmed from the low level of payment from housing and utilities consumers, budget consumers, and commercial organisations.

In the reporting year, recovery of receivables was enforced through writs of execution demanding a total of RUB 3,356.8 mn; RUB 1,859.6 mn (55%) were repaid. In the previous year, enforcement covered the claims totalling RUB 3,528.3 mn; RUB 1,286.9 mn (69%) were repaid.

Planned indicators for repayment of overdue debts existing as of 1 January 2019 were achieved for 110%, RUB 6,050.4 mn planned vs RUB 6,629.1 mn actually repaid.

Efforts to reduce overdue debts covered 86% of such debts as of 31 December 2019. The low percentage of legal collection can be explained by the growing overdue receivables of JSC VMES to Rosseti South – Volgogradenergo coming

from the systematic non-payments of PJSC Volgogradenergosbyt to JSC VMES. Given the fact that VMES is a subsidiary of Rosseti South, permissible measures for dealing with receivables include the conclusion of an agreement on the restructuring of overdue debts or the submission of this issue to the Commission for Settlement of Receivables of Rosseti (conducting FEED in relation to S&As is inexpedient).

Grid connection services

Revenues from grid connection services increased by RUB 468 mn excl. VAT, or 123%, from RUB 380 mn excl. VAT in 2018 to RUB 848 mn excl. VAT in 2019, which is mainly related to the performance of the grid connection contract in the reporting period with a relatively high cost; the revenue from this contract in 2019 amounted to RUB 527 mn excl. VAT.

Other types of revenue

Revenue from other activities in 2019 amounted to RUB 285 mn, which is RUB 47 mn, or 19.7%, above the level of 2018.

Such a situation resulted from the non-systemic (one-time) incomes, such as the revenue from emergency repairs at the facilities of Rosseti's subsidiaries and affiliates, from the services provided for Rosseti North Caucasus during emergency response cooperation exercises between Rosseti's subsidiaries and affiliates.

Operational efficiency and cost reduction programme

In order to improve the performance of Rosseti South, optimise the volume and structure of operating and management expenses, and also to comply with Directive No. 2303p-P13 of the Government of the Russian Federation dated 16 April 2015 (On reducing operating expenses by not less than 2-3%

annually), the Company has developed a Programme to increase operational efficiency and reduce costs of PJSC Rosseti South.

In line with the above Directive, operating expenses in 2019 were reduced by 3% year-on-year against the target of 2%.

Proceeds from sales of non-core assets

The Company has in place a programme for the disposal of non-core assets of PJSC Rosseti South¹.

Asset Register aligned with the Programme was updated and approved.

By Decision 363/2020 of the Company's Board of Directors dated 12 March 2020 (Minutes dated 16 March 2020), the Non-core

INFORMATION ON SALES OF NON-CORE ASSETS FOR 2019, RUB THOUSAND

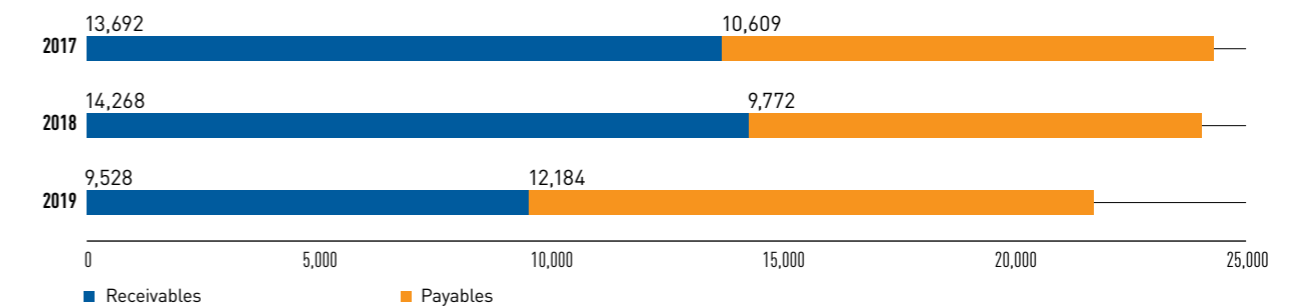
S.No.	Asset	Asset identification number	Balance sheet item containing the asset as at the reporting date prior to the asset divestment	The carrying amount of an asset	Actual realisable value (excl. VAT).	Deviation of the actual realisable value from the carrying amount
1	Zelyonaya Roscha property portfolio	No. 612500000051; No. 612500017311; No. 612500000052; No. 612500000006; No. 612500017700	1152	52,346.17	29,131.3	-
2	Filling station property portfolio	No. 611400000209; No. 611400000400; No. 611400000402; No. 611400000763; No. 611400000764; No. 611400009117; No. 611400000765; No. 611400000766; No. 611400000767; No. 611400000906; No. 611400000919; No. 611400000905; No. 611400000907; No. 611400000908; No. 611400000909; No. 611400000910; No. 611400000911; No. 611400000912; No. 611400000913; No. 611400000914; No. 611400000915; No. 611400000916; No. 611400000917; No. 611400000918; No. 611400000919; No. 611400000920; No. 611400000921; No. 611400000922; No. 611400000923; No. 611400000924; No. 611400000925; No. 611400000926; No. 611400000927; No. 611400000928; No. 611400000929; No. 611400000930; No. 611400000931; No. 611400000932; No. 611400000933; No. 611400000934; No. 611400000935; No. 611400000936; No. 611400000937; No. 611400000938; No. 611400000939; No. 611400000940; No. 611400000941; No. 611400000942; No. 611400000943; No. 611400000944; No. 611400000945; No. 611400000946; No. 611400000947; No. 611400000948; No. 611400000949; No. 611400000950; No. 611400000951; No. 611400000952; No. 611400000953; No. 611400000954; No. 611400000955; No. 611400000956; No. 611400000957; No. 611400000958; No. 611400000959; No. 611400000960; No. 611400000961; No. 611400000962; No. 611400000963; No. 611400000964; No. 611400000965; No. 611400000966; No. 611400000967; No. 611400000968; No. 611400000969; No. 611400000970; No. 611400000971; No. 611400000972; No. 611400000973; No. 611400000974; No. 611400000975; No. 611400000976; No. 611400000977; No. 611400000978; No. 611400000979; No. 611400000980; No. 611400000981; No. 611400000982; No. 611400000983; No. 611400000984; No. 611400000985; No. 611400000986; No. 611400000987; No. 611400000988; No. 611400000989; No. 611400000990; No. 611400000991; No. 611400000992; No. 611400000993; No. 611400000994; No. 611400000995; No. 611400000996; No. 611400000997; No. 611400000998; No. 611400000999; No. 611400001000	1152	783.3	810.1	-
Total				53,129.47	29,941.4	

Information on the structure of the non-core asset portfolio of Rosseti South and amendments thereto from 1 January 2019 to 31 December 2019 are given in Appendix No. 3 to this Annual Report.

¹ Approved by Decision 261/2018 of the Company's Board of Directors dated 21 February 2018 (Minutes dated 26 February 2018).

Liabilities

RECEIVABLES TO PAYABLES RATIO FOR 2017-2019, RUB MN



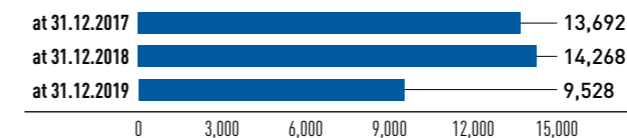
According to the 2019 results, there is a decrease in accounts receivable and an increase in accounts payable.

Accounts receivable

STRUCTURE OF ACCOUNTS RECEIVABLE FOR 2017-2019, RUB MN¹

Metric	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019
Accounts receivable, including:	13,692	14,268	9,528
trade receivables	12,128	12,760	7,856
electricity transmission receivables	11,735	12,343	7,450
bills receivable	-	-	-
advances paid	33	20	130
Other accounts receivable	1,531	1,488	1,542

CHANGES IN ACCOUNTS RECEIVABLE FOR 2017-2019, RUB MN



The total amount of receivables at the end of the reporting period amounted to RUB 9,528 mn, as of 31 December 2018 – RUB 14,268 mn. This decrease was mainly attributable for trade receivables, electricity transmission receivables.

Trade receivables amounted to RUB 7,856 mn, which is RUB 4,904 mn (38.4%) below the level of the same at the end of 31 December 2018 – RUB 12,760 mn. The decrease was driven by the repayment of debts for electricity transmission services of MUPE VMES in the amount of RUB 2,680 mn through the public takeover of shares of PJSC VMES, while the money paid for the acquired shares of PJSC VMES were returned to MUPE VMES in favor of Rosseti South, and also by the allocation of accumulated electricity transmission debts of PJSC AESK (Astrakhan Electricity Retail Company) to bad debt provisions by reason of not-full payment of current charges by the counterparty, non-fulfillment of obligations, and existing difference of opinions on the amount of services rendered.

¹ Metrics are aligned with financial statements of the Company for the reporting period.

Accounts receivable under the "Advance paid" item amounted to RUB 130 mn, which is up RUB 110 mn (550%) year-on-year. This growth is associated with advance repayment of the Company's obligations to PJSC TNS Energo Rostov-on-Don for purchased electricity in order to compensate for losses.

Other receivables amounted to RUB 1,542 mn, which is up RUB 54 mn (3.6%) year-on-year. The decrease was mainly made up of contractual fines, forfeitures and other financial penalties.

The bulk (78.2%) of the Company's receivables comes from the settlements for the electricity transmission services rendered.

The results of legal collection of overdue receivables for rendered electricity transmission services in the reporting year are as follows:

- 238 court cases received favourable judgements for claims totalling RUB 3,616.6 mn;
- In 24 court cases, our claims totalling RUB 1 127,1 mn were dismissed. Accordingly, courts upheld 76.2% of the Company's claims.
- In the reporting year, recovery of receivables was enforced through writs of execution demanding a total of RUB 7,455.4 mn; RUB 4,457.9 mn (59.8%) were repaid.
- 110% of planned indicators for repayment of overdue debts were achieved, RUB 6,050.4 mn planned vs RUB 6,629.0 mn actually repaid.

For comparison, in 2018:

- favourable judgements were received for claims totalling RUB 4,824.2 mn (352 cases); claims totalling RUB 904.3 mn (57 cases) were dismissed (including partially, also with a decrease in the amount of legal penalty). Accordingly, courts upheld 84.2% of the Company's claims.
- enforcement covered the claims totalling RUB 9,194.4 mn; RUB 4,092.6 mn (44.5%) were repaid.

The share of claims discharged in favour of the Company decreased by 8 percentage points year-on-year since the judgements on the collection of disputed debts of previous periods (disputed debts of 2016) came into legal force and the primary documentation under the forensic examination (branch of Astrakhanenergo) failed to be confirmed.

The year-on-year decrease in the amount of recovered claims was associated with an improvement in the payment discipline of a number of counterparties (TNS Energo Rostov-on-Don, Donenergo) and market exit of enterprises in default – Donreko LLC (Rostovenergo branch), VOA Khimprom (Volgogradenergo), and MUPE VMES (Volgogradenergo).

Persistently large efforts to reduce overdue debts covered 93.5% of the same as of 31 December 2019. At the same time, the value of this figure is conditioned upon the impossibility of conducting claims work against JSC VMES (intragroup settlements), which allows for delay in payment for the Company's services due to non-payments of the guaranteeing supplier of the Volgograd Region.

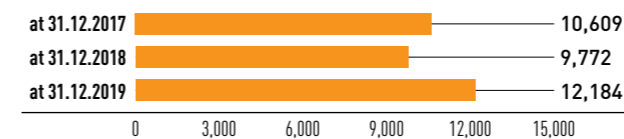
Accounts payable

STRUCTURE OF ACCOUNTS PAYABLE FOR 2017–2019, RUB MN

Metric	As at 31 December 2017	As at 31 December 2018	As at 31 December 2019
Accounts payable, including:	10,609	9,772	12,184
trade payables	8,116	7,281	8,439
bills payable	0	0	0
advances received	890	944	1,382
taxes and charges	786	688	755
Other accounts payable	817	858	1,608

Metrics are aligned with financial statements of the Company for 2019, include the sum of the items of the balance sheet: "Other liabilities" 1450 + "Accounts payable" 1520.

CHANGES IN ACCOUNTS PAYABLE FOR 2017–2019, RUB MN



Accounts payable for 2019 was RUB 2,412 mn above the 2018 level and amounted to RUB 12,184 mn as of 31 December 2019. The growth in accounts payable in 2019 was due to the default of counterparties of the Company on contractual obligation to pay for the rendered services for transmission and resale of electricity and capacity.

The end of the year vs the beginning of the year changes are listed below:

- debt on trade receivables item is higher by RUB 1,158 mn, mainly due to an increase in debt to construction contractors by RUB 896 mn, to repair contractors – by RUB 30 mn;
- debt on advances received amounted to RUB 1,382 mn, which is up RUB 438 mn (46.4%) year-on-year. This growth was attributable to the advance payments received under the concluded grid connection agreements;
- debt on taxes and charges payable amounted to RUB 755 mn as of 31 December 2019, which is higher than the level at the end of 2018 by RUB 67 million mn (9.7%). This growth was mainly due to changes in the value added tax rate;
- other accounts payable amounted to RUB 1,608 mn as of 31 December 2019 and grew by RUB 749 mn (87.2%) year-on-year, including RUB 660 mn under a factoring agreement.

Bonds

INFORMATION ON PLACED ISSUES OF EXCHANGE-TRADED BONDS

Issue of BO-02 series exchange-traded bonds (identification number of the issue and date of its assignment: 4B02-02-34956-E dtd 4 September 2014).

Type of security	exchange-traded/commercial bonds
Authority that assigned an identification number to the issue	Public Joint Stock Company Moscow Exchange MICEX-RTS.
The number of actually placed securities of the issue	5,000,000
Face value, RUB	1,000
Volume of securities issued at face value	6,000,000
Status of the issue	The issue was placed on 19 July 2017.
Maturity of the securities of the issue	1,813th day from the date of the placement
Coupon rate, %	9.24
Number of coupon periods, for which the yield on securities of the issue is paid:	20
Debt as of 31 December 2019, RUB thousand	5,000,000

Programme of 001R series exchange-traded bonds (identification number of the issue and date of its assignment: 4-34956-E-001P-02E dtd 12 August 2016).

Type of security	exchange-traded/commercial bonds
Authority that assigned an identification number to the issue	Public Joint Stock Company Moscow Exchange MICEX-RTS.
Number of coupon periods, for which the yield on securities of the issue is paid	set by the terms of the issue.
Volume of the issued securities – the value of all issues of exchange-traded bonds, under the programme.	up to and including RUB 25 bn.
Status of the issue	placement not yet started
Maturity of the securities of the issue	no later than 10,920th day from the date of the placement of the issue of exchange-traded bonds under the programme
Coupon rate, %	set by the terms of the issue
Issues under the Programme	not placed.
Debt as of 31 December 2019, RUB thousand	None

No credit ratings were assigned to the Company in the reporting year.

Tariff Policy

Guidelines for calculating tariffs for electricity transmission services and fees for grid connection services are approved by the federal executive authority responsible for tariff regulation, the functions of which are exercised by the Federal

Antimonopoly Service (FAS of Russia). The maximum levels of tariffs for electricity transmission services are approved by the FAS Russia.

Electricity transmission tariffs

In 2019, there were joint ("common-pot") tariffs for electricity transmission services on the territory of all constituent entities of the Russian Federation that are located within the zone of responsibility of Rosseti South: electricity transmission for consumers of the same voltage class was rated at a common tariff, regardless of the grids they are connected to.

In pursuance of Decree No. 1178 of the Government of the Russian Federation dated 29 December 2011, the common-pot electricity transmission tariffs for 2019 were approved for H1 and H2 separately, with the following validity periods:

- from 1 January 2019 to 30 June 2019;
- from 1 July 2019 to 31 December 2019.

Primary consumers of the Company's electricity transmission services are as follows:

- electricity retail companies – entities of wholesale and retail markets that are selling electricity to end consumers connected to the power grids of the Company's branches and grids of other grid organisations;
- end consumers of electricity;
- territorial grid organisations – entities of retail electricity market that are transiting the electricity to the end consumers via their grids.

Branch of Rosseti South – Astrakhanenergo

The regional common-pot model is "Pot at the top". The pot's holder is Rosseti South's branch – Astrakhanenergo. The branch collects all the grids required gross revenues (RGR) from electricity retail companies in the region, direct consumers at single tariffs and pays for the transit over grids of territorial grid organisations (TGOs) at individual rates. Electricity transmission consumers settle accounts with the branch both at two-rate and one-rate tariffs.

Single tariffs for 2019 were approved by Decree No. 157 of the Tariff Service of the Astrakhan Region dated 26 December 2018.

The required gross revenue of the Astrakhanenergo branch of Rosseti South for 2018 – 2022 was formed by the method of long-term indexation of the required gross revenue.

Branch of Rosseti South – Volgogradenergo

The region has in place a "mixed pot" settlement scheme; the main holder of the pot is the Volgogradenergo branch of Rosseti South. Volgogradenergo collects grids' RGR from regional retailers, direct consumers at single tariffs and from income-generating TGOs at individual rates and then gives a portion of grids' RGR to lower-level TGOs at individual rates. Electricity transmission consumers settle accounts with the branch both at two-rate and one-rate tariffs.

Single tariffs for 2019 were approved by Order No. 48/23 of the Tariff Regulation Committee (TRC) of the Volgograd Region dated 26 December 2018 [as worded by Order No. 21/2 dated 28 December 2019].

Individual rates for mutual settlements between Volgogradenergo of Rosseti South and income-generating TGOs for 2019 were approved by Order No. 48/24 of the TRC of the Volgograd Region dated 26 December 2018 [as worded by order No. 21/2 dated 28 December 2019].

The required gross revenue of the Volgogradenergo branch of Rosseti South for 2019 – 2023 was formed by the method of long-term indexation of the required gross revenue.

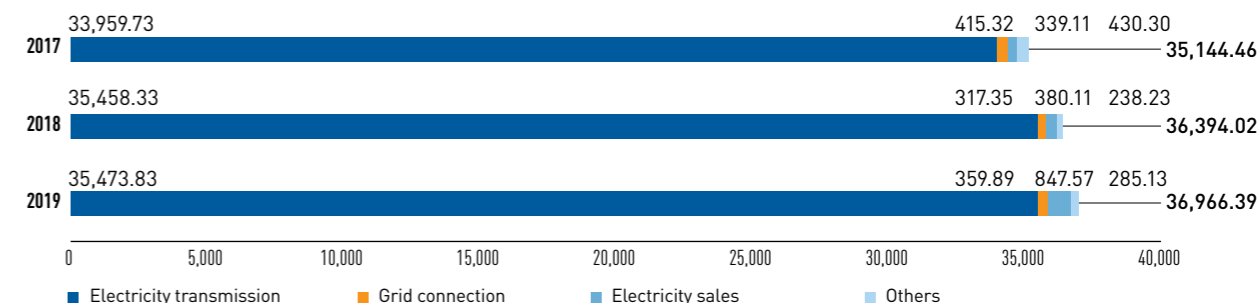
Branch of PJSC Rosseti South – Kalmenergo

Due to the consolidation of the power grid assets of OJSC KalmEnergoKom [equipment purchase & sale agreement dated 19 December 2016 and the property transfer and acceptance act dated 31 December 2016], only one TGO has been operating in the region since 2017 – a branch of Rosseti South, Kalmenergo.

Kalmenergo collects its revenues at single tariffs for net delivery of electricity to PJSC Kalmnergosbyt's consumers, other electricity retail companies and consumers within Elista's coverage area (internal sales). Electricity transmission consumers settle accounts with the branch both at two-rate and one-rate tariffs.

The required gross revenue of the Kalmenergo branch of Rosseti South for 2018 – 2022 was formed by the method of long-term indexation of the required gross revenue.

CHANGES IN ROSSETI SOUTH'S REVENUES FOR 2017-2019, RUB MN



Single tariffs for 2019 were originally approved by Order No. 105-p/e of the Regional Tariff Service (RTS) of the Republic of Kalmykia dated 24 December 2018.

In pursuance of Order No. 437/19 of the FAS Russia dated 9 April 2019, the RTS of the Republic of Kalmykia, by Order No. 39-p/e dated 26 April 2019, established single tariffs for 2019 from 1 May 2019 within the maximum levels approved by Order No. 1819/18 of the FAS Russia dated 19 April 2018.

In line with Order No. 1108 of the Ministry of Energy of Russia dated 29 November 2018, the branch of Rosseti South – Kalmenergo in 2019 served as a guaranteeing supplier within Elista's coverage area.

Sales markups of the guaranteeing supplier, Kalmenergo branch of Rosseti South, for 2019 were approved by Order No. 98-p/e of the RTS of the Republic of Kalmykia dated 20 December 2018.

Branch of PJSC Rosseti South – Rostovenergo

The region has in place a "mixed pot" settlement scheme. There are two large grid companies in the region – the pot's holders: the Rostovenergo branch of Rosseti South and JSC Donenergo. Rostovenergo collects its portion of grids' RGR from PJSC TNS Energo Rostov-on-Don and other retail companies at single tariffs and from Donenergo – at individual rates and then gives a portion of grid revenues to lower-level TGOs at individual rates. Donenergo collects its portion of grids' RGR from PJSC TNS Energo Rostov-on-Don and other retail companies at single tariffs and then gives a portion of revenues to Rostovenergo and lower-level TGOs at individual rates. Electricity transmission consumers settle accounts with the branch both at two-rate and one-rate tariffs.

Single tariffs for 2019 were originally approved by Decree No. 92/7 of the Regional Tariff Service (RTS) of the Rostov Region dated 28 December 2018.

Based on Order No. SP/62460/19 of FAS of Russia dated 19 July 2019, the single tariffs were revised from 1 December 2019 by Decree No. 57/4 of the PCT of the Rostov Region dated 28 November 2019 and approved at a previously established level (unchanged).

Individual rates for mutual settlements between Rostovenergo branch of Rosseti South and Donenergo were approved by Decree No. 92/6 of the RTS of the Rostov Region dated 28 December 2018.

The required gross revenue of the Rostovenergo branch of Rosseti South for 2018 – 2022 was formed by the method of long-term indexation of the required gross revenue.

Summarising the performance results of Rosseti South in 2019, the revenues for electricity transmission services increased by RUB 15.50 mn (up 0.04%) and reached RUB 35,473.83 mn excl. VAT (with internal sales) (vs RUB 35,458.33 mn in 2018). Higher revenues were driven by a year-on-year increase in the approved tariffs for electricity transmission services. At the same time, the net delivery of electricity in 2019 went down by 879.69 million kWh compared to the actual delivery of 2018, owing to:

- a lower net delivery of the Rostovenergo branch of Rosseti South resulting from the bankruptcy of large industrial enterprises of the Rostov Region (LLC Donstar, LLC Belaya Ptitsa, LLC Eurodon, LLC Mishkino confectionary plant);
- a lower net delivery of the Volgogradenergo branch of Rosseti South, resulting from a cut-back in production of large industrial enterprises (JSC VTZ, JSC Sebyakovcement), a decrease in the net power flow in the grid of the income-generating TGO – JSC VMES;
- termination of the voluntary agreement between JSC Donenergo and the Rostovenergo branch of Rosseti South on the mergers of PJSC FGC UES.

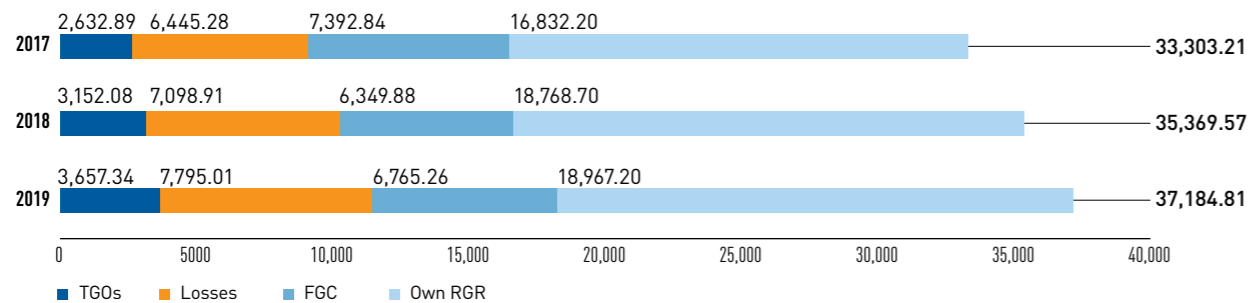
The average electricity transmission tariff in 2019 was RUB 151.40 per kWh vs RUB 145.86 per kWh in 2018, up RUB 5.54 per kWh, or 3.8%, year-on-year.

It should be noted that actual revenues for electricity transmission services in 2019 include the revenues for electricity transmission services rendered when the Kalmenergo branch of Rosseti South served as a guaranteeing supplier in Elista's coverage area (so called internal sales in the amount of RUB 562.83 mn).

The electricity transmission tariffs for 2019 approved by the executive authorities of the constituent entities of the Russian Federation responsible for state tariff regulation (hereinafter – regulatory authorities) are posted on the official website of Rosseti South in line with para. 19 (a) of the Standards for Information Disclosure by the Entities of Electricity Wholesale and Retail Markets (approved by Decree No. 24 of the Government of the Russian Federation dated 21 January 2004).

Required Gross Revenue

CHANGES IN THE STRUCTURE OF ELECTRICITY TRANSMISSION RGR OF ROSSETI SOUTH FOR 2017–2019, RUB MN



The volume of required gross revenue from electricity transmission activities of Rosseti South in 2019 exceeds the value approved for 2018 by 5.1%, namely:

1. Own RGR increased by 1.1%

For Astrakhanenergo branch, own RGR grew by 3.3%, for Volgogradenergo branch – by 2.1%, for Kalmenergo branch – by 4.2%, and for Rostovenergo branch – by 0.3%.

The decrease in own RGR at the Kalmenergo branch was caused by a substantial escalation of the costs for services of PJSC FGC UES [the contracted capacity for the connections of PJSC FGC UES grew by 17.9% year-on-year].

2. The electricity purchase costs to compensate for losses increased by 9.8%:

- At the Astrakhanenergo branch, the costs increased by 13.4% due to a notable increase in sales markups in the “grid organisations purchasing electricity to compensate for losses” category of consumers, which is associated with bringing the economically feasible RGR of the guaranteeing supplier to the reference one under the existing laws and also with factoring into the sales markup for this category the shortfall in income related to restraining the growth of sales markup for the “Households” category;
- At the Volgogradenergo branch – by 11.6% due to the increase in the weighted average price for electricity (capacity) in the wholesale market;
- At the Rostovenergo branch – by 6.6% due to the increase in the weighted average price for electricity (capacity) in the wholesale market;
- At the Kalmenergo branch – by 18.9% due to the year-on-year increase in the volume of losses in the Tariff Balance Solutions, as well as due to the increase in sales markups for the “grid organisations purchasing electricity to compensate for losses” category of consumers, which is associated with bringing the economically feasible RGR of the guaranteeing supplier to the reference one under the existing laws.

3. The costs of paying for the services of PJSC FGC UES grew by 6.5%

There is a substantial escalation (by 18.6%) of the costs for services of PJSC FGC UES at the Kalmenergo branch since the contracted capacity for the connections of PJSC FGC UES grew by 17.9% year-on-year. The key factors are as follows:

- a notable increase in electricity consumption by large regional consumer – JSC KTK-R (for the period 2017-2018, consumption increased by about 210%);
- work in the closed mode of 110 kV grids between the power systems of the Republic of Kalmykia and the Stavropol Territory, which led to an increase in the actual additional power consumption;
- active power deficiency in the power system of the Republic of Dagestan and transfer of part of the load of the Dagestan power system to power supply from the power system of the Republic of Kalmykia.

At the Volgogradenergo branch, the growth of costs for the services of PJSC FGC UES amounted to 12.5%, which was caused by a year-on-year increase in the contracted capacity in the Tariff Balance Solutions by 7.7%.

4. The costs of paying for the services of territorial grid organisations (TGOs) increased by 16.3%

For Astrakhanenergo branch, own costs increased by 14.6%, for Volgogradenergo branch – by 6.7%, and for Rostovenergo branch – by 20.3%.

The change in the costs of paying for the TGOs’s services is driven by the following factors:

- in the Astrakhan Region:
 - accounting in RGR of TGOs the positive adjustments based on the performance results for 2017 (JSC Russian Railways, JSC Oboronenergo);
 - increase in the number of conventional units through the purchase of electrical equipment (MUE Astrakhan Municipal Power Grid);
 - the growth of the RGR of LLC Gazpromenergo due to a decrease in the share of a single consumer as a result of changes in the structure of Gazprom;

- in the Volgograd region:
 - increase in costs for the services of PJSC FGC UES in RGR of TGOs (PJSC Volgograd Inter-District Power Grids, OJSC Caustic);
 - increase in labour costs in the RGR of TGOs (PJSC Volgograd Inter-district Power grids);
- in the Rostov Region:
 - increased costs for the services of PJSC FGC UES in RGR of TGOs (JSC Energia, JSC RZD);
 - accounting in RGR of TGOs the performance results of previous periods (JSC Energia, JSC Russian Railways, JSC Oboronenergo – North-Caucasian branch);
 - accounting in RGR of TGOs the costs for “capital investments” (LLC Promelectroset);
 - accounting in RGR of TGOs the costs under the “income tax” item (OJSC Oboronenergo – North-Caucasian branch).

DYNAMICS OF THE REQUIRED GROSS REVENUE FOR ELECTRICITY TRANSMISSION SERVICES BY BRANCHES FOR 2017–2019, RUB MN

Name	2017 ¹		2018		2019	
	total	own	total	own	total	own
Astrakhanenergo	5,057	2,820	5,459	3,305	5,827	3,415
Volgogradenergo	9,983	5,040	10,023	5,265	10,663	5,376
Kalmenergo	1,080	749	1,667	1,199	1,704	1,148
Rostovenergo	17,184	8,223	18,220	9,000	18,990	9,027
Rosseti South PJSC	33,303	16,832	35,370	18,769	37,185	18,967

The year-on-year increments of own RGR for electricity transmission services were as follows:

- for Astrakhanenergo – 3.3%;
- for Volgogradenergo – 2.1%;
- for Kalmenergo – (-) 4.2% (a substantial escalation of the costs for services of PJSC FGC UES);
- for Rostovenergo – 0.3%.

ANALYSIS OF CHANGES IN THE AVERAGE TARIFF FOR ELECTRICITY TRANSMISSION SERVICES FOR 2017–2019, RUB/KWH

Name	2017	2018	2019
Astrakhanenergo	1.7811	1.9404	2.0212
Volgogradenergo	1.1542	1.2294	1.3195
Kalmenergo	2.4306	3.1140	2.7576
Rostovenergo	1.3888	1.4564	1.5383
Rosseti South PJSC	1.3702	1.4730	1.5541
Growth, %		107.5	105.5

The year-on-year increase in the approved average tariff for electricity transmission services for Rosseti South was as follows:

- for Astrakhanenergo – 4.1%;
- for Volgogradenergo – 7.3%;
- for Rostovenergo – 5.6%;
- in Kalmenergo – (-) 11.4% (the decrease in the average tariff is associated with a higher net delivery at the HV level due to an increase in the power consumption of the large consumer – JSC KTK-R).

¹ Tariff Balance Solutions for 2017 were taken by the RTS of the Republic of Kalmykia with no allowances for the consolidation of KalmEnergoKom.

Grid connection fees

Payment for grid connection is calculated when newly commissioned and earlier connected consumer terminals with increased maximum capacity are connected and also if the power supply reliability category, connection points, type of production activities of already connected consumer terminals are changed without revising the maximum capacity, but involving the change of the external power supply scheme of such terminals.

Grid connection payment in case the category of reliability is changed is calculated for the volume of maximum capacity of the applicant's consumer terminals with the changed category of reliability.

Grid connection payment in cases the external power supply scheme is changes without revising the maximum capacity as a result of changes in connection points, types of production activity is calculated at standardised tariff rates or rates per unit of maximum capacity for the volume of maximum capacity specified in the grid connection application.

The state tariff regulation authorities of the constituent entities of the Russian Federation for the calculation of fees for grid connection to the territorial distribution grids approve as follows.

For the regulatory period:

- standardised tariff rates (common for all territorial grid organisations in the territory of a constituent entity of the Russian Federation – in line with Federal Law No. 450 dated 30 December 2015 "Concerning the Electric Power Industry");
- rates per unit of maximum power (RUB/kW);
- grid connection fee formula;
- fee for an applicant for the grid connection of consumer terminals with maximum capacity of no more than 15 kW and incl. (taking into account the capacity already connected at the same connection point) is RUB 550 maximum (incl. VAT), for connection of facilities that fall within the third reliability category (per one power supply source) and are located not more than 500 m in urban areas, or not more than 300 m in rural areas, away from existing grid facilities (of required voltage) of grid organisations the application is submitted to. Within the boundaries of municipal districts, urban districts, and in the inner-city territories of federal cities, the same person may carry

out grid connection of consumer terminals belonging to him by the right of ownership or on other legal grounds meeting the above criteria, with payment for grid connection in the amount not exceeding RUB 550, not more than once during three years.

Upon request by a grid organisation:

a fee for grid connection of consumer terminals of individual consumers, with a maximum capacity of at least 8,900 MW and a voltage of at least 35 kV, to territorial transmission and distribution grids and also in case of custom-tailored grid connection.

The following grid connection tariff options were approved for the branches of Rosseti South for 2019:

- for Astrakhanenergo branch of IDGC of the South – Decree No. 156 of the Tariff Service of the Astrakhan Region dated 24 December 2018 (published in the collection of laws and regulatory legal acts No. 1 dated 10 January 2019); as amended by Decree No. 9 of the Tariff Service of the Astrakhan Region dated 12 February 2019 (published on the Official Internet Portal of Legal Information of State Authorities of the Astrakhan Region; as amended by Decree No. 87 of the Tariff Service of the Astrakhan Region dated 21 November 2019 (published on the Official Internet Portal of Legal Information of the State Authorities of the Astrakhan Region, the collection of laws and regulatory legal acts No. 47 dated 28 November 2019).
- for the Volgogradenergo branch of Rosseti South – Order No. 48/1 of the Tariff Regulation Committee (TRC) of the Volgograd Region dated 26 December 2018 (published on Official Internet Portal of Legal Information "State System of Legal Information", publication number: 3401201812280008, date of publication: 28 December 2018), as amended by Order No.9/1 of the Tariff Regulation Committee (TRC) of the Volgograd Region dated 20 March 2019 (published on Official Legal Internet Portal "State System of Legal Information", publication number: 3401201903220014, date of publication: 22 March 2019), as amended by Order No. 18/2 of the Tariff Regulation Committee (TRC) of the Volgograd Region dated 7 June 2019 (published on Official Legal Internet Portal "State System of Legal Information", publication number: 3401201906100011, date of publication: 10 June 2019), as amended by Order No. 21/1 of the Tariff Regulation

Committee (TRC) of the Volgograd Region dated 28 June 2019 (published on Official Legal Internet Portal "State System of Legal Information", publication number: 3401201907010001, date of publication: 1 July 2019.)

- for the Kalmenergo branch of Rosseti South – Order No. 100-p/tpe of the Regional Tariff Service of the Republic of Kalmykia dated 20 December 2018 (published in The Halmg Unn newspaper No. 236 (18042) dated 26 December 2018, and is also available on the website), as amended by Order No. 45-p/tpe of Regional Tariff Service of the Republic of Kalmykia dated 17 May 2019 (published in the Halmg Unn newspaper No. 84 (18129) dated 21 May 2019), as amended by Order No. 67-p/tpe of the Regional Tariff Service of the Republic of Kalmykia dated 30 August 2019 (published in the Halmg Unn newspaper No. 154 (18199) dated 3 September 2019), as amended by Order No. 92-p/tpe of the Regional Tariff Service of the Republic of Kalmykia dated 20 December 2019 (published in the Halmg Unn newspaper No. 233 (18278) dated 25 December 2019).
- for the Rostovenergo branch of Rosseti South – Decree No. 89/1 of the Regional Tariff Service of the Rostov Region dated 27 December 2018 (published on Legal Information Portal of the Rostov Region, publication number:

6145201812290026, date of publication: 29 December 2018), as amended by Decree No. 71/31 of the Regional Tariff Service of the Rostov Region dated 26 December 2019 (published on Legal Information Portal of the Rostov Region, publication number: 6145201912310026, date of publication: 31 December 2019).

The gradation of standardised tariff rates and fee rates per unit of maximum capacity adopted and approved by regulatory authorities for the branches of Rosseti South for 2019 involves differentiation by capacity ranges, voltage levels, constant/ temporary power supply scheme, material, section and brand of a wire and is reflected in the tariff solutions of the Regional Tariff Service posted on the official website of Rosseti South.

DYNAMICS OF THE AVERAGE GRID CONNECTION FEE PER UNIT OF CAPACITY FOR 2015–2019, RUB/KWH



#5

Sustainability Report

PJSC Rosseti South continues to promote and facilitate the development of alternative energy sources. The construction of the new Zarya substation in the Krasnosulinsky district of the Rostov Region, which will transfer electricity from the Gukovo-1 wind farm, has been almost completed. Zarya Substation will become the first digital power substation in the Southern Federal District that meets the new standards adopted by Rosseti.

Furthermore, three solar power plants in the Astrakhan Region with a total capacity of 79 MW and two solar power plants in Kalmykia were connected to the grid. For Kalmykia, which consumes approximately 98 MW per year, while not having its own large generation facilities – all electricity comes from neighbouring regions via overhead lines – the development of renewable energy sources of this scale is a landmark event”.

Boris Ebzeev

General Director, PJSC Rosseti South

CLEAN
ENERGY



Sustainability Management

UN Sustainable Development Goals

The United Nations Organisation (UN) defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

GRI 102-11 Application of Precautionary Principle or approach (Principle 15 of the UN Rio Declaration on Environment and Development, 1992)

In pursuance of the precautionary principle, the Company is continuously working on implementing the environmental laws, improving industrial and environmental safety, contributing to consistent and efficient mitigation of the negative impact on the environment from production activities.

In its activities, the Company is committed to the UN sustainable development goals adopted on 25 September 2015.



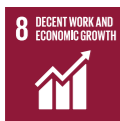
3 GOOD HEALTH AND WELL-BEING
Ensuring healthy lives and promoting well-being for all at all ages.



4 QUALITY EDUCATION
Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all



7 AFFORDABLE AND CLEAN ENERGY
Ensuring access to affordable, reliable, sustainable and modern energy for all



8 DECENT WORK AND ECONOMIC GROWTH
Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Building resilient infrastructure, promoting inclusive and sustainable industrialisation and fostering innovation



11 SUSTAINABLE CITIES AND COMMUNITIES
Making cities and human settlements inclusive, safe, resilient and sustainable



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensuring sustainable consumption and production patterns



15 LIFE ON LAND
Protecting, restoring and promoting sustainable use of terrestrial ecosystems, sustainably managing forests, combating desertification, and halting and reversing land degradation and halting biodiversity loss



17 PARTNERSHIPS FOR THE GOALS
Strengthening the means of implementation and revitalising the global partnership for sustainable development

HR and Social Policy

GRI 103-1 Explanation of the Material Topic and its Boundary
GRI 103-2 The Management Approach and its Components
GRI 103-3 Evaluation of the Management Approach

The key objectives of the Company's HR and Social Policy

- Workforce requirements planning – ensuring the availability of reliable information on current and projected, quantitative and qualitative needs in workforce necessary and sufficient for the assigned tasks;
- Recruiting necessary skills when needed;
- Improving the performance and increasing labour efficiency.

The action plan towards achieving the goals of the Company's HR and Social Policy

- Organisational design;
- Headcount management;
- HR staffing and development;
- Personnel performance management (employee incentives);
- Social benefits and guarantees;
- Occupational safety and work culture.



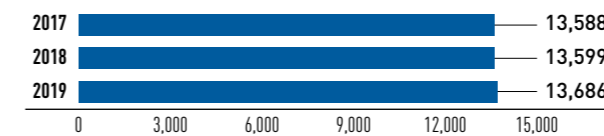
Headcount and personnel breakdown

GRI 102-8 Total number of employees for various breakdowns
GRI 102-7 Scale of the organisation

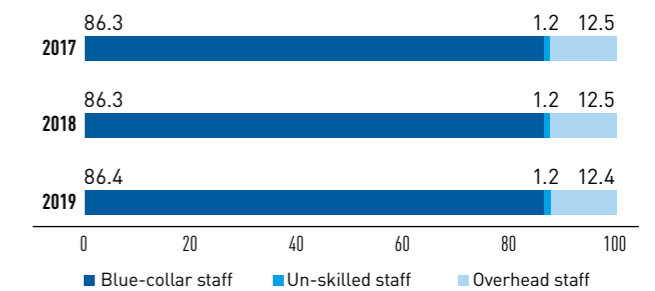
The Company's average headcount in 2019 was 13,686 employees, up 0.6% year-on-year. This insignificant increase in the average headcount was caused by the natural movement of employees.

The share of blue-collar workers is 86.4% of the total number of employees in the Company.

AVERAGE HEADCOUNT IN 2017-2019, PEOPLE



PERSONNEL BREAKDOWN, %



The staffing level of PJSC Rosseti South in 2019 was 97.5%, showing a moderate increase in comparison with the previous years.

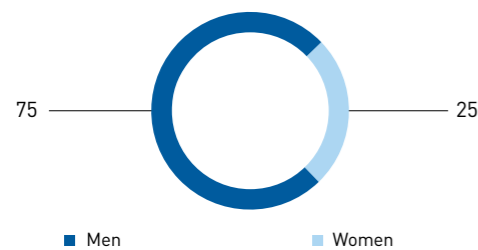
The average age of employees in 2019 decreased year-on-year to 42 years. For the last three years, there has been a decrease in the share of employees aged 50 and older (-0.8 p.p.), while

the share of employees aged between 25 and 50 has been increasing (+1.5 p.p.). The share of young specialists aged under 35 is 30.8%.

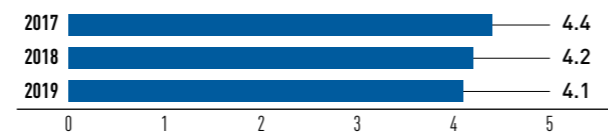
Employees of PJSC Rosseti South are characterised by a fairly high level of qualification; 89% of employees have professional education. This figure went up 7 p.p. over the last three years.

GRI 102-8 Total number of employees for various breakdowns

TOTAL NUMBER OF EMPLOYEES BY GENDER IN 2019, %



TURNOVER RATE IN 2017-2019, %



Voluntary turnover rate in 2019 was 4.1%, down 0.1% year-on-year.

Personnel training and assessment

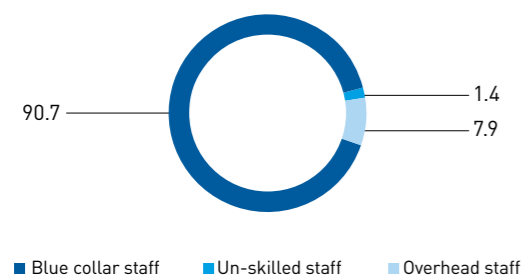
Training is one of the priorities of the Company's HR and Social Policy and is governed by the Regulations on the Professional Training, Retraining and Advanced Training of Personnel of PJSC Rosseti South.

In 2019, 6,761 employees of the Company were involved in off-the-job training activities, i.e. 49.4% of the average

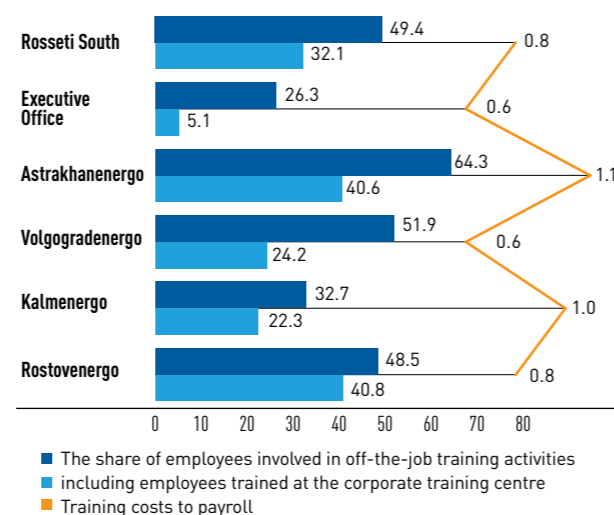
headcount and 30% higher than the key performance indicator of the Company's HR and Social Policy. In 2018, this indicator amounted to 51.4% (6,992 employees).

The bulk of trainees include blue-collar (90.7%, or 6,129 employees). In 2018, this figure stood at 89.6% (6,268 employees).

BREAKDOWN OF OFF-THE-JOB TRAINEES BY CATEGORIES, %



THE SHARE OF EMPLOYEES INVOLVED IN OFF-THE-JOB TRAINING ACTIVITIES AND THE RATIO OF ACTUAL TRAINING COSTS TO PAYROLL BUDGET IN THE REPORTING YEAR, %



Corporate Training Centre

The key training needs are satisfied by Rostov-on-Don Training Centre Energetic¹, where 4,384 people (64.8% of the total number of trainees) received vocational training, retraining and advanced training in 2019 (in 2018, 4,919 people were trained at the corporate training centre (70% of the total number of trainees)).

The bulk of the employees trained at the corporate training centre was made up of blue collars (94.7%, or 4,151 employees).

The following adaptive programmes are annually implemented by the corporate training centre:

- advance study programmes of challenging professional issues (in 2019 – "Chief Engineer School" professional retraining programme);
- education of students ("Introduction to the Profession of Power Engineer", acquiring the first vocational qualification);
- programmes aimed at onboarding young specialists in the Company and developing a talent pool.

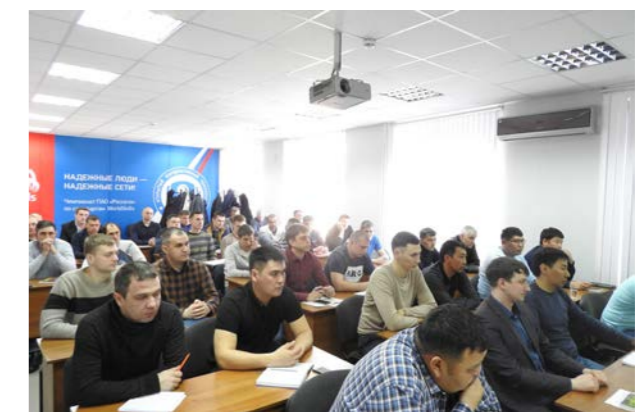
In 2019, the Corporate Occupational Skills Championship was held in line with the WorldSkills procedure (in the Smart Electricity Metering Systems) at Rostov-on-Don Training Centre Energetic for improving the professional skills, promoting best practices and raising the trade job profile. Representatives of fourteen Rosseti's S&As participated in the Championship.

Partner organisations

The Company's partners on additional training are educational establishments licensed for educational activities on the current trends of personnel training: process-enabled control, grid connection, tariff regulation, procurement activities, information technologies, software, environmental safety, accounting, consulting entities, equipment manufacturers and authorised software suppliers.

In the reporting year, the ratio of actual personnel training costs to payroll was 0.8%, up 0.1 p.p. year-on-year (0.7%), in line with the key target set out in the HR and Social Policy of PJSC Rosseti as related to professional training, retraining and advanced training of personnel (from 0.7% to 1.5% to payroll).

With training activities implemented in 2019, the Company managed to fulfil its obligation of compulsory training for employees with further authorisation to perform specific works and granting a work permit.



Qualification assessment

The Autonomous Non-profit Organisation "Southern Interregional Electric Power Training Centre" was established in 2019. In the reporting year, the Training Centre conducted an independent assessment of six power grid qualifications:

- electrician for cable network supervision (Skill Level 3);
- electrician for substation maintenance (Skill Level 3 and 4);
- electrician for cable line repair and installation (Skill Level 3 and 4);
- electric fitter for 110 kV switchgear equipment repair (Skill Level 4).

In line with the Federal Law No. 238-FZ dated 3 July 2016 "On Independent Assessment of Qualifications", such assessment is required for evaluating the compliance of professional skills and education level of specialists involved in power grid complex maintenance with the professional standards approved by the order of the National Qualification Development Agency.

¹ Private institution of additional professional education "Interregional corporate training centre "Energetik".

Talent pool

In order to timely meet the Company's needs in qualified personnel and create conditions to fully unlock employees' potential, the Company is taking continuous efforts to build and expand the talent pools – management pool and youth pool.

The management talent pool is formed for meeting the Company's needs in employees trained to work in managerial positions:

- top managers;
- middle managers (from the level of a department head);
- managers and chief engineers of production departments and RPGs;
- operational managers.

In 2019, the management talent pool of the Company included 926 most promising employees. As of the end of the reporting period, 78.8% of existing managerial jobs were covered by available talent pool.

