



ENERGIZING
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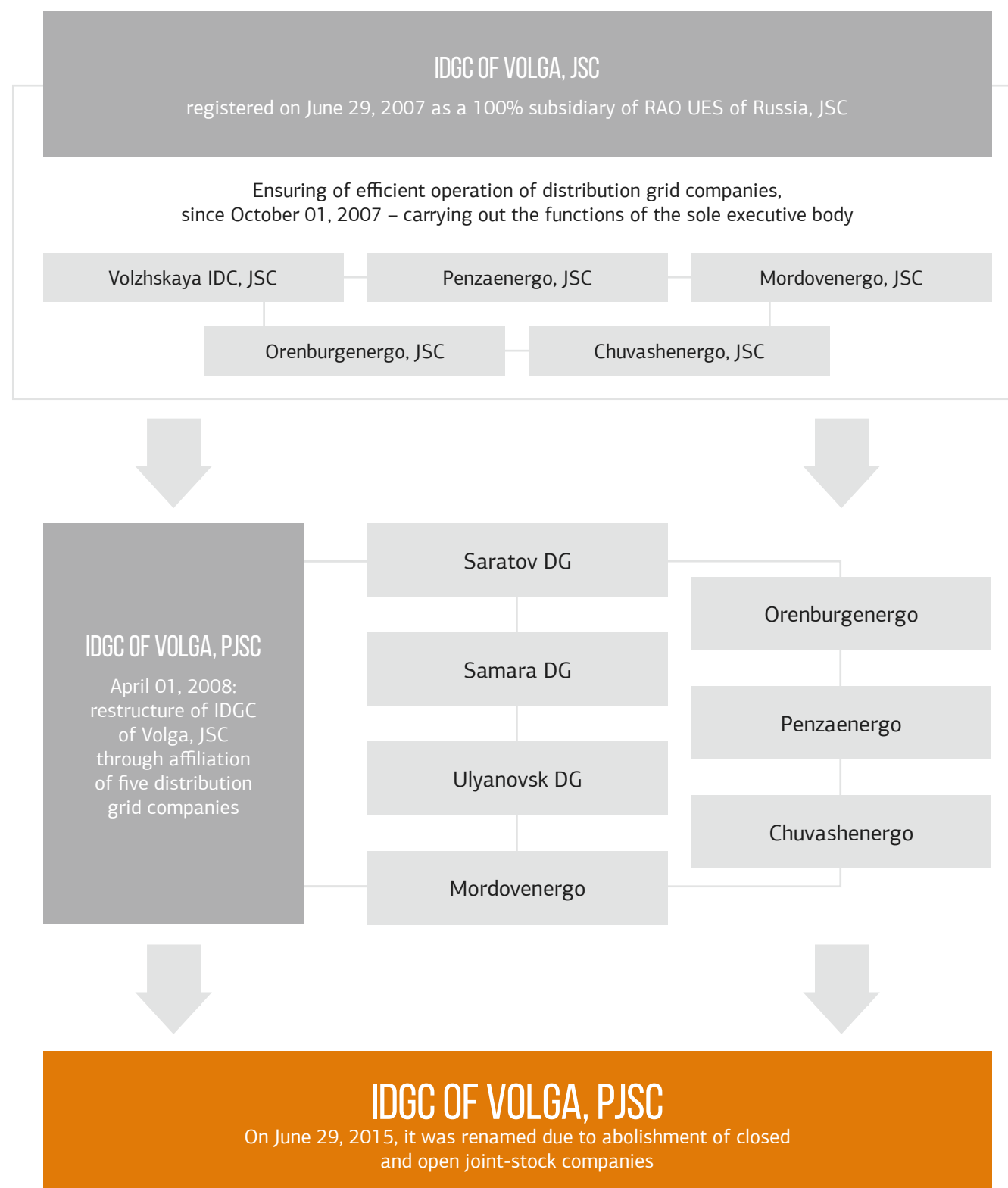
ACCORDING TO THE RESULTS
OF THE FISCAL YEAR 2016 OF
PUBLIC JOINT-STOCK COMPANY
INTERREGIONAL DISTRIBUTION
GRID COMPANY OF VOLGA



RYABIKIN VLADIMIR ANATOLIEVICH
General Director of IDGC of Volga, PJSC

COMPANY INFORMATION	STRATEGY AND FUTURE DEVELOPMENT	INFORMATION FOR SHAREHOLDERS AND INVESTORS	CORPORATE GOVERNANCE	RISK MANAGEMENT SYSTEM	INTERNAL CONTROL SYSTEM	ANTI-CORRUPTION ACTIVITY	FINANCING ACTIVITY	PRODUCTION PERFORMANCE	TARIFF POLICY	INVESTMENT ACTIVITY	INNOVATIVE DEVELOPMENT AND ENERGY-SAVING ACTIVITY AND ACTIVITY ON ENHANCEMENT OF POWER EFFICIENCY	HUMAN CAPITAL ASSET AND SOCIAL RESPONSIBILITY	LABOUR SAFETY AND ENVIRONMENTAL PROTECTION	REFERENCE AND CONTACT INFORMATION	APPENDIXES
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INTRODUCTION



PUBLIC JOINT-STOCK COMPANY INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA (HEREINAFTER REFERRED TO AS IDGC OF VOLGA, PJSC, THE COMPANY) WAS REGISTERED ON JUNE 29, 2007 IN SARATOV AS A ONE HUNDRED PERCENT SUBSIDIARY OF RAO UES OF RUSSIA, JSC ACCORDING TO THE RESOLUTION PASSED BY THE SOLE FOUNDER OF RAO UES OF RUSSIA, JSC (ORDER OF THE MANAGEMENT BOARD OF RAO UES OF RUSSIA, JSC NO. 191P DATED JUNE 22, 2007) TO IMPLEMENT THE RESOLUTION ON PARTICIPATION IN IDGC PASSED BY THE BOARD OF DIRECTORS OF RAO UES OF RUSSIA, JSC (MINUTES OF MEETING NO. 250 DATED APRIL 27, 2007).

According to IDGC's structure approved by the resolution of the Board of Directors of RAO UES of Russia, JSC (Minutes No. 250 dated April 27, 2007), IDGC of Volga, JSC encompassed the following distribution grid companies (DGC): Volzhskaya IDC, JSC; Mordovenergo, JSC; Penzaenergo, JSC; Orenburgenergo, JSC and Chuvashenergo, JSC.

During the period from June 29, 2007 till March 31, 2008, IDGC of Volga, JSC ensured operation of the distribution grid companies encompassed by the Company according to IDGC's structure. In order to form DGC's target management model and improve the efficiency of management of the above companies, IDGC of Volga, JSC started to exercise functions of the sole executive body of these companies according to the resolution passed by the General Meeting of Shareholders of DGC on October 01, 2007.

On December 25, 2007, the Management Board of RAO UES of Russia, JSC exercising functions of the extraordinary General Meeting of Shareholders of IDGC of Volga, JSC (Minutes of Meeting

No. 1795np/8 dated December 25, 2007) passed the resolution on the Company's restructuring through affiliation of Volzhskaya IDC, JSC; Mordovenergo, JSC; Orenburgenergo, JSC; Penzaenergo, JSC and Chuvashenergo, JSC.

In January 2008, the extraordinary General Meetings of Shareholders of the above five distribution grid companies encompassed by IDGC of Volga, JSC passed the resolutions on restructuring through affiliation with the Company.

On April 01, 2008 IDGC of Volga, JSC was finally restructured through affiliation of five distribution grid companies: Volzhskaya IDC, JSC; Mordovenergo, JSC; Orenburgenergo, JSC; Penzaenergo, JSC and Chuvashenergo, JSC. Since April 01, 2008, DGCs affiliated with IDGC of Volga, JSC have ceased operating as legal entities and started carrying out their activities as the following branches: Mordovenergo, Orenburgenergo, Penzaenergo, Samara Distribution Grids, Saratov Distribution Grids, Ulyanovsk Distribution Grids and Chuvashenergo.

Since April 01, 2008 and till the present time, IDGC of Volga, JSC operates as a single operating company in 7 constituents of the Russian Federation: the Chuvash Republic, the Republic of Mordovia, the Orenburg region, the Penza region, the Saratov region, the Samara region and the Ulyanovsk region; the Company's headquarters is located in Saratov.

As a result of entry into force of amendments made to the Civil Code of the Russian Federation (as amended on May 05, 2014) and abolishment of closed and open joint-stock companies, the legal form of the Company was changed: Open Joint-Stock Company Interregional Distribution Grid Company of Volga (IDGC of Volga, JSC) was renamed Public Joint-Stock Company Interregional Distribution Grid Company of Volga (IDGC of Volga, PJSC). New version of the Articles of Association as amended was approved on June 16, 2015 by the annual General Meeting of Shareholders and registered by Interdistrict Inspectorate of the Federal Tax Service No. 19 for the Saratov region on June 29, 2015.

DEAR SHAREHOLDERS AND INVESTORS,

Another year of work of IDGC of Volga, PJSC has come to an end. The achieved results acknowledge stability and successful development of the Company in all key business areas. Our performance for 2016 absolutely matches the Company's strategic aims.

Over the reporting period, operations of the Board of Directors and the managerial staff of IDGC of Volga, PJSC were focused at raising the quality of corporate governance, social responsibility and information transparency, improving integrated communication channels, and promoting the interests of the Company's shareholders. In 2016, within the scope of its competence, the Board of Directors adopted resolutions determining main areas of the Company's business for 2016 and for the long term.

The Board of Directors of IDGC of Volga, PJSC made a number of strategic, operational and economic decisions that are key to the Company's operations, including approval of the Program for Energy Saving and Energy Efficiency Improvement of the Company for 2016–2020, the Program of activities aimed to maintain the highest level of security against terrorist attacks and acts of sabotage at the facilities of IDGC of Volga, PJSC for 2016–2021.

The decisions made by the Board of Directors are being efficiently implemented by the Company's management and operational staff.

The confirmation of Ba2 international credit rating of IDGC of Volga, PJSC by Moody's Investors Service Ltd basing upon performance assessment criteria for corporate governance and transparency of the Company is the evidence of its financial security. Basing on the results of monitoring, Nonprofit Partnership Russian Institute of Directors assigned higher rating of NRKU 7+ "Advanced Practice of Corporate Governance" (Corporate Governance National Rating scale) to IDGC of Volga, PJSC. This rating acknowledges that the Company's corporate governance relies upon the principles of openness,

transparency, accountability of management bodies, controllability of financial and business activities, and observance of shareholder rights.

According to the program of preparation for the 2018 FIFA World Cup that will take place in the Russian Federation, the Company hastened to draw up the issue documents and register them with the Bank of Russia. Additional issue of ordinary shares of IDGC of Volga, PJSC was registered on November 01, 2016.

IDGC of Volga, PJSC without question plays an important role in positive economic development of the Middle Volga area, Orenburg region and overall distribution power grid complex of the country.

I would also like to express my sincere and highest appreciation and gratitude to the Management and staff members of IDGC of Volga, PJSC, its shareholders and members of the Board of Directors, for their professional attitude and constructive co-operation in activities aimed to maintain and enhance financial strength and stability of the Company.

I am sure that IDGC of Volga, PJSC will cope with all challenges and will make a significant contribution to stable operation and development of electric grid infrastructure of the Volga Federal District.

**Best regards,
VALENTIN EFIMOVICH MEZHEVICH
Chairman of the Board
of Directors of IDGC of Volga, PJSC**



DEAR SHAREHOLDERS, INVESTORS, CLIENTS AND PARTNERS,

In 2016, the Company's staff and management made a measurable contribution to the economic development of the region and ensured smooth development of the Company due to growing production potential and investment prospects.

The production activities of IDGC of Volga, PJSC are oriented to strategic industry-specific goals: ensuring trouble-free power supplies to consumers, lowering wear and tear, upgrading distribution power grid complex, and ensuring its innovative development. Successful operation of IDGC of Volga, PJSC during the autumn and winter season under unfavorable weather conditions proved high operational reliability of the distribution power grid complex ensured by the Company.

Pursuing its R&D program in 2016, the Company designed an inflammable gas indicator for gas relays of power transformers successfully presented at RUGRIDS-ELECTRO 2016.

Financing of its investment program in 2016 amounted to 3,532.6 million rubles. 586.5 kilometers of the overhead power transmission lines and 177.11 MVA of the transformer capacity were put into operation.

In 2016, according to the investment program, the Company continued the construction of power complexes, important facilities intended to energize the sports infrastructure of two Russian stages of the 2018 FIFA World Cup. The Company built 110/10 kV Stadion substation and 110/10 kV Posop substation in the Samara region and in the Republic of Mordovia, respectively.

Financial, economic and production indicators achieved in 2016 show that the Board of Directors and Top Management selected a sound strategy that allowed to achieve positive results and neutralize the effect of external negative macroeconomic factors.

In 2016, the sales profit amounted to 4,678 million rubles (2.3 times higher than in 2015). In 2016, the net profit of the Company totaled 1,378 million rubles (5.7 times higher than in 2015).

The Company struggled to increase its customer focus. Time and cost of the technological connection were reduced due to the increase in volume of non-contracted works up to 70%; the request-to-offer period was shortened down to 9 days; mobile teams and technological connection reserve stock were formed to perform works for privileged applicants. A personal account on the website (www.mrsk-volgi.ru) of IDGC of Volga, PJSC allows to submit a technological connection request and check the status of the request. The Company's call center with a toll-free hot line is available 24/7.

The development of human capital assets remains the most important element of the Company's corporate policy: creating favorable social and production environment, and involving each employee in activities intended to achieve the Company's goals. In 2016, specialists of the Company showed off sky-high skills at domestic and international professional skill contests and took first place at the contest among Rosseti's teams and second place at International professional skill contest among the emergency teams responsible for servicing the equipment of substations with the voltage of 110 kV and over.

The Company's performance during the reporting period gives evidence of sufficient potential for sustained long-term growth and effective operation under variable conditions.

**Best regards,
VLADIMIR ANATOLIEVICH RYABIKIN
General Director,
Chairman of the Management Board
of IDGC of Volga, PJSC**



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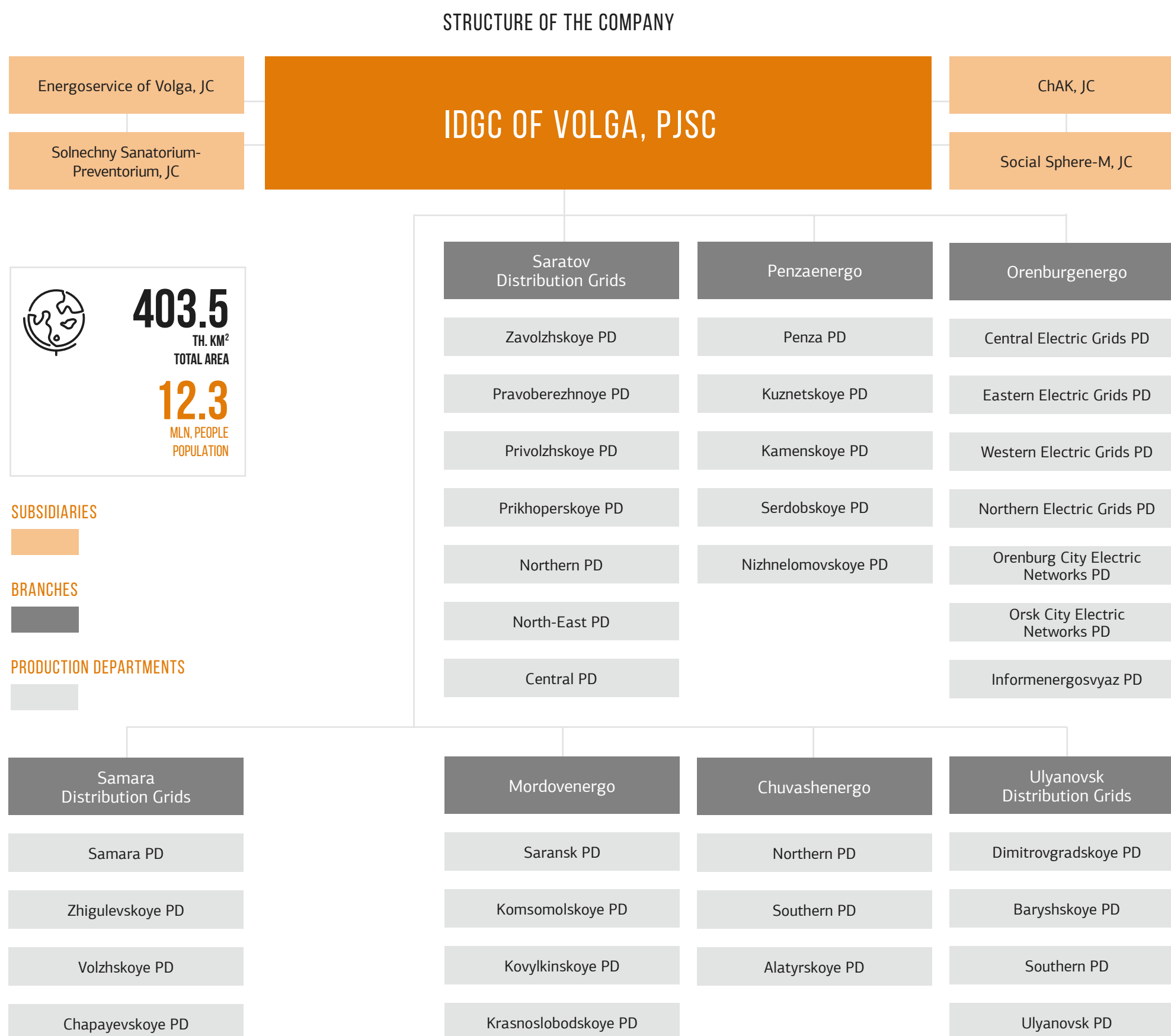
BASIC INFORMATION

Public Joint-Stock Company Interregional Distribution Grid Company of Volga is now a modern, innovation, successful and fast growing consolidated operating Company that dominates on the power supply market within its service area – 7 regions of the Volga Federal District of the Russian Federation: **Saratov, Samara, Orenburg, Penza and Ulyanovsk regions, Republic of Mordovia, Chuvash Republic**, with the **total area of 403.5 thousand km²**, and the population of more than **12.3 million people**, with the control center in Saratov.

The core activities of the Company are:

- / power supply services;
- / dispatch and operation control;
- / technological connection of power receivers (power systems) of legal entities and natural persons to power grids.

In accordance with the Order of the Federal Tariff Service No. 237-э of June 27, 2008, the Company was entered into the register of natural monopolies in the energy sector.



GEOGRAPHY OF SERVICES



«SARATOV DISTRIBUTION GRIDS»
SARATOV REGION

101.2 AREA, TH. KM²

2,479.2 POPULATION, TH. PEOPLE

«SAMARA DISTRIBUTION GRIDS»
SAMARA REGION

53.6 AREA, TH. KM²

3,203.6 POPULATION, TH. PEOPLE

«MORDOVENERGO»
REPUBLIC OF MORDOVIA

26.1 AREA, TH. KM²

808.5 POPULATION, TH. PEOPLE

«ORENBURGENERGO»
ORENBURG REGION

123.7 AREA, TH. KM²

1,989.5 POPULATION, TH. PEOPLE

«ULYANOVSK DISTRIBUTION GRIDS»
ULYANOVSK REGION

37.2 AREA, TH. KM²

1,252.8 POPULATION, TH. PEOPLE

«PENZAENERGO»
PENZA REGION

43.3 AREA, TH. KM²

1,341.5 POPULATION, TH. PEOPLE

«CHUVASHENERGO»
CHUVASH REPUBLIC

18.3 AREA, TH. KM²

1,235.8 POPULATION, TH. PEOPLE

The following major companies carry out the similar activities in the territory of IDGC of Volga, PJSC functioning:

- / in the Saratov region: Saratov City Electric Network Enterprise, CJSC (SPGES); Oblkommunenergo, JSC; ESKo, LLC; Eltreit, LLC;
- / in the Samara region: Samara Network Company, CJSC; Samaraneftgaz, JSC;
- / in the Ulyanovsk region: Municipal Unitary Enterprise (MUP) Ulyanovsk City Electric Networks (UIGES); Ulyanovsk Network Company, JSC; Energomodul, LLC; Aviastar-Joint Power Supply Enterprise, CJSC; Kuybyshevsk Railways (KZhD), a branch of Russian Railways, JSC (RZhD);
- / in the Orenburg region: State Unitary Enterprise (GUP) Orenburg Municipal Electric Networks (Orenburgkommunelektroset); South-Ural Branch of Gazpromenergo, LLC; South-Ural Railways (YuUZhD), a branch of Russian Railways, JSC (RZhD);

- / the Penza region: Penza Gorelektroset, CJSC, Setevaya Kompaniya, LLC, KZhD-SP Transenergo of the branch of Russian Railways, JSC (RZhD);
- / in the Republic of Mordovia: Technical Firm WATT, CJSC; Mordovian Elektroset, JSC; Elektroploset, LLC; Energolin, LLC;
- / in the Chuvash Republic: Public Utilities Technologies, LLC; Kanash City Electric Networks, JSC; Municipal Unitary Enterprise Shumerlya City Electric Networks; Municipal Unitary Enterprise Alatyr City Electric Networks; Municipal Unitary Enterprise Novocheboksarsk Municipal Electric Networks.

Main Company’s consumers

The key consumers of services delivered by IDGC of Volga, PJSC are the following sales companies: Samaraenergo, PJSC; Saratovenergo, PJSC; Ulyanovskenergo, JSC; Mordovia Energy Sales Company, PJSC; TNS Energo Penza, LLC; Energosbyt Plus, JSC; Chuvash Energy Sales Company, JSC; as well as consumers – participants of the wholesale and retail electric power markets.

According to the grid output ratio between different companies delivering electric power transmission services, IDGC of Volga, PJSC dominates across its footprint.

ACCORDING TO THE GRID OUTPUT RATIO BETWEEN DIFFERENT COMPANIES DELIVERING ELECTRIC POWER TRANSMISSION SERVICES, IDGC OF VOLGA, PJSC DOMINATES ACROSS ITS FOOTPRINT.



KEY INDICATORS

OPERATIONAL PERFORMANCE

Parameter	2015	2016	Change, %
Electricity supplies (million kWh)	52,908	53,042	0.25%
Number of substations (pcs.)	46,966	47,054	0.19%
35–220 kV	1,696	1,698	0.12%
6–35/0.4 kV	45,270	45,356	0.19%
Connected capacity (MW)	672.4	563.8	–16.15%
Length of the overhead transmission line along the route (km)	214,916.8	215,217.6	0.14%
Length of the cable line along the route (km)	1,553.85	1,591.1	2.40%

FINANCIAL PERFORMANCE

million rubles

Parameter (as per IFRS)	2015	2016	Change, %
Revenue (total), including:	47,991	53,336	11.1%
Power transmission services	47,308	52,688	11.4%
Services of providing connection to the power grids	348	323	–7.3%
Other revenue	335	326	–2.6%
Operating costs	45,251	48,491	7.2%
Other income	178	332	86.5%
Operating profit	2,917	5,177	77.5%
EBITDA	7,730	9,740	26.0%
EBITDA margin, %	16.1%	18.3%	-
Profit for period	1,268	2,804	121.1%
Profit for period margin, %	2.6%	5.3%	-



78%

TOTAL MARKET SHARE OF THE COMPANY
IN THE AREA OF PRESENCE

FINANCIAL PERFORMANCE

million rubles

Parameter (as per RAS)	2015	2016	Change, %
Revenue (total), including:	47,860	53,211	11.2%
Revenue from power transmission services	47,308	52,688	11.4%
Revenue from technological connection	348	323	–7.3%
Other revenue	204	201	–1.5%
Cost of products	44,574	47,349	6.2%
Sales profit	2,202	4,678	112.5%
Sales profit margin, %	4.6%	8.8%	-
EBITDA	7,676	9,819	27.9%
EBITDA margin, %	16.0%	18.5%	-
Net profit	243	1,378	467.2%
Net profit margin, %	0.5%	2.6%	-

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STRATEGY AND FUTURE DEVELOPMENT

MISSION AND TARGETS

Mission of IDGC of Volga, PJSC is to effectively use the distribution grid assets of the Company, maintain their reliability and raise investment resources for the benefit of each shareholder and the Company.

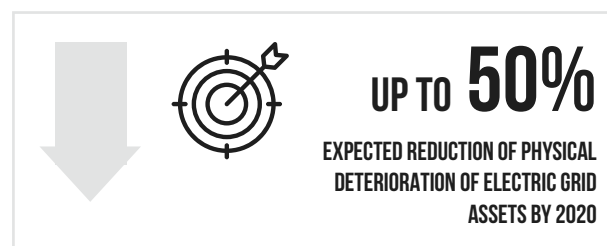
Major strategic target of IDGC of Volga, PJSC is to provide reliable and steady power supply to power consumers while cutting down on the cost of power transmission and ensuring equal access to power grids that generate profit to the Company.

Strategic development of the Company is aimed at building innovative and efficient distribution grid complex that is able to meet the demands of economic growth and social modernization in the regions where the Company operates.

Major strategic targets of the Company can be achieved provided that the following strategic objectives are completed:

- / ensuring system reliability and safety to maintain stable operation of distribution grid complex in the region, safe operation of main and auxiliary equipment and facilities, prevention of hazards to life of population;
- / sustainable development of quality and volume of power transmission services, ensuring environment safety, formation of infrastructural basis for economic development of the region;
- / growth of the company value that implies a continuous increase in revenues and profitability, expansion and qualitative renewal of the company's asset portfolio to satisfy the interests of the shareholders, to make IDGC of Volga, PJSC and its projects attractive to investors and to evaluate the efficiency of resource consumption and quality of managerial work.

The milestones in solving strategic objectives for IDGC of Volga, PJSC are as follows:



- / to reduce the physical deterioration of distribution grid assets up to 50% by 2020;
- / to increase the operating effectiveness by 2020 to the level of effectiveness of distribution grid companies in advanced economies;
- / to establish the reserve of transfer capacity of electric grids forestalling the economic development by 3 years by 2020;
- / to ensure the profitability of investments in the distribution grid complex at the level of profitability of companies with comparable market risks in the Russian Federation;
- / to raise funds needed to implement massive fixed assets renewal for higher reliability and quality of services and more efficient business activity of distribution grid companies;
- / to introduce innovative technologies corresponding to the best world standards in the area of electric energy distribution and at each stage of technological process.

To reach the above objectives the Company needs both additional large-scale financial resources and qualitative modifications in power transmission activities.

Despite the challenging financial environment, in 2016 the Company gained a positive financial result with net profit amounting to 1,378 million rubles; ensured a high degree of financial stability and independence; discharged the obligations to its personnel specified in the Collective Agreements entered into with regional committees of Public

Association All-Russian Elektroprofsoyuz for 2015–2018, Branch Tariff Agreement of the electric power industry of the Russian Federation for 2013–2015 and Agreement for procedure, terms and conditions and extension of Branch Tariff Agreement of the electric power industry of the Russian Federation for 2013–2015 to 2016–2018; implemented the repair and investment programs in full; and took special measures to reduce power losses in distribution grids with the resulted economic effect in the amount of 200 million rubles.

In 2016, the total effect of the power loss reduction campaign implemented across the Company amounted to 73.34 million kWh.

The 11% decrease (as compared to 2012) in electric power losses by 2017 is a milestone specified in Section VI (Milestones) of the RF Electric Grid Complex Development Strategy approved by the Decree of RF Government No. 511-p dated April 03, 2013. To achieve the above milestones, the Company initiated the Energy Savings and Increased Energy Efficiency Program for 2016 and for the period until 2020.

STRATEGIC PRIORITIES AND FUTURE DEVELOPMENT OF THE COMPANY

According to the Articles of Association of IDGC of Volga, PJSC, determination of top-priority activities and development strategy of the Company falls within the competence of the Board of Directors. In 2016, the Board of Directors considered no issues relating to top-priority activities and development strategy of the Company.

The Company planned the following works for 2017:

1. Improvement in reliability of power supply to consumers, enhancing system safety;
- / the Company's investment expenditures planned for 2017 amount to 3,183.1 million rubles, the planned volumes of commissioned fixed assets amount to 3,978.4 million rubles, which is in line with the investment programs for 2016–2020 approved by the RF constituent entities in accordance with the applicable procedures;
- / the repair costs for 2017 are planned at the level of 2016 and amount to 1,595.6 million rubles.

2. Completing implementation of the Program for integrated automation of production, financial and business activities of the Company through introduction of 1S software-based automated enterprise management system (AEMS) of IDGC of Volga, PJSC.
3. Improvement of quality of the Company's services through development of information space (web-resources, databases and IP-telephony) for service consumers will allow to provide them with full, updated and accurate information about the Company's activities and to monitor the interaction between the clients and responsible structural subdivisions of the Company. Increasing responsibility for achievement of target quality indicators.
4. Increase of the internal operational efficiency of the Company due to implementation of activities included in the Program for improving operating efficiency and cutting costs.

The key focus of the Program comprises:

- / improvement of the equipment, buildings and structures maintenance and repair management efficiency;
- / improvement of the working capital management efficiency;
- / improvement of the fixed assets management efficiency;
- / improvement of the procurement and supply chains management efficiency;
- / implementation of new technologies and use of innovations;
- / optimization of the personnel motivation and remuneration system;
- / improvement of the functional organization, personnel optimization;
- / increase of energy efficiency.

The implementation of the Program will decrease the specific operating cost (expenses) in 2017 at least by 3% of the 2016 level as required by the Government of the Russian Federation.

5. Preparation of the electrical grid facilities for the 2018 FIFA World Cup.

In 2016, to achieve its strategic objectives, IDGC of Volga, PJSC reached the following key milestones:

- / Reaching a level of reliability of delivered services;
- / Reducing a volume of electric power undersupplied to consumers as a result of technological irregularities;
- / Reduction of electric power losses;
- / Reduction of specific investment and operating costs;
- / Increasing labor efficiency;
- / Implementing production programs of IDGC of Volga, PJSC.

In 2017, to achieve its strategic objectives, IDGC of Volga, PJSC will reach the following key milestones:

- / Preventing growth of casualties;
- / Improvement of the quality of technological connection services;
- / Reaching a level of reliability of delivered services;
- / Reducing a volume of electric power undersupplied to consumers as a result of technological irregularities;
- / Reduction of electric power losses;
- / Implementing production programs of IDGC of Volga, PJSC.

Reaching the above milestones will allow the Company to ensure system reliability and safety in order to maintain smooth operation of distribution grid complex of the region, hazard-free running of the main and auxiliary equipment and facilities, and to neutralize risks to life affecting population.

REACHING THE MAIN MILESTONES WILL ALLOW THE COMPANY TO ENSURE SYSTEM RELIABILITY AND SAFETY IN ORDER TO MAINTAIN SMOOTH OPERATION OF DISTRIBUTION GRID COMPLEX OF THE REGION, HAZARD-FREE RUNNING OF THE MAIN AND AUXILIARY EQUIPMENT AND FACILITIES, AND TO NEUTRALIZE RISKS TO LIFE AFFECTING POPULATION.

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AUTHORIZED CAPITAL

18,109,460,114.60

RUBLES, THE AUTHORIZED CAPITAL OF IDGC OF VOLGA, PJSC

17,588,918,266

PIECES OF ORDINARY REGISTERED SHARES
WITH A PAR VALUE OF 10 KOPECKS EACH

181,094,601,146

PIECES OF ORDINARY SHARES WITH A PAR VALUE
OF 10 KOPECKS EACH

1,758,891,826.60

RUBLES, TOTAL PAR VALUE AMOUNT OF DECLARED SHARES

OWNERS OF THE ORDINARY REGISTERED SHARES DECLARED BY THE
COMPANY FOR PLACEMENT HAVE THE SIMILAR RIGHTS AS OWNERS
OF PLACED ORDINARY SHARES.
THE COMPANY PLACED NO PREFERRED SHARES.

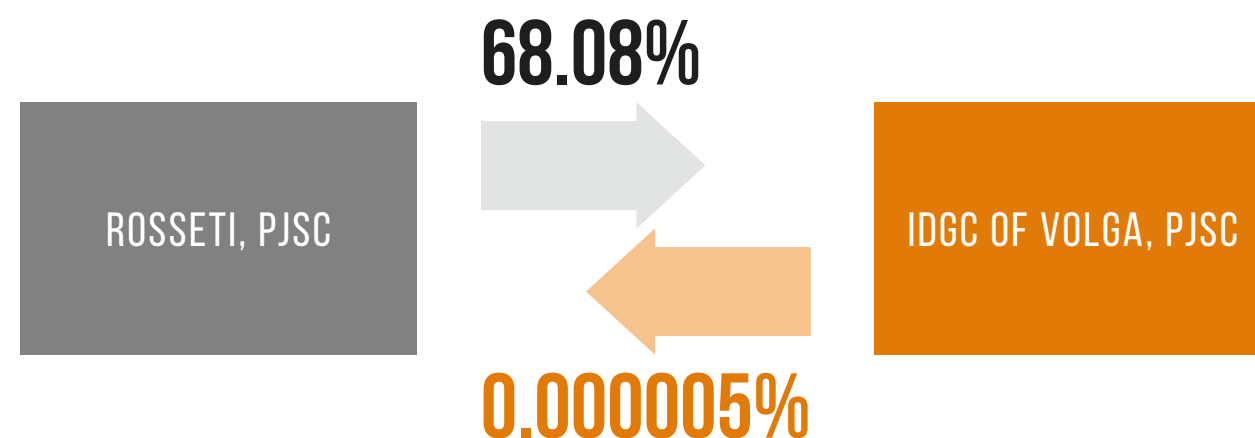
ISSUE HISTORY¹

Date of state registration of the issue of securities	State Reg. No. of the issue of securities	Number of shares (pcs.)	Methods used for securities placement	Amount of the authorized capital basing on the results of securities issue (rub.)
October 10, 2007	1-01-04247-E	100,000,000	Purchase of shares by the sole founder member of the Company – RAO UES of Russia, JSC	10,000,000.00
March 20, 2008	1-01-04247-E-001D	51,756,840,992	Conversion of shares of distribution grid companies into additional ordinary registered shares of IDGC of Volga, JSC in case of takeover	17,857,780,114.60
	1-01-04247-E-002D	11,558,321,461		
	1-01-04247-E-003D	9,553,277,567		
	1-01-04247-E-004D	2,712,970,897		
	1-01-04247-E-005D	12,953,643,326		
	1-01-04247-E-006D	1,155,126,447		
	1-01-04247-E-007D	88,787,620,456		
On July 31, 2008, the Federal Financial Markets Service of Russia cancelled individual numbers (codes) of additional issues of securities (after expiry of 3 months from the date of the state registration of the reports on additional issues of the Company's ordinary registered uncertified shares).				
December 17, 2015	1-01-04247-E (additional issue)	10,685,233,931	public offering	18,109,460,114.60
November 01, 2016	1-01-04247-E (additional issue)	8,996,857,669	public offering	Shares are being placed

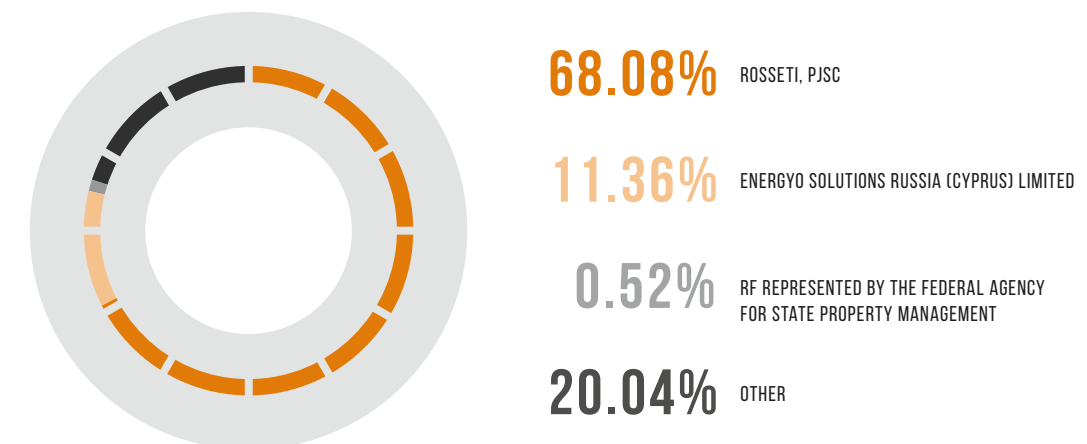
¹ As of December 31, 2016.

STATISTICS ON REGISTERED PERSONS
 (as of December 31, 2016)²

Type of shareholder	Number of shareholders	% of total number of shares
Owners – individuals	17,876	2.36
including:		
– RF residents	17,849	2.34
– RF non-residents	27	0.01
Owners – legal entities	135	3.89
including:		
– RF residents	124	3.88
– RF non-residents	11	0.01
Nominee holders	6	93.71
Trustees	1	0.0008
Pledge holders	0	0
Shares of unidentified persons	1	0.05
Total	18,019	100

INFORMATION ON SHARES IN CROSSHOLDING


² Without regard to information on clients of nominal holders with account of shares of current issue of additional securities issue of the Company placed as of December 31, 2016.

STRUCTURE OF AUTHORIZED CAPITAL³

INFORMATION ON CURRENT PLACEMENT BY THE COMPANY OF AN ADDITIONAL ISSUE OF SECURITIES UNDER STATE REGISTRATION NUMBER 1-01-04247-E DATED NOVEMBER 01, 2016

Additional shares of the Company are issued within the framework of Federal Law No. 384-FZ “On Federal Budget for 2015 and 2016–2017 Planning Period” dated December 01, 2014, and RF Government Decree No. 1076 “On provision of state-financed investments of Rosseti, PJSC into capital projects funded by the federal budget to implement activities for construction and reconstruction of capital projects to form power infrastructure by the dates of holding of the 2018 FIFA World Cup in the Russian Federation” dated October 08, 2015. To implement the above regulations in order to form power infrastructure to hold the 2018 FIFA World Cup in the Russian Federation, over the period 2016–2017, during the period of current placement, money of

the federal budget will be allocated from Rosseti, PJSC to the authorized capital of IDGC of Volga, PJSC so that it would secure functions of the Customer (Developer) of several capital projects in the Company’s area of operation.

Emission times and procedures (2016–2017) are specified in the issue documents posted on the Company’s website:

http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/tsennie_bumagi/aktsii/informatsiya_o_vipuskah_tsennih_bumag

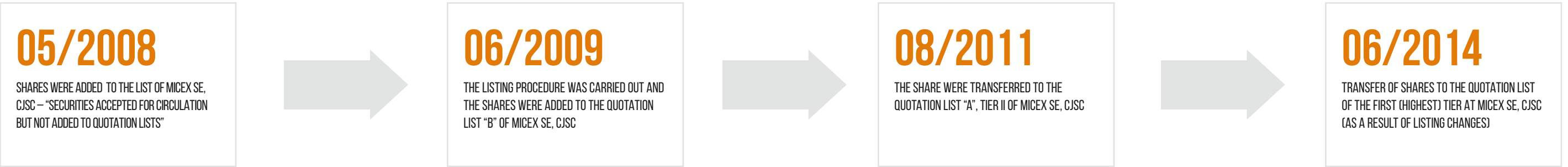
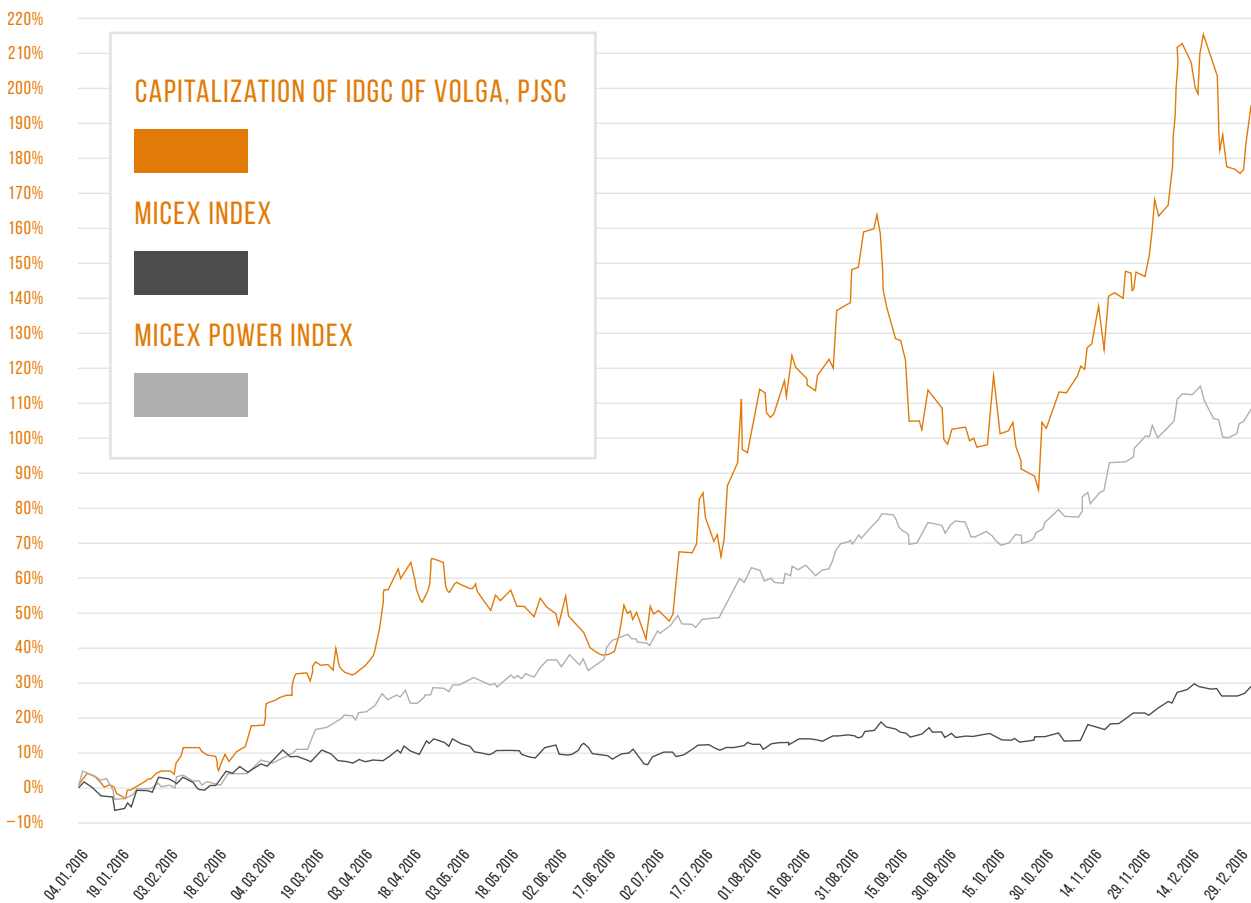
³ The information given as of September 05, 2016 – the date of issue of register of shareholders of IDGC of Volga, PJSC (last date when the nominee holders disclose the register of shareholders owning the shares held by these nominee holders) entitled to participate in the extraordinary general meeting of shareholders of the Company.

COMPANY IN THE SECURITIES MARKET

MAIN PARAMETERS OF SHARES OF IDGC OF VOLGA, PJSC IN MOSCOW EXCHANGE, PJSC⁴

Type/category of securities	Ordinary share
Code of security	MRKV
Full name	МРСК Волги ао
Short name	МРСКВол
ISIN code	RU000A0JPPN4
Number of state registration	1-01-04247-E
Par value	0.10
Par value currency	RUB
Opening date	May 23, 2008
Listing level	1
Included in indices	MICEX Broad Market Index (MICEX BMI) MICEX Power Index (MICEX PWR) MICEX Start Cap (MICEXSC) MOEX Regulated Companies Index (MOEX RegCo Index)

DYNAMICS OF CAPITALIZATION OF IDGC OF VOLGA, PJSC
(basing on the results of trading at Moscow Exchange, PJSC in 2016)

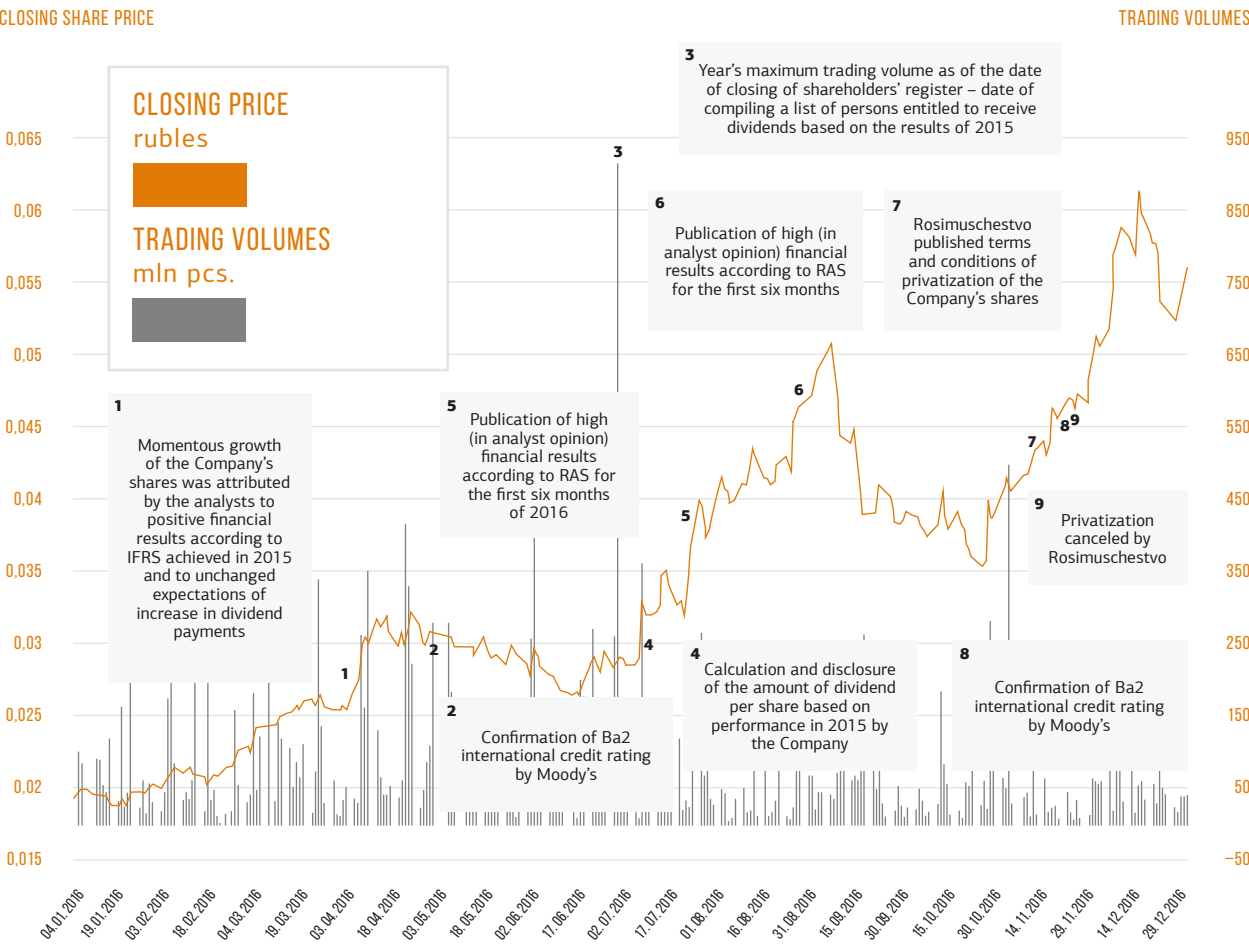


Key drivers of the Company’s capitalization growth (like for all companies of the distribution sector) included high amounts of dividends paid based on the results of 2015, investors’ expectation of increased dividend yields based on the results of 2016, and improved economic situation of power grid companies due to optimization of expenses and indexation of tariffs.

⁴ As of December 31, 2016.

	2015	2016	Change
Weighted average price (at the end of year) (rubles)	0.01935	0.056	+189.41%
Capitalization (at the end of year) (million rubles)	3,455.48	10,141.30	+195.01%
Minimum price (rubles)	0.01805	0.0183	+1.39%
Maximum price (rubles)	0.032	0.062	+93.75%
Number of transactions (pcs.)	70,376	78,745	+11.89%
Volume (pcs.)	19,592,110,000	21,643,450,000	+10.47%
Volume (rubles)	419,308,137	707,848,049.5	+68.81%

DYNAMICS OF SHARE QUOTATIONS AND TRADING VOLUMES AND EVENTS
HAVING SIGNIFICANTLY EFFECT ON THESE CHANGES
(based on the results of trading at Moscow Exchange, PJSC in 2016)



THE DIVIDEND POLICY OF THE COMPANY IS DETERMINED IN THE REGULATION ON DIVIDEND POLICY APPROVED BY THE RESOLUTION OF THE BOARD OF DIRECTORS OF THE COMPANY DATED AUGUST 24, 2010.

DISTRIBUTION OF PROFIT AND DIVIDEND POLICY

The Dividend Policy of the Company aims to improve the Company's attraction for investors and increase the growth of its market capitalization. The Policy is based on the balance of interests of the Company and its shareholders.

The principles of the Dividend Policy of the Company are as follows:

- / calculation of dividends on the basis of profit allocation without taking into account the effect of reevaluated financial investments;
- / necessity to maintain the required level of financial and technical condition of the Company (fulfillment of the investment program), and ensuring development opportunities for the Company;

- / compliance of the Company's dividend calculation and payment practices to RF law and highest corporate conduct standards;
- / optimal balance of interests of the Company and its shareholders;
- / necessity to improve the Company's investment prospects and its capitalization;
- / establishing a transparent (clear) mechanism for calculating and paying dividends.

