

APPROVED BY:  
Resolution of the Annual General  
Shareholders' Meeting  
of IDGC of the South, PJSC  
Minutes No. 17 dated June 16, 2017

Chairman at the Annual General  
Shareholders' Meeting of IDGC of the South,  
PJSC

\_\_\_\_\_ S. A. Arkhipov

REGULATION  
on IDGC of the South, PJSC Board of Directors  
  
(new version)



## 1. General Provisions

1.1. This Regulation was developed according to the Civil Code of the Russian Federation, Federal Joint Stock Companies Law, other regulations and laws of the Russian Federation and the Articles of Association of Inter-Regional Distribution Grid Company of the South, Public Joint Stock Company (hereinafter the "Company").

1.2. This Regulation is the Company's internal document that determines the procedure for convention and holding of the Company's Board of Directors (BoD) meetings.

1.3. The Board of Directors is the Company's management body in charge of general management of the Company's operations, monitors fulfillment of resolutions of the General Meeting of the Company's Shareholders according to Russian law.

1.4. The principal goals and objectives of the Company's Board of Directors shall be:

- to determine the Company's development strategy aimed at increasing its market capitalization and investment appeal, profit maximization and increase in the Company's assets;
- to secure exercising and protection of rights and legitimate interests of the Company's shareholders and to assist in corporate conflict settlement;
- to ensure complete, reliable and unbiased disclosures on the Company for shareholders and other stakeholders;
- to create efficient internal control tools;
- to regularly appraise the performance of the Company's executive bodies and the management performance.

The Board of Directors shall be guided by the following principles to implement these goals and objectives:

- decision-making based on reliable information on the Company's operations;
- lifting any limitations on the shareholders' rights to be involved in management of the Company, receive dividends and information on the Company;
- achieving the balance of interests of different shareholder groups and making by the Board of Directors of the most unbiased resolutions in the interests of all of the Company's shareholders.

1.5. The Board of Directors shall be guided by the Federal Joint Stock Companies Law, other regulations of the Russian Federation, the Company's Articles of Association and this Regulation in its operations.

## 2. Chairman and Deputy Chairman of the Company's Board of Directors

2.1. The Chairman of the Company's Board of Directors shall administer the Board of Directors' work.

2.2. The Chairman of the Company's Board of Directors shall be elected by members of the Company's Board of Directors from among them by a majority of votes of the total members of the Company's Board of Directors.

The person acting as the Company's General Manager cannot simultaneously act as Chairman of the Company's Board of Directors.

2.3. The Company's Board of Directors has the right at any time to re-elect its Chairman of the Board of Directors by a majority of votes of the total members of the Company's Board of Directors.

2.4. The Chairman of the Board of Directors shall:

- 1) administer the BoD operations;
- 2) convene BoD meetings;
- 3) determine the form of BoD meetings with the view to the significant of its agenda items and the recommendations in Clause 168, Corporate Governance Code, as recommended by the Bank of Russia for application by joint stock companies with shares admitted for on-exchange trading;
- 4) draft and approve agendas of BoD meetings;
- 5) determine the list of materials (information) on agenda items of the meetings, as provided to BoD members;
- 6) take the necessary efforts to timely provide BoD members with the information required for decision-making on agenda items;

- 7) determine the list of persons invited to discuss individual agenda items of BoD meetings;
- 8) chair at BoD meetings;
- 9) sign minutes of BoD meetings, requests for audits (inspections) of the Company's financial and economic operations and other documents on behalf of the Company's Board of Directors;
- 10) arrange for development of and monitor implementation of BoD business plan approved by the Board of Directors;
- 11) represent the Board of Directors in relations with the Company's shareholders, before governmental authorities, NGOs, mass media;
- 12) correspond for the Board of Directors with the shareholders, executive bodies and members of the Company's workforce, other companies;
- 13) chair at General Meetings of the Company's Shareholders, announce the agenda, notify of forthcoming speeches and reports, perform other functions imposed on the Chairman of the General Meeting of the Company's Shareholders and envisaged in the Regulation on the General Meeting of the Company's Shareholders;
- 14) arrange, on behalf of the Board of Directors, for monitoring of fulfillment of GSM and BoD resolutions, introduce official monitoring of fulfillment of BoD resolutions and terminate monitoring of fulfilled BoD resolutions;
- 15) arrange for elaboration of the most efficient resolutions on agenda items and, if necessary, free discussion of these issues, create a positive environment at the meetings, make sure the requirements of Russian law, the Company's Articles of Association, other internal documents of the Company and this Regulation are complied with at BoD meetings;
- 16) perform any other functions envisaged in Russian law, the Company's Articles of Association and resolutions of the Company's Board of Directors.