At the end of 2019, 64 employees from among the management talent pool (6.9% of total headcount of the Company's management talent pools) were appointed to higher-ranking positions, including 45 employees (4.8% of total headcount of the management talent pools) who climbed up to the target positions.

In 2019, there were 343 promotions to leadership positions across the Company's branches and in the Executive Office, 263 positions (76.7%) were staffed from internal candidates, 74 of them (21.6%) – from management and young talent pools.

The young talent pool is formed at the branches and at the Company as a whole from young specialists aged under 35 having a high potential for development, motivated for professional development and career growth in the Company. The young talent pool of the Company as of the end of the reporting period included 108 employees.

In 2019, the Company organised thematic training sessions for members of the management and young talent pools on developing a team and personal brand in a professional environment, building leadership competency, including training programmes on the following topics: "Emotional intelligence analysis and development", "Capable leader: time management and performance management, conflict resolution and effective decision-making" and "Management skills: work with the objectives, goal setting, time planning and management, motivation, control, delegation, initiative and responsibility of the personnel".

An important aspect of talent pool development is human resourcing of the technical unit. In 2019, technical managers – heads of power grid regions (RPG) and chief engineers of production departments participated in the first All-Russian Contest "Power Industry Leaders".



Three specialists of Rosseti South entered the golden hundred at the first contest "Power Industry Leaders". The award ceremony for the best power engineers in the country was held in Chelyabinsk at the "Tractor" Sports Palace.

All three finalists represent the Rostovenergo branch: Viktor Polyakov, Chief Engineer of the production department "Central Power Grids", Vitaly Abramov and Aleksey Gladkikh, Heads of Azov and Bagayevsk regions of power grids (RPGs). They were awarded diplomas of honour and prizes and could apply for senior positions in various Rosseti's business units.

Youth policy

The Company's Youth Policy initiatives focus on consistent work with school children, university students, and young specialists.

Educational and early career guidance activities are organised for school children. The Company holds open days at branches in cooperation with schools including speeches of the heads and excursions to the grid complex facilities. The Company also arranges energy classes for senior school children and supports the #VmesteYarche and Ticket to Future (ProyeKTOriya) Festivals.

With the aim of career guidance of school children, increasing the prestige of the energy industry professions and identifying talented young people, starting from 2018 Rosseti's group of companies holds the All-Russian School Olympiad among 9th and 10th-grade students in three subjects: physics, mathematics, and computer science. The winners of the Olympiad gain the right to take part in the Energy Project Session supported by Rosseti's group of companies at Russian Children's Centre "Orlyonok".

A total of 246 school children living in the region of Company's operation participated in the Olympiad in 2019. One student became the winner, and two students were invited to participate in the Energy Project Session. The participants of the Energy Project Session in 2019 took part in the Annual All-Russian Forum of Professional Navigation "ProeKTOriYA" with its final held in Yaroslavl in November 2019.

Since 2018 the branch of PJSC Rosseti South – Volgogradenergo has in place the Mobile Energy Class, which is a compact set of 10 power equipment benches enabling the senior school children (11th grade) and employable youth in remote rural areas to gain in-depth knowledge and practical skills in the electric power industry. In 2019, 10 senior students of rural schools completed vocational training as electricians for electrical equipment maintenance and repair and obtained a corresponding certificate. Among them, seven graduates were hired for the Volgogradenergo branch of PJSC Rosseti South, three persons undergo employer-sponsored training in National Research University "Moscow Power Engineering Institute" in Volzhsky.

From June to August, Company's young specialists gave career guidance lessons for school children staying at Children's Camp "Iskra" as part of the career guidance activities. Thanks to that, over 500 children were introduced to the basic power industry concepts and electric safety requirements and had a change to try on an electrician uniform;

The key focus areas in the work with students in 2019 were as follows:

- Organisation of workshop practice and pre-graduation practice of students of industry-specific schools at the power grid facilities. In 2019, 583 students passed workshop and pre-graduation practices in sub-divisions of Rosseti South.



In January 2019, the Company paid first scholarships to students who entered into an employer-sponsored training agreement.

The first corporate scholarship from Rosseti South was paid to 26 target students with good or excellent grades for the summer session. "A" and "B" full-time students receive monthly financial incentives in the amount of RUB 5,000 or 4,000 starting from the second semester of the first year and till their graduation.

- Organisation of target training of specialists in speciality "electric-power engineering and electrical engineering" for further employment in the Company. In 2019, as part of targeted enrolment to universities and colleges, Rosseti South sponsored further education of 88 students;
- Student brigades at the Company's facilities. In the reporting year, during the summer labour season, 110 students of core specialities worked at the facilities of Rosseti South. Based on performance, the members of the best student brigade of Rosseti South – "Vspyshka" took part in the All-Russian Gathering of Student Brigades to mark the 60th anniversary of the Russia student brigade movement and 15th anniversary of All-Russian Youth Public Organisation "Russian Student Brigade" (October 2019, Moscow). As part of the events dedicated to the closure of the ninth labour season of student brigades, "Vspyshka" student brigade was ranked first in the Festival of Student Brigades of Rosseti's group of companies.

Recruiting youth to the Company, onboarding and developing young talents are the integral parts of the Youth Policy. Young specialists annually attend different corporate development activities aimed at promoting professional competencies and skills.

Project groups are set up among the active young specialists to work on Company's real cases; the pilot project in this area involved the participation in the brainstorming session held together with the WorldSkills Russia Union, Company's partners and representatives of universities and colleges. Based on the session results, "digital" competencies were developed for such professions as a dispatcher and substation maintenance electrician.

One of the successfully implemented projects developed by young specialists in 2019 was "The Single Onboarding Day

for Company's Employees". The participants were able to have an insight into the work of related business units, get acquainted with the power industry history in the Southern Region of the country and the Company, and visit the grid complex facilities – the latest and the oldest ones.

In 2019, the Council of Young Specialists initiated and developed the "Corporate Mentor School" project focusing on the on-the-job coaching, as the blue collars make the foundation of accident-free performance of the Company's Power Grid Complex. Based on the participation in preparation and conduct of corporate events, young specialists become candidates for accession to the Company's Council of Young Specialists and the youth talent pool.

Social benefits and guarantees

GRI 103-1 Explanation of the Material Topic and its Boundary
GRI 103-2 The Management Approach and its Components
GRI 103-3 Evaluation of the Management Approach

Rosseti South sees the efficient social policy as the key to success. In 2019, social policy initiatives were aligned with the Sectoral Tariff Agreement (in the electric power industry for 2019-2021), the Collective Agreement of the Company for 2019-2021, bylaws, rules, orders, and other local regulations, corporate and cultural events of Rosseti and Rosseti South.

The Company's priority areas are stable social and labour relations of co-workers facilitated by effective cooperation

with trade union organisations. Complying with the interests of the parties to social partnership, ensuring and maintaining social stability contribute to improving labour productivity and competitiveness of the Company.

The Company's employees receive social benefits and guarantees in line with the Collective Agreement of Rosseti South for 2019-2021.

THE AMOUNT OF FUNDS ALLOCATED FOR SOCIAL PROGRAMMES IN 2017–2019, RUB THOUS.

Branch	2017	2018	2019
Astrakhanenergo	2,241.46	2,103	1,605.5
Volgogradenergo	4,064.7	4,480	3,171.7
Kalmenergo	2,009.6	1,942	1,687.4
Rostovenergo	5,462.2	5,458	9,382.8
Executive Office	899.5	698	1,687.4
Total for Rosseti South PJSC	14,677.46	14,681	17,534.8

Employee health care

The Company has in place the Regulation on the provision of vouchers to recreation houses and health camps for employees. In 2019, 750 employees and their families received health-improving rest at the Energetic recreation centre, 800 employees' children rested in health camps on the Black Sea coast of Krasnodar Territory, and 52 children – in the health camp in Moscow Region. Subsidised vouchers to health resorts were also provided for employees working in hazardous conditions.

In 2019, the number of subsidised vouchers allocated for employees and their families grew by 5% year-on-year, and for employees' children – by 10%.

Work with veterans

By the end of 2019, the Company had 3,220 of electric power industry veterans and 100 veterans of the Great Patriotic War on the list. The Coordination Council of Veterans of the Company manages the activities of veteran organisations on a regular basis.

The Company oversees the health status of veterans and their living conditions. In 2019, financial assistance to veterans totalled RUB 4.6 mn; payments were timed to the Victory Day, the Power Engineer's Day, on applications of veterans being in a difficult situation. A total of 57 veterans were treated in sanatoriums and resorts in 2019.

Housing programme

The Company has in place the Regulation on corporate support of branches' employees in improving housing conditions. The priority right to receive such corporate support for improving housing conditions is given to employees of RPGs and production departments with key electrical engineering specialities, young

professionals aged under and including 35 years. Receivers of compensation were electricians, electrical fitters, foremen, dispatchers of the production departments of the Company's branches. The maximum amount of compensation was RUB 100,000; the minimum amount was RUB 2,700. In total, this benefit was used by 198 employees in 2019; the Company's costs totalled RUB 10,112.2 thousand.

Trade union movement

Effective cooperation with trade union organisations facilitates stable employee relations. The Company finances the costs of mass cultural, physical culture and recreational initiatives taken jointly with the primary trade union organisations.

In 2019, the Company allocated RUB 31,630.2 thous. for those activities, or 0.3% of payroll budget.

In line with the collective bargaining agreement, the parties reached social partnership agreements on regular cooperation for improving labour safety and general working conditions at workplaces. The meetings involving the representatives of primary trade union organisations and the employer's representatives resulted in discussing issues and elaborating joint solutions as related to:

- labour protection agreements;
- ensuring sanitary working conditions;
- special clothing for employees;
- functioning medical aid centres;
- paying for the time spent on attending a medical examination, etc.

Work health and safety

GRI 403-1 Information on occupational health and safety management at workplaces. The percentage of total personnel, in addition to the management representatives involved in monitoring and giving recommendations on occupational health and safety management at workplaces
GRI 403-3 Employees with high incidence or high risk of diseases related to their occupation
GRI 403-4 Health and safety topics covered in formal agreements with trade unions

Management approach

Health and safety management in the Company is in line with the requirements of the Russian legislation and applicable health and safety regulations:

- the policy and focus areas, legal, economic and social principles for ensuring safe operation of hazardous production facilities are determined by Federal Law No. 116-FZ dated 21 June 1997 "On Industrial Safety of Hazardous Production Facilities";
- organisation and production control of the health and safety compliance are in line with Regulations on Production Control of Health and Safety Compliance at Hazardous Production Facilities approved by Decree No. 263 of the Government of the Russian Federation dated 10 March 1999;
- occupational safety management is consistent with the legislation of the Russian Federation and the Labour Code as its core document (No. 197-FZ dated 30 December 2001), as well as industry and local regulations.

The Company's obligations concerning these issues are additionally set out in the Collective Bargaining Agreement. In particular, the Section "Occupational Safety and Health" of the Collective Bargaining Agreements states the occupational safety rules for protecting the life and health of employees in the production process.

Focus areas of occupational safety enhancement

- A lower number of accidents and personnel injuries at workplaces;
- A lower number of occupational diseases;
- Fewer workplaces with harmful and hazardous working conditions, as well as with high and medium levels of occupational risks;
- Number of employees who passed a medical examination that proved employees are medically fit;
- Fewer violations of occupational safety requirements by the personnel, contractors and other persons being at the Company's facilities;
- Fewer violations of occupational safety requirements detected by officers of the state control and supervision agencies during inspections of the Labour Protection Management System (LPMS);
- Number of implemented measures developed based on the results of LPMS inspections by the state control and supervision agencies;
- Reduced number of accidents and injuries of contractors' employees and other persons being at the Company's facilities;
- Number of meetings and consultations held with the employees and their representatives regarding occupational safety issues, including the Labour Safety Committee (Commission) meetings;
- Number of implemented solutions identified by the previous LPMS operation analysis;
- Money payments for benefits and compensations to employees occupied at works in harmful and hazardous conditions;
- Money payments for compensation of damages incurred by accidents and injuries, breached occupational safety requirements;
- Amount of funding for occupational safety measures.



Injury prevention

GRI 403-2 Types and rates of injuries, occupational diseases, lost days, and number of work-related fatalities
GRI EU25 Number of injuries and fatalities to the public involving company assets in the reporting period

No accidents happened in 2019. In 2018, two accidents occurred at Rosseti South.

0 accidents happened at Rosseti South in 2019.

FREQUENCY (FR) OF THE TOTAL INJURY RATE (THE NUMBER OF INJURED PERSONS PER ONE THOUS. EMPLOYEES)

2017	2018	2019
0.000	0.143	0.000

EU18 Safety Training and/or briefing of contractor employees

Key improvements in working conditions

Operational conversations in all the Company's branch units are mandatorily recorded using sound recorders in the Operative Dispatch Service, RPG Operative Dispatch Team. Availability of stable radio communication between the crews and the dispatchers is checked regularly, all the conversations are recorded with the sound recorder.

The employees' health and life are of top priority for the Company. Under the requirements of the Labour Code of the Russian Federation, in 2019, the Company took efforts to create safe working conditions at workplaces and prevent on-the-job injuries and third party injuries at the Company's facilities, among them:

- full completion of the annual activities under the Integrated Injury Risk Mitigation Programme for Rosseti South and third parties' personnel at the power grid complex facilities for 2019-2021;
- development and approval for ultimate execution of additional on-the-job measures to reduce the risk of injury to Rosseti South and third parties' personnel;
- Labour Safety Days held monthly at all Company's branches;
- execution of preliminary, regular, pre-trip and post-trip medical examinations;

In 2019, specific occupational safety costs per an employee amounted to

17,200 RUB

Year-on-year increase by

32%

The specific costs for providing personal protective equipment per employee in 2019 amounted to

15,020 RUB

Year-on-year increase by

27%

- organisation of extended videoconferences on occupational safety participated by the management of the PD, RPG, industrial safety units and heads of primary trade union organisations;
- operation of Labour Safety Committees in the Company Executive Office, branches and production departments;
- investigation of causes and circumstances of accidents that occurred with the employees of Rosseti's S&As. The results of investigation of the accident causes and circumstances that occurred in 2019 were included in the agenda of Labour Safety Days on a monthly basis.

Rosseti South expenditures for occupational safety arrangements within the reporting period totalled RUB 235,484 mn, up RUB 8,784 mn, or 4% year-on-year. The major increase by RUB 3,731 mn was in sanitary and hygienic measures to prevent occupational diseases.

In accordance with Art. 226 of the Labour Code of the Russian Federation, initiatives to improve working conditions and occupational safety are financed at a minimum rate of 0.2% of total costs of production (products, works, and services). Total production costs, management and selling expenses for the Company in 2019 amounted to RUB 32,655,186.51 thous., occupational health and safety costs totalled RUB 235,484 thous., or 0.72%.

Training

Practical training and instructive admissions are organised on specially equipped training sites in all PDs and RPGs of the Company's branches to allow the personnel to work out the safe procedures and practices for electric facilities until they become automatic.

The Company fully completed the activities scheduled for 2019 under the Integrated Injury Risk Mitigation Programme for Rosseti South's and third parties' personnel at the power grid complex facilities for 2019-2021.

Under this Programme, the Company scheduled 113 activities, from which nine were taken in 2019, three activities are not due yet, while other events are held on routine basis. Failures to complete any activities on time were not recorded.

Production monitoring and mitigation of the employees' exposure to harmful factors at workplaces

In 2019, the Company carried out 12,583 inspections (11,743 inspections in 2018) of workplaces and crews. The outcomes include detection of 17,479 breaches of occupational safety requirements (2,057 breaches in 2018), withdrawal of 1,449 safety tickets (1,469 tickets in 2018), suspension of 24 crews (15 crews in 2018) from works due to extreme violations of occupational safety requirements.

A total of 1,963 crews worked for the Company in 2019 (among them 1,391 crews of Rosseti South (808 crews for overhead lines, 583 crews for substations) and 572 crews of third parties (376 crews for overhead lines, 196 crews for substations). The inspections of crews operating at electric facilities are organised so that it took one month to cover 100% of crews working on all power grid sections, all substation groups, PTL services and other units operating at electric installations.

Employees of PJSC Rosseti South are fully furnished (100%) with protective equipment, tools, and appliances (including fall protection systems). The total costs for that purpose in 2019 amounted to RUB 45,952.120 thous. vs target of RUB 47,140.599 thous.

Personnel of PJSC Rosseti South is completely furnished with special clothing and safety shoes (100%). The total costs in 2019 for special clothes and safety shoes amounted to RUB 166,867.307 thous. vs target of RUB 173,798.530 thous.

By the year-end, 13,517 workplaces, i.e. 100% of the total number, underwent a special assessment of working conditions.

The employees doing their job at workplaces that do not comply with state occupational safety regulations receive compensation for the operation in harmful working conditions, obtain additional leaves, milk and other equivalent products (monetary compensation).

There are no workplaces that were not subject to the special assessment of working conditions.

The production monitoring of harmful and hazardous factors affecting the employees is conducted regularly.

By the end of 2019, a special assessment of working conditions was carried out at

13,517 workplaces



Ecological responsibility

GRI 103-1 Explanation of the Material Topic and its Boundary
GRI 103-2 The Management Approach and its Components
GRI 103-3 Evaluation of the Management Approach

The Company's core business of electricity transmission and distribution has a minor environmental impact. At the same time, we strive to mitigate any adverse environmental impact in our business processes.

Management approach

In 2019, the main environmental protection objectives of Rosseti South were aligned with the Company's Action Plan for Environmental Policy Implementation for 2017-2019. Pursuant to the Federal Law "On Protection of Environment", No. 7-FZ dated 10 January 2002 all production sites of Rosseti South having a negative environmental impact are on the records of government agencies. All in all, 132 of such facilities are recorded in the Company, among them 123 of category III and 9 of category IV.

In 2019, Rosseti South had 17 current subsoil licenses for underground water extraction: 5 licenses at the Volgogradenergo branch and 12 at the Rostovenergo branch. The underground water quality was assessed in 2019 (including underground water level and temperature monitoring, water consumption metering, taking samples for bacteriological and chemical tests, determination of water physical properties).

The Company conducted regular monitoring of utility and production wastes sorting (scrap tires, used transformers, batteries, spent mercury-containing lamps, waste oils, scrap metal, etc.) and their timely delivery to specialised organisations for neutralisation, recycling and emplacement.

The Company's goal is the decommissioning of 100% Polychlorinated Biphenyl (PCB)-containing equipment and its delivery for complete demolition till 2025. As of 1 January 2019, there were 2,484 units of PCB-containing equipment at the Company's facilities. In 2019, a total of 856 units of such equipment were delivered to specialised organisations.

During 2019, design and authorisation documents related to atmospheric air protection and waste management were made available at all production sites of Rosseti South's branches. The Company engaged accredited laboratories as per the schedules to monitor the atmospheric contaminant emissions in 2019. The test results did not show any above-limit values.

In November 2019, JSC SGS Vostok Limited conducted a recertification audit in the Executive Office and Rostovenergo branch for compliance with ISO 14001:2015 standard. In the auditor's opinion, the organisation had established and maintained the management system in line with the standard requirements and demonstrated the ability to systematically achieve agreed requirements for products or services within the scope of its Policy and objectives.

Management and control of environmental activities

To expand the competencies of its specialists in 2019, the Company organised training of 44 employees under the advanced training programmes for managers and specialists in environmental protection and ecological safety of power grid facilities, and training for 30 employees – for authorisation for collection, transportation, processing, recycling, neutralisation, emplacement of Class I-IV wastes.



COSTS AND INVESTMENTS TO ENVIRONMENT PROTECTION IN 2017-2019, RUB MN

Indicator	2017	2018	2019
Total environmental costs	20.135	20.906	18.754
for water conservation	5.139	4.048	4.938
for atmospheric air protection	4.306	3.387	1.578
for environmental protection from waste	10.111	10.968	11.668
for land reclamation	-	-	-

In 2019, no fines and non-financial sanctions were imposed on the Company for non-compliance with the environmental legislation. As at the end of 2019, there was a reduction in charges for adverse environmental effects due

to amendments in the environmental legislation (the charges for municipal solid waste (MSW) emplacement are paid by the regional MSW management operators).

CHANGE IN PAYMENTS FOR ADVERSE ENVIRONMENTAL EFFECTS IN 2017-2019, RUB THOUS.

Indicator	2017	2018	2019
Total volumes	1,387.43	934.89	785.83
permissible volume	1,370.43	934.89	785.83
above-limit volume	17.00	-	-
Discharges into waterways			
permissible volume	-	-	-
above-limit volume	-	-	-
Emissions to the atmosphere			
permissible volume	37.79	7.57	6.56
above-limit volume	-	-	-
Waste emplacement			
permissible volume	1,332.64	927.32	785.83
above-limit volume	17.00	-	-

Ecosystem and biological diversity conservation

GRI 304-2 Significant impacts of activities, products and services on biodiversity
GRI 304-3 Habitats protected or restored

The area of operations of the Company's branch in the Astrakhan Region covers specially protected natural territories of federal significance: The Astrakhan State Biosphere Reserve is included in the World Network of Biosphere Reserves. Most of the reserve's fauna is made up of birds, many of which are listed in the Red Book of Russia or the Astrakhan Region. In 2019, the Company completed preparations for the installation of over 1,200 bird diverters scheduled for 2020 in the region.

In the Republic of Kalmykia, the area of operations of the Company's branch covers the Black Lands Reserve (World Biosphere Reserve). The Rostov State Nature Reserve (UNESCO Biosphere Reserve), Ramsar Wetland, the key ornithological territory of Russia are located in the Rostov Region. A total of 670 bird diverters were installed in the Republic of Kalmykia in 2019.

In the Rostov Region, 264 bird diverters were installed on the specially protected natural territories in 2019.

The total number of bird diverters installed on 10 kV overhead lines in 2019 to preserve the rare, globally threatened species

of birds, including across branches: Volgogradenergo – 1,192 diverters (992 diverters in the protected area of regional significance – Elton Nature Park); Kalmenergo – 670 diverters, Rostovenergo – 264 diverters.

Key activities implemented in 2019

- Provision and monitoring of a safe level of pollutant atmospheric emissions from stationary and movable sources;
- Personnel upskilling in environmental protection;
- Installation of pedestal-mounted bird diverters in birds habitation and migration areas;
- Prevention of excessive waste accumulation on production sites, timely removal of wastes from production sites;
- Compliance with subsoil license agreements;
- Implementation of the Company's Schedule of PCB-Containing Equipment Decommissioning and Delivery for Complete Demolition for 2018-2024.

Environmental performance indicators in 2016–2019

BREAKDOWN OF THE TOTAL VOLUME OF WATER TAKEN BY SOURCES, L

GRI 303-3 Water intake

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Surface water	-	-	-	-	-	-	
Underground water	7,009	7,028	5,199	4,449	-14%	5,000	Water extraction from underground sources is carried out as per the license agreements. Reduction in water extraction volume in 2019 as compared to 2017-2018 was driven by lower water demand.
Wastewater from another organisation	-	-	-	-	-	-	
Municipal and other water supply systems	161,793	185,174	184,558	193,726	+4%	195,000	By the end of 2019, water consumption increased by 4% due to a growing number of facilities at Astrakhanenergo, and repair works in the administrative buildings of the Rostovenergo branch.

TOTAL DISCHARGE, L

GRI 303-4 Water discharge

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Planned	131,526	159,005	163,316	167,773	2.7%	165,000	Due to a growing number of facilities at Astrakhanenergo and repair works in the administrative buildings of the Rostovenergo branch, wastewater discharge to the centralised networks increased by 2.7% year-on-year.
Unplanned	0	0	0	0	0	0	
Discharge points	-	-	-	-	-	-	
Treatment methods	-	-	-	-	-	-	
For closed-cycle water	-	-	-	-	-	-	

BREAKDOWN OF TOTAL WASTES BY TYPE AND MANAGEMENT METHOD, T

GRI 306-2 Effluents and waste

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Class I	1.11	7.31	17.43	44.84	-	44.84	
Class II	7.23	7.45	3.49	8.68	-	8.68	
Class III	52.18	39.92	61.66	29.48	-	29.48	
Class IV	3,496.63	2,811.48	2,916.51	4,018.61	-	4,018.61	
Class V	2,122.84	1,877.77	1,811.00	1,185.69	-	1,185.69	The increase of discharges was attributed to the need to remove PCB-containing equipment and a growing number of facilities at Astrakhanenergo.
Total	5,679.99	4,743.92	4,810.08	5,259.31	1.39%	5,259.31	

USED METHODS OF SOLID WASTE RECYCLING, GROUND DISPOSAL AND PROCESSING

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Re-use							Class V wastes for household needs (scrap reinforced concrete items and sawdust)
Repeated use					-	-	
Composting					-	-	
Valuable components extraction, including energy output					-	-	
Incineration in bulk					-	-	
Injection into deep underground layers					-	-	
Disposal on a dump site							In 2019, under agreements with regional operators, only municipal solid waste (MSW) was transferred for emplacement
Storage at the facility site					-	-	
Other methods of removal					-	-	

TOTAL ENVIRONMENTAL COSTS AND INVESTMENTS, RUB THOUS.

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Upgrading of production assets	-	-	-	-	-	-	
Waste management	5,516.47	10,111.79	10,967.64	11,667.84	-	-	
Discharge treatment	4,695.50	4,305.50	4,302.00	1,578.30	-	-	Significant changes were not reported between 2017 and 2019
Environmental remedial actions	-	-	-	-	-	-	
Total	14,078.09	19,556.37	19,318.00	18,184.10	-5.80	18,812	

EXPENSES FOR ENVIRONMENTAL IMPACT PREVENTION AND ENVIRONMENTAL MANAGEMENT SYSTEM, RUB THOUS.

Indicator	2016	2017	2018	2019	Change, %	2020 (target)	Notes
Personnel for employees training	182.50	784.00	2,341.00	1,336.00	-42.00	1,025.00	The training was aligned with existing needs in 2019
External services for the environmental management system	0.00	0.00	2,341.00	0.00	0.00	0.00	In 2019, a compliance audit of the Energy Management System was conducted in the Executive Office and at the Rostovenergo Branch, including PD Eastern Power Grids, including Martynovsky RPG. The reduction in costs in 2019 is associated with the compliance audit conducted; in 2018, a recertification audit was held
External certification of management systems	579.54	579.54	2,341.00	569.84	-75.00	569.84	
Personnel for general environmental management activities	-	-	-	-	-	-	
Research and design	-	-	-	-	-	-	
Additional expenses for cleaner technologies	-	-	-	-	-	-	
Additional expenses for environmentally responsible procurement	-	-	-	-	-	-	
Other expenses related to environmental management	-	-	-	-	-	-	
Total	762.04	1,363.54	7,023.00	1,905.84	-	1,594.84	

Improving the energy saving efficiency, reliability and quality

G4-DMA (former EU6) Management approach to ensure short and long-term electricity availability and reliability

In 2019, the energy saving and enhanced energy efficiency measures taken by Rosseti South were aligned with Federal Law No. 261-FZ of the Russian Federation "On Energy Saving and Enhanced Energy Efficiency" dated 23 November 2009, orders of the Ministry of Energy of Russia, Regulation on drafting Energy Saving and Enhanced Energy Efficiency Programmes of subsidiaries and affiliates of PJSC Rosseti, as well as with the Energy Saving and Enhanced Energy Efficiency Programme of Rosseti South for 2017-2022 (hereinafter referred to as the Programme) approved by Resolution No. 247/2017 of the Board of Directors of Rosseti South dated 2 October 2017.

In 2019, 22 internal audits of the Energy Management System were conducted in line with the approved schedule and Standard ISM 80380011-IA/F-5300 049-2015 "Internal Audit of Energy Management System".

In 2019, JSC SGS Vostok Limited conducted an audit of the Energy Management System for compliance with ISO 50001:2011 standard. The audit results confirmed the compliance of Rosseti South's Energy Management System with the international standard ISO 50001:2011 (the certificate of conformity RU15/81841707).

Target values under the Programme:

- Electricity losses at transmission and distribution;
- Consumption of energy resources for housekeeping needs;
- Use of energy-efficient LED-based lighting facilities.

IMPLEMENTATION OF ENERGY SAVING AND ENHANCED ENERGY EFFICIENCY PROGRAMME IN 2019

Sr.No.	Indicator	Unit	2019	
			Target	Actual
1	Electricity losses	mn kWh	2,436.16	2,323.84
		RUB mn, excl. VAT	7,025.17	6,647.01
		% of total electricity delivery to the grid	9.01	8.95
2	Consumption by substations for own needs	mn kWh	40.11	33.53
		% of electricity losses	1.65	1.44
3	Total consumption of energy resources for housekeeping needs of administrative and industrial buildings	RUB mn, excl. VAT	297.01	268.65
		thousand TFOE	10.25	9.18
4	Total consumption of natural resources for housekeeping needs of administrative and industrial buildings, including:	RUB mn, excl. VAT	11.98	7.58
		thousand m ³	182.01	108.00
5	Total motor fuel consumption by motor vehicles and special-purpose vehicles, including:	thous. l	7,274.21	7,637.72
		thousand TFOE	8.48	8.90
		RUB mn, excl. VAT	254.57	273.55
5.1	gasoline	thous. l	4,824.31	5,161.85
		thousand TFOE	5.46	5.85
		RUB mn, excl. VAT	170.03	184.90
5.2	diesel fuel	thous. l	2,449.90	2,475.87
		thousand TFOE	3.02	3.05
		RUB mn, excl. VAT	84.54	88.66
5.3	other types of fuel for motor vehicles and special-purpose vehicles (total), including:	thousand TFOE	0.48	0.48
		RUB mn, excl. VAT	8.63	8.63
5.3.1	natural gas (including liquified)	thous. l	497.41	419.90
		thousand TFOE	0.57	0.48
		RUB mn, excl. VAT	8.85	8.63
5.3.2	electricity	mn kWh	-	-
		thousand TFOE	-	-
		RUB mn, excl. VAT	-	-
6	Use of energy-efficient LED-based lighting facilities	%	50.10	69.20

ACHIEVING TARGETS OF THE ENERGY SAVING AND ENERGY EFFICIENCY PROGRAMME

Indicator	2019	
	Target	Actual
Electricity losses, % of electricity delivered to the grid	9.01	8.95
Consumption of resources for housekeeping needs, RUB mn excl.VAT	297.01	268.65
Saving, mn kWh	233.00	277.00
Saving, thousand TFOE	26,817.00	33,718.00
Saving value, including costs, RUB mn	700.00	828.00

Total power consumption, 1 January 2018 – 31 December 2018	Physical indicators	GJ	Total energy usage reduction, GJ				
			2016	2017	2018	2019	2020 (target)
Fuel, thous. l	7,637.72	264.33	3.37	3.85	4.28	9.35	5.38
Electricity, mn kWh	52.57	187.41	3.52	0.39	0.69	7.49	3.08
Heat, GCal	13,864.63	58.81	0.44	2.72	0.42	0.89	0.40
Cooling	-	-	-	-	-	-	-
Steam	-	-	-	-	-	-	-

Responsible business

GRI 102-16 Values, principles, standards, and norms of behaviour

The Company is striving to create of an ethical and transparent business environment as a prerequisite for maintaining and developing mutually beneficial relationships with business partners based on fair, open, and ethical methods of cooperation, compliance with contractual obligations and mutual respect. The basic principles of the Company are fair practices and responsibility for business policies and actions, respect for human dignity and the interests of other business participants.

The key document defining the set of general principles, standards and regulations of business and corporate ethics of Rosseti South is the Code of Corporate Ethics and Conduct of Employees. Its provisions are basic for all subsidiaries and affiliates. The Company will not sacrifice

its values for the sake of profit and perceives the said values as an interlink between all areas of activity expecting the same attitude from its business partners. By adhering to its corporate values, the Company maintains a high corporate culture.

Procurement

The procurement activities of the Company are governed by the documents:

- Unified Procurement Standard of PJSC Rosseti (Regulations on Procurement);
- Regulations of the interaction of Rosseti South's business units during scheduled procurement of goods, works, and services of the Company;
- Regulation on the work of the Central Tender Commission;
- Regulation on the work of the standing procurement commission of Rosseti South.

Procurement principles

- Appropriate and efficient expenditure of monetary assets;
- Procurement transparency;
- Equality;
- Fairness;
- Absence of discrimination and unreasonable competition restrictions against the procurement participants;
- Respecting the corporate unity concerning the procurement rules;
- Control over the scope of powers and responsibility of the purchasing agents.

The Company places the information on all planned and current procurement procedures at the official website of the Unified Information System, official website of the Company and the Company's digital trading platforms.

Volume of procurements of Rosseti South in 2019

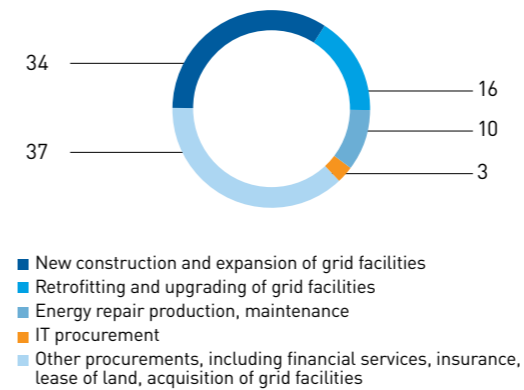
- 804 procurement procedures
- RUB 11,239 mn

The Company focuses its efforts on improving the information transparency and access of participants to procurements, including mainly electronic procurement procedures. A share of competitive procurement via the digital trading platforms amounted to 100%. There are no suppliers or contractors registered outside the Russian Federation.

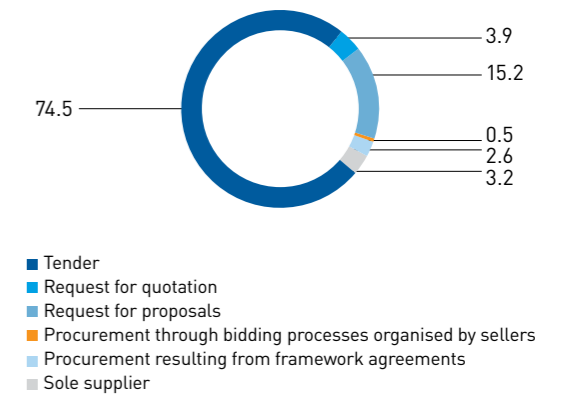
The economic effect of the procurement procedures in the reporting period amounted to RUB 648 mn (incl. VAT), or 5.45% of the planned declared value of the competitive purchases.

Procurement structure

DISTRIBUTION OF PROCUREMENT BY ACTIVITIES, IN 2019, %

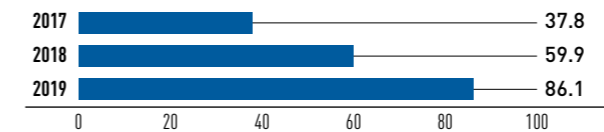


PROCUREMENT STRUCTURE BY WAY OF CONDUCTING, %

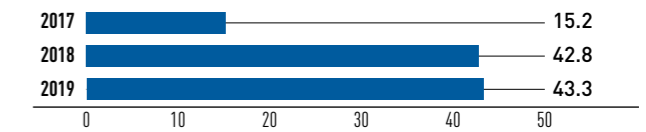


Procurement from SMEs in 2017–2019

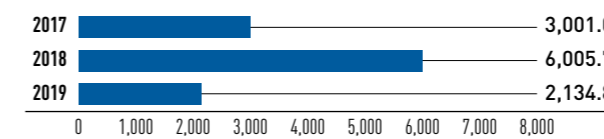
SHARE OF SME PROCUREMENTS, %



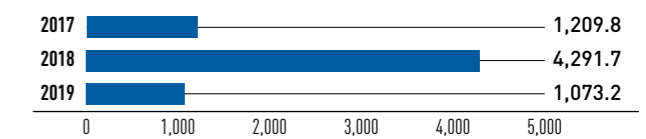
SHARE OF PROCUREMENTS FOR SMES ONLY, %



VOLUME OF SME PROCUREMENT, RUB MN



VOLUME OF PROCUREMENTS FOR SMES ONLY, RUB MN



In 2019, procurements were made and contracts were concluded with suppliers related to small and medium-sized enterprises in the amount of RUB 134,830.61 thous. (incl. VAT), or 86.14% of the total volume of procurement procedures, of which special procurements (in which only small and medium-sized enterprises could participate) amounted to RUB 1,073,159.66 thous. (incl. VAT), or 43.3% of the total volume of procurement procedures¹.

Improving procurement activities

To enhance the efficiency of procurement activities, the Company is implementing the Operational efficiency and cost reduction programme of Rosseti South for 2018-2022 (approved by the resolution of the Board of Directors of the Company, Minutes No. 255/2018 dated 29 December 2017), including such measures as increasing the share of open competitive procurements and decreasing the share of single-source procurements.

¹ Data is compiled in accordance with Resolution No. 1352 of the Government of the Russian Federation dated 11 December 2014

In implementation of the Government Policy on Small and Medium-Sized Business Development, the Company approved the programme of the partnership between Rosseti South and SMEs. This Programme sets forth the measures aimed at searching and supporting reliable, qualified and responsible suppliers (contractors, executors) from among SMEs. The partnership programme outlines the requirements

to small and medium-sized enterprises, rules and conditions of joining the programme.

By the end of 2019, 38 small and medium-sized enterprises joined the partnership programme.

Anti-corruption policy¹

GRI 205-2 Communication and training about anti-corruption policies and procedures

The basic regulation in corruption prevention is Federal Law No. 273-FZ "On Combating Corruption" dated 25 December 2008.

The Company has in place a common Anti-Corruption Policy for PJSC Rosseti and its subsidiaries and affiliates.

Under the National Anti-Corruption Plan for 2018-2020, the Company approved the Anti-Corruption Plan of Rosseti South for 2019.

Information on potential corruption

The Company has been monitoring the incoming appeals and complaints on potential corruption offences. Three appeals were received in 2019, the facts were investigated. Based on the investigation results, the circumstances described in the appeals were not confirmed, the violations of the anti-corruption law were not confirmed, the facts of conflict of interests were not found.

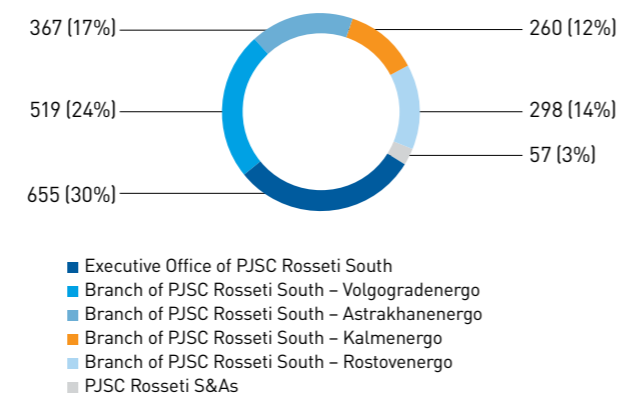
Conflict of interest identification and management

In 2019, an annual declaration of the conflict of interests of the Company's employees for 2018 was conducted. The number of persons subject to annual declaration was 2,156 in Rosseti South and Rosseti's S&As.

No conflicts of interest were identified according to the results of analysis of pre-conflict situations.

In 2019, there were no notifications from employees about any personal agenda during the conduct of official duties, which leads or may lead to a conflict of interest.

THE COMPANY'S EMPLOYEES WHO JOINED THE DECLARATION IN 2019



Combating and preventing corruption when interacting with partners and counterparties

In the reporting period, Rosseti South made competitive procurements, in keeping with the objective criteria when choosing suppliers, while paying great attention to promoting business transparency in the energy sector. All technical specifications and all documentation for participants in the procurement procedures are subject to mandatory verification and anti-corruption expertise.

To enhance the efficiency of procurement activities, Rosseti South signed a consultancy contract in July 2019 to determine the reasonableness of the initial (ceiling) price of the contract for procedures included in the annual procurement plan.

During the planned procurement procedures in 2019, 1,193 technical specifications and 2,087 evaluation reports (including analytical notes) were checked and approved.

Also during the reporting period, 1,072 explanatory notes were considered for the inclusion of procurement plan adjustment issues on the agenda of the Central Procurement Authority.

During the pre-contract stage, a total of 69,414 income and expense contracts were checked (including the reliability and completeness of information about owners of counterparties) and loaded into the automated system – "Analysis and collection of information about beneficiaries"; 3,341 of those contracts – with the disclosure of the chain

of counterparty owners, the number of registered beneficiaries was 3,432. The anti-corruption policy is available on the Company's website.

To report on possible corruption at Rosseti South, one of the following ways can be used:

- Via a feedback form by selecting "Report on violation – Report on corruption".
- Via a hotline 8 (800) 100 -70 -60;
- Via e-mail: mensheninae@rosseti-yug.ru;
- Via a written request to the anti-corruption compliance unit at the address: 49 Bolshaya Sadovaya st., build. 417, Rostov-on-Don, Russia, 344002.

Stakeholder relations

The quality of stakeholder relations is the key to sustainable development of Rosseti South. The Company strives to establish a responsible and open dialogue with all stakeholders with due consideration of their interests when making decisions.

In identifying stakeholder groups, we relied on the following basic principles:

- their common interests and expectations from the Group companies;
- their influence on the achievement of strategic goals by the Group companies;
- stakeholder engagement tools we use.

Government relations

Rosseti South initiated an agreement on cooperation in the power grid complex development with the Republic of Kalmykia at the St Petersburg International Economic Forum.

The agreement was signed by Boris Ebzeev, General Director of the largest power grid company in Southern Russia, and Batu Khasikov, the interim Head of the Region. The agreement provides for cooperation in upgrading and retrofitting the region's energy complex in accordance with the 2030 Digital Transformation Concept, improving the quality and accessibility of electricity transmission and grid connection services, and developing competitive markets for related services. In addition, the parties will jointly elaborate on the parameters of long-term tariff regulation under the agreement.

Shareholder and investor relations

In 2019, the Company's employees took part in 17 congress and exhibition events. The General Director and his deputies participated in key forums and conferences on the delegation of PJSC Rosseti: The Russian Investment Forum 2019 in Sochi, All-Russian Meeting of Chief Power Engineers, St Petersburg International Economic Forum SPIEF-2019, International Forum on Energy Efficiency and Energy Development "Russian Energy Week", International Forum "Power Grids". Five agreements were signed on the sidelines: an agreement with the Don State Technical University on the training of specialists; agreement on cooperation with the Republic of Kalmykia; agreement with PJSC Rostelecom on cooperation in joint projects; memorandum of cooperation and interaction with LLC DocDoc Health Territory; agreement with PJSC Rostelecom on cooperation in joint projects.

¹ The legal and methodological foundations of the Anti-Corruption Policy can be found on the official website of the Company: <https://rosseti-yug.ru/o-kompanii/antikorrupsionnaya-politika>

Public relations

Informing on the replacement of old metering devices with smart meters

The scope of the project: eliminate the negative perception of innovations, lack of public awareness and opposition to installing modern meters.

The mass replacement of electricity meters is not perceived positively by all owners, there are frequent cases of opposition to installing the meters and provocative posts on social networks. To neutralise the negative background in social networks and media, the Company conducted an information campaign in several stages:

- special project on the website "Kommersant. South" – "How to steal a kilowatt", which addresses all the challenging issues about the illegal consumption of electricity and an explanation of why it is required to replace the meters;
- interview of Boris Ebzeev, General Director of the Company in "Russian newspaper. The Economy of Southern Russia", which reflects all aspects, including economic effects and benefits for consumers, the scale of the problem and the main stages of the digital transformation in the industry;
- simultaneous distribution of printed memos and the same memos on social networks.

The whole range of activities helped decrease the negative attitude in the information space, raise awareness, and reduce the population's resistance during the replacement.

Prevention of illegal electricity consumption

The scope of the project:

- changing the mindset of the masses about the innocence of stealing electricity;
- drawing the attention of responsible consumers who are adversely affected by the actions of violators to this problem;
- creating a civilised culture of electricity consumption;
- stimulating public rejection of such violations.

The PR programme strategy includes off-line events aimed at high emotional involvement to ensure great loyalty and to engage volunteers in disseminating their knowledge. Most effective interactive events where a consumer becomes a direct participant in all actions and activities include:

- city game "Mafia: catch an electricity thief";
- the creation of a volunteer energy brigade "For an decent kilowatt" – as part of a regional festival #VmesteYarche, the most active participants in thematic contests and quizzes receive a volunteer T-shirt and a certificate "Volunteer of Energy Brigade #for an honest kilowatt";
- a series of free city tours "City Lights through the Eyes of Power Engineers" in Rostov-on-Don, Volgograd, Astrakhan, Elista, including thematic interactive games, quizzes, historical facts about the first incidents of electricity theft in close coordination with the current information.



Local community relations

Implementation of the City Lights project

The scope of the Project:

- promoting the power engineer profession, creating a positive image of an employee of the electric power industry among consumers;
- communicating the Company's transition to a single brand (Rosseti South) for a wide audience.

The urban and regional development is inextricably linked with the energy system development: history and industrialisation are closely intertwined. The project made it possible to demonstrate this interconnection in an interesting way. Citizens for the first time saw the southern regions from the first lamps to the most advanced digital substation. The project became a tool and a channel for communicating a new brand name of the Company for a wide audience, simplifying the perception of the new name and its visual design.

The total number of direct participants of the project amounted to 400 persons. The project received a widespread positive response from the citizens, bloggers, and the media. It was also awarded a special prize from the Expert Council of the Fifth All-Russian Competition "MediaTEK-2019" in the Power Engineering Profession Promotion category.

"Graffiti on the Embankment" Project

The scope of the Project: participating in the public life of the regions within the Company's footprint.

Rosseti South created a massive graffiti together with a Rostov artist, Oleg Kalinichenko. The art project decorated the fencing of a substation in the centre of Rostov-on-Don. Visiting this art object has become part of the "City Lights" excursions held by power engineers for the Company's Day. The citizens are especially interested in the images based on real retro photographs of the Don capital, as well as the archival photos from the private collections of power engineers.



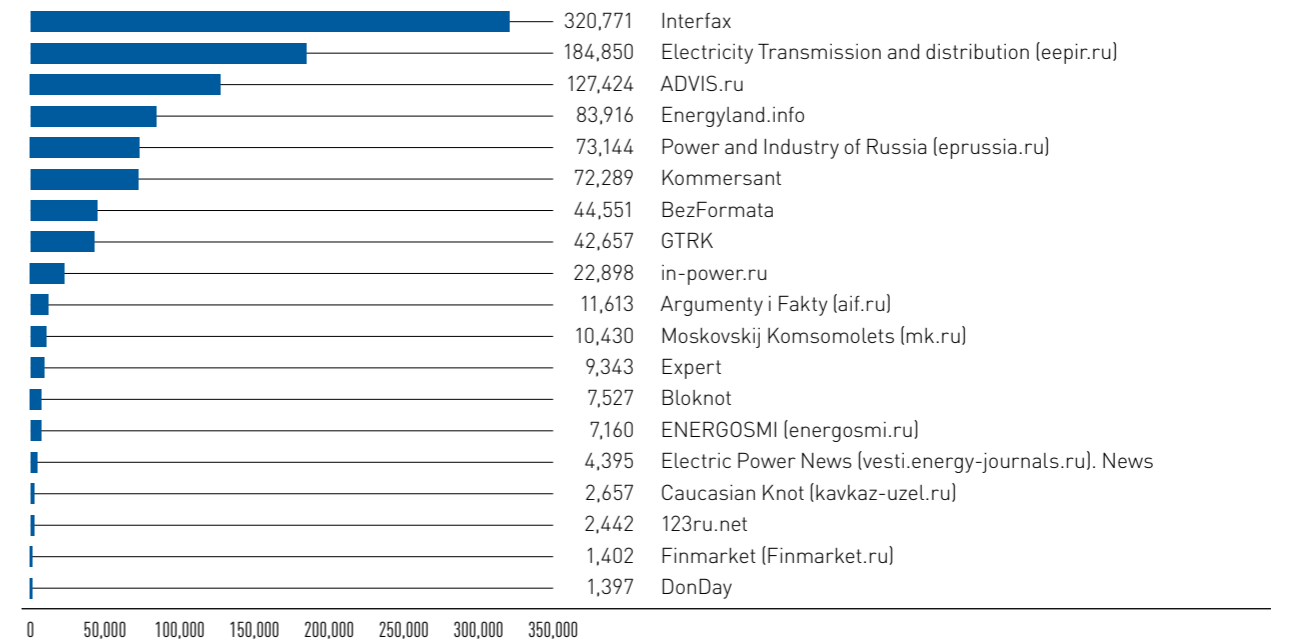


Rosseti South connected the lighting systems of the Meeting of the Fronts Monument in the Volgograd Region to the power grids

Specialists from the Volgograd branch of Rosseti South made grid connections of the power equipment for lighting the Meeting of the Fronts Monument in Pyatimorsk settlement in the Kalachevsky District and for operation of the adjacent infrastructural

facilities. The monument dedicated to the historical meeting of the South-West and Stalingrad fronts, one of the most visited in the Volgograd Region, is included in all tourist routes associated with the Great Patriotic War.