PROFIT DISTRIBUTION IN 2014–2016⁵

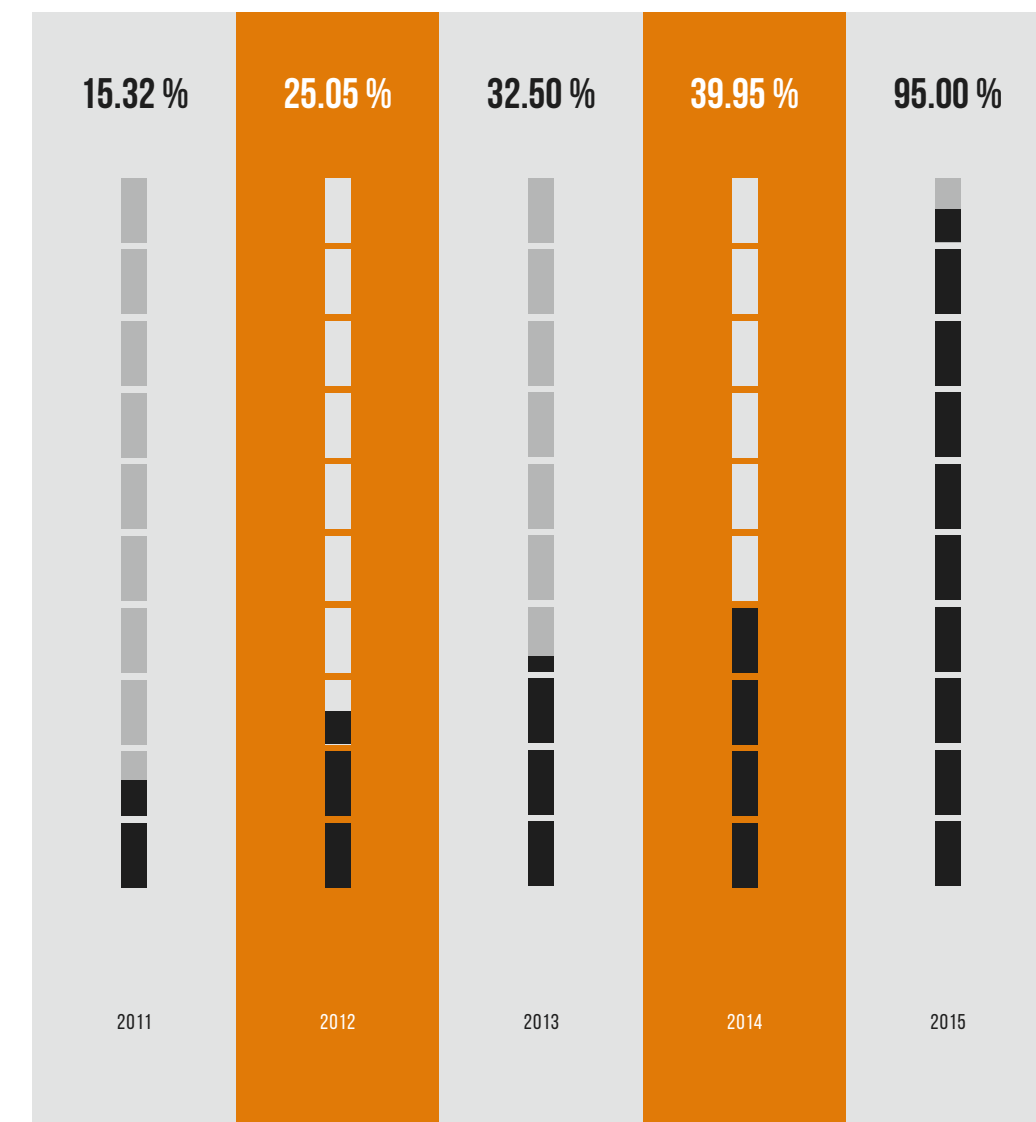
	for 2013 (AGMS 2014)	for 2014 (AGMS 2015)	for 2015 (AGMS 2016)
Undistributed net profit (thousand rubles), including:	54,955	44,702	242,909
Reserve fund (thousand rubles)	2,748	2,235	12,145
Profit for development processes (thousand rubles)	34,349	24,609	0
Dividends (thousand rubles)	17,858	17,858	230,764
Repayment of loss of previous years (thousand rubles)	0	0	0
For dividends payment,			
thousand rubles	17,858	17,858	230,764
% of net profit	32.50	39.95	95
Dividends per 1 share (rub.)	0.0001	0.0001	0.0012742732

REPORT ON PAYMENT OF DECLARED DIVIDENDS ON THE COMPANY'S SHARES
(as of December 2016 ,31)

Period	Total amount of accrued dividends on shares, thousand rubles	Total amount of paid dividends on shares (including taxes), million rubles	Paid dividend percentage of declared dividends on shares, %
2007			
2008	The Annual General Meetings of Shareholders passed resolutions not to pay dividends based on the results of the year		
2009			
2010			
2011	200.0	198.4	99.2
2012	291.0	288.9	99.3
2013	17.8	17.7	99.1
2014	17.8	17.7	99.0
2015	230.7	228.8	99.1

⁵ Information on profit distribution as per decisions of the annual general meetings (AGMS). According to the Articles of Association of the Company, the decision on profit distribution in 2016 will be made by the annual general meeting of shareholders (AGMS).

SHARE OF DECLARED DIVIDENDS IN NET PROFIT FOR THE REPORTING YEAR



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CORPORATE GOVERNANCE

PRINCIPLES OF CORPORATE GOVERNANCE

Corporate governance is an integral part of the strategy of sustainable development of IDGC of Volga, PJSC. Therefore, one of the priorities of the Company's long-term development program is the non-stop improvement of the corporate governance system

The Corporate Governance System of the Company aims to protect rights of shareholders and reflects balance of interests of the Company's management bodies, shareholders and all concerned parties.

The Corporate Governance System of IDGC of Volga, PJSC is founded on principles set forth in the Corporate Governance Code of the Company:

- / **REPORTING** (accountability of the Board of Directors to shareholders, and accountability of the executive bodies to the General Meeting of Shareholders and Board of Directors)
- / **JUSTICE** (equality of all groups of shareholders in the Company's management and providing the shareholders with the possibility to obtain efficient protection in case of infringement of their rights)
- / **TRANSPARENCY** (timely, adequate and full disclosure of information relating to the Company's activities, as well as provision of free access to the necessary information for all interested persons)
- / **RESPONSIBILITY** (management of the routine operations of the Company in a reasonable and fair manner only for the benefit of the Company)

The information policy of IDGC of Volga, PJSC is intended to ensure efficient interaction between the Company and shareholders, investors and other stakeholders.

Information on the Company's activities is freely available and disclosed on a regular basis in Russian and in English by posting the relevant data on the corporate website: <http://www.mrsk-volgi.ru>

In addition to its corporate website, IDGC of Volga, JSC discloses information on a web page of an information agency accredited by the Bank of Russia at: <http://www.e-disclosure.ru/portal/company.aspx?id=12131>

Corporate Governance Code of the Bank of Russia ("the Code")

In 2014, the Bank of Russia recommended that joint-stock companies with securities admitted to trading use the Corporate Governance Code (CGC).

The current corporate governance practice in the Company mainly already complies with the requirements of the Corporate Governance Code.

Detailed information on compliance by the Company with the Code's principles is given in Appendix No. 1 to the Annual Report.

Compliance by the Company with the principles of corporate governance specified in the Code was assessed on the basis of the actual analysis of the Company's system of corporate governance and applicable internal documents in accordance with the form suggested in the guidelines for preparation of the report on compliance with the principles and guidelines of the Corporate Governance Code (letter No. ИИ-06-52/8 of the Bank of Russia dated February 17, 2016).

Having strictly obeying the provisions of the Code, the Articles of Association and other internal documents, the Company proves its inclination to facilitate the development and improvement of the proper corporate governance practice.

In 2016, with account of recommendations of Russian CGC, the Company introduced a position of the Corporate Secretary and adopted Regulations covering job description and specifications.

On June 09, 2016, the annual General Meeting of Shareholders of IDGC of Volga, PJSC approved the redrafted Regulation on the Board of Directors of the Company. In order to ensure implementation of recommendations set forth in the Corporate Governance Code recommended for usage by the Bank of Russia, a new version of the Regulations pinpoints the competence of the Chairperson of the Board of Directors, rights and obligations of members of the Board of Directors. Moreover, other changes were made to the above new version in compliance with the existing corporate governance practice of Rosseti Group matching the laws of the Russian Federation.

In March 2016, the Board of Directors of the Company approved the redrafted Regulation on the Audit Committee of IDGC of Volga, PJSC. The Regulations were drawn up in line with the laws of the Russian Federation, Articles of Association of the Company, MICEX Listing Regulations, and with account of provisions of the Corporate Governance Code recommended by the Central Bank of Russia and with Rosimushchestvo's methodological recommendations.

The Company does not use any mechanisms and instruments of corporate governance instead (in place) of those recommended in the Code.

In the long run, to increase the level of corporate governance the Company is going to:

- / form an Audit Committee comprising independent directors;

- / update internal documents of the Company basing upon CGC provisions

Corporate Governance Rating

An independent advisor, Russian Institute of Directors, monitors the quality of corporate governance for 7 years.

In December 2015, basing on the results of monitoring, Nonprofit Partnership Russian Institute of Directors assigned higher rating of NRKU 7+ "Advanced Practice of Corporate Governance" (Corporate Governance National Rating scale) to IDGC of Volga, PJSC.

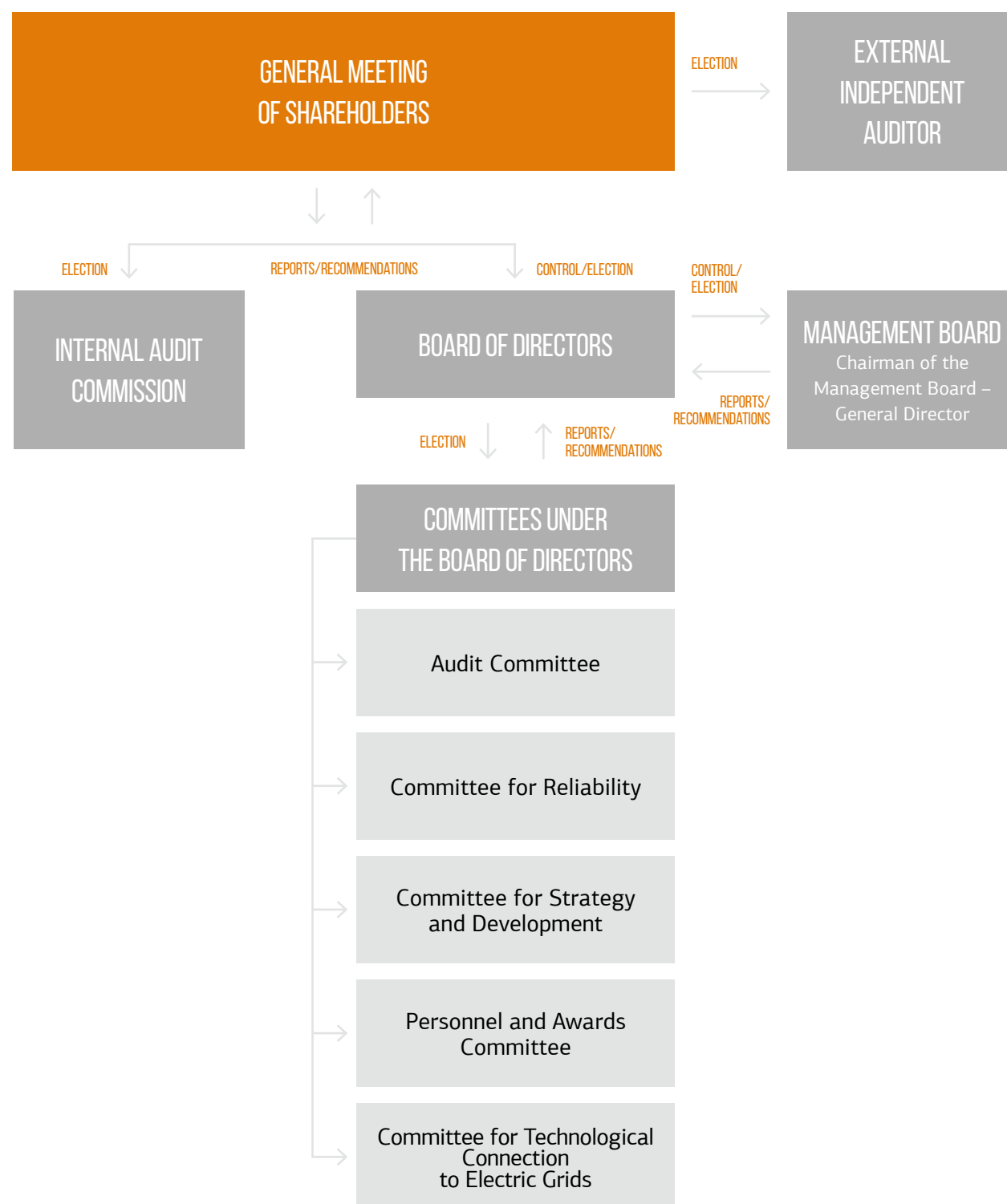
According to the Corporate Governance National Rating scale, the Company observes legal requirements to the corporate governance, most of recommendations of Russian Corporate Code of Conduct and separate recommendations of international best practice of corporate governance, and is characterized by low risks of losses that owners may incur as a result of poor quality of corporate governance⁶.

The Company intends to monitor the corporate governance practice on a yearly basis in order to maintain its rating, improve the quality of corporate governance, and to implement recommendations set forth in the Corporate Governance Code recommended by the Bank of Russia and best corporate governance practices.



⁶ This rating was assigned as per current method of the Corporate Governance National Rating not taking into account a number of recommendations of the revised Code and amendments to the Listing Regulations. After introduction of amendments into the Corporate Governance National Rating method, the assigned rating shall be revised. The rating assigned in December 2015 was valid up to and including December 2016.

STRUCTURE OF THE MANAGEMENT AND SUPERVISORY BODIES AS OF DECEMBER 31, 2016



The internal documents of the Company governing activity of the management and the supervisory bodies are available on the corporate website at: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/raskritie_informatsii_obcshestvom_i_otchetnaya_informatsiya/korporativnie_dokumenty/vnutrennie_dokumenty_obcshestva/

MANAGEMENT AND SUPERVISORY BODIES⁷

Principal parties of the corporate governance in IDGC of Volga, PJSC are the management and the supervisory bodies: General Meeting of Shareholders, Board of Directors, Management Board, General Director and Internal Audit Commission of the Company. Any independent audit of the financial and economic activities of the Company shall be conducted an internal auditor.

General Meeting of Shareholders

The General Meeting of Shareholders is the superior management body of the Company entitled to make decisions on the most critical aspects of the Company's activities. The shareholders exercise their right to manage the Company by making proposals to the agenda of the meeting, nominations to the management and the supervisory bodies, participation in the general meeting.

Procedure for convening and holding the General Meeting of Shareholders of IDGC of Volga, PJSC is set forth in the Federal Law "On Joint-Stock Companies" and other legal acts of the Russian Federation, the Articles of Association, the Regulation on the General Meeting of Shareholders approved by resolution of the annual General Meeting of Shareholders of the Company on June 16, 2015 (Minutes No. 9/2015 dated June 18, 2015).

In the reporting period, two General Meetings of Shareholders were held.

The annual General Meeting of Shareholders of the Company was held on June 09, 2016 in the form of a joint attendance in the conference hall of Slovakiya Hotel (Saratov). The agenda included eight issues. The participants of the meeting reviewed the Company's performance in 2015 and passed a resolution to pay dividends on the ordinary shares based on the results of the year. The Company's shareholders elected members of the Board of Directors and Internal Audit Commission, appointed RSM RUS, LLC as a Company's auditor and approved a new version of Regulations for the Board of Directors of the Company.

The extraordinary General Meetings of Shareholders was held on September 30, 2016 in the form of absentee voting. The agenda included one issue.

The Company's shareholders voted in favor of increasing the authorized capital of IDGC of Volga, PJSC through placement of additional shares.

The voting results and full text of the resolutions passed by the General Meetings of Shareholders of the Company are posted on the corporate website of the Company: www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sobraniya_aktsionerov/protokoli_sobraniy_aktsionerov/.

Board of Directors

The Board of Directors is a collegial management body responsible for strategic control and corporate management of the Company's

activities except for the issues to be referred to the General Meeting of Shareholders under the law of the Russian Federation and Articles of Association of the Company.

The Board of Directors of IDGC of Volga, PJSC is governed by the Federal Law "On Joint-Stock Companies" and other legal acts of the Russian Federation, the Articles of Association, the Regulation on the Board of Directors approved by the resolution of the annual General Meeting of Shareholders of the Company on June 16, 2015 (Minutes No. 9/2015 dated June 18, 2015) and Regulation on the Board of Directors approved by the resolution of the annual General Meeting of Shareholders of the Company on June 09, 2016 (Minutes No. 9/2016 dated June 10, 2016).

Only individual can become a member of the Board of Directors. According to the Articles of Association of the Company, the Board of Directors of IDGC of Volga, PJSC is comprised of eleven (11) members. The procedure for nomination of members to the Board of Directors of the Company is provided by the effective law of the Russian Federation and Articles of Association of the Company.

The current membership of the Board of Directors comprises three independent directors, however, in compliance with the international corporate governance principles, members of the Board of Directors, regardless of the groups who nominated a particular member of the Board of Directors, manage the Company's affairs exclusively in the interests of the Company and all its shareholders.

⁷ Pursuant to the requirements of the RF law for personal data protection, information on members of the management and control bodies of IDGC of Volga, PJSC was disclosed upon their written consent.

IN DECEMBER 2015, BASING ON THE RESULTS OF MONITORING, NONPROFIT PARTNERSHIP RUSSIAN INSTITUTE OF DIRECTORS ASSIGNED HIGHER RATING OF NRKU 7+ "ADVANCED PRACTICE OF CORPORATE GOVERNANCE" (CORPORATE GOVERNANCE NATIONAL RATING SCALE) TO IDGC OF VOLGA, PJSC.



Board of Directors acting from June 16, 2015 till June 09, 2016⁸

Ryabikin Vladimir Anatolievich
General Director of IDGC of Volga, JSC
Born in 1965
Education: higher. Russian State Open Technical University of Railway Transport

Mezhevich Valentin Efimovich
Member of the Management Board, Chief Advisor of Rosseti, JSC
Born in 1947
Education: higher. Irkutsk Polytechnic Institute.
Candidate of Technical Sciences

Adler Yuri Veniaminovich
Head of the Section for Standards and Methodology of Corporate Relations Division within the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, JSC
Born in 1975
Education: higher. Urals State Law Academy

Dyuzhinov Aleksandr Leonidovich
Advisor of the General Director of Lenenergo, JSC
Born in 1984
Education: higher. St. Petersburg Institute for Foreign Economic Relations, Economics and Law

Varvarin Aleksandr Viktorovich
Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs
Born in 1975
Education: higher. Institute of International Law and Economics named after A. S. Griboedov (Moscow)

Board of Directors acting from June 16, 2015 till June 09, 2016⁸

Kulikov Denis Viktorovich
Advisor of the Executive Director of Association of Professional Investors
Born in 1962
Education: higher. Samara State University of Economics

Rozentsvayg Aleksandr Shoylovich
Born in 1962
Education: higher. Samara State University of Economics

Serebryakov Konstantin Sergeevich
Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, JSC
Born in 1981
Education: higher. Mordovian Moscow State University named after N. P. Ogarev

Khadziev Alan Fyodorovich
Head of the Office for Implementation of Federal Programs of the Department for Implementation of Special Projects, Rosseti, JSC
Born in 1981
Education: higher. Economic Security Academy of the RF Ministry of Internal Affairs

Shaydullin Farit Gabdulfatovich
Head of the Office for Analysis of Assets of the Department for Control of Productive Assets, Rosseti, JSC
Born in 1955
Education: higher. Ural Electromechanic Institute of Railway Engineers

Kharin Andrey Nikolaevich
Deputy Director of the Department of Corporate Governance, Pricing Environment and Control&Audit Activities in fuel-and-power sectors controlled by the Ministry of Energy of the Russian
Born in 1979
Education: higher. Stavropol State University.
Candidate of Legal Science

⁸ Job positions are specified as of the date of election.

CURRENT MEMBERSHIP OF THE BOARD OF DIRECTORS OF IDGC OF VOLGA persons



- 6** REPRESENTATIVES OF COMPANY'S MAJORITY SHAREHOLDER
- 3** EMPLOYERS OF IDGC OF VOLGA, PJSC
- 1** REPRESENTATIVES OF MINENERGO
- 1** INDEPENDENT DIRECTORS

Current membership of the Board of Directors

(approved by the annual General Meeting of Shareholders on June 09, 2016)

Chairman of the Board of Directors:

Mezhevich Valentin Efimovich

/ Elected to the Board of Directors for the first time in 2015.

/ Born in 1947

/ Education: higher. Graduated from Irkutsk Polytechnic Institute majoring in Thermal Stations. Candidate of Technical Sciences

/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:

// 2001–2013 – a member of the Federation Council of the Federal Assembly of the Russian Federation, First Deputy Chairman of the Committee for Economic Policy.

// Since October 01, 2013 – a member of the Management Board, Chief Advisor of Rosseti, PJSC.

// 2014–2015 – a member of the Board of Directors of IDGC of the North Caucasus, PJSC; IDGC of Siberia, PJSC; Kubanenergo, PJSC.

// Since 2015 – Chairman of the Board of Directors of Tyumenenergo, JSC.

// Since June 30, 2016 – Chairman of the Personnel and Awards Committee under the Board of Directors of the Company.

/ Holding of shares in IDGC of Volga, PJSC: no shares.

Members of the Board of Directors:

Ryabikin Vladimir Anatolievich

/ Elected to the Board of Directors for the first time in 2009.

/ Born in 1965

/ Education: higher. Graduated from

the Russian State Open Technical University of Railway Transport, majoring in Automatics, Telemechanics and Communications for Railway Transport.

/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:

// Since December 12, 2008 – General Director of IDGC of Volga, PJSC, Chairman of the Management Board of the Company.

/ Holding of shares in IDGC of Volga, PJSC: no shares.

Akimov Leonid Yurievich

/ Elected to the Board of Directors for the first time in 2016.

/ Born in 1965

/ Education: higher. Graduated from Bauman Moscow Higher Technical School majoring in Mechanical Engineering; Non-State Education-

al Establishment Regional Open University majoring in Law; and Finance Academy under the Government of the Russian Federation majoring in Crisis Management. Candidate of Legal Science.

/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:

// 2009–2013 – Director for Legal Support – Head of the Legal Support Department of FGC UES, JSC.

// 2012–2013 – Director for Legal Issues of IDGC Holding, JSC.

// Since 2013 – Director of the Legal Protection Department of Rosseti, PJSC.

// Since June 30, 2016 – Chairman of the Audit Committee, member of the Personnel and Awards Committee of the Board of Directors of IDGC of Volga, PJSC.

/ Holding of shares in IDGC of Volga, PJSC: no shares.

Bogashov Aleksandr Yevgenievich

/ Elected to the Board of Directors for the first time in 2016.

/ Born in 1989

/ Education: higher. Graduated from Federal State Budget-Financed Educational Institution of Higher Professional Education State University of Management, majoring in Management.

/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:

// Since 2013 – Chief Advisor, Deputy Head of Department, Head of Department, Deputy

// Head of the Department of Corporate Governance, Pricing Environment and Control&Audit Activities in fuel-and-power sectors controlled by the Ministry of Energy of the Russian Federation.

// 2015–2016 – a member of the Board of Directors of Sibneftegeofizika, PJSC; Volga Department of Institute of Geology and Development of Fossil Fuels, JSC; Nizhnevartovskneftegeofizika, JSC; Central Geophysical Expedition, JSC; Permneftegeofizika, PJSC.

// Since 2016 – a member of the Board of Directors of Kubanenergo, PJSC; IDGC of the South, PJSC; IDGC of Center, PJSC.

/ Holding of shares in IDGC of Volga, PJSC: no shares.

Varvarin Aleksandr Viktorovich

/ Elected to the Board of Directors for the first time in 2011.

/ Born in 1975

/ Education: higher. Graduated from A. S. Griboedov Institute of International Law and Economics (Moscow) majoring in Legal Sciences.

/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:

// Since 2005 – Head of the Law Department, Director of the Corporate Relations Department, Managing Director for Corporate Relations and Legal Support, Vice President – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs.

// Since 2006 – General Director, a member of the Board of Directors of Association Center for Development of Corporate Relations and Settlement of Economic Disputes.

// 2006–2014 – Deputy Chairman of the Management Board of the Russian Union of Self-Regulating Organizations of Receivers.

// 2009–2012 – a member of the Board of Directors of Rosdorleasing, JSC.

// Since 2016 – a member of the Board of Directors of All-Russian Public Opinion Research Center, JSC (VTsIOM).

// 2011–2016 – Chairman of the Board of Directors of Innovative Scientific and Production Center of Textile and Light Industry, JSC.

// 2012–2013 – a member of the Board of Directors of TransTeleCom Company, CJSC.

// 2013–2015 – Chairman of the Board of Directors of Central Research and Development Institute of Leather and Footwear Industry, JSC; Central Research and Development Institute of Technological Accessories for Textile Machinery, JSC; Central Research and Development Institute of Integrated Automation of Light Industry, JSC; Central Research and Development Institute of Film Materials and Leather Substitutes, JSC; a member of the Board of Directors of State Transport Lease Company, JSC; IDGC of the North Caucasus, JSC.

// Since 2008 – Chairman of the Board of Directors of Association Interregional

Self-Regulating Organization of Professional Receivers.	// Since 2009 – Director of Aviatrans, LLC.	Committee (since October 25, 2016 – Chairman of the Audit Committee), a member of the Committee for Strategy and Development and the Personnel and Awards Committee under the Board of Directors of the Company.	/ Holding of shares in IDGC of Volga, PJSC: no shares.	Board of Directors of IDGC of Volga, PJSC; a member of the Audit Committee (before October 25, 2016 – Chairman of the Audit Committee) of IDGC of Volga, PJSC.	Shaydullin Farit Gabdulfatovich
// 2009–2016 – Chairman of the Board of Directors of Research and Design Institute for Oil Refining and Petrochemical Industry (VNIPneft, JSC).	// Since 2014 – First Deputy General Director of Saratov Airlines, JSC.		Serebryakov Konstantin Sergeevich	/ Elected to the Board of Directors for the first time in 2015.	/ Elected to the Board of Directors for the first time in 2015.
// Since 2012 – a member of the Internal Audit Commission of Russian Railways, JSC.	// Since 2015 – a member of the Management Board of Saratov Airlines, JSC.	/ Holding of shares in IDGC of Volga, PJSC: As of December 31, 2016, the member holds shares of the Company (share in the authorized capital – 0.004%, ordinary shares – 0.004%).	/ Born in 1981	/ Holding of shares in IDGC of Volga, PJSC: no shares.	/ Born in 1955
// Since 2013 – a member of the Board of Directors of Kubanenergo, PJSC.	// Since 2016 – Advisor of the General Director of Investment Holding E-Union, CJSC.	Pavlov Aleksey Igorevich	/ Education: higher. Graduated from Mordovian State University named after N. P. Ogarev majoring in Management; State-Funded Educational Institution of Higher Vocational Education National Research University “Moscow Power Engineering Institute (Technical University)”, degree in Production and Project Management.	Shagina Irina Aleksandrovna	/ Education: higher. Graduated from Ural Electromechanic Institute of Railway Engineers majoring in Electrification of railway transport.
// Since June 30, 2016 – Chairman of the Committee for Technological Connection to Electric Power Grids under the Board of Directors of IDGC of Volga, PJSC, a member of the Personnel and Awards Committee under the Board of Directors of the Company.	// Since June 30, 2016 – a member of the Audit Committee, member of the Personnel and Awards Committee of the Board of Directors of IDGC of Volga, PJSC.	/ Elected to the Board of Directors for the first time in 2016.	/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:	/ Elected to the Board of Directors for the first time in 2016.	/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:
/ Holding of shares in IDGC of Volga, PJSC: no shares.	Golovtsov Aleksandr Viktorovich	/ Born in 1982	// 2009–2013 – Deputy Head of the Directorate for Corporate Events of IDGC Holding, JSC.	/ Born in 1979	// 2011–2013 – Head of the Production Control Department of FGC UES, JSC.
Gerasimenko Mikhail Yurievich	/ Elected to the Board of Directors for the first time in 2016.	/ Education: higher. Saint Petersburg State University majoring in Mathematical Operations Research Methods.	// Since 2016 – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC.	/ Education: higher. Graduated from All-Russian Distance Institute of Finance and Economics majoring in Accounting and Audit; Vladimir Law Institute of the Federal Penitentiary Service of Russia majoring in Jurisprudence.	// Since 2016 – Head of the Analytical Directorate of the Situational and Analytical Center of Rosseti, PJSC.
/ Elected to the Board of Directors for the first time in 2016.	/ Born in 1973	/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:	// 2015–2016 – a member of the Board of Directors of Lenenergo, PJSC; Tyumenenergo, PJSC.	/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:	// Since June 30, 2016 – a member of the Audit Committee, member of the Personnel and Awards Committee of the Board of Directors of IDGC of Volga, PJSC.
/ Born in 1966	/ Education: higher. Graduated from Baltic State Technical University named after D. F. Ustinov, majoring in Electrical Engineering.	// 2012–2014 – Deputy Head of the Corporate Finance Department of FGC UES, JSC.	// Since 2015 – a member of the Board of Directors of Tyvaenergosbyt. JSC; Interregional Energoservice Company Energy Efficient Technologies, JSC.	// 2011–2015 – Head of Department, Deputy Head of the Electric Power Industry Regulation Directorate of the Russian Federal Tariff Service.	/ Holding of shares in IDGC of Volga, PJSC: no shares.
/ Education: higher. Graduated from: Saratov Higher Military Engineering School of Chemical Defense, Saratov Law Institute of the Ministry of Internal Affairs of Russia, Saint Petersburg State University of Civil Aviation.	/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:	// 2014–2014 – Chief Credit Analyst of Raiffeisenbank, CJSC.	// Since 2017 – Head of the Directorate for Administration of the Management Bodies of Rosseti, PJSC.	// Since 2015 – Head of the Tariff Setting Directorate within the Tariff Policy Department, Rosseti, PJSC.	/ In 2016, Golovtsov A. V., a member of the Board of Directors, entered into two transactions to buy shares of IDGC of Volga, PJSC:
/ Candidate of Social Sciences.	// Since 2005 – Head of the Analytical Investigation Directorate of Managing Company Uralsib, JSC.	// 2014–2015 – Head of the Financial Management of the Corporate Finance Department of Rosseti, JSC.		/ Holding of shares in IDGC of Volga, PJSC: no shares.	// acquisition of 6,000,000 ordinary shares of the Company on June 22–23, 2016;
/ Positions held in IDGC of Volga, PJSC and other organizations over last five years:	// Since 2007 – a member of the Board of Directors of the Association of Professional Investors.	// Since 2015 – Director of the Treasury Department, Rosseti, PJSC.			// acquisition of 2,000,000 ordinary shares of the Company on October 27, 2016.
// Since 2008 – a member of the Board of Directors of Saratov Airlines, JSC.	// Since June 30, 2016 – a member of the Audit	// Since 2016 – a member of the Board of Directors of IDGC of Center and Volga Region, PJSC; Sevkavkazenergo, PJSC; NITs UES, JSC.			The Company has no information on bringing any action against the members of the Board of Directors of IDGC of Volga, PJSC.

ISSUES CONSIDERED AT THE MEETINGS
OF THE BOARD OF DIRECTORS
OF THE COMPANY IN 2016

56	ISSUES RELATING TO CONVENING AND HOLDING OF THE GENERAL MEETING OF SHAREHOLDERS
49	MONITORING OF PERFORMANCE OF THE EXECUTIVE BODIES
45	STRATEGICAL ISSUES OF THE COMPANY'S ACTIVITY
42	INTERESTED PARTY TRANSACTIONS
32	DEFINING POSITION OF THE COMPANY'S REPRESENTATIVES IN THE MANAGEMENT BODIES OF THE SUBSIDIARIES AND AFFILIATES
20	INTERNAL DOCUMENTS (INCLUDING UPDATES)
14	BUSINESS PLANNING
6	INVESTMENT ACTIVITY
19	OTHER

**Report on activity of the Board
of Directors in 2016**

According to the Articles of Association of the Company, meetings of the Board of Directors shall be held when necessary, but at least once per six weeks. During 2016, 40 meetings of the Board of Directors of the Company took place, including 2 meeting held in presentio and in absentia. The participants of the meetings considered 283 issues related to different business areas of the Company.

Within the scope of its competence, the Board of Directors adopted resolutions determining main areas of the Company's activity for 2016 and for the long term. Moreover, the Board of Directors approved the following documents:

- / Plan of activities aimed to develop the production assets management system of IDGC of Volga, PJSC for 2016–2018;
- / Energy Savings and Increased Energy Efficiency Program of the Company for 2016–2020 and for 2017–2021;
- / Purchase Plan of the Company for 2016 and 2017;
- / Target Program of activities aimed to maintain the highest level of security against terrorist attacks and acts of sabotage at the facilities of IDGC of Volga, PJSC for 2016–2021;
- / Target Program for consolidation of electric grid assets of IDGC of Volga, PJSC for the period covering 2016–2018;
- / Non-Government Pension Program for the first half of 2016 and for the second half of 2016.

On a regular basis, the Board of Directors considered operational and financial aspects of the Company's activities, reports of the General Director on various areas of the Company's business including the reports on fulfillment of assignments given by the Board of Directors. The Board of Directors passed resolutions on convening and holding of the annual and extraordinary general meetings of shareholders.

**Report of the Board
of Directors on top-priority
activities**

- / With account of milestones specified in the Power Grid Complex Development Strategy of the Russian Federation (approved by Decree of RF Government No. 511-p dated April 03, 2013) and Directive of RF Government No. 2073n-П13 dated March 29, 2016, on March 30, 2016 the Board of Directors of the Company approved the Program for improving operating efficiency and cutting costs of IDGC of Volga, PJSC for 2016–2020.
- / In order to improve the operational efficiency and financial stability of the power grid complex, participants of the meeting of the Board of Directors dated May 04, 2016 approved the Plan of activities enabling increased operational efficiency and improvement of financial and economic position of IDGC of Volga, PJSC including a detailed list of measures for 2016, as well as a list of measures covering all business areas of the Company for the next periods.
- / To implement the governmental policy for the power industry, create favorable environment contributing to high performance of the distribution grid complex of the regions, ensure effective operation and centralized technological control of power grid facilities, implement the common investment and borrowing strategy for dealing with system-wide objectives of development of the distribution grid complex, prepare and introduce a scientific and technical policy, and to implement cutting-edge equipment

and technologies, the Company, on December 28, 2016, approved the Energy Savings and Increased Energy Efficiency Program of the Company for 2017–2021.

/ To monitor the compliance of the Company with the requirements of regulations covering payment process, mitigation of financial and operational risks, and preservation of funds along with maximization of income from investment of free financial resources, the Board of Directors of the Company finalized the Regulation on cash management of IDGC of Volga, PJSC.

/ To implement the provisions of the Power Grid Complex Development Strategy of the Russian Federation approved by Decree of RF Government No. 511-p dated April 03, 2013, and to implement the provisions of the Strategy for developing and improving internal control and risk management system of Rosseti Group, the Board of Directors of the Company approved documents establishing general principles of creation of the internal control system, organization and functioning of the internal audit system, formation of uniform approaches to creation, management and coordination of the internal audit process within Rosseti Group.

In 2016, the Board of Directors of the Company addressed issues relating to organization, operation and performance of the internal control and risk management system, namely:

- / approved the redrafted Regulation on the Audit Committee under the Board of Directors of

IDGC of Volga, PJSC;

/ approved the redrafted Internal Audit Policy of IDGC of Volga, PJSC;

/ approved the redrafted Internal Control Policy of IDGC of Volga, PJSC;

/ approved the Internal Audit Quality Assurance and Improvement Program of IDGC of Volga, PJSC;

/ took into consideration the Key Operational Risks Report of the Company's General Director for 2015;

/ approved the budget and Plan of Activities of the Internal Audit Department for 2017.

At the meeting held on April 08, 2015, the Board of Directors approved the report on performance of the internal control and risk management system for 2015, and requested the Sole Executive Body of the Company to prepare (no later than by April 15, 2016) and implement the set of measures intended to develop and enhance the internal control and risk management system thus increasing the maturity level of the internal control and risk management system based on the results of 2016.

Information on evaluation of the performance of the Company's internal control system for the reporting year is set forth in the section "Internal Control System" hereof.

In addition, the Board of Directors regularly considered issues associated with approval of interested party transactions. In 2016, 42 transactions were approved.

The Report on the Company's interested party transactions in the reporting year is given in Appendix No. 2 to the Annual Report.

In 2016, IDGC of Volga, JSC did not enter into transactions defined as "large-scale transactions" by the Federal Law "On Joint-Stock Companies" or other transactions subject to the Procedure on approval of large-scale transactions in accordance with the Articles of Association of the Company.

The full text of the resolutions passed by the Board of Directors in 2016 is posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/resheniya_soveta_direktorov/.

Remuneration of members of the Board of Directors

Pursuant to the Federal Law "On Joint-Stock Companies", the General Meeting of Shareholders may resolve to pay remunerations and/or compensations for work-related expenses to members of the Board of Directors throughout the term of office. The annual General Meeting of Shareholders of the Company held on June 16, 2015 approved the revised Regulation on

Remunerations and Compensations Payable to Members of the Board of Directors of the Company. This document has notably changed the Company's remuneration payment policy (short-term payments based on participation in each meeting have been canceled). According to the new version of the Regulations, the remuneration for participation in meetings of the Board of Directors shall be paid once based on the results of the year when a member of the Board of Directors discharged his/her functions using an equation specified in the Regulations. The basic amount of remuneration depends on the Company's revenue calculated according to the Russian Accounting Standards (RAS) for the fiscal year.

The redrafted Regulations on Payment of Remunerations and Compensations to Members of the Board of Directors of the Company provide for payment of the following bonuses:

- / 30% for discharging duties of the Chairperson of the Board of Directors;
- / 20% for discharging duties of the Chairperson of the Committee under the Board of Directors;
- / 10% for discharging duties of a member of the Committee under the Board of Directors.

Should the market capitalization of the Company increase during the period of operation of the Board of Directors, members of the Board of Directors will be paid the additional remuneration out of the net profit. The amount of the additional remuneration paid to each member of the Board of Directors shall be equal to 0.0175 percent of the Company's market value increment calculated for the period from the date of election of a member of the Board of Directors till the date of election of new members of the Board of Directors of the Company. The total amount of such remuneration payable to members of the Board of Directors of the Company shall not exceed 5% of the net profit (according to RAS) obtained as of the end of the fiscal year. In 2016, the additional remuneration for increased market capitalization of the Company was paid to members of the Board of Directors for the work period from June 16, 2015 to June 08, 2016.

Moreover, member of the Board of Directors shall be compensated for expenses associated with participation in the meeting of the Board of Directors at the travel expense reimbursement rates fixed by the Company as of the date of the meeting.

THE TOTAL AMOUNT OF REMUNERATIONS PAID TO ALL MEMBERS OF THE BOARD OF DIRECTORS OF IDGC OF VOLGA, PJSC IN 2016 AMOUNTED TO:

Parameter	2016
Fee for participation in work of the management body	8,085,594.80
Wages	0
Bonuses	0
Commission	0
Other remunerations	99,287.94
Total	8,184,882.74

No remuneration was accrued and paid to Kharin A. N. and Bogashov A. E., members of the Board of Directors, as they are public officers.



PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY IN THE MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES IN 2016

PARTICIPATION OF MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY IN THE MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEES IN 2016		Board of Directors	Committees under the Board of Directors				
			Audit Committee	Committee for Strategy and Development	Committee for Reliability	Personnel and Awards Committee	Committee for Technological Connection to Electric Grids
Full name of the member of the Board of Directors	Terms of powers of the Board of Directors	Participation of members of the Board of Directors in the meetings in 2016 ⁹					
Adler Yuri Veniaminovich	from June 16, 2015 till June 09, 2016	18/19	5/5		7/8		
Akimov Leonid Yurievich	since June 09, 2016	19/21	5/5		3/3		
Bogashov Aleksandr Yevgenievich	since June 09, 2016	12/21					
Varvarin Aleksandr Viktorovich	from June 16, 2015 till June 09, 2016 since June 09, 2016	40/40	5/5	9/9	11/11	4/4	
Gerasimenko Mikhail Yurievich	since June 09, 2016	21/21	5/5		3/3		
Golovtsov Aleksandr Viktorovich	since June 09, 2016	21/21	5/5	7/7	3/3		
Dyuzhinov Aleksandr Leonidovich	from June 16, 2015 till June 09, 2016	19/19	9/9				
Kulikov Denis Viktorovich	from June 16, 2015 till June 09, 2016	18/19	4/5		8/8	2/2	
Mezhevich Valentin Efimovich	from June 16, 2015 till June 09, 2016 since June 09, 2016	40/40			11/11		
Pavlov Aleksey Igorevich	since June 09, 2016	21/21	0/2				
Rozentsvayg Aleksandr Shoylovich	from June 16, 2015 till June 09, 2016	18/19					
Ryabikin Vladimir Anatolievich	from June 16, 2015 till June 09, 2016 since June 09, 2016	39/40					
Serebryakov Konstantin Sergeevich	from June 16, 2015 till June 09, 2016 since June 09, 2016	40/40	10/10	9/9	11/11		
Khadziev Alan Fyodorovich	from June 16, 2015 till June 09, 2016	19/19	4/5				
Kharin Andrey Nikolaevich	from June 16, 2015 till June 09, 2016	19/19					
Shagina Irina Aleksandrovna	since June 09, 2016	20/21					
Shaydullin Farit Gabdulfatovich	from June 16, 2015 till June 09, 2016 since June 09, 2016	40/40	5/5		3/3		

Corporate Secretary

The main task of the Corporate Secretary is ensuring observation of procedural requirements guaranteeing the exercise of rights and legitimate interests of the Company's shareholders by the bodies and officials of the Company. Herewith, proper compliance with the procedures for preparation and holding of the General Meeting of Shareholders, activity of the Board of Directors, Committees under the Board of Directors, keeping, disclosure and provision of information on the Company.

The activity of the Corporate Secretary of IDGC of Volga, PJSC is governed by the Articles of Association and Regulation on the Corporate Secretary of the Company approved by resolution of the Board of Directors dated September 30, 2016 (Minutes No. 12 dated October 03, 2016).

The duties of the Corporate Secretary of the Company are imposed on Khadieva Natalia Vladimirovna.

Khadieva Natalia Vladimirovna

/ Corporate Secretary of IDGC of Volga, PJSC since 2015.

/ Born in 1978

/ Education: higher. Graduated from Saratov State Law Academy, majoring in Jurisprudence.

/ Positions and places of employment over last 5 years:

// 2011–2014 – Leading Specialist of the Corporate Events and Reporting Section within the Department of Corporate Governance and Cooperation with Shareholders of IDGC of Volga, JSC.

// Since 2014 – Head of the Corporate Events and Reporting Section within the Department of Corporate Governance and Cooperation with Shareholders of IDGC of Volga, PJSC.

/ Holding of shares in IDGC of Volga, PJSC: no shares.

Committees under the Board of Directors

The Committees under the Board of Directors are advisory and consultative bodies, and they are meant to preliminarily consider and give recommendations

on the most important issues within the scope of their competence.

The following five Committees under the Board of Directors have been formed and function successfully in the Company:

/ Audit Committee

/ Committee for Strategy and Development

/ Committee for Reliability

/ Personnel and Awards Committee

/ Committee for Technological Connection to Electric Grids

Members of committees include representatives of different shareholders of the Company, state and Company's management. This contributes to high performance of the committees and to generation of effective and balanced solutions.

Audit Committee

The Audit Committee of the Company's Board of Directors was formed to preliminarily consider issues related to control of financial and business activities of the Company, reliability and efficiency of internal control and risk management system, corporate governance practices, external audit and selection of auditors, independent and impartial internal audit, and operation of the system introduced to respond to unfair acts of the Company's employees and third parties. Other issues assigned by the Board of Directors of the Company fall within the competence of the Committee.

In 2016, the activities of the Committee were governed by the Regulation on the Audit Committee approved by resolution of the Board of Directors of the Company dated March 13, 2015 (Minutes No. 17 dated March 16, 2015) and Regulation on the Audit Committee approved by resolution of the Board of Directors of the Company dated March 10, 2016 (Minutes No. 20 dated March 11, 2016) as amended by resolution of the Board of Directors of the Company dated October 25, 2016 (Minutes No. 14 dated October 27, 2016).

The number of members of the Audit Committee under the Board of Directors of the Company set by the Board of Directors shall be at least three (3) persons.

⁹ Number of meetings attended by a member of the Board of Directors / number of meetings possibly attended by a member of the Board of Directors.

In 2016, the membership of the Audit Committee under the Board of Directors was as follows¹⁰:

Membership of the Audit Committee acting from August 03, 2015 till June 30, 2016	Membership of the Audit Committee elected at the meeting of the Board of Directors on June 30, 2016 ¹¹
Khadziev Alan Fyodorovich (Chairman of the Committee) – Head of the Federal Programs Implementation Directorate of the Department for Implementation of Special Projects, Rosseti, PJSC	Serebryakov Konstantin Sergeevich (Chairman of the Committee up to October 25, 2016) – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC
Adler Yuri Veniaminovich – Head of the Section for Standards and Methodology of Corporate Relations Division within the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC	Akimov Leonid Yurievich – Director of the Legal Protection Department of Rosseti, PJSC
Varvarin Aleksandr Viktorovich – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs	Golovtsov Aleksandr Viktorovich (Chairman of the Committee since October 25, 2016) – Head of the Analytical Investigation Directorate of Managing Company Uralsib, JSC
Kulikov Denis Viktorovich – Advisor of the Executive Director of Association of Professional Investors	Gerasimenko Mikhail Yurievich – Advisor of the General Director of Investment Holding E-Union, CJSC
Serebryakov Konstantin Sergeevich – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC	Shaydullin Farit Gabdulfatovich – Head of the Analytical Directorate of the Situational and Analytical Center, Rosseti, PJSC

Information on the Committee activity in 2016

During the reporting period, the Audit Committee held 10 meetings (including four meetings in the form of a joint attendance) and discussed 39 issues.

In 2016, the following key issues were considered at the meetings of the Audit Committee under the Board of Directors of the Company:

- / a candidate external auditor of the Company to be assigned to conduct the audit of accounting (financial) statements of the Company for 2016 was preliminary reviewed;
- / the efficiency of the process of the external audit of accounting (financial) statements of the Company for 2015 was estimated;
- / written information provided by an external auditor on key issues of the Company's accounting (financial) statements and information submitted by the Company's Management on important corrections deriving from the external audit of the statements were regularly considered;
- / information of the Company's management on non-standard operations and events, as well as on the bad debt and estimated liabilities reserve formation was considered;
- / material aspects of the accounting policies of the Company and changes scheduled for 2017 were reviewed;
- / accounting (financial) statements of the Company prepared under the Russian Accounting Standards (RAS) and consolidated financial statements prepared under the International Financial Reporting Standards (IFRS) were regularly considered;
- / internal audit plan and budget for 2017 were approved;
- / reports on implementing the plan of activities and internal audit performance were regularly considered;
- / reports of the Company's management on implementing the remedial action plans to eliminate deficiencies revealed by the Internal Audit Commission of the Company, Internal Auditor of the Company and external regulatory (supervisory) bodies were regularly heard;

- / the Company's Internal Audit Report on the internal control system efficiency, risk management system for 2015 was considered;
- / the report of the Audit Committee under the Board of Directors of the Company on the activities performed was reviewed;
- / the redrafted Regulation on the Audit Committee under the Board of Directors of IDGC of Volga, PJSC was reviewed;
- / the Regulation on the Internal Audit Department of IDGC of Volga, PJSC was reviewed;
- / the Internal Audit Quality Assurance and Improvement Program of the Company was reviewed.

Main resolutions passed by the Audit Committee under the Board of Directors of IDGC of Volga, PJSC are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_auditu/

Committee for Strategy and Development

The Committee's objective is to define strategic goals of the Company, develop priority lines of activity and development strategy of the Company, control organization and performance of the risk management system, and to draw up recommendations for the Board of Directors in relation to these lines of activity.

The Committee's activity is governed by the Regulation on the Committee for Strategy and Development of the Board of Directors of IDGC of Volga, JSC approved by resolution of the Board of Directors of the Company on November 30, 2009 (Minutes No. 9 dated December 02, 2009), including amendments hereto approved by resolution of the Board of Directors on March 16, 2016 (Minutes No. 21 dated March 17, 2016).

The number of members of the Committee for Strategy and Development under the Board of Directors of the Company set by resolution of the Board of Directors shall be at least three (3) persons.

¹⁰ Job positions are specified as of the date of election.

¹¹ In 2016, the membership of the Audit Committee elected by the Board of Directors of the Company on June 30, 2016 changed as follows: on October 25, 2016, the Board of Directors resolved (Minutes No. 14 dated October 27, 2016) to terminate powers of Serebryakov Konstantin Sergeevich, Chairperson of the Audit Committee under the Board of Directors of the Company, and to appoint Golovtsov Aleksandr Viktorovich to the position of the Chairperson.