2.5. If there is no Chairman of the Company's Board of Directors, its functions are performed by the person elected out of BoD members by a majority of votes of the total members of the Company's Board of Directors (Deputy Chairman of the Board of Directors).

A BoD member who is simultaneously the General Manager or member of the Company's collective executive body cannot be elected Deputy Chairman of the Board of Directors.

### **3. BoD Members, Their Rights, Duties and Liability**

3.1. BoD members shall be entitled, as part of BoD competence, to:

- 1) receive information on the Company's business, including those that constitute the Company's business secret; examine all of the Company's constituent, regulatory, accounting, reporting, contractual and other documents according to Russian law and the Company's internal documents;
- 2) make written proposals as to compilation of BoD business plan;
- 3) incorporate items into the agenda of BoD meetings according to the established procedure;
- 4) require that a meeting of the Company's Board of Directors be convened;
- 5) exercise other rights envisaged in Russian law, the Company's Articles of Association, the Company's other internal documents and this Regulation.

3.2. A BoD member is entitled to request any necessary documents and information for making a decision on issues falling within the competence of the Board of Directors in writing, either directly from the Company's General Manager (another person acting as the Company's sole executive body) and via the Corporate Secretary.

3.3. The Company's documents and information shall be made available to a BoD member within Five (5) business days from receipt of the respective request.

3.4. The directors newly elected to the Board of Directors are able to get the idea of the Company's strategy, the corporate governance system applicable in the Company, the risk management and internal control system, allocation of duties among the Company's executive bodies and other significant information on the Company's production and financial and economic activities.

3.5. Compensation can be paid and/or costs related to performance by BoD members of their functions can be reimbursed to BoD members, in such manner as established in the Regulation on Compensations and Reimbursements to BoD Members, as approved by the General Meeting of the

Company's Shareholders.

3.6. Members of the Board of Directors shall, in exercising their rights and performing their duties, act in the Company's interests, exercise their rights and perform their duties with respect to the Company in good faith and reasonably. A BoD member who gained access to the Company's confidential information, in particular, its business secrets, shall keep such information strictly confidential.

3.7. BoD members shall be liable to the Company for any losses sustained by the Company through their guilty actions (omissions), according to applicable law.

BoD members who voted against the resolution that entailed losses for the Company and those who did not take part in the voting shall be exempt from liability.

3.8. BoD members shall refrain from steps that will or may lead to a conflict between their interests and those of the Company.

If any potential conflict of interests arise for a BoD member, in particular, if such member is interested in the Company's entering into a transaction, such BoD member shall promptly notify the Company's Board of Directors thereof and, in any event, shall prioritize the Company's interests over its own. Such notice shall be in any event made before discussion of the agenda item, with respect to which such BoD member has a conflict of interests, begins at the BoD meeting.

3.9. BoD members shall, within two months from the date when they learned or should have learned of occurrence of the circumstances that may result in recognizing such members interested in the Company's entering into transactions, notify the Company of:

- the legal entities, for which they, their spouses, parents, children, siblings and half-siblings, adoptive parents and adopted children and/or their controlled entities are the controlling persons or have the right to give binding instructions;
- the legal entities where they, their spouses, parents, children, siblings and half-siblings, adoptive parents and adopted children and/or their controlled persons hold positions in management bodies;
- transactions being concluded or to be concluded, which are known to them and in which they may be recognized as interested persons.

If this information changes, members of the Company's Board of Directors shall notify the Company of such change within 14 days from the date when they learned or should have learned of its change.

3.10. The Company's Board of Directors may comprise independent directors having sufficient professional competence, experience and independence for shaping of their own standpoint, capable of making unbiased and fair judgments that are independent on the influence of the Company's executive bodies, separate shareholders' groups or other stakeholders.

3.11. An independent director shall refrain from taking steps that may result in its ceasing to become independent. A BoD member shall notify the Company's Board of Directors of any circumstances resulting in its ceasing to become independent within 5 business days from their occurrence.

3.12. The Company's Board of Directors may recognize a BoD member as independent in exceptional cases, even though such member meets formal dependence criteria (connection with the Company, the Company's significant shareholder, the Company's significant counterparty or competitor, the State and/or municipal entity), unless such connection influences the ability of the respective BoD member to make independent, unbiased and fair judgments.

The Company shall be governed by Moscow Exchange, PJSC Listing Rules when recognizing a BoD member as independent director and when assessing whether or not the candidates for BoD members and BoD members meet the independence criteria.