TOP SOURCES BY VISIBILITY INDEX IN 2019

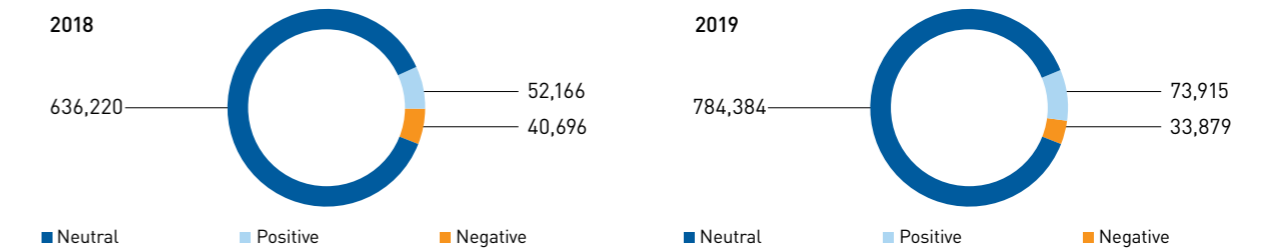


The news

The share of positive media reports in the visibility index was 4% (+1.6%). The share of negative messages was 2.1% (-0.7%).

The negativity was due to such topics as power outages and process faults; news about legal collection indexed by the system as negative.

TONE OF MEDIA REPORTS

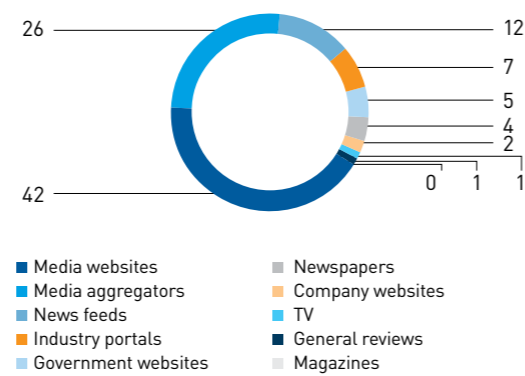


Communication policy

In 2019, 365 official releases were published, which were cited 6,760 times. Following the results of the business breakfast with Boris Ebzeev, General Director of the Company, 37 materials were covered in the media and 46 posts in social networks, 5 articles and 4 interviews were published on the current issues related to customer relations in the energy market, including problems of power grid consolidation, reserve capacity fees, and off-the-meter consumption. The most cited news items of 2019: a business breakfast with the media (digitalisation, the cost of grid connection services, the financial outcome for the year, the problem of unfair TGOs); capitalisation growth; mitigation of the consequences of the theft of metal angle bars of anchor poles in the Krasnosulinsky District of the Rostov Region; additional issue of shares; suppression of electricity theft and installation of smart electricity metering systems, consolidation of grid facilities in Taganrog of the Rostov Region, and Volgograd.

In accordance with PR Performance Indicator SPI (SCAN Performance Indicators), the visibility index for 2019 was 1,855,626 points, up 7.1% year-on-year.

SOURCE CATEGORIES IN 2019, %



The direct speech index grew by 4%. The reputational risk index is in the safe zone – 24 points below the boundary of the initial reputation risk.

#6

Corporate Governance Report

After the assessment of the corporate governance activities in 2019, the Russian Institute of Directors assigned NCGR 7 rating (Advanced Corporate Governance Practice) of the Company as per the National Corporate Governance Rating. The rating was upgraded from NRCG 6 ++ "Good Corporate Governance Practice".

According to the received corporate governance practice report, PJSC Rosseti South complies with Russian corporate governance regulations and follows most of the recommendations from the Russian Corporate Governance Code. The Company is characterised by relatively low risks of owner losses related to the corporate governance quality.



Corporate Governance of the Company

Corporate Governance Structure

GRI 102-18 Governance structure (key Committees under the highest governing body responsible for economic, social and ecological performance results)

Corporate governance within the Company complies with the legislation of the Russian Federation, Company's Articles of Associations, bylaws for governing and control bodies of the Company, Corporate Governance Code¹, Company's Regulation on the Information Policy, and other internal documents.

The Company's corporate governance system relies on accountability, justice, transparency, and responsibility principles.

In keeping with the laws, the Company also aims to comply with corporate governance standards represented, for example, in the Corporate Governance Code, which is recommended by Letter No. 06-52/2463 of the Bank of Russia dated 10 April 2014 (hereinafter – CGC, or Corporate Governance Code) for use by joint stock companies having stock-exchange securities.

Detailed information on the Company's compliance with the principles and recommendations of the Corporate Governance Code as of 31 December 2019 is available on the official website of the Company: <https://rosseti-yug.ru/aktsioneru-investoru/godovye-otchetiy/>².

In the reporting period, the Company took the next essential steps towards the improvement of corporate governance. In the reporting period, the Company advanced its corporate governance practice through the approval of new versions of the Articles of Associations, Regulation on the General Meeting of Shareholders, Regulations on the Board of Directors and the Management Board, and the Regulation on Payment of Remuneration and Compensation to the Members of the Board of Directors.

A new draft version of the Articles of Associations made provisions for changes related to the optimisation of necessary corporate procedures and the alignment of the Company's Articles of Associations with the legislation of the Russian Federation.

Thus, the Federal Law "On Joint Stock Companies" No. 208-FZ dated 26 December 1995 was amended in 2018 as related with strengthening the role the internal control and internal audit of the Company, management of activities of the Committees under the Board of Directors, preparation and holding of the General Meetings of Shareholders, etc. Moreover, some suggested amendments were related to mandatory alignment of the Articles of Associations with the Regulation on General Meetings

of Shareholders approved by the Bank of Russia at the end of 2018 (No. 660-P dated 16 November 2018).

To bring the Company's Articles of Associations into conformity with requirements of the specified Law, the following amendments were made:

- supplementing the article of the Articles of Associations with a procedure for providing the list of persons entitled to participate in the General Meeting of Shareholders, namely, the list of persons entitled to participate in the General Meeting of Shareholders (exclusive of information about their expressed will) is provided by the Company for information purposes in the premise of the Company's Executive Body and shall be available for inspection during the General Meeting of Shareholders in its venue (to Article 11 of the Articles of Associations).
- supplementing the requirements of the Articles of Associations regarding the terms of notification about the General Meeting of Shareholders on the Company's website (to Article 11 of the Articles of Associations);
- consolidating a possibility for the Board of Directors to extend the list of nominees for the General Meeting of Shareholders, which already includes the nominees proposed by the shareholders for establishing a respective body, and put the nominees into this list at its own discretion, the number of nominees shall not exceed the number of the respective body members (to Article 13 of the Articles of Associations);
- specifying the procedure for convening an Extraordinary General Meeting of Shareholders if the agenda comprises issues related to the Company's reorganisation through merger, spin-off or division and issues concerning the election of the Company's Board of Directors (to Article 14 of the Articles of Associations).

Besides, the Board of Directors got an enhanced competence in approval of the Company's Innovative Development Programme and reports on its execution, approval of the Company's Information Policy and review of its progress reports, as well as approval of internal documents that specify the risk management, internal control and internal audit policy of the Company.

Some amendments were approved to optimise the corporate procedures and unify wording of the internal documents of Rosseti's group of companies and the Company. Some amendments were made to ensure compliance with the Uniform Procurement Standard of PJSC Rosseti (the Company's Board of Directors took a decision

to join to Rosseti's Uniform Procurement Standard on 31 October 2018 (Minutes No. 290/2018 dated 2 November 2018). The amendments were also aligned with recommendations outlined by the Corporate Governance Code advised by the Bank of Russia.

The new version of the Company's Articles of Associations proposed an optimised competence of the Management Board and consolidation of a possibility for the Management Board to review only those reports (information) of the Company's Deputy General Directors, Heads of the stand-alone business units on operations of the Company, its subsidiaries and affiliates, with respect to which the Management Board or the Board of Directors charged any tasks.

This version of the Regulation on the General Meeting of Shareholders formalised the rule of law that, while making decisions on authorisation or further approval of a related party transaction, the General Meeting of Shareholders shall be deemed validly convened irrespective of the number of shareholders – owners of the Company's voting shares participating in the Meeting and not related to the respective transaction. (These requirements of the Russian legislation came into effect on 19 July 2018, so the shareholders were proposed to include them into a new version of the Company's Regulation on the General Meeting of Shareholders).

To enhance the corporate governance practice in managing the activities of the Company's Board of Directors, it was proposed to specify not only the list of issues to be discussed during the meetings of the Board of Directors in the current year (on a quarterly basis) but the meeting format (absentee voting, in-person meeting or in person/in absentia meeting) while preparing the Action plan of the Board of Directors. The Regulation was also completed with a norm recommended by the Corporate Governance Code of the Bank of Russia and stating that the meeting format was defined by the Chairman of the Board of Directors considering the importance of the agenda items. Critical issues shall be handled on in-person meetings.

The next key supplement to the new version of the Regulation on the Board of Directors was a possibility for any Board member to propose alternative wording of draft decisions on the agenda issues by sending them to the Corporate Secretary in written form with an accompanying letter via e-mail not later than two calendar days before the date of the Board of Directors' meeting, in case of fast-track issues consideration – not later than one day before

the date of the Board of Directors' meeting. The wording of draft decisions suggested by a Board member shall be included into respective agenda items of the questionnaires sent to the members of the Board of Directors with indication of mandatory voting on both draft decisions.

The new version of the Regulation on Payment of Remuneration and Compensation to the Members of the Board of Directors represents an adjusted calculation formula introduced due to the change in time limits for payment of remuneration (quarterly payment of remuneration to each member of the Company's Board of Directors within 30 calendar days from the end date of the reporting quarter was adopted). The base remuneration was increased considering the Company's revenue calculated under RAS for the last completed reporting year.

The Company takes progressive and conscious efforts to improve its corporate governance system. Key objectives of the transformations performed include higher internal performance, improved perception of the Company's corporate governance practices by shareholders, investors and professional business representatives.

The bylaws for the Company's corporate governance system are available on the corporate website in the Internet.

On 27 December 2019, the Russian Institute of Directors assigned NCGR 7 "Advanced Corporate Governance Practice" to Rosseti South, PJSC stating that the Company meets the requirements of the Russian corporate governance legislation, follows a considerable number of recommendations of the Russian Corporate Governance Code. The Company is characterised by relatively low risks of owner losses related to the corporate governance quality.

The Company's plans to improve corporate governance for 2020

In 2020, the Company intends to take the following measures aimed at corporate governance improvement:

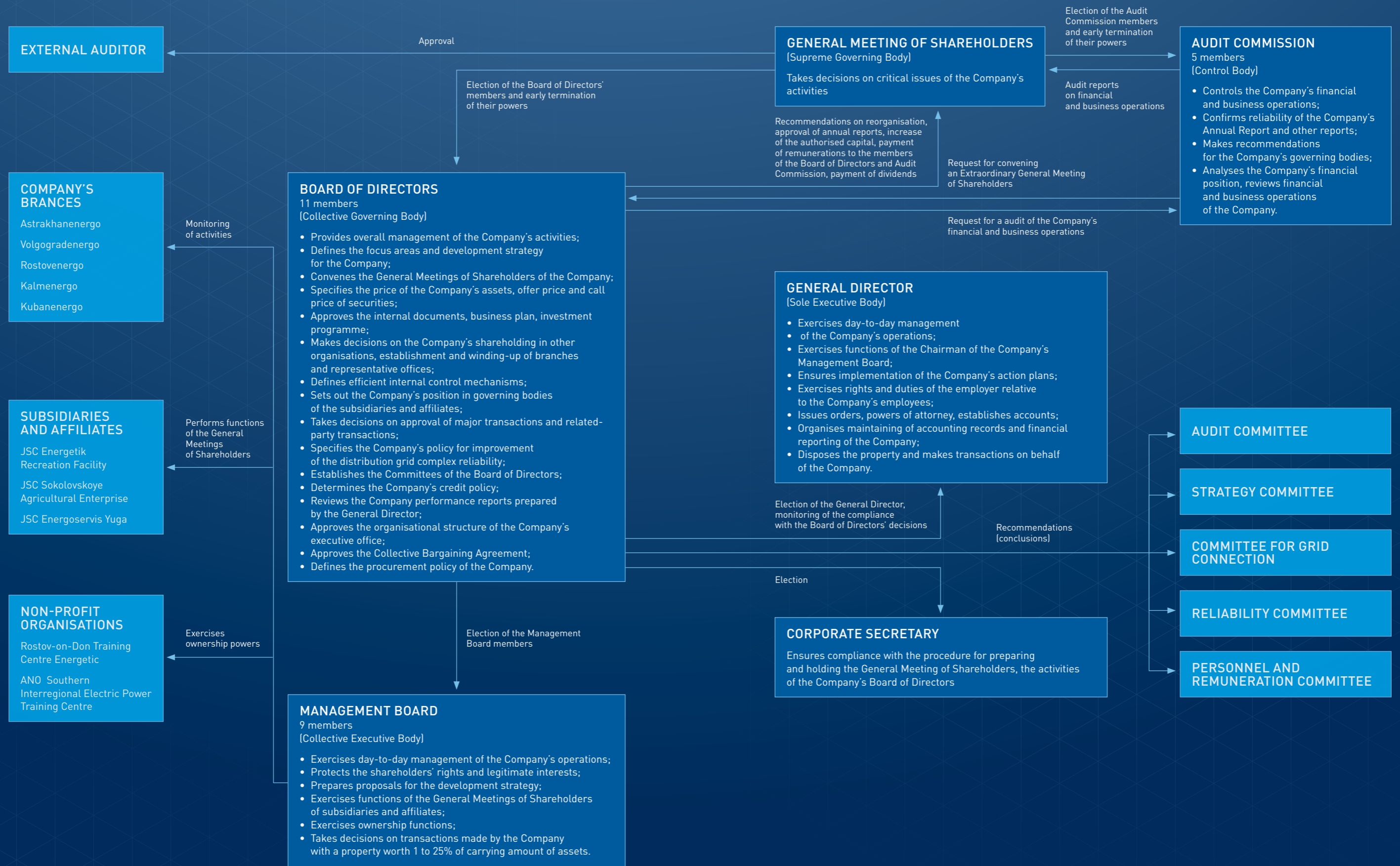
- conduct a self-assessment of the Board of Directors and its Committees through polling the members of the Board of Directors and Board Committees;
- improve the working procedures of the Board of Directors and Committees;

- implement activities to onboard newly and/or re-elected members of the Board of Directors;
- increase the number of the Board of Directors' meetings held in-person and reduce the number of issues discussed by the Board of Directors.

¹ A revised version was approved by the resolution of the Company's Board of Directors on 31 October 2017 (Minutes No. 248/2017 dated 2 November 2017) and is available on the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/inye-vnutrennie-dokumenty>

² Compliance with the corporate governance principles was assessed using a methodology specified in the Recommendations of the Bank of Russia for reporting on compliance with the Corporate Governance Code principles and recommendations (Letter No. IN-06-52/8 of the Bank of Russia dated 17 February 2016).

Rosseti South's corporate governance and control scheme



Report on Compliance with Principles and Recommendations of the Corporate Governance Code

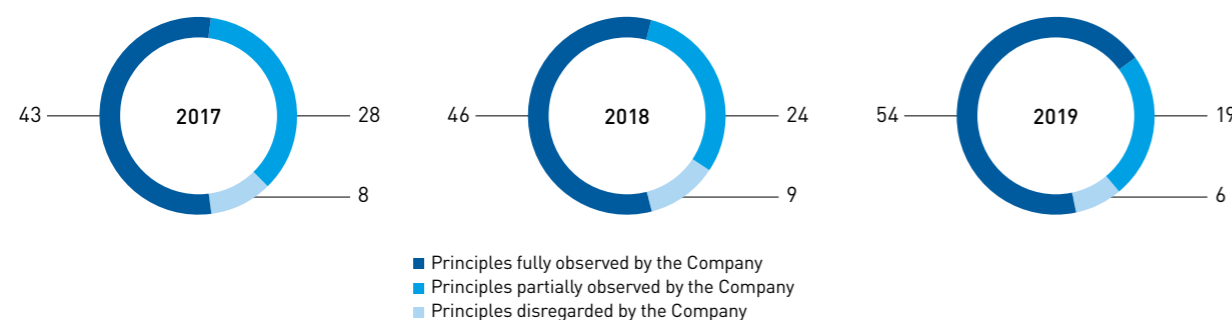
Rosseti South's Report on Compliance with Principles and Recommendations of the Corporate Governance Code was preliminarily reviewed by the Board of Directors¹ under the issue "On Preliminary Approval of 2019 Annual Report of the Company".

The Board of Directors certifies that all report data contain full and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2019.

STATISTICS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES

Period	Code recommended principles	Fully complied with	Partially complied with	Non complied with
Shareholder rights and equality of conditions for shareholders in exercising their rights				
2017		11	2	-
2018	13	11	2	-
2019		12	1	-
Company's Board of Directors				
2017		11	19	6
2018	36	13	16	7
2019		17	13	6
Company's Corporate Secretary				
2017		2	-	-
2018	2	2	-	-
2019		2	-	-
Remuneration system for members of the Board of Directors, executive bodies and other key executive employees of the Company				
2017		6	3	1
2018	10	6	3	1
2019		7	3	-
Internal Control and Risk Management System				
2017		6	-	-
2018	6	6	-	-
2019		6	-	-
Public Disclosure, Company's Information Policy				
2017		5	2	-
2018	7	6	1	-
2019		7	-	-
Major corporate action				
2017		2	2	1
2018	5	2	2	1
2019		3	2	-

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRINCIPLES IN 2019



¹ Compliance with the corporate governance principles was assessed using a methodology specified in the Recommendations of the Central Bank of the Russian Federation for reporting on compliance with the Corporate Governance Code principles and recommendations (Letter No. IN-06-52/8 of the Bank of Russia dated 17 February 2016).

Management Bodies

The Corporate governance system is a system of management and control bodies operating in compliance with the Russian legislation, the Company's Articles of Associations, and Corporate Governance Code and including the following: Company's General

Meeting of Shareholders, Board of Directors, Committees of the Board of Directors, Audit Commission, executive bodies of the Company: General Director and Management Board¹.

CALENDAR OF CORPORATE EVENTS IN 2019

Event	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
General Meetings of Shareholders	-	-	-	1	1	-	-	-	-	-	1	-	3
Board of Directors	1	3	5	11	6	3	2	3	4	3	5	10	56
Committees of the Board of Directors													
Audit Committee	1	1	2	2	1	2	-	3	1	1	1	1	16
Personnel and Remuneration Committee	2	-	1	3	1	-	-	2	2	-	-	-	11
Strategy Committee	1	-	3	3	2	1	-	2	3	1	2	3	21
Reliability Committee	1	1	1	1	1	-	-	1	1	1	-	2	10
Grid Connection Committee	1	-	-	1	1	-	-	-	2	-	-	2	7
Management Board	2	2	3	6	3	3	1	5	4	1	4	5	39
Audit Commission			1	1	1	1							4

General Meeting of Shareholders

The supreme governing body of Rosseti South, PJSC is the General Meeting of Shareholders according to the Federal Law "On Joint Stock Companies" and Rosseti South's Articles of Associations.

The procedures for convening the Company's General Meeting of Shareholders and submitting proposals on including issues to its agenda are regulated by applicable Russian legislation, the Company's Articles of Associations, and the Regulation on the General Meeting of Shareholders².

The Company informs the shareholders about the General Meetings of Shareholders in advance. According to the Company's Articles of Associations, the notification shall be sent at least 30 days before to the date of the General Meeting of Shareholders. In particular, information about the annual General Meeting of Shareholders held on 31 May 2019 was published on 29 April 2019 as part

of significant facts. With this practice, the shareholders have enough time to prepare for General Meetings of Shareholders. Materials for the annual General Meeting of Shareholders of Rosseti South comprise data on nominees to the Board of Directors of the Company and on who suggested each of the issues included to the agenda.

While preparing to the annual General Meetings of Shareholders, the Company maintains a special telephone communication channel (hot line) for shareholders and a special e-mail address for discussing the meeting agenda issues.

The Company uses electronic communication means that enable digital data exchange to create a convenient procedure allowing the shareholders to send requests for the General Meeting, proposals on nominees to the Company's bodies and issues to the agenda of the General Meeting of Shareholders

¹ Competencies of the Company's management and control bodies are specified by internal documents available on the website at <https://rosseti-yug.ru/korporativnoe-upravlenie/vnutrennie-polozeniya>
² Approved by the resolution of the annual General Meeting of Shareholders on 31 May 2019, Minutes No. 20, available on the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva>

to the Company. This was made possible by the Company's Registrar – JSC R.O.S.T. Registrar.

Rosseti South invites members of the Board of Directors and Audit Commission, nominees to the Company's Board of Directors and Audit Commission, and the Auditor to participate in the General Meeting of Shareholders. The procedure for the General Meeting of Shareholders approved by the Company ensures equal possibilities for all persons taking part in the General Meeting of Shareholders to express their opinion and ask questions till the moment the decision on agenda items is made, which is stated in the Minutes of the annual General Meeting of Shareholders.

In 2019, the Company held three General Meetings of Shareholders. The following was approved by the annual General Meeting of Shareholders: 2018 Annual Report of the Company, annual accounting (financial) statements for 2018, profit distribution as per the results of 2018 reporting year, payment of dividends as per the results of 2018 reporting year, the Company's Auditor, internal

documents of the Company. Moreover, new versions of the Articles of Associations, Regulation on the General Meeting of Shareholders, Regulation on the Board of Directors, Regulation on the Management Board, Regulation on Payment of Remuneration and Compensation to the Members of the Company's Board of Directors were approved. New members to the Company's Board of Directors and the Audit Commission were elected.

In the reporting year, pursuant to the resolution of the Board of Directors on the Company joining the Unified Corporate Identity Standard of PJSC Rosseti and entities of PJSC Rosseti's group of companies, the shareholders of the Company decided to rename the Company to Public Joint-Stock Company Rosseti South. On 14 February 2020, the Company's name and those of the Company's branches were changed in the Unified State Register of Legal Entities (EGRYuL).

For the Minutes of the meetings, refer to the website, Shareholders and Investors sections.

The Company's Board of Directors holds its meetings in accordance with the preliminary approved plan, which enables the Board members to manage their personal time and prepare for the forthcoming meetings in advance. Such practice improves the performance of each member and the entire Board of Directors.

Report of the Board of Directors on Focus Areas of Operation

In 2019, the Board of Directors made no decisions concerning the determination of focus operation areas.

In the reporting year, the Company continues its work in the focus areas defined by the Board of Directors in the previous periods.

Provision of the energy infrastructure accessibility and high-quality connection to the Company's power grids

Provision of the energy infrastructure accessibility is one of the focus operation areas of Rosseti South.

- organisation of cooperation with sales companies to prepare the power supply contract and issue of its soft copy to the applicant (including that signed with an electronic signature);
- conclusion of cooperation agreements with Multifunctional Centres providing state and municipal services across the entire Company's footprint to improve the grid connection service availability;
- organisation of grid connection works for applicants related to small and medium-sized enterprises without contractors under Order No. 922 of Rosseti South dated 22 December 2017 "On Approval of Action Plan to Perform Grid Connection Agreements Using Own Resources for 2018";
- performance of the grid connection procedure for applicants (legal entities and private entrepreneurs with maximum consumer terminal capacity from 15 to 150 kW and up to 20 kV voltage located at not more than 300 m distance in urban areas or not more than 500 m distance in rural areas away from power grid facilities, and falling within the second or third category of power supply reliability) based on the Regulation on grid connection of applicants with electric installations of 15-150 kW capacity to power grids of Rosseti subsidiaries and affiliates within 90 days maximum.

In 2019, to execute the "Expansion of the power grid infrastructure availability" action plan (roadmap) approved by Order No. 1144-r of the Government of the Russian Federation dated 30 June 2012, Rosseti South continued working within the following areas:

- the in-person servicing infrastructure, which fully ensures regional accessibility of the services at the Company's branches, was upgraded;
- meetings with representatives of small and medium-sized enterprises regarding grid connection were organised;
- information support and higher awareness of the consumers were provided, including the promotion and development of interactive services:
 - Consumers' forum on the official website;
 - Booking for the Consumer Day;
 - Light Country feedback portal;
- reception of applications for grid connection of 150 kW capacity maximum and voltage of up to 10 kV inclusive via the Internet information and telecommunication network and user account on the customer service Portal ("Портал-ТП.рф" and user account on the Company's official website) with a possibility to preliminary calculate the grid connection payment using a special calculator;
- hand over of documents on made grid connection to applicants at the stage of actual voltage supply to consumer terminals of the target applicant group;
- provision of a possibility to sign grid connection documents using an electronic signature and sending of a soft copy of such documents to the applicant;

In line with Order No. 147-r of the Government of the Russian Federation dated 31 January 2017, the Company proceeded with the implementation of the Power Grid Connection target model in 2019.

In each region of operation, the Company in cooperation with executive government bodies and the Company's branches developed, approved and started to execute roadmap activities for achieving indices specified in the Power Grid Connection target model.

The Company organised regular implementation of roadmap activities with the grid organisation as a responsible party, and the submission of branches' quarterly reports to the executive government bodies.

The Company also ensured interaction with the regional executive bodies on a regular basis to take the necessary measures on implementing roadmap indices, achievement of which target indicators are under the responsibility of relevant ministries and municipal entities of the regions.

Consumers' polling is organised at regular intervals to survey their opinion on service quality.

The obtained statistic data prove that, in general, the consumers give a positive assessment of the customer service and are satisfied with the quality of services rendered in Rosseti South's branches.

DATA ON MEETING QUORUM FOR THE LAST 5 YEARS

Year	Meeting	Date	%
2015	Extraordinary General Meeting of Shareholders	27.03.2015	79.8211%
	Annual General Meeting of Shareholders	19.06.2015	79.2671%
	Extraordinary General Meeting of Shareholders	30.12.2015	54.7017%
2016	Annual General Meeting of Shareholders	06.06.2016	79.6366%
2017	Extraordinary General Meeting of Shareholders	07.04.2017	81.1999%
	Annual General Meeting of Shareholders	13.06.2017	80.9912%
2018	Annual General Meeting of Shareholders	09.06.2018	83.3020%
	Extraordinary General Meeting of Shareholders	18.04.2019	84.3309%
2019	Annual General Meeting of Shareholders	31.05.2019	83.2183%
	Extraordinary General Meeting of Shareholders	05.11.2019	85.8761%

Company's Board of Directors

The Board of Directors is a collective governing body that provides overall management of the Company's activities, determines its strategy, monitors operations of the Company's executive bodies in compliance with the Russian legislation, Articles of Associations, Corporate Governance Code and Regulation on the Board of Directors of Rosseti South, PJSC¹.

During the annual General Meeting of Shareholders on 31 May 2019, 11 members of the Board of Directors were elected, among them one Executive Director (B. Ebzeev, General Director of Rosseti South) and seven Non-executive Directors (O. Sergeeva, P. Grebtsov, A. Kolyada, A. Perets, L. Selivanova, F. Shaidullin, A. Yuryev). Three members of the Board of Directors (A. Dobin, V. Zarkhin, A. Morozov) are independent directors².

The Company approved the Regulation on the Board of Directors, which confirms the rights and duties of the Board members, their responsibilities, operation and decision-making procedures for the Board of Directors. The availability of such Regulation formalises activities of this governing body and, thus, improves its performance.

Within the reporting period, the Board of Directors of Rosseti South discussed the following issues at its meetings:

- issues on the strategy implementation;
- KPIs approval and their interconnection with the strategy;
- achievement of approved KPIs;
- approval of the annual financial and economic plan (budget), business plan, investment plan.

¹ Approved by the resolution of the annual General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019), the text is available on the Company's website at <https://rosseti-yug.ru/upload/iblock/604/Положение%20о%20СД%20МПК%20Юга.pdf>

² Do not comply with formal independence criteria established by the Listing Rules and Corporate Governance Code.

Improvement of the Internal Control and Risk Management Systems, development of the internal audit function

To improve the Internal Control and Risk Management Systems, the Company performed the following key activities in 2019:

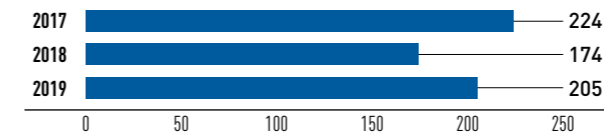
- Order No. 54 dated 29 January 2019 on approval of the Procedure for determination of risk appetite of IDGC of South for 2019 and the Guidelines for functional risks assessment and risk appetite determination were prepared;
- The Company's Methodology for corporate governance assessment was updated and approved (order No. 77 dated 4 February 2019);
- A new version of the Internal Audit Policy was approved by the resolution of the Board of Directors (Minutes No. 351/2019 dated 30 December 2019).

The Company approved and executed all necessary measures for the implementation of the Internal Control Policy and Risk Management Policy, as well as for enhancement of the Internal Control and Risk Management Systems.

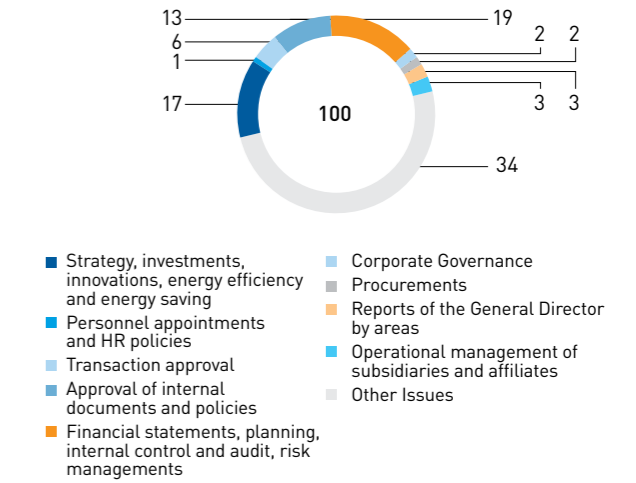
Activities of the Board of Directors

In 2019, the Company's Board of Directors held 56 meetings, among them 7 in-person meetings.

NUMBER OF ISSUES DISCUSSED BY THE BOARD OF DIRECTORS IN 2017-2019



STRUCTURE OF ISSUES DISCUSSED BY THE BOARD OF DIRECTORS, %



Board of Directors before 31.05.2019

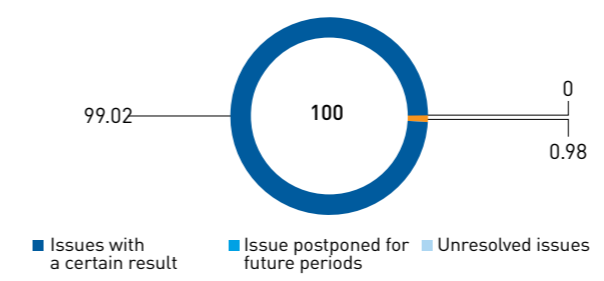
	31.01.2019	25.02.2019	25.02.2019	27.02.2019	06.03.2019	14.03.2019	18.03.2019	19.03.2019	25.03.2019	05.04.2019	09.04.2019	09.04.2019	09.04.2019	22.04.2019	25.04.2019	25.04.2019	30.04.2019	29.04.2019	30.04.2019	30.04.2019	30.04.2019	07.05.2019	15.05.2019	22.05.2019	27.05.2019	29.05.2019	30.05.2019	
O. Sergeeva	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Kolyada	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Mescheryakov	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Morozov	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Ozherelyev	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Perets	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
L. Selivanova	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Serov	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
R. Filkin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
F. Shaidullin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
B. Ebzeev	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

Board of Directors after 31.05.2019

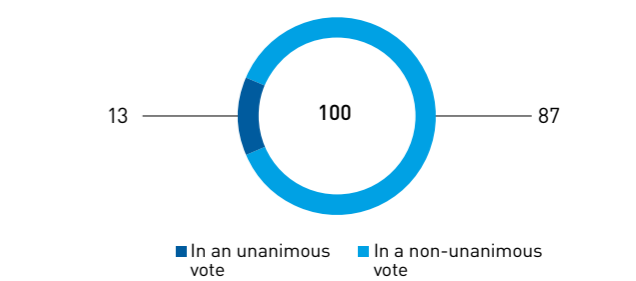
	14.06.2019	27.06.2019	28.06.2019	25.07.2019	31.07.2019	14.08.2019	23.08.2019	29.08.2019	02.09.2019	05.09.2019	17.09.2019	30.09.2019	01.10.2019	09.10.2019	25.10.2019	01.11.2019	01.11.2019	13.11.2019	20.11.2019	21.11.2019	03.12.2019	04.12.2019	19.12.2019	23.12.2019	24.12.2019	24.12.2019	25.12.2019	27.12.2019	30.12.2019	31.12.2019		
O. Sergeeva	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	
P. Grebtsov	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Dobin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
V. Zarkhin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Kolyada	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Morozov	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Perets	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
L. Selivanova	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
F. Shaidullin	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
B. Ebzeev	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
A. Yuryev	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

• Participated in the meeting ■ Did not participate in the meeting ■ Submitted the written opinion

STRUCTURE OF ISSUES BY THE NATURE OF DECISIONS TAKEN, %



VOTING AT MEETINGS OF THE BOARD OF DIRECTORS IN 2019



KEY ISSUED DISCUSSED BY THE BOARD OF DIRECTORS IN 2019

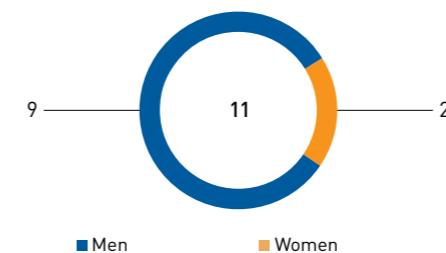
Operational management of subsidiaries and affiliates, training centres	<ul style="list-style-type: none"> On participation of PJSC Rosseti South in Public Joint Stock Company Volgograd Inter-District Power Grids. On defining the Company's position regarding the issue on the agenda of the meeting held by the Board of Directors of JSC Sokolovskoye Agricultural Enterprise: "On re-election of the General Director of JSC Sokolovskoye Agricultural Enterprise". On defining the Company's position regarding issues on the agendas of the meetings held by the Boards of Directors of Rosseti South's subsidiaries and affiliates – JSC Sokolovskoye Agricultural Enterprise and JSC Energoservis Yuga "On participation of the Company in LLC YugStroyMontazh through equity acquisition". On defining the Company's position regarding the issue on the agenda of the General Meeting of Shareholders of JSC Energoservis Yuga: "On authorisation of major transaction". On participation of PJSC Rosseti South in Autonomous Non-profit Organisation "Southern Interregional Electric Power Training Centre" through establishing.
Strategic planning and development	<ul style="list-style-type: none"> On 2030 Digital Transformation Concept. On implementation of the Business plan of PJSC Rosseti South. On approval of the report on the outcomes of the Company's Investment Programme. On approval of Rosseti South's Register of non-core assets and progress on the Company's Register of non-core assets as at 31 December 2018. On approval of budgets for committees under the Board of Directors of Rosseti South. On reviewing the results of anti-corruption monitoring of PJSC Rosseti South for 2018. On approval of Rosseti South's Action Plan to prevent and stop violations of non-compliance with the Russian laws pertaining to power industry. On approval of Rosseti South's Timed Action Plan to reduce overdue accounts receivable for electricity transmission services and to settle the disputes existing as of 1 January 2019. On cooperation with executive authorities of the Russian Federation constituent entities to synchronise the implementation of the 5-year schemes and programmes for power industry prospective development in the constituent entities of the Russian Federation and 5-year comprehensive programmes for electric grids development by a single competence centre for power industry prospective development (JSC Energosetproekt Institute). On approval of Rosseti South's Timed Action Plan to reduce overdue accounts receivable for electricity transmission services and to settle disputes.
Corporate Governance	<ul style="list-style-type: none"> On reviewing the shareholders' proposals to include the issues to the agenda of the annual General Meeting of Shareholders and to nominate candidates to the Company's governing and control bodies. On issues related to the preparation to the annual General Meeting of Shareholders of the Company. On issues regarding the placement of additional ordinary shares of the Company. On changing the members of the Audit Committee of Rosseti South's Board of Directors. On the Committees of the Board of Directors.
Reports of the General Director	<ul style="list-style-type: none"> On reviewing the report on acquiring power industry facilities, which can be acquired without approval of the Board of Directors. On implementation of Rosseti South's Innovative Development Programme for 2016-2020 with an outlook until 2025 in 2018. On approval of the report on the Programme to reduce electricity losses in the Rosseti South's grid complex for 2019 and until 2023 for Q3 2019. On reviewing the Sole Executive Body's report on compliance with the decisions made at meetings of the Company's Board of Directors. On providing the Company with the insurance coverage.
Transactions, procurement policy	<ul style="list-style-type: none"> On development of a programme to improve the procurement control of Rosseti South. On approval of members of the Company's Central Procurement Authority – the Central Tender Commission of PJSC Rosseti South. On preliminary approval of the decision on the Company's transaction related to disposing of real assets that constitute the fixed assets and are not intended for generation, transmission, dispatching, distribution of the electrical and thermal power – the property of Zelyonaya Roscha Recreation Facility located at: 23 Levoberezhnaya st., Rostov-on-Don, Rostov Region. On preliminary approval of the decision on the Company's transaction related to disposing of real assets that constitute the fixed assets and are not intended for generation, transmission, dispatching, distribution of the electrical and thermal power – non-residential premises with a total area of 2,562.3 sq.m located at: 48 Semashko lane, Leninsky district, Rostov-on-Don, Rostov Region. On authorisation of a related-party transaction. On approval of the Company's Procurement Plan for 2020.
Personnel appointments and HR policies	<ul style="list-style-type: none"> On defining the number of the Management Board members, termination of powers and election of the Management Board members. On agreeing the candidates for certain Company's executive office positions defined by the Board of Directors. On approval of concurrent employment of members of Rosseti South's Management Board in governing bodies of other organisations, etc.
Approval of internal documents	<ul style="list-style-type: none"> On approval of Rosseti's Regulation on the Unified Technical Policy in the Power Grid Complex as the Company's internal document. On approval of a new version of the Company's Internal Audit Policy. On approval of Rosseti South's Insurance Coverage Programme for 2020.
Audit, control, risks	<ul style="list-style-type: none"> On reviewing the internal audit report on Internal Audit Plan implementation and internal audit performance results, including results of self-assessment of internal audit quality by the end of 2018, and on implementation of the Action plan on development and improvement of the Company's internal audit function. On the management of the Company's key operational risks in 2018. On approval of the Regulation on the Company's Internal Audit Department. On approval of the Action Plan for the Company's Internal Audit Department for 2020. On approval of the budget for the Company's Internal Audit Department for 2020. On defining the remuneration of the Head of the Internal Audit Department (determining the functional KPI target values for 2020). On approval of the plan for development and improvement of the Company's Risk Management System.
Others	<ul style="list-style-type: none"> Key Performance Indicators for the Company's General Director. On the current situation regarding the Company's operations for grid connection of consumers for nine months of 2019.

Members of the Board of Directors, changes in the membership of the Board of Directors during the year

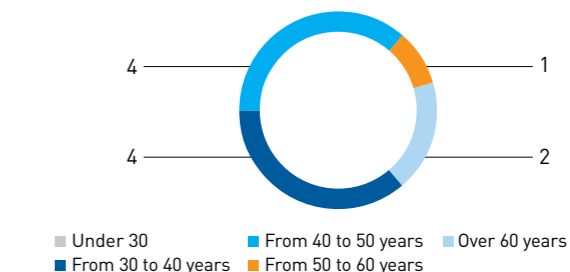
In line with the Articles of Associations, the Company's Board of Directors shall consist of 11 members.

In general, the composition of the Board of Directors is balanced considering the key skills of its members required for their efficient performance. The Board of Directors' members are qualified in accounting and corporate finance, strategic management, corporate governance, as well as areas specific for the Company's operations.

GENDER OF MEMBERS OF THE BOARD OF DIRECTORS, PEOPLE



AGE OF MEMBERS OF THE BOARD OF DIRECTORS, PEOPLE



Independent directors

The Company believes it important to have independent directors as part of the Board of Directors.

At the same time, the existing structure of the Board of Directors ensures its appropriate independence from the Company's management and, thus, the proper control over its operations. In particular, Rosseti South's Board of Directors includes only one representative of the Company's management – General Director (B. Ebzeev). The Chairman of the Board of Directors of Rosseti South (O. Sergeeva) is a Non-Executive Director.

Three members of the Board of Directors (A. Dobin, V. Zarkhin, A. Morozov) are qualified as independent. Considering the structure of Rosseti South's assets and data on professional activities of these Board members, they can be recognised as independent in accordance with the criteria specified in applicable Listing Rules of the Moscow Exchange and the Corporate Governance Code.

The Corporate Governance Code recommends electing an independent director as the Chairman of the Board of Directors or appointing the Senior Independent Director among the elected independent directors, who will coordinate activities of the independent directors and cooperate with the Chairman of the Board of Directors.

Three independent directors on the Board of Directors are enough to comply with applicable Listing Rules of the Moscow Exchange. Though the Russian Corporate Governance Code recommends to have more independent directors, specifically, not less than one third of the Board's members (four members for the current number of the Board of Directors of PJSC Rosseti South).

The Senior Independent Director of the Company is not elected. But it shall be noted that it is not a common practice for Russian companies, both private and publicly owned, to appoint an independent director as the Chairman of the Board of Directors.

Members of the Board of Directors

In 2019, the Company had two memberships of the Board of Directors¹.

Sr. No.	From 09.06.2018 to 31.05.2019	Sr. No.	From 31.05.2019 until the present day
1	O. Sergeeva – Chairman	1	O. Sergeeva – Chairman
2	A. Kolyada	2	A. Kolyada
3	A. Mescheryakov	3	P. Grebtsov
4	A. Morozov	4	A. Morozov
5	A. Ozherelyev	5	A. Dobin
6	A. Perets	6	A. Perets
7	L. Selivanova	7	L. Selivanova
8	A. Serov	8	A. Yuryev
9	R. Filkin	9	V. Zarkhin
10	F. Shaidullin	10	F. Shaidullin
11	B. Ebzeev	11	B. Ebzeev

The current Board of Directors elected by the resolution of the General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019).



Olga Sergeeva

Date of birth: 1984

Chairman of the Board of Directors, PJSC Rosseti South, Member of the Management Board, Chief Advisor of PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 9 June 2018



Pavel Grebtsov

Year of birth: 1976

Member of the Board of Directors, Chairman of the Personnel and Remuneration Committee of the Board of Directors at PJSC Rosseti South, Deputy General Director for Economics at PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 31 May 2019



Andrey Dobin

Year of birth: 1981

Member of the Board of Directors, Member of the Strategy Committee and the Committee for Power Grid Connection of the Board of Directors at PJSC Rosseti South, Independent Director
First elected to the Board of Directors on 31 May 2019



Vitaliy Zarkhin

Year of birth: 1976

Member of the Board of Directors, Member of the Strategy Committee, Audit Committee of the Board of Directors at PJSC Rosseti South, Independent Director
First elected to the Board of Directors on 31 May 2019



Andrey Kolyada

Year of birth: 1984

Member of the Board of Directors, Chairman of the Audit Committee, Member of the Strategy Committee, Personnel and Remuneration Committee of the Board of Directors at PJSC Rosseti South, Deputy Director of the Department for Corporate Governance at PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 6 June 2016



Andrey Morozov

Year of birth: 1976

Member of the Board of Directors, Member of the Audit Committee, Personnel and Remuneration Committee, Audit Committee of the Board of Directors at PJSC Rosseti South, Legal Director of Association of Institutional Investors, Independent Director
First elected to the Board of Directors on 9 June 2018



Farit Shaidullin

Year of birth: 1955

Member of the Board of Directors, Member of the Audit Committee of the Board of Directors at PJSC Rosseti South, Chief Expert of the Production and Technical Office of the Production Activity Department at PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 9 June 2018



Lyudmila Selivanova

Year of birth: 1958

Member of the Board of Directors of PJSC Rosseti South, Chief Advisor of PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 9 June 2018



Aleksey Perets

Year of birth: 1980

Member of the Board of Directors of PJSC Rosseti South, Member of the Management Board, Chief Advisor of PJSC Rosseti Non-Executive Director
First elected to the Board of Directors on 9 June 2018



Aleksandr Yuryev

Year of birth: 1962

Member of the Board of Directors, Member of the Audit Committee of the Board of Directors at PJSC Rosseti South, Head of the Office for the Coordination of Construction Control and Equipment of the Capital Construction Department of PJSC Rosseti, Non-Executive Director
First elected to the Board of Directors on 31 May 2019



Boris Ebzeev

Year of birth: 1975

Member of the Board of Directors, Chairman of the Management Board, General Director, PJSC Rosseti South, Executive Director
First elected to the Board of Directors on 27 March 2015

¹ The members of the Board of Directors agreed to disclose the information given in the Company's Annual Report.

In the reporting period, none of the members of the Company's Management Board:

- had any connections with persons who were members of the management and/or control bodies of Rosseti South's financial and economic activities;
- was held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes;
- held positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations;
- had a conflict of interest with members of the Board of Directors and executive bodies of PJSC Rosseti South (including those related to the participation of these persons in governing bodies of the Company's competitors);

- submitted information on certain shareholders that might purchase or purchased a degree of control disproportionate to their shareholdings in the Company, including under shareholder agreements, availability of ordinary shares with different share denomination.

For biographies of the Board of Directors' members acted in 2019 refer to Appendix No. 4 to the Annual Report, and the Company's website.

The list of affiliated persons of PJSC Rosseti South as at 31 December 2019 is available on the Company's website.

Corporate Secretary

The Board of Directors elected the Company's Corporate Secretary to ensure proper implementation of the Company's procedure for preparation and holding of the General Meeting of Shareholders, meetings of the Board of Directors, to provide efficient cooperation of the Board of Directors with the Board's Committees, Audit Commission, Company's Auditor, executive bodies and Executive Office.

The activities of the Company's Corporate Secretary are regulated by the Federal Law "On Joint Stock Companies", other Russian laws and regulations, the Company's Articles of Associations and internal documents, the Regulation

on the Corporate Secretary of PJSC Rosseti South approved by the resolution of the Board of Directors on 30 September 2016 (Minutes No. 202/2016 dated 3 October 2016).

The Corporate Secretary is accountable to the Board of Directors.

On 20 December 2013, the Head of the Department for Corporate Governance and Shareholder Relations of the Company, Elena Pavlova, was elected as the Corporate Secretary.



Elena Pavlova
Corporate Secretary

Born in	1977
Nationality	Russian Federation
Position	Head of the Department for Corporate Governance and Shareholder Relations at PJSC Rosseti South
Education	Higher Rostov State Academy of Economics, degree in Economics and Natural Resource Management; Rostov State University of Economics (RSUE), degree in Law

Positions held over the past 5 years

- 2013 – 2016 – Head of the Department for Corporate Governance and Shareholder Relations at OJSC IDGC of South /PJSC IDGC of South
- 2013 – 2016 – Corporate Secretary at OJSC IDGC of South /PJSC IDGC of South
- 2016 – 2018 – Head of the Department for Corporate Governance and Shareholder Relations – Corporate Secretary at PJSC IDGC of South
- 2019 – present time – Head of the Department for Corporate Governance and Shareholder Relations at PJSC IDGC of South /PJSC Rosseti South

Membership in governing bodies of other legal entities:

- 2014 – present time: Member of the Board of Directors of JSC Energoservis Yuga

Shareholding in the Company, subsidiaries and affiliates, %

- None
- No transactions on acquisition or disposal of shares made

The procedure, amount and conditions of remuneration payment to the Company's Corporate Secretary are specified in the Regulation on Payment of Remuneration and Compensation to the Corporate Secretary of Rosseti South (as revised in 2016), Regulation on the Corporate Secretary and Regulation on the Board of Directors.

Company's Corporate Secretary, E. Pavlova:

- did not own the Company's shares or make any transactions therewith in the reporting year;
- has no connections with persons who are members of the governing and/or control bodies of Rosseti South's financial and economic activities;

- was not held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes;
- did not hold positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations;
- Did not have a conflict of interests with executive bodies of PJSC Rosseti South.

Committees of the Board of Directors

To elaborate the matters falling within the competence of the Board of Directors or reviewed by the Board of Directors as part of the operational control of the Company's executive bodies, and to develop necessary recommendations for the Board of Directors, the Company established consultative bodies – the Committees of the Board of Directors:

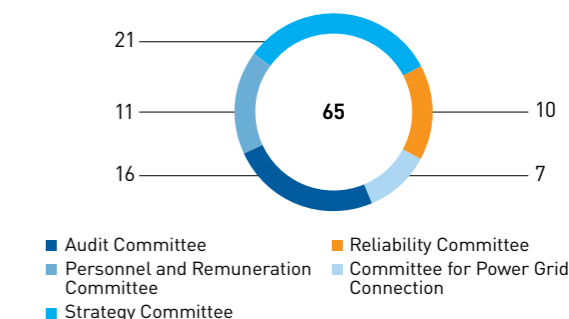
- Committee for Power Grid Connection;
- Audit Committee;
- Personnel and Remuneration Committee;
- Reliability Committee;
- Strategy Committee

The Committees' operations are governed by the Regulations on the Committees, which specify their competences, the procedure for setting up the membership and for functioning, rights and duties of the Committee member.

