

**Extract from Minutes No.176/2016 of meeting of the Board of Directors of Public
Joint Stock Company “Interregional Distribution Grid Company of the South”
(IDGC of the South PJSC)**

Date of holding the meeting:	11.03.2016
Form of the meeting:	Absentee (voting by questionnaires)
Place of summing up the results of voting:	147, 2-ya Krasnodarskaya street, Rostov-on-Don
Time of summing up the results of voting:	11.03.2016; 5 p.m.
Date of drawing up minutes of meeting:	14.03.2016
Amount of the BoD members	11 members

Members of the BoD that have submitted the questionnaires: Arkhipov Sergey Alexandrovich, Branis Alexandr Markovich, Dudchenko Vladimir Vladimirovich, Pankstianov Yuriy Nikolaevich, Piotrovich Nikolay Borisovich, Fadeev Alexandr Nikolaevich, Filkin Roman Alexeevich, Kharin Andrey Nikolaevich, Shevchuk Alexandr Viktorovich, SHmakov Igor Vladimirovich, Ebzeev Boris Borisovich.

Members of the BoD that have not submitted the questionnaires: none

In accordance with paragraph 7.3 of article 7 of the Regulations for the Board of Directors of IDGC of the South PJSC, approved by the resolution of the AGM of IDGC of the South shareholders on 19.06.2016 (minutes of meeting No.13 dated 22.06.2015), the quorum for holding the meeting of the Board of Directors shall constitute at least half of the elected members of the Company’s Board of Directors. The quorum is present.

Agenda of the BoD meeting:

1. On approval of the restated Internal Audit Policy of IDGC of the South PJSC.
2. On approval of the restated Internal Control Policy of IDGC of the South PJSC.
3. On approval of the restated Regulations for Audit Committee of IDGC of the South PJSC.
4. On introduction of changes to the Regulations on the Committee for Strategy, Development, Investments and Reform under the BoD of IDGC of the South PJSC.

5. On approval of contract for organization and holding Interregional, contest among teams performing repair and maintenance of substation equipment and cable lines, between IDGC of the South PJSC and Lenenergo PJSC, as a transaction of interest.
6. On approval of contract between IDGC of the South PJSC and National Research University “MPEI”, as a transaction of interest.
7. On preliminary approval of resolution to conclude transaction related to gratuitous alienation of movable property, which is used for production, transfer, distribution of electric and heat energy – backup power sources.

Item 4: On introduction of changes and amendments to the Regulations on the Committee for Strategy, Development, Investments and Reform under the BoD of IDGC of the South PJSC

Resolution:

1. To introduce changes to paragraph 2.2 of chapter 2 “Goals and Objectives of the Committee” of the Regulations on the Committee for Strategy, Development, Investments and Reform under the Board of Directors of IDGC of the South PJSC (hereinafter – the Regulations on the Committee), by adding subparagraph 7:

“7) control over organization and functioning of the risk management system.”

2. To introduce changes to paragraph 3.1 of chapter 3 of “Competence of the Committee” of the Regulations by adding sub-paragraph 20):

“20) the annual consideration of organization, functioning and effectiveness of the risk management system in the Company:

- a) consideration, before submission to the Board of Directors, of reports of executive bodies on the organization, functioning and effectiveness of the risk management system;
- b) preliminary review, prior to approval by the Board of Directors, the Company's internal documents defining the strategy of the organization and development of the Company's risk management system, risk management policies and proposals for their improvement;
- c) preliminary review, prior to approval by the Board of Directors, and the preparation of opinion on the text of the section of the annual report of the Company “The systems of risk management and internal control”;

- d) timely informing of the Board of Directors about the risks associated with the Company's activities within the competence of the Committee;
- e) consideration of the half-year report of the executive body of the Company on management of operational risks in accordance with established procedures;
- f) interaction with the internal audit and internal control committees related to operation of the Company risk management system and its effectiveness, the organization of measures for dealing with the identified and potential significant deficiencies in the system of risk management;
- g) consideration of proposals to upgrade the list and structure of risks (risk registers) of the Company, assignment (appointment) of risk owners;
- h) consideration of proposals for improving the system of risk management, including risk identification and adjustment of risk parameters; discussion of the essential (key) risks of the Company and their indicators with the executive body;
- i) assessment of completeness, effectiveness and impact of the activities developed by the executive body for the management of essential (key) risks of the Company;
- j) participation in the consideration of candidates for positions in the Company, related to risk management.”

Voting results:

Arkhipov S.A.	- FOR	Fadeev A.N.	- FOR
Branis A.M.	- ABSTAINED	Filkin R.A.	- ABSTAINED
Dudchenko V.V.	- FOR	Kharin A.N.	- FOR
Pankstianov Yu.N.	- FOR	Shevchuk A.V.	- FOR
Piotrovich N.B.	- FOR	Shmakovv I.V.	- FOR
Ebzeev B.B.	- FOR		

Thus, the majority of the BoD members adopted the resolution on the fourth item.

Chairperson of the BoD Arkhipov S.A.

Corporate Secretary Pavlova Ye.N.

The extract from the Minutes of meeting is correct Pavlova Ye.N.

14.03.2016