3.13. If the Chairman of the Company's Board of Directors is not an independent director, BoD members being the elected independent directors shall be free to elect the Senior Independent Director who:

- coordinates liaising between independent directors, in particular, convenes meetings of independent directors and chairs at them;
- promotes, jointly with the Chairman of the Board of Directors, efficient administration of BoD activities, establishes and maintains the dialogue among BoD members and the Company's shareholders;
- if a conflict arises, in particular, any significant differences among BoD members, makes efforts to settle the conflict via liaising with its participants;

– plays the key part in BoD Chairman performance assessment held by independent directors.

#### **4. Company's Corporate Secretary**

4.1. The Company's Corporate Secretary acting on the basis of the Company's Articles of Association, this Resolution, the Regulation on the Company's Corporate Secretary, the Company's other internal documents and according to the BoD Chairman orders, shall be in charge of technical (information, documentary, protocol, secretary) support of the BoD current activities.

4.2. The Corporate Secretary's status, functions, requirements for its candidacy, its appointment and removal procedure, its subordination and liaising with the Company's management bodies and business units as well as other matters related to the activities of the Company's Corporate Secretary shall be described in the Regulations on the Company's Corporate Secretary approved by the Company's Board of Directors.

#### **5. Administration of the BoD Operations**

5.1. Bod Meetings shall be held according to the approved BoD Business Plan and whenever necessary but at least once in six weeks, unless otherwise envisaged in this Regulation.

5.2. If necessary, the Chairman of the Board of Directors is entitled to resolve to hold an extraordinary BoD meeting, to change BoD meeting date, to incorporate additional issues into BoD meeting agenda, and to send adjusted materials on agenda items of BoD meeting.

##### **5.3. Board of Directors' Business Plan**

5.3.1. The Board of Directors' Business Plan may be compiled in the following areas:

- Company's strategic development;
- mid-term and current planing of the Company's business;
- administration of the BoD operations;
- monitoring of fulfillment of BoD and GSM resolutions.

5.3.2 The Board of Directors' Business Plan shall include:

- 1) the items to be reviewed at the Company's BoD meetings in the current year (on a quarterly basis);
- 2) schedule of BoD meetings;
- 3) list of persons (the Company's management bodies) in charge of preparation of items for review at BoD meetings (BoD members, the General Manager, other persons).

5.3.3 The BoD Business Plan shall be compiled based on the proposals by the Chairman and members of the Board of Directors, the Company's Internal Audit Commission, the Company's General Manager, a member of the Management Board, the Company's Auditor, in compliance with the requirements established on paragraph 1 and 2, Clause 6.4, of this Regulation.

These proposals shall be sent to the BoD Chairman in writing, with simultaneous sending of a copy of the proposals to the Corporate Secretary.

5.4. The Board of Directors shall be entitled to assess performance of the Board of Directors (self-assessment) or with engagement of an independent external agency (advisor) duly qualified for such assessment on the annual basis.

#### **6. Convention of BoD Meetings**

6.1. The first meeting of the Board of Directors elected in a new composition shall be convened by a member of the Company's Board of Directors by sending a notice of convention of the meeting to the rest of members of the Board of Directors and also to the Company, in the name of the General Manager.

The General Manager shall render assistance and provide the entire information required for arranging for the first meeting of the new composition of the Board of Directors.

The following agenda items shall be reviewed in the first BoD meeting:

- election of the Chairman of the Board of Directors;
- election of the Deputy Chairman of the Board of Directors.

6.2. Subsequent BoD meetings shall be convened by the Chairman of the Board of Directors (unless otherwise envisaged in Clause 2.5 of this Regulation):

- according to the schedule of BoD meetings, as approved in BoD Business Plan;

- at the initiative of the Chairman of the Company's Board of Directors;
- at the written request of a member of the Board of Directors, the Company's Internal Audit Commission, the Company's General Manager, a member of the Management Board, the Company's auditor.

6.3. The request for convention of a BoD meeting shall contain:

- 1) indication to the meeting initiator;
- 2) wordings of agenda items;
- 3) reasons for incorporation of items into the agenda;
- 4) information (materials) on the agenda items;
- 5) draft resolutions on the agenda items.

6.4. The request for convention of the BoD meeting shall be made in writing and signed by the requisitioner.

The request of the Company's Internal Audit Commission for convention of a BoD meeting shall be signed by the Chairman of the Internal Audit Commission.

The request for convention of the BoD meeting, with attachment of all necessary materials (information) shall be sent to the Chairman of the Board of Directors, accompanied with a copy of the proposals to the Corporate Secretary. The proposals of members of the Company's Management Board shall be forwarded to the Chairman of the Board of Directors against signature of the Chairman of the Company's Management Board or independently, if the Chairman of the Company's Management Board did not send the respective letter to the Chairman of the Board of Directors within Seven (7) business days.