The number and names of members for each Committee are defined by the resolution of the Company's Board of Directors. The Committees work is aligned with their action plans approved annually at the Committees' meetings.

In 2019, the Personnel and Remuneration Committee, Reliability Committee and Committee for Power Grid Connection of the Board of Directors had 2 memberships, while the membership of the Strategy Committee and Audit Committee of the Board of Directors was not changed.

NUMBER OF MEETINGS OF THE BOARD COMMITTEES IN 2019



Members of the Committees of Rosseti South's Board of Directors who were acting in 2019

Members of the Audit Committee

Current members were elected by the Board of Directors on 25 July 2019 (Minutes No. 327/2019 dated 29 July 2019),

From 31.07.2018 to 24.07.2019		From 25.07.2019 to 19.11.2019		From 20.11.2019 to the present day	
1.	A. Ozherelyev – Chairman	1	A. Morozov – Chairman	1	Kolyada A. – Chairman
2.	A. Morozov	2.	V. Zarkhin	2.	V. Zarkhin
3.	A. Kolyada	3.	A. Kolyada	3.	A. Morozov
4.	A. Serov	4.	F. Shaidullin	4.	F. Shaidullin
				5.	A. Yuryev ¹

Members of the Reliability Committee

Current members were elected by the Board of Directors on 25 July 2019 (Minutes No. 327/2019 dated 29 July 2019)

From 31.07.2018 to 13.06.2019		From 25.07.2019 to the present day	
1.	R. Magadeev – Chairman		I. Alyushenko – Chairman
2.	P. Goncharov		P. Goncharov
3.	I. Polovnev		I. Polovnev
4.	A. Rybin		A. Rybin
5.	M. Smaga		M. Smaga

Members of the Personnel and Remuneration Committee

Current members were elected by the Board of Directors on 25 July 2019 (Minutes No. 327/2019 dated 29 July 2019)

From 31.07.2018 to 13.06.2019		From 25.07.2019 to the present day	
1.	A. Perets – Chairman		Grebtsov P. – Chairman
2.	A. Morozov		A. Kolyada
3.	A. Ozherelyev		A. Morozov

Members of the Committee for Power Grid Connection

Current members were elected by the Board of Directors on 25 July 2019 (Minutes No. 327/2019 dated 29 July 2019)

From 27.08.2018 to 13.06.2019		From 25.07.2019 to the present day	
1.	A. Korneev – Chairman		A. Korneev – Chairman
2.	I. Polovnev		A. Dobin
3.	D. Zhuravlev		D. Zhuravlev
4.	Yu. Ivanov		Yu. Ivanov

Members of the Strategy Committee

Current members were elected by the Board of Directors on 25 October 2019 (Minutes No. 338/2019 dated 28 October 2019)

	From 31.07.2018 to 13.06.2019	From 25.07.2018 to 24.10.2019	From 25.10.2019 to the present day
1	S. Lebedev – Chairman (early termination of powers on 28 November 2018, Minutes No. 291/2018 dated 29 November 2018)	A. Burkova – Chairman (early termination of powers on 25 October 2019, Minutes No. 338/2019 dated 28 October 2019)	A. Pavlov – Chairman
2	A. Kormakov	A. Dobin	A. Dobin
3	V. Katayev	V. Zarkhin	V. Zarkhin
4	A. Morozov	A. Morozov	A. Kolyada
5	A. Ozherelyev	A. Ozherelyev (early termination of powers on 25 October 2019, Minutes No. 338/2019 dated 28 October 2019)	A. Kormakov
6	M. Pokalyuk	M. Pokalyuk (early termination of powers on 25 October 2019, Minutes No. 338/2019 dated 28 October 2019)	D. Mikheev
7	A. Rybin	S. Podlutsky (early termination of powers on 25 October 2019, Minutes No. 338/2019 dated 28 October 2019)	A. Morozov
8	R. Filkin	A. Rybin	A. Rybin
9	A. Shevchuk	Yu. Savvin	Yu. Savvin
10	A. Burkova – Chairman since 28 November 2018 (included into the Committee on 28 November 2018, Minutes No. 291/2018 dated 29 November 2018)	A. Shevchuk	A. Shevchuk
11	D. Andropov (included into the Committee on 30 May 2019, Minutes No. 323/2019 dated 3 June 2019)		E. Osipova

The full text of the resolutions adopted at meetings of the Committees is posted on the corporate website of Rosseti South.

¹ As amended on 20 November 2019 (Minutes No. 342/2019 dated 22 November 2019)

Audit Committee

Goal: to assist in effective exercising of functions of the Board of Directors related to preliminary consideration of issues related to control of the financial and economic activities of the Company.

Objectives:

- review of the Company's accounting (financial) statements and supervision of their preparation;

- monitoring of the reliability and efficiency of the internal control system, risk management system, and corporate governance practices;
- control over external audits and selection of the auditor;
- ensuring independence and objectivity of the internal audit function;
- control over the efficiency of the system for countering unfair practices of the Company's employees or third parties.

MEMBERSHIP OF THE CURRENT AUDIT COMMITTEE OF THE BOARD OF DIRECTORS AND PARTICIPATION OF ITS MEMBERS IN WORK OF THE COMMITTEE

Full name	Position ¹	Participation	Participation, %
(includes only members of the Board of Directors)			
Andrey Kolyada	Deputy Director of the Department for Corporate Governance at PJSC Rosseti	7/7	100%
Vitaliy Zarkhin	Member of the Board of Directors of PJSC Rosseti South	7/7	100%
Andrey Morozov	Legal Director of the Association of Institutional Investors	7/7	100%
Farit Shaidullin	Head of the Analytical Department of the Situation and Analytical Centre at PJSC Rosseti	7/7	100%
Aleksandr Yuryev	Head of the Office for the Coordination of Construction Control and Equipment of the Capital Construction Department of PJSC Rosseti	2/2	100%

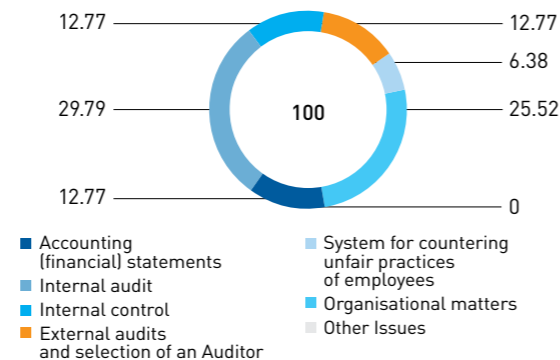
All members of the Audit Committee have the required professional background and skills to ensure efficient operation of the Committee.

Appendix No. 5 to the Annual Report contains matters related to organisation, functioning and efficiency of the Internal Control and Internal Audit System that were discussed in 2019.

Information on the operation and key decisions taken by the Committee²

In the reporting year, the Audit Committee of the Company's Board of Directors held 16 meetings (among them 6 in-person meetings) where 47 issues were discussed.

SUBJECTS DISCUSSED IN 2019, %



Personnel and Remuneration Committee

Objective: preparation and submission of recommendations (conclusions) to the Company's Board of Directors regarding the amount of remuneration to the Board

members, determination of the essential terms of contracts with the Board members, members of the collective executive body and the person serving as the Sole Executive Body of the Company.

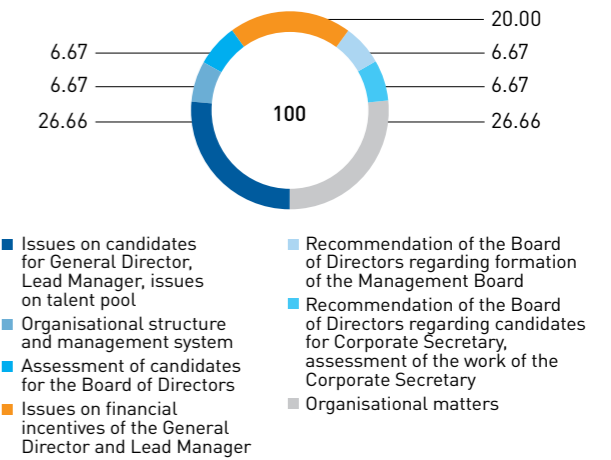
MEMBERSHIP OF THE CURRENT PERSONNEL AND REMUNERATIONS COMMITTEE OF THE BOARD OF DIRECTORS AND PARTICIPATION OF ITS MEMBERS IN WORK OF THE COMMITTEE

Full name	Position ¹	Participation	Participation, %
Pavel Grebtsov	Deputy General Director for Economics at PJSC Rosseti	4/4	100%
Vitaliy Zarkhin	Member of the Board of Directors of PJSC Rosseti South	4/4	100%
Andrey Kolyada	Deputy Director of the Department for Corporate Governance at PJSC Rosseti	4/4	100%

The members of the Personnel and Remunerations Committee have the professional background and knowledge of the Company's operations required for exercising their authorities.

During 2019, the Personnel and Remunerations Committee of the Company's Board of Directors held 11 meetings.

SUBJECTS DISCUSSED IN 2019², %



¹ Positions are specified as of the date of election to the Committee of the Company's Board of Directors.

² List of issues discussed by the Personnel and Remunerations Committee of the Company's Board of Directors in 2019 is given in Appendix No. 5 to the Annual Report.

Strategy Committee

on determining priorities, strategic targets and basic principles of the strategic development of the Company.

Objective: development and presentation of recommendations (conclusions) to the Company's Board of Directors

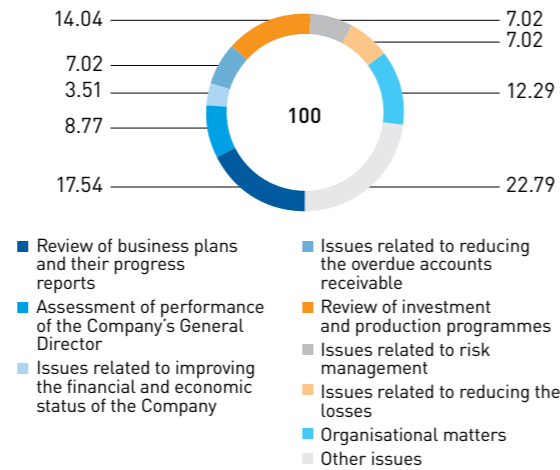
MEMBERSHIP AND PARTICIPATION OF MEMBERS OF THE CURRENT STRATEGY COMMITTEE OF THE BOARD OF DIRECTORS IN WORK OF THE COMMITTEE

Full name	Position ¹	Participation	Participation, %
Aleksey Pavlov	Director of the Strategy Department at PJSC Rosseti	5/5	100%
Dmitry Mikheev	Director of the Service Sale Department at PJSC Rosseti	5/5	100%
Anton Kormakov	Head of the Office for Tariff Setting and State Tariff Regulation System Development of the Tariff Policy Department at PJSC Rosseti	5/5	100%
Elena Osipova	Head of the Financial Analysis Office of the Finance Department at PJSC Rosseti	5/5	100%
Andrey Kolyada	Deputy Director of the Department for Corporate Governance at PJSC Rosseti	5/5	100%
Andrey Dobin	Co-founder, Strategy Director at LLC Dynasty	11/11	100%
Vitaliy Zarkhin	Member of the Board of Directors of PJSC Rosseti South	11/11	100%
Andrey Morozov	Legal Director of the Association of Institutional Investors	11/11	100%
Alexey Rybin	Deputy General Director for Economics and Finance at PJSC Rosseti South	11/11	100%
Yury Savvin	Chief Expert of the S&A Business Planning Office of the Economics Department at PJSC Rosseti	11/11	100%
Alexander Shevchuk	Executive Director, Association of Institutional Investors	11/11	100%

Members of the Strategy Committee possess knowledge of the Company activities necessary for exercising their authorities.

During 2019, the Strategy Committee discussed 57 issues, held 21 meetings, including 1 meeting held in person.

SUBJECTS DISCUSSED IN 2019², %



Reliability Committee

on the examination of the production programmes and plans for the repair of power facilities, analysis of their progress in terms of fulfilling requirements to the integrated reliability.

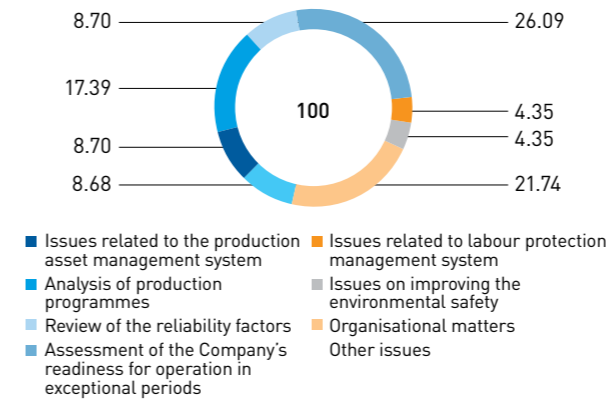
Objective: development and presentation of recommendations (conclusions) to the Company's Board of Directors

MEMBERSHIP AND PARTICIPATION OF MEMBERS OF THE CURRENT RELIABILITY COMMITTEE OF THE BOARD OF DIRECTORS IN WORK OF THE COMMITTEE

Full name	Position ¹	Participation	Participation, %
Igor Alyushenko	Director of the Situation and Analytical Centre – Deputy Chief Engineer at PJSC Rosseti	5/5	100%
Pavel Goncharov	Deputy General Director for technical issues – Chief Engineer at PJSC Rosseti South	5/5	100%
Igor Polovnev	Financial Director, Association of Institutional Investors	5/5	100%
Alexey Rybin	Deputy General Director for Economics and Finance at PJSC Rosseti South	5/5	100%
Mikhail Smaga	Deputy Director of Centre for Technical Supervision – a branch of PJSC Rosseti	5/5	100%

During 2019, the Reliability Committee held 10 meetings and discussed 23 issues².

SUBJECTS DISCUSSED IN 2019, %



¹ Positions are specified on the date of election of members of the Committee of the Company's Board of Directors.
² List of issues discussed by the Reliability Committee of the Company's Board of Directors in 2019 is given in Appendix No. 5 to the Annual Report.

Committee for Power Grid Connection

Objective: ensuring transparency of the activities and non-discriminatory access to the services on connection of the consumers to the Company's power grids.

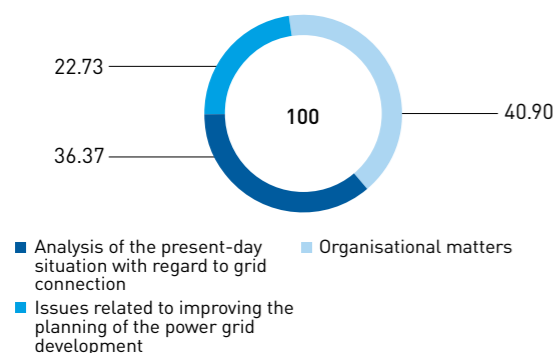
MEMBERSHIP AND PARTICIPATION OF MEMBERS OF THE CURRENT COMMITTEE FOR POWER GRID CONNECTION OF THE BOARD OF DIRECTORS IN WORK OF THE COMMITTEE

Full name	Position ¹	Participation	Participation, %
Alexander Korneev	Acting Director of the Service Sale Department at PJSC Rosseti	4/4	100%
Andrey Dobin	Co-founder, Strategy Director at LLC Dynasty	4/4	100%
Dmitriy Zhuravlev	Deputy General Director for Development and Power Grid Connection at PJSC Rosseti South	4/4	100%
Yuri Ivanov	Deputy General Director for Investment Activities at PJSC Rosseti South	4/4	100%

Members of the Committee for Power Grid Connection possess knowledge of the Company activities necessary for exercising their authorities.

During 2019, the Committee for Power Grid Connection held 7 meetings, including 4 meetings held in person. 22 issues discussed.

SUBJECTS DISCUSSED IN 2019², %



■ Analysis of the present-day situation with regard to grid connection

■ Organisational matters

■ Issues related to improving the planning of the power grid development

Executive governing bodies of the Company

The current activities of the Company are governed by the executive bodies of PJSC Rosseti South (General Director

and Management Board), which report to the General Meeting of Shareholders and Board of Directors of the Company.

General Director

The General Director is elected by the Company's Board of Directors and acts as the sole executive body and the Chairman of the Management Board of the Company.

On 17 June 2014, Boris Ebzeev was appointed as acting General Director of the Company.

The rights and responsibilities of the General Director are determined by the legislation of the Russian Federation, the Articles of Associations of the Company, and the labour contract between the Company and the General Director.

On 29 July 2014, Boris Ebzeev was elected General Director of the Company (Resolution of the Company's Board of Directors dated 31 July 2014, Minutes No. 139/2014).

According to para. 23.2 of Article 23 of the Company's Articles of Associations, the General Director is responsible for management of the Company's day-to-day operations, except for matters that are within the responsibility of the General Meeting of Shareholders, the Board of Directors, and the Management Board of the Company.

On 5 May 2017, his term was extended through to 28 July 2020 by the Resolution of the Company's Board of Directors (Minutes No. 230/2017 dated 10 May 2017).

In 2019, Boris Ebzeev was awarded an "Honorable Energetician" title.

When exercising his rights and fulfilling duties, the General Director acts in favour of the Company reasonably and in good faith.

The results of management decisions regarding the Company's focus areas adopted by the Company's General Director in 2019 are reflected in the relevant sections of the present Annual Report.

Management Board

The Management Board of the Company is the collegial executive body of the Company responsible for the practical implementation of the objectives, development strategies and policies of the Company. In accordance with the PJSC Rosseti South's Articles of Associations, the General Director of the Company chairs the Management Board.

- Dmitry Akopyan, Deputy General Director – Director of Rostovenergo, a branch of PJSC Rosseti South, and Oleg Musinov, Deputy General Director for Corporate Governance of the Company were elected by the decision of the Board of Directors on 27 February 2019 (Minutes No. 301/2019 dated 4 March 2019).

The activities of the Company's Management Board¹ are regulated by the Federal Law "On Joint Stock Companies", Articles of Associations of the Company, Regulation on the Management Board approved by the decision of the annual General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019).

As of 31 December 2019, the Company's Management Board consisted of nine people.

In accordance with the Articles of Associations, members of the Management Board are elected by the Company's Board of Directors in an amount determined by the decision of the Board of Directors at the proposal of the General Director.

In accordance with subpara. 5 of para. 22.2. of Article 22 of PJSC Rosseti South's Articles of Association, the Company's Management Board shall make decisions on issues within the competence of the supreme governing bodies – General Meetings of Shareholders (business entities, 100% of the authorised capital of which are owned by Rosseti South).

During 2019, the following changes took place in the Company's Management Board in connection with the HRI-related decisions:

- powers of the member of the Management Board, Sergey Chekmarev, were terminated by the decision of the Board of Directors on 27 February 2019;

¹ The competences of the Management Board of PJSC Rosseti South are determined by the Company's Articles of Associations: https://rosseti-yug.ru/upload/iblock/e72/Устав%20MPCK%20Юга_2019.pdf

¹ Positions are specified as of the date of election to the Committee of the Company's Board of Directors.
² List of issues discussed by the Committee for Power Grid Connection of the Company's Board of Directors in 2019 is given in Appendix No. 5 to the Annual Report.

Members of the Management Board¹



Boris Ebzeev

Year of birth: 1975

Chairman of the Company's Management Board since 17 June 2014; General Director, member of PJSC Rosseti South's Board of Directors; Chairman of the Board of Directors at JSC Volgograd Inter-District Electric Grids



Pavel Goncharov

Year of birth: 1966

Member of the Company's Management Board since 16 September 2011; Deputy General Director for technical issues – Chief Engineer at PJSC Rosseti South; Member of the Reliability Committee of the Board of Directors at PJSC Rosseti South; Chairman of the Board of Directors at JSC Energoservis Yuga



Timur Alayev

Year of birth: 1971

Member of the Company's Management Board since 16 September 2011; Deputy General Director – Director of Kalmenergo – a branch of PJSC Rosseti South.



Dmitry Akopyan

Year of birth: 1967

Member of the Company's Management Board since 27 February 2019; Deputy General Director – Director of Rostovenergo – a branch of PJSC Rosseti South; Director of Limited Liability Company YugStroyMontazh



Yulianna Dzhabrailova

Year of birth: 1981

Member of the Company's Management Board since 7 September 2016; Deputy General Director – Head of the Office at PJSC Rosseti South; Chairman of the Board of Directors at JSC Energetik Recreation Facility; Member of the Supervisory Board – All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organisation Association of Russia"



Oleg Musinov

Year of birth: 1972

Member of the Company's Management Board since 27 February 2019; Deputy General Director for Corporate Governance at PJSC Rosseti South; Member of the Board of Directors at JSC VMES.



Alexey Rybin

Year of birth: 1972

Member of the Company's Management Board since 30 September 2013; Deputy General Director for Economics and Finance at PJSC Rosseti South; Member of the Strategy Committee, Reliability Committee of the Board of Directors at PJSC Rosseti South; Member of the Board of Directors at JSC VMES.



Grigory Savin

Year of birth: 1952

Member of the Company's Management Board since 26 February 2013; General Accountant – Head of the Department for Financial and Tax Accounting and Reporting at PJSC Rosseti South.



Aleksander Chasovskoy

Year of birth: 1957

Member of the Company's Management Board since 21 April 2014; Deputy General Director for Security at PJSC Rosseti South.

For biographies of the Management Board members acted during 2019 refer to Appendix No. 4 to the Annual Report and the Company's website.

In 2019, none of the members of the Company's Management Board:

- had any connections with persons who were members of the management and/or control bodies of Rosseti South's financial and economic activities;
- was held administratively liable for violations in the field of finance, taxes and fees, securities market, or criminally liable for economic and/or public-order crimes;
- held positions in governing bodies of commercial organisations during the period, when bankruptcy proceedings and/or one of the bankruptcy procedures under the Russian insolvency (bankruptcy) laws were initiated against these organisations;
- had a conflict of interest with members of the Board of Directors and executive bodies of PJSC Rosseti South (including those related to the participation of these persons in governing bodies of the Company's competitors);
- submitted information on certain shareholders that might purchase or purchased a degree of control disproportionate to their shareholdings in the Company, including under shareholder agreements, availability of ordinary shares with different share denomination.

All members of the Company's Management Board are citizens of the Russian Federation.

Member of the Management Board, Pavel Goncharov, owns ordinary shares of PJSC Rosseti South in the amount of 0.0002% of the Company's authorised capital. Other members of the Company's Management Board do not own shares of PJSC Rosseti South, shares of subsidiaries and affiliates of PJSC Rosseti South. The Company had no information on transactions made by the members of the Management Board on acquiring or disposing the shares. The consent of all members of the Company's Management Board was obtained to disclose information about them in the present Annual Report.

¹ Information on members of PJSC Rosseti South's Management Board in 2019 is given in Appendix No. 4 to the Annual Report.

Report on the performance of the Management Board

ATTENDANCE BY THE MEMBERS OF THE MANAGEMENT BOARD AT THE MEETINGS HELD IN 2019

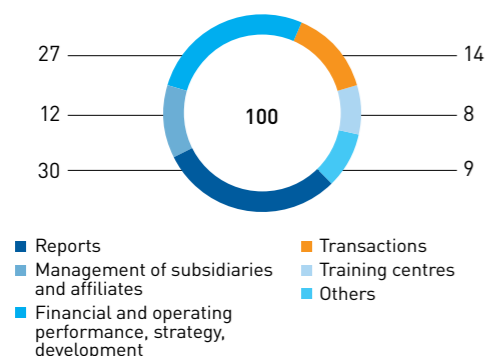
Management members	Attendance of meetings	Share, %
D. Akopyan	30	77
T. Alayev	38	97
P. Goncharov	36	92
Yu. Dzhabrailova	39	100
O. Musinov	35	90
A. Rybin	37	95
G. Savin	38	97
A. Chasovskoy	36	92
B. Ebzeev	39	100

STATISTICS OF THE MEETINGS IN 2017–2019

Indicator	2016	2017	2018	2019
Number of meetings held	43	44	43	39
in person	7	3	2	3
Number of issues discussed	80	115	139	171

In 2019, meetings of the Management Board were held in accordance with its action plans and on the initiative of the Chairman of the Management Board.

SUBJECTS DISCUSSED BY THE MANAGEMENT BOARD IN 2019, %



The most important issues discussed by the Company's Management Board in 2019 include:

- Approval of the plan of measures to manage the key operational risks of the Company;
- Review of report on implementation of summary business plan (under RAS) and consolidated business plan (under IFRS) of IDGC of South's Group of companies;
- Purchase of additional vouchers to summer health-improving recreation for children of the Company's employees;
- Status of accounts receivable for the power transmission services;
- Review of reports on the results of financial and business operations of the Company's subsidiaries and affiliates.

Management of the Company's subsidiaries and affiliates

Corporate governance of PJSC Rosseti South's subsidiaries and affiliates is implemented through its representatives in S&A's governing bodies in accordance with the applicable Law of the Russian Federation, Articles of Associations of PJSC Rosseti South and S&As, Regulations on relations of PJSC Rosseti South with S&A/their S&A, approved Order No. 577 of the Company dated 1 August 2019, Regulations on making and giving final instructions to the representatives of PJSC Rosseti South regarding agenda items of the meetings of the Boards of Directors of PJSC Rosseti South's S&As and their S&A approved by Order No. 685 of the Company dated 9 September 2019.

On 18 June 2019, under the shares purchase agreement concluded between the Company and MUPE VMES, the Company received and paid for 2,300,000,000 ordinary registered uncertificated shares of PJSC VMES representing 100% of the authorised capital of PJSC VMES. Transaction in the register of shareholders on transferring the ownership of the shares of PJSC VMES to the Company took place on 20 June 2019.

On 20 December 2019, the Articles of Associations of PJSC VMES were amended in terms of renaming the company into JSC VMES and specifying requirements applicable to non-public companies.

So, as of 31 December 2019, PJSC Rosseti South became the owner of 100% of the voting shares of the following subsidiaries and affiliates:

- JSC Energoservis Yuga;
- JSC Sokolovskoye Agricultural Enterprise;
- JSC Energetik Recreation Facility;
- JSC VMES.

In 2019, 39 meetings of the Boards of Directors of subsidiaries and affiliates were held with more than 113 issues discussed.

To minimise risks of non-compliance with the requirements of the current legislation of the Russian Federation by subsidiaries and affiliates in the field of information disclosure, the Company exercised continuous control over subsidiaries and affiliates by monitoring public sources of information.

For information on participation of the Company in profit-making organisations, including subsidiaries and affiliates of the Company, refer to Appendix No. 6 to the present Annual Report.

Systems of remuneration in the Company

Remuneration to members of the Board of Directors

The procedure for calculating and paying remuneration to members of the Company's Board of Directors is governed by the Regulations on Payment of Remuneration and Compensation to the Members of PJSC Rosseti South's Board of Directors (new revision)¹ (hereafter the Regulations).

The Regulations envisages the following payments.

Remuneration for attendance of meetings of the Board of Directors

The quarterly remuneration to each member of the Company's Board of Directors for attending the meetings is calculated taking into account the total number of meetings of the Company's Board of Directors for the reporting quarter, the number of meetings attended by a member of the Board of Directors, and the base remuneration. The base remuneration is set according to the Company's RAS revenues in the past financial year and amounted to RUB 2.2 mn.

In addition to the remuneration for attendance of meetings of the Company's Board of Directors, the following premiums are established:

- 30% – for the Chairman of the Company's Board of Directors;
- 20% – for the Chairman of the specialised Committee of the Company's Board of Directors;
- 10% – for the membership in the specialised Committee of the Company's Board of Directors.

Total remuneration to one member of the Board of Directors, including premiums, cannot exceed 1/4 of the base remuneration (RUB 550 thous.).

Remuneration is not paid to:

- sole executive body (General Director) of the Company;
- persons that are subject to legal restraints or prohibition on receiving payments from the profit-making organisations;
- members of the Board of Directors attended less than 50% of the meetings held.

Compensation to the members of the Board of Directors

A member of the Board of Directors is reimbursed for expenses associated with attending the meetings of the Board of Directors, specialised Committee under the Board of Directors, General Meetings of Shareholders of the Company according to the rules for reimbursement of travel expenses valid at the time of the meeting and established for top managers of the Company.

Compensation is paid by the Company within 3 (three) working days after submission of the documents confirming the expenses incurred.

Remuneration is paid at the expense of revenues from the non-regulated types of activity.

There is no unpaid remuneration to the members of the Board of Directors on the basis of performance in the last completed financial year.

Total remuneration paid to the members of the Company's Board of Directors in 2019 amounted to RUB 13,132,366.22 (personal income tax included). Compensation for expenses paid to the members of the Board of Directors in 2019 for exercising the related duties amounted to RUB 154,545.19. No other payments were made to the members of the Company's Board of Directors.

In 2019, no training of the members of the Company's Board of Directors was given.

In accordance with the current Regulations, remuneration is paid quarterly and will be paid in 2020 within 30 calendar days after the end of the reporting quarter to those members of the Company's Board of Directors who were elected at the annual General Meeting of Shareholders held on 31 May 2019.

The Regulations do not provide for a long-term incentives for the members of the Board of Directors, as well as accrual of severance pay in connection with the termination of their powers.

Remuneration to members of Committees of the Board of Directors

Respective Regulations on payment of remuneration and compensation to the members of committees under the Board of Directors of PJSC IDGC of the South were approved at the meeting of the Board of Directors of OJSC IDGC of the South held on 3 February 2010 regarding all committees of the Company's Board of Directors (Minutes No. 39/2010 dated 5 February 2010). In addition, by the decision of the Company's Board of Directors made on 29 January 2016, amendments were made to all the Regulations

on payment of remuneration and compensation to members of the committees under the Company's Board of Directors providing for the procedure for paying remuneration to members of committees who are also members of the Company's Board of Directors² (Minutes No. 176/2016 dated 1 February 2016).

The Regulations stipulates the payment of remuneration for each meeting attended by a member of the Committee of the Board of Directors.

THE PAYMENT OF REMUNERATION

Attendance of meeting of a Committee at the Board of Directors held in absentia	Attendance of meeting of a Committee at the Board of Directors held in person
Remuneration is paid in the amount equivalent to one minimum monthly wage of the first skill category worker established by the Industrial Tariff Agreement in the Electric Power Industry of the Russian Federation (hereinafter Agreement) on the day of the meeting of the Committee at the Board of Directors, taking into account the indexation established by the Agreement.	Remuneration is paid in the amount equivalent to two minimum monthly wages established by the Agreement on the day of the meeting of the Committee at the Board of Directors, taking into account the indexation established by the Agreement.

The amount of remuneration paid to the Chairman of the Committee (Deputy Chairman) for each meeting at which he acted as a Chairman of the Committee at the Board of Directors increases by 50%.

Besides, in line with the Regulations, a member of the Committee at the Board of Directors is reimbursed for the actual expenses incurred in exercising the duties of a member of the Committee at the Board of Directors.

Remuneration and compensation are not paid to members of the Committees who are:

- sole executive body (General Director) of the Company;
- persons that are subject to legal restraints or prohibition on receiving payments from the profit-making organisations.

Besides that, there is a prohibition for receiving payments from the profit-making organisations.

REMUNERATION PAID TO MEMBERS OF THE COMMITTEES AT THE BOARD OF DIRECTORS FOR ATTENDING MEETINGS IN 2017-2019 (PERSONAL INCOME TAX INCLUDED)¹

Committee name	2017	2018	2019
Audit Committee	76,590	74,566	106,841
Personnel and Remuneration Committee	447,794	39,348	45,391
Strategy Committee	2,113,212	1,338,632	1,267,192
Reliability Committee	549,306	330,008	293,310
Committee for Power Grid Connection	376,338	353,816	408,182
Total remuneration paid for attending meetings of the Committees at the Board of Directors	3,563,240	2,136,370	2,120,916

¹ The information is given without taking into account premiums paid to members of the Company's Board of Directors, who simultaneously act as the members of the Committees at the Company's Board of Directors.
² In 2019, the following minimum monthly wage rates were applied to calculate the remuneration for attending meetings of the Committees at the Company's Board of Directors: since 1 January 2019 – RUB 8,030; since 1 July 2019 – RUB 8,643.

¹ Approved by the resolution of the annual General Meeting of Shareholders on 31 May 2019 (Minutes No. 20 dated 5 June 2019), available on the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/dokumenty-reglamentiruyushchie-deyatelnost-organov-upravleniya-i-kontrolya-obshchestva>
² Revisions of the Regulations and amendments thereto are given at the Company's website at <https://rosseti-yug.ru/korporativnoe-upravlenie/komitety-soveta-direktorov>

System of remuneration for General Director and members of the Management Board

Issues on payment for labour and financial incentives for the Company's General Director are subject to the Regulations on Financial Incentives for the General Director of PJSC Rosseti South¹ that are integral part of the labour agreement with the Company's General Director.

The Regulations on Financial Incentives for the General Director of PJSC Rosseti South stipulates:

- the procedure for determining, approving, and changing the rate of official salary for the General Director;
- procedure for setting the premiums to official salary for working with the classified information;
- types of bonuses:
 - bonuses for achieving the Key Performance Indicators (quarterly, annual, additional and special);
 - one-time bonuses (for performing critical tasks (works));
- the procedure for making decisions focused on the compliance with the approved Regulations.

In 2019, bonuses to the General Director of the Company were paid out based on achieved key performance indicators determined by the Company's Board of Directors.

Information on payment of remuneration (compensation for expenses) to the members of the Management Board

Members of the Management Board belong to the category of top managers of the Company.

In accordance with the labour agreements between the Company and the members of the Management Board, remuneration is paid to a member of the Management Board in the amount and according to the procedure specified by the Regulations on Financial Incentives and Social Benefits for Senior Managers

of OJSC IDGC of South (new revision) approved by the decision of the Company's Board of Directors on 14 June 2011 (Minutes No. 67/2011 dated 16 June 2011). Existing incentives are as follows:

- a personal premium set by the order of the Company's General Director for performing the duties of a member of the Management Board in the amount up to 15% of official salary attached to a senior manager;
- payment of quarterly and annual remuneration to the members of the Management Board as the senior managers for achieving the respective key performance indicators.

The Regulations on Financial Incentives stipulates the following types of bonuses:

- bonus for key performance indicators achieved in the quarter;
- bonus for key performance indicators achieved by the end of the year;
- additional bonus for conditions (strategic priorities) determined by the Company's Board of Directors and fulfilled by the end of the year;
- special bonus for achieving high key performance indicators determined by the Company's Board of Directors as a priority;
- bonus for performing mission-critical task (work).

The bonuses are intended to motivate the General Director and members of the Management Board to implement priority tasks of the Company through achieving the key performance indicators (KPI).

KPIs to assess the performance of the General Director and weight of each KPI in the quarterly and annual bonus payment for the General Director are set by the Company's Board of Directors. KPIs for the senior managers are set by the General Director based on the KPIs approved by the Company's Board of Directors with respect to the degree of a senior manager's impact on achieving the KPI and on the KPIs of individual responsibility in the area of activities of a senior manager.

INFORMATION ON THE AMOUNT OF REMUNERATION PAID TO THE MEMBERS OF THE MANAGEMENT BOARD, INCLUDING THE PERSON HOLDING A POSITION OF THE SOLE EXECUTIVE BODY, RUB²

Payment	Amount Paid
Salary	50,151,879.38
Remuneration for performing duties of member of the Management Board	1,910,626.34
Bonuses	36,925.267
including annual remuneration	16,650,356
Other payments	2,160,000
Termination payments	0.00
Total remuneration	91,147,772.72

¹ Approved by the decision of the Board of Directors of PJSC Rosseti South (Minutes No. 67/2011 dated 16 June 2011) with respect to amendments (Minutes No. 85/2012 dated 26 April 2012, No. 102/2012 dated 11 January 2013, No. 153/2015 dated 10 March 2015, and No. 238/2017 dated 3 July 2017).

² Approved by the decision of the Board of Directors of PJSC Rosseti South (Minutes No. 67/2011 dated 16 June 2011) with respect to amendments (Minutes No. 85/2012 dated 26 April 2012, No. 102/2012 dated 11 January 2013, No. 153/2015 dated 10 March 2015, and No. 238/2017 dated 3 July 2017). The Table contains information on total remuneration for the year for all members of the executive bodies, including key executive officers of the Company, who are covered by the remuneration policy of the Company; the information is broken down by type of remuneration.

Quality management systems

GRI 103-1 Explanation of the Material Topic and its Boundary

GRI 103-2 The Management Approach and its Components

GRI 103-3 Evaluation of the Management Approach

The Company has adopted and currently has in place the following management systems.

Quality Management System	Quality Management System is a part of the Company's overall management system with its own organisational structure, processes, procedures, and resources necessary for general quality management.
Environmental Management System	Environmental Management System is a part of the Company's overall management system with its own organisational structure, mechanisms, procedures, and resources necessary for management of the environmental aspects of activities through developing and achieving the environmental policy goals.
Energy Management System	Energy Management System is a part of the Company's overall management system, which has a well-defined organisational structure and focuses on fulfilling the provisions stated in the energy policy through implementing the programmes on energy saving and enhancing the energy efficiency.
Labour Safety and Health Protection Management System	Labour Safety and Health Protection Management System is a part of the Company's overall management system, which allows to manage risks and improve the Company's performance in terms of labour safety and health protection indicators.

The Company's Management Systems comply with the requirements of ISO 9001, ISO 50001, ISO 14001, OHSAS 18001 international standards¹.

INFORMATION ON AVAILABLE CERTIFICATES AT THE COMPANY'S BRANCHES

Name	Management System/Certificate validity ¹				Certification authority
	ISO 9001	ISO 50001	ISO 14001	OHSAS 18001	
PJSC Rosseti South	29.12.2021	19.08.2021	29.12.2021	21.03.2021	JSC SGS Vostok Limited

Main participants of the management systems include:

- Board of Directors;
- Executive bodies of the Company: General Director and Management Board;
- Deputy General Director – Head of the Office as a representative of the Company's management for Integrated Management System;
- Department for HR and organisational design in the Company Executive Office, Department for HR in the branches of the Company (as related to QMS, organisation of the integrated system-based work, certification);
- Department for industrial safety and industrial control in the Company's Executive Office, Department for industrial safety and industrial control across the branches of the Company (as related to labour safety and health protection, environmental safety);
- Department for development and innovations in the Executive Office, Department (Office) for development and innovations in the branches;
- First Deputy General Director – Chief Engineer in the branches of the Company as a representative for Integrated Management system in the branches;
- Chief Engineer of the production departments and regions of power grids as a person responsible for issues related to Integrated Management System;

- other departments of the Company responsible for managing the business processes, performing duties in the field of environmental protection, health protection and labour safety.

Key operating results of the Management Systems

- Increased reliability and stability of power supply; Information is given in "Production activities" Section.
- Enhanced safety of power supply; Information is given in "Production activities" Section.
- Labour safety and health protection during production activities, including reduction of total number of accidents in keeping with Labour Safety and Environmental Protection legislative requirements; Information is given in "Health and Safety" Section.
- Enhanced the energy efficiency; Information is given in "Innovative Development and Activities in Energy Saving and Enhancing the Energy Efficiency" Section.
- Environmental protection and safety. Information is given in "Health, Safety, and Environment" Section.
- Enhanced quality of grid connection services. Information is given in "Grid Connection" Section. In general, Management Systems demonstrated positive operating results over the past year.

¹ ISO 9001 – Quality Management System; ISO 14001 – Environmental Management System; ISO 50001 – Energy Management System; OHSAS 18001 – Labour Safety and Health Protection Management System.

Supervisory Authorities and Risk Management

Risk Management System

The Company has a risk management system (hereinafter – RMS) ensuring sustainable continuous operation and development of the Company through timely identification, assessment and effective management of risks that pose a threat to the effective implementation of the Company’s business and reputation, the health of its employees, the environment, or property interests of shareholders and investors.

The functions of organising and coordinating the work to establish and improve the risk management system are assigned to the Internal Control and Risk Management Unit of the Internal Control and Anti-Corruption Department.

In line with the Risk Management Policy and the Regulations on the Unit, the Internal Control and Risk Management Unit has the following functions:

- overall coordination of risk management processes, including the interaction of all RMS participants;
- implementation of methodological documents in the Company with regard to ensuring the risk management processes and RMS functioning;
- organisation of RMS training of the Company’s employees;
- timely aggregation of information concerning all identified risks and preparation of proposals for updating the risk register;
- monitoring of the risk management processes of the Company and its subsidiaries (according to the established procedure);
- preparation of a report, at least once in six months, and informing of the executive bodies about the results of risk management and RMS efficiency estimation;
- preparation of an annual report on organisation, functioning and efficiency of the Company’s risk management system and other issues stipulated by this Policy.

The functions of RMS participants are set out in the Company’s Risk Management Policy, regulations on business units, job descriptions.

The Board of Directors approved the Risk Management Policy (approved as amended by the decision of the Company’s Board of Directors, Minutes No. 182/2016 dated 1 April 2016) for developing RMS in the Company.

The Policy determines the Company’s attitude to risks, establishes the general principles for building a risk management system, its goals and objectives, general approaches to organisation, the allocation of responsibility between RMS participants, and the nature of their cooperation.

In addition, the Company has the following risk management regulations:

- Order No. 679 dated 27 September 2018 “On the Organisation of Work on Risk Management in the Company”. The Order approved the following: Form No-UR1 “Operational Risk Passport”, the Operational Risk Assessment Methods, a list of basic measures for managing key operational risks, a standard instruction for planning and implementing the risk management measures;
- Order No. 238 dated 1 April 2019 “On the Organisation of Work on Risk Management in the Company”. The Order approved the following: risk registers of the main and other business processes, as well as the liabilities of risk owners for identification, risk assessment, development and implementation of risk management measures and risk monitoring.