In 2016, the membership of the Committee for Strategy and Development under the Board of Directors was as follows¹²:

Membership of the Committee for Strategy and Development acting from August 03, 2015 till June 14, 2016	Membership of the Committee for Strategy and Development elected at the meeting of the Board of Directors on June 30, 2016
Pankstyanov Yuri Nikolaevich (Chairman of the Committee) – Director of the Tariff Policy Department, Rosseti, PJSC	Pankstyanov Yuri Nikolaevich (Chairman of the Committee) – Director of the Tariff Policy Department, Rosseti, PJSC
Andropov Dmitry Mikhailovich – Deputy Head of the Financial Management of the Corporate Finance Department of Rosseti, PJSC	Snitsky Andrey Viktorovich – Head of the Office for Certification and Interaction with OEM of the Department for Cooperation with OEM, Rosseti, PJSC
Bogach Elena Viktorovna – Head of the Strategy Planning Department, Rosseti, PJSC	KatayevValery Vasilievich – Chief Expert of the Department for Consolidated Planning and Reporting under the Investment Activity Department, Rosseti, PJSC
Bogacheva Irina Vladimirovna – Head of the Section of Investment Projects Performance Analysis and Assessment of the Investment Activity Department of Rosseti, PJSC	Shatskaya Yuliya Vladimirovna – Chief Expert of the Division of Business Planning Methodology of the Subsidiaries and Affiliates Economy Directorate under the Economic Planning and Budgeting Department, Rosseti,
Varvarin Aleksandr Viktorovich – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs	Dyachenko Nikita Aleksandrovich – Chief Expert of the Information Support Office within the Administrative Department, Rosseti, PJSC
Dyachenko Nikita Aleksandrovich – Chief Expert of the Information Support Department of Rosseti, PJSC	Bocharov Aleksandr Anatolievich – Chief Expert of the Strategic Planning Directorate under the Strategic Development Department of Rosseti, PJSC
Dyuzhinov Aleksandr Leonidovich – Deputy General Director for Development, Economics and Finance of Federal Test Center (FTC), PJSC	Smirnov Anton Viktorovich – Head of the Strategic Projects Section of the Office for Capital Markets and Strategic Investments within the Finance Department, Rosseti, PJSC
Kirillov Yuri Aleksandrovich – Director for Economics and Finance of Samara Grid Company, CJSC»	Puchkova Irina Yurievna – Deputy General Director for Economics and Finance of IDGC of Volga, PJSC
Mangataeva Svetlana Tsybikovna – Chief Expert of Subsidiaries and Affiliates Economy Division of Rosseti, PJSC	Zharikov Aleksey Nikolaevich – Director of the Department of Corporate Policy and Shareholder Relations, ETN, JSC
Pokrovsky Sergey Vadimovich – Deputy Executive Director of the Association of Professional Investors	Golovtsov Aleksandr Viktorovich – Head of the Analytical Investigation Directorate of Managing Company Uralsib, JSC

Puchkova Irina Yurievna – Deputy General Director for Economics and Finance of IDGC of Volga, PJSC

Zobkova Tatiana Valentinovna – Head of the Corporate Governance Section within the Department of Corporate Governance, Pricing Environment and Control&Audit Activities in fuel-and-power sectors controlled by the Ministry of Energy of the Russian Federation

Serebryakov Konstantin Sergeevich – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC

Skulkin Vyacheslav Sergeevich – Deputy Director of the Department for Electric Power Engineering Development of Minenergo of Russia

Information on the Committee activity in 2016

In 2016, the Committee for Strategy and Development held 16 meetings (including five meetings in the form of a joint attendance) and discussed 43 issues.

At the meetings of the Committee for Strategy and Development, the following key recommendations were given to the Board of Directors:

- / approval of the RAS-based Summary Business Plan and the IFRS-based Consolidated Business Plan of IDGC of Volga, PJSC Group of Companies for 2016 and estimated figures for 2017–2020;
- / approval of the redrafted RAS-based Summary Business Plan and the redrafted IFRS-based Consolidated Business Plan of IDGC of Volga, PJSC Group of Companies for 2016 and estimated figures for 2017–2020;
- / approval of the RAS-based Summary Business Plan and the IFRS-based Consolidated Business Plan of IDGC of Volga, PJSC Group of Companies for 2017 and estimated figures for 2018–2021;

/ approval of the Program for improving operating efficiency and cutting costs of IDGC of Volga, PJSC for 2016–2020;

/ to approve the updated business plan IDGC of Volga, PJSC, including the investment program and information on key operational risks for 2016, and to take into consideration the estimated figures for 2017–2020 and updated Program for improving operating efficiency and cutting costs of IDGC of Volga, PJSC for 2016–2020 with account of achieved decrease in specific operating costs at least by 3% per annum;

/ review of the Key Operational Risks Report of the Company's General Director for 2015.

Main resolutions passed by the Committee for Strategy and Development under the Board of Directors of IDGC of Volga, PJSC are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_strategii_i_razvitiu/

¹² Positions of the members of the Committee under the Board of Directors are specified as of the date of election.

Committee for Reliability

To prepare and submit recommendations to the Board of Directors of the Company relating to assessment of activities of technical services of the Company, expert review of production programs, plans for upgrading, reconstruction, construction and repair of electric grid facilities, analysis of development and implementation of the above plans in terms of operational reliability and technical condition of electric grids of the Company, IDGC of Volga, PJSC set up a Committee for Reliability.

The Committee's activity is governed by the Regulation on the Committee for Reliability approved by the resolution of the Board of Directors of the Company on August 27, 2015 (Minutes No. 3 dated August 28, 2015).

The number of members of the Committee for Reliability under the Board of Directors of the Company set by the Board of Directors shall be at least seven (7) persons.

In 2016, the membership of the Committee for Reliability under the Board of Directors was as follows¹³:

Membership of the Committee for Reliability acting from August 03, 2015 till June 14, 2016		Membership of the Committee for Reliability elected at the meeting of the Board of Directors on June 30, 2016	
Petrov Sergey Aleksandrovich (Chairman of the Committee) – Head of the Division for Organization of Electrotechnical Equipment Operation within the Department of Production Assets Management, Rosseti, PJSC		Pelymsky Vladimir Leonidovich (Chairman of the Committee) – Deputy Chief Engineer of Rosseti, PJSC	
Akhtyrskiy Andrey Borisovich – Head of Operations Supervision Department, Technical Supervision Center, a branch of Rosseti, PJSC		Dobakhyants Yuliya Vladimirovna – Head of the Operations and Process Management Development Division within the Department of Operational and Process Control of Rosseti, PJSC	
Pavlov Oleg Grigorievich – Deputy General Director – Chief Engineer of IDGC of Volga, PJSC;		Pavlov Oleg Grigorievich – Deputy General Director – Chief Engineer of IDGC of Volga, PJSC;	
Puchkova Irina Yurievna – Deputy General Director for Economics and Finance of IDGC of Volga, PJSC		Puchkova Irina Yurievna – Deputy General Director for Economics and Finance of IDGC of Volga, PJSC	
Korotenko Aleksandr Vasilievich – Deputy Director of the Department for Electric Power Engineering Development of Minenergo of Russia		Kuliev Vyacheslav Igorevich – Deputy General Director for Development and Sales of Services of IDGC of Volga, PJSC;	
Polovnev Igor Georgievich – Financial Director of the Association of Professional Investors		Zharikov Aleksey Nikolaevich – Director of the Department of Corporate Policy and Shareholder Relations, ETN, JSC	
Saley Denis Aleksandrovich – Deputy Technical Director of Samara City Power Grids, CJSC		Repin Igor Nikolaevich – Deputy Executive Director of the Association of Professional Investors	

Information on the Committee activity in 2016

During the reporting period, the Committee for Reliability held 10 meetings and discussed 31 issues. All meetings were held in the form of absentee voting.

Each quarter, the Committee for Reliability reviewed reports on activities of the technical services of the Company aiming at trouble-free operation of the electric grid complex of the Company; reports on implementation of the Comprehensive program of IDGC of Volga, PJSC on the injury risks reduction of the personnel of IDGC of Volga, PJSC and unauthorized persons at the facilities of the power grid complex of the Company for 2014–2017.

The most important resolutions passed by the Committee in 2016 that are worth mentioning:

- / the Program for improvement of operating reliability of power grid complex of IDGC of Volga, PJSC for 2016 was approved;
- / the Progress Report on implementing the Company's repair program for 2015 was taken into consideration;
- / the Progress Report on implementing the Company's investment program for 2015 was taken into consideration;
- / the Report on implementation of the "Comprehensive program of IDGC of Volga, PJSC on the injury risks reduction of the personnel of IDGC of Volga, PJSC and unauthorized persons at the facilities of the power grid complex of the Company for 2014–2017" for 2015 was taken into consideration;
- / the Progress Report on the Company's preparation for operations during the thunderstorm season 2016 was taken into consideration;
- / the Company's operations during the 2015/2016 autumn and winter season were summed up;
- / the Plan of main and additional measures intended to ensure reliable operation of electric grid facilities of IDGC of Volga, PJSC throughout the 2016 flood period was taken into consideration;
- / the Progress Report on the Company's preparation for operations during the fire season 2016 was taken into consideration;

/ by the resolution of the Committee dated November 25, 2016 (Minutes No. 55 dated November 28, 2016), the Report on the Company's preparation for operations during the autumn-winter season 2016/2017 was taken into consideration.

Main resolutions passed by the Committee for Reliability under the Board of Directors of IDGC of Volga, JSC are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_nadezhnosti/

Personnel and Awards Committee

The Personnel and Awards Committee was formed to improve efficiency of management of the Company's development through recommendations for the Board of Directors and the executive bodies of the Company required to resolve personnel and social issues, and to develop principles and criteria for setting amounts of remunerations and compensations to be paid to the members of the collegial and executive bodies of the Company.

The Committee's activity is governed by the Regulation on the Personnel and Awards Committee under the Board of Directors of the Company approved by resolution of the Board of Directors of the Company on July 24, 2014 (Minutes No. 2 dated July 25, 2014).

The number of members of the Personnel and Awards Committee under the Board of Directors of the Company set by resolution of the Board of Directors shall be at least three (3) persons.

¹³ Job positions are specified as of the date of election.

In 2016, the membership of the Personnel and Awards Committee under the Board of Directors was as follows¹⁴:

Membership of the Personnel and Awards Committee acting from August 03, 2015 till June 14, 2016	Membership of the Personnel and Awards Committee elected at the meeting of the Board of Directors on June 30, 2016
Serebryakov Konstantin Sergeevich – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC	Serebryakov Konstantin Sergeevich (Chairman of the Committee) – Head of the Office for Corporate Events of Subsidiaries and Affiliates of the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC
Mezhevich Valentin Efimovich – Chief Advisor of Rosseti, PJSC	Mezhevich Valentin Efimovich – Chief Advisor of Rosseti, PJSC
Adler Yuri Veniaminovich – Head of the Section for Standards and Methodology of Corporate Relations Division within the Department of Corporate Governance and Cooperation with Shareholders and Investors, Rosseti, PJSC	Akimov Leonid Yurievich – Director of the Legal Protection Department of Rosseti, PJSC
Varvarin Aleksandr Viktorovich – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs	Varvarin Aleksandr Viktorovich – Vice President – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs
Kulikov Denis Viktorovich – Advisor of the Executive Director of Association of Professional Investors	Gerasimenko Mikhail Yurievich – Advisor of the General Director of Investment Holding E-Union, CJSC;
	Golovtsov Aleksandr Viktorovich – Head of the Analytical Investigation Directorate of Managing Company Uralsib, JSC
	Shaydullin Farit Gabdulfatovich – Head of the Analytical Directorate of the Situational and Analytical Center of Rosseti, PJSC

Information on the Committee activity in 2016

During the reporting year, the Personnel and Award Committee held 11 absence meetings and discussed 19 issues. All meetings were held in the form of absentee voting.

Members of the Personnel and Awards Committee regularly considered the performance of the Deputies of the General Director of the Company and prepared recommendations for the General Director of the Company.

At the meetings of the Personnel and Awards Committee, the following key recommendations were given to the Board of Directors:

/ upon expiry of the employment agreement of the General Director of the Company Ryabikin V. A. and with due account of the assessed performance of the Company during the period of his work as the General Director (since June 12, 2013), the Board of Directors was recommended to re-elect Ryabikin Vladimir Anatolievich to the position of the General Director of IDGC of Volga, PJSC until June 11, 2019;

/ to approve the Methods for Calculation and Assessment of Key Performance Indicators of the General Director of the Company that will come into effect on January 01, 2016.

Main resolutions passed by the Personnel and Award Committee under the Board of Directors are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_kadram_i_voznagrazhdeniyam/

Committee for Technological Connection to Electric Grids

The major responsibility of the Committee is to assess the effectiveness of technological connection services provided by the Company, make recommendations on in-house procedures and standards for technological connection, provide customers with transparency of the activity and equal access to the services regarding technological connection of customers to power grids of the Company.

The activities of the Committee are governed by the Regulation on the Committee for Technological Connection to Electric Grids under the Board of Directors of the Company adopted by the Board of Directors on February 05, 2009 (Minutes No. 10 dated February 05, 2009).

The number of members of the Committee for Technological Connection to Electric Grids under the Board of Directors of the Company set by resolution of the Board of Directors shall be at least five (5) persons.

¹⁴ Job positions are specified as of the date of election.

In 2016, the membership of the Committee for Technological Connection to Electric Grids under the Board of Directors was as follows¹⁵:

Membership of the Committee for Technological Connection to Electric Grids acting from August 03, 2015 till June 14, 2016	Membership of the Committee for Technological Connection to Electric Grids elected at the meeting of the Board of Directors on June 30, 2016
Varvarin Aleksandr Viktorovich (Chairman of the Committee) – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs	Varvarin Aleksandr Viktorovich (Chairman of the Committee) – Vice President – Managing Director for Corporate Relations and Legal Support of the Russian Union of Industrialists and Entrepreneurs
Pavlov Oleg Grigorievich – Deputy General Director – Chief Engineer of IDGC of Volga, PJSC	Pavlov Oleg Grigorievich – Deputy General Director – Chief Engineer of IDGC of Volga, PJSC
Rebrova Nataliya Leonidovna – Deputy General Director for Corporate Governance of IDGC of Volga, PJSC	Rebrova Nataliya Leonidovna – Deputy General Director for Corporate Governance of IDGC of Volga, PJSC
Kuliev Vyacheslav Igorevich – Deputy General Director for Development and Sales of Services of IDGC of Volga, PJSC	Kuliev Vyacheslav Igorevich – Deputy General Director for Development and Sales of Services of IDGC of Volga, PJSC
Masalyova Irina Borisovna – Director of the Department of Perspective Network Development and Technological Connection, Rosseti, PJSC	Masalyova Irina Borisovna – Director of the Department of Perspective Network Development and Technological Connection, Rosseti, PJSC
Miromanov Sergey Ivanovich – Deputy Head of the Division of Technological Connection Regulation of Rosseti, PJSC	Motin Vladimir Sergeevich – Head of the Development Department of Bank Agroros, CJSC (Moscow branch)
Kulikov Denis Viktorovich – Advisor of the Executive Director of Association of Professional Investors	Davydkin Vladimir Aleksandrovich – Deputy Head of the Division of Technological Connection Regulation within the Department of Perspective Network Development and Technological Connection of Rosseti, PJSC
Pavlov Aleksandr Valerievich – Chief Advisor of the Department for Electric Power Engineering Development of Minenergo of Russia	Repin Igor Nikolaevich – Deputy Executive Director of the Association of Professional Investors

Information on the Committee activity in 2016

During the reporting year, the Committee for Technological Connection to Electric Grids held 4 absence meetings and discussed 13 issues.

The Committee held meetings to discuss, on a quarterly basis, reports on technological connection to the

Company's electrical grids, and to monitor activities of the Company related to technological connection of consumers to the electrical grids, including contract management activities and maintaining general technological connection statistic by consumer groups.

Main resolutions passed by the Committee for Technological Connection to Electric Grids under

the Board of Directors of IDGC of Volga, PJSC are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/sovet_direktorov/komiteti_pri_sovete_direktorov/komitet_po_tehnologicheskomu_prisoedineniu_k_elektricheskim_setyam/

Remuneration of members of Committees under the Board of Directors

The Committee members are paid remuneration for participating in the meetings as per the Committee budget. The proposed budget of the Committee is discussed at the meeting of the Committee and submitted to the Board of Directors of the Company for approval. The Committee members are also reimbursed for their work-related expenses. Amount and procedure for payment of remunerations and compensations to members of the Committees under the Board of Directors are specified in the Regulations on remunerations and compensations payable to members of the Committees adopted by the Board of Directors of the Company.

The amount of remuneration depends on the form of meetings:

- / joint attendance: in the amount equivalent to two minimum monthly wage rate applicable to the 1st grade workers (MMWR).
- / absentee voting: in the amount equivalent to one MMWR.

The amount of remuneration of the Chairperson of the Committee increases by 50%. No remunerations will be accrued

and paid to members of the Committee who are Sole Executive Body or members of the Collegial Executive Body of the Company or who are subject to any restrictions or prohibitions imposed by the federal laws relating to payments from commercial organizations.

By the Resolution of the Board of Directors dated December 29, 2015 (Minutes No. 14 dated December 31, 2015) the current version of the Regulation on Remunerations and Compensations Payable to the members of the Board of Directors was amended to preclude double payment of remunerations to members of the Committees of the Company's Board of Directors simultaneously acting as members of the Board of Directors.

The total amount of remunerations paid to all members of the Committees under the Board of Directors of the Company in 2016 was 2,600,069.00 rubles.

Management Board

The Management Board is a collegial executive body acting on behalf of the shareholders and being in charge of achievement of goals in practice, implementation of the development strategy and policy of the Company.

The activities of the Management Board shall be governed by the law of the Russian Federation, Articles of Association of the Company and Regulation on Management Board approved by resolution of the annual General Meeting of Shareholders of the Company on June 16, 2015 (Minutes No. 9/2015 dated June 18, 2015).

According to the Articles of Association of the Company,

the General Director of the Company acts as the Chairman of the Management Board of IDGC of Volga, PJSC. Number of members and membership of the Management Board is defined by the Board of Directors with account of proposal made by the General Director of the Company. Members of the Management Board of the Company except for the Chairman of the Management Board of the Company are elected by the Board of Directors.

Current membership of the Management Board includes nine (9) persons.

In 2016, the membership of the Management Board in 2016 remained unchanged.

In 2016, the Management Board met 36 times (6 meetings were held in the form of joint attendance). In general, the Management Board passed resolutions on 75 issues relating to operational activity of the Company.

At the meetings of the Management Board, current reports on achieving financial and production indicators and issues relating to risk management in the Company were considered on a regular basis. According to the Articles of Association, the Management Board of the Company also copes with issues referred to top management bodies (General Meetings of Shareholders) of business entities with 100% of authorized capital owned by the Company (Energoservice of Volga, JSC and Social Sphere-M, JSC).

¹⁵ Job positions are specified as of the date of election.

CURRENT MEMBERSHIP OF THE MANAGEMENT BOARD OF IDGC OF VOLGA, PJSC:

Chairman of the Management Board



Ryabikin Vladimir Anatolievich
(member of the Management Board since 2008)

Born in 1965

Education: higher. Graduated from the Russian State Open Technical University of Railway Transport, majoring in Automatics, Telemechanics and Communications for Railway Transport.

Since 2008 – General Director, Chairman of the Management Board of IDGC of Volga, PJSC. Owns no shares of the Company.

Members of the Management Board:



Pavlov Oleg Grigorievich
(member of the Management Board since 2014)

Born in 1965

Education: higher. Graduated from Kuybyshev Polytechnic Institute, majoring in Electric Power Supply to Industrial Enterprises of Cities and Agricultural Industry.

2011–2014: Deputy Director on development and services realization of the Branch of IDGC of Volga, JSC - «Samara Distribution Grids»

Since 2014 – Deputy General Director for Technical Issues – Chief Engineer of IDGC of Volga, JSC;

Since January 01, 2015 – Deputy General Director – Chief Engineer of IDGC of Volga, PJSC;

Since June 30, 2016 – a member of the Committee for Reliability and the Committee for Technological Connection to Electric Grids under the Board of Directors of the Company.

Owns no shares of the Company.



Puchkova Irina Yurievna
(member of the Management Board since 2011)

Born in 1963

Education: higher. Graduated from Saratov Institute of Economics (majoring in Industry Planning) and Volga Academy of Public Service (majoring in State and Municipal Administration).

Since 2011 – Deputy General Director for Economics and Finance of IDGC of Volga, PJSC;

Since 2014 – Acting Deputy General Director of IDGC of Volga, PJSC – Director of Saratov Distribution Grids;

Since 2009 – a member of the Board of Directors of ChAK, JSC;

Since 2011 – a member of the Board of Directors of Energoservice of Volga, JSC;

Since June 30, 2016 – a member of the Committee for Strategy and Development and the Committee for Reliability under the Board of Directors of the Company.

Owns no shares of the Company.



Rebrova Natalia Leonidovna
(member of the Management Board since 2009)

Born in 1960

Education: higher. Graduated from Saratov Polytechnic Institute, majoring in Economy and Organization of Machine-Building Industry.

Since 2009 – Deputy General Director for Corporate Governance of IDGC of Volga, PJSC;

Since 2011 – a member of the Board of Directors of Energoservice of Volga, JSC;

Since 2014 – a member of the Board of Directors of Solnechny Sanatorium-Preventorium, JSC;

Since June 30, 2016 – a member of the Committee for Technological Connection to Electric Grids under the Board of Directors of the Company.

As of December 31, 2016, the member holds shares of the Company (share in the authorized capital – 0.000035%, ordinary shares – 0.000035%).



Tamlenova Irina Alekseevna
(member of the Management Board since 2009)

Born in 1965

Education: higher. Graduated from Saratov Polytechnic Institute, majoring in Economy and Organization of Motor Transport.

Since 2009 – Chief Accountant – Head of the Accounting and Reporting Department of IDGC of Volga, PJSC.

Owns no shares of the Company.



**Zaretskiy
Dmitriy Lvovich**

(member of the Management Board since 2012)

Born in 1967

Education: higher. Graduated from Saratov Polytechnic Institute, majoring in Electric Power Supply to Industrial Enterprises of Cities and Agricultural Industry, and from Saratov State Social and Economic University, majoring in Finances and Credit.

2012–2014 – Deputy General Director for Capital Construction of IDGC of Volga, JSC;

Since January 01, 2015 – Deputy General Director for Investment Activity of IDGC of Volga, PJSC.

Since 2009 – a member of the Board of Directors of ChAK, JSC;

As of December 31, 2016, the member holds shares of the Company (share in the authorized capital – 0.00052%, ordinary shares – 0.00052%).



**Kuliev
Vyacheslav Igorevich**

(member of the Management Board since 2012)

Born in 1971

Education: higher. Graduated from Volga Academy of Public Service, majoring in State and Municipal Administration.

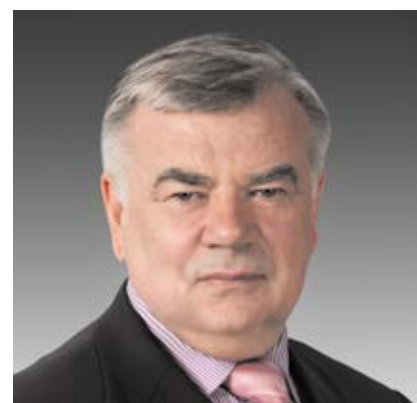
2012–2014 – Deputy General Director for Development and Sales of Services of IDGC of Volga, JSC;

Since January 01, 2015 – Deputy General Director for Development and Sales of Services of IDGC of Volga, PJSC;

Since 2011 – Chairman of the Board of Directors of Energoservice of Volga, JSC;

Since June 30, 2016 – a member of the Committee for Reliability and the Committee for Technological Connection to Electric Grids under the Board of Directors of the Company.

Owens no shares of the Company.



**Ponomaryov
Vladimir Borisovich**

(member of the Management Board since 2009)

Born in 1950

Education: higher. Graduated from Saratov State University named after N.G. Chernyshevsky, majoring in Geological Survey and Mineral Deposit Search.

Since 2009 – Deputy General Director for Security of IDGC of Volga, PJSC.

Owens no shares of the Company.



**Frolov
Sergey Petrovich**

(member of the Management Board since 2009)

Born in 1960

Education: higher. Graduated from Ulyanovsk Polytechnic Institute, majoring in Electric Power Supply to Industrial Enterprises and Cities.

Since 2008 – Deputy General Director – Director of Ulyanovsk DG, a branch of IDGC of Volga, PJSC. Owns no shares of the Company.

Remuneration of members of the Management Board

Since January 01, 2015, members of the Management Board are classified as Top Managers of the Company according to the resolution of the Board of Directors dated March 05, 2015.

In accordance with the Methods for Calculation and Assessment of Key Performance Indicators of the General Director of the Company, the system of key performance indicators is associated with the amount of the variable portion of the remuneration paid to the management – specific weight in the amount of paid bonuses is specified for each indicator; quarterly and annual bonuses are paid in case relevant KPIs are achieved.

THE TOTAL AMOUNT OF REMUNERATIONS PAID TO ALL MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY FOR 2016 WAS:, RUBLES

Parameter	2016
Fee for participation in work of the management body	1,519,680.00
Wages	20,037,512.00
Bonuses	11,944,409.02
Commission	0
Allowances	0
Other remunerations	10,204,011.41
Total	43,705,612.43

The members of the Management Board did not sell or buy shares of the Company during the reporting period. No claims against members of the Management Board were filed throughout the period of the Company's activities, including 2016.



General Director

The General Director is a sole executive body. The General Director is in charge of the routine operations of the Company according to the financial and business plan. The General Director shall conscientiously, timely and effectively execute resolutions passed by the Board of Directors and General Meeting of Shareholders of the Company.

Responsibilities of the General Director of the Company include all matters concerning management of current operations of the Company, excluding matters assigned to the responsibility of the General Meeting of Shareholders, the Board of Directors and the Management Board of the Company.

The rights and responsibilities of the General Director are determined by the legislation of the Russian Federation, Articles of Association of the Company and employment agreement concluded between the General Director and the Company.

Since December 12, 2008, the General Director of IDGC of Volga, PJSB is Vladimir Anatolievich Ryabikin.

The contribution to the development of the power industry and professional achievements of Ryabikin Vladimir Anatolievich were recognized with several national and industrial awards.

Employment conditions, rights and obligations of the General Director are established by the law of the Russian Federation, Articles of Association of the Company and employment contract with terms and conditions defined by a person authorized by the Board of Directors of the Company.

Internal Audit Commission

The Internal Audit Commission of the Company is a permanently acting

body responsible for regular control over the business and financial activities of the Company, its officials and management bodies to ensure compliance with the laws of the Russian Federation, the Articles of Association of the Company and internal documents of the Company.

The Internal Audit Commission functions independently of the officials of the management bodies of the Company. The Internal Audit Commission shall act in compliance with the Regulation on Internal Audit Commission of the Company (as amended) describing legal status, goal and objectives, rights and obligations, structure and membership of the Internal Audit Commission approved by the resolution of the General Meeting of Shareholders of the Company on June 16, 2015 (Minutes No. 9/2015 dated June 18, 2015).

Members of the Internal Audit Commission appointed by the General Meeting of Shareholders will hold office until the next annual General Meeting of Shareholders. The General Meeting of Shareholders may vote for early termination of powers of all and individual members of the Internal Audit Commission. The members of the Internal Audit Commission of the Company according to the Articles of Association include 5 persons..

During the reporting year, the Company had two memberships of the Internal Audit Commission.

Internal Audit Commission acting from June 16, 2015 till June 09, 2016 ¹⁶	
Lelekova Marina Alekseevna (Chairman of the Internal Audit Commission) – Director of the Internal Audit and Control Department of Rosseti, JSC	Born in 1961 Education: higher. Far East Institute of Soviet Trade
Kim Svetlana Anatolievna – Head of the Inspection Activities Directorate under the Auditing Department, Rosseti, JSC	Born in 1981 Education: higher. Graduated from Moscow State University of Railway Transport
Kirillov Artyom Nikolaevich – Head of the Investment Audit Section, Directorate of Inspection Activities and Internal Audit, Internal Audit and Control Department, Rosseti, JSC.	Born in 1984 Education: higher. Moscow Power Engineering Institute
Malyshev Sergey Vladimirovich – Leading Expert of the Investment Audit Section of the Directorate of Inspection Activities and Internal Audit within the Internal Audit and Control Department of Rosseti, JSC	Born in 1965 Education: higher. Yaroslavl Higher Military Financial School
Sinitsyna Elena Borisovna – Deputy Head of the Directorate of Control and Risks within the Internal Audit and Control Department of Rosseti, JSC	Born in 1971 Education: higher. Lomonosov Moscow State University; Russian Presidential Academy of Public Administration

¹⁶ Job positions are specified as of the date of election.



CURRENT MEMBERSHIP OF THE INTERNAL AUDIT COMMISSION

(approved by the annual General Meeting of Shareholders on June 09, 2016)

Chairman of the Internal Audit Commission:**Lelekova
Marina Alekseevna****/ Born** in 1961**/ Education:** higher. Graduated from Far East Institute of Soviet Trade, majoring in Economics.**/ Positions and places of employment over last 5 years:****// 2013–2015** – Director of the Internal Audit and Control Department, Director of the Control Activity Department, Rosseti, JSC;**// Since 2015** – Director of the Auditing Department, Rosseti, PJSC.**/ Owns** no shares of the Company.**Members of the Internal Audit Commission:****Kim
Svetlana Anatolievna****/ Born** in 1981**/ Education:** higher. Graduated from Moscow State University of Railway Transport, majoring in Commerce.**/ Positions and places of employment over last 5 years:****// 2010–2013** – Manager of Investment Control Area, Control and Audit Department of FGC UES, JSC;**// 2013–2015** – Head of the Directorate of Inspection Activities and Internal Audit, Internal Audit and Control Department, Rosseti, JSC;**// Since 2015** – Head of the Inspection Activities Directorate under the Auditing Department, Rosseti, JSC.**/ Owns** no shares of the Company.**Kirillov
Artyom Nikolaevich****/ Born** in 1984**/ Education:** higher. Graduated from Moscow Power Engineering Institute, qualified as Engineer – Electrician.**/ Positions and places of employment over last 5 years:****// 2013–2015** – Head of the Investment Audit Section of Rosseti, JSC;**// Since 2015** – Deputy Head of the Inspection Activities Directorate under the Auditing Department, Rosseti, PJSC.**/ Owns** no shares of the Company.**Malyshev
Sergey Vladimirovich****/ Born** in 1965**/ Education:** higher. Graduated from Yaroslavl Higher Military Financial School, majoring in Financial Security.**/ Positions and places of employment over last 5 years:****// 2013–2015** – Leading Expert of the Inspection Activities Directorate within the Control Activity Department of Rosseti, JSC.**// Since 2015** – Leading Expert of the Inspection Activities Directorate under the Auditing Department, Rosseti, PJSC.**/ Owns** no shares of the Company.**Kabizskina
Elena Aleksandrovna****/ Born** in 1964**/ Education:** higher. Graduated from The Far Eastern State Technical Fisheries Institute, qualified as Engineer – Economist.**/ Positions and places of employment over last 5 years:****// 2005–2013** – Deputy Head of the Control and Risks Department; Head of the Internal Control and Risk Management Department of FGC UES, PJSC.**// 2013–2014** – Head of the Methodological Support Directorate of the Internal Audit Department of MOESK, PJSC.**// Since 2014** – Deputy Head of the Inspection Activities Directorate under the Auditing Department, Rosseti, JSC.**/ Owns** no shares of the Company.

The members of the Internal Audit Commission did not sell or buy the shares of the Company during the reporting period.

Remuneration of members of the Internal Audit Commission

Types, amount and payment of remunerations and compensations to the members of the Internal Audit Commission were governed by the Regulation on remunerations and compensations payable to members of the Internal Audit Commission of IDGC of Volga, PJSC approved by the annual General Meeting of Shareholders of IDGC of Volga, PJSC on June 16, 2015 (Minutes No. 9/2015 dated June 18, 2015).

Major amendments approved by the new revision are as follows:

- / the remuneration is paid not for each performed audit but for the corporate year following the results of work;
- / the procedure is established for calculation of remunerations to the members of the Internal Audit Commission depending on involvement in work of the Internal Audit Commission which is determined on the basis of the amount of the basic remuneration using coefficients determining involvement of the members of the Internal Audit Commission in its work following the results of the corporate year;
- / standard compensations of the members of the Internal Audit Commission for expenses relating to their involvement in activities of the Internal Audit Commission are specified.

THE TOTAL AMOUNT OF AWARDS AND COMPENSATIONS PAID TO THE MEMBERS OF THE INTERNAL AUDIT COMMISSION IN 2016 WAS AS FOLLOWS
rubles

Parameter	2016
Fee for participation in work of financial and business supervisory body of the Issuer	468,596.88
Wages	0
Bonuses	0
Commission	0
Other remunerations	0
Total	468,596.88

Resolutions passed by the Internal Audit Commission are posted on the corporate website of the Company: http://www.mrsk-volgi.ru/ru/aktsioneram_i_investoram/korporativnoe_upravlenie/revizionnaya_komissiya/protokoli_zasedaniy_revizionnoy_komissii/

External auditors

Pursuant to the Articles of Association of the Company, to audit and confirm the annual financial statements of the Company, the General Meeting of Shareholders annually approves the Company's auditor having no property interests in the Company and its shareholders.

The external audit of the accounting (financial) statements is a key element in the general control system established to ensure shareholders' control over the financial and business activity of the Company. The Auditor performs independent audit of the Company's financial and economic activities on the basis of its accounting (financial) statements to express its opinion on reliability of these statements.

According to the results of the tender-based auditor selection, the Board of Directors proposes a candidate for the position of the Company's Auditor. To ensure impartiality and fairness of the External Auditor, the Company selects the External Auditor through the open competitive procedure using e-trading floor www.b2b-mrsk.ru. In 2015–2017, information on the tender for the right to conclude the auditing services agreement was published on www.zakupki.gov.ru. The tender was held on March 25, 2015. The bidders were evaluated in accordance with the preset criteria specified in the terms and conditions of the tender. RSM RUS, LLC was declared the winner of the tender (Minutes of the meeting of the Tender Committee No. 6/552p dated April 21, 2015).

RSM RUS, LLC is a member of Self-Regulating Organization of Auditors Nonprofit Partnership AUDIT ASSOCIATION SODRUZHESTVO and has an extensive experience of auditing companies from different economic sectors, including comprehensive audits of major companies with multidivisional structure.

The Board of Directors of the Company defines and approves the Auditor's remuneration.

At the meeting on August 22, 2016, the Board of Directors resolved to specify that remuneration payable to the Company's Auditor, RSM RUS, LLC, for audit of accounting (financial) statements for 2016 prepared under RAS and audit of consolidated financial statements for the year ending on December 31, 2016 prepared under IFRS shall amount to 3,095,877.74 rubles, inclusive of VAT (18%).

In 2016, the Auditor was paid 619,175.54 rubles under the audit agreement (VAT inclusive) – cost of the first audit stage.

No non-audit services were delivered by RSM RUS, LLC during the reporting period.

SUBSIDIARIES

As for subsidiaries, the Company adheres to a common corporate policy based on uniform principles of corporate governance.

Interaction between the Company and subsidiaries is governed by the Procedure for interoperation of IDGC of Volga, JSC and business entities with shares (equities) owned by IDGC of Volga, JSC approved by the resolution of the Board of Directors on March 26, 2009 (Minutes No. 14 dated March 27, 2009).

As of December 31, 2016, the corporate governance system of IDGC of Volga, PJSC encompasses four subsidiaries:

- / Energoservice of Volga, JC (ownership interest – 100%)
- / Social Sphere-M, JC (ownership interest – 100%)
- / Solnechny Sanatorium-Preventorium, JC (ownership interest – 100% (1 share))
- / ChAK, JC (ownership interest – 100% (1 share)).

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RISK MANAGEMENT SYSTEM

THE COMPANY HAS THE RISK MANAGEMENT SYSTEM (HEREINAFTER – “RMS”) DESIGNATED TO ENSURE SUSTAINABLE CONTINUOUS OPERATIONS AND DEVELOPMENT OF THE COMPANY BY TIMELY IDENTIFICATION, ASSESSMENT AND EFFICIENT MANAGEMENT OF RISKS CONSTITUTING THREAT TO BUSINESS AND IMAGE OF THE COMPANY, LIFE AND HEALTH OF THE EMPLOYEES, ENVIRONMENT, AND TO INTERESTS OF SHAREHOLDERS AND INVESTORS.

For the purposes of development of the Company's RMS, the Board of Directors of IDGC of Volga, PJSC approved the Risk Management Policy on March 16, 2016.

Participants of the Risk Management System

The main participants of the risks management process are:

- / Board of Directors;
- / authorized Committee under the Board of Directors;
- / executive bodies (Management Board, General Director);
- / risk owners;
- / risk management subdivision;
- / risk management events owners.



RISK SEVERITY ASSESSMENT

SEVERITY SCALE

Risk severity degree











Moderate











Severe



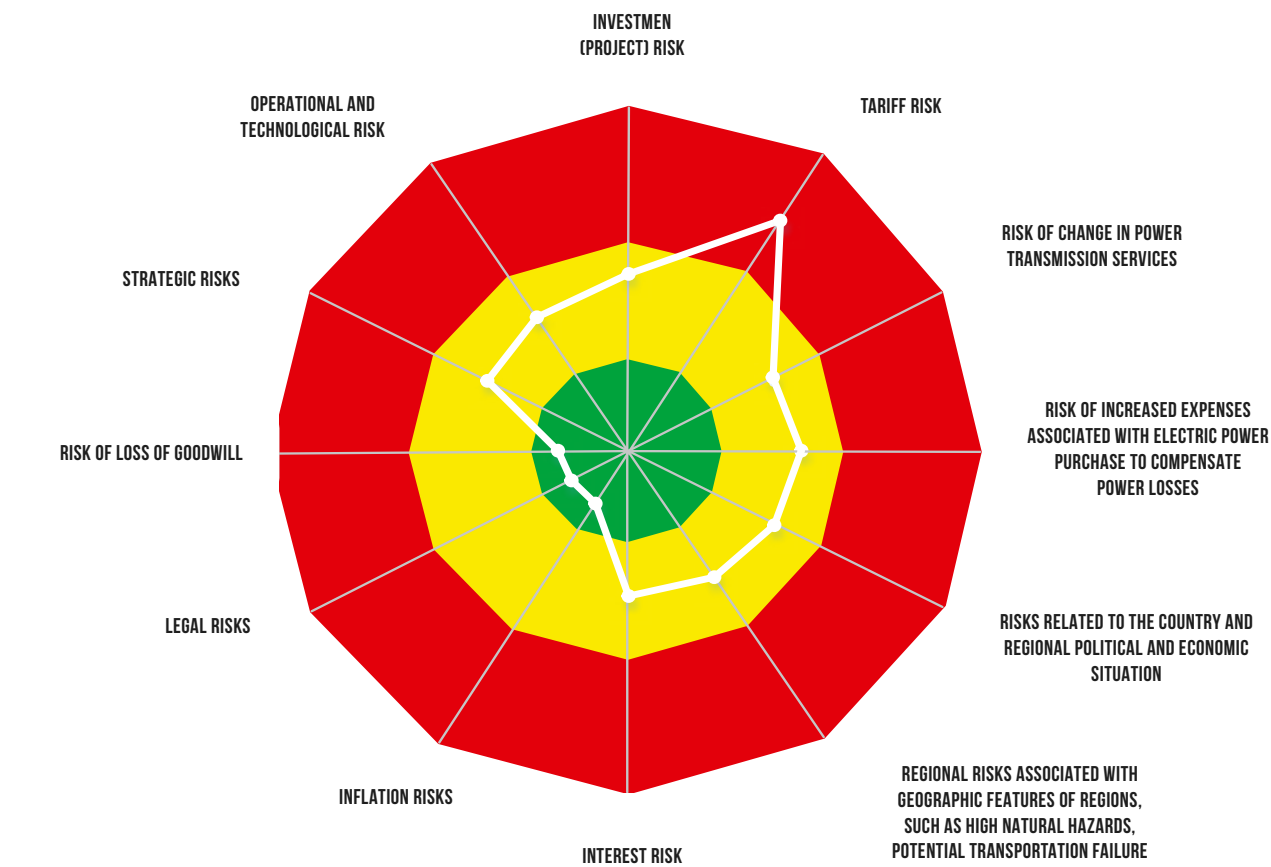
Critical

Item No.	Risk name	Description	Measures for minimization of risk effects	Risk severity assessment and trends
Industry risks:				
1	Tariff risk	Tariffs (prices) of the Issuer's services are fixed by regulatory bodies of concerned RF constituents (Samara, Saratov, Ulyanovsk, Penza and Orenburg regions, the Republic of Mordovia and the Chuvash Republic) basing upon powers outlined in the Federal Law No. 35-FZ "On Electric Power Industry" dated March 26, 2003. Pursuant to this law, tariffs shall be valid at least 12 months (this validity period may be changed by the Decree of RF Government). Therefore, a minor risk of tariffs change during one financial year is possible.	To minimize the tariff risk effects, the Company pursues the balanced policy intended to increase the efficiency of investment and operating activities aimed at cutting costs and planning structure of sources of activity financing in the optimal way.	 
2	Risk of change in power transmission services	The demand for products of the Issuer's industry remains stable without any major fluctuations. However, the recession trends observed in the Russian economy and, as consequence, stagnation of the real sector generates risks of significant decrease in power consumption (mainly, in the industrial sector) and thus lower revenue from grid services and degraded financial performance.	To minimize consequences of the risk of change in power transmission services, the Company takes the following measures: 1. Power consumption monitoring, forecasting productive supply till the year end with consideration to current trend of power consumption; 2. Drafting and submitting to the state tariff regulation bodies of recommendations on technological power/capacities consumption with consideration to the net electricity supply dynamics; 3. Cooperation with electric power consumers on co-ordination of targets to be included in agreement for the next year; 4. Execution of service agreements for power transmission services subject to double-rate tariff pricing.	 
3	Risk of increased expenses associated with electric power purchase to compensate power losses	The risk of increased expenses associated with electric power purchase to compensate power losses in distribution grids results from liberalization of prices at the electric power wholesale market.	To minimize consequences of the risk of increased expenses associated with electric power purchase to compensate power losses, the Company takes the following measures: 1. Implementation of the Energy Savings and Increased Energy Efficiency Program to cut down the power losses; 2. Regular checks of measuring complexes. Replacement of meters in compliance with the schedule. 3. Implementation of the Program on modernization of commercial power metering system for the retail market.	 
4	Risk of increase in accounts receivable of the Issuer	The risk originates from aggravation of non-payment problem among power consumers and failure of some partners to fulfill their contractual obligations. The risk is attributable to irregularities of the retail electricity market, absence of effective mechanisms for encouraging consumers to timely pay for services, and to lowered solvency of consumers.	To mitigate the risk, the Company takes measures intended to decrease the amount of overdue receivables and settle differences.	 

Item No.	Risk name	Description	Measures for minimization of risk effects	Risk severity assessment and trends
Country and regional risks:				
5	Risks related to the country and regional political and economic situation	Country and regional risks are first of all conditioned by macroeconomic factors existing at the global level and at the level of the Russian Federation and separate regions. The above factors may have an adverse impact on credit opportunities, liquidity indicators, investment and operating performance and, finally, on shareholder value of the Issuer. In addition, recessionary trends in the global economy have a negative effect on volumes of production output and electricity consumption that may result in lower revenue of the Issuer.	To minimize macroeconomic risk effects, the Company takes measures intended to optimize the share of borrowed funds in the overall capital structure, raise long-term loans at fixed interest rates and to increase the efficiency of operating and investment costs.	
6	Risks associated with geographic features of the country or region, including those associated with increased natural hazards, potential transportation failure	In the regions covered by the Issuer's operations there is a risk of emergencies caused by natural disasters (storm winds, heavy rains, floods, including river flooding, snowy drifts, etc.) that may result in region-wide power outages and transport infrastructure failure. According to the Issuer's assessment, risks related to exposure to natural hazards are minimal. Risks associated with a potential collapse of transport infrastructure due to remoteness and/or inaccessibility, are also assessed by the Issuer as minimal.	To minimize consequences of the risks associated with geographic features of the country or region, the Company takes measures intended to increase reliability of power supplies to consumers and to prevent risks of technological violations.	
Financial risks:				
7	Interest rate risk	Under present-day economic conditions, the Company may be exposed to unscheduled growth of loan servicing cost and thus the Company's expenses as a result of increasing interest rates under loan contracts in force and new credit resources.	In order to lower the interest risk, the Company pursues a well-balanced loan policy oriented to optimization of the credit portfolio structure and minimization of costs associated with credit servicing.	
8	Inflation risk	The Consumer Price Index (CPI) is used as one of the key indicators reflecting the level of inflation in the Russian Federation. Any changes in the CPI have material effect on financial and business operations of the Issuer. The annual rate of inflation in Russia fell from 11.4% in 2014 and 12.9% in 2015 to 5.4% in 2016. The inflation at the level of 5.4% reflects the minimum growth level of the consumer prices reported for the contemporary history of Russia. Thus, the inflation in Russia in 2016 reached a historic low, compared only to 6.1% as reported in 2011. In such inflation rate, inflation-related risks are not likely to have any significant impact on the Issuer's ability to make payments under securities..	To minimize inflation risk effects, the Company pursues policy aiming at import substitution and signing long-term agreements with fixed prices of purchased products.	

Item No.	Risk name	Description	Measures for minimization of risk effects	Risk severity assessment and trends
Legal risks:				
9	Legal risks	<p>It is likely that the legal risks of the Company are associated with the specific character of the applicable legislation and the judicial system. Particular examples include cases when similar legal issues are treated differently, or challenges related to statutory interpretation/construction, conflicts of law, etc. As a result, there is a risk that law enforcement agencies make non-objective or unwarranted decisions in assessing business operations of the Company and discharging its tax payment obligations.</p> <p>According to the Company's assessments of its financial and business activities for the near-term future, there are significant risks associated with changes in the tax legislation, or foreign exchange control, or changes in the customs regulations and duties.</p>	To minimize consequences of the legal risks, the Company's business operations are governed by changes in the regulations and judiciary law on issues related to operations of the Company.	
Risk of loss of goodwill:				
10	Reputation risk	A risk caused by poor interaction with mass media and improper positioning of the Company in mass media, or disclosure of information to public without pre-approval by a specialist business unit responsible for the Company's information policy.	<p>To manage the reputation risk and prevent it from materializing, the Company implements a set of actions, including the following key activities:</p> <ul style="list-style-type: none"> – mass media monitoring; – distribution of the information about the Company's operations to promote a positive image of the Company; – distribution of the information in mass media that, directly or indirectly, refutes the negative information about the Company. 	
Strategic risks:				
11	Strategic risks	Strategic risks are risks having an effect on the probability of achieving the strategic goals set by the Company.	<p>To manage the strategic risks and prevent them from materializing, the Company implements a set of actions, including the following key activities:</p> <ul style="list-style-type: none"> – implementation of investment and maintenance (repair) programs aimed at renovation of the electric grid complex; – implementation of programs aimed at improving the Occupational Safety Management System; – conducting anti-terrorism training at the Company's facilities; implementation of security techniques as provided by the approved Investment Program. 	
Company's business risks:				
12	Operational and technological risks	<p>Operational and technological risks affecting the reliability of power supplies are associated first of all with physical deterioration and obsolescence of electric grid assets. Besides, the operational and technological risks comprise:</p> <ul style="list-style-type: none"> – natural and industrial emergency situations; – operation subject to the limit tolerances specified in regulatory technical documents, excess of normal operating conditions of the electrical transmission equipment. 	To reduce the probability of operational and technological risks, the Company takes measures intended to increase reliability of power supplies to consumers and to prevent risks of technological violations.	

Item No.	Risk name	Description	Measures for minimization of risk effects	Risk severity assessment and trends
13	Investment (project) risks	The Company carries out the investment activity intended to upgrade and expand the network infrastructure facing the risk of lower efficiency and depreciation of capital investments when implementing the investment, innovation development and R&D programs. Failure to discharge or to timely discharge obligations by the contractors may impede scheduled use of the investments and delay the commissioning of the facilities covered by the Company's investment program.	To attenuate the investment risk, the Company develops the investment programs with account of the following key criteria of efficiency: improvement of availability of the network infrastructure, reduction of wear and upgrading of the electric grid facilities, higher loading of commissioned capacities.	<div></div>



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INTERNAL CONTROL SYSTEM

The internal control system of the Company (hereinafter – “ICS”) is an element of the corporate governance system of the Company. ICS comprises all Company’s activities, control procedures are continuously applied to all processes (activities) at all management levels and are intended to give reasonable assurance that the following business objectives will be achieved:

- / operational efficiency and effectiveness of the Company, and safe custody of the Company’s assets;
- / compliance with applicable laws and regulations, including internal regulations of the Company, comprising business transactions and accounts maintenance;
- / provision for accuracy and timeliness of accounting (financial) statements.

To implement the Development and Improvement Strategy of the ICS of Rosseti, PJSC and subsidiaries and affiliates of Rosseti, PJSC approved by the resolution of the Board of Directors of Rosseti, PJSC dated February 10, 2014 (Minutes No. 143), the Board of Directors of the Company approved on March 10, 2016 approved the Internal Control Policy of IDGC of Volga, PJSC (revised version). The Internal Control Policy establishes goals, functioning principles and elements of the Company’s ICS, key functions and responsibilities of the ICS participants, procedures for the ICS efficiency assessment.

According to the internal control policy, the participants of the internal control system include:

- / Board of Directors;
- / Internal Audit Commission;
- / Audit Committee under the Board of Directors;
- / other Committees under the Board of Directors;
- / General Director;
- / Management Board of the Company;

- / Heads of business units and subdivisions;
- / Employees of business units of the Company in charge of control procedures;
- / Security Department;
- / Legal Support Department;
- / Internal Audit Department;
- / Internal Control and Risk Management Directorate.

During the reporting year, the Company took the following key measures to improve ICS. In particular, the Company prepared and approved:

1. Proposals on defining competence criteria (skills and behavior) required to maintain the internal control while achieving the goals of the Company. The relevant competence criteria were introduced into the Job Description Template basing upon available proposals.
2. Template “Control procedure matrices to QMS document”; a change was made to “Document management in IDGC of Volga, PJSC”.
3. A number of 1S-AEMS modules were put into trial and commercial operation.
4. Analysis of business processes “Logistics and material support” and “Contractual work” was performed. Following the results of the analysis the Company prepared draft schemes and matrices for controls based on business process data. The schemes and matrices were referred to Rosseti’s Commission for formation of a common methodological base for internal audit and internal control.

The above measures increased the level of ICS maturity from the level between «Satisfactory» and «Optimum» (as assessed in 2015) up to the level «Optimum» (as assessed in 2016).

The issue of ICS performance in 2016 was considered at the meeting of the Board of Directors on March

30, 2017 after preliminary discussion by the Audit Committee under the Board of Directors held on March 15, 2017.

Internal independent ICS efficiency assessment was carried out by the Company’s auditor, however no external independent assessment was carried out.

To continue implementing the ICS Development Strategy for 2017, the following measures aimed at ICS enhancement are scheduled:

1. Adaptation of control procedure matrices for main business processes:
 - / Maintenance and repair (MR). Diagnostics;
 - / Commercial accounting and provision of services for electric power transmission;
 - / Operational dispatch, technological and situational control of networks;
 - / Electricity quality control;
 - / Provision of services for technological connection of consumers;
 - / Reconstruction and new construction of electric grid facilities (on contracted/non-contracted basis);
 - / Tariff setting.