The request of the General Manager and members of the Company's Management Board for convention of the BoD meeting, containing the items to be previewed by the Company's Management Board according to the Company's internal document governing the operating procedure of the Company's Management Board, shall be sent to the Board of Directors upon their review by the Company's Management Board only and upon elaboration of the respective recommendations on them.

6.5. The Chairman of the Board of Directors shall review the received request for convening the extraordinary meeting of the Company's Board of Directors and make a decision as to convention or non-convention of such meeting or as to inclusion of the items contained in the request into the agenda of the planned BoD meeting (as per the approved BoD Business Plan).

A reasonable resolution adopted by the Chairman of the Board of Directors as to non-convention of an extraordinary BoD meeting shall be forwarded to the requisitioner of such meeting.

Non-compliance with Clauses 6.3 and 6.4 hereof may substantiate the denial of the request for convening a BoD meeting.

6.6. The Corporate Secretary shall draft and the Chairman or Deputy Chairman of the Board of Directors (in cases envisaged in this Regulation) shall sign the notice of BoD meeting. The notice of BoD meeting can be sent by the Corporate Secretary to BoD members by any method, in particular, by hand, facsimile or sending of the notice at the BoD members' email addresses available to the Corporate Secretary.

6.6.1. A notice of BoD meeting shall be sent by the Corporate Secretary to each BoD member in writing at least Eleven (11) business days prior to the BoD meeting date (the cut-off date for receipt of voting ballots), unless otherwise envisaged in this Regulation.

6.6.2. If the items that, according to the Regulation on Management Board and/or Regulations on BoD Committees, should be previewed by the Management Board and/or the respective BoD Committee (if established) are incorporated into the BoD meeting agenda, and resolutions (recommendations) of the Company's Management Board and/or BoD Committee on these items were not submitted to the Board of Directors by the time the notice is sent, the notice of such BoD meeting shall be forwarded by the Corporate Secretary to each BoD member in writing, within Fifteen (15) business days from the BoD meeting date (the cut-off date for receipt of voting ballots), unless otherwise envisaged in this Regulation.

6.7. The following materials (information) on agenda items of the meeting shall be sent to members of the Board of Directors simultaneously with the notice of BoD meeting.

The materials (information) on the meeting agenda items shall include:

- draft resolutions of the Board of Directors on the agenda items of the BoD meeting;
- explanatory note to the draft resolutions of the Board of Directors on the agenda items of the BoD meeting;

- draft documents submitted for approval, agreement or ratification of the Board of Directors;
- minutes of the management bodies' meetings and conferences; resolutions (recommendations) of the BoD Committees and other special-purpose bodies and commissions of the Company in charge of the preview of items (if any);
- materials supporting the information set forth in the draft resolutions and explanatory notes;
- other information materials on the agenda items of the BoD meeting;

6.8. The materials (information) on the agenda items may be provided to members of the Company's Board of Directors by hand, by facsimile or email, and the notice of the BoD meeting shall be sent to members of the Company's Board of Directors by facsimile, by email or in the original.

6.9. When the issues that, according to the Regulation on the Company's Management Board and/or the regulations on BoD Committees, should be previewed by the Management Board and/or the respective BoD committee are included into the agenda of the BoD meeting, the notice of the BoD meeting and the materials on these issues shall be provided by the Company's Corporate Secretary to the Management Board and/or the respective Committee in such manner and within such periods of time as envisaged in Clause 6.6.2 and 6.8 hereof.

The resolutions (recommendations) of the Company's Management Board and/or the BoD Committee shall be sent by the Company's Corporate Secretary to BoD members if they are received at the Board of Directors at least Three (3) business days prior to the date of BoD meeting, except for the case envisaged in Clause 10.18 hereof. If resolutions (recommendations) of the Management Board and/or the respective Committee are not provided (or provided other than within the specified periods of time), the Board of Directors is free to make a decision on the issue without taking into account these resolutions (recommendations).

6.10. The Chairman of the Board of Directors shall be free, upon agreement with the initiator of submitting an item that should be previewed by the respective BoD Committee, according to the Regulation on BoD Committee, to the Board of Directors' review, to adjourn the review of this item once, if the Committee did not provide the necessary resolutions (recommendations), and the Chairman of the Committee sent a letter with a reasonable request for such adjournment.

6.11. In cases envisaged in Clauses 5.2 and Section 10 of this Regulation, by resolution of the Chairman of the Board of Directors, the period for sending a notice of the BoD meeting and provision of materials (information) to BoD members may be reduced.

## **7. Procedure for Board of Directors Meeting**

7.1. The Chairman of the Board of Directors shall call the BoD meeting to order. The Chairman of the Board of Directors shall be free to resolve to hold a BoD meeting in presentio (as joint presence) by video conference.