RISKS INHERENT IN THE COMPANY’S ACTIVITIES

No.	Risk	Risk description	Risk mitigation	Assessment of risk significance and risk dynamics
Industry risks				
1	Tariff risks	The tariff regulation policy pursued by the state takes into account the need to contain inflation and intends to adjust the regulated tariffs of grid organisations below the actual inflation index with an outrunning growth of prices on the wholesale market. This involves the risk of setting such tariff options by the regulatory authorities that do not ensure the collection of economically feasible revenues.	To mitigate the risk probability and to reduce the risk materiality, the Company regularly implemented a number of measures in strict compliance with the applicable Law of the Russian Federation and cooperated with the executive bodies of the constituent entities of the Russian Federation in the field of state tariff regulation to adopt balanced tariffs across all Company’s branches (subject to the relevant amendments to the current legislation). This includes establishing the electricity transmission tariffs with indexation not lower than the level specified by the Socio-Economic Development Forecast for the Russian Federation and setting a basic level of controlled costs ensuring the necessary production and economic activities. In the Astrakhanenergo and Rostovenergo branches, the state tariff regulation authorities fulfil their obligation of phased accounting for the return of accumulated “evening-out” and other lost revenues in RGR.	▲
2	Risk of decrease in the volume of electricity transmission services	The risk is associated with the possible reduction of electricity demand and the optimisation of external power supply schemes by large consumers.	To cover the most significant risks, the Company implements the following measures: <ul style="list-style-type: none"> • Cooperating with service consumers to agree on the target figures for inclusion in the contract for next year, as well as for submission to the state tariff regulation authorities; • Conducting conciliation meetings with the participation of tariff regulation authorities for making balanced decisions on the anticipated net supply value; • Conducting regular checks of settlement metering systems, taking test readings; • Monitoring electricity consumption, generating the net supply forecast until the end of the year in line with the current electricity consumption dynamics; • Transitioning to calculations for the electricity transmission services by communal meters installed at incoming lines to apartment buildings; • Carrying out activities to settle disagreements with consumers of electricity transmission services regarding the volume of services and also with related grid organisations and preventing their occurrence; • Implementing the action programmes to reduce electricity losses and programmes for prospective development of electricity metering systems. 	▲

No.	Risk	Risk description	Risk mitigation	Assessment of risk significance and risk dynamics
3	Risks associated with rendering grid connection services to the applicants	The risks are caused by the possible shortage of funding for the implementation of grid connection agreements; failure by applicants to fulfil their obligations under the grid connection agreements; failure of applicants to use the power received during grid connection. These factors may result in a reduction of the Company's revenue from grid connection.	To mitigate the negative impact and conditions affecting the operations, the Company undertakes the following measures: <ul style="list-style-type: none"> • Taking the test readings from the settlement metering systems by involving additional personnel; • Identifying the facts of off-the-meter electricity consumption, also with the involvement of law enforcement authorities; • Implementing the energy service agreements for energy saving and enhancing the energy efficiency in the consumption of energy resources in terms of reducing electricity transmission losses; • Implementing the programme for prospective development of electricity metering systems; • Updating the demand for grid connection under previously signed grid connection agreements and issued technical specifications regularly; • Providing the Company with a system for optimisation of technical solutions developed as part of the preparation of technical specifications for grid connection in order to ensure the total breakeven amount under the grid connection agreements for non-privileged categories of applicants for the entire constituent entity. 	▲
4	Risk associated with non-payment for the electricity transmission services rendered (the incurrence of disputed and undisputed overdue accounts receivable) by service consumers	The risk is due to the insufficiency of the existing incentive mechanisms for consumers to make timely payments for electricity transmission services, as well as the impact of macroeconomic factors (reduced consumer solvency).	In order to reduce these risks, the Company undertakes the following measures: <ul style="list-style-type: none"> • negotiations with counterparties; • participation in the meetings with stakeholders on payments for electricity transmission services provided; • debt restructuring agreements; • restriction of the electric energy consumption mode for debtors, to which the restriction is possible and permissible; • claims work with consumer debtors. 	▲
Country and regional risks				
5	Risks associated with the political and economic situation in the country and the region	The risks are associated with the economic stagnation of the constituent entities of the Russian Federation within the Company's footprint, an increase in the cost of borrowed funds, which, in turn, may be caused by the instability of the environment, international sanctions, lower credit ratings, and growing inflation burden. The influence of these factors may lead to a reduction in the Company's revenue and its stockholder value.	In case of destabilisation of the political and economic situation in Russia or in a particular region, which may adversely affect the Company's operations, the latter will take crisis management measures to minimise the negative impact of the situation on the Company, including saving production costs and other expenses, reducing investment plans.	●
6	Risks associated with possible conflicts and their manifestations, the imposition of a state of emergency and strikes in the regions	The risks are due to possible acts of unlawful interference with activities, including terrorist acts, also by international terrorists, as well as nationalist elements of individual states. Such actions may have a negative impact on the Company's operations.	To minimise the risk of terrorist acts, the Company takes the production safety measures.	●

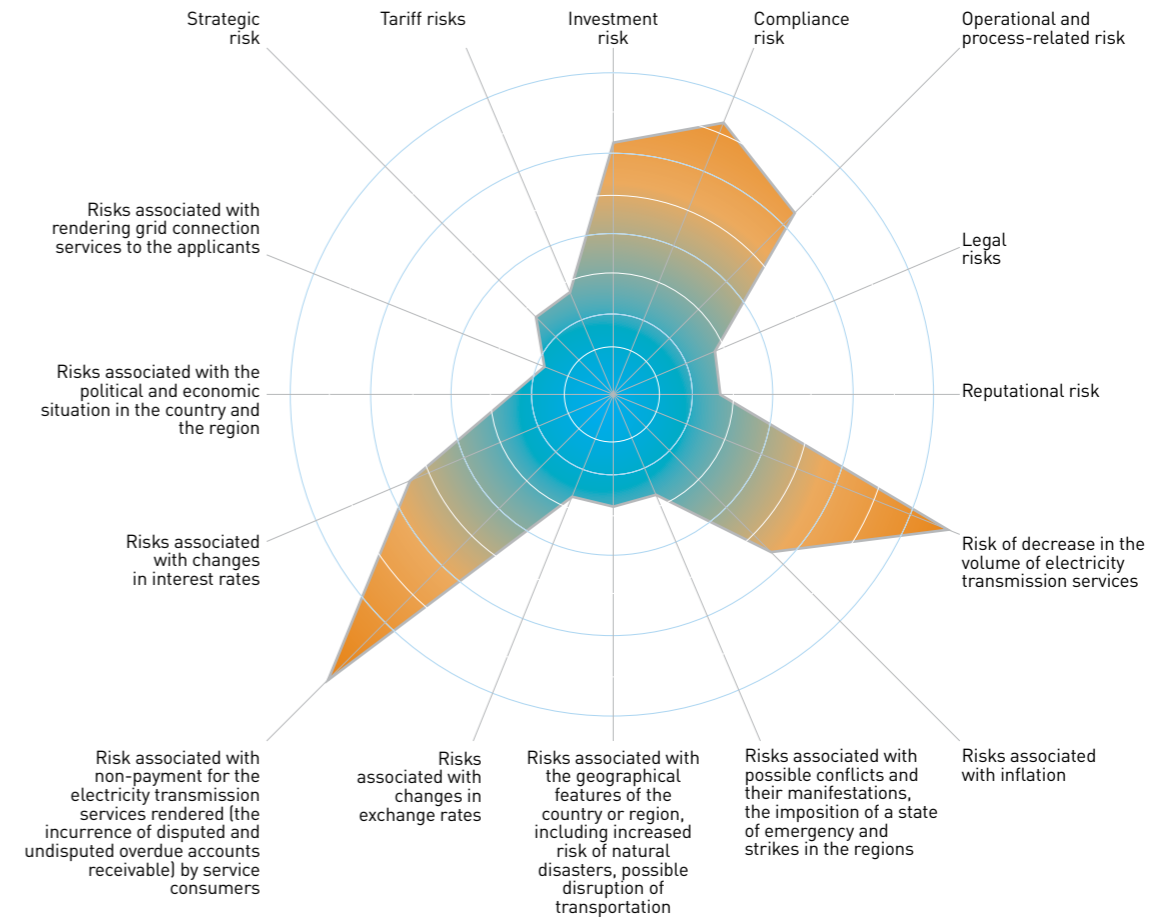
No.	Risk	Risk description	Risk mitigation	Assessment of risk significance and risk dynamics
7	Risks associated with the geographical features of the country or region, including increased risk of natural disasters, possible disruption of transportation	The risks are caused by natural and climatic emergencies (impact of hurricanes, rain showers, floods, snow blockages, icing, power failure as a result of fires, domestic explosions, etc.). As a result, the power supply and transport communication in the region may be interrupted.	The Company's actions to reduce the impact of these risks include designing the power lines in line with the peculiarities of the weather in the region, as well as insuring the relevant risks.	●
Financial risks				
8	Risks associated with changes in exchange rates	Negative impact on the results of the Company's financial and business performance due to changes in currency exchange rates.	To minimise the risk, the Company is implementing an import substitution plan approved by Order No. 762 of IDGC of the South dated 18 October 2017 "On the Implementation of the Corporate Import Substitution Plan".	●
9	Risks associated with changes in interest rates	Influence on the possible growth of the Company's expenses on raising funds for financing investment programmes.	In case of significant adverse changes in interest rates, the Company will focus on short-term borrowings.	●
10	Risks associated with inflation	The impact of the consumer price index growth on the interest expenses, cost level, profitability level, and, as a result, on the financial condition and the Company's ability to fulfil its obligations.	To reduce the influence of inflationary processes on the operating activities, the Company plans investment and repair programmes, taking into account the higher cost of materials and equipment. In addition, the Company enters into contracts with a fixed price, which does not change under the influence of inflation during the period.	●
Legal risks				
11	Legal risks	Risks associated with changes in legislation, judicial practice as related to the Company's activities, balance of interests with other power industry entities.	Analysis of the judicial practice on the most challenging issue of law enforcement: <ul style="list-style-type: none"> • preparation and submission of the Company's legislative initiatives to the executive and legislative bodies; • meetings on the emerging issues emerging in the industry; • engagement of external consultants to strengthen the Company's legal position in practical disputes and to generate good practice. 	●
12	Compliance risk	Risks associated with the sanctions of regulatory authorities in connection with the possible non-compliance of the Company's activities with the legal requirements, local regulations or other mandatory regulatory documents.	Coordination in accordance with the established procedure of draft responses to the requests from regulatory authorities, preparation of conclusions on challenging legal issues at the request of contract execution services, participation in approving the draft agreements concluded as part of the Company's activities.	●

No.	Risk	Risk description	Risk mitigation	Assessment of risk significance and risk dynamics
Reputational risk				
13	Reputational risk	The risk is associated with a possible default of obligations to customers and counterparties.	<p>To minimise reputational risks, the Company takes the following measures:</p> <ul style="list-style-type: none"> establishing the official position of the Company, its publishing on the official website, in the media, organising press conferences, briefings with the participation of the Company's management, posting information on social networks with the subsequent addressing to the topic/discussion as required by the Company; demonstrating openness and readiness for dialogue with the media; preparing and coordinating responses to media inquiries. <p>The following measures are taken to prevent reputational risks:</p> <ul style="list-style-type: none"> daily maintaining of the Company's presence in the media space; constant interaction with editors and leading journalists of key media for timely information sharing; daily monitoring of media and social networks; preparing and coordinating responses to media inquiries; holding press tours and events; publishing information creating a positive image of the Company's performance and plans on the Company's website, in the media, and social networks; initiating active discussions in social networks among bloggers/moderators of opinions as required by the Company on topics related to the Company's activities. 	●
Strategic risk				
14	Strategic risk	The risk of failure to achieve the Company's strategic goals and objectives due to potential changes in the internal and external business environment of the Company.	<p>In order to manage and prevent strategic risks, the Company implements the following measures:</p> <ul style="list-style-type: none"> implementing investment and repair programmes for the renovation of the electric grid complex; implementing programmes to improve the labour safety management system; conducting anti-terrorism drills at the Company's facilities and installing engineered safety features in accordance with the approved Investment and Production Programme. 	●
Risks associated with the Company's activities				
15	Operational and process-related risk	The decrease in the reliability of power supply to consumers due to such factors as natural and man-made emergency situations leading to the malfunction of power grid equipment; high proportion of equipment with excess service life; non-compliance with regulatory and technical requirements in terms of exceeding the established limit values of the power grid equipment operational parameters.	<p>Measures taken by the Company to reduce operational and technological risks:</p> <ul style="list-style-type: none"> timely execution of the repair and maintenance programme; ice melting (if necessary); operational monitoring of arrestors; monitoring of lightning protection efficiency. 	▲

No.	Risk	Risk description	Risk mitigation	Assessment of risk significance and risk dynamics
16	Investment risk	Reduction of financing sources for the Company's investment programmes in case of deterioration in its financial and economic status and, as a result, a decrease in tariff revenues if the investment programmes are not implemented. Violation of the deadlines for the commissioning of investment programme facilities due to non-fulfilment/untimely fulfilment of obligations by contractors and suppliers.	<p>Measures taken by the Company to reduce the investment risks:</p> <ul style="list-style-type: none"> monitoring the fulfilment of obligations by suppliers, contractors under the investment programme; timely updating of the investment programme; redistribution of funds received from savings based on tendering procedures to other investment programme items; monitoring compliance with the terms of the procurement procedures. 	▲

Risk significance is assessed as a combination of the risk probability and risk impact on the Company assessed in monetary and other terms. Risk significance is assessed based on the existing risk data sheets or on expert judgements using the following scale.

Level of significance	Assessment
Critical ●	Increase ▲
Significant ●	No change ●
Moderate ●	Decrease ▼



In order to guarantee that RMS is efficient and complies with changing requirements and conditions, the Company's internal auditor assesses the RMS efficiency.

The Internal Auditor's report on RMS efficiency assessment as of year-end 2019 was reviewed by the Audit Committee of the Board of Directors (Minutes No. 110 dated 27 March 2020). It is scheduled for reviewing by the Board of Directors for Q2 2020. The RMS maturity level in 2019 was estimated as "Optimal" (the average value across all criteria scored 5 points). There were no year-on-year changes.

In the reporting year, an external independent assessment of RMS was conducted, and RMS was recognised as "moderately effective" by the independent expert. The results of the external independent assessment of the Risk Management System were reviewed by the Board of Directors (Minutes No. 325/2019 dated 1 July 2019) with a preliminary discussion of this matter by the Strategy Committee of the Board of Directors (Minutes No. 194 dated 10 June 2019).

In accordance with para 2 of the Resolution of the Company's Board of Directors dated 27 June 2019 (Minutes No. 325/2019 dated 1 July 2019) on item No. 5 "On reviewing the results of the external independent assessment of efficiency of the risk management system", the Company developed and approved (Minutes No. 353/2020 of the Board of Directors dated 31 December 2019) the Plan for the Development and Improvement of the Company's Risk Management System for 2019-2022 (hereinafter – the Plan) comprising 37 measures.

The activities are aimed at increasing the efficiency of "internal environment", "goal setting", "event determination", "risk assessment", "means of control", "information and communication", and "monitoring" components.

In the reporting year, the Company undertook the following key measures for improving the Risk Management System:

- the Company approved the Action Plans for the management of key operational risks, risks of the main and other business processes for 2019 (Minutes No. 298 dated 22 November 2018 of the Company's Management Board), for 2020 (Minutes No. 337 dated 22 November 2019 of the Company's Management Board);

- the Company monitors the implementation of the approved action plans for the management of key operational risks, risks of the main and other business processes for 2019;
- the Report of the Sole Executive Body of IDGC of the South on the management of the key operational risks for 2018 was prepared, submitted and approved by the Management Board, the Strategy Committee of the Board of Directors, and the Board of Directors (Minutes No. 188 dated 25 March 2019, Minutes No. 311 dated 24 April 2019);
- the Company evaluated the efficiency of implementing the action plan to manage the key operational risks;
- the Report of the Sole Executive Body and the Management Board of the Company on the organisation, functioning and effectiveness of the risk management system, including information on the measures taken to improve it for 2018, was prepared, submitted and approved by the Board of Directors (Minutes No. 322/2019 dated 3 June 2019) with preliminary reviewing by the Strategy Committee of the Company's Board of Directors (Minutes No. 188 dated 25 March 2019);
- the Report of the Sole Executive Body of IDGC of the South on the management of the key operational risks for the 1st half of 2019 was prepared, submitted and approved by the Strategy Committee of the Company's Board of Directors (Minutes No. 197 dated 11 September 2019);
- to mitigate the risks, additional measures are developed by the owners to manage the key operational risks.

The basic measures to promote the risk management system in 2020-2023 are aimed at:

- strengthening the importance of risk management, developing a culture of risk awareness;
- implementing the Antitrust Compliance System and integrating it with the Internal Control System and Risk Management System;
- implementing automated systems (use of special software) for the quantitative assessment of risks and opportunities;
- full integration of the anti-corruption risk management in business processes and implementation of other measures of the plan for improving the efficiency and developing the Internal Control System.

Internal Control System

The Company's Internal Control System (hereinafter – ICS) is integrated into the Corporate-Wide Management System and is designed to provide reasonable assurance regarding the achievement of the objectives related to the following focus areas:

- operational efficiency and strong performances of the Company, including achievement of financial and operating results, protection of the Company's assets;
- compliance with the applicable laws and local regulations in the Company's commercial activities and financial accounting;
- reliability and timeliness of accounting (financial) statements and other reports.

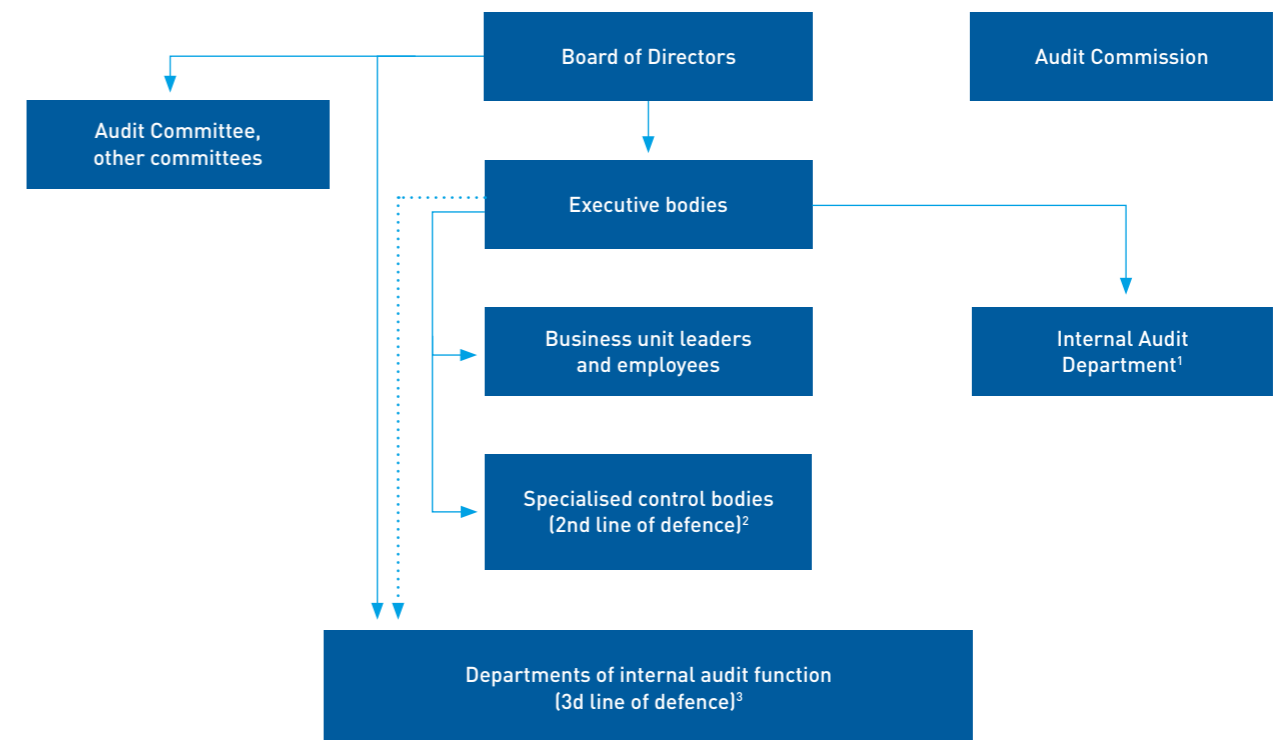
ICS is a risk-based system; control procedures are developed taking into account the risks and are established in such a way as to provide reasonable assurance of effective and timely

response to the emerging risk. The Internal Control System covers all areas of the Company's activities; control procedures are adhered to at all times across all the processes (business activities) of the Company and at all management levels.

The Internal Control System of the Company operates in accordance with Three Lines of Defence Model. With this model, internal control the Company works at three levels:

- the level of governing bodies (sole and collective executive bodies), the Company's units and departments performing control procedures as part of their functions and professional duties – the first line of defence;
- the level of the Company's control departments – the second line of defence;
- the level of Internal audit departments – the third line of defence.

INTERNAL CONTROL SYSTEM PARTICIPANTS



¹ The internal control functions in the Company are exercised by the Internal Control and Risk Management Unit of the Internal Control and Anti-Corruption Department.
² Specialised control bodies of the Company:
 • Security Department;
 • Legal Department.
³ Internal audit in the Company comes within the responsibility of the Internal Audit Department.

Functions of the Internal Control System participants

The Company has established the Internal Control and Risk Management Unit of the Internal Control and Anti-Corruption Department, which performs the following functions in line with the Company's Internal Control Policy approved by the resolution of the Board of Directors on 14 March 2016 (Minutes No. 180/2016), Regulation on the Internal Control and Anti-Corruption Department. Such functions include:

- development and introduction of main and methodological documents related to establishment and improvement of the Internal Control System;
- assistance to the Company's management in creating the control environment, preparation of recommendations on description of control procedures and their adoption in processes (operation areas) and on assignment of responsibilities to officials;

- coordination of activities aimed at maintenance and monitoring of the target status of the Internal Control System;
- preparation of data on the Internal Control System status for the stakeholders;
- cooperation with the state regulatory authorities on issues relating to internal control.

Functions of the Internal Control System participants are regulated by the Company's Internal Control Policy approved by the resolution of the Board of Directors on 14 March 2016 (Minutes No. 180/2016), Regulations on Business Units, job instructions.

Assessment of the Performance of the Internal Control System

In order to implement and maintain efficient functioning of the Internal Control System that complies with internationally recognised practices and standards of the internal control activities, meets the requirements of regulatory authorities, and facilitates the achievement of the Company's goals, as well as in order to execute the Strategy for development and improvement of the Internal Control System of PJSC Rosseti, its subsidiaries and affiliates approved by the resolution of Rosseti's Board of Directors on 10 February 2014 (Minutes No. 143), the Company's Board of Directors approved the Internal Control Policy of PJSC Rosseti South on 14 March 2016 (Minutes No. 180/2016, Order No. 242 of PJSC Rosseti South dated 22 April 2016). The Internal Control Policy defines the objectives, operational principles and components of the Company's Internal Control System, main roles and responsibilities of the system participants, and the procedure for the system performance assessment.

The Company has in place a Procedure for compliance with the requirements of the Internal Control Policy (Order No. 127 dated 20 January 2020) that outlines practical application of norms envisaged by the Internal Control Policy.

Control procedures for processes and sub-processes of the main and supporting activities, as well as governance processes of the Company are recorded in control and risk matrices.

The Company has approved the Regulation on accounting the inspections and checks performed by external control (supervision) authorities within the Company (Order No. 888 dated 6 December 2019).

The Company implemented a set of measures to advance the Internal Control System and Risk Management System (Order No. 349 dated 25 May 2018).

In order to guarantee that the Internal Control System is efficient and complies with changing requirements and conditions, the Company's Internal Auditor assesses the system efficiency, i.e., its compliance with the target status and maturity level.

The Internal Auditor's report on the assessment of the efficiency of the Internal Control System by the end of 2019 is reviewed by the Board of Directors with a preliminary discussion of this matter by the Audit Committee of the Board of Directors. According to the specified resolutions, the maturity level of the Internal Control System was estimated as optimal (5.3 points), the same as in 2018 – optimal (5.3 points).

In 2019, the Internal Control System conducted an external independent assessment that recognised the system as effective. The results of the external independent assessment of the Internal Control System were reviewed by the Audit Committee of the Board of Directors on 17 May 2019 (Minutes No. 98 dated 20 May 2019) and by the Company's Board of Directors (Minutes No. 323/2019 dated 3 June 2019).

Following the review of the external independent assessment of the Internal Control System by the Audit Committee on 17 May 2019 (Minutes No. 98 dated 20 May 2019) and the Board of Directors (Minutes No. 323/2019 dated 3 June 2019), the Company developed and the Board of Directors approved the Action plan for maintaining efficiency and developing the Company's Internal Control System for the period from 2019 to 2022.

The activities are aimed at:

- improved efficiency of the "Risk Assessment" component and its complete integration with the Internal Control System;
- development of the functional key performance indicators in the context of objectives of the business processes;
- full adoption of standard business-process risks in the regulatory documents on business processes;
- elimination of design deficiencies in certain control procedures noted in the report for some business processes;
- synchronisation of the implementation of automated control procedures simultaneously with the automation of business processes;
- complete integration of anti-corruption risks control in the business processes.

To implement the Action plan for maintaining efficiency and developing the Internal Control System, the Company performed the following key activities focused on the improvement of the Internal Control System in the reporting year:

- Rosseti's group of companies approved the Procedure for implementing requirements of Rosseti South's Internal Control Policy (Order No. 127 dated 20 January 2020), Regulation on the Internal Control Process for effective functioning of the Internal Control System in line with uniform standards.
- Internal regulations and other data related to organisation and operation of the Internal Control System and Risk Management System were made available on information resources and the Company's information boards. The Company prepared training presentations on the Procedure for implementing requirements of Rosseti South's Internal Control Policy (approved by Order No. 127 dated 20 January 2020), Regulation on accounting the inspections and checks performed by external control (supervision) authorities within the Company (approved by Order No. 888 dated 6 December 2019).
- The Quality Policy and Environmental Policy of the Company were brought into compliance with the requirements of ISO 9001:2015, ISO 14001:2015 international standards (Order No. 770 dated 16 October 2019). Principles and operation areas of the Policies accommodate the risk-based management approach, requirements to account for and utilise opportunities offered by external and internal environment, demands of stakeholders.
- In preparation for the compliance audit, personnel of the Company's Executive Office, Administrative Office of Rostovenergo branch, PD Eastern Power Grids of this branch gained basic knowledge of ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007 international standards. The personnel was informed about the business process risks, opportunities provided by the external and internal environment, demands of stakeholders, actions and mechanisms for risk management, for utilisation of opportunities, for meeting of the stakeholders' requirements adopted in Rosseti South.
- The Company takes measures to implement standards of Rosseti's Labour Protection Management System developed based on the requirements of ISO 45001:2018 standard. In particular, it is planned to adopt standards that specify requirements to determination of external and internal labour protection factors, legal and stakeholders' requirements, identification and assessment of health protection and labour safety risks, planning of activities to manage these risks.
- In line with Rosseti's standard – STO 34.01-30-001.2-2020 "Identification and Assessment of Occupational Risks. Risk Control and Occupational Risks Management", the Company developed the "Identification and Assessment of Occupational

Risks. Risk Control and Occupational Risks Management" standard (at the moment, the draft order on the approval of the standard goes through agreement).

- Following the Company's Anti-Corruption Plan for 2019 and pursuant to requirements of Federal Law No. 273-FZ dated 25 December 2008 "On Countering Corruption", as well as for improving the efficiency of educational, training and other anti-corruption activities based on a single design layout developed for Rosseti's group of companies, PJSC Rosseti South produced and arranged the "Area Free of Corruption" information boards with updated information about the anti-corruption legislation requirements, general principles of the Anti-Corruption Policy, hotline numbers and other available means of conveying data on corruption.
- The Company organised the employees' training and testing in corruption prevention and countering with the use of an interactive online course designed at PJSC Rosseti.
- "Best in the Profession" competitions are held annually to promote the Company's mission, values, and goals.
- The Volgograd branch of Rosseti South, in cooperation with the Volgograd State Agricultural University, opened a specialised Energy Class in Lyceum No. 10 in Volgograd. It is the third Energy Class in the region created as part of the career guidance activities of the Company.
- To improve the efficiency of making management decisions at different levels of the Company's governance structure and provide for the business process automation, the Company executed the project for creating and adopting the HR and payroll accounting system based on 1C: ZUP.3.1 (Payroll and HR Management).
- The Company established the Qualification Assessment Centre (QAC) for the Power Grid Complex as a component of the independent qualification assessment system. The QAC Council for Professional Qualifications is authorised for independent assessment in 13 power industry professional qualifications.

Notwithstanding the achieved level of the Internal Control System development, the Company's management proceeds with enhancement of the Internal Control System and maintaining its efficiency. Key measures for the Internal Control System improvement in 2020-2022 are focused on:

- implementing the Antitrust Compliance System and integrating it with the Internal Control System and Risk Management System;
- synchronised integration of automated control procedures with the automation of business processes;
- full integration of the anti-corruption risk management in business processes and implementation of other measures of the plan for improving the efficiency and developing the Internal Control System.

Internal audit

The internal audit function is exercised in the Company through the foundation of the internal audit department (detached department) or the attraction of an independent third party (outsourcing). The Company's Board of Directors decides on an optimal form of the internal audit function.

Internal audit in the Company comes within the responsibility of the Internal Audit Department.

The internal audit is functionally accountable to the Company's Board of Directors, i.e. the Board of Directors monitors and organises the internal audit activities, including approval

of the Internal Audit Regulation, the Internal Audit Action Plan, the Report on the performance of that plan and the budget of the Internal Audit Unit, preliminary approval of the decision on the appointment, termination of the Head of the Internal Audit Unit, as well as approval of the terms of the employment contract and remuneration of the Head of the Internal Audit, review of quality assessment results of the Internal Audit Department.

The purpose of internal audit is to assist the Company's Board of Directors and executive bodies in improving the management of the Company and its financial and business activities, including through systemic and consistent analysis and assessment of risk management, internal controls and corporate governance as tools for providing reasonable assurance that the goals set for the Company will be achieved.

The goals and objectives, organisational and functional principles, roles and responsibilities of the Internal Audit Department are set out in the Internal Audit Policy of the Company as amended by the Board of Directors (Minutes No. 351/2019 dated 30 December 2019).

In 2019, the internal audit function comprised of six employees.

The Company approved the following documents regulating the internal audit function:

- Internal Audit Policy of the Company and the Code of Internal Audit Ethics approved by the decision of the Board of Directors on 27 December 2019 (Minutes No. 351/2019 dated 30 December 2019);
- Regulations on the Internal Audit Department approved by the decision of the Board of Directors of the Company on 31 December 2019 (Minutes No. 353/2020 dated 9 January 2020);
- The Internal Audit Quality Assurance and Improvement Programme approved by the decision of the Board of Directors on 19 December 2016 (Minutes No. 209/2016 dated 21 December 2016);

Compliance Service

The Company is making constant efforts to improve its anti-corruption activities aimed at increasing the effectiveness of the application of anti-corruption measures as statutorily required.

Guided by the provisions of para. 1 of Part 2 of Art. 13.3 of the Anti-Corruption Law, the Company set up a structural unit

- Internal Standards for the internal audit functions and the practical application standards elaborated in compliance with the International Standards for the Professional Practice of Internal Auditing.

The Head of Internal Audit gets feedback from the Audit Committee in different ways through the interaction with the Committee, including analysis of the Audit Committee's decisions/recommendations on issues of the internal audit competence and via a questionnaire survey of the Audit Committee's members.

Satisfaction quotient of the Audit Committee of the Board of Directors of the Company with the results of the work of the Internal Audit Unit (average weighted score on the questionnaires of the members of the Audit Committee to the number of members of the Committee voted) according to the results of 2019 corresponds to the "consistent" assessment according to the Internal Audit Quality Assurance and Improvement Programme of the Company approved by the Board of Directors on 19 December 2016 (Minutes No. 209/2016 of 21 December 2016).

In 2019 KPMG conducted an external independent assessment of the Company's Internal Audit. Based on the results of this assessment, KPMG issued the report stating that the overall performance of the Internal Audit Unit complies with the requirements of the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, the Company's Internal Audit Policy, and gave the recommendations to improve the internal audit activities.

The plan to develop and improve the Company's internal audit function was elaborated in the areas for improvement pointed out by the Audit Committee's members in the questionnaires and the recommendations given by an external independent expert.

responsible for the prevention of corruption and other offenses. According to an organisational structure of the Company approved by the Board of Directors, this is the Anti-Corruption Compliance Procedure Department of the Internal Control and Anti-corruption Department.

Insider information

To prevent cases or the possibility of a conflict of interest, the Company regularly declares every conflict of interest of candidates for positions and the Company's employees and verifies the conflict-of-interest declarations. Committee on Corporate Ethics Compliance and Conflict of Interest

Resolution is up and running to resolve pre-conflict situations arising in structural units and ensure compliance with the requirements of Art. 13.3 of the Federal Law "On Countering Corruption".

Audit Commission

Information on the role of the Audit Commission in ensuring transparency and full disclosure of information

The Company's Audit Commission is a standing elective internal control body. The Commission acts in the interests of shareholders and is responsible for the confidence and objectivity of the inspection results.

The Audit Commission is governed by the Russian Federation legislation, the Articles of Associations, Regulation on the Audit Commission¹, and the resolutions of the General Shareholder Meeting.

The competence of the Audit Commission of the Company includes:

- inspection (audit) of the financial, accounting, payment and settlement and other documentation of the Company related to the Company's financial and economic activities for the compliance with the legislation of the Russian Federation, the Articles of Associations, internal and other documents of the Company;
- checking and analysis of the financial condition of the Company, its solvency, the functioning of the internal control system and the risk management system, liquidity of assets, the ratio and payment of interest on bonds, income on other securities;
- control over the expenditure of the Company's funds under the approved business plan and budget of the Company;
- control over the raising and expenditure of the reserve and other special funds of the Company;
- verification of the timeliness and correctness of settlement transactions with counterparties and the budget, as well

as settlement transactions for remuneration, social insurance, accrual and payment of dividends and other settlement transactions;

- monitoring compliance with the established procedure for writing off debts of insolvent debtors to the Company's losses;
- verification of the Company's business operations carried out under the concluded agreements;
- verification of the compliance with the use of material, labour and financial resources, financial and economic activities of current agreements, norms and standards, approved estimates and other documents regulating to the activities of the Company;
- control over the safety and use of fixed assets;
- checking the cash account and property of the Company, the efficient use of assets and other resources of the Company, identifying the causes of non-production losses and expenses, identifying reserves for improving the financial condition of the Company;
- verifying the compliance with the requirements to eliminate violations and deficiencies identified by the Audit Commission of the Company;
- developing recommendations for the governing bodies of the Company;
- taking other actions (measures) related to the audit of the financial and economic activities of the Company.

The Articles of Associations of the Company defines the composition of the Audit Commission, which consist of five members.

In 2018, the Company has two active memberships of the Audit Commission and held nine meetings.

THE AUDIT COMMISSION MEMBERSHIP IN 2018 – 2019 CORPORATE YEAR (15.06.2018 – 31.05.2019)²

Full name	Position
Marina Lelekova	Director of the Control and Audit Activities Department at PJSC Rosseti
Svetlana Kim	Head of the Audit Activities Office of the Control and Audit Activities Department at PJSC Rosseti
Artem Kirillov	Deputy Head of the Audit Activities Office of the Control and Audit Activities Department at PJSC Rosseti
Elena Kabizskina	Deputy Head of the Audit Activities Office of the Control and Audit Activities Department at PJSC Rosseti
Elena Erandina	Chief Expert of the Control and Expert Office of the Control and Audit Activities Department at PJSC Rosseti

¹ Approved by the resolution of the annual General Meeting of Shareholders on 13 June 2017, Minutes No. 17, available on the Company's website.
² Positions of the Audit Commission members are given at the time of their election.

During the reporting period, the Audit Commission conducted a scheduled audit of the financial and economic activities of the Company for 2018 (second stage), issued a positive opinion on the assessment of the reliability of the data contained in the Annual Report, the Report on concluded related-party transactions and the annual accounting (financial) statements of the Company for 2018¹ and also approved

the Audit Commission Certificate on the results of the audit of the financial and economic activities of the Company².

To eliminate the deficiencies identified by the Audit Commission, the Company issued Order No. 503 dated 9 July 2019 "On the implementation of the Corrective Action Plan based on the results of the audit of the financial and economic activities of the Company for 2018".

Current membership of the Audit Commission in 2019–2020 corporate year [elected at the annual General Meeting of Shareholders on 31 May 2019, Minutes No. 20]

Marina Lelekova

Year of birth: 1961
Education: Higher, Far Eastern Institute of Soviet Trade
Specialty: Economics
Qualification: Economist
Date of the first election to the Audit Commission: 06.06.2016

Period		Organisation	Position
from	to		
2013	2015	OJSC Rosseti	Head of the Internal Audit and Control Department
2015	2019	PJSC Rosseti	Director of the Internal Audit and Control Department
2019	the present time	PJSC Rosseti	Director of the Internal Control and Risk Management Department

Svetlana Kim

Year of birth: 1981
Education: Higher, Moscow State University of Transport
Specialty: Commerce
Qualification: Commerce Specialist
Date of the first election to the Audit Commission: 19.06.201

Period		Organisation	Position
from	to		
2013	2019	PJSC Rosseti	Head of the Audit Activities Office of the Control and Audit Activities Department
2019	the present time	PJSC Rosseti	Head of the Supervision Office of the Internal Audit and Control Department

Artem Kirillov

Year of birth: 1984
Education: Higher, Moscow Power Engineering Institute
Specialty: Electrical Engineer
Qualification: Engineer
Date of the first election to the Audit Commission: 14.03.2014

Period		Organisation	Position
from	to		
2013	2015	OJSC Rosseti	Head of the Investment Audit Office
2015	2019	PJSC Rosseti	Deputy Head of the Audit Activities Office of the Control and Audit Activities Department
2019	the present time	PJSC Rosseti	Deputy Head of the Supervision Office of the Internal Audit and Control Department

Sergey Malyshev

Year of birth: 1965
Education: Higher, Yaroslavl Higher Military Financial School
Specialty: Economics and Finance
Qualification: Financial economist
Date of the first election to the Audit Commission: 31.05.2019

Period		Organisation	Position
from	to		
2013	2015	OJSC Rosseti	Lead Expert of the Investment Audit Unit of the Audit Activities Office of the Control and Audit Activities Department
2015	2019	PJSC Rosseti	Lead Expert of the Investment Audit Unit of the Audit Activities Office of the Control and Audit Activities Department
2019	the present time	PJSC Rosseti	Lead Expert of the Supervision Office of the Internal Audit and Control Department

Elena Erandina

Year of birth: 1972
Education: Higher, State University of Management
Specialty: Finance and Credit
Qualification: Economist.
Date of the first election to the Audit Commission: 09.06.2018

Period		Organisation	Position
from	to		
2013	2015	OJSC Elektroservis UNES	Senior specialist of the Internal Audit Service
2016	2019	PJSC Rosseti	Chief Expert of the Control and Expert Office of the Internal Audit and Control Department

There were no transactions between the Company and persons who performed the duties of members of the Audit Commission of the Company in 2019.

None of the persons who were members of the Audit Commission in 2019 owned shares of the Company.

None of the members of the Audit Commission of the Company had kinship ties with persons who are members of the bodies that govern and (or) control the financial and economic activities of the Company, were not held administratively liable for offenses in the areas of finance, taxes and fees, the securities market or criminal responsibility for crimes in the economic sphere or for crimes against state power, did not hold positions in the governing bodies of commercial organisations in the period when there organization were filed for bankruptcy, and (or) one of the bankruptcy procedures provided under the insolvency, was not trained in the reporting year at the expense of the Company, and had in the reporting year no conflict of interest with the Company's executive bodies.

In 2019, the Audit Commission of the current membership held one meeting discussing issues on the election of a chairman, secretary of the Audit Commission and the approval of the action plan of the Audit Commission.

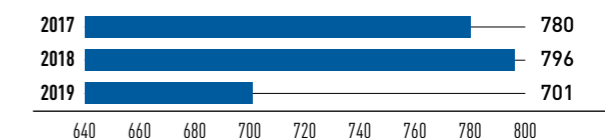
Biographies of the members of the Audit Commission in 2019 are available on the website of the Company.

Remuneration paid to members of the Audit Commission in 2019

In 2019, the Audit Commission members received remuneration in the amount of RUB 701,000.

The Company incurred no expenses related to exercising the functions of the Audit Commission members.

REMUNERATION PAID TO MEMBERS OF THE AUDIT COMMISSION IN 2017–2019, RUB THOUS.



¹ Minutes No. 5 dated 16 April 2019
² Minutes No. 6 dated 30 May 2019

External Audit

The Company attracts an external auditor on a competitive basis for an independent assessment of the reliability of accounting (financial) statements composed under the Russian and international standards.

To check and confirm the annual financial statements of the Company for 2018, the General Meeting of Shareholders approved the Auditor of the Company in accordance with Art. 47, 48, 54 and 88 of the Federal Law "On Joint-Stock Companies", para. 11 item 10.2 of Art. 10, item 11.1 of Art. 11, item 24.8 of Art. 24 of the Articles of Associations of the Company.

Criteria and method for choosing an Auditor

The Company's Board of Directors suggests a candidate for the Auditor for approval on the annual General Meeting of Shareholders in the course of preparation and holding of this Meeting.

The Company's Auditor is elected based on the results of an open competition conducted by an organisation authorised by the Company under the Regulations on Regulated Procurement Policy.

To ensure the objectivity and independence of the external auditor of the Company, it is selected by an open competitive tender conducted in the Unified Information System of the Russian Federation in Procurements, using the electronic trading platform of Rosseti.

Information about the competition for the right to conclude a contract for audit services in 2018-2020 was posted on the website www.zakupki.gov.ru. The deadline for the competition was 16 April 2018, the winner was LLC Ernst & Young according to the results of the competition. Contestants were evaluated according to criteria previously established and declared in the competition terms.

The external auditor conducts the audit of statements in line with the requirements of the legislation of the Russian Federation based on a concluded agreement.

The Company's Board of Directors recommended (Minutes No. 314/2019 dated 6 May 2019) and approved LLC Ernst & Young as an Auditor of the Company on 31 May 2019

by the decision of the annular General Meeting of Shareholders of the Company (Minutes No. 20 of 5 June 2019) for a mandatory audit of the Company's accounting statements under RAS and consolidated financial statements under the International Financial Reporting Standards (IFRS) for 2019.

LLC Ernst & Young is a member of the Self-Regulatory Organisation of Auditors Association "Sodruzhestvo".

The Company's Board of Directors sets auditor fees according to item 24.10 of Art. 24 of the Articles of Association of PJSC Rosseti South.

An agreement between the Company and an Auditor stipulates Auditor's service fees and terms of payment. The resolution of the Company's Board of Directors dated 14 August 2019 (Minutes No. 329/2019 dated 16 August 2019) defines the service fees of the auditor of PJSC Rosseti South — LLC Ernst & Young, under the service agreement for the audit of under RAS and consolidated financial statements under IFRS for the year ended on 31 December 2019 (audited period from 1 January 2019 to 31 December 2019), in the amount of RUB 2,790,142.37 (Two million seven hundred and ninety thousand one hundred forty-two roubles 37 kopecks), including VAT (20%).

In 2019, Ernst & Young Global Limited rendered services on the comprehensive analysis of the financial and economic activities of the Company and the preparation of the summary report on its results for 2016-2018 in the amount of RUB 11,064,508.48.

The Auditor is not affiliated with employees or management of the Company. The Company does not have any business relations (is not involved in the promotion of products (services), or business activities, etc.) or kinship ties with officials of LLC Ernst & Young.

REMUNERATION PAID TO AUDITOR IN 2017-2019, RUB THOUS.



Information for Shareholders and Investors

A memorandum of the controlling shareholder of PJSC Rosseti regarding power grid companies under control

PJSC Rosseti is a public holding company with a state share of 88.04% in the authorised capital. The Company was established under Presidential Decree No. 1567 dated 22 November 2012 to improve the efficiency and development of the power grid complex of the Russian Federation and to coordinate works on the management of this complex through subsidiaries and affiliates.

PJSC Rosseti holds majority shares in 14 distribution grid companies¹ (Kubanenergo, Lenenergo, MOESK, IDGC of Volga, IDGC of North-West, IDGC of Northern Caucasus, IDGC of Siberia, IDGC of Urals, IDGC of Centre, IDGC of Center and Volga Region, Rosseti South, TDC, Rosseti Tumen, Yantarenergo) and one transmission grid company (PJSC FGC UES). Disposing of these assets is not considered.

PJSC Rosseti has defined the strategic development priorities for the companies of the group:

- reliable, stable and affordable electricity supply to consumers;
- further improvement in the efficiency of the core business of power transmission;
- promotion of legislative initiatives for development;
- maintenance of the balance of interest for all parties: state/consumers/shareholders/investors;
- development of new business areas (non-tariff services and consumer services) through the digital transformation to ensure the Company's resilience to changes in the sector.

Rosseti manages the companies of the Group according to the unified corporate standards aimed at ensuring the efficiency of business processes, monitoring their quality, minimising all types of corporate risks, and maintaining the disclosure and transparency of their activities.

Shareholding structure

As at 31 December 2019, the Company's authorised capital was RUB 8,203,959,542.53 and divided into 82,039,595,425.30 ordinary uncertified registered shares with a face value of 10 kopecks each.

The Company issued no preferred shares.

Ordinary shares declared by the Company for allocation grant their owners the rights specified in item 6.2. of Art. 6 of the Articles of Association of PJSC Rosseti South.

¹ Kubanenergo renders services under Rosseti Kuban brand
 Lenenergo renders services under Rosseti Lenenergo brand
 MOESK renders services under Rosseti Moscow brand
 IDGC of Volga renders services under Rosseti Volga brand
 IDGC of North-West renders services under Rosseti North-West brand
 IDGC of Northern Caucasus renders services under Rosseti Northern Caucasus brand
 IDGC of Siberia renders services under Rosseti Siberia brand
 IDGC of Urals renders services under Rosseti Urals brand
 IDGC of Centre renders services under Rosseti Centre brand
 IDGC of Center and Volga Region renders services under Rosseti Center and Volga Region brand
 JCS Rosseti South renders services under Rosseti South brand
 TDC renders services under Rosseti Toms brand
 Yantarenergo renders services under Rosseti Yantar brand
 FGC UES renders services under Rosseti FGC UES brand

ISSUES OF COMPANY'S SHARES

No.	State registration number of the issue	Amount, RUB	Share category	Quantity, pcs	Face value, RUB
First issue of shares					
1	1-01-34956-E dated 20.09.2007	10,000,000	Ordinary	100,000,000	0.1
Second issue of shares					
2	1-01-34956-E-001D dated 20.03.2008	228,296,779.1	Ordinary	2,282,967,791	0.1
3	1-01-34956-E-002D dated 20.03.2008	1,620,347,283.7	Ordinary	16,203,472,837	0.1
4	1-01-34956-E-003D dated 20.03.2008	439,059,322.3	Ordinary	4,390,593,223	0.1
5	1-01-34956-E-004D dated 20.03.2008	2,029,712,678.4	Ordinary	20,297,126,784	0.1
6	1-01-34956-E-005D dated 20.03.2008	192,111,155	Ordinary	1,921,111,550	0.1
7	1-01-34956-E-006D dated 20.03.2008	461,582,387.9	Ordinary	4,615,823,879	0.1
Third issue of shares					
8	1-01-34956-E dated 04.08.2016	1,136,704,335.3	Ordinary	11,367,043,353	0.1
9	1-01-34956-E dated 01.06.2017	789,091,776	Ordinary	7,860,917,760	0.1
10	1-01-34956-E dated 23.05.2019	1,300,053,824.83	Ordinary	13,000,538,248.3	0.1
11	1-01-34956-E dated 19.12.2019	6,960,183,092.90	Ordinary	69,601,830,929*	0.1
Total:				151,641,426,354.30	

Note: pursuant to Notice No. 08-EK-03/17099 of the Federal Financial Markets Service of Russia dated 12 August 2008, the individual numbers (codes) of additional issues of shares were cancelled; the unified issue was assigned with the state registration number 1-01-34956-E on 20 September 2007. According to the Company's Articles of Associations, the number of authorised shares of the Company in addition to outstanding shares is 98,520,013,264 (Ninety-eight billion five hundred twenty million thirteen thousand two hundred sixty-four) ordinary registered shares with a face value of 10 (ten) kopecks each for a total amount at the face value of 9,852,001,326 (Nine billion eight hundred fifty-two million one thousand three hundred twenty-six) roubles 40 kopecks.¹

In the course of the additional issue of shares in December 2019 – January 2020, the Company's shareholders (including PJSC Rosseti) exercised their pre-emptive right to acquire 69,601,830,929 shares worth over RUB 6,960 mn.

The authorised capital for a total amount of RUB 6,960,183,092.90 (69,601,830,929 shares) is planned to be increased once the Bank of Russia registers the results of the additional issue of shares of Rosseti South in April 2020, after carrying out the corporate procedures stipulated by the decision on Company's securities issue.

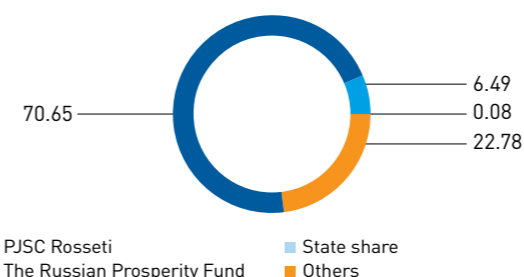
SHAREHOLDERS, INCLUDING INDIVIDUALS AS OF 31.12.2019

Type of shareholder	Number of Company's shareholders	Quantity, pcs	Share of the Company's authorised capital owned by shareholder, %
Owners – individuals	9,144	1,412,013,173	1.72
including – non-residents	38	8,867,368	0.011
Owners – legal entities	92	80,627,582,252.30	98.28
including – non-residents	10	14,679,891	0.018
Government	1	69,125,536	0.08
Accounts of unidentified persons	1	5,243,855	0.006
Total	9,236	82,039,595,425.30	100

Rosseti is the majority shareholder of the Company.

COMPOSITION OF SHAREHOLDERS WHO OWN OVER 5% OF THE AUTHORIZED CAPITAL OF ROSSETI SOUTH¹

Shareholders – residents of the Russian Federation own over 99% of the authorised capital, the rest 1% is distributed between shareholders – individuals and legal entities from over 10 countries.



Company's shares admitted to trading since 3 July 2008

Factor	Ordinary shares
Ticker	MRKY
Face value	0.1
Currency	RUB
Start of trading	03.07.2008
ISIN code	RU000A0JPPG8
State registration number	1-01-34956-E

GEOGRAPHY OF THE LARGEST SHAREHOLDERS IN THE EQUITY SHARE CAPITAL STRUCTURE

Country	Share in the authorised capital, %	Quantity, pcs
Russian Federation	99.97	82,016,048,166.3
British Virgin Islands	0.0145	11,870,352
Cyprus	0.0024	2,014,723
Denmark	0.0004	359,753
Commonwealth of the Bahamas	0.0003	228,433
Great Britain	0.0002	206,630

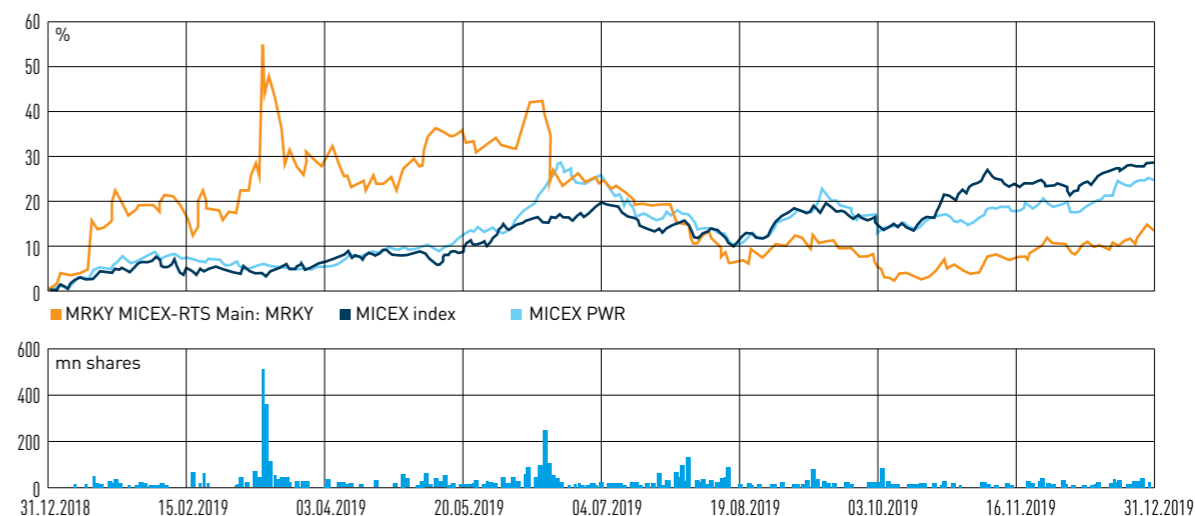
From 26 February 2018, the shares of Rosseti South were transferred from the "Second tier" to the "Third tier" of the List of Moscow Exchange securities.

At the end of 2019, the market price of the shares of Rosseti South on the Moscow Exchange increased from RUB 0.05415 to RUB 0.06185, i.e. by 14.22% year-on-year.

The market capitalisation of the Company as of 31 December 2019 amounted to RUB 5,074,148,977.04 according to the Moscow Exchange.

The Moscow Exchange data showed that the volume of transactions with shares of IDGC of the South in 2019 amounted to 6,323,62 mn shares.

PRICE PERFORMANCE OF THE FIRST SHARE (ACCORDING TO THE MOSCOW EXCHANGE)



The capitalisation of the Company in 2019 increased by 35.73% and amounted to RUB 5.074 bn. In 2018, the capitalisation increased by 3.39% and amounted to RUB 3.7 bn. In 2017, the capitalisation increased by 37.7% and amounted

to RUB 3.6 bn. The indicated growth in the market capitalisation of Rosseti South has been due to general positive trends in the securities market and the dividend payout by the Company in 2015, 2017 and 2018.

¹ The information is given as of the moment of official registration of the notice about the additional issue of the Company's shares by the Bank of Russia.

¹ Amendments to the Articles of Associations regarding the increase in the number of authorised shares were registered on 19 November 2019.

Dividend Policy

The Dividend Policy of the Company is aimed at enhancing the investment appeal of the Company and its market capitalisation. It relays on a balance of interests of the Company and its shareholders.

The dividend policy of the Company is determined by the Regulations on the Dividend Policy approved by the revised decision of the Company's Board of Directors on 2 February 2018 (Minutes No. 258/2018 dated 5 February 2018) as amended on 31 July 2018 (Minutes No. 281/2018 dated 3 August 2018)

Dividend Policy Principles of the Company

- Calculation of dividends for appropriation of profits, ignoring the impact of revaluation of financial investments.
- The need to maintain the required level of financial and technical condition of the Company (implementation of the investment programme), providing the development potential for the Company.