Following adaptation and approval of the above control matrices, IDGC of Volga, PJSC will integrate them into the system of local regulations.

2. Putting into commercial operation of the following subsystems of the automated enterprise management system (AEMS) based on 1S: Enterprise 8 software:

- / “Investment Management”;
- / “HR Management and Wages Calculation”;
- / “Accounting”;
- / “Power Transmission Management.”

The Internal Audit Department is responsible for internal auditing of the Company.

The Internal Audit and Control Department reports immediately to the Board of Directors of the Company, thus enabling the Board of Directors to be engaged in monitoring and organizing activities of the internal audit subdivision, including approval of the internal audit activity plan, progress report on fulfillment of the internal audit activity plan and cost estimate of the internal audit subdivision, approval of resolution on appointment, dismissal and fees payable to the Head of the internal audit subdivision.

Goals and objectives, basic principles of organization and operation of the internal audit system, functions and powers of the internal audit are described in the Internal Audit Policy of IDGC of Volga, PJSC (as amended) approved by the resolution of the Board of Directors of IDGC of Volga, PJSC dated March 10, 2016.

The internal audit assists the Board of Directors and executive bodies of the Company in increasing the efficiency of the Company management and in improving its financial and business activities due to systematic and consistent approach to analysis and assessment of the risk management, internal control and corporate governance systems intended to ensure reasonable certainty of achieving the Company’s goals.

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ANTI-CORRUPTION ACTIVITY

In order to fulfill the requirements of Federal Law No. 273-FZ "On Anti-Corruption Enforcement" dated December 25, 2008, on January 31, 2007 IDGC of Volga, PJSC adopted a new version of the Anti-Corruption Policy governing preventive and anti-corruption activities of the Company.

The Policy is focused on a uniform approach to fulfillment of the requirements of RF laws relating to elaboration and implementation of preventive and anti-corruption measures: identification and subsequent removal of the causes of corruption (prevention of corruption); detection, prevention and suppression of corruption and other offenses; minimization and (or) elimination of the consequences of corruption and other offenses.

Key tasks of the Anti-Corruption Policy:

1. defining key areas for fulfilling the requirements of Article 13.3 of the Law on anti-corruption enforcement;
2. creating an effective and executing mechanism for implementing preventive and anti-corruption measures (including anti-corruption program);
3. formalizing requirements and restrictions covering interaction with governmental authorities in charge of corruption control;
4. preventing corruption and other offenses;

5. clearly communicate the position of IDGC of Volga, PJSC on inadmissibility of corruption in any forms to shareholders, partners, contractors, members of management and control bodies, and employees;

6. minimizing risks of involvement of IDGC of Volga, PJSC into corruption.

The priority direction of the Anti-Corruption Policy is receiving, considering and resolving the calls of people on possible corruption. Therefore, in 2015, the Company developed measures and procedures facilitating the communication of information concerning prevention and suppression of corruption of the Company's employers.

Within the framework of implementation of the Anti-Corruption Policy of the Company in 2016, the Company performed multi-level monitoring of the procurement activity for reasonableness of the procurement/contract, assessing the level of loyalty and honesty of contractors, checking their reputation and the duration of market activity, participation in corruption scandals, affiliation, corrupted practices due to occupied posts in the Company, etc.

The Company organized regular collection and analysis of information on the owners of participants of procurement procedures and contractual

partners, as well as analysis and verification of the received information on the owners (beneficiaries, including ultimate beneficial owners) in respect to the appropriate disclosure of information provided on contractors and participants of the procurement procedures, prevention of conflicts of interest, as well as detection of affiliation with the employees of the Company and other corrupted practices.

IDGC of Volga, PJSC pursues its campaign aiming at detection, prevention and settlement of conflicts of interest (therefore the administrative and management personnel of the Company have to declare their conflict of interest on a yearly basis).

In addition, to integrate into the anti-corruption movement of RF business environment, the Company fosters corruption prevention and control initiatives set up by members of the Anti-Corruption Charter and governmental agencies.

The results achieved in 2016 show that the Company succeeded in combating corruption and fully meets all-Russian anti-corruption security standards.

THE RESULTS ACHIEVED IN 2016 SHOW THAT THE COMPANY SUCCEEDED IN COMBATING CORRUPTION AND FULLY MEETS ALL-RUSSIAN ANTI-CORRUPTION SECURITY STANDARDS.

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LOAN
POLICY

FINANCING ACTIVITY

BASIC FINANCIAL AND ECONOMIC INDICATORS

thousand rubles

Item No.	Parameter	2016	2015	2014
1	Revenue	53,211,472	47,860,392	45,991,192
1.1.	from power transmission services	52,687,890	47,308,428	45,244,314
1.2.	from technological connection	322,610	347,929	488,143
1.3.	from other services	200,972	204,035	258,735
2	Cost of products	47,349,057	44,573,734	43,548,645
3	Gross margin	5,862,415	3,286,658	2,442,547
4	Administrative expenses	1,184,188	1,084,926	1,098,998
5	Business expenses			
6	Sales profit	4,678,227	2,201,732	1,343,549
7	Interests receivable	135,220	110,758	28,611
8	Interests payable	1,046,345	1,233,394	911,900
9	Income from participation in other organizations	968	362	297
10	Other income	746,727	475,403	413,305
11	Other expenses	1,172,591	819,760	611,361
12	Profit before tax	3,342,206	735,101	262,501
13	Corporate profit tax and other charges	1,964,510	492,192	217,799
14	Net profit	1,377,696	242,909	44,702
15	EBITDA ¹⁷	9,819,019	7,676,043	6,836,345

¹⁷ EBITDA shall be calculated as follows: Profit before tax + Interests payable + Depreciation.

ANALYSIS OF FINANCIAL STATE AND RESULTS OF OPERATIONS



53,211,472

TH. RUB. REVENUE FROM SALES IN 2016

1,377,696

TH. RUB. NET PROFIT IN 2016



+ 5,379,462

TH. RUB., +11.4% AS COMPARED TO 2015

+ 1,134,787

TH. RUB., +467.2% AS COMPARED TO 2015

In 2016, the Company's revenue from sales amounted to 53,211,472 thousand rubles that is 5,351,080 thousand rubles (or 11.2%) more than the actual revenue gained in 2015. The growth of gross revenue is primarily attributed to increased revenue from the core activity, power transmission services, by 5,379,462 thousand rubles or 11.4% due to escalation of average tariff by 10.7%.

It should be noted that the setting of tariffs for core operations of the Company has the following key particular features having a significant effect on the amount of incomes:

/ Starting 2011, the tariff decisions for the Company's branches were made basing on long-term parameters of regulation using the method of profitability of invested capital, while no change of regulation method is planned for 2017;

/ application of uniform (boiler) tariffs for electric power transmission services delivered to consumers of the relevant regions with account both of necessary gross revenues (GR) of the Company and GR of other regional distribution grid companies and FGC UES, PJSC.

Thus, the incomes from the core activities gained as a result of changes in electric power transmission tariff are based on the schemes of mutual settlements of the Company with other grid companies using

the adopted «boiler formation» scheme for each RF constituent located within the Company's footprint.

In 2016, the cost of services sold amounted to 47,349,057 thousand rubles that is 2,775,323 thousand rubles (or 6.2%) more than the actual cost in 2015.

In 2016, the net profit amounted to 4,678,227 thousand rubles (2,476,495 thousand rubles more than the actual net profit in 2015).

In 2016, the profit before tax amounted to 3,342,206 thousand rubles that is 2,607,105 thousand rubles more than the actual profit before tax in 2015.

In 2016, the net profit of the Company amounted to 1,377,696 thousand rubles thus exceeding the 2015 net profit by 1,134,787 thousand rubles, mainly due to increased revenue from power transmission at a higher average tariff.

In 2016, EBITDA amounted to 9,819,019 thousand rubles that is 2,142,976 thousand rubles (or 27.9%) more than the actual EBITDA in 2015.

STRUCTURE OF COSTS

Item No.	Indicator	2014		2015		2016	
		thousand rubles	%	thousand rubles	%	thousand rubles	%
I.	Prime cost – total¹⁸	44,647,643	100	45,658,660	100	48,533,245	100
1.	Material expenses	8,169,802	18.3	8,500,871	18.6	9,315,988	19.2
1.1.	Electric power purchased to compensate losses	6,073,015	13.6	6,259,628	13.7	7,056,267	14.5
1.2.	Electric power purchased for production and business needs	314,911	0.7	353,027	0.8	398,770	0.8
1.3.	Other material expenses	1,781,876	4.0	1,888,216	4.1	1,860,951	3.8
2.	Production works and services	18,347,771	41.1	18,788,178	41.2	19,822,907	40.8
2.1.	Power transmission services of FGC UES, PJSC	9,797,494	21.9	9,814,961	21.5	10,153,536	20.9
2.2.	Services of distribution grid companies	8,170,032	18.3	8,667,337	19.0	9,356,039	19.3
2.3.	Other production works and services	380,245	0.9	305,880	0.7	313,332	0.6
3.	Depreciation	5,661,944	12.7	5,707,548	12.5	5,430,468	11.2
4.	Personnel costs	9,629,325	21.6	9,978,649	21.9	11,165,212	23.0
5.	Taxes and duties	581,501	1.3	615,095	1.3	707,288	1.5
6.	Other costs	2,257,300	5.0	2,068,319	4.5	2,091,382	4.3

As of the year-end 2016, the production cost (including administrative expenses) amounted to 48,533,245 thousand rubles, that is 2,874,585 thousand rubles, or 6.3% more than the figure reported for 2015. Generally, this growth was triggered by increase in the following cost items:

/ Electric power purchased to compensate losses – by 796,639 thousand rubles or 12.7%;

/ Services of distribution companies – by 688,702 thousand rubles or 7.9%;

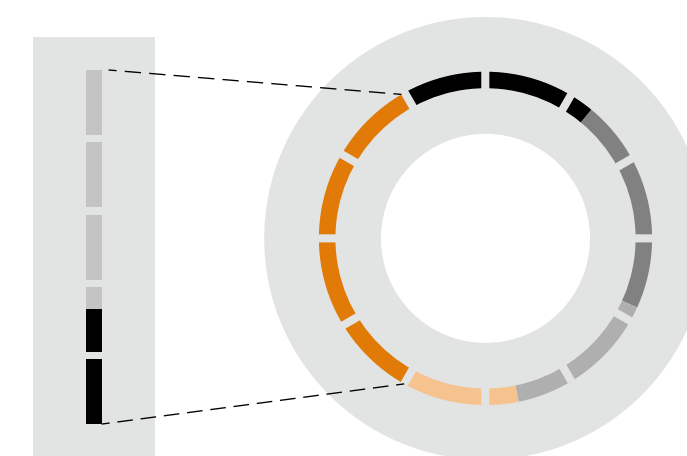
/ Personnel costs – by 1,186,563 thousand rubles or 11.9%.

The increase in personnel costs in 2016 as compared to 2015 is associated with:

/ introduction of the Minimum Monthly Wage Rate (MMWR) for the 1st grade workers (industrial operating personnel) in the amount of 6,900 rubles; (+ 3.9%) since May 01, 2016; 7,100 rubles (+ 2.9%) since July 01, 2016; 7,271 rubles (+ 2.4%) since October 01, 2016, in compliance with the approved Programs for stage-by-stage alignment of wage rates for the 1st grade workers in branches of IDGC of Volga, PJSC with the Minimum Monthly Wage Rates applicable to the 1st grade workers in the power sector;

/ accrual in 2016 of the reserve for performance-based remuneration payable to the Company's staff in the amount of 350 million rubles. In 2013–2015, no such reserve was accrued due to lack of financial ability.

COST STRUCTURE INCLUDING ADMINISTRATIVE AND BUSINESS EXPENSES IN 2016



23% PERSONNEL COSTS
11,165.2 MILLION RUBLES

34% OTHER OPERATING EXPENSES
16,536.9 MILLION RUBLES

15% POWER PURCHASE
FOR LOSS COMPENSATION
7,056.3 MILLION RUBLES

11% OTHER MISCELLANEOUS OPERATING
COSTS (INCLUDING REPAIR)
5,371.7 MILLION RUBLES

21% FGC UES SERVICES
10,153.5 MILLION RUBLES

11% DEPRECIATION
5,430.5 MILLION RUBLES

19% DGC SERVICES 9,356.0 MILLION RUBLES

¹⁸ Cost structure includes administrative and business expenses.

As of the year-end 2016, the expenses associated with purchase of electric power to compensate losses amounted to 7,056.3 million rubles (15% from total costs). The increase in this cost item amounting to 796.6 million rubles or 12.7% as compared to 2015 was mainly triggered by the rise in the average tariff for loss purchase by 10.6%.

The cost of services of FGC UES, PJSC amounted to 10,153.5 million rubles (21% from total costs). The increase in this cost item amounting to 338.6 million rubles or 3.4% as compared to 2015 was mainly brought about by the rise in the cost of maintenance of UNEG (Unified National Electric Grid) facilities.

As of the year-end 2016, costs related to services of distribution grid companies amounted to 9,356 million rubles (19% from total costs). As compared to the last year, the expenses rocketed up to 688.7 million rubles or 7.9%. This growth was induced by tariff balance decisions made in 2016.

In 2016, the depreciation of fixed and intangible assets amounted to 5,430.5 million rubles (11% of total costs) that is lower than in 2015 by 277.1 million rubles or 4.9%. The decrease in depreciation was caused by the dynamics of commissioning of fixed production assets in 2014–2015.

Personnel costs in 2016 amounted to 11,165.2 million rubles (23% from total costs) that is by 1,186.6 million rubles (or 11.9%) more than in 2015. The growth of personnel costs derived from indexation of MMWR for the 1st grade workers (industrial operating personnel) and accrual of the reserve for performance-based remuneration payable to the Company's staff in 2016.

Other miscellaneous operating costs in 2016 amounted to 5,371.7 million rubles (11% from total costs) that is by 141.2 million rubles (or 2.7%) more than in 2015.

Program for improving operating efficiency and cutting costs

The Program for improving operating efficiency and cutting costs of IDGC of Volga, PJSC was approved by the Board of Directors on April 18, 2016. The implementation of the Program is covered by the business plan, investment program, program for energy saving and improvement of the energy efficiency, innovative development program, and other purpose-oriented programs elaborated by the Company.

Performance indicators of the Program are based on milestones specified in the Power Grid Complex Development Strategy of the Russian Federation (approved by Decree of RF Government No. 511-p dated April 03, 2013) and Directive of RF Government No. 4750n-П13 dated July 04, 2016.

In 2016 as compared to 2012, the controlled operating costs were cut down by 3,095 million rubles or by 27.7% (target value – 15%) pursuant to the RF Electric Grid Complex Development Strategy approved by Decree of RF Government No. 511-p dated April 03, 2013.

Pursuant to Directive of RF Government No. 4750n-П13 dated July 04, 2016, the operating costs in 2016 were cut by the target value of 10% as compared to 2015.

For the purposes of the operational efficiency improvement the Company implemented measures with the following economic effect:

1. improvement of the equipment, buildings and structures maintenance and repair management efficiency;

/ regulation of maintenance and repair processes – 38.4 million rubles,

2. improvement of the working capital management efficiency;

/ optimization of accounts receivable – 1,634 million rubles,

/ optimization of reserves – 7,2 million rubles,

/ optimization of current liabilities – 135.2 million rubles,

3. improvement of the fixed assets management efficiency;

/ increase in return on assets: reduction of specific investment costs – 799.8 million rubles; reduction of cost of performance of technological connection agreements entered into with privileged consumers – 241.2 million rubles; reduction of cost of maintenance and management of non-core assets, including disposal – 1.7 million rubles;

4. improvement of the procurement and supply chains management efficiency;

/ reduction of purchase prices for all purchase types – 525.9 million rubles;

/ minimization of usage of imported equipment and materials in projects provided by requirement specifications – share of purchase of imported equipment and materials amounted to 2.4%;

/ increase in share of open competitive procurement and decrease in share of single source procurement – the share of open competitive procurement amounted to 96.4% and the share of single source procurement amounted to 3.6%;

/ maintenance of share of e-trade procurement – the share of procurement at e-trade platforms amounted to 99.1%.

5. implementation of new technologies and use of innovations;

/ development and introduction of new technologies and solutions – creation of new types of materials, insulation and equipment participating in key business processes of the Company – 13.9 million rubles.

6. Optimization of the personnel motivation and remuneration system:

/ achievement of effect of optimization of the administrative and management personnel (reduction of average headcount) – 10.8 million rubles;

/ measures intended to optimize labor costs through improvement of the system of material and non-material staff incentive, labor organization – 3.2 million rubles.

7. Improvement of the functional organization, personnel optimization:

/ optimization of number of administrative and management personnel – reduction of headcount by 56 persons.

8. Increase of energy efficiency:

/ adequate, timely and reliable power (capacity) accounting in the Company's grids, including upgrading of commercial power metering systems – 1.7 million rubles;

/ reduction of power losses in accordance with the agreed Energy Savings and Increased Energy Efficiency Program – 201.1 million rubles;

/ reduction of cost of energy resources for own needs – 0.4 million rubles.

ANALYSIS OF CHANGES OF ACCOUNTS RECEIVABLE¹⁹

mln. rub.

Parameter	as of December 31, 2016	as of December 31, 2015	as of December 31, 2014
Accounts receivable, including:	7,697	6,981	6,598
Buyers and customers	7,342	6,700	6,165
electricity transmission	7,137	6,489	5,897
Bills receivable	-	-	-
Paid advances	113	185	187
Other receivables	242	96	246

Total receivables of IDGC of Volga, PJSC as of December 31, 2016 amounted to

7,697 million rubles; the receivables as of December 31, 2015 amounted to 6,981 million rubles. The above growth was caused by increase in the receivables of buyers and customers.

Debts of customers and buyers amounted to 7,342 million rubles, which exceeds the level of debts reported as of December 31, 2015 by 642 million rubles (9.58%).

The growth is attributed to the escalation of debt for power transmission services. In 2016, the principal share of total receivables of the Company (92.72%) falls on power transmission debt totaling 7,137 million rubles.

The accounts receivable for the line "prepaid expenses" amounted to 113 million rubles, which is 72 million rubles less than the debt level reported as of December 31, 2015.

Other receivables amounted to 242 million rubles.

As of the first date of the reporting period, total receivables for power transmission services delivered by IDGC of Volga, PJSC amounted to 7,137 million rubles (6,489 million rubles as of December 31, 2015). This surge was triggered by the increase in outstanding debts of Ulyanovskenergo, JSC, Oboronenergosbyt, JSC, Chuvash Power Sales Company,

JSC and RT-Energotrading, LLC by 602 million rubles, 52 million rubles, 39 million rubles, and 87 million rubles, respectively. The above debts result from failure of partners to fulfill their payment obligations.

The Company takes the following measures to solve the debt problem:

- / submitting claims to service consumers;
- / debt collection (settlement of differences) through the court;
- / debt recovery against enforcement orders;
- / entering into debt restructuring agreements and monitoring of performance thereof;
- / monitoring of current payments basing upon debt seniority established by the law of the Russian Federation;
- / assignment of debt collection right;
- / offsetting of similar claims.

As of December 31, 2016, past due debts are 100% covered by the activities aimed to decrease the defaulted debts; this coverage is characterized as high and stable.

¹⁹ The indicators are specified in accordance with the Company's accounting statements for 2016.

ANALYSIS OF CHANGES OF ACCOUNTS PAYABLE²⁰

mln. rub.

Parameter	as of December 31, 2016	as of December 31, 2015	as of December 31, 2014
Accounts payable including:	6,296	6,025	6,305
Suppliers and contractors	3,078	3,059	3,934
Bills receivable	-	-	-
Advances received	1,235	973	887
Taxes and duties	1,283	1,342	822
Other accounts payable	700	651	662

During the reporting period, the Company wrote off the uncollectible receivables related to the delivered power transmission services in the total amount of 100 million rubles.

In 2016, the payables increased by 271 million rubles as compared to 2015 and as of December 31, 2016 amounted to 6,296 million rubles.

The following changes were observed:

- / accounts payable reported in the line «Suppliers and contractors» increased by 19 million rubles mainly as a result of growth of the debt to suppliers of materials by 74 million rubles;

/ advances received decreased by 1,235 million rubles (262 million rubles (26.93%) higher than as of December 31, 2015). This surge was caused by the increase in received advance payments for technological connection;

/ tax payables increased by 1,283 million rub. (59 million rubles lower than as of December 31, 2015).

/ other accounts payable increased by 49 million rubles and, as of December 31, 2016, amounted to 700 million rubles.

²⁰ The indicators are specified in accordance with the Company's accounting statements for 2016.

ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Parameter	Calculation method	2014 – actual	2015 – actual	2016 – actual
Liquidity and solvency indicators				
Absolute liquidity ratio	(Cash and cash equivalents plus Short-term financial investments related to bank deposits and immediately available promissory notes / (Short-term liabilities less Deferred revenue) = (line 1250 form 1 plus partially line 1240 form 1) / (line 1500 form 1 less line 1530 form 1)	0.15	0.20	0.35
Quick liquidity ratio	(Cash and cash equivalents plus Short-term financial investments plus Accounts receivable due in the next 12 months plus Other current assets) / (Short-term liabilities less Deferred revenue) = (line 1260 form 1 plus line 1250 form 1 plus line 1240 form 1 plus line 1232 form 1) / (line 1500 form 1 less line 1530 form 1)	0.98	0.95	1.59
Current liquidity ratio	(Current assets less Accounts receivable due beyond 12 months) / (Short-term liabilities less Deferred revenue) = (line 1200 form 1 less line 1231) / (line 1500 form 1 less line 1530 form 1)	1.12	1.08	1.82
Working capital ratio	(Current assets less Accounts receivable due beyond 12 months less Short-term liabilities) / Current assets = (line 1200 form 1 less line 1231 form 1 less line 1500 form 1) / line 1200 form 1	0.11	0.08	0.45
Turnover and business activity indicators				
Turnover rate of payables	Cost of sales/Average value of accounts payable = line 2120 form 2 / ((line 1450 form 1, reporting period + line 1520 form 1, reporting period + line 1450 form 1, previous period + line 1520 form 1, previous period) * 0.5)	7.38	7.21	7.67
Receivables/payables growth rate ratio	TAR = Total amount of accounts receivable as of the end of the reporting period / Total amount of accounts receivable as of the end of the previous period = line 1230 form 1, reporting period / line 1230 form 1, previous period TAP = Total amount of accounts payable as of the end of the reporting period / Total amount of accounts payable as of the end of the previous period = (line 1450 form 1, reporting period + line 1520 form 1, reporting period) / (line 1450 form 1, previous period + line 1520 form 1, previous period) Trade receivables / Trade payables = (line 1230 form 1, reporting period / line 1230 form 1, previous period) / (line 1450 form 1, reporting period + line 1520 form 1, reporting period) / (line 1450 form 1, previous period + line 1520 form 1, previous period)	1.05	1.12	1.06

Parameter	Calculation method	2014 – actual	2015 – actual	2016 – actual
Aggregate receivables/payables ratio	Total accounts receivable as of the end of the reporting period / Total accounts payable as of the end of the reporting period = line 1230 form 1 / (line 1450 form 1 plus line 1520 form 1).	1.04	1.16	1.22
Share of accounts receivable in sales proceeds	Total accounts payable as of the end of the reporting period / Sales proceeds / 1.18 = line 1230 form 1 / line 2110 form 2 / 1.18	0.12	0.12	0.12
Financial stability indicators				
Financial independence ratio	Equity capital / Total liabilities = line 1300 form 1 / line 1700 form 1	0.64	0.67	0.71
Aggregate debt/EBITDA ratio	(Long-term loans plus Short-term loans) / (Income before tax plus Interest due plus Amortization) = (line 1410 form 1 plus line 1510 form 1) / (line 2300 form 2 plus line 2330 form 22 plus line 6514 form Explanation 2.1 plus line 6554 form Explanation 2.1 plus line 6564 form Explanation 2.1)	2.04	1.48	0.85
EBITDA/%	(Income before tax plus Interest due plus Amortization) / Interest on debentures = (line 2300 form 2 plus line 2330 form 2 plus line 6514 form Explanation 2.1 plus line 6554 form Explanation 2.1 plus line 6564 form Explanation 2.1) / (line 4123 form 4 plus line 4224 form 4)	5.97	5.67	8.78
Business performance indicators				
Return on Equity (ROE), %	Net profit / Average value of equity *100% = line 2400 form 2 / ((line 1300 form 1, reporting period + line 1300 form 1, previous period) / 2) *100%	0.10%	0.57%	3.14%
Return on Total Assets (ROTA) in profit before tax	Income before tax / Average value of total assets *100% = [line 2300 form 2 / ((line 1600 form 1, reporting period + line 1600 form 1, previous period) / 2)]*100%	0.40%	1.13%	5.26%
Return on EBITDA	(Income before tax plus Interest due plus Amortization) / Sales proceeds *100% = EBITDA / (line 2110 form 2)*100%	14.86%	16.04%	18.45%

Liquidity and solvency indicators

The absolute liquidity ratio of 0.35 means that the Company is able to discharge its short-term liabilities using available monetary assets and short-term financial investments.

The quick asset ratio of 1.59 characterizes the capability of the Company to discharge short-term obligations using its current assets comprising only assets with high and medium liquidity.

The current liquidity ratio is an indicator of the risk of decrease or loss of the Company's solvency. The Company's current assets/current liabilities ratio of 1.82 (as of the end of 2016) shows that the Company is able to timely discharge its short-term liabilities using its current assets.

The working capital ratio shows the share of current assets financed using the Company's own resources. In 2016, the working capital ratio was equal to 0.45.

The liquidity indicators are generally high. Positive dynamics of all liquidity and current solvency indicators proves competent and adequate management of the Company's liquidity.

Turnover and business activity indicators

As of December 31, 2016, the turnover rate of payables amounts to 7.67.

Aggregate receivables/payables ratio is 1.22, which indicates the ability of the Company to pay off its liabilities in full and without damage to its financial stability.

As compared to the previous period, the share of accounts receivable in sales proceeds remains unchanged – at the level of 0.12.

Financial stability indicators

The asset/equity ratio (financial independence) shows the share of own resources in total amount of the Company's assets. During the reporting period, the asset/equity ratio (financial independence) was equal to 0.71 (target value – 0.5).

Being an indicator of a debt burden, the aggregate debt/EBITDA ratio shows the ability of the Company to repay its debts to creditors using the cash flow from operations. The aggregate debt/EBITDA ratio in 2016 is 0.85. This improvement of the debt burden indicator reflects adherence to the main principle of ensuring financial soundness, i.e. the principle of stability and economic feasibility, and is due to increased EBITDA and reduced credit portfolio of the Company in 2016.

Business performance indicators

The positive dynamics of ROE and ROTA values mainly resulted from increase in income from the core activity (power transmission services) mainly due to growth of the average tariff.

LOAN POLICY

In 2016, the credit portfolio was managed using ordered procedures for planning and controlling the Company's credit flows required to finance and fulfill the Company's liabilities, for sufficient liquidity cushion and optimization of loans service costs.

The Company signed credit contracts and opened credit facilities through competitive bidding in compliance with Federal Law No. 223-FZ "On Purchasing Goods, Works and Services by Specific Legal Entities" dated July 18, 2011, Uniform Procurement Standard of Rosseti, PJSC (Procurement Regulations) adopted by the Board of Directors of Rosseti, PJSC (Minutes No. 206 dated October 30, 2015) as amended (Minutes Statement No. 247 dated December 16, 2016), and Regulations on Credit Policy of IDGC of Volga, PJSC adopted by the Board of Directors of the Company on October 07, 2013.

In 2016, the main aims of the loan policy of the Company were:

- / to optimize the structure of the Company's credit portfolio;
- / to diversify available sources of financing;
- / to provide loan funds and credit lines for sufficient financing of the Company's liabilities;
- / to minimize debt servicing costs.

In order to achieve the set goals, the Company continuously monitors the situation on the loan capital market and streamline its credit portfolio to reflect the current market satiation and the trend forecasts. The following objectives were achieved in 2016:

- 1) reducing accounts payable by 2.9 billion rubles while preserving quality of the credit portfolio;
- 2) opening new credit lines with fixed and variable interest rates and subsequently broadening possibilities for operative management of the credit portfolio structure depending on the market conditions;
- 3) maintaining the average weighted rate of 10.01% annual interest as of December 31, 2016 (11.12% as of December 31, 2015).

The debt portfolio of IDGC of Volga, PJSC fully consists of ruble-nominated bank credits.

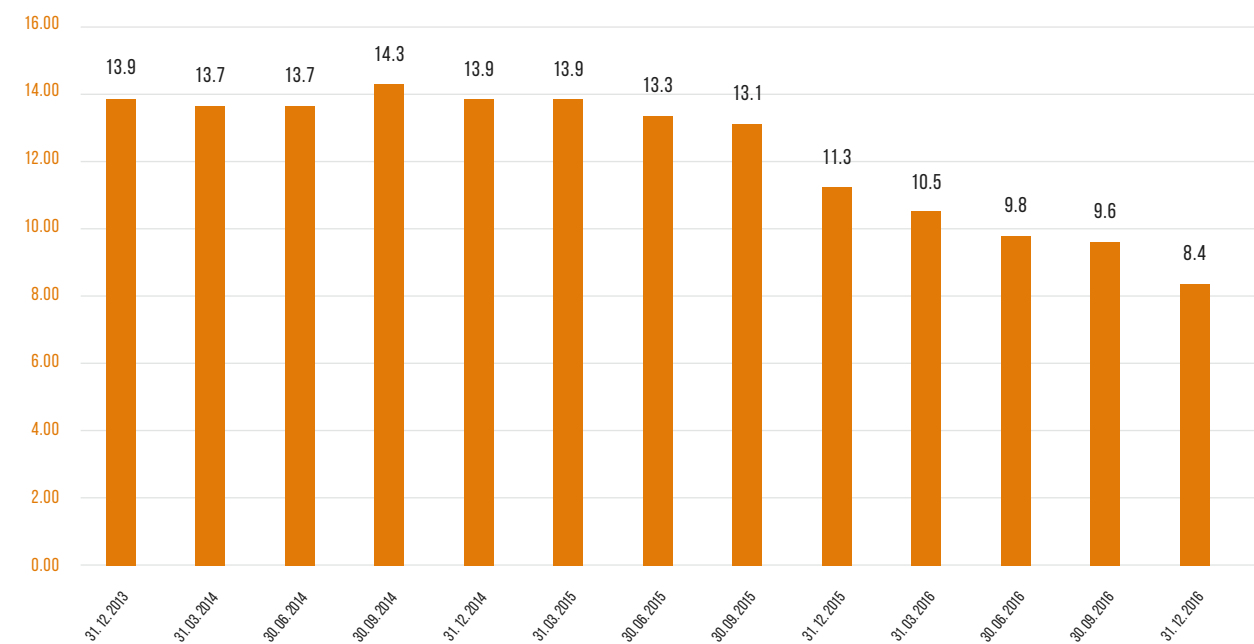
As compared to 2015, the debt portfolio of the Company remained unchanged and, as of December 31, 2016, amounted to 8.4 billion rubles (principle debt); weighted average maturity of the debt was 23 months; available credit lines amounted to 8.4 billion rubles.

IN 2016, THE COMPANY FULLY
DISCHARGED ITS OBLIGATIONS
TO THE BANKS.



IN THE COMPANY HAS Ba2 GLOBAL LONG-TERM CREDIT RATING ASSIGNED BY MOODY'S INVESTORS SERVICE WITH «STABLE» RATING OUTLOOK.

DEBT DYNAMICS OF IDGC OF VOLGA, PJCS IN 2014–2016 (PRINCIPAL DEBT)
bln. rub



Included in the list of securities eligible for trading at Moscow Exchange, PJSC, are the following issues of unplaced bonds of IDGC of Volga, PJSC, to the total value of 18.0 billion rubles:

/ documentary interest-bearing non-convertible exchange-traded unregistered (bearer) bonds, series 5O-03 – 5O-06, subject to mandatory centralized storage (identification codes of the issue: 4B02-03-04247-E, 4B02-04-04247-E, 4B02-05-04247-E, 4B02-06-04247-E dated June 07, 2013) – included in Tier 3 Section.

The Company has Ba2 global long-term credit rating assigned by Moody's Investors Service with «Stable» rating outlook.

The assigned rating was confirmed on November 18, 2016.

While assigning the rating, Moody's Investor Service noted the following:

- / monopoly status of the Company and intensive state control over the Company's operations;
- / stable financial position of the Company (average FFO ratio for three years is approximately 5.9; average FFO/net debt ratio for three years – approximately 45%) and expected maintenance of the financial performance within the limits set while assigning the current rating;
- / high liquidity of the Company.

The «Stable» outlook results from the fact that the Moody's analysts consider high probability of support from the Russian Government via the Company's principal shareholder – Rosseti, PJSC; it is also expected that operating and financial performances of IDGC of Volga, PJSC will remain at the level set while assigning the current rating.

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PRODUCTION PERFORMANCE

PRODUCTION ACTIVITY OUTCOME

PRODUCTION ACTIVITY OUTCOME IN 2016

Branch/IDGC	Grid output, million kWh	Grid power supply to consumers and cooperating TGO within the operational responsibility area, million kWh	Losses	
			million kWh	%
Saratov DG	9,550.40	8,830.98	719.42	7.53%
Samara DG	18,157.59	17,367.70	789.89	4.35%
Ulyanovsk DG	4,548.90	4,118.65	430.24	9.46%
Orenburgenergo	9,912.09	9,097.29	814.79	8.22%
Penzaenergo	4,445.09	4,098.21	346.88	7.80%
Mordovenergo	2,460.27	2,241.96	218.31	8.87%
Chuvashenergo	3,967.76	3,696.38	271.38	6.84%
IDGC of Volga, PJSC	53,042.09	49,451.18	3,590.91	6.77%

In 2016, the grid power supply to consumers and cooperating TGO within the operational responsibility area of IDGC of Volga, PJSC amounted to 49,451.18 million kWh, which was by 87.12 million kWh or 0.18% more than in 2015 (49,364.05 million kWh).

Growth in net power supply is observed at the following subsidiaries:

/ **Saratov DG** – +92 million kWh due to growth of power consumption by the major consumers in the region (LLC Gazprom Transgaz Saratov, JSC EPK Saratov, JSC Rusenergoresurs);

/ **Samara DG** – +12,392 million kWh due to growth of power consumption by the major consumers in the region (JSC Samaraneftegaz, JSC Transneft, JSC Tolyattikauchuk);

/ **Ulyanovsk DG** – +67 million kWh due to growth of power consumption by the major consumers

in the region (PJSC Ulyanovskskakhar, LLC Zavod Tryokhsosensky, LLC Mars, Federal State Unitary Enterprise State Scientific Center – Research Institute of Atomic Reactors), changes to the boiler model and setting a tariff for previously unpaid supply to Energomodul, LLC;

/ **Mordovenergo** – +41 million kWh due to growth of power consumption by the major consumers in the region (LLC Yubileynoye, LLC Mordovdevelopment, LLC Kombis, LLC VKM Stal).

ACTUAL POWER LOSSES IN 2015–2016

Branch/IDGC	Actual 2015		Actual 2016		Losses of power Change ²¹	
	million kWh	%	million kWh	% (under compara- ble condi- tions)	million kWh	%
Saratov DG	709.84	7.51%	719.42	7.53%	9.58	0.02%
Samara DG	781.37	4.33%	789.89	4.35%	8.52	0.02%
Ulyanovsk DG	422.13	9.44%	430.24	9.46%	8.12	0.02%
Orenburgenergo	814.70	8.07%	814.79	8.22%	0.09	0.15%
Penzaenergo	349.50	7.74%	346.88	7.80%	–2.62	0.07%
Mordovenergo	214.81	8.89%	218.31	8.87%	3.50	–0.02%
Chuvashenergo	251.09	6.39%	271.38	6.84%	20.29	0.45%
IDGC of Volga, PJSC	3,543.45	6.70%	3,590.91	6.77%	47.47	0.07%

The actual power losses in the electric grids of IDGC of Volga, PJSC totaled 3,590.91 million kWh or 6.77% of power distribution into grids. In comparison with the same period in 2015, with grid supplies growing

by 0.25%, power losses grew by 47.47 million kWh or 0.07 percentage point, which is accounted for by physical processes during power transmission (increase in load losses).

²¹ Calculated as the difference between the value of 2016 and the value of 2015.

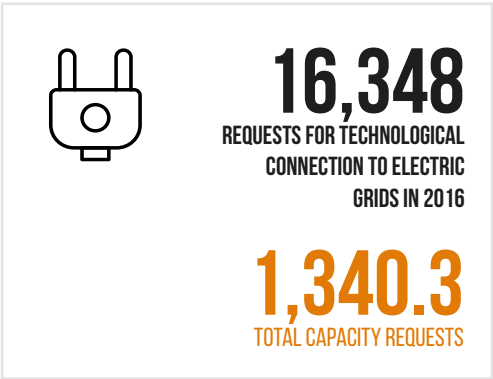
TECHNOLOGICAL CONNECTION TO ELECTRIC GRIDS

DEMAND FOR TECHNOLOGICAL CONNECTIONS (NUMBER OF RECEIVED REQUESTS, CONTRACT DEMAND BY CONSUMERS GROUPS)

Connection category	Number of TC requests during the current period (total)		Number of TC contracts signed during the current period (total)	
	pcs	kW	pcs	kW
Up to 15 kW, total	14,716	140,582.4	14,335	134,928.7
including individuals up to 15 kW	11,895	122,562.0	11,736	117,363.1
15...150 kW	1,005	62,218.6	807	43,439.0
including applicants with 50% discount	66	4,152.2	66	4,259.0
including applications with payment in installments	28	1,786.0	25	1,642.5
150...670 kW	356	120,604.4	272	91,167.8
over 670 kW	211	934,504.8	121	378,955.1
Electric power generation facilities	12	79,740.0	10	163,570.0
Total	16,300	1,337,650.2	15,545	818,060.5
Temporary TC	48	2,680.5	42	2,380.5
Total (incl. Temporary TC)	16,348	1,340,330.7	15,587	820,441.0

In 2016, the customer service centers of the branches of IDGC of Volga, PJSC received 16,348 requests for technological connection to electric grids with the total capacity of 1,340.3 MW.

90% of all requests are “Up to 15 kW” requests. 6% of all requests are “15...150 kW” requests. 70% of total capacity requests are “Over 670 kW” requests of major consumers.

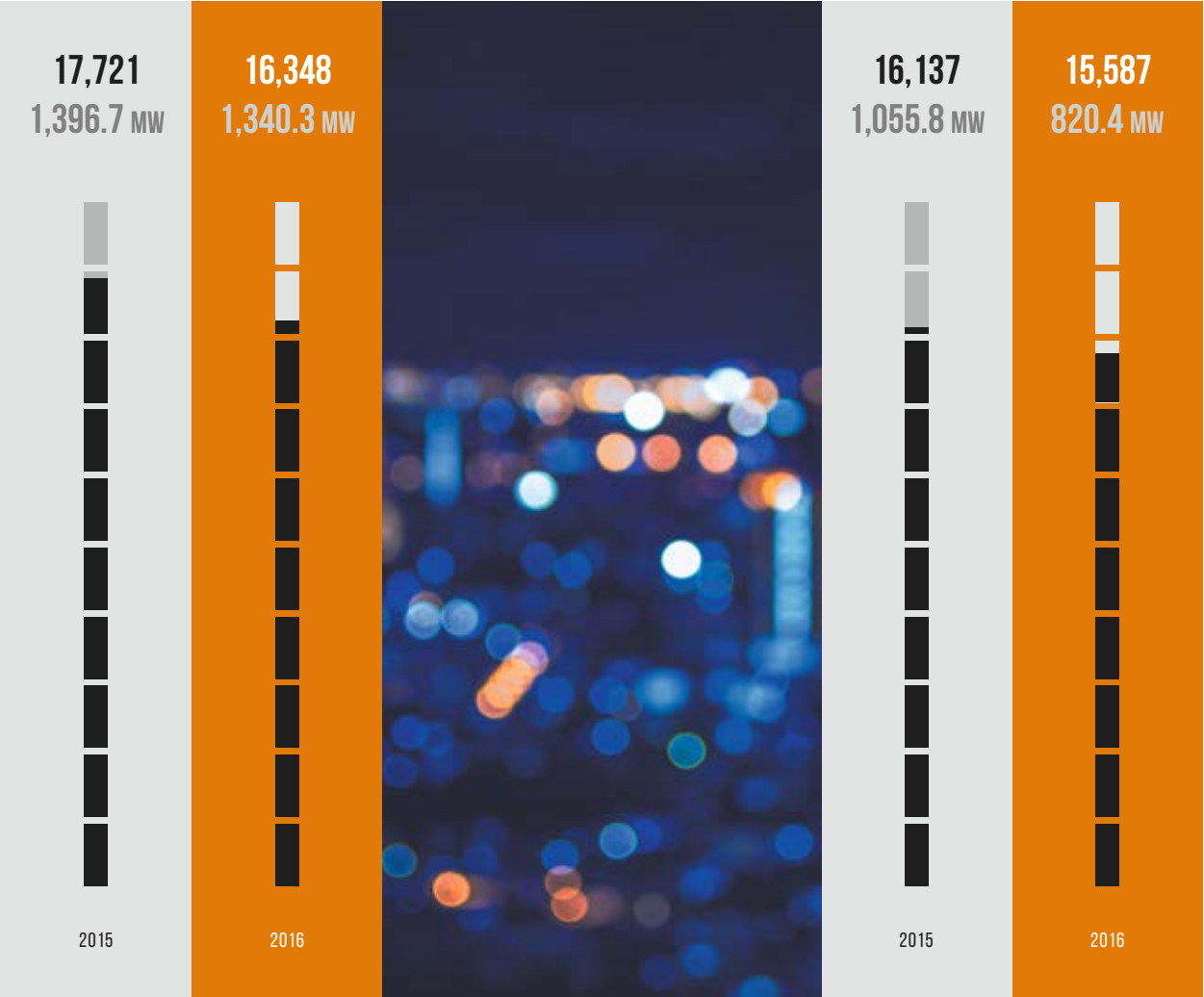


DYNAMICS OF DEMAND FOR TECHNOLOGICAL CONNECTION SERVICES

The number of applications for technological connection demonstrated negative trend with decrease by 7.7% (by 1,373 pcs.). As compared to 2015, the total declared capacity decreased by 56.4 MW or 4%.

During the reporting period, the Company signed 15,587 technological connection contracts for the total capacity of 820.4 MW including 14,335 contracts (92%) of “Up to 15 kW” category.

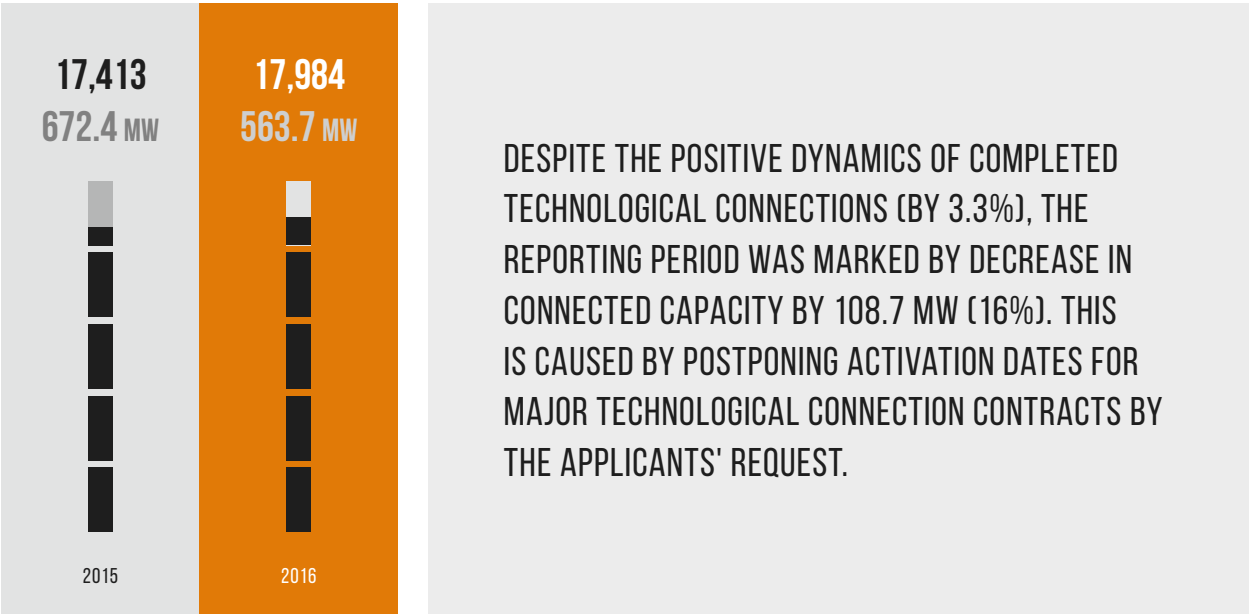
Comparing to 2015, the number of signed technological connection contracts decreased by 3.4% (by 550 pcs.) evidencing for demand satisfaction indicator decrease. The requested capacity also decreased by 22.3% (by 235.4 MW).



VOLUME OF CONNECTED CAPACITY PER GROUPS OF CONSUMERS DYNAMICS OF CONNECTED CAPACITY

Connection category	Number of completed contracts (with signed TC handover certificates)	
	pcs	kW
Up to 15 kW, total	16,822	161,248.9
including individuals up to 15 kW	14,230	139,846
15...150 kW	797	46,428
including applicants with 50% discount	27	1,655.7
including applications with payment in installments	15	1,192.4
150...670 kW	228	73,975.2
over 670 kW	102	279,502.0
Electric power generation facilities	1	400.5
Total	17,950	561,554.6
Temporary TC	34	2,200.0
Total (incl. Temporary TC)	17,984	563,754.6

Thus, during the period under review, IDGC of Volga, PJSC completed 17,984 technological connection contracts of 563.7 MW, including 16,822 contracts (93.5% of the total) of “Up to 15 kW” category for 161.3 MW. The Company completed 797 technological connection contracts (4%) of “15...150 kW” category for 46.4 kW.



VOLUME OF UNSATISFIED DEMAND FOR CAPACITY (CANCELLATIONS) BY CONSUMER GROUPS.
DYNAMIC PATTERN OF UNSATISFIED DEMAND

Connection category	Cancelled requests for the reporting period	
	pcs	kW
Up to 15 kW, total	785	8,855.1
including individuals up to 15 kW	590	6,943.2
15...150 kW	215	14,184.1
including applicants with 50% discount		
including applications with payment in installments		
150...670 kW	105	35,787.9
over 670 kW	80	539,727.6
Electric power generation facilities	7	36,170.0
Total	1,192	634,724.6
Temporary TC	7	450.0
Total (incl. Temporary TC)	1,199	635,174.6

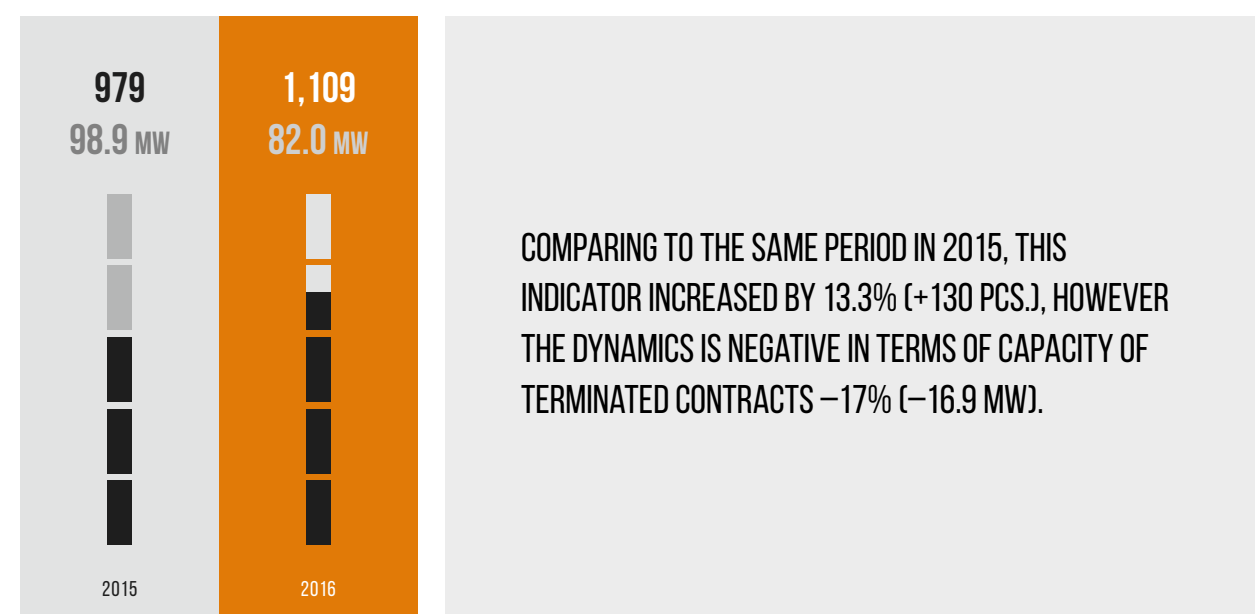
In 2016, the branches of IDGC of Volga, PJSC cancelled 1,199 requests for the total capacity of 635.2 MW. 65% of total number of cancelled technological connection requests is withdrawn requests of “Up to 15 kW” category. Main reasons for rejecting technological connections are absence of necessity in connection, selection of another grid company, lack of funding to implement the projects.