7.2. Members of the Company's Board of Directors and invitees on each of the items under review, according to the list approved by BoD Chairman, shall take part in BoD meetings.

7.3. The Corporate Secretary shall determine whether or not the BoD meeting is quorate.

The quorum for a BoD meeting shall be at least half of the elected members of the Company's Board of Directors.

7.4. The Chairman of the Board of Directors shall inform those present if the BoD meeting is quorate and announce the BoD meeting agenda.

7.5. A non-quorate meeting shall be announced incompetent. The Chairman of the Board of Directors shall make one of the following resolutions:

- 1) in consultations with the present BoD members, determines the period of postponement of the meeting commencement but by not more than two hours;
- 2) determines the date of a new meeting held instead the failed meeting, with the pre-determined agenda;

A new meeting may be held instead of the failed meeting within 20 days from adoption of the respective resolution of the BoD Chairman on this issue;

- 3) include the agenda items of a failed meeting into the agenda of a regular BoD meeting.

7.6. BoD meeting shall include the following stages:

- 1) speech of a BoD member or an invitee with a report on the agenda item;
- 2) discussion of an agenda item;



- 3) proposals as to the wording of the resolution on the agenda item;
- 4) voting on the agenda item;
- 5) vote counting and summarizing the voting results;
- 6) announcement of voting results and the resolution adopted on the agenda item.

7.7. The information provided by the Corporate Secretary on earlier adopted BoD resolutions is heard at a BoD meeting held by joint presence of its members.

7.8. Resolutions at a meeting of the Company's Board of Directors shall be made by a majority of votes of the members of the Company's Board of Directors attending the meeting, except as envisaged in Russian law and the Company's Articles of Association.

7.9. Each member of the Board of Directors has one vote when resolving issues at a BoD meeting.

The Chairman of the Board of Directors shall have a casting vote in case of a tie-vote.

Transfer of vote a member of the Company's Board of Directors to another member of the Company's Board of Directors or another person shall be prohibited.

7.10. If a BoD member has a conflict of interests, the recommendation for such member is to refrain from voting on the items, on which such conflict of interests exists.

## **8. Procedure for Board of Directors Meeting in Person and in Absentia**

8.1. A BoD meeting can be held in person and in absentia (in particular, by a conference call) by resolution of the Chairman of the Board of Directors. The respective information should be provided in the meeting notice.

8.2. If at least half of BoD members are present at the meeting, written opinions of members of the Company's Board of Directors who do not attend the BoD meeting shall be taken into account when the voting results on the agenda items are determined, in such manner as envisaged in this Regulation.

8.3. On the date of BoD meeting, the Corporate Secretary shall, based on the voting results at the meeting, draft the checklist (Appendix 1) to be signed by the Chairman of the Board of Directors and to be sent in the original, by facsimile or by email to members of the Company's Board of Directors who did not attend this meeting.

8.4. When the checklist is completed by a BoD member, one of the possible voting options should be left non-stricken through only ("in favor", "against", "abstained") on each draft resolution on each item. A completed checklist should be signed by a BoD member, specifying his or her surname and initials.

8.5. A completed and signed checklist and a special opinion of a BoD member on each agenda item (if any) shall be sent by a BoD member on or before the day immediately following the meeting date to the Corporate Secretary in the original, by facsimile or by email, with subsequent sending of these documents in hard copy at the address indicated in it.

8.6. The checklist completed in violation of the requirements specified in Clause 8.4 of this Regulation shall be regarded as invalid (if the requirements to completion of voting options are only violated, it is recognized as invalid for the respective issue only) and shall not be taken into account in the vote count.

A checklist received by the Company upon expiry of the term indicated in it shall not be taken into account in the vote count and summarizing the voting results.

8.7. Based on the voting results at the meeting and the checklists received from BoD members, the Corporate Secretary shall summarize the voting results on the agenda items and issue the minutes of the BoD meeting in the manner envisaged in this Regulation.

8.8. Completed checklists of members of the Company's Board of Directors who did not attend the BoD meetings as well as special opinions of BoD members on the agenda items (if any) shall be added to the minutes of BoD meetings.

## **9. Decision-Making by Absentee Voting**

9.1. By resolution of BoD Chairman, resolutions of the Company's Board of Directors on agenda items of the meeting can be adopted by absentee voting (by poll).

9.2. For the purpose of decision-making by the Board of Directors by absentee voting (by poll), a notice of the absentee voting on agenda items, draft resolutions on them and materials

(information) on agenda items shall be sent to each BoD member in such manner and on such dates as established in Clauses 6.6 to 6.11 hereof.