- Compliance with the Company's practice of accrual and payment of dividends under the legislation of the Russian Federation and the best standards of corporate ethics.
- Optimal harmonisation of the interests of the Company and shareholders.
- Enhancing the investment appeal of the Company and its capitalisation.
- Transparency (clarity) of procedures used to determine the amount of dividends and their payout.

The dividend policy of the Company sets the amount of dividends at the level of not less than 50% of net profit under IFRS, and in addition there is a number of restrictions on the payment of interim dividends, including if the payment requires borrowing, if the payment leads to a deterioration in creditworthiness or if failure to fulfil the investment programme.

DISTRIBUTION OF THE PROFIT FOR 2016-2018, RUB '000¹

Indicator	2016 (Annual General Meeting of Shareholders in 2017)	2017 (Annual General Meeting of Shareholders in 2018)	2018 (Annual General Meeting of Shareholders in 2019)
Undistributed profit (loss) of the reporting period	-1,011,268	511,438	1,121,711
Reserve fund	0	25,572	56,086
Profit for development	0	108,607	504,338
Dividends	0	377,259	561,287
Recovery of losses of prior periods	0	0	0

REPORT ON ACCRUED DIVIDENDS FOR SHAREHOLDERS OF ROSSETI SOUTH

Year of payout	Date of decision	Record date	Share type	Dividends per share, RUB	Payable on shares, RUB	The share of declared dividends in the net profit in the reporting period, %
2016 (as of year-end 2015)	06.06.2016	24.06.2016	Ordinary shares	0.002852693	142,095,765.43	95.00
2017 (as of year-end 2016)	No dividends were accrued					
2018 (as of year-end 2017)	09.06.2018	20.06.2018	Ordinary shares	0.005464428621	377,259,000.13	73.76
2019 (as of year-end 2018)	31.05.2019	19.06.2019	Ordinary shares	0.0068417020378	561,286,784.67	50.04

REPORT ON DIVIDENDS PAID OUT TO THE COMPANY'S SHAREHOLDERS

Year of payout	Share type	Paid out, RUB.	Causes of nondistribution of declared dividends	% of payout
2016 (as of year-end 2015)	Ordinary shares	140,439,094.88	Wrong bank details of shareholders	98.83
2017 (as of year-end 2016)	No dividends were accrued and paid out			
2018 (as of year-end 2017)	Ordinary shares	373,715,192.21	Wrong bank details of shareholders	99.06
2019 (as of year-end 2018)	Ordinary shares	557,154,434.10	Wrong bank details of shareholders	99.26

According to the Company's Articles of Associations, the Company will decide on the distribution of profits following the payout of dividends for 2019 at the annual General Meeting of Shareholders. According to the Company's dividend

policy, potentially 50% of IFRS net income can be distributed as dividends.

Minutes of the annual General Meetings of Shareholders are available at the Company's website.

Report on dividends received by Rosseti South

RUB 238,391.69 were declared as dividends for Company's shares, RUB 155,062.29 of which were received in 2019.

Information on major and related-party transactions

In 2019, the Company concluded no transactions that are recognised as major transactions according to the Federal Law "On Joint-Stock Companies".

on related-party transactions of the Company in 2019 was evaluated. On 28 April 2020, the Company's Board of Directors resolved to approve the Report on related-party transactions of the Company in 2019 (Minutes No. 373/2020 dated 29 April 2020)

The Report is signed by the General Director of the Company. At the Audit Commission meeting held on 15 April 2020 (Minutes No. 3 dated 15 April 2020), the reliability of the Report

¹ Until February 2018, the Company's dividend policy was based on the Regulations on the Dividend Policy approved by the decision of the Company's Board of Directors on 31 August 2010.

¹ The Company is continuously updating the personal data of shareholders and after update will repay out the dividends within 3 years.

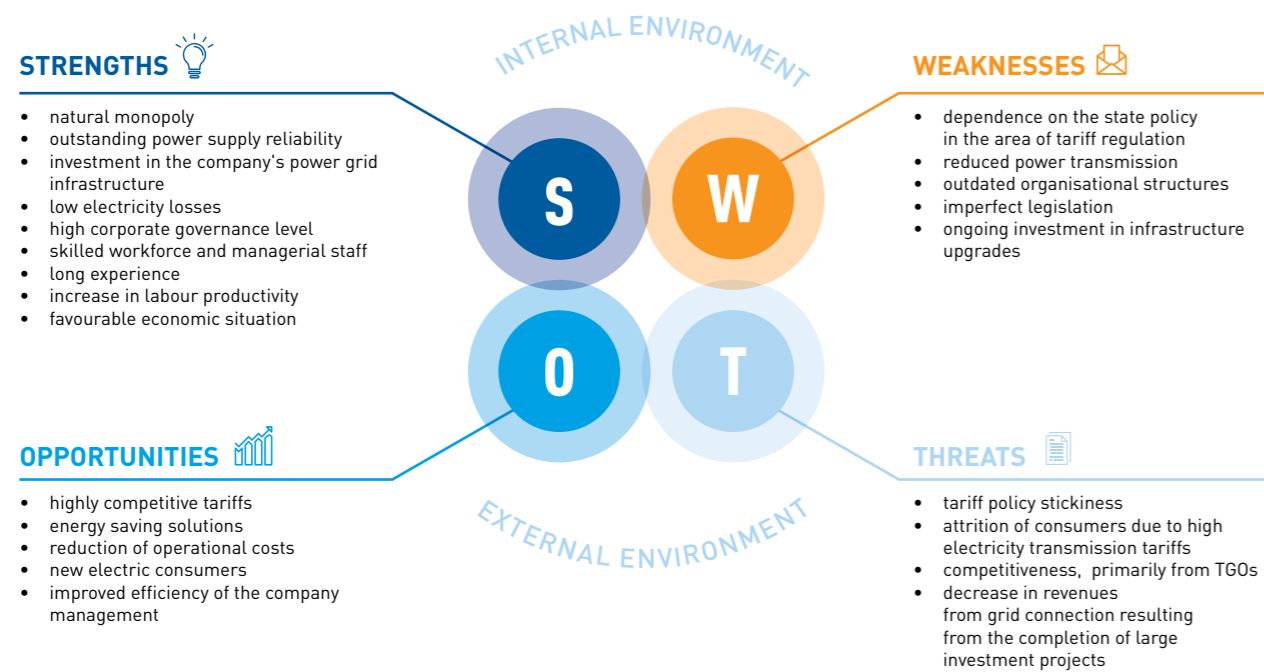
Index of elements of the Sustainable Development Standards GRI

INDEX OF GRI 102-55

GRI Indicator	Omission/Comment	Page number
GRI 102 MAIN REQUIREMENTS TO INFORMATION DISCLOSURE		
<i>Profile of organisation</i>		
GRI 102-1 Name of the organisation		1
GRI 102-2 Activities, brands, products, and services		21-22
GRI 102-3 Location of headquarters	49 Bolshaya Sadovaya st., Rostov-on-Don, 344002	152
GRI 102-4 Number of countries/regions where the organisation operates, and the names of countries where it has significant operations		5
GRI 102-5. Ownership and legal form	Public Joint Stock Company Rosseti South	152
GRI 102-6 – Markets served by the organisation		5
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GRI 102-8 Total number of employees for various breakdowns		69-70
GRI 102-11 Application of Precautionary Principle or approach (Principle 15 of the UN Rio Declaration on Environment and Development, 1992)		68
GRI 102-13 Participation in Associations	RUIE	
Strategy		
GRI 102-14 Statement from senior decision-makers: short, medium and long-term strategy (including a sustainable development strategy), main goals and objectives (among others for sustainable development) for the next reporting period, comparison of achievements in the current reporting period (including achievements pertaining to sustainable development) with previously set goals and objectives		18-21
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GRI 102-16 Values, principles, standards, and norms of behaviour		86
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GRI 102-18 – Organisation governance structure (key Committees of the highest governing body responsible for economic, social and ecological performance results)		96
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GRI 102-41 Collective bargaining agreement		
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GRI 102-45 The list/structure of an organisation, with its front offices, operating companies, subsidiaries and joint ventures included in the consolidated financial statements of the organisation. An indication of whether they are all covered by the Report (and, if not all, an explanation of the reasons).		5
GRI 102-49 Changes in reports on sustainable development	In 2019, there were no significant changes in the scope and boundaries of the aspects compared to previous reporting periods.	
GRI 102-50 Reporting period	Reporting period – calendar year 2019.	
GRI 102-51 Date of the most recent report on sustainable development	The Company does not have an individual report on sustainable development. Information on sustainable development is included into the Integrated Report. The most recent publication of the Integrated Report – 2018	
GRI 102-52 Reporting cycle	The Company publishes Integrated Reports on an annual basis.	
GRI 102-53 Contact point for questions regarding the report		152

GRI Indicator	Omission/Comment	Page number
GRI 102-54 Claims of reporting in accordance with the GRI Standards	The present report has been prepared in accordance with the GRI standards: Core variant of disclosure	
GRI 102-55 Index of GRI	The present Appendix	148
GRI 203 Indirect economic impact		
GRI 203-1 Description of the infrastructure projects of the organisation and infrastructure investments during the reporting period. Positive and negative impacts on society, local communities and the regional economy associated with the development of infrastructure by the organization An indication of whether these investments are commercial or voluntary.		33
GRI 205 Anti-corruption		88
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GRI 400 SOCIAL		
GRI 401 Employment		
GRI 103-1 Explanation of the Material Topic and its Boundary		
GRI 103-2 The Management Approach and its Components		69
GRI 103-3 Evaluation of the Management Approach		69
GRI 403 Occupational Health and Safety		
GRI 403-1 Information on occupational health and safety management at workplaces. The percentage of total personnel, in addition to the management representatives involved in monitoring and giving recommendations on occupational health and safety management at workplaces.		76
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GRI EU28 System average interruption frequency index		43
GRI EU29 System average interruption duration index		43

SWOT analysis



Glossary

Abbreviation, designation

ACS	Automated Control System
AWS	Autumn and Winter Season
DCC	Digital Communication Channel
EBITDA	earnings before interest, taxes, repayment of the loan principal and depreciation charges
FEC	Fuel & Energy Complex
FEED	Front End Engineering Design
FTS of Russia	Federal Tariff Service
ICS	Internal Control System
IDGC	Interregional Distribution Grid Company
IFRS	International Financial Reporting Standards
IT	Information Technologies
JSC	Joint Stock Company
KPI	Key Performance Indicators
M&R	Maintenance and Repairs
MICEX	Public Joint Stock Company Moscow Exchange MICEX-RTS.
MUE	Municipal Unitary Enterprise
OHL	Overhead Line
PAMS	Production Asset Management System
PJSC	Public Joint Stock Company
PPE	Personal Protective Equipment
PTL	Power Transmission Line
R&D	Research and Development
RAS	Russian Accounting Standards
RGR	Required Gross Revenue
RMS	Risk Management System
RPG	Region of Power Grids

Abbreviation, designation

S&A	Subsidiaries and Affiliates
SIW	Self-Supporting Insulating Wire
SME	Small and Medium-Sized Enterprises
SS	Substation
TGO	Territorial Grid Organisation
UNPG	Unified National Power Grid
VAT	Value Added Tax

Units of measurement

A	ampere Current strength
Gcal	gigacalorie Calorific energy
Ha	hectare Area
km	kilometre Length
kV	kilovolt Voltage
kVA, MVA	kilovolt-ampere, megavolt-ampere Full electrical capacity
kW, MW	kilowatt, megawatt Active electrical capacity
kWh	kilowatt-hour Electric power
TFOE	tonne of fuel oil equivalent

Contact Details

GRI 102-3 Location of headquarters
GRI 102-5 Ownership and legal form

Company profile:

Full company name:
Public Joint Stock Company Rosseti South

Short company name:
PJSC Rosseti South

Legal and actual address:
49 Bolshaya Sadovaya street, Rostov-on-Don, Russia, 344002
 Tel/Fax:
8 (863) 238-54-64, 8 (863) 238-58-95 / 8 (863) 238-55-65
 (from 08:00 to 17:00 Moscow Time)
 E-mail: office@rosseti-yug.ru
 Website: <http://rosseti-yug.ru>
 Common hotline number **8 (800) 100-70-60**

Branch of PJSC Rosseti South – Rostovenergo
 Location: **Rostov-on-Don, Russia**
 Address: **49 Bolshaya Sadovaya, Rostov-on-Don, 344002**
 Tel: **(800) 100-70-60. Fax: (863) 238-51 66**
 E-mail: office@re.mrsk-yuga.ru
 Website: <http://rostovenergo.mrsk-yuga.ru>

Branch of PJSC Rosseti South – Volgogradenergo
 Location: **Volgograd, Russia**
 Address: **PO Box 126, 15 Lenin Ave, Volgograd, 400066**
 Tel: **(8442) 96-43-59. Fax: 96-43-45**
 E-mail: ve.pbox@ve.mrsk-yuga.ru
 Website: <http://volgogradenergo.mrsk-yuga.ru/>

Branch of PJSC Rosseti South – Astrakhanenergo
 Location: **Astrakhan, Russia**
 Address: **32 Krasnaya Naberezhnaya, Astrakhan, 414000**
 Tel: **(8512) 79-30-10. Fax: 44-55-78**
 E-mail: kanc@ae.mrsk-yuga.ru
 Website: <http://astrakhanenergo.mrsk-yuga.ru>

Branch of PJSC Rosseti South – Kalmenergo
 Location: **Elista, Russia**
 Address: **Severnaya Promzona, Elista, 358007**
 Tel: **+7 (917) 680-36-50, +7 (929) 730-03-59**
 Fax: **8 (84722) 4-24-10**
 E-mail: priem@ke.mrsk-yuga.ru
 Website: <http://kalmenergo.mrsk-yuga.ru>

Registrar of PJSC Rosseti South:
 Full company name: **Joint Stock Company "Independent Registrar Company R.O.S.T."**
 Short company name: **AO "HPK – P.O.C.T."**
 Location: **18 Stromynka Street, Building 5B, Room IX, Moscow**
 Address: **PO Box 9, 18 Stromynka Street, Moscow, 107996**
 Joint Information Support Center's telephone: **8 (495) 780-73-63**
 E-mail: rost@rrost.ru
 Link to website of JSC R.O.S.T. REGISTRAR: <http://www.rrost.ru>

Branch of Registrar
Krasnodar branch of JSC R.O.S.T. Registrar
 Location: **42/105, Goroda Volos street, Rostov-on-Don, 344010**
 Tel/Fax: **(861) 255-21-01, (861) 210-03-28.**
 E-mail: krasnodar@mail.rrost.ru

Registrar's Transfer Agencies
Rostov branch of Joint-stock company "Independent Registrar Company" (JSC IRC)
 Location: **42/105, Goroda Volos street, Rostov-on-Don, 344010**
 Tel: **(863) 244-10-26**
 Reception Hours: **Monday through Friday, from 9:00 to 14:00 without a break**

Volgograd branch of Joint-stock company "Independent Registrar Company" (JSC IRC)
 Location: **19 Mira st., office 309, Volgograd, 400131**
 Tel: **(8442) 24-72-74, 24-72-79**

Novorossiysk branch of Joint-stock company "Independent Registrar Company" (JSC IRC)
 Location: **1 Liberty st. office 117, Novorossiysk, Krasnodar Region, 353900**
 Tel: **(8617) 64-29-00, 60-10-33**

Dividend Payment Hotline
 Information on the dividend payout on the PJSC Rosseti South's shares for 2017, 2018 can be obtained from JSC R.O.S.T. Registrar by calling the hotline: **+7 (495) 780-73-63**, or by contacting JSC R.O.S.T. Registrar via e-mail: rost@rrost.ru.

Auditor of PJSC Rosseti South:
 Full company name: **Limited Liability Company Ernst & Young**
 Short company name: **LLC Ernst & Young**
 Legal address:
77 Sadovnicheskaya nab., 1 bldg., Moscow, Russia, 115035
 Location:
77 Sadovnicheskaya nab., 1 bldg., Moscow, Russia, 115035
 TIN: **7709383532**
 Primary State Registration Number (OGRN): **1027739707203**
 Tel: **8 (495) 755-97-00. Fax: 8 (495) 755-97-01**

GRI 102-53 Contact point for questions regarding the report

Contact Data of the Corporate Governance and Shareholder Relations Department:
 Corporate Governance and Shareholder Relations Department:
 Free telephone hotline for shareholders
 Monday through Friday, from 8 a.m to 5 p.m., MSK
 Tel: **+7 863 307-08-38**
 E-mail: pavlovaen@rosseti-yug.ru

Appendices

1. RAS financial reporting with Audit report on the reliability of statement of financial performance for 2019

Independent Auditor's Report

for the shareholders and the Board of Directors of Public Joint-Stock Company Rosseti South

Opinion

We have audited the accompanying Accounting (Financial) Statements of Public Joint-Stock Company Interregional Distribution Grid Company of the South (the Company), which comprise the Balance Sheet as at 31 December 2019 and the 2019 Profit and Loss Statement and Appendices thereto.

In our opinion, the accompanying Accounting (Financial) Statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, as well as its financial performance and consolidated cash flows for the year 2019 according to the Russian Federation rules for accounting (financial) statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Accounting (Financial) Statements section of our Report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' (IESBA Code), as well as with the ethics requirements applicable to our audit of Accounting (Financial) Statements within the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Accounting (Financial) Statements of the current period. These matters were addressed in the context of our audit of the Accounting (Financial) Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each of the matters specified below we have given explanations on a procedure of addressing the same in the above said context. We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Accounting (Financial) Statements section of our report, including those relating to these matters. As a result, our audit comprises the procedures, which have been developed considering a risk of material misstatements in the Accounting (Financial) Statements. The outcomes of our audit procedures, including those for the matters specified below, are the basis for auditor's opinion on the accounting (financial) statements enclosed.

Key audit matters

Way of addressing

Recognition and assessment of revenues from power transmission services

Recognition and assessment of revenues from power transmission services are the most important matters of our audit due to specific nature of the electricity market drivers, which give rise to some mismatches between power grid, electricity retail, and other companies in relation to volume and value of transmitted power. Amount of revenues disputed by the counterparties is material for the Accounting (Financial) Statements of the Company. The Company's management assessments on a probability of resolving differences in their favour are rather subjective. The revenue will be recognised as soon as all the disputes are settled – considering the assumptions – in favour of the Company. The information on power transmission services revenue is disclosed in para 16 of the Explanatory Notes to the Balance Sheet and the Income Statement.

We have considered the applied accounting policies in respect of recognition of revenues from power transmission services; evaluated the internal control system as related to this revenue; checked calculation of appropriate revenue amounts on the ground of power transmission contracts in force; obtained confirmations of remaining receivables from the counterparties on a sampling basis; assessed the results of legal proceedings on the sums for services in dispute – if any – and current procedures of transmitted power volumes confirmation.

Impairment of receivables

The matter of receivables impairment was one of the most significant for our Audit, since there were great remaining receivables on the Company's balance as at 31 December 2019 and the Company's management evaluated a probability of discharge of the debt basing on some assumptions, in particular, on a forecast of paying capacity of the customers. The information on receivables impairment is disclosed in para 10 of the Explanatory Notes to the Balance Sheet and the Income Statement.

We have reviewed the Company's accounting policies in respect of receivables as related to provision for impairment, as well as procedures of assessments made by the Company's management, including assessment of receivables paid, periods and delays in repayments, and customers solvency analysis. We have fulfilled the audit procedures on the information, which had been used by the Company for the receivables impairment, surveyed the structure of accounts receivable with regard to periods of debt creation and payment, and tested calculation of accrued provisions based on the management assessments.

Recognition, assessment, and disclosure of provisions and conditional obligations

Recognition, assessment, and disclosure of provisions and conditional obligations with regard to court proceedings and claims from the counterparties (including territorial grid and electricity retail companies) were the most crucial issues of the Audit since these issues required significant judgements from the management on essential amounts in the balance of counterparties payments being under court proceedings or mediation procedures. The information on provisions and conditional obligations is disclosed in para 13 of the Explanatory Notes to the Balance Sheet and the Income Statement.

The audit procedures included analysis of judgements made by courts of different jurisdictions; review of the management statements relating to assessment of possible economic resources outflows due to resolution of disagreements; study of submitted documentation compliance with provisions of contracts in force and the legislation; analysis of conditional and estimated obligations disclosure in the Explanatory Notes to the Balance Sheet and the Income Statement.

Responsibilities of the management and the Board of Directors Audit Committee for the Accounting (Financial) Statements

The management is responsible for preparation and fair presentation of the specified Accounting (Financial) Statements in accordance with the Russian Federation rules for accounting (financial) statements, and for such internal control as management determines is necessary to enable the preparation of Accounting (Financial) Statements that are free from material misstatements, whether due to fraud or error.

In preparing the Accounting (Financial) Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors has responsibility for supervising the process of developing the Accounting (Financial) Statements of the Company.

Auditor's responsibilities for the audit of the Accounting (Financial) Statements

Our objectives are to obtain reasonable assurance about whether the Accounting (Financial) Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Accounting (Financial) Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Accounting (Financial) Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Company under audit;
- evaluate the appropriateness of accounting policies used, the reasonableness of assessed values calculated by the management, and corresponding information disclosure;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company under audit to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Accounting (Financial) Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the Accounting (Financial) Statements, including the disclosures, and whether the Accounting (Financial) Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Important circumstances

We draw attention to Explanatory Note 21 "Events After the Reporting Date" to the Balance Sheet and the Income Statement, specifically to the fact that on 14 February 2020 the Company changed its name from Public Joint-Stock Company Interregional Distribution Grid Company of the South to Public Joint Stock Company Rosseti South. We do not express any modified opinion on this issue.

Other information

Accounting (Financial) Statements of Public Joint-Stock Company Interregional Distribution Grid Company of the South for year 2017 was audited by another auditor, which on 22 February 2018 expressed unmodified opinion on the Statements.

Other information included into the Annual Report

Related information comprises the information included into the Annual Report, but does not cover the Accounting (Financial) Statements and the Auditor's Report on the Statements. The responsibility for related information lays on the management.

Our opinion on the Accounting (Financial) Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Accounting (Financial) Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Accounting (Financial) Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have no data on such facts.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the Committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the Accounting (Financial) Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A person in charge of audit being a basis for the present Independent Auditor's Report – A. Kalmykova.

A. Kalmykova
Partner
LLC Ernst & Young



20 February 2020

Information on entity under audit

Name: Public Joint Stock Company Rosseti South

The registration entry was made in the Unified State Register of Legal Entities on 28 June 2007 under state registration number 1076164009096.

Address: 49 Bolshaya Sadovaya st., Rostov-on-Don, Russia, 344002

Information on Auditor

Name: LLC Ernst & Young

The registration entry was made in the Unified State Register of Legal Entities on 5 December 2002 under state registration number 1027739707203.

Address: 77 bldg. 1 Sadovnicheskaya nab., Moscow, Russia, 115035

LLC Ernst & Young is a member of the Self-Regulatory Organisation of Auditors Association "Sodruzhestvo". LLC Ernst & Young is included into the check copy of the Auditors' Register under primary state registration number 12006020327.

Balance sheet report as at 31 December 2019

		Codes	
		Form of OKUD	0710001
		Date (day, month, year)	31.12.2019
Organisation	PJSC IDGC of the South	OKPO	80380011
Taxpayer ID		INN	6164266561
Economic activity	Electricity transmission and connection to distribution grids	OKVED 2	35.12
Type of business entity/ownership			12247/49
Public Joint Stock Company/private ownership		OKOPF/OKFS	
Unit of measurement: RUB '000		OKEI	384
Location (address)	49 Bolshaya Sadovaya st., Rostov-on-Don, 344002		
The accounting reporting is subject to audit on a mandatory basis.		Yes	
Name of the audit organisation/last name, first name, patronymic name (if any) of the individual auditor		LLC Ernst & Young	
Taxpayer ID of auditor organisation/individual auditor		INN	7709383532
Primary state registration number of auditor organisation/individual auditor		OGRN/OGRIP	'1027739707203

Explanatory notes	Indicator	Item code	31 December 2019	31 December 2018	31 December 2017
5.1.1.-5.2.2.	ASSET				
	I. INTANGIBLE ASSETS				
	Intangible assets	1110	24,501	1,125	1,406
5.2.2.	including unfinished operations to acquire intangible assets	1111	818	-	-
5.2.1.-5.2.2.	Research and development results	1120	31 318	44 975	30,051
5.2.2.	including unfinished researches and developments	1121	5,009	19,953	16,807
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
5.3.1.-5.3.6.	Fixed assets	1150	28,614,412	28,180,015	28,696,683
	land property and natural resources sites	1151	32,881	30,761	30,511
	buildings, machinery and equipment, structures	1152	25,344,031	25,580,765	26,158,356
	other types of fixed assets	1153	275,492	200,638	158,021
5.3.5.	construction in progress	1154	2,659,708	2,071,961	2,159,154
5.3.6.	advances paid for capital construction and acquisition of fixed assets	1155	36	1 635	475
	raw materials intended for use in the creation of fixed assets	1156	302,264	294,255	190,166
5.3.1.	Income yielding investments into tangible assets	1160	-	-	-
5.4.1.-5.4.3.	Financial investments	1170	2,600,462	127,470	134,564
	investments in subsidiaries	1171	2,595,347	124,174	130,406

Explanatory notes	Indicator	Item code	31 December 2019	31 December 2018	31 December 2017
	investments in affiliates	1172	-	-	-
	investments in other organisations	1173	5,115	3,296	4,158
	loans granted to organisations for a period of more than 12 months	1174	-	-	-
	financial investments	1175	-	-	-
5.7.2.	Deferred tax assets	1180	1,745,163	796,006	1,014,599
	Other non-current assets	1190	182,750	66,969	79,501
	Total for Section I	1100	33,198,606	29,216,560	29,956,804
II. CURRENT ASSETS					
5.5.1-5.5.2.	Inventories	1210	682,368	713,637	718,177
	raw materials, materials and other similar values	1211	682,307	712,891	718,162
	costs for work in progress	1212	-	-	-
	finished products and goods for resale	1213	61	21	15
	goods despatched	1214	-	725	-
	unclassified stores and costs	1215	-	-	-
	Value added tax on acquired assets	1220	7,766	5,446	7,990
5.6.1.-5.6.4.	Accounts receivable	1230	9,527,776	14,267,653	13,691,892
	Payments are expected more than 12 months after the reporting date	1231	1,815,511	1,995,606	10,980
	trade receivables	123101	1,493,448	1,987,866	3,106
	bills receivable	123102	-	-	-
	advances paid	123103	975	1,165	1,798
	other accounts receivable	123104	321,088	6,575	6,076
	Payments are expected during 12 months after the reporting date	1232	7,712,265	12,272,047	13,680,912
	trade receivables	123201	6,362,189	10,772,230	12,124,945
	bills receivable	123202	-	-	-
	dividends payable by subsidiaries and affiliates	123203	-	-	-
	debt of participants (founders) on contributions to the share capital	123204	-	-	-
	advances paid	123205	128,845	18,594	31,423
	other accounts receivable	123206	1,221,231	1,481,223	1,524,544
5.4.1-5.4.3.	Financial investments (excluding cash equivalents)	1240	-	-	-
	loans granted to organisations for a period of less than 12 months	1241	-	-	-
	Other short-term financial investments	1242	-	-	-
Form F.4	Cash and cash equivalents	1250	483,316	1,040,215	434,337
	cash account	1251	-	-	-
	settlement account	1252	476,584	1,034,170	428,131
	currency account	1253	-	-	-
	other cash assets	1254	6,732	6,045	6,206
	Other current assets	1260	362,942	269,306	266,491
	Total for Section II	1200	11,064,168	16,296,257	15,118,887
	BALANCE SHEET	1600	44,262,774	45,512,817	45,075,691

Explanatory notes	Indicator	Item code	31 December 2019	31 December 2018	31 December 2017
LIABILITY					
III. CAPITAL AND RESERVES					
3.1.	Share capital (joint capital, authorised fund, contributions of partners)	1310	8,203,960	6,903,906	6,117,814
3.1.	Capital (before registration of changes)	1311	6,960,000	-	786,092
3.1.	Treasury shares	1320	-	-	-
5.3.1.,5.1.1.	Revaluation of non-current assets	1340	14,454,556	14,600,286	14,630,345
3.1.	Additional paid-in capital (without revaluation)	1350	-	-	-
3.1.	Reserve funds	1360	239,232	183,146	157,574
3.1.	Retained profit (uncovered loss)	1370	(18,007,152)	(14,337,049)	(14,861,533)
	of past years	1371	(14,808,692)	(14,337,049)	(14,861,533)
	of the reporting period	1372	(3,198,460)	-	-
	Total for Section III	1300	11,850,596	7,350,289	6,830,292
IV. LONG-TERM LIABILITIES					
5.6.7.-5.6.8.	Borrowed assets	1410	16,502,022	23,932,022	21,588,750
	bank loans payable more than 12 months after the reporting date	1411	11,502,022	18,932,022	16,588,750
	loans payable more than 12 months after the reporting date	1412	5,000,000	5,000,000	5,000,000
5.7.2.	Deferred tax liabilities	1420	1,078,606	1,000,247	944,306
5.7.1.	Estimated liabilities	1430	-	-	-
5.6.5.-5.6.6.	Other liabilities	1450	755,382	3,368,207	3,794,797
	Total for Section IV	1400	18,336,010	28,300,476	26,327,853
V. CURRENT LIABILITIES					
5.6.7.-5.6.8.	Borrowed assets	1510	9,658	1,625,511	2,798,563
	bank loans payable during 12 months after the reporting date	1511	9,658	1,515,411	2,798,563
	loans payable during 12 months after the reporting date	1512	-	110,100	-
5.6.5.-5.6.6.	Accounts payable	1520	11,428,441	6,403,365	6,813,989
	trade payables	1521	7,792,457	4,005,603	4,399,916
	bills payable	1522	-	-	-
	salaries and wages payable	1523	326,600	335,786	278,098
	payables to state non-budgetary funds	1524	280,862	210,293	162,994
	tax liabilities	1525	754,556	688,135	785,789
	advances received	1526	1,299,117	861,147	889,569
	accrued dividends	1527	7,423	5,200	1,762
	other accounts payable	1528	967,426	297,201	295,861
	Unearned revenues	1530	28,695	28,023	32,323
5.7.1.	Estimated liabilities	1540	2,608,320	1,804,239	2,271,758
	Other liabilities	1550	1,054	914	913
	Total for Section V	1500	14,076,168	9,862,052	11,917,546
	BALANCE SHEET	1700	44,262,774	45,512,817	45,075,691

A. Rybin
Deputy General Director for Economics and Finance

G. Savin
General accountant

20 February 2020

Profit and loss statement for 12 months 2019

		Codes	
		Form of OKUD	0710001
		Date (day, month, year)	31.12.2019
Organisation	PJSC IDGC of the South	OKPO	80380011
Taxpayer ID		INN	6164266561
Economic activity	Electricity transmission and connection to distribution grids	OKVED 2	35.12
Type of business entity/ownership			12247/49
Public Joint Stock Company/private ownership		OKOPF/OKFS	
Unit of measurement: RUB '000		OKEI	384

Explanatory notes	Indicator	Code	For 12 months 2019	For 12 months 2018
	Revenue	2110	36,966,432	36,394,026
	Including			
	revenue from electricity transmission	2111	34,911,007	34,928,358
	revenue from grid connection	2112	847,571	380,107
	proceeds from the functioning and development of the UES of Russia in terms of the distribution power grid complex	2113	-	-
	revenue from electricity and capacity resale	2114	922,720	847,327
	income from shareholdings	2115	-	-
	income from rentals	2116	19,836	36,939
	proceeds from the sale of other products, goods, works, services of industrial type	2117	229,100	168,333
	proceeds from the sale of other products, goods, works, services of non-industrial type	2118	36,198	32,962
2.1.	Cost of sales	2120	(31,834,884)	(30,683,371)
	including			
	own costs of electricity transmission	2121	(30,670,620)	(29,589,701)
	own costs of grid connection	2122	(163,730)	(144,079)
	own costs of the functioning and development of the UES of Russia in terms of the distribution power grid complex	2123	-	-
	own costs of electricity and capacity resale	2124	(776,451)	(734,564)
	own costs of shareholdings	2125	-	-
	own costs of rental services	2126	(7,519)	(14,171)
	own costs of the sale of other products, goods, works, services of industrial type	2127	(180,716)	(161,142)
	own costs of the sale of other products, goods, works, services of non-industrial type	2128	(35,848)	(39,714)
	Gross profit (loss)	2100	5,131,548	5,710,655
2.1.	Selling costs	2210	(23,111)	(22,475)
2.1.	Management costs	2220	(797,191)	(729,689)

	Profit (loss) from sales	2200	4,311,246	4,958,491
	Income from shareholdings	2310	238	1,014
	Interest receivable	2320	359,644	47,438
	Interest payable	2330	(2,441,340)	(2,507,908)
5.11.	Other revenues	2340	3,713,845	3,652,331
5.11.	Other expenses	2350	(9,761,270)	(4,662,545)
	Profit (loss) before tax	2300	(3,817,637)	1,488,821
2.3.	Current profit tax	2410	(69,541)	(408,083)
2.3.	including permanent tax liabilities (assets)	2421	(44,310)	382,550
2.3.	Change in deferred tax liabilities	2430	(81,349)	(56,919)
2.3.	Change in deferred tax assets	2450	958,727	(215,312)
2.3.	Other	2460	(188,660)	88,749
	Net profit (loss)	2400	(3,198,460)	897,256
FOR REFERENCE				
5.1.1.	The result from the revaluation of non-current assets not included in the net profit (loss) of the period	2510	-	-
5.3.1.				
3.2.	Result from other operations not included in net profit (loss) of the period	2520	-	-
	Cumulative financial result for the period	2500	(3,198,460)	897,256
2.2.	Basic earnings (loss) per share	2900	-0,039	0,013
2.2.	Diluted earnings (loss) per share	2910	-0,039	0,013

A. Rybin
Deputy General Director for Economics and Finance

G. Savin
General accountant

20 February 2020

2. Consolidated statements in accordance with IFRS with the Audit opinion on the reliability of the consolidated financial statement for 2019

Independent Auditor's Report

for the shareholders and the Board of Directors of Public Joint-Stock Company Rosseti South

Opinion

We have audited the accompanying Consolidated Financial Statements of Public Joint-Stock Company Interregional Distribution Grid Company of the South and its subsidiaries (the Group), which comprise the Consolidated Financial Statement as at 31 December 2019, the Consolidated Statements of income, loss, and comprehensive incomes, the Consolidated Statements of changes in equity and cash flows in 2019, as well as the Notes to the Consolidated Financial Statements, including a brief review of main principles for accounting policies.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, as well as its consolidated financial performance and consolidated cash flows for the year 2019, in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' (IESBA Code), as well as with the ethics requirements applicable to our audit of Consolidated Financial Statements within the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each of the matters specified below we have given explanations on a procedure of addressing the same in the above said context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including those relating to these matters. As a result, our audit comprises the procedures, which have been developed considering a risk of material misstatements in the Consolidated Financial Statements. The outcomes of our audit procedures, including those for the matters specified below, are the basis for auditor's opinion on the Consolidated Financial Statements enclosed.

Key audit matters	Way of addressing
Recognition and assessment of revenues from power transmission services	
Recognition and assessment of revenues from power transmission services are the most important matters of our audit due to specific nature of the electricity market drivers, which give rise to some mismatches between power grid, electricity retail, and other companies in relation to volume and value of transmitted power. Amount of revenues disputed by the counterparties is material for the Financial Statements of the Group. The Group's management assessments on a probability of resolving differences in their favour are rather subjective. The revenue will be recognised as soon as all the disputes are settled – considering the assumptions – in favour of the Group. The information on power transmission services revenue is disclosed in para 8 of the Notes to the Consolidated Financial Statements.	We have considered the applied accounting policies in respect of recognition of revenues from power transmission services; evaluated the internal control system as related to this revenue; checked calculation of appropriate revenue amounts on the ground of power transmission contracts in force; obtained confirmations of remaining receivables from the counterparties on a sampling basis; assessed the results of legal proceedings on the sums for services in dispute – if any – and current procedures of transmitted power volumes confirmation.
Provision for expected credit losses due to trade receivables	
The matter of creating the provision for expected credit losses due to trade receivables was one of the most significant for our Audit, since there were great remaining trade receivables as at 31 December 2019 and the Group's management evaluated a probability of discharge of the debt basing on some assumptions, in particular, on a forecast of paying capacity of the customers. The information on provision for expected credit losses due to trade receivables is disclosed in para 21 of the Notes to the Consolidated Financial Statements.	We have reviewed the Group's accounting policies in respect of trade receivables as related to provision for expected credit losses, as well as procedures of assessments made by the Group's management, including assessment of trade receivables paid, periods and delays in repayments, and customers solvency analysis. We have fulfilled the audit procedures on the information, which had been used by the Group for defining the provision for expected credit losses due to trade receivables, surveyed the structure of accounts receivable with regard to periods of debt creation and payment, and tested calculation of accrued provisions based on the management assessments.
Recognition, assessment, and disclosure of provisions and conditional obligations	
Recognition, assessment, and disclosure of provisions and conditional obligations with regard to court proceedings and claims from the counterparties (including territorial grid and electricity retail companies) were the most crucial issues of the Audit since these issues required significant judgements from the management on essential amounts in the balance of counterparties payments being under court proceedings or mediation procedures. The information on provisions and conditional obligations is disclosed in para 32 of the Notes to the Consolidated Financial Statements.	Among others, the audit procedures included analysis of judgements made by courts of different jurisdictions; review of the management statements relating to assessment of possible economic resources outflows due to resolution of disagreements; study of submitted documentation compliance with provisions of contracts in force and the legislation; analysis of conditional and estimated obligations disclosure in the Notes to the Consolidated Financial Statements.
Impairment of non-current assets	
Due to the signs of non-current assets impairment recorded as at 31 December 2019, the Group has fulfilled an impairment test. Value in use of fixed assets, which are the significant share of the non-current assets, was determined as at 31 December 2019 by a method of forecasting cash flows. The matter of the fixed assets testing for impairment was one of the most significant for our audit, since the fixed assets balance makes the major portion of all Group's assets as at the reporting date, and the assessment process adopted by the management is very complicated, rather subjective, and based on some assumptions, in particular, on a forecast of power transmission volumes, tariffs for electricity transmission, and operating and capital expenditures, which depend on expected Russian market and economics conditions. The information on the results of non-current assets testing for impairment is disclosed by the Group in para 15 of the Notes to the Consolidated Financial Statements.	In the scope of our audit procedures we, among other matters, evaluated the assumptions and methods used by the Group, in particular those, which relate to projected volumes of revenue from power transmission, tariff solutions, operating and capital expenditures, long-term rates of tariff growth and discount rates. We have checked the incoming data and arithmetic truth of the model, which was used to define recoverable amount in test of the fixed assets impairment. We have engaged the assessment specialists into analysis of the model, which was used to define recoverable amount in test of the fixed assets impairment. We have also analysed sensitivity of the model to changes in main performances of assessment and information disclosed by the Group in regard to assumptions being the main drivers for the impairment test results.

Important circumstances

We draw attention to para 37 "Events After the Reporting Date" of the Notes to the Consolidated Financial Statements, specifically to the fact that on 14 February 2020 the Company changed its name from Public Joint-Stock Company Interregional Distribution Grid Company of the South to Public Joint Stock Company Rosseti South. We do not express any modified opinion on this issue.

Other information included into the Annual Report

Related information comprises the information included into the Annual Report, but does not cover the Consolidated Financial Statements and the Auditor's Report on the Statements. The responsibility for related information lays on the management.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have no data on such facts.

Responsibilities of the management and the Board of Directors Audit Committee for the Consolidated Financial Statements

The management is responsible for preparation and fair presentation of the present Consolidated Financial Statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Board of Directors has responsibility for supervising the process of developing the Consolidated Financial Statements of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group under audit;
- evaluate the appropriateness of accounting policies used, the reasonableness of assessed values calculated by the management, and corresponding information disclosure;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group under audit to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the overall direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with the Committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our Report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A person in charge of audit being a basis for the present Independent Auditor's Report – A. Kalmykova.

A. Kalmykova
Partner
LLC Ernst & Young



10 March 2020

Information on entity under audit

Name: PJSC Rosseti South

The registration entry was made in the Unified State Register of Legal Entities on 28 June 2007 under state registration number 1076164009096.

Address: 49 Bolshaya Sadovaya st., Rostov-on-Don, Russia, 344002

Information on Auditor

Name: LLC Ernst & Young

The registration entry was made in the Unified State Register of Legal Entities on 5 December 2002 under state registration number 1027739707203.

Address: 77 bldg. 1 Sadovnicheskaya nab., Moscow, Russia, 115035

LLC Ernst & Young is a member of the Self-Regulatory Organisation of Auditors Association "Sodruzhestvo". LLC Ernst & Young is included into the check copy of the Auditors' Register under primary state registration number 12006020327.

Consolidated statement of profit or loss and other comprehensive income for the year ended on 31 December 2019 (in thousands of Russian roubles, unless otherwise stated)

	Note	For the year ended on 31 December	
		2019	2018
Revenue	8	38,017,251	36,544,975
Opex	11	(36,742,519)	(33,806,086)
Accrued provision for expected credit losses		(3,426,450)	(697,568)
Net accrued loss from fixed assets impairment		(614,661)	-
Other revenues	9	929,435	1,811,562
Other expenses	10	-	(46,932)
Operating activities performance		(1,836,944)	3,805,951
Finance income	13	439,477	111,116
Finance expenses	13	(2,518,763)	(2,523,593)
Total finance expenses		(2,079,286)	(2,412,477)
(Loss)/profit before tax		(3,916,230)	1,393,474
Savings/(expenses) on profit tax	14	652,669	(673,077)
(Loss)/profit for a period		(3,263,561)	720,397
Other aggregate income			
Items, which can be reclassified to profit or loss			
Changes in fair value of equity investments considered by fair value via other aggregate income		1,819	(862)
Profit tax	14	(364)	172
Revaluation of obligations on the defined benefit programs	28	(157,423)	5,542
Total items, which can be reclassified to profit or loss		(155,968)	4,852
Other comprehensive (expenses)/income for the period, net of profit tax		(155,968)	4,852
Total comprehensive (expenses)/income for the period		(3,419,529)	725,249
Receivable (loss)/profit:			
for the Company's owners		(3,263,561)	720,397
Total aggregate receivable (loss)/profit:			
for the Company's owners		(3,419,529)	725,249
(Loss)/profit per share			
Base and diluted (loss)/profit per ordinary share (RUB)	25	(0.042)	0.010

The present Consolidated Financial Statements are approved by the management on 10 March 2020 and signed on behalf of the management by the following persons:

B. Ebzeev
General director

G. Savin
General accountant

Consolidated Statement of Financial Position as at 31 December 2019 (in thousands of Russian roubles, unless otherwise stated)

	Note	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Fixed assets	15	23,428,237	21,193,599
Intangible assets	16	204,899	149,897
Assets with the rights of use	17	844,015	-
Trade and other receivables	21	1,581,256	1,659,658
Other non-current financial assets	18	5,125	3,296
Deferred tax assets	19	1,047,942	232,238
Advances made and other non-current assets	22	952	1,165
Total non-current assets		27,112,426	23,239,853
Current assets			
Inventories	20	915,154	748,036
Profit tax prepayment	14	192,493	434,146
Trade and other receivables	21	7,894,117	11,492,376
Cash and cash equivalents	23	571,848	1,132,261
Advances made and other current assets	22	400,695	202,310
Total current assets		9,974,307	14,009,129
Total assets		37,086,733	37,248,982
Capital and liabilities			
Capital			
Equity capital	24	8,203,960	6,903,906
Provision for capital stock issues	24	6,960,000	-
Other provisions		(365,696)	(209,728)
Retained loss		(10,748,287)	(6,923,439)
Total capital receivable to the Company's owner		4,049,977	(229,261)
Non-current liabilities			
Long-term borrowed assets	26	17,352,848	23,932,022
Long-term trade and other payables	29	677,590	3,330,205
Long-term advances received	31	84,813	83,008
Obligations on employees remuneration	28	291,501	97,696
Total non-current liabilities		18,406,752	27,442,931
Short-term liabilities			
Short-term borrowed assets and short-term portion of long-term borrowed assets	26	709,117	1,625,511
Trade and other payables	29	9,749,447	5,769,643
Taxes payable, net of profit tax	30	1,086,040	905,676
Advances received	31	1,384,773	863,019
Provisions	32	1,700,031	871,463
Current profit tax payable		596	-
Total current liabilities		14,630,004	10,035,312
Total liabilities		33,036,756	37,478,243
Total capital and liabilities		37,086,733	37,248,982

3. Information on the structure of the property portfolio of PJSC IDGC of the South and its changes for the period from 1 January 2019 to 31 December 2019

S. No.	Name	Physical quantities: overhead lines, cable lines – length along the circuits (km); for substations, other Assets – quantity (pcs.)	Carrying (remaining) value as of 01.01.2019 (RUB '000)	Received between 01.01.2019 and 31.12.2019 (RUB '000)	Disposed between 01.01.2019 and 31.12.2019 (RUB '000)	Accrued depreciation between 01.01.2019 and 31.12.2019 (RUB '000)	Carrying (remaining) value as of 31.12.2019 (RUB '000)
1	Assets related to power grid facilities, including:	-	21,267,735.00	7,303,858.00	717,362.00	2,587,503.00	25,266,728.00
1.1.	220 kV and above overhead lines	141.00	77,130.00	0.00	24,668.00	3,327.00	49,135.00
1.2.	110 kV overhead lines	19,028.26	3,828,520.00	5,346.00	0.00	313,210.00	3,520,656.00
1.3.	35 kV overhead lines	12,149.74	971,494.00	10,653.00	4,754.00	79,793.00	897,600.00
1.4.	10 kV and above overhead lines	127,621.33	5,390,181.00	806,200.00	1,863.00	649,272.00	5,545,246.00
1.5.	220 kV and above substations	2.00	3,981.00	0.00	3,240.00	396.00	345.00
1.6.	110 kV substations	638.00	4,472,430.00	126,773.00	234,386.00	418,574.00	3,946,243.00
1.7.	35 kV substations	568.00	545,084.00	48,216.00	804.00	69,280.00	523,216.00
1.8.	10 kV and below substations	31,146.00	1,278,827.00	1,069,569.00	75,048.00	136,625.00	2,136,723.00
1.9.	Cable lines (all voltage classes)	2,685.13	2,472,633.00	233,952.00	16,772.00	174,335.00	2,515,478.00
1.10.	Other assets designed to provide electrical connections		2,227,455.00	5,003,149.00	355,827.00	742,691.00	6,132,086.00
2	Non-core Assets listed on the "Register of non-core assets"	24.00	106,520.00	0.00	52,660.00	2,160.00	51,700.00
3	Other Assets (p.3 = p. 4 – p.2 – p.1)	0.00	4,437,909.00	695,794.00	4,745,777.00	53,950.00	333,976.00
3.1.	owned land	417.00	30,593.00	2,120.00	0.00	0.00	32,713.00
4	"Fixed assets" (balance sheet line)	160,983.00	25,812,164.00	7,999,652.00	5,515,799.00	2,643,613.00	25,652,404.00
5	Rented assets related to power grid facilities, including:	-	360,915.00	64,402.00	282,616.00	0.00	142,701.00
5.1.	220 kV and above overhead lines	0.00	0.00	0.00	0.00	0.00	0.00
5.2.	110 kV overhead lines	0.00	0.00	0.00	0.00	0.00	0.00
5.3.	35 kV overhead lines	11.00	0.00	0.00	0.00	0.00	0.00
5.4.	10 kV and above overhead lines	222.93	58,220.00	18,766.00	26,381.00	0.00	50,605.00
5.5.	220 kV and above substations	0.00	0.00	0.00	0.00	0.00	0.00