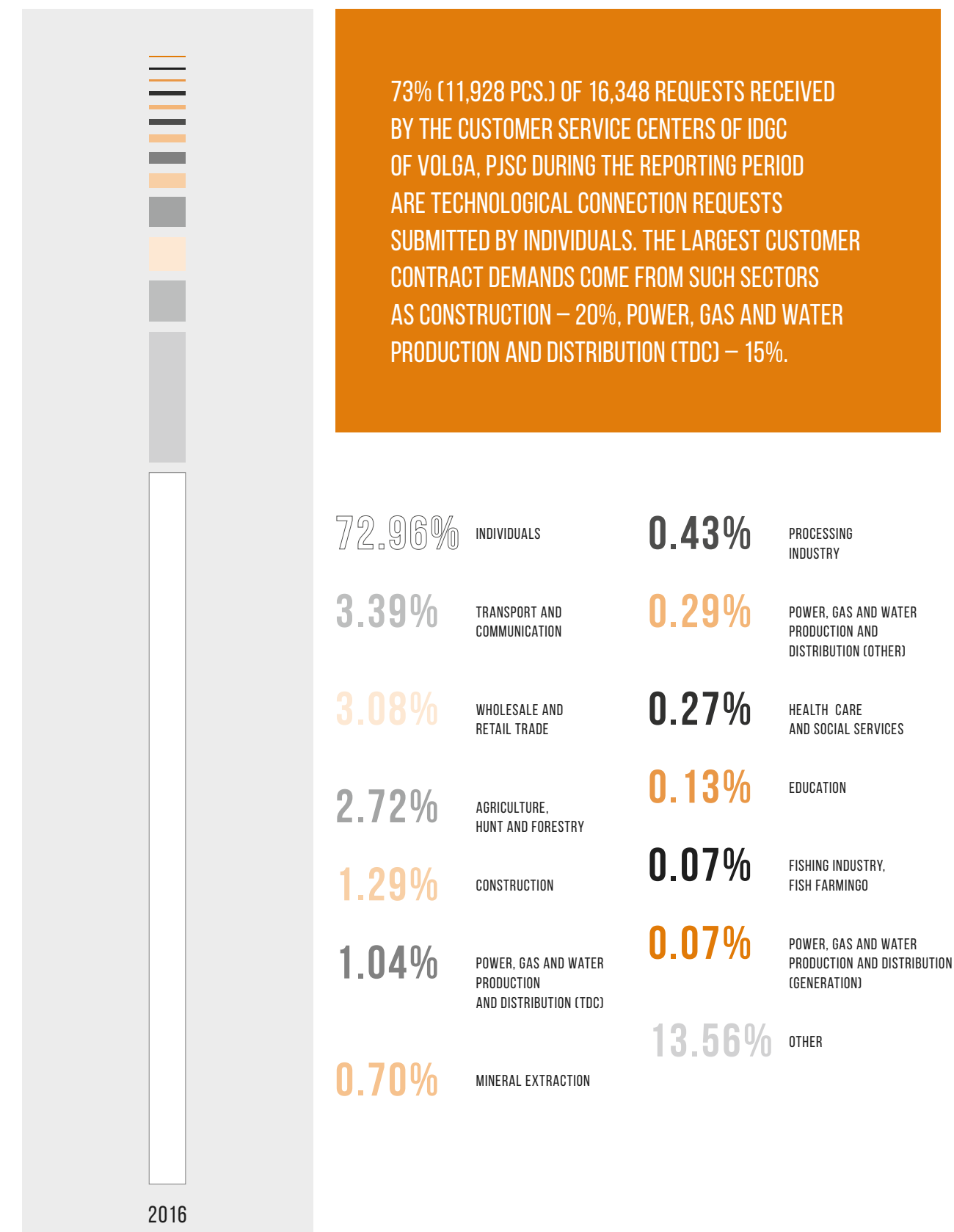
AMOUNT OF CANCELLED TECHNOLOGICAL CONNECTION CONTRACTS

Connection category	Cancelled technological connection contracts for the reporting period	
	pcs	kW
Up to 15 kW, total	856	7,105.1
including individuals up to 15 kW	532	4,761.0
15...150 kW	147	9,535.7
including applicants with 50% discount	1	72.0
including applications with payment in installments		
150...670 kW	64	20,064.5
over 670 kW	29	39,937.5
Electric power generation facilities	1	5,000.0
Total	1,097	81,642.8
Temporary TC	12	387.0
Total (incl. Temporary TC)	1,109	82,029.8

In 2016, the Company terminated 1,109 technological connection contracts for the total capacity of 82 MW.



CLASSIFICATION OF REQUESTS BY SECTORS AND ACTIVITIES



PRODUCTION BASE CHARACTERISTICS

LENGTH OF POWER TRANSMISSION LINES BY CIRCUITS AS OF JANUARY 01, 2017

Branch	Total	Overhead trans- mission lines, total	Cable lines, total	including by voltage										
				Overhead transmission lines (km)						Cable lines (km)				
				220 kV	110 kV	35 kV	10 kV	6 kV	0.4 kW	110 kV	35 kV	10 kV	6 kV	0.4 kW
IDGC of Volga	225,442.2	223,851.1	1,591.1	21.7	29,854.8	19,717.7	92,242.5	4342	77,672.4	21.6	98.2	680.2	231	560.1
Saratov DG	53,652.8	53,479.8	173	10	8,314.3	5,007.5	22,346.4	1,403.8	16,397.8	1.4	39.1	61.3	8.6	62.6
Samara DG	32,585.1	32,303.5	281.6	-	6,026.4	3,276.6	11,078.3	1,788.8	10,133.4	13.6	48.6	68	123.6	27.8
Ulyanovsk DG	22,533.3	22,500.4	32.9	-	2,491.5	1,740.8	9,482.9	41.1	8,744.1	-	8.7	23.6	0.6	-
Mordovenergo	19,531.7	19,324.1	207.6	-	2,032.4	1,044.3	8,282.6	1.5	7,963.3	0.5	-	88.4	13.2	105.5
Orenburgenergo	42,911.2	42,200.6	710.6	11.7	5,769.3	5,540	18,908.7	424	11,546.9	6.1	-	355.7	44.8	304
Penzaenergo	32,941.5	32,808.6	132.9	-	3,250.7	2,441.9	12,938.1	604.7	13,573.2	-	1.8	58.4	25.3	47.4
Chuvashenergo	21,286.6	21,234.1	52.5	-	1,970.2	666.6	9,205.5	78.1	9,313.7	-	-	24.8	14.9	12.8

LENGTH OF POWER TRANSMISSION LINES ALONG THE ROUTE AS OF JANUARY 01, 2017

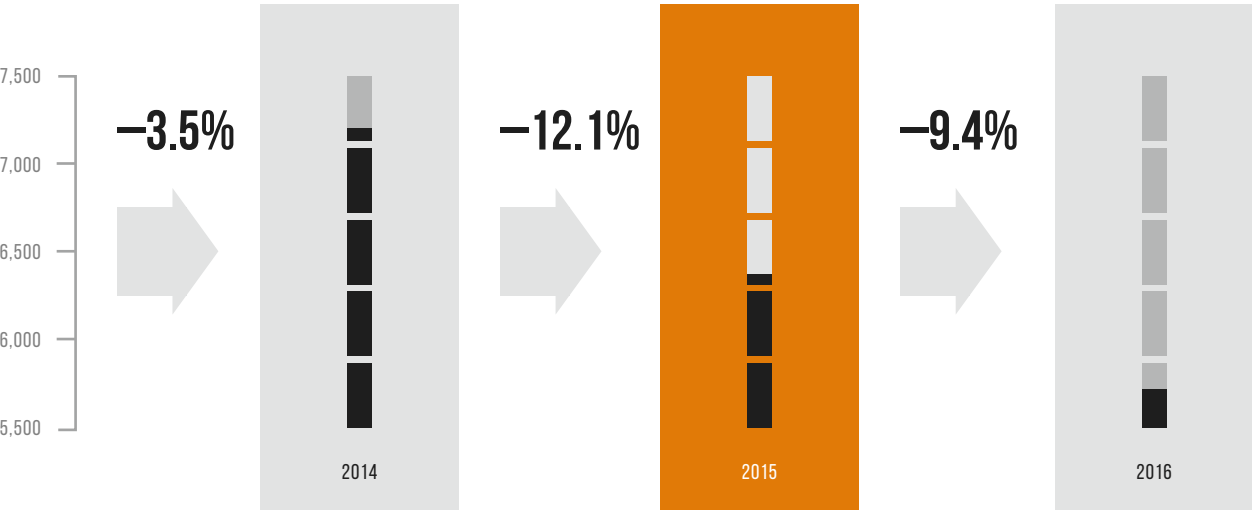
Branch	Total	Overhead trans- mission lines, total	Cable lines, total	including by voltage										
				Overhead transmission lines (km)						Cable lines (km)				
				220 kV	110 kV	35 kV	10 kV	6 kV	0.4 kW	110 kV	35 kV	10 kV	6 kV	0.4 kW
IDGC of Volga	216,808.7	215,217.6	1,591.1	17.7	22,874.2	18,245.5	92,083.3	4,326	77,670.9	21.6	98.2	680.2	231	560.1
Saratov DG	51,535.4	51,362.4	173	6	6,586.1	4,659.6	22,316.4	1,396.5	16,397.8	1.4	39.1	61.3	8.6	62.6
Samara DG	30,078.9	29,797.3	281.6	-	4,138.8	2,688.4	11,050.5	1,787.8	10,131.8	13.6	48.6	68	123.6	27.8
Ulyanovsk DG	21,817.8	21,784.9	32.9	-	1,852.2	1,664.6	9,482.9	41.1	8,744.1	-	8.7	23.6	0.6	-
Mordovenergo	19,087.1	18,879.5	207.6	-	1,611.2	1,021	8,282.5	1.5	7,963.3	0.5	-	88.4	13.2	105.5
Orenburgenergo	41,503.9	40,793.3	710.6	11.7	4,602.2	5,316.5	18,892	424	11,546.9	6.1	-	355.7	44.8	304
Penzaenergo	31,983.2	31,850.3	132.9	-	2,501.5	2,325.1	12,853.5	597	13,573.2	-	1.8	58.4	25.3	47.4
Chuvashenergo	20,802.4	20,749.9	52.5	-	1,582.2	570.3	9,205.5	78.1	9,313.8	-	-	24.8	14.9	12.8

NUMBER AND CAPACITY OF STEP-DOWN SUBSTATIONS AS OF 1/1/2017

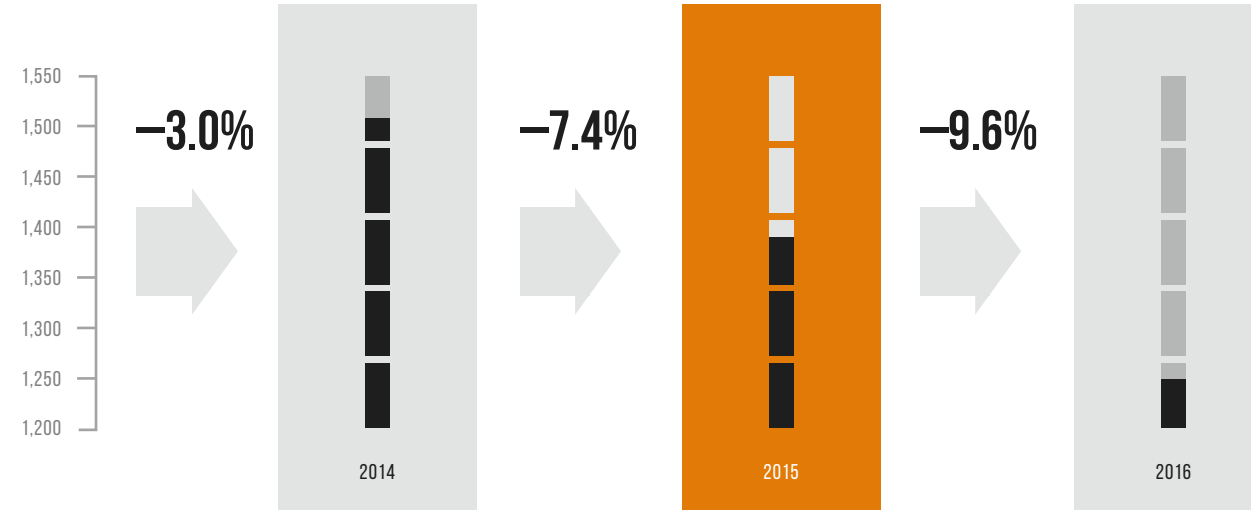
Parameters	IDGC of Volga		Saratov DG		Samara DG		Ulyanovsk DG				Mordovenergo		Orenburgenergo		Penzaenergo		Chuvashenergo	
	quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA			quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA	quantity, pcs.	power, th. kVA
35–220 kV substations, total	1,698	27,818.4	529	7,800.2	270	6,701.7	171	2,523.3			124	1,417.7	305	4,016.5	198	3,142.1	101	2,216.9
including:																		
35/6–10 kV substations	886	5,162.7	260	1,291	139	1,063.4	93	523.6			53	181.9	209	1,215.3	106	685.6	26	201.9
110 kV substations	811	22,530.7	268	6,384.2	131	5,638.3	78	1,999.7			71	1,235.8	96	2,801.2	92	2,456.5	75	2,015
220 kV substations	1	125	1	125	0	0	0	0			0	0	0	0	0	0	0	0
6–10–35/0.4 kV transformer substations, total	45,356	7,567.20	9,085	1,324.14	5,578	1,038.17	5,333	940.89			3,942	693.12	10,004	1,770.64	6,633	956.48	4,781	843.82

RELIABILITY INDICES AND REPAIR PROGRAM

NUMBER OF TECHNOLOGICAL BREAKS IN THE GRID OF 6 KV AND HIGHER
pcs.

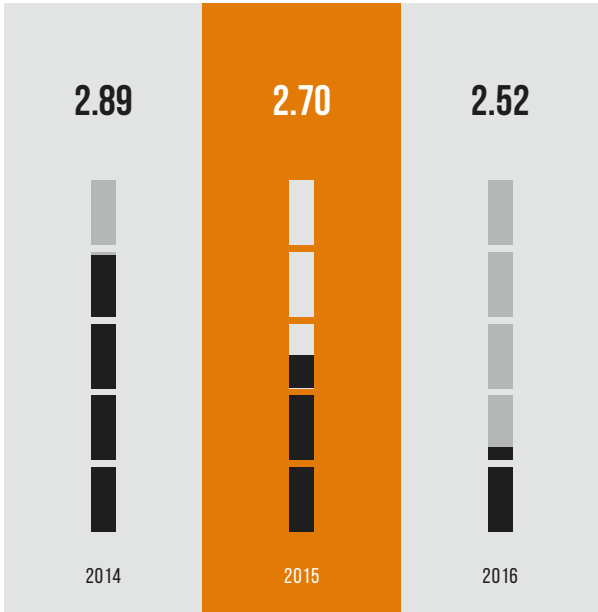


NUMBER OF TECHNOLOGICAL BREAKS IN THE GRID OF 110 KV AND HIGHER
pcs.

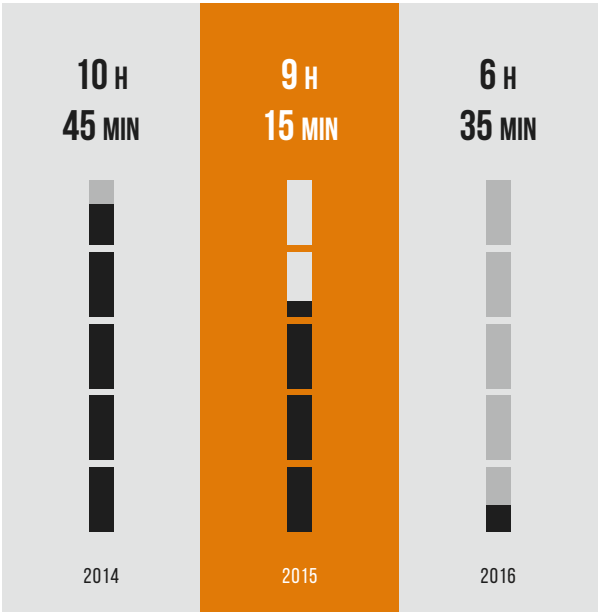


Reliability was improved due to timely repairs and diagnostics.

AVERAGE DURATION OF BREAKS
IN POWER SUPPLY TO CONSUMERS
hours

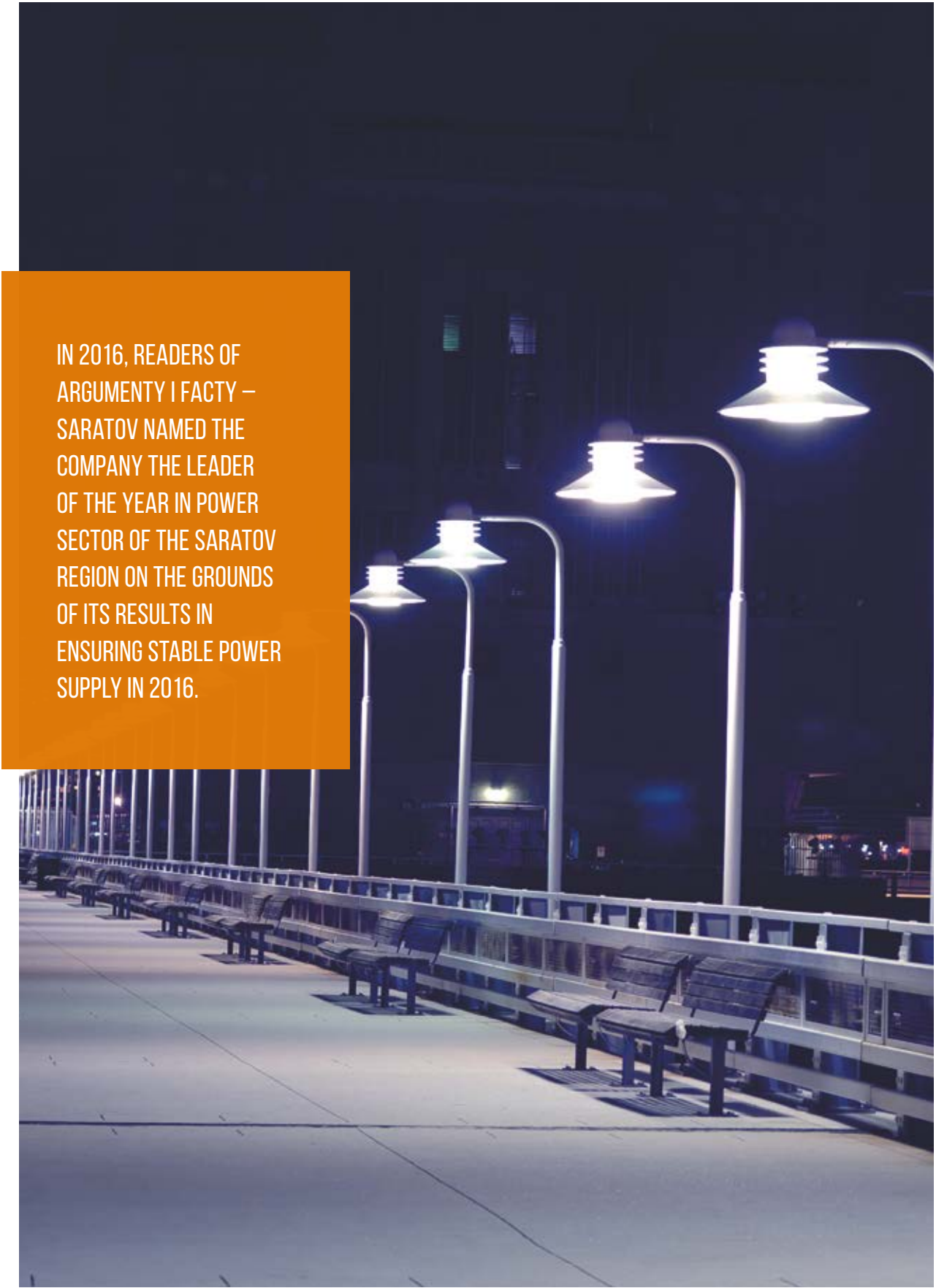


AVERAGE DURATION OF EMERGENCY
RECOVERY WORKS
hours



PERFORMANCE VALUES OF THE REPAIR PROGRAM OF IDGC OF VOLGA, PJSC

Work description	2014	2015	2016
Overhaul of overhead transmission lines, km	16,770.0	17,833.5	18,211.7
Clearing and widening of the overhead transmission line routes, ha	5,599.9	5,343.4	4,899.8
Overhaul of transformers and autotransformers, pcs.	11	11	7
Overhaul of switchgear devices, pcs.	5,587	5,557	6,468
Repair campaign (million rubles)	1,544.3	1,601.9	1,600.8



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General Information

Core activities of IDGC of Volga, PJSC subject to state regulation involve power transmission services and technological connection to power grids.

Basic regulations governing practices for setting and applying regulated tariffs are as follows:

/ Federal Law No. 35-FZ "On Electric Power Industry" dated March 26, 2003;

/ Decree of RF Government No. 1178 "On pricing principles relating to regulated prices (tariffs) in electric power sector" dated December 29, 2011;

/ Orders of the Russian Federal Tariff Service;

/ Order No. 228-э "On approval of Methodical Guidelines for tariff regulation using RAB method of return on invested capital" dated March 30, 2012;

/ Order No. 20-э/2 "On approval of Methodical Guidelines for calculation of regulated tariffs and electric (heat) power prices on retail (consumer) market» dated August 06, 2004;

/ Order No. 209-э/1 "On approval of Methodical Guidelines for calculation of price of technological connection to power grids" dated September 11, 2012.

Amendments to the regulatory legal acts related to tariff state regulation were reflected both in the tariff solutions of 2016 and predetermined thrust of tariff solutions in 2017:

1. Resolution of the RF Government No. 989 dated September 30, 2016 obliged the regulating authorities to issue the order on review of individual prices (tariffs) for power transmission between two grid companies before November 01, 2016.

Criteria to define a power sector enterprise as a territory grid company were corrected as follows: it is prohibited for a company to simultaneously own property used for power transmission and property used for power generation. This ban aims to prevent power plants owners from transferring ownership of distribution systems and other plant-related equipment to territory distribution companies which leads to growth of power transmission tariffs.

2. Decree of RF Government No. 1056 dated October 17, 2016 formalized criteria of the electric grid facilities owners' attribution to the territorial grid organizations category, resulting in decrease of the number of the regulated territorial grid companies.

Requirements are set for the power transmission lines the owners of which are defined as territory distribution companies. In particular, the total length of such lines shall be no less than 15 km.

Additional information was added to the list of documents to be submitted by companies along with requests for setting electric power tariffs and/or their limits to local tariffs regulation authorities. Such information now includes connections diagrams with indication of transformer and other substations as well as power transmission lines which allow to define the owning company as a territory distribution company. The diagrams shall be duly signed and sealed by the general manager or an authorized representative of the applicant.

3. Resolution of the RF Government No. 1074 dated October 20, 2016 specified the procedure for determining the amount of losses based on standard rates for the territory grid companies whose costs are for the first time considered for power transmission tariffs approval.

The Order amended the rules for distributing electric power losses by the last resort supplier among territory distribution companies pro rata distribution losses specified in the consolidated forecast balance of electric power generation and supply within the UES of Russia.

4. Resolution of the RF Government No. 1157 dated November 12, 2016 amended the rules of approving investment programs of power sector companies in respect of application of consolidated standard prices of standard technical solutions for power facilities construction.

The Basic Principles of Price Formation for Regulated Electric Power Tariffs were amended in respect of annual adjustment of the required gross revenue, accounting for basic level of operating and controlled costs of territory grid companies.

5. Resolution of the RF Government No. 1476 dated December 24, 2016 amended the list of data to be submitted to the local tariffs regulation authorities for setting prices of technological connections.

These data include costs of construction of power facilities intended for technological connections and implementation of other measures set out in the investment program, expenses on technological connections, other than construction costs, for three preceding regulated periods.

When setting tariffs for subsequent regulated periods on the basis of deflators, territory grid companies shall not consider their expenses on technological connections in amount exceeding the standard rates for such expenses.

6. Order of the RF Government No. 990 dated September 30, 2016 amended the Regulation on indicators of supplied goods and services reliability and quality used for setting long-term tariffs, adopted by Order of the RF Government No. 1220 dated December 31, 2009.

REVENUE DYNAMICS OF IDGC OF VOLGA, PJSC FOR 2012–2016



During the reporting 2016 year, as compared to 2015, the increase in revenue of IDGC of Volga, PJSC from all activities amounted to 5,351.1 million rubles (+11%) as a result of electric power transmission services revenue growth by 5,379.5 million rubles (+11%), other revenue decrease by 3.1 million rubles (–2%), technological connection services revenue decrease by 25.3 million rubles (–7%).

The key factors that determine the change in flow of revenue from sales of transmission services in 2016 in comparison to 2015 comprised: the increase in net electric power supply to

consumers by 0.5% resulted in revenue increase by 233.6 million rubles, whereas increase of the average tariff for electric power transmission services by 10.8% provided for revenue growth by 5,145.9 thousand rubles.

In 2016, share of the regulated segment in the gross revenue of the Company was 99.62%, which is by 0.05% more than in 2015.

Electric power transmission tariffs

Starting January 01, 2011 (with account of «reloading» results of long-term parameters in 2012), a long-term method of tariff

regulation (RAB method of return on invested capital with the expiry date of December 31, 2017) was applied to all branches of IDGC of Volga, PJSC. This method is known as RAB method (regulatory asset base).

Such regulation system is required to attract large-scale investments in distribution grids while preventing leaps in grid tariffs.

By the volume of electric grid assets almost in all territories within the area of responsibility of IDGC of Volga, PJSC, the branches have a significant market share among all grid companies of the region. In 2016, in terms of assets

the average market share of the Company was 47%, in terms of the necessary gross revenue the average market share of the Company was 66.1%.

In each region, the grid tariffs were set with account of particular features of tariff setting method: the regulatory body adopts a proper «boiler» method for formation of a common price of services for end consumers regardless of technological connection to a network organization. The applicable “boiler formation” schemes often change

depending on the level of fixed uniform boiler tariffs, territorial grid companies, and necessary gross revenue approved for them.

In 2016, the «upper boiler» scheme was introduced in the Penza region. Other areas serviced by the Company were covered by the «mixed boiler» scheme implying that the branches act both as network service payers and receivers of power transmission services basing on contracts signed with sales companies and direction of net electric power flow among network organizations.

The tariffs for electric power transmission services and technological connection delivered by the Company in 7 regions are set by a competent executive body of the RF constituent entity in the domain of the state regulation of tariffs individually for each branch of the Company.

DYNAMICS OF APPROVED AVERAGE TARIFF FOR ELECTRIC POWER TRANSMISSION SERVICES
rubles/kWh

Branch	2012	2013	2014	2015	2016
Samara DG	0.520	0.553	0.605	0.640	0.731
Saratov DG	1.041	1.179	1.210	1.329	1.486
Ulyanovsk DG	0.833	0.961	1.092	1.249	1.468
Mordovenergo	0.860	0.952	1.034	1.137	1.220
Orenburgenergo	1.092	0.963	1.087	1.140	1.325
Penzaenergo	1.444	1.528	1.537	1.656	1.841
Chuvashenergo	0.764	0.820	0.917	0.954	1.043
IDGC of Volga, PJSC	0.839	0.867	0.945	1.030	1.171
Growth, %	–4.41%	3.31%	9.02%	9.04%	13.68%

As compared to 2015, the increase in the average tariff for electric power transmission services (with account of revision decisions made by the regulatory authorities) by 13.68% was observed in IDGC of Volga, PJSC in 2016. The growth of the average tariff was registered in all branches of the Company.

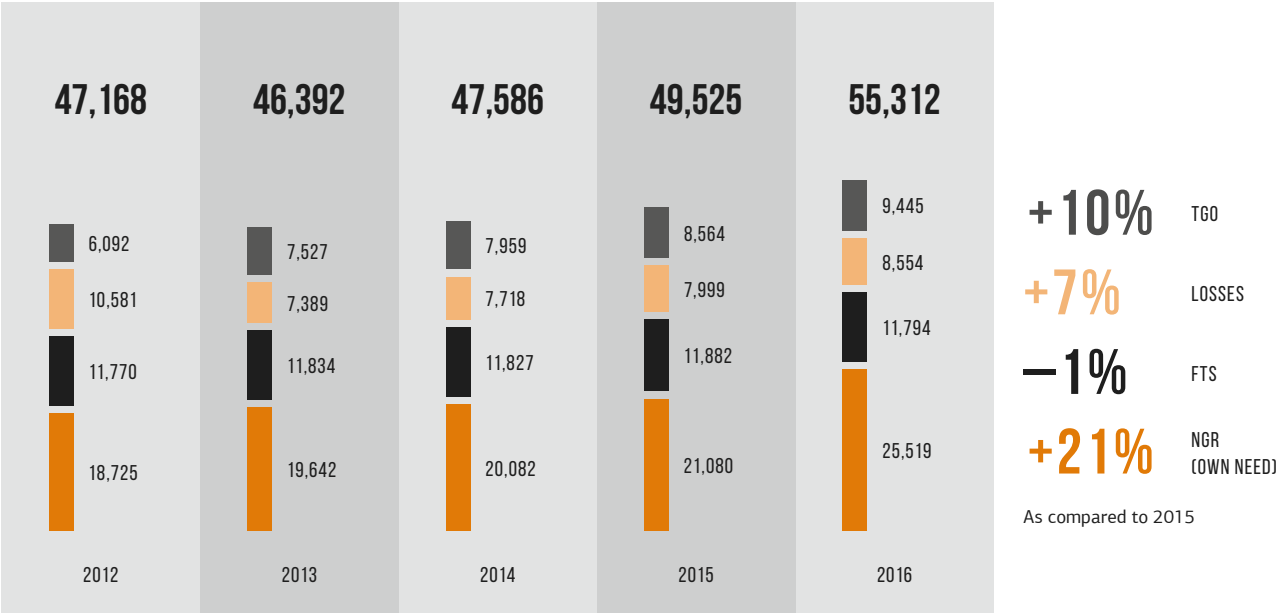
DYNAMICS OF NECESSARY GROSS REVENUE FROM ELECTRIC POWER TRANSMISSION SERVICES
million rub.

Branch	2012		2013		2014		2015		2016	
	total	own	total	own	total	own	total	own	total	own
Samara DG	10,840	4,334	11,488	4,669	11,576	4,787	11,023	4,704	12,224	6,151
Saratov DG	9,248	3,696	10,353	4,023	10,685	4,023	11,119	4,314	12,591	5,190
Ulyanovsk DG	3,691	1,355	3,677	1,422	3,927	1,465	4,472	1,599	5,512	2,014
Mordovenergo	2,068	1,152	2,271	1,219	2,344	1,249	2,430	1,370	2,566	1,528
Orenburgenergo	12,831	4,664	9,486	4,420	9,624	4,543	10,290	4,599	11,394	5,328
Penzaenergo	5,171	2,095	5,662	2,357	5,914	2,480	6,614	2,913	7,215	3,400
Chuvashenergo	3,318	1,427	3,455	1,532	3,516	1,535	3,577	1,581	3,810	1,908
IDGC of Volga, PJSC	47,168	18,725	46,392	19,642	47,586	20,082	49,525	21,080	55,312	25,519

In 2016, according to tariff regulation decisions adopted by the regional executive authorities for specific RF constituents, the necessary gross revenue from the transmission services of IDGC of Volga, PJSC totaled 55,312 million rubles, including 25,519 million rubles for own needs.

Key factors contributing to the growth of the necessary gross revenue (NGR) during the reporting period as compared to 2015 are as follows: increase in cost of TGO services by 10%, loss compensation – by 7% and own maintenance of grids – by 21%.

DYNAMICS OF NGR FROM POWER TRANSMISSION SERVICES OF IDGC OF VOLGA, PJSC
million rub.



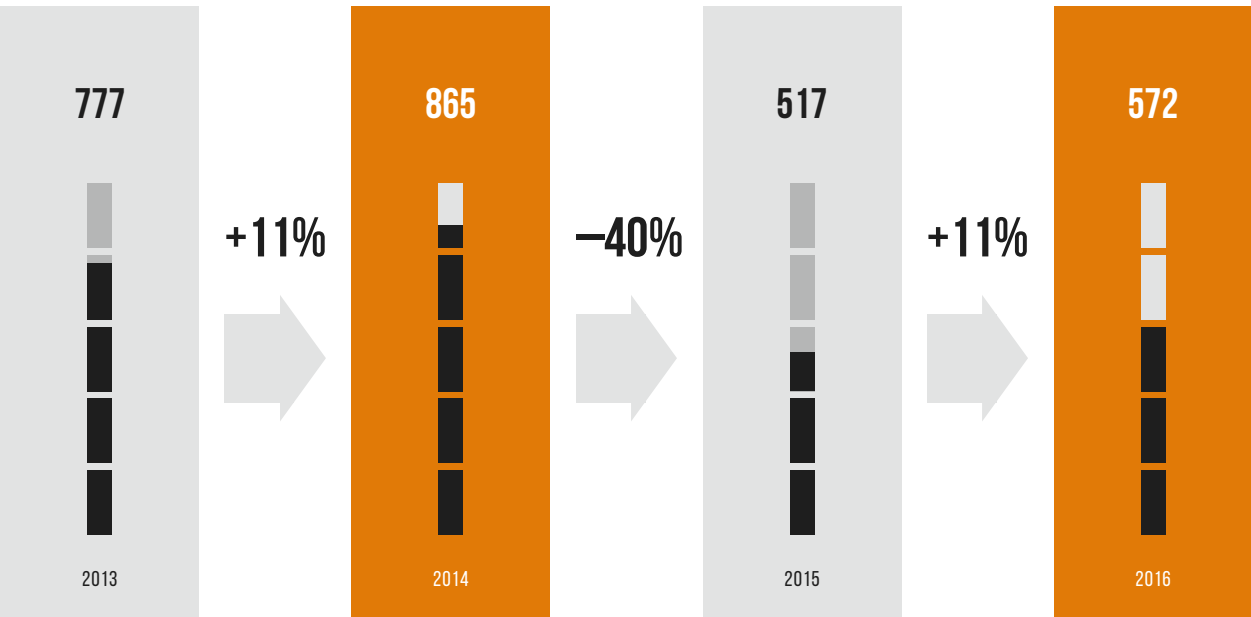
Tariffs for technological connection services

Pursuant to the Methodical Guidelines for calculation of price of technological connection to power grids adopted by the Order of the Federal Tariff Service No. 209-э/1 dated September 11, 2012, the executive authorities of RF constituents must set several types of technological

connection tariffs: standardized rates (in 2001 prices) per 1 kW of maximum capacity (in current prices) and in the form of formulas.

These rates are approved with account of the investment component encompassing costs of new «last mile» construction.

DYNAMICS OF AN AVERAGE RATE PER CAPACITY UNIT IN IDGC OF VOLGA, PJSC
rubles/kW



As compared to 2015, an 11% increase in the average rate for technological connection to the Company's grids calculated per capacity unit basing upon the actual revenue from this activity and connected capacity was observed in 2016.

Increase of the average charge for technological connections in 2016 is accounted for by considerable growth of revenues from technological connections at Penzaenergo (+38%), Chuvashenergo (+16%) and Mordovenergo (+166%), those including revenue under the contract with Directorate of Capital Construction of the Republic of Mordovia and changes in number and structure of connected applicants.

The average rate for technological connection (C1) approved by the regulatory bodies in 2016 changed as compared to 2015 as follows:

- / charges for technological connections were increased at the following subsidiaries: Samara DG – by 2.3%, Saratov DG – by 5.4%, Ulyanovsk DG – by 7.8%, Mordovenergo – by 1.2%, Penzaenergo – by 7.4%, Orenburgenergo – by 24.9%;
- / at Chuvashenergo the charge was retained at the level of 2015.

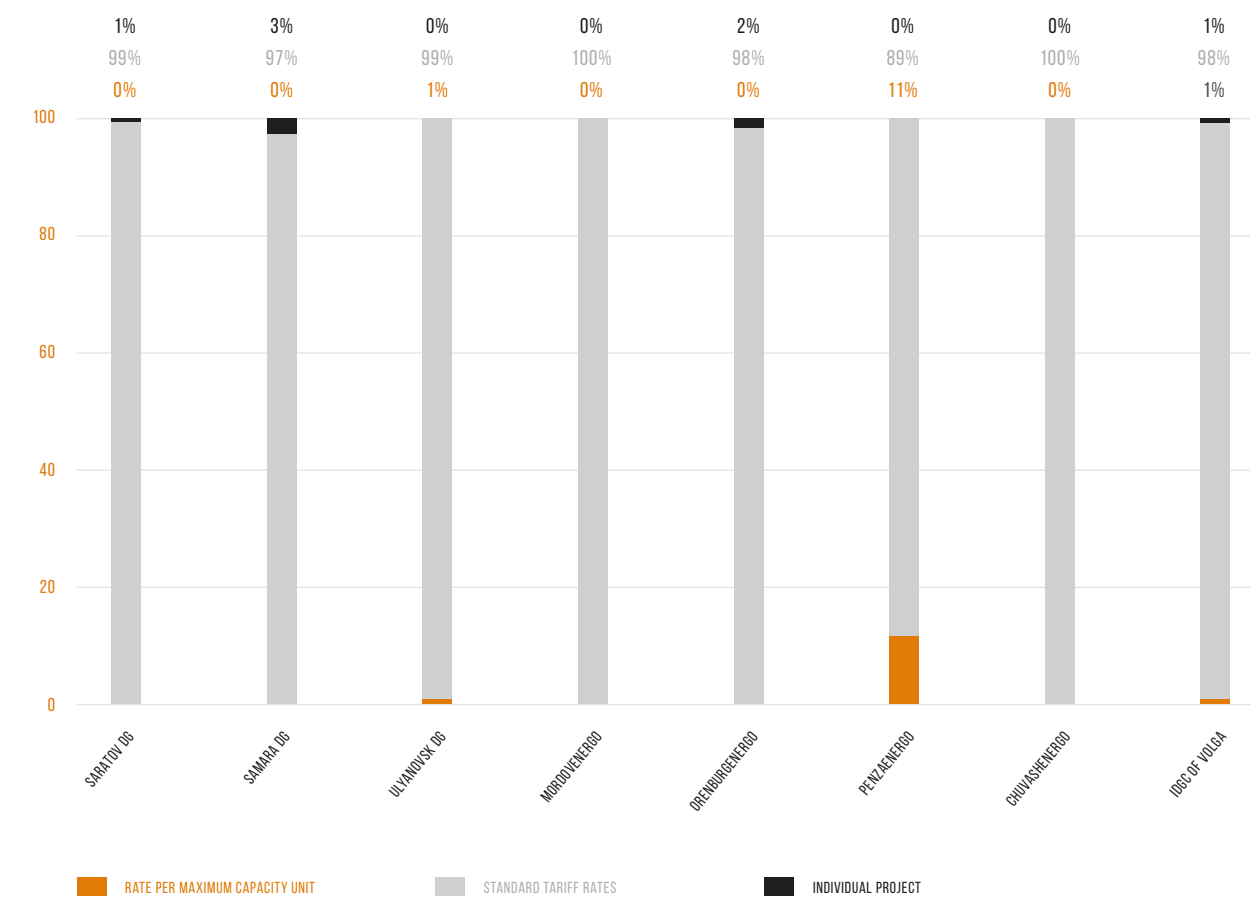
Pursuant to the tariff decisions adopted by the regional regulatory authorities on prices of technological connection to the grids of the branches of IDGC of Volga, PJSC for 2016, the amount of shortfalls in incomes from the above services for privileged consumers that should be added to the tariff for electric power transmission services of the branches as follows:

- / Saratov DG – 3,996.7 thousand rubles;
- / Samara DG – 18,946.29 thousand rubles;
- / Saratov DG – 8,664.81 thousand rubles;

- / Mordovenergo – 16,084.33 thousand rubles;
- / Orenburgenergo – 2,488.17 thousand rubles;
- / Chuvashenergo – 6,697.72 thousand rubles.

The executive authorities of the relevant RF constituents set rates for technological connection to the grids of the branches of IDGC of Volga, PJSC basing upon voltage level (0.4; 6-10). However, most standard rates of the branches are itemized by types of cables (for C2 and C3) and substations (for C4) and are set at 2001 prices.

ANALYSIS OF SELECTION OF TECHNOLOGICAL CONNECTION PRICES IN IDGC OF VOLGA, PJSC IN 2016



This reporting year the following trends are observed as compared to 2015: increase of share of contracts on technological connection subject to standard tariff

rates – by 37%; decrease of share of contracts subject to rate per capacity unit – by 36% and per individual projects – by 1%.



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LONG-TERM
INVESTMENT
PROGRAM

INVESTMENT ACTIVITY

PARAMETERS OF INVESTMENT ACTIVITY

Within the framework of implementation of the Investment Program of IDGC of Volga, PJSC for 2016:

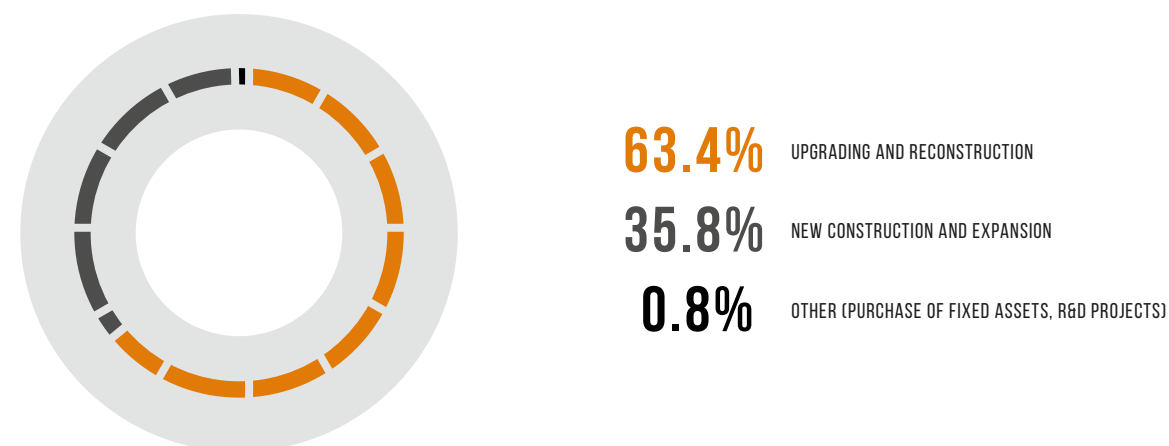
- / volume of capital investments amounted to 3,178.835 million rubles;
- / commissioning of 586.52 km of electric power transmission lines;
- / commissioning of fixed assets – 2,779.074 million rubles;
- / commissioning of transformation capacity of 177.11 MVA.
- / financing – 3,532.606 million rubles;

IDGC/branch	2016						
	Capital invest-ments	Fixed assets commis-sioning	Financing	Capacity com-missioning (KS-14)		Capacity growth	
	million rubles, exclusive of VAT	million rubles	million rubles, inclusive of VAT	MVA	km	MVA	km
Total for IDGC of Volga, PJSC	3,178.835	2,779.074	3,532.606	177.11	586.52	55.63	404.79
Mordovenergo	338.483	161.371	363.638	1.37	59.98	1.37	57.35
Orenburgenergo	605.292	546.476	713.976	6.76	121.83	5.05	44.83
Penzaenergo	320.128	323.833	365.770	44.14	130.54	3.42	112.78
Samara DG	821.342	639.563	936.905	63.16	76.40	34.13	75.06
Saratov DG	661.302	680.070	637.118	55.35	117.73	5.95	50.13
Ulyanovsk DG	203.050	199.183	239.585	3.75	29.44	3.23	16.74
Chuvashenergo	229.238	228.578	275.613	2.58	50.62	2.48	47.90

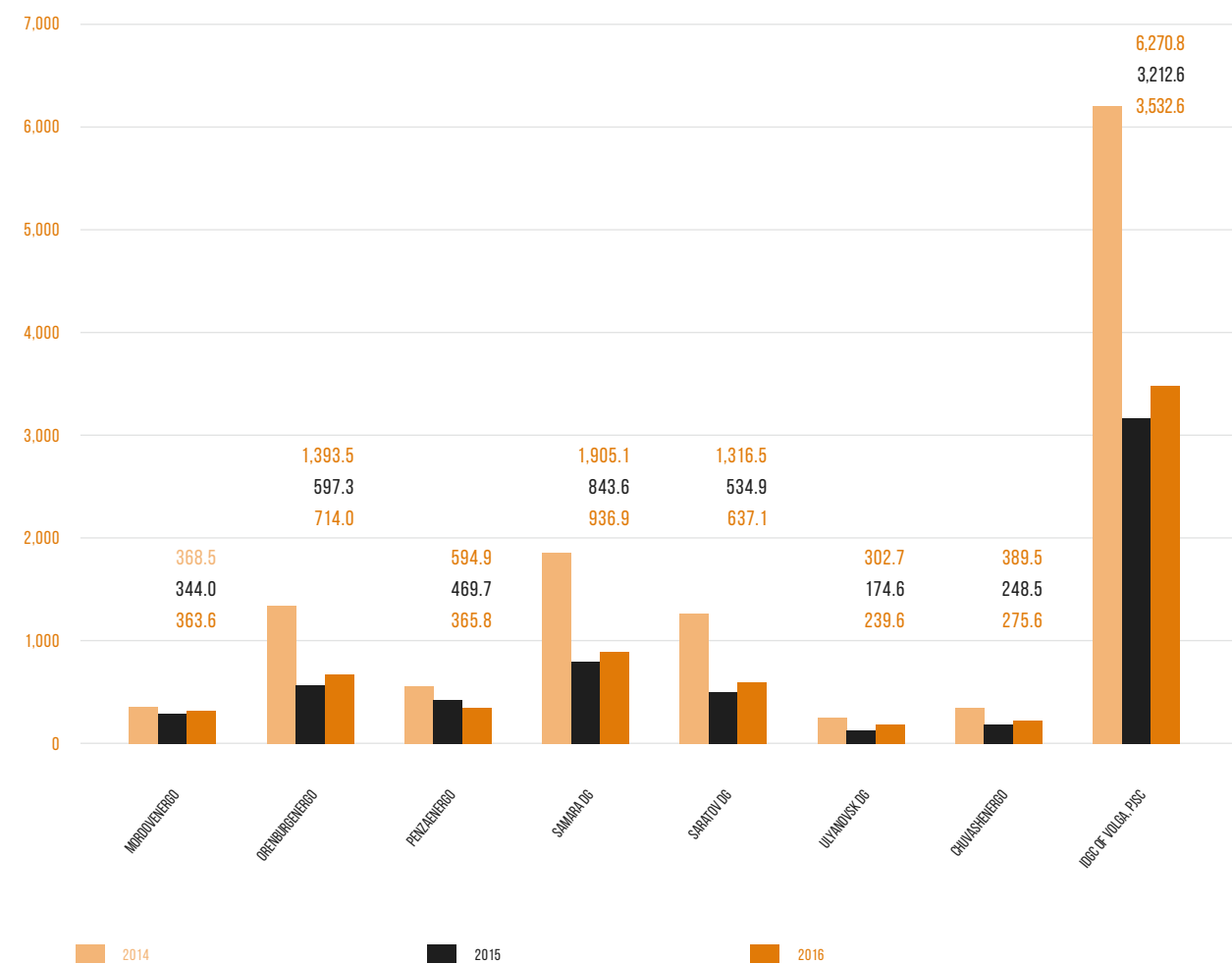


In 2016, as part of implementation of the investment program of IDGC of Volga, PJSC, the actual amount of capital investments financing totaled 3,532.606 million rubles, including upgrading and reconstruction – 2,240.413 million rubles or 63.4%; new construction – 1,264.645 million rubles or 35.8%; other (purchase of fixed assets, R&D projects) – 27.548 million rubles or 0.8%. The financing was mainly used for upgrading and reconstruction.

STRUCTURE OF CAPITAL INVESTMENTS FINANCING OF IDGC OF VOLGA, PJSC IN 2016



DYNAMICS OF THE INVESTMENT PROGRAM FINANCING OF IDGC OF VOLGA, PJSC AND ITS BRANCHES IN 2014–2016
million rub.



In 2016, financing of IDGC of Volga, PJSC in general increased by 10% as compared to 2015. The increase mostly resulted from investments from the federal budget in connection with implementation of investment projects as part of preparation for the 2018 FIFA World Cup.