9.3. The absentee voting meeting shall contain:

- the Company's full corporate name and registered address;
- wording of agenda items;
- indication to the absentee voting by completing the checklist;
- cut-off date and time for receipt of approval sheets;
- cut-off date and time for receipt of checklists for absentee voting;
- list of information (materials) provided to BoD members.

9.4. The checklist for absentee voting shall be sent to BoD members on or before the cut-off date for receipt of checklists, as specified in the absentee voting notice.

Together with the checklist, the resolutions (recommendations) of the Management Board and/or the respective Committees (if any are received by the Company's Corporate Secretary) shall be sent to BoD members.

9.5. When the checklist for absentee voting is completed by a BoD member, one of the possible voting options should be left non-stricken through only ("in favor", "against", "abstained") on each draft resolution on each item. A completed checklist should be signed by a BoD member, specifying his or her surname and initials.

9.6. The checklist completed in violation of the requirements specified in Clause 9.9 of this Regulation shall be regarded as invalid (if the requirements to completion of voting options are only violated, it is recognized as invalid for the respective issue only) and shall not be taken into account in determining the necessary quorum for decision-making by absentee voting and in the vote count.

9.7. A completed and signed checklist and a special opinion of a BoD member on agenda items (if any) shall be submitted by a BoD member within the period of time specified in the checklist to the Corporate Secretary in the original, by facsimile or by email, with subsequent sending of these documents in hard copy at the address indicated in the checklist.

BoD members whose checklists were received by the Corporate Secretary in the original, by facsimile or by email on or before the cut-off date for receipt of checklists as specified in the notice shall be deemed having taken part in the absentee voting.

A checklist received by the Company upon expiry of the term indicated in the checklist shall not be taken into account in the vote count and summarizing the absentee voting results.

9.8. The voting results on agenda items of a meeting held in absentia shall be summarized on the basis of the checklists completed and signed by BoD members and received within the period of time indicated in the absentee voting notice.

9.9. The Corporate Secretary shall issue the minutes of BoD meeting in the manner established in this Regulation on the basis of the received checklists.

## **10. Convention and Holding a BoD Meeting for Establishment of the Company's Executive Bodies**

10.1. Convention and holding of a BoD meeting for establishment of the Company's executive bodies (election, termination, suspension of powers) shall be in accordance with the general rules envisaged in this Regulation, with the view to the particular features described in this Section.

10.2. The procedure determined in the Section shall apply in cases of:

- termination of the General Manager's powers and election of a new General Manager (or acting General Manager);
- election of the General Manager (if the Board of Directors earlier resolved to terminate the General Manager's powers and elect the acting General Manager, and a new General Manager of the Company was not elected);
- suspension of the management company's (manager's) powers and appointment of the acting General Manager.

10.3. Preparation for and holding of a BoD meeting with the agenda including the items specified in Clause 10.2 hereof shall include the following stages:

- a notice to BoD members of the meeting convention, indicating the right to nominate candidates for the General Manager (or acting General Manager, if the suspension of the management company's (manager's) powers is under discussion, or the candidate for the

management company (manager) in cases envisaged in this Section);

- nomination by BoD members of candidates for the General Manager (acting General Manager, management company (manager));
- decision-making to terminate the General Manager's powers or to suspend the management company's (manager's) powers;
- decision-making to elect the General Manager (acting General Manager, if suspension of the management company's (manager's) powers is under discussion));
- decision-making to elect acting General Manager, if it was resolved to terminate the General Manager's powers but the resolution to elect a new General Manager was not adopted as a result of voting;
- shaping the Board of Directors' proposal as to the candidate(s) for the management company (manager) for voting at the General Meeting of the Company's Shareholders on transfer of powers of the Company's sole executive body to a management company (manager).

10.4. If it is resolved to suspend the management company's (manager's) powers and appoint acting General Manager, the Board of Directors shall resolve to hold an extraordinary General Meeting of the Company's Shareholders to resolve to early terminate the management company's (manager's) powers.

10.5. In case envisaged in Clause 10.4 of this Section, the Board of Directors shall be obliged, at the meeting that resolves to suspend the management company's (manager's) powers and appoint the acting General Manager, to review the candidate(s) for the management company (manager), to which/ whom the powers of the Company's sole executive body are proposed to be transferred, and also adopt some other resolutions related to suspension of the management company's (manager's) powers and performance by the acting General Manager of its functions before the General Meeting of the Company's Shareholders.

10.6. A notice of the BoD meeting with the agenda containing the items envisaged in Clause 10.2 hereof shall be sent to BoD members in writing at least Three (3) days prior to the BoD meeting.

This BoD meeting can be held in any format whatsoever, and the requirements of this Regulation as to the necessary consent of all BoD members to holding the meeting by poll shall not apply.