S. No.	Name	Physical quantities: overhead lines, cable lines – length along the circuits (km); for substations, other Assets – quantity (pcs.)	Carrying (remaining) value as of 01.01.2019 (RUB '000)	Received between 01.01.2019 and 31.12.2019 (RUB '000)	Disposed between 01.01.2019 and 31.12.2019 (RUB '000)	Accrued depreciation between 01.01.2019 and 31.12.2019 (RUB '000)	Carrying (remaining) value as of 31.12.2019 (RUB '000)
5.6.	110 kV substations	1.00	129,264.00	434.00	123,291.00	0.00	6,407.00
5.7.	35 kV substations	1.00	0.00	0.00	0.00	0.00	0.00
5.8.	10 kV and below substations	133.00	17,450.00	0.00	842.00	0.00	16,608.00
5.9.	Cable lines (all voltage classes)	84,79	40,014.00	4,948.00	32,469.00	0.00	12,493.00
5.10.	Other rented assets designed to provide electrical connections	103.00	115,967.00	40,254.00	99,633.00	0.00	56,588.00
6	Other rented assets	7,530.00	3,323,757.00	87,928.00	203,231.00	0.00	3,208,454.00
6.1.	land property	7,518.00	3,290,901.00	74,046.00	195,322.00	0.00	3,169,625.00
7	Assets used under leasing agreements and related to power grid facilities, including:		0.00	0.00	0.00	0.00	0.00
7.1.	220 kV and above overhead lines		0.00	0.00	0.00	0.00	0.00
7.2.	110 kV overhead lines		0.00	0.00	0.00	0.00	0.00
7.3.	35 kV overhead lines		0.00	0.00	0.00	0.00	0.00
7.4.	10 kV and above overhead lines		0.00	0.00	0.00	0.00	0.00
7.5.	220 kV and above substations		0.00	0.00	0.00	0.00	0.00
7.6.	110 kV substations		0.00	0.00	0.00	0.00	0.00
7.8.	35 kV substations		0.00	0.00	0.00	0.00	0.00
7.9.	10 kV and below substations		0.00	0.00	0.00	0.00	0.00
7.10.	Cable lines (all voltage classes)		0.00	0.00	0.00	0.00	0.00
8	Other assets used under leasing agreements and related to power grid facilities, including:		0.00	0.00	0.00	0.00	0.00
9	Other assets used under leasing agreements		0.00	0.00	0.00	0.00	0.00
10	Total rented assets, including leased ones		3,684,672.00	152,330.00	485,847.00	0.00	3,351,155.00
	(p.10= p.5 + p.6 + p.7 + p.8 + p.9)			0.00	0.00	0.00	0.00
11	TOTAL (p.11 = p.4 + p.10)		29,496,836.00	8,151,982.00	6,001,646.00	2,643,613.00	29,003,559.00

4. Biographies of Governing Bodies Members

Biographies of current members of the Board of Directors in 2019



Olga Sergeeva
Chairman of the Board of Directors

Born in	1984
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	09.06.2018/31.05.2019
Position at the time of nomination	Deputy General Director – Head of the Office, PJSC Rosseti
Education	Higher Plekhanov Russian University of Economics Graduation year: 2006 Degree in: Economics and Corporate Management. Construction Qualification: Engineer-economist
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: is not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	



Pavel Grebtsov
Member of the Board of Directors from 31.05.2019,
Deputy Chairman of the Board of Directors

Born in	1976
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	31.05.2019
Position at the time of nomination	Deputy General Director for Economics at PJSC Rosseti
Education	Higher. Lomonosov Moscow State University, Management, 1998, Plekhanov Russian University of Economics, Qualification: Management, 2002.
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: is not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2012 - 2015	Department for Fuel and Energy Economy of Moscow Government	Head of Administrative Department
2015 - 2016	Department for Fuel and Energy Economy of Moscow Government	Head of Organisational and Legal Department
2016 - 2017	Department for Fuel and Energy Economy of Moscow Government	Deputy Head of Department for Fuel and Energy Economy of Moscow Government
2017 - 2017	Department for Fuel and Energy Economy of Moscow Government	Deputy Head of Department for Housing and Utilities of Moscow
2017 - 2017	Public Joint Stock Company Rosseti	Advisor
2017 - present time	Public Joint Stock Company Rosseti	Chief Advisor
2017 - present time	Public Joint Stock Company Rosseti	Member of the Management Board
2018 - 2019	Public Joint Stock Company Rosseti	Deputy General Director – Head of the Office
2018 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Chairman of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company Moscow United Electric Grid Company	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company of Energy and Electrification Lenenergo	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the North-West	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the North-West	Chairman of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company of Energy and Electrification of Kuban	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company of Energy and Electrification of Kuban	Chairman of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Member of the Board of Directors
2019 - 31.12.2019	All-Russian Branch Association of Employers of the Electric Power Industry "Energy Employment Organisation Association of Russia"	Chairman of the Supervisory Board

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2011 - 2015	Moscow Regional Energy Commission in the Moscow Government	Deputy Chairman, First Deputy Chairman, Chairman
2018 - 31.12.2019	Public Joint Stock Company Rosseti	Director of the Tariff Policy Department, Deputy General Director for Economics
2019 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Moscow United Electric Grid Company	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of Volga	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Member of the Board of Directors
2020 - present time	Public Joint Stock Company Rosseti	Interim Deputy General Director for Economics and Finance



Andrey Dobin
Member of the Board of Directors from 31.05.2019

Born in	1981
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	31.05.2019
Position at the time of nomination	General Director of Limited Liability Company Dynasty
Education	Higher. St Petersburg State University of Economics and Finance Faculty: Economics. "Accountancy and audit" North-Western Academy of State Service at the President of the Russian Federation Faculty: Administration management. Degree in: State and Municipal Management. The person has PM STANDART Specialist Certificate in the Sphere of Project Management.
Independency	Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2012 - 2019	Limited Liability Company Dynasty	Director
2019 - 2019	Limited Liability Company Dynasty	Strategy Director
2011 - 2015	Limited Liability Company Instyle	General Director
2013 - 2015	Limited Liability Company Alliance-Stroy	General Director
2019 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors



Vitaliy Zarkhin
Member of the Board of Directors from 31.05.2019

Born in	1976
Citizenship	Russian Federation
Nominated by	Company Lancrenan Investments Limited
Date of the first/last election to the Company's Board of Directors	31.05.2019
Position at the time of nomination	No position
Education	Higher. Higher School of Economics (1998 – bachelor's degree in Economics, 2000 – master's degree in Management)
Independency	At the time of nomination: Independent Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2011 - 2018	Gazprombank (Joint Stock Company)	Managing Director
2018 - 2019	Public Joint Stock Company Kuzbass Fuel Company	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Center and Volga Region	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Centre	Member of the Board of Directors
2019 - Present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors
2019 - 31.12.2019	Public Joint Stock Company Enel Russia	Member of the Board of Directors



Andrey Kolyada
Member of the Board of Directors from 06.06.2016

Born in	1984
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	06.06.2016/31.05.2019
Position at the time of nomination	Head of Securities and Information Disclosure in Department of Corporate Governance and Interaction with Shareholders and Investors of PJSC Rosseti
Education	Higher State University of Management, Institute of Energy Industry Management, degree in Corporate Management; Russian State University of Trade and Economics, degree in Law, qualification – Master of Laws
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	



Andrey Morozov
Member of the Board of Directors from 09.06.2018

Born in	1978
Citizenship	Russian Federation
Nominated by	Company Lancrenan Investments Limited
Date of the first/last election to the Company's Board of Directors	09.06.2018/31.05.2019
Position at the time of nomination	Legal Director of the Association of Professional Investors
Education	Higher All-Russian State University of Justice. Degree in Jurisprudence Harvard Law School, Master of Law.
Independency	At the time of nomination: Independent Director In accordance with the Listing Rules and Corporate Governance Code: is not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 2017	Public Joint Stock Company Rosseti	Head of Equity Capital Management in Department of Corporate Governance and Interaction with Shareholders and Investors
2014 2014	Open Joint Stock Company Yargorelektroset	Member of the Board of Directors
2014 2015	Open Joint Stock Company Realty of North West Power Engineering Centre	Member of the Board of Directors
2014 2016	Limited Liability Company Uralenergotrans	Member of the Board of Directors
2014 2016	Public Joint Stock Company of Energy and Electrification Lenenergo	Member of the Board of Directors
2014 present time	Public Joint Stock Company Dagestan Energy Retail Company	Member of the Board of Directors
2014 2017	Open Joint Stock Company Yantarenergoservice	Member of the Board of Directors
2016 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors
2017 2019	Public Joint Stock Company Rosseti	Head of Securities and Information Disclosure in Department of Corporate Governance and IShareholders and Investors Relations
2019 present time	Public Joint Stock Company Rosseti	Deputy Director of Department for Corporate Governance

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2003 2015	Moscow representative office of NCH Advisors, Ink.	Head of Legal Department
2008 2014	Open Joint Stock Company Ulyanovsky Avtomobilny Zavod	Member of the Board of Directors
2017 present time	Professional Investors Association	Legal Director
2018 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Center and Volga Region	Member of the Board of Directors
2018 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors
2019 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the North-West	Member of the Board of Directors



Farit Shaidullin
Member of the Board of Directors from 09.06.2018

Born in	1955
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	09.06.2018/31.05.2019
Position at the time of nomination	Head of the Analytical Department of the Situation and Analytical Centre of PJSC Rosseti
Education	Higher Ural State University of Railway Transport. Degree in electrification of railway transport. Qualification: Electrical Engineer
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - 2019	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	Head of the Analytical Department of the Situation and Analytical Centre
2019 - present time	Public Joint Stock Company Rosseti	Chief Expert of Production Activity Department
2014 - 2014	Open Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors
2015 - 2016	Public Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus	Member of the Board of Directors
2015 - 2019	Public Joint Stock Company Interregional Distribution Grid Company of Volga	Member of the Board of Directors
2018 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South/PJSC Rosseti South	Member of the Board of Directors



Lyudmila Selivanova
Member of the Board of Directors from 09.06.2018

Born in	1958
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	09.06.2018/09.06.2018
Position at the time of nomination	Deputy General Director for Relations with Government of PJSC Rosseti
Education	Higher Lomonosov Moscow State University, Candidate of Economic Sciences. Degree in journalism. Qualification: journalist
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - 2014	European Institute JUSTO	Head of the Department of Economic Development Problems, Head of the Department of Economic Policy, Taxes and Taxation
2017 - 2018	Public Joint Stock Company Rosseti	Advisor, Chief Advisor
2018 - 2019	Public Joint Stock Company Rosseti	Deputy General Director for Relations with Government
2019 - present time	Public Joint Stock Company Rosseti	Chief Advisor
2018 - 2019	Public Joint Stock Company of Energy and Electrification of Kuban	Member of the Board of Directors
2018 - 2019	Public Joint Stock Company Interregional Distribution Grid Company of Volga	Member of the Board of Directors
2018 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors



Aleksey Perets
Member of the Board of Directors from 09.06.2018

Born in	1980
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	09.06.2018/31.05.2019
Position at the time of nomination	Chief Advisor of PJSC Rosseti
Education	Higher St Petersburg State University
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	



Aleksandr Yuryev
Member of the Board of Directors from 31.05.2019

Born in	1962
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	31.05.2019
Position at the time of nomination	Head of the Office for the Coordination of Construction Control and Equipment of the Capital Construction Department of PJSC Rosseti
Education	Higher
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2011 - 2017	Own business projects in the fuel and energy sector	-
2017 - present time	Public Joint Stock Company Rosseti	Chief Advisor
2018 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus	Member of the Board of Directors
2018 - 31.12.2019	Public Joint Stock Company Tomsk Distribution Company	Member of the Board of Directors
2018 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors
2019 - 31.12.2019	Joint Stock Company Tyumenenergo	Member of the Board of Directors
2019 - 31.12.2019	Joint Stock Company Real Estate EC UES	Chairman of the Board of Directors
2019 - 31.12.2019	Association Nonprofit Partnership of Territorial Network Organisations	Chairman of the Supervisory Board

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - present time	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	Head of the Office for the Coordination of Construction Control and Equipment of the Capital Construction Department
2015 - 2018	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	General Director
2015 - present time	Joint Stock Company Technical Customer Centre	Member of the Board of Directors
2019 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Board of Directors



Boris Ebzeev
Member of the Board of Directors from 27.03.2015

Born in	1975
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	27.03.2015/31.05.2019
Position at the time of nomination	General Director of PJSC IDGC of the South
Education	Higher Lomonosov Moscow State University, degree in Law, qualification – lawyer Degree: Candidate of Legal Sciences, awarded title "Honorable Energetician"
Independency	At the time of nomination: Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	



Andrey Meshcheryakov
Member of the Board of Directors to 31.05.2019

Born in	1979
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	13.06.2017/09.06.2018
Position at the time of nomination	Head of the Department for Support of Design and Survey Works and Execution of Authorisation Documents of the Capital Construction Department of PJSC Rosseti
Education	Higher Stavropol State Agrarian University, degree in Electrical Engineering FSBEI Moscow Power Engineering Institute. Industrial management and project management
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2014 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Rosseti South	General Director, Chairman of the Management Board
2015 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Rosseti South	Member of the Board of Directors
2018 present time	PJS VMES/JSC VMES	Member of the Board of Directors, Chairman

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 2014	Limited Liability Company United Management Office for Design and Construction of the Centre for New Technologies Development and Commercialisation (Skolkovo Innovation Centre)	Engineer
2014 31.05.2019	Public Joint Stock Company Rosseti	Head of the Department for Support of Design and Survey Works and Execution of Authorisation Documents
2017 31.05.2019	Public Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors



Alexey Ozherelev

Member of the Board of Directors to 31.05.2019

Born in	1986
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	13.06.2017/09.06.2018
Position at the time of nomination	Head of the Governance Office for Organisation of Activity of the Management Board, Board of Directors of the Department for Corporate Governance and Interaction with Shareholders and Investors at PJSC Rosseti
Education	Higher. Moscow State University of Economics, Statistics and Informatics, Finance and Credit
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	



Aleksey Serov

Member of the Board of Directors to 31.05.2019

Born in	1979
Citizenship	Russian Federation
Nominated by	PJSC Rosseti
Date of the first/last election to the Company's Board of Directors	13.06.2017/09.06.2018
Position at the time of nomination	Director of the Finance Department at PJSC Rosseti
Education	Higher Lomonosov Moscow State University, Faculty of Mechanics and Mathematics (applied mathematics). New Economic School. Master of Finance. Plekhanov Russian University of Economics, banking management, risk management
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - 2018	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	Head of Management Office for Governance Bodies Activity Organisation, Head of Governance Office for Organisation of Activity of the Management Board, Board of Directors and Shareholder and Investor Relations of the Department for Corporate Governance and Interaction with Shareholders and Investors
2018 - 31.12.2019	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	Head of the Governance Office for Organisation of Activity of the Management Board, Board of Directors of the Department for Corporate Governance
2014 - 2015	Open Joint Stock Company Real Estate of the South Energy EC	Member of the Board of Directors
2014 - 2015	Closed Joint Stock Company Kurortenergo	Member of the Board of Directors
2014 - 2017	Open Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus/Public Joint Stock Company Interregional Distribution Grid Company of the Northern Caucasus	Member of the Board of Directors
2014 - 2017	Open Joint Stock Company Kuban Energoservice	Member of the Board of Directors
2016 - 31.12.2019	Public Joint Stock Company Federal Grid Company of the Unified Energy System	Corporate Secretary
2017 - 31.12.2019	Public Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors
2017 - 31.12.2018	Joint Stock Company Yantarenergo	Member of the Board of Directors

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - 31.12.2018	Open Joint Stock Company Rosseti/Public Joint Stock Company Rosseti	Director of the Finance Department
2015 - 2017	Joint Stock Company of Energy and Electrification Ingushenergo	Member of the Board of Directors
2016 - 2017	Public Joint Stock Company of Energy and Electrification of Kuban	Member of the Board of Directors
2016 - 2017	Joint Stock Company Real Estate EC UES	Member of the Board of Directors
2016 - 2017	Public Joint Stock Company Tomsk Distribution Company	Member of the Board of Directors
2017 - 31.12.2018	Public Joint Stock Company Interregional Distribution Grid Company of Ural	Member of the Board of Directors
2017 - 31.12.2018	Public Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors



Roman Filkin
Member of the Board of Directors to 31.05.2019

Born in	1983
Citizenship	Russian Federation
Nominated by	Company Lancrenan Investments Limited
Date of the first/last election to the Company's Board of Directors	04.07.2011/09.06.2018
Position at the time of nomination	Director for Electric Power Industry, Mechanical Engineering at the representative office of Prosperity Capital Management (RF) Ltd
Education	Higher: Financial Academy under the Government of the Russian Federation
Independency	At the time of nomination: Non-Executive Director In accordance with the Listing Rules and Corporate Governance Code: not an Independent Director
Holding of the Company's shares and Company's S&A, %	no shareholding
Transactions on acquisition or disposal of shares have not been implemented	

Biographies of the General Director and members of the collective executive body – the Management Board – in 2019



Boris Ebzeev
General Director, Chairman of the Management Board from 17 June 2014

Born in	1975
Citizenship	Russian Federation
Education	Higher Lomonosov Moscow State University, degree in Law. Institute of Legislation and Comparative Law, Candidate of Legal Sciences. awarded title "Honorable Energetician".

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2009 - 2015	Representative office of Prosperity Capital Management (RF) Ltd	Joint Director for Electric Power Industry, Mechanical Engineering
2009 - 31.12.2018	Open Joint Stock Company Interregional Distribution Grid Company of the Centre/Public Joint Stock Company Interregional Distribution Grid Company of the Centre	Member of the Board of Directors
2009 - 31.12.2018	Open Joint Stock Company Interregional Distribution Grid Company of the Center and Volga Region/Public Joint Stock Company Interregional Distribution Grid Company of the Center and Volga Region	Member of the Board of Directors
2012 - 2015	Open Joint Stock Company Urengoitruboprovodstroi	Member of the Board of Directors
2012 - 2016	Open Joint Stock Company Far Eastern Joint stock Company of Heat-Power Equipment Installation	Member of the Board of Directors
2013 - 2018	Open Joint Stock Company Smolensk Power Maintenance Company	Member of the Board of Directors
2013 - 2018	Open Joint Stock Company Territorial Generating Company No. 2/Public Joint Stock Company Territorial Generating Company No. 2	Member of the Board of Directors
2014 - 31.12.2018	Open Joint Stock Company Interregional Distribution Grid Company of the North-West/Public Joint Stock Company Interregional Distribution Grid Company of the North-West	Member of the Board of Directors
2015 - 31.05.2019	Representative office of Prosperity Capital Management (RF) Ltd	Director for Electric Power Industry, Mechanical Engineering
2016 - 31.12.2018	Open Joint Stock Company Kamensk-Uralsky Non-Ferrous Metal Working Plant	Member of the Board of Directors
2011 - 31.05.2019	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South	Member of the Board of Directors

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2014 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Rosseti South	General Director, Chairman of the Management Board
2015 - present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Rosseti South	Member of the Board of Directors
2018 - present time	PJS VMES/JSC VMES	Member of the Board of Directors, Chairman



Pavel Goncharov
Member of the Company's Management Board from 16 September 2011,
Deputy Chairman of the Management Board

Born in	1966
Citizenship	Russian Federation
Education	Higher education: Higher Pavlodar Industrial Institute, degree in Electric Systems. Volgograd Academy of State Service, retraining in State and Municipal Management. Degree in Jurisprudence, Qualification Lawyer.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 Present time	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director for technical issues – Chief Engineer
2013 Present time	Open Joint Stock Company Energoservis Yuga/Joint Stock Company Energoservis Yuga	Chairman of the Board of Directors



Dmitry Akopyan
Member of the Company's Management Board from 27 February 2019

Born in	1967
Citizenship	Russian Federation
Education	Higher education: Krasnodar "Order of the Red Banner" Labour Polytechnic Institute Autonomous non-profit organisation Higher Kuban Institute of International Business and Management

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2014 2016	Limited Liability Company Leader	Deputy General Director – Chief Engineer
2016 2018	Public Joint Stock Company Rosseti	Director of the Department for Investment Activity
2018 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director – Director of Rostovenergo branch of PJSC IDGC of the South
2019 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Member of the Management Board
2019 present time	Limited Liability Company YugStroyMontazh	General Director



Timur Alayev
Member of the Company's Management Board from 16 September 2011

Born in	1971
Citizenship	Russian Federation
Education	Higher education: Higher Novocherkassk Polytechnic Institute of the Order of the Red Banner of Labour n.a. Sergo Ordzhonikidze, Novocherkassk, degree in Automatic Management of Electric and Energy Systems.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 2016	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South	Deputy General Director – Director of Astrakhanenergo branch
2016 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director – Director of Kalmenergo branch at PJSC IDGC of the South/Deputy General Director – Director of Kalmenergo branch at PJSC Rosseti South



Yulianna Dzhabrailova
Member of the Company's Management Board from 7 September 2016

Born in	1981
Citizenship	Russian Federation
Education	Higher education: Higher Kuban Institute of International Business and Management, degree in Finance and Credit; Kuban State Agrarian University, degree in Agricultural Engineering.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2014 2015	Open Joint Stock Company Interregional Distribution Grid Company of the North Caucasus	Advisor
2015 2016	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South	Deputy Head of the Office
2016 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director – Head of the Office
2016 present time	Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Director of Kubanenergo branch at PJSC IDGC of the South/ Director of Kubanenergo branch at PJSC Rosseti South
2016 present time	Joint Stock Company Energetik Recreation Facility	Chairman of the Board of Directors



Oleg Musinov
Member of the Company's Management Board from 27 February 2019

Born in	1972
Citizenship	Russian Federation
Education	Education Higher. Higher Khabarovsk State Academy of Economics and Law. Volgograd State University. Training under the programme for managers preparation for organisation of national economy of the Russian Federation.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2014 present time	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director for Corporate Governance
2018 present time	Joint Stock Company Volgograd Interdistrict Electric Grids/ Public Joint Stock Company Volgograd Interdistrict Electric Grids/JSC VMES	Member of the Board of Directors



Grigory Savin
Member of the Company's Management Board from 26 February 2013

Born in	1952
Citizenship	Russian Federation
Education	Higher education All-Russian State Distance-Learning Institute of Finance and Economics, Moscow, degree in Labour Economics.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2008 present time	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Chief Accountant – Head of the Department for Financial and Tax Accounting and Reporting



Alexey Rybin
Member of the Company's Management Board from 30 September 2013

Born in	1972
Citizenship	Russian Federation
Education	Higher education: Higher Kharkiv Aviation Institute n.a. N. Ye. Zhukovskiy, Kharkiv, degree in Aviation Engines and Energy Plants. Rostov State University, degree in Law.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2012 present time	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director for Economics and Finance
2018 present time	Joint Stock Company Volgograd Interdistrict Electric Grids/ Public Joint Stock Company Volgograd Interdistrict Electric Grids/JSC VMES	Member of the Board of Directors



Aleksandr Chasovskoy
Member of the Company's Management Board from 21 April 2014

Born in	1957
Citizenship	Russian Federation
Education	Education Higher. Higher Mossovet Moscow Higher Border Command Red Banner School of the KGB of the USSR; Yuri Andropov Red Banner Institute of the KGB of the USSR.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 present time	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/PJSC Rosseti South	Deputy General Director for Security



Sergey Chekmarev
Member of the Company's Management Board from 30 September 2013 to 27 February 2019

Born in	1976
Citizenship	Russian Federation
Education	Higher education: Novocherkassk State Technical University, Novocherkassk, degree in Automatic Management of Electric and Energy Systems.

POSITIONS HELD OVER THE PAST 5 YEARS

Period, from/to	Organisation	Position
2013 - 2018	Open Joint Stock Company Interregional Distribution Grid Company of the South/Public Joint Stock Company Interregional Distribution Grid Company of the South/	Deputy General Director – Director of Kalmenergo branch of OJSC IDGC of the South.

5. Overview of Decisions taken in 2019

INFORMATION ON KEY DECISIONS TAKEN BY THE AUDIT COMMITTEE

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 92 dated 25 January 2019 In absentia	<p>On reviewing the results of anti-corruption monitoring of IDGC of the South, PJSC at year-end 2018.</p> <p>On reviewing the Company's compliance with the requirements of the Russian legislation on countering the misuse of insider information and market manipulation at year-end 2018.</p> <p>On reviewing a candidacy of an independent organisation for the independent assessment of the efficiency of the internal control system.</p>	<p>DECISION: Take note of the Report on the results of anti-corruption monitoring at IDGC of the South, PJSC at year-end 2018 as per Appendix 1 to the decision.</p> <p>DECISION: Take note of the Report on the Company's compliance with the requirements of the Russian legislation on countering the misuse of insider information and market manipulation at year-end 2018 as per Appendix 2 to the decision.</p> <p>DECISION: Take note of the Company's information on an independent assessment of efficiency of the internal control system of IDGC of the South, PJSC carried out by the Consortium comprising LLC Ernst & Young – Assessment and Consulting Services and LLC RSM RUS.</p>
2	Minutes No. 93 dated 15 February 2019 Joint attendance	<p>On reviewing the information of the Company's Management on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made at year-end 2018.</p> <p>On preliminary reviewing the internal audit report on Internal Audit Plan implementation and internal audit performance results, including results of self-assessment of internal audit quality by the end of 2018, and on implementation of the Action plan on development and improvement of the Company's internal audit function.</p> <p>On preliminary reviewing the information of the internal audit on the audit results regarding identification and implementation of non-core assets of the Company in 2018.</p>	<p>DECISION: Take note of the information of the Management of IDGC of the South, PJSC on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made at year-end 2018 as per Appendix 1 to the decision.</p> <p>DECISION: 1. Approve the Report on plan implementation of the internal audit of IDGC of the South, PJSC for 2018, including the results of the self-assessment of the internal audit activity quality in 2018 as per Appendix 2 to the decision. 2. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: Approve the Report on plan implementation of the internal audit of IDGC of the South, PJSC for 2018, including the results of the self-assessment of the internal audit activity quality in 2018 as per Appendix to the decision.</p> <p>DECISION: 1. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: 1. Take note of the Report on the assessment No. 1040-07/2019/1 dated 31 January 2019 on the inspection "Assessment of Implementation of the Programmes on Control of the Non-core Assets in IDGC of the South, PJSC for 2018" as per Appendix to the decision. 2. Recommend the Company's Management: 2.1. Provide implementation of the internal audit's recommendations resulting from the carried out audit. 2.2. Provide efficiency improvement of the system for internal control of the process of identification and implementation of the non-core assets.</p>

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
3	Minutes No. 94 dated 1 April 2019 Joint attendance	On preliminary reviewing the Report of the Sole Executive Body and Company's Management Board on organisation and functioning of the internal control system, including implementation of measures for improvement of the internal control system in 2018. On preliminary reviewing the Report of the Company's internal audit about efficiency assessment of the internal control system, risk management system in 2018.	DECISION: 1. Recommend the Board of Directors of IDGC of the South, PJSC: 1.1. Take note of the Report of the Sole Executive Body and Management Board of IDGC of the South, PJSC on organisation and functioning of the internal control system, including information on implementation of measures for improvement of the internal control system in 2018 as per Appendix 1 to the decision. 1.2 Define instructions to the Company's Management regarding further strategy for development of the internal control system after reviewing the results of the external independent assessment of the internal control system of IDGC of the South, PJSC. DECISION: Recommend the Board of Directors of IDGC of the South, PJSC to take note of the Report of the internal audit of IDGC of the South, PJSC on the efficiency assessment of the internal control and risk management systems as of year-end 2018 as per Appendix 2 to the decision.
4	Minutes No. 95 dated 2 April 2019 In absentia	On preliminary reviewing and approving the content of the section of the Company's Annual Report on the internal control system.	DECISION: 1. Based on reviewing the assessment of the internal audit and external independent efficiency assessment of the Company's internal control system by the Company's Board of Directors, update the data of the Annual Report's section "Internal Control System" concerning the maturity level of the internal control system and its efficiency assessment as of year-end 2018, as well as plans of the Management on further development of the internal control system. 2. With regard to paragraph 1 of the present decision, approve the content of the section of the Company's Annual Report on the internal control system as per Appendix to the decision.
5	Minutes No. 96 dated 29 April 2019 Joint attendance	On reviewing the Written Information given by the external auditor on the key problems of the accounting (financial) reporting of the Company in 2018 prepared in accordance with RAS and consolidated financial reporting of the Company in 2018 prepared in accordance with IFRS, and information of the Company's Management on corrections added as per the results of the reporting external audit. On reviewing the information of the Management regarding non-standard operations and events, as well as regarding the formation of a reserve on doubtful debts and estimated liabilities.	DECISION: Based on the results of reviewing the Written Information (of the auditor's report), the management of LLC Ernst & Young and Audit Committee of the Board of Directors of IDGC of the South, PJSC on Key Problems of Accounting and Reporting shall note absence of significant remarks of the external auditor affecting the conclusion on reporting reliability as per the results of the audit of the accounting (financial) reporting prepared in accordance with RAS and consolidated financial reporting prepared in accordance with IFRS in 2018. DECISION: Take note of the information of the Management of IDGC of the South, PJSC regarding non-standard operations and events, as well as regarding the formation of a reserve on doubtful debts and estimated liabilities as of year-end 2018.
6	Minutes No. 97 dated 29 April 2019 In absentia	On assessment of process efficiency of the external audit of the accounting (financial) reporting of the Company as of year-end 2018. On preliminary reviewing the candidate nominated as the Company's external auditor to audit the Company's accounting (financial) reporting for 2019.	DECISION: 1. Validate the conclusion of the Audit Committee of the Board of Directors of IDGC of the South, PJSC regarding the results of the assessment of the external audit process and Auditor's Report on the Company's accounting (financial) reporting for 2018 given by LLC Ernst & Young (hereafter referred to as – Audit Committee's Conclusion) as per Appendix to the decision. 2. Recommend the Company's Board of Directors to add the Audit Committee's Conclusion to the materials of the annual General Meeting of Company's Shareholders. DECISION: Recommend the Board of Directors of IDGC of the South, PJSC to offer to the General Meeting of Shareholders of IDGC of the South, PJSC to validate LLC Ernst & Young (77 bldg. 1 Sadovnicheskaya nab., Moscow, Russia, 115035), a winner as per the results of the open tender without preliminary qualification selection (Minutes No. 13/595r of the meeting of the Tender Commission dated 16 April 2018), as the Company's auditor.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
7	Minutes No. 98 dated 20 May 2019 Joint attendance	On preliminary reviewing the results of the external independent assessment of efficiency of the internal control system of IDGC of the South, PJSC. On reviewing the report of the Internal Audit Department on implementation of the action plan for Q1 of 2019 and on results of the internal audit activity. On implementation of the instructions of the Audit Committee of the Company's Board of Directors in 2018-2019 corporate year. On the Report of the Audit Committee for the Company's Board of Directors on the work done in 2018-2019 corporate year.	DECISION: 1. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: 1.1. Take note of the report of LLC RSM RUS and recognition of the Company's internal control system as an effective one by the independent expert (Appendix to the decision). 1.2 Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to provide development and submission for validation by the Company's Board of Directors of events for support of the effective internal control system and its improvement, including events focused on: <ul style="list-style-type: none">• efficiency increase of the "Risk Assessment" component and its complete integration with the internal control system,• development of the functional KPI system regarding the business process targets,• complete adaptation of typical business process risks in the regulatory documents for the business processes,• elimination of deficiencies of design of certain control procedures recorded in the report regarding a number of business process,• synchronisation of the implementation of automated control procedures simultaneously with the automation of business processes,• complete integration of anti-corruption risks control in the business processes. Deadline: not later than 31 July 2019. DECISION: Approve the Report of the Internal Audit Department of IDGC of the South, PJSC on implementation of the action plan for Q1 of 2019 and take note of the internal audit activity results as per Appendix 3 to the decision. DECISION: Take note of the Information on implementation of the instructions given by the Audit Committee of the Board of Directors of IDGC of the South, PJSC for 2018-2019 corporate year in line with Appendix 4 to the decision. DECISION: 1. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: 1.1. Take note of the Report of the Audit Committee of the Board of Directors of IDGC of the South, PJSC on the carried out work in 2018-2019 corporate year as per Appendix to the decision. 2. At signing of the Committee's Report on the audit of the Board of Directors of IDGC of the South, PJSC about the carried out work in 2018-2019 corporate year by the Chairman of the Audit Committee, the Secretary of the Audit Committee shall update the information about the attendance of the Audit Committee's members in the present meeting and at additional meetings, if any.
8	Minutes No. 99 dated 24 June 2019 In absentia	On preliminary reviewing the remuneration of the auditor regarding the audit of the Company's accounting (financial) reporting for 2019.	DECISION: Recommend the Company's Board of Directors to define remuneration of the Company's auditor of LLC Ernst & Young for the audit of the accounting (financial) reporting for 2019 prepared in accordance with RAS, audit of the consolidated financial reporting prepared in accordance with IFRS for the year ended 31 December 2019 in amount of 2,325,118 (two million three hundred twenty-five thousands one hundred eighteen) roubles and 64 kopecks and VAT of [20%] 465,023 (four hundred sixty five thousands twenty three) roubles 73 kopecks.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
9	Minutes No. 100 dated 1 July 2019 In absentia	О рассмотрении формата внешней оценки (техническое задание), существенных условий договора на оказание услуги по внешней независимой оценке деятельности внутреннего аудита.	<p>DECISION:</p> <ol style="list-style-type: none"> 1. Approve the form of the external assessment (the terms of reference), the essence of the contract for rendering service on external independent assessment of the internal audit activity as per Appendix to the decision. 2. Recommend the Company to carry out procurement procedures for the right to conclude a contract for rendering service on the external independent assessment of the internal audit activity by participating in the centralised tender organised by Rosseti, PJSC. 3. Recommend the Company's Board of Directors to take the following decision: <ol style="list-style-type: none"> 1. Take note of the form of the external assessment (the terms of reference) as per Appendix to the decision. 2. Give an assignment to the Audit Committee of the Board of Directors of IDGC of the South, PJSC to approve the organisation candidate to carry out the external assessment of the internal audit activity that has been selected as a winner as per the results of the centralised procurement procedure. 3. Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to submit the report on the results of the external independent assessment of the internal audit activity to the Board of Directors with preliminary reviewing by the Audit Committee of the Company's Board of Directors. <p>Deadline: 31 December 2019.</p>
10	Minutes No. 101 dated 12 August 2019 In absentia	<p>On election of the Deputy Chairman of the Audit Committee of the Company's Board of Directors.</p> <p>On election of the Secretary of the Audit Committee of the Company's Board of Directors.</p> <p>On invitation of an expert to participate in the activities of the Audit Committee of the Company's Board of Directors.</p> <p>On approval of the Action Plan of the Audit Committee of the Company's Board of Directors for 2019 – 2020 corporate year.</p> <p>On preliminary reviewing the budget of the Audit Committee of the Company's Board of Directors for the 2nd half of 2019 and the 1st half of 2020.</p>	<p>DECISION:</p> <p>Elect Andrey Kolyada (Deputy Director of the Corporate Governance Department of Rosseti, PJSC) as the Deputy Chairman of the Audit Committee of the Board of Directors of IDGC of the South, PJSC.</p> <p>DECISION:</p> <p>Elect Elena Pavlova, Head of the Department for Corporate Governance and Relations with Shareholders of IDGC of the South, PJSC, as the Secretary of the Audit Committee of the Board of Directors of IDGC of the South, PJSC.</p> <p>DECISION:</p> <p>Invite Irina Posevina (Head of the Internal Audit Directorate of Rosseti, PJSC) to participate in the Audit Committee of the Board of Directors of IDGC of the South, PJSC as an expert.</p> <p>DECISION:</p> <p>Approve the Action Plan of the Audit Committee of the Board of Directors of IDGC of the South, PJSC for 2019-2020 corporate year as per Appendix 1 to the decision.</p> <p>DECISION:</p> <p>Recommend the Board of Directors of IDGC of the South, PJSC to validate the budget of the Audit Committee of Board of Directors of IDGC of the South, PJSC for the 2nd half of 2019 and the 1st half of 2020 as per Appendix 2 to the decision.</p>
11	Minutes No. 102 dated 19 August 2019 In absentia	On reviewing the results of anti-corruption monitoring of IDGC of the South, PJSC as per the results of the 1st half of 2019.	<p>DECISION:</p> <p>Take note of the information on the results of the anti-corruption monitoring at IDGC of the South, PJSC as per the results of the 1st half of 2019 as per Appendix 1 to the decision.</p>

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
12	Minutes No. 103 dated 19 November 2018 Joint attendance	<p>On interaction of the Audit Committee of the Company's Board of Directors with the external and internal auditors of the Company, including the scope of auditing procedures and methods of the inspection implementation offered by the external auditor.</p> <p>On reviewing the information of the management on implementation of the Internal Control Policy of Company.</p>	<p>DECISION:</p> <ol style="list-style-type: none"> 1. Take note of the information of the external auditor on planning the audit of the financial statements of IDGC of the South, PJSC for 2019 and information of the internal auditor on organising the internal audit in the Company and interacting with the Audit Committee. 2. To the internal audit: <ol style="list-style-type: none"> 2.1. Provide effective interaction with the external auditor on issues of the efficiency assessment of the internal control and risk management systems. 2.2. Submit the following reports to the external auditor: <ul style="list-style-type: none"> • on implementation of the Action Plan and the performance of the internal audit; • on efficiency assessment of the internal control and risk management systems for studying the development level of the internal control and risk management systems. 3. Recommend the external auditor: <ol style="list-style-type: none"> 3.1. Timely inform the Company's Audit Committee on difficulties and restrictions occurred during audit implementation, as well as on identified signs of report data manipulation. 3.2. Pay special attention to use of assessment statements and assumptions by the Company, presence of disagreements with counterparties regarding the scope of the rendered services and their reasonableness. 4. Give an assignment to the management of the Company to bring up the following for discussion of the Audit Committee and invite the external and internal auditors: <ol style="list-style-type: none"> 4.1. Written information (the auditor's report) of the external auditor regarding key problems in the Company's accounting (financial) reporting. <p>Deadline: not later than 10 days after reception of the auditor's report by the Company.</p> <ol style="list-style-type: none"> 4.2. Changes to the Company's Accounting Policy of 2019, planned changes for 2020 and affect of these changes to the accounting (financial) reporting. <p>Deadline: not later than 25 December 2019.</p> <ol style="list-style-type: none"> 4.3. Non-standard operations and events, formation of the reserve for doubtful debts and assessment obligations, the most significant assumptions at preparation of the accounting (financial) reporting. <p>Deadline: not later than 25 December 2019.</p> <p>DECISION:</p> <p>Take note of the Information of the management on implementation of the Company's Internal Control Policy as per Appendix 2 to the decision.</p>
13	Minutes No. 104 dated 6 July 2019 Joint attendance	<p>On reviewing the information of the Company's Management on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made for 6 months of 2019.</p> <p>On preliminary reviewing of the plan of events for support of the Company's effective internal control system and its development.</p>	<p>DECISION:</p> <p>Take note of the Information of the Company's management on implementation of the corrective measures to eliminate gaps identified by the Company's Audit Commission, Company's Internal Audit, Third-Party Control and Supervision Bodies on implementation of measures taken to address the information about potential cases of unfair practices of employees, and following the results of investigations made for 6 months of 2019 as per Appendix 1 to the decision.</p> <p>DECISION:</p> <ol style="list-style-type: none"> 1. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: <ol style="list-style-type: none"> 1.1. Approve the Plan of events for support of efficiency and development of the internal control system of IDGC of the South, PJSC (hereafter referred to as – Plan) as per Appendix _ to the decision. 1.2 The Sole Executive Body of IDGC of the South, PJSC shall provide annual submission of information to the Company's Board of Directors on progress of implementation of the Plan in the set of the Report of the Sole Executive Body and Company's Management Board on organisation and functioning of the internal control system (hereafter referred to as – Report) for the respective year starting from the Report for 2019.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
14	Minutes No. 105 dated 9 October 2019 In absentia	On reviewing an independent organisation candidate for rendering services regarding the external assessment of activity of the internal audit of IDGC of the South, PJSC.	<p>DECISION:</p> <ol style="list-style-type: none"> 1. Validate KPMG [room 24e, office 1, floor 3, 5 bldg. 16 Olimpiiskiy prospect, Moscow, Russia, 129110] (awarded as the Winner as per the results of the electronic tender (Minutes No. 9/272r of the meeting of the Tender Commission for progress review dated 10 September 2019)) as the organisation providing the external assessment of the activity of the internal audit of IDGC of the South, PJSC. 2. Take note of the decision of the Tender Commission on pre-contract negotiations with the Winner of the electronic tender (Minutes No. 9/272r of the meeting of the Tender Commission for progress review dated 10 September 2019). 3. Take note of the Company's information on pre-contract negotiations with the Winner of the electronic tender and of the decision on their results regarding cost reduction of the offer to give the right to carry out the external independent assessment of the activity of the internal audit of IDGC of the South, PJSC by RUB 9,600 incl. VAT to RUB 1,068,000 incl. VAT (Agreement w/o No. resulting from pre-contract negotiations of IDGC of the South, PJSC with the KPMG participant on signing a contract for implementation of the external independent assessment of the activity of the internal audit of IDGC of the South, PJSC dated 16 September 2019). 4. The Management of IDGC of the South, PJSC shall send the following to the members of the Audit Committee of the Company's Board of Directors: <ol style="list-style-type: none"> 4.1. project of the contract with the Winner of the tender. Deadline: not later than 1 October 2019. 4.2 report of the Executor (before signing the act of services rendered) on the carried out external assessment of the activity of the internal audit of IDGC of the South, PJSC. Deadline: during 2 working days from the moment of reception of the report from the Executor. 5. The Sole Executive Body of IDGC of the South, PJSC shall sign the contract with KPMG after ensuring the implementation of the obligations of the contract equal to 5% of the initial maximal cost of the contract by the Winner in accordance with the requirements of para 3.7.2 of the procurement documentation.
15	Minutes No. 106 dated 27 November 2019 In absentia	On preliminary reviewing the regulation on the Company's Internal Audit Department.	<p>DECISION:</p> <ol style="list-style-type: none"> 1. Approve the new version of the Regulation on the Internal Audit Department of IDGC of the South, PJSC as per Appendix 2 to the decision. 2. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision: <ol style="list-style-type: none"> 1. Approve the new version of the Regulation on the Internal Audit Department of IDGC of the South, PJSC as per Appendix to the decision of the Board of Directors. 2. Recommend the Company's Sole Executive Body to validate the new version of the Regulation on the Internal Audit Department of IDGC of the South, PJSC.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
16	Minutes No. 107 dated 26 December 2019 In absentia	<p>On reviewing the Written Information (the auditor's report) on key problems of the Company's accounting and reporting given by the external auditor on the key problems of the intermediate accounting (financial) reporting of the Company for 9 months in 2019 prepared in accordance with RAS and information of the Company's Management on corrections added as per the results of the reporting external audit.</p> <p>On reviewing the significant aspects of the Company's accounting policy in the reporting year and planned changes for the next year.</p> <p>On preliminary reviewing the results of the external independent assessment of the internal audit activity.</p>	<p>DECISION:</p> <p>Take note of the Written Information (the auditor's report) to the management on key problems of the accounting and reporting of IDGC of the South, PJSC as per the results of implementation of the intermediate audit of the accounting (financial) reporting prepared in accordance with RAS for 9 months of 2019 and information of the Company's Management on recommendations of the reporting external audit.</p> <p>DECISION:</p> <p>Take note of the information given by the Company on the significant aspects of the accounting policy of the Company in 2019 and planned changes for 2020.</p> <p>DECISION:</p> <p>1. Recommend the Board of Directors of IDGC of the South, PJSC to take the following decision:</p> <ol style="list-style-type: none"> 1. Take note of the report of the KPMG independent expert and assessment of the organisation and activity of the internal audit of IDGC of the South, PJSC that generally corresponds to International Professional Standards of Internal Audit, Code of Ethics developed by Institute of Internal Auditors, Company's Internal Audit Policy (Appendix 1 to the decision). 2. Give an assignment to the Director of the Internal Audit Department of IDGC of the South, PJSC to provide development and submission of the plan of events for development and improvement of the internal audit activity for validation by the Company's Board of Directors. Deadline: not later than 1 March 2020.

INFORMATION ON KEY DECISIONS TAKEN BY THE PERSONNEL AND REMUNERATIONS COMMITTEE

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 96 dated 24 January 2019 In absentia	On preliminary approval of the budget project of the Company's Personnel and Remunerations Committee (with disclosure of itemised information) for the 1st half of 2019.	<p>DECISION:</p> <ol style="list-style-type: none"> 1. Preliminarily approve the budget project of the Personnel and Remunerations Committee of the Company's Board of Directors (with disclosure of itemised information) for the 1st half of 2019 as per Appendix No. 1 to the decision of the Committee. 2. Submit an offer on sum of the budget of the Personnel and Remunerations Committee of the Company's Board of Directors (with disclosure of itemised information) for the 1st half of 2019 as per Appendix No. 1 to the Company's Board of Directors.
2	Minutes No. 97 dated 1 February 2019 In absentia	<p>On defining the number of the Management Board members, termination of powers and election of the Management Board members.</p> <p>On preliminary reviewing the organisational structure of the administrative office of Astrakhanenergo branch of IDGC of the South, PJSC.</p>	<p>DECISION:</p> <p>Recommend the Company's Board of Directors:</p> <ol style="list-style-type: none"> 1. Define the size of the Management Board of IDGC of the South, PJSC as 9 (nine) members. 2. Terminate powers of Sergey Chekmarev, member of the Management Board of IDGC of the South, PJSC. 3. Elect to the Management Board of IDGC of the South, PJSC: Dmitriy Akopyan – Deputy General Director – Director of Rostovenergo branch of IDGC of the South, PJSC; Oleg Musinov – Deputy General Director for Corporate Governance of IDGC of the South, PJSC. 4. Give powers to Boris Ebzeev, General Director, Chairman of the Management Body of IDGC of the South, PJSC, to exercise rights and obligations of the employer on behalf of the Company in relation to the members of the Management Board of IDGC of the South, PJSC <p>DECISION:</p> <p>Recommend the Company's General Director to validate the organisational structure of the administrative office of Astrakhanenergo branch of IDGC of the South, PJSC as per Appendix No. 1 to the decision of the Committee.</p>

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
3	Minutes No. 98 dated 28 March 2019 In absentia	On reviewing the results of the activity of the Deputy General Director for Company's Services Implementation and preparation of relevant recommendations to the Company's General Director.	DECISION: Upon the expiry of the term of powers of Anton Muryi, the Deputy General Director for Services Implementation of IDGC of the South, PJSC, with regard to the results of the activity during the period of his work at this position, recommend the Company's General Director, B. Ebzeev, to draw a labour contract with A. Muryi for the new term to 28 August 2020 inclusive.
4	Minutes No. 99 dated 3 April 2019 In absentia	On reviewing the results of the activity of the Deputy General Director – Director of Kalmenergo branch of IDGC of the South, PJSC and preparation of relevant recommendations to the Company's General Director. On reviewing the results of the activity of the Deputy General Director – Director of Astrakhanenergo branch of IDGC of the South, PJSC and preparation of relevant recommendations to the Company's General Director.	DECISION: Upon the expiry of the term of powers of Timur Alayev, the Deputy General Director – Director of Kalmenergo branch of IDGC of the South, PJSC, with regard to the results of the activity during the period of his work at this position, recommend the Company's General Director, B. Ebzeev, to draw a labour contract with T. Alayev for the new term to 28 August 2020 inclusive. DECISION: Upon the expiry of the term of powers of Inver Natho, the Deputy General Director – Director of Astrakhanenergo branch of IDGC of the South, PJSC, with regard to the results of the activity during the period of his work at this position, recommend the Company's General Director, B. Ebzeev, to draw a labour contract with I. Natho for the new term to 28 August 2020 inclusive.
5	Minutes No. 100 dated 23 April 2019 In absentia	On preliminary assessment of candidates of the members of the Board of Directors of IDGC of the South, PJSC.	DECISION: 1. Approve and submit the results of the preliminary assessment of the candidates of the members of the Board of Directors of IDGC of the South, PJSC to the Company's Board of Directors as per Appendix to the decision of the Personnel and Remunerations Committee. 2. Recommend the Company's Board of Directors to add the results of the assessment of the candidates of the members of the Board of Directors of IDGC of the South, PJSC carried out by the Personnel and Remunerations Committee to the materials given to the persons with the right to participate in the annual General Meeting of the Company's Shareholders.
6	Minutes No. 101 dated 30 April 2019 In absentia	On payment of one-time bonus for implementation of the critical task to the General Director of IDGC of the South, PJSC.	DECISION: Recommend the members of the Company's Board of Directors to take the following decision: In accordance with para 4.3.1 Regulation on Financial Incentives for the General Director of IDGC of the South, PJSC, pay one-time bonus for implementation of the critical task (successful realisation of the events on elimination of subsequences of adverse meteorological phenomena and prompt recovery of serviceability of energy complexes in Volgograd and Rostov Regions) to B. Ebzeev, the General Director of IDGC of the South, PJSC.
7	Minutes No. 102 dated 17 May 2019 In absentia	On work of the Company's Corporate Secretary.	DECISION: Recommend the members of the Company's Board of Directors: 1. Approve the Report on Work of the Corporate Secretary of IDGC of the South, PJSC as per Appendix No. 1 to the decision. 2. As per the results of the work during the reporting period, pay the additional remuneration in amount of three-time monthly remuneration to the Company's Corporate Secretary defined by the Regulation on Payment of Remuneration and Compensation to the Corporate Secretary of IDGC of the South, PJSC [app. by Order No. 701 of IDGC of the South, PJSC dated 24 October 2016, as worded by Order No. 872 of IDGC of the South, PJSC dated 5 December 2017] to Elena Pavlova, the Company's Corporate Secretary.
8	Minutes No. 103 dated 12 August 2019 In absentia	On electing the Deputy Chairman of the Personnel and Remuneration Committee of the Board of Directors at IDGC of the South, PJSC. On payment of one-time bonus for implementation of the critical task to the General Director of IDGC of the South, PJSC.	DECISION: Elect Andrey Kolyada [Deputy Director of the Corporate Governance Department of Rosseti, PJSC] as the Deputy Chairman of the Personnel and Remuneration Committee of the Board of Directors at IDGC of the South, PJSC. DECISION: Recommend the members of the Company's Board of Directors to take the following decision In accordance with para 4.3.3 Regulation on Financial Incentives for the General Director of IDGC of the South, PJSC, pay one-time bonus for implementation of the critical task (organisation of events for consolidation of power grid assets of MUPE VMES) to B. Ebzeev, the General Director of IDGC of the South, PJSC as per Appendix No. _ to the decision of the Company's Board of Directors.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
9	Minutes No. 104 dated 30 August 2019 In absentia	On amendments to the Regulation on Financial Incentives for the General Director of IDGC of the South, PJSC.	DECISION: Recommend the members of the Company's Board of Directors to take the following decision: 1. Amend the Regulation on financial incentives for the General Director of IDGC of the South, PJSC as per Appendix No. _ to the decision of the Board of Directors of the Company. 2. Determine the effective date of amendments to the Regulation referred to in para. 1 of this decision of the Board of Directors of the Company – from 1 January 2019.
10	Minutes No. 105 dated 12 September 2019 In absentia	On approval of the Action Plan of the Personnel and Remunerations Committee of the Company's Board of Directors for 2019-2020 corporate year. On preliminary approval of the budget project of the Company's Personnel and Remunerations Committee [with disclosure of itemised information] for the 2nd half of 2019.	DECISION: Adopt the action plan of the Personnel and Remuneration Committee of the Board of Directors of the Company for the 2019-2020 corporate year as per Appendix No. 1 to the decision of the Committee. DECISION: 1. Preliminarily approve the budget project of the Personnel and Remunerations Committee of the Company's Board of Directors [with disclosure of itemised information] for the 2nd half of 2019 as per Appendix No. 2 to the decision of the Committee. 2. Submit an offer on sum of the budget of the Personnel and Remunerations Committee of the Company's Board of Directors [with disclosure of itemised information] for the 2nd half of 2019 as per Appendix No. 2 to the Company's Board of Directors.
11	Minutes No. 106 dated 30 September 2019 In absentia	On agreeing the candidates for certain Company's executive office positions defined by the Company's Board of Directors.	DECISION: Recommend the members of the Company's Board of Directors to take the following decision: "Agree on the candidacy of Viktor Pisarev for the position of Deputy General Director – Director of Astrakhanenergo, a branch of IDGC of the South, PJSC.