KEY INVESTMENT PROJECTS IMPLEMENTED IN 2016

Branch	Facility	Project goals and objectives	Volume of capital investment financing (million rubles, inclusive of VAT))
Mordovenergo	Construction of power generation and service complex – Posop substation 110/10 kV in Saransk.	<div>/ reduction of capacity shortage due to estimated loads growing during the 2018 FIFA World Cup and continuous electric power supply to consumers;</div> <div>/ construction of new production facilities in order to ensure the target operational reliability of the equipment;</div>	189.279
Orenburgenergo	Construction of 2-circuit power transmission line of 110 kV at Chkalovskaya substation with reconstruction of 110 kV substation	/ transfer of Chkalovskaya 35/10 kV substation from 35 kV to 110 kV, ensuring stable power supply to Orenburgneft JSC, Buguruslanneft LLC, agricultural consumers and households.	116.766
	Construction of fiber optic communication lines via power transmission lines Sorochinskaya SS – Novobelogorskaya SS – Tashlinskaya SS – Kindelskaya SS – Alekseyevskaya SS for organization of back-up channels Tashlinskaya SS – GCC (additional communications and telemetry and telecommand), Alekseyevskaya SS – GCC (additional communications and telemetry and telecommand), Kindelskaya SS – GCC (additional communications).	/ arrangement of high-speed digital communication channels to improve reliability of substations, operational controls and monitoring of power equipment condition.	45.852
Penzaenergo	Reconstruction of 110 kV power transmission line “Penza-Lunino-1,2”	/ ensuring of reliable electric power supply of the existing consumers;	18.275

Branch	Facility	Project goals and objectives	Volume of capital investment financing (million rubles, inclusive of VAT))
Samara DG	Construction of 110/10 kV Stadium substation with 2 x 40 MVA transformers and overhangs of one circuit of the 110 kV Moskovskaya-1 power transmission line and one circuit of the 110 kV Semeykino-2 transmission line (with the formation of 4 cable OHL), Samara	/ the investment project aims at ensuring stable electric power supply to the facilities being constructed for the 2018 FIFA World Cup (stadium, media-center, training field) in accordance with FIFA requirements. Temporary infrastructure is being constructed near the stadium and will require electric power supply. The infrastructure includes: hospitality area (FIFA and FIFA sponsors' events hall), training field, media center, broadcasters area, volunteers center, accreditation center, sponsors' commercial halls, parkings, helipad, etc.	224.930
	Reconstruction of Krasnoglinskaya-3,4 110 kV overhead transmission line (conversion into the 110 kV cable line).	/ implementation of the investment project will enable to increase transmission capacity of 110 kV overhead transmission line, improve reliability of electric power supply to the consumers connected by 110 kV overhead transmission lines KGL-3 and KGL-4 and resistance of the 110 kV grid.	236.418
Saratov DG	Reconstruction of 110/35/10 kV Tatishchevo substation (replacement of Transformer T3 and Transformer T4, 2x25 MVA, and the 110/35/10 kV outdoor switchgear)	/ fulfillment of the obligations under Contract TP No. 1391-000883 dated April 26, 2013 with Federal State-Owned Enterprise (FKP) Department of the State Customer for Capital Construction of the RF Ministry of Defense, Department of Special Facilities Construction (Tatishchevo) of the Regional Directorate of the State Customer for Capital Construction of the Central Military District of the RF Ministry of Defense. / increase of reliability of power supply to consumers in Tatishchevo village.	95.285
Ulyanovsk DG	Reconstruction of 110/10kV Vostochnaya substation	/ increase of reliability of power supply to consumers, increase of electric power net supply.	2.080
Chuvashenergo	Construction of 110 kV Kommunalnaya outdoor switchgear	/ ensuring growing needs of consumers (new residential complexes, administrative buildings, social and household facilities and infrastructure of Cheboksary) for electric capacity and power; / improvement of reliability of power supplies to the existing consumers	143.214

LONG-TERM INVESTMENT PROGRAM

VOLUME OF FINANCING IN ACCORDANCE WITH THE APPROVED INVESTMENT PROGRAM FOR 2014–2020
million rub. (inclusive of VAT)

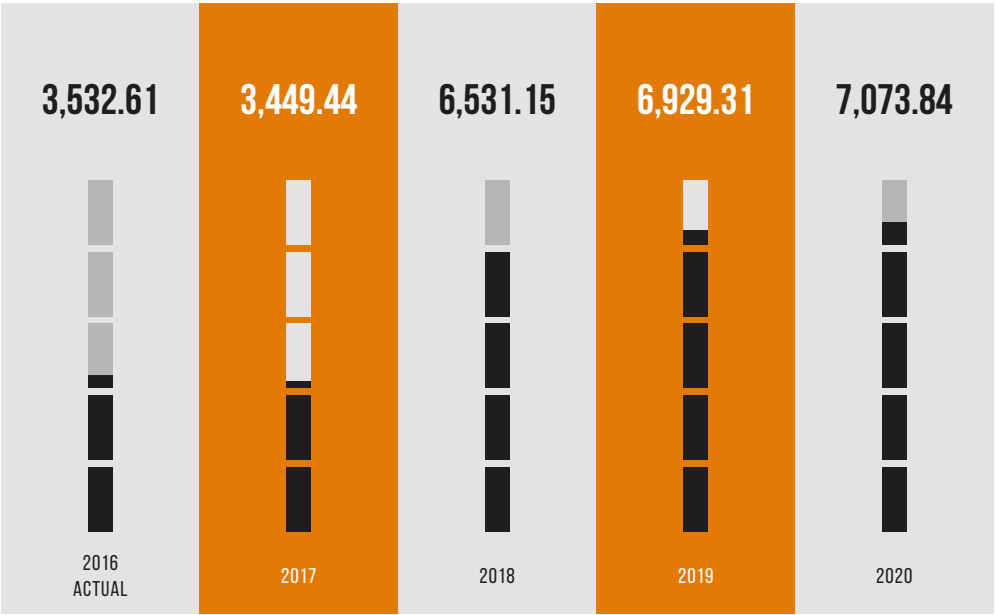
IDGC/branch	2014	2015	2016	2017	2018	2019	2020
Total for IDGC of Volga, PJSC	6,270.8	3,212.6	3,532.6	3,449.4	6,531.1	6,929.3	7,073.8
Mordovenergo	368.5	344.0	363.6	223.5	353.6	369.8	377.2
Orenburgenergo	1,393.5	597.3	714.0	721.9	1,619.9	1,658.8	1,692.0
Penzaenergo	594.9	469.7	365.8	384.5	599.8	646.1	659.0
Samara DG	1,905.1	843.6	936.9	904.3	1,560.4	1,597.0	1,598.9
Saratov DG	1,316.50	534.9	637.1	639.71	1,572.27	1,733.59	1,804.21
Ulyanovsk DG	302.7	174.6	239.6	317.3	416.9	449.0	457.9
Chuvashenergo	389.5	248.5	275.6	258.2	408.2	475.0	484.5

COMMISSIONING OF FIXED ASSETS IN ACCORDANCE WITH THE APPROVED INVESTMENT PROGRAM FOR 2014–2020
million rub.

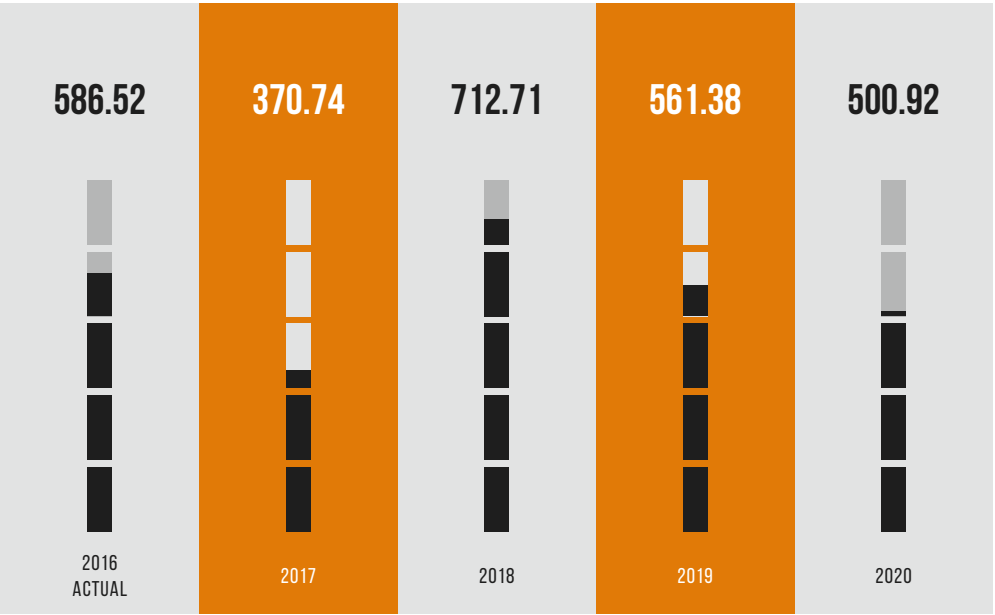
IDGC/branch	2014	2015	2016	2017	2018	2019	2020
Total for IDGC of Volga, PJSC	6,491.0	2,998.2	2,779.1	3,978.4	5,587.1	6,308.0	6,021.6
Mordovenergo	385.9	232.3	161.4	458.7	320.9	333.8	320.9
Orenburgenergo	1,751.9	529.7	546.5	876.7	1,321.1	1,581.3	1,292.9
Penzaenergo	577.2	575.7	323.8	315.3	381.5	641.9	574.9
Samara DG	1,700.7	715.5	639.6	1,303.4	1,456.3	1,432.8	1,356.5
Saratov DG	1,368.60	328.5	680.1	537.3	1,372.3	1,514.9	1,623.2
Ulyanovsk DG	192.9	407.1	199.2	281.1	357.8	411.1	385.7
Chuvashenergo	513.8	209.3	228.6	205.9	377.1	392.2	467.6

Volume of capital investments for construction, upgrading and reconstruction of the facilities of IDGC of Volga, PJSC for 2016–2020 amount to 24,186 million rubles.

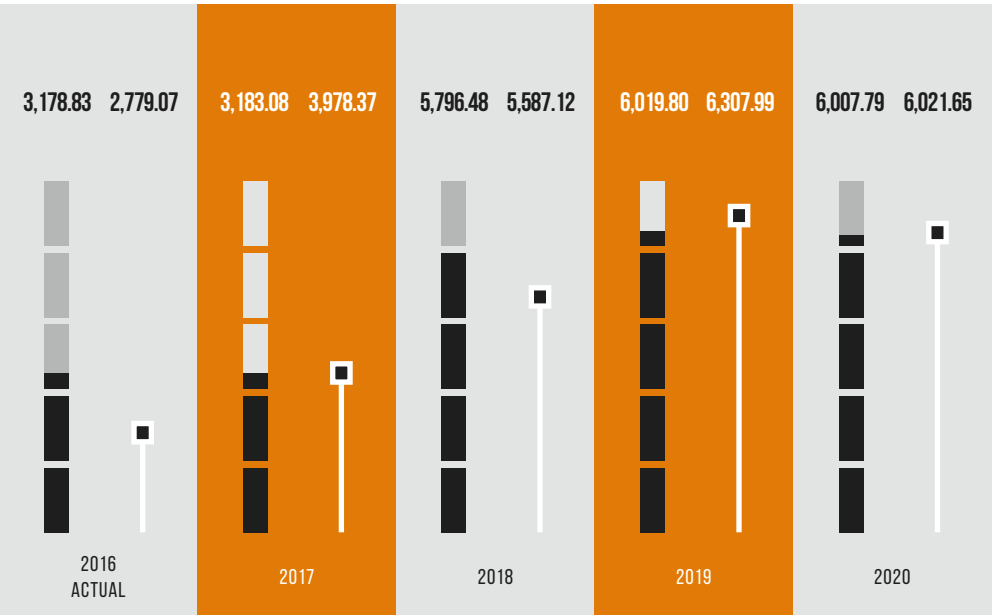
VOLUME OF FINANCING OF IDGC OF VOLGA, PJSC FOR 2016–2020
million rub.



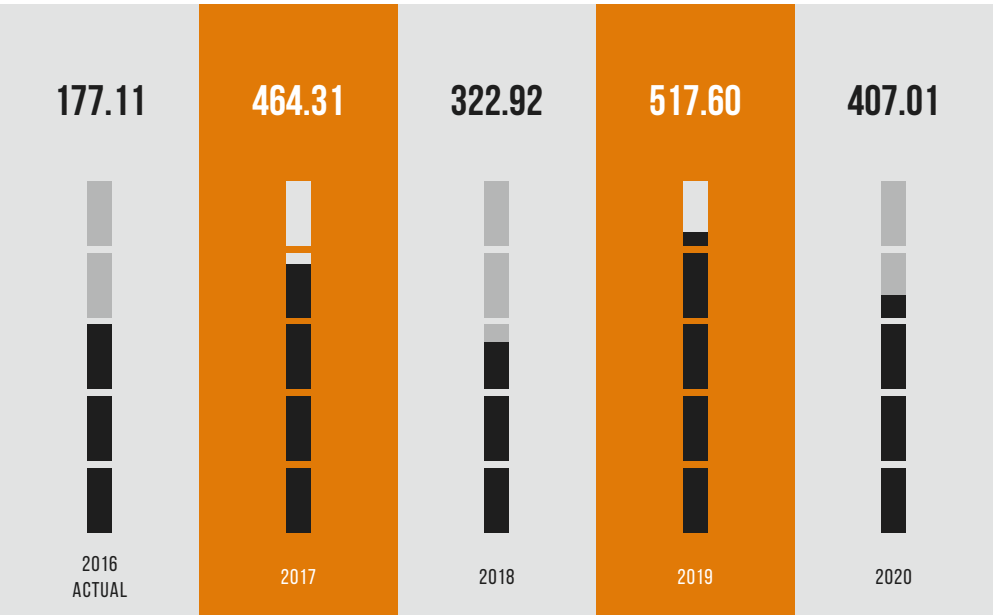
COMMISSIONING OF ELECTRICITY TRANSMISSION LINES OF IDGC OF VOLGA, PJSC IN 2016–2020
km



FIXED ASSETS DEPLOYMENT AND COMMISSIONING OF IDGC OF VOLGA, PJSC FOR 2016–2020
million rub. (EXCLUSIVE OF VAT)



COMMISSIONING OF TRANSFORMER CAPACITY OF IDGC OF VOLGA, PJSC IN 2016–2020
MVA



CAPITAL INVESTMENT
COMMISSIONING

The diagrams show decrease in investments and funds deployment in 2016–2017 in comparison with previous periods. This is due to ensuring annual financial stability of the Company under conditions of limited tariffs growth in accordance with the Forecast of the social and economic development of the Russian Federation for 2015 and for the projected period 2016–2017.

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INNOVATIVE DEVELOPMENT AND ENERGY-SAVING ACTIVITY AND ACTIVITY ON ENHANCEMENT OF POWER EFFICIENCY

IMPLEMENTATION OF COMPANY'S INNOVATIVE DEVELOPMENT PROGRAM

Innovations are implemented in accordance with the Innovative Development Program of IDGC of Volga, PJSC developed with the aim of formation of an effective mechanism for modernization of power grid facilities, boosting scientific and technical and invention activities, novations customization for implementation, improvement and development of the innovative system.

Activities within the Innovative Development Program:

- / Transition to digital 35-110(220) kV substations.
- / Transfer to digital smart grids with distributed intelligence automation and control system.
- / Transfer to end-to-end performance of business processes and control systems automation.
- / Application of new technologies and materials in power industry.
- / Development of a system for elaboration and implementation of innovative products and technologies.
- / Development of human resources and partnership in the area of education.

Main activities of the Innovative Development Program 2016:

1. Creation of 110 kV Sazanley digital substation at Saratov Distribution Grids, a branch of IDGC of Volga, PJSC.
2. Creation of 6-10-35 kV automated network at Saratov RES (Pravoberezhnoye PD) and Engels RES (Privolzhskoye PD) of Saratov Distribution Grids, a branch of IDGC of Volga, PJSC.
3. Creation of 6-10-35 kV automated network at Ulyanovsk RES (Ulyanovsk PD) of Ulyanovsk Distribution Grids, a branch of IDGC of Volga, PJSC.
4. Creation of comprehensive automated monitoring systems for detection and prevention of icing at Samara Distribution Grids, a branch of IDGC of Volga, PJSC.
5. Creation of charging infrastructure for electric vehicles in the territory served by IDGC of Volga, PJSC.
6. Development and implementation of an automated system for managing financial and business activities and assets and accounting of sold electric power transmission and technological connection services of IDGC of Volga, PJSC.
7. Creation of an automated dispatching control system of IDGC of Volga, PJSC.
8. Implementation of new technologies and materials at power grid facilities of IDGC of Volga, PJSC.

A PROTOTYPE CGI



FIGURE. PICTURE OF A PROTOTYPE MODEL OF THE INSTRUMENTAL AND ANALYTICAL SET



9. Implementation of the R&D program of IDGC of Volga, PJSC.

10. Development of the system of information and analytical support of innovation activities.

R&D projects implemented and being implemented in 2016:

1. R&D: "Design of a device for tracing flammable gases from gas-actuated relays of power transformers" (completed project);
2. R&D and Technology: "Development of the technique and equipment for the quantitative analysis of specific chemical compounds determining a degree of degradation of paper-oil insulation of power transformers" (completed project);
3. R&D: "Development and study of ground system for neutral of distribution network with net earth current and active forced arc suppression at the fault location" (project in progress);
4. R&D: "Development of standard engineering solutions for creation of 110/6-10 kV digital substation" (project in progress).

New equipment and technologies developed under R&D projects in 2016:

1. Prototypes of a device for tracing flammable gases from gas-actuated relays of power transformers;
2. Methodology for measurement of a specific chemical compound determining the degree of degradation of paper-oil insulation of power transformers and instrumental and analytical set for its implementation.

Intellectual property obtained in 2016:

- 1. Utility Model Patent No. 165120 “Device for tracing flammable gases” granted as part of R&D efforts.
- 2. Certificate No. 2016618088 on state registration of the computer software program «Software for Calculation of Parameters for Melting of Ice Coating on Overhead Power Transmission Lines IceWinner» has been obtained as part of inventive activities.

As of December 31, 2016, the Company is the holder of rights in 6 intellectual property items obtained as the result of intellectual activities.

In 2016, the Company concluded two license agreements on granting intellectual property rights for use of items developed as part of R&D activities.

FIGURE. UTILITY MODEL PATENT NO. 165120 “DEVICE FOR TRACING FLAMMABLE GASES”



FIGURE. CERTIFICATE FOR COMPUTER SOFTWARE «ICEWINNER»



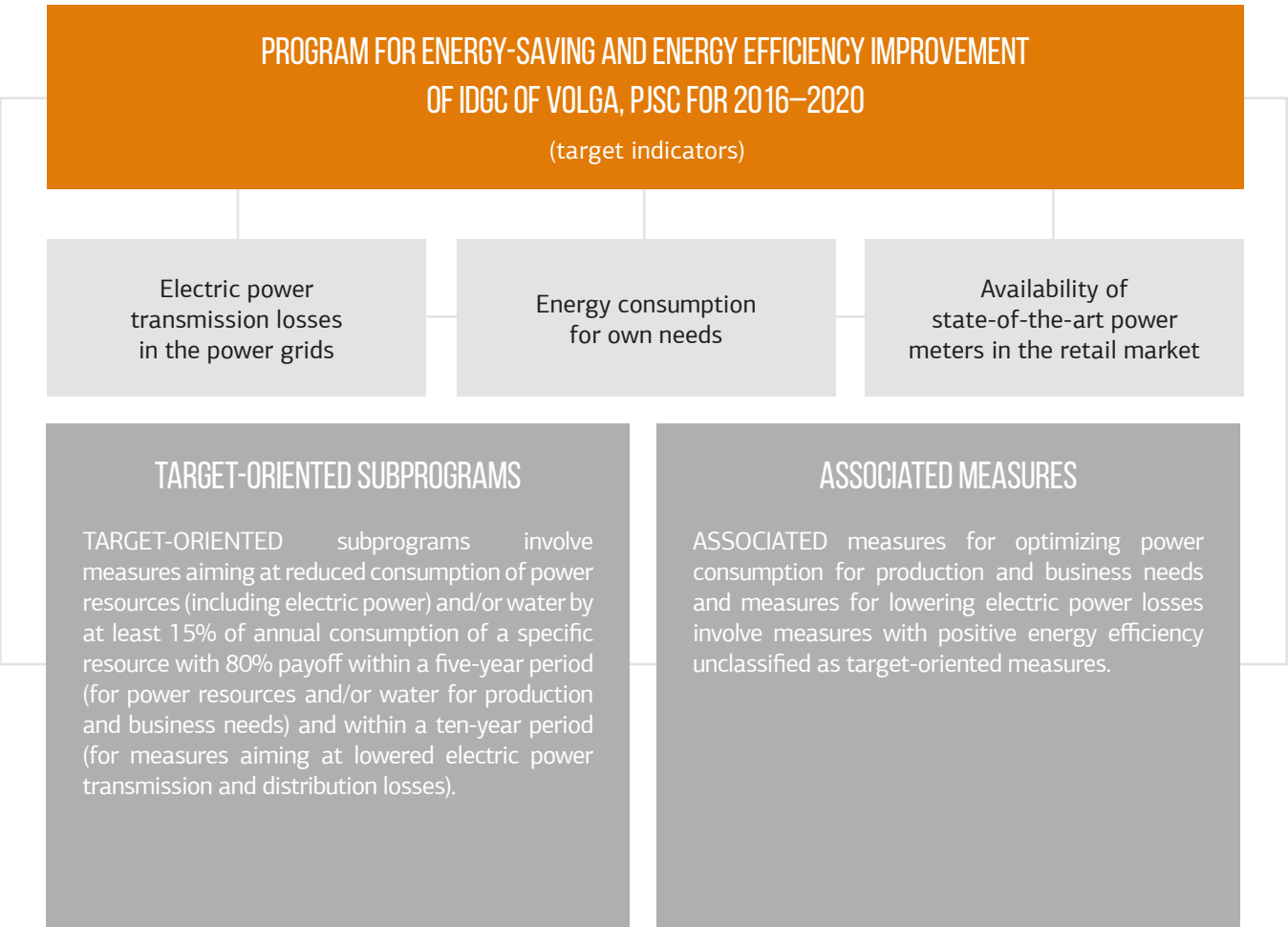
Development of innovation and innovation infrastructure management system in 2016:

- 1. The Regulation on Developing and Implementing the Program of Innovation Development of IDGC of Volga, PJSC, was developed and brought into effect.
- 2. The List of entities engaged in the arrangement of innovative solutions implementation in IDGC of Volga, PJSC, was approved.
- 3. The Innovation Commission of IDGC of Volga, PJSC, a collective expert and advisory and consulting body formed with an aim to ensure functioning of the system for implementation of innovative solutions, was established.

Arranging and holding meetings of the Scientific and Technical Council (STC) in 2016:

In accordance with the working schedule of the Scientific and Technical Council (STC) of IDGC of Volga, PJSC, 5 STC’s meetings were held, including 3 meetings held in absentia and 2 meetings held in presentio.

ENERGY-SAVING ACTIVITY AND ACTIVITY ON ENHANCEMENT OF POWER EFFICIENCY



IDGC of Volga, PJSC takes a range of measures intended to optimize (cut) losses within its top-priority activity.

OUTCOME OF TARGET-ORIENTED MEASURES AIMING AT LOWERED POWER LOSSES IN 2016



Implementation costs amounted to 247.91 million rubles (exclusive of VAT). Financing sources of the energy savings program:

- / target-oriented measures – 71.3 million kWh (194.8 million rubles);
- / associated measures – 2.0 million kWh (4.8 million rubles).

/ capital expenses – 244.49 million rubles (exclusive of VAT);

/ operating costs – 3.42 million rubles (exclusive of VAT).

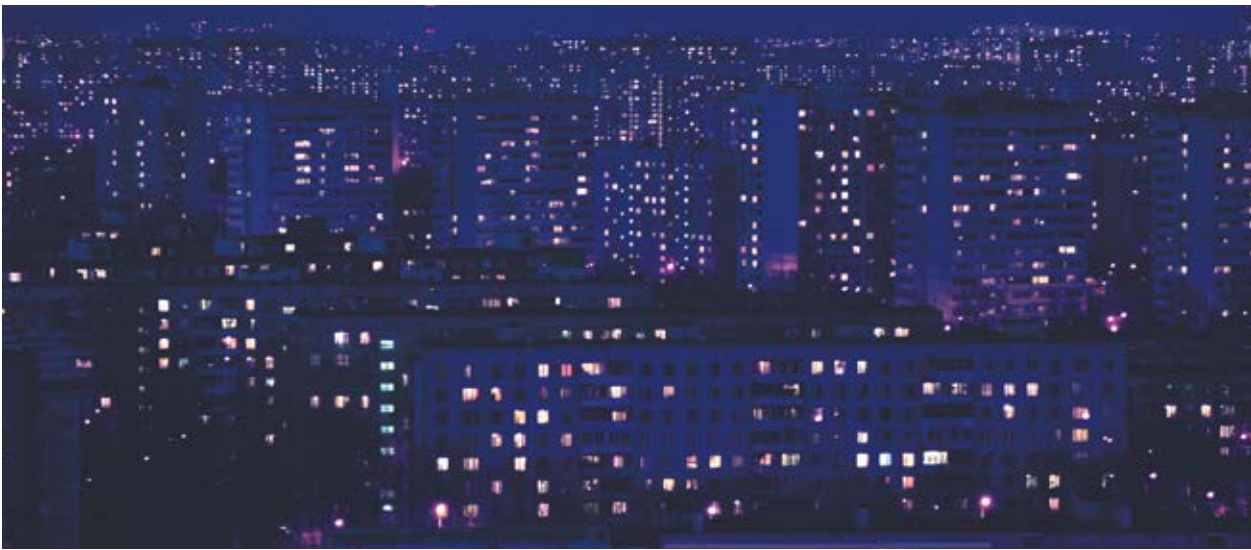
In 2016, 2,534 metering and recording stations were modernized while the planned value was 1,765 stations. Modernization costs amounted to 37.31 million rubles.

Due to loss optimization measures, the 2016 energy savings amounted to 73.3 million kWh (199.6 million rubles) including:

In 2016, the plan for reduction of energy losses (in physical units) was fulfilled for 177%.

COMPANY'S USE OF ENERGY RESOURCES

No.	Parameter	Unit of measurement	2016	2016
			Planned	Actual
1	Losses of power	million kWh	3,772.109	3,590.914
		million rubles (exclusive of VAT)	7,914.153	7,056.270
		% of grid output	7.229	6.770
2	Auxiliary power consumption at substations	million kWh	93.922	85.741
3	Total consumption of power resources for own needs of administration buildings, including:	million rubles, exclusive of VAT	425.293	450.167
		million conventional tons	21.737	19.968
3.1.	electric power	million kWh	117.309	114.983
		million conventional tons	14.077	13.798
		million rubles, exclusive of VAT	372.035	398.769
		million kWh/m ²	0.001	0.001
3.2.	heat energy (heating systems of the buildings)	Gcal	45,792.245	37,746.637
		million conventional tons	6.544	5.394
		million rubles, exclusive of VAT	45.404	47.747
		Gcal/m ³	0.193	0.133
3.3.	natural gas (including liquefied)	thousand m ³	967.302	672.669
		million conventional tons	1.116	0.776
		million rubles, exclusive of VAT	7.853	3.651



No.	Parameter	Unit of measurement	2016	2016
			Planned	Actual
4.	Total consumption of natural resources for own needs of administration buildings, including:	million rubles, exclusive of VAT	6.559	4.651
		thousand m ³	240.157	159.153
4.1	hot water supply	thousand m ³	1.236	1.555
		million rubles, exclusive of VAT	0.019	0.022
4.2	cold water supply	thousand m ³	238.921	157.598
		million rubles, exclusive of VAT	6.540	4.629
5	Total consumption of motor fuel by automobile transport and specialized machinery, including:	th. l	16,225.160	15,905.971
		million conventional tons	18.854	18.516
		million rubles (exclusive of VAT)	484.231	467.519
		th. l	10,580.782	10,383.308
5.1.	gasoline, including:	million conventional tons	11.897	11.709
		million rubles (exclusive of VAT)	317.710	305.790
		th. l	5,644.378	5,522.663
5.2.	diesel oil, including:	thousand tons of reference fuel	6.957	6.807
		million rubles (exclusive of VAT)	166.522	161.729

In 2016, the Company did not use any energy resources.

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HUMAN RESOURCES AND SOCIAL POLICY

The key objective of the Human Resources and Social Policy of IDGC of Volga, PJSC, approved by the Board of Directors of the Company is the implementation of strategical and tactical purposes of the Company through the effective HR system.

The key objectives of the Human Resources and Social Policy of the Company aimed at ensuring achievement of the targets are:

/ planning manpower needs: providing reliable information on operational and forecast quantitative and qualitative manpower needs to achieve the branch's goals;

/ satisfying the Company's needs in personnel with required qualification in a timely manner;

/ ensuring efficient operation of the staff and increasing labour efficiency.

The mentioned key objectives of the Human Resources and Social Policy are achieved by implementing a set of measures in different areas of activities and achieving the established targets:

/ in the area of organizational design;

/ in the area of personnel training and development;

/ in the area of staff efficiency management (incentives);

/ in the area of social benefits and guarantees;

/ in the area of ensuring occupational safety and labor culture.

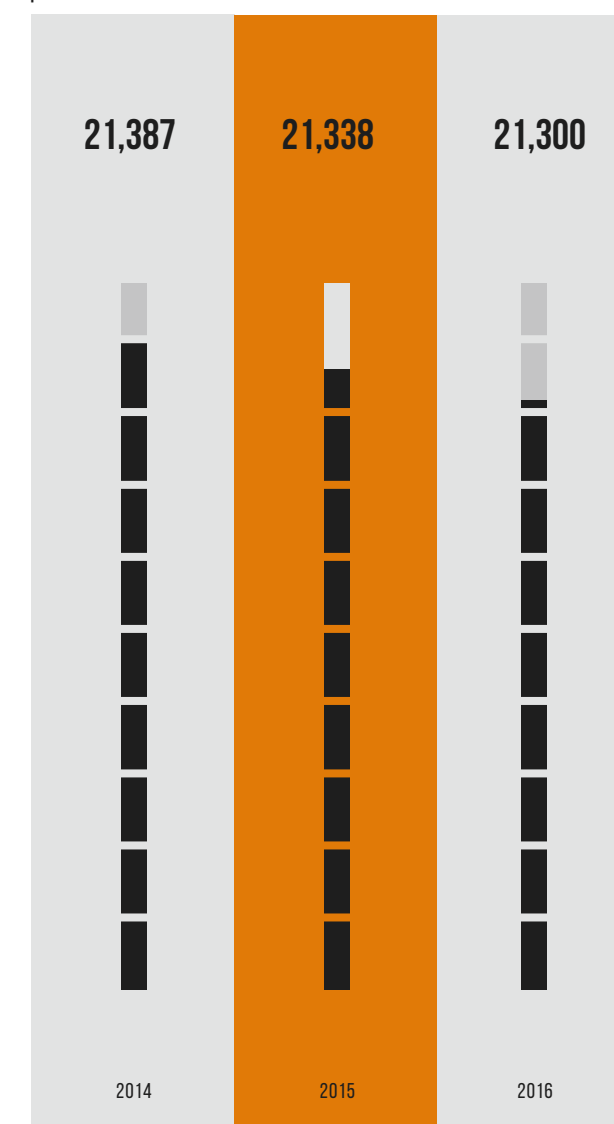
STAFFING LEVEL AND STRUCTURE

In 2016, the average headcount of IDGC of Volga, PJSC amounted to 21,300 persons that is by 0.2% less than in 2015. The headcount reduction in 2016 was driven by optimization of the management staff of IDGC of Volga, PJSC.

Over the last three years, the staffing of IDGC of Volga, PJSC was continuously maintained at a high level of 97%.

In 2016, the average age of the Company's staff was 42 y.o. (46 y.o. in 2015). The staff structure of IDGC of Volga, PJSC is quite stable by age as during three years the majority of the staff consisted of people aged from 25 to 50 (64%).

MOVEMENT OF THE COMPANY'S AVERAGE
HEADCOUNT FOR 2014-2016
persons



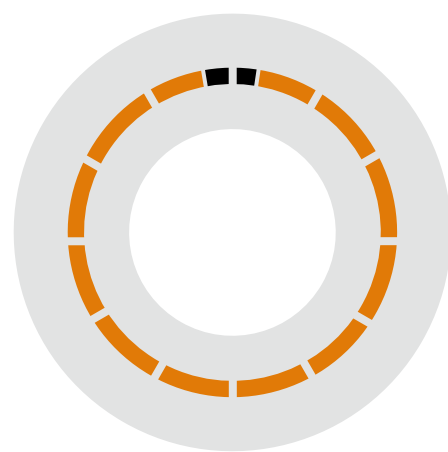
THE STAFF OF IDGC OF VOLGA, PJSC HAS HIGH PROFESSIONAL SKILLS: OVER 83% OF EMPLOYEES ACCOMPLISHED VOCATIONAL TRAINING COURSES. THIS VALUE INCREASED BY 1.1 PERCENTAGE POINTS FOR THE LAST 3 YEARS.

PERSONNEL TRAINING AND DEVELOPMENT

Staff training is one of the top-priority areas of the Human Resources and Social Policy of the Company and is regulated by the Rules for work with personnel in power sector entities of the Russian Federation, Regulations for Training and Advance Training of Personnel of IDGC of Volga, PJSC and other regulatory documents covering issues of power sector staff training.

The share of employees attended off-site training activities in the reporting year to the average headcount is 52.6% (11,206 persons) that is by 4.1 percentage points (855 persons) higher than in 2015.

The largest share among trained employees is attributed to production staff and is 95% (10,630 persons). In 2015, this value amounted to 94%. The trained staff structure broken down by administrative and production staff is shown below:



95% PRODUCTION STAFF

5% ADMINISTRATIVE AND MANAGERIAL STAFF

In 2016, 8,536 employees passed professional training at corporate training centers that is equal to 76.1% of the total number of trained employees that is by 1.6 percentage points lower than in 2015 (in 2015, 8,045 employees passed professional training at corporate training centers that is equal to 77.7% of the total number of trained employees)).

The largest share in the total number of employees trained at corporate training centers is attributed to production staff and is equal to 97.2% (8,293 persons).

IDGC of Volga, PJSC is the coordinator of interaction with State Budget-Funded Educational Institution of Higher Professional Education (GBOU VPO) Kazan State Power Engineering University (KGEU), a member of the Power Training Consortium representing Rosseti Group.

To ensure practical student training, re-training and professional development of employees of IDGC of Volga, PJSC and those interested in cooperation with KGEU, S&A of Rosseti, PJSC, the Plan of Activities for Interaction with KGEU was co-ordinated in 2016 in the process of implementation of the Concept of Company's Cooperation with Educational Institutions.

Main directions of cooperation with KGEU are:

- / training of young specialists subject to the needs of the power grid complex;
- / arrangement of production and pre-graduation students internship at the facilities of IDGC of Volga, PJSC;
- / appointment of mentors for students working at their course and graduation papers, thesis researches from practical experts of IDGC of Volga, PJSC;
- / arrangement of interaction in the area of available scientific and technical and engineering information exchange.

In order to improve the qualification characteristics of the Company's personnel, attract professionally trained young people, apart from KGEU, IDGC of

Volga, PJSC conducts long-term, effective interaction with specialized higher and secondary vocational education institutions.

In addition to agreements with flagship universities, branches of IDGC of Volga, PJSC conduct vocational guidance among students of other universities and colleges in the regions where the Company is present.

ARRANGEMENT OF COMPANY'S STAFF RESERVES

In order to ensure timely fulfillment of the Company's needs for qualified and efficient managers, create conditions for the most complete disclosure of labor potential at the executive office and branches of IDGC of Volga, PJSC. Work is being carried out to form and develop staff reserves on an ongoing basis: both managerial staff reserve and young staff reserve.

As of December 31, 2016, the Company's management staff reserves comprise 1,209 employees of the executive body and branches.

Young staff reserves are formed at the level of branches and the Company as a whole from the number of young specialists not older than 35, having high potential for development, and motivated for professional development and career growth at the Company.

As of the end of the reporting period, the number of young staff reserves at the Company amounted to 221 persons.

Employees listed in the managerial and young staff reserves of the Company take part in training programs, sectoral all-Russian and regional conferences on a regular basis. In 2016, a number of young specialists of IDGC of Volga, PJSC took part in the activities of the International Youth Forum within the SPIEF-2016, the International Forum of Young Power Engineers and Industrialists Forsage-2016, the Youth Day within the 5th International Forum Energy Efficiency and Energy Saving ENES 2016.

During 2016, 18.7% of positions were filled by internal candidates, 9.7% of them were staffed by candidates from the staff reserves (45 persons). 45.8% (66 persons) of the total number of managerial positions were filled by internal candidates, including 48.5% of candidates from the staff reserve (32 persons).

High qualification of the Company's employees is demonstrated at professional skill competitions. In 2016, the team of IDGC of Volga, PJSC took the first place in competitions for repair and maintenance of substation equipment in the Interregional Professional Skill Contests of S&A of Rosseti, PJSC, the second place in the Corporate Open Professional Skill Championship for the WorldSkills methodology, and the third place in the competitions for repair and maintenance of cable networks. Representatives of the Company also won the All-Russian Professional Skill Contest Best in Profession in various categories. The team of IDGC of Volga, PJSC also took the second place in the professional skills competition among the personnel of companies of electric power industry of the CIS member states – International contests for repair and maintenance teams servicing 110 kV and higher substations.

SOCIAL RESPONSIBILITY

Social policy is successfully implemented in the Company that establishes general principles of regulation of basic guarantees, compensations for employees, creation of comfortable and safe working conditions, expediency and efficiency, attracts and retains highly qualified personnel, increases the competitiveness of the Company, encourages employees to perform high-productivity work that contributes to their well-being, social protection and formation of the corporate culture.

The Company has common Collective Agreement of IDGC of Volga, PJSC which protects the interests of the parties to the social partnership, and confirms the high degree of social and labor relations at the Company, the existence of built-up relations between the employer and the trade union. The contents of the Collective Agreement do not contradict to the norms of the Labor Code of the Russian Federation, and the Branch Tariff Agreement in the electric power industry of the Russian Federation.

To ensure health safety of employees and decrease the disease rate, the Company introduced a voluntary insurance system.

The Company signed the following insurance contracts:

/ voluntary medical insurance of the Company's employees ensures that they receive additional medical services in excess of the established programs of compulsory medical insurance;

/ insurance against accidents and diseases provides for the payment of insurance coverage in case of loss of health or death of the insured person resulted from specified events.

Non-state pension provision is a priority task, the solution of which allows the Company to be socially responsible for its employees and non-working pensioners, forming an additional non-state pension, and providing a decent level of welfare after retirement.

The Company promotes healthy lifestyle and physical development, holds competitions and sports events. In 2016, the team of IDGC of Volga, PJSC took the 1st place in the football tournament Rosseti Cup.

In order to strengthen corporate cultural traditions, creative competitions are held among children of the Company's employees. In 2016, they took part in the children drawings competitions «Rosseti: Children's Drawings!» and «Brighter Together!».

One of the top priority directions of the Company's social policy involves social support of its retired employees.

Social responsibility of IDGC of Volga, PJSC is confirmed by holding traditional actions for children having difficult life situation such as «Give Good», «Day of Knowledge», etc.

NON-STATE PENSION PROVISION IS A PRIORITY TASK, THE SOLUTION OF WHICH ALLOWS THE COMPANY TO BE SOCIALLY RESPONSIBLE FOR ITS EMPLOYEES AND NON-WORKING PENSIONERS, FORMING AN ADDITIONAL NON-STATE PENSION, AND PROVIDING A DECENT LEVEL OF WELFARE AFTER RETIREMENT.

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LABOUR SAFETY AND ENVIRONMENTAL PROTECTION

COMPANY'S ACTIVITY ON LABOUR SAFETY

Prevention of occupational injuries and injuries among unauthorized persons, occupational diseases among the Company's employees, improvement of practical skills of the personnel, increase in responsibility and labor discipline of the Company's employees, tightening the control of compliance with occupational safety regulations and enhancing the efficiency of unscheduled inspections by superiors and specialists are top-priority directions of the Company's activities and policy for quality management, occupational safety and labour safety.

To mitigate the risks of occupational injuries among the Company's staff and visitors in 2016, the Company implemented 1,831 measures under the Integrated Program for mitigating risks of injuries among staff of IDGC of Volga, PJSC and visitors at the Company's electric grid facilities for 2014–2017 adopted by the Board of Directors of the Company on April 25, 2014. Total financing amounted to 96,114.509 thousand rubles.

The program for mitigating risks of injuries among visitors in 2016 included the following measures:

- / enhancing information and explanatory work with external organizations and residents (including through mass media) to make them aware of hazards of

electric current and staying close to live parts;

- / jointly with the regional departments of RF Ministry of Education, the Company develops and implements schedules of electrical safety training delivered by superiors and specialists of RES (distribution zones), Production Departments and Autonomous Institutions of the branches in children's upbringing and educational institutions located within the area of responsibility of IDGC of Volga, PJSC for 2016–2017 (at least two lessons were delivered in each institution). In 2016, power specialists delivered 4,363 electrical safety lessons in 2,356 general education and upbringing institutions;

- / together with regional administration agencies in the area of education and power energy, territorial authorities of the Ministry of Internal Affairs, EMERCOM, and Rostekhnadzor, the Company conducted joint preventive events (electrical safety lessons in general and preschool educational institutions, preventive public talks, distribution leaflets and posters with electrical safety tips and warnings). In total, 246 joint preventive actions were conducted in 2016;

Development and implementation of the schedules of installation of stands and posters warning about electric hazards near power

transmission lines (in fishing places, crossings with roads and basins) routed in agricultural areas and settlements, recreation areas, near airports, aeroclubs and potential landing areas for parachute jumpers / paragliders. In 2016, the stands (posters) were installed at 1,442 sites;

- / the Company printed and distributed in educational institutions 19,900 units of printed communications (various booklets, bookmarks, stickers) on electrical safety for schoolchildren;

The Company distributed in horticultural communities 2,028 units of printed communications with warnings against approaching to wires and supports and carrying out unauthorized works in the fenced off area. It also printed and distributed to residents of private houses 2,887 leaflets warning on threat to life caused by unauthorized connections.

For the purposes of the Company's staff training, 7,167 employees were trained in 2016 at 114 training grounds.

During 2016 the Company's staff was provided with personal protection equipment, tools, accessories and protective devices in compliance with the applicable regulations.

In 2016, the Company allocated 358,891.662 thousand rubles for occupational safety measures, including:

- / activities aimed at prevention of accidents – 12,276.054 thousand rubles;
- / sanitary and hygienic activities aimed at prevention of occupational diseases – 73,067.114 thousand rubles;

/ activities aimed at general improvement of labor conditions – 6,788.433 thousand rubles;

/ provision of personal protection equipment – 266,760.061 thousand rubles.

ECOLOGICAL POLICY

One of the key aspects of the Company's social responsibility is environmental protection and conservation of natural resources.

Pursuant to the RF Federal Laws "On Environmental Protection", "On Atmospheric Air Protection", "On Production and Consumption Wastes" and Decree of the RF Government, the Company adopted the Policy for quality management, occupational safety, labour safety and protection of the environment against harmful effects. Goals and objectives for environmental activity is one of the important directions covered by this Policy.

In 2016, pursuant to the applicable laws, IDGC of Volga, PJSC performed the following environmental works:

Protection of atmospheric air

- / in 2015, pursuant to the RF laws governing the environmental safety and atmosphere protection issues, branches of IDGC of Volga, PJSC elaborated project-specific permits and emission rates for air pollution sources;
- / during the year, an inventory of sources of pollutant emissions into the air was conducted at the Company's branches.
- / To monitor compliance with the maximum allowable emission rates, the Company engaged the accredited laboratories to analyze the ambient air at the outlet of Tsiklon units and dust collection chambers for concentration of pollutants;

/ measurements of toxicity levels and exhaust smoke capacity of exhaust gases coming from engines of motor vehicles (in compliance with the relevant measurement schedules);

/ laboratory and instrumental checks of atmosphere air in the storage areas of used mercury-vapor lamps and waste transformer oils. The checks showed full compliance with maximum allowable emission rates.

Protection and rational use of water resources

/ On-site monitoring of ground waters at water intake structures was held and there were received data on water-bearing levels, amount of ground water intake, exogenous processes, technical condition of water wells, condition of ground water protective area and ground water pollution sources;

/ the Company checked quality of the potable water. Microbiological and chemical parameters of water samples match sanitary requirements;

/ power staff installed meters to control potable water consumption.

/ the Company contracted specialized organizations to perform seasonal observations of artesian water level and temperature;

/ in branches' subdivisions, water was pumped from the oil collectors at substations, and the condition of drainage oil receiving devices was checked at substations in the spring and autumn periods;

Protection and rational use of lands

- / the Company developed and approved draft waste generation standards with the regional Divisions of the Federal Service for Supervision of Natural Resources (Rosprirodnadzor), issued waste disposal limits;
- / the Company entered (re-entered) into contracts on disposal of solid household and industrial wastes to the polygons;
- / 1st hazard class wastes (wastes from fluorescent lamps) were transferred for neutralization to licensed organizations;
- / soil sampling at production sites and sample analysis were performed by accredited laboratories for the purpose of industrial environmental control;
- / timely repair of asphalt covering of waste storage areas;
- / 18 grounds for temporary accumulation of waste were arranged and 33 containers were purchased;
- / a specialized accredited laboratory performed analysis of composition of wastes of 1–5 categories.

Preservation of biodiversity

In 2016, branches of IDGC of Volga, PJSC took part in the annual ecological action for planting trees and shrubs. The staff of IDGC of Volga, PJSC involved in the campaign planted about 5,000 nursling conifer and deciduous trees and bushes.

Technical measures

The 2016 upgrading and reconstruction campaign launched in the branches of IDGC of Volga, PJSC involved step-wise replacement of the oil-filled equipment with the vacuum equipment which ensure ecological cleanness of operation.

Activities of IDGC of Volga, PJSC in 2016:

- / installation of 27,219 bird guards;
- / replacement of bare wires with self-carrying insulated wires (SIP) with total length of 546 km;

- / replacement of oil circuit breakers (68 pcs.) with vacuum circuit breakers;
- / replacement of oil circuit breakers (4 pcs.) with SF6 circuit breakers;

Conducting industrial environmental control and environmental monitoring (results, compliance or non-compliance with established standards, etc.)

The following annual actions are taken as part of production environmental control:

- / monitoring of the environment in waste storage (accumulation) areas: 456 measurements;
- / testing of drinking water from the distribution network: 247 tests;
- / control of compliance with MPE standards at emission sources and control points: 1,244 measurements.

Results of the measurements made in 2016 confirmed the following:

- / no exceeding of maximum allowable emission rates for pollutants in air samples at emission sources and control points, as well as at waste storage sites;
- / compliance of microbiological indicators of water samples with hygiene standards.

Environmental protection costs

In 2016, environmental safety costs amounted to 21,872.0 thousand rubles, including:

- / protection of environment against pollution caused by industrial and consumer wastes – 10,589.0 thousand rubles;
- / protection of atmospheric air in 2016 – 4,881.0 thousand rubles;
- / protection and rational use of water resources in 2016 – 6,402.0 thousand rubles.

IN 2016, BRANCHES OF IDGC OF VOLGA, PJSC TOOK PART IN THE ANNUAL ECOLOGICAL ACTION FOR PLANTING TREES AND SHRUBS. THE STAFF OF IDGC OF VOLGA, PJSC INVOLVED IN THE CAMPAIGN PLANTED ABOUT 5,000 NURSLING CONIFER AND DECIDUOUS TREES AND BUSHES.



21,872.0

THOUSAND RUBLES –
IN 2016, ENVIRONMENTAL
SAFETY COSTS

INCLUDING 4,881.0

THOUSAND RUBLES –
PROTECTION OF ATMOSPHERIC AIR COSTS

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INFORMATION ON THE COMPANY

«Interregional Distribution Grid Company of Volga»,
Public Joint-Stock Company (IDGC of Volga, PJSC).

Location: Saratov, the Russian Federation

Postal address: 42/44, ul. Pervomayskaya,
Saratov 410031, the Russian Federation

Information on state registration of the Company: Certificate of State Registration of Legal Entity is issued by Inter-District Inspectorate of the Federal Tax Service No. 8 for the Saratov region with assignment of a basic state registration number 1076450006280 on June 29, 2007.

Internet website: www.mrsk-volgi.ru

E-mail: office@mrsk-volgi.ru

Tel. +7 (8452) 30-26-32, **fax** +7 (8452) 28-32-02

INFORMATION ON BRANCHES OF THE COMPANY

Samara Distribution Grids, a branch of IDGC of Volga, PJSC

Address: bld. 133, ul. Novo-Sadovaya 106,
Samara, 443068

Internet website:
[http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial__samarskie_raspredelitelnie_seti_/](http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial__samarskie_raspredelitelnie_seti/)

Saratov Distribution Grids, a branch of IDGC of Volga, PJSC

Address: 42/44, ul. Pervomayskaya,
Saratov 410031

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi_saratovskie_raspredelitelnie_seti_/

Ulyanovsk Distribution Grids, a branch of IDGC of Volga, PJSC

Address: 48, ul. Yefremova, Ulyanovsk 432042

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial__ulyanovskie_raspredelitelnie_seti_/

Mordovenergo, a branch of IDGC of Volga, PJSC

Address: 40V, ul. Vasenko, Saransk, 430030

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi_mordovenergo_/

Penzaenergo, a branch of IDGC of Volga, PJSC

Address: 1/2, ul. Pushkina/ul. Gladkova,
Penza, 440000

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi_penzaenergo_/

Orenburgenergo, a branch of IDGC of Volga, PJSC

Address: 44, ul. Marshala G. K. Zhukova,
460024 Orenburg

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi_orenburgenergo_/

Chuvashenergo, a branch of IDGC of Volga, PJSC

Address: 4/4, prospect I. Yakovleva, Cheboksary,
428000, the Chuvash Republic

Internet website:
http://www.mrsk-volgi.ru/ru/o_kompanii/filiali/filial_oao__mrsk_volgi_chuvashenergo/

INFORMATION ON THE AUDITOR

Limited Liability Company RSM RUS (RSM RUS, LLC)

Location: bld. 4, ul. Pudovkina, Moscow

Postal address: bld. 4, ul. Pudovkina, Moscow,
119285

Tel.: +7 (495) 363-2848, **fax:** +7 (495) 981-4121

Internet website: <http://rsmrus.ru/>

E-mail: mail@rsmrus.ru

INFORMATION ON REGISTRAR

Limited Liability Company Reestr-RN
(Reestr-RN, LLC)

Location: bld. 3–4, Podkopyevsky per. 2/6,
109028 Moscow.

Postal address: POB 4, Moscow 115172

Tel. +7 (495) 411-79-11, fax +7 (495) 411-83-12

Internet website: www.reestr-rn.ru

E-mail: support@reestr-rn.ru.

Register maintenance license No. 10-000-1-00330 dated December 16, 2004 was issued by the Federal Service for Financial Markets of Russia.

CONTACT DETAILS OF SERVICES FOR COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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CONTACT INFORMATION FOR MASS MEDIA

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REPORT ON FULFILLMENT OF PRINCIPLES AND RECOMMENDATIONS OF THE CORPORATE GOVERNANCE CODE

This Report on fulfillment of principles and recommendations of the Corporate Governance Code was reviewed by the Board of Directors of IDGC of Volga, PJSC at the meeting on 10 May, 2017 (Minutes No. 33 dated 12.05.2017).

The Board of Directors confirms that data in this Report contain full and accurate information on fulfillment of principles and recommendations of the Corporate Governance Code by the Company in 2017.

Evaluation methodology: Fulfillment of principles and recommendations of the Corporate Governance Code was evaluated in accordance with a form proposed in guidelines for preparing a report on fulfillment of principles and recommendations of the Corporate Governance Code (letter of the Bank of Russia No. IH-06-52/8 dated February 17, 2016).