10.7. If these items should be previewed by the respective Committee of the Company's Board of Directors, according to the Regulations on BoD Committees, the notice of a BoD meeting with the agenda containing such items shall be sent to BoD members in writing at least Five (5) days prior to BoD meeting.

10.8. Unless otherwise established in the BoD resolution, each BoD member shall be free to nominate not more than one candidate for the General Manager (acting General Manager). A BoD member shall also be free to nominate a candidate for acting General Manager, if it is resolved to terminate the General Manager's powers but the resolution to elect a new General Manager is not adopted as a result of voting; A BoD member is free to nominate one and the same person to the position of the General Manager and that of the acting General Manager.

10.9. If suspension of the management company's (manager's) powers is included into the agenda of the Company's BoD meeting, a member of the Company's Board of Directors shall also be entitled to nominate the candidate for the management company (manager) for preparation of the BoD proposal to the General Meeting of the Company's Shareholders on transfer of powers of the Company's sole executive body to the management company (manager).

10.10. The proposal as to nomination of the candidate (Clause 10.8 and 10.9 of this Regulation) shall be made in writing and signed by the nominating member of the Company's Board of Directors.

10.11. The proposal as to nomination of the candidate for the General Manager (acting General Manager) shall contain the following information:

- proposed candidate's name;
- date and place of birth;
- information on education, specialization and qualifications;
- information on academic degree;
- information on employment in the last Five (5) years;
- number and categories (types) of the candidate's shares in the Company.

10.12. The proposal as to nomination of the candidate for the management company shall contain the following information:

- full corporate name;
- date and place of the company's state registration;
- the company's founders;
- the company's shareholders (participants);
- the company's affiliates.

10.13. The proposal as to nomination of the candidate for manager shall contain the information envisaged in Clause 10.11 hereof as well as information on whether or not the candidate has the certificate of state registration as individual entrepreneur.

10.14. Proposals as to nomination of candidates for the General Manager (acting General Manager, the management company (the manager)) shall arrive at the Company in the original, by facsimile (with subsequent provision of the original at the meeting) or by email at least One (1) day prior to the BoD meeting.

In cases envisaged in Clause 10.7., proposals as to nomination of candidates for the General Manager (acting General Manager, the management company (the manager)) shall arrive at the Company in the original, by facsimile (with subsequent provision of the original at the meeting) or by email at least Three (3) days prior to the BoD meeting.

10.15. The proposals as to nomination of candidates received from members of the Company's Board of Directors shall be included into the voting list.

10.16. If, based on voting(s) on the election of the General Manager the required number of votes is not given for either candidate, the Board of Directors shall be free to appoint the acting General Manager. In this case, voting shall be carried out on the same candidates for acting General Manager as those nominated by BoD members according to Clause 10.8 hereof. If none of BoD members nominated a candidate for acting General Manager according to Clause 10.8 hereof, the voting shall be on the candidates that BoD members are entitled to nominate in the course of BoD meeting.

10.17. BoDmembers shall be entitled to require that any BoD member provide additional information on the candidate being nominated.

10.18. If the items envisaged in Clause 10.2 of this Regulation, according to the Regulations on the Company's BoD Committees (if established), should be previewed by the respective BoD committee are included into the agenda of the BoD meeting, the notice of the BoD meeting on these items shall be provided by the Company's Corporate Secretary to the respective Committee within such periods of time as envisaged in Clause 10.7 hereof. The proposals as to nomination of candidates for the General Manager (acting General Manager) or the Company's management company and information on them received from BoD members shall be forwarded by the Company's Corporate Secretary to the respective BoD Committee as soon as they are received, in such manner and by such method as ensure their soonest possible receipt by the Committee (by facsimile, email, etc.).

The resolutions (recommendations) of the Company's BoD Committee, if they are received at the Board of Directors before the BoD meeting date, shall be promptly sent by the Corporate Secretary to members of the Company's Board of Directors and made available to BoD members at the BoD meeting, if the meeting is held in person or in person and in absentia. If resolutions (recommendations) of the respective Committee are not provided, the Board of Directors is free to make a decision on the item without taking into account these resolutions (recommendations).

10.19. If the General Manager is elected by the General Shareholders' Meeting, according to the Company's Articles of Association, the provisions of this Section shall apply to the extent they do not contradict the Company's Articles of Association and Russian law.

10.20. If the Company establishes a collective executive body, the procedure for election and termination of powers of its members shall be determined in the Company's internal document that governs the operations of such body.

## **11. Minutes of the Company's BoD Meeting**

11.1. The Corporate Secretary shall keep the minutes at BoD meeting.

11.2. The minutes of the Company's BoD meeting shall be drafted within Three (3) days from its holding (summarizing the results of absentee, personal/absentee voting).