INFORMATION ON THE MAIN DECISIONS ADOPTED BY THE STRATEGY, DEVELOPMENT, INVESTMENTS AND REFORM COMMITTEE

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 185 dated 28 January 2019 In absentia	On reviewing the report on implementation of RAS summary and IFRS consolidated IDGC of South Group's business plan for 9 months of 2018. On amendments to the decision of the Board of Directors of the Company dated 11 January 2008 (Minutes No. 6/2008 dated 16 January 2008) on item No. 1 "On the establishment of branches of the Company and amendments to the Articles of Associations of the Company". On formulating a proposal on the size of the budget of the Committee for Strategy, Development, Investments and Reform of the Board of Directors of the Company [with disclosure of itemised information] for the 1st half of 2019.	DECISION: Recommend to the members of the Board of Directors of the Company to take into account the report on the implementation of the summary business plan (under RAS) and consolidated business plan (under IFRS) of the group of companies of IDGC of the South for 9 months of 2018 as per Appendix No. 1 to the decision. DECISION: Recommend the members of the Company's Board of Directors: Amend the decision of the Board of Directors of the Company dated 11 January 2008 (Minutes No. 6/2008 dated 16 January 2008) on item No. 1 "On the establishment of branches of the Company and amendments to the Articles of Association of the Company" regarding the location of Kubanenergo, a branch of IDGC of the South, PJSC, with the specification of its location at: 12 Mira st., Kabardinka village, Gelendzhik, Krasnodar Territory, 353480 Give an assignment the General Director of the Company to make amendments related to the change of location of the branch of IDGC of the South, PJSC – Kubanenergo and the main area of activities to the Regulation on the branch of IDGC of the South PJSC – Kubanenergo and also to the Unified State Register of Legal Entities DECISION: Formulate a proposal on the size of the budget of the Committee for Strategy, Development, Investments and Reform of the Board of Directors of IDGC of the South, PJSC [with disclosure of itemised information] for the 1st half of 2019 as per Appendix No. 2 to the Committee's decision and forward it to the Board of Directors of the Company.

No.	Number and date of the minutes and meeting of the Board of Directors	Issue wording	Decision taken
2	Minutes No. 186 dated 14 March 2019 In absentia	On proposals to the extraordinary General Meeting of Shareholders of the Company on the item: "On the increase of the authorised capital of IDGC of the South, PJSC through the placement of additional shares."	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take the following decision:</p> <p>Recommend to the extraordinary General Meeting of Shareholders of the Company to make the following decision on the issue "On increasing the authorised capital of IDGC of the South, PJSC through the placement of additional shares":</p> <p>Increase the authorised capital of IDGC of the South, PJSC by placing additional ordinary registered uncertified shares in amount of 19,963,551,259 (Nineteen billion nine hundred sixty three million five hundred fifty-one thousand two hundred fifty-nine) shares with a face value of 10 (Ten) kopecks each with total sum as per face value of RUB 1,996,355,125 (One billion nine hundred ninety-six million three hundred fifty-five thousand one hundred twenty-five) 90 kopecks under the following key conditions:</p> <ul style="list-style-type: none"> • way of placement: public offering; • price of placement of one additional ordinary registered uncertified share (including persons specified in the list of persons with the pre-emptive right of acquisition of additional shares to be placed): 10 (Ten) kopecks; • form of payment: the additional ordinary registered uncertified shares of the Company are paid with funds in roubles of the Russian Federation in non-cash form.
3	Minutes No. 187 dated 18 March 2019 In absentia	On execution progress of the investment projects of the Company appeared in the priority facilities list.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take note of the report of the Sole Executive Body on execution progress of the investment projects of IDGC of the South, PJSC included in the priority facilities list for Q4 of 2018 as per Appendix No. 1 to the decision of the Committee.</p>
4	Minutes No. 188 dated 25 March 2019 In absentia	On the management of the Company's key operational risks in 2018.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take note of the General Director's Report on the Company's key operational risks for 2018 as per Appendix No. 1 to the decision of the Committee.</p>
5	Minutes No. 189 dated 8 April 2019 In absentia	On implementation of the business plan of IDGC of the South, PJSC for 2018.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take the following decision:</p> <ol style="list-style-type: none"> 1. Take note of the report on implementation of the business plan of IDGC of the South, PJSC for 2018 as per Appendix No. 1 to the decision. 2. Note deviation of actual indicators of the business plan in relation to the planned ones following the results of Company's work in 2018 as per Appendix No. 2 to the decision. 3. Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to promote works on execution of the property rights with regard to volumes not implemented in 2018 during 2019.
6	Minutes No. 190 dated 10 April 2019 Joint attendance	On validation of the business plan of IDGC of the South, PJSC for 2019 and projected indicators for 2020-2023. On validation of the Programme to reduce electricity losses in the grid complex of IDGC of the South, PJSC for 2019 and until 2023.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take the following decision:</p> <ol style="list-style-type: none"> 1. Validate the business plan of IDGC of the South, PJSC for 2019 and take note of the projected indicators for 2020-2023 as per Appendix to the decision. 2. Invalidate the Plan for prospective development of IDGC of the South, PJSC approved by the decision of the Company's Board of Directors dated 31 March 2014 (Minutes No. 129/2014 dated 3 April 2014). 3. Consider the business plan for 2019-2023 according to para 1 of the present decision as the actual Plan for prospective development of IDGC of the South, PJSC for 2019-2023. <p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to take the following decision:</p> <p>Validate the Programme to reduce electricity losses in the grid complex of IDGC of the South, PJSC for 2019-2023 as per Appendix to the decision.</p>

No.	Number and date of the minutes and meeting of the Board of Directors	Issue wording	Decision taken
7	Minutes No. 191 dated 29 April 2019 In absentia	On participation of IDGC of the South, PJSC in Public Joint Stock Company Volgograd Inter-District Power Grids.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors to approve participation of IDGC of the South, PJSC in Public Joint Stock Company Volgograd Inter-District Power Grids (hereafter referred to as PJSC VMES) under the following significant conditions:</p> <ul style="list-style-type: none"> • category, type, face value of a share an ordinary registered uncertified share, face value of RUB 1 (one) 00 kopecks; • State Registration Number of share issue: 1-01-09439-P; • number of the acquired shares, their part in the authorised capital covers 2,300,000,000 (two billion three hundred millions) shares that is 100% of the authorised capital of PJSC VMES; • owner of 100% of PJSC VMES shares – Municipal Unitary Production Enterprise Volgograd Inter-District Power Grids (MUPE VMES); • way of acquisition – signing a contract for shares sale resulting from participation in the open tender for sale of PJSC VMES shares; • price of acquisition – in accordance with the price defined as per the results of the open tender but not exceeding the market share price defined by independent appraisers as RUB 2,700,000,000 (two billion seven hundred millions); • procedure (term) of shares payment – with cash assets during 30 (thirty) calendar days from the day of shares sale contract signing; • share ownership shall be transferred to the Buyer from the moment an entry on depositing securities to the personal account of the Buyer is made in the Share Register of the Issuer. "
8	Minutes No. 192 dated 23 March 2019 In absentia	On participation of IDGC of the South, PJSC in Autonomous Non-profit Organisation "Southern Interregional Electric Power Training Centre" through establishing.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors:</p> <ol style="list-style-type: none"> 1. Approve participation of IDGC of the South, PJSC in Autonomous Non-profit Organisation "Southern Interregional Electric Power Training Centre" through establishing under the following conditions: <ul style="list-style-type: none"> • sole founder – IDGC of the South, PJSC; • size of contribution at foundation – RUB 10,000 (ten thousands); • form of contribution payment – cash assets; • procedure and terms of the contribution payment – not later than 30 (thirty) calendar days from the moment of state registration certificate reception. 2. Approve the project of the Articles of Associations of the Autonomous Non-profit Organisation "Southern Interregional Electric Power Training Centre" as per Appendix No. 1 to the decision.
9	Minutes No. 193 dated 30 May 2019 In absentia	On approval of Timed Action Plan of IDGC of the South, PJSC to reduce overdue accounts receivable for electricity transmission services and to settle the disputes existing as of 1 April 2019.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors:</p> <ol style="list-style-type: none"> 1. Approve the Timed Action Plan of IDGC of the South, PJSC to reduce overdue accounts receivable for electricity transmission services and to settle the disputes existing as of 1 April 2019 as per Appendix No. 1 to the decision of the Committee. 2. Take note of the Report on execution of the Timed Action Plan of IDGC of the South, PJSC to reduce overdue accounts receivable for electricity transmission services and to settle the disputes existing as of 1 January 2019 validated earlier by the Company's Board of Directors as per Appendix No. 2 to the decision of the Committee. 3. Take note of the Report on carried out works of IDGC of the South, PJSC regarding newly formed overdue accounts receivable for electricity transmission services in the Q1 of 2019 as per Appendix No. 3 to the decision of the Committee. 4. Take note of the Report of IDGC of the South, PJSC on repayment of the overdue accounts receivable existing as of 1 January 2019 during 3 months of 2019 as per Appendix No. 4 to the decision of the Committee.
10	Minutes No. 194 dated 11 June 2019 In absentia	On reviewing the results of the external independent assessment of efficiency of the risk management system.	<p>DECISION:</p> <p>Recommend the members of the Company's Board of Directors:</p> <ol style="list-style-type: none"> 1. Take note of the report on the assessment of the risk management system carried out by the independent expert dated 31 March 2019 in accordance with the conditions of the contract. 2. The Sole Executive Body shall formulate and submit to the Committee proposals for the development and improvement of the Company's risk management system. <p>Deadline: 30 September 2019.</p>

No.	Number and date of the minutes and meeting of the Board of Directors	Issue wording	Decision taken
11	Minutes No. 195 dated 12 August 2019 In absentia	<p>On electing the Deputy Chairman of the Committee for Strategy of the Board of Directors at IDGC of the South, PJSC.</p> <p>On termination of IDGC of the South, PJSC participation in JSC Sokolovskoye Agricultural Enterprise by means of shares disposal.</p> <p>On termination of IDGC of the South, PJSC participation in JSC Energetik Recreation Facility by means of shares disposal.</p>	<p>DECISION: Elect Maxim Pokalyuk, Head of Office for Innovative Projects Implementation of the Department for Technological Development and Innovations of PJSC Rosseti, as Deputy Chairman of the Committee for Strategy of the Company's Board of Directors.</p> <p>DECISION: Recommend the members of the Company's Board of Directors to take the following decision: Approve termination of IDGC of the South, PJSC participation in JSC Sokolovskoye Agricultural Enterprise under the following significant conditions:</p> <ul style="list-style-type: none"> category, type, face value of a share – an ordinary registered uncertified share, face value of RUB 0.56; State Registration Number of share issue: 1-03-33839-E; number of the shares to be disposed, their part in the authorised capital covers 161,713,447 (one hundred sixty-one million seven hundred thirteen thousand four hundred forty-seven) shares that is 100% of the authorised capital of JSC Sokolovskoye Agricultural Enterprise; carrying value of the shares as of 31 March 2019 is RUB 93,228,219 (ninety-three million two hundred twenty-eight thousand two hundred nineteen) 22 kopecks; way of disposal: sale through public offer with involvement of a property sale agent; initial offer price – cost equal to the initial price of the aborted auction in amount of RUB 95,000.000 (ninety-five millions); minimum offer price: cost equal to 50 (fifty) percent of the initial offer price in amount of RUB 47,500.000 (forty-seven million five hundred thousands) (lower than the carrying value); procedure (term) of shares payment – with cash assets before shares property right transfer but not later than in 14 (fourteen) working days from the day of sale contract signing. <p>DECISION: Recommend the members of the Company's Board of Directors to take the following decision: Approve the decision of the transaction execution by the Company under the following significant conditions:</p> <ul style="list-style-type: none"> category, type, face value of a share – an ordinary registered uncertified share, face value of RUB 0.4; State Registration Number of share issue: 1-04-33856-E; number of the shares to be disposed, their part in the authorised capital covers 111,279,355 (one hundred eleven million two hundred seventy-nine thousand three hundred fifty-five) shares that is 100% of the authorised capital of JSC Energetik Recreation Facility; carrying value of the shares as of 31 March 2019 is RUB 30,945,515 (thirty million nine hundred forty-five thousand five hundred fifteen) 34 kopecks; way of disposal: sale through public offer with involvement of a property sale agent; initial offer price: cost equal to the initial price of the aborted auction in amount of RUB 148,000.000 (one hundred forty-eight millions); minimum offer price: cost equal to 50 (fifty) percent of the initial offer price in amount of RUB 74,000.000 (seventy-four millions); mandatory condition of the sale – obligation of the Buyer to sign the following contract with IDGC of the South, PJSC during 5 (five) working days from the day of securities sale contract signing: a receivables assignment contract in relation to the debt (assignment agreement) in amount of RUB 108,807,742 (one hundred eight million eight hundred seven thousand seven hundred forty-two) occurred due to debt transfer contracts No. 74713/09, No. 74714/09, No. 74715/09 dated 13 August 2009 signed between IDGC of the South, PJSC and JSC Energetik Recreation Facility; procedure (term) of shares payment – with cash assets before shares property right transfer but not later than in 14 (fourteen) working days from the day of sale contract signing; procedure of share property right transfer (transfer order execution) – after complete payment of the securities as per the sale contract and 50% of the payment sum, i.e. RUB 54,403,871 (fifty-four million four hundred three thousand eight hundred seventy-one), as per the receivables assignment contract in relation to the debt (assignment agreement) by cash assets transfer to the settlement account of IDGC of the South, PJSC.

No.	Number and date of the minutes and meeting of the Board of Directors	Issue wording	Decision taken
12	Minutes No. 196 dated 2 September 2019 In absentia	On validation of the Register of the non-core assets of IDGC of the South, PJSC as of 30 June 2019.	Recommend the members of the Company's Board of Directors to validate the Register of the non-core assets of IDGC of the South, PJSC as of 30 June 2019 as per Appendix No. 2 to the decision.
13	Minutes No. 197 dated 11 September 2019 In absentia	On approval of the Action Plan of the Committee for Strategy of the Company's Board of Directors for 2019-2020 corporate year.	DECISION: Adopt the Action Plan of the Committee for Strategy of the Board of Directors of the Company for the 2019-2020 corporate year as per Appendix No. 1 to the decision of the Committee.
14	Minutes No. 198 dated 30 September 2019 In absentia	On approval of the report on the Programme to reduce electricity losses in the grid complex of IDGC of the South, PJSC for 2019 and until 2023 for Q2 2019.	<p>DECISION: Recommend the Company's Board of Directors to take the following decision:</p> <ol style="list-style-type: none"> Take note of the report of the Company's General Director on execution of the Programme to reduce electricity losses in the grid complex of IDGC of the South, PJSC for 2019 and until 2023 in the 1st half of 2019 as per Appendix No. 1 to the decision of the Committee. Note: <ul style="list-style-type: none"> 2.1 failure to comply with planned indicators of losses reduction in the following Company's branches: <ul style="list-style-type: none"> Astrakhanenergo (planned value – 46.7 mn kWh, actual value – 35.3 mn kWh); Volgogradenergo (planned value – 26.1 mn kWh, actual value – 20.5 mn kWh) in relation to events focused on improvement of the electricity metering systems (energy service contracts); Rostovenergo (planned value – 6.5 mn kWh, actual value – 2.3 mn kWh) in relation to the organisational events; Rostovenergo (planned value – 30.5 mn kWh, actual value – 0.5 mn kWh) in relation to the technical measures within the Investment and Production Programme. Kalmenergo (planned value – 1.0 mn kWh, actual value – 0.4 mn kWh) in relation to events focused on improvement of the electricity metering systems (energy service contracts); 2.2 failure to comply with the planned indicator of electricity losses level in the Astrakhanenergo branch (planned value – 17.52%, actual value – 18.73%) and Kalmenergo branch (planned value – 17.59%, actual value – 21.13%). 2.3 presence of factors affecting the non-compliance to the electricity losses level specified in the business plan for 2019 as per Appendix No. 2 to the decision of the Committee. The Sole Executive Body of IDGC of the South, PJSC shall take measures to provide execution of the plan regarding the volume of electricity losses reduction in all branches for 9 months and the entire 2019.
15	Minutes No. 199 dated 2 October 2019 In absentia	On reviewing proposals for the development and improvement of the Company's risk management system.	DECISION: Take note of the proposal on development and improvement of the risk management system of IDGC of the South, PJSC as per Appendix No. 1 to the decision of the Committee.
16	Minutes No. 200 dated 18 October 2019 In absentia	On reviewing the revised draft of amendments to the investment programme of IDGC of the South, PJSC for 2019-2023 approved by Order No. 1387 of the Ministry of Energy of Russia dated 22 December 2016 (as amended by order No. 110 of the Ministry of Energy of Russia dated 14 November 2018).	<p>DECISION: Recommend the members of the Board of Directors to take the following decision:</p> <ol style="list-style-type: none"> Take note of the revised draft of amendments to the investment programme of IDGC of the South, PJSC for 2019-2023 approved by Order No. 1387 of the Ministry of Energy of Russia dated 22 December 2016 (as amended by order No. 110 of the Ministry of Energy of Russia dated 14 November 2018) as per Appendix No. 6 to the decision of the Company's Board of Directors. Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to continue revising the draft amendments to the investment programme of IDGC of the South, PJSC for 2019-2023 approved by Order No. 1387 of the Ministry of Energy of Russia dated 22 December 2016 (as amended by order No. 110 of the Ministry of Energy of Russia dated 14 November 2018) with regard to remarks of the Ministry of Energy of Russia, JSC SO UPS, the Government of the Rostov Region, the Government of the Astrakhan Region, the Government of the Republic of Kalmykia, the Government of the Volgograd Region in accordance with the procedure approved by Decree No. 977 of the Government of the Russian Federation dated 1 December 2009.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
17	Minutes No. 201 dated 14 November 2019 In absentia	On validation of the Register of the non-core assets of IDGC of the South, PJSC as of 30 September 2019.	DECISION: Recommend the members of the Board of Directors to validate the Register of the non-core assets of IDGC of the South, PJSC as of 30 September 2019 as per Appendix No. 1 to the decision.
18	Minutes No. 202 dated 2 December 2019 In absentia	On electing the Deputy Chairman of the Committee for Strategy of the Company's Board of Directors.	DECISION: Elect Dmitry Mikheev, Director of the Services Implementation Department of PJSC Rosseti, as the Deputy Chairman of the Committee for Strategy of the Company's Board of Directors.
19	Minutes No. 203 dated 17 December 2019 In absentia	On approval of changes in the Methodology of Calculation and Assessment of Key Performance Indicators for the General Director of IDGC of the South, PJSC.	DECISION: Recommend the members of the Company's Board of Directors to approve changes in the Methodology of Calculation and Assessment of Key Performance Indicators for the General Director of IDGC of the South, PJSC (Appendix No. 12 to the Minutes No. 226/2017 of the meeting of the Company's Board of Directors dated 10 April 2017) as per Appendix No. 1 to the decision.
20	Minutes No. 204 dated 24 December 2019 In absentia	On approval of the report on the outcomes of the Company's Investment Programme for 9 months of 2019.	DECISION: Recommend the members of the Company's Board of Directors to take the following decision: 1. Take note of the report on the outcomes of the Company's Investment Programme for 9 months of 2019 as per Appendix No. 1 to the decision. 2. The Company's Sole Executive Body shall submit reasons for deviation from the investment programme planned parameters at the scheduled meeting of the Company's Board of Directors as per Appendix No. 2 to the decision. 3. Take into consideration risk of required gross revenues negative corrections executed by the regional regulatory bodies due to change of (non-compliance with) the investment programme
21	Minutes No. 205 dated 24 December 2019 In absentia	On validation of the business plan of IDGC of the South, PJSC for 2020 and projected indicators for 2021-2024.	DECISION: Recommend the members of the Company's Board of Directors to take the following decision: 1. Validate the business plan of IDGC of the South, PJSC for 2020 and take note of the projected indicators for 2021-2024 as per Appendix No. 3 to the decision. 2. The Company's Sole Executive Body shall: 2.1. ensure compliance with the requirements of Federal Law No. 522-FZ dated 27 December 2018 "On Amending Certain Legislative Acts of the Russian Federation in Connection with the Development of Electric Energy (Power) Metering Systems in the Russian Federation; 2.2. take comprehensive measures to minimise losses from electricity transmission services across the Company's branches. 3. Invalidate para 3 of the decision of the Board of Directors of IDGC of the South, PJSC dated 9 April 2019 (Minutes No. 310/2019 dated 12 April 2019) on issue No. 3 "On Approval of the Business Plan of IDGC of the South, PJSC for 2019 and targets for 2020-2023. 4. Consider the business plan according to para 1 of the present decision as the actual Plan for prospective development of IDGC of the South, PJSC for 2020-2024.

INFORMATION ON KEY DECISIONS TAKEN BY THE RELIABILITY COMMITTEE

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 71 dated 24 January 2019 In absentia	On election of the Secretary of the Reliability Committee of the Board of Directors of IDGC of South. On formulating a proposal on the size of the budget of the Reliability Committee of the Board of Directors of IDGC of the South (with disclosure of itemised information) for the 1st half of 2019.	DECISION: Elect Tatyana Kirichenko, Chief Specialist of the Department for Corporate Governance and Relations with Shareholders of IDGC of the South, PJSC, as the Secretary of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC. DECISION: Formulate a proposal on the size of the budget of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC (with disclosure of itemised information) for the 1st half of 2019 as per Appendix No. 1 to the Committee's decision and forward it to the Board of Directors of the Company.
2	Minutes No. 72 dated 21 February 2019 In absentia	On the accident risk at power grid facilities of IDGC of the South, PJSC. Measures taken to reduce the accident rate (based on the results of 2018). On reviewing the report of the General Director of the Company on the measures taken to prevent injuries.	DECISION: Take note of the Progress Report on the Programme to improve reliability in 2018 at the Company's facilities and tasks for 2019 as per Appendix No. 1 to the Committee's decision.. DECISION: 1. Take note of the Report on the accident rate at electric grid facilities of IDGC of the South, PJSC and the measures taken to reduce it according to the results of 2018 as per Appendix No. 2 to the Committee's decision. 2. Recommend the management of the Company to continue improvement of the power grid complex operation reliability.
3	Minutes No. 73 dated 29 March 2019 In absentia	On results of the Maintenance and Repair Programme and Investment Programme of the Company for 2018. On progress of the Company's preparation to work during the flood period of 2019. On progress of implementation of the Programme for eliminating bottlenecks in the power grid complex of the Company.	DECISION: Take note of the information on the results of the Maintenance and Repair Programme and Investment Programme of the Company for 2018 as per Appendix No. 1 to the decision of the Committee. DECISION: Take note of the Report on the readiness of power grid facilities of IDGC of the South, PJSC for the flood period of 2019 as per Appendix No. 2 to the decision of the Committee. DECISION: 1. Take note of the information on the progress of the Programme for eliminating bottlenecks in the power grid complex of IDGC of the South, PJSC for 2018 as per Appendix No. 3 to the Committee's decision. 2. Consider implementation of the Programme for eliminating bottlenecks in the power grid complex of the Company as successful as year-end 2018.
4	Minutes No. 74 dated 8 April 2019 In absentia	On implementation of the Action Plan for the implementation of the environmental policy of IDGC of the South, PJSC for 2017-2019.	DECISION: Take note of the report on the implementation of the Action Plan for the environmental policy of IDGC of the South, PJSC for 2017-2019 for 2018 as per Appendix No. 2 to the Committee's decision.
5	Minutes No. 75 dated 27 May 2019 In absentia	On the progress in preparing the Company for work in the thunderstorm and fire hazard periods of 2019.	DECISION: 1. Take note of the report on the progress of the Company's preparations for work in the thunderstorm and fire hazard periods of 2019 as per Appendix No. 2 to the decision of the Committee. 2. Recommend to the management of the Company to continue with the measures necessary to ensure reliable operation of the power grid complex under exceptional periods.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
6	Minutes No. 76 dated 14 August 2019 In absentia	On electing the Deputy Chairman of the Reliability Committee of the Board of Directors at IDGC of the South, PJSC. On reviewing the report of the General Director on the compliance with regulatory legal acts on the establishment of indicators of reliability and quality of the services provided by the branches of the Company for 2018.	DECISION: Elect Mikhail Smaga, the Deputy Director of Rosseti's branch – the Technical Supervision Centre – as the Deputy Chairman of the Reliability Committee of the Board of Directors of the Company. DECISION: 1. Take note of the report of the General Director on the compliance with regulatory legal acts on the establishment of indicators of reliability and quality of the services provided by the branches of the Company for 2018 as per Appendix to the decision of the Committee. 2. Recommend to the General Director of the Company to submit the report specified in para. 1 of this decision of the Committee to the Board of Directors for consideration as part of the report on the compliance of the Sole Executive Body of the Company with the decisions taken at meetings of the Board of Directors of the Company.
7	Minutes No. 77 dated 12 September 2019 In absentia	On approval of the Action Plan of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC for 2019-2020 corporate year. On preliminary reviewing the budget of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC for the 2nd half of 2019.	DECISION: Approve the Action Plan of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC for 2019-2020 corporate year as per Appendix No. 1 to the decision of the Committee. DECISION: Recommend the members of the Company's Board of Directors to validate the budget of the Reliability Committee of the Board of Directors of IDGC of the South, PJSC for the 2nd half of 2019 as per Appendix No. 2 to the decision of the Committee.
8	Minutes No. 78 dated 24 October 2019 In absentia	On the results of the work of the Company during the flood period of 2019.	DECISION: Take note of the Report on the outcomes of the flood period of 2019 for IDGC of the South, PJSC as per Appendix to the decision of the Committee.
9	Minutes No. 79 dated 5 December 2019 In absentia	On the readiness of the Company to work in the autumn-winter period 2019-2020.	DECISION: Take note of the report of the General Director of the Company on the readiness of IDGC of the South, PJSC for the autumn-winter period 2019-2020 as per Appendix to the Committee's decision.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
10	Minutes No. 80 dated 31 December 2019 In absentia	On approval of the Programme of modernisation (renovation) of electric grid facilities of IDGC of the South, PJSC for the period from 2019 to 2026. On progress of the Maintenance and Repair Programme and Investment Programme of IDGC of South for 9 months of 2019. On reviewing the target programmes for production activities of IDGC of the South, PJSC.	DECISION: Recommend the Company's Board of Directors: 1. Approve the Programme for modernisation (renovation) of electric grid facilities of IDGC of the South, PJSC for the period from 2019 to 2026 as per Appendix No. 1 to the Committee's decision. 2. Invalidate the decision of the Board of Directors of IDGC of the South, PJSC on 25 August 2017 (Minutes No. 244/2017 dated 28 August 2017) on item No. 6 "On approval of the Programme for Renovation of the Power Grid Facilities of IDGC of the South, PJSC for the period from 2017 to 2026", decision of the Board of Directors of IDGC of the South, PJSC on 20 December 2018 (Minutes No. 293/2018 dated 24 December 2018) on item No. 1 "On approval of the Programme for modernisation (renovation) of electric grid facilities of IDGC of the South, PJSC for the period from 2018 to 2026." DECISION: Take note of the information on the results of the Maintenance and Repair Programme and Investment Programme of the Company for 9 months of 2019 as per Appendix No. 2 to the decision of the Committee. DECISION: 1. Take note of the updated targeted programmes for the production activities of IDGC of the South, PJSC as per Appendix No. 3 to the Committee's decision. 2. Give an assignment to the General Director of IDGC of the South, PJSC: 2.1. when drafting the investment programme of IDGC of the South, PJSC, include therein updated targeted programmes for production activities of IDGC of the South, PJSC in accordance with the received sources of financing and scenario conditions for the development of the investment programme; 2.2. annually update the targeted programmes for production activities of IDGC of the South, PJSC, taking into account the scenario conditions for the development of the investment programme and the availability of funding sources, as well.

INFORMATION ON KEY DECISIONS TAKEN BY THE COMMITTEE FOR GRID CONNECTION

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 41 dated 29 January 2019 In absentia	On election of the Secretary of the Committee for grid Connection to Electric Grids of the Board of Directors of IDGC of the South, PJSC. On formulating a proposal on the size of the budget of the Committee for Power Grid Connection of the Board of Directors of the Company (with disclosure of itemised information) for the 1st half of 2019.	DECISION: Elect Tatyana Kirichenko, Senior specialist of the Department for Corporate Governance and Relations with Shareholders of IDGC of the South, PJSC, as the Secretary of the Committee for Power Grid Connection of the Board of Directors of IDGC of the South. DECISION: Formulate a proposal on the size of the budget of the Committee for Power Grid Connection of the Board of Directors of the Company (with disclosure of itemised information) for the 1st half of 2019 as per Appendix No. 1 to the Committee's decision and forward it to the Board of Directors of the Company.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
2	Minutes No. 42 dated 12 April 2019 Joint attendance	<p>Monitoring of the Company's activities on the grid connection of consumers to distribution power grids, including contractual work and general statistics of connections with respect to certain consumer groups for 2018.</p> <p>On the analysis of the grid connection of small and medium-sized businesses according to the results of 2018 and the implementation of measures to increase the availability of grid connections.</p> <p>On meeting the Schedule for the implementation of delayed grid connection agreements according to the results of the 4th quarter of 2018.</p> <p>On reviewing the report on the participation of the Company in the development of the scheme and programme for the prospective development of the electric power industry of the constituent entities of the Russian Federation in 2019</p>	<p>DECISION: Take note of results of monitoring of the Company's activities on the grid connection of consumers to distribution power grids, including contractual work and general statistics of connections with respect to certain consumer groups for 2018 as per Appendix No. 1 to the decision of the Committee.</p> <p>DECISION: 1. Take note of the results of the analysis of grid connection of small and medium-sized businesses in 2018 and the progress on measures to increase the availability of grid connection as per Appendix No. 2 to the Committee's decision. 2. Direct the attention of the Company's management to non-compliance with the deadlines for grid connection facilities for consumer terminals with a capacity of 15-150 kW related to small and medium-sized businesses (Doing Business facilities) established by order No. 262 of IDGC of the South, PJSC dated 13 April 2018 " On the implementation of grid connection facilities for the Doing Business category applicants. 3. At the next meeting of the Committee, the management of the Company should provide explanations and suggest measures to reduce the timelines for the work specified in para. 2 of the Committee's decision.</p> <p>DECISION: 1. Recommend to the members of the Board of Directors of the Company to take note of the report on meeting the Schedule for the implementation of delayed grid connection agreements based on the results of the 4th quarter of 2018 as per Appendix No. 3 to the decision of the Committee. 2. Note the non-fulfilment of the Schedule for the implementation of delayed grid connection agreements for 2018.</p> <p>DECISION: 1. Take note of the report on the participation of the Company in the development of the scheme and programme for the prospective development of the electric power industry of the constituent entities of the Russian Federation in 2019 as per Appendix No. 4 to the decision of the Committee. 2. Recommend the management of the Company to take all necessary measures for the timely approval of the scheme and programme for the prospective development of the electric power industry of the constituent entities of the Russian Federation in the area of responsibility of IDGC of the South, PJSC in 2019. Deadline: 29.04.2019</p>
3	Minutes No. 43 dated 29 May 2019 Joint attendance	<p>Monitoring of the Company's activities on the grid connection of consumers to distribution power grids, including contractual work and general statistics of connections with respect to certain consumer groups for the first quarter of 2019.</p> <p>On the analysis of the grid connection of small and medium-sized businesses according to the results of the first quarter of 2019 and the implementation of measures to increase the availability of grid connections.</p>	<p>DECISION: Take note of results of monitoring of the Company's activities on the grid connection of consumers to distribution power grids, including contractual work and general statistics of connections with respect to certain consumer groups for the first quarter of 2019 as per Appendix No. 5 to the decision of the Committee.</p> <p>DECISION: Take note of the results of the analysis of grid connection of small and medium-sized businesses for the first quarter of 2019 and the progress on measures to increase the availability of grid connection as per Appendix No. 6 to the Committee's decision.</p>
4	Minutes No. 44 dated 12 September 2019 In absentia	On election of the Deputy Chairman of the Committee for Power Grid Connection of the Board of Directors of IDGC of the South, PJSC.	<p>DECISION: Elect Andrey Dobin as the Deputy Chairman of the Committee for Power Grid Connection of the Board of Directors of IDGC of the South, PJSC.</p>

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
5	Minutes No. 45 dated 23 September 2019 Joint attendance	On progress of the Action Plan of IDGC of South to prevent and stop violations of non-compliance with the Russian laws pertaining to power industry for the second quarter of 2019.	<p>DECISION: 1. Recommend to the members of the Board of Directors of the Company to take note of the report on the progress of the Action Plan of IDGC of the South, PJSC aimed at preventing and suppressing violations of the requirements of the Russian legislation on electric power industry for the second quarter of 2019 as per Appendix No. 2 to the Committee's decision. 2. Note the increase in the share of grid connection applicants who applied in electronic form, according to the results of the second quarter of 2019. 3. The Management of the Company shall submit to the Committee, within the framework of the progress report on the implementation of the Action Plan of IDGC of the South, PJSC aimed at preventing and suppressing violations of the requirements of the RF legislation on electric power for the 3rd quarter of 2019, information on the number of grid connection applicants who applied in electronic form, with logging in personal account on the website of the grid organisation and in personal account on portal тп.рф.</p>
6	Minutes No. 46 dated 5 December 2019 In absentia	On the update on the grid connection activities of the Company for 9 months of 2019.	<p>DECISION: Recommend to the members of the Board of Directors of the Company to take note of the update report on the grid connection activities of the Company for 9 months of 2019 as per Appendix No. 2 to the Committee's decision.</p>
7	Minutes No. 47 dated 26 December 2019 Joint attendance	<p>On reviewing the results of the usage of connected capacity by consumers under the executed grid connection agreements for 6 months of 2019.</p> <p>On reviewing the report on five-year comprehensive programmes for the development of 35 kV and above power grids in the constituent entities of the Russian Federation in 2019.</p>	<p>1. Take note of the information on the results of monitoring and analysis of power not used by consumers or on excess of actually consumed power by consumers over the maximum allowed power under satisfied grid connection agreements (except for the households and equivalent categories of consumers with a maximum power of consumer terminals up to and including 15 kW) for 6 months of 2019 and the results of the analysis of the reasons for not concluding electricity supply agreements with the applicants with satisfied grid connection agreements (signed grid connection certificates) as per Appendix № 1 to the decision of the Committee. 2. The management of the Company should submit a report on the results of the use of the connected capacity by consumers as of 1 May 2020 under the grid connection agreements executed in 2019.</p> <p>DECISION: Take note of the report on five-year comprehensive programmes for the development of 35 kV and above power grids in the constituent entities of the Russian Federation in 2019 as per Appendix No. 2 to the decision of the Committee.</p>

MATTERS RELATED TO ORGANISATION, FUNCTIONING AND EFFICIENCY OF THE INTERNAL CONTROL AND INTERNAL AUDIT SYSTEM THAT WERE DISCUSSED IN 2019

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
1	Minutes No. 304/2019 dated 21 March 2019 In absentia	On reviewing the information of the internal audit on the audit results regarding identification and implementation of non-core assets of the Company in 2018.	<p>DECISION: 1. Take note of the report on the assessment No. 1040-07/2019/1 dated 31 January 2019 on the inspection "Assessment of Implementation of the Programmes on Control of the Non-core Assets in IDGC of the South, PJSC for 2018" as per Appendix No. 7 to the decision of the Company's Board of Directors. 2. Recommend the Company's Management: 2.1 Provide implementation of the internal audit's recommendations resulting from the carried out audit. 2.2. Provide efficiency improvement of the system for internal control of the process of identification and implementation of the non-core assets.</p>

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
2	Minutes No. 306/2019 dated 25 March 2019 In absentia	On reviewing the internal audit report on Internal Audit Plan implementation and internal audit performance results, including results of self-assessment of internal audit quality by the end of 2018, and on implementation of the Action plan on development and improvement of the Company's internal audit function.	DECISION: Validate the Report on plan implementation of the internal audit of IDGC of the South, PJSC for 2018, including the results of the self-assessment of the internal audit activity quality in 2018 as per Appendix No. 8 to the present decision of the Company's Board of Directors.
3	Minutes No. 311/2019 dated 24 April 2019 In absentia	On the management of the Company's key operational risks in 2018.	DECISION: Take note of the General Director's Report on the Company's key operational risks for 2018 as per Appendix No. 1 to the decision of the Board of Directors of the Company.
4	Minutes No. 319/2019 dated 20 May 2019 In person/in absentia	On reviewing the Report of the Company's internal audit about efficiency assessment of the internal control system, risk management system in 2018.	DECISION: Take note of the report of the internal audit of IDGC of the South, PJSC on the efficiency assessment of the internal control and risk management systems as of year-end 2018 as per Appendix No. 1 to the decision of the Company's Board of Directors.
5	Minutes No. 322/2019 dated 3 June 2019 In absentia	On reviewing the report of the Sole Executive Body of the Company on the organisation and functioning of the internal control system and the report of the Sole Executive Body and the Management Board of the Company on the organisation, functioning and effectiveness of the risk management system, including information on the measures taken to improve these systems.	DECISION: DECISION: 1. Take note of the report of the Sole Executive Body of the Company on the organisation and functioning of the internal control system and the report of the Sole Executive Body and the Management Board of the Company on the organisation, functioning and effectiveness of the risk management system, including information on the measures taken to improve these systems in 2018 as per Appendix No. 6 to the decision of the Board of Directors of the Company. 2. Define instructions to the Company's Sole Executive Body in relation to events for further development of the internal control system after reviewing the results of the external independent assessment of the internal control system efficiency.
6	Minutes No. 323/2019 dated 3 June 2019 In absentia	On the Report of the Audit Committee of the Company's Board of Directors regarding the carried out work. On reviewing the results of the external independent assessment of efficiency of the internal control system.	DECISION: Take note of the report of the Audit Committee of the Board of Directors of IDGC of the South, PJSC on the carried out work in 2018-2019 corporate year as per Appendix No. 2 to the decision of the Company's Board of Directors. DECISION: 1. Take note of the report of LLC RSM RUS and recognition of the Company's internal control system as an effective one by the independent expert as per Appendix No. 4 to the decision of the Company's Board of Directors. 2. Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to provide development and submission for validation by the Company's Board of Directors of events for support of the effective internal control system and its improvement, including events focused on: <ul style="list-style-type: none"> efficiency increase of the "Risk Assessment" component and its complete integration with the internal control system, development of the functional KPI system regarding the business process targets, complete adaptation of typical business process risks in the regulatory documents for the business processes, elimination of deficiencies of design of certain control procedures recorded in the report regarding a number of business process, synchronisation of the implementation of automated control procedures simultaneously with the automation of business processes, complete integration of anti-corruption risks control in the business processes. Deadline: not later than 31 July 2019.
7	Minutes No. 325/2019 dated 1 July 2019 In absentia	On reviewing the results of the external independent assessment of efficiency of the risk management system.	DECISION: 1. Take note of the report on the assessment of the risk management system carried out by the independent expert dated 31 March 2019 in accordance with the conditions of the contract, as per Appendix No. 5 to the decision of the Board of Directors of the Company. 2. The Sole Executive Body, by 30 September 2019, shall formulate and submit to the Committee for Strategy, Development, Investments and Reform of the Board of Directors proposals for the development and improvement of the Company's risk management system.

No.	Number and date of the minutes of meeting of the Board of Directors	Issue wording	Decision taken
8	Minutes No. 328/2019 dated 2 August 2019 In absentia	On reviewing the form of the external independent assessment of the internal audit activity.	DECISION: 1. Take note of the form of the external assessment (the terms of reference) as per Appendix No. 9 to the present decision of the Company's Board of Directors. 2. Give an assignment to the Audit Committee of the Board of Directors of IDGC of the South, PJSC to approve the organisation candidate to carry out the external assessment of the internal audit activity that has been selected as a winner as per the results of the centralised procurement procedure. 3. Give an assignment to the Sole Executive Body of IDGC of the South, PJSC to submit the report on the results of the external independent assessment of the internal audit activity to the Board of Directors with preliminary reviewing by the Audit Committee of the Company's Board of Directors. Deadline: 31 December 2019.
9	Minutes No. 337/2019 dated 14 October 2019 In absentia	On reviewing of the plan of events for support of the Company's effective internal control system and its development.	DECISION: 1. Validate the Plan of events for support of efficiency and development of the internal control system of IDGC of the South, PJSC (hereafter referred to as - Plan) as per Appendix No. 3 to the decision of the Board of Directors. 2. The Sole Executive Body of IDGC of the South, PJSC shall provide annual submission of information to the Company's Board of Directors on progress of implementation of the Plan in the set of the Report of the Sole Executive Body and Company's Management Board on organisation and functioning of the internal control system (hereafter referred to as - Report) for the respective year starting from the Report for 2019.
10	Minutes No. 341/2019 dated 15 November 2019 In absentia	On reviewing the report of the internal audit of the Company on assessing the effectiveness of corporate governance for the 2018-2019 corporate year.	DECISION: Take note of the report of the internal audit of IDGC of the South, PJSC on the assessment of corporate governance for the 2018-2019 corporate year as per Appendix No. 8 to the decision of the Board of Directors of the Company.
11	Minutes No. 351/2019 dated 30 December 2019 In absentia	On validation of a new version of the Company's Internal Audit Policy.	DECISION: 1. Approve the Internal Audit Policy of IDGC of the South, PJSC as per Appendix No. 2 to the decision of the Board of Directors. 2. Invalidate the Internal Audit Policy of IDGC of the South, PJSC approved by the decision of the Board of Directors of the Company dated 11 March 2016 (Minutes No. 180/2016) from the date of this decision.
12	Minutes No. 353/2020 dated 9 January 2020 In absentia	On approval of the Regulation on the Company's Internal Audit Department. On approval of the Action Plan for the Company's Internal Audit Department for 2020. On approval of the budget for the Company's Internal Audit Department for 2020. On defining the remuneration of the Head of the Internal Audit Department (determining the functional KPI target values for 2020). On approval of the plan for development and improvement of the Company's risk management system	DECISION: 1. Approve the new version of the Regulation on the Internal Audit Department of IDGC of the South, PJSC as per Appendix No. 1 to the decision of the Board of Directors. 2. Recommend the Company's Sole Executive Body to validate the new version of the Regulation on the Internal Audit Department of IDGC of the South, PJSC. DECISION: Approve the Action Plan of the Internal Audit Department of IDGC of South for 2020 as per the Appendix No. 2 to the decision of the Board of Directors. DECISION: Approve the budget of the Internal Audit Department of IDGC of South for 2020 as per the Appendix No. 3 to the decision of the Board of Directors. DECISION: 1. Approve the Methodology for calculating and evaluating the achievement of functional key performance indicators of managers and employees of the internal audit unit of IDGC of the South, PJSC as per Appendix No. 4 to the decision of the Board of Directors of the Company. 2. Determine the target values of functional key performance indicators of managers and employees of the internal audit unit of the Company as per Appendix No. 5 to the decision of the Board of Directors of the Company. 3. Give an assignment to the sole executive body of the Company to approve the following as specified in clauses 1 and 2 of this decision: the Methodology for calculating and evaluating the achievement of functional key performance indicators of managers and employees of the internal audit unit of IDGC of the South, PJSC, target values of the functional key performance indicators of managers and employees of the internal audit unit of the Company in the manner prescribed by IDGC of the South, PJSC.

6. Information about Shareholding of PJSC Rosseti South

SHAREHOLDING OF PJSC ROSSETI SOUTH IN COMMERCIAL ENTITIES THAT ARE 100% SUBSIDIARIES AND AFFILIATES AS OF 31 DECEMBER 2019

No.	Name and place of performance of the company	Region of the Company's operations	Core business of the Company	Stockholding, %	Company's revenue for 2019, (RUB thous.)	Profit (loss), RUB thous.	Dividends received in 2019 on shares owned by the Company, RUB thous.
1	Open Joint Stock Company Energoservice South 49 Bolshaya Sadovaya st., Rostov-on-Don, Russia, 344002	Rostov Region	Technical testing, research and certification, analysis of the mechanical and electrical characteristics of the finished product, design and construction works, professional, scientific, technical, and other activities	100%	68,935	3,381	0
2	Joint Stock Company "Agricultural enterprise Sokolovskoe" 32 Kurskaya st., Sokolovo-Kundryuchensky settlement, Novoshakhtinsk, Russia	Rostov Region	Production, processing and sale of agricultural products of own production	100%	56,189	53	0
3	Joint Stock Company Energetik Recreation Facility 3 Schkolnaya st., Shepsi village, Tuapse District, Krasnodar Territory,	Russian Federation Krasnodar Territory	The activities of the sanatorium recreation facility associated with the treatment and rehabilitation (rest) of adults, parents with children (aged above 5) and organised groups of school-age children, the provision of domestic services, excursions, cultural and entertainment services.	100%	30,164	- 14,207	0
4	Joint Stock Company Volgograd Inter-District Electric Grids 11 Admiral Ushakova st., office 201, Volgograd, Russian Federation, 400001	Volgograd Region	Provision of electricity transmission services, operational process control, provision of services for grid connection of consumer terminals (power installations) of legal entities and individuals to power grids	100%	4,086,545	5,420	0

PARTICIPATION OF PJSC ROSSETI SOUTH IN OTHER NON-PROFIT ORGANISATIONS AS OF 31 DECEMBER 2019

Name and place of performance of the company	Date of incorporation	Core business of the Company	Stockholding, %	Dividends received in 2019 on shares owned by the Company,
Public Joint Stock Company Volgogradenergosbyt 14 Kozlovskaya st., Volgograd, Russian Federation, 400001	01.01.2005	Purchase and sale of electricity	Ordinary shares – 0.2469% Preference share – 1.8097%	0
Public Joint Stock Company Federal Grid Company of the Unified Energy System 5A Academic Chelomei st., Moscow, 117630	25.06.2002	Transmission and distribution of electricity, grid connection services	0.0009%	153,347
Public Joint Stock Company "Insurance Joint Stock Company" ENERGOGARANT" 23 Sadovnicheskaya naerezhnaya st., Moscow, 115035	28.08.1992	Insurance	0.0226%	1,714
Closed Joint Stock Company CHAGANSKOYE 1 Lenina st., village of Chagan, Kamyzyaksky district, Astrakhan Region, 416303	25.07.1996	agricultural activities	2.3250%	0