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
1.1	The Company shall provide equal and fair conditions for all shareholders to exercise their rights to take part in management of the Company..			
1.1.1	The Company establishes most favorable conditions for shareholder participation in the General Meeting, conditions for elaborating substantiated position on agenda issues of the General Meeting, coordination of shareholder activities and an opportunity to express opinion on reviewed issues.	<p>1. Internal document of the Company approved by the General Meeting of Shareholders and regulating the General Meeting procedures is freely accessible.</p> <p>2. The Company provides an accessible mean of communication such as hotline, e-mail or a web forum where shareholders can express their opinion and send questions on the agenda within the course of General Meeting preparation. The Company undertook these activities before every General Meeting during the reporting period.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
1.1.2	The procedure of notification of General Meeting and providing General Meeting materials gives the shareholders an opportunity to prepare to the General Meeting in due form.	<p>1. Notification of the General Meeting of Shareholders has been published on the website at least 30 days prior to the date of the General Meeting.</p> <p>2. Notification of the General Meeting specifies a place of meeting and documents required to access the meeting.</p> <p>3. Shareholders were given access to information on persons proposing issues of the agenda, nominees for the Board of Directors and the Internal Audit Commission of the Company.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
1.1.3	Within the course of preparation and holding of the General Meeting the shareholders were provided free and timely access to information of the meeting and meeting materials, an opportunity to ask questions to executive bodies and members of the Board of Directors of the Company and means to communicate with each other.	<p>1. During the reporting period shareholders were able to ask questions to members of executive bodies and the Board of Directors of the Company prior to the annual General Meeting and within its course.</p> <p>2. Position of the Board of Directors (including special opinions recorded in the minutes) on each agenda issue of General Meetings during the reporting period has been added to materials of the General Meeting of Shareholders..</p> <p>3. For all General Meetings during the reporting period the Company provided shareholders having relevant rights, access to the list of entities that have the right to participate in the General Meeting starting from the date of receipt of such list by the Company.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
1.1.4	Execution of shareholder's right to request the convocation of the General Meeting, propose nominees to management bodies and propose issues of the agenda was not unreasonably complicated.	<p>1. During the reporting period shareholders were able to propose issues of the agenda of the annual General Meeting for at least 60 days upon the end of the corresponding calendar year.</p> <p>2. During the reporting period the Company has not rejected proposals of agenda issues or nominees to the Company's bodies for the reason of typographic errors or other insignificant deficiencies in shareholder proposals</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
1.1.5	Each shareholder has an opportunity to use its right of vote in the simplest and most convenient way.	Internal document (internal policy) of the Company contains provisions enabling each participant of the General Meeting to demand a copy of the bulletin filled by this participant with a stamp of the counting commission before completion of the General Meeting.	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
1.1.6	The General Meeting procedure established by the Company provides all participants of the meeting with equal opportunities to express their opinions and ask questions that are relevant to them.	<p>1. When the General Meetings of Shareholders were undertaken in the form of meeting (joint presence of shareholders) during the reporting period, sufficient time was allocated for reports on the agenda issues and discussion of these issues.</p> <p>2. Nominees to management and supervision bodies of the Company were available to respond to shareholder questions at the meeting where shareholders voted on their nominations.</p> <p>3. Within the course of preparation and holding of General Meetings of Shareholders the Board of Directors considered the issue of providing remote access to shareholders to enable their participation in General Meetings during the reporting period with telecommunication facilities</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Company sends out invitations to the General Meeting of Shareholders to the nominees to management and supervision bodies, however the invitees are not always able to attend the General Meeting due to business and personal reasons. Nevertheless, the shareholders can ask any questions to nominees present at the General Meeting of Shareholders.</p> <p>The Board of Directors has not reviewed the issue of using telecommunication facilities to provide remote access to the General Meetings to Shareholders. However, the shareholders are entitled to send an email to the Company's corporate secretary (contact details are available on the corporate website) and submit their queries.</p>
1.2	Shareholders are given equal and fair opportunity to share the Company's profit by having dividends.			
1.2.1	The Company has developed and implemented a transparent and comprehensible mechanism to determine the amount of dividends and payment procedure.	<p>1. The Company has developed and disclosed a dividend policy approved by the Board of Directors.</p> <p>2. If the Company's dividend policy uses the Company's results to establish the amount of dividends, relevant provisions of the dividend policy use consolidated financial statements</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Company has developed and disclosed a dividend policy approved by the Board of Directors. This document is available on the official website of the Company www.mrsk-volgi.ru in the following section: To Shareholders and Investors / Information Disclosure / Corporate documents.</p> <p>According to clause 7.4, Article 7 of the Articles of Association of IDGC of Volga, PJSC, the Company's after-tax profit (net profit) is a source of payment of dividends. The Company's accounting statements are used to calculate the net profit of the Company. Dividends are calculated based on indicators of the accounting statements prepared under RAS.</p>

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
1.2.2	The Company does not take the decision to pay dividends if such decision does not violate legal restrictions and is economically infeasible and may result in misrepresentations regarding activities of the Company.	1. The dividend policy of the Company precisely specifies financial and economical conditions when the Company may not pay dividends.	<div></div> observed <div></div> partially observed <div></div> not observed	
1.2.3	The Company does not let dividend rights of the current shareholders deteriorate.	1. During the reporting period the Company has not engaged in any activities resulting in deterioration of dividend rights of current shareholders	<div></div> observed <div></div> partially observed <div></div> not observed	
1.2.4	The Company seeks to prevent the shareholders from gaining profits from the Company other than dividends and surplus assets.	1. In order to prevent the shareholders from gaining the Company-originated profits apart from dividends and surplus assets, the internal regulations set controls ensuring timely detection and proper authorization of interested party transactions with substantial shareholders (persons entitled to votes from voting shares) where the law does not formally define such transactions as interested party transactions.	<div></div> observed <div></div> partially observed <div></div> not observed	
1.3	The corporate governance system and practice ensure equal conditions for all shareholders – owners of shares of one category (type), including minority (minor) shareholders and foreign shareholders, as well as equal treatment of the above shareholders by the Company.			
1.3.1	The Company has established conditions for fair treatment of each shareholder by the management and supervisory authorities, including conditions preventing majority shareholders from trespassing minority shareholders.	1. During the reporting period controls over potential conflicts of interest among majority shareholders were efficient, and such conflicts, if any, were duly addressed by the management.	<div></div> observed <div></div> partially observed <div></div> not observed	
1.3.2	The Company does not perform any actions that lead or may lead to artificial redistribution of corporate governance.	1. There were no quasi-treasury shares or they did not vote during the reporting period.	<div></div> observed <div></div> partially observed <div></div> not observed	
1.4	The shareholders are provided with reliable and efficient methods to account for share rights and possibility to freely dispose of the owned shares.			
1.4.1	The shareholders are provided with reliable and efficient methods to account for share rights and possibility to freely dispose of the owned shares.	1. Quality and reliability of the securities registry kept by the Company's Registrar fully meet the needs of the Company and its shareholders.	<div></div> observed <div></div> partially observed <div></div> not observed	
2.1	The Board of Directors performs strategic management of the Company, sets basic principles and approaches to risk management and internal control system, controls executive bodies of the Company and implements other key functions.			
2.1.1	The Board of Directors is in charge of making decisions related to appointing and dismissing executive bodies due to negligence and other reasons. The Board of Directors also exercises control over executive bodies' compliance with the Company's strategies and policies.	1. The Articles of Association entitles the Board of Directors to appoint and dismiss members of the executive bodies and determine the provisions of contract with these members. 2. The Board of Directors reviewed the report (reports) of the sole executive body and members of the collective executive body on implementation of the Company's strategy.	<div></div> observed <div></div> partially observed <div></div> not observed	In the reporting period, the Board of Directors did not review the reports of the sole executive body and members of the collective executive body on implementation of the Company's strategy. Each quarter of the reporting period the Board of Directors reviewed reports on implementation of the Company's business plan which had been developed based on the milestones established by Decree of RF Government No. 511-p dated April 03, 2013 "Power Grid Complex Development Strategy of the Russian Federation".
2.1.2	The Board of Directors sets basis long-term benchmarks of the Company's operations, assesses and approves KPIs and core business objectives, assesses and approves strategy and business plans for main operations of the Company.	1. During the reporting period, the Board of Directors studied matters related to implementation and update of the strategy, approval of the Company's budget and criteria and performance values (including interim performances) of the strategy and business plan implementation.	<div></div> observed <div></div> partially observed <div></div> not observed	The Board of Directors approved Business Plan for 2017–2021. The Company's Business Plan was developed based on the performance values established by Decree of RF Government No. 511-p dated April 03, 2013 "Power Grid Complex Development Strategy of the Russian Federation".
2.1.3	The Board of Directors defines basic principles and approaches to organizing risk management and internal control system in the Company.	1. The Board of Directors defined basic principles and approaches to organizing risk management and internal control system in the Company. 2. The Board of Directors assessed the risk management and internal control system of the Company during the reporting period.	<div></div> observed <div></div> partially observed <div></div> not observed	
2.1.4	The Board of Directors establishes the Company's policies for remunerations and (or) reimbursement of expenses to the members of the Board of Directors, executive bodies and other key managerial personnel of the Company.	1. The Company developed and implemented policies for remunerations and (or) reimbursement of expenses to the members of the Board of Directors, executive bodies and other key managerial personnel of the Company. 2. During the reporting period, issues relating to the specified policy (policies) were reviewed at the meetings of the Board of Directors.	<div></div> observed <div></div> partially observed <div></div> not observed	
2.1.5	The Board of Directors plays a key role in preventing, detecting and settling internal conflicts between the Company's bodies, shareholders and employees.	1. The Board of Directors plays a key role in preventing, detecting and settling internal conflicts. 2. The Company created a system to identify transactions leading to conflict of interest and developed measures to resolve such conflicts.	<div></div> observed <div></div> partially observed <div></div> not observed	
2.1.6	The Board of Directors plays a key role in ensuring transparency of the operations, timely and full disclosure of required information, unimpeded access to the corporate documents for the shareholders.	1. The Board of Directors approved the Regulation on Information Policy. 2. The Company appointed the persons responsible for the information policy implementation.	<div></div> observed <div></div> partially observed <div></div> not observed	

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
2.1.7	The Board of Directors controls corporate governance practices and exercise key functions in respect to important events in business.	1. During the reporting period the Board of Directors reviewed the corporate governance practices.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	During the reporting period the Board of Directors regularly took part in establishing corporate management system (approved members of the Board of Directors committees, appointed the Chairman and Deputy Chairman of the Board of Directors, Corporate Secretary, members of the Management Board, examined observance of the Corporate Governance Code for 2015), however the existing corporate governance practices were not reviewed and evaluated. In future, the Company is planning to initiate the procedure "Review of reports on observance of the Corporate Governance Code by the Board of Directors".
2.2	The Board of Directors is subordinate to the shareholders of the Company.			
2.2.1	Information on the work of the Board of Directors is disclosed and provided to the shareholders	1. The Company's Annual Report contains information about attendance of the Board of Directors meetings by individual directors. 2. The Annual Report contains main findings of the Board of Directors' work assessment.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Annual Report does not contain main findings of the Board of Directors' work assessment because no such assessment was carried out in the reporting period.
2.2.2	The Chairman of the Board of Directors is available for communications with the shareholders.	1. The Company established a transparent procedure for the shareholders to submit their questions and opinions to the Chairman of the Board.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.3	The Board of Directors is an effective and professional management body of the Company which shall be able to give impartial and independent opinions and take decisions matching the interests of the Company and its shareholders.			
2.3.1	Only persons of spotless professional and personal reputation possessing knowledge, skills and experience necessary for making decisions pertaining to the responsibilities of the Board of Directors and for effective execution of its functions are eligible for the Board of Directors.	1. The procedure for the Board of Directors performance evaluation includes assessment of professional qualifications of its members. 2. In the reporting period, the Board of Directors (or its Nomination Committee) evaluated the candidates to the Board of Directors in terms of their experience, skills, professional reputation, absence of the conflict of interest, etc.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	<p>In spite of that the Company does not have an established procedure for the Board of Directors performance evaluation, the Personnel and Awards Committee of IDGC of Volga, PJSC determines criteria for selecting candidates to the Board of Directors, collective executive body and sole executive body of the Company.</p> <p>In the reporting period, the Board of Directors did not evaluate the candidates to the Board of Directors in terms of their experience, skills, professional reputation, absence of the conflict of interest. Nevertheless, the Company has a procedure for candidates to submit Nomination Approval Requests which include personal information, information about their education and experience. This information is forwarded to the shareholders and posted on the corporate website on the "General Meeting of Shareholders" page. Besides, after a new member has entered the Board of Directors, he or she fills in a questionnaire with detailed description of his or her education, experience, owned shares of the Company, positions in other companies, etc. The Company has the Anti-Corruption Policy which also aims at identification of conflicts of interest.</p>
2.3.2	Members of the Board of Directors are elected through a transparent procedure enabling the shareholders to obtain information about the candidates sufficient to get a clear idea of their personal and professional qualities.	1. In all cases, where the agenda of the General Meeting of the Shareholders included selection of the Board of Directors, the Company provided the shareholders with biographical data of all candidates, the results of their evaluation performed by the Board of Directors (or its Nomination Committee), information about the candidates' compliance with the independence criteria in accordance with Recommendations 102–107 of the Code and written consents of the candidates to be elected members of the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Board of Directors as well as the Personnel and Awards Committee did not perform the assessment of the candidates to the members of the Board of Directors during the reporting period.
2.3.3	The Board of Director is balanced in terms of qualifications, experience, knowledge and business qualities of its members and is trusted by the shareholders.	1. During the performance evaluation, the Board of Directors analyzed its needs for professional qualifications, experience and business qualities.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Board of Directors as well as the Personnel and Awards Committee did not perform the assessment of the work of the Board of Directors during the reporting period.
2.3.4	The number of the Board of Directors' members is sufficient to ensure its efficient functioning, such as possibility to form designated committees, and to enable minority shareholders to elect their representative in the Board of Directors.	1. During the performance evaluation, the Board of Directors verified adequacy of the number of its members for the Company's needs and interests of the shareholders.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Board of Directors as well as the Personnel and Awards Committee did not perform the assessment of the work of the Board of Directors during the reporting period. As established by the Company's Articles of Association, the Board of Directors consists of 11 members and the Company deems this number to be sufficient for achieving the targets set for the Board of Directors.

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
2.4	The Board of Directors includes sufficient number of independent directors.			
2.4.1	An independent director is a person who has sufficient professional skills, experience and independence to form his own opinion and who is able to give impartial and fair judgments irrespective of opinions of the Company's executive bodies, certain groups of shareholders or other interested parties. Herewith, one shall take into account that under normal conditions a candidate (elected member of the Board of Directors) shall not be considered independent if he or she is related to the Company, its substantial shareholder, counterparty or competitor or connected with the government.	1. During the reporting period, all independent members of the Board of Directors met all independence criteria set out in Recommendations 102–107 of the Code or were recognized independent subject to the resolution of the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.4.2	Candidates to the Board of Directors are evaluated for meeting the independence criteria and the acting members of the Board of Directors are regularly checked for compliance with the independence criteria. When such evaluation is performed, its content shall prevail its form.	1. In the reporting period, the Board of Directors (or its Nomination Committee) formed opinion on independence of each candidate to the Board of Directors and submitted the respective report to the shareholders. 2. During the reporting period, the Board of Directors (or its Nomination Committee) at least once verified independence of the acting members of the Board of Directors who are enlisted in the Annual Report as independent directors. 3. The Company established instructions for a member of the Board of Directors in case this member stops being independent, including the obligation to timely notify the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Board of Directors or its Nomination Committee did not form opinion on independence of each candidate to the Board of Directors and did not submit the respective report to the shareholders. During the reporting period, the Board of Directors (or its Nomination Committee) did not verify independence of the acting members of the Board of Directors. Currently, the instructions for a member of the Board of Directors who ceased to be independent are only included in the Regulation on the Audit Committee. In future, these instructions are to be included in other respective internal documents.
2.4.3	At least one third of elected members of the Board of Directors shall be independent directors.	1. At least one third of the members of the Board of Directors shall be independent directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Board of Directors includes 3 independent directors out of 11 members.
2.4.4	Independent directors perform key functions in preventing internal conflicts and authorizing material corporate actions.	1. Independent directors (who do not have conflict of interests) preliminarily assess material corporate actions connected with potential conflict of interest and submit the assessment results to the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	In the reporting period, the independent directors did not provide the Board of Directors with the results of assessment of significant corporate actions connected with potential conflict of interests.
2.5	The Chairman of the Board of Directors contributes to discharging duties of the Board of Directors in the most effective way.			
2.5.1	The Chairman of the Board of Directors is an independent director or senior independent director selected among elected independent directors who will coordinate work of independent directors and interact with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an independent director or senior independent director selected among elected independent directors. 2. The role, rights and obligations of the Chairman of the Board of Directors (or Senior Independent Director, if applicable) are properly determined in the internal documents of the Company	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	V. E. Mezhevich, Chairman of the Board of Directors of IDGC of Volga, PJSC is not an Independent Director. The Company is planning to amend the Regulation on the Board of Directors so that independent directors could elect the Senior Independent Director.
2.5.2	The Chairman of the Board of Directors ensures constructive atmosphere at meetings, free discussions of the agenda, control over implementation of the Board's decisions.	1. In the reporting period performance of the Chairman of the Board of Directors was evaluated as part of the Board of Directors performance evaluation.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	Assessment of the Board of Directors performance efficiency was not performed during the reporting period.
2.5.3	The Chairman of the Board of Directors takes all necessary measures to timely provide the information to the Board of Directors which is necessary for the Board to make decisions under the current agenda.	1. The responsibility of the Chairman of the Board to provide the agenda-related information to the Board of Directors is established in the internal documents of the Company.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.6	The members of the Board of Directors act fairly and reasonably to the benefit of the Company and its shareholders based on sufficient information with due care and caution			
2.6.1	The members of the Board of Directors make decisions considering all available information, in the absence of conflict of interest, treating all shareholders equally and within a standard business risk.	1. The internal documents prescribe that a member of the Board having a conflict of interests in respect of any point of the current agenda of the Board of Directors or the Board of Directors Committee meeting is obliged to inform the Board of Directors of this fact before this point is discussed. 2. The internal documents of the Company prescribe that a member of the Board of Directors must abstain from voting on any point in which this member has a conflict of interests. 3. The Company established a procedure enabling the Board of Directors to obtain professional consultations on matters within its area of competence at the expense of the Company.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The procedure enabling the Board of Directors to obtain professional consultations on matters within its area of competence at the expense of the Company is set out in the Committees Regulations. In future, these instructions are to be included in other respective internal documents.

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
2.6.2	Rights and responsibilities of the members of the Board of Directors are clearly stated and specified in the internal documents of the Company.	1. The Company approved and published an internal document clearly specifying rights and responsibilities of the members of the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.6.3	Members of the Board of Directors have enough time to perform their duties.	1. Individual attendance of meetings of the Board and Board committees, as well as time spent on preparations for meetings, were considered in the Board of Directors performance evaluation in the reporting period. 2. According to the internal regulations of the Company, members of the Board of Directors must notify the Board of their intention to enter executive bodies of other companies (except for the Company's subsidiaries) and of their appointment to such positions.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The internal regulations of the Company do not oblige the members of the Board of Directors to inform the Board of their intention to enter executive bodies of other companies and of their appointment to such positions. Nevertheless, the Board members inform the Company of such facts.
2.6.4	All members of the Board of Directors have equal access to the Company's documents and information. Newly elected members of the Board of Directors are provided sufficient information about the Company and work of the Board of Directors within the shortest time possible.	1. According to the internal regulations, members of the Board of Directors are entitled to obtain access to documents and make requests regarding the Company and its subsidiaries and the executive bodies of the Company must provide such information and documents. 2. The Company has a standardized program of familiarizing activities for newly elected members of the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The Company does not have a standardized program of familiarizing activities for newly elected members of the Board of Directors. However, there is practice to answer questions of new Board members and familiarize them with basic internal documents regulating operations of the Company and its governing bodies. The pages "About Company", "Information Disclosure", "To Shareholders and Investors" of the corporate website contain full information that might help a new member of the Board of Directors to get a view of the Company.
2.7	Meetings of the Board of Directors, preparation for the meetings and participation of members of the Board of Directors in the meetings ensure the effective operations of the Board of Directors.			
2.7.1	Meetings of the Board of Directors are held whenever necessary considering the scale of activities and current objectives.	1. The Board of Directors held at least six meetings during the reporting period.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.7.2	The internal documents of the Company provide for the procedure for preparing and holding meetings of the Board of Directors which allows members of the Board of Directors to prepare properly for the meetings.	1. The Company has an internal regulation setting the procedure for holding meeting of the Board of Directors, including the rule to notify about a meeting not later than 5 days prior to the meeting date.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
2.7.3	The form of the Board of Directors meeting is determined based on importance of the agenda. The most important issues shall be discussed at the meetings held in the physical presence format.	1. The Articles of Association or internal regulation prescribe that the most important matters (according to the list contained in Recommendation 168 of the Code) must be discussed at meetings in presentio.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	The internal regulations of the Company do not specifically prescribe that the most important matters must be discussed at meetings in presentio. However, the Company practices discussions of the most important matters during meetings in presentio.
2.7.4	Decisions on the most important issues of the Company's operations are made at meetings of the Board of Directors by the qualified majority or by the majority of votes of all members of the Board.	1. The Articles of Association of the Company prescribe that decisions on the most important issues listed in Recommendation 170 of the Code must be made at meetings of the Board of Directors by the qualified majority of at least 3/4 of the votes or by the majority of votes of all members of the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	<p>The list of issues to be decided upon by the qualified majority or by the majority of the Board of Directors' members contained in the Articles of Association does not include all the issues listed in Recommendation 170 of the Code.</p> <p>The Articles of Association contains the list of issues to be decided upon by the qualified majority or by the majority of the Board of Directors' members in accordance with the Federal Law «On Joint-Stock Companies».</p>
2.8	The Board of Directors forms committees for preliminary consideration of the most vital issues related to the Company's activities.			
2.8.1	To preliminarily consider issues relating to control of the Company's financial and economic activities, the Audit Committee consisting of independent directors was formed.	1. The Board of Directors formed the audit committee consisting of solely independent directors. 2. The internal regulations of the Company determine the tasks of the Audit Committee including the tasks set out in Recommendation 172 of the Code. 3. At least one member of the Audit Committee, being an independent director, possesses experience and knowledge of preparation, analysis and assessment of financial statements. 4. Meetings of the Audit Committee were held at least once per quarter during the reporting period.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	<p>The Board of Directors formed the Audit Committee.</p> <p>The Audit Committee includes 2 independent directors out of 5 members.</p> <p>The Regulation on the Audit Committee contains requirements to the number of independent directors in the Audit Committee.</p> <p>In order to form the Audit Committee, the shareholders must propose and elect sufficient number of independent candidates possessing experience and qualifications necessary to properly fulfill the functions of members of the respective committees.</p> <p>The Regulation on the Audit Committee of IDGC of Volga, PJSC determine the tasks of the Audit Committee including the tasks set in Recommendation 172 of the Code. This document is available on the official website of the Company www.mrsk-volgi.ru in the following section: To Shareholders and Investors / Information Disclosure / Corporate documents.</p> <p>During the reporting period 10 meetings of the Audit Committee were held, including four meetings in the form of joint attendance.</p>

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
2.8.2	For preliminary consideration of matters pertaining to establishment of an effective and transparent awards practice, the Company formed the Awards Committee consisting of independent directors and headed by an independent director who is not the Chairman of the Board of Directors.	<p>1. The Board of Directors formed the awards committee consisting of solely independent directors.</p> <p>2. The chairman of the awards committee is an independent director who is not the chairman of the Board of Directors.</p> <p>3. The internal regulations of the Company determine the tasks of the Awards Committee including the tasks set out in Recommendation 180 of the Code.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Board of Directors formed the Personnel and Awards Committee.</p> <p>The Personnel and Awards Committee includes 2 independent directors out of 5 members. In order to form the Personnel and Awards Committee, the shareholders must propose and elect sufficient number of independent candidates possessing experience and qualifications necessary to properly fulfill the functions of members of the respective committees.</p> <p>The Chairman of the committee is not an independent director, but he/she is not the Chairman of the Board of Directors.</p> <p>The Regulation on the Personnel and Awards Committee of IDGC of Volga, PJSC determines the tasks of the Audit Committee including the tasks set in Recommendation 180 of the Code. However, the document was issued in 2014 and hence it does not contain all norms listed in the Recommendation.</p>
2.8.3	For preliminary consideration of matters pertaining to human resources planning (succession planning), proficiency of the personnel and efficiency of the Board of Directors, the Company formed the Nominations (Appointments, Personnel) Committee, where most of the members are independent directors.	<p>1. The Board of Directors established the Nominations Committee (or its functions listed in Recommendation 186 of the Code are implemented by another committee), where most of the members are independent directors.</p> <p>2. The internal regulations of the Company determine the tasks of the Nominations Committee (or the committee fulfilling the respective functions) including the tasks set out in Recommendation 186 of the Code.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Board of Directors formed the Personnel and Awards Committee.</p> <p>The Personnel and Awards Committee includes 2 independent directors out of 5 members.</p> <p>The Regulation on the Personnel and Awards Committee of IDGC of Volga, PJSC determines the tasks of the Audit Committee including the tasks set in Recommendation 186 of the Code. However, the document was issued in 2014 and hence it does not contain all norms listed in the Recommendation.</p> <p>In order to form the Personnel and Awards Committee, the shareholders must propose and elect sufficient number of independent candidates possessing experience and qualifications necessary to properly fulfill the functions of members of the respective committees.</p>
2.8.4	Taking into account the scale of the Company's operations and risk level, the Board of Directors made sure that the structure of its committees fully meets the objectives of the Company. Additional committees either were established or recognized unnecessary (Strategy Committee, Corporate Governance Committee, Ethics Committee, Risk Management Committee, Budget Committee, HSE Committee, etc.).	1. In the reporting period, the Board of Directors reviewed adequacy of its committees to the tasks of the Board and the Company's objectives. Additional committees either were established or recognized unnecessary.	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>In the reporting period, the Board of Directors did not review adequacy of its committees to the tasks of the Board and the Company's objectives. After the General Meeting of Shareholders has approved the new Board of Directors, the Board determined members and number of members of the committees which had been previously established by the Board as required for achievement of its tasks and objectives.</p> <p>There are additional committees in the Company:</p> <p>/ Committee for Strategy and Development</p> <p>/ Committee for Reliability</p> <p>/ Committee for Technological Connection to Electric Grids</p>
2.8.5	Members of the committees were appointed so that to ensure comprehensive discussion of preliminarily reviewed matters based on various opinions.	<p>1. The Committees of the Board of Directors are headed by independent directors.</p> <p>2. The internal regulations of the Company prescribe that persons who are not members of the Audit Committee, Nominations Committee and Awards Committee may attend meetings of these committees only by an invitation from the respective committee.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>A. V. Golovtsov, Chairman of the Audit Committee, meets the independence requirements.</p> <p>Chairman of the Committee for Technological Connection to Electric Grids,</p> <p>A. V. Varvarin, meets the independence requirements.</p> <p>In order to form the committees with appropriate members, the shareholders must propose and elect sufficient number of independent candidates possessing experience and qualifications necessary to properly fulfill the functions of members of the respective committees.</p> <p>The Committees Regulations prescribe that meeting of the committees can be attended by non-members approved by the Chairman of the respective committee.</p>
2.8.6	Chairmen of the committees regularly inform the Board of Directors of the work of their committees.	1. During the reporting period, Chairmen of the committees regularly informed the Board of Directors of the work of their committees	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Board of Directors annually reviews the summary report on the Audit Committee performance.</p> <p>The Annual Report of the Company contains information on the results of activities of all created Committees of the Company.</p>
2.9	The Board of Directors ensures the assessment of performance of the Board of Directors, its committees and members.			
2.9.1	The Board of Directors performance evaluation aims at determining efficiency of the Board, its committees and members, adequacy of their work to needs of the Company, activation of the Board of Directors performance and identification of the areas to be improved.	<p>1. Self-evaluation and external evaluation of the Board of Directors performance conducted in the reporting period included performance evaluation of the committees, individual members and the Board of Directors on the whole.</p> <p>2. The results of the Board of Directors' self-evaluation or external evaluation conducted in the reporting period were considered at the meeting of the Board of Directors.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	<p>The Board of Directors performance evaluation was not conducted in the reporting period, therefore the results of the Board of Directors' self-evaluation or external evaluation were not considered at the meeting of the Board of Directors.</p>

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
2.9.2	The assessment of performance of the Board of Directors, Committees and the members of the Board of Directors takes place on a regular basis at least once per annum. To assess the quality of the Board of Directors' work in an independent and impartial manner, the Company engages an external organization (consultant) on a regular basis (at least once per three years).	1. The Company engaged an external contractor (consultant) to conduct an independent performance evaluation of the Board of Directors at least once for the past three reporting periods.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	The Company did not engage an external contractor (consultant) to conduct an independent performance evaluation of the Board of Directors for the past three reporting periods.
3.1	The Corporate Secretary of the Company efficiently communicates with the shareholders, coordinates activities of the Company in protection of the shareholders' rights and interests, provides support to the Board of Directors.			
3.1.1	The Corporate Secretary possesses knowledge, experience and qualifications sufficient to perform his/her duties, has impeccable reputation and is trusted by the shareholders.	1. The Company approved and disclosed an internal document – Regulation on Corporate Secretary. 2. The corporate website and Annual Report of the Company contains biographical information of the Corporate Secretary as detailed as that of the members of the Board of Directors and executive bodies.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
3.1.2	The Corporate Secretary is sufficiently independent of the Company's executive bodies and has necessary powers and resources to fulfill his/her duties.	1. The Board of Directors approves appointment, dismissal and additional remuneration of the Corporate Secretary.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.1	Remuneration offered by the Company is high enough to attract, stimulate and retain persons who match the Company's requirements to competence and qualification. The remuneration of members of the Board of Directors, executive bodies and other key superiors of the Company are paid in line with the Company's rewarding policy.			
4.1.1	The level of remuneration to the members of the Board of Directors, executive bodies and other management personnel creates sufficient motivation for their efficient work enabling the Company to attract and keep qualified experts. At the same time, the Company avoids exceeding the sufficient limit of remuneration as well as unreasonably wide gap between remunerations to the management and ordinary workers.	1. The Company has an internal regulation(s) – policy(ies) on remunerations to the members of the Board of Directors, executive bodies and other key management personnel which explicitly determine approaches to remunerations to these persons.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.1.2	The remuneration policy was developed by the Awards Committee and approved by the Board of Directors. The Board of Directors together with the Awards Committee control implementation and observance of the remuneration policy, reviews and amends it if necessary.	1. During the reporting period, the Awards Committee reviewed the remuneration policy(ies) and its (their) implementation and, if it was necessary, submitted recommendations to the Board of Directors.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.1.3	The remuneration policy of the Company contains transparent mechanisms of determining the amount of remunerations to the members of the Board of Directors, executive bodies and other key management personnel, and regulates all types of payments, concessions and benefits provided to these persons.	1. The remuneration policy(ies) of the Company contain(s) transparent mechanisms of determining the amount of remunerations to the members of the Board of Directors, executive bodies and other key management personnel, and regulate(s) all types of payments, concessions and benefits provided to these persons.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.1.4	The Company determines the policy for costs reimbursement establishing the list of reimbursable costs and level of service allowed for the members of the Board of Directors, executive bodies and key management personnel. Such policy can be a part of the general remuneration policy of the Company.	1. The remuneration policy(ies) or other internal regulations of the Company set out rules for costs reimbursement to the members of the Board of Directors, executive bodies and key management personnel.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.2	The system for rewarding members of the Board of Directors brings together financial interests of directors and long-term financial interests of shareholders.			
4.2.1	The Company pays fixed yearly remuneration to the members of the Board of Directors. The Company does not pay remuneration for participation in individual meetings of the Board of Directors or committees. The Company does not practice short-term incentives or additional benefits to the members of the Board of Directors.	1. Fixed yearly remuneration was the only monetary remuneration to the members of the Board of Directors in the reporting period.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	
4.2.2	Long-term shares ownership considerably contributes to bringing financial interests of the Board of Directors' members close to those of the shareholders. At the same time, the Company does not set achievement of certain KPIs as a condition for selling shares and the members of the Board of Directors do not participate in the stock options plan.	1. If the internal document(s) – remuneration policy(ies) of the Company – allow(s) provision of the Company shares to the Board of Directors' members, there must be clear rules for shares being owned by the members of the Board of Directors, which aim at long-term ownership of such shares.	<div>■ observed</div> <div>■ partially observed</div> <div>■ not observed</div>	

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
4.2.3	The Company does not pay any extras or compensations in case of early powers termination of the members of the Board of Directors due to changes in control over the Company or any other factors.	1. The Company does not pay any extras or compensations in case of early powers termination of the members of the Board of Directors due to changes in control over the Company or any other factors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
4.3	The system for rewarding members of the executive bodies and other key superiors of the Company provides connection between the remuneration and performance of the Company and individual contribution to such results.			
4.3.1	Remunerations to the members of executive bodies and key management personnel are determined so that to preserve reasonable balance between the fixed part and variable part which depends on the Company's performance and employee's personal contribution to the financial result.	1. During the reporting period, yearly KPIs approved by the Board of Directors were used to determine the size of the variable part of remunerations to executive bodies and other key management personnel. 2. During the last assessment of the system of remunerations to the executive bodies and other key management personnel, the Board of Directors (Awards Committee) assured that the Company implements effective balance between fixed and variable parts of remunerations. 3. The Company has a procedure for returning bonuses wrongfully received by the members of executive bodies and other key management personnel.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	<p>The Board of Directors did not perform assessment of the system of remunerations to the executive bodies and other key management personnel</p> <p>The Company does not have a procedure for returning bonuses wrongfully received by the members of executive bodies and other key management personnel. In IDGC of Volga, PJSC there are no facts of wrongful bonus payments to the members of executive bodies and other key management personnel.</p>
4.3.2	The Company established a long-term incentive program for the members of executive bodies and other key management personnel based on the Company's shares (options and other derivatives where the Company's shares are the basis asset).	1. The Company established a long-term incentive program for the members of executive bodies and other key management personnel using the Company's shares (financial instruments based on the Company's shares). 2. The long-term incentive program for the members of executive bodies and other key management personnel prescribes that the right to sell shares or other financial instruments is obtained not earlier than 3 years after these shares or instruments were provided. Herewith, achievement of certain KPIs is a necessary condition for selling shares or instruments.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
4.3.3	The amount of compensation (golden parachute) payable by the Company to the members of executive bodies and key management personnel in case of their early dismissal shall not exceed twice the amount of the fixed part of their yearly salary.	1. In the reporting period the amount of compensation (golden parachute) payable by the Company to the members of executive bodies and key management personnel in case of their early dismissal did not exceed twice the amount of the fixed part of their yearly salary.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.1	The Company forms an effective risk management and internal control system intended to ensure reasonable certainty of achieving the Company's goals.			
5.1.1	The Board of Directors of the Company defined basic principles and approaches to organizing risk management and internal control system in the Company.	1. Functions of different executive bodies and departments of the Company in the risk management and internal control system are clearly defined in the internal regulations/respective policies of the Company approved by the Board of Directors.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.1.2	Executive bodies of the Company ensure establishment and maintenance of an efficient risk management and internal control system.	1. The executive bodies distributed functions and powers in respect of the risk management and internal control system among subordinate heads of departments and divisions of the Company.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.1.3	The risk management and internal control system ensures objective, fair and clear view of the current condition of the Company, coherence and transparency of the Company's financial statements, reasonability and acceptability of risks taken by the Company.	1. The Company approved the Anti-Corruption Policy. 2. The Company arranged a simple method of informing the Board of Directors or the Audit Committee of any violations of the law, internal regulations or the Code of Ethics of the Company	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.1.4	The Board of Directors takes all necessary measures to ensure that the existing risk management and internal control system is in line with the principles and approaches to its organization set by the Board of Directors and is functioning properly.	1. During the reporting period the Board of Directors or the Audit Committee assessed efficiency of the risk management and internal control system of the Company. The main results of this assessment are included in the Annual Report.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.2	The Company conducts the internal audit to assess reliability and efficiency of the risk management and internal control system and corporate governance practices in a systematic and independent manner.			
5.2.1	Internal audit of the Company is carried out by a designated division or an external company. Functional and administrative subordination of the internal audit division are separated. Functionally the internal audit division is subordinate to the Board of Directors.	1. Internal audit is carried out by a designated internal audit division which is functionally subordinate to the Board of Directors or the Audit Committee, or by an external independent company with the same subordination.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	
5.2.2	The internal audit division assesses efficiency of the internal control and risk management system, and of corporate governance system. The Company applies accepted standards of performance in the sphere of internal audit.	1. In the reporting period efficiency assessment of the internal control and risk management system was performed as part of internal audit. 2. The Company employs generally acceptable approaches to internal control and risk management.	<div> <div></div> observed <div></div> partially observed <div></div> not observed </div>	

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
6.1	The Company and its activities are transparent for shareholders, investors and other interested parties.			
6.1.1	The Company developed and implemented information policy ensuring efficient communications between the Company, the shareholders, investors and other concerned parties.	<div>1. The Board of Directors of the Company approved the information policy of the Company developed with account of recommendations of the Code.</div> <div>2. The Board of Directors (or one of its Committees) reviewed the issues relating to the Company's compliance with its information policy at least once per reporting period.</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	The Company has an approved information policy but this policy was accepted in 2013 and does not take into account all recommendations of the Code. The Reports on adherence to the information policy are reviewed each quarter.
6.1.2	The Company discloses information about the corporate governance practices, including detailed information on compliance with the principles and recommendations of the Code.	<div>1. Among other sources, the Company discloses information about the corporate governance system and general principles on the corporate website.</div> <div>2. The Company discloses information about members of its executive bodies and the Board of Directors, the members' independence and their participation in the Board committees (as defined in the Code).</div> <div>3. In case there is a control body, the Company publishes the control body memorandum regarding such body's plans on corporate governance in the Company</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	
6.2	The Company timely discloses full, up-to-date and reliable information on the Company to allow the Company's shareholders and investors to take reasonable decisions.			
6.2.1	The Company discloses information in accordance with regularity, coherence, promptness, availability, reliability, completeness and comparability principles.	<div>1. The Company's information policy defines approaches and criteria for identification of information which may materially affect the Company's evaluation and cost of its securities, and sets out procedures ensuring timely disclosure of such information.</div> <div>2. If the Company's securities are listed on foreign stock markets, material information is disclosed on such markets and in Russia simultaneously and equally during the reporting year.</div> <div>3. If foreign shareholders hold substantial number of the Company's shares, during the reporting year information was disclosed not only in Russian, but also in one of the most common foreign language.</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	
6.2.2	The Company does not treat disclosures formally and discloses material information about its operations even if such disclosures are not legally required.	<div>1. During the reporting period the Company disclosed annual and semi-annual IFRS-based financial statements. The Annual Report of the Company for the reporting period includes annual IFRS-based financial statements and the Auditor's report.</div> <div>2. The Company fully discloses information about the structure of its equity in compliance with Recommendation 290 of the Code in the Annual Report and on the corporate website.</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	
6.2.3	The Annual Report, being one of the most important instruments of communication with the shareholders and other interested parties, contains information that allows assessing the Company's results for the year.	<div>1. The Annual Report of the Company contains information on the key aspects of the Company's operations and its financial results.</div> <div>2. The Annual Report of the Company contains information on ecological and social aspects of the Company's operations.</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	
6.3	The Company submits information and documents upon request of shareholders basing upon principles of fair and easy access.			
6.3.1	Submission of information and documents upon request of shareholders is performed basing upon principles of fair and easy access.	1. The information policy of the Company establishes a simple procedure for shareholders' access to information, including the information about enterprises controlled by the Company, upon request.	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	
6.3.2	When providing information to the shareholders, the Company keeps reasonable balance between interests of the particular shareholders and interests of the Company itself, and preserves confidentiality of the information that may affect the Company's marketability.	<div>1. In the reporting period the Company did not reject the shareholders' requests for information, or such rejects were justified.</div> <div>2. In cases defined by the information policy of the Company, the shareholders are notified of confidential nature of information and undertake to preserve confidentiality.</div>	<div><div></div> observed</div> <div><div></div> partially observed</div> <div><div></div> not observed</div>	

No.	Principles of corporate governance	Evaluation criteria for corporate governance observance	Status of corporate governance observance	Explanations of deviations from evaluation criteria for corporate governance observance
7.1	Actions having significant effect or potential effect on the authorized capital structure and financial status of the Company and thus on position of the shareholders (significant corporate actions) are performed on fair conditions to protect rights and interests of shareholders and other interested parties.			
7.1.1	Significant corporate actions include reorganization of the Company, purchase of 30% and more of the voting shares (takeover), material transactions, increase or reduction of the share capital, the Company's shares listing or delisting and other actions that may lead to material changes to the shareholders' rights and violation of their interests. The Articles of Association of the Company contain a list (criteria) of transactions or other actions classified as significant corporate actions covered by the competencies of the Board of Directors of the Company, including:	<p>1. The Company established a list of transactions or other actions which are defined as significant corporate actions, and criteria to identify such actions. The Board of Directors is in charge of making decisions in respect of significant corporate activities. In case the law explicitly attributes significant corporate actions to the area of competence of the General Meeting of Shareholders, the Board of Directors provides appropriate recommendations to the shareholders.</p> <p>2. The Articles of Association of the Company defines the following actions as significant corporate actions: restructuring of the Company, purchase of 30 or more percent of the Company's voting shares (takeover), the Company's execution of major transactions, increasing or decreasing the Company's authorized capital, listing and delisting of the Company's shares.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
7.1.2	The Board of Directors plays the key role in decision making or developing recommendations in respect of significant corporate actions; the Board of Directors relies on position of independent directors of the Company.	1. The Company has a procedure prescribing that the independent directors shall declare their position on significant corporate actions prior to their approval.	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	This procedure is not set out in the internal regulations of the Company, but in practice the independent directors declare their position on significant corporate actions prior to their approval.
7.1.3	When significant corporate actions affecting rights and interests of the shareholders are executed, equal conditions for all shareholders are created, and, in case legal mechanisms of shareholders' rights protection are insufficient, the Company takes additional measures to protect rights and interest of the shareholders. Herewith, the Company is based not only on formal requirements of the law, but also on the corporate governance principles set out in the Code.	<p>1. In view of the Company's specifics, the Articles of Association set the criteria for significant corporate actions which are lower than those set by the state legislation.</p> <p>2. During the reporting period, all significant corporate actions were approved prior to their execution.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
7.2	The Company introduces a special procedure for performing significant corporate actions allowing shareholders to timely receive complete information on such actions and be able to have influence on such actions. This procedure shall also guarantee adherence to and sufficient protection of rights of shareholders when performing such actions.			
7.2.1	Information on significant corporate actions is disclosed with explanations of reasons, conditions and consequences of such actions.	1. During the reporting period the Company timely and in details disclosed information on significant corporate actions, including reasons and times of such actions.	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	
7.2.2	Rules and procedures related to significant corporate actions are specified in the internal regulations of the Company.	<p>1. The Company's internal regulations prescribe engagement of an independent valuator to determine the value of the assets disposed of or purchased under a material transaction or a related-party transaction.</p> <p>2. The Company's internal regulations prescribe engagement of an independent valuator to determine the value of the Company's shares being purchased or sold.</p> <p>3. The internal regulations of the Company contain an extended list of criteria for recognition of members of the Board of Directors or other legally defined persons as interested parties.</p>	<p>■ observed</p> <p>■ partially observed</p> <p>■ not observed</p>	The internal regulations of the Company do not contain an extended list.

REPORT ON INTERESTED-PARTY TRANSACTIONS IN THE REPORTING YEAR

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
1	Meeting of the Board of Directors dated January 29, 2016 (Minutes No. 16)	Contractor: IDGC of Volga, PJSC; Customer: SO UES, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with its affiliates Ayuev B. I., Murov A. E., Kalinin A. S. being members of the management bodies of SO UES, JSC, a party to the transaction.	As provided by the Agreement, the Contractor undertakes to provide services to the Customer for engineering support of operation of the Customer's equipment, including installation of the Customer's equipment in the telecommunication cabinet of the Contractor, installed at the Contractor building at the following address: bld. 44, ul. Marshala G. K. Zhukova, Orenburg, the Orenburg region, and provision of production resources to ensure operation of the Customer's equipment, and the Customer undertakes to pay for the service provided by the Contractor.	38,740.12 rubles per month (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
2	Meeting of the Board of Directors dated January 29, 2016 (Minutes No. 16)	Contractor: IDGC of Volga, PJSC; Customer: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide information and computer services covered by the Agreement to the Customer, and the Customer undertakes to pay for the services. The list of services delivered to the Customer, service fees fixed by the Contractor as of the date of signing of the Agreement and other service-related data are specified in Appendix No. 1 to the Agreement. Appendix No. 1 constitutes an integral part of the Agreement. The Contractor provides the Services covered by the Agreement on the territory of the City of Orenburg Municipality (the Orenburg region) during normal 5-day business week (except weekends: Saturday and Sunday from 8.15 a.m. till 4.45 p.m. (lunch time break – from 1.00 p.m. till 2.00 p.m.)).	21,573.31 rubles per month (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
3	Meeting of the Board of Directors dated January 29, 2016 (Minutes No. 16)	Operator: IDGC of Volga, PJSC; Subscriber: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Communications Provider undertakes to provide access to the communications network operating on the territory of the City of Orenburg Municipality (the Orenburg region) and provide communications services for the Subscriber, and the Subscriber undertakes to pay for the provided communication services. The scope and description of the Communication Services, applicable charges and other relevant details are attached as Appendix No. 1 to the Agreement. The list of subscriber numbers, service terms and conditions, including access to local, long-distance and international telephone lines and other related and technically inseparable communication services are attached as Appendix No. 2 to the Agreement. Appendix No. 1 and No. 2 constitute an integral part of the Agreement. Site address of the Subscriber equipment used for communication services as provided by the Agreement: 58, ul. Turbinnaya, Orenburg, the Orenburg region.	15,385.14 rubles per month (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
4	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Sublicensee: IDGC of Volga, PJSC; Sublicensor: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	As provided by the Agreement, the Sublicensor provides the Sublicensee the right to use the computer software program, namely Kaspersky Anti-Virus Software (hereinafter – the "Software Program") in the scope and on the terms provided by the Agreement, and the Sublicensee pays charges to the Sublicensor as provided by the Agreement. The Sublicensor has the right to use and distribute the Software Program in compliance with Sublicense Agreement No. 171215/14863 (YBB-77Д-3340-15) dated December 21, 2015, made with Aksoft Joint-Stock Company. Description of the Software Program, its characteristics and components (modules), and the number of copies are detailed in the Specification (Appendix No. 1), attached to this Agreement and constituting and integral part hereof.	14,523,900.00 rubles (VAT exempt)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
5	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Customer: IDGC of Volga, PJSC; Contractor: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide, and the Customer undertakes to accept medical and preventive treatment services for the Customer's employees (Tsentrallye (Central) Production Department, Orenburg Production Department, IES production departments and administrative staff) as part of pre-hospital medical care. The list of medical services and prices per one person a year shall be specified in Appendix No. 1 to the Agreement. Any changes in the list of services provided at First Aid Posts shall not affect the value of the Agreement specified in clause 3.1. of the Agreement. Medical and preventive treatment services are provided by Aid Posts located at: 3, ul. Aksakova, Orenburg; 9a, ul. Manezhnaya 9, Orenburg; 36, ul. Yurkina, Orenburg.	1,496,539.80 rubles (VAT exempt)	From the moment of signing the Agreement till December 31, 2016
6	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Buyer: IDGC of Volga, PJSC; Seller: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Buyer buys and pays for vouchers for retired employees of Orenburgenergo, a branch of IDGC of Volga, PJSC, and the Seller issues and sells vouchers for rehabilitation and recreation of retired employees of the Buyer in Solnechny Sanatorium-Preventorium located at: 58, ul. Turbinnaya, 460023, Orenburg.	2,290,120.56 rubles (VAT exempt)	From the moment of signing the Agreement till December 31, 2016
7	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Buyer: IDGC of Volga, PJSC; Seller: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide, and the Customer undertakes to accept and pay for health improvement and recreational services for the Customer's employees. The services shall be provided at the facilities of the sanatorium-preventorium located at: 58, ul. Turbinnaya, 460023, Orenburg.	9,842,021.07 rubles (VAT exempt)	From the moment of signing the Agreement till December 31, 2016
8	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Customer: IDGC of Volga, PJSC; Contractor: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide services for psychophysiological evaluation and correction of one hundred and eighty-eight (188) employees of the Customer, and the Customer undertakes to accept and pay for the above services.	250,263.72 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
9	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Buyer: IDGC of Volga, PJSC; Seller: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Buyer buys and pays for vouchers for retired employees of Orenburgenergo, a branch of IDGC of Volga, PJSC, and the Seller issues and sells vouchers for rehabilitation and recreation of retired employees of the Buyer at the Recreation Center of the Seller located at: Energetik Recreation Camp, Dubki oakery, Orenburg.	766,263.24 rubles (VAT exempt)	From the moment of signing the Agreement till December 31, 2016

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
10	Meeting of the Board of Directors dated February 25, 2016 (Minutes No. 18)	Communications Provider: IDGC of Volga, PJSC; Subscriber: Moscow Telecommunications Center of Energy Systems, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, JSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Moscow Telecommunications Center of Energy Systems, JSC, the Company's affiliate, being a party to the transaction.	The Addendum is signed to make the following amendments to Agreement No. 25/1530-000203 dated January 21, 2015 (hereinafter – "the Agreement"): 1. Clause 5.1. shall be amended as follows: "The monthly cost of services amounts to 424 (Four hundred and twenty-four) rubles 50 kopecks, including VAT (18%) amounting to 64 (Sixty-four) rubles 75 kopecks. The estimated cost of services under the Agreement per annum amounts to 5,094 (Five thousand ninety-four) rubles 00 kopecks, including VAT (18%) amounting to 777 (Seven hundred and seventy-seven) rubles 05 kopecks. 2. To amend Appendix No. 1 to the Agreement as worded in Appendix No. 1 to this Addendum. 3. The Addendum shall become effective upon its signing by both Parties and apply to the legal relations between the Parties existing since January 01, 2016, constituting an integral part of Agreement No. 25/1530-000203 dated January 21, 2015. 4. All other terms of Agreement No. 25/1530-000203 dated January 21, 2015, not amended by this Addendum, shall remain unchanged, in full force and effect, and continue to govern and control the relationship between the parties until complete discharge of their obligations hereunder.	424.50 rubles per month (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
11	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Customer: IDGC of Volga, PJSC; Contractor: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	The Customer will charge and the Contractor will assume obligations for technical and information support of the common-use information display system (CUIDS) specified in the List of Serviceable Equipment (Appendix No. 1 to the Agreement) in line with the Work Regulations (Appendix No. 2 to the Agreement) within the time frame provided by the Work and Payment Schedule (Appendix No. 3 to the Agreement) at the installation site.	1,770,188.80 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
12	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Customer: IDGC of Volga, PJSC; Contractor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Contractor will transfer, and the Customer will accept, for temporary possession and use on a fee basis, motor vehicles owned by the Contractor. The Contractor will also deliver services for operation and maintenance of the above vehicles (with crews) using its own resources. Quantity, type and mark of vehicles shall be stated in written requests (Appendix No. 2 to the Agreement) of the Customer constituting an integral part of the Agreement.	Shall not exceed 58,174,000.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
13	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Customer: IDGC of Volga, PJSC; Contractor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes, as requested by the Customer, to provide services for technical checkup, maintenance, repair (with issuance of the relevant repair request forms, job order sheets and Certificates of Completion) and operation of cars according to Appendix No. 1 to the Agreement as well as to provide these vehicles in a good operational condition to the Customer under the terms and conditions and within the time specified in the Agreement, and the Customer undertakes to pay for these services.	Shall not exceed 5,297,610.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
14	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Consignor: IDGC of Volga, PJSC; Freight Forwarder: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Freight Forwarder undertakes, as requested by the Consignor, to deliver the Consignor's cargo to a specific point of destination and hand it over to the person or entity (Consignee) authorized by the Consignor to perform acceptance thereof, and the Consignor undertakes to pay for cargo transportation services as set forth in the Agreement. The Freight Forwarder shall perform the following forwarding work and services related to transportation for the Consignor: cargo delivery to/from production plants, bases, storehouses, railway stations, ports (piers) and airports if it is provided for by an addendum made by and between the parties and/or an application (in case a written consent of the Freight Forwarder is obtained).	Shall not exceed 10,499,994.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
15	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Lessee: IDGC of Volga, PJSC; Lessor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Lessor transfers, and the Lessee accepts, for temporary possession and use (under the lease), on a fee basis the motor vehicles owned by the Lessor in accordance with Appendix No. 2, as per the Form set forth in Appendix No. 1 (motor vehicles acceptance certificate), constituting an integral part of the above Agreement, excluding maintenance, technical support and operation services (motor vehicles without crews). As of the date of the Agreement, the motor vehicles are free from any third parties' rights or claims and are not otherwise encumbered with any pledges or liens.	27,732,350.08 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
16	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Customer: IDGC of Volga, PJSC; Contractor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to perform, as requested by the Customer, and the Customer undertakes to accept and pay for the following works performed by means of special-purpose motor vehicles and machinery (truck-mounted cranes, mobile elevated work platforms, excavators, etc.) owned by the Contractor: / handling operations; / earthworks; / work at heights (using truck-mounted cranes, mobile elevated work platforms)	Shall not exceed 11,566,006.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
17	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Lessee: IDGC of Volga, PJSC; Lessor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	<p>The subject of the Addendum is the amendments to Buildings and Structures Lease Agreement No. MP6/122-21-04/317 dated April 20, 2010 (hereinafter the "Agreement") in accordance with clause 9.2. of the Agreement.</p> <p>Add the following paragraph to clause 1.1 of the Agreement:</p> <p>"The buildings transferred to the Lessee are equipped with fire fighting units."</p> <p>Amend clause 2.1.2 of the Agreement as follows:</p> <p>"2.1.2 To do capital repair of buildings and structures, including fire fighting units (clause 1.1. of the Agreement), at its own expense, within the established time limits.</p> <p>Add the following clauses to the Agreement:</p> <p>"2.1.5 To ensure good working condition and operability of fire fighting units in case of fire.</p> <p>2.1.6 To issue fire safety instructions pertaining to fire safety arrangements at the leased buildings and structures.</p> <p>3.1.12 To follow the requirements set out in clause 2.1.6 of the Agreement by issuing relevant administrative documents, appointing persons in charge of fire safety of the leased premises."</p> <p>To amend section 8 of the Agreement as follows (indicating current contact details of the Parties).</p> <p>The Parties agreed that the Buildings transferred under the Acceptance Certificate dated January 02, 2010 (Appendix No. 1 to the Agreement) are equipped with fire fighting units, subject to Appendix No. 1 to the Addendum. Any other provisions of the Agreement not covered by the Addendum shall remain unchanged and binding upon both Parties.</p> <p>The Addendum shall become effective upon its signing by both Parties.</p>	-	Shall become effective upon its signing by both Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
18	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Lessee: IDGC of Volga, PJSC; Lessor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	<p>The subject of the Addendum is the amendments to Buildings and Structures Lease - Agreement No. MP6/122-21-04/318 dated April 20, 2010 (hereinafter the "Agreement") in accordance with clause 9.2. of the Agreement.</p> <p>Add the following paragraph to clause 1.1 of the Agreement:</p> <p>"The buildings transferred to the Lessee are equipped with fire fighting units."</p> <p>Amend clause 2.1.2 of the Agreement as follows:</p> <p>"2.1.2 To do capital repair of buildings and structures, including fire fighting units (clause 1.1. of the Agreement), at its own expense, within the established time limits.</p> <p>Add the following clauses to the Agreement:</p> <p>"2.1.5 To ensure good working condition and operability of fire fighting units in case of fire.</p> <p>2.1.6 To issue fire safety instructions pertaining to fire safety arrangements at the leased buildings and structures.</p> <p>3.1.12 To follow the requirements set out in clause 2.1.6 of the Agreement by issuing relevant administrative documents, appointing persons in charge of fire safety of the leased premises."</p> <p>To amend section 8 of the Agreement as follows (indicating current contact details of the Parties).</p> <p>The Parties agreed that the Buildings transferred under the Acceptance Certificate dated January 02, 2010 (Appendix No. 1 to the Agreement) are equipped with fire fighting units, subject to Appendix No. 1 to the Addendum. Any other provisions of the Agreement not covered by the Addendum shall remain unchanged and binding upon both Parties.</p> <p>The Addendum shall become effective upon its signing by both Parties.</p>		Shall become effective upon its signing by both Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
19	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Lessee: IDGC of Volga, PJSC; Lessor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	<p>The subject of the Addendum is the amendments to Buildings and Structures Lease Agreement No. MP6/122-21-04/319 dated April 20, 2010 (hereinafter the "Agreement") in accordance with clause 9.2. of the Agreement.</p> <p>Add the following paragraph to clause 1.1 of the Agreement:</p> <p>"The buildings transferred to the Lessee are equipped with fire fighting units."</p> <p>Amend clause 2.1.2 of the Agreement as follows:</p> <p>"2.1.2 To do capital repair of buildings and structures, including fire fighting units (clause 1.1. of the Agreement), at its own expense, within the established time limits.</p> <p>Add the following clauses to the Agreement:</p> <p>"2.1.5 To ensure good working condition and operability of fire fighting units in case of fire.</p> <p>2.1.6 To issue fire safety instructions pertaining to fire safety arrangements at the leased buildings and structures.</p> <p>3.1.12 To follow the requirements set out in clause 2.1.6 of the Agreement by issuing relevant administrative documents, appointing persons in charge of fire safety of the leased premises."</p> <p>To amend section 8 of the Agreement as follows (indicating current contact details of the Parties).</p> <p>The Parties agreed that the Buildings transferred under the Acceptance Certificate dated January 02, 2010 (Appendix No. 1 to the Agreement) are equipped with fire fighting units, subject to Appendix No. 1 to the Addendum. Any other provisions of the Agreement not covered by the Addendum shall remain unchanged and binding upon both Parties.</p> <p>The Addendum shall become effective upon its signing by both Parties.</p>		Shall become effective upon its signing by both Parties
20	Meeting of the Board of Directors dated March 30, 2016 (Minutes No. 22)	Customer: IDGC of Volga, PJSC; Contractor: Lenenergo, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of the Company's shareholder – Rosseti, PJSC. Rosseti, PJSC is the shareholder of IDGC of Volga, PJSC holding over 20 percent of the Company's voting shares, with its affiliate Lenenergo, PJSC being a party to the transaction and with the member of the Board of Directors of Rosseti, PJSC Kalinin A. S., who is at the same time a member of the Board of Directors of Lenenergo, PJSC, a party to the transaction.	<p>The Contractor undertakes to provide services for preparing and holding the Event at the training ground of Lenenergo, PJSC, in Tervolovo settlement of the Gatchina municipal district of the Leningrad region on July 25–29, 2016, and the Customer undertakes to pay for the services as provided by the Agreement.</p> <p>The Service provided by the Contractor for the Customer under the Agreement includes defining the professional qualification level of service and maintenance staff responsible for substation equipment and cable networks and dissemination of advanced and innovative operational procedures helping Rosseti, PJSC in strategic decision-making in order to ensure operational reliability of the integrated power grid complex and to make assets of Rosseti, PJSC and its affiliates and subsidiaries more attractive for investors.</p>	2,320,000.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
21	Meeting of the Board of Directors dated April 08, 2016 (Minutes No. 24)	Party 1: Kubanenergo, PJSC; Party 2: IDGC of Volga, PJSC.	<p>Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of:</p> <p>1. Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with its affiliate Kubanenergo, PJSC, being a party to the transaction.</p> <p>2. Varvarin A. V. and Kharin A. N., who are at the same time members of the Board of Directors of the parties to the transaction.</p>	According to the Agreement on debt restructuring for the works performed under Agreement No. 1391-002302/407/-2560 dated December 30, 2013, the Company will allow Kubanenergo, PJSC to pay its debt in the amount of 85,428,975 (Eighty-five million four hundred and twenty-eight thousand nine hundred and seventy-five) rubles 16 kopecks inclusive of 18% VAT in the amount of 13,031,538 (Thirteen million and thirty-one thousand five hundred and thirty-eight) rubles 58 kopecks by installments during the period from May 2016 till December 2017.		Shall become effective upon signing thereof and shall remain in full force and effect until full discharge of the liabilities hereunder by the Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
22	Meeting of the Board of Directors dated April 29, 2016 (Minutes No. 29)	Customer: IDGC of Volga, PJSC; Contractor: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide reference information support services of IDGC of Volga, PJSC in compliance with the Specification (Appendix No. 2 to the Agreement), and the Customer undertakes to accept and pay for the works performed.	14,956,396.88 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
23	Meeting of the Board of Directors dated April 29, 2016 (Minutes No. 29)	Principal: IDGC of Volga, PJSC; Agent: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	The subject of the Addendum is to amend Agreement No. 1491-001533/YBB-77Д-0929-14 dated December 16, 2014 of the commercial representative office of the Owner of power facilities in order to execute and implement agreements for deployment of optical fiber transmission lines at the power facilities within the territorial distribution grid.	-	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
24	Meeting of the Board of Directors dated April 29, 2016 (Minutes No. 29)	Customer: IDGC of Volga, PJSC; Contractor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Contractor at its sole risk undertakes, upon the Customer's request, to provide repair services for automotive and tractor vehicles and machinery of Chuvashenergo, a branch of IDGC of Volga, PJSC, in compliance with the Specification agreed by the Parties (Appendix No. 1 to the Agreement), and the Customer undertakes to accept and pay for the works performed.	Shall not exceed 4,694,040.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
25	Meeting of the Board of Directors dated April 29, 2016 (Minutes No. 29)	User: IDGC of Volga, PJSC; Operator: FGC UES, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with its affiliates: Budargin O. M., Murov A. E., Shmatko S. I., Dyomin A. A. being members of the management bodies of FGC UES, PJSC, a party to the transaction.	In connection with decommissioning and dismantling of dispatch and technological control equipment operated by the Privolzhskoye Production Department of Saratov Distribution Grids, a branch of IDGC of Volga, PJSC (hereinafter referred to as the Privolzhskoye PD) listed in Appendix No. 2.3 to Agreement No. 80327 dated April 01, 2008 for provision of services on deployment of equipment of the Privolzhskoye PD at the communication sites of MES of Volga (Trunk Electric Grids), a branch of FGC UES, PJSC. Agreement No. 80327 dated April 01, 2008 shall be canceled as mutually agreed between the Parties, with effect from April 01, 2016.	-	The Agreement shall be terminated on April 01, 2016.
26	Meeting of the Board of Directors dated May 11, 2016 (Minutes No. 30)	Buyer: IDGC of Volga, PJSC; Seller: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Buyer buys and pays, and the Seller issues and sells vouchers for rehabilitation and recreation of children of the employees of Orenburgenergo, a branch of IDGC of Volga, PJSC, during summer holidays at Energetik Children Recreation Camp located at the address: Dubki oakery, Orenburg.	1,158,755.85 rubles (VAT exempt)	From the moment of signing the Agreement till August 31, 2016
27	Meeting of the Board of Directors dated May 11, 2016 (Minutes No. 30)	Customer: IDGC of Volga, PJSC; Contractor: Social Sphere-M, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with Social Sphere-M, JSC, the Company's affiliate, being a party to the transaction.	The Contractor, acting in the interests of the Customer, undertakes to provide to the Customer children recreation vouchers for the employees of Mordovenergo, a branch of IDGC of Volga, PJSC, to the recreation camp located at the following address: Sabaevo settlement, the Kochkurovsky district, the Republic of Mordovia.	450,650.00 rubles (VAT exempt)	From the moment of signing the Agreement till August 31, 2016
28	Meeting of the Board of Directors dated June 03, 2016 (Minutes No. 32)	Purchaser: Rosseti, PJSC; Issuer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of: 1. Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with its affiliate IDGC of Volga, PJSC, being a party to the transaction. 2. Member of the Company's Board of Directors Mezhevich V. E., who is at the same time a member of the Management Board of Rosseti, PJSC.	Contract on purchase of additional shares of IDGC of Volga, PJSC, made by and between Rosseti, PJSC and IDGC of Volga, PJSC, as related to additional terms and conditions (except for terms and conditions of purchase of additional shares of IDGC of Volga, PJSC by Rosseti, PJSC enjoying its preemptive right).	Is not equal to two (2) and more percent of the book value of assets of IDGC of Volga, PJSC as of the last reporting date preceding the transaction date.	Shall become effective (be deemed concluded) upon signing thereof and shall remain in full force and effect until full discharge of the liabilities hereunder by the Parties.
29	Meeting of the Board of Directors dated June 06, 2016 (Minutes No. 33)	Customer: IDGC of Volga, PJSC; Contractor: Social Sphere-M, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with Social Sphere-M, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes to provide to the Customer a package of services including accommodation and meals for 250 employees of Mordovenergo, a branch of IDGC of Volga, PJSC, participating in the Spartakiad sports event held at Energetik Recreation Camp located at the following address: Sabaevo settlement, the Kochkurovsky district, the Republic of Mordovia.	624,000.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
30	Meeting of the Board of Directors dated June 06, 2016 (Minutes No. 33)	Customer: FGC UES, PJSC; Contractor: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with its affiliates: Budargin O. M., Murov A. E., Dyomin A. A. being members of the management bodies of FGC UES, PJSC, a party to the transaction.	The Contractor undertakes to enable the Customer, for a valuable consideration, to deploy telecommunication equipment and other assets of the Customer in the administrative building of the Contractor located at the following address: bld. 44, ul. Marshala G. K. Zhukova, Orenburg, the Orenburg region, and at Saraktashskaya 110 kV substation located at the following address: bld. 2, ul. Promyshlennaya, Saraktash settlement, the Orenburg region, and the Customer undertakes to pay the Contractor for the Services upon the terms and conditions set forth in the Agreement. The list of the equipment to be deployed, together with the relevant technical specification, is provided in Appendix No. 1 to the Agreement. The layout of the Equipment is provided in Appendix No. 2 to the Agreement.	43,505.22 rubles per month (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
31	Meeting of the Board of Directors dated June 06, 2016 (Minutes No. 33)	Customer: IDGC of Volga, PJSC; Contractor: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes, as requested by the Customer, to provide services for pre-trip (in certain cases – post-trip) medical examination of the drivers of Orenburg Production Department (at the pre-trip examination room located at the following address: ul. Chistopolskaya 1a, ul. Yurkina 36, Orenburg, Kargalinsky Master Supervision Site, Chebenkovsky Master Supervision Site, Karavanny Master Supervision Site, Dedurovsky Master Supervision Site), and the Customer undertakes to accept and pay for the above Services.	869,335.50 rubles (VAT exempt)	From the moment of signing the Agreement till December 31, 2016
32	Meeting of the Board of Directors dated June 06, 2016 (Minutes No. 33)	Customer: IDGC of Volga, PJSC; Contractor: NIITs IDGC, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with NIITs IDGC, JSC, the Company's affiliate, being a party to the transaction.	Under this Agreement, the Contractor undertakes, in compliance with the Customer Requirements Specification (Appendix No. 1 to the Agreement), to provide integrated site supervision services for the project: "Reconstruction of Krasnoglinskaya-3,4 110 kV overhead transmission line (conversion into the 110 kV cable line) for the purposes of Samara Distribution Grids, a branch of IDGC of Volga, PJSC, and the Customer undertakes to accept and pay for the delivered Services.	6,799,986.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
33	Meeting of the Board of Directors dated July 26, 2016 (Minutes No. 4)	Contractor: Rosseti, PJSC; Customer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of: 1. Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with its affiliate IDGC of Volga, PJSC, being a party to the transaction. 2. Member of the Company's Board of Directors Mezhevich V. E., who is at the same time a member of the Management Board of Rosseti, PJSC.	The Contractor undertakes to provide the Customer treasury services in terms of authorizing and/or making the most substantial payments necessary for the Customer's business operations in the scope of no less than 50% of total number of payments for a settlement period (hereinafter – "the Services"), and the Customer shall accept and pay for the Services in accordance with the Agreement. Total amount of all payments shall not include inter-group settlements, loans, credits, interest, taxes, duties and other statutory charges, penalties, fines, litigation costs, payroll and other payments as agreed with the Contractor.	2,321,127.31 rubles per quarter (inclusive of VAT)	Shall become effective (be deemed concluded) upon signing thereof and shall remain in full force and effect until full discharge of the liabilities hereunder by the Parties.
34	Meeting of the Board of Directors dated August 22, 2016 (Minutes No. 9)	Contractor: FGC UES, PJSC; Customer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with its affiliates: Budargin O. M., Murov A. E., Dyomin A. A. being members of the management bodies of FGC UES, PJSC, a party to the transaction.	The Customer requests, and the Contractor undertakes to provide services for training of employees of Samara DG, a branch of IDGC of Volga, PJSC, under program: "Maintenance of EPZ-1636 Protection Panel".	79,972.64 rubles (inclusive of VAT)	From the moment of signing the Agreement till December 31, 2016
35	Meeting of the Board of Directors dated September 30, 2016 (Minutes No. 12)	Contractor: Solnechny Sanatorium-Preventorium, JSC; Customer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Contractor shall organize and conduct two (2) cultural events for employees of Orenburgenergo, a branch of IDGC of Volga, PJSC, upon request of the Customer, and the Customer shall accept and pay for the above services in the manner envisaged by this Agreement. The services under the Agreement shall be provided at the recreation camp located at the following address: Energetik Recreation Camp, Dubki oakery, Orenburg.	471,300.00 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
36	Meeting of the Board of Directors dated October 25, 2016 (Minutes No. 14)	Contractor: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC. Customer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	The Customer requests and the Contractor undertakes to deliver the services of disclosure of the information on conditions and procedure for accessing the Contractor's infrastructure (the "Services") to the Customer during the period from November 01, 2016 till October 31, 2019. The Customer undertakes to accept and pay for the Services in the amount and upon the terms and conditions specified in the Agreement. Scope of the Services, requirements to the provision of the Services and the Deliverables are specified in the Statement of Work (Appendix No. 1 to the Agreement). The Services shall be delivered as per Decree of the Government of the Russian Federation No. 1284 "On approval of the Rules of undiscriminated access to the infrastructure for deploying telecommunications networks" dated November 29, 2014, statutory regulations adopted by the executive authorities to implement the above Decree, and requirements of the Agreement.	1,380,000.00 rubles (inclusive of VAT)	From November 01, 2016 till full discharge of the liabilities by the Parties
37	Meeting of the Board of Directors dated October 25, 2016 (Minutes No. 14)	Operator: Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC. Client: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Management of Fiber Optic Communication Lines of Power Transmission Lines, JSC, the Company's affiliate, being a party to the transaction.	The Operator undertakes to deliver Services of providing the Client with the communication channels and VPN deploying for the needs of IDGC of Volga, PJSC, and the Client undertakes to accept and pay for the Services providing the Client with the communication channels and VPN deploying for the needs of IDGC of Volga, PJSC as per the terms and conditions of the Agreement. The list and description of the Services of providing the communication channels and VPN deploying for the needs of IDGC of Volga, PJSC, as well as additional rights and obligations of the Parties shall be stated in the Addenda and Service Order Forms thereto. The agreement for delivering a specific Service shall be deemed to be achieved between the Parties at the moment of signing of the Addendum to the Agreement by either Party. Should an Order Form be signed according to the Addendum, agreement for delivering a specific Service shall be deemed to be achieved between the Parties at the moment of signing of the Order Form to the Addendum.	225,932,907.28 rubles (inclusive of VAT)	Shall become effective upon signing thereof and shall remain in full force and effect during 3 years
38	Meeting of the Board of Directors dated October 25, 2016 (Minutes No. 14)	Seller: Solnechny Sanatorium-Preventorium, JSC; Buyer: IDGC of Volga, PJSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	The Buyer buys and pays, and the Seller sells vouchers to Solnechny Sanatorium-Preventorium for recreation and rest of children of the employees of Orenburgenergo, a branch of IDGC of Volga, PJSC, during autumn school holidays in the amount and at the price in compliance with the Agreement.	540,000.00 rubles (VAT exempt)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
39	Meeting of the Board of Directors dated November 16, 2016 (Minutes No. 15)	Customer: IDGC of Volga, PJSC; Contractor: ChAK, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with ChAK, JSC, the Company's affiliate, being a party to the transaction.	The Contractor undertakes, upon the Customer's request, to provide repair services for automotive and tractor vehicles and machinery of Chuvashenergo, a branch of IDGC of Volga, PJSC, in compliance with the Specification agreed by the Parties (Appendix No. 1 to the Agreement), and the Customer undertakes to accept and pay for the works performed.	Shall not exceed 2,350,000 rubles (inclusive of VAT)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
40	Meeting of the Board of Directors dated November 16, 2016 (Minutes No. 15)	Lessor: IDGC of Volga, PJSC; Lessee: Social Sphere-M, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares, with Social Sphere-M, JSC, the Company's affiliate, being a party to the transaction.	The Lessor undertakes to transfer the following premises to the Lessee for temporary possession and use for fee: non-residential premises with the area of 7.9 sq.m. located in the building at the address: bld. 40V, ul. Vasenko, Saransk, the Republic of Mordovia; and the Lessee undertakes to accept and use the Premises in compliance with the terms and conditions of the Agreement, timely pay the rental fee in the manner and upon terms and conditions provided in the Agreement. The rented premises are listed in Appendix No. 1 to the Agreement. The floor plan of the Building with the premises shown as a dashed line on it shall be deemed to be an integral part of Appendix No. 2 to the Agreement.	932.96 rubles per month (inclusive of VAT)	Shall become effective upon signing thereof and shall remain in full force and effect during 11 months

No.	Minutes details of the Company's Board of Directors' meeting	Parties to the transaction	Interested party	Subject of the transaction	Transaction value	Period of validity
41	Meeting of the Board of Directors dated December 14, 2016 (Minutes No. 18)	Customer: IDGC of Volga, PJSC; Contractor: Solnechny Sanatorium-Preventorium, JSC.	Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with Solnechny Sanatorium-Preventorium, JSC, the Company's affiliate, being a party to the transaction.	<p>The Customer requests and pays for, and the Contractor conducts, pre-trip medical examinations of drivers of the Customer's motor vehicles in accordance with the Federal Law "On Road Traffic Safety" and Letter</p> <p>No. 2510/9468-03-32 of the Ministry of Health of Russia "On Pre-trip Medical Examinations of Motor Vehicle Drivers" dated August 28, 2003. The services related to pre- and post-trip medical examination of drivers of the Mechanisms and Motor Vehicles Service and BRES of Northern Production Department of Orenburgenergo, a branch of IDGC of Volga, PJSC, shall be performed at the pre-trip examination room located at the following address: 108, Pilyuginskoye shosse, Buguruslan, the Orenburg region.</p> <p>Hours of pre-trip check-up services: at weekdays (daily) from 6.30 a.m. till 11.00 a.m., from 4.00 p.m. till 8.00 p.m.</p>	Shall not exceed 200,000.00 rubles (VAT exempt)	From the moment of signing the Agreement till full discharge of the liabilities by the Parties
42	Meeting of the Board of Directors dated December 21, 2016 (Minutes No. 19)	Party 1: Rosseti, PJSC; Party 2: IDGC of Volga, PJSC.	<p>Pursuant to Article 81 of the Federal Law "On Joint-Stock Companies", this agreement shall be considered as the interested party transaction involving the interests of:</p> <p>1. Rosseti, PJSC, the Company's shareholder holding over 20 percent of the Company's voting shares; with its affiliate IDGC of Volga, PJSC, being a party to the transaction.</p> <p>2. Member of the Company's Board of Directors Mezhevich V. E., who is at the same time a member of the Management Board of Rosseti, PJSC.</p>	Contract on purchase of additional shares of IDGC of Volga, PSJC, made by and between Rosseti, PJSC and IDGC of Volga, PJSC, as related to additional terms and conditions (except for terms and conditions of purchase of additional shares of IDGC of Volga, PJSC by Rosseti, PSJC enjoying its preemptive right).	Is not equal to two (2) and more percent of the book value of assets of IDGC of Volga, PJSC as on the last reporting date preceding the transaction date.	Shall become effective (be deemed concluded) upon signing thereof and shall remain in full force and effect until full discharge of the liabilities hereunder by the Parties.

**RSM RUS, LLC**

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Tel.: +7 495 363 28 48

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Email: mail@rsmrus.ru

www.rsmrus.ru

No. PCM-1212 dated February 02, 2017

AUDITOR'S REPORT

ON THE ACCOUNTING STATEMENTS FOR 2016

UNDER RUSSIAN ACCOUNTING STANDARDS

TO SHAREHOLDERS OF IDGC OF VOLGA, PJSC

Auditee:**Public Joint-Stock Company Interregional Distribution****Grid Company of Volga** (abbreviated as **IDGC of Volga, PJSC**).

Location: 42/44, ul. Pervomayskaya, Saratov 410031, the Russian Federation

Primary State Registration Number – 1076450006280

Auditor:**Limited Liability Company RSM-RUS**

Location: bld. 4, ul. Pudovkina, Moscow, 119285

Tel.: +7 (495) 363-28-48; fax: +7 (495) 981-41-21

Primary State Registration Number – 102770025754

Limited Liability Company RSM RUS is a member of Self-Regulating Organization (SRO) of Auditors Association Sodruzhestvo (certificate of membership No. 6938, primary record No. 11306030308), Location: bld. 4, prospekt Michurinsky 21, Moscow, 119192

We have audited the accompanying accounting statements of IDGC of Volga, PJSC that consist of the balance as of December 31, 2016, profit and loss statement, statement of changes in equity

and cash flow statement for 2016, explanations to accounting statements for 2016.

AUDITEE'S LIABILITY FOR ACCOUNTING STATEMENTS

The management of IDGC of Volga, PJSC is responsible for preparation and fair presentation of these accounting statements prepared under the Russian Accounting Standards and for the

internal control system required for preparation of the accounting statements that are free of material misstatement, whether due to fraud or error.

RSM RUS, LLC is a member of the RSM network and functions as RSM. RSM is a trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and advisory company each of which carries out independent activity. The RSM network is not itself a separate legal entity in any jurisdiction.

AUDITOR'S LIABILITY

Our responsibility is to express an opinion on the fair presentation of the accounting statements based on our audit.

We conducted our audit in accordance with the Russian Federal Accounting Standards.

These standards require that we comply with applicable ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the accounting statements are not materially misstated.

The audit involved performing procedures to obtain audit evidence supporting the values in the accounting and the information disclosure that it contains.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement

of the accounting statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control system relevant to the entity's preparation and fair presentation of the accounting statements 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 the entity's internal control system.

The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management of the Auditee, as well as evaluating the overall presentation of the accounting statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these accounting statements.

OPINION

In our opinion, the accounting statements present fairly, in all material respects, the financial position of IDGC of Volga, PJSC as of December 31, 2016, and the results of its financial and

economic activity and its cash flows for 2016 in accordance with the Russian Accounting Standards.

Chairman of the Management Board

N. A. Dantser

Auditor Qualification Certificate No. 05-000015 issued pursuant to Resolution of self-regulatory organization of auditors Nonprofit Partnership Russian Collegium of Auditors No. 24 dated November 15, 2011 for indefinite term.

Primary register number in the Register of Auditors and Auditing Organizations: 21706004215

Audit Supervisor

Auditor Qualification Certificate No. 05-000030 issued pursuant to Resolution of self-regulatory organization of auditors Nonprofit Partnership Russian Collegium of Auditors No. 25 dated November 30, 2011 for indefinite term.

Primary register number in the Register of Auditors and Auditing Organizations: 21706004441



N. N. Usanova

ACCOUNTING STATEMENTS

UNDER RUSSIAN ACCOUNTING STANDARTS

AS OF DECEMBER 31, 2016

Company: IDGC of Volga, PJSC
Taxpayer Identification Number:
6450925977/997450001
Core activity: Power transmission and technological
connection to distribution electric grids
Legal form/
Property category: Public Joint-Stock Companies/
Joint federal and foreign property

Unit of measurement: thousand rubles
Location (address): 42/44, ul. Pervomayskaya,
Saratov, 410031,
phone +7 (8452) 30-26-32,
fax: +7 (8452) 73-69-09

CODES
Form as per OKUD
Date (year, month, day)
as per OKPO

INN
as per OKVED
as per OKOPF/OKFS
as per OKEI

0710001
2016 / 12 / 31
96956370

6450925977
35.12
12247 31
384

Note	ASSETS	Line code	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
1	2	3	4	5	6
Section I. NON-CURRENT ASSETS					
5.1	Intangible assets	1110	18,803	21,306	29,451
	including:				
	transactions on purchase of intangible assets in progress	1111	–	–	–
5.2	Results of research and development activities	1120	11,323	16,647	25,777
	including:				
	costs related to research and development activities in progress	1121	–	9,458	–
5.3	Fixed assets	1150	51,013,416	53,273,988	56,623,930
	land plots and land use facilities	1151	80,366	79,450	78,340
	buildings, machinery, equipment, and structures	1152	45,405,325	47,580,352	49,068,043
	other types of fixed assets	1153	4,074,096	4,579,344	5,821,698
	construction-in-progress	1154	1,330,228	968,420	1,477,725
	advances for capital construction and acquisition of fixed assets	1155	65,140	4,350	111,607

Note	ASSETS	Line code	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
1	2	3	4	5	6
	materials for acquisition of non-current assets	1156	58,261	62,072	66,517
	Income-bearing investments in tangible assets	1160	–	–	–
5.4	Long-term financial investments	1170	101,668	101,616	101,597
	investments in affiliated companies	1171	101,529	101,529	101,529
	investments in other organizations	1173	139	87	68
5.7	Deferred tax assets	1180	221,425	109,112	287,968
	Other non-current assets	1190	37,659	41,911	40,740
	Total Section I	1100	51,404,294	53,564,580	57,109,463
Section II. CURRENT ASSETS					
5.5	Inventories	1210	1,440,276	1,244,472	1,214,832
	raw stock, materials and other similar assets	1211	1,410,475	1,244,408	1,214,768
	work-in-progress costs	1212	29,737	–	–
	finished products and goods for resale	1213	64	64	64
	other inventories and costs	1215	–	–	–
	Value added tax on assets purchased	1220	967	3,019	2,992
5.6	Accounts receivable	1230	7,696,574	6,981,278	6,597,800
	Accounts receivable falling due in more than 12 month after the balance sheet date	1231	17,096	75,348	58,255
	buyers and customers	123101	4,479	3,773	4,237
	bills receivable	123102	–	–	–
	prepaid expenses	123103	9,499	67,717	48,793
	other debtors	123104	3,118	3,858	5,225
	Accounts receivable falling due in less than 12 months after the balance sheet date	1232	7,679,478	6,905,930	6,539,545
	buyers and customers	123201	7,337,699	6,696,135	6,160,766
	bills receivable	123202	–	–	–
	prepaid expenses	123205	103,664	117,686	138,090
	other debtors	123206	238,115	92,109	240,689
	Short-term financial investments (except for money equivalents)	1240	–	–	–
	Cash assets and money equivalents	1250	2,239,379	1,918,622	1,246,117
	cash assets	1251	125	442	304
	settlement accounts	1252	2,137,718	161,633	1,245,613
	other monetary assets	1254	101,536	1,756,547	200

Note	ASSETS	Line code	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
1	2	3	4	5	6
	Other current assets	1260	288,765	230,354	228,352
	Total Section II	1200	11,665,961	10,377,745	9,290,093
	BALANCE	1600	63,070,255	63,942,325	66,399,556
Section III. CAPITAL AND RESERVES					
	Authorized capital	1310	18,109,460	17,857,780	17,857,780
	Re-assessment of non-current assets	1340	18,430,503	18,433,485	18,447,249
	Incremental capital (without re-assessment)	1350	–	–	–
	Reserve capital	1360	379,638	367,493	365,257
5.7	Undistributed profit (uncovered loss)	1370	7,404,993	6,265,065	6,026,857
	of prior years	1371	6,027,297	6,022,156	5,982,155
	of the reporting period	1372	1,377,696	242,909	44,702
5.7	Funds received from shareholders for capital increase	1380	470,920	66,860	–
	Total Section III	1300	44,795,514	42,990,683	42,697,143
Section IV. LONG-TERM LIABILITIES					
5.6	Loans and credits	1410	8,380,000	7,700,000	12,000,000
	bank credits with repayment periods more than 12 months after the balance sheet date	1411	8,380,000	7,700,000	12,000,000
5.7	Deferred tax liabilities	1420	2,693,112	3,188,960	3,117,329
	Estimated liabilities	1430	–	–	–
	Other liabilities	1450	787,562	540,035	363,484
	Total Section IV	1400	11,860,674	11,428,995	15,480,813
Section V. SHORT-TERM LIABILITIES					
5.6	Loans and credits	1510	13,883	3,622,639	1,919,387
	bank credits falling due in less than 12 months after the balance sheet date	1511	13,883	3,622,639	1,919,387
5.6	Accounts payable	1520	5,519,554	5,498,005	5,963,837
	suppliers and contractors	1521	3,077,950	3,055,730	3,933,565
	employee payroll liabilities	1523	445,234	413,499	391,477
	accounts payable to state non-budgetary funds	1524	212,057	191,874	170,723
	tax payables	1525	1,282,574	1,341,582	821,881
	advances received	1526	458,580	450,231	546,477
	dividends payable to participants (founding members)	1527	2,305	2,389	3,835

Note	ASSETS	Line code	As of December 31, 2016	As of December 31, 2015	As of December 31, 2014
1	2	3	4	5	6
	Other accounts payable	1528	40,854	42,700	95,879
	Deferred revenue	1530	3,305	3,215	3,269
5.7	Estimated liabilities	1540	850,579	373,579	301,993
	Other liabilities	1550	26,746	25,209	33,114
	Total Section V	1500	6,414,067	9,522,647	8,221,600
	BALANCE	1700	63,070,255	63,942,325	66,399,556

Deputy General Director for Economics and Finance
under Power of Attorney No. Д/16-350 dated August
February 21, 2017



I. Yu. Puchkova

I. Yu. Puchkova

PROFIT AND LOSS STATEMENT

AS OF JANUARY–DECEMBER, 2016

Company: IDGC of Volga, PJSC
 Taxpayer Identification Number: 6450925977/997450001
 Core activity: Power transmission and technological connection to distribution electric grids
 Legal form/
 Property category: Public Joint-Stock Companies/
 Joint federal and foreign property
 Unit of measurement: thousand rubles

CODES
 Form as per OKUD 0710001
 Date (year, month, day) 2016 / 12 / 31
 as per OKPO 96956370

INN 6450925977
 as per OKVED 35.12
 as per OKOPF/OKFS 12247 31
 as per OKEI 384

Note	Parameter	Line code	as of January–December, 2016	as of January–December, 2015
1	2	3	4	5
Incomes and expenses from ordinary activities				
	Revenue	2110	53,211,472	47,860,392
	including from:			
	power transmission and distribution services	2111	52,687,890	47 308,428
	technological connection services	2112	322,610	347,929
	resale of electricity and capacity	2113	–	–
	lease of assets	2116	71,455	72,716
	other goods, products, works, industrial services	2117	125,240	127,400
	other goods, products, works, non-industrial services	2118	4,277	3,919
6.1	Cost of goods, products, works and services sold	2120	(47,349,057)	(44,573,734)
	including from:			
	power transmission and distribution services	2121	(47,011,754)	(44,260,257)
	technological connection services	2122	(199,449)	(184,526)
	electricity and capacity sales	2123	–	–
	lease of assets	2126	(28,703)	(29,667)
	other goods, products, works, industrial services	2127	(94,059)	(83,358)
	other goods, products, works, non-industrial services	2128	(15,092)	(15,926)
	Gross margin	2100	5,862,415	3,286,658
	Business expenses	2210	–	–
6.1	Administrative expenses	2220	(1,184,188)	(1,084,926)
	Profit (loss) on sales	2200	4,678,227	2,201,732
6.4	Other income and expenses			
	Income from participation in other organizations	2310	968	362
	Interests receivable	2320	135,220	110,758

Note	Parameter	Line code	as of January–December, 2016	as of January–December, 2015
1	2	3	4	5
	Interests payable	2330	(1,046,345)	(1,233,394)
	Other income	2340	746,727	475,403
	Other expenses	2350	(1,172,591)	(819,760)
	Profit (loss) before tax	2300	3,342,206	735,101
6.3	Current profit tax	2410	(1,246,464)	(241,042)
	including permanent tax liabilities (assets)	2421	508,056	348,266
6.3	Changes in deferred tax liabilities	2430	(23,292)	(74,512)
6.3	Changes in deferred tax assets	2450	93,259	(179,732)
	Other	2460	(788,013)	3,094
	Net profit (loss)	2400	1,377,696	242,909

Note	Parameter	Line code	as of January–December, 2016	as of January–December, 2015
1	2	3	4	5
	Result of re-assessment of non-current assets not included in the net income (loss) of the reporting period	2510		
	Result of other transactions not included in the net profit (loss) of the reporting period	2520		
	Cumulative financial result of the reporting period	2500	1,377,696	242,909
	FOR REFERENCE			
6.2	Basic earnings (loss) per share (rub.)	2900	0.0077	0.0014
	Diluted earnings (loss) per share (rub.)	2910	–	–

Deputy General Director for Economics and Finance
 under Power of Attorney No. Д/16-350 dated August 25, 2016

February 21, 2017



I. Yu. Puchkova
 I. Yu. Puchkova

REPORT OF THE INTERNAL AUDIT COMMISSION

OF PUBLIC JOINT-STOCK COMPANY INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA (IDGC OF VOLGA, PJSC)

I. INTRODUCTION INFORMATION ON MEMBERS OF THE INTERNAL AUDIT COMMISSION

Members of the Internal Audit Commission were elected by the decision of the General Meeting of Shareholders	Resolution of the annual General Meeting of Shareholders of IDGC of Volga, PJSC dated June 09, 2016 (Minutes No. 11/2016 dated June 10, 2016)
Chairman and Secretary of the Internal Audit Commission were elected by the decision of the Internal Audit Commission	Minutes of the Internal Audit Commission of IDGC of Volga, PJSC No. 1 dated June 10, 2016
Chairman of the Internal Audit Commission	Lelekova Marina Alekseevna
Secretary of the Internal Audit Commission	Kabizskina Elena Aleksandrovna
Members of the Internal Audit Commission	Kim Svetlana Anatolievna Kirillov Artyom Nikolaevich Malyshev Sergey Vladimirovich

Audit period: In compliance with the Federal Law “On Joint-Stock Companies”, Articles of Association of IDGC of Volga, PJSC and Regulations on the Internal Audit Commission of IDGC of Volga, PJSC (hereinafter referred to as the “Company”), over the period from March 15, 2017 till April 25, 2017, the Internal Audit Commission of the Company audited reliability of data contained in the Annual Report and accounting (financial) statements for 2016.

Reasons for Audit: resolution of the Internal Audit Commission of the Company (Minutes No. 7 dated Monday, March 13, 2017).

Audit’s target: to produce an independent assessment on reliability of data contained in the Annual Report and accounting (financial) statements of the Company for 2016 (hereinafter referred to as the “Statements”).The reliability means in every material respect the level of accuracy of the Statements’ data, which allows shareholders to draw right conclusions on results of the Company’s economic activity, financial and property state, and take reasonable decisions.

Audited period: from January 01, 2016 till December 31, 2016.

Subject of the Audit: resolution of the management bodies, local regulations and organizational and administrative documents of the Company, programs and plans, accounting (financial) and statistical statements, management reporting of the Company, accounting ledgers, primary accounting documents and other documents on the Company’s financial and economic activity.

The audit was conducted in accordance with:

/ Federal Law No. 402-FZ dated December 06, 2011 “On Accounting”;

/ Order of the Russian Federation Ministry of Finance No. 34Н dated July 29, 1998 “On Approval of the Regulation on Accounting and Reporting in the Russian Federation”;

/ Regulations (Standards) on Business Accounting;

/ Order of the Russian Federation Ministry of Finance No. 66Н dated July 02, 2010 “On Forms of Company Accounting State-ments”;

/ Regulation on Information Disclosure by Issuers of Issuable Securities No. 454-П approved by the Bank of Russia on December 30, 2014;

/ Accounting Policy adopted by Order of the Company No. 74 “On Accounting Policy of IDGC of Volga, JSC” dated March 26, 2008 (as subsequently amended);

/ Other applicable laws and regulations, including internal regu-lations governing organizational and management issues of the Company.

INFORMATION ON THE COMPANY

Full name	Public Joint-Stock Company Interregional Distribution Grid Company of Volga
Location (legal address)	42/44, ul. Pervomayskaya, Saratov, 410031
Postal address	42/44, ul. Pervomayskaya, Saratov, 410031
State registration (OGRN, date)	Registered in the Unified Register of Legal Entities by Inter-District Inspectorate of the Federal Tax Service No. 8 for the Saratov region under No. 1076450006280 on June 29, 2007.Certificate series 64 No. 002263079
INN (Taxpayer Id. No.)	6450925977
Branches and economically autonomous subdivisions with separate balances	Samara Distribution Grids, a branch of IDGC of Volga, PJSC; Saratov Distribution Grids, a branch of IDGC of Volga, PJSC; Ulyanovsk Distribution Grids, a branch of IDGC of Volga, PJSC; Mordovenergo, a branch of IDGC of Volga, PJSC; Penzaenergo, a branch of IDGC of Volga, PJSC; Orenburgenergo, a branch of IDGC of Volga, PJSC; Chuvashenergo, a branch of IDGC of Volga, PJSC.
Sole Executive Body (full name, title and date of appointment)	Vladimir Anatolievich Ryabikin, General Director from December 12, 2008 till present
Chief Accountant (full name, title and date of appointment)	Irina Alekseevna Tamlenova, Chief Accountant, Head of the Department of Accounting and Reporting from March 31, 2009 till present

INFORMATION ON THE AUDITOR

Full name of organization	Limited Liability Company RSM RUS
Resolution of the annual General Meeting of Shareholders on approval of the Company's auditor	Resolution of the annual General Meeting of Shareholders of IDGC of Volga, PJSC dated June 09, 2016 (Minutes No. 11/2016 dated June 10, 2016)
Resolution of the Board of Directors on approval of the terms and conditions of agreement with the auditor	Minutes of the meeting of the Board of Directors No. 9 dated August 23, 2016
Audit Service Agreement	Agreement No. 161a053/1691-001340 dated August 30, 2016
Auditor's report (number, date, document name)	Auditor's report on accounting statements for 2016 No. PCM-1212 dated February 22, 2017

The Audit was scheduled and carried out so that we could be reasonably assured that the Statements for 2016 do not contain material distortions.

The Audit was to be carried out on sample basis and included test analysis of the evidence confirming significance and disclosure in the Statements of the information on the Company's financial and economic activity, evaluation of principles and methods of accounting, rules of the accounting (financial) statements preparation, definition of material accounting estimates. During the Audit we defined the materiality level (the level of a cumulative permissible error of distortion in the Statements indicators). The materiality means the ability of information disclosed in the Statements to affect the decision-making process of the Statements' users. The level of permissible error is the criterion of assurance of reliability of the Company's Statements.

When carrying out the Audit, we audited compliance of the Company with the legislation of the Russian Federation and the Company's local normative acts. We audited compliance of several Company's financial and economic operations with the legislation exceptionally for the purpose of being reasonably and adequately assured that the Statements did not contain any serious distortions.

We also compared random indicators of the Annual Report and accounting (financial) statements for 2016 and checked whether the completeness of information disclosure in the Annual Report of the Company matches the requirements of the Bank of Russia to disclosure of information by the issuers of issuable securities.

During assessment of reliability of the Statements, the Internal Audit Commission of IDGC of Volga, PJSC relied also on the Auditor's report issued by RSM Rus, LLC on March 15, 2017, and the results of the first phase of the audit of financial and economic activity of IDGC of Volga, PJSC for 2016.

II. FINAL SECTION

As of December 31, 2016, the book value of assets of the Company amounted to 63,070.255 million rubles, thus increasing by 1% as compared to the figures reported as of December 31, 2015.

The share of the non-current assets is 82% of the Company's property. As of December 31, 2016, the value of the non-current

assets amounted to 51,404.294 million rubles that is 4% less than the value of non-current assets as of December 31, 2015.

As of December 31, 2016, the reported amount of total accounts receivable (line 1230 of the balance sheet) as compared to December 31, 2015, increased by 10% and equaled to 7,696.574 million rubles. The total amount of

accounts receivable reported in accordance with the terms and conditions of agreements as of December 31, 2016 equaled to 8,648.178 million rubles, which is 10% more than the amount of accounts receivable reported as of December 31, 2015. As compared to December 31, 2015, the amount of allowance for bad debt increased by 10% and equaled to 951.604 million rubles. As compared to December 31, 2016, the share of allowance for bad debt equaled to 11% of the total amount of accounts receivable reported in accordance with the terms and conditions of agreements, and remained unchanged over the fiscal year.

As of December 31, 2016, the Company's equity capital in the structure of the capital and liabilities were equal to 71%.During the reporting period, the share of equity capital increased by 4% and totaled 44,795.514 million rubles as of December 31, 2016.

The structure of the borrowed capital featured 46% of loan funds and 30% of payables.

As compared to December 31, 2015, the amount of loan funds decreased by 26% and totaled 8,393.883 million rubles as of December 31, 2016.

The total amount of accounts payable reported to the fiscal year increased by 5% and, as of December 31, 2016, equaled to 6,295.584 million rubles, including short-term debt equaling to 5,519.554 million rubles. As compared to data reported as of December 31, 2015, the amount of overdue accounts payable reported as of December 31, 2016, decreased by 19% and equaled to 269.124 million rubles.

The performance result of the Company reported for the fiscal year is the net profit in the amount of 1,377,696 million rubles. For reference, the net profit of the Company in 2015 amounted to 242,909 million rubles.

As of December 31, 2016, the net asset value amounted to 44,810.351 million rubles, with the authorized capital of the Company amounting to 18,109.46 million rubles.

The indicators of liquidity, solvency and financial stability remain within the recommended range that is the evidence of stable financial status of the Company.

INDICATORS OF THE COMPANY'S FINANCIAL STATE AND SOLVENCY

Item	Recommended values	2015 actual	2016 actual
Level of solvency as related to current liabilities	≤6 months	2	1
Current liquidity ratio	≥1	1.08	1.82
Financial independence ration	0.5–0.8	0.67	0.71
DEBT/EBITDA	≤3	1.48	0.85

A combination of financial accounting methods comprising the Accounting Policy of the Company for 2016, is compliant in the reporting year with the applicable laws and regulations of the Russian Federation and federal norms and standards related to financial accounting.

The Statements are drawn up in accordance with the legislative and regulatory acts of the Russian Federation (Russian Accounting

Standards) and the Company's internal local regulations in all material respects.

The Annual report of the Company presented for approval by the General Meeting of Shareholders contains data prescribed by the Regulation on Information Disclosure by Issuers of the Issuable Securities No. 454-П approved by the Bank of Russia on December 30, 2014.

THE COMPANY’S STATEMENTS APPROVED BY THE INTERNAL AUDIT COMMISSION INCLUDE:

No.	Name of accounting form	Date of signing	Number of sheets
1.	Balance Sheet as of December 31, 2016	February 21, 2017	2
2.	Profit and Loss Statement as of January–December, 2016	February 21, 2017	1
3.	Statement of Changes in Equity as of January–December, 2016	February 21, 2017	2
4.	Cash Flow Statement as of January–December, 2016	February 21, 2017	2
5.	Explanations to accounting statements for 2016	February 21, 2017	83
6.	Annual Report of IDGC of Volga, PJSC for 2016	April 19, 2017	437

As of the date of the audit, the Annual Report was not approved by the resolution of the General Meeting of Shareholders and was not pre-reviewed by the Board of Directors of the Company.

Basing upon the results of the audit (inspection) of the financial and business activities of the Company in 2016, the Internal Audit Commission of IDGC of Volga, PJSC gives its opinion on reliability of all substantial data disclosed in the annual report and annual accounting (financial) statements of the Company.

This Report of the Internal Audit Commission of IDGC of Volga, PJSC shall be reviewed together with all confirmed accounting (financial) statements and explanatory notes (text or worksheets) enclosed to the balance and Profit and Loss Statement for 2016 constituting an integral part of the Annual Report of the Company for 2016.

Chairperson of the Internal Audit Commission of IDGC of Volga, PJSC



M. A. Lelekova

Members of the Internal Audit Commission of IDGC of Volga, PJSC



S. A. Kim



E. A. Kabizskina



A. N. Kirillov



S. V. Malyshev