11.3. The minutes shall specify:

- the Company's full corporate name;

- the meeting format;
- venue and time of the meeting (summarizing the voting results);
- BoD members who attend the meeting (took part in absentee, personal/absentee voting) and invitees;
- information on quorum at the meeting;
- meeting agenda;
- issues put to vote and nominal voting results on them;
- the summarized transfer of the reports and speeches of the persons attending the meeting;
- decisions made;

The minutes of the meeting of the Company's Board of Directors shall be signed by the chairman of the meeting and the Corporate Secretary who are responsible for the correct drafting of the minutes.

Special opinions of BoD members shall be added to the minutes of the BoD meeting and make integral part of the minutes.

The Corporate Secretary shall sign off all appendices to the minutes of the Company's BoD meeting (the Chairman of the Board of Directors shall sign the appendices to the Minutes of the meeting of the Company's Board of Directors, if it is envisaged in the document format).

11.4. Resolutions adopted by the Board of Directors shall be communicated to BoD members in writing, by sending by the Corporate Secretary of a copy of the minutes of BoD meeting within Three (3) days from signing of the minutes of BoD meeting.

11.5. The Company shall keep the minutes of BoD meetings at the location of the Company's executive body or another location known and accessible to stakeholders.

11.6. Minutes of the meetings of the Company's Board of Directors shall be available for examination to any of the Company's shareholders, BoD member, the Internal Audit Commission member, the Company's auditor, the Company's General Manager, official representatives of the federal control bodies at the location of the Company's executive body or another location designated by the Company's Board of Directors.

## **12. Final Provisions**

12.1. The Company's Board of Directors shall conduct regular performance assessments, in order to improve its performance.

The frequency, assessment criteria and other issues related to performance assessment of the Company's Board of Directors shall be determined in individual resolutions of the Company's Board of Directors.

**BOARD OF DIRECTORS  
of Public Joint Stock Company  
Interregional Distribution Grid Company of the South**

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**CHECKLIST**

for voting on the agenda items of IDGC of the South, PJSC BoD Meeting

held in personal/ absentee format on \_\_\_\_\_, 20\_\_\_\_

Item:

1. \_\_\_\_\_

Resolution (adopted at the meeting):

1. \_\_\_\_\_

\_\_\_\_\_

IN FAVOR

AGAINST

ABSTAINED

*(please do not strike through one answer option only)*

Item:

2. \_\_\_\_\_

Resolution (adopted at the meeting):

2. \_\_\_\_\_

\_\_\_\_\_

IN FAVOR

AGAINST

ABSTAINED

*(please do not strike through one answer option only)*

The completed and signed checklist shall be sent by facsimile \_\_\_\_\_, email  
\_\_\_\_\_ or in the original on or before \_\_\_\_\_.  
/date, time/

A checklist arrived at the Company upon expiry of the above term shall not be taken into account in  
the vote count and summarizing the personal/ absentee voting results.

The checklist original shall be sent at: \_\_\_\_\_

**BoD Member**

**IDGC of the South, PJSC** \_\_\_\_\_ /

\_\_\_\_\_

(Signature)

(Full name)

**Chairman of the Board of Directors** \_\_\_\_\_ /

(Signature)

(Full name)

**THE CHECKLIST IS INVALID WITHOUT A SIGNATURE OF THE CHAIRMAN AND MEMBER OF THE  
BOARD OF DIRECTORS**

**BOARD OF DIRECTORS**  
**{0} of Public Joint Stock Company**  
**Interregional Distribution Grid Company of the South**

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**CHECKLIST**  
for absentee voting on the meeting agenda items  
on IDGC of the South, PJSC Board of Directors Meeting

Item:

1. \_\_\_\_\_

Resolution:

1. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(please do not strike through one answer option only)*

Item:

2. \_\_\_\_\_

Resolution:

2. \_\_\_\_\_

**IN FAVOR**

**AGAINST**

**ABSTAINED**

*(please do not strike through one answer option only)*

The completed and signed voting checklist shall be sent by facsimile \_\_\_\_\_, email \_\_\_\_\_ or in the original on or before \_\_\_\_\_.  
/date, time/

A checklist arrived at the Company upon expiry of the above term shall not be taken into account in the vote count and summarizing the absentee voting results.

The checklist original shall be sent at: \_\_\_\_\_

**BoD Member**

**IDGC of the South, PJSC**

\_\_\_\_\_

(Signature)

(Full name)

**THE CHECKLIST IS INVALID WITHOUT A SIGNATURE OF THE CHAIRMAN AND MEMBER OF THE BOARD OF DIRECTORS